# IMPACT OF OWNERSHIP ON THE FINANCIAL PERFORMANCE OF VRL LOGISTICS LIMITED HUBLI-AN ASSESSMENT

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## Abstract

The significance of ownership characteristics and accounting performance measures i.e. ROA and ROE could be explained by the fact that the fundamental evaluation of companies, measured by, its financial indicators such as (ROA and ROE) are the most important factors used by investors in India to assess company's performance. In India, although earlier investors have culturally placed more emphasis on accounting performance measures, not stock market indicators, due to the fact that the Indian firms are largely closely held family owned business houses. Furthermore, these promoters groups always favored payment of dividends rather than stock price appreciation, due to more focus on fundamental factors rather than speculative market related factors. For that reason, the dividends yields paid by Indian companies are always very high compared to other emerging and developed markets. Thus the study did not consider dividend yield in the stock market indicators since it will be a distorted measure since issuers in India always pay a high dividends yield, sometimes, irrespective of earnings, since they are valued by investors according to dividends not price appreciation. Furthermore, the type of ownership had an insignificant impact on stock market performance measures, which might imply that the stock performance was mainly affected by either economic and market conditions or speculative factors rather than ownership concentration. In addition, the results of this study could also indicate that there might be the possibility of non impact of equity ownership type on entire stock market performance but

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at least it has impact on market performance measures (PE, PBV) of individual company explains about the market measure financial performance of the particular company. There for based on various statistical analysis study concludes that equity ownership structure with proper judiciary mixture has positive relationship with both accounting as well as market performance measure of selective listed logistic firms of India.

*Key words: Standard Error, Multiple Regression, Analysis of Variance, Standard Deviation*

### Introduction:

It was started in 1976 by Mr. Vijay Sankeshwar in Gadag a small town in north Karnataka with single truck and a vision that was way ahead of its time. VRL soon expanded its service to Bangalore, Hubli and Belgaum. From this humble beginning VRL has grown in to a nationally renowned logistics and transport company which is currently the largest fleet owner in India.Over the year VRL has pioneered in providing a safe and delivery network in the field of parcel service. It has spread its operations to courier services, express cargo and aviation to meet the growing demand of the burgeoning customer base. VRL Company was initially in the transportation of goods, subsequently it is concerned the business of courier services in the year 1996. It acquired passenger buses. Initially VRL travels was operating in the state only, over period of time with the growth of this business, VRL is operating buses between nibbler of Karnataka. Maruthi parcel carriers was started as a proprietary concerned by Mrs. Vani Sankeshwar wife of Mr. Anand sankeshwar in 2001 and then Shiva road lines was started in the year 2003 as a separate division by the company. Shiva road lines have 7 dedicated branches, it provided door to door services routing in throughout transshipment hubs. It carries goods weighting more than 2 ton the company is also in the business of express cargo service. This company recently diversified in the field of wind power business in the year 2004 and air charter business in 2007. Recently they have purchased premier Air craft for the company's special purpose.

## Objectives of the study:

- To examine the relationship of equity ownership type and financial performance of listed logistics firms in India for the period of one year.
- To analyze the impact of equity ownership type on accounting as well as market performance measures of financial performance of the selected listed logistics firms in India
- To recommend VRL Logistics Ltd. on the possible equity ownership structure for better financial performance of its post IPO period.

## Research Methodology:

## Type of Research:

1. Conclusive Research
   - Descriptive Research

## Type of data and sources

**Secondary data:** The data is collected through secondary sources. As this project is a descriptive study, there is no questionnaire used to collect primary data or any other additional data. The secondary data was collected from financial statements of selected listed logistics Indian firms" through internet source.

## Sample Size:

The 25 most actively listed logistic Indian companies on BSE 500 indices as well NSE of India, which constitute the bulk of trading, are chosen to constitute the sample of the study as of end of 2010 -2011.The 25 companies cover a broad spectrum of different services of logistic sector in India.

## Research Instruments:

## Ordinary Least Square Estimation methodology constitutes

- Descriptive statistics

- Correlation matrix
- ANOVA table
- Regression Coefficient Estimates

▸ using both Return on Equity (ROE) and Return on Asset (ROA) variables - representing accounting performance measures,

▸ and Price-Earning Ratio (P/E) and Price to Book Value (P/BV) – representing stock market performance measures; separately as dependent variables.

