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**A COMPARATIVE ANALYSIS OF REDINGTON LTD AND COMPUAGE  
INFOCOM LTD ON THE BASE OF LIQUIDITY**

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**Abstract:**

*In our country India an information technology is the major industry. There are two major components of information technology industry and they are 1 Software industries and 2, Hardware industries. Though both the parts of the information technology are so important, here the researcher only study on the hardware companies. This study tries to find out the liquidity position of the two hardware companies. For the purpose of the analysis both the hardware companies are selected on the base of highest profitability and actively traded on the stock market. By the use of ratio analysis and statistical tool F test, this study tries to compare the liquidity position of two hardware companies, Redington ltd and Compuage Infocom Ltd.*

**Keywords:** *Information technology, Hardware industries, Liquidity.*

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**Rationale of the study:**

Hardware sector is very important sector of the information technology industry. Hardware sector plays a very crucial role for the major contribution in the economies of the country. Hardware sector plays an important role in employment growth, demand growth and industry growth. Various industries like automobile, medical, electronic and information technology uses hardware components. There are existing hardware companies which contribute in the economy of the country. India becomes the next hardware destination because of the growth of the hardware companies in India. So the study of the financial position of the top traded hardware companies is necessary. This paper focuses on the analysis of the two hardware companies on the base of the liquidity. A liquidity ratio is the measure of the amount used to determine the company's ability to repay its short term debt obligations. This ratio helps to identifies whether the company can use its current assets and liquidity to meet its current obligations. There are three levels of liquidity are commonly used - current rate, rapid rate, and cash ratio. In each liquidity measurement, the present value of the liquid is added to the numerical denominator, and the amount of the liquid asset is added to the number. With the provision of a standard building, with assets at the top and debt at the bottom, more than 1.0 rating is required. If the ratio at 1 means that a company can pay off all its current debts with its

current assets. A ratio of less than 1 (e.g., 0.75) may indicate that a company is unable to meet its current liabilities. A rating greater than 1 (e.g., 2.0) would mean that the company is able to meet its current liabilities. Therefore here in this study paper two companies redington ltd and compuage infocom ltd are compare and analysis make on the base of liquidity.

**Objective:**

The research study is undertaken with the following objectives:

1. To compare the liquidity position of the two companies with the help of liquidity ratios of the two companies.
2. To put forward suggestions in order to make liquidity performance better and the best of the liquidity Analysis in both of the companies.

**Hypothesis:**

In the present study, there are hypotheses - Null hypothesis (H<sub>0</sub>) and Alternative hypothesis (H<sub>1</sub>) and they have been tested with the help of F test.

**Between Years**

H<sub>0</sub>: The variance arose in the proportion of activities of the liquidity ratio between the year differ significantly.

H<sub>1</sub>: The variance arose in the proportion of activities of the liquidity ratio between the year does not differ significantly.

**Between Companies**

H<sub>0</sub>: The variance arose in the proportion of activities of the liquidity ratio between the Companies differ significantly.

H<sub>1</sub>: The variance arose in the proportion of activities of the liquidity ratio between the Companies does not differ significantly.

**Data Collection and Period of the Study:**

The present research study is mainly based on secondary data, as for the present research study published annual reports and accounts are required. The necessary data and information for the present research study have been obtained from annual reports, relevant books, magazines,

newspapers, official papers, websites and financial statements. The comparative analysis study has been undertaken for a period of ten years from 2010–11 to 2019–20.

**Current Ratio:**

The current Ratio is the amount of income that measures a company's ability to pay short-term obligations or those that have to be repaid within one year.

This ratio is calculated by following formula:

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

**Table .1 The current ratio of Redington ltd and Compuage infocom ltd.**

Year	Redington ltd	Compuage Infocom ltd
2010-11	1.12	1.09
2011-12	1.13	1.07
2012-13	1.25	1.09
2013-14	1.37	1.09
2014-15	1.36	1.07
2015-16	1.30	1.08
2016-17	1.30	1.10
2017-18	1.25	1.11
2018-19	1.21	1.11
2019-20	1.29	1.13
MAX	1.37	1.13
MIN	1.12	1.07
AVERAGE	1.26	1.09

(Source : Selected Computer hardware Companies During the 2010-11 to 2019-20)

As per above table,

In Redington India Ltd, the Current ratio indicated the mixed trend during the study period 2010-11 to 2019-20. It was highest in 1.37 % in 2013-14 and lowest 1.12 % in 2010-11. It was the average 1.26 % during the study period

2010-11 to 2019-20. In Compuage Infocom Ltd, the Current ratio indicated the mixed trend during the study period 2010-11 to 2019-20. It was highest in 1.13 % in 2019-20 and lowest 1.07 % in 2011-12. It was the average 1.09 % during the study period 2010-11 to 2019-20.

**Between Years**

ANOVA							
	Source of Variation	SS	df	MS	F	P-value	F crit
	Rows	0.03498	9	0.003887	1.040452	0.476932	3.178893
	Columns	0.13448	1	0.13448	36	0.000202	5.117355
	Error	0.03362	9	0.003736			
	Total	0.20308	19				

Calculation Value (1.04) < Table Value (3.18)  
The difference among the year the calculation value was lower the table value. So H<sub>0</sub> accepted. The variance arose in the proportion of activities of the Current ratio between the year differ significantly.

**Between Companies**

Calculation Value (36) > Table Value (5.12)  
The difference among the companies the calculation value was higher the table value. So H<sub>1</sub> accepted. The variance arose in the

proportion of activities of the Current ratio between the Companies does not differ significantly.

