

# **A PROJECT REPORT**

on the Topic

**“Analysis of Financial Statement of Koch Business Solutions India Pvt Ltd”**

By

**Ms SNEHA M MANI**

USN: ICY18MBA47

MBA 4th Semester

Submitted to VISVESVARAYA TECHNOLOGICAL UNIVERSITY,  
BELAGAVI

in partial fulfillment of the requirements for the award of the degree  
of MASTER OF BUSINESS ADMINISTRATION

Under the Guidance of

INTERNAL GUIDE

**Ms PREKSHA YADAV**

Assistant Professor

Department of Management

Studies

CMR Institute of Technology

EXTERNALGUIDE

**Mr HAMZASHAH**

HR Business Partner

Koch Business Solutions

India Pvt Ltd



**DEPARTMENT OF MASTER OF  
BUSINESSADMINISTRATION**

**C M R INSTITUTE**

**OFTECHNOLOGY**

#132, AECS Layout, ITPL Main Road,  
Kundalahalli, BENGALURU-560037

**June/July 2020**

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# CERTIFICATE



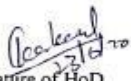
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## CERTIFICATE

This is to certify that Ms. Sneha M Mani bearing USN 1CY18MBA47 is a bonafide student of Master of Business Administration Programme of the Institute (2018-20 Batch), affiliated to Visvesvaraya Technological University, Belagavi. Project report on "A STUDY ON ANALYSIS OF FINANCIAL STATEMENT OF KOCH BUSINESS SOLUTIONS INDIA PVT LTD" is prepared by her under the guidance of Mrs. Preksha Yadav, Assistant Professor, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belagavi in Karnataka.

  
Signature of Internal Guide

  
Signature of HoD  
**Head of the Department**  
Department of MBA  
CM. \IT-PG Studies  
Bangalore-560 037

  
Signature of Principal  
Principal  
CMR Institute of Technology  
Bangalore - 560037

Evaluators

1) Name of external evaluator

Signature with Date

2) \_\_\_\_\_  
Name of internal evaluator

\_\_\_\_\_

# **CERTIFICATE**



KOCH BUSINESS SOLUTIONS INDIA PRIVATE LIMITED

Date: July 1st, 2020

## **INTERNSHIP COMPLETION CERTIFICATE**

### **WHOMSOEVER IT MAY CONCERN**

This is to certify that Ms. Sneha M Mani has successfully completed her internship with us from 16<sup>th</sup> January 2020 till 30<sup>th</sup> June 2020.

Her conduct during the Internship period was found to be satisfactory.

Sincerely,  
For Koch Business Solutions India Pvt Ltd.

A handwritten signature in blue ink, appearing to read 'MS'.

**Manish Sinha**  
HR Leader

## **DECLARATION**

I, Ms SNEHA M MANI hereby declare that the Project report entitled “**Analysis of Financial Statement of Koch Business Solutions India Pvt Ltd**” prepared by me under the guidance of Prof Ms Preksha Yadav, faculty of MBA Department, CMR Institute of Technology and external assistance by Mr Hamza Shah, HR Business Partner at Koch Business Solutions India Pvt Ltd. I also declare that this project work is towards the partial fulfillment of the university regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of six weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted to any other University/Institution for the award of any degree/diploma.

Place: Bangalore

Ms. Sneha M Mani

Date:

USN:1CY18MBA47

## **ACKNOWLEDGEMENT**

I have been fortunate enough to get good timely advice and support from a host of people to whom I shall remain grateful.

I take this opportunity to express my heartfelt thanks to **Dr. Sanjay Jain**, Principal, CMR Institute of Technology, Bangalore, for his support and cooperation to undertake and complete the project work.

I am extremely thankful to **Prof. Sandeep Kumar**, Head of the Department of Management Studies and Research, CMR Institute of Technology, Bangalore, for his advice and support throughout the completion of the project work.

It gives me immense pleasure to record my thanks to my Internal Guide, **Prof. Ms Preksha Yadav**, CMR Institute of Technology, Bangalore, for her valuable guidance and untiring support and cooperation in completing the project work.

I acknowledge the insights provided by my External Guide, **Mr. Hamza Shah**, HR Dept, Koch Business Solutions India Pvt Ltd which helped me to a great extent in completion of the project work.

And finally, there is deepest of thanks for the patience and cooperation of the family and friends, without whom the endeavor would not have been possible.

Ms Sneha M Mani

USN: 1CY18MBA47

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## EXECUTIVE SUMMARY

Internship study of six weeks was undertaken to study organizational aspects of **Koch Business Solutions India Pvt Ltd** in order to gain practical knowledge and to know the company actually performs.

This report is divided into five chapters. The **first chapter** of this study deals with introduction about the industry profile and company profile. In order to understand how the organisation is structured and what are the various activities carried out in the company the study is carried on, the **second chapter** of the report deals with the conceptual background and literature review which includes theoretical study, literature review and research gap of the study. The **third chapter** is about the Research Design which includes statement, need, objective, scope and limitation of the study. The **fourth chapter** is about the Data Analysis and Interpretation. The **fifth chapter** is the Summary of Findings, Suggestions and Conclusion of the report.

The Internship helped me to learn new skills and enhance knowledge. It makes us capable of being confident while communicating and managing any team work for better decision making. It offered a platform to apply some of the ideas learned in course and provide a bridge between course and the professional world.

# CHAPTER 1

## INTRODUCTION

### 1.1 INDUSTRY PROFILE

A conglomerate is a multi-industry employer – i.e., a mixture of more than one commercial enterprise entities running in completely exceptional industries underneath one company group, generally regarding a determine organization and plenty of subsidiaries. Conglomerates are regularly huge and multinational.

#### Meaning

A conglomerate is a company made up of a number of different, supposedly unrelated, corporations. In a corporation, one company holds a majority interest in a variety of smaller companies in a separate behavioural enterprise. The first major company boom occurred in the 1960's, and matters escalated from there.

The largest conglomerates diversify business risk by competing in some different markets, while some conglomerates, such as those in the mining industry, prefer to engage in a non-married enterprise.

#### Understanding Conglomerates

Conglomerates are large corporations that can be made up of independent companies working in various industries. Many conglomerates are multinationals and multi-enterprise organisations. Groups considered to be a subsidiary of a company shall function independently of the alternatives business divisions, but the control file of the subsidiaries shall be maintained by the senior management of the specified organisation.

Taking component in lots of unique corporations help a conglomerate's parent business enterprise reduces again the dangers from being in an unmarried marketplace. In addition, this allows for a discerning decrease in spending and enables use of less resource. Yet there are periods when a organisation becomes too large to lose productivity. The corporation can even sell itself in order to deal with this.

There are several different forms of conglomerates in the world today, from manufacturing to food. The manufacturer can start by making and selling its own products. All of a combination's auxiliary organizations run autonomously of the different business divisions, yet the auxiliaries' administration report to the senior administration of the parent organization. Participating in a wide range of organizations help an aggregate's parent organization cut back the dangers from being in a solitary market. Doing so likewise enables the parent to bring down expenses and uses fewer assets. Be that as it may, there are times when an organization develops too large that it loses productivity. So as to manage this, the aggregate may strip.

### Benefits of Conglomerates

For the management group of a conglomerate, having a large number of businesses in exclusive markets can be a huge boost to their bottom line. Poorly showing entities or businesses may be compensated for by the use of specific sectors. By taking part in various unlike corporations, the head organisation is able to minimize expenses through the use of fewer assets, and with the aid of diversifying enterprise interests, the dangers inherent in working in one market are mitigated.

In fact, conglomerate-owned companies have access to internal capital markets, allowing greater opportunity to expand as a company. A conglomerate may allocate capital to one in all its corporations if the organisation's needs are not provided as kind terms outside the capital markets.

### Disadvantages of Conglomerates

The duration of the company definitely affects the value of its stock, a trend referred to as a company price reduction. The net value of the agencies owned by the company appears to be between 13% and 15% higher than the cost of the company stock. The sum of a handful of issues related to financial accountability and control; makes the company inventory worth a discount.

History has shown that aggregates can turn out to be so enhanced and complex that they are too hard to even think about manipulating efficiently. Since the peak of their reputation during the period between the nineteen-sixties and the nineteen's-eighties, many conglomerates have reduced the number of corporations under their control to the three preferred subsidiaries through divestiture and spinoffs.

Management levels contribute to the costs of their businesses and, depending on how broad the priorities of a company are, the benefits in power may be minimized.

The monetary fitness of a conglomerate is difficult for the parent, by brokers, analysts, and regulators, as the figures are usually presented in a collective, making it difficult to distinguish the overall success of each male or female employer owned by a conglomerate.

#### Well-Known Conglomerates

Warren Buffet's Berkshire Hathaway, an aggregate effectively overseen organizations engaged with everything from plane assembling to land, is generally regarded and one of the most notable organizations on the planet. Berkshire Hathaway has a dominant part stake in more than 50 organizations and less possession in organizations extending from Wal-Mart to vehicle makers.

Smorgasbord's methodology is to deal with the capital assignment and permit organizations close to add up to carefulness with regards to dealing with the tasks of own entity.

An additional model is General Electric. Initially established by Thomas Edison, the organization has developed to claim organizations operating in vitality, land, money, and human services, already possessing a dominant part stake in NBC. The organisation is made up of explicit arms operate independently but are completely interconnected. This means that the creative work (R&D) on specific developments can be extended to a broader variety of products.

## 1.2 COMPANY PROFILE



Koch Business Solutions India Private Limited is consolidated on 13 November 2017. It is delegated Subsidiary of Foreign Company and is enlisted at Registrar of Companies, Bangalore. Its approved authorised capital is Rs. 50,000,000 and its paid up capital is Rs. 190,000. It is associated with other PC related exercises [for model, support of sites of different firms/formation of interactive media introductions for different firms etc.]

Koch Business Solutions India Private Limited's Annual General Meeting (AGM) was keep going hung on 18 September 2018 and according to records from Ministry of Corporate Affairs (MCA), its accounting report was keep going documented on 31 March 2018.

### Company Details

Company Name	Koch Business Solutions India Private Limited
Ownership Type	Private
Primary Business type	MCA provider
Category	Company Limited by Shares
Sub Category	Subsidiary of Foreign Company
Main Language	English

Corporate Identification Number (CIN)	U72900KA2017FTC107846
Year of Establishment	13/11/2017
Age of Company	2 Years 4 Months 9 Days
Status	ACTIVE
Primary Location	Bangalore
Authorized Capital	50,000,000
Paid-up Capital	190,000

#### **Registration Details**

Registration Type	Company Registration
Registration Number	107846
Registration Year	2017
Activity description	Other computer related activities [for example maintenance of websites of other
Registration authorities	RoC-Bangalore
Registered for activities	72900

Koch Industries, Inc. is an American global agency located in Wichita, Kansas. Its auxiliaries are related to the assembling, refining, and conveyance of oil, synthetic compounds, energy, fiber, intermediates and polymers, minerals, composts, mash and paper, concoction innovation hardware, farming, money, wares replacing, and contributing. Koch claims Invista, Georgia-Pacific, Molex, Flint Hills Resources, Koch Pipeline, Koch Fertilizer, Koch Minerals, Matador Cattle Company, and Guardian Industries. The company utilizes 1,20,000 individuals in 60 nations, with approximately portion of its business inside the United States. The company is the largest landowner in the Athabasca oil sands.