## Ordinary Least Square Method:

In statistics, **ordinary least squares (OLS)** or **linear least squares** is a method for estimating the unknown parameters in a linear regression model. This method minimizes the sum of squared vertical distances between the observed responses in the dataset and the responses predicted by the linear approximation. The resulting estimator can be expressed by a simple formula, especially in the case of a single regressor on the right-hand side.

**Descriptive statistics:** it gives the detailed statistical information regarding given set of data. Such as mean, median, mode, standard div. maximum, minimum value of set of given data. For example it summarizes the data of 26 sample listed logistics firms in study to set standard format to simplify and easy understanding of such data.

**Correlation matrix:** Correlation determines the strength and direction of relationship between equity ownership type and financial performance of the firms.

## ANOVA table:

**Regression Coefficient Estimates:** these are simply called unknown regression coefficients, required to calculate the correlation coefficients with the help of ordinary least square method. Whereas regression determines the functional relation between equity ownership type and financial performance of the firms. It is used for predict the value of one variable given with the value of another variable. It helps in estimating the mean value of dependant variable Y as well variability in the value of Y for unit change in the value of X.

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**Explanations of ratio are used in this study**:

**ROCE:** Return on Capital Employed = (Adjusted net profits*/Capital employed)×100

**RONW:** [Return on share holder's investment = {Net profit (after interest and tax) / Share holder's fund} × 100]

**PE:** Price Earnings Ratio = Market price per equity share / Earnings per share

**D/E:** Debt Equity Ratio = External Equities / Internal Equities

**PBV:** Price to Book Value= P0/BV0=PBV=ROE-G1/R-G1

## The following formula was used for modeling:

$$Y_{ij} = \alpha + x_{de,j} + x_{ph,j} + x_{np,j} + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots(i)$$

Where $\varepsilon \sim ND(0, \sigma 2)$

$Y_{ij}$ : i corresponds to RONW, ROCE, P/E or P/B for company j (j=1…25)

$x_{de,j}$ : represents the debt to equity ratio for company *j,*

$x_{ph,j}$ : represents the promoter holding in the company

$x_{np,j}$ : represents non promoter holding of the company.

The independent variables are represented by the percentage of Debt to Equity ratio (D/E) and Promoters and Non promoters holding in the company. Whereas dependant variables are represented by the percentage of RONW, ROCE, PE, PBV ratios.

## Data Analysis and interpretation

**Table 1(a): Frequency Distribution Measure of Ownership Structure**

|  | Promoters Holdings | | | Non Promoters Holdings | | |
|---|---|---|---|---|---|---|
| **Range** | **Freque ncy** | **Percentage %** | **Cumulative %** | **Frequency** | **Percentage %** | **Cumulative %** |

| 0-10% | 1 | 3.85 | 3.85 | 0 | 0 | 0 |
|---|---|---|---|---|---|---|
| 10-20% | 0 | 0 | 3.85 | 2 | 7.69 | 7.69 |
| 20-30% | 1 | 3.85 | **7.7** | 4 | 15.39 | 23.08 |
| 30-40% | 3 | 11.54 | 19.24 | 8 | 30.77 | 53.85 |
| 40-50% | 6 | 23.07 | 42.31 | 1 | 3.84 | 57.69 |
| 50-60% | 1 | 3.85 | 46.16 | 6 | 23.07 | 80.76 |
| 60-70% | 8 | 30.76 | 76.92 | 3 | 11.54 | 92.3 |
| 70-80% | 4 | 15.38 | 92.31 | 1 | 3.84 | 96.16 |
| 80-90% | 2 | 7.69 | 100 | 0 | 0 | 96.16 |
| 90-100% | 0 | 0 | 100 | 1 | 3.84 | 100 |

**Table 1(b): Summary Statistics (%)**

| | Mean | Maximum | Minimum | Std. Dev. | Observation |
|---|---|---|---|---|---|
| PROMOTERS_HOLDING____ | 54.8308 | 83.7 | 6.6 | 19.20775 | 25 |
| NON_PROMOTERS_HOLDING___ | 45.1712 | 93.4 | 16.3 | 19.20848 | 25 |

Above table 1(a) & 1 (b)  inspection of ownership data reveals that the concentration of equity ownership in sampled 25 listed Logistic Indian firms of Bombay stock exchange and Nation stock exchange of India Two measures of the structure of corporate ownership are used: the fraction of shares owned by a firm's promoters, (Indian and Foreign promoters' holding) and the fraction of shares owned by a non promoters (including all institutional and non institutional promoters). Table 1(a) and 1(b) lists the frequency distribution of these measures of corporate ownership. The results suggests that promoter's holding ranges from 6.6%  per cent to 83.7 per cent around a mean of 54.83 per cent; non promoter share holding ranges from 16.3  per cent to 93.4 per cent around a mean of 45.17 per cent.

