

Financial statement analysis of s.kumar nationwide ltd. and gