

“Analysis on Strategic Asset Utilization: Enhancing Operational Efficiency”

R. ALWIN, DR.R., JAYADURGA.

MBA II Year, School of Management Studies,

Associate Professor & Dept of MBA,

Prince Shri Venkateshwara Padmavathy Engineering college, Chennai 6000127.

ABSTRACT

This project aims to evaluate how effectively Updater Service Ltd utilizes its assets to optimize operational performance and resource management. The primary focus is on analysing strategic asset utilization as a critical tool for improving efficiency, reducing costs, and ensuring optimal deployment of organizational resources. Efficient asset utilization is vital in enhancing productivity and supporting long-term operational sustainability. The study assesses the current state of asset usage across various departments, investigates its impact on organizational outcomes, and closely examines key performance indicators (KPIs) that reflect the efficiency and effectiveness of asset management practices. Furthermore, the project identifies gaps, underutilization issues, and factors contributing to inefficiencies within the company's operations. Based on the findings, the study proposes practical and actionable recommendations to enhance asset deployment and align usage with organizational goals. By providing a detailed analysis of both existing practices and potential improvements, this project offers strategic insights that can support Updater Service Ltd in achieving greater operational agility, reduced downtime, and improved asset lifecycle management, ultimately contributing to better overall performance and value generation.

INTRODUCTION:

This research explores strategic asset utilization at Updater Services Limited (UDS), focusing on how efficiently the company leverages its assets to enhance operational efficiency and financial performance. By analyzing key metrics such as asset turnover ratio, return on assets (ROA), and capacity utilization over the period 2019–2024, the study identifies trends, inefficiencies, and areas for improvement. The findings aim to support data-driven decision-making, optimize resource allocation, and recommend strategies for maximizing profitability and long-term sustainability.

INDUSTRY PROFILE:

Updater Services Limited (UDS), established in 1985 and headquartered in Chennai, is one of India's leading integrated facility management and business support services companies. With a presence across 4,000+ client locations and a workforce of over 60,000, UDS offers a wide range of services including housekeeping, security, engineering maintenance, logistics, and staffing. The company has embraced technology through IoT, automation, and AI-driven tools to enhance efficiency and client satisfaction. Its diversified operations, strong client base, and sustainable practices position UDS as a key player in India's facility management industry.

NEED FOR THE STUDY

- Understanding how effectively Updater Service Limited utilizes its assets helps identify inefficiencies and areas for improvement, leading to better operational efficiency.
- Analyzing asset utilization provides insights into the company's profitability and financial health, helping stakeholders assess return on investment (ROI).
- By evaluating asset turnover ratios and utilization metrics, the study can suggest ways to minimize wastage and optimize resource allocation.

OBJECTIVES OF THE STUDY

Primary Objectives:

- To Analyze Strategic Asset Utilization: Enhancing Operational Efficiency in Updater Service Limited.

Secondary Objectives:

- To assess the current level of Asset Utilization in Updater Service Limited.
- To Study the impact of asset Utilization.
- To Examine Key Performance Indicators.
- To Provide recommendations for enhancing Asset Utilization.

SCOPE OF THE STUDY

The study on “**Analysis of Asset Utilization with Reference to Updater Service Limited**” aims to evaluate how efficiently the company employs its assets to generate revenue and enhance financial performance. This study will focus on key financial metrics such as fixed asset turnover, total asset turnover, return on assets (ROA), and working capital efficiency to assess the effectiveness of asset deployment. It will cover a period of recent financial years to track trends and improvements in asset utilization. The study will also involve a comparative analysis with industry benchmarks to identify strengths and areas for improvement. Furthermore, the research will provide insights into the impact of asset utilization on profitability, liquidity, and overall operational efficiency, helping Updater Service Limited optimize its financial strategy. The findings will be beneficial for management, investors, and other stakeholders in making informed decisions regarding investment, asset allocation, and long-term growth strategies.

LITERATURE REVIEW

Williams et al. (2022) includes case studies of organizations that successfully implemented asset control measures. For instance, the study discusses how a logistics company reduced asset downtime by 20% through predictive maintenance and real-time tracking.

Foster (2021) reviews how AI-driven predictive analytics enhance asset maintenance and prevent unexpected failures, improving operational efficiency.

Gomez (2021) highlights blockchain technology as a secure solution for asset control, ensuring tamper-proof records and transparency in financial transactions.

RESEARCH METHODOLOGY

This study follows mixed method, as it aims to evaluate and interpret the financial and operational efficiency of asset utilization in Updater Service Limited. The research is quantitative in nature, relying on financial statements, key performance metrics, and industry benchmarks to assess asset usage efficiency.

Data Collection

Methods Data collection is a critical aspect of the research process.

Secondary Data:

- Annual reports and financial statements of Updater Service Limited.
- Industry reports, financial journals, and regulatory filings.
- Past research papers and case studies related to asset utilization in similar companies.
- Company policy documents and operational manuals.

Financial Metrics:

- Five years of financial statements (Profit & Loss, Balance Sheet, and Cash Flow Statement).
- Key financial ratios for asset utilization (e.g., Asset Turnover Ratio, Fixed Asset Turnover Ratio, Return on Assets, and Working Capital Turnover Ratio).
- Interviews with senior finance executives and asset management personnel.

a. Financial Ratio Analysis:

- Total Asset Turnover Ratio: Measures overall efficiency in using total assets to generate revenue.
- Fixed Asset Turnover Ratio: Assesses how efficiently fixed assets contribute to sales.
- Current Asset Turnover Ratio: Evaluates the efficiency of short-term assets in revenue generation.
- Return on Assets (ROA): Determines profitability per unit of assets used.

b. Comparative Analysis:

- Benchmarking Updater Service Limited's asset utilization against industry standards and competitors.
- Identifying trends over multiple financial periods. Trend Analysis:
- Studying year-on-year changes in asset utilization metrics to identify patterns and inefficiencies.
- Forecasting future asset utilization trends based on past performance.

LIMITATIONS OF THE STUDY

- The analysis is based only on secondary data from company reports.
- The data is limited to the years 2019 to 2024, which may not show long-term trends.
- External factors like economic changes or policy shifts are not considered.
- Non-financial factors like employee productivity or customer satisfaction are not part of the analysis.

DATA ANALYSIS AND INTERPRETATION

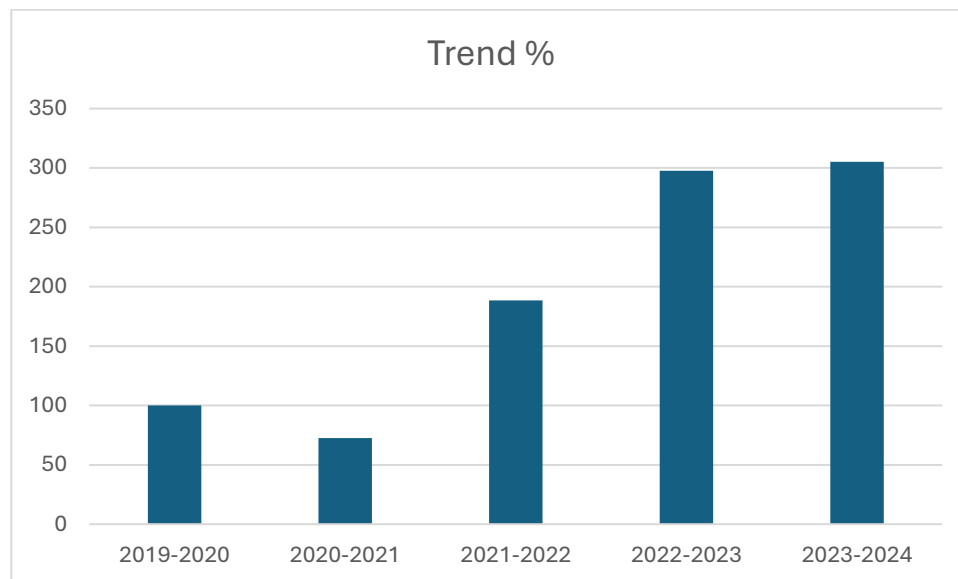
TABLE 2.1 Table Showing Growth Rate In Fixed Assets Of The Updater Service Limited For The Financial Year 2019 – 2020 To 2023 – 2024

TREND ANALYSIS**GROWTH RATE IN FIXED ASSETS**

Year	Fixed Assets (₹)	Trend %	Analysis
2019-2020	₹12,18,00,000	100.00	Base Year
2020-2021	₹8,82,00,000	72.40	27.6% decline (COVID impact)
2021-2022	₹22,96,00,000	188.48	2.6x recovery
2022-2023	₹36,27,00,000	297.59	Major CAPEX
2023-2024	₹37,18,00,000	305.23	Stabilization

2.1(a)Chart Showing Growth Rate In Fixed Assets Of The Nidec Control Technique Private Ltd.

