Chapter IV

PRESENTATION ANALYSIS AND INTERPRETATION OF DATA

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PRESENTATION ANALYSIS AND INTERPRETATION OF DATA

Schedule No. 1

Cost of Goods Sold

For 2003-04, 2004-05, 2005-06

Particulars	**2003-04**	**2004-05**	**2005-06**
Opening Stock	148160.00	26280.00	52385.90
Add Purchase of cashew	2878696.50	3208779.50	3440588.50
Purchase of tins	117607.00	119451.00	119704.00
Wages	742959.35	677906.50	679370.05
Hamali	925.00	980.00	1260.00
Transport	42973.00	44869.00	7550.00
Processing fees	4600.00	5650.00	6226.00
Less Closing stock	(26280)	(52385.90)	(73270.00)
Cost Of Goods Sold	**3909640.85**	**4031530.10**	**4233814.45**

Schedule No. 2

Administrative Expenses

For 2003-04, 2004-05, 2005-06

Particulars	**2003-04**	**2004-05**	**2005-06**
Tax consultant fee	2000.00	2000.00	14000.00
Bonus from trading	79608.85	81619.90	74128.90
Repairs	3522.00	4737.00	3471.00
Printing and stationery	2335.00	990.50	3821.50
Postage and telephone	16539.00	12883.00	7509.00
Professional tax	1700.00	1700.00	1700.00
Office bonus	4376.00	3072.00	3264.00

Donations	-	750.00	-
Malicious expenses	4286.00	9401.50	4464.00
Insurance	18588.00	13428.00	14890.00
License fee	3873.00	4873.00	1873.00
Audit fee	10000.00	10000.00	-
Electricity charges	12150.00	10710.00	9445.50
Office salary	24930.65	26797.80	27148.00
Repair and maintenance	4598.38	4140.00	5188.07
Valuation fee	-	-	1600.00
Traveling expenses	-	1545.00	1295.00
Depreciation	30114.77	25095.38	17017.28
Total administrative expenses	**218621.65**	**213743.08**	**190815.25**

Schedule No. 3

Cost of Finance

For 2003-04, 2004-05, 2005-06

Particulars	**2003-04**	**2004-05**	**2005-06**
Bank Interest	248257.30	209889.00	301529.00
Bank commission and charges	9632.00	3810.04	1432.00
Provident fund	51831.00	46791.00	51472.00
Labor welfare fund	17253.00	2430.00	2286.00
Cost Of Finance	**326973.30**	**262920.00**	**356719.00**

Schedule No. 4

Other Income

For 2003-04, 2004-05, 2005-06

Particulars	**2003-04**	**2004-05**	**2005-06**
Dividend	1800.00	1800.00	1800.00
Bank Interest	-	1372.00	-
Total Other Income	**1800.00**	**3172.00**	**1800.00**

Schedule No. 5

Current Assets

For 2003-04, 2004-05, 2005-06

Particulars	**2003-04**	**2004-05**	**2005-06**
Current Assets			
Cash in hand	558113.43	64190.93	350166.41
Cash at Bank	57305.83	227747.79	68.00
Sundry debtors	128214.00	561467.78	1011821.18
Closing stock	26280.00	52385.90	73270.00
Total Current Assets	**769913.26**	**905792.40**	**1362055.59**

Schedule No. 6

Current Liabilities

For 2003-04, 2004-05, 2005-06

Particulars	**2003-04**	**2004-05**	**2005-06**
Current Liabilities			
Sundry creditor	4350.00	4350.00	4350.00
Outstanding expenses	12000.00	12000.00	12000.00
Total Current Liabilities	**16350.00**	**16350.00**	**16350.00**

Schedule No. 7

Fixed Assets

For 2003-04, 2004-05, 2005-06

Particulars	**2003-04**	**2004-05**	**2005-06**
Loan	20000.00	2000.00	20000.00
Other assets	167472.00	142376.62	125359.34
Total Fixed Assets	**187472.00**	**162376.62**	**145359.34**

Schedule No. 8

Fixed Liabilities

For 2003-04, 2004-05, 2005-06

Particulars	**2003-04**	**2004-05**	**2005-06**
Central Government subsidy	63000.00	63000.00	63000.00
State Government loans	38600.00	38600.00	38600.00
The Saraswat co-op. Bank Malvan c.c a/c	-	-	425267.43
Total Fixed Liabilities	**101600.00**	**101600.00**	**526867.43**

4.1 Comparative Statement Analysis

Table no. 1.
M/S Laxmi Vishnu And Co. Ltd. Malvan

Comparative Income Statement

For the year ended on 31-3-2003-04 - 2004-05 – 2005-06

Particulars	Schedule No.	2003-04	2004-05	2005-06	2004-05		2005-06	
					Rs	%	Rs	%
Net Sales (Net of Sales tax)		4611298.60	4664804.98	4891453.18	53506.38	1.16	226648.20	4.85
Less cost of goods sold	1	(3909640.85)	(4031530.10)	(4233814.45)	121089.25	3.12	202284.35	5
Gross Profit		**701657**	**633274.88**	**657638.73**	**- 68382.87**	**- 9.75**	**- 24363.85**	**- 3.85**
Less Operating Expenses								
Administrative expenses	2	218621.65	213743.08	190815.25	- 4878.57	- 2.23	- 22927.83	- 10.72
Cost of finance	3	326973.30	262920.00	356719.00	-64053.26	- 19.59	93799.00	35.37
Total operating expenses		**545594.95**	**476663.12**	**547534.25**	**- 68931.83**	**- 12.63**	**1939.30**	**0.35**
Operating profit		**156062.80**	**156611.76**	**110104.48**	**548.95**	**0.35**	**- 46507.28**	**- 29.69**
Add other income	4	1800.00	3172.00	1800.00	1372.00	76.22	-1372.00	- 76.22
Net profit		**157862.80**	**159783.76**	**111904.48**	**1920.96**	**1.22**	**- 47879.28**	**- 30**

Table no. 2.

