Kuwait Research Journal of
Business Management (KRJBM)

ISSN Print: 2790-6590 | ISSN Online : 2790-6582 Open Access

# A Study On Profitability Ratio Of Mohali Royal Residency,At Mohali

**Pavneet Kaur[1], Sumandeep kaur[2]**
[1]Assistant Professor in Commerce, Baba Farid College Of Engineering & Technology,Email : pavneet.bfcmt@gmail.com
[2]BBA, Department of management, Baba farid college, bathinda, Email: sidhusuman942@gmail.com

*Corresponding Author

**Pavneet Kaur**
Assistant Professor in Commerce, Baba Farid College Of Engineering & Technology,Email : pavneet.bfcmt@gmail.com

Article History
**Received:** 15.11.2025
**Revise :** 20.11.2025
**Accepted:** 01.12.2025
**Published:** 13.12.2025

**DOI:10.61705/KRJBM.1.4.2025.61.67**

**Keywords:**Profitability Ratio Analysis, Financial Performance, Real Estate Sector, Mohali Royal Residency, Gross Profit Margin, Net Profit Margin, Return on Equity, Return on Assets, Working Capital Management, Financial Sustainability

**Abstract:** The study focuses on the profitability ratio analysis of Mohali Royal Residency, a real estate project located in Mohali. The objective was to analyze the financial performance of the company using profitability ratios such as Gross Profit Margin, Net Profit Margin, Operating Profit Margin, Return on Equity, and Return on Assets. The research is descriptive and analytical in nature, using secondary data from audited financial statements between 2016–2021. The analysis revealed fluctuations in profit margins, solvency position, and working capital management, highlighting areas where improvements are required. The findings suggest that effective management of operating costs, working capital, and debt recovery can enhance profitability and ensure long-term sustainability.

## Introduction

INTRODUCTION TO COMPANY

Mohali Royal Residency, Sector 117, Mohali, is a premium real estate project offering 2, 3, and 4 BHK builder floors. Designed with optimum space utilization and modern construction techniques, the project promises luxury living combined with security, comfort, and world-class amenities. Developed by Jindal Realty Limited, the mission of the company is to provide high-quality housing solutions while ensuring transparency, customer satisfaction, and sustainable community development. The strategic location of the project, along with essential infrastructure such as schools, hospitals, and shopping centers, makes it a significant real estate landmark in the region.

INTRODUCTION TO TOPIC

Profitability ratios are vital tools used to measure the financial health and sustainability of a business. They assess a firm's ability to generate profits relative to its revenue, assets, or equity, thus reflecting efficiency in operations and resource utilization. Ratios such as Gross Profit Margin, Net Profit Margin, Operating Profit Margin, Return on Assets (ROA), and Return on Equity (ROE) provide deep insights for investors, creditors, and management in making informed decisions. In the context of the real estate sector, profitability ratios help evaluate project viability, operational efficiency, and long-term sustainability, thereby aiding stakeholders in

ISSN Print: 2790-6590 | ISSN Online : 2790-6582 Open Access

strategic planning and resource allocation.

**Objectives:**
To analyze the profitability ratios at Mohali Royal Residency.

**Research methodology**:

- The study is descriptive and analytical in nature.
- Research Design: Descriptive design was chosen to minimize bias and ensure reliability. Analytical techniques were applied to evaluate financial data.
- Data Collection: The research is based on secondary data, collected from the audited financial reports of Mohali Royal Residency from the financial years 2016–2017 to 2020–2021.
- Sources of Data: Annual reports, books, journals, websites, and other company records.
- Sample Size: Five years of financial data (2016–2021).
- Analytical Tools: Ratio Analysis and Graphical Representation.
- Sample area: Mohali Royal Residency, Mohali
- Limitations: Non-disclosure of sensitive data due to company policy, reliance on secondary data, and limited interaction with management.

