

A STUDY ON RETURN ON EQUITY & RETURN ON ASSETS AT FEATHERLITE PRODUCT PRIVATE LIMITED WITH RESPECT TO OFFICE EQUIPMENTS, RAJANUKUNTE

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Abstract :

Return on Assets. (ROA) & Return on Equity. (ROE) are key financial metrics that assess a business's productivity & efficiency. ROA measures how successfully a firm utilizes its assets to make profits, while ROE gauges the return on shareholders' equity investment. Both metrics offer valued visions into a firm's financial health, performance, and the ability to generate returns for investors. Analysing ROA and ROE helps shareholders make knowledgeable results about investment and strategic planning, contributing to a complete understanding of a business's overall financial picture.

Keywords:

RETURN ON ASSETS. & RETURN ON EQUITY.

Introduction:

RETURN ON EQUITY. (ROE)

To calculate net income (ROE), divide shareholder. equity by return on equity. It serves as a success gauge. Owing to the discrepancy among the revenue report & the balance sheet, the amount is frequently determined consuming normal equity over time.

RETURN ON ASSET. (ROA)

Return on assets. or ROA, is defined as net income divided by the total amount of assets. It serves as a barometer for how professionally a company utilizes its incomes. Later ROA vary by business, it is preferable to comparison firm ROAs with those of firms in similar sectors or to use ROA for past

research (comparison a firm's current ROA. to its former ROA).

Literature Review :

1) Title: "Analyzing Return on Equity & Return on Assets: Implications for Financial Performance"

Author: Williams Date: 2022

Williams' (2022) study on Return on Equity. vs. Return on Assets analyzed influence a firm's life cycle on their ROE & ROA weighting. The education found that growth- phase businesses prioritize ROE, while maturity and decline phases prioritize ROA. This things to see the position of understanding the connection between ROE & ROA in maximizing financial strategies.

2) Title: "Analyzing Return on Equity. & Return on Assets: Implications for Financial Performance"

Author: Citra Shahniah & Endri Date: 2020

Between 2014 and 2018, seven Jakarta Stock Exchange companies underwent financial data analysis by the DuPont method to evaluate their operational performance. The research assessed how fine a firm managed its commercial properties from sales- generated earnings. Liquidity ratios, a crucial indicator for debt repayment, were found to be over 1, indicating financial stability and ability to carry out both short-term & long- term obligations. The action ratio examined the connection between sales and required assets.

3) Title: "Analyzing Return on Equity. & Return on Assets: Implications for Financial Performance"

Author: Kim Date: 2013

The author analyzed distribution companies' financial situations by the DuPont framework, focusing on ROE & ROA. Results showed that Hyundai Green Food outstrips all 4 food companies, with Food Merce. Dongwon Home Food. & Lotte Food following. The author suggests that return on equity, & return on asset, the best measures a concern's profitability, considering people's spending, investing, & borrowing choices.

4) Title: "Analyzing Return on Equity, & Return on Assets, : Implications for Financial Performance"

Author: Fitri Sukmawati & Innes Garsela Date: 2016

The study examined the connection between a firm's stock price, return on equity. & assets. Statistical methods included standard assumption tests, many linear regression, relationship analysis, determination, t-test, and f test. The writer found that standard value movements can be explained by demonstrating stock price drops as return on equity, increases.

OBJECTIVE'S OF THE STUDY.

- To Determine the ROA of featherlite industry and its competitors.
- To Ascertain the ROE of featherlite industry and its competitors.
- To Prepare the ROA & ROE matrix
- To Compare the performance of the competitors with featherlite.

LIMITATION. OF THE DOCUMENT

- The Training was confined to the Featherlite Ranjanukunte, Bangalore. Plant, and the learning was conducted over a six-week period.
- Featherlite India restricted operates in several nations, however this learning is restricted to the Rajanukunte, Bangalore office.
- The training is ltd to the information accessible from reports & records.
- Using a maximum time limit of 6 weeks to gather the material.

RESEARCH METHODOLOGY:

The organization combines measurable and logical approaches to analyse structured data using industry financial statements. Quantitative research analyzes the most possible outcomes, while logical research assesses the cause & effect of profitability increases or decreases. The learning aims to gain the part of financial statements in a business's smooth operation.

