A FINANCIAL PERFORMANCE ANALYSIS OF SELECTED INDIAN LOGISTICS INDUSTRIES

Dr. R. Narsaiah*   Gajarla Sharanya**
Faculty in Management Studies, Department of Humanities and Social Sciences (H&SS), JNTUH College of Engineering, Hyderabad.
**Student Pursuing 5th year in Integrated Dual Degree Programme (IDP), B-Tech & MBA with Bachelors in Civil Engineering (CE), Masters in MBA with specialisation of Human Resources, JNTUH College of Engineering, Hyderabad.*

Abstract
Financial analysis and financial statement analysis is the analysis of a company financial statements from variety of perspectives in order to understand the greater financial situation of the company to make better economic decisions. Financial analysis is the process of making a study of the financial statements like balance sheets, cash flow statements and income statements to show the company's performance over certain period of time and thereby satisfying the information needs of the internal and external users of such data. Financial analysts often assess the following elements of a firm's profitability, solvency, Liquidity and stability. Financial analysis often compare the past performance, future performance and comparative performance (comparison between similar firms).

The present study evaluated the problems and prospects of selected logistic industries in India. For the purpose of investigation purely secondary data is collected from annual report of logistic industries and profile of the industries. The study covers a period of 5 years from 2011-12 to 2015-16. This study has analyzed only the financial problems of the company. Study accompanied on problems and prospects of logistic companies provided an assessment of problems in profitability analysis and prospects of the logistic companies based on their balance sheet and profit and loss a/c. The tools used for analysis are accounting ratio, mean, standard deviation and F ANOVA. Based on the findings, suggestions are given by the researcher for better improvement of management of logistics industry in future. This study may also useful for investors in their investment decisions.

Keywords: Logistics Industry, Financial Analysis, Profitability, Balance Sheet, Profit and Loss Accounts.

Introduction
Logistics is a business planning framework for the management of material, service, information and capital flows. In a general business sense , logistics is having the right item in the right quantity at the right tie and at the right place and to the right target customers or consumers and it is the science of process having its presence in all sectors of the industry.

The primary objective of logistics management is to effectively and efficiently move the supply chain so as to extend the desired level of delivered service at the lowest possible cost. Thus, logistics management starts with ascertaining customers' needs till their fulfillment through product supplies. And some definite objectives of logistics management are improving customer service, rapid response, reduce total distribution cost, generating additional sales, creating time and place utilities, price stabilization, quality improvement and movement consolidation these all objectives are achieved through a proper logistics system.

For any economy, the logistics sector, encompassing transportation, warehousing, cargo consolidation and border clearances, would form the backbone of its trade, and associated economic activity and growth of key sectors. The cost of trading whether by sea, land or air forms a critical component of the final price of a commodity. An efficient logistics system reduces this cost, providing a competitive edge and propelling economic activity.

Indian logistics and supply chain industry is more than USD 100Billion in size and is the backbone of Indian economy. Indian industry is going at a rate of 8-10% annually and has been a crucial contributor in the growth and development of Indian economy. In recent years, the Indian government has given high priority to the logistics system and allocated greater public budget to improve overall infrastructure spending.

Review of Literature
DR.S.PARMAR published a book in 2001.The book is a systematic study of the modern financial measurement techniques useful for management in planning and controlling corporate activities. This book covers the topics of concept and measurement of profitability, cost and sales trend, profit margin, assets turnover, analysis of return on investment common size of value added statements.

Objectives of Study
The main objectives of the paper is to study
- To provide information about the financial position, performance and changes in financial positions of selected logistics companies in India.
- To study the profitability of selected logistics companies.
- To make suggestions in improving profitability and financial efficiency of selected logistics companies of India.

Hypothesis of the Study
The researcher starts study with the following broader hypothesis.
1. Null hypothesis.
2. Alternate hypothesis.