With yearly earnings of \$110 billion by using 2014, the agency is the second one largest secretly held organization inside the United States after Cargill. In 2007, it changed into located as the most important secretly held company. In the occasion that Koch Industries have been an open enterprise in 2013, it would have placed seventeenth inside the Fortune 500.

The company was set up by using its namesake, Fred C. Koch, in 1940 after he constructed up a creative uncooked petroleum refining process. Fred C. Koch passed away in 1967 and his large component enthusiasm for the business enterprise was component amongst his four children. In June 1983, after a harsh lawful and assembly room combat, the stakes of Frederick R. Koch and William "Bill" Koch were purchased out for \$1.1 billion and Charles Koch and David Koch have become greater element owners in the enterprise. Charles possesses forty two% of the enterprise; trusts to assist Elaine Tettermer Marshall, the girl in-regulation of J. Howard Marshall and Anna Nicole Smith, and Elaine's youngsters, Preston Marshall and E. Penetrate Marshall Jr., own 16% of the company. The beneficiaries of David Koch who handed on August 23, 2019 personal the equalization, 42%, of the corporation.

The company has applied its possibility from the weights of open markets to make lengthy haul wagers. Charles Koch has expressed that the employer could open up to the sector "now not without a combat".

In 2017, the organization became highlighted within the Forbes' rundown of America's Best Employers by means of State.



Environmental and Safety Record:

Bloomberg reports that from 1999 to 2003, Koch Industries turned into surveyed "more than \$400 million in fines, punishments and selections". Daniel Indiviglio, in a reaction piece displaying up in The Atlantic contends that the Bloomberg article is one-sided and misdirecting, testifying that the Bloomberg organization "simply located 8 examples of meant unfortunate behaviour through a monster global over the range of sixty three years".

In 1995 while the fit turned into documented, Koch consultant Ron Howell expressed "We've put over \$one hundred fifty million in spill security and line healing inside the route of the ultimate 5 years. We've had the option to reduce spills thru that time span by using almost 70 percentages even as we improved our pipeline mileage with the aid of extra than 25 percentages." Between 1990 and 2000, Koch reduced its unrefined petroleum pipeline spills by using over 90%.

In March 1999, Koch Petroleum Group identified that it had carelessly launched a big wide variety of gallons of flying fuel into wetlands from its processing plant in Rosemount, Minnesota, and that it had illicitly dumped one million gallons of high-smelling salts wastewater onto the ground and into the Mississippi River. Koch Petroleum paid a \$6 million excellent and \$2 million in remediation costs, and become requested to perform three years of evaluation.

In 2000, for the 312 unique oil slicks supposedly credited to Koch and its auxiliaries that had happened across six states, Koch paid what changed into on the time the most important common high-quality at any point pressured on an organisation under any authorities ecological regulation for the illicit launch of raw petroleum and oil based commodities. It became the first run via the legislature had ever gathered a few overflows diverse years below one consolidated declare towards a corporation. Koch wondered the EPA figures, pronouncing the EPA failed to record asserts in over part of the 312 affirmed cases, and similarly, that "A considerable lot of these intended spills are not anyways recorded in the EPA's personal oil slick information base." In a settlement with the U.S. Equity Department and the province of Texas which included "releases that took place because the consequence of outsider sports, such as

Burrowing," the employer consented to pay a "\$30 million commonplace punishment, enhance its hollow avoidance applications and burn thru \$5 million on herbal undertakings".

In September 2000, a central authority awesome jury restored a 97-count arraignment as a detriment to Koch Industries and 4 man or woman employees for natural wrongdoings identifying with supposed infringement of the Clean Air Act and the estimation and manage of benzene discharges from the West Plant in Corpus Christi, Texas. An overriding arraignment followed in January 2001. In April 2001, Koch confessed to one check, identified with wastewater pronouncing it had self-spoke back to the management in 1995, as consistent with the corporation. Koch Industries became fined \$20 million, of which \$10 million became a crook exceptional and \$10 million to be applied for wonderful ventures to enhance nature in Corpus Christi.

In December 2000, the Justice Department and EPA marked a Consent Decree with Koch Petroleum Group to spend an expected \$80 million to introduce brilliant infection control hardware at remedy centres in Corpus Christi, Tex. What's more, one close St. Paul, Minn., decreases discharges from stacks, spilling valves, wastewater vents, and flares. Koch additionally will take care of a \$4.5 million punishment to settle Clean Air Act infringement and other ecological instances at its Minnesota remedy facility. The State of Minnesota has participated in the agreement with the US.

In June 2003, the USA Commerce Department fined Flint Hills Resources a \$200,000 not unusual punishment. The nice settled costs that the corporation traded unrefined oil from the United States to Canada without suitable US government approval. The Commerce Department's Bureau of Industry and Security stated from July 1997 to March 1999, Koch Petroleum (later known as Flint Hills Resources) submitted 40 infringements of Export Administration Regulations.

In 2005, Koch's Flint Hills Resources processing plant became perceived by using the Environmental Protection Agency's Clean Air Awards software for diminishing air emanations by means of 50 percent, even at the same time as developing responsibilities. The EPA has worked with Flint Hills Resources to create "structures

for shortening alleged 'upset' emanations, in what office and pals assets country may want to spark off route to restriction such outflows from oil processing plant life and other cutting-edge workplaces". The EPA depicted the method as a "version for one-of-a-kind corporations".

In 2004, Koch Industries purchased a processing plant in North Pole, Alaska that tapped the Trans-Alaska Pipeline and created warming and fly energizes and distinct gadgets. In 2006, Flint Hills Resources turned into fined almost \$sixteen,000 via the EPA for 10 separate infringement of the Clean Air Act at that workplace, and became required to spend another \$60,000 on safety equipment expected to assist stop destiny infringement. In January 2020, after a preliminary that had began in October 2019, a Fairbanks, Alaska Superior Court choose genius tem asked Williams Alaska Petroleum, past owner of the processing plant, to pay \$29.4 million for prices and harms identified with sullyng drinking water wells supplying many occupants with sulfolane, the tough first of all observed in 2009. The appointed authority independently asked Williams to pay destiny response charges and incompletely pay off Flint Hills Resources LLC for the greater than \$130 million it had spent to give smooth water to encouraged population. The appointed authority distributed 75% of the spill responsibility to Williams and 25% to Flint Hills inside the initial that determined the allotment of obligation. The Alaska Attorney General's workplace remarked, "We're happy that the court insisted the fundamental rule that beneath Alaska regulation the polluter pays." Williams, Flint Hills and the nation were in case with respect to the sulfolane tuft for almost 10 years.

Koch Industries received the 2015 Conservation Education Award from the Wildlife Habitat Council and "has joined forces with the corporation on protection endeavours for as a ways again as 15 years". Somewhere in the range of 2009 and 2015, Koch corporations earned 1.5 honours for security, natural greatness, community stewardship, development, and consumer care from extraordinary government workplaces, companies, ecological institutions, change affiliations, and beneficent institutions around the world.

The Georgia-Pacific Paper Mill in Crossett, Arkansas became the difficulty of the herbal narrative film Company Town (film), discharged in 2016. The movie claims

that sick-recommended waste removal through the plant has caused a set of disorder episodes in the quarter across the plant.

Political Activity:

Fred C. Koch became one of the coordinators of the John Birch Society in 1958.

As consistent with the Centre for Responsive Politics, a widespread lot of Koch Industries' commitments have long past towards conducting enactment on costs, vitality and atomic force, barrier assignments and economic administrative change. Koch Industries has been condemned by using the earthy man or woman bunch Greenpeace for the job they confirm the agency performs in influencing environmental change arrangement within the United States. Koch Industries denied that they've negatively affected environmental alternate, pronouncing they have got "actualized creative and realistic procedures to lessen waste and outflows, which include ozone depleting substances". The enterprise in addition guaranteed, "Koch businesses and Koch institutions have attempted to progress monetary opportunity and market-primarily based arrangement answers for problems regarded via society," expressing "financial possibility first-class encourages advancement, ecological guarantee and progressed non-public delight in a preferred public."

Before 2008, a Canadian auxiliary of Koch Industries introduced to the Fraser Institute, a traditionalist Canadian open approach suppose tank, as per the Institute's organizer.

The employer has contradicted the rule of economic subordinates, restricts on ozone harming materials, and supporters free marketplace institutions and causes.

Koch Industries has emerged as an opponent of Low Carbon Fuel Standards. As in step with Koch Industries, "LCFS would injure purifiers that depend on overwhelming rough feed shares to give the transportation fills that keep America shifting."

The Koch Industries web page carries a end piece from The Wall Street Journal with the aid of Charles Koch, titled "Why Koch Industries is Speaking Out." The article states: "Due to our activism, we've been attacked through unique gatherings. In spite

of this evaluation, we are resolved to maintain contributing and going to bat for those legislators, much like Wisconsin Gov. Scott Walker, who are taking these problems [deficit spending by governments] honestly."

The company likewise reserves the political hobby board of trustees KochPAC.

In a 2014 sentiment piece in The Wall Street Journal, Charles Koch expounded on his convictions on a loose society saying, "A without a doubt loose society relies upon on a dream of regard for people and what they esteem. In a actually loose society, any enterprise that affronts its customers will fall flat and has the proper to do as such. The equal ought to be valid for any legislature that affronts its residents. The focal conviction and lethal conceitedness of the present organization are that you are unequipped for strolling your own life; however the ones in powers are prepared for jogging it for you. This is the substance of massive government and cooperation."

In February 2016, Charles Koch composed an evaluation piece for The Washington Post, titled "This is the only trouble wherein Bernie Sanders is right" wherein he contended that "Democrats and Republicans have again and again preferred preparations and recommendations that pick out victors and disasters. This propagates a pattern of manipulate, reliance, cronyism, and destitution within the United States."

#### 7 Companies Owned by the Koch Brothers:

The Koch brothers, Charles and David are notable for their humanitarian and traditionalist legislative issues, regularly depicted as huge characters that sway races and government choices. Be that as it may, in spite of acclaim as political influencers, their essential exercises focused on operating Koch Industries Inc., of which they possessed over 80%.

The enterprises under the Koch are assorted, extending from organizations that manage vitality to spandex. Koch organizations process minerals, make papers, manures, and refine oil. A portion of the auxiliaries are additionally engaged with farming, products exchanging, and contributing.

### 1. Flint Hills Resources



Flint Hills offers oil based commodities, gas, diesel powers, stream energizes, and other oil items, just as those identified with polymers and different synthetic compounds. The organization's ethanol plants have a consolidated creation limit of around 850 million gallons for each year. The organization additionally investigates bio energizes. Flint Hills showcases an assortment of substance applications, coatings, car parts, and black-top and sells items on an overall premise.

### 2. Georgia-Pacific



Koch Industries purchased Georgia Pacific for \$21 billion on 23<sup>rd</sup> December 200. The company employs more than 30,000 employees in more than 180 countries. It is based in Atlanta, Georgia, but has markets all over the world.