M/S Laxmi Vishnu And Co. Ltd. Malvan

Comparative Balance sheet

For the year ended on 31-3-2003-04 - 2004-05 – 2005-06

Particulars		**Schedule No.**	**2003-04**	**2004-05**	**2005-06**	**2004-05**		**2005-06**	
						Rs	**%**	**Rs**	**%**
Capital	A		852470.26	963254.02	1026158.50	110783.7	13	62904.48	6.53
Reserve and Surplus	B		Nil	Nil	Nil	-	-	-	-
Long term liabilities	C		101600.00	101600.00	526867.43	-	-	425267.93	5.18
Total liabilities	**A+B+C**	8	**954070.26**	**1064854.02**	**1553025.93**	**110783.76**	**1.12**	**598955.97**	**1.63**
Fixed assets	D	7	187472.00	162376.62	145359.34	- 25095.38	- 13.39	- 17017.28	- 10.48
Investment	E		11915.00	11915.00	11915.00	-	-	-	-
Working capital	G - H = F		**753563.26**	**889442.40**	**1394631.59**	**135879.14**	**2.10**	**431919.19**	**1.48**
Current assets	G	5	769913.26	905792.40	1435325.59	135879.14	1.18	456263.19	1.50
Less current liabilities	H	6	16350.00	16350.00	40694.00	-	-	24344.00	149
Loan and Advances	I		1120.00	1120.00	1120.00	-	-	-	-
Total assets			**954070.26**	**1064854.02**	**1553026.93**	**110783.76**	**1.12**	**598955.67**	**9.63**

4.1 Interpretation Of Comparative Statement

4.1.1 Interpretation Of Income Statement

1. The comparative income statement of M/S Laxmi Vishnu and company given earlier reveals that there has been an increase in net sales of 1.16% and 4.85% in the year 2004-05 and 2005-06 respectively. While the cost of goods sold has increased, nearly by 3.12% and 5% in 2004-05 & 2005-06 respectively the sales have increased very marginally. Similarly, the percentage of gross profit has decreased by 9.75% in 2004-05 and by 3.85%in 2005-06. The main reason being the increases in the cost production, particularly the prices of raw material, which has not been compensate by proportionate increase in the selling cost.
2. Administrative expenses in the year 2004-05 and 2005-06 decreased by 2.23% and 10.72% respectively. Cost of finance has also decreased in 2004-05 by 19.59% but in 2005-06, it has increased by 35.67%. Total operating expenses were relatively same in the year 2003-04 and 2004-05; but the same were decrease by 12.63% in 2005-06.

As regards administrative expenses, the tax consultant's fee was on very high side in 2005-06. These expenses are not recurring expenses and as such no effect on profitability.

In 2003-04, 2004-05 and 2005-06 the net profit was Rs.157000/-, Rs.159000/- & Rs. 111000/- respectively. In 2004-05, the net profit has increased by small percentage of 1.22. In 2005-06, the net profit has decreased by 305.

4.1.2 Interpretation Of Balance Sheet

Analysis of balance sheet changes between year 2003-04, 2004-05 and 2005-06 reveals as under.

There is in an increase in capital in 2004-05 and 2005-06. The capital has increased by Rs.110783.76 & Rs.62904.48 i.e. 13% & 6.53% by percentage.

Long-term liabilities includes, loans given from various sources for long-term period. There has no increase in long-term liabilities for the year 2004-05. But in 2005-06. it has increased by 5.18%.

Working capital has increased by Rs. 135879.14 in 2004-05 i.e. 1.10% by percentage. In 2005-06, the increase is by Rs. 43919.19 i.e. 1.48% by percentage.

Current assets have increased by 1.18% in 2004-05 and in 2005-06 by 1.50% current liabilities were same in 2004-05 but it was increase in 2005-06 by 1.49%.

4.2 Common-Size Statement Analysis

Table no 5.

M/S Laxmi Vishnu And Co. Ltd. Malvan

Common - Size Income Statement

For the year ended on 31-3-2003-04 - 2004-05 – 2005-06

Particulars	Schedule No.	2003-04		2004-05		2005-06	
		Rs.	%	Rs.	%	Rs.	%
Net Sales (Net of Sales tax)		4611298.60	100.00	4664804.98	100.00	4891453.18	100.00
Less cost of goods sold	1	(3909640.85)	(84.78)	(4031530.10)	(86.42)	(4233814.45)	(86.56)
Gross Profit		**701657.75**	**15.22**	**633274.88**	**13.58**	**657638.73**	**13.44**
Less Operating Expenses							
Administrative expenses	2	(218621.65)	(4.74)	(213743.08)	(4.58)	(190815.25)	(3.90)
Cost of finance	3	(326973.30)	(7.09)	(262920.04)	(5.64)	(356719.00)	(7.29)
Total operating expenses		**545594.95**	**11.83**	**262920.04**	**10.24**	**547534.25**	**11.19**
Operating profit		**156062.80**	**3.39**	**156611.76**	**3.35**	**110104.48**	**2.25**
Add other income	4	1800.00		3172.00		1800.00	
Net profit		**157862.80**	**3.42**	**159783.76**	**3.42**	**111904.48**	**2.29**

Table no. 6.