H0: There is no significant difference in profitability of selected logistics companies.
H1: There is a significant difference in profitability of selected logistics companies.

Universe and Sample Selection for the Study
The universe of the study was consist of all the limited companies working in India and listed in stock exchange of India. There are so many logistics companies which are listed in stock exchange of India. Out of these Logistics companies, this study uses the collected data from 5 year of following Logistics companies based on their turnover.

Researcher was randomly selected 5 logistics companies of India for the period of March 2011-12 to March 2016-17.
- VRL LOGISTICS Ltd.
- ALLCARGO LOGISTICS Ltd.
- SNOWMAN LOGISTICS Ltd.
- AEGIS LOGISTICS Ltd.
- SICAL LOGISTICS Ltd.

Limitations of the Study
This study is established on only secondary data and this study is limited to 5 years from 2011-12 to 2015-16 for the analysis and conclusions. A few companies had to be completely excluded from the analysis because of non-availability of data and either due to non-submission of statements or due to their closure/merger/suspension of operation during the study period. There are many financial performance appraisals using ratio analysis.

Profitability Analysis
1. Gross Profit Ratio: Gross profit/Sales
The gross profit margin reflects the efficiency with which management produces each unit of product. This rate also indicates the aggregate spread between the cost of goods sold and cost of revenue. A high gross profit margin ratio can be sign of good management.

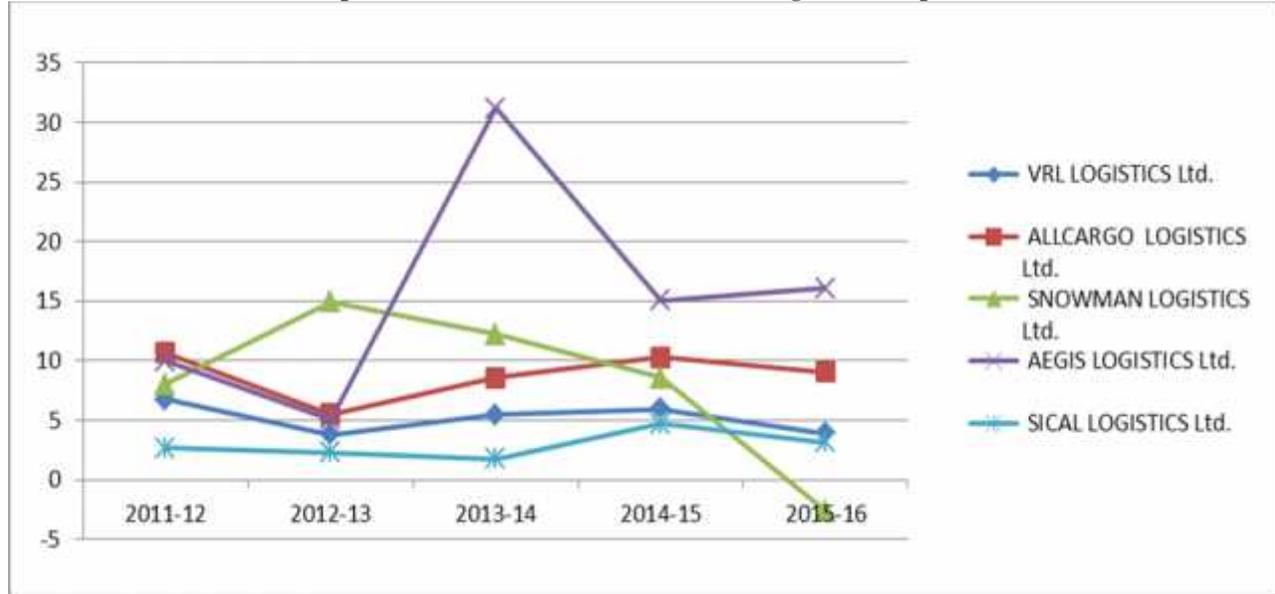**Table 1.1: Gross Profit Ratio of Selected Logistics Companies**