**Table 2: Descriptive Statistics**

| | RONW | ROCE | P_E | P_B | PH | NPH |
|---|---|---|---|---|---|---|
| Mean | 8.37 | 10.61 | 17.32 | 1.916 | 54.8308 | 45.1712 |
| Standard Error | 2.74 | 1.91 | 2.85 | 0.410596 | 3.84155 | 3.841697 |
| Median | 5.90 | 9.80 | 15.50 | 1.1 | 60.8 | 39.2 |
| Mode | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 |
| Standard Deviation | 13.96 | 9.56 | 14.23 | 2.052982 | 19.20775 | 19.20848 |

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| Sample Variance | 194.95 | 91.30 | 202.37 | 4.214733 | 368.9376 | 368.9658 |
|---|---|---|---|---|---|---|
| Kurtosis | 5.70 | -0.60 | -0.37 | 0.561392 | -0.07639 | -0.07713 |
| Skewness | -1.20 | 0.46 | 0.59 | 1.073023 | -0.57628 | 0.575964 |
| Range | 80.00 | 34.10 | 50.60 | 8.2 | 77.1 | 77.1 |
| Minimum | -40.30 | -3.20 | 0.00 | -1.2 | 6.6 | 16.3 |
| Maximum | 39.70 | 30.90 | 50.60 | 7 | 83.7 | 93.4 |
| Sum | 217.70 | 265.20 | 432.90 | 47.9 | 1370.77 | 1129.28 |
| Count | 26.00 | 25.00 | 25.00 | 25 | 25 | 25 |

Table 2 shows that descriptive statistics of the sampled data. The distributions of these two variables are skewed. The coefficient of skewness for ownership structure is positive, implying that the distribution has a long right tail. To obtain a symmetric distribution, the raw data are converted to log values using the logistic transformation, i.e. log [percentage ownership/(100-percentage ownership)].

**Table 3: Correlation Matrix**

|  | *RONW* | *ROCE* | *P_E* | *P_B* | *PH* | *NPH* | *D/E* |
|---|---|---|---|---|---|---|---|
| RONW | 1 |  |  |  |  |  |  |
| ROCE | 0.783147 | 1 |  |  |  |  |  |
| P_E | -0.0507 | 0.170029 | 1 |  |  |  |  |
| P_B | 0.411717 | 0.396685 | 0.342535 | 1 |  |  |  |
| PH | 0.339824 | 0.387075 | -0.11603 | -0.28056 | 1 |  |  |
| NPH | -0.33984 | -0.3871 | 0.115906 | 0.280471 | -1 | 1 |  |
| D/E | -0.18539 | -0.26928 | -0.13809 | -0.2929 | 0.186981 | -0.18702 | 1 |

Table 3 gives the correlation matrix of the sampled data. In our sample, the correlation between the two measures of ownership concentration is -1. This negative value indicates that many of the important shareholders are not defined as management shareholders since they have representation on corporate boards. So perfect negative correlation between two measures of ownership concentration.

Based on the above correlation analyses, accounting measures such as RONW & ROCE have positive relationship with equity ownership such as PH at the values of 0.3398 and 0.3870

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respectively and negative relationship with NPH at the values of -0.3398 and -0.3871 respectively.

Whereas marketing measures such as PE and PB have positive relationship with equity ownership such as NPH at the value of 0.1159 & 0.2804 respectively and have negative relationship with PH at the value of -0.1160 & -0.2805 respectively.

As this above mentioned relationship policy applicable to other respective variables.