### 3. Guardian Industries



Koch Industries completed its full takeover of Guardian Industries on 1<sup>st</sup> February 2017, after having previously acquired 44.5 percent interest in the company. Guardian Industries is headquartered in Michigan and employs 18,000 people in the United States, Europe, South America, Africa, the Middle East and Asia.

#### 4. Invista



Koch Industries received Invista for \$4.2 billion, which includes assumption of debt and sure interests, in April 2004. Altogether, Invista possesses 23 brands and is engaged with textures, strands, plastics, polymers, synthetics, and the authorizing of innovation. The employer works in 20 nations and has around 10,000 representatives.

Invista makes spandex, tars, synthetic concoctions, and polymers and is a facet task of DuPont. The business enterprise specializes in materials and possesses diverse manufacturers, as an example, Lycra, Tactel, and Thermolite, simply as brands for outdoors tools, cowl (Stainmaster), and luggage. When Koch Industries bought Invista in 2004, the conglomerate merged the polymers subsidiary with its present KoSa subsidiary on the way to create a brand new business enterprise beneath the Invista call.

#### 5. Molex



Koch Industries paid \$7.2 billion to acquire Molex in Sept. 2013. The organisation counts nearly a 100,000 products in its catalogue and has extra than 42,000 employees in 39 international locations. For the year finishing June 30, 2013, Molex had approximately \$3.6 billion in sales.

Molex creates electronics to solve technical problems in electric motors, robotic surgical treatment, and even the Mars Exploration Rover. The agency is likewise concerned in fiber optics, clever telephones, and protection applications. With about eighty years of records, Molex has been a vital a part of the improvement of a number of the most distinguished technologies of these days, such as the primary mobile telephones, HDTVs, and car radios.

#### 6. Koch Ag & Energy Solutions

The Koch Ag and Energy Solutions Company perform 3 Koch Industries subsidiaries. Koch Fertilizer manufactures and markets a huge variety of fertilizer merchandise used in the agriculture industry and operates a worldwide distribution community with terminals in North America, South America, and Europe.

Meanwhile, Koch Energy Services markets electricity and herbal fuel in North American markets. It uses its knowledge in market evaluation, purchasing, hedging, and electricity logistics to offer complete offerings to different agencies. Lastly, Koch Methanol is a methanol provider. It changed into at first hooked up to fulfil the wishes of Koch Industries subsidiaries, but it now works with different businesses as nicely.

#### 7. Koch Pipeline Company

Koch Pipeline claims pipelines at some point of Texas, Minnesota, Missouri, Iowa, Wisconsin, and Illinois. The pipelines transport oil and delicate oil, simply as flammable gasoline. Koch Pipeline Company works around 4,000 miles of pipeline in six U.S. States, the longest of which include the 580-mile Wood River line in Missouri and a 540-mile pipeline framework in South Texas, the 2 of which transport unrefined petroleum.



## **PROMOTERS**



- **Charles G. Koch – CEO**



- **Richard Francis William Swan - Director**



- **Viren Jekisan Bhatia – Director**



- **Girish Kumar Cherukad – Director**

## **VISION**

Koch vision is to improve the value we create for our customers more efficiently and faster than our competitors.

## **MISSION**

Koch Industries seeks to maximize the present value of future profits. Doing so provides security and opportunity for stockholders and productive employees, while also benefiting customers and society for investment. We create these advantages and opportunities through leadership in developing and practicing MBM.

## **QUALITY POLICY**

Koch Industries employs a rigorous approach called the Market-Based Management philosophy to run the business. CEO Charles Koch has perfected his management playbook over the decades, and in 2007, published a book called “The Science of Success”, explaining how the system works at Koch.

MBM, as Koch workers call it, lies at the core of how Koch works each day. MBM is noteworthy for the explanation that it joins Koch's representatives, giving them a typical language and a shared objective. There isn't a great deal of workmanship on the dividers in Koch's central station, however wherever you turn, there is a duplicate of MBM's 10 core values swinging from the divider. At the point when representatives get a free cup of Starbucks espresso in the lunchroom, the standards are imprinted on the expendable cup.

### The Guiding Policies Of Koch Are:

- Integrity: Have the courage to always act with integrity and in harmony with our vision.
- Stewardship and Compliance: Act with appropriate respect for the privileges of others. Respect giver plan in a way that progresses our vision. Conform to all laws and guidelines. Stop, think, and inquire.
- Principled Entrepreneurship: Practice a way of thinking of shared advantage. Show to individuals all things considered and points of view that this way of thinking will improve individuals' lives. Pull in, propel, and engage however many individuals as would be prudent to become social-change business visionaries devoted to propelling a general public of common advantage.
- Transformation: Change yourself, your association, and our endeavours. Look for, create, and use the vision, techniques, and strategies that will empower us to exhibit a superior method to assist individuals with improving their lives and energize fast appropriation across society.
- Knowledge: Gain the best information from all sources that will empower you to improve your exhibition. Offer your insight proactively. Give and request challenge reliably and consciously.
- Humility: Be unassuming, mentally genuine, and manage reality valuably. Build up an exact feeling of self-esteem dependent on your qualities, impediments, and commitments. Consider yourself as well as other people responsible to these measures.
- Respect: Treat everybody with genuineness, pride, regard, and affectability. Grasp alternate points of view, encounters, aptitudes, information, and abilities so as to use the intensity of decent variety.
- Self-Actualization: Be a long lasting student, form your aptitudes into abilities that make worth and assist you with understanding your potential which is fundamental for satisfaction. As you become progressively self-realized, you will better arrangement with the real world, face the obscure, inventively take care of issues, and help other people succeed.

## **PRODUCTS**

- Asphalt
- Chemicals
- Commodities trading
- Energy
- Fibres
- Fertilizers
- Finance
- Minerals
- Natural gas
- Plastics
- Petroleum
- Pulp and paper
- Ranching

## **INFRASTRUCTURE FACILITIES**

Koch Industries is a gigantic aggregate—Charles is the CEO, David the official VP. What started as an oil processor when their dad began it in 1940 is currently considered by Forbes to be the second-biggest privately owned business by income in the United States, getting more than \$115 billion yearly from organizations that touch practically every industry and all aspects of American life. Koch and its backups make the filaments in your floor covering (Stainmaster), the tissue in your washroom (Angel Soft), the stretch material in your pants and yoga pants (Lycra). They make the connectors in your telephone (Molex), the glass in your windows (Guardian), composts used to develop your supermarket purchased products of the soil (Koch Agronomic Services), and pipelines that convey the gas and petrochemicals from which huge numbers of those things are themselves made. The organization utilizes in excess of a hundred thousand individuals in sixty nations, remembering near sixty thousand for the United States. Koch is the greatest sort of enormous industry.

The amazing, throbbing modern machine that produces that cash—the smoke and fire and gas and oil, laborers granulating and perspiring and punching in and punching out,

plastic and synthetic substances and paper and trees, contamination and cleaning, sequential construction systems getting rid of the stuff that makes every day life right now.

Growth is the most fundamental part of the corporate culture. All things considered, at regular intervals. Bookkeepers are told they basically have no budgetary impediments. On the off chance that a venture thought is sound, they'll make it, paying little mind to scale. On the off chance that there is an approach to develop reasonably, they will, without statement of regret. "If you don't think of a way to make your own job obsolete," one plant manager said, "someone, somewhere, will."





## COMPETITORS INFORMATION

- Exxon Mobil
- BP
- Chevron
- DuPont
- CVR Energy
- Cargill
- ConocoPhillips
- The Mosaic Company
- Martin Marietta and PCA.

## **SWOT ANALYSIS**

Koch Industries, Inc. is an American private vitality combination situated in Wichita, Kansas, with auxiliaries associated with assembling, exchanging and ventures. Koch additionally possesses Invista, Georgia-Pacific, Flint Hill Resources, Koch Pipeline, Koch Petroleum Group, Koch Fertilizer, Koch Engineering, Koch Minerals and Matador Ranching Company.

Koch organizations are associated with center enterprises comprehensive of the creating, refining and circulation of oil, substance mixes, power, fiber, intermediates and polymers, minerals, composites, mash and paper, concoction time contraption, farming, account, products purchasing and selling, notwithstanding various endeavours and ventures.

In 2008, Forbes considered it the second biggest secretly held organization in the United States (after Cargill) with yearly income of about \$98 billion, down from the biggest in 2006. In the event that Koch Industries were an open organization in 2007, it would rank about sixteenth in the Fortune 500.

Fred C. Koch, for whom Koch Industries, Inc. is named, helped to establish the organization in 1940 and built up an inventive unrefined petroleum refining process. His children, Charles G. Koch, administrator of the board and CEO, and David H. Koch, official VP, are head proprietors of the organization. Charles and David Koch each own 42% of Koch Industries, and Charles has expressed that the organization will openly offer offers "actually not without a battle to the death".

Koch Industries is also known for its sponsorship of free-market foundations and causes.





### **Strengths**

- Leading domestic producer of canned, bottled, and packaged goods in Mexico.
- Strategic alliances with global players and distribution deals for the Mexican market.

### **Weaknesses**

- Multitude of strategic alliances might lead to dependencies and conflicts of interest.

### **Opportunities**

- Ideally positioned to benefit from the growing demand for high-quality branded products as disposable incomes grow.
- Potential to raise production volumes via exports to growing population of Hispanics in the US.

### **Threats**

- Higher prices for key raw materials likely to impact cost of goods sold.



## **FUTURE GROWTH AND PROSPECTS**

These companies are in the same general field as Koch Industries and are rapidly expanding. Companies may grow organically or through acquisition. In some cases apparently high growth rates may be caused by data that weren't available in previous years.

Acquisition software is a crucial element of our company strategy. We have invested billions of greenbacks to accumulate some of complementary corporations, merchandise, services and technology. We consider our acquisition software strengthens our competitive position, enhances the goods and offerings that we can provide to clients, expands our patron base, gives greater scale to accelerate innovation, grows our sales and income, and will increase our overall fee. We assume to continue to collect businesses, products, offerings and technologies in furtherance of our company approach.

## **FINANCIAL STATEMENT ANALYSIS**

### Financial Analysis:

Financial analysis is the assessment of money related data to arrive at business choices. This investigation ordinarily includes an assessment of both verifiable and anticipated productivity, incomes, and hazard. It might bring about the reallocation of assets to or from a business or a particular inside activity. This sort of investigation applies especially well to the accompanying circumstances:

Investment decisions by external investor: In this circumstance, a budgetary examiner or financial specialist surveys the fiscal reports and going with divulgements of an organization to check whether it is beneficial to put resources into or loan cash to the substance. This ordinarily includes proportion examination to check whether the association is adequately fluid and produces an adequate measure of income. It might likewise include consolidating the data in the fiscal summaries for different periods to determine pattern lines that can be utilized to extrapolate budgetary outcomes into what's to come.

Investment decisions by internal investor: In this circumstance, an interior expert surveys the anticipated incomes and other data identified with an imminent

speculation (as a rule for a fixed resource). The goal is to check whether the normal money outpourings from the task will create an adequate rate of profitability. This assessment can likewise concentrate on whether to lease, rent, or buy an advantage.

