IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A STUDY ON ANALYSIS OF FINANCIAL RESILIENCE IN LOGISTICS COMPANY

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ABSTRACT

This study examines the financial resilience of Logistics Company, a prominent player in the logistics company. Financial resilience is a critical aspect of a company's ability to withstand and recover from economic shocks, disruptions, and unforeseen events. In this project, we aim to analyze various financial indicators and metrics to assess Logistics company' capacity to navigate through challenging times and sustain its operations effectively .The research employs a mixed-methods approach, combining quantitative analysis of financial statements and ratios with qualitative insights from interviews with key stakeholders within the organization. By delving into factors such as liquidity, solvency, profitability, and risk management strategies, we seek to provide a comprehensive evaluation of Logistics Company' financial resilience.

Ultimately, this research contributes to the body of knowledge on financial resilience in the logistics sector and offers practical implications for both Logistics Company and other companies in the industry seeking to enhance their financial sustainability and preparedness for future challenges.

INTRODUCTION

Companies long-term survival and profitability in an increasingly interconnected and dynamic global economy depend heavily on their resilience, especially in sectors like logistics. The logistics industry is essential to the flow of products and services through different supply chains and is the foundation of international trade and business. However, a wide range of risks, such as economic downturns, geopolitical unpredictability, natural disasters, and technological upheavals, are inherent to the sector.

In considering this, the idea of financial resilience has come to be seen as an essential component in determining a business's capacity to tolerate and bounce back from unfavorable occurrences without losing its core competencies or competitive advantage. A company's ability to efficiently manage its financial resources, adjust to shifting market conditions, and reduce risks in order to maintain its sustainability throughout time is referred to as financial resilience. For businesses such as Logistics Companies , attaining and sustaining financial resilience is critical in the logistics sector, where operational efficiency and dependability are critical.

This study aims to provide a comprehensive picture of Bright Logistics' financial health and resilience by using a mixed-methods approach that combines quantitative analysis of financial statements and ratios with qualitative insights from interviews with key stakeholders inside the company. In particular, the study will look at things like Bright's liquidity, solvency, profitability, risk management strategies, and the effect of outside variables.

Analyzing the financial performance of a business is key to achieve success. Businesses use key financial statements to help them achieve this. At the end of a fiscal year, all business establishment usually prepares an annual report which highlights the firm's financial performance An annual report is a document that public corporations must provide annually to shareholders that describes their operations and financial conditions.

REVIEW OF LITERATURE

Nkundabanyanga et al(2020) investigated the interplay between firm characteristics, innovation, financial resilience, and the survival of financial institutions in Uganda. The study aimed to understand how these factors are interconnected and influence the longevity of financial institutions in the country.

Sreenivasan and Suresh (2023) explored the concept of financial resilience, focusing specifically on start-ups and their organizational readiness to withstand economic challenges. The study utilized Total Interpretive Structural Modelling (TISM) to identify key factors contributing to financial resilience and analyze the hierarchical relationships among them. By examining start-ups' capacity to anticipate, plan for, and adapt to both gradual changes and sudden shocks, the research aimed to provide insights into enhancing their ability to thrive in dynamic economic environments.

Zahedi, Salehi, and Moradi (2022) conducted a mixed-method study to identify and rank factors contributing to financial resilience. They found that factors such as production consistency, supply chain reliability, and management adaptability were crucial for market-level resilience, while flexibility and innovation were key at the organizational level. Staff efficiency and organizational culture also played significant roles, offering managers valuable insights for assessing resilience, especially in emerging economies.

Gupta et al (2023) investigated the impact of artificial intelligence (AI) and blockchain technology (BT) on the financial resilience of supply chains. Through empirical and qualitative methods, they explored the relationship between AI, BT, and financial resilience, considering environmental dynamism as a moderating factor. Their study emphasized the importance of emerging technologies in enhancing the financial resilience of supply chains amidst complexity and uncertainty.

Dewi, Sinarwati, and Oktariyana (2021)investigated financial resilience strategies among young entrepreneurs during the Covid-19 pandemic in Buleleng Regency. The study aimed to identify tactics employed by micro-entrepreneurs to withstand the pandemic's impacts, addressing the challenges faced by these businesses in surviving the crisis.

