

Financial Performance Analysis : A Case Study of NALCO Ltd

Sushanta Kumar Nandi¹ & Anudhriti Phukan²

¹Assistant Professor, & ²Former Student,
School of Business, Kaziranga University, Assam

ABSTRACT :

Financial statements are the reflections of business decisions during the year. It reflects the financing, investing and operating decisions of a business firm. It provides the information about the financial position at the end of the year and financial performance during the year. These financial statements are very much useful to different users for their own decision making and in order to make it more reliable and relevant, analysis of such statements is necessary. A critical analysis of financial statements of a company provides the useful information about the profitability, liquidity, solvency and efficiency of that company. The present study aims at analysing the financial statements of National Aluminium Company Limited which is a Central Public Enterprise under the Ministry of Mines, Government of India from 2012 to 2016 i.e., for 5 years. The overall findings of this study has been is satisfactory and some of the areas have very good performance.

Keywords : Financial Statements, Liquidity Analysis, Solvency Analysis, Profitability Analysis and Cash Flow Analysis.

1. INTRODUCTION :

The acronym NALCO stands for National Aluminium Company Limited which is a Navratna Central Public Sector Enterprise (CPSE) under Ministry of Mines, Government of India. The Company is listed at Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The study, hereby, probes into the financial statements of NALCO with the aid of different types of analysis encompassing horizontal analysis or trend analysis and vertical analysis.

Before proceeding further, the paramount aspect is to understand "What financial analysis is and its need and importance? What are different forms of financial analysis?" Financial analysis (often alluded to as financial statement analysis or analysis of finance or accounting analysis) refers as a process or an activity of selecting, evaluating and interpreting financial data along with other pertinent information accountable to formulate

an assessment of a company's viability, stability and profitability. Financial statement analysis is an imperative and integral part of business analysis.

Financial statement analysis facilitates in analyzing a company's financial position and performance, assessing future financial performance, reducing reliance on hunches, guesses, and intuition for business decisions, dwindling the uncertainty of business analysis, providing a systematic and effective basis of business analysis, providing managers with inklings to strategic changes in operating, investing & financial activities, enabling company's operation for the current year with that of prior year as well as the industry norms, helping different users of financial statements for gauging the company's performance from their respective objectives.

There are two major discrete forms of financial analysis which are a) Horizontal Analysis and b) Vertical Analysis. The above forms have been ventilated in succinct: a) Horizontal analysis is an analysis of a company's financial statements with historical financial information over a number of reporting times. It is further categorized into i) Comparative Analysis and ii) Trend Analysis. Whereas b) Vertical analysis is an analysis conducted on financial statements of a particular time period only. It is also acknowledged as Static Analysis. Moreover, it is classified into i) Common Size Analysis and ii) Ratio Analysis.

In addition to this, financial statement analysis entails different techniques such as Comparative financial statement analysis, Common size financial statement analysis, Trend analysis, Ratio analysis. Comparative analysis, also described as comparison analysis, is used to assess the financial relationships between variables over two or more reporting periods. Common size or, vertical analysis, is a mode of evaluating financial data by demonstrating each item in a financial statement as a percentage of a base amount for the same period of time. Here, Income statement items are stated as a percent of net sales whereas balance sheet items are stated as a percent of total assets (or total liabilities and shareholders' equity). A trend analysis is an aspect of technical analysis that tries to envisage the future movement of a stock based on precedent data. Trend analysis is based on the proposition that what has happened in the past gives merchants an outlook of what will happen in the future. However, ratio analysis is employed in to assess various aspects of a company's operating and financial performance for instance its efficiency, liquidity, profitability and solvency.

2. LITERATURE REVIEW :

Dr. R.V. Keshwava (2009) aims to "Analyse the financial performance of aluminium industry in India". He, thus, covered large plants of aluminium group of companies. For the purpose of his study, he used the help of techniques such as ratio analysis, trend analysis, and statistical analysis such as chi-square.

M.D.Aminul Islam (2014) strives to study “Financial performance of National Bank Limited”. He proffers that to identify whether any difference prevails between a banks’ years of operation and its performance classifying two periods i.e. 2008-10 and 2011-13. For his study, he took the help from several online sources; financial ratio analysis method was used to draw out an overview about the financial performance of the National bank limited in terms of its profitability, liquidity and credit performance. He has used SPSS for t-test which will test the hypotheses. The results from his study corroborate that the overall bank performance in terms of return of assets, return of equity, liquidity and credit performance has been progressing since the year 2008 up to the year 2011 and dwindling in the year 2012 including 2013.

MohdTaqi (2014) focuses on “Financial performance evaluation of minerals and metals trading corporation (MMTC) of India since liberalisation”. It also focuses on the performance of its shares (price behaviour) in the stock market. His study is also primarily based on the secondary data obtained from the published annual reports of MMTC Ltd. since liberalization. The time period of twenty two years from 1991-92 to 2012-13 is considered for the study. Further, accounting and financial tools and statistical tools such as descriptive statistics, correlation, and regression analysis have been a major role for the evaluation purpose. Later, the researcher articulates that the company has employed a huge amount in inventories; he also adds that a significant value in shareholder’s wealth has been encountered. The study deduces that stock split decision had no imperative impact on share price of the company. The researcher suggest that the company should diminish its loan practices and focus on getting hold of equity capital to reduce its interest expenses because of low profit margin.

Doron Nissim, Stephen H. Penman (2001) outlines a financial statement analysis for use in equity valuation. They incorporate and extend standard profitability and are complemented with an analysis of growth. In their paper, they distinguish the analysis of operating activities from the analysis of financing activities. Their perspective is of forecasting payoffs to equities. For providing historical benchmarks for forecasting, typical values for ratios are documented for the period 1963 to 1999, along with their cross sectional variation and correlation. In order to forecast, the time series behaviour of many of the ratios is also expressed.

Muthusamy and Gauri (2012) studied on the Performance Appraisal of Hindustan Petroleum Corporation Limited and highlight the effectiveness of long term as well as short term financial policies of the industry. The objective of the study is to show the financial performance and its financial position with the help of different ratios like: financial

leverage, operating leverage, earning per share ratio, solvency ratio, reserve to capital ratio and proprietary ratio.

T. Rajasekar, Sania Ashraf, MalabikaDeo (2014) endeavoured an enquiry on to the financial distress of Indian Navratna companies during the period 1995 to 2012. She evaluated all the necessary data with the help of appropriate financial ratio. The data were accumulated from Centre for Monitoring Indian Economy (CMIE) data base and administrative reports of the respective companies throughout the study period. From their study, it is revealed that few Navratna Companies were found financially healthy during the study period whereas rest of the selected companies indicated financial feeblish. They inferred that companies may find themselves in hasslein absence or shortage of distress funding from the government at the time of need. They added that it may be traumatic for the companies to raise fund from market as they may not considered as investment worthy in future.

Dr. S.K. Khatik and Dr. Kamal Kishore Dhote (2018) focuses on the short term aspects of corporate finance activities i.e. working capital management. They assert that excessive investment in cash and liquid assets may not be the elite use of company resources. In this context, they attempt to evaluate working capital and working capital management policy of NALCO during the financial period from 2007-08 to 2016-17. They have analyzed the working capital position of the company by using financial ratio technique and impact of working capital on the profitability of the company. The result of their study indicates to unsatisfactory state of working capital of the company. However they reveal that there is no significant impact of working capital on profitability position of the company. There have been sales and other factors which effected profit of NALCO ltd. rather than working capital. They suggested company should improve their current assets position in comparison with current liability, company should strengthen their liquidity position; reduce average stock for enhancement of stock turnover ratio.

Dr. S. Poongavanam (2017) aims to study the financial statement of five years of Das Limited and examine it with the aid of comparative study; to determine the financial strength and weakness of the enterprise. The study is done with the help appropriate tools like financial analysis like ratio analysis and comparative balance sheet. The outcome of her study is that financial performance for each succeeding year is satisfactory. The enterprise, however, higher amount of current liabilities and provision for which she suggest that the enterprise should make timely payment.

M. Syed Ibrahim (2010) studied the performance of the Regional Rural Banks (RRBs) in India where his research is diagnostic and exploratory in nature and mainly based on

the secondary data. The researcher investigated whether the merger or amalgamation of RRBs undertaken in the year 2005-06 helped in recuperating their performance. It inferred that performance of rural banks in India has improved after process of amalgamation which has been initiated by the GOI.

3. RESEARCH PROBLEM :

A number of studies reviewed, concentrate on financial performance of different organization which substantiate that every little work has been conducted meticulously for their respective purposes. However, some of the studies have been done in a different sector of economy especially regarding their financial performance rather than performing a study on financial statement analysis of an individual company as such. No particular study has been conducted on the financial statement analysis of the company entitled NALCO Ltd. Hence, in this study, it has made an attempt to evaluate the financial performance of the company NALCO Ltd. by analysing its financial statement. Through this study, it has been endeavoured to fill the gap of research in this specific area of study.