Objectives of the financial analysis:

Financial statements analysis may be made for a particular purpose in view:

- To discover the economic balance and integrity of the enterprise company.
- To examine and compare the incomes ability of the firm.
- Estimates and evaluating the company's fixed assets, inventories and many more.
- To identify potential for future business growth.
- To access and recognize the ability of the company to make short-term and long-term loans payable.

Interested Parties in Financial Analysis:

Financial Analysis users can be divided into two broader groups:

Domestic users:

- Financial executives
- Top management

External users:

- Investors
- Creditors
- Employees
- Clients
- Government
- Researchers
- Public

Statement of the Financial Year 2017-18 and 2018-19:

<b>PARTICULARS</b>	<b>2017-18</b> <b>(IN DOLLARS)</b>	<b>2018-19</b> <b>(IN DOLLARS)</b>
<b>A. CURRENT ASSETS</b>		
Current investment	478.90	1254.69
Inventories	1646.36	1245.88
Trade receivables	690.15	722.16
Cash and cash equivalents	207.47	293.99
Short term loans and advances	100.68	132.57
Other current assets	596.83	527.97
<b>TOTAL CURRENT ASSETS (A)</b>	<b>3720.39</b>	<b>4177.26</b>
<b>B. CURRENT LIABILITIES</b>		
Short term borrowings	51.36	108.80
Trade payables	1045.63	1132.14
Other current liabilities	365.07	501.94
Short term provisions	257.03	285.47
<b>TOTAL CURRENT LIABILITIES (B)</b>	<b>1719.09</b>	<b>2028.35</b>
<b>NET WORKING CAPITAL (A-B)</b>	<b>2001.3</b>	<b>2148.91</b>
<b>NET INCREASE IN WORKING CAPITAL</b>	<b>147.61</b>	
<b>TOTAL</b>	<b>2148.91</b>	

### Analysis methods:

The financial analyst may use the following tools to analyze the financial statements. These are also referred to as methods of financial analysis.

- Analysis of comparative statements
- Analysis of common-size statement
- Trend analysis
- Fund flow analysis
- Ratio analysis

### Nature of Ratio Analysis:

Analysis of ratio is an amazing asset of money related examination. A ratio is utilized as standard for assessing the monetary performance and execution of the company. The connection between two bookkeeping amounts, communicated numerically, is referred as a financial ratio.

Ratio will summarize huge portions of financial information and helps in making a good decision approximately the company's financial usual accomplishment.

### Types of Ratios

The management of the company is concerned in evaluating all the aspects of the company's performance. As per the requirement of the users ratios can be classified into following four vital categories:

- Liquidity Ratio
- Leverage Ratio
- Activity Ratio
- Profitability Ratio

#### 1. Liquidity Ratio:

It's a ratio which tells one's capacity to repay its debt as and once they become due. In different phrases, we are able to say this ratio tells how quick a enterprise can convert its present day assets into cash so that it is able to repay its liability on a timely foundation. Generally, Liquidity and brief-time period solvency are used collectively.

## 2. Leverage Ratio:

A leverage ratio is any form of financial ratio that shows the extent of debt incurred by a enterprise entity towards numerous different debts in its balance sheet, profits announcement, or cash float assertion. These ratios provide an indication of the way the business enterprise's property and enterprise operations are financed (the use of debt or equality).

## 3. Activity Ratio:

Activity ratios are economic metrics used to gauge how green a enterprise's operations are. The time period can encompass numerous ratios that may follow to how effectively a organisation is employing its capital or assets. Activity ratios are beneficial for comparing how a organisation's performance is trending over time in a horizontal announcement analysis or how a organization's performance fares against its friends in similar organisation evaluation. They are also known as turnover ratios or operating efficiency ratios.

## 4. Profitability Ratio:

Profitability ratio is used to assess the enterprise's capability to generate profits in comparison to its prices and different value associated with the generation of earnings at some point of a particular duration. This ratio represents the final result of the corporation. Profitability represents very last overall performance of agency i.e. how profitable agency. It additionally represents how profitable owner's price range has been applied inside the employer.

The reason financial statement analysis is given so much significance is that absolute numbers found in those statements are of least price till they are transformed into significant relationships. The ensuing ratios are constantly higher indicators of the performance of a organization and have to be found over extended time intervals to reflect tendencies. Any extensive changes in such tendencies may also monitor statistics about sizable financial adjustments inside the organisation.

## **CHAPTER 2**

# **CONCEPTUAL BACKGROUND AND LITERATURE REVIEW**

### **2.1 THEORETICAL BACKGROUND OF THE STUDY**

Finance is the existence blood of business. A unit may fall wiped out as a result of a significant grease is money. There are different systems accessible to a firm restoration. Budgetary rebuilding is a supported component for firms in red. Does money related rebuilding help to improving the monetary presentation of a firm? An endeavour has been made right now embrace broad writing survey.

As mentioned earlier that one of the tools for the analysis of monetary statements is the ratio analysis. This analysis describes a particular courting among elements of one with the opposite factors in a financial record. Financial statements cited are the stability sheet and income assertion. Balance sheet suggests assets, debt and the company's capital at a given time. Income declaration displays the consequences performed by means of the corporation inside a certain length (normally one year).

Financial ratio evaluation of a agency used to evaluate the situation and developments also degree the performance of control. Through evaluation of the ratio may be used as a basis to assess whether or not management's performance has reached a predetermined intention or not and early knowing on developments or traits that management performance may be expected in advance.

The results of analysis may be used to study the weak point of the business enterprise in the course of the time period to walk, is there any weaknesses within the company can be repaired, even as the results are top sufficient to be maintained in the future. Further historic ratio evaluation may be used for the guidance of plans and guidelines in the coming years so that it will decide the right policy route.

## **2.2 LITERATURE REVIEW**

Several critical research carried out in recent years, which can be very closely related to the present one, are being reviewed.

### **Shinde Govind P. & Dubey Manisha (2011)**

The study was made taking into account the segments which includes car, commercial car, and software car, and 4 wheeler car of important players' overall accomplishment and additionally examines SWOT assessment and main factors that affect boom of automobile organization.

### **Sharma Nishi (2011)**

Review of financial fundamentals overall result of passenger and business automobile section of the auto enterprise corporation in the period of 4 economic frameworks mainly liquidity, profitability, leverage and managerial standard performance evaluation within the route of decade from 2001-02 to 2010-11. The examiner presumes that managerial performance and profitability of Tata automobiles in addition to Mahindra & Mahindra ltd are excellent but their liquidity characteristic isn't wonderful. The liquidity position of business vehicle is a whole lot higher than passenger vehicle section.

### **Singh Amarjit & Gupta Vinod (2012)**

Investigated a pinnacle level view of automobile enterprise. Indian car organization was set up as a development center and network joint ventures with remote locations of collaboration. SWOT assessment finished there are some demanding situations through the one of a kind characteristic of witch vehicle industry faces lot of issues and a few cutting-edge key capabilities are keyless get proper of access to, electrically managed mechanisms more ideal the use of manipulate, gentle feel depths and additionally want to attention in destiny on like gas performance, emission trading protection and durability.

**Zafar S.M.Tariq & Khalid S.M (2012)**

The auditor discussed that the ratios are determined on the basis of the financial statements, which are likely to be structured as favourable tips followed by the management of the depreciation and stock valuation. Ratio is an simple comparison between the numerator and the denominator, but cannot provide a complete and accurate image of the product. Results are manipulated and, however, different factors which have an effect on the normal overall performance of the organisation by promoters cannot be established.

**Ray Sabapriya (2012)**

Studied the prototype of automobile companies to assess the general performance of enterprise through signs specially earnings, manufacturing and export style and many others for period of 2003-04 to 2009-10. Take a look at unearths that the car industry has gone through turbulent phases of resources over debt pressure, under-use of inventory, and liquidity volatility. The researcher proposed increasing staff efficiency, workforce sustainability and overall capital output for the agency's success in the future.

**Dawar Varun (2012)**

Study to examine the effect of critical corporate insurance variables such as dividend, debit, capital expenditure on inventory fees off vehicle companies in India. The examiner has argued that the dividend and investment regulations are relevant and that the capital shape is irrelevant to the inventory charges.

**Mistry Dharmendra S. (2012)**

Examiner acknowledged that the effect of a variety of factors on the productivity of the selected enterprises had been investigated. It concluded that the debt equity ratio, the inventory ratio, the preferred assets were essential elements which had a bad or good impact on profitability. It proposed increasing solvency in order to reduce the persistent economic burden on business enterprises through entrepreneurship.



**Rapheal Nisha (2013)**

The writer is trying to evaluate the overall financial performance of the Indian tire organisation. The study turned into completed for the period 2003-04 to 2011-12 to examine the overall performance of monetary indicators, sales style, export fashion, and so on. The end result indicates that the secret to success in industry is to improve labour efficiency flexibility.

**Hotwani Rakhi (2013)**

The author examines the profitability function and the business boom of Tata Motors with a moderate income and profitability for more than ten years. Data is analysed by ratios, current day deviations and variance coefficients. They have a look at famous that there not exists a robust dating amongst income & profitability of commercial enterprise employer.

**Sharma Rashmi, Pande Neeraj & Singh Avinash (2013)**

For details about how social media monitoring will improve the customer's preference usage and additional research. The abilities of social media i.e. reveal responses growth and lead at Maruti Suzuki India Ltd. The researcher has had a conversation with social media company median statistics managers and has also visited credible MSIL social media websites.

**Daniel A. Moses Joshunar (2013)**

Observer has been completed to select out the financial energy and weak spot of the Tata vehicles Ltd. The utilization of past 5 year's financial statements. Trend assessment & ratio evaluation used to remark of economic recognition of organisation. Financial universal performance of employer is best and additionally encouraged to increase the loan stages of enterprise for the better performance.

**Dhole Madhavi (2013)**

Analysing the effect of fee motion of percentage on determined on enterprise performance. It endorses due shoppers remember different factors in advance than deciding on the better portfolio. Sentimental determinants have a role in charge

motion handiest in short time period however in long time annual normal overall performance is sole element accountable for fee movement.

**Shende Vikram (2014)**

This research will enable new groups and existing car manufacturing groups in India to discover the needs of customers and their business services. The information to take a look at is the identification of the factors affecting the uniform success of customers for a single segment of vehicles.

**Azhagaiah .R & Gounasegaran (2014)**

Acknowledged India's steady with real capita GDP increase as one among important factors of boom for United States of America's vehicle organisation. The foremost authorities might be installation diverse assignment forces on trouble associated with taxation, acquisitions of land, labour reform and improvement of ability for vehicle company.

**Buvaneswari .R & Kanimozhip (2014)**

To have a take a look at the credit score worthiness of decided on corporations in Indian vehicle enterprise, Tiruchy. Professor Edward Altman of New York University has developed Methodology Zscore evaluation to predict an organisation's failure or financial catastrophe. A collection of 5 economic ratios has been combined for the certification of a corporation's fiscal health.

**Idhayajothi .R (2014)**

The overarching concept behind this is to evaluate the overall financial performance of Ashoka Leyland Ltd. at Chennai. The result indicates that monetary presentation is sound and, in turn, indicates increasing financial overall efficiency by raising the number of bills.