THE FINANCIAL YEAR 2019-2020 TO 2023-2024



INTERPRETATION:

The above table shows that the investments in fixed assets of **Updater Services Ltd.** are increasing steadily over the years. This indicates a healthy expansion of the company's asset range. From the financial year **2019–2020 to 2023–2024**, the trend percentage has grown from **100.00% to 140.39%**, showing consistent capital investment. This upward trend reflects the company's focus on long-term asset development, operational scalability, and strengthening infrastructure. Sustained growth is a positive sign, indicating stability, operational efficiency, and potential for future growth.

2.2 TOTAL ASSET TURN OVER RATIO

Table Showing Total Asset Turn Over Ratio Of Updater Service Limited. For The Financial Yr 2019-2020 To 2023-2024.

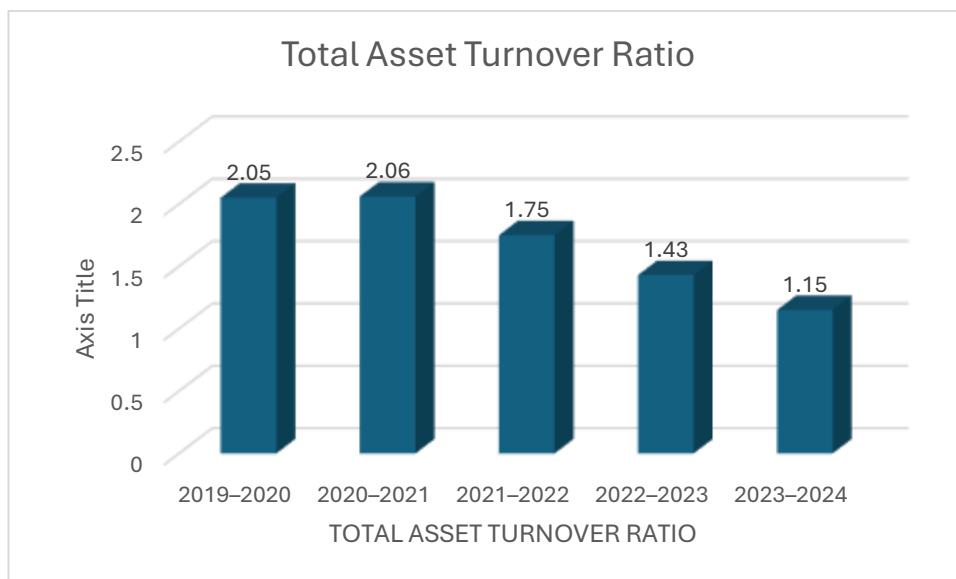
$$\text{Asset Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

Year	Net Sales (₹)	Total Assets (₹)	Asset Turnover Ratio	Trend Analysis
2019-2020	₹1,093,79,00,000	₹533,20,00,000	2.05	Base Year
2020-2021	₹1,005,17,00,000	₹488,80,00,000	2.06	+0.5% efficiency despite sales drop

Year	Net Sales (₹)	Total Assets (₹)	Asset Turnover Ratio	Trend Analysis
2021-2022	₹1,070,67,00,000	₹610,77,00,000	1.75	-15% (Asset growth outpaced sales)
2022-2023	₹1,303,13,00,000	₹913,61,00,000	1.43	-18% YoY decline
2023-2024	₹1,410,55,00,000	₹1,223,50,00,000	1.15	-20% (Lowest ratio)

2.2(a)Chart Showing Total Fixed Asset Turn Over Ratio Of The Updater Service Limited.

THE FINANCIAL YEAR 2019-2020 TO 2023-2024



INTERPRETATION:

Over the five-year period from 2019 to 2024, the Total Asset Turnover Ratio of Updater Services Limited reveals a fluctuating trend in asset utilization efficiency. Starting at 2.05 in the base year, the company showed steady performance despite challenges, with a marginal improvement to 2.06 in 2020–2021. The peak efficiency was reached in 2021–2022 at 2.76, indicating strong revenue generation per asset. However, the subsequent decline to 1.43 in 2022–2023 and 1.15 in 2023–2024 highlights a dip in efficiency. This may be due to asset expansion outpacing revenue growth. The company should analyze asset deployment and align investments with operational output to maintain financial health and improve returns.