4. OBJECTIVE OF RESEARCH :

The objectives of the study are as follow:

- ◆ To study the financial performance of the company over the past five years.
- ◆ To study the liquidity position of the company.
- ◆ To study the profitability position of the company.
- ◆ To study the solvency state of the company.
- ◆ To study the financial efficiency of the company.

5. RESEARCH METHODOLOGY :

The research is an analytical research entirely based on the secondary dataset. The annual reports of the past five successive years i.e. 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 of NALCO Ltd. are taken into account for the research data which are published at the end of every financial year on the company's website. Other pertinent information accessible from the report of financial statement of the specified company is thoroughly analysed to reach at an inference about the financial position of the company for the given period of time. The collected information and data have been systematically arranged, synthesized, tabulated and analysed. Figures have been dissected using financial tools such as ratio analysis, trend analysis, comparative statement analysis, common size statement analysis and statistical tools such as average and percentage and have been interpreted using tables and charts. Other sources have been referred for the purpose of the study such as online articles, e-books.

6. DATA ANALYSIS AND INTERPRETATION :

6.1. Comparative Analysis

6.1.1. Comparative Balance Sheet of NALCO ltd.

Table :1
Comparative Balance Sheet

Comparative Balance Sheet of NALCO as on 31st March 2015 and 2016				
PARTICULARS	AS ON 31st March (INCREASE/DECREASE)			
	2016	2015	ABSOLUTE	%
	(Rs. In Cr)	(Rs. In Cr)	FIGURE	
			(Rs in Cr)	
EQUITY AND LIABILITIES				
Shareholders' funds				
Share Capital	1,288.62	1,288.62	0.00	0%
Reserves and Surplus	11,619.06	11,508.68	110.38	1%
Non-current Liabilities				
Deferred tax liabilities (Net)	1,110.09	1,105.27	4.82	0%
Other Long Term Liabilities	68.26	65.3	2.96	5%
Long Term Provisions	223.72	242.76	-19.04	-8%
Current Liabilities				
Trade Payables	581.38	440.18	141.20	32%
Other Current Liabilities	1,350.45	1,340.65	9.80	1%
Short-term provisions	277.41	186.21	91.20	49%
Total	16,518.99	16,177.67	341.32	2%
ASSETS				
Non-current Assets				
Fixed Assets				
Tangible Assets	6,328.89	6,509.21	-180.32	-3%
Intangible Assets	138.61	136.21	2.40	2%
Capital work-in-progress	661.36	549.73	111.63	20%
Non-Current Investments	811.08	1.04	810.04	96%
Long term loans and advances	1,347.55	1,221.85	125.70	10%
Other non-current assets	49.48	47.45	2.03	4%
Current Assets				
Current Investments	66	950	-884.00	-93%
Inventories	1,126.97	1,165.56	-38.59	-3%

Financial Performance Analysis : A Case Study of NALCO Ltd

Trade receivables	235.21	120.82	114.39	95%
Cash and Bank Balances	4,933.53	4,627.98	305.55	7%
Short-term loans and advances	586.67	607.54	-20.87	-3%
Other current assets	233.64	240.28	-6.64	-3%
Total	16,518.99	16,177.67	341.32	2%

INTERPRETATION :

Table-1 depicts Comparative Balance Sheet as on 31st march 2015 and 2016. The following cruxes are attained:

- ♦ The share capital of the company remained same in both the years 2016 & 2015. It denotes no new shares issued in the current year.
- ♦ Reserves & Surplus of the current year 2016 has been escalated by 1% in comparison with the previous year 2015. There has been nominal change in the current year by 1%. It indicates that company might have created more reserves or yielded surplus.
- ♦ Shareholders' fund increases in the current year. It reflects that since the share capital remained same, the increase in reserves & surplus has increased the shareholders' fund in the year 2016.
- ♦ Non-current liabilities of the current year 2016 decreases by 3% in comparison with the previous year 2015 though Other Long term Liabilities increased by 5% in current year, but long term provisions diminished by 8% in comparison with the previous year, minute changes incurred in deferred tax liability. Increase other Long term liabilities indicates more borrowings of the company.
- ♦ Trade Payables, other current liabilities, short term provisions increased by 32%, 1%, 49% respectively in comparison with the previous year 2015. It reflects the increment of current liabilities. Increase in trade payables implies some credits have been taken as it includes bills payable and sundry creditors.
- ♦ Tangible fixed assets reduced by 3% in comparison with previous year indicates sale of tangible fixed assets in the current year 2016. Intangible fixed assets inclined by 2% which also includes software, mining rights. Increase in Non-current Investment by 96% in the current year represents heavy purchase of non-current investments. It results an increase in non-current assets.
- ♦ Inventories decreases by 3% which implies sale of inventories in the current year 2016. Increase in trade receivable denotes increase in debtors and bills receivables indicating goods might have sold out in credit and company has become more effective in collection of receivables. Cash & Bank balances increased in the current year due to the additional inflow of cash. No changes found in overall current assets with comparison to the previous year.

6.1.2. Comparative Statement of Profit and Loss of NALCO Ltd.

Table :2
Comparative Statement of Profit and Loss Account

Comparative Statement of Profit and Loss for the year ended 31st March 2015 and 2016

PARTICULARS	AS ON 31st March		(INCREASE/DECREASE)	
	2016 (Rs. In Cr)	2015 (Rs. In Cr)	ABSOLUTE FIGURE (Rs in Cr)	%
Sales (Revenue from operations)	6,816.00	7,382.81	-566.81	-8%
LESS: Cost of goods sold:				
Materials consumed	1,104.40	1,031.59	72.81	7%
Power and Fuel	1,864.61	1,802.24	62.37	3%
Changes in inventories of finished goods, Inventories and work-in-progress	2.9	6.09	2%	8.99
	2,978.00	2,836.73	141.27	5%
GROSS PROFIT	3,838.00	4,546.08	-708.08	-16%
LESS: Administrative expenses				
Employee benefits expense	1,361.36	1,377.91	-16.55	-1%
Other expenses	1,556.58	1,462.15	94.43	6%
	2,917.94	2,840.06	77.88	3%
PBITDA¹ & exceptional items	920.06	1,706.02	-785.96	-46%
LESS: Exceptional items	53.45	148.42	-94.97	-64%
	866.61	1,557.60		
LESS: Depreciation and amortization expense		424.09	413.66	10.43
3%				
PBIT²	442.52	1,143.94	-701.42	-61%
LESS: Interest (Finance Cost)	1.21	0.00	1.21	
PBT³	441.31	1,143.94	-702.63	-61%
LESS: Tax				
(1) Current Tax	375.6	520.63	-145.03	-28%
(2) Deferred Tax	4.82	249.68	-244.86	-98%
(3) Earlier Years	8.67	21.26	-12.59	-59%
	389.09	791.57	-402.48	-51%
PAT⁴	52.22	352.37	-300.15	-85%

INTERPRETATION :

Table (ii) illustrates Comparative Statement of Profit and Loss Account as on 31st march 2015 and 2016. The following cruxes are attained:

- ♦ The Sales (Revenue from operations) of the company dwindles by 8% in comparison with the previous year 2015. It implies the company's inability to generate more sales.
- ♦ Cost of Goods sold increases in the current year 2016. It reflects an escalation in the consumption of raw materials; power and fuel; Changes in inventories of finished goods, Intermediaries and work-in-progress by 7%, 3%, 2% respectively.
- ♦ Operating expenses inclined in the current year due to the increase in other expenses by 6% and plummet in employee benefits expenses by just 1%.
- ♦ PBIT decreases by 61% depicting decrease in exceptional items by 64% and increase in depreciation and amortization by 3% in comparison with the previous year 2015.
- ♦ PAT remains 85% less than the previous year 2015 after charging interest (finance cost) and tax.