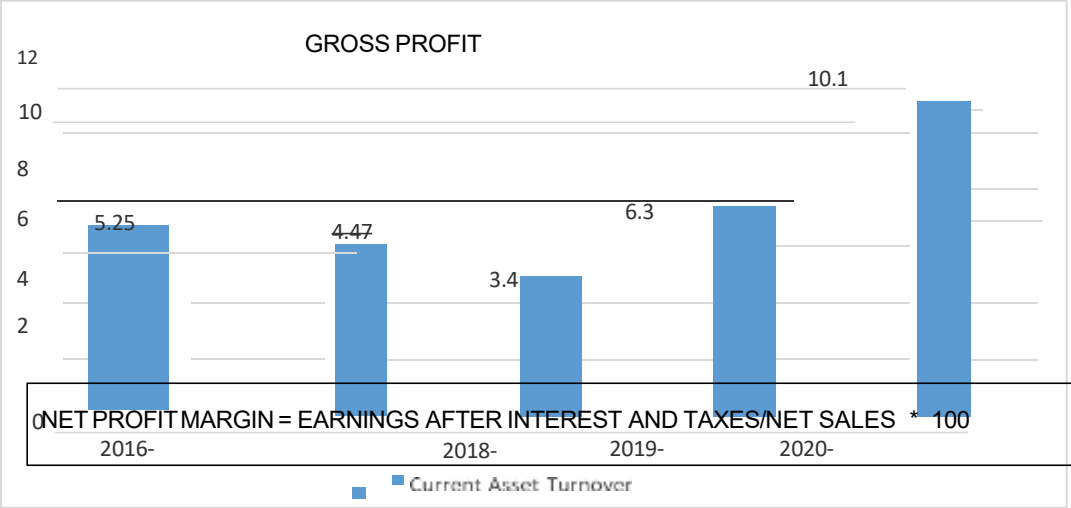
**Data Analysis**
The ratio analysis is one of the best techniques for Profitability ratio analysis. It entails the creation and analysis of various ratios. A simple mathematical expression of the connection between two numbers is a ratios.

PROFITABILITY RATIOS
A. GROSS PROFIT MARGIN
In most cases, the gross profit must increase proportionately with sales. Although there are frequently valid reasons for any discrepancies, it might be instructive to compare the gross profit margins of comparable businesses.

4.1.12 TABLE SHOWING GROSS PROFIT RATIO

| GROSSPROFIT RATIO | | | |
|---|---|---|---|
| Rs. Lakhs | | | |
| Year | Gross Profit | Total Sales | Gross Profit Ratio |
| 2016 - 2017 | 31 | 590 | 5.25 |
| 2017 - 2018 | 23.04 | 515 | 4.47 |
| 2018 – 2019 | 15.89 | 460.19 | 3.45 |
| 2019 – 2020 | 23.35 | 369.71 | 6.31 |
| 2020 - 2021 | 33.96 | 334.69 | 10.14 |

(Source: Secondary data)




4.1.13 CHART SHOWING GROSS PROFIT RATIO

INTERPRETATION

From the above chart shows the gross profit ratio of the firm. However the company is being able to maintain a gross profit of 5% and above. It also increases over the years. But first three years lightly decreased in the year of 2017, 2018, 2019. This indicates that the management is talking measures to reducing cost of production and improves the profit.

NET PROFIT MARGIN

This performance metric is often used and comparable across businesses in related industries. There are several industries that operate on a premise of large turnover and low margins, such as supermarkets and auto dealers, thus the fact that a business operates on a relatively low margin need not be concerning. In every trend, the margin and how it stacks up against other enterprises are more crucial.

4.1.13 TABLE SHOWING NET PROFIT RATIO

| NET PROFIT RATIO | | | |
|---|---|---|---|
| Rs. Lakhs | | | |
| Year | Net Profit | Net Sales | Net Profit Ratio |
| 2016 - 2017 | 16 | 590 | 2.71 |
| 2017 - 2018 | 8.53 | 515 | 1.65 |
| 2018 – 2019 | 7.7 | 460.19 | 1.67 |
| 2019 – 2020 | 10.9 | 369.71 | 2.9 |
| 2020 - 2021 | 7.2 | 334.69 | 2.12 |

(Source: Secondary data)

