A STUDY ON THE FINANCIAL PERFORMANCE OF SNA OUSHADHASALA PVT. LTD, THRISSUR

Submitted By

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(2015-31-041)

MAJOR PROJECT REPORT

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COLLEGE OF CO-OPERATION BANKING AND MANAGEMENT

VELLANIKKARA, KAU (P.O)

THRISSUR-680 656

KERALA, INDIA

2017

DECLARATION

DECLARATION

I hereby declare that this project entitled **"A STUDY ON THE FINANCIAL PERFORMANCE OF SNA OUSHADHASALA PVT. LTD, THRISSUR"** is a bonafide record of research work done by me during the course of major project work and that it has not previously formed the basis for the award to me of any degree/diploma, associateship, fellowship or other similar titles of any other University or Society.

Nigita

Place: Vellanikkara

Date 31st october 2017

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CERTIFICATE

CERTIFICATE

Certified that this project report entitled **"A STUDY ON THE FINANCIAL PERFORMANCE OF SNA OUSHADHASALA PVT. LTD, THRISSUR "**is a record of project work done by Miss. Nigita Ros Sajan under my guidance and supervision and that it has not previously formed the basis for the award of any degree/diploma, fellowship or associateship or other similar title to them.

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Date: 30.10.2017

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TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Ms Nigita Ros Sajan** MBA student of **College of Co-Operation Banking and Management** (Reg No.2015-31-014) has successfully completed her project on **"A Study on the Financial Performance of SNA Oushadhasala Pvt. Ltd.,** for a period of 6 Weeks from 19th July 2017 to 30th August 2017. During the period her character and conduct are found to be good.

She has taken interest and enthusiasm in her project work. We wish all success in her future.

For SNA Oushadhasala Pvt. Ltd.

f- Office Manager

SNA OUSHADHASALA (P) LTD. P.B.No.718 THRISSUR 680 005

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Nigita

NIGITA ROS SAJAN

(2015-31-041)

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CHAPTER – 1

DESIGN OF THE STUDY

1.1 Introduction

Finance is a field that deals with the study of investments. It includes the dynamics of assets and liabilities over time under conditions of different degrees of uncertainty and risk. Finance can also be defined as the science of money management. Finance aims to price assets based on their risk level and their expected rate of return. Finance can be broken into three different sub-categories: public finance, corporate finance and personal finance.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. A company's financial statement is used to show a company's performance over a certain period of time, generally every fiscal quarter. The financial statement really consists of three different statements: balance sheets, cash flow statements and income statements.

A financial statement is an organized collection of data according to logical and consist ant accounting procedures. The income statements give the total of different expenditure and revenues during the given period and the net result, viz., profit or loss during the given period. The balance sheet shows the balance of assets, liabilities and the capital as on the last date of the accounting period. Change in these items between two dates and the effect of such changes. For this purpose, different tools of analysis are used by managements. Such analysis of items in the financial statements by using different tools of analysis is called financial statements analysis. A financial statement is an organized collection of data according to logical and consist ant accounting procedures. Its purpose is to convey an outstanding of some financial aspects of a business firm. It may show a position at a moment of time as in the case of balance sheet, or may reveal a series of activities over a given period of time, as in the case of an income statement.

Financial analysis (also referred to as financial statement analysis or accounting analysis or Analysis of finance) refers to an assessment of the viability, stability and profitability of a business, sub-business or project.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

It is performed by professionals who prepare reports using ratios that make use of information taken from financial statements and other reports. These reports are usually presented to top management as one of their bases in making business decisions. Financial analysis may determine if a business will:

1. Continue or discontinue its main operation or part of its business;
2. Make or purchase certain materials in the manufacture of its product;
3. Acquire or rent/lease certain machineries and equipment in the production of its goods;
4. Issue stocks or negotiate for a bank loan to increase its working capital;
5. Make decisions regarding investing or lending capital;
6. Make other decisions that allow management to make an informed selection on various alternatives in the conduct of its business.
7. A financial statement is an organized collection of data according to logical and consistent accounting procedures. Its purpose is to is to convey an understanding of some financial aspects of a business firm. It may show a position at a moment of time as in the case of a balance sheet, or may reveal an activity over a given Period of time, as in the case of an income statement

1.1.1 Definition:

According to Metcalf and Titard, "Analysis financial statements is a process of evaluating the relationship between component parts of financial statements to obtain a better understanding of firm's position and performance"

1.1.2 Financial statement Analysis:

It is the process of identifying the financial strength and weakness of a firm from the available accounting data and financial statement. The analysis is done by properly establishing the relationship between the items of balance sheet and profit and loss account the first take of financial analyst is to determine the information relevant to the decision under consideration form the total information contained in the financial statement. The second step is to arrange information in a way to highlight significant relationship. The final step is interpretation and drawing of inferences and conclusion. Thus financial analysis is the process of selection relating and evaluation of the accounting data information.

The analysis and interpretation of financial statement is used to determine the financial position and result of operation as well. The following are the tools that are used for analyzing the financial position of the company:

1. Ratio Analysis
2. Comparative balance sheet
3. Common size balance sheet
4. Trend analysis

1.2 Statement of the Problem

For any organization it is very essential to evaluate the financial performance which is relevant to present financial position. It allows the company to concentrate on creating financial strength which is indeed the main resources. Financial performance analysis is widely used technique to evaluate the financial strength.

The financial statement has a very important role in an organization. It reveals the financial strength of the organization. The problem under the study was to know whether the financial statement of the company reveal a good financial position and smooth financial running of the business. The study was intended to analyses the performance of SNA Oushadhasala Pvt ltd for the period from 2011-2012 to 2015-2016.

1.3 Objective of the Study

1. To analyze the overall financial performance of the company and to make suggestions if necessary.

1.4 Research Methodology

1.4.1 Location of the Study:

This project was done in "SNA OUSHADHASALA Pvt. Ltd", Thrissur, Kerala.

1.4.2 Source of Research Data:

Primary data has been obtained through personal discussions with managers and senior officials of the organization.

Secondary data has been obtained from published reports like the annual reports of the company, balance sheet, and profit and loss account, booklets, records maintained by the company.

1.4.3 Tools Used for analysis of data

1.4.3.1 RATIO ANALYSIS

Ratio analysis is a widely used tool of financial analysis. The term ratio is referring to the relationship expressed in mathematical terms between two individual figures or group of figures connected with each other in some logical manner and are selected from financial statements of the concern. It helps to express the relationship between two accounting figures in such a way that users can draw conclusions about the performance, strengths and weakness of a firm.

Ratio analysis is an important and age-old technique. It is a powerful tool of financial Analysis. It is defined as "The indicated quotient of two mathematical expressions" and as "the relationship between two or more things". Systematic use of ratio is to interpret the financial statement so that the strength and weakness of a firm as well as its historical performance and current financial condition can be determined.

A ratio is only comparison of the numerator with the denominator. The term ratio refers to the numerical or quantitative relationship between two figures. Thus, ratio is the relationship between two figures and obtained by dividing a former by the latter. Ratios are designed show how one number is related to another.

The data given in the financial statements are in absolute form and are dumb and are unable to communicate anything. Ratios are relative form of financial data and are very useful technique to check upon the efficiency of a firm. Some ratios indicate the trend or progress or downfall of the firm.

In the view of the requirements of the various users of ratio, it is divided in to the following important categories.

1. Liquidity ratios
2. Solvency ratios
3. Profitability ratios
4. Activity ratios

1.4.3.1.1 LIQUIDITY RATIOS:

Liquidity ratios measure the ability of the firm to meet it's a current obligation. In fact, analysis of liquidity needs the preparation of cash budgets and cash and fund flow statements; but liquidity ratios, by establishing a relationship between cash and other current asset to current obligations provide a quick measure of liquidity.

A firm should ensure that it does not suffer from lack of liquidity, and it does not have excess liquidity. the failure of the company to meet its obligations due to its lack of liquidity, will result in a poor creditworthiness, loss of creditor's confidence, or even in legal tangles resulting in the closure of the company a very high degree of liquidity is also bad idle assets earn nothing. The firms fund will be unnecessarily tied up in current assets. Therefore, it is necessary to strike a proper balance between high liquidity and lack of liquidity.

These ratios portray the capacity of the business unit to meet its short term obligation from its short-term resources (e.g.) current ratio, quick ratio.

1. Current Ratio: Current ratio may be defined as the relationship between current assets and current liabilities it is the most common ratio for measuring liquidity. It is

calculated by dividing current assets and current liabilities. Current assets are those, which can be realized with in a period of one year. Current liabilities are those amounts, which are payable with in a period of one year.

Current Ratio = Current Assets/ Current Liabilities

2. Liquid Ratio: The term liquid refers to the ability of a firm to pay its short-term obligation and when they become due. The term quick assets or liquid assets refers current assets which can be converted into cash immediately and it comprises all current assets except stock and prepaid expenses it is determined by dividing quick assets by quick liabilities.

   Liquid ratio = Liquid assets/ Liquid liabilities

3. Absolute Liquidity Ratio: Absolute liquidity ratio includes cash, bank, and marketable securities. This ratio obtained by dividing cash, bank and marketable securities by current liabilities.

   Absolute liquidity ratio = Cash + bank +marketable securities/ Current liabilities

1.4.3.1.2 SOLVENCY RATIOS

Solvency ratios, also called leverage ratios, measure a company's ability to sustain operations indefinitely by comparing debt levels with equity, assets, and earnings. In other words, solvency ratios identify going concern issues and a firm's ability to pay its bills in the long term. Many people confuse solvency ratios with liquidity ratios. Although they both measure the ability of a company to pay off its obligations, solvency ratios focus more on the long-term sustainability of a company instead of the current liability payments.

Solvency ratios show a company's ability to make payments and pay off its long-term obligations to creditors, bondholders, and banks. Better solvency ratios indicate a more creditworthy and financially sound company in the long-term.

The most common solvency ratios include:

1. Debt - Equity Ratio: The debt to equity ratio is a financial, liquidity ratio that compares a company's total debt to total equity. The debt to equity ratio shows the percentage of

company financing that comes from creditors and investors. A higher debt to equity ratio indicates that more creditor financing (bank loans) is used than investor financing (shareholders).

Debt - Equity Ratio= Total Liabilities / Total Equity

2. Equity Ratio: The equity ratio is an investment leverage or solvency ratio that measures the amount of assets that are financed by owners' investments by comparing the total equity in the company to the total assets.

   The equity ratio highlights two important financial concepts of a solvent and sustainable business. The first component shows how much of the total company assets are owned outright by the investors. In other words, after all of the liabilities are paid off, the investors will end up with the remaining assets.

   The second component inversely shows how leveraged the company is with debt. The equity ratio measures how much of a firm's assets were financed by investors. In other words, this is the investors' stake in the company. This is what they are on the hook for. The inverse of this calculation shows the amount of assets that were financed by debt. Companies with higher equity ratios show new investors and creditors that investors believe in the company and are willing to finance it with their investments.

   Equity Ratio=Total Equity / Total Assets

3. Debt Ratio: Debt ratio is a solvency ratio that measures a firm's total liabilities as a percentage of its total assets. In a sense, the debt ratio shows a company's ability to pay off its liabilities with its assets. In other words, this shows how many assets the company must sell in order to pay off all of its liabilities.

   This ratio measures the financial leverage of a company. Companies with higher levels of liabilities compared with assets are considered highly leveraged and riskier for lenders. This helps investors and creditors analysis the overall debt burden on the company as well as the firm's ability to pay off the debt in future, uncertain economic times.

   Debt Ratio = Total Liabilities / Total Assets

1.4.3.1.3 PROFITABILITY RATIOS

Profitability ratios compare income statement accounts and categories to show a company's ability to generate profits from its operations. Profitability ratios focus on a company's return on investment in inventory and other assets. These ratios basically show how well companies can achieve profits from their operations.

Investors and creditors can use profitability ratios to judge a company's return on investment based on its relative level of resources and assets. In other words, profitability ratios can be used to judge whether companies are making enough operational profit from their assets. In this sense, profitability ratios relate to efficiency ratios because they show how well companies are using their assets to generate profits. Profitability is also important to the concept of solvency and going concern.

1. Gross margin ratio is a profitability ratio that compares the gross margin of a business to the net sales. This ratio measures how profitable a company sells its inventory or merchandise. In other words, the gross profit ratio is essentially the percentage markup on merchandise from its cost. This is the pure profit from the sale of inventory that can go to paying operating expenses.

   Gross margin ratio is often confused with the profit margin ratio, but the two ratios are completely different. Gross margin ratio only considers the cost of goods sold in its calculation because it measures the profitability of selling inventory. Profit margin ratio on the other hand considers other expenses.

   Gross Margin Ratio = Gross Margin / Net Sales.

2. Profit Margin Ratio: The profit margin ratio, also called the return on sales ratio or gross profit ratio, is a profitability ratio that measures the amount of net income earned with each dollar of sales generated by comparing the net income and net sales of a company. In other words, the profit margin ratio shows what percentage of sales are left over after all expenses are paid by the business.

   Creditors and investors use this ratio to measure how effectively a company can convert sales into net income. Investors want to make sure profits are high enough to distribute dividends while creditors want to make sure the company has enough profits to pay back its loans. In other words, outside users want to know that the company is running efficiently. An extremely low profit margin formula would indicate the expenses are too high and the management needs to budget and cut expenses. The return on sales ratio is often used by internal management to set performance goals for the future.

Profit Margin Ratio= Net Income / Net Sales.

Net sales are calculated by subtracting any returns or refunds from gross sales. Net income equals total revenues minus total expenses and is usually the last number reported on the income statement.

3. Net Profit Ratio: The net profit percentage is the ratio of after-tax profits to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized. As such, it is one of the best measures of the overall results of a firm, especially when combined with an evaluation of how well it is using its working capital. The measure is commonly reported on a trend line, to judge performance over time. It is also used to compare the results of a business with its competitors.

   Net profit is not an indicator of cash flows, since net profit incorporates a number of non-cash expenses, such as accrued expenses, amortization, and depreciation.

   Net Profit Ratio= (Net Profit ÷ Net Sales) * 100

4. Operating Profit Ratio: Operating net profit ratio is calculated by dividing the operating net profit by sales. This ratio helps in determining the ability of the management in running the business.

   Operating profit ratio = (Operating profit / Net sales) × 100

Operating profit = Gross profit - Operating Expenses

OR

Operating profit = Net sales - Operating cost

OR

Operating profit= Net sales - (Cost of goods sold + Administrative and office expenses + Selling and distribution exp.)

5. Return on Investment – ROI: ROI is a profitability ratio that calculates the profits of an investment as a percentage of the original cost. In other words, it measures how much money was made on the investment as a percentage of the purchase price. It shows investors how efficiently each dollar invested in a project is at producing a profit. Investors not only use this ratio to measure how well an investment performed, they also use it to compare the performance of different investments of all types and sizes.

   For example, an investment in stock can be compared to one in equipment. It doesn't matter what the type of investment because the return on investment calculation only looks that the profits and the costs associated with the investment.

   That being said, the ROI calculation is one of the most common investment ratios because it's simple and extremely versatile. Managers can use it to compare performance rates on capital equipment purchases while investors can calculate what stock purchases performed better

   Return on Investment Cost = Total Income-Total Cost / Total Cost.

1.4.3.1.4 ACTIVITY RATIOS

How long would it take you to convert your assets into cash? The answer to this question is especially important for businesses to answer. For example, companies need to know how fast they can access their cash so they can pay their bills. Businesses also need to gauge the efficiency of their business practices, which they can do using activity ratios. **Activity ratios** are financial analysis tools used to measure a business' ability to convert its assets into cash.

1. Working capital turnover ratio: The working capital turnover ratio measures how well a company is utilizing its working capital to support a given level of sales. Working capital is current assets minus current liabilities. A high turnover ratio indicates that management is being extremely efficient in using a firm's short-term assets and liabilities to support sales. Conversely, a low ratio indicates that a business is investing in too many accounts

receivable and inventory assets to support its sales, which could eventually lead to an excessive amount of bad debts and obsolete inventory.

Working Capital Turnover Ratio = Net Sales / Working Capital

Net Sales = Gross Sales – Sales Returns

Working Capital = Current Assets – Current Liabilities

2. Inventory Turnover Ratio: The inventory turnover ratio is an efficiency ratio that shows how effectively inventory is managed by comparing cost of goods sold with average inventory for a period. This measures how many times average inventory is "turned" or sold during a period. In other words, it measures how many times a company sold its total average inventory dollar amount during the year. A company with $1,000 of average inventory and sales of $10,000 effectively sold its 10 times over.