6.2. COMMON SIZE ANALYSIS :

6.2.1. Common Size Balance Sheet of NALCO Ltd.

Table :3
Common Size Balance Sheet

Common-Size Balance Sheet as on 31st March 2015 and 2016				
PARTICULARS	2016		2015	
	(Rs. In Cr)	%	(Rs in Cr)	%
EQUITY AND LIABILITIES				
Shareholders' funds				
Share Capital	1,288.62	8%	1,288.62	8%
Reserves and Surplus	11,619.06	71%	11,508.68	70%
Non-current Liabilities				
Deferred tax liabilities(Net)	1,110.09	7%	1,105.27	7%
Other Long Term Liabilities	68.26	0.41%	65.3	0.40%
Long Term Provisions	223.72	1%	242.76	2%

Current Liabilities

Trade Payables	581.38	4%	440.18	3%
Other Current Liabilities	1,350.45	8%	1,340.65	8%
Short-term provisions	277.41	2%	186.21	1%
Total	16,518.99	100%	16,177.67	100%

ASSETS

Non-current Assets

Fixed Assets

Tangible Assets	6,328.89	38.31%	6,509.21	40%
Intangible Assets	138.61	0.84%	136.21	1%
Capital work-in-progress	661.36	4.00%	549.73	3%
Non-Current Investments	811.08	4.91%	1.04	0.01%
Long term loans and advances	1,347.55	8.16%	1,221.85	8%
Other non-current assets	49.48	0.30%	47.45	0.29%

Current Assets

Current Investments	66	0.40%	950	6%
Inventories	1,126.97	6.82%	1,165.56	7%
Trade receivables	235.21	1.42%	120.82	1%
Cash and Bank Balances	4,933.53	29.87%	4,627.98	29%
Short-term loans and advances	586.67	3.55%	607.54	4%
Other current assets	233.64	1.41%	240.28	1%
Total	16,518.99	100.00%	16,177.67	100%

INTERPRETATION :

- ♦ Table-3 depicts Common Size Balance Sheet as on 31st march 2015 and 2016. The following cruxes are drawn out from this table:
- ♦ In 2015, Shareholders' fund is 78% whereas in 2016 it has been ascended to 79% indicating a small change incurred in Reserve and surplus i.e. increased by 1%.
- ♦ In 2015, Non- current liabilities is 9.4% whereas in 2016 it has been declined to 8.41%. It denotes that long term provisions decreased leaving non- current liabilities dropped by 1%.
- ♦ In 2015, the Current liabilities are 12% whereas in 2016 it upsurges to 14%. It denotes that both trade payable & short term provisions increased by 1% each leaving current liabilities increased by 2%.
- ♦ In 2015, Non- current assets is 52.3% whereas in 2016 it escalated to 56.52%. It denotes that Intangible Assets, Capital work-in-progress, Non-Current Investments, Long term loans & advances and other non-current assets increased leaving non-current assets inclined by 4.22%.

- ♦ In 2015, Current assets are 48% whereas in 2016 it has been dropped to around 43.47%. It denotes declining changes in current investments, inventories, short term loans & advances and other current assets leaving current assets dropped by 4.53%.

6.2.2. Common Size Statement of Profit and Loss Account of NALCO Ltd.

Table : 4
Common Size Balance Sheet

Common-Size Statement Profit and Loss for the year ended 31st March 2015 and 2016				
PARTICULARS	2016		2015	
	(Rs. In Cr)	%	(Rs in Cr)	%
Sales (Revenue from operations)	6,816.00		7,382.81	
Less: Cost of goods sold:				
Materials consumed	1,104.40	16%	1,031.59	14%
Power and Fuel	1,864.61	27%	1,802.24	24%
Changes in inventories of finished goods, Intermediaries and work-in-progress	8.99	0%	2.9	0%
	2,978.00	44%	2,836.73	38%
GROSS PROFIT	3,838.00	56%	4,546.08	62%
Less: Administrative expenses				
Employee benefits expense	1,361.36	20%	1,377.91	19%
Other expenses	1,556.58	23%	1,462.15	20%
	2,917.94	43%	2,840.06	38%
PBITDA & exceptional items	920.06	13%	1,706.02	23%
Less: Exceptional items	53.45	1%	148.42	2%
	866.61	13%	1,557.60	21%
LESS: Depreciation and amortization expense	424.09	6%	413.66	6%
PBIT	442.52	6%	1,143.94	15%
Less: Interest (Finance Cost)	1.21	0%	0.00	0%
PBT	441.31	6%	1,143.94	15%
Less: Tax		0%		0%
(1) Current Tax	375.6	6%	520.63	7%

(2) Deferred Tax	4.82	0%	249.68	3%
(3) Earlier Years	8.67	0%	21.26	0%
	389.09	6%	791.57	11%
PAT	52.22	1%	352.37	5%

INTERPRETATION :

Table-4 represents Common Size Balance Sheet as on 31st march 2015 and 2016. The following cruxes are drawn out from this table:

- ♦ In 2015, Cost of goods sold on Sales is 38% whereas in 2016 it upsurges to 44%. It denotes the ineffectiveness of the company in reducing the cost
- ♦ In 2015, Gross Profit on Sales is 62% whereas in 2016 it has been descended to 56%. It denotes that cost of goods sold increased and revenue from operations decreased.
- ♦ In 2015, the Operating expenses on Sales are 38% whereas in 2016 it has been risen up to 43%. It denotes that both employee benefits expense & other expenses increased.
- ♦ In 2015, the PBITDA on Sales is 23% whereas in 2016 it has been declined to 14%. It denotes that operating expense has been increased.
- ♦ In 2015, the PBIT on Sales is 18% whereas in 2016 it has been decremented to 8%. It denotes that operating expense has been increased.
- ♦ In 2015, the PAT on Sales is 7% whereas in 2016 it has been reduced to 2%. It denotes that overall expense has been increased.

6.3 LIQUIDITY ANALYSIS :

6.3.1. Liquidity Ratio :

The liquidity ratios are the computation that is used to gauge a company's ability to pay its short-term debts.

6.3.1.1. Current Ratio :

Table :5
Current Ratio

	2016	2015	2014	2013	2012
Current Assets (A)	7,182.02	7,712.18	7,426.20	7,075.81	7,022.33
Current Liabilities (B)	2,209.24	1,967.04	3,242.75	3,211.93	2,676.89
Current Ratio (A/B)	3.25	3.92	2.29	2.20	2.62

INTERPRETATION :

Table-5 depicts Current ratio of last five subsequent years i.e.2016; 2015; 2014; 2013; 2012. In 2016, Current Ratio is 3.25. It denotes that it has been declined by 0.67 in comparison with the previous year 2015 due to descent in current assets. But Current Ratio has upsurges by 0.96, 1.05 & 0.63 in comparison with the previous years 2014, 2013 & 2012 respectively. Since Current Ratio is above 2:1 in all the five years, it designates that the current assets are sufficient to meet the current liabilities.

6.3.1.2. Liquid/Quick/Acid Test Ratio:

Table : 6
Liquid/Quick/Acid Test Ratio

	2016	2015	2014	2013	2012
Current Assets(A)	7182.02	7712.18	7426.2	7075.81	7022.33
Inventory (B)	1,126.97	1,165.56	1,173.66	1,380.64	1,212.70
Quick Assets (C) (A-B)	6,055.05	6,546.62	6,252.54	5,695.17	5,809.63
Current Liabilities (D)	2209.24	1967.04	3242.75	3211.93	2676.89
Liquid Ratio(C/D)	2.74	3.33	1.93	1.77	2.17

INTERPRETATION :

Table-6 depicts Liquid/Quick/ Acid Test Ratioof last five subsequent years i.e. 2016; 2015; 2014; 2013; 2012.In 2016, Liquid Ratio is 2.74. It denotes that it has been decreased by 0.59 in comparison with the previous year 2015 due to a decline in current assets and inventories leaving the quick assets decreased. But Liquid Ratio has ascended by 0.81, 0.97 & 0.57 in comparison with the previous years 2014, 2013 & 2012 respectively. Since Liquid Ratio is above 1:1 in all the consecutive five years, it indicates the company's ability to generate the cash resources taking the quick assets which is readily convertible into cash.

6.3.1.3. Absolute Liquid Ratio :

Table : 7
Absolute Liquid Ratio

	2016	2015	2014	2013	2012
Current Assets	7182.02	7712.18	7426.2	7075.81	7022.33
Inventories	1,126.97	1,165.56	1,173.66	1,380.64	1,212.70

Debtors	0	0	0	0	0
Absolute Liquid Assets (A)	6,055.05	6,546.62	6,252.54	5,695.17	5,809.63
Current Liabilities (B)	2209.24	1967.04	3242.75	3211.93	2676.89
Absolute Liquid Ratio (A/B)	2.74	3.33	1.93	1.77	2.17

INTERPRETATION :

Table-7 represents Absolute Liquid Ratio of last five subsequent years i.e. 2016; 2015; 2014; 2013; 2012. In 2016, Absolute Liquid Ratio is 2.74. It denotes that it has been decreased by 0.59 in comparison with the previous year 2015 due to a decline in current assets and inventories leaving the quick assets decreased. But Absolute Liquid Ratio has increased by 0.81, 0.97 & 0.57 in comparison with the previous years 2014, 2013 & 2012 respectively. Since Absolute Liquid Ratio is above 0.5:1 in all the consecutive five years, it indicates the company's ability to meet urgent current liabilities.