M/S Laxmi Vishnu And Co. Ltd. Malvan

Common - Size Balance Sheet

For the year ended on 31-3-2003-04 - 2004-05 – 2005-06

Particulars		**Schedule no.**	**2003-04**		**2004-05**		**2005-06**	
			Rs.	**%**	**Rs.**	**%**	**Rs.**	**%**
Capital	A		852470.26	89.35	963254.02	90.46	1026158.50	66.07
Reserve and surplus	B		-	-				
Long term liabilities	C		101600.00	10.65	101600.00	9.54	526867.43	33.93
Total liabilities	A+B+C	8	954070.26	100.00	1064854.02	100.00	1553025.93	100.00
Fixed assets	D	7	187472.00	19.65	162376.62	15.25	145359.34	9.36
Investment	E		11915.00	1.25	11915.00	1.12	11915.00	0.77
Working capital	F – G							
Current assets	F	5	769913.26	80.70	905792.40	85.06	1435325.59	92.42
Less Current liabilities	G	6	16350.00	1.72	16350.00	1.54	40694.00	3.62
Working Capital	**H**		**753563.26**	**78.98**	**889442.40**	**83.52**	**1394631.59**	**89.80**
Loans and Advances			**1120.00**	**0.12**	**1120.00**	**0.11**	**1120.00**	**0.07**
Total assets			**954070.26**	**100.00**	**1064854.02**	**100.00**	**1553025.93**	**100.00**

4.2 Interpretation Of Common-Size Statement

4.2.1 Interpretation of Income Statement

The common size P&L A/c presented in table helps to draw the following conclusions.

1. The cost of goods sold as percent of sales is approximately the same in the year 2004-05 & 2005-06 i.e. 86.42% and 86.56% respectively. In 2003-04, it was 84.78%. It indicates that the cost of goods sold has gone up since 2004-05.

The main cause for increase of cost of goods sold increase in the price of raw material.

2. Gross profit as percent of sales is 15.22%, 13.58% and 13.44% in 2003-04, 2004-05 and 2005-06 respectively. The reverse effect of increase in cost of goods sold is decreases in gross profit. In 2004-05 and 2005-06, it was reduce up to 13.58% and 13.44% of sales.

3. In operating expenses, administrative expenses were relatively same in 2003-04 and 2004-05, but in 2005-06, they were reduces by 3.90% of base year. The decrease in the expenses in 2005-06 was due to reduction in postage, telephone, depreciation expenses and audit fee.

4. Cost of finance was decrease in 20004-05 i.e. 5.64%. In 2003-04 and 2005-06, is 7.09% and 7.29% respectively.

5. Net profit of 2005-06 was 2.29% of sales it was decrease as compared to 2003-04 and 2004-05. Main reason for decrease in profit in the year 2005-06 was increase in purchase price and increase in cost of finance.

4.2.2 Interpretation Of Balance Sheet

Capital has increased marginally, from 89.35 per cent in 2003-04 to 90.46 percent in 2004-05 while long-term liabilities remained same in these years. In 2005-06 the percentage of capital to total liabilities was decreased because of increase in long term liabilities. In 2005-06 company availed loan from bank it increased the other liabilities, decreased capital to 66.07% and the long-term liabilities were 33.93% in the year 2005-06.

4.3 TREND ANALYSIS

Trend Analysis – Income Statement

Of M/S Laxmi Vishnu & Co. Ltd. Malvan,

For the year ended 31 – March 2003-04, 2004-05 and 2005-06.

Table no. 7 Base Year – 2003-04

Particulars	**Schedule No.**	**2003-04**	**2004-05**	**2005-06**
Net sales (net of sales tax)		100.00	10116	106.07
Less cost of goods sold	1	100.00	103.12	108.00
Gross profit		100.00	90.25	93.72
Less Operating Expenses Administrative expenses	2	100.00	97.77	87.28
Cost of finance	3	100.00	80.41	109.09
Total operating expenses	2+3	100.00	87.36	100.35
Net Operating profit		100.00	100.35	70.55
Add Other Income	4	100.00	176.22	100.00
Net Profit		100.00	101.22	70.88

Trend Analysis - Balance sheet

Of M/S Laxmi Vishnu & Co. Ltd. Malvan,

For the year ended 31 – March 2003-04, 2004-05 and 2005-06.

Table no. 8 Base Year – 2003-04

Particulars		**2003-04**	**2004-05**	**2005-06**
Capital	A	100.00	112.00	106.00
Reserve and surplus	B	-	-	-
Loan Term Liabilities	C	100.00	100.00	518.57
Total liabilities	(A+B+C)	100.00	112.00	146.00
Fixed Assets	D	100.00	86.61	77.53
Investment	E	100.00	100.00	100.00

Current assets	F	100.00	117.62	136.30
Less Current liabilities	G	100.00	100.00	249.00
Working Capital	F - G	100.00	118.00	156.79
Loan and Advances		100.00	100.00	100.00
Total Assets		**100.000**	**112.00**	**146.00**

4.3.1 Interpretation Of Income Statement

The sales show the increasing trend. The sales in 2005-06 have increased by 6.07% as compared to the base year 2003-04. In 2004-05, the sales have increased by 1.16% only. However, cost of sales is also increased. In 2005-06, the cost of sales has increased by 8% and in 2004-05 it increased by 3.12%. The increase in cost and in sales is disproportionate. The increase in cost of sales is very high as compared to increase in sales. It resulted in decrease in gross profit. In the year 2004-05 and 2005-06, the percentage of gross profit has decreased by 9.75% and 6.28% respectively.

The cost of sales shows rapid increase as compared to increase in sales. It is necessary to exercise control over the cost of sales.

Administrative expenses are decreased by 2.23% and in the year 2005-06 it decreased by 12.72 of the base year. The decrease in the administrative expenses is good for company but there is increase in cost of finance by 9.09% in 2005-06. In 2005-06, cost of finance was relatively low as compared to 2005-06.

There is increase in operating profit of 0.35%, which is very little variation. In 2005-06, the operating profit has decreased by 29.45%.

By studying all expenses in terms of percentage change it was observe that in 2004-05 there has been increase in cost of goods sold but the operating expenses have decreased.

Net profit of 2004-05 has also increased by 1.22%. But in 2005-06 there was substantial decrease in net profit by 70.88% of the base year.

4.3.1 Interpretation of Trend Analysis of Balance Sheet

Capital increased by 12% in 2004-05 as compared to base year and by 6% in 2005-06. There is no change in long-term liabilities in 2004-05. In 2005-06 long term liabilities have increased substantially that is 578.57% due to borrowings from the bank.