**Srivastava Anubha (2014)**

The data assessment has been completed using the top-down method, i.e. financial assessment, organisation and technical assessment to create a relationship between the

vehicle a relationship between the vehicle quarter indexes and the market index. Mahindra and Mahindra have a leading position in the stock market and could trap investors, which can lead to expansion and growth. Thus Tata cars and Maruti Suzuki have to contend with their inventory and boom.

**Sarwade Walmik Kachru (2015)**

Analysed the effects of the liberalization, the government's de-licensing and the liberal alternative hints on the Indian car mobile corporation's boom. The test advises that having a four wheel investment is a smart potion that is not currently available in India but whole wide.

**Becker Dieter (2015)**

The file represents about the modern kingdom and destiny growth of the global automobile company. This research document the producer, government and client perspective approximately 4 factors, mobility subculture, technological in shape, enterprise version preparedness and market percent.

**.Surekha .B & Krishnalah K.Rama (2015)**

This brings an observer to the achievement of the Tata Motors Group. It can be measured that the internal strength of the company enterprise is exceptional. In addition, the organisation will increase its productivity by making use of superior capital gearing, control discounts and monetary expenditure for the growth of the business.

**Maheswari .V (2015)**

An attempt to investigate the financial performance of the Hero Honda motors restrained have diagnosed three factors, specifically liquidity feature, solvency characteristic and profitability role based totally at the examiner of period 2002 to 2010 the usage of ratio evaluation.

**Jothi .K & Geethalakshmi .A (2016)**

This study seeks to examine the competitiveness and economic role of the car industry companies in India using statistical equipment such as ratio assessment, endorsement, well-know deviation, correlation.

**Kumar Mohan M.S, Vasu .V and Narayana .T (2016)**

The studies were carried out using different ratios, advice and preferred deviation and Altman's Z score method to study the company's financial balance. The auditor points out that there could be an important correlation between liquidity and profitability ratios, besides going back to internet properties, in addition to the price of the Z value, which implies the correct health of the agency.

**Kaur Harpreet (2016)**

The writer attempts to have a look at the characteristics & quantities contributors of Maruti Suzuki co. & how each effect on its market percent in India. For these look at secondary information has been accumulated from journals, annual reports and document car web websites. Result says that MSL has been correctly developing vehicle location in India for last few years.

**2.3 RESEARCH GAP**

The fundamental examination of countrywide and everyday writing relating to budgetary execution of companies and institutions unmistakably uncovered that cash associated proportions is fundamental to minutely look into the financial presentation. These investigations did not cope with the particular budgetary proportions and their numerical essentialness identified with money associated execution.

Execution investigation of different businesses has been made through distinct research researchers. They have chosen various forms of companies, as an instance, banking, rural, co-sellers, iron and steel, MNC corporations, and delivery organizations. This research isn't pretty similar to the previous examinations.

This investigation efficiently exam the cash associated execution of the agency from different points. In the primary vicinity, the money related execution of the enterprise

is investigated in element and afterward its miles contrasted with get the general end of the company. Right now audit of beyond investigation is finished in subtleties. While breaking down the audit, it's miles found that no endeavour has been made with the aid of the beyond scientist to reflect on consideration on the cash related execution of the organisation. Subsequently this investigation might be considered as a no longer quite similar to the previous examinations. The audit from various examinations helped the specialist to seek after the research in the privilege creative and treasured bearing. Consequently, this investigation is remarkable in the above viewpoint and a pioneer in breaking down the monetary presentation of the organization.

## **CHAPTER 3**

### **RESEARCH DESIGN**

Research design is the framework of research methods and techniques chosen by a researcher. The design allows researchers to hone in on research methods that are suitable for the subject matter and set up their studies up for success.

The design of a research topic explains the type of research (experimental, survey, correlation, semi-experimental, review) and also its sub-type (experimental design, research problem, and descriptive case-study).

There are three main types of research design: Data collection, measurement, and analysis.

The type of research problem an organization is facing will determine the research design and not vice-versa. The design phase of a study determines which tools to use and how they are used.

#### **3.1 STATEMENT OF THE PROBLEM**

This study has been concentrated to identify the financial position of “Koch Business Solutions India Pvt Ltd”. This study made in the light of one of the tool of financial management. The study broadly attempts to determine the overall financial performance of a company for the last few years. Since finance is an important parameter of every business concern to determine the growth and profitability, the study of the topic sounds momentous.

The statement of the problem can be generalized here as:

- Analysis of the liquidity and profitability of the current assets and current liabilities.
- Analysis of the relationship between liabilities and assets.
- Detection of The reasons for the variability of profits.
- Analysis of various components of working capital such as cash, marketable securities, inventories and receivables.

- Find out of the business fluctuations, technical developments, etc., on financial performance.

The study takes into considerations the external analyst point of view and with the help of the past and latest financial statements, financial position will try to be analysed impartially.

### **3.2 NEED FOR THE STUDY**

The study enables us to have access to various facts of the organization. It helps in understanding the needs for the importance and advantage of materials in the organization, the study also helps to exposure our minds to the integrated materials management the various procedures, methods and technique adopted by the organization.

The study provides knowledge about how the theoretical aspects are put in the organization.

### **3.3 OBJECTIVES OF STUDY**

- To evaluate the profitability of the firm.
- To estimate the ability on funding.
- To evaluate the total asset turnover ratio.
- To decide the wealth soundness of employer.

### **3.4 SCOPE OF THE STUDY**

The financial analysis allows the management to understand the overall performance and operational productivity of the company. This will help the management in figuring out the deviations if any and take corrective measures.

- Help in measuring the solvency of the company:  
The financial assessment lets in the decision taker to make appropriate actions for nourishing the fast-time period further to long term integrity of the firm.
- Comparison of previous and current results:

Financial statements of the preceding years may be as compared and the fashion concerning different prices, buys, net income may be determined.

- Helps in evaluating the profitability:

Financial statements show the gross income, & net earnings.

- Inter-company assessment:

The financial evaluation makes it smooth to do contrast interference. This evaluation also is made for numerous intervals.

- Bankruptcy and Failure:

The assessment of financial statements is a huge tool for analysing the monetary and other negligence of the industry. The assessment of the financial declaration is carried out through the assessment of the solvency function.

- Helps in forecasting:

The monetary evaluation will help to assess the development of destiny by predicting and preparing finance.

### **3.5 RESEARCH METHODOLOGY**

- Research is designed to be a systematic, collection of file-maintaining and analysis of statistics that are approximately problematic in any particular location.
- Determines the stability, reliability and accuracy of the work.

#### Research Design:

Research design is concerned to be an extraordinary studies method or approach followed for a specific challenge. The studies requires to be performed ensuring that the information is accumulated efficiently.

The check used Descriptive research design for the cause of having a perception over the problem. This offers a correct photograph of some factors of marketplace surroundings.



#### Data collection method:

The data collected is secondary data from internet and some published articles.

In view of the above mentioned objectives an exploratory research design has been followed. Exploratory studies is basically interprets and analyses the data and it lays specific emphasis on analysis and interpretation of the facts.

- To know the financial status of the company.
- To know the credit worthiness of the company.
- To offer suggestions based on research finding.

### **3.6 LIMITATIONS OF THE STUDY**

- The research was restricted to only two years financial data.
- The study is purely made on secondary data which were derived primarily from Published annual reports of Koch Business Solutions India Pvt Ltd.
- The ratio is calculated from past financial statements and these are not future indicators.
- The research is made on the past records only.
- Non availability of required data to analysis the performance.
- The short time span provided also one of limitations.

### **3.7 CHAPTER SCHEME**

Keeping in the view of the objective mentioned, the present study is comprised of 5 chapters along with tables and annexure.

#### **Chapter 1**

The first chapter covers Introduction, Industry profile, Company profile, Promoters, Vision, Mission, and Quality Policy, Products/services, Infrastructure facilities, Competitors' information, SWOT Analysis, Future growth and prospects and Financial Statement Analysis.

#### **Chapter 2**

The second chapter gives a summary of previous research work undertaken. It includes Theoretical Background of the Study, Literature Review and Research Gap.

**Chapter 3**

The third chapter describes statement of problem, need for the study, objectives, scope of the study, research methodology undertaken for this study, limitation and chapter scheme.

**Chapter 4**

In tune with the objective, the data analysis and interpretation were presented in a systematic manner with necessary tables and exhibits.

**Chapter 5**

This chapter provides brief summary of findings and suggestions which is drawn from the analysis and interpretation. The conclusion is obtained from the findings of the study.

## CHAPTER 4

### DATA ANALYSIS AND INTERPRETATION

Schedule of changes to the working capital:

As the study is confined to working capital management more attention is given towards preparation of schedule of changes to the working capital. It is an announcement developed with the assistance of current account balances showing up in Balance sheet of two date's increment or decrease in the estimations of current account is noted and its impact on working capital is determined.

#### STATEMENT OF CHANGES IN WORKING CAPITAL OF 2017-18 & 2018-19

PARTICULARS	2017-18	2018-19	STATEMENT OF CHANGES IN WORKING CAPITAL	
			INCREASE	DECREASE
CURRENT ASSETS:				
Current investment	478.90	1254.69	775.79	
Inventories	1646.36	1245.88		400.48
Trade receivables	690.15	722.16	32.01	
Cash and cash equivalents	207.47	293.99	86.52	
Short term loans and advances	596.83	527.97		68.86
Other current assets				
TOTAL CURRENT ASSETS (A)	3720.39	4177.26	926.21	469.34

CURRENT LIABILITIES:				
Short term borrowings	51.36	108.80	57.44	
Trade payables	1045.63	1132.14	86.51	
Other current liabilities	365.07	501.94	136.87	
Short term provisions	257.03	285.47	28.44	
TOTAL CURRENT LIABILITIES (B)	1719.09	2028.35	309.26	
NET WORKING CAPITAL (A-B)	2001.3	2148.91	616.95	469.34
NET INCREASE IN WORKIN CAPITAL	147.61			147.61
TOTAL	2148.91		616.95	616.95

#### Liquidity Ratio:

It determines the capability of the company to fulfil its short-term responsibilities. This is ability to pay the company's present day liabilities as and when they fall due. Thus these ratios replicate the fast-term financial solvency of a company. A company need to make sure that it will not face less liquidity situation. The failure to meet obligations on due time may additionally bring about awful credit score picture, loss of creditors self assurance, and even in felony proceedings against the company then again very excessive diploma of liquidity is also no longer appropriate given that it might mean that price range are idle and earn not anything.

#### 1. CURRENT RATIO:

The current ratio is a liquidity ratio that determines the firm's capability to pay short-term and long-term responsibilities. To gauge this capacity, the contemporary ratio

considers the cutting-edge overall property of a company(both liquid and illiquid) relative to that business enterprise's modern overall liabilities.