6.3.2. Profitability Ratio:

Ratios that are employed to assess the ability of a business to generate earnings compared to its expenses and other pertinent costs incurred during a specific period of time.

6.3.2.1. Gross Profit Ratio :

Table : 8
Gross Profit Ratio

	2016	2015	2014	2013	2012
Net Sales (A)	6816	7382.81	6780.85	6916.48	6611.57
COGS	2978	2836.73	3230.17	3664.35	3139.38
Gross Profit (B)	3838	4546.08	3550.68	3252.13	3472.19
Gross Profit Ratio (B/ A)	56%	62%	52%	47%	53%

INTERPRETATION :

Table-8 represents Gross Profit Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012. The following cruxes are reified from the given table:

- ♦ In 2016, Gross Profit Ratio is 56%. It reflects that Gross Profit is 56% of sales and the cost of goods sold is 44%. In simple words, it means in every 1 rupee of sales, gross profit is 56 paisa and cost of goods sold is 44 paisa.
- ♦ In 2015, Gross Profit Ratio is 62%. It reflects that Gross Profit is 62% of sales and the cost of goods sold is 38%. In simple words, it means in every 1 rupee of sales, gross profit is 62 paisa and cost of goods sold is 38 paisa.

- ♦ In 2014, Gross Profit Ratio is 52%. It reflects that Gross Profit is 52% of sales and the cost of goods sold is 48%. In simple words, it means in every 1 rupee of sales, gross profit is 52 paisa and cost of goods sold is 48 paisa.
- ♦ In 2013, Gross Profit Ratio is 47%. It reflects that Gross Profit is 47% of sales and the cost of goods sold is 53%. In simple words, it means in every 1 rupee of sales, gross profit is 47 paisa and cost of goods sold is 53 paisa.
- ♦ In 2012, Gross Profit Ratio is 53%. It reflects that Gross Profit is 53% of sales and the cost of goods sold is 47%. In simple words, it means in every 1 rupee of sales, gross profit is 52 paisa and cost of goods sold is 47 paisa.

6.3.2.2. Operating Profit Ratio:

Table : 9
Operating Profit Ratio

	2016	2015	2014	2013	2012
Net Sales (A)	6816	7382.81	6780.85	6916.48	6611.57
Operating Profit (PBIT) (B)	937	1706	934	906	1145
Operating Profit Ratio (B/A)	14%	23%	14%	13%	17%

INTERPRETATION :

Table (ix) represents Operating Profit Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012. The following cruxes are reified from the given table:

- ♦ In 2016, Operating Profit Ratio is 14%. It reflects that Operating Profit is 6% of sales and the operating expenses is 86%. In simple words, it means in every 1 rupee of sales, operating profit is 14 paisa and operating expenses is 86 paisa.
- ♦ In 2015, Operating Profit Ratio is 23%. It reflects that Operating Profit is 15% of sales and the operating expenses is 77%. In simple words, it means in every 1 rupee of sales, operating profit is 23 paisa and operating expenses is 77 paisa.
- ♦ In 2014, Operating Profit Ratio is 14%. It reflects that Operating Profit is 6% of sales and the operating expenses is 86%. In simple words, it means in every 1 rupee of sales, operating profit is 14 paisa and operating expenses is 86 paisa.
- ♦ In 2013, Operating Profit Ratio is 13%. It reflects that Operating Profit is 13% of sales and the operating expenses is 87%. In simple words, it means in every 1 rupee of sales, operating profit is 13 paisa and operating expenses is 87 paisa.

- ♦ In 2012, Operating Profit Ratio is 17%. It reflects that Operating Profit is 11% of sales and the operating expenses is 83%. In simple words, it means in every 1 rupee of sales, operating profit is 17 paisa and operating expenses is 83 paisa.

6.3.2.3.Net Profit Ratio:

Table : 10
Net Profit Ratio

	2016	2015	2014	2013	2012
Net Sales (A)	6816	7382.81	6780.85	6916.48	6611.57
Net Profit (PAT) (B)	731	1322	642	593	850
Net Profit Ratio (B/ A)	11%	18%	9%	9%	13%

INTERPRETATION :

Table (x) reflects Net Profit Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012. The following cruxes are reified from the given table:

- ♦ In 2016, Net Profit Ratio is 11%. It indicates that Net Profit is 11% of sales whereas Operating Ratio is 87% i.e. the net profit ratio has been decreased by 76% due to increase in operating expenses.
- ♦ In 2015, Net Profit Ratio is 18%. It indicates that Net Profit is 18% of sales whereas Operating Ratio is 77% i.e. the net profit ratio has been decreased by 59% due to increase in operating expenses.
- ♦ In 2014, Net Profit Ratio is 9%. It indicates that Net Profit is 9% of sales whereas Operating Ratio is 88% i.e. the net profit ratio has been decreased by 79% due to increase in operating expenses.
- ♦ In 2013, Net Profit Ratio is 9%. It indicates that Net Profit is 9% of sales whereas Operating Ratio is 89% i.e. the net profit ratio has been decreased by 80% due to increase in operating expenses.
- ♦ In 2012, Net Profit Ratio is 13%. It indicates that Net Profit is 13% of sales whereas Operating Ratio is 81% i.e. the net profit ratio has been decreased by 68% due to increase in operating expenses.

6.3.2.4. Operating Ratio :

Table : 11
Operating Ratio

	2016	2015	2014	2013	2012
Net Sales (A)	6816	7382.81	6780.85	6916.48	6611.57
COGS	2978	2836.73	3230.17	3664.35	3139.38
Administrative + Selling & Distribution Expenses	2917.94	2840.06	2707.27	2473.76	2236
Operating Expenses (B)	5895.94	5676.79	5937.44	6138.11	5375.38
Operating Ratio (B/ A)	87%	77%	88%	89%	81%

INTERPRETATION :

Table (xi) reflects Operating Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012. The following cruxes are reified from the given table:

- ♦ In 2016, Operating Ratio is 87%. It reflects that operating expenses is 87% of sales i.e. in every 1 rupee of sales, the operating expenses is 87 paisa and operating profit is 13 paisa.
- ♦ In 2015, Operating Ratio is 77%. It reflects that operating expenses is 77% of sales i.e. in every 1 rupee of sales, the operating expenses is 77 paisa and operating profit is 23 paisa.
- ♦ In 2014, Operating Ratio is 88%. It reflects that operating expenses is 88% of sales i.e. in every 1 rupee of sales, the operating expenses is 88 paisa and operating profit is 12 paisa.
- ♦ In 2013, Operating Ratio is 89%. It reflects that operating expenses is 89% of sales i.e. in every 1 rupee of sales, the operating expenses is 89 paisa and operating profit is 11 paisa.
- ♦ In 2012, Operating Ratio is 81%. It reflects that operating expenses is 81% of sales i.e. in every 1 rupee of sales, the operating expenses is 81 paisa and operating profit is 19 paisa.

6.3.2.5. Return on Investment:

Table : 12
Return on Investment

	2016	2015	2014	2013	2012
PBIT (A)	442.55	1143.94	269.31	272.94	747.74
Shareholders' Funds	12907.88	12796.7	12121.85	11932.45	11715.08
Long Term Debts	1402.07	1413.33	1183.31	1181.97	1128.81
Total Capital Employed or Total Investments (B)	14309.95	14210.03	13305.16	13114.42	12843.89
Return on Investment (A/B)	3%	8%	2%	2%	6%

INTERPRETATION :

Table-12 depicts Return on Investment of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it implies that in 2016, Return On Investment is 3% and has been plummeted by 5% and 3% in comparison with the previous years 2015 & 2012 respectively due to decrease in PBIT (profit before interest and tax). But ROI has increased by 1% in comparison with the previous years 2013 & 2014. The total capital employed has ascended in the current year 2016 as compared to the previous years.

6.3.2.6. Return On Assets :

Table : 13
Return on Assets

	2016	2015	2014	2013	2012
Net Profit (A)	731.01	1,321.85	642.35	592.83	849.00
Total Assets (Excluding Non- Operating Investments(B)	15,707.91	16,176.63	16,547.47	16,165.91	15,519.76
Return on Assets (A/B)	5%	8%	4%	4%	5%

INTERPRETATION :

Table-13 depicts Return on Asset of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Return On Assets is 5% and has been descended by 3% in comparison with the previous year 2015 due to decrease in the net profit as well as in the total assets excluding non- operating investments and remained same as in the year 2012. But ROA has increased by 1% in comparison with the previous years 2013 & 2014.