   This ratio is important because total turnover depends on two main components of performance. The first component is stock purchasing. If larger amounts of inventory are purchased during the year, the company will have to sell greater amounts of inventory to improve its turnover. If the company can't sell these greater

   The second component is sales. Sales have to match inventory purchases otherwise the inventory will not turn effectively. That's why the purchasing and sales departments must be in tune with each other.

   Inventory Turnover Ratio = Cost of Goods Sold /Average Inventory

3. Fixed Asset Turnover Ratio: The fixed asset turnover ratio is an efficiency ratio that measures a company's return on their investment in property, plant, and equipment by comparing net sales with fixed assets. In other words, it calculates how efficiently a company is a producing sales with its machines and equipment.

   Investors and creditors use this formula to understand how well the company is utilizing their equipment to generate sales. This concept is important to investors because they want to be able to measure an approximate return on their investment. This is particularly true in the manufacturing industry where companies have large and expensive equipment purchases. Creditors, on the other hand, want to make sure that the company can produce enough revenues from a new piece of equipment to pay back the loan they used to purchase it.

Management typically doesn't use this calculation that much because they have insider information about sales figures, equipment purchases, and other details that aren't readily available to external users. They measure the return on their purchases using more detailed and specific information.

Fixed Asset Turnover Ratio =Net Sales / Net Fixed Assets

1.4.3.2 COMMON SIZE BALANCE SHEET:

Financial statements when read in absolute figure are not easily understandable. They are even missing leading. Each items of asset are converted in to percentage to total asset and each item of capital and liabilities is expressed to total liability and capital fund. Thus the whole balance sheet is converted in to percentage form i.e., every individual item stated as a percentage of total 100.such converted balance sheet is known as common size balance sheet. The percentage so calculated can be easily compared with the corresponding percentages in some other period.

Common-size financial statements present the financial statement amounts as a percentage of a base number. For example, the common-size income statement will report the revenue and expense amounts as percentages of net sales. The common-size balance sheet will report each asset, liability, and owner equity amount as a percentage of total assets. Common-size financial statements allow you to compare the financial statements of large companies with the financial statements of smaller companies, because you are comparing *percentages* instead of dollars. For example, a small retailer can compare her cost of goods sold (perhaps 78%) to a much larger retailer's cost of goods sold (perhaps 80%). Similarly, one company's inventory might be 33% (of total assets) while a competitor'smightbe28%. Common-size financial statements are related to a technique known as vertical analysis.

1.4.3.3 COMPARATIVE BALANCE SHEET:

The comparative balance sheet is helpful in analyzing and evaluating the financial position of the firm over a period of years. The comparative balance sheet analyses is the study of the trend of the same items, group of items, and computed items in two or more balance sheet of the same business enterprise on different dates.

The changes in periodic balance sheet items reflect the conduct of a business. The changes can be observed by comparison of the balance sheet at the beginning and at the end of the period and these changes can help in forming an opinion about the progress of an enterprise

Comparative financial statements are the complete set of financial statements that an entity issues, revealing information for more than one accounting period. The financial statements that may be included in this package are:

The income statement (showing results for multiple periods)

The balance sheet (showing the financial position of the entity as of more than one balance sheet date)

statement of cash flows (showing the cash flows for more than one period)

Another variation on the comparative concept is to report information for each of the 12 preceding months on a rolling basis. Comparative financial statements are quite useful for the following reasons:

1. Provides a comparison of an entity's financial performance over multiple periods, so that you can determine trends. The statements may also reveal unusual spikes in the reported information that can indicate the presence of accounting errors.
2. Provides a comparison of expenses to revenues and the proportions of various items on the balance sheet over multiple periods. This information can be useful for cost management purposes.
3. May be useful for predicting future performance, though you should rely more on operational indicators and leading indicators than on historical performance for this type of analysis.

4. It is customary to issue comparative financial statements with additional columns containing the variance between periods, as well as the percentage change between periods.

1.4.3.4 TREND ANALYSIS:

The 'trend' signifies a tendency and as such the review and appraisal of tendency in accounting variables are nothing but the trend analysis. Trend analysis is carried out by calculating trend ratio. Trend analysis is significant for forecasting and budgeting. Trend analysis discloses the change in financial and the operating data between specific periods.

Trend analysis is one of the tools for the analysis of the company's monetary statements for the investment purposes. Investors use this analysis tool a lot in order to determine the financial position of the business. In a trend analysis, the financial statements of the company are compared with each other for the several years after converting them in the percentage. In the trend analysis, the sales of each year from the 2008 to 2011 will be converted into percentage form in order to compare them with each other.

1.4.4 Time Duration for Study

The study had been undertaken during the month of August 2017.

1.5 Scope of the Study

Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long term forecasting and growth can be identified with the help of financial performance analysis. The scope of present study is limited to the analysis and interpretation of financial statement and analyzes the overall performance of the firm by understanding the solvency and liquidity position. To make the valid assessment of the trend of business, longer period is to be analyzed, but considering the nature and type of work, only a period of five years commencing from 2011-12 to 2015-16 is considered for the purpose of the study.

1.6 Limitations of the Study

1. The period of study is limited to a period of 2011-2016.
2. The accuracy and correctness of the data might have variations since its provided from published sources.
3. The findings of the study are based on the information retrieved by the selected unit.
4. Limited interaction with the concerned heads due to their busy schedule.

1.7 Chapterisation Scheme

The entire study is divided into five chapters as follows;

Chapter 1: This chapter gives a brief introduction such as basic idea about the topic of the study, statement of problem. Objective of the study, research methodology, scope of the study, time duration for study, limitations and chapterisation.

Chapter 2: In this chapter the researcher included reviews from previous studies of similar nature which supported in the fulfilment of this study.

Chapter 3: This chapter deals about the industry profile & organizational profile of the company.

Chapter 4: This chapter gives a brief of data analysis and interpretation of the data collected.

Chapter 5: This chapter contains findings, suggestions and conclusion of the study.

II. REVIEW OF LITERATURE

CHAPTER -2

REVIEW OF LITERATURE

Samuel (2012) conducted a study on Financial Performance of India Cements Limited for the period of ten years i.e. from 1998-99 to 2007-08. The study was mainly based on secondary data collected from the annual reports of the company. The Comparative financial statements, Common size financial statements, Trend percentage and Ratio analysis were the tools and techniques used for analysing the financial performance. In his study, the financial performance of the company was analysed on various fronts such as profitability, liquidity and turnover. In fact, the effects of all business transactions were clearly visible in the value of various assets, liabilities and capital fund where changes were studied by comparing the opening and closing balance sheets of the enterprise. It was also found that the net profit ratio in the last three years was satisfactory and main reason for increasing the net profit. The high sales revealed in more return to shareholder's fund. Finally, the study concluded that the overall performance of India Cements Ltd was good and the study helped the company to identify its inefficiency areas.

Kumar p. k., John, s.f., et.al (2013) examined the progress of Indian cement industry (ICI) since 1991, related to growth in installed capacity, exports, productions and value additions for a period of fifteen years (1991-92 to 2005-06). While Focusing on the past, present and the future performance of Indian Cement Industry (ICI) at the macro level and the Chettinadu Cement Corporation Limited (CCCL) at the micro level. All the six parameters of the Indian cement industry (ICI) taken into consideration showed good growth during study period. The policy of total decontrol of the Indian cement industry and liberalization of the Indian economy helped the industry to grow in terms of physical and financial variables. The results also revealed that the Indian Cement Industry (ICI) recorded momentous growth marking virtually a fivefold increase in its net worth during the period of study.

Kaur and Singh (2013) studied the Impact of Liberalization on Cost of Capital of Associated Cement Companies Limited to analyses the impact of Liberalization on cost of capital of ACC Limited for a period of thirty-one years from 1979-80 to 2009- 10. The period was divided into two parts i.e. pre liberalization period (1979-80 to 1989-90) and post liberalization period (1990-91 to 2009-10). The Overall cost of capital was used as dependent variable whereas size, leverage, non-debt tax shields, reserves and retained earnings to total assets, liquidity, growth, profitability, collaterals and age were used as independent variables. The findings revealed that there was a declining trend in cost of debt whereas an increasing trend was found in cost of equity capital and overall cost of capital during post-liberalization period. Result of multiple regression analysis revealed that leverage, non-debt tax shields (NDTS), growth and profitability were significant determinants of overall cost of capital. The regression coefficient of dummy variables appeared with negative signs in both the cases were significant at 5 percent level of significance with overall cost of capital as dependent variable which was healthy sign as it indicates decline in overall cost of capital of the company during post-liberalization period as compared to pre-liberalization period.

Ray, S. (2013) investigated the Capital Structure Determinants of Listed Cement Companies in India. The author examined the impact of nine determinants i.e. asset collateral, asset composition, age of firm, size of firm, business risk, growth rate, flexibility, profitability, non-tax shield as independent variables on capital structure (Debt-Equity ratio) as dependent variable with the help of two Stage Least Square methods by running multiple regression analysis for a study period from 1991-92 to 2011-12. The analysis revealed that the asset composition, size and non-debt tax shields had statistically positive relationship with debt-equity ratio while the profitability and asset collateral had significant negative relations with leverage. Further, it was found that the other factors such as business risk, flexibility and growth opportunities had insignificantly impacted on capital structure.

Shandhar and Janglani (2013) attempted a study on liquidity and profitability of selected Indian cement companies by applying regression modelling approach. The objective of the study was to analyses the working capital management in terms of profitability and liquidity and to find out their impact on the firm's financial aspects. The random sampling was used for the selection of sample on the basis of profitability of the companies listed on NSE. Secondary data was collected from the journals and internet for the period of six years from 2008 to 2012. The data was analyzed by applying the regression and correlation analysis to find out the impact of liquidity on profitability and the relationship between liquidity with profitability, respectively. It was revealed that the liquidity ratios measure by current ratio (CR), liquid ratio (LR) and Cash Turnover Ratio, CATAR, CLTAR had a modest relationship with profitability on capital employed. The Current ratio, Liquidity ratio and Cash Turnover Ratio of selected companies were negatively associated with Return on Asset and Return on investment. Further, it was also found that the relation of Liquidity ratios with profitability ratios was according to the theoretical foundation of liquidity profitability trade off theory.

Franklin and Uma (2013) studied the impact of marginal costing and leverages for cement industries with the objective to analyses the financial performance of selected cement companies and to find out the performance of cement units in terms of marginal cost statement and leverages for a period of five years from 2007 - 08 to 2011 – 12. It was found that the Operating Leverages of the company has been in fluctuation trend. The higher operating profit showed an optimistic movement of the concern whereas the financial leverage and composite leverage of the company have been in a mixed trend. Profit of the concern showed a fluctuating trend but was at higher level for the year 2012.The Profit Volume Ratio of TANCEM was 11 per cent in 2010 and 62 per cent in 2011 which was considered good for the company. The Breakeven Point was found at the peak in 2011.However, sales increased the breakeven point which showed ups and downs whereas the Margin of Safety of the company showed a mixed trend. Thus, it was concluded that the company position was satisfactory during study period.

Panigrahi (2013) carried out a comparative study on Liquidity Management of Indian Cement Companies for the period of ten years from 2001 to 2010. The samples selected for the study was comprises of top five BSE listed cement companies of Indian Cement Industry namely, Abuja Cements, ACC Cements, India Cements, Madras Cements and Shree Cements. Secondary data was collected from the published annual reports of the selected companies. The objective was to assess and to compare the liquidity management of five leading Cement companies and to measure the management of working capital and its adequacy. For analyses, various tools and techniques such as mean, standard deviation, coefficient of variation, ratio analysis, and Metal's ultimate rank test was applied and it was found that the liquidity position of small companies were satisfactory as compared to bigger ones. The growth rate of current ratio, quick ratio and working capital to current assets of all the companies were found negative indicating an unstable liquidity position. Furthermore, low or negative working capital indicated the aggressive working capital management policy of the firms which in turn implies minimum investment in current assets to gain higher rate of return. The liquidity position of Shree Cements was sound as compared to other companies.

Panigrahi (2013) investigated the Relationship between Inventory Management and profitability of Indian Cement companies. A sample of five Indian cement companies listed in BSE was decisively selected for the study. Secondary data was collected from the annual reports of the selected companies over a period of ten years from 2001-2010. Relationship of Gross operating profit, used to measure the profitability, was found with measures of inventory management. Regression analysis was applied to determine the impact of inventory conversion period on gross operating profit while taking into account current ratio, size of the firm, financial debt ratio as control variables. It was found that there exists a negative linear relationship between inventory conversion period and profitability. It was also found that, the firms' profitability, measured by GOP, has a negative relationship with financial debt ratio which implied that the profitability increases with decrease in financial debt ratio. Furthermore, the study found a positive relationship between the firm size and GOP indicating that the profitability increases with an increase in firm size while negative relationship was found between current ratio and GOP.

Ningsih&Djuaeriah (2013) examined the Capital Structure and Firm's Financial Leverage of Indonesian Publicly Listed Cement Industry. In this study relationship of seven independent variables i.e. ROA, ROE, QR, SER, EPS, BMR and TG was found with financial leverage, used as dependent variable. From the analysis it was found that ROE, SER, and BMR that were used as measures of capital structure, made a positive effect on financial leverage. It was also found that all the seven ratios, ROA, ROE, QR, TG, EPS, SER and BMR, had significantly affected financial leverage. Another study was conducted by Tiwari (2013) to conduct a study on Working Capital Management Efficiency in Indian Cement Industry and to study the effectiveness of the working capital management of the Indian cement companies from 2002-03 to 2009-2010. A sample of 20 large cement companies operating in India was selected. The secondary data was collected from the 'Capitoline' database for a period of 10 years from 2000 to 2010.The findings showed that the Indian Cement industry did not perform extraordinarily well during this period. Industry average for efficiency index was greater than one in 6 years out of 10 years' study period. Though some of the sample firms had successfully improved efficiency during these years, the existence of a very high degree of inconsistency in this matter clearly pointed out the need for adopting sound working capital management policies by these firms. In the matter of achieving the target level (industry norm) of efficiency by the firms, Associated Cement and Dalmia, were the most successful firms followed by Deccan, Kanoria and Madras. It was suggested that the firms under study should have taken necessary steps in order to improve their efficiency. The study also suggested that another study may be helpful for identifying the forces that governed the chronic nature of inefficiencies of Indian cement companies in the matter of working capital management.

Swaminathan, et al. (2013) examined the working capital management of selected cement companies of India from 2001-02 to 2010-11. Financial ratio, regression analysis and ANOVA were used for the analyses. Findings indicated a mix result of working capital management of selected cement companies Finally, the Researchers emphasized that the listed cement companies should improve their financial performance.

Vaijayanthimala and Vijayakumar (2014) analysed liquidity management and trade-off between risk and profitability in Indian cement industry during the study period. The analysis of correlation between liquidity and profitability showed positive correlation in Associated Cement Companies Limited, Chettinad Cement Corporation Limited, Dalmia Cement Limited, Madras Cements Limited and Shree Cement Limited. However, there was negative correlation between liquidity and profitability in the case of Birla Corporation Limited, Grasim Industries Limited and India Cements Limited. Further, the analysis of correlation between risk and profitability depicted a positive correlation in all the selected companies. However, there was a negative correlation in the case of Associated Cement Companies Limited, Chettinad Cement Corporation Limited and Dalmia Cement Limited. The result of the study showed mixed trend with respect to liquidity, risk and profitability.

Mahmoudi (2014) focused on empirical vision into the relationship between leverage and firm profitability of 28 cement firms selected from the Tehran Stock Exchange during the time period of 3 years i.e. 2008 to 2011.Leverage was measured by Short term debt to equity (STD/E) and long term debt to equity (LTD/E) and Firm profitability was measured by calculating the return on equity (ROE) and return on assets (ROA). The regression model was used to test the hypotheses. With the help of the results, it was concluded that there exist significant and negative relationship between leverage and firm profitability. The result from the descriptive statistics also revealed that the cement companies were highly levered and the performance of listed cement companies measured by returns on equity (ROE) and return on assets (ROA) were 39%, 19% respectively. The performance of the listed cement companies in Tehran throughout the study period was found to be average.

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III. INDUSTRY PROFILE & COMPANY PROFILE

CHAPTER -3

3.1 INDUSTRY PROFILE

3.1.1 AYURVEDA

Long ago, the sages followed their intelligence, life and energy for the wellbeing of the universe-the basis of whole existence. They developed a system of medicine that still elude modern day scientists, a system that diagnose illness from the throb of a pulse that heal with nature, one of the most effective system of medicine is Ayurveda. Ayurveda is not just a dry description of facts giving freedom from diseases. It is instead of a philosophy; indeed, a way of life.