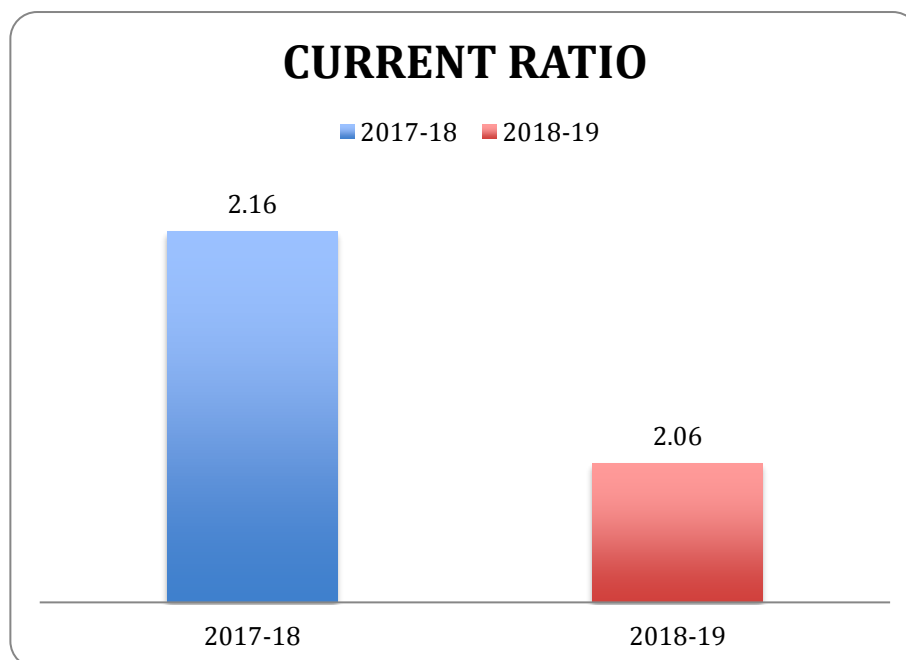
**FORMULA:**

$$CURRENTRATIO = \frac{CURRENTASSETS}{CURRENTLIABILITIES}$$

**TABLE 4.1: Table representing Current Ratio**

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2017-18	3720.39	1719.09	2.16
2018-19	4177.26	2028.35	2.06

**GRAPH 4.1: Graph representing Current Ratio**



**Interpretation:**

The above table reveals the current ratio in the year 2017-18 is 2.16 and in the year 2018-19 is 2.06. Here there is decrease in the current assets from 2017-18 to 2018-19. As the current ratio is more than 2 it indicates that the organization may not be utilizing its current assets or its short-term financing facilities effectively. This may likewise show issues in working capital management.

**2. QUICK / LIQUID RATIO:**

The quick ratio is a measure of how well a company can meet its short-term financial liabilities, also known as the acid-test ratio. It is used to supplement the information given by the current ratio.

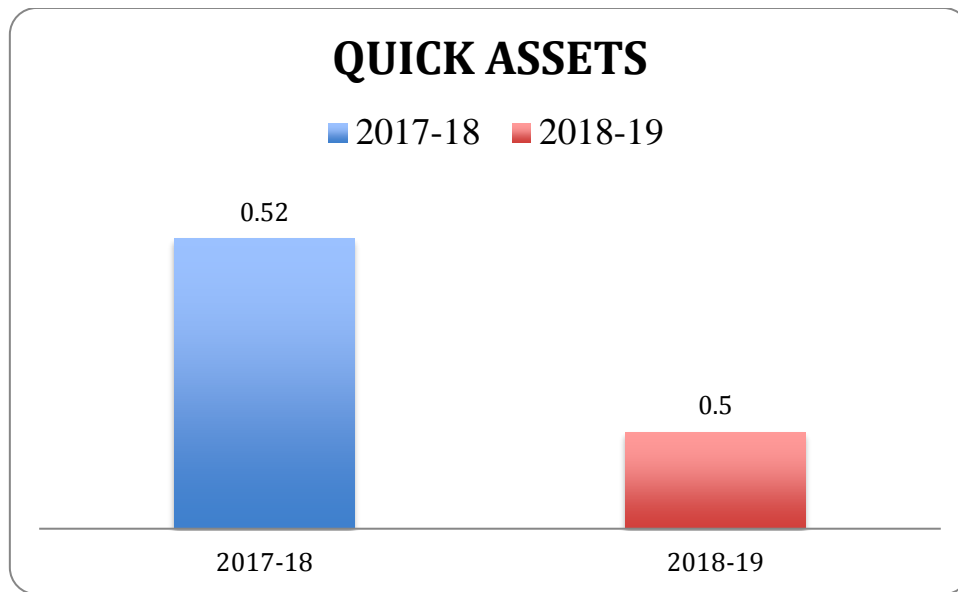
**FORMULA:**

$$QUICKRATIO = \frac{QUICK (OR) LIQUID ASSETS}{CURRENT LIABILITIES}$$

**TABLE 4.2: Table representing Liquid Ratio**

<b>YEAR</b>	<b>LIQUID ASSETS</b>	<b>CURRENT LIABILITIES</b>	<b>QUICK ASSETS</b>
2017-18	897.62	1719.09	0.52
2018-19	1016.15	2028.35	0.50

**GRAPH 4.2: Graph representing Liquid Ratio**



**Interpretation:**

The above table exhibits the liquid ratio in the year 2017-18 is 0.52 and in the year 2018-19 is 0.5. Here the data indicates that the liquid ratio is less than 1 which means that the company may be unable to fully pay off its current liabilities in the short term.

**3. WORKING CAPITAL TURNOVER RATIO:**

It is also referred as net sales to working capital. It stipulates a company's effectiveness in using its working capital. The working capital turnover ratio is calculated as follows: net annual sales divided by the average amount of working capital during the same 12 month period.

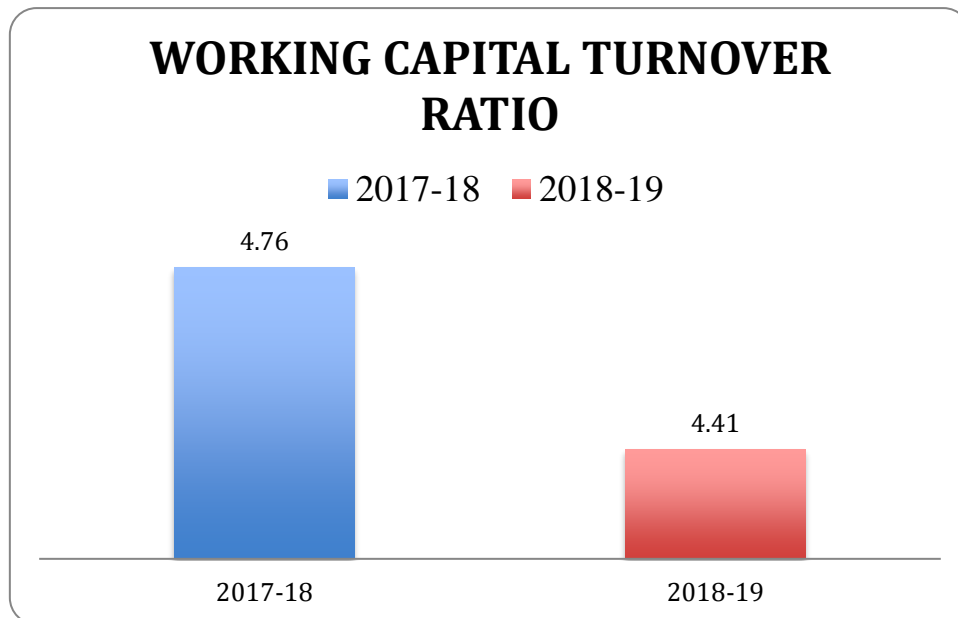
**FORMULA:**

$$WORKINGCAPITALTURNOVERRATIO = \frac{NETSALES}{NETWORKINGCAPITAL}$$

**TABLE 4.3: Table representing Working Capital Turnover Ratio**

YEAR	NET SALES	NET WORKING CAPITAL	WORKING CAPITAL TURNOVER RATIO
2017-18	9534.95	2001.30	4.76
2018-19	9479.44	2148.91	4.41

**GRAPH 4.3: Graph representing Working Capital Turnover Ratio**



**Interpretation:**

The above table exhibits the working capital turnover ratio in the year 2017-18 is 4.76 and in the year 2018-19 is 4.41. Here the data shows that the company has a higher working capital turnover ratio. A higher ratio indicates greater efficiency. In general, a high ratio can help your company's operations run more smoothly and limit the need for additional funding.



#### 4. CURRENT ASSET TURNOVER RATIO:

The current asset turnover ratio is a proficiency ratio that gauges an organization's capacity to produce sales from its assets by contrasting average assets and total sales. As it were, this proportion shows how productively a company can utilize its resources for create sales.

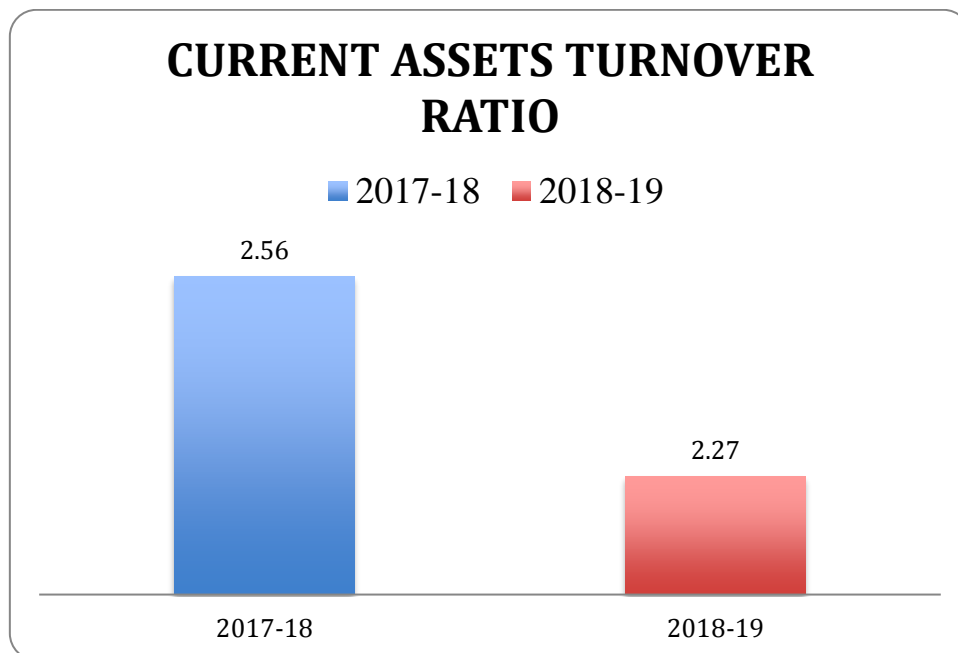
#### FORMULA:

$$CURRENTASSETTURNOVERRATIO = \frac{NETSALES}{CURRENTASSETS}$$

**TABLE 4.4: Table representing Current Asset Turnover Ratio**

YEAR	NET SALES	CURRENT ASSETS	CURRENT ASSETS TURNOVER RATIO
2017-18	9534.95	3720.39	2.56
2018-19	9479.44	4177.26	2.27

**GRAPH 4.4: Graph representing Current Asset Turnover Ratio**



**Interpretation:**

The table represents the asset turnover ratio in the year 2017-18 is 2.56 and in the year 2018-19 is 2.27. Here the data shows that the company has an average asset turnover ratio. A higher ratio is favourable, as it indicates a more efficient use of assets. Conversely, a lower ratio shows the company is not using its assets as efficiently.