OBJECTIVES

- To evaluate the financial resilience of Logistics Company for a period of 5 years.
- To study the changes in the net working capital over a period of 5 years of the company
- To assess the present liquidity position of the company.
- To compare the operational efficiency of the funds over the company's turnover.
- To analyze the long-term solvency and profitability position of Logistics Company.

RESEARCH METHODOLOGY

Research methodology refers to the exact steps or methods used to find, choose, analyse, and evaluate material about a subject. In a research article, the methodology section enables the reader to assess the general validity and dependability of a study. a method for gathering data and information to aid in commercial decision-making. The approach may incorporate material from publications, interviews, surveys, and other research methods, as well as both current and historical data.

SOURCE OF DATA :

- Secondary Data Collection Technique

SECONDARY DATA

Secondary data came from published papers such the firm's annual reports, balance sheets, profit and loss statements, booklets, and documents like files and reports kept by the company.

TOOLS USED FOR ANALYSIS:

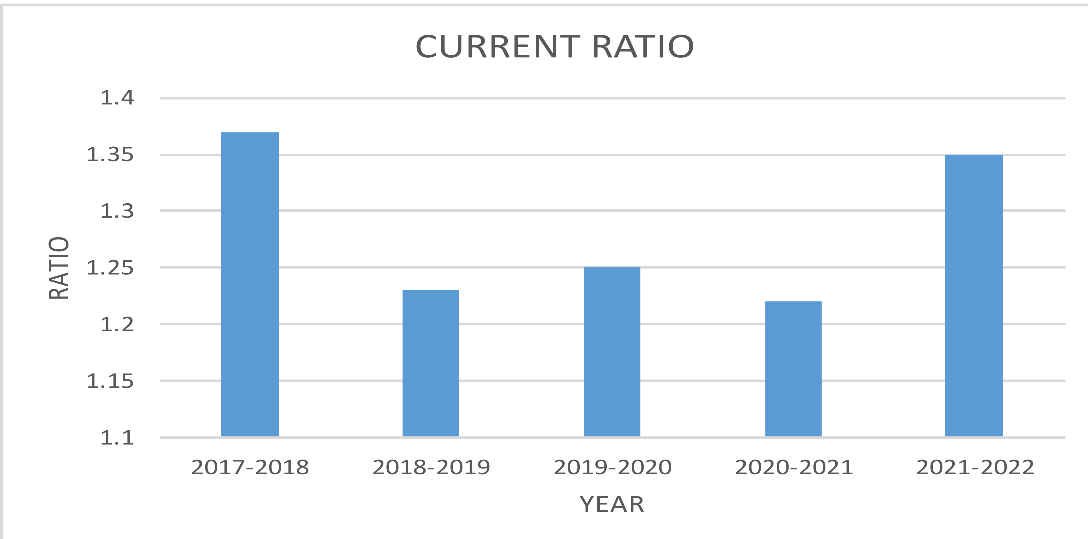
The tools used for analyzing financial resilience are;

- WORKING CAPITAL FINANCE
- RATIO ANALYSIS

DATA ANALYSIS AND INTERPRETATION

CURRENT RATIO :
Current Ratio = Current Assets / Current Liabilities.

Year	Current assets	Current liabilities	Ratio
2017-2018	225385396	164365312	1.37
2018-2019	259261308	209933945	1.23
2019-2020	236273282	189236447	1.25
2020-2021	267601022	218463723	1.22
2021-2022	227232963	167906765	1.35



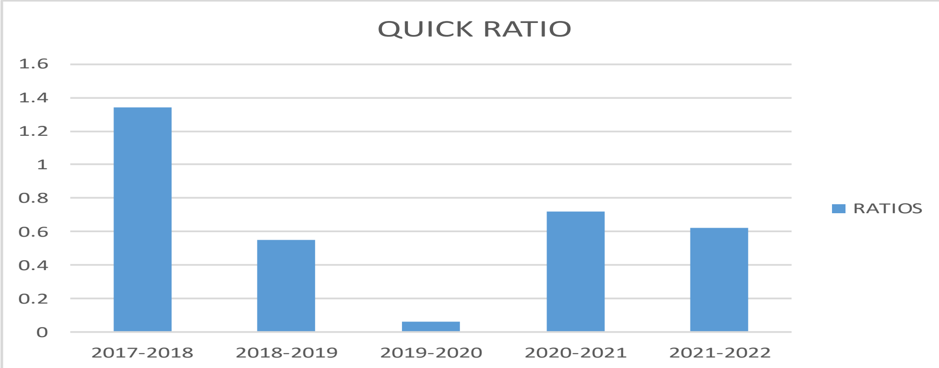
INTERPRETATION

An ideal current ratio is 2:1. Here the current ratio of Bright Logistics is less than 2 in all five years. So the current ratio of the concern is not good, the liquid position of Logistics industry is not satisfactory. Either it should increase current assets or it should decrease the current liability