Medicine is a very ancient science and the drugs have been used in days of antiquity as far as history can take us. The Indian indigenous drugs have great importance and have formed as an integral part of treatment, which can be traced to the remote past. It is in the Ayurveda that definite properties of drugs and their uses have been given in detail. Ayurveda infarct is the very foundation stone of the ancient medical science of India.

The word Ayurveda is meant by 'The science of life'. It was first born in the minds of all Rishis of Bharatha, who were having the minds purified and clear with the penance and a dedicated mentally to search sitting in the company of nature thinking of what they can do to overcome the daily problems obviously health problems.

Ashtreya and Charka are the Indian medical practitioners. In 100BC Charka wrote a book charakasamhitha. This book was a revised edition of encyclopedic treatise originally writes by another earlier physician agnives under the guidance of Ashtreya. Charka was the first physician to present the concept of digestion, metabolism and immunity. Charka is considered as the father of Ayurveda. In now a day's Ayurveda has transcended the geographical boundaries, and even foreigners, especially westerns have realized its divinity and effectiveness.

3.1.2 WORLD SCENARIO

Ayurveda is a system of traditional medicine developed during antiquity and the medieval period, and as such is comparable to pre-modern Chinese and European systems of medicine. However, beginning in the 1960s, Ayurveda has been advertised as alternative medicine in the Western world. Due to different laws and medical regulations in the rest of the world, the unregulated practice and commercialization of Ayurveda has raised ethical and legal issues. In some instances, Ayurvedic practices or terminology have also been adapted specifically for Western consumption, notably in the case of "Maharishi Ayurveda" in the 1980s. In some cases, this involved active fraud on the part of proponents of Ayurveda in an attempt to falsely represent the system as equal to the standards of modern medical research.

Baba Hari Dass was an early proponent who helped bring Ayurveda to the US in the early 1970s. He taught classes derived from the Suśrutha Saṃhitā and the Charaka Saṃhitha, leading to the establishment of the Mount Madonna Institute, College of Ayurveda, Ayurveda World, and Ayurvedic pharmacy. [clarification needed] He invited several notable Ayurvedic teachers, including Vasant Lad, Sarita Shrestha, and Ram Harsh Singh. The Ayurvedic practitioner Michael Tierra wrote that "[t]he history of Ayurveda in North America will always owe a debt to the selfless contributions of Baba Hari Dass."

In the United States, the practice of Ayurveda is not licensed or regulated by any state. Practitioners of Ayurveda can be licensed in other healthcare fields such as massage therapy or midwifery, and a few states have approved schools teaching Ayurveda.

About 75%-80% of the population of Nepal use Ayurveda, and it is the most practiced form of medicine in the country.

The Sri Lankan tradition of Ayurveda is similar to the Indian tradition. Practitioners of Ayurveda in Sri Lanka refer to Sanskrit texts which are common to both countries. However, they do differ in some aspects, particularly in the herbs used.

In 1980, the Sri Lankan government established a Ministry of Indigenous Medicine to revive and regulate Ayurveda. The Institute of Indigenous Medicine (affiliated to the University of Colombo) offers undergraduate, postgraduate, and MD degrees in Ayurveda Medicine and Surgery, and similar degrees in unani medicine. In the public system, there are currently 62

Ayurvedic hospitals and 208 central dispensaries, which served about 3 million people (about 11% of Sri Lanka's population) in 2010. In total, there are about 20,000 registered practitioners of Ayurveda in the country.

According to the Mahavamsa, an ancient chronicle of Sinhalese royalty from the sixth century C.E., King Pandukabhaya of Sri Lanka (reigned 437 BCE to 367 BCE) had lying-in-homes and Ayurvedic hospitals (Sivikasotthi-Sala) built in various parts of the country. This is the earliest documented evidence available of institutions dedicated specifically to the care of the sick anywhere in the world. Mihintale Hospital is the oldest in the world.

3.1.3 INDIAN SCENARIO

According to some sources, up to 80 percent of people in India use some form of traditional medicine, a category which includes Ayurveda.

In 1970, the Indian Medical Central Council Act which aimed to standardize qualifications for Ayurveda practitioners and provide accredited institutions for its study and research was passed by the Parliament of India. In 1971, the Central Council of Indian Medicine (CCIM) was established under the Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH), Ministry of Health and Family Welfare, to monitor higher education in Ayurveda in India. The Indian government supports research and teaching in Ayurveda through many channels at both the national and state levels, and helps institutionalize traditional medicine so that it can be studied in major towns and cities. The state-sponsored Central Council for Research in Ayurvedic Sciences (CCRAS) is designed to do research on Ayurveda. Many clinics in urban and rural areas are run by professionals who qualify from these institutes. As of 2013, India has over 180 training centers offer degrees in traditional Ayurvedic medicine.

To fight bio piracy and unethical patents, in 2001 the government of India set up the Traditional Knowledge Digital Library as a repository for formulations of various systems of Indian medicine, such as Ayurveda, Unani and Siddha. The formulations come from over 100 traditional Ayurveda books. An Indian Academy of Sciences document quoting a 2003-04 report states that India had 432,625 registered medical practitioners, 13,925 dispensaries, 2,253 hospitals and a bed strength of 43,803. 209 under-graduate teaching institutions and 16 postgraduate institutions. Insurance companies cover expenses for Ayurvedic treatments in case of conditions such as spinal cord disorders, bone disorder, arthritis and cancer. Such claims comprise 5-10 percent of the country's health insurance claims.

Maharashtra Andhashraddha Nirmoolan Samiti, an organization dedicated to fighting superstition in India, considers Ayurveda to be pseudoscience.

3.1.4 AYURVEDIC INDUSTRY IN KERALA

Ayurvedic industry in Kerala is highly competitive. There are many firms like Kottakkal Aryavaidyasala, Oushadi, Nagarjuna, Vaidyaratnam, SNA, etc. It also faces competition from outside firms like Coimbatore Ayurveda pharmacy, Dabur,etc.

There are many firms such as Sreedhareeyam, Ayucare, Dhathri, Kunnath Pharmaceutical etc. which use over the counter promotional techniques for products like Lavanathailam, Smartleen, Sunetra, Haritha etc. These firms give wide publicity to their products by releasing advertisements in the print and electronic media. This is one of the best ways to enter an industry where these promotional techniques are not so familiar and the firms rely only on the goodwill and image.

3.1.5 HISTORY OF AYURVEDA

History of Ayurveda asserts that around 1500BC Ayurveda's fundamental and applied principles got organized and enunciated. In this historical construction, Ayurveda traces its origins to the Vedas, Atharvaveda in particular, and is connected to Hindu religion. Atharvaveda (one of the four most ancient books of Indian knowledge, wisdom and culture) contains 114 hymns or formulations for the treatment of diseases.

3.1.6 EVOLUTION OF AYURVEDA

Ayurveda as science, developed in Kerala, during the age of Sanskrit. There has been difference of opinion regarding the emergence of Ayurveda in Kerala. It was on 5th, 6th or 7th century AD that Sanskrit began to make influence on the culture of Kerala even before the Ayurvedic Grandhas would have propagated; Kerala had a medical science of her own.

3.1.7 FEATURES OF AYURVEDA:

1. Greatly related to nature: Ayurveda medicine is prepared out of natural substance such as herbal medicinal plant etc. Ayurveda is very close to nature. Treatment in Ayurveda is also based on the season.

2. No side effect: Ayurveda medicines do not create any side effects or adverse reaction to body. Ayurveda medicine gives full cure it the disease, removing the root cause of the ailment.

3. Both prevention and cure of disease: Ayurveda medicines can be used for both prevention and cure of disease are such, that they rejuvenate the human body. Ayurveda emphasize or prevention of disease than curing the affection of disease.

4. Principal of Ayurveda is accepted everywhere: Ayurveda recommends a life that enables us to maintain mental and physical fitness. The principal of prevention is better than cure is a accepted everywhere. This is the main principal of Ayurveda we should not use any type of substance that would create an importance in our body. Ayurveda recommends various diets and precautionary measure that should be followed during various season so as to maintain good health of the body and to prevent disease

Ayurveda has two main disciplines:

1. Swasthavritta
2. Aturavritta

Guidelines of Ayurveda:

1. Aharachikitsa [diet regimen]
2. Viharachikitsa [seasonal regimen]
3. Aushadichikitsa [medication]

3.1.8 AIM OF AYURVEDA

Making a natural way to refresh oneself by eliminating toxic substances from the body and thus regaining resistance and good health is the aim of ayurveda. According to the ayurveda the living body is composed of 5 basic elemental substance i.e., panchabhothika principle via Thejas,Prithvy App, Vayu, Aksham. One of the oldest system of ayurveda has now become an indispensable branch of medicine that depends upon diagnosis of vatha, pitha and kapha to achieve the right balance of the body.

The gross structure of the body is constituted by kapha fraction of this set up in the total body composition. The entire physio-chemical phenomenon including the biomedical and metabolic and endocrine function is attributed to pitha. Vatha and is responsible for the physical adversity or motion in the living body

It is preventive, protective health primitive and curative in nature. At the same time herbal remedies are self-contained and nutritive rendering them harmless and known toxic. These provide a constructive approach against destructive forces.

Ayurveda is not manmade but is believed to be divine gift. It is for us to study, seek, search and take the benefit from the treasure of knowledge.

Ayurveda is mainly based on herbs, plants, flowers, fruits, vegetables and all vegetation that grows around as in plenty. It is own native system based on the peculiar Indian conditions. Further whatever is available on our own country is bound to be more suitable in creating health to us rather than borrowed knowledge as well as materials. Charaka samhitha stresses the same point

Ayurveda begins when everything fails and when the treatment is uncertain and prolonged; Ayurvedic approach is the right choice since it cures chronic and stubborn diseases by its deep-rooted treatment procedure and drugs.

3.1.9 BRANCHES OF AYURVEDA

Ayurveda is mainly classified in to eight branches which specialize fields of medicine.

1. Kaya Chikista (Internal medicine)
2. Shalya tandra (Surgery)
3. Shalakya tandra (Surgery)
4. Karmabhatya(pediatrics)
5. Rasayana (Rejuenating Theraphy)
6. Vajikarana (Aphroelisiac Theraphy)
7. Agada Tandra (Toxicology)
8. Bhut Vidhya (Psychiatry)

3.1.10 OBJECTIVES OF AYURVEDA

The main objective of Ayurveda is maintenance and promotion of positive health and cures of diseases through medicine elementary restriction and regulated life cycle. And also Ayurveda rejuvenates human body by eliminating all the toxic substances that are produced.

3.2 COMPANY PROFILE

3.2.1 INTRODUCTION

Ashtavaidyan Thrissur Thaikkat UnniMooss has made his own platform at younger age itself and as man of vision founded the stone for the SNA in 1920. It was in memorial to his father Ashtavaidhyan ThrissurThaikkat Narayanan Mooss but a revolution in the field of Ayurvedic medicine manufacturing practices as when started supply of medicine to other Ashtavaidyas. He was the most celebrated physician at his time. Ashtavaidyas are the pioneers of Ayurvedic treatment in Kerala. They are versed in all the methods of Ayurvedic treatment including surgery and were considered to be the descended of Vaghbhatacharya. Ashtavaidyas are the masters in eight discipline of medicine from which the word 'Ashtavaidyas' is originated. They wrote several books incorporating their observations and clinical experience. 'Chikitsamanjary', 'Yogamritham', 'Abhidhana Manjari' 'Alathoor. Manipravalam', 'Sindhoora Manjari', 'Kairali commentary of 'Ashtangahridhayam', is some of them.

SNA is a GMP certified firm, this blend of tradition assures efficiency and quality in all the preparation. SNA has its 300 agencies and 10 branches in many cities in India and also clinic in abroad like UAE, Malesia, Saudi Arabia, England, Europe etc. The products include 400 classical and 50 patient items including Hair Oil, Rejuvenate tonic, Massage oil etc. The chief physician Ashtavaidyan Alathiyur Narayanan Nambi, renewed scholar is a visiting physician in Europe and us hence the medicine is regularly used by the patient there. Ayuvedic schools are there in Italy and Estonia.

Recognized treatment center is also under expansion to accommodate more number of arising patients, treatments include that for rheumatic, Arithmetic, Back pain, diabetics etc.

3.2.2 HISTORY OF SNA Oushadhasala Pvt. Ltd

SNA Oushadhasala commenced its journey way back in 1920. It was established by the great ayurveda physician Thrissur Thaikkat Unni Mooss. In the beginning, it was a small manufacturing unit producing classical Ayurvedic formulation that catered the needs of the family physician. But later extended its services to other Ashtavaidyas also. Subsequently it widened its area of operation to other parts of the state.

SNA has a most modern manufacturing unit with a dedicated and well trained work force. The plant is a combination of traditional techniques and modern technology. By following the WHO's guidelines for Good Manufacturing practice, SNA received GMP certification for good quality products of international standards.

Unnimooss ventured in to the Ayurvedic medicine manufacturing at young age of 20, when manufacturing Ayurvedic preparation of a commercial basis was not very common. He proved himself to be a good physician too before he died at the early age of 27. Famous poet K.K Raja wrote his famous elegy "Bashpanjali" on untimely death of his Great man.

After the demise at Thrissur Thaikkat Unnimooss took over the reins of vaidyasala. It is using his tenure the vaidyasala took the present shape. He is also a social worker besides being an expert in his filed. He was on the adversary board of the State Ayurvedic Department. He was also a member of the council for higher education in Ayurvedic medicine constituted by the Govt. of India.

Thaikatmooss and Unnimooss established the manufacturing unit in Kizhakkumpattukkra, Thrissur namely SNA Oushadhasala. It is considered to be one of the oldest Ayurvedic manufacturing unit in Kerala, is completing 90 years of services in the year of 2012.

DR. P.T. N Vasudevanmooss the managing director of the company is also the traditional chief physician. Blessed with the Ashtavaidyan tradition is up-to-date with the modern technique in the system having accessibility to the new communication avenues.

With competent expertise and table supervision of vaidyanputhiyedam Eswaran Namboothiri, who heads the production department for the last 30 years. SNA Oushadhasala Pvt. Ltd is now preparing more than 450 Ayurvedic formulations. The supervision meticulously checks the quality of the raw material before it is put in to the production and offers the production. The quality control departments are checked the samples of each product what they were produced, before the marketing. They use new modern techniques for their checking. The company was registered in 1976, for the company's Act 1956.

3.2.3 OBJECTIVES OF SNA Oushadhasala Pvt. Ltd

1. To own take on lease develop and maintain Ayurvedic herbal garden.
2. To establish purchase or take possession of factories manufacturing Ayurvedic and Allopathic medicines.
3. To purchase take on hire or acquire Lorries, Motor vans, Motor taxies, car and buses to do business as carries of goods and passengers.
4. To carry on business as manufactures, distributes, agents, exporters and importers for all types of goods products, herbal products and pharmaceutical products.
5. To establish Ayurvedic nursing homes, Holiday Resorts, Cottages, Colleges and Education institutions, charitable trust are managing them.
6. To conduct Research in Ayurveda, Unani, Sidha and other branches of medicines and develop patented medical preparation and manufacture and market them.
7. To act as manufacturers, exporters, Importers, Agents, Dealers for Ayurvedic herbs, vegetables, raw drugs, Spices and Oil.

3.2.4 ORGANIZATION DETAILS

1. SNA Oushadhasala Pvt. Ltd is managed by Ashtavaidyan Thrissur Thaikkatt Mooss family whose traditional expertise goes back to many countries.
2. SNA was started as early as 1920. SNA is a GMP (Good manufacturing Practice) certified firm, this blend of traditional expertise and modern Technology assures efficiency and quality in all the preparations.
3. The products include 400 classical and 50 patent items including hair oil, Massage oil, Aphrodisiac products, etc.
4. The chief physician Ashtavaithyan Alathiyoor Narayanan Nambi, a renowned scholar is a visiting physician in Europe and US; hence the medicines are regularly used by the patients there.
5. Recognized treatment center is also under expansion to accommodate more number of ailing patients. Treatment includes that for Rheumatic, Arthritics, Back pain, diabetics, etc.

3.2.5 SERVICES OF SNA Oushadhasala Pvt. Ltd

1. Help to set up panchakarma centers by where in the world by way of guidance and help procure staff, technical equipment if needed.
2. Supply of Medicines with quality assumable of a GMP certified firm. Packing and labeling can modify to suit your country regulations. They have the supply the medicines at your soil after meeting all the formalities including cities regulations.
3. Providing traditional panchakarma training, Therapist training etc.
4. Providing internet consultation to the special clients whenever needed.
5. Consultation guidance to the clinic doctor for chronic and difficult cases.
6. Help in updating your information in Ayurveda.
7. Bring out new drug formulation for your specific needs.
8. Involve in clinical research programs for chronic health disorders, which do not have solution so far.
9. Treatment services to patients referred by you at their nursing home.

3.2.6 SWOT ANALYSIS OF SNA OUSHADHASHALA

3.2.6.1 STRENGTH

1. Ability to produce wide variety of products.
2. High quality products.
3. Experienced and skilled employees.
4. Modern equipment's.
5. Better employee- employer relationship.

3.2.6.2 WEAKNESS

1. High labor cost.
2. Slow recovery.
3. Shortage of raw materials.
4. More competition.

3.2.6.3 OPPORTUNITIES

1. More people are changing from Allopathy to Ayurveda.
2. More tourists are attracted to Ayurvedic treatment.
3. New products are being introduced.

3.2.6.4 THREATS

1. More chance for experts and Lack of trained assistance.
2. New competitors are coming in to existence.

3.2.7 COMPETITORS

The major competitors of the company are

1. Kottakal Aryavaidhyasala
2. Nagarjuna
3. Vaidhyaratnam Oushadasala

3.2.8 SHARE CAPITAL STRUCTURE

The authorized share capital of the company is Rs.1000000/- divided into 1000 equity shares of Rs.1000/- each subject to be increased from time to time in accordance for the time being in force. The subscribed capital is Rs.985000/-. The liability of the members is limited. The allotment of shares shall exclusively be vested in board of directors. Shares may be allotted in the name of 2 or more persons jointly, but only one of such joint holders whose names stand first in register of members shall be entitled to attend any vote of general meetings.

Share certificate shall be issued within 3 months after allotment of shares. No transfer of shares shall be registered unless the requirements of section 108 of the act are complied with no members shall be entitled be his shares in company except with the previous sanction of Board. To constitute a valid transfer, the transfer should be favored by a two third majority of Board.

Every year the company shall hold a General meeting which shall be called Annual General meeting for the purpose of transferring the usual business.

3.2.9 DEPARTMENT PROFILE

3.2.9.1 Production Department

In SNA Oushadhasala production is carried out in factory under the direct supervision and control of the factory manager. He is the top official if the department. He is responsible for the rise and decline of production in the department. Production department is the main place where the production takes place. So the production manager must take necessary steps to keep the production at its optimum level. In production department there must be good layout. Layout involves the allocation of spaces and the arrangement of equipment's in such a manner that the overall operating costs are minimized. In SNA Oushadhasala production is carried out in such a manner so as to give the main preference to quality.

3.2.9.2 Human Resource Management Department

Human resource plays a crucial role in the developing process of modern economics. It is often felt that through the exploitation of nature resource, availability of physical and financial resource and international aid play prominent role in growth of modern economics, none of this factors are more Significant than efficient and committed man power. It is in fact said that on development comes from the human mind. In SNA Oushadhasala there is no separate HRD. But the functions of the employees are controlled by the top management. He managers know the background of each and every worker. And there is free flow of communication between them. The workers can freely communicate with the manager and they solve their working as well as their personal problems.

3.2.9.3 Marketing Department

Marketing is the process of buying and selling of goods and services. It deals with identifying and meeting and human and social needs. One of the short definition of marketing is marketing need profitability. Marketing department is headed by marketing manager. There is marketing consultant who gives timely instruction and suggestions. There are sales executives and sales men to carry out the marketing function. SNA Oushadhasala has marketing network in India as well as outside India.

3.2.9.4 Finance Department

The finance manager is the man behind the financial involvement of the company. All monetary transactions of the company are handled and brought in to the a/c by the financial department. All payments such as payment of raw materials, purchase of spares, payment of wages and other day to day expenditure are made from the finance department. The accounting activities are fully computerized and monetary transaction undertaken will be automatically stored in to then data base. A sound financial policy has been one of the critical paths behind SNA Oushadhasala. Though the company had to come across difficult situation to pool the resources in its yearly days, planning and long vision of the financial managers helped the company to overcome it smoothly

3.2.9.5 Distribution network

SNA has a network of more than 400 sales outlets all over the state and outside the states where more than 400 products are made available.

Proper planning and designing of distribution would not only save cost of distribution but also would stimulate and create demand. All the goods produced are not consumed at the place of origin. Between the producer and user there exist certain gaps. Channels of distribution are primarily meant for closing these gaps. They serve as a bridge between the producers and the final consumers. In order to ensure easy distribution, the company has established a number of agencies throughout the country.

The company sells its products mainly in 3 ways:

1. Agents & dealers
2. Branches
3. Direct sales

Apart from exclusive outlets spread length and breaths across the country, the medicines are widely exported to foreign especially to Europe, USA and UAE.

3.2.11 PRODUCT PROFILE

At present SNA institution has global acceptance with more than 400 classical formulations, 50 traditional preparations and 25 proprietary medicines. Classical formulations denote Kashaya (Decoctions), Arishtas and Asavas (Fermented forms), Tailas (Medical Oil), Ghrutas (Medicated Ghee), Choornas (Powders), Gulikas (Tablets), Lehas (Liqueurs) Etc. forms of ancient treatises while traditional preparations are formulations transferred from generations of practice. Patents product include creams, liniments etc. which fulfills the need of minor ailments for counter sales. It also represents the new generation pharmaceutical form with all ancient known ingredients.

In SNA Oushadhasala, all Ayurvedic products can be generally classified into two according to their production in the firm's factory such as classical formulations and patented products.

Sl.No	Product Name	Packing Unit	Price
1	Brahmi oil	100ml	50.00
2	Prurinil	20ml	40.00
3	Smooth Cough Syrup	100ml	40.00
4	Sooth Lint	30ml	38.00
5	Sooth Roll	5ml	33.00
6	Sooth Rub	20ml	37.00

Table No. 3.2.11 Product Details

3.2.11.1 PATENT MEDICINES

PRODUCT NAME	INDICATION
Ashwagandha Tablet	General weakness, develops strength and vitality on daily intake
Brahmi Tablet	Boost up Memory Power Patent and intelligence
Brahmi Oil	Dandruff, cooling for head, Insomnia, hair falling.
Bhudhaatri Syrup	Jaundice, Liver complaints, Patent Anemia
Herbal Drink	Invigorating and stimulating blend of Ayurvedic ingredients with a natural flavor. Good for digestion, Blood purification etc.
Laxon Capsule	Laxative capsule for adults
Laxon Syrup	Laxative syrup for Children
Musthanol	Loss of appetite for Patent Children, Indigestion etc.
Mehagni Tablet	Prameha Chikitsa
Prurinil	Fungal infections, Skin ailments etc.
Pachanol	Loss of appetite for adults, indigestion etc.
Rituranjini Syrup	Menstrual disorders, Patent Menstrual pain and impotence etc.
Phalarasayanam	Nourishes the body and 10-20 gm improves strength
Sooth Lint	Pain, rheumatic complaints
Sooth Roll	Headache, cold
Sooth Rub	Headache, cold, pain etc.
Smooth Cough Syrup	Cough, Cold.
Thriphala Tablet	Rasayanam, General health, Patent good for Eye sight

Table No. 3.2.11.1 Patent Medicines

SAVAS & ARISHTAS

PRODUCT NAME	INDICATION
Aamalakaasavam	Diabetes, Excessive thirst & General weakness
Aaragwadhaadiaasavam	All skin diseases, kapha based ailments, itching, leucoderma, and wounds.
Abhayaarishtam	Piles, constipation, ascitis and dropsy. Remove obstructions to urine.
Amrutaarishtam	All types of fever, malaria, indigestion etc.
Ashokaarishtam	Menorrhagia, metrorrhagia, vaginal discharge etc.
Ashwagandhaarishtam	Dullness, loss of memory, epilepsy, Insanity and emaciation. It increases the ojas and nourishes all dhatus.
Aravindaasavam	Diseases of Children
Ayaskriti	Diabetes,piles,leucoderma, skin diseases, anorexia, worms, obesity and grahani
Balaarishtam	Rheumatic and nervous diseases.
Chandanaasavam	Spermatorrhoea, burning micturition etc
Chitrakaasavam	Leucoderma, skin diseases, anemia etc.
Dantiarishtam	Constipation, ascites etc. Mild laxative.
Dashamoolaarishtam	This is a divine medicine which increases ojas, seminal and general strength. Indicated in gas troubles, hiccough, cough sprains, urinary disorders calculus, gravels and strained micturition etc.

Table No. 3.2.11.1.1 Savas & Arishtas

GULIKAS

PRODUCT NAME	INDICATION
Kaanchanaragulgulu	Galagandham, Apachi, Vranam etc
Khadira Gulika	Dental diseases
Mukkaadi Gulika	Fevers especially in jeerna jwaram and sannipaata jwaram, diseases of sootika, cough, asthma etc
Shadhdharanam Gulika	Aamavatam, vaatashonitam, skin ailments, piles, diabetes, Flatulence, intestinal worms, numbness, pain, sprain, oedema etc.
Swapnasudha Tablet	Hypertension, insomnia etc.
Vachaadi Gulika	Jihwaa stambham, arditam etc
Valmeekavati	Asthma and productive cough.

Table No. 3.2.11.2.3 Gulikas

BHASMAS, KSHAARAS & RASAKRIYAS

PRODUCT NAME	INDICATION
Kaliaanakshaaram	Udawarta, piles, gulma, anaemia, ascitis, urinary obstruction, calculus etc
Hreeberakshaaram	Shwitram.
Ilaneerkuzhampu	Pterigiums, cataract, corneal ulcers, inflammations, night blindness and pittaja netrarogas.

Table No. 3.2.11.1.3 Bhasmas, Kshaaras & Rasakriyas

POWDERS

PRODUCT NAME	INDICATION
Gruhadhoomaadi Lepachoornam	Pain and oedema of Vatarakta.
Ashtachoornam	Vatagulma, stomach ache, indigestion, grahani, loss of appetite etc.
Avalgujabeejaadi Choornam	Switram. Intake of Medicine is strictly prohibited.
Avipatti Choornam	Purgative in Pitta based ailments and toxic conditions.
Choornaraajan	Indigestion, colic and in Vatakapha ailments
Daadimaashtaka Choornam	Grahani, dysentery, indigestion etc.
Elaadichoornam (Gandhachoornam)	Vata & Kapha based diseases, itches, scabies, pruritis, toxic conditions etc
Haridraakhandam	Haridraakhandam
Gulgulupanchapala Choornam	Anal and other fistula, skin diseases, wounds etc.
Hinguvachaadi Choornam	Gulma, intestinal and urinary obstructions, dyspepsia, diarrhoea, hydrocele, piles, asthma, cough etc.
Induppukaana Choornam	Improves digestion and helps bowel movements
Jataamayaadi Choornam	Vaatakarta, burning sensation and oedema in rheumatic diseases etc.
Kachooraadi Choornam	Head-ache, burning sensation, giddiness, mental confusion etc. Gives sound sleep.
Karpooraadi Choornam	Cough, consumption, indigestion, loss of appetite etc.

Table No. 3.2.11.1.4 Powders

GHRUTAM

PRODUCT NAME	INDICATION
Amrutapraasham	Impotency, kshatajakasam, shosham etc. For women after delivery this is an unavoidable medicine to gain strength.
Ashokaghrutham	Back pain, Cough, Asthama, Metroharrhagia, improves health, Cough etc.
Brahmee Ghrutam	Insanity, epilepsy and dullness of the brain. Improves memory.
Daadeemaadi Ghrutam	Anemia, indigestion, and for easy childbearing and delivery.
Dhaatriaadi Ghrutam	Leucorrhoea, menstrual bleeding etc.
Doorvaa Ghrutam	Visarpa, non-suppuarative ulcers etc.
Aaragwadhamahaatiktaka Ghrutam	Skin diseases, switram etc.
Gulgulutiktaka Ghrutam	Skin ailments, vaatasonita etc
Hapushaadi Ghrutam	Vaatagulma, pain in the flanks and chest, udara, piles etc.
Indukaanta Ghrutam	Vata rogas, kshaya, stomach ache, jeernajwara, vishamajwara, shopha etc.
Jaatiaadi Ghrutam	Wounds.
Kaliaanaka Ghrutam	Epilepsy, lunacy, anaemia, poisons etc
Mahaabhootaraava Ghrutam	Demoniacs, epilepsy, hysteria, insanity etc.
Mahaakaliaanaka Ghrutam	Epilepsy,lunacy,anaemia, Poisons etc
Mahaatiktaka Ghrutam	Skin diseases, wounds, Visarpa, nadivrana, apachi, fistula etc
Naarasimha Rasaayanam	Exhaustion, pitta ailments and body wasting. Good aphrodisiac, dhaatu vardhaka and a well-known rejuvenative recipe.

Table No. 3.2.11.1.5 Ghrutam

KASHAYAMS

PRODUCT NAME	INDICATION
Aaragwadhaadi Kashayam	Skin diseases, itching, Diabetes, wounds etc. Mitigate Kapha dosa
Aaragwadhaamrutaadi kashayam	Skin ailments, visarpa etc.
Amrutottaram Kashayam	Fevers, vatasonitam etc. Mild laxative.
Ardhavilwam Kashayam	Dropsy, constipation etc.
Ashtavargam Kashayam	Vata ailments specifically in Nanatmaja types.
Balaaguloochiaadi Kashayam	Paittika Vatasonitam, burning sensation etc.
Balaajeerakaadi Kashayam	Cough and asthma.
Balaashataavariadi Kashayam	Vataraktams, burning sensation etc.
Bhaarngiaadi Kashayam	Sannipaata jwaram, chest pain, cough, asthma, aanaham etc.
Bhadradaarvaadi Kashayam	Vata ailments.
Bruhatiaadi Kashayam	Urinary disorders and calculus.
Chiruvilwam Kashayam	Piles, constipation, fistula, gulma etc.
Dashamoolakatutrayam Kashayam	Asthma, cough, back ache, chest pain etc.
Dashamoolam Kashayam	Vata ailments, cough, asthma etc
Dashamoolaraasnaadi Kashayam	This has the properties of Raasnaadi Kashayam and precisely indicated in Vata dominant cases with pain and oedema
Dhaanuantaram Kashayam	Vata ailments, hydrocele, gulma, strained micturation, vaginal ailments, consumption etc.

Table No. 3.2.11.1.6 Kashayams

OILS -Table No. 3.2.11.1.8

PRODUCT NAME	INDICATION
Aarukaalaadi Oil	Jaundice, pitta ailments etc.
Amrutaadi Oil	Vaatarakta, headache, burning sensation in head, pitta ailments etc.
Anutailam	Jatroordwa rogas, sinusitis, headache etc.
Arimedaadi Oil	Diseases of the mouth, especially in dental troubles
Arimedastailam	Diseases of mouth and teeth
Asanailaadi Oil & Coconut Oil	Promotes comfort of eyes, ear and head and prevent catarrh.
Asanamanjishtaadi Oil	Gives coolness to head and eyes.
Asanavilwaadi Oil & Coconut Oil	Promotes comfort of eyes, ear and head and prevent catarrh
Ashtapatraadi Coconut Oil	Very effective in growth of hair and promotes comfort for eyes and ear. Useful in Nasal Conjestion, Sneezing, Neck Pain etc.
Balaa Tailam	Vatavikeras, Pakshaghatam etc
Balaadhaatriaadi Oil	Head ache, suppuration of ears, dental troubles etc. Gives coolness to head and eyes.
Balaaguloochiaadi Oil & Coconut Oil	Vatashonita, burning sensation, catarrh and allied troubles etc.
Balaamrutaadi Tailam (Balaaguloochiaadi Tailam Special)	Vatashonita, headache etc.
Bhrungaamalakaadi Coconut Oil	Ailments of ear, throat, teeth and head. Gives coolness, clear vision and natural lusture to the eyes
Dhaanuantaram Repetitions (3 & 7 Times)	Same as above with higher potency. The number of repetitions, efficacy will be higher. Prepared in 3 and 7 repetitions.
Dhaanuantaram Tailam & Kuzhampu	Vata ailments, diseases of women in peurperum, insanity, retensation of urine, hernia etc.

3.2.11.2 SPECIAL MEDICINES

ASAVAS & ARISHTAS

PRODUCT NAME	INDICATION
Deepiakarasam	Indigestion, dyspepsia, sprue, gastric complaints etc.
Dhaaniaamlam	Vata ailments with burning sensation, oedema etc.
Kokilaaksharasam	Raktavaatha, oedema etc.
Moolakaasavam	Skin diseases of children, eczema, scabies, boils, inflammation etc
Roheetakaasavam	Spleen enlargement, anaemia and ascitis etc.
Saptachchadarasam	Hiccough and asthma
Sudarshanaarishtam	Fever, anaemia, skin diseases, diabetes, worms, piles etc.