Fixed assets have decreased to 86.61% and 77.53% in 2004-05, 2005-06 respectively. It is because of depreciation charged on it. Investment was same in all the years. Current assets have increased up to 117.62% and 136.30% in 2004-05, 2005-06. Working capital has also increased by 18% in 2004-05 and by 156.79% in 2005-06.

4.4 Ratio Analysis And Interpretation

Introduction

The preparation of financial statement is not the end aim. The purpose of preparing these statements is to use them for decision-making. The statements become a tool for future planning and forecasting. The analysis and interpretation of financial statements is to judge their meaning and significance. The analysis of statements involves their division according to similar groups and arranged in a desired form. The interpretation involves the explanation of financial facts in simplified manner.

Presentation Analysis and Interpretation is done

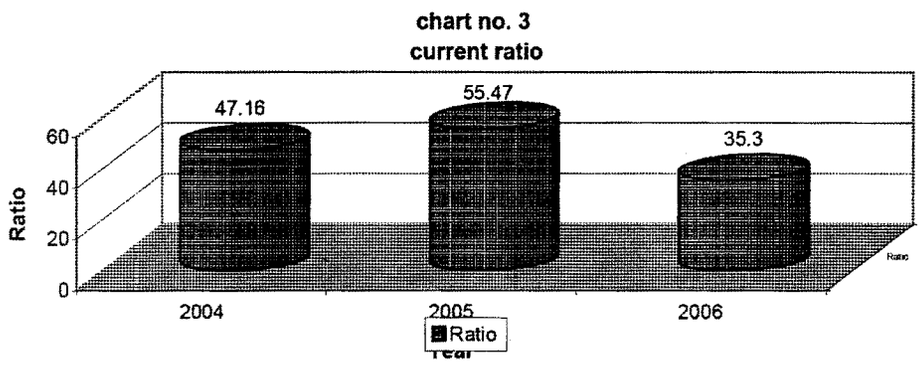
1. From view point of liquidity Ratio
2. From view point of leverage Ratio
3. From view point of Activity Ratio
4. From view point of Profitability Ratio

4.4.1 From View Point Of Liquidity Ratio

A. Current Ratio on Working Capital Ratio or 2:1 Ratio

Table no. 9

Year	Formula = $\frac{\text{Current Asset}}{\text{Current Liability}}$	Ratio
2003-04	$\frac{771033.26}{16350.00}$	47.16: 1
2004-05	$\frac{906912.40}{16350.00}$	55.47: 1
2005-06	$\frac{1436445.59}{40694.00}$	35.30: 1



Interpretation :

Current Ratio for the year 2003-04 was 47.16 : 1 where as for 2004-05 and 2005-06 it was 55.47: 1and 35.30 : 1 respectively. A relatively high value of the current ratio is consider as an indication that the firm is liquid and has the ability to pay its bills. As a conventional rule, a current ratio of 2: 1 (current assets twice of current liabilities) or more is, consider being satisfactory.

The current ratio is very high, this is because the company is holding very huge amount of cash in hand and the sundry debtors are very high. The reason for holding more cash is that the company has to start purchases, from March on words and the payments has made in cash. The details of sundry debtors were not available at the time of study. However, it can say that, the company is either giving a long credit or not making serious efforts for

recovery. As the current ratio is on higher side, than the normal stimulation of 2:1 it can say that the company has liquidity to clear out there liabilities.

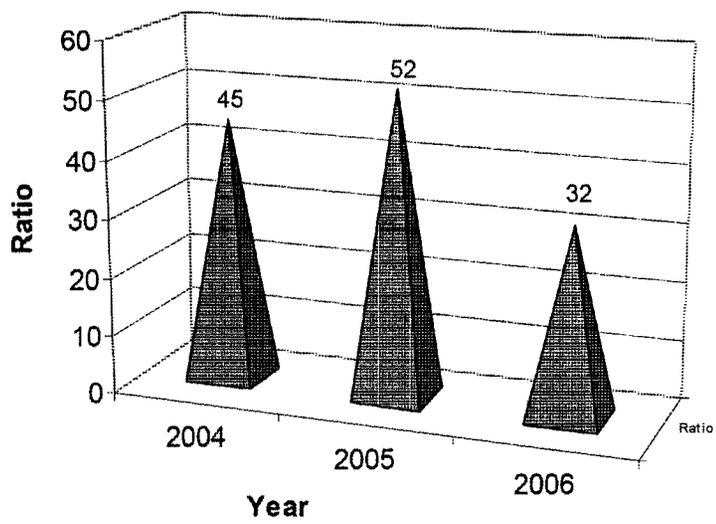
B. Quick Ratio

Table no. 10

For Laxmi Vishnu and Co. Ltd the Quick Ratio is.

Year	Formula = $\frac{\text{Quick Asset's}}{\text{Current Liability}}$	Ratio
2003-04	$\frac{743633.26}{16350.00}$	45: 1
2004-05	$\frac{853406.5}{16350.00}$	52: 1
2005-06	$\frac{1288785.59}{40694.00}$	32: 1

chart no. 4
Quick ratio



Interpretation

Quick ratio for the year 2003-04, 2004-05 and 2005-06 is 45:1, 52:1, 32:1 respectively. Quick ratio also show high position because of huge amount of cash kept in hand and the large amount of sundry debtors. Company is a cashew-processing unit and it required huge amount of working capital to bring a raw cashew nuts from farmers in cash. Generally, a quick ratio of 1 to 1 has

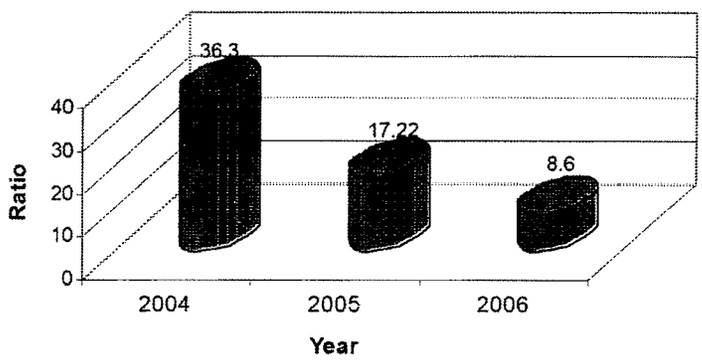
considered representing a satisfactory current financial condition. Although the quick ratio of M/S Laxmi Vishnu and co. ltd is more penetrating (over sound) test of liquidity than the current ratio, yet it should be use cautiously.