6.3.2.7. Return On Net Assets :

Table : 14
Return onNet Assets

	2016	2015	2014	2013	2012
Net Profit (A)	731.01	1,321.85	642.35	592.83	849.00
Fixed Assets	6,467.50	6,645.42	6,791.94	6,628.89	6,612.37
Net Working Capital	4,972.78	5,745.14	4,183.45	3,863.88	4,345.44
Net Assets (B)	11,440.28	12,390.56	10,975.39	10,492.77	10,957.81
Return on Net Assets (A/B)	6%	11%	6%	6%	8%

INTERPRETATION :

Table-14 depicts Return on Net Assetsof last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Return On Net Assets is 6% and it has been dwindled by 5% & 2% in comparison with the previous years 2015 & 2012 respectively due to decrease in the net profit and decrease in fixed assets and net working capital reflects a decline in the net assets. But Return onNet Assets remained same as in the years 2013 & 2014.

6.3.2.8. Return On Equity:

Table : 15
Return onEquity

	2016	2015	2014	2013	2012
Net Profit (A)	731.01	1,321.85	642.35	592.83	849.00
Equity Share Capital or Owner's Equity (B)	1288.62	1288.62	1288.62	1288.62	1288.62
Return on Equity	57%	103%	50%	46%	66%

INTERPRETATION :

Table-15 denotes Return on Equityof last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Return On Equity is 57% and has been decreased by 46% and 9% in comparison with the previous year 2015 & 2012 respectively due to decrease in the net profit. But Return onEquity has hiked by 11% & 7% in comparison with the previous year 2013 & 2014. The equity share capital is constant in all the five years i.e. 2012, 2013, 2014,2015& 2016.

6.3.2.9. Return On Shareholders' Fund:

Table : 16
Return on Shareholders' Fund

	2016	2015	2014	2013	2012
Net Profit (A)	731.01	1,321.85	642.35	592.83	849.00
Shareholder's Fund (B)	12,907.68	12,797.30	12,122.45	11,932.45	11,715.08
Return on Shareholders' Fund	6%	10%	5%	5%	7%

INTERPRETATION :

Table-16 denotes Return on Shareholders' Fund of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, ROSF is 6% and has been decremented by 4% and 1% in comparison with the previous year 2015 & 2012 respectively due to decrease in net profit. But Return on Shareholders' Fund has incremented by 1% in comparison with the previous year 2013 & 2014. The shareholders' fund has been increased in the year 2016 in comparison with the remaining years 2012, 2013, 2014 & 2015.

6.3.3. Solvency Ratio :

Solvency Ratios are the ratios used to gauge the ability of a company to meet its long-term financial obligations.

6.3.3.1. Debt Equity Ratio :

Table : 17
Debt Equity Ratio

	2016	2015	2014	2013	2012
Long Term Debt (A)	1402.07	1413.33	1183.31	1181.97	1128.81
Shareholder's Equity (B)	12907.88	12796.7	12121.85	11932.45	11715.08
Debt Equity Ratio (A/B)	11%	11%	10%	10%	10%

INTERPRETATION :

Table-17 denotes Debt Equity Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Debt Equity Ratio is 11% and has been hiked by 1% in comparison with the previous year 2012, 2013 & 2014 due to increase in long term debt and shareholders' equity and has been remained same as in 2015. It indicates the risk that the company has taken to introduce debt into finance.

6.3.3.2. Total Debt to Total Assets Ratio :

Table : 18
Total Debt to Total Assets Ratio

	2016	2015	2014	2013	2012
Total Debt (A)	3,611.31	3,380.37	4,426.06	4,394.50	3,805.70
Total Assets (B)	16,518.99	16,177.67	16,548.51	16,326.95	15,520.80
Total Debt to Total Assets Ratio	22%	21%	27%	27%	25%

INTERPRETATION :

Table-18 denotes Total Debt to Total Assets Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Total Debt to Total Assets Ratio is 22% and has been descended by 5%, 3% & 5% in comparison with the previous year 2014, 2012 & 2013 respectively due to decrease in the total debt. It increases by 1% in 2016 compared to 2015, leaving an ascent in the total debt and total assets. It indicates the sufficiency of the total assets to meet its total debt.

6.3.3.3. Long Term Debt to Total Assets:

Table : 19
Long Term Debt to Total Assets Ratio

	2016	2015	2014	2013	2012
Long Term Debt (A)	1402.07	1413.33	1183.31	1181.97	1128.81
Total Assets (B)	16,518.99	16,177.67	16,548.51	16,326.95	15,520.80
Long Term Debt to Assets Ratio	8%	9%	7%	7%	7%

INTERPRETATION :

Table-19 denotes Total Debt to Total Assets Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Long Term Debt Total Assets Ratio is 8% and upsurges by 1% in comparison with the previous year 2014, 2013 & 2012 due to an ascent in the long term debt. It declines by 1% in 2016 compared to 2015, leaving a decrease in the long term debt and increase in total assets. It signifies the amount at which the assets have been financed from the long term borrowings.

6.3.3.4. Proprietary Ratio:

Table : 20
Proprietary Ratio

	2016	2015	2014	2013	2012
Total Shareholder's Fund (A)	12907.88	12796.7	12121.85	11932.45	11715.08
Total Tangible Assets (B)	6,328.89	6,509.21	6,688.80	6,523.80	6,498.98
Proprietary Ratio	204%	197%	181%	183%	180%

INTERPRETATION :

Table-20 denotes Proprietary Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Proprietary Ratio is 204% and has been hiked as compared to the prior years due to increase in the total shareholders' fund. Since Proprietary Ratio is higher than the preceding years 2012, 2013, 2014 & 2015, It indicates the solvency and the lesser risk of the company, because the debt capital is low in the capital structure of the company.

6.3.4. Market Ratio :

Market value ratios assess the economic eminence of publicly-traded company in the wider marketplace. In other words, it arrays whether the company's stock is overvalued, undervalued or priced fairly.

6.3.4.1. Earnings per Share (EPS) :

Table : 21
Earnings per Share

	2016	2015	2014	2013	2012
Net profit Available to Equity Shareholders (A)	731.01	1,321.85	642.35	592.83	849.00
No. of Equity Shares (B)	257	257	257	257	257
EPS	2.8	5.1	2.5	2.3	3.3

INTERPRETATION :

Table-21 demonstrates Earnings per Share of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, EPS is Rs. 2.8 and has been hiked in the current year 2016 as compared to the year 2015 & 2012 due to incline in the net profit of

equity shareholders. But decreases 2016 as compared to the year 2015 due to the decrease in the net profit. The number of Equity shares remained unvarying all along the five consecutive years i.e. 2012, 2013, 2014, 2015 & 2016. It reflects the earnings of the company for a specific period for equity share.

6.3.4.2. Book Value per Share:

Table : 22
Book Value per Share

	2016	2015	2014	2013	2012
Book Value of Shareholder's Equity	12870.56	12760.05	12089.28	11899.1	11683.22
No. of Equity Shares	257	257	257	257	257
Book Value Per Share	50.08	49.65	47.04	46.3	45.46

INTERPRETATION :

Table-22 demonstrates Book Value per Share of last five subsequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Book Value per Share is Rs. 50.08 and has been escalated in the current year 2016 as compared to the previous years 2012, 2013, 2014 & 2015 as a result of incline in the book value of shareholders' equity. The number of equity shares remained same all along the five consecutive years i.e. 2012, 2013, 2014, 2015 & 2016. It implies that the value of equity shares as per the book value of the balance sheet.

6.3.4.3. Dividend per Share:

Table : 23
Dividend per Share

	2016	2015	2014	2013	2012
Dividend paid to Equity Shareholders (A) 257	514	449.75	385.5	321.25	
No. of Equity Shares (B)	257	257	257	257	257
Dividend Per Share (A/B)	2	1.75	1.5	1.25	1

INTERPRETATION :

Table-23 demonstrates Dividend per Share of last five subsequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Dividend per Share is Rs.2. It denotes that it upsurges in the current year 2016 as compared to the previous years due to an increment in dividend paid to equity shareholders. The number of equity shares remained same all along the five consecutive years i.e. 2012, 2013, 2014, 2015 & 2016. It reflects that the company continues to declare higher dividend in order to satisfy the shareholders of the company though there have not been much higher profit in the current year 2016 as compared to the previous year 2015.

6.3.4.4. Retention Ratio:

Table : 24
Retention Ratio

	2016	2015	2014	2013	2012
EPS- DPS (A)	0.8	3.4	1.0	1.1	2.3
EPS (B)	2.8	5.1	2.5	2.3	3.3
Retention Ratio (A/B)	30%	66%	40%	46%	70%

INTERPRETATION :

Table-24 demonstrates RetentionRatio of last five subsequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Retention Ratio is 30% and has been decremented in the current year 2016 as compared to the previous years due to decrease in earning for equity less equity dividend. The EPS of the current year is lesser than the previous year 2015 due to plummeted in the net profit. It indicates that lesser portion of the earnings is retained by the company for future operations.