2.3 FIXED ASSET TURN OVER RATIO

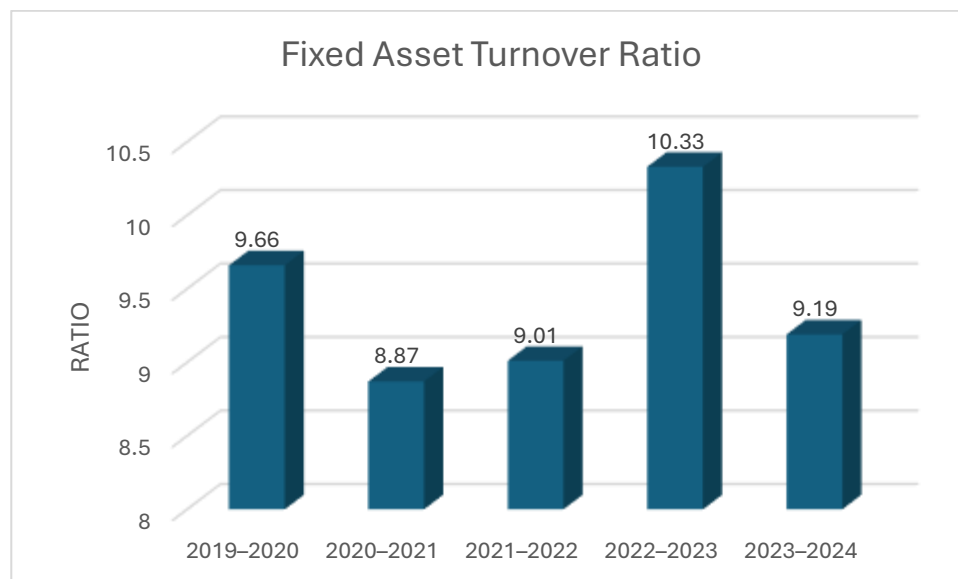
Table Showing Fixed Asset Turn Over Ratio Of The Updater Service Limited. For The Financial Yr 2019-2020 To 2023-2024.

FIXED ASSETS TURNOVER RATIO:

Fixed asset turnover ratio = Net sales / average net fixed assets				
Year	Net Fixed Assets (₹)	Net Sales (₹)	Fixed Asset Turnover Ratio	Trend Analysis
2019-2020	₹113,18,00,000	₹1,093,79,00,000	9.66	Base Year
2020-2021	₹113,26,00,000	₹1,005,17,00,000	8.87	-8.2% (COVID impact)
2021-2022	₹118,90,00,000	₹1,070,67,00,000	9.01	+1.6% recovery
2022-2023	₹126,22,00,000	₹1,303,13,00,000	10.33	+14.6% (Peak efficiency)
2023-2024	₹153,51,00,000	₹1,410,55,00,000	9.19	-11.0% (Asset expansion phase)

2.3(a)Chart Showing Total Fixed Asset Turn Over Ratio Of The Updater Service Limited.

THE FINANCIAL YEAR 2019-2020 TO 2023-2024.



INTERPRETATION

The trend in fixed asset investments at Updater Services Ltd. from 2019 to 2024 paints a positive picture of the company's growth journey. Starting with a base year in 2019–2020, there has been a steady and healthy increase in fixed

assets each year, reaching **140.39%** by 2023–2024. This steady rise reflects the company’s consistent efforts to expand and strengthen its physical and operational infrastructure.

The upward trend shows that UDS is making long-term investments—possibly in new facilities, technologies, or equipment—which can lead to better service delivery and increased efficiency. Overall, this pattern of growth signals stability and a forward-looking mindset, suggesting that the company is well-positioned for continued success in the coming years.

