

Financial Viability of Vijayanand Roadlines Limited-A Study

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Abstract - Vijayanand Roadlines Ltd is a popular logistics industry in India, which is which holds Asia's largest road lines network and top logistic industry along with other subunits. The present study mainly focuses on the growth and financial viability of VRL to find out its monetary performance, turnover, net worth as well as growth with the help of financial sources offered by the company.

Keywords - Liquidity, Solvency, Turnover, Profitability, Growth, Ratios, Compounded Annual Growth Rate etc.

I. BRIEF HISTORY OF THE COMPANY

The Managing Director, Mr V.B.SANKASHWAR, started as an individual transporter in January 1976 without any background and experience. Initially, for the first two years, he suffered heavy losses. Then by the end of 1978, due to personnel management and effective service, he purchased one old lorry, and he observed activities of other well-known transporters. The industry started the first parcel service from Bangalore to Hubli, Gadag and Belgaum with only two Lorries; gradually, the business is increased.

Similarly, smut lariat, V.B. Sankeshwar purchased one old lorry in 1979 and ran individually and sometimes hiring out to Vijayanand road lines which were proprietary concern then. Later, the proprietorship firm was converted into the company come into existence effective from 31 March 1983; due to efficient management and cooperation from the staff, the company gradually increased.

A. Progress of company

- The company has been engaged in goods transportation since 1976. It was incorporated under the Companies Act 1983. The company has become a public limited company with effect from 1-7-1994. The company is running under the banner VRL. The company has a wide network of branches spread all over

Karnataka, Andhra Pradesh, Tamilnadu, Kerala, Rajasthan, Goa, Hariyana, Madya Pradesh, Maharashtra, New Delhi and Punjab. In all, there are 800 branches, 2000 Lorries, 200 luxury and Volvo buses.

- The company is recommended by Indian Banks Association Mumbai.
- The companies name, in view of its remarkable achievement and progress in a short span of time, is entered into the LIMCA BOOK of records.

II. RESEARCH METHODOLOGY:

a) Need for the study

To run the business and the ability of the company towards solvency, the role of financial position in logistics management is needed. Hence to ascertain the financial position of the company, this study has been conducted.

b) The objective of the study

1. To know the brief history and progress of the Vijayanand Roadlines Ltd.
2. To analyze the financial performance and growth of Vijayanand Roadlines Ltd.

c) Data collection

The study is based on secondary data, which is collected from the company's annual report, like the profit & loss account balance sheet of the company.

d) Period of the study

To study the financial role in VRL logistics management, 9 years of financial reports has been used from the year 2010-11 to 2018-19.

e) Tools for data analysis:

To analyze the financial role of VRL, the most popular and commonly used technique ratios has been adopted, and the technique of growth rate analysis, mean, is used.

III. DATA INTERPRETATION

A. Liquidity Analysis:

Liquidity Ratio is a ratio that tells one's ability to pay off its debt as and when they become



due. In other words, we can say this ratio tells how quickly a company can convert its current assets into cash so that it can pay off its liability on a timely basis.

a) Current Ratio:

The current ratio supports understanding the liquidity of Vijayanand Roadlines Ltd. It measures a firm's ability to pay off its short-term liabilities with its current assets payable within one year.

Table 1. Current Ratio of Vijayanand Roadlines Ltd. for the year 2010-11 to 2018-19

Year	Current Assets	Current Liabilities	Current Ratio	Variation to the previous year (%)
2010-11	10900.77	44576.17	0.24	Nil
2011-12	13494.07	26219.17	0.51	112.5
2012-13	14340.39	30132.72	0.47	-7.84
2013-14	12993.37	32354.12	0.40	-14.89
2014-15	15225.40	30195.68	0.50	25
2015-16	15354.99	21218.44	0.72	44
2016-17	14997.80	18710.83	0.80	11.11
2017-18	17141.70	15986.80	1.07	33.75
2018-19	17166.97	12388.17	1.39	29.91
Total			7.9	
Average			0.88	
CAGR			21.55	