Name of the company	VRL LOGISTICS Ltd.	ALL CARGO LOGISTICS Ltd.	SNOWMAN LOGISTICS Ltd.	AEGIS LOGISTICS Ltd.	SICAL LOGISTICS Ltd.
2011-12	10.82	8.96	11.42	11.82	6.71
2012-13	8.03	6.66	15.02	9.19	8.04
2013-14	11.08	10.71	11.09	14.94	5.05
2014-15	10.32	11.14	8.44	21.24	4.93
2015-16	6.65	11.45	-1.16	22.70	8.60
AVERAGE	9.38	9.784	8.962	15.97	6.666
S.D.	1.944	1.994	6.123	5.86	1.67
C.V	20.72	20.38	68.32	36.06	25.07

Table 1.1 indicates the value of gross profit ratio of VRL LOGISTICS Ltd., ALLCARGO LOGISTICS Ltd., SNOWMAN LOGISTICS Ltd., AEGIS LOGISTICS Ltd., SICAL LOGISTICS Ltd., which indicate the gross profit ratio of five years

2011-12 to 2015-16. VRL LOGISTICS Ltd. was earning highest 11.08 gross profit in 2013-14. All five years gross profit ratio was in mix trends. Gross profit of ALLCARGO LOGISTICS was increasing trend. Gross profit of SNOWMAN LOGISTICS Ltd., was in mix trend, there was big different gross profit ratio of SNOWMAN LOGISTICS Ltd. in 2014-15 and 2015-16. The gross profit ratio of 2014-15 was 8.44% and it was decreases to -1.16%. Gross profit of AEGIS LOGISTICS was increasing trend. Its position was good. Only the gross profit ratio of 2012-13 was low. It was 9.19%. The gross profit ratio of SIACAL LOGISTICS Ltd. was in mix trend but it was decrease trend from 2012-13 and 2014-15 and then increase trend in 2014-15 to 2015-16.

Graph 1.1 Gross Profit Ratio of Selected Logistics Companies

H0: There is no significant difference in gross profit ratio of selected logistics companies.
H1: There is a significant difference in gross profit ratio of selected logistics companies.

Descriptives

VAR

	N	Mean	Std Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	Between-Component Variance
					Lower Bound	Upper Bound			
1.00	5	9.3300	1.94439	.86953	6.9657	11.7343	6.85	11.08	
2.00	5	9.7040	1.93407	.09131	7.0077	12.2300	6.66	11.45	
3.00	5	8.8820	6.12368	2.73853	1.3586	16.5555	-1.16	15.03	
4.00	5	15.8740	5.86002	2.62063	8.5975	23.2502	9.19	22.70	
5.00	5	6.6360	1.67748	.75013	4.5832	8.7438	4.93	8.80	
Total	25	10.1552	4.87606	.97521	8.1405	12.1359	-1.16	22.70	
Model	Fixed Effects			4.05989	.81137	8.4696	11.8439			
	Random Effects				1.65254	5.8430	14.4767			4.76240

Test of Homogeneity of Variances

score

Levene Statistic	df1	df2	Sig.
3.102	4	20	.039

ANOVA

score

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	240.977	4	60.244	3.655	.022
Within Groups	329.644	20	16.482		
Total	570.621	24			

F_{cal} is 3.655 and F_{tab} is 2.284

Thus, $F_{cal} > F_{tab}$ calculation value is greater than table value.

So, null hypothesis is rejected and it is and it is concluded that the difference is seen in gross profit ratio of five logistics companies.