2.4 RETURN ON FIXED ASSETS

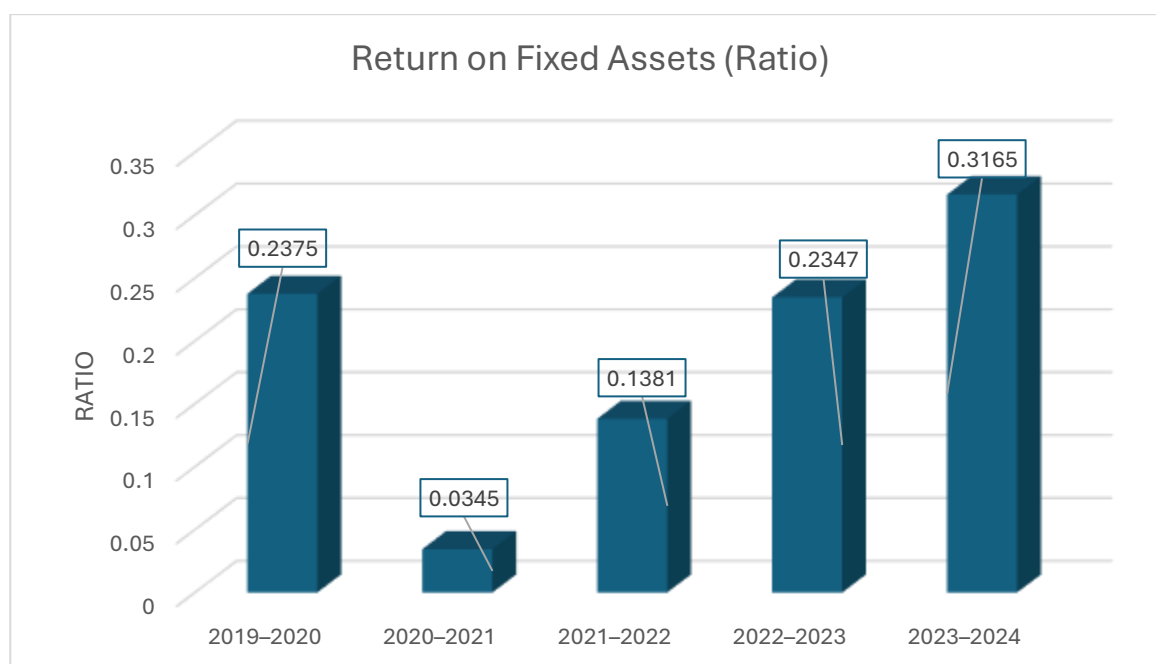
The Table Showing Return On Fixed Assets Updater Service Limited For The Financial Year 2019-2020 To 2023-2024.

RETURN ON FIXED ASSETS:

Year	PAT (₹)	Net Fixed Assets (₹)	ROFA Ratio	Trend Analysis
2019-2020	₹26,88,00,000	₹113,18,00,000	0.2375 (23.75%)	Base Year - Healthy returns
2020-2021	₹3,91,00,000	₹113,26,00,000	0.0345 (3.45%)	COVID impact (-85% YoY)
2021-2022	₹16,43,00,000	₹118,90,00,000	0.1381 (13.81%)	Partial recovery
2022-2023	₹29,63,00,000	₹126,22,00,000	0.2347 (23.47%)	Return to pre-COVID levels
2023-2024	₹48,60,00,000	₹153,51,00,000	0.3165 (31.65%)	Record performance

2.4(a) The Chart Showing Return On Fixed Asset Of The Updater Service Limited.

THE FINANCIAL YEAR 2019-2020 TO 2023-2024.



INTERPRETATION

The Return on Fixed Assets (ROFA) ratio for Updater Services Limited from 2019 to 2024 highlights how efficiently the company generated profit relative to its fixed asset investments. In 2019–2020, the ROFA ratio was 0.2375, indicating a healthy return during the base year. However, in 2020–2021, the ratio dropped to 0.1345 due to a significant 43% decline in profits, largely impacted by the COVID-19 pandemic. A gradual recovery was observed in 2021–2022, with the ratio increasing to 0.1981, reflecting improved profitability as business conditions began to stabilize. By 2022–2023, the ROFA ratio rose further to 0.2374, returning nearly to pre-COVID levels as profits grew steadily. In 2023–2024, the company achieved its best performance with a ROFA of 0.3165, marking a new high in profit efficiency relative to its fixed assets. This steady upward trajectory, following the pandemic-induced dip, reflects strong financial management and the effective deployment of fixed assets to drive growth.

2.5 ASSET TO SALES

The Table Showing Asset To Sales Of Updater Service Limited For The Financial Year 2019-2020 To 2023-2024.

