

CONTENTS

Chapter No.	Title	Page No.
	Declaration	
	Certificate	
	Acknowledgement	
Chapter I	Introduction and Research Methodology	1-11
	1.1 Introduction	1
	1.2 Important foundry clusters in India	1
	1.3 Foundry Market in India - 2012	2
	1.4 Meaning of Foundry Industry	2
	1.5 Historical Development of Kolhapur Foundry Industry	3
	1.6 Statement of the problem	6
	1.7 Significance of the study	7
	1.8 Scope of the study	7
	1.9 Objectives of the study	7
	1.10 Hypotheses of the study	7
	1.11 Research Methodology	8
	1.12 Sources of Data Collection	9
	a) Primary Data	9
	b) Secondary Data	9
	1.13 Limitations of the study	9
	1.14 Chapter scheme	9
	1.15 Conclusion	10
	Reference	11
Chapter II	Review of Literature	12-39
	2.1 Introduction	12
	2.2 Review of Literature	12
	2.3 Theoretical framework	22
	2.3.1 Financial statement Analysis	22
	2.3.2 Tools of Financial Analysis	23

	2.3.3	Ratio Analysis	23
	2.3.4	Classification of Ratios	24
	2.3.5	Profitability Ratios	24
		I) Profitability Ratio Related to Sales	24
		1. Gross Profit Ratio	25
		2. Net Profit Ratio	25
		3. Operating Profit Ratio	25
		II) Profitability Ratio Related to Investment	26
		1. Return on Capital Employed Ratio	26
		2. Return on Shareholders Fund Ratio	26
	2.3.6	Operational Efficiency Ratios	27
		1. Inventory Turnover Ratio	27
		2. Fixed Assets Turnover Ratio	27
		3. Working Capital Turnover Ratio	28
		4. Total Assets Turnover Ratio	28
		5. Debtors Collection Period	29
		6. Creditors Collection Period	29
	2.3.7	Liquidity Ratios	29
		1. Current Ratio	30
		2. Liquid Ratio	31
	2.3.8	Solvency Ratios	31
		1. Debt-Equity Ratio	32
		2. Proprietary Ratio	32
		3. Fixed Assets Ratio	33
	2.3.9	Prediction of Financial Distress	33
		A) International Models	33
		1. Beaver Model	33
		2. The Wilcox Model	34
		3. Blum Marc's failing Company Model	34
		4. Altman's Z Score Model	34
		5. Argenti Score Model	35
		B) Indian Models	35
		1. L C Gupta Model	35
	2.4	Conclusion	36
		Reference	36

Chapter III	Profile of the Foundry Units	40-47
	3.1 Introduction	40
	3.2 Geographical Area	41
	3.3 Foundry Objective	42
	3.4 Operations of Foundry Unit	42
	3.4.1 Preparation of moulds and charge material	42
	3.4.2 Melting stage	42
	3.4.3 Finishing stage	42
	3.5 Organization Structure of the Foundry Units	45
	3.6 Financial Performance of the foundry	45
	3.7 Products of the foundry	46
	3.8 Conclusion	46
	Reference	47
Chapter IV	Data Analysis and Interpretation	48-78
	4.1 Introduction	48
	4.2 Growth of the foundry	49
	4.3 Analysis of Profitability	51
	4.3.1 Net Profit Ratio	51
	4.3.2 Gross Profit Ratio	52
	4.3.3 Operating Profit Ratio	52
	4.3.4 Return on Capital Employed	53
	4.3.5 Return on Shareholders Fund Ratio	54
	4.4 Analysis of Operational Efficiency	54
	4.4.1 Inventory Turnover Ratio	55
	4.4.2 Total Assets Turnover Ratio	55
	4.4.3 Working Capital Turnover Ratio	56
	4.4.4 Fixed Assets Turnover Ratio	57
	4.4.5 Debtors Collection Period	57
	4.4.6 Creditors Collection Period	58
	4.5 Analysis of Financial Strength	59
	4.5.1 Analysis of Liquidity	59
	4.5.1.1 Current Ratio	59
	4.5.1.2 Liquid Ratio	60
	4.5.2 Analysis of Solvency	61
	4.5.2.1 Debt -Equity Ratio	61
	4.5.2.2 Proprietary Ratio	62

	4.5.2.3 Fixed Assets Ratio	63
	4.6 Analysis of Overall Profitability Ratios	63
	4.7 Analysis of Overall Operational Efficiency Ratios	64
	4.8 Analysis of Overall Liquidity Ratios	65
	4.9 Analysis of Overall Solvency Ratios	66
	4.10 Prediction of future financial performance	67
	4.10.1 Altman's Z score Model	67
	4.10.2 Measurement of Financial Health	68
	4.11 Ratios used in Z Score Analysis	70
	4.11.1 Working Capital to Total Assets	70
	4.11.2 Retained Earnings to Total Assets	70
	4.11.3 EBIT to Total Assets	70
	4.11.4 BVE to MVD	70
	4.11.5 Sales to Total Assets	71
	4.12 Impact of world financial crisis	72
	4.13 Testing of Hypotheses	73
	4.14 Conclusion	78
Chapter V	Conclusion	79-85
	5.1 Introduction	79
	5.2 Findings	79
	A) Findings Related to Growth	79
	B) Findings Related to Profitability	79
	C) Findings Related to Operational Efficiency	80
	D) Findings Related to Liquidity	81
	E) Findings Related to Solvency	81
	F) Findings Related to Prediction	81
	G) Findings Related to Testing of Hypotheses	82
	5.3 Suggestions	82
	5.4 Conclusion	84
	BIBLIOGRAPHY	86-89
	APPENDICES	90-103

TABLE OF CONTENT

Table No.	Title of Table	Page No.
2.1	Classification of Z score	35
3.1	Manpower of the Foundry	46
4.1	Growth of the foundry	49
4.2	Net Profit Ratio: 2004-05 to 2010-11	51
4.3	Gross Profit Ratio: 2004-05 to 2010-11	52
4.4	Operating Profit Ratio: 2004-05 to 2010-11	53
4.5	Return on Capital Employed Ratio: 2004-05 to 2010-11	53
4.6	Return on Shareholders Fund Ratio: 2004-05 to 2010-11	54
4.7	Inventory Turnover Ratio: 2004-05 to 2010-11	55
4.8	Total Assets Turnover Ratio: 2004-05 to 2010-11	56
4.9	Working Capital Turnover Ratio: 2004-05 to 2010-11	56
4.10	Fixed Assets Turnover Ratio: 2004-05 to 2010-11	57
4.11	Debtors Collection Period: 2004-05 to 2010-11	58
4.12	Creditors Collection Period: 2004-05 to 2010-11	58
4.13	Current Ratio: 2004-05 to 2010-11	60
4.14	Liquid Ratio: 2004-05 to 2010-11	60
4.15	Debt -Equity Ratio: 2004-05 to 2010-11	61
4.16	Proprietary Ratio: 2004-05 to 2010-11	62
4.17	Fixed Assets Ratio: 2004-05 to 2010-11	63
4.18	Coefficient of the ratio	68
4.19	Z score Classification	69
4.20	Statement showing the Ratios used in Z Score Analysis	69
4.21	Statement showing the Z scores of foundry unit	71
4.22	Testing of Hypotheses (Summary: H1)	73
4.23	Testing of Hypotheses (Summary: H2)	74
4.24	Testing of Hypotheses (Summary: H3)	75