Table 1 shows that the current ratio of VRL for the year 2010-11 to 2018-19, during the study of 9 years, the current ratio is in a gradual rising trend, but in the year 2013-14, it reveals the negative current ratio. For the year 2018-19, the current ratio is showing highest at 1.07 %, and for the year 2010-11, it is lowest among the study period at 0.24%. The highest growth of current ratio is in the year 2011-12, i.e. 112.5 %. Hence, the overall result of the current ratio at VRL is in good condition because it is maintaining its current assets in a proper manner and in a systematic form to build the industries reputation and growth.

b) Quick Ratio:

Quick ratio or liquid ratio is a more rigorous test of liquidity than the current ratio. The quick ratio may be defined as the relationship between quick/liquid assets and current/ liquid liabilities.

Table 2. Quick Ratio of Vijayanand Roadlines Ltd. for the year 2010-11 to 2018-19

Year	Quick Assets	Quick Liabilities	Quick Ratio	Variation to the Previous
2010-11	53805.24	67269.29	0.79	Nil
2011-12	77585.09	92858.43	0.84	6.32
2012-13	67566.15	96507.00	0.70	-16.66
2013-14	67129.07	97768.19	0.69	-1.43
2014-15	59691.76	95310.65	0.63	-8.69
2015-16	43005.37	94359.19	0.46	-26.98
2016-17	89667.95	35544.78	2.52	447.83

				Year (%)
2010-11	1585.69	3779.19	0.42	Nil
2011-12	2996.48	8108.32	0.37	13.51
2012-13	3495.66	13080.95	0.27	-27.02
2013-14	3715.26	13171.85	0.28	3.70
2014-15	4247.93	10820.21	0.39	39.28
2015-16	6013.86	5832.32	1.03	164.10
2016-17	1224.67	6314.92	0.19	-81.55
2017-18	1935.38	7528.47	0.26	36.84
2018-19	1314.16	3733.48	0.35	34.61
Total			3.56	
Average			0.39	
CAGR			-2.01	

Table 2 shows the quick ratio of VRL company for the year 2010-11 to 2018-19 during the study of 9 years the quick ratio of Vijayanand Roadlines Ltd is highest at 1.03% in the year 2015-16 and the same was the lowest at 0.19% in the year 2016-2017 and the average is at 0.39%. Hence from the above analysis, it is concluded that the liquidity position of Vijayanand Roadlines Ltd. is maintaining a good trend.

B. Expenses Ratio

An expense ratio is a fee charged by an investment company to manage the shareholders' funds. Investment companies such as mutual funds often incur various operating expenses when managing investors' funds, and they charge a small percentage on the funds under management to cover the expenses.

Table 3. Expenses Ratio of Vijayanand Roadlines Ltd. for the year 2010-11 to 2018-19

Year	Total Fund Costs	Total Fund Assets	Total Expenses Ratio	Variations to the Previous Year (%)
2010-11	53805.24	67269.29	0.79	Nil
2011-12	77585.09	92858.43	0.84	6.32
2012-13	67566.15	96507.00	0.70	-16.66
2013-14	67129.07	97768.19	0.69	-1.43
2014-15	59691.76	95310.65	0.63	-8.69
2015-16	43005.37	94359.19	0.46	-26.98
2016-17	89667.95	35544.78	2.52	447.83

2017-18	26904.25	86226.22	0.31	-87.69
2018-19	33188.17	97781.97	0.34	9.68
Total			7.28	
Average			0.81	
CAGR			-8.94	

Table 3 shows the expenses ratio of Vijayanand Roadlines Ltd. For the years 2010-11 to 2018-19. the company has made the highest expenses on investor's funds at 2.52% in the year 2016-17 and the lowest expenses made at 0.31% in the year 2017-18. From the analysis, it is concluded that the Average Expense ratio of Vijayanand Roadlines Ltd. is satisfactory on the expenses made on the investor's funds.

C. Solvency Analysis:-

The term solvency refers to the ability of the concern to meet its Short term and long term obligations. The ratio indicates the relationship between the total liabilities to outsiders.