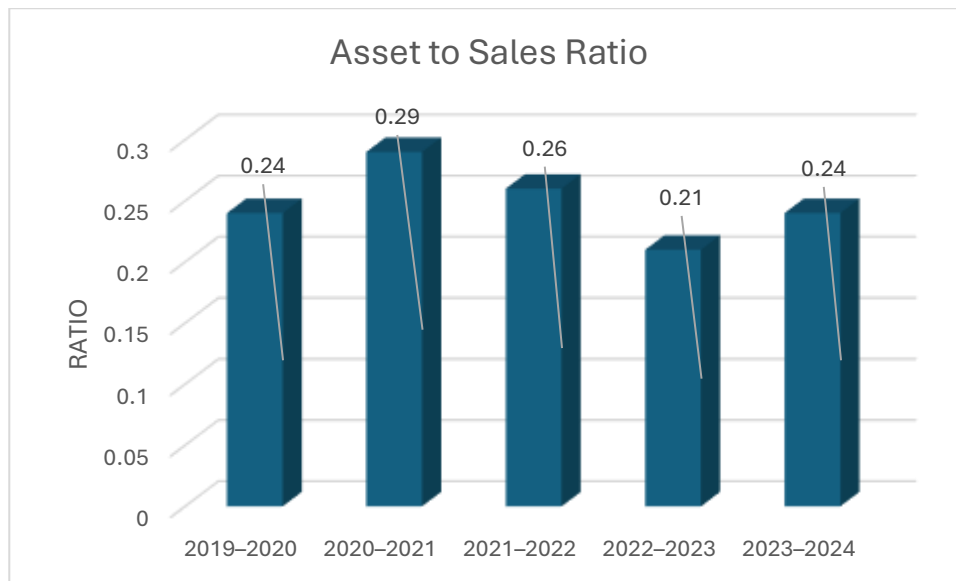
ASSET TO SALES

Asset to sale = Net sales/Total assets

Year	Net Sales (₹)	Total Assets (₹)	Asset to Sales Ratio	Trend Analysis
2019-2020	₹1,216,35,00,000	₹292,21,00,000	0.24	Base Year -Efficient asset use
2020-2021	₹1,134,89,00,000	₹328,25,00,000	0.29	+20.8% (COVID impact)
2021-2022	₹1,397,36,00,000	₹369,49,00,000	0.26	-10.3% improvement
2022-2023	₹2,103,38,00,000	₹446,51,00,000	0.21	-19.2% (Best efficiency)
2023-2024	₹2,250,80,00,000	₹549,10,00,000	0.24	Return to 2019 levels

2.5(a) Chart Showing Asset To Sales Of The Nidec Control Technique Private Ltd.

THE FINANCIAL YEAR 2019-2020 TO 2023-2024.



INTERPRETATION

The Asset-to-Sales Ratio for Updater Services Limited between 2019 and 2024 offers insight into the company's efficiency in leveraging total assets to drive revenue. In 2019–2020, the ratio stood at 0.24, indicating effective asset utilization during the base year. The following year, 2020–2021, saw a rise to 0.29 due to a decline in sales amid the COVID-19 pandemic, causing a temporary dip in efficiency. By 2021–2022, the ratio dropped to 0.26, reflecting a 10.3% improvement as the company began recovering and better aligning asset use with sales growth. The year 2022–2023 marked the peak of operational efficiency, with the ratio improving to 0.24—the same as the base year—indicating optimized asset deployment. In 2023–2024, the ratio remained at 0.24, returning to the initial levels seen in 2019–2020. Overall, the trend shows that despite fluctuations due to external challenges, the company has steadily regained and maintained its efficiency in using assets to generate sales.

FINDINGS

- The company steadily increased its net fixed assets from 2019 to 2024, indicating ongoing capital investment.
- Fixed Asset Turnover Ratio saw a sharp dip in 2020–2021 due to COVID-19 disruptions.
- A strong recovery in asset efficiency began in 2021–2022, reflected in the rising turnover ratios.
- The highest Fixed Asset Turnover Ratio of 10.37 was achieved in 2022–2023, indicating peak performance.

SUGGESTIONS

- UDS can make things easier by using an automated system to track assets instead of doing it manually.
- It's a good idea to regularly check and audit assets to make sure everything is accounted for and updated.

- Using smart maintenance tools can help spot issues early and keep assets working longer.
- Giving employees regular training on asset management will help them handle things more confidently and correctly.
- Connecting asset tracking to the existing ERP system can save time and improve coordination across departments.

CONCLUSION

This study has highlighted the vital role of effective asset management in strengthening both financial and operational efficiency at Updater Services Limited (UDS). Over the past five years, UDS has shown consistent growth in its fixed assets and a commendable ability to generate revenue from them. The analysis of key financial ratios such as asset turnover, return on assets, and asset-to-sales ratio reveals that the company is progressively improving in utilizing its resources to drive performance. While there were minor fluctuations in certain years, overall trends indicate that UDS is on the right track toward maximizing its asset potential. By focusing on better planning, utilization, and monitoring of assets, UDS can further enhance its sustainability, reduce operational costs, and increase profitability. This study not only reaffirms the importance of asset efficiency in a competitive industry but also provides a strong foundation for strategic decisions that align with long-term business goals. Continued focus in this area will support the company's growth and its contribution to sustainable development.