4.1.14 CHART SHOWING NET PROFIT RATIO

OPERATING PROFIT MARGIN = [SALES – COST OF GOODS SOLD – SELLING, GENERAL & ADMINISTRATIVE (SG&A) COSTS] ÷ SALES

INTERPRETATION

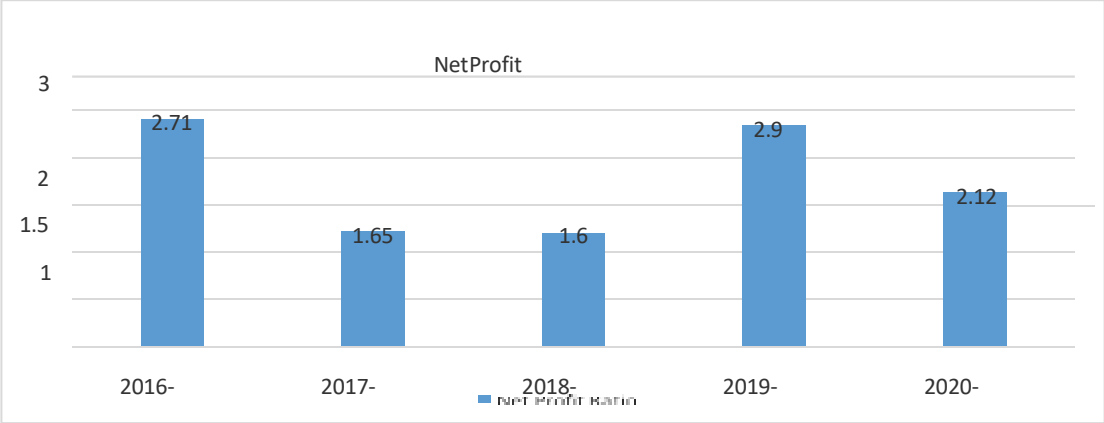
From the above chart shows that there is a consistent growth in net profit ratio from the year 2016-2017 the ratio is 2.71 and 2019-2020theratios is 2.9. But in the year 2018- 2019net profit has fallen 1.6 this is mainly because of the increase in theproduction which has brought down the net profit.

OPERATING PROFIT MARGIN

Earnings before interest and taxes, or EBIT, or operational income for a business are contrasted with sales to determine the operating profit margin (operating margin). It shows how effective management has been at making money from running the company. The calculation is as follows:

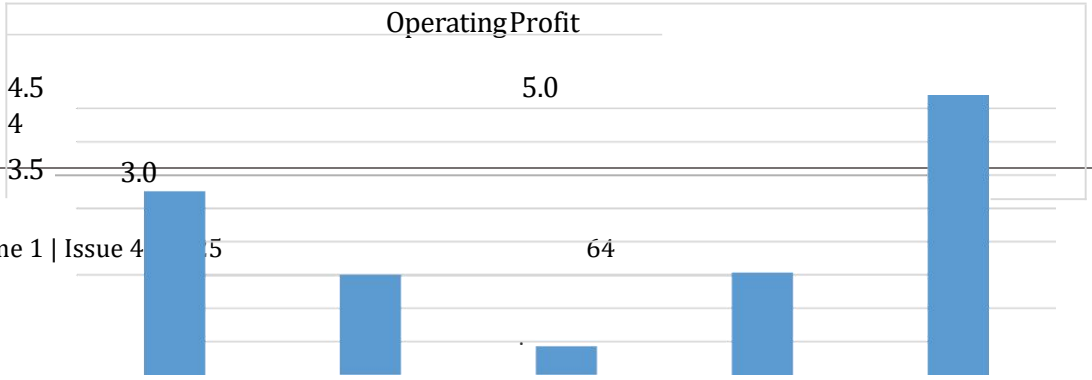
4.1.15 TABLE SHOWING OPERATING PROFIT RATIO

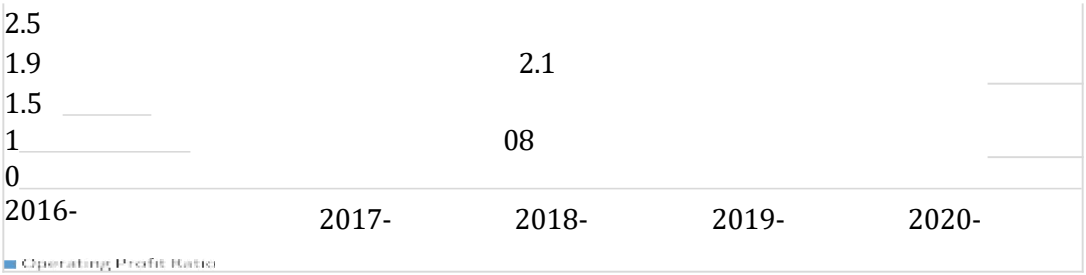
| OPERATING PROFIT RATIO | | | |
|---|---|---|---|
| Rs. Lakhs | | | |
| Year | Operating Profit | Net Sales | Operating Profit Ratio |
| 2016 - 2017 | 18 | 590 | 3.05 |
| 2017 - 2018 | 10.02 | 515 | 1.94 |
| 2018 – 2019 | 4.09 | 460.19 | 0.88 |
| 2019 – 2020 | 7.86 | 369.71 | 2.12 |




| | | | |
|---|---|---|---|
| 2020 - 2021 | 16.82 | 334.69 | 5.02 |

(Source: Secondary data)






4.1.15 CHART SHOWING OPERATING PROFIT RATIO

INTERPRETATION

From the above chart shows that there is an operating profit trend in the ratio. In the year 2020-2021, the gross profit ratio is high 5.02; this indicates that the company has reduced its expenses or its sales.