Table No. 3.2.11.2.1 Asavas & Arishtas

BHASMAS

PRODUCT NAME	INDICATION
Indralupta Mashi	Indraluptam

Table No. 3.2.11.2.2 Bhasmas

CHOORNAM

PRODUCT NAME	INDICATION
Aswagandhadi Choornam	Infertility, oliegospermia and consumption.
Daadeemaadi Choornam	Hridrokam, apatandrakam etc.
Dhaatreenishaadi Choornam	Diabetes.
Dwiruttara Choornam	Stomach-ache, ascitis, gas trouble, piles, heart disease, gulma et
Gokshura Choornam	Mootrakrichram

Table No. 3.2.11.2.3 Choornam

3.2.11.2 SPECIAL ITEMS

Apart from these, there are several preparations which were developed from time to time under the supervision of other Ashtavaidyas which are found to be very effective through clinical tests. Some of them are Rituranjini, Swapnasudha, Kokilaaksharasam, Shataavareevaa-jeekaranam and sukhavirechanam. As an Ayurvedic manufacturing Concern, SNA Oushadhasala produces the above mentioned products. Most of them are continuous and some others are seasonal and the rest are on the basis of order.

With competent expertise and the able supervision of Vaidhyan Puthiyedam, Easwaran Namboodiry, who heads the production department for the last 30 years, SNA Oushadhasala private limited is now preparing more than 400 Ayurvedic formulations. The supervisor meticulously checks the quality of the raw material before it is put production. The traditional Ayurveda recommended more correction of life style and diet and combination therapy when comes to treatment.

By following, the World Health Organization's guidelines for good manufacturing {GMP}, SNA received GMP certification that represents the good quality products of international standard.

3.2.12 FUTURE SCOPE OF THE ORGANISATION

SNA Oushadhasala Pvt ltd. was extended the organizational unit. The proposed manufacturing unit at Poomala, only 10kms away from Thrissur town, is located near the beautiful Poomala dam site. The factory will be constructed at 85000 sq.ft. Area for an estimated cost of 25 crores, surrounded by 7 acres of serene and landscaped plot with garden of medicinal plants. The state of the art manufacturing facility will be built as per WHO GMP standard and certified as ISO. The hygiene, safety, HRD etc. will be of international standards. A well trained workforce will be employed thus by assure quality of the products and service rendered.

The unit will be equipped with sophisticated and most modern machineries for process, filling, packing, material handling etc. the unit will be a fusion of modern technology and ancient and real time tested methods of manufacturing. A high-end research and development wing will be set up for developing new products as per the requirement of the industry. A full-fledged and well equipped laboratory with latest analytical and quality of raw materials and in-process as well as finished products etc.

In the toxicology study center, various studies will be set up conducted to examine the side-effects of different formulations. The risk benefit ratio of the herbal medicines will be evaluated and submitted to the scientific community for their perusal. This information will be helpful for further development of ayurveda as a comprehensive system of treatment. A modern process validation lab will set up so as to introduce a whole range of health supplements as well as drugs for specific aliment and various health conditions, which will be useful to keep the good health of the society.

The business prospects of Ayurvedic medicine industry amount to a $20 billion ready market, which is growing at a very fast rate and would become a $5 trillion ready market worldwide by 2050. It goes without saying that large portions of this market would be centered in India being the origin. The total size of the Indian Ayurvedic market is INR 50 billion and it is growing substantially at a rate between 10-15 percent with the same growth rate targeted for the next 10 years.

IV. DATA ANALYSIS & INTERPRETATION

CHAPTER -4

DATA ANALYSIS & INTERPRETATION

4.1RATIO ANALYSIS

4.1.1 LIQUIDITY RATIOS:

4.1.1.1 Current Ratio

Current ratio establishes the relationship between current assets and current liabilities. It attempts to measure the ability of a firm to meet its obligations. The ideal current ratio is 2:1.

$$\boxed{\text{Current ratio} = \text{current assets} / \text{current liabilities}}$$

Table No. 4.1.1.1 Current Ratio

YEAR	Current Assets (Rs.in Lakhs)	Current Liabilities (Rs.in Lakhs)	Current Ratio
2011-2012	26427246	7957290	3.32
2012-2013	30943801	7352774	4.20
2013-2014	36055850	3451960	10.44
2014-2015	54590521	14174294	3.85
2015-2016	60473901	13578869	4.45

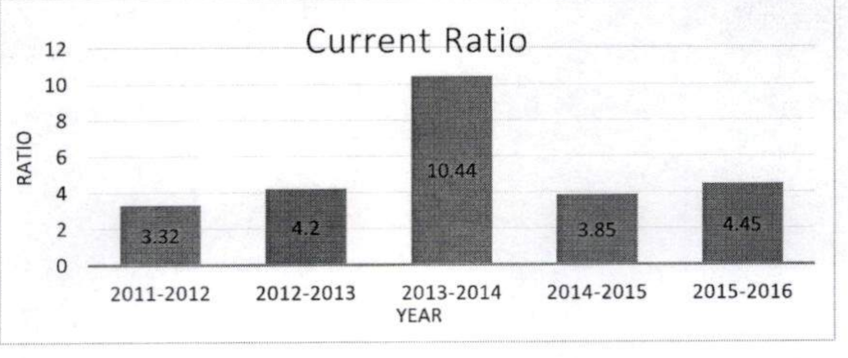

Fig No. 4.1.1.1 Current Ratio

Interpretation:

The ideal current ratio is 2:1. It indicates that the current assets double the current liabilities are considered to be satisfactory. In the year 2013-2014 the current ratio showed highest that was 10.44 and thereafter in the year 2015-2016 the current ratio was 4.45 which means company has the ability to pay its current obligations in time. (Fig No. 4.1.1.1)

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4.1.1.2 Liquid Ratio

Liquid ratio or quick ratio is a more severe and stringent test of firms' ability to pay its short term obligations as and when they become due. The ideal liquid ratio is 1:1.

Liquid Ratio = Liquid Assets/ Current Liabilities Liquid Assets = Current Assets - (Inventories + Prepaid Expenses)

Table No.4.1.1.2 Liquid Ratio

Year	Liquid Assets (Rs.in Lakhs)	Current Liabilities (Rs.in Lakhs)	Liquid Ratio
2011-2012	18907532	7957290	2.37
2012-2013	19366978	7352774	2.63
2013-2014	22262566	3451960	6.44
2014-2015	42519685	14174294	2.99
2015-2016	45010572	13578869	3.31

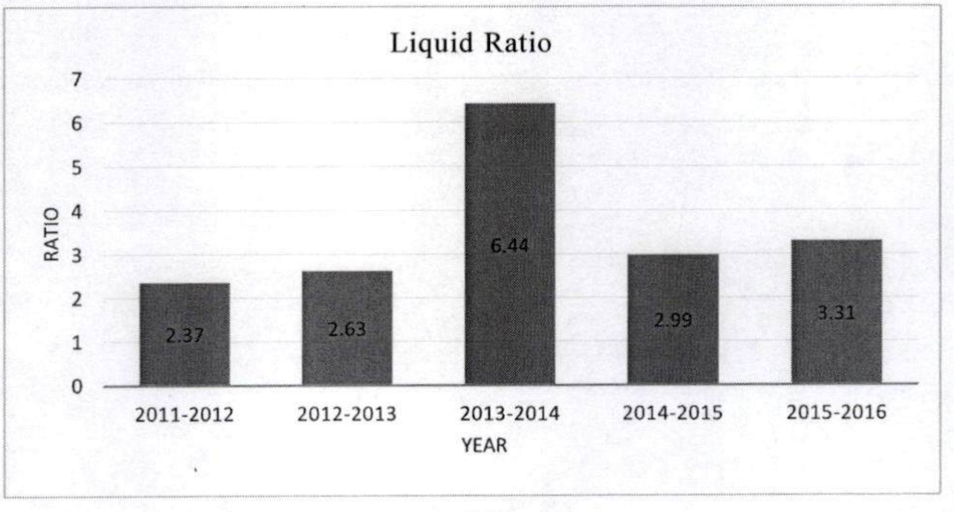

Fig No.4.1.1.2 Liquid Ratio

Interpretation:

The above table and graph 4.1.1.2 shows that there is a satisfactory liquid ratio during the last 5 years. The highest ratio was in the year 2013-2014, that was 6.44 and the lowest ratio was 2.37 in the year 2011-2012. There was gradual increase in ratios from 2011-2012 to 2015-2016 and 2015-2016 liquid ratio was 3.31, it indicates that the firm has good liquidity position and relatively better position to meet its current obligations on time.

4.1.1.3 Absolute Liquid Ratio

Absolute liquid ratio represents a company's day to day cash management. Absolute liquid assets take into account cash in hand, cash at bank, and marketable securities or temporary investment. The most favorable and optimum value of the ratio should be 1:2.

Absolute Liquid Ratio =Absolute Liquid Asset/Current Liabilities

Table No.4.1.1.3 Absolute Liquid Ratio

Year	Absolute liquid Assets (Rs.in Lakhs)	Current Liabilities (Rs.in Lakhs)	Absolute liquid Ratio
2011-2012	4230240	7957290	0.53
2012-2013	6315784	7352774	0.85
2013-2014	6868422	3451960	1.98
2014-2015	24500827	14174294	1.72
2015-2016	27837944	13578869	2.05

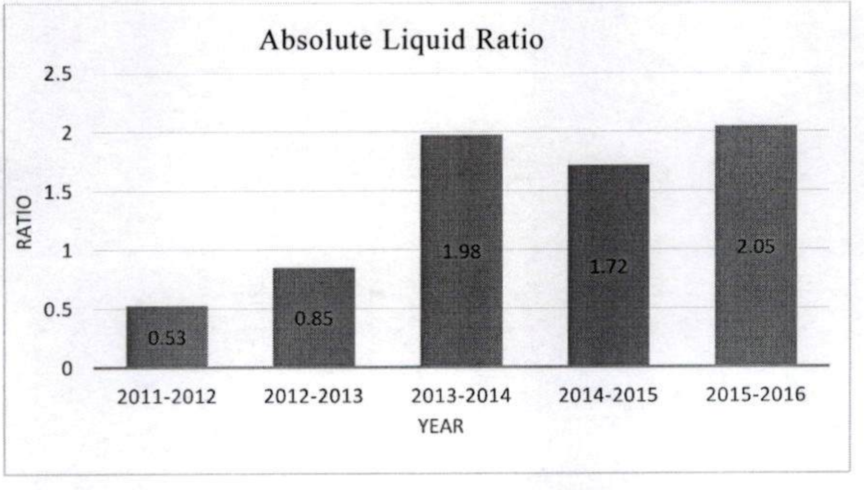

Fig No .4.1.1.3 Absolute Liquid Ratio

Interpretation:

From the table and graph 4.1.1.3 it has shown that the ideal ratio of absolute liquidity was satisfied during the last 5 years. The standard absolute liquidity ratio is 0.5:1. Here the firm gets 2.05 as ratio in the year 2015-2016 which was highest and more than the standard ratio. So it indicates that the firm has the ability to pay the current liability on time.

4.1.2 SOLVENCY RATIOS

4.1.2.1Debt Equity Ratio

Debt equity ratio is calculated to ascertain the firm's obligations to creditors in relation to funds invested by the owners. This ratio indicates how much debt a company is using to finance its assets relative to the amount of value represented in shareholder's equity.

Debt Equity Ratio = Total Long Term Debt - Shareholders Fund

Table No. 4.1.2.1 Debt Equity Ratio

Year	Total Long Term Debt (Rs.in Lakhs)	Shareholders Fund (Rs.in Lakhs)	Debt Equity Ratio
2011-2012	6512541	29942513	0.21
2012-2013	2592062	38504199	0.06
2013-2014	3364138	47221461	0.07
2014-2015	2742287	56769689	0.04
2015-2016	4430650	63999281	0.06

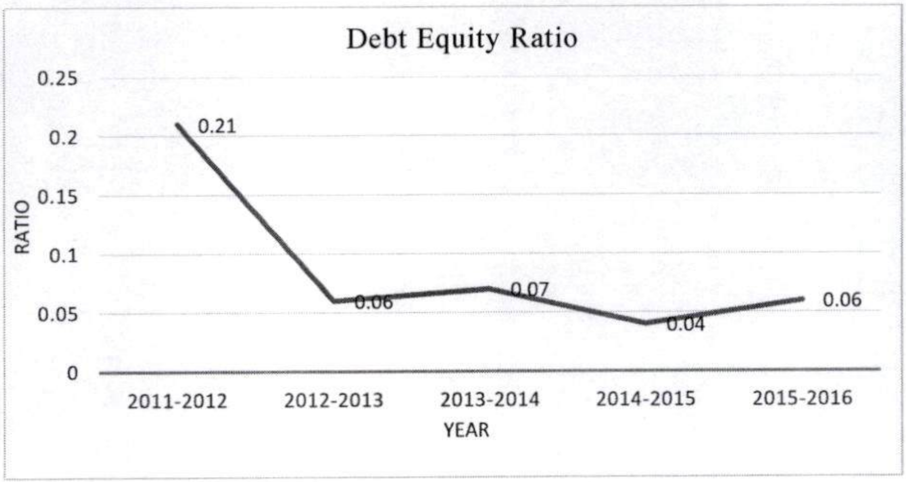

Fig No. 4.1.2.1 Debt Equity Ratio

Interpretation:

The ideal debt equity ratio is 1:1. From the analysis it's clear that the company does not satisfy the ideal debt equity ratio. 0.21 was the highest debt equity ratio in the year 2011-2012 and thereafter there was a declining trend and zigzag movement in ratios over the years. It means that debt holders have fewer claims over the company's assets. (Fig No. 4.1.2.1)

4.1.2.2 Proprietary Ratio

Proprietary Ratio indicates the share of owners in the total asset of the company. It serves as an indicator to the creditor who can find out the proportion of shareholders' funds in the total assets employed in the business.

Proprietary Ratio = Shareholders Funds / Total Assets

Table No.4.1.2.2 Proprietary Ratio

Year	Shareholders Fund (Rs.in Lakhs)	Total Assets (Rs.in Lakhs)	Proprietary Ratio
2011-2012	29942513	44412344	0.67
2012-2013	38504199	48449035	0.79
2013-2014	47221461	54036262	0.87
2014-2015	56769689	73686270	0.77
2015-2016	63999281	82008800	0.78

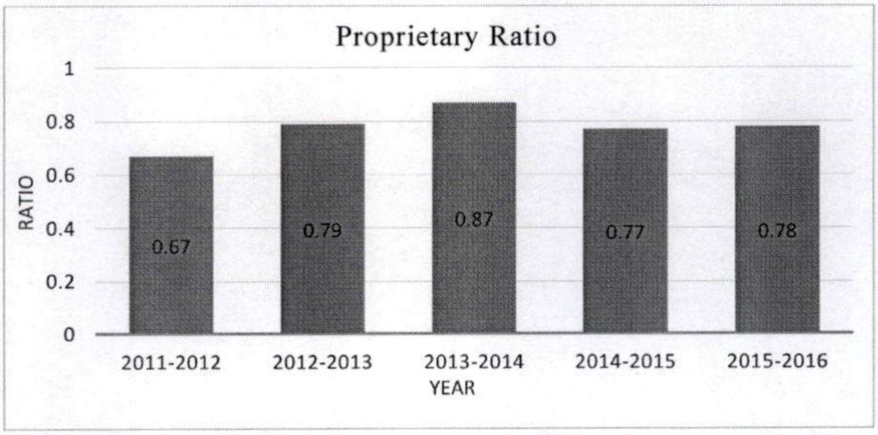

Fig No.4.1.2.2 Proprietary Ratio

Interpretation:

Normally this ratio is used to determine the financial stability of the concern and a ratio above 0.5 indicates safety to the creditors. From the table and graph, it conveys that the firm satisfies the proprietary ratio. The highest ratio was 0.87 in the year 2013-2014 and the lowest was in the year 2011-2012. (Fig No.4.1.2.2)

4.1.3 PROFITABILITY RATIO

4.1.3.1 Gross Profit Ratio

Gross Profit Ratio is a profitability ratio that shows the relationship between gross profit and net sales revenue. It is a popular tool to evaluate the operational performance of the business.