C. Cash Position Ratio

Table no. 11

Year	Formula = $\frac{\text{Cash}}{\text{Current Liability}}$	Ratio
2003-04	$\frac{615419.26}{16950.00}$	36.30: 1
2004-05	$\frac{291938.72}{16950.00}$	17.22: 1
2005-06	$\frac{350234.41}{40694.00}$	8.60: 1

chart no. 5
cash position ratio



Interpretation

Ratios for the year 2003-04, 2004-05 and 2005-06 are 36, 17 and 8 respectively. Cashew processing units required huge amount of working capital. Hence the cash position ratio is high than the slandered.

In the year 2004-05, 2005-06 the ratio has gone down as compared to 2003-04 mainly because of increased sundry debtors; as results, cash was block in the receivables. In the year 2005-06, the company had to borrow for the first time from the bank.

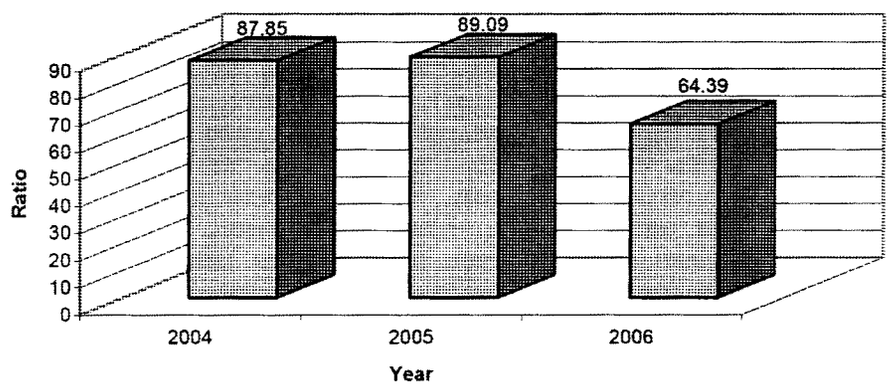
2. From View Point Of Leverage Ratio

A. Proprietary Ratio / Owners Funds Ratio

Table no. 12

Year	Formula = $\frac{\text{Capital}}{\text{Total Assets}}$ x 100	Ratio
2003-04	$\frac{852470.26}{970420.26}$ X 100	87.85%
2004-05	$\frac{963254.02}{1081204.02}$ X 100	89.09%
2005-06	$\frac{1026158.50}{1593719.93}$ X 100	64.39%

chart no 6
Proprietary fund ratio



Interpretation

These entire owners funds ratio shows very high because this is a proprietary concern. The total capital has owned by the proprietors.

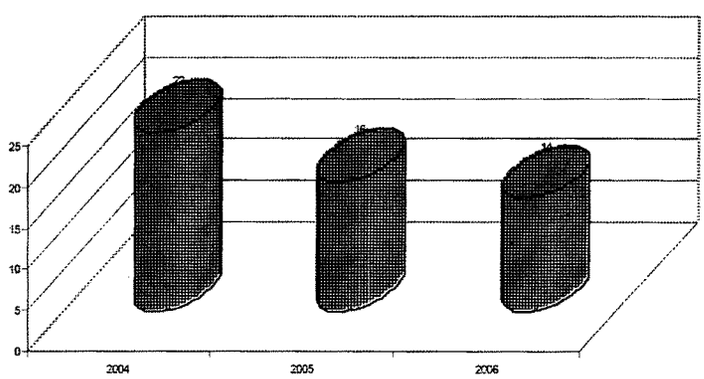
The ratio for the year 2003-04, 2004-05 and 2005-06 were 87%, 89% and 64% respectively. In the year 2005-06 the ratio has decreased because of increases in total assets.

B. Fixed Asset Ratio

Table no. 13

Year	Formula = $\frac{\text{Fixed assets}}{\text{Owners fund}} \times 100$	Ratio
2003-04	$\frac{187472.00}{852470.26} \times 100$	22: 1
2004-05	$\frac{162376.62}{963254.02} \times 100$	16 : 1
2005-06	$\frac{145359.34}{1026158.50} \times 100$	14 : 1

chart no. 7
fixed assets ratio



Interpretation :

This ratio shows the extent of capital invested in fixed assets. The standard ratio for industrial undertaking is .65 : 1.

Fixed Assets ratio for the year 2003-04, 2004-05 and 2005-06 of Laxmi Vishnu and Co. are 22 : 1, 16 : 1, 14 : 1 respectively.

In the year 2003-04, it was m22. However, it is showing declining trend and came down to 16 and 14 respectively in the year 2004-05 & 2005-06