**Acid-test ratio**

The acid test Ratio, commonly referred to as a quick test, uses the company's balance sheet data as an indication of whether it has sufficient short-term assets to cover its short-term liabilities.

This Ratio is calculated by the following formula:

$$\text{Acid test ratio} = \frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$$

**Table .2 The Acid test ratio of Redington ltd and Compuage infocom ltd.**

Year	Redington ltd	Compuage Infocom ltd
2010-11	1.02	1.01
2011-12	1.11	1.23
2012-13	1.12	1.27
2013-14	1.16	1.24
2014-15	0.87	1.29
2015-16	0.99	1.32
2016-17	1.28	1.14
2017-18	0.98	1.41
2018-19	1.36	1.57
2019-20	1.05	1.66
MAX	1.36	1.66
MIN	0.87	1.01
AVERAGE	1.09	1.32

(Source : Selected Computer hardware Companies During the 2010-11 to 2019-20)

As per above table,  
In Redington India Ltd, the Acid-test ratio indicated the mixed trend during the study period 2010-11 to 2019-20. It was highest in 1.36 % in 2018-16 and lowest 0.87 % in 2014-15. It was the average 1.09 % during the study period

2010-11 to 2019-20. In Compuage Infocom Ltd, the Acid-test ratio indicated the mixed trend during the study period 2010-11 to 2019-20. It was highest in 1.66 % in 2019-20 and lowest 1.01 % in 2010-11. It was the average 1.32 % during the study period 2010-11 to 2019-20.

ANOVA							
	Source of Variation	SS	df	MS	F	P-value	F crit
	Rows	0.29158	9	0.032398	1.25303	0.371169	3.178893
	Columns	0.242	1	0.242	9.359691	0.013586	5.117355
	Error	0.2327	9	0.025856			
	Total	0.76628	19				

#### Between Years

Calculation Value (1.25) < Table Value (3.18)  
The difference among the year the calculation value was lower the table value. So  $H_0$  accepted. The variance arose in the proportion of activities of the Acid-test ratio between the year differ significantly.

#### Between Companies

Calculation Value (9.36) > Table Value (5.12)

The difference among the companies the calculation value was higher the table value. So  $H_1$  accepted. The variance arose in the proportion of activities of the Acid-test ratio between the Companies does not differ significantly.

#### Cash Ratio

The cash ratio is a measure of a company's revenue, particularly the company's cash flow and cash equivalents in its current liabilities. This Ratio is calculated as follows:

$$\text{Cash ratio} = \frac{\text{Cash and Cash equivalents}}{\text{Current liabilities}}$$

**Table .3 The Cash ratio of Redington ltd and Compuage infocom ltd.**

Year	Redington ltd	Compuage Infocom ltd
2010-11	0.06	0.08
2011-12	0.13	0.18
2012-13	0.07	0.18
2013-14	0.02	0.16
2014-15	0.03	0.17
2015-16	0.03	0.31
2016-17	0.06	0.20
2017-18	0.04	0.22
2018-19	0.23	0.21
2019-20	0.10	0.18

MAX	0.23	0.31
MIN	0.02	0.08
AVERAGE	0.08	0.19

(Source : Selected Computer hardware Companies During the 2010-11 to 2019-20)

As per above table,

In Redington India Ltd, the Cash ratio indicated the mixed trend during the study period 2010-11 to 2019-20. It was highest in 0.23 % in 2018-19 and lowest 0.02% in 2013-14. It was the average 0.08 % during the study period 2010-11 to 2019-20.

In Compuage Infocom Ltd, the Cash ratio indicated the mixed trend during the study period 2010-11 to 2019-20. It was highest in 0.31 % in 2015-16 and lowest 0.08 % in 2010-11. It was the average 0.19 % during the study period 2010-11 to 2019-20.

	ANOVA						
	Source of Variation	SS	df	MS	F	P-value	F crit
	Rows	0.03292	9	0.003658	0.998181	0.50106	3.178893
	Columns	0.06272	1	0.06272	17.11583	0.002532	5.117355
	Error	0.03298	9	0.003664			
	Total	0.12862	19				

#### Between Years

Calculation Value (0.99) < Table Value (3.18)

The difference among the year the calculation value was lower the table value. So  $H_0$  accepted. The variance arose in the proportion of activities of the Cash ratio between the year differ significantly.

#### Between Companies

Calculation Value (17.12) > Table Value (5.12)

The difference among the companies the calculation value was higher the table value. So  $H_1$  accepted. The variance arose in the proportion of activities of the Cash ratio between the Companies does not differ significantly.

#### Conclusion:

The current ratio of redington ltd was higher 1.37% than the compuage infocom ltd in 2013-14. The higher current ratio of the compuage infocom ltd was 1.13 which was lower than redington ltd 1.29 in 2019-20. The Acid test ratio of compuage infocom ltd was higher 1.66 in 2019-20 than redington ltd 1.05 and the redington ltd higher Acid test ratio was 1.36 in 2018-19 which is lower than compuage infocom ltd 1.57 in 2018-19. The cash ratio of the compuage infocom ltd was higher 0.31 than the redington ltd in 2015-16. The redington highest cash ratio was 0.23 in 2018-19. So the overall performance of the compuage infocom ltd is better than the redington ltd in liquidity position. The redington ltd must have to give proper attention on its liquidity for better performance.

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