**Table 4: ANOVA Table and regression coefficient estimation:**

| Regression Statistics | |
|---|---|
| Multiple R | 0.338256054 |
| R Square | 0.114417158 |
| Adjusted R Square | 0.075913556 |
| Standard Error | 13.64577052 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| RONW | 26 | 217.7 | 8.373076923 | 194.9548462 |
| PH | 26 | 1429.17 | 54.96807692 | 354.6700562 |

ANOVA

| | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 553.3321772 | 553.3321772 | 2.97159623 |
| Residual | 23 | 4282.762223 | 186.2070532 | |
| Total | 24 | 4836.0944 | | |

| | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | -5.574250891 | 8.406382843 | -0.663097434 | 0.513859628 |
| X Variable 1 | 0.249924344 | 0.144981858 | 1.723831845 | 0.098156296 |

| Estimated Y value | 8.16 | | 11.42060449 | |
|---|---|---|---|---|
| actual Y value= | 8.37 | | (@ 68%) | |

## Interpretation:

With given rate of 54%, this is mean value of Promoters Holdings (Independent variable), the estimated mean value of RONW is 8.16% and the actual mean value is 8.37%, which shows the less difference between estimated and actual value.

Below table denotes the change in the RONW (dependant variable) for unit change in the value of PH (independent variable)

| Positive Relationship | |
|---|---|
| Increase in PH @ 68% | Increase in RONW @ 11.42 |

Shows that, There is a close positive relationship between PH &RONW.

SUMMARY OUTPUT

| Regression Statistics | |
|---|---|
| Multiple R | 0.338109693 |
| R Square | 0.114318165 |
| Adjusted R Square | 0.075810259 |
| Standard Error | 13.64653319 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| RONW | 26 | 217.7 | 8.373076923 | 194.9548462 |
| NPH | 26 | 1170.88 | 45.03384615 | 354.6976886 |

ANOVA

| | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 552.8534361 | 552.8534361 | 2.968693365 |
| Residual | 23 | 4283.240964 | 186.227868 | |
| Total | 24 | 4836.0944 | | |

| | Coefficients | Standard | t Stat | P-value |
|---|---|---|---|---|

| | | *Error* | | |
|---|---|---|---|---|
| Intercept | 19.41872532 | 7.096499549 | 2.736380829 | 0.011764096 |
| X Variable 1 | -0.249865519 | 0.145018583 | -1.722989659 | 0.098311061 |

| Estimated Y value | 8.174776977 | | 6.925449383 | |
|---|---|---|---|---|
| actual Y value= | 8.37 | | (@50%) | |

## Interpretation:

With given rate of 45%, this is mean value of Non Promoters Holdings (Independent variable), the estimated mean value of RONW is 8.17% and the actual mean value is 8.37%, which shows the less difference between estimated and actual value.

Below table denotes the change in the RONW (dependant variable) for unit change in the value of NPH (independent variable)

| Negative  Relationship | |
|---|---|
| Increase in NPH @ 50% | Decrease  in RONW @ 6.92 |

Shows that, there is a close Negative relationship between NPH &RONW.

| *Regression Statistics* | |
|---|---|
| Multiple R | 0.187824343 |
| R Square | 0.035277984 |
| Adjusted R Square | -0.006666452 |
| Standard Error | 14.24244535 |
| Observations | 25 |

SUMMARY

| *Groups* | *Count* | *Sum* | *Average* | *Variance* |
|---|---|---|---|---|
| RONW | 26 | 217.7 | 8.373076923 | 194.9548462 |
| D/E | 26 | 34.6 | 1.330769231 | 8.350215385 |

ANOVA

| | *df* | *SS* | *MS* | *F* |
|---|---|---|---|---|
| Regression | 1 | 170.6076605 | 170.6076605 | 0.841064697 |
| Residual | 23 | 4665.486739 | 202.8472495 | |

| | | | | |
|---|---|---|---|---|
| Total | 24 | 4836.0944 | | |

| | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | 9.325528465 | 3.131706994 | 2.977778088 | 0.006732175 |
| X Variable 1 | -0.904188231 | 0.98592561 | -0.917095795 | 0.368609435 |

| Estimated Y value | 8.086790588 | 4.442912018 |
|---|---|---|
| actual Y value= | 8.64 | (@5.4) |

SUMMARY OUTPUT

| Regression Statistics | |
|---|---|
| Multiple R | 0.385553685 |
| R Square | 0.148651644 |
| Adjusted R Square | 0.111636498 |
| Standard Error | 9.006012926 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| ROCE | 26 | 280.3 | 10.78076923 | 88.42481538 |
| PH | 26 | 1429.17 | 54.96807692 | 354.6700562 |

ANOVA

| | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 325.7282169 | 325.7282169 | 4.015968059 |
| Residual | 23 | 1865.490183 | 81.10826883 | |
| Total | 24 | 2191.2184 | | |

| | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | 0.091524881 | 5.548284095 | 0.01649607 | 0.986980902 |
| X Variable 1 | 0.191798681 | 0.095708496 | 2.003988039 | 0.056986605 |

| Estimated Y value | 10.63278039 | 13.13383519 |
|---|---|---|

| actual Y value= | 10.78 | (@68%) |
|---|---|---|

## Interpretation:

With given rate of 54%, this is mean value of Promoters Holdings (Independent variable), the estimated mean value of ROCE is 10.63 % and the actual mean value is 10.78%, which shows the less difference between estimated and actual value.

