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A Study On Financial Performance Analysis Of Mohali Royal Residency, Mohali

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Abstract: This research paper examines the financial performance of Mohali Royal Residency in Mohali through financial statement analysis. Ratio analysis has been applied to assess liquidity, solvency, profitability, and operational efficiency of the company. The study uses secondary data from audited reports covering the period from 2016 to 2020. The findings reveal variations in liquidity and profitability, while solvency remains strong due to a lower debt-equity ratio. The research suggests improving liquidity and maintaining stable profitability for long-term financial health.

Introduction

Mohali Royal Residency, located in Sector 117, Mohali, offers 2, 3, and 4 BHK builder floor flats designed to provide luxury living. Built with modern technology and high-quality materials, the project emphasizes safety, comfort, and sustainability. With world-class amenities and proximity to schools, hospitals, and banks, it aims to establish itself as a landmark in Mohali's real estate market.

Introduction About Topic

Financial performance analysis is the systematic evaluation of financial statements to understand a company's operational efficiency, profitability, and solvency. It involves ratio analysis to examine liquidity, returns, and risks associated with investments. This study focuses on analyzing the financial position of Mohali Royal Residency by using tools like liquidity ratios, solvency ratios, and profitability ratios to interpret the strengths and weaknesses of its operations.

Objective Of Study

To analyze the financial performance of Mohali Royal Residency, Mohali.

Research Methodology

Research methodology is a systematic way to solve the research problem. It refers to the science of studying how research is conducted scientifically. The methodology not only explains the research methods but also the logic behind the methods used in the context of the research study.

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Data Analysis

1. Current Ratio

Year	Current Assets	Current Liabilities	Current Ratio
2016	14421.49	21087.99	0.68
2017	20110.40	23056.33	0.87
2018	34643.91	25607.34	1.35
2019	17035.58	25593.65	0.67
2020	20009.19	30871.30	0.65

Current ratio compares current assets with current liabilities, showing whether the company can meet its short-term obligations. The highest ratio was 1.35 in 2018, while the lowest was 0.65 in 2020. The ideal ratio ranges between 1.2 and 2. Therefore, the company's liquidity position is unsatisfactory in most years.

2. Liquid Ratio

Year	Liquid Assets	Liquid Ratio
2016	7337.68	0.35
2017	9873.55	0.43
2018	23620.50	0.92
2019	5780.24	0.23
2020	9292.53	0.30

The ideal quick ratio is 1:1. The company's highest quick ratio was 0.92 in 2018, which is still below the ideal level. Thus, the liquid ratio of the company is dissatisfactory.

3. Debt-Equity Ratio

Year	Debt	Shareholders' Fund	Debt-Equity Ratio
2016	29368.44	70476.72	0.41
2017	36475.07	49659.00	0.73
2018	35717.16	61514.82	0.58
2019	39175.00	70454.71	0.55
2020	42683.14	74563.12	0.57

A debt-equity ratio below 1 indicates a strong solvency position. The company maintained a good debt-equity status throughout the period.

4. Proprietary Ratio

Year	Shareholders' Fund	Proprietary Ratio
2016	70476.72	0.57
2017	49659.00	0.44
2018	61514.82	0.49
2019	70454.71	0.51
2020	74563.12	0.49

The proprietary ratio was highest in 2016 at 0.57 and lowest in 2017 at 0.44. Overall, the company maintained a satisfactory ownership structure.

5. Return on Equity

Year	ROE (%)	Shareholders' Fund
2016	6.95%	70476.72
2017	6.93%	49659.00
2018	6.77%	61514.82
2019	14.95%	70454.71
2020	9.04%	74563.12

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The return on equity peaked in 2019 at 14.95% and was lowest in 2018 at 6.77%, indicating fluctuating profitability.

Findings

- The highest current ratio was 1.35 in 2018, and the lowest was 0.65 in 2020.
- The highest liquid ratio was 0.92 in 2018, while it dropped to 0.23 in 2019.
- Gross profit ratio increased consistently from 2016 to 2019.
- Net profit margin was highest in 2019 (15.28%) and lowest in 2018 (7.12%).
- Return on equity peaked in 2019 (14.95%).
- Debt-equity ratio remained below 1 during all five years.
- Proprietary ratio was highest in 2016 (0.57).

Suggestions

- The company should improve its current ratio to meet short-term obligations.
- Proper liquid funds should be maintained to strengthen liquidity.
- Operational efficiency must be enhanced.
- The company should utilize financial leverage effectively.
- A consistent return to shareholders must be maintained.

Conclusion

Efficient financial management is essential for the success of an enterprise. Financial performance analysis helps identify strengths and weaknesses in liquidity, solvency, and profitability. The analysis indicates that Mohali Royal Residency is performing well in areas such as quick assets management, fixed assets management, and return on capital employed. Continuous improvement is required to reach higher financial benchmarks.

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