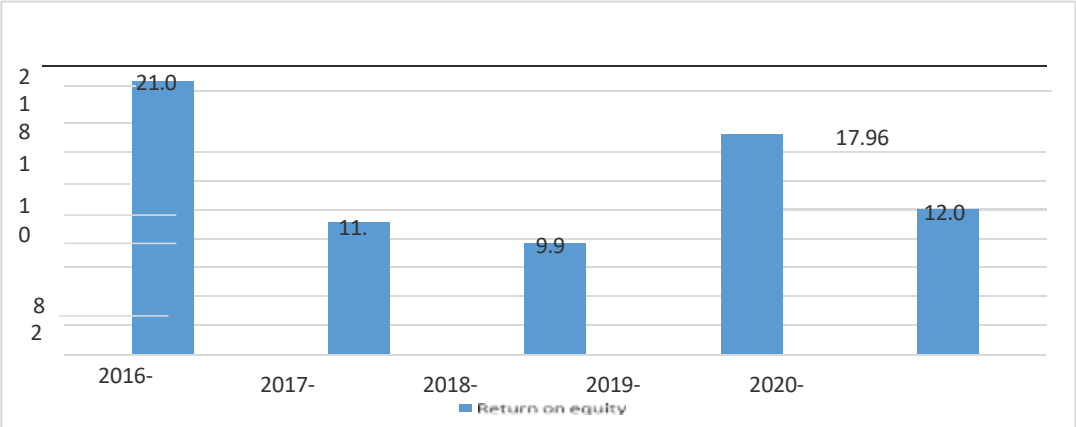
RETURN ON EQUITY (ROE)

This ratio displays the profit that can be attributed to the capital the company's owners invested. It also demonstrates to potential investors in the company what kind of return they could anticipate. Share capital, share premium, distributable and non- distributable reserves are all part of the stockholders' equity. Here is how the ratio is calculated:

4.1.15 TABLE SHOWING RETURN ON EQUITY

| RETURN ON EQUITY | | | |
|---|---|---|---|
| RETURN ON EQUITY =NET INCOME/ SHAREHOLDER'S EQUITY | | | |
| Rs. Lakhs | | | |
| Year | Net profit after interestandtax | Equity Capital | Return on Equity |
| 2016 - 2017 | 18 | 590 | 3.05 |
| 2017 - 2018 | 10.02 | 515 | 1.94 |
| 2018 – 2019 | 4.09 | 460.19 | 0.88 |
| 2019 – 2020 | 7.86 | 369.71 | 2.12 |
| 2020 - 2021 | 16.82 | 334.69 | 5.02 |

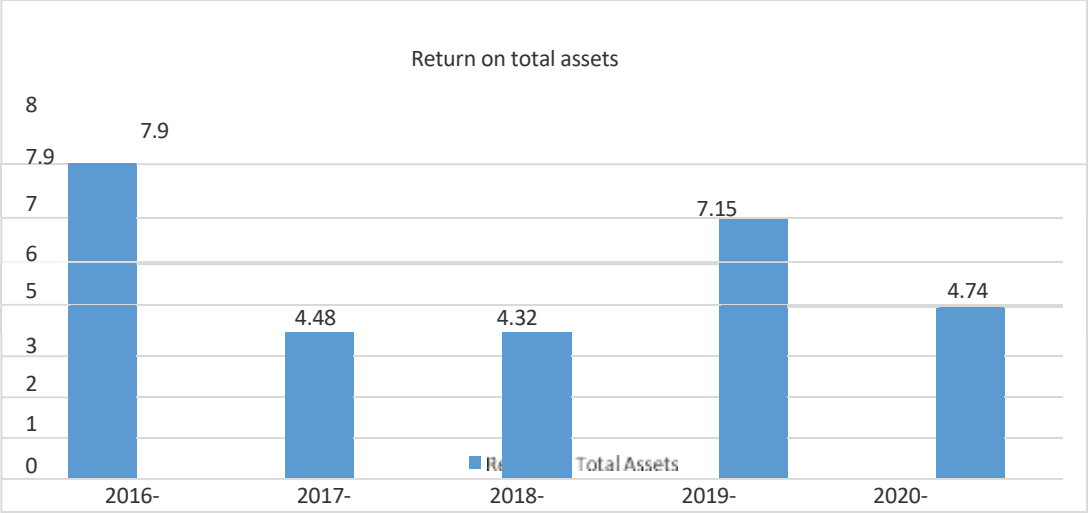
(Source: Secondary data)