Below table denotes the change in the ROCE (dependant variable) for unit change in the value of PH (independent variable)

| Positive Relationship | |
|---|---|
| Increase in PH @ 68% | Increase in ROCE @ 13.13% |

Shows that there is close positive relationship between PH &ROCE.

| Regression Statistics | |
|---|---|
| Multiple R | 0.385580125 |
| R Square | 0.148672033 |
| Adjusted R Square | 0.111657774 |
| Standard Error | 9.005905082 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| ROCE | 26 | 280.3 | 10.78077 | 88.42482 |
| NPH | 26 | 1170.88 | 45.03385 | 354.6977 |

ANOVA

| | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 325.7729 | 325.7729 | 4.016615 |
| Residual | 23 | 1865.446 | 81.10633 | |
| Total | 24 | 2191.218 | | |

| | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|

| Intercept | 19.27203948 | 4.68327 | 4.115082 | 0.000423 |
| X Variable 1 | -0.191804501 | 0.095704 | -2.00415 | 0.056968 |

| Estimated Y value | 10.64083693 | 9.681814 |
|---|---|---|
| actual Y value= | 10.78 | (@ 50%) |

## Interpretation:

With given rate of 45%, this is mean value of Non Promoters Holdings (Independent variable), the estimated mean value of ROCE is 10.64% and the actual mean value is 10.78%, which shows the less difference between estimated and actual value.

Below table denotes the change in the ROCE (dependant variable) for unit change in the value of NPH (independent variable)

| Negative  Relationship | |
|---|---|
| Increase in NPH @ 50% | Decrease  in ROCE @ 9.68% |

Shows that there is close Negative relationship between NPH &RONW.

| Regression Statistics | |
|---|---|
| Multiple R | 0.272301943 |
| R Square | 0.074148348 |
| Adjusted R Square | 0.033893929 |
| Standard Error | 9.391816917 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| ROCE | 26 | 280.3 | 10.78077 | 88.42482 |
| D/E | 26 | 34.6 | 1.330769 | 8.350215 |

ANOVA

| | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 162.4752 | 162.4752 | 1.841993 |
| Residual | 23 | 2028.743 | 88.20622 | |
| Total | 24 | 2191.218 | | |

|  | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | 11.77273491 | 2.065124 | 5.700739 | 8.35E-06 |
| X Variable 1 | -0.882374928 | 0.650143 | -1.3572 | 0.187888 |

| Estimated Y value | 10.56388125 | 7.00791 |
|---|---|---|
| actual Y value= | 10.78 | 5.40% |

SUMMARY OUTPUT

| Regression Statistics | |
|---|---|
| Multiple R | 0.113729708 |
| R Square | 0.012934446 |
| Adjusted R Square | -0.029981447 |
| Standard Error | 14.43749848 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| P_E | 26 | 445.1 | 17.11923 | 195.2856 |
| PH | 26 | 1429.17 | 54.96808 | 354.6701 |

ANOVA

|  | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 62.82227 | 62.82227 | 0.301391 |
| Residual | 23 | 4794.151 | 208.4414 |  |
| Total | 24 | 4856.974 |  |  |

|  | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | 21.93448251 | 8.894429 | 2.466092 | 0.021543 |
| X Variable 1 | -0.084231536 | 0.15343 | -0.54899 | 0.588303 |

| Estimated Y value | 17.30511729 | 14.85903 |
|---|---|---|
| actual Y value= | 17.11 | 68% |

## Interpretation:

With given rate of 54%, this is mean value of Promoters Holdings (Independent variable), the estimated mean value of PE is 17.30 % and the actual mean value is 17.11 %, which shows the less difference between estimated and actual value.

Below table denotes the change in the PE (dependant variable) for unit change in the value of PH (independent variable)

| Negative  Relationship | |
|---|---|
| Increase in PH @ 68% | Decease  in PE @ 14.85% |

Shows that, there is a close Negative relationship between PH & PE.