6.3.5. Turnover/ Efficiency/ Activity Ratio:

The efficiency ratios are usually employed to analyse how healthily a company uses its assets and liabilities within.

6.3.5.1. Inventory Turnover Ratio:

Table : 25
Inventory Turnover Ratio

	2016	2015	2014	2013	2012
COGS (A)	2978	2836.73	3230.17	3664.35	3139.38
Opening Stock	1165.56	1173.66	1380.64	1212.7	1071

Closing Stock	1126.97	1165.56	1173.66	1380.64	1212.7
Average Inventory (B)	1146.265	1169.61	1277.15	1296.67	1141.85
Inventory Turnover Ratio	2.6 times	2.4 times	2.5 times	2.8 times	2.7 times

INTERPRETATION :

Table-25 denotes Inventory Turnover Ratio of last five successive years i.e. 2016; 2015; 2014; 2013; 2012, where it arrays that in 2016, Inventory Turnover Ratio is 2.6 times and has been escalated by 0.2 times, 0.1 times in comparison with the previous year 2015 & 2014 respectively. The average inventory has been dwindled in the year 2016 in comparison with the current year 2013, 2014 & 2015. Cost of goods sold has declined in the current year 2016 in comparison to 2012, 2013 & 2014. Since Inventory Turnover Ratio is higher than the previous years 2014 & 2015, it alludes the efficiency of the management. But as Inventory Turnover Ratio is little bit low in the year 2016 with comparison to 2012, 2013, it indicates meagre sales performance and accumulation of obsolete inventory.

6.3.5.2. Average Days of Inventories (360days/Inventory Turnover Ratio):

Table : 26
Average Days of Inventories

2016	2015	2014	2013	2012
140 days	150 days	144 days	129 days	133 days

INTERPRETATION :

Table-26 denotes Average Days of Inventories of last five successive years i.e. 2016; 2015; 2014; 2013; 2012, where it arrays that velocity of inventories i.e. the no. of days inventories carried out by the companies. The Average days of inventories are lower in the current year 2016 with comparison to the previous year 2015 & 2014.

6.3.5.3. Creditors Turnover Ratio:

Table : 27
Creditors Turnover Ratio

	2016	2015	2014	2013	2012
Credit Purchase (A)	1,104.40	1,031.59	1,063.16	1,167.83	1,030.78
Opening Creditors	361.98	447.5	628.81	457.33	330.88

Closing Creditors	312.26	361.98	447.5	628.81	457.33
Average Creditors (B)	337.12	404.74	538.155	543.07	394.105
Creditors Turnover Ratio (A/B)	3.3	2.5	2.0	2.2	2.6

INTERPRETATION :

Table-27 denotes Creditors Turnover Ratio of last five successive years i.e. 2016; 2015; 2014; 2013; 2012, where it arrays that in 2016, Creditors Turnover Ratio is 3.3 times and has been increased by 0.8 times, 1.3 times, 1.1 times & 0.7 times in comparison with the preceding year 2015, 2014, 2013 & 2012 respectively. The average creditors have been decreased in the year 2016 in comparison with the previous years. Credit Purchase has declined in the current year 2016 in comparison to 2013. Since Creditors Turnover Ratio is higher than the previous years 2012, 2013, 2014 & 2015, it indicates the promptness in payment to creditors.

6.3.5.4. Average Days of Creditors (365days/Creditors Turnover Ratio):

Table : 28
Average Days of Creditors

2016	2015	2014	2013	2012
111 days	143 days	185 days	170 days	140 days

INTERPRETATION :

Table-28 depicts Average Days of Creditors of past five successive years i.e. 2016; 2015; 2014; 2013; 2012, where it implies that since the average days of creditors is lower than all the prior years 2012, 2013, 2014 & 2015. Thus, it shows the promptness in credit payments.

6.3.5.5. Fixed Asset Turnover Ratio:

Table : 29
Fixed Asset Turnover Ratio

	2016	2015	2014	2013	2012
Sales (A)	6816	7382.81	6780.85	6916.48	6611.57
Depreciation	424.09	413.66	524.73	505.43	466.55
Net Fixed Assets - Depreciation (B)	6,043.41	6,231.76	6,267.21	6,123.46	6,145.82
Fixed Asset Turnover Ratio (A/B)	1.1	1.2	1.1	1.1	1.1

INTERPRETATION :

Table-29 depicts Fixed Asset Turnover Ratio of past five successive years i.e. 2016; 2015; 2014; 2013; 2012, where it implies that in 2016, Fixed Asset Turnover Ratio is 1.1 times and has been plummeted by 0.1 times, 0.1 times in comparison with the previous year 2015 and remained constant in the years 2012, 2013 & 2014. The net fixed assets less depreciation has been descended in the year 2016 in comparison with the previous years 2013, 2014 & 2015. Since the sales have been decreased in the current year 2016 leaving low Fixed Asset Turnover Ratio in comparison to the year 2015, it shows poor efficiency in utilizing the fixed assets.

6.3.5.6. Total Assets Turnover Ratio:

Table : 30
Total Assets Turnover Ratio

	2016	2015	2014	2013	2012
Sales (A)	6816	7382.81	6780.85	6916.48	6611.57
Non- Operating Investments	811.08	1.04	1.04	161.04	1.02
Total Assets - Non- Operating Investments (B)	15,707.91	16,176.63	16,547.47	16,165.91	15,520.78
Total Assets Turnover Ratio (A/B)	0.43	0.46	0.41	0.43	0.43

INTERPRETATION :

Table-30 depicts Total Assets Turnover Ratio of past five successive years i.e. 2016; 2015; 2014; 2013; 2012, where it implies that in 2016, Total Assets Turnover Ratio is 0.43 times and not much changes has been witnessed among the five consecutive years i.e. 2012, 2013, 2014, 2015 & 2016. The average inventory has been descended in the year 2016 in comparison with the current year 2013, 2014 & 2015. Non- operating investment escalates in 2016 leaving total assets decreased by 3% in comparison to the previous year 2015. Lower Total Assets Turnover Ratio denotes lower sales and incompetence in utilization of assets.

6.3.5.7. Net Working Capital Turnover Ratio :

Table : 31
Net Working Capital Turnover Ratio

	2016	2015	2014	2013	2012
Sales (A)	6816	7382.81	6780.85	6916.48	6611.57
Current Assets	7182.02	7712.18	7426.2	7075.81	7022.33
Current Liabilities	2209.24	1967.04	3242.75	3211.93	2676.89
Net Working Capital (B)	4972.78	5745.14	4183.45	3863.88	4345.44
Net Working Capital Turnover Ratio (A/B)	1.4	1.3	1.6	1.8	1.5

INTERPRETATION :

Table-31 depicts Net Working Capital Turnover Ratio of past five successive years i.e. 2016; 2015; 2014; 2013; 2012, where it implies that in 2016, Net Working Capital Turnover Ratio is 1.4 times and ascends by 0.1 times in comparison with the prior year 2015. The net working capital dwindles in the year 2016 in comparison with the year 2015 but increases with comparison to the years 2012, 2013 & 2014. Higher Net Working Capital Turnover Ratio designates that creditors are paid promptly with minimum bank borrowings

6.3.5.8. Capital Turnover Ratio:

Table : 32
Capital Turnover Ratio

	2016	2015	2014	2013	2012
Sales (A)	6816	7382.81	6780.85	6916.48	6611.57
Capital Employed (B)	14309.95	14210.03	13305.16	13114.42	12843.89
Capital Turnover Ratio (A/B)	0.5	0.5	0.5	0.5	0.5

INTERPRETATION :

Table-32 illustrates Capital Turnover Ratio of past five successive years i.e. 2016; 2016; 2015; 2014; 2013; 2012, where it implies that Capital Turnover Ratio remains same in all the five consecutive years. Sales declines in the year 2016 with comparison to 2015 but capital employed hikes. Thus, it alludes that inefficiency of management in utilizing the capital employed to generate more sales.