2. Net Profit Ratio: The ratio is valuable for the purpose of ascertaining the overall efficiency of business and shows the efficiency of operating the business. It is the reverse of the operating expense ratio. It is calculated as follows:
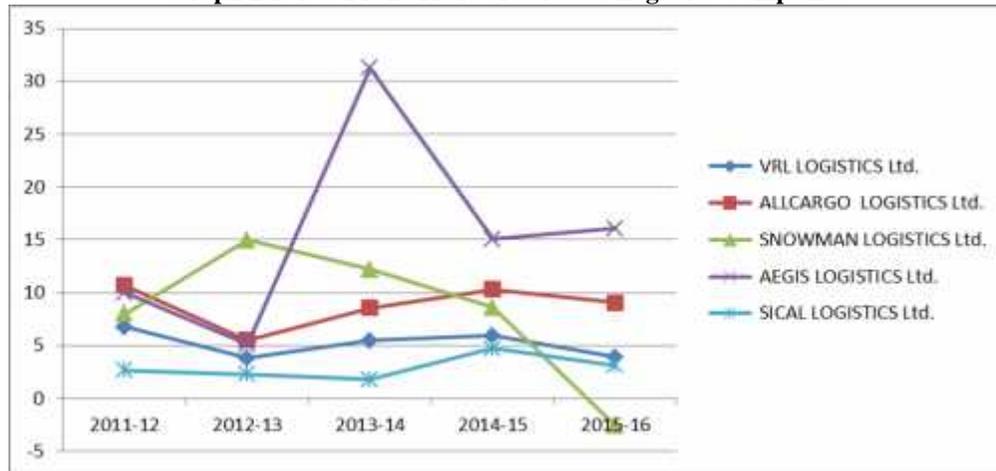
Net Profit Ratio: (Net profit / Net sales) x 100

Table 2.1: Net Profit Ratio of Selected Logistics Companies

Name of the company	VRL LOGISTICS Ltd.	ALL CARGO LOGISTICS Ltd.	SNOWMAN LOGISTICS Ltd.	AEGIS LOGISTICS Ltd.	SICAL LOGISTICS Ltd.
2011-12	6.75	10.67	8.01	9.97	2.65
2012-13	3.80	5.49	14.96	5.10	2.28
2013-14	5.45	8.56	12.19	31.23	1.77
2014-15	5.93	10.30	8.58	15.07	4.70
2015-16	3.90	9.05	-2.60	16.09	3.12
AVERAGE	5.166	8.814	8.228	15.492	2.94
S.D.	1.28	2.05	6.97	9.83	1.12
C.V	24.80	23.25	84.71	63.45	38.09

Table 1.1 indicates the value of net profit ratio of VRL LOGISTICS Ltd., ALLCARGO LOGISTICS Ltd., SNOWMAN LOGISTICS Ltd., AEGIS LOGISTICS Ltd., SICAL LOGISTICS Ltd., which indicate the net profit ratio of five years 2011-12 to 2015-16. VRL LOGISTICS Ltd. was earning highest 6.75% net profit in 2011-12. All five years net profit ratio was in mix trends. Net profit of ALLCARGO LOGISTICS was also in mixed trend. Net profit of SNOWMAN LOGISTICS Ltd., was in mix trend, there was big different net profit ratio of SNOWMAN LOGISTICS Ltd. in 2014-15 and 2015-16. The nets profit ratio of 2014-15 was 8.58% and it was decreases to -2.60%. Net profit of AEGIS LOGISTICS was increasing trend. Its position was good. Only the net profit ratio of 2012-13 was low. It was 5.10%. The net profit ratio of SIACAL LOGISTICS Ltd. was in mix trend but it was increase trend from 2012-13 and 2014-15 and then decrease trend in 2014-15 to 2015-16.

Research Paper
Impact Factor: 4. 695
Peer Reviewed & Indexed Journal

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

Graph 2.1: Net Profit Ratio of Selected Logistics Companies

H0: There is no significant difference in net profit ratio of selected logistics companies.
H1: There is a significant difference in net profit ratio of selected logistics companies.