**5. STOCK TURNOVER RATIO/ INVENTORY TURNOVER RATIO:**

The stock turnover ratio is an efficiency ratio that suggests how successfully stock is managed through comparing cost of goods bought with common stock for duration. This measure how regularly common inventory is "turned" or sold throughout a length.

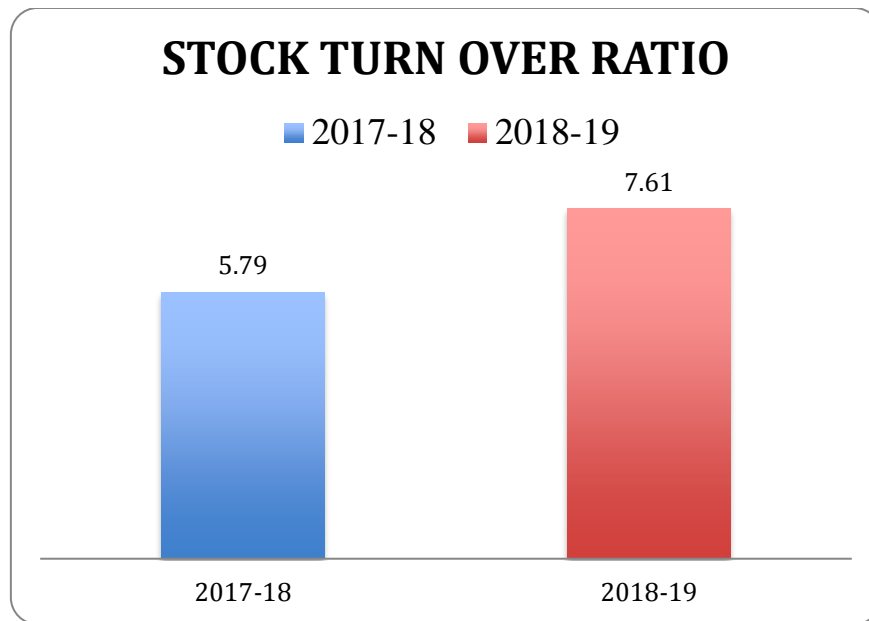
**FORMULA:**

$$STOCKTURNOVERRATIO = \frac{COSTOFGOODSSOLD (NET SALES)}{AVERAGESTOCK(INVENTORY)}$$

**TABLE 4.5: Table representing Stock Turnover Ratio**

<b>YEAR</b>	<b>NET SALES</b>	<b>AVERAGE STOCK</b>	<b>STOCK TURN OVER RATIO</b>
2017-18	9534.95	1646.36	5.79
2018-19	9479.44	1245.88	7.61

**GRAPH 4.5: Graph representing Stock Turnover Ratio**



**Interpretation:**

The above table shows that the stock turnover ratio in the year 2017-18 is 5.79 and in the year 2018-19 is 7.61. Here the data shows that the company has a higher inventory turnover ratio. Higher inventory turnover ratios are considered a positive indicator of effective inventory management. However, a higher inventory turnover ratio does not always mean better performance.

**6. NET PROFIT RATIO:**

The net income percentage is the ratio of after-tax earnings to net sales. It shows the last profit in spite of all costs of production, administration, and financing have been deducted from sales, and earnings taxes recognized.

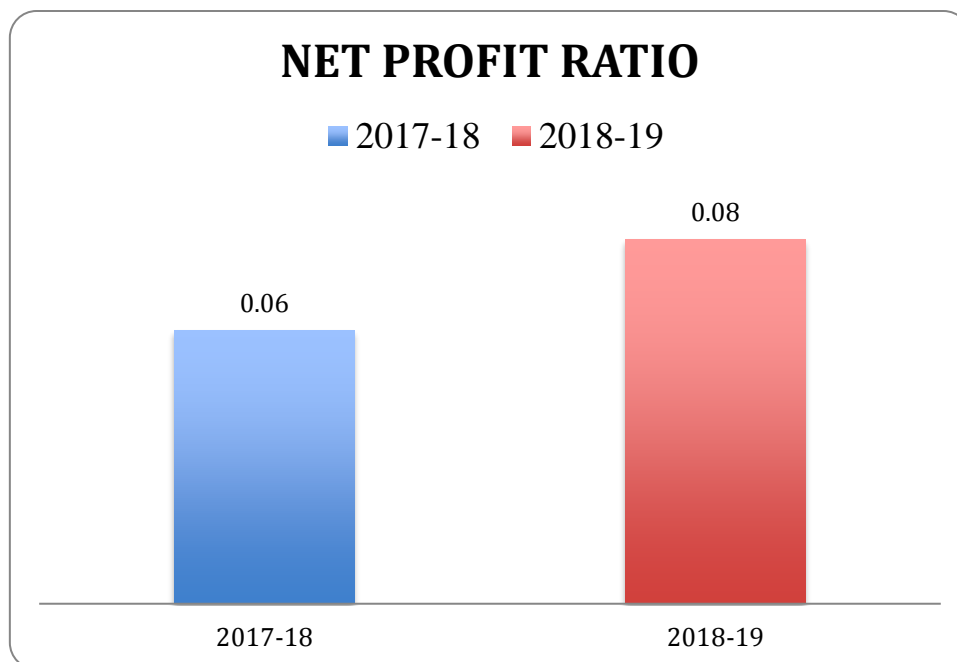
**FORMULA:**

$$NETPROFITRATIO = \frac{NETPROFIT AFTERTAX}{NETSALES}$$

**TABLE 4.6: Table representing Net Profit Ratio**

<b>YEAR</b>	<b>NET PROFIT AFTER TAX</b>	<b>NET SALES</b>	<b>NET PROFIT RATIO</b>
2017-18	616.33	9534.95	0.06
2018-19	713.42	9479.44	0.08

**GRAPH 4.6: Graph representing Net Profit Ratio**



**Interpretation:**

The above table shows that the net profit ratio in the year 2017-18 is 0.06 and in the year 2018-19 is 0.08. Here the data shows that the company has a low net profit ratio. A low net profit margin means that a company uses an ineffective cost structure or poor pricing strategies.

**7. EQUITY RATIO/ PROPRIETARY RATIO:**

The Equity Ratio is a true indicator of the level of leverage utilized by a agency. The Equity Ratio estimates the share of the total property which might be allocated via stockholders, instead of creditors.

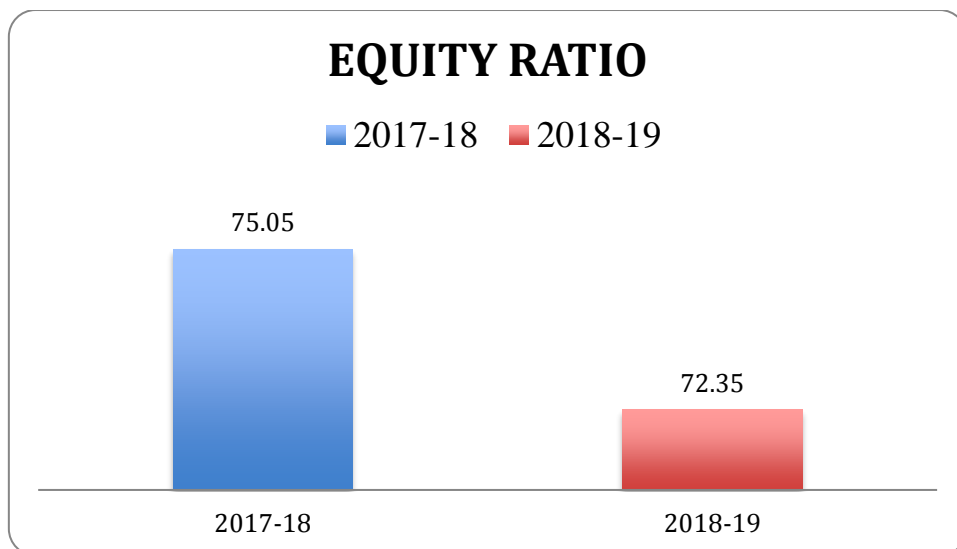
**FORMULA:**

$$EQUITYRATIO = \frac{SHAREHOLDER'SFUND}{TOTALASSETS} \times 100$$

**TABLE 4.7: Table representing Equity Ratio**

YEAR	SHARE HOLDER'S FUND	TOTAL ASSETS	EQUITY RATIO
2017-18	4054.58	5402.62	75.05
2018-19	4434.07	6128.70	72.35

**GRAPH 4.7: Graph representing Equity Ratio**



**Interpretation:**

The above table shows the Equity Ratio in the year 2017-18 is 75.05 and in the year 2018-19 is 72.35. Here the data shows that the company has a higher equity ratio. A higher equity ratio or a higher contribution of shareholders to the capital indicates a company's better long-term solvency position.

## 8. FIXED ASSET TURNOVER RATIO:

Fixed-asset turnover ratio is of income (at the profit and loss account) to the fee of fixed belongings (at the balance sheet). It indicates how properly the enterprise is using its fixed assets to generate income.

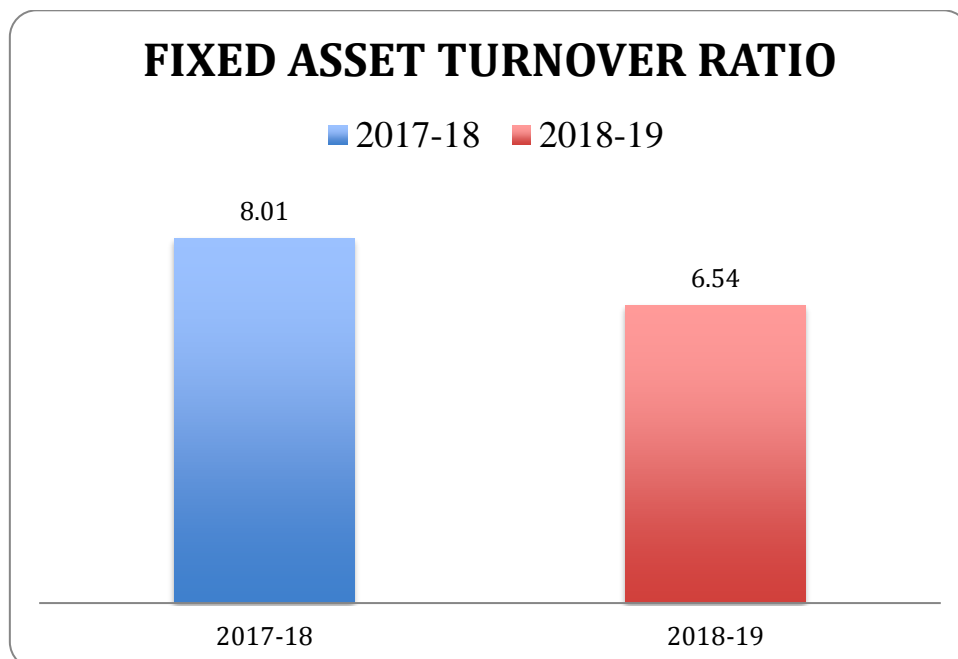
### FORMULA:

$$\text{FIXED ASSET TURNOVER RATIO} = \frac{\text{NET SALES}}{\text{NET FIXED ASSETS}}$$

**TABLE 4.8: Table representing Fixed Asset Turnover Ratio**

YEAR	NET SALES	NET FIXED ASSETS	FIXED ASSET TURNOVER RATIO
2018-19	9534.95	1190.33	8.01
2019-20	9479.44	1448.79	6.54

**GRAPH 4.8: Graph representing Fixed Asset Turnover Ratio**



**Interpretation:**

The table above represents the Fixed-asset turnover ratio in the year 2017-18 is 8.01 and in the year 2018-19 is 6.54. Here the data indicates that the agency has a higher Fixed-asset turnover ratio. A high ratio suggests that a business enterprise efficiently uses its fixed assets to generate sales, while a low ratio shows that the firm does not effectively utilize its fixed belongings to generate sales.