SUMMARY OUTPUT

| Regression Statistics | |
|---|---|
| Multiple R | 0.113607217 |
| R Square | 0.0129066 |
| Adjusted R Square | -0.030010505 |
| Standard Error | 14.43770213 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| P_E | 26 | 445.1 | 17.11923 | 195.2856 |
| NPH | 26 | 1170.88 | 45.03385 | 354.6977 |

ANOVA

| | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 62.68701 | 62.68701 | 0.300733 |
| Residual | 23 | 4794.287 | 208.4472 | |
| Total | 24 | 4856.974 | | |

| | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | 13.5154037 | 7.507925 | 1.800152 | 0.084968 |
| X Variable 1 | 0.084137599 | 0.153426 | 0.548391 | 0.588707 |

| Estimated Y value | 17.30159564 | 17.72228 |
|---|---|---|
| actual Y value= | 17.11 | 50% |

## Interpretation:

With given rate of 45 %, this is mean value of Non Promoters Holdings (Independent variable), the estimated mean value of PE is 17.3 % and the actual mean value is 17.13 %, which shows the less difference between estimated and actual value.

Below table denotes the change in the PE (dependant variable) for unit change in the value of NPH (independent variable)

| Positive Relationship | |
|---|---|
| Increase in NPH @ 50 % | Increase in PE @ 17.72 % |

Shows that there is close positive relationship between PE & NPH.

| Regression Statistics | |
|---|---|
| Multiple R | 0.137102038 |
| R Square | 0.018796969 |
| Adjusted R Square | -0.023864033 |
| Standard Error | 14.39455999 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| P_E | 26 | 445.1 | 17.11923 | 195.2856154 |
| D/E | 26 | 34.6 | 1.330769 | 8.350215385 |

ANOVA

| | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 91.29638099 | 91.29638 | 0.44061246 |
| Residual | 23 | 4765.677219 | 207.2034 | |
| Total | 24 | 4856.9736 | | |

| | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|

| Intercept | 18.18909258 | 3.165154796 | 5.746668 | 7.46915E-06 |
|---|---|---|---|---|
| X Variable 1 | -0.661433774 | 0.996455664 | -0.66379 | 0.513426453 |

| Estimated Y value | 17.28954265 | 14.6173502 |
|---|---|---|
| actual Y value= | 17.11 | (@ 5.4%) |

SUMMARY

| Regression Statistics | |
|---|---|
| Multiple R | 0.279745911 |
| R Square | 0.078257775 |
| Adjusted R Square | 0.038182026 |
| Standard Error | 2.013406635 |
| Observations | 25 |

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| P_B | 26 | 49.5 | 1.903846 | 4.049985 |
| PH | 26 | 1429.17 | 54.96808 | 354.6701 |

ANOVA

| | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 7.916055639 | 7.916056 | 1.952746 |
| Residual | 23 | 93.23754436 | 4.053806 | |
| Total | 24 | 101.1536 | | |

| | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | 3.555445284 | 1.240388183 | 2.866397 | 0.008726 |
| X Variable 1 | -0.02990008 | 0.021396829 | -1.39741 | 0.175627 |

| Estimated Y value | 1.91213691 | 1.522239872 |
|---|---|---|
| actual Y value= | 1.9 | 68% |

## Interpretation:

With given rate of 54%, this is mean value of Promoters Holdings (Independent variable), the estimated mean value of PB is 1.91 % and the actual mean value is 1.9 %, which shows there is no difference between estimated and actual value.

Below table denotes the change in the PB (dependant variable) for unit change in the value of PH (independent variable)

| Negative  Relationship | |
|---|---|
| Increase in PH @ 68% | Decease  in PB @ 1.5% |

Shows that there is close Negative relationship between PB & PH.

SUMMARY OUTPUT

| Regression Statistics | |
|---|---|
| Multiple R | 0.279651956 |
| R Square | 0.078205216 |
| Adjusted R Square | 0.038127182 |
| Standard Error | 2.013464037 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| P_B | 26 | 49.5 | 1.903846 | 4.049985 |
| NPH | 26 | 1170.88 | 45.03385 | 354.6977 |

ANOVA

| | df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 7.910739174 | 7.910739 | 1.951324 |
| Residual | 23 | 93.24286083 | 4.054037 | |
| Total | 24 | 101.1536 | | |

| | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | 0.565882763 | 1.047045901 | 0.540456 | 0.594078 |

| X Variable 1 | 0.029888895 | 0.021396621 | 1.396898 | 0.175778 |
|---|---|---|---|---|

| Estimated Y value | 1.911779688 | 2.060327494 |
|---|---|---|
| actual Y value= | 1.9 | 50% |

## Interpretation:

With given rate of 45 %, this is mean value of Non Promoters Holdings (Independent variable), the estimated mean value of PB is 1.91 % and the actual mean value is 1.9 %, which shows there is no difference between estimated and actual value.