QUICK RATIO:

Quick ratio = Quick assets / Quick liability

Years	Quick Asset	Quick Liabilities	Rati o
2017-2018	78952035	59126321	1.34
2018-2019	88055028	158977996	0.55
2019-2020	11055653	190014584	0.06
2020-2021	157859931	218463723	0.72
2021-2022	104219368	167906765	0.62



INTERPRETATION

Generally a quick ratio of 1:1 is considered to be satisfactory. The company has achieved a satisfactory quick ratio in the year 2017-2018 From 2018-2020, the quick ratio is not satisfactory.This shows that the company may find itself in serious financial difficulties

GROSS PROFIT RATIO:

Gross Profit Ratio = Gross Profit / Net sales

Year	Gross Profit	Net Sales	Ratio
2017-2018	494006308	483472831	1.02
2018-2019	543650265	532042508	1.02
2019-2020	560939310	549190676	1.02
2020-2021	597931836	584750408	1.02
2021-2022	608617780	609125112	0.99

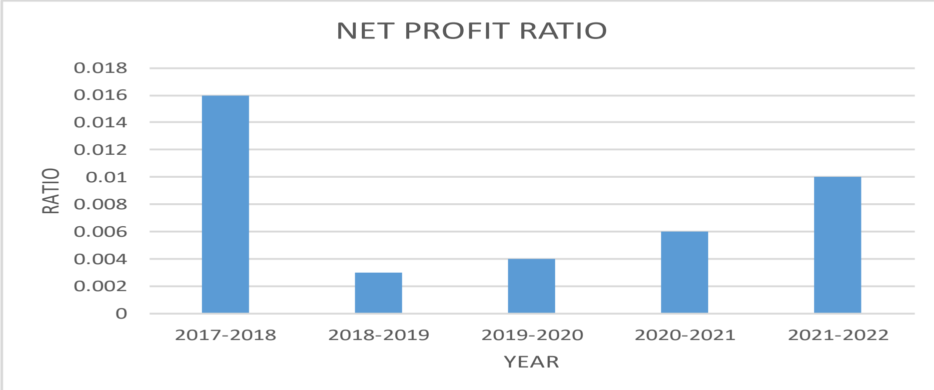
INTERPRETATION

From 2017-2018 to 2020-2021 ,the company maintains a constant ratio. But in 2021- 2022 alow gross profit ratio is shown. A low gross profit ratio may indicate a higher costs of goods sold due to higher cost of production. It may also be due to low selling price

NET PROFIT RATIO:

Net Profit Ratio = Net Profit / Net Sales

Year	Net profit	Net Sales	Ratio
2017-2018	8062795	483472831	0.016
2018-2019	1615879	532042508	0.003
2019-2020	2398478	549190676	0.004
2020-2021	3838286	584750408	0.006
2021-2022	6313508	609125112	0.010



INTERPRETATION

The lower ratio indicates that the concern has a large amount of manufacturing expenses. The company should try to reduce their manufacturing selling and distribution expenses so that they can improve their net profit.