DATA COLLECTION

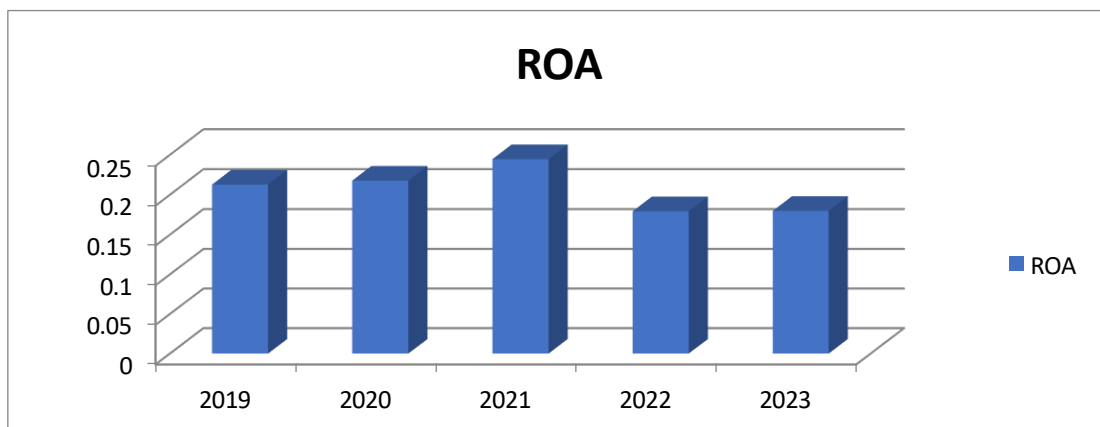
The study examines financial statements using secondary data on return on assets. & return on equity. supported by conferences with key peoples. The study includes annual reports from Featherlite Indian ltd, covering five years.

TABLES OF ROA

CALCULATION ON RETURN ON ASSETS,

YEAR,	NET, INCOME	TOTAL ASSETS	ROA
2019.	220682304	1037437329	0.2127
2020.	270207656	1240993835	0.2177
2021.	323178436	1321219554	0.2446
2022.	285326840	1590874446	0.1793
2023.	318686890	1772130947	0.1798

GRAPH



ANALYSIS

For the above table, the company experienced a positive trend in ROA from 2019 to 2021, but it faced a decline in 2022, which seems to have stabilized in 2023. Analyzing the underlying financial and operational factors is crucial to understanding the reasons behind these changes in ROA.

INTERPRETATION

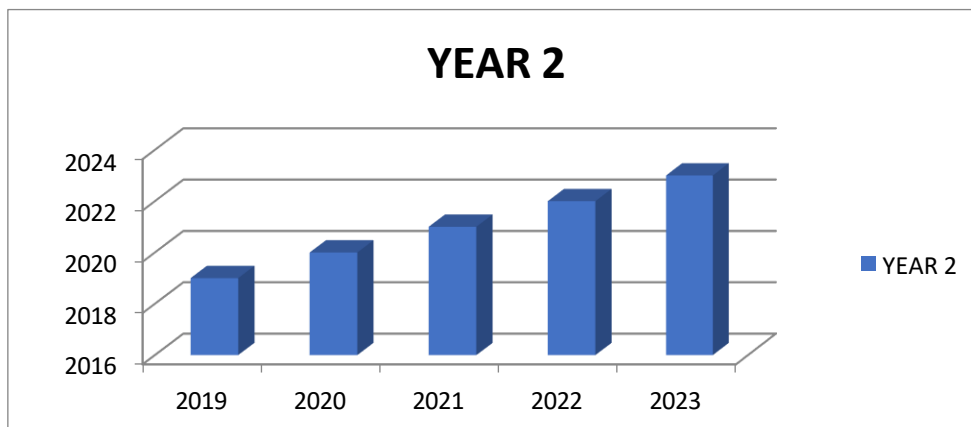
From the above chart, Over the five-year period from 2019 to 2023, the company's net income showed fluctuations, peaking in 2021, while the total assets steadily increased; however, the Return on Assets, (ROA) remained relatively stable, with a slight increase in 2021 followed by a minor decline.

TABLE OF ROE

CALCULATUON OF RETURN ON EQUITY,

YEAR.	NET INCOME.	SHAREHOLDERS	ROE
2019.	220682304	799371263	0.2760
2020.	270207656	917394365	0.2945
2021.	323178436	950798902	0.3399
2022.	285326840	1231217690	0.2317
2023.	318686890	1414000410	0.2253

GRAPH



ANALYSI

From the above table, the company experienced a positive trend in ROE from 2019 to 2021, but it faced a significant decline in 2022, which stabilized in 2023. Analyzing the underlying financial and operational factors is essential to recognize the reasons behind these changes in ROE and to identify opportunities for improvement.

INTERPRETATION

From the above chart, over the five-year period from 2019 to 2023, the company's net income exhibited a gradual increase, resulting in higher returns for shareholders as specified by the increasing trend in shareholders' equity. Additionally, the return on equity, (ROE) experienced fluctuations, with a significant surge in 2021 followed by a failure in the subsequent years,

showcasing variations in the company's efficiency in generating profits relative to shareholders' investments.