Below table denotes the change in the PB (dependant variable) for unit change in the value of NPH (independent variable)

| Positive Relationship | |
|---|---|
| Increase in NPH @ 50 % | Increase in PB @ 2.06 % |

Shows that there is close positive relationship between PB & NPH.

SUMMARY OUTPUT

| Regression Statistics | |
|---|---|
| Multiple R | 0.29250777 |
| R Square | 0.085560795 |
| Adjusted R Square | 0.045802569 |
| Standard Error | 2.0054146 |
| Observations | 25 |

SUMMARY

| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| P_B | 26 | 49.5 | 1.903846154 | 4.049984615 |
| D/E | 26 | 34.6 | 1.330769231 | 8.350215385 |

ANOVA

| | Df | SS | MS | F |
|---|---|---|---|---|
| Regression | 1 | 8.654782461 | 8.654782461 | 2.152027473 |
| Residual | 23 | 92.49881754 | 4.021687719 | |
| Total | 24 | 101.1536 | | |

| | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | 2.184820012 | 0.440961561 | 4.954672258 | 5.2193E-05 |
| X Variable 1 | -0.203651524 | 0.138823746 | -1.46697903 | 0.155923169 |

| | | |
|---|---|---|
| Estimated Y value | 1.907853939 | 1.085101783 |
| actual Y value= | 1.903846 | 5.40% |

## Over all Interpretation of regression analysis:

Based on overall above regression analyses, Promoters' holding has positive relationship with accounting measures such as RONW, ROCE and negative relationship with marketing measures such as PE, PBV. Whereas Non Promoters Holding has positive relationship with marketing measures and negative relationship with accounting measures.

## Findings and Recommendation:

1.   There is relationship between equity ownership type and financial performance of selected listed logistics firms of India.
2.   As per the above correlation and regression analyses, concentrated equity ownership type (PH) has positive relationship with accounting measures such as RONW, ROCE and negative relationship with marketing measures such as PE, PBV. Whereas dispersed equity ownership type (NPH) has positive relationship with marketing measures and negative relationship with accounting measures.
3.   Based on the findings of objective 2, either company can continue with its existing promoters holding equity ownership, which is favorable only with accounting measures not with the market measures or it can have equity ownership with proper judiciary mixture of both Promoters holding and non promoters holding which is favorable for both accounting (RONW, ROCE) as well as market (PE, PBV) measures.  Therefore the recommendation to VRL Logistics Ltd is to have dispersed equity ownership with proper judiciary mixture of both PH & NPH in order to have satisfactory financial performance.

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## Conclusion

The significance of ownership characteristics and accounting performance measures i.e. ROA and ROE could be explained by the fact that the fundamental evaluation of companies, measured by, its financial indicators such as (ROA and ROE) are the most important factors used by investors in India to assess company's performance. In India, although earlier investors have culturally placed more emphasis on accounting performance measures, not stock market indicators, due to the fact that the Indian firms are largely closely held family owned business houses. Furthermore, these promoters groups always favored payment of dividends rather than stock price appreciation, due to more focus on fundamental factors rather than speculative market related factors. For that reason, the dividends yields paid by Indian companies are always very high compared to other emerging and developed markets. Thus the study did not consider dividend yield in the stock market indicators since it will be a distorted measure since issuers in India always pay a high dividends yield, sometimes, irrespective of earnings, since they are valued by investors according to dividends not price appreciation.

　　Furthermore, the type of ownership had an insignificant impact on stock market performance measures, which might imply that the stock performance was mainly affected by either economic and market conditions or speculative factors rather than ownership concentration. In addition, the results of this study could also indicate that there might be the possibility of non impact of equity ownership type on entire stock market performance but at least it has impact on market performance measures (PE, PBV) of individual company explains about the market measure financial performance of the particular company. There for based on various statistical analysis study concludes that  equity ownership structure with proper judiciary mixture has positive relationship with both accounting as well as market performance measure of selective listed logistic firms of India.

## References

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