WORKING CAPITAL TURNOVERRATIO

Working Capital Turnover Ratio = Cost of Sales / Net Working Capital Table

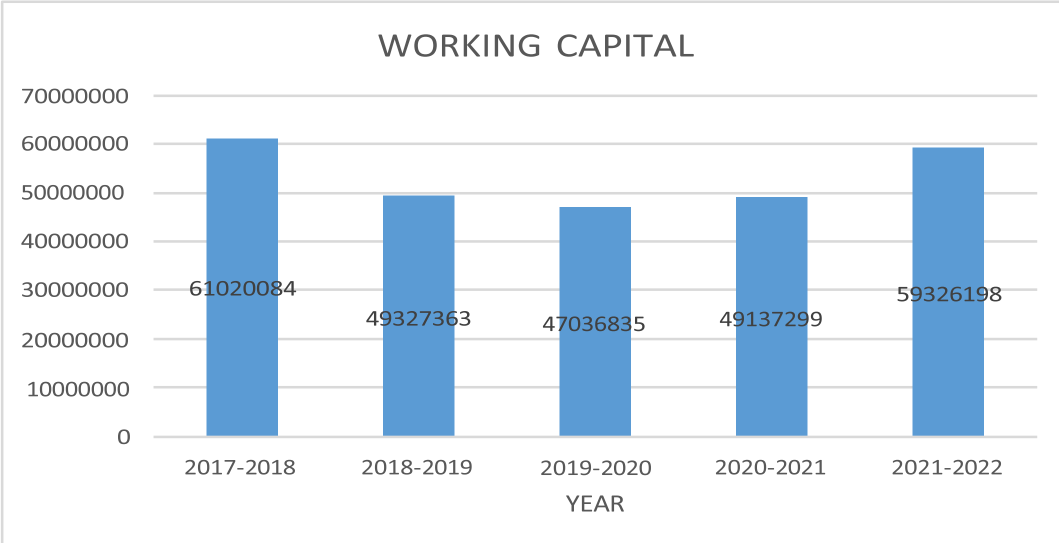
Year	Cost of sales	Net Working Capital	Ratio
2017-2018	483472831	61020084	7.92
2018-2019	532042508	49327363	10.79
2019-2020	549190676	47036835	11.66
2020-2021	584750408	49137299	11.90
2021-2022	609125112	59326198	10.28

INTERPRETATION

From the above table we can understand that company shows a better working capital turnoverratio, which indicates efficiency or effectiveness with which the concern utilizes its resources. In 2020-2021 the company shows greater working capital turnover ratio.

WORKING CAPITAL

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL
2017-2018	225385396	164365312	61020084
2018-2019	259261308	209933945	49327363
2019-2020	236273282	189236447	47036835
2020-2021	267601022	218463723	49137299
2021-2022	227232963	167906765	59326198



INTERPRETATION

From the above table and figure its identified that ,Working Capital is changing year by year .It has risen to Rs .61020084 during the year of 2017-2018.The table and chart shows the Working capital of the year from 2017-2022 .

FINDINGS

- The current ratio of Bright Logistics indicates a concerning liquidity position throughout the study period, signaling potential financial vulnerability.

- While achieving a satisfactory quick ratio in 2017-2018,Logistics company struggled to maintain an ideal ratio thereafter, suggesting significant financial challenges and potential difficulties in meeting short-term obligations.

- Logistics company ' gross profit remained relatively constant from 2017 to 2020, but experienced a decrease in 2020-2021 due to declining selling prices, which could impact the company's overall financial performance.

- The net profit ratio of Logistics Company is notably low, reflecting a large amount of manufacturing expenses and potentially affecting profitability

- Notably, Logistics Company experienced fluctuations in net working capital, with a decrease in 2017-2018 followed by an increase in 2018-2019, which could impact the company's liquidity and financial resilience.

SUGGESTIONS

- Improve liquidity by implementing strategies to increase current assets or reduce current liabilities.

- Focus on optimizing working capital management to enhance short-term liquidity and meet obligations promptly.

- Explore ways to stabilize or increase gross profit margins, such as negotiating better supplier contracts or diversifying revenue streams.

- Address high manufacturing expenses to improve net profit margins, potentially through cost reduction initiatives or operational efficiency improvements.

- Consider strategies to optimize the proprietary ratio, such as increasing shareholder equity or reducing total assets.

- Continuously assess and manage net working capital to maintain adequate liquidity and support business operations effectively.

CONCLUSION

In our examination of Logistics Company financial resilience over the past five years, several key facts have emerged, shedding light on the company's ability to weather economic fluctuations and industry challenges.
Our assessment of the company's present liquidity position further bolstered our understanding of its financial resilience.
In the analysis delved into the impact of broader industry and economic trends on Logistics Company ' financial stability. We found that the company's performance is intricately linked to the health of the logistics sector and the overall economy. By scrutinizing the company's ability to adapt to these external factors, we gained insights into its resilience in the face of changing market conditions.Logistics Company ability to anticipate and respond to industry shifts is critical for sustaining its financial health over the long term.
Bright Logistics' strong liquidity indicates its ability to quickly convert assets into cash to meet immediate financial obligations. This liquidity cushion provides a buffer against unforeseen disruptions and underscores the company's financial stability.

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