Table 4. Solvency Ratio of Vijayanand Roadlines Ltd. for the year 2010-11 to 2018-19

Year	Total Liabilities	Total Assets	Solvency Ratio	Variations to the previous years (%)
2010-11	53806.52	67269.29	0.79	Nil
2011-12	77585.09	92858.43	0.84	6.33
2012-13	67566.15	96507.00	0.70	-16.67
2013-14	67129.07	97768.19	0.69	-1.43
2014-15	59691.76	95310.65	0.63	-8.69
2015-16	43005.37	94359.19	0.46	-26.98
2016-17	35544.78	89667.95	0.39	-15.22
2017-18	26904.25	86226.22	0.31	-20.51
2018-19	33188.17	97781.97	0.33	6.45
Total			5.14	
Average			0.57	
CAGR			-9.24	

Table 4 shows the solvency ratio of Vijayanand Roadlines Ltd. Among the study, the following result has been got that the highest solvency ratio is 0.84% in the year 2011-12 and the average is 0.57%. The growth rate of solvency ratio is showing a declining trend in all the years. Hence, from the study, it can conclude that firm is

maintaining a good solvency ratio towards the short-term and long term debts.

D. Profitability Analysis:-

The profitability ratio is employed to measure the earning capacity and also the efficiency of a company.

Net Profit Ratio:

The net profit ratio is a popular profitability ratio that shows the relationship between net profit after tax and net sales. It is computed by dividing the net profit (after-tax).

Table 5 .Net Profit Ratio of Vijayanand Roadlines Ltd. for the year 2010-11 to 2018-19

Year	Net Profit	Net Sales (Total Income)	Net Profit Ratio	Variations to the previous years (%)
2010-11	5097.68	89291.54	0.06	Nil
2011-12	4105.88	113527.83	0.04	-33.33
2012-13	8029.23	133532.33	0.06	50
2013-14	5701.24	150337.85	0.04	-33.33
2014-15	9122.34	167886.10	0.05	25
2015-16	10231.35	172942.98	0.05	0
2016-17	7047.26	181238.33	0.04	-20
2017-18	9256.42	193655.07	0.05	25
2018-19	9191.61	211746.82	0.04	-20
Total			0.43	
Average			0.05	
CAGR			-4.41	

Table 5 shows the net profit ratio of Vijayanand Roadlines Ltd. The highest rate of net profit earned by the company is 0.06% in the year 2010-11 and 2013-13, and the lowest is 0.04% in the year 2011-12, 2013-14, 2016-17, 2018-19 and the average is 0.05%. The growth rate of the company is showing an increasing trend during the study period. Hence, from the analysis, we can conclude that the company is making a good profit by capturing good market strategies.

E. Overall Financial Performance using Total Turn Over of the Firm.

Table 6. Financial Performance (Turn Over) of Vijayanand Roadlines Ltd. for the year 2003-04 to 2018-19

Sl. No.	Years	Turnover	Variations to the previous year (%)
1	2003-04	204.19	Nil
2	2004-05	277.39	35.85
3	2005-06	361.39	30.28
4	2006-07	442.94	22.57
5	2007-08	546.95	23.48
6	2008-09	650.66	18.96
7	2009-10	716.25	10.08
8	2010-11	892.92	24.67
9	2011-12	1135.28	27.14
10	2012-13	1335.52	17.64
11	2013-14	1503.78	12.59
12	2014-15	1678.86	11.64
13	2015-16	1729.43	3.01
14	2016-17	1426.15	-17.54
15	2017-18	1875.93	31.54
16	2018-19	2066.34	10.15

Table 6 shows the turnover achieved by the company. Since from the year 2003-04 the company is achieving the highest turnover and it has gradual hike. In the year 2018-19, the company has achieved Rs. 2066.34 crores of turnovers. The highest growth rate of the company is 35.85% in the year 2004-05. Hence, from the above turnover, we can conclude that the company is making a high profit to increase goodwill to the shareholders.

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