**9. FIXED ASSET RATIO:**

It shows the amount of fixed asset being financed by each unit of long-term fund. The ratio exhibits the connection between fixed assets and net worth. It can be calculated as follows.

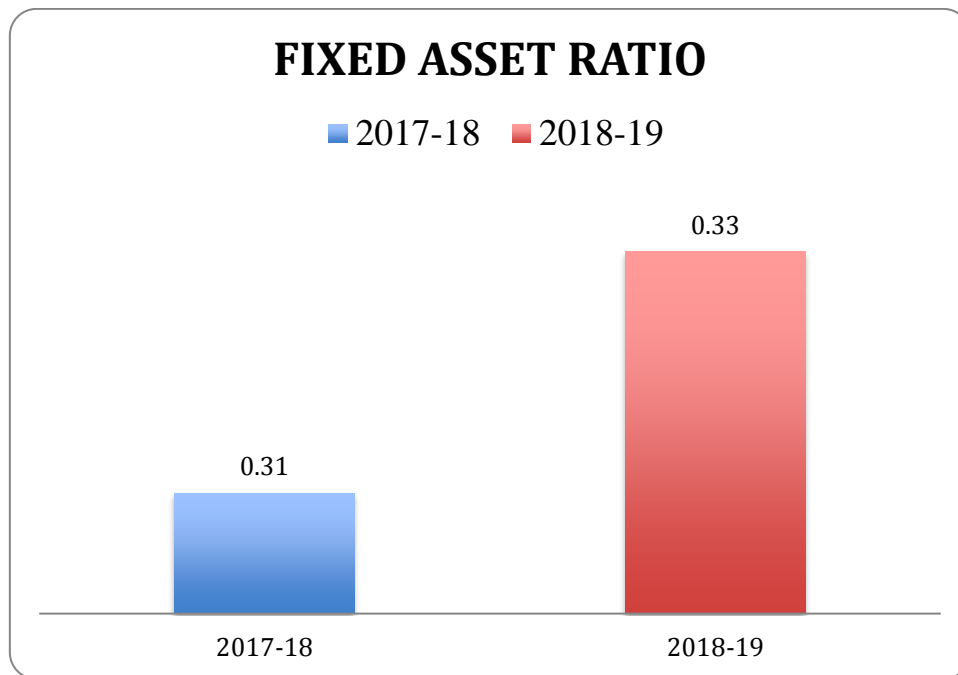
**FORMULA:**

$$FIXED ASSET RATIO = \frac{FIXED ASSETS}{NET WORTH}$$

**TABLE 4.9: Table representing Fixed Asset Ratio**

<b>YEAR</b>	<b>FIXED ASSETS</b>	<b>NET WORTH</b>	<b>FIXED ASSET RATIO</b>
2018-19	1190.33	3841.09	0.31
2019-20	1448.79	4330.39	0.33

**GRAPH 4.9: Graph representing Fixed Asset Ratio**



**Interpretation:**

The above table shows the Fixed-asset ratio in the year 2017-18 is 0.31 and in the year 2018-19 is 0.33. If the fixed asset turnover ratio is too high, then the business firm is likely operating over capacity and needs to either increase its asset base (plant, property, equipment) to support its sales or reduce its capacity.

**10. RETURN ON CAPITAL EMPLOYED (ROCE):**

ROCE is a financial ratio that computes a firm's profitability and the efficiency with which its capital is employed. ROCE is calculated as follows.

**FORMULA:**

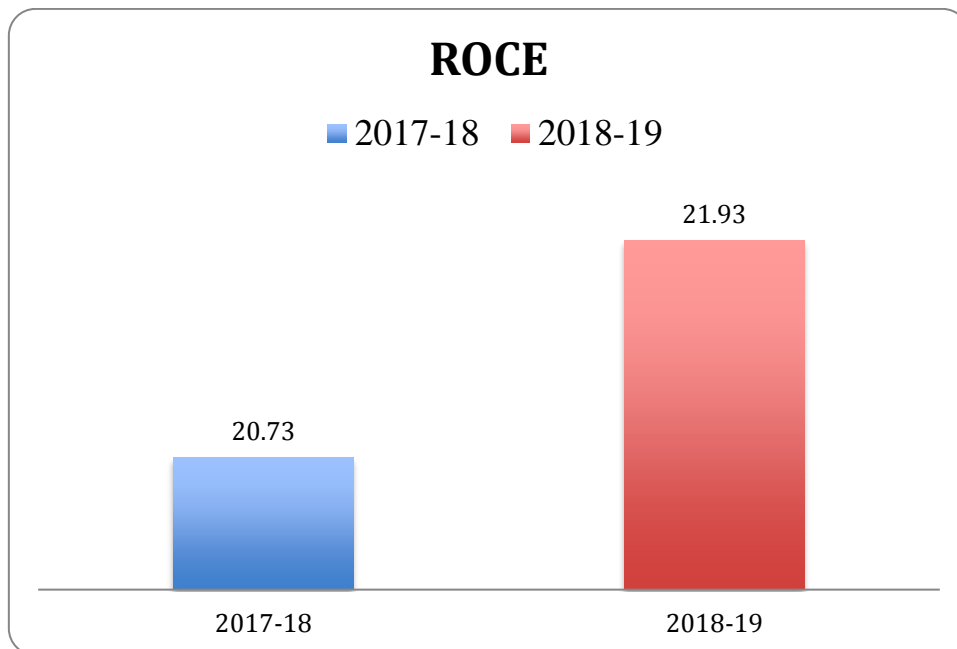
$$ROCE = \frac{PROFIT\ BEFORE\ INTEREST\ AND\ TAXES}{CAPITAL\ EMPLOYED} \times 100$$



**TABLE 4.10: Table representing ROCE**

<b>YEAR</b>	<b>PROFIT BEFORE INTREST AND TAXES</b>	<b>CAPITAL EMPLOYED</b>	<b>ROCE</b>
2017-18	873.53	4213.51	20.73
2018-19	1008.59	4598.43	21.93

**GRAPH 4.10: Graph representing ROCE**



**Interpretation:**

The above table shows that the ROCE in the year 2017-18 is 20.73 and in the year 2018-19 is 21.93. Here the data shows that the company has a higher ROCE. A higher ROCE implies a more economical utilization of capital; the ROCE should be greater than the capital cost. If not, the company is less productive and inadequately building shareholder value.

## CHAPTER 5

### SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

#### 5.1 FINDINGS

- The current ratio in the year 2018-19 is 2.06. As the current ratio is in excess of 2 it shows that the organization may not be utilizing its present resources or its momentary financing offices productively. This may likewise show issues in working capital administration.
- The working capital turnover ratio in the year 2018-19 is 4.41. A higher proportion shows more prominent effectiveness. By and large, a high proportion can enable your organization's activities to run all the more easily and cut-off the requirement for extra financing.
- The asset turnover ratio in the year 2017-18 is 2.56 and in the year 2018-19 is 2.27. Here there is decline in the advantage turnover ratio. A lower ratio shows the organization isn't utilizing its advantages as proficiently.
- There is an increment in the stock turnover ratio from the year 2017-18 i.e. 5.79 to the year 2018-19 i.e. 7.61. Higher stock turnover ratio is viewed as a positive pointer of powerful stock administration. A higher stock turnover ratio doesn't constantly mean better execution.
- The net profit ratio in the year 2018-19 is 0.08. A low net overall revenue implies that an organization utilizes an insufficient cost structure or poor evaluating techniques.
- Equity Ratio in the year 2018-19 is 72.35. A higher value proportion or a higher commitment of investors to the capital shows an organization's better long haul dissolvability position.
- Fixed-asset turnover ratio in the year 2018-19 is 6.54. A high ratio demonstrates that an organization effectively utilizes its fixed advantages for create deals, though a low ratio shows that the firm doesn't proficiently utilize its fixed assets for produce deals.
- Increase in Fixed-asset ratio from the year 2017-18 i.e. 0.31 to the year 2018-19 i.e. 0.33. On the off chance that the fixed asset ratio is excessively high, at that point the business firm is likely working over limit and needs to either

build its benefit base (plant, property, hardware) to help its deals or diminish its ability.

- The stock of the firm in the principal year has been sold extremely moderate. Furthermore, there is an expansion in the development of the inventories in the following year by 32.01. This is a decent sign to the firm.
- The cash and cash equivalents has been expanded by 31.89 from the year 2017-18 to 2018-19

## **5.2 SUGGESTIONS**

- The benefit of the organization isn't in a decent situation for that organization needs to take elective activities, for example, expanding in acquirement and creation, and control in costs like, managerial, selling and so forth.
- The firms have low current proportion so it should build its present proportion where it can meet its momentary commitment easily.
- Liquidity proportion of the firm isn't better liquidity position in throughout the years. So I recommended that the firm keep up appropriate fluid finances like money and bank balance.

## **5.3 CONCLUSION**

This project has been valuable to me since I figured out how to get ready budget summaries and proportion examination. This has improved my insight on fiscal summaries which is valuable in business and trade each day. The work I did right now helped me to comprehend the procedures, applications and value of budget reports to comprehend the exhibition of a specific organization or endeavour absent a lot of trouble and furthermore see how to set them up in future.

This venture of Ratio investigation in the creation concern isn't simply a work of the undertaking. In any case, a short information and experience of that how to break down the money related execution of the firm. The examination attempted has acquired to the light of the accompanying ends. As per this task I came to realize that

from the examination of fiscal reports plainly Koch has been bringing about benefits during the time of study. So the firm should concentrate on more development in the coming a very long time by taking consideration inside just as outer variables. What's more, as to assets, the firm is take use of the advantages appropriately. And furthermore the firm has a kept up low stock.

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- <https://www.sec.gov/Archives/edgar/data/41077/000119312505225958/dex993.htm>
- <https://www.charleskochinstitute.org/about-us/market-based-management/>

### Books:

- Financial Management: Theory & Practice 15th Edition by Eugene F. Brigham and Michael C. Ehrhardt.
- Financial Ratios for Executives: by Michael Rist (Author), Albert J. Pizzica (Author, Contributor), Penhagenco LLC (Author, Contributor)