Gross Profit Ratio= Gross Profit /Net Sales Gross Profit = Sales – Cost of Goods Sold Net Sales = Gross Sales- Sales Returns

Table No.4.1.3.1 Gross Profit Ratio

Year	Gross profit (Rs.in Lakhs)	Net sales (Rs.in Lakhs)	Gross profit ratio	GPR Expressed In %
2011-2012	43639241.98	90291141.03	0.4833	48.33 %
2012-2013	52922402.40	103845835.70	0.5096	50.96%
2013-2014	58122008.55	112477134.40	0.5167	51.67%
2014-2015	68185013.36	136105827.70	0.5009	50.09%
2015-2016	78908613.93	157252323.80	0.5018	50.18%

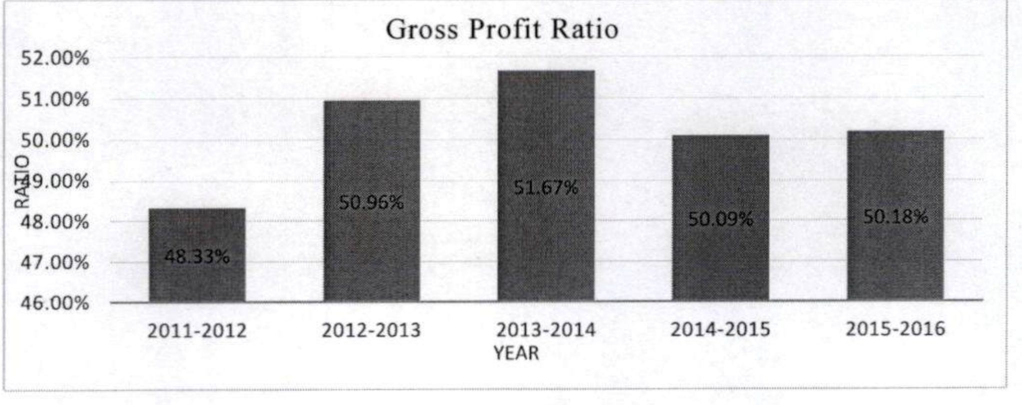

Fig No.4.1.3.1 Gross Profit Ratio

Interpretation:

The analysis shows that there was a fluctuation in the ratios for the past 5 years. The highest gross profit ratio was 51.67% in the year 2013-2014 & 48.33% was the lowest ratio in the year 2011-2012. In 2015-2016 the gross profit ratio was 50.18%. Even if it shows a slightly fluctuating trend it was acceptable. (Fig No.4.1.3.1)

4.1.3.2 Net Profit Ratio

Net Profit Ratio reveals the firm's overall efficiency in operating the business. This is the best measure of profitability and liquidity and it facilitates to make or strategies for the company.

Net Profit Ratio = Net Profit After Tax /Net Sales

Table No. 4.1.3.2 Net Profit Ratio

Year	Net Profit (Rs.in Lakhs)	Net Sales (Rs.in Lakhs)	Net Profit Ratio	NPR expressed in %
2011-2012	8223285.45	90291141.03	0.0910	9.10%
2012-2013	9459524.03	103845835.70	0.0910	9.10%
2013-2014	9753472.87	112477134.40	0.867	8.67%
2014-2015	10762357.09	136105827.70	0.867	8.67%
2015-2016	12727933.71	157252323.80	0.809	8.09%

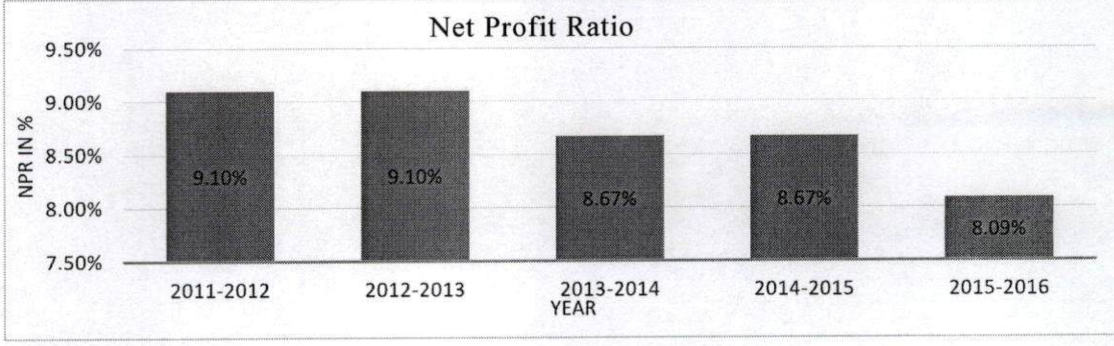

Fig No. 4.1.3.2 Net Profit Ratio

Interpretation:

From the above data analysis, it shows that there was a declining trend in the net profit ratio. The highest ratio was 9.10% and the lowest ratio was 8.09% from the year 2011-2012 to 2015-2016. Even though the net profit ratio indicates the standard performance of the firm, the declining trend shows an unfavorable situation of the firm. (Fig No. 4.1.3.2)

4.1.3.3 Operating Profit Ratio

Operating Profit Ratio indicates the operational efficiency of the firm and also measures the firm's ability to cover the total operating expenses.

Operating Profit Ratio = (Operating Profit / Net Sales) Operating Profit = Net Sales – Operating Expenses

Table No.4.1.3.3 Operating Profit Ratio

Year	Operating profit (Rs.in Lakhs)	Net Sales (Rs.in Lakhs)	Operating Profit Ratio	Operating Profit Ratio (%)
2011-2012	13651782.08	90291141.03	0.1511	15.11%
2012-2013	14909048.11	103845835.70	0.1435	14.35%
2013-2014	14457278.73	112477134.40	0.1285	12.85%
2014-2015	16059187.31	136105827.70	0.1179	11.79%
2015-2016	19312889.17	157252323.80	0.1228	12.28%

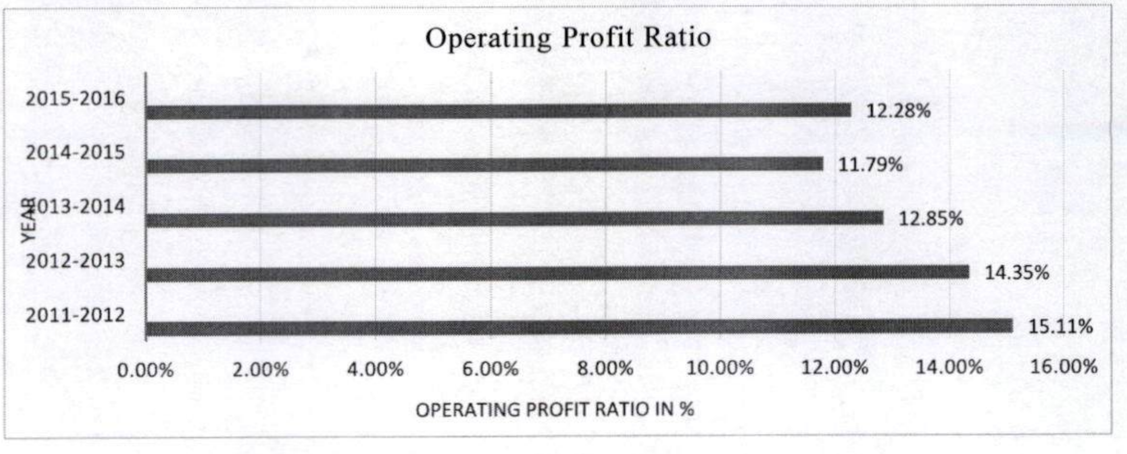

Fig No.4.1.3.3 Operating Profit Ratio

Interpretation:

The operating profit ratio showed a declining trend from 2012-2013 to 2014- 2015 and thereafter a slight increase in the year 2015-2016. The highest operating profit ratio was in the year 2011-2012 that was 15.11% and the lowest 11.79% in the year 2014-2015. The operating profit ratio increased to 12.28 during the year 2015-2016 and it shows the firm's ability to meet its operating expenses. (Fig No.4.1.3.3)

4.1.3.4 Return on Investment Ratio

ROI measures a return on the owners or shareholders' investment. This ratio establishes the relationship between net profit after interest and taxes and the owner's investment. This ratio highlights the business from the owner's point of view.

Return On Investment Ratio = Net Profit (After Interest & Tax) / Shareholders Fund

Table No.4.1.3.4 Return on Investment Ratio

Year	Net Profit (Rs.in Lakhs)	Shareholders Fund (Rs.in Lakhs)	Return On Investment Ratio	Return On Investment (%)
2011-2012	8223285.45	29942513.03	0.2746	27.46%
2012-2013	9459524.03	38504199.89	0.2456	24.56%
2013-2014	9753472.87	47221461.42	0.2065	20.65%
2014-2015	10762357.09	56769689.30	0.1895	18.95%
2015-2016	12727933.71	63999281.33	0.1988	19.88%

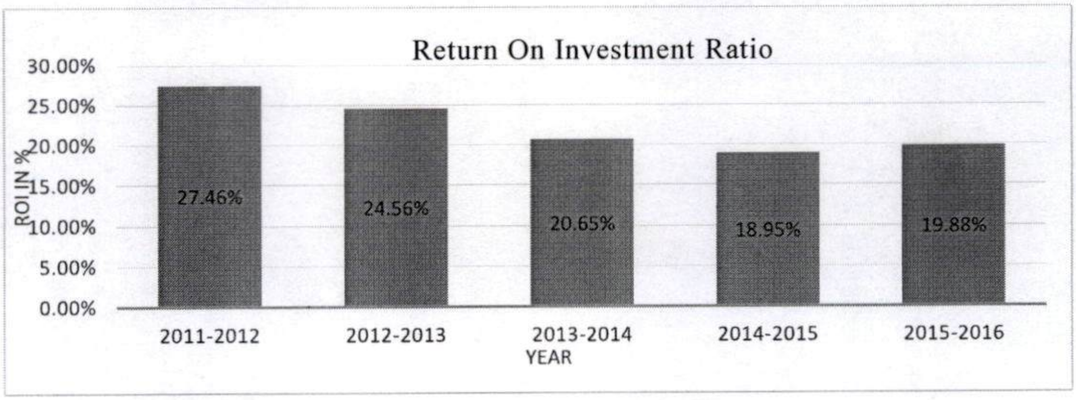

Fig No.4.1.3.4 Return on Investment Ratio

Interpretation:

The Return on Investment ratio of the firm shows a decreasing trend over the years. The highest ROI ratio was in the year 2011-2012 (27.46%) and the lowest ratio was in the year 2014-2015 (18. 95%). It shows a declining trend from the year 2011-2012 to 2014-2015 and a slight increase in 2015-2016. The decreasing trend of ROI shows that the firm received less returns on its investment over the year's and needs special attention to shift the trend to increasing mode. (Fig No.4.1.3.4)

4.1.4 ACTIVITY RATIO

4.1.4.1 Working Capital Turnover Ratio

Working Capital Turnover Ratio highlights the effective utilization of working capital with regard to sale. This ratio also represents the firm's liquidity position.

Working Capital Turnover Ratio = Net Sales / Working Capital Net Sales = Gross Sales – Sales Returns Working Capital = Current Assets – Current Liabilities

Table No.4.1.4.1 Working Capital Turnover Ratio

Year	Net Sales (Rs.in Lakhs)	Working Capital (Rs.in Lakhs)	Working Capital Turnover Ratio
2011-2012	90291141.03	18469956.26	4.88
2012-2013	103845835.70	23591030.65	4.40
2013-2014	112477134.40	32605187.36	3.44
2014-2015	136105827.70	40416226.90	3.36
2015-2016	157252323.80	46895032.80	3.35

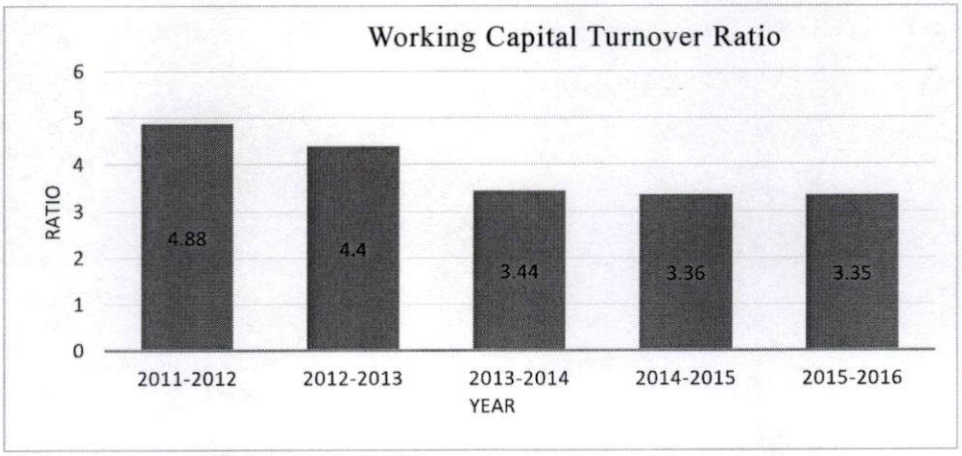

Fig No.4.1.4.1 Working Capital Turnover Ratio

Interpretation:

The above table and graph shows that Working Capital Turnover Ratio of the company is declining year after year. The highest ratio was in the year 2011-2012 that is 4.88 and the lowest 3.35 was in the year 2015-2016. This shows the variations in utilization of working capital over years. (Fig No.4.1.4.1)

4.1.4.2 Inventory Turnover Ratio

Inventory Turnover Ratio indicates the number of times the stock has been turned over in business during a particular period.

Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory Cost Of Goods Sold = (Opening Stock + Purchases)- Closing Stock

Table No. 4.1.4.2 Inventory Turnover Ratio

Year	COGS (Rs.in Lakhs)	Average stock (Rs.in Lakhs)	Inventory Turnover Ratio
2011-2012	46651899.05	7025119.21	6.64
2012-2013	50923433.30	9548268.49	5.33
2013-2014	54355125.85	12685053.25	4.28
2014-2015	67920814.34	12932059.18	5.25
2015-2016	78343709.87	13767082.00	5.69

Fig No. 4.1.4.2 Inventory Turnover Ratio

Interpretation:

The above data analysis shows that the highest turnover ratio was in the year 2011-2012 (6.64) & the lowest was in the year 2013-2014 (4.28). From the year 2011-2012 to 2013-2014 there was a decreasing trend and from 2014-2015 onwards there was an increasing trend in the ratios. Even though there was a decreasing trend for two years, the company has the opportunity for the efficient management of inventory and frequent selling of the stock as the inventory turnover ratio shows an increasing trend for the last two years. (Fig No. 4.1.4.2)

4.1.4.3 Fixed Asset Turnover Ratio

Fixed Asset Turnover Ratio is a metric that measures sales to the value of fixed assets. It measures how well a company uses its fixed assets to generate sales.

Fixed Asset Turnover Ratio = Net Sales / Net Fixed Assets

Table No.4.1.4.3 Fixed Asset Turnover Ratio

Year	Net Sales (Rs.in Lakhs)	Net Fixed Assets (Rs.in Lakhs)	Fixed Asset Turnover Ratio
2011-2012	90291141.03	16718478.55	5.40
2012-2013	103845835.70	16173186.24	6.42
2013-2014	112477134.40	16602143.24	6.77
2014-2015	136105827.70	17535904.33	7.76
2015-2016	157252323.80	19606960.94	8.02

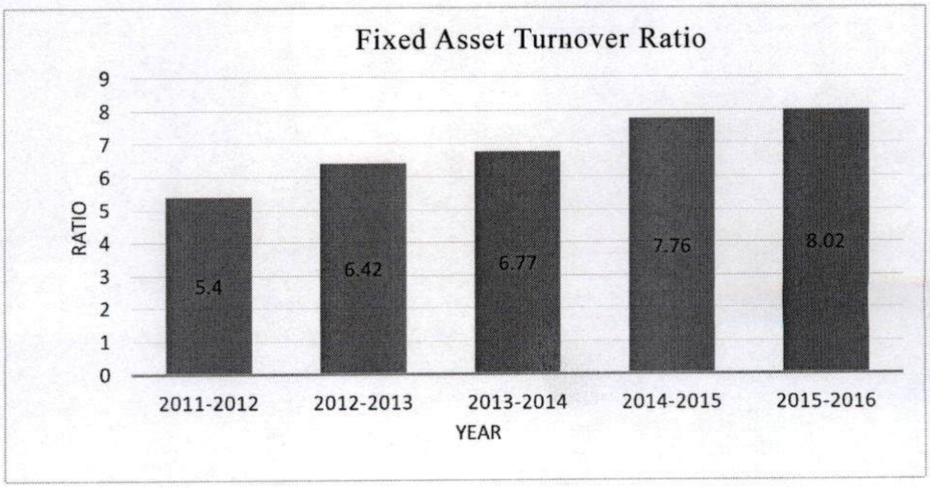

Fig No.4.1.4.3 Fixed Asset Turnover Ratio

Interpretation:

The data analysis shows a steady increase in the fixed asset turnover ratio for the past 5 years. The fixed asset turnover ratio of 2011-2012 (5.40) was considered as the lowest ratio and thereafter there was a steady growth to 8.02 in the year 2015-2016. The steady growth in the ratio over the years reveals that the firm uses its fixed assets to generate sales in a very good manner. The firm ensures the optimum utilization of its fixed assets. (Fig No.4.1.4.3)

4.2 COMMON SIZE ANALYSIS

4.2.1 COMMON SIZE BALANCE SHEET AS ON 2012

PARTICULARS	AMOUNT	% OF TOTAL
Assets		
Fixed Assets		
Tangible assets	16718478.55	37.64
Capital work in progress	363620.00	00.81
Other non- Current Assets	903000.00	2.03
Current assets		
Inventories	7519713.61	16.93
Trade Receivables	13911314.03	31.32
Cash & Cash Equivalence	4230240.04	9.52
Short Term Loans & Advances	669123.50	1.50
Other Current Assets	96854.59	0.21
Total Assets	44412344.32	100
Liabilities		
Share Capital	985000.00	2.21
Reserves & Surplus	28957513.03	65.20
Long Term Borrowings	6194306.00	13.94
Tax Liability	248235.78	00.55
Other Liability	70000.00	0.15
Current Liabilities:		
Short Term Borrowings	4080932.14	9.18
Trade Payables	390413.37	0.87
Other Current Liability	2880674.00	6.48
Sundry Provisions	605270.00	1.36
Total Liabilities	44412344.32	100

Interpretation:

The common size statement of the company reveals during 2011-2012, that there was 37.64% of intangible assets, which shows the company's strong brand image and 65.20 % of reserves which shows the company's ability to meet its uncertainties at any time.