4.1.16 CHARTSHOWING RETURN ON EQUITY RATIO

INTERPRETATION

From the above chart shows Return on equity ratio shows an increasing trend except in the year 2016-




2017. Therefore the return on equity ratio for the five years reveals a satisfactory condition of the business.

RETURN ON TOTAL ASSETS

This ratio is also known as the profit-to-assets ratio. This ratio establishes the relationship between net profits and assets. As these two terms have conceptual differences, the ratio may be calculated taking the meaning of the terms according to the purpose and intent of analysis. Usually, the following formula is used to determine the return on total assets ratio.

4.16 TABLE SHOWING RETURN ON TOTAL ASSETS RATIO

| RETURN ON TOTAL ASSETS | | | |
|---|---|---|---|
| Rs. Lakhs | | | |
| Year | Net Profit after Interest and Tax | Total Assets | Return on TotalAssets |
| 2016 - 2017 | 16 | 201.90 | 7.02 |
| 2017 - 2018 | 8.53 | 190.20 | 4.48 |
| 2018 – 2019 | 7.7 | 177.93 | 4.32 |
| 2019 – 2020 | 10.9 | 152.39 | 7.15 |
| 2020 - 2021 | 7.2 | 151.6 | 4.74 |

(Source: Secondary data)

4.1.15 CHART SHOWING RETURN ON EQUITY RATIO

INTERPRETATION

From the above charts interprets that the return on total assets was fluctuating in the years (2017 to 2018) and (2020 to 2021), in 2016-2017 it was 7.9 and in 2019- 2020 it was 7.15.This due to more fluctuation in net profit.

**Findings**

- Gross Profit maintained above 5% in most years, showing cost control measures.
- Net Profit Margin was inconsistent, indicating volatility in production costs.
- ROE and ROA showed fluctuations but revealed a satisfactory long-term position.
- Working capital turnover ratio highlighted overstocking and low liquidity.
- Fixed asset turnover ratio showed efficient utilization initially but later declined.
- Trend analysis revealed decreasing current assets in recent years.

**Suggestions:**

- Strengthen debt recovery to improve liquidity.
- Reduce operating expenses to enhance gross and net profitability.
- Control overstocking and improve working capital management.
- Increase liquid assets to maintain financial stability.
- Reduce credit sales and focus on cash-based transactions.
- Optimize utilization of fixed assets for better returns.

**Conclusion:**

Maintaining adequate profitability ratios and efficient working capital management is essential for long-term financial stability. The analysis of Mohali Royal Residency indicates that while profitability improved in some years, inconsistency remains a concern. Fluctuations in liquidity and working capital highlight the need for stronger financial control. Ensuring efficient utilization of assets, effective cost management, and timely debt recovery will enhance the profitability and sustainability of the project in the competitive real estate sector.

**References:**

1. Pandey, I. M. (2010). Financial Management. Vikas Publishing House, Noida.
2. Adesh Sharma (1994). Investment and Financing in Pesticides Industry in India. Indian Journal of Finance and Research, Vol. 2, pp. 67–83.
3. Nufazil Altaf & Farooq Ahmed Shah (2018). How does working capital management affect the profitability of Indian companies? ResearchGate.
4. Shiva Kumar et al. (2016). Working Capital Management and its Impact on Liquidity and Profitability.
5. Jason Kasozi (2017). The Effect of Working Capital Management on Profitability: A Case of Listed Manufacturing Firms in South Africa.
6. Islam Uddin Khan (2011). Liquidity Management Efficiency of Indian Steel Companies. ResearchGate.
7. Ashok Sharma & Kumar (2011). Effect of Working Capital Management on Firm Profitability: Empirical Evidence from India.
8. Adina Elena Danuletiu (2010). Working Capital Management and Profitability: A Case of Alba County Companie