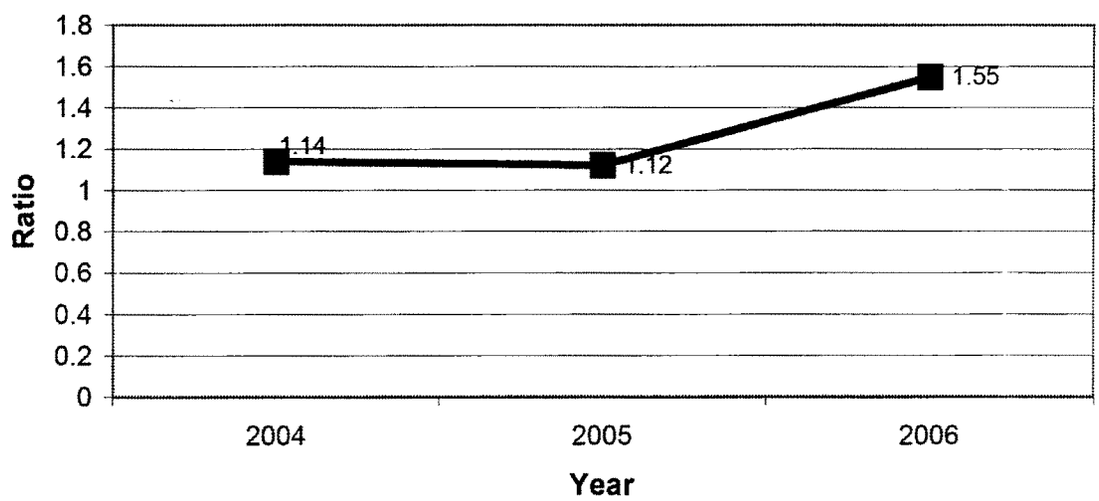
C. Debts to equity ratio

For 'Calculating this ratio of M/S Laxmi Vishnu and Co. Ltd. liabilities are includes dull liabilities given in the balance sheet of Laxmi Vishnu and Co. Ltd.

Table no. 14

Year	Formula = $\frac{\text{Liabilities}}{\text{Capital}}$	Ratio
2003-04	$\frac{970420.26}{852470.26}$	1.14 : 1
2004-05	$\frac{1081204.02}{963254.02}$	1.12: 1
2005-06	$\frac{1593719.93}{1026158.50}$	1.55: 1

chart no 8
Debts to equity ratio



Interpretation

As this ratio, express the relationship between external equity and internal equity. The slandered ratio is 1 : 1.

For the year, 2003-04, 2004-05 and 2005-06 the debt equity ratio is 1.14, 1.12 and 1.55 respective. In the year, 2005-06 ratio is greater than the remaining two year and all ratios show satisfactory financial structure of business.

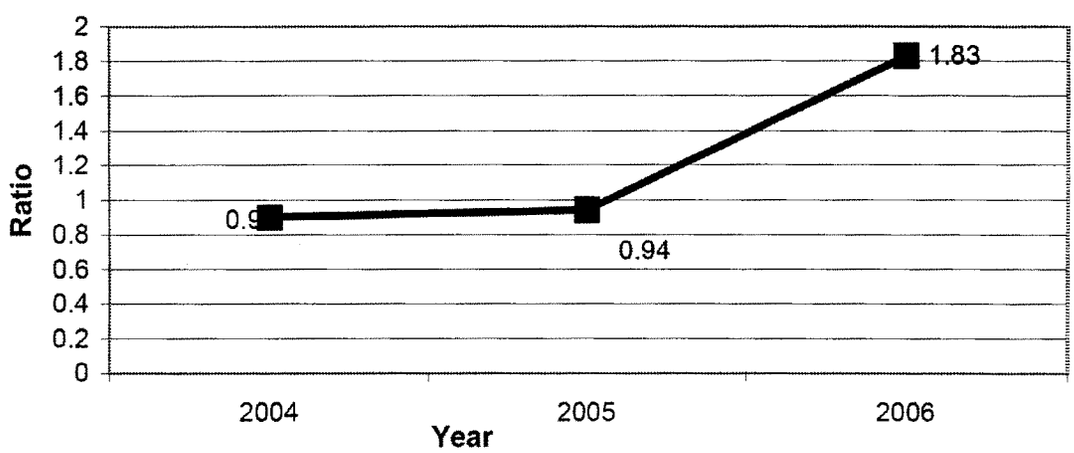
D. Ratio of Current Assets to Proprietor fund

Table no 15

This position of this ratio of Laxmi Vishnu and Co. is as follows

Year	Formula = $\frac{\text{Current Assets}}{\text{Owners fund/ Capital}}$ X 100	Ratio
2003-04	$\frac{769913.26}{852470.26}$ X 100	0.90 : 1
2004-05	$\frac{905792.40}{963254.02}$ X 100	0.94 : 1
2005-06	$\frac{1362055.59}{1026158.50}$ X 100	1.83: 1

chart no. 9
current ratio to proprietors fun ratio



Interpretation

For the year 2003-04, 2004-05 and 2005-06 of current assets to owners fund are 0.90:1, 0.94: 1 and 1.33: 1 respectively. In the year, 2005-06 ratio is relatively greater than other two years ratio. In the year 2005-06, the percentage of owner's capital in the current assets has increased. In the year 2003-04 and 2004-05, the ratio was relatively same.

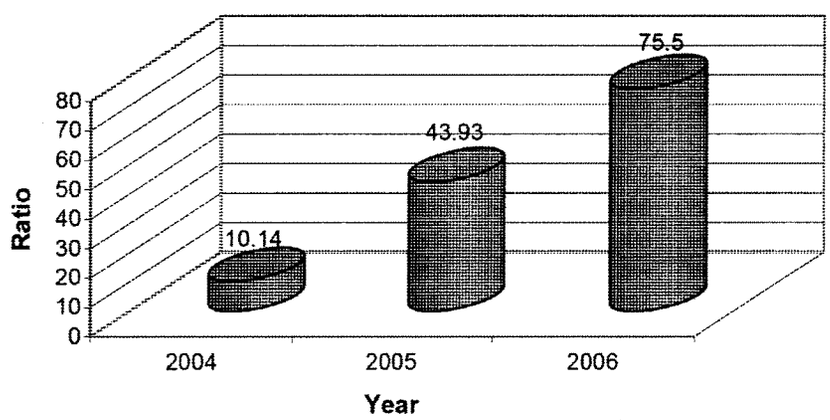
3. From View Point Of Activity Ratio

A Debtors Turnover Ratio

Table no. 16

Year	Formula = $\frac{\text{Sundry Debtors}}{\text{Net Sales}}$ X 365	Ratio
2003-04	$\frac{128214.00}{4611298.60}$ X 365	10.14
2004-05	$\frac{561467.78}{466480.98}$ X 365	43.93
2005-06	$\frac{1011821.18}{4891453.18}$ X 365	75.50

chart no 10
Debtors turnover ratio



Interpretation

Debtor's turnover ratios in the year 2003-04, 2004-05 and 2005-06 are 10 days, 43 days and 75 days respectively. Debtor's turnover ratio shows increasing trend. it is not so good for the company. Company is a cashew processing units and its required huge amount of capital. In the year, 2005-06 companies huge amount is block in the sundry debtors, so that he takes borrowers from the banks. Company will have to give attention on this increasing ratio.