6.4. Analysis of Cash Flow :

6.4.1. Current Liability Coverage Ratio:

Table : 33
Current Liability Coverage Ratio

	2016	2015	2014	2013	2012
CFO	843.84	520.47	981.34	876.17	886.7
Cash Dividend Paid(CDP)	542.74	506.5	515.48	221.06	415.55
CFO-CDP (A)	301.10	13.97	465.86	655.11	471.15
Current Liabilities (B)	2209.24	1967.04	3242.75	3211.93	2676.89
Current Liability Coverage Ratio (A/B)	14%	1%	14%	20%	18%

INTERPRETATION :

Table-33 demonstrates Current Liability Coverage Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Current Liability Coverage Ratio is 14% and dwindles in the current year 2016 by 6% & 4% as compared to the previous years 2013 & 2012 respectively due to decrease in the cash flow from operations and increase in the cash dividend paid and decline in current liabilities. It remains unchanged in the year 2016 as in 2014. It, therefore, indicates that cash flow from operations less cash dividend paid is satisfactory to cover its current liabilities as compared to the year 2015, but is insufficient in comparison with the prior years 2012 & 2013

6.4.2. Long Term Debt Coverage Ratio:

Table : 34
Long Term Debt Coverage Ratio

	2016	2015	2014	2013	2012
CFO	843.84	520.47	981.34	876.17	886.7
Cash Dividend Paid (CDP)	542.74	506.5	515.48	221.06	415.55
CFO-CDP (A)	301.10	13.97	465.86	655.11	471.15
Long Term Debt (B)	1402.07	1413.33	1183.31	1181.97	1128.81
Long Term Debt Coverage Ratio (A/B)	21%	1%	39%	55%	42%

INTERPRETATION :

Table-34 exhibits Long Term Debt Coverage Ratio of last five consecutive years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Long Term Debt Coverage Ratio is 21% and descends in the current year 2016 as compared to the preceding years i.e. 2012, 2013 & 2014 as a result of decrease in the cash flow from operations and increase in the long term debt. It indicates that cash flow from operations less cash dividend paid is inadequate to pay its long term debt as compared to the years 2012, 2013, & 2014. But yes, it is satisfactory in the year 2016 as compared to the year 2015.

6.4.3. Asset Efficiency Ratio :

Table : 35
Asset Efficiency Ratio

	2016	2015	2014	2013	2012
CFO(A)	843.84	520.47	981.34	876.17	886.7
Total Assets (B)	16,518.99	16,177.67	16,548.51	16,326.95	15,520.78
Asset Efficiency Ratio (A/B)	5%	3%	6%	5%	6%

INTERPRETATION :

Table-35 exhibits Asset Efficiency Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Asset Efficiency Ratio is 5% and encounters an increment in the current year 2016 by 2% as compared to the prior year 2015 as a result of escalation in the cash flow from operations and the total assets. However, it remains constant in the year 2016 as in 2013 and plummets as compared to 2012 & 2014 by 1%.

6.4.4. Cash Generating Power Ratio:

Table : 36
Cash Generating Power Ratio

	2016	2015	2014	2013	2012
CFO(A)	843.84	520.47	981.34	876.17	886.7
CFO	843.84	520.47	981.34	876.17	886.7
CFI	5.66	565.72	78.05	-876.92	82.28
CFF	-543.95	-506.5	-515.48	-228.51	-431.3
CFO+CFI+CFF(B)	305.55	579.69	543.91	-229.26	537.68
Cash Generating Power Ratio (A/B)	2.76	0.90	1.80	-3.82	1.65

INTERPRETATION :

Table-36 exhibits Cash Generating Power Ratio of last five consequent years i.e. 2016; 2015; 2014; 2013; 2012, where it shows that in 2016, Cash Generating Power Ratio is 2.76 and witnesses an increase in the current year 2016 as compared to the previous years 2012, 2013, 2014 & 2015.

6.5. TREND ANALYSIS :

6.5.1. Revenue from Operation

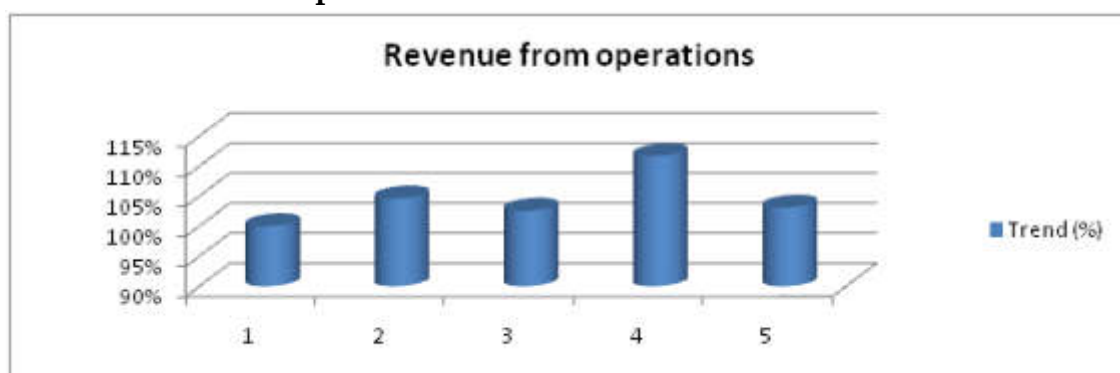


Chart 6.5.1.Trend Analysis of Revenue from operations

INTERPRETATION :

Chart 6.5.1 demonstrates the trend analysis of Revenue from Operations for the past five successive years i.e. 2012; 2013; 2014; 2015 & 2016. The years 2012; 2013; 2014; 2015 & 2016 have been represented by 1; 2; 3; 4; & 5 respectively. With regard to the Revenue from Operations, changes from the year 2012 to 2013 is 5%, from 2013 to 2014 is 2%, from 2014 to 2015 is 9% and from 2015 to 2016 reduced by 9%.

6.5.2. Cost of Goods Sold

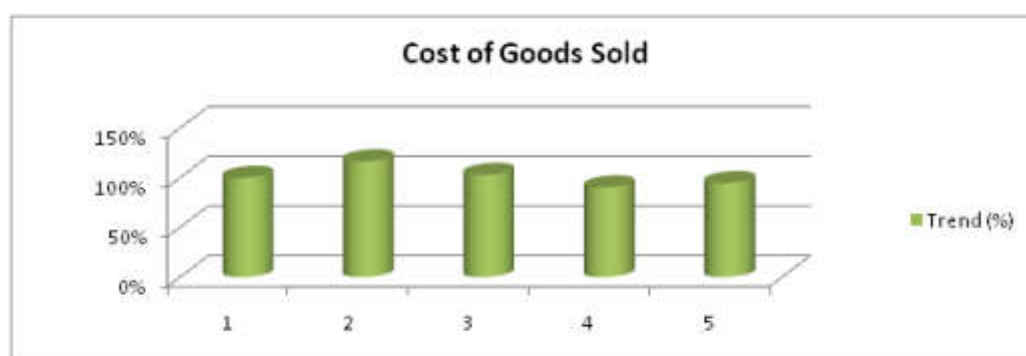


Chart 6.5.2. Trend Analysis of Cost of Goods Sold

INTERPRETATION :

Chart 6.5.2 demonstrates the trend analysis of Cost of Goods Sold for the past five consecutive years i.e. 2012; 2013; 2014; 2015 & 2016. The years 2012; 2013; 2014; 2015 & 2016 have been represented by 1; 2; 3; 4; & 5 respectively. With regard to the Cost of Goods Sold, changes from the year 2012 to 2013 are 17%, from 2013 to 2014 is 14%, from 2014 to 2015 is 13% and from 2015 to 2016 increased by 5%.

6.5.3. Gross Profit :

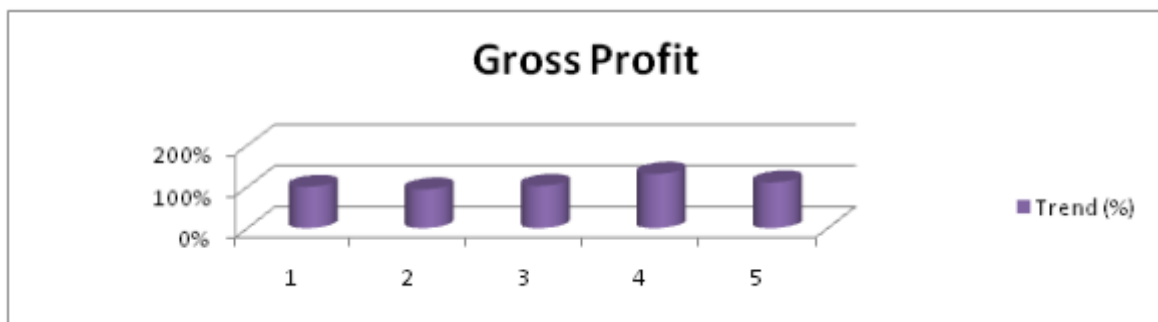


Chart 6.5.3. Trend Analysis of Gross Profit

INTERPRETATION :

Chart 6.5.3 demonstrates the trend analysis of Gross Profit for the past five consecutive years i.e. 2012; 2013; 2014; 2015 & 2016. The years 2012; 2013; 2014; 2015 & 2016 have been represented by 1; 2; 3; 4; & 5 respectively. Pertaining to the Cost of Goods Sold, the changes from the year 2012 to 2013 is 6%, from 2013 to 2014 is 8%, from 2014 to 2015 is 29% and from 2015 to 2016 reduced by 20%.