Descriptives

Test of Homogeneity of Variances

score

Levene Statistic	df1	df2	Sig.
2.416	4	20	.083

ANOVA

score

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	453.862	4	113.466	3.823	.010
Within Groups	593.617	20	29.681		
Total	1047.479	24			

F_{cal} is 3.823 and F_{tab} is 2.284

Research Paper
Impact Factor: 4. 695
Peer Reviewed & Indexed Journal

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

Thus, $F_{cal} > F_{tab}$ calculation value is greater than table value.

So, null hypothesis is rejected and it is and it is concluded that the difference is seen in net profit ratio of five logistics companies.

Results and Discussion

Table 1.1 indicates the value of gross profit ratio of VRL LOGISTICS Ltd., ALLCARGO LOGISTICS Ltd., SNOWMAN LOGISTICS Ltd., AEGIS LOGISTICS Ltd., SICAL LOGISTICS Ltd., which indicate the gross profit ratio of five years 2011-12 to 2015-16 and the mean values are 9.38, 9.784, 8.962, 15.978 and 6.66 respectively and the SD are 1.944, 1.994, 6.123, 5.86 and 1.67 respectively. From the findings, the C.V values are 20.72, 20.38, 68.32, 5.86 and 1.67 respectively. F-ANOVA of Gross Profit Ratio of all this companies F_{cal} value is 3.655 and F_{tab} value is 2.284 . Here F_{cal} value is more than F_{tab} value so hypothesis is rejected. Table 2.1 indicates the value of net profit ratio of VRL LOGISTICS Ltd., ALLCARGO LOGISTICS Ltd., SNOWMAN LOGISTICS Ltd., AEGIS LOGISTICS Ltd., SICAL LOGISTICS Ltd., which indicate the net profit ratio of five years 2011-12 to 2015-16 and the mean values are 5.166, 8.814, 8.228, 15.492 and 2.94 respectively and the SD are 1.28, 2.05, 6.97, 9.83 and 1.12 respectively. From the findings, the C.V values are 24.80, 23.25, 84.71, 63.45 and 38.09 respectively. From the findings ALLCARGO LOGISTICS Ltd. is the highest Net Profit making company. F-ANOVA of Net Profit Ratio of all this companies F_{cal} value is 3.823 and F_{tab} value is 2.284 . Here F_{cal} value is more than F_{tab} value so hypothesis is rejected.

Table 3.1: F-ANOVA result of cement companies

Name of ratio	F_{cal} Value	F_{tab} value	Hypothesis accepted/rejected
Gross profit	3.655	2.284	Rejected
Net profit	3.823	2.284	Rejected

Conclusion

Study accompanied on problems and prospects of Logistics companies provide an opinion of assessment of problems in liquidity and profitability analysis and prospects of the Logistics companies based on their balance sheet and profit and loss a/c. The tools used for analysis and interpretation have given methods for useful and productive suggestions. The ratio analysis of the companies are suitable, the companies should enrich their performance for meeting challenges and exploiting chances in future and helps management to take financial decisions. The moment and growth of the VRL LOGISTICS Ltd., ALLCARGO LOGISTICS Ltd., SNOWMAN LOGISTICS Ltd., AEGIS LOGISTICS Ltd. and SICAL LOGISTICS Ltd., are favorable in future period. This study has theoretical and practical significance and will help the academicians and researchers to develop new ideas for future study. The study focuses on problems and prospects of Logistics industry, which may interested not only those who are interested in the supply of goods but also others to see the process of change within industry. This study will help the management to take investment decisions and anticipate future conditions, identification of its area of strength and weakness and to take appropriate decisions for the maximization of its intrinsic value. The study may also useful creditors and the financial institutions in their effective credit policy formulation. The study will act as a guide to investors in their investment decisions.

References

1. Maheswari S.N. 2004. Financial and Management Accounting, Fourth edition, Sultan Chand & sons. New Delhi.
2. money.rediff.com
3. Basic Statics For Business & Economics by Earl.k.Bowen / Martink Starr.