B Total Assets Turnover Ratio

Table no. 17

Year	Formula = $\frac{\text{Sales}}{\text{Total Assets}}$	Ratio
2003-04	$\frac{4611298.60}{970420.26}$	4.75 times
2004-05	$\frac{4664804.98}{1081204.02}$	4.31 times
2005-06	$\frac{4891453.18}{1593719.93}$	3.07 times

Interpretation

Total assets turnover ratio is significant ratio since it shows the firms ability of generating sales form all the financial resources committed to the firm.

The ratio of three year of M/S Laxmi Vishnu Co. Ltd is decreasing year by year although it is above the standard. It show there is more revenue generated per rupee of total in investment assets. M/S Laxmi Vishnu and Company has ability to produce a large volume of sales on a small total assets base.

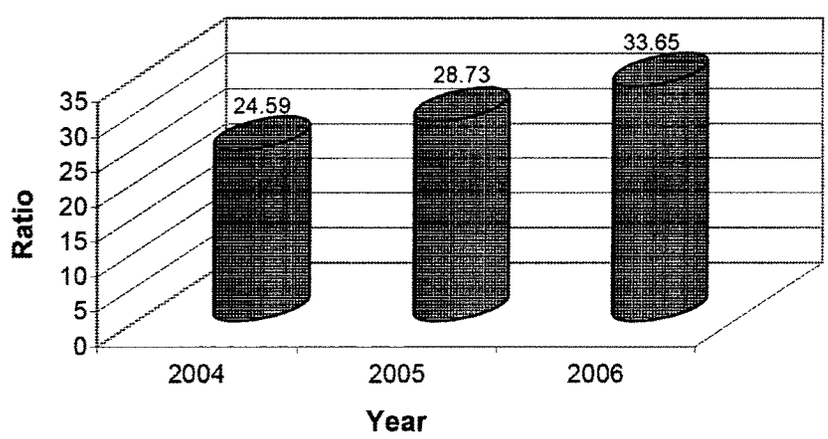
C Fixed Assets Turnover Ratio

The position of this ratio of the factory is as follows.

Table no 18

Year	Formula = $\frac{\text{Sales}}{\text{Fixed Assets}}$	Ratio
2003-04	$\frac{4611298.60}{187472.00}$	24.59 : 1
2004-05	$\frac{4664804.98}{162376.62}$	28.73: 1
2005-06	$\frac{4891453.18}{145359.34}$	33.65: 1

chart no 11
Fixed assets turnover ratio



Interpretation :

Fixed assets turnover ratio of Laxmi Vishnu and Co. for the year 2003-04, 2004-05 and 2005-06 are 24 : 1, 28 :1 and 33.65 : 1 respectively its indicates that there is higher fixed assets turnover ratio. It show company is overtrading on its assets. (Because of companies whole machinery or other assets are considerably depreciate)

D Creditors Turn Over Ratio :

Table no.19

Year	Formula = $\frac{\text{Creditors}}{\text{Purchases}}$ X 365	Ratio
2003-04	$\frac{4350}{2878696.50}$ X 365	0.55
2004-05	$\frac{4350}{3208779.50}$ X 365	0.49
2005-06	$\frac{4350}{3440588.50}$ X 365	0.46

Interpretation

Sundry creditor's ratio is very low from the slandered, in the year 2003-04, 2004-05, 2005-06 the ratio is 0.55, 0.49 and 0.46 respectively. The reason for very low ratio is, there is little amount of sundry creditors. It shows company has not get credit facility from their suppliers.

E Stock Turnover or Inventory Ratio

Table no. 20

Year	Formula = $\frac{\text{Coast of Goods Sold}}{\text{Average Inventory}}$	Ratio
2003-04	$\frac{3909640.85}{87220}$	44.83
2004-05	$\frac{4031530.10}{39332.95}$	102.49
2005-06	$\frac{4333814.45}{62827.95}$	67.39

Interpretation

In the year 2003-04, the ratio is 44.83times, in 2004-05 is 102.49 times, and in 2005-06 is 67.39 times. It shows volatile trend in ratio. In the year 2004-

05 it is increased and as compared to that year it was decreased in the year 2005-06.

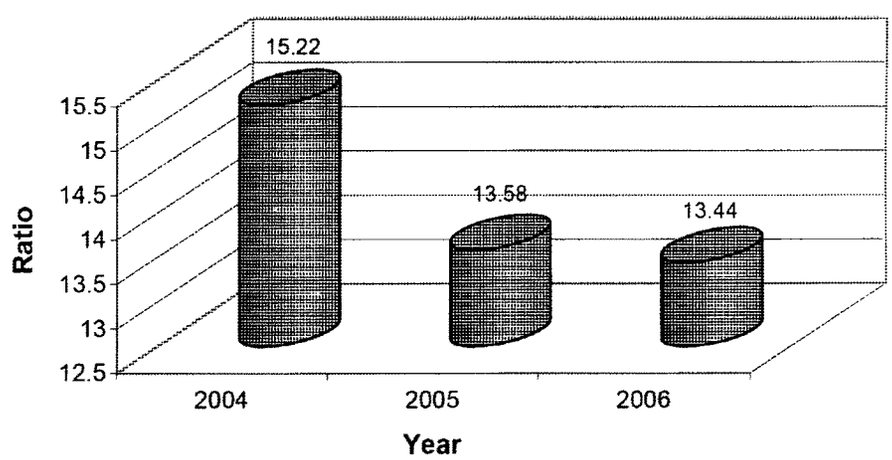
4. From View Point Of Profitability Ratio