4.2.2 COMMON SIZE BALANCE SHEET AS ON 2013

PARTICULARS	AMOUNT	% OF TOTAL
Assets		
Fixed Assets		
Tangible assets	16173186.24	33.38
Other non- Current Assets	1332044.00	2.72
Current assets		
Inventories	11576823.38	23.98
Trade Receivables	11910563.57	24.58
Cash & Cash Equivalence	6315784.83	13.03
Short Term Loans & Advances	424713.00	0.86
Other Current Assets	715919.65	1.47
Total Assets	48449034.67	100
Liabilities		
Share Capital	985000.00	2.03
Reserves & Surplus	37519198.89	77.44
Long Term Borrowings	2330844.00	4.81
Tax Liability	191218.00	0.39
Other Liability	70000.00	0.14
Current Liabilities:		
Short Term Borrowings	5763749.75	11.89
Trade Payables	441991.37	0.91
Other Current Liability	903530.66	1.86
Sundry Provisions	243502.00	0.50
Total Liabilities	48449034.67	100

Interpretation:

The common size statement of the company reveals during 2012-2013, that the intangible assets were of 33.38% which shows the brand image of the company and reserves of 77.44% which proves that company has the ability to meet its obligations at any time.

4.2.3 COMMON SIZE BALANCE SHEET AS ON 2014

PARTICULARS	AMOUNT	% OF TOTAL
Assets		
Fixed Assets		
Tangible assets	16602143.24	30.72
Other non- Current Assets	1378268.12	2.55
Current assets		
Inventories	13793283.12	25.52
Trade Receivables	13685009.32	25.32
Cash & Cash Equivalence	6868422.01	12.71
Short Term Loans & Advances	495469.00	0.91
Other Current Assets	1213666.04	2.24
Total Assets	54036261.56	100
Liabilities		
Share Capital	985000.00	1.82
Reserves & Surplus	46236461.42	85.56
Long Term Borrowings	3143475.00	5.81
Tax Liability	150663.00	0.27
Other Liability	70000.00	0.12
Current Liabilities:		
Short Term Borrowings	1773516.13	3.28
Trade Payables	392304.37	0.72
Other Current Liability	1285490.53	2.37
Sundry Provisions	(648.90)	0.00
Total Liabilities	54036261.56	100

Interpretation:

The common size statement of the company reveals during 2013, that the intangible assets were of 30.72% which shows the brand image of the company as well current assets such as inventories (25.52%) and trade receivables (25.32%) also contributes to the strength of the company and also reserves of 85.56% which proves that company has the ability to meet its obligations at any time.

4.2.4 COMMON SIZE BALANCE SHEET AS ON 2015

PARTICULARS	AMOUNT	% OF TOTAL
Assets		
Fixed Assets		
Tangible assets	17535904.33	23.79
Other non- Current Assets	1559845.12	2.11
Current assets		
Inventories	12070835.25	16.38
Trade Receivables	16713759.00	22.68
Cash & Cash Equivalence	24500827.13	33.25
Short Term Loans & Advances	373610.00	0.50
Other Current Assets	931489.14	1.26
Total Assets	73686269.97	100
Liabilities		
Share Capital	985000.00	1.33
Reserves & Surplus	55784689.30	75.70
Long Term Borrowings	2326800.00	3.15
Tax Liability	345487.05	0.46
Other Liability	70000.00	0.09
Current Liabilities:		
Short Term Borrowings	12711327.25	17.25
Trade Payables	423242.37	0.57
Other Current Liability	1039724.00	1.41
Total Liabilities	73686269.97	100

Interpretation:

The common size statement of the company reveals during 2014-2015, that the intangible assets were of 23.79% which shows the brand image of the company as well current assets such as trade receivables (22.68%) and cash & cash equivalence (33.35%) also contributes to the strength of the company and also reserves of 75.70% which proves that company has the ability to meet its obligations at any time.

4.2.5 COMMON SIZE BALANCE SHEET AS ON 2016

PARTICULARS	AMOUNT	% OF TOTAL
Assets		
Fixed Assets		
Tangible assets	19606960.94	23.90
Deferred Tax Assets (Net)	252543.00	0.30
Other non- Current Assets	1675394.59	2.04
Current assets		
Inventories	15463328.75	18.85
Trade Receivables	15557840.00	18.97
Cash & Cash Equivalence	27837944.00	33.94
Short Term Loans & Advances	474448.59	0.57
Other Current Assets	1140340.00	1.39
Total Assets	82008799.87	100
Liabilities		
Share Capital	985000.00	1.20
Reserves & Surplus	63014281.33	76.83
Long Term Borrowings	3895282.00	4.74
Tax Liability	465368.00	0.56
Other Liability	70000.00	0.08
Current Liabilities:		
Short Term Borrowings	11914780.95	14.52
Trade Payables	366100.59	0.44
Other Current Liability	1297987.00	1.58
Total Liabilities	82008799.87	100

Interpretation:

The common size statement of the company reveals during 2015-2016, that the intangible assets were of 23.90% which shows the brand image of the company, as well current assets such as inventories (18.85%), trade receivables (18.97%) and cash & cash equivalence (33.94%) also contributes to the strength of the company and also reserves of 76.83% which proves that company has the ability to meet its obligations at any time.

4.3 COMPARATIVE BALANCE SHEET ANALYSIS

4.3.1 COMPARATIVE BALANCE SHEET AS ON 2011-2012

Particulars	2011	2012	Amount of Increase or Decrease	Percentage of Increase or Decrease
Asserts				
Fixed Assets				
Tangible Asset	16702819.55	16718478.55	15659.00	0.09
Capital Work in Progress	----------	363620.00	363620.00	0.00
Other Non-Current Assets	403000.00	903000.00	500000.00	124.06
Total Fixed Asset	17105819.55	17985098.55	879279.00	
Current Assets				
Inventories	6530524.81	7519713.61	989188.80	15.14
Trade Receivables	8787632.59	13911314.03	5123681.44	58.30
Cash & Cash Equivalents	3577116.62	4230240.04	653123.42	18.25
Short Term Loan & Advances	837665.50	669123.50	(168542.00)	(20.12)
Other Current Assets	64598.05	96854.59	32256.54	49.93
Total Current Assets	19797537.57	26427245.77	6629708.20	
Total Assets	36903357.12	44412344.32	75089867.20	20.34
Liabilities				
Share Capital	985000.00	985000.00	00.00	
Reserves & Surplus	21266065.61	28957513.03	7691447.42	36.16
Long Term Borrowings	7691447.00	6194306.00	(1497141.00)	(19.46)
Deferred Tax Liability	204356.00	248235.78	43879.78	21.47
Other Long Term Liability	70000.00	70000.00	00.00	
Total Fixed Liability	30216868.61	36455054.81	6238186.20	
Current Liabilities				
Short Term Borrowings	3559710.14	4080932.14	521222.00	14.64
Trade Payables	345325.37	390413.37	45088.00	13.05
Other Current Liability	2536790.00	2880674.00	343884.00	13.55
Sundry Provisions	244663.00	605270.00	360607.00	147.38
Total Current Liability	6686488.51	7957289.51	1270801.00	
Total Liability	36903357.12	44412344.32	7508987.20	20.34

Interpretation:

The comparative balance sheet analysis of the company reveals during 2011-2012, that there was an increase in fixed assets by Rs.879279 which indicate the purchase of fixed assets and an outflow of cash. The current assets increase by Rs.6629708.20 which indicates a firm's better credit policy. The fixed liability has also been increasing. This fact shows that the firm does not have a good liquidity position. But there is an increase in reserves & surplus, for meeting its liability. The current liability has increased by Rs.1270801. It indicates that the firm has not paid the liability within the stipulated period.

4.3.2 COMPARATIVE BALANCE SHEET AS ON 2012-2013

Particulars	2012	2013	Amount of Increase or Decrease	Percentage of Increase or Decrease
Asserts				
Fixed Assets				
Tangible Asset	16718478.55	16173186.24	(545292.31)	(3.26)
Capital Work in Progress	363620.00	-----------	(363620.00)	(1.00)
Other Non-Current Assets	903000.00	1332044.00	429044.00	47.51
Total Fixed Asset	17985098.55	17505230.24	(479868.31)	
Current Assets				
Inventories	7519713.61	11576823.38	4057109.77	0.53
Trade Receivables	13911314.03	11910563.57	(2000750.46)	(14.38)
Cash & Cash Equivalents	4230240.04	6315784.83	2085544.79	49.30
Short Term Loan & Advances	669123.50	424713.00	(244410.50)	36.52
Other Current Assets	96854.59	715919.65	619065.06	639.16
Total Current Assets	26427245.77	30943804.43	4516558 .66	
Total Assets	44412344.32	48449034.67	4036690.35	9.08
Liabilities				
Share Capital	985000.00	985000.00	00.00	
Reserves & Surplus	28957513.03	37519198.89	8561685.86	29.56
Long Term Borrowings	6194306.00	2330844.00	(3863462.00)	(62.37)
Deferred Tax Liability	248235.78	191218.00	(57017.78)	(22.96)
Other Long Term Liability	70000.00	70000.00	00.00	
Total Fixed Liability	36455054.81	41096260.89	4641206.08	
Current Liabilities				
Short Term Borrowings	4080932.14	5763749.75	1682817.61	41.23
Trade Payables	390413.37	441991.37	51578.00	13.21
Other Current Liability	2880674.00	903530.66	(1977143.34)	(68.63)
Sundry Provisions	605270.00	243502.00	(361768.00)	(59.76)
Total Current Liability	7957289.51	7352773.78	604515.73	
Total Liability	44412344.32	48449034.67	4036690.35	9.08

Interpretation:

The comparative analysis of the year 2012-2013 shows that there was a decrease in fixed assets by Rs.479868.31, which means the occurrence of sales of assets, it helps in increasing the amount of cash balances. The current assets increased by Rs.4516558.66 which indicate a firm's better credit policy. The fixed liability has also increased by Rs.4641206.08. The current liabilities have also decreased by Rs.604515.73, it indicates that the firm has a good liquidity position. Therefore, they are able to pay liabilities within stipulated period.

4.3.3 COMPARATIVE BALANCE SHEET AS ON 2013-2014

Particulars	2013	2014	Amount of Increase or Decrease	Percentage of Increase or Decrease
Asserts				
Fixed Assets				
Tangible Asset	16173186.24	16602143.24	428957.00	2.65
Capital Work in Progress	-----------	----------		
Other Non-Current Assets	1332044.00	1378268.12	46224.12	3.47
Total Fixed Asset	17505230.24	17980411.36	475181.12	
Current Assets				
Inventories	11576823.38	13793283.12	2216459.74	19.14
Trade Receivables	11910563.57	13685009.32	1774445.75	14.89
Cash & Cash Equivalents	6315784.83	6868422.01	552637.18	8.75
Short Term Loan & Advances	424713.00	495469.00	70756.00	16.65
Other Current Assets	715919.65	1213666.04	497746.39	69.52
Total Current Assets	30943804.43	36055850.20	5112045.77	
Total Assets	48449034.67	54036261.56	5587226.89	11.53
Liabilities				
Share Capital	985000.00	985000.00	00.00	
Reserves & Surplus	37519198.89	46236461.42	8717262.53	23.23
Long Term Borrowings	2330844.00	3143475.00	812631.00	34.86
Deferred Tax Liability	191218.00	150663.00	(40555.00)	21.20
Other Long Term Liability	70000.00	70000.00	00.00	
Total Fixed Liability	41096260.89	50585599.42	9489338.53	
Current Liabilities				
Short Term Borrowings	5763749.75	1773516.13	(3990233.62)	(69.22)
Trade Payables	441991.37	392304.37	(49687.00)	(11.24)
Other Current Liability	903530.66	1285490.53	381959.87	42.27
Sundry Provisions	243502.00	(648.90)	(242853.1)	(99.73)
Total Current Liability	7352773.78	3450662.13	(3902111.65)	
Total Liability	48449034.67	54036261.55	5587226.88	11.53

Interpretation:

The comparative balance sheet of the company 2013-2014 reveals that there has been an increase in the fixed assets by Rs.475181.12, which indicates the sales of assets. The cash received through sales of assets have increased the cash balance of the company. The excess cash balances are utilized to meet its short term liability. The current liabilities are also decreased by Rs.3902111.65, it indicates that the firm has good liquidity position. Therefore, they are able to pay liabilities within stipulated period. The overall financial position of the company for the year 2013-2014 is satisfactory.

4.3.4 COMPARATIVE BALANCE SHEET AS ON 2014-2015

Particulars	2014	2015	Amount of Increase or Decrease	Percentage of Increase or Decrease
Asserts				
Fixed Assets				
Tangible Asset	16602143.24	17535904.33	933761.09	5.62
Capital Work in Progress	---------	----------		
Other Non-Current Assets	1378268.12	1559845.12	181577.00	13.15
Total Fixed Asset	17980411.36	19095749.45	1115338.09	
Current Assets				
Inventories	13793283.12	12070835.25	(1722447.87)	12.48
Trade Receivables	13685009.32	16713759.00	3028749.68	22.13
Cash & Cash Equivalents	6868422.01	24500827.13	12632405.12	256.71
Short Term Loan & Advances	495469.00	373610.00	(121859)	(24.59)
Other Current Assets	1213666.04	931489.14	(282176.90)	(23.24)
Total Current Assets	36055850.20	54590520.52	18534670.32	
Total Assets	54036261.56	73686269.97	19650008.41	36.36
Liabilities				
Share Capital	985000.00	985000.00	00.00	
Reserves & Surplus	46236461.42	55784689.30	9548227.88	20.65
Long Term Borrowings	3143475.00	2326800.00	(816675.00)	(25.98)
Deferred Tax Liability	150663.00	345487.05	194824.05	129.31
Other Long Term Liability	70000.00	70000.00	00.00	
Total Fixed Liability	50585599.42	59511976.35	8926376.93	
Current Liabilities				
Short Term Borrowings	1773516.13	12711327.25	10937811.12	6.16
Trade Payables	392304.37	423242.37	30938.00	7.88
Other Current Liability	1285490.53	1039724.00	(245766.53)	(19.11)
Sundry Provisions	(648.90)	-----------	648.90	
Total Current Liability	3450662.13	14174293.62	10723631.49	
Total Liability	54036261.56	73686269.97	19650008.41	36.36

Interpretation:

The comparative balance sheet analysis of the company reveals that during 2014-2015, there was an increase in fixed assets by Rs.1115338.09, which indicate the purchase of fixed assets and an outflow of cash. The current assets increase by Rs.18534670.32 which indicates a firm's better credit policy. The fixed liability has also been increasing. This fact shows that the firm does not have a good liquidity position. But there is an increase in reserves & surplus, for meeting its liability. The current liability has increased by Rs.10723631.49. It indicates that the firm has not paid the liability within the stipulated period.