6.5.4. Operating Expenses

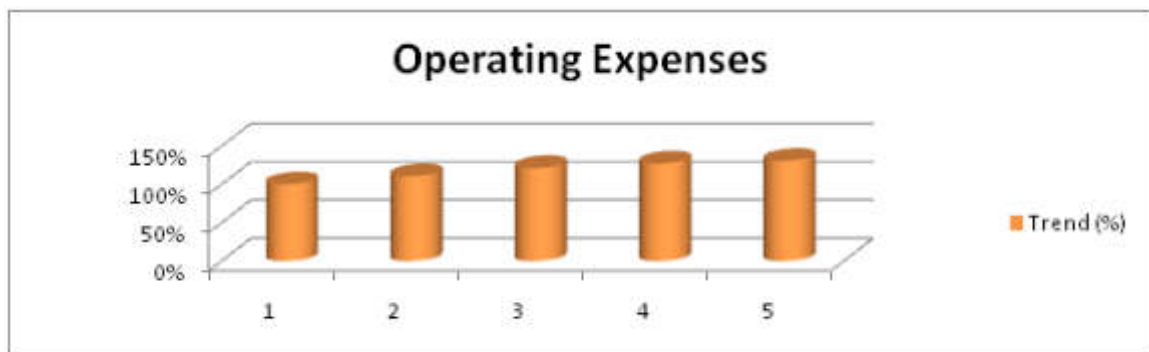


Chart 6.5.4. Trend Analysis of Operating Expenses

INTERPRETATION :

Chart 6.5.4 depicts the trend analysis of Operating Expenses for the past five consecutive years i.e. 2012; 2013; 2014; 2015 & 2016. The years 2012; 2013; 2014; 2015 & 2016 have been represented by 1; 2; 3; 4; & 5 respectively. Pertaining to the Operating Expenses, changes from the year 2012 to 2013 is 11%, between 2013 to 2014 is 10%, 2014 to 2015 is 6% and from 2015 to 2016 increased by 3%.

6.5.5. Profit after Tax

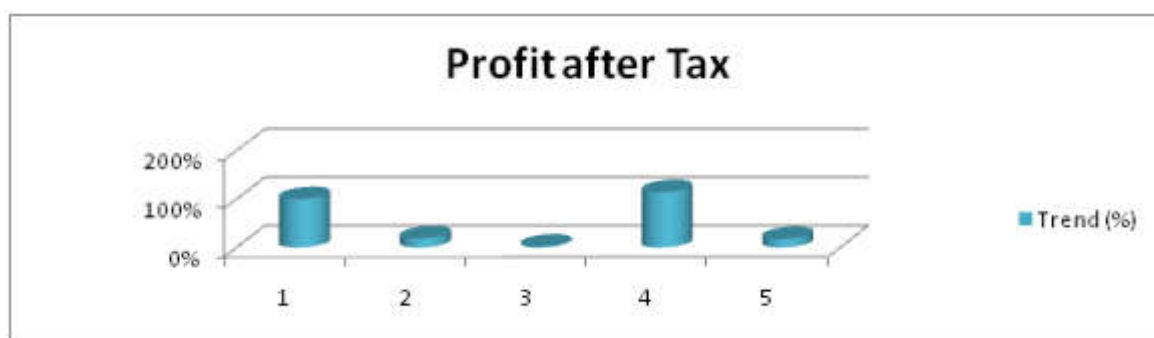


Chart 6.5.5. Trend Analysis of Profit after Tax

INTERPRETATION :

Chart 6.5.5 depicts the trend analysis of Profit after Tax for the past five consecutive years i.e. 2012; 2013; 2014; 2015 & 2016. The years 2012; 2013; 2014; 2015 & 2016 have been represented by 1; 2; 3; 4; & 5 respectively. with regard to the Profit after Tax, changes between the year 2012 to 2013 is 82%, from 2013 to 2014 is 16%, from 2014 to 2015 is 112% and from 2015 to 2016 reduced by 97%.

7. MAJOR FINDINGS:

- ♦ In the study it is attained that the overall equity and liabilities has been increased by 2% and earnings after tax has plummet in the year 2016 in comparison with the year 2015.
- ♦ The current ratio, liquid ratio, absolute liquid ratio has descent by 0.67, 0.59, 0.59 respectively in the year 2016. This alludes debilitate liquidity position of the selected company.
- ♦ In 2016, the gross profit, operating profit ratio, net profit ratio, return on investment, return on assets, return on shareholders' fund has plunged by 6 percent, 9 percent, 7 percent, 5 percent, 3 percent, 4 percent respectively. However, operating ratio has ascended by 10%.

- ♦ The debt equity ratio is consistent over the given five years. Total debt to total asset ratio and proprietary ratio has increased by 1 percent and 7 percent respectively, whereas long term debt to total asset ratio dwindled in the year 2016.
- ♦ In the year 2016, earnings per share decreased by 2.3 times as well as the dividend per share by 0.25 times.
- ♦ Asset efficiency ratio increased by 2 percent, creditors' turnover ratio showed an increase in 2016.
- ♦ The overall trend has been profoundly oscillating over those five years which are opted for the study. However, operating expenses have been mounting each year, an overall escalation of 30 percent.

8. SUGGESTION :

- ♦ From the analysed data, it is perceived that the financial performance of the company named NALCO Ltd. is crucial. Following suggestions are recommended for the amelioration of the company:
- ♦ The company should try to increase the quantum of sales generated, as it is witnessed that sales have been plunging during the study period.
- ♦ To raise the rate of return on capital employed, the company should try to ascend the production so as to get hold of economies of large scale production.
- ♦ It is suggested to control cost of goods sold and operating expenses in order to boost the profitability of the company
- ♦ From the information gleaned, it is observed that cost of goods sold and operating expenses should be properly administered.
- ♦ The company should try to adopt appropriate cost reduction techniques to mitigate undesirable, critical circumstances.
- ♦ The company should find out other alternatives with the purpose of reducing power and fuel.
- ♦ The company should take care of current liabilities, it should plummet a bit.
- ♦ Long term funds have to be used to finance core current assets in order to strengthen financial efficiency. Moreover, the company should try to reduce over-sized short term loans and advances which will eradicate risk arranging finance on a regular basis.
- ♦ The company should upsurge its inventory turnover ratio i.e. selling of inventories.
- ♦ Though company is capital intensive in nature, it should appropriately draft its policy of purchase of fixed assets and reviewed so that funds may be correctly utilized.

CONCLUSION :

Throughout these five years, profits and sales have been oscillating. The financial position of the company has dwindled in 2016 in respect of the prior years i.e. 2015, 2013, 2012 on account of the oscillations in sales and expenses. The profitability, liquidity, efficiency of the company has plunged a tad in 2016. The solvency of the company has inclined a bit enclosing an elite state of position.

REFERENCES :

- Poongavanam.S., (2017). A study on comparative financial statement analysis with reference to Das limited, *IOSR Journal Of Humanities And Social Science (IOSR-JHSS)*, 22(10), 09-14
- Ibrahim, M.S. (2010). Performance evaluation of regional rural banks in India, *International Business Research CCSE*, 3 (4), 203-211.
- Islam, MD. A. (2014), *An analysis of the financial performance of national bank limited using financial ratio*. Available at SSRN: <https://ssrn.com/abstract=2512776>
- Keshwara, R.V. (2009) *A study of financial performance of aluminium industry in India*. Available at: Department of Business Management, Saurashtra University, Saurashtra.
- Muthusamy, A., & Gowri, M. (2012). Performance appraisal of Hindustan petroleum corporation limited. *International Journal of Research in Finance & Marketing*, 2(6), 18-24
- Nissim, D., & Penman, S. H. (2001) Ratio analysis and equity valuation: From research to practice. *Review of Accounting Studies*, 6, 109-154.
- Rajasekar, T., Ashraf, S., & Deo, M., (2014) An empirical enquiry on the financial distress of Navratna companies in India. *Journal of Accounting and Finance*, 14(3), 100-110.
- Taqi, M. (2014). *Financial performance evaluation of minerals and metals trading corporation (MMTC) of India since Liberalisation*. Available at: Department of Commerce, Aligarh Muslim University, Aligarh.

(Footnotes)

¹ PBITDA stands for Profits Before Interest, Taxes, Depreciation and Amortization

² PBIT stands for Profits Before Interest and Taxes

³ PBT stands for Profits Before Taxes

⁴ PAT stands for Profits After Taxes