1. Gross Profit Ratio

Table no. 21

Year	Formula = $\frac{\text{Gross Profit}}{\text{Sales (Net Sale)}}$ X 100	Ratio
2003-04	$\frac{701657.75}{4611298.60}$ X 100	15.22%
2004-05	$\frac{633274.88}{4664804.98}$ X 100	13.58%
2005-06	$\frac{657638.73}{4891453.18}$ X 100	13.44%

Chart no. 12
Gross profit to total assets ratio



Interpretation

In the year 2003-04, 2004-05 and 2005-06 a Gross Profit ratio is 15.22%, 13.58% and 13.44% respectively in 2004-05 the ratio was decrease to 13.58% from 15.22%. This may be attributes to reduced selling price or granting of trade discount on bulk orders.

B Gross Profit To Total Net Assets

Table no. 22

Year	Formula = $\frac{\text{Gross Profit}}{\text{Net Assets}}$ X 100	Ratio
2003-04	$\frac{701657.75}{970420.26}$ X 100	72%
2004-05	$\frac{633274.88}{1081204.02}$ X 100	58.57%
2005-06	$\frac{657638.73}{1593719.93}$ X 100	41.26%

Interpretation

Gross Profit to Net Assets ratio in the year 2003-04, 2004-05 and 2005-06 was 72%, 58.57% and 41.26% respectively. It shows reductions in ratio. In the year 2005-06 the ratio was very low as compared to the year 2003-04.

The ratio shows company's total assets has efficiently employed in earning the profits.

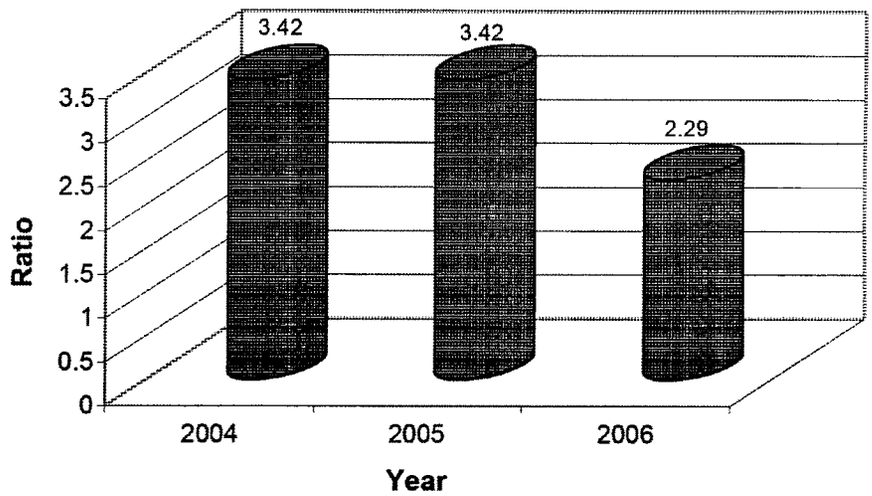
Net Profit Ratio

Here in the company net profit is before taxes have used to calculate this ratio.

Table no. 23

Year	Formula = $\frac{\text{Net Profit}}{\text{Net Sales}}$ X 100	Ratio
2003-04	$\frac{157862.80}{4611298.60}$ X 100	3.42%
2004-05	$\frac{159783.76}{4664804.98}$ X 100	3.42%
2005-06	$\frac{111904.48}{4891453.18}$ X 100	2.29%

chart no 13
Net profit ratio



Interpretation

Net profit ratio for the year 2003-04, 2004-05 and 2005-06 are respectively 3.42%, 3.42% and 2.29%. In the year, 2003-04 and 2004-05 there was same percentage of net profit but it is decrease to 2.29 in 2005-06.

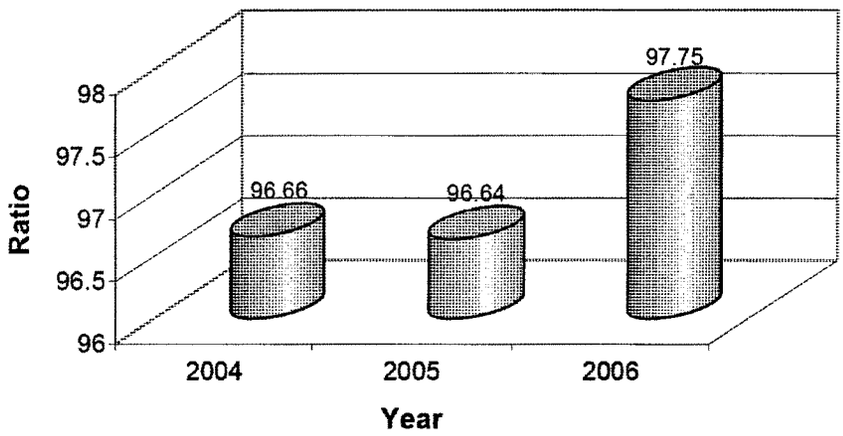
Net profit was reduces to 2.29% in 2005-06 in 2003-04 and 2004-05 it was same percentage of net profit.

D) Operating Ratio

Table no 24

Year	Formula = $\frac{\text{Cost of Goods Sold + Operating Exp.}}{\text{Net Sales}} \times 100$	Ratio
2003-04	$\frac{4455235.80}{4611298.60} \times 100$	96.66 %
2004-05	$\frac{4508193.22}{4664804.98} \times 100$	96.64%
2005-06	$\frac{4781348.70}{4891453.18} \times 100$	97.75%

chart no. 14
Operating ratio



Interpretation :

The operating ratio of Laxmi Vishnu and company ltd for the year 2003-04, 2004-05 and 2005-06 is 96.66%, 96.64% and 97.75% respectively. It is very high ratio or it indicates that company has a small amount of operating income.