4.3.5 COMPARATIVE BALANCE SHEET AS ON 2015-2016

Particulars	2015	2016	Amount of Increase or Decrease	Percentage of Increase or Decrease
Asserts				
Fixed Assets				
Tangible Asset	17535904.33	19606960.94	2071056.61	11.81
Capital Work in Progress	----------	----------	----------	
Deferred Tax Assets (Net)	----------	252543.00	252543.00	
Other Non-Current Assets	1559845.12	1675394.59	115549.47	6.89
Total Fixed Asset	19095749.45	21534898.53	2439149.08	
Current Assets				
Inventories	12070835.25	15463328.75	3392493.50	28.10
Trade Receivables	16713759.00	15557840.00	(1155919.00)	6.91
Cash & Cash Equivalents	24500827.13	27837944.00	3337116.87	13.62
Short Term Loan & Advances	373610.00	474448.59	100838.59	26.99
Other Current Assets	931489.14	1140340.00	208850.86	22.42
Total Current Assets	54590520.52	60473901.34	5883380.82	
Total Assets	73686269.97	82008799.87	8322529.90	11.29
Liabilities				
Share Capital	985000.00	985000.00	00.00	
Reserves & Surplus	55784689.30	63014281.33	7229592.03	12.95
Long Term Borrowings	2326800.00	3895282.00	1568482.00	67.40
Deferred Tax Liability	345487.05	465368.00	119880.95	34.69
Other Long Term Liability	70000.00	70000.00	00.00	
Total Fixed Liability	59511976.35	68429931.33	8917954.98	
Current Liabilities				
Short Term Borrowings	12711327.25	11914780.95	(796546.30)	(6.26)
Trade Payables	423242.37	366100.59	(57141.78)	(13.50)
Other Current Liability	1039724.00	1297987.00	258263.00	24.83
Sundry Provisions	-----------	-----------	-----------	
Total Current Liability	14174293.62	13578868.54	(595425.08)	
Total Liability	73686269.97	82008799.87	8322529.90	11.29

Interpretation:

The comparative balance sheet analysis of the company reveals that during 2015-2016, there was an increase in fixed assets by Rs.2439149.08, which indicate the purchase of fixed assets and an outflow of cash. The current assets increase by Rs.5883380.82 which indicates a firm's better credit policy. The fixed liability has also been increasing. The current liabilities have decreased by Rs.595425.08, it indicates that the firm has good liquidity position. Therefore, they are able to pay liabilities within stipulated period. The overall financial position of the company for the year 2015-2016 is satisfactory.

4.4 **Trend Analysis** - Balance Sheet of **SNA Oushadhasala** Pvt. Ltd for the Period of 2011-12 to 2015-16

Particulars	As on 31.0.12	Trend of 2012	As on 31.03.13	Trend of 2013	As on 31.03.14	Trend of 2014	As on 31.03.15	Trend of 2015	As on 31.0.16	Trend of 2016
Equity & liabilities:										
Shareholders fund:										
Share Capital	985000.00	100.00	985000.00	100.00	985000.00	100.00	985000.00	100.00	985000.00	100.00
Reserves & Surplus	28957513.03	100.00	37519198.89	129.56	46236461.42	159.67	55784689.30	192.64	63014281.33	217.61
Non-Current Liabilities:										
Long Term Borrowings	6194306.00	100.00	2330844.00	37.62	3143475.00	50.74	2326800.00	37.56	3895282.00	62.88
Tax Liability	248235.78	100.00	191218.00	77.03	150663.00	60.69	345487.05	139.17	465368.00	187.47
Other Liability	70000.00	100.00	70000.00	100.00	70000.00	100.00	70000.00	100.00	70000.00	100.00
Current Liabilities:										
Short Term Borrowings	4080932.14	100.00	5763749.75	141.23	1773516.13	43.45	12711327.25	311.48	11914780.95	291.96
Trade Payables	390413.37	100.00	441991.37	113.21	392304.37	100.48	423242.37	108.40	366100.59	93.77
Other Current Liability	2880674.00	100.00	903530.66	31.36	1285490.53	44.62	1039724.00	36.09	1297987.00	45.05
Sundry Provisions	605270.00	100.00	243502.00	40.23	(648.90)	0.10	------------	--------	------------	---------
TOTAL	44412344.32	100	48449034.67	109.09	54036261.56	121.66	73686269.97	165.91	82008799.87	184.65
Assets:										
Fixed Assets:										
Tangible Assets	16718478.55	100	16173186.24	96.73	16602143.24	99.30	17535904.33	104.88	19606960.94	117.27
Capital Work in Progress	363620.00	100	-----------	-------	-----------	-------	-----------	-------	-----------	-------
Deferred Tax Assets (Net)	-------------	---	-----------	-------	-----------	-------	-----------	-------	252543.00	-------
Other Non- Current Assets	903000.00	100	1332044.00	147.51	1378268.12	152.63	1559845.12	172.74	1675394.59	185.53
Current Assets:										
Inventories	7519713.61	100	11576823.38	83.21	13793283.12	99.15	12070835.25	86.76	15463328.75	111.15
Trade Receivables	13911314.03	100	11910563.57	85.61	13685009.32	98.37	16713759.00	120.14	15557840.00	111.83
Cash & Cash Equivalence	4230240.04	100	6315784.83	149.30	6868422.01	162.36	24500827.13	579.18	27837944.00	658.07
Short Term Loans & Advances	669123.50	100	424713.00	63.47	495469.00	74.04	373610.00	55.83	474448.59	70.90
Other Current Assets	96854.59	100	715919.65	739.16	1213666.04	1253.08	931489.14	961.73	1140340.00	1177.37
TOTAL	44412344.32	100	48449034.67	109.09	54036261.56	121.66	73686269.97	165.91	82008799.87	184.65

Interpretation:

From the above trend analysis data, it has shown a steady increase in trend of net sales, cost of goods sold, gross profit, office and administrative expenses, selling and distribution expenses, operating profit, net profit, fixed assets and current assets. As well there was a fluctuation in the trend of current liabilities. Therefore, the trend analysis data indicate that the firm has a good financial position.

V. FINDINGS, SUGGESTIONS, & CONCLUSION

FINDINGS

1. The current ratios of the company are more than the standard ratio 2:1 for the past 5 years.
2. The liquid ratio of the firm seems satisfactory during the analysis period, which indicated that the firm has relatively better position to meet its current obligations on time.
3. The Debt Equity Ratio has shown a decreasing trend which indicated the firm's ability to use its borrowed funds.
4. The proprietary ratio of the firm was satisfactory all the 5 years as the ratios are above the ideal ratio 0.5, which represents the firm's financial stability and the greater security for the creditors.
5. There was an increasing trend in the gross profit ratio up to the year 2013-2014. After 2014, the trend in gross profit ratio declined from 51.67% to 50.09% and then increased to 50.18% in the year 2015-2016. The data showed a standard performance up to 2014 and thereafter the firms profitability has reduced a little. It may be due to the increase in the cost of goods sold.
6. There was a decreasing trend in the net profit ratio of the firm. Even though the net profit ratio indicates the standard performance of the firm, the declining trend shows the operational inefficiency of the firm.
7. The operating profit ratio of the firm was reducing from 2012-2015 from 15.11 % to 11.79% and thereafter a slight increase in 2016 to 12.28% which shows the improving operational efficiency and profitability of the concern.
8. The Return on Investment ratio showed a decreasing trend over the last years such as from 2012 -2015 that was from 27.46% to 18.95%. In 2016, the ratio slightly increases. The increasing trend shown in 2016 was a good sign as it results in higher profitability of the concern.
9. The working capital turnover ratio of the company shows a decreasing trend over the years. Even though the present ratio was satisfactory, the decreasing trend indicates company's inefficiency in generating sales revenue using total working capital available in the business during a particular period of time.
10. Even though there was a decreasing trend in the inventory turnover ratio from 2012-2014, the company has the opportunity for the efficient management in inventory and frequent selling of the stock as the inventory turnover ratio shows an increasing trend for the last two years.

11. There was a steady increase in the fixed asset turnover ratio over the years. The steady growth in the ratio over the years reveals that the firm uses its fixed assets to generate sales in a good manner. The firm ensures the optimum utilization of its fixed assets.
12. The common size statement reveals that the company kept too much amount of reserves & surplus, so they can use it when they met any urgency.
13. The comparative statement reveals the financial position of the company for the past 5 years are satisfactory.
14. The trend analysis reveals a firm's financial information over a period of time. It calculates and analyses the changes in amounts and percentage from last 5 years.

SUGGESTIONS

1. The company should try to produce exportable products which will help to earn foreign money which result in the betterment of financial performance of the company.
2. The management needs to take care of the employer operational efficiency and provide trainings, so that they can improve their performance and that add to increase in the productivity as well as sales.
3. The firms should try to reduce manufacturing expenses, operating and other expenses by adopting appropriate cost control measures.
4. Modernization of plant & machinery is suggested, so that the company can improve its productivity and efficiency as well reduces energy consumption and cost of production and thereby reduce cost of goods sold.
5. By adopting latest technology would also help in reducing wastage of raw materials and increase production and thereby increase and adds to the profit of the firm.
6. By introducing efficient machineries, the labor force can be reduced and thereby increase the operational profit.
7. Net profit of the firm can be increased be reducing the tax liability using various tax redemption methods.
8. The management should take extra care in the proper utilization of working capital.
9. The company should increase the investments in marketable securities.

CONCLUSION

SNA Oushadhasala Pvt Ltd, Thrissur is a leading manufacturing company producing Ayurvedic medicines. The company produces classical and traditional types of medicines. It is a company which runs on profit for a long period of time. The company has a very high scope in future also. Because Ayurvedic industry is in its growth stage and the demand for the Ayurvedic medicines will never face a tough situation in the near future.

By analyzing last five years' financial statement of the company it is clear the there is a strong liquidity and solvency position at present. The overall performance of the firm is also good. But by adopting various measures the firm can reduce its operating cost and achieve much more profitability. The net sales and revenue of the firm is increasing over the years in a good manner. The operating cost is also increasing along with the sales, but the firm is able to cover these costs with their sales revenue and to maintain the profitability. By undertaking proper measures, the operational efficiency can be made better in the future too. The future prospects of the organization are sure to show a tremendous progress.

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APPENDIX

Income Statement of SNA Oushadhasala Pvt. Ltd

Particulars	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Net Sales	90291141.03	103845835.70	112477134.40	136105827.70	157252323.80
Less: Cost of Goods Sold					
Material Consumed	40752423.85	43401763.85	50364100.82	58537606.48	68003622.96
Changes In Inventories of Finished Goods And WIP	(893306.80)	(435692.71)	(4842558.83)	1449636.19	1763891.20
Direct Expenses					
Firewood	5041547.00	5690640.16	5975330.00	5546468.61	5849630.70
Carriage Inward	22093.00	48791.00	43570.00	59036.00	67948.50
Factory Lighting	776510.00	1145656.00	1553491.86	802938.06	1045718.76
Freight Charges	84248.00	96647.00	151891.00	337065.00	396549.00
Manufacturing Expenses	868384.00	975628.00	1109301.00	1188064.00	1216348.75
Total	**46651899.05**	**50923433.30**	**54355125.85**	**67920814.34**	**78343709.87**
Gross Profit	**43639241.98**	**52922402.40**	**58122008.55**	**68185013.36**	**78908613.93**
Less: Office & Administrative Expenses					
Salary & Allowances	11219480.00	13433116.00	158 47192.00	20423991.00	24359960.16
Stipend	1627500.00	1135950.00	70425.00	146950.00	1376900.00
Staff Welfare Expenses	479275.00	692812.05	1206006.39	2215574.60	2541690.00
Overtime & Casual Wages	228723.00	208369.00	493242.00	389878.00	456298.00
Deposit Linked Insurance	54386.00	45262.00	51389.00	76292.00	85482.00
Honorarium	1472750.00	1593240.00	1592980.00	1662000.00	1783253.68
Gratuity	96895.00	2025797.00	2043835.00	2229172.00	2387492.36
Bonus & Benefits	3008145.00	4082731.00	5022929.00	4909869.00	5176377.50
Total Man Power Cost:	18187154.00	23217277.50	26327998.39	32053726.60	38167453.70
Vehicle Expenses	455533.00	596317.00	705882.62	838027.72	896387.71
Travelling Expenses	1173270.00	1536917.00	2005184.00	2190570.48	2114862.75
Printing & Stationary	309690.00	533882.00	582536.00	787984.00	868775.00
Repair & Maintenance	1687422.00	2286202.00	1575337.00	2466928.00	2474694.00
Auditors Fee	65000.00	75000.00	85000.00	100000.00	125000.00
Postage & Telephone	510133.00	631981.00	828820.35	497644.05	686371.00
Taxes & Licenses	171768.00	139918.00	243169.00	231449.00	220487.00
Rent, Light & Water	262634.00	279289.00	362308.00	326380.00	387707.00
VAT Expenses	1798.98	100127.16	72106.09	2912.06	50387.50
Professional Fee	16030.00	77600.00	70250.00	41100.00	75630.00

Courier Charges	338613.00	429682.00	403812.00	173283.00	342560.00
Fire Insurance	43073.00	43855.00	118955.00	118841.00	119372.00
Bad Debts Written Off	3672.00	91110.93	32774.00	7641.30	6357.45
Depreciation & Amortization Expenses	1987870.00	2046753.00	2017236.00	2144946.80	2245378.90
Depot Expenses	1226780.62	1339009.20	1557129.37	1997262.75	2145876.75
Total:	26440441.60	33424920.79	36988497.82	43978696.76	50927300.76
Less: selling expenses					
Carriage outwards	1018459.00	1291097.00	1400731.00	2009730.00	2110389.00
Advertisement expenses	1404912.00	1063113.00	1283689.00	1012047.00	1183417.00
Sales promotion	924115.30	257590.00	429033.00	290268.00	395768.00
Discount & commission	199532.00	1976633.50	3562779.00	4835084.29	4978850.00
Total:	3547018.30	4588433.50	6676232.00	8147129.29	8668424.00
Total expenses :	**29987459.90**	**38013354.29**	**43664729.82**	**52125826.05**	**59595724.76**
Net operating profit	**13651782.08**	**14909048.11**	**14457278.73**	**16059187.31**	
Less : finance cost	1990198.85	1263039.86	514116.87	435796.59	956138.20
Net profit before tax	11661583.23	13646008.25	13943161.86	15623390.72	18356750.97
Less: tax expenses	3438297.78	4186484.22	4189688.99	4861033.63	5628817.26
Net profit	**8223285.45**	**9459524.03**	**9753472.87**	**10762357.09**	**12727933.71**

Summarized Balance Sheet of SNA Oushadhasala Pvt. Ltd

Particulars	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Current Assets:					
Closing Stock	7519713.61	11576823.38	13793283.12	12070835.25	15463328.75
Trade Receivables	13911314.03	11910563.57	13685009.32	16713759.00	15557840.00
Cash & Cash Equivalence	4230240.04	6315784.83	6868422.01	24500827.13	27837944.00
Short Term Loans & Advances	669123.50	424713.00	495469.00	373610.00	474448.59
Non-Current Assets					
Fixed Assets					
Tangible assets	16718478.55	16173186.24	16602143.24	17535904.33	19606960.94
Capital work in progress	363620.00	-----------	---------	----------	----------
deferred tax assets (net)	----------	-----------	---------	----------	252543.00
Other Current Assets	96854.59	715919.65	1213666.04	931489.14	1140340.00
Other Non-Current Assets	903000.00	1332044.00	1378268.12	1559845.12	1675394.59
Total Assets	44412344.32	48449034.67	54036261.56	73686269.97	82008799.87
Current Liabilities:					
Short Term Borrowings	4080932.14	5763749.75	1773516.13	12711327.25	11914780.95
Trade Payables	390413.37	441991.37	392304.37	423242.37	366100.59
Other Current Liability	2880674.00	903530.66	1285490.53	1039724.00	1297987.00
Sundry Provisions	605270.00	243502.00	(648.90)	___	___
Non-Current Liability					
Long Term Borrowings	6194306.00	2330844.00	3143475.00	2326800.00	3895282.00
Tax Liability	248235.78	191218.00	150663.00	345487.05	465368.00
Other Liability	70000.00	70000.00	70000.00	70000.00	70000.00
Equity:					
Share Capital	985000.00	985000.00	985000.00	985000.00	985000.00
Reserves & Surplus	28957513.03	37519198.89	46236461.42	55784689.30	63014281.33
Total Liabilities	44412344.32	48449034.67	54036261.55	73686269.97	82008799.87