T-Test For ROA

Paired Samples Correlations					
		N	Correlation	Significance	
				One-Sided p	Two-Sided p
Pair 1.	ROA1 & ROA2	5	.561	.162	.325
Pair 2.	ROA1 & ROA3	5	-.631	.127	.253
Pair 3.	ROA1 & ROA4	5	.231	.354	.709
Pair 4.	ROA2 & ROA1	5	.561	.162	.325
Pair 5.	ROA2 & ROA3	5	.006	.496	.992
Pair 6.	ROA2 & ROA4	5	.498	.197	.393
Pair 7.	ROA3 & ROA1	5	-.631	.127	.253
Pair 8.	ROA3 & ROA2	5	.006	.496	.992
Pair 9.	ROA3 & ROA4	5	.582	.152	.304
Pair 10.	ROA4 & ROA1	5	.231	.354	.709
Pair 11.	ROA4 & ROA2	5	.498	.197	.393
Pair 12.	ROA4 & ROA3	5	.582	.152	.304

ANALYSIS

From the above table we can see the paired sample correlation to significance of one-sided p and two-sided p for the values of ROA.

INTERPRETATION

One-Sided Test - In a one-sided test, we are interested in determining whether there is a significant positive or negative relationship between the two variables being compared. The "One-Sided p" value represents the probability of observing the correlation coefficient under the null hypothesis, that there is no correlation between the variables.

Two-Sided Test - In a two-sided test, we are interested in determining whether there is a significant relationship between the two variables irrespective of the direction (positive or negative) of the relationship. The "Two-Sided p" value represents the probability of observing the correlation coefficient under the null hypothesis of no correlation.

T-Test For ROE

Paired Samples Correlations					
		N	Correlation	Significance	
				One-Sided p	Two-Sided p
Pair 1	ROE1 & ROE2	5	.569	.159	.317
Pair 2	ROE1 & ROE3	5	-.545	.171	.342
Pair 3	ROE1 & ROE4	5	.200	.374	.747
Pair 4	ROE2 & ROE1	5	.569	.159	.317
Pair 5	ROE2 & ROE3	5	.122	.423	.845
Pair 6	ROE2 & ROE4	5	.486	.203	.407
Pair 7	ROE3 & ROE1	5	-.545	.171	.342
Pair 8	ROE3 & ROE2	5	.122	.423	.845
Pair 9	ROE3 & ROE4	5	.684	.101	.203
Pair 10	ROE4 & ROE1	5	.200	.374	.747
Pair 11	ROE4 & ROE2	5	.486	.203	.407
Pair 12	ROE4 & ROE3	5	.684	.101	.203

Findings

- **Industry Benchmark:** Find out what the average ROA is for the sector. This benchmark aids in comparing Featherlite performance to standards within the sector.
- **Trends in ROE vs. ROA:** Examine the ROE and ROA trends over several years for Featherlite and its rivals. Check to see if there are any persistent trends of performance decrease or improvement.
- **Cyclical sectors:** Pay attention to how ROE and ROA fluctuate in cyclically dependent sectors. Some businesses might do well in some phases and poorly in others.

- Profitability Trends: Examine whether Featherlite routinely has larger or lower profit margins than its rivals. This might reveal either the benefits or drawbacks of cost- management and pricing initiatives.

Suggestions :

- Profitability Boost: If Featherlite ROE is below expectations, concentrate on boosting profitability. This could entail growing revenue streams, extending profit margins, or optimizing costs.
- Asset Utilization: Increase asset utilization by effectively managing inventory, streamlining production procedures, and cutting down on unused resources. Increased income from current assets can result in an increase in ROE.
- Capital Structure Optimization: Examine the debt-to-equity ratio for the organization. If it's too high, think about lowering the debt to cut interest costs and raise shareholders' equity, which could raise ROE.
- Operational Efficiency: Put your attention on optimizing your processes to increase asset effectiveness. This can entail streamlining the production process, cutting waste, and better resource management.

Conclusion :

In conclusion, this learning suggestions valued insights into the financial performance of Featherlite. Products. Private. Limited. in the context of office equipment. It highlights the position of closely monitoring ROA and ROE as key performance indicators for the company's shareholders and management. While the company faced challenges in the past, it has shown signs of recovery, suggesting that with prudent financial management and strategic decisions, it can regain its former financial strength. This study serves as a foundation for ongoing analysis and strategic planning, aiding the firm in achieving sustainable growth and profitability in the years ahead.

Reference :

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WEB LINKS

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<https://competition.adesifnaward.com>

<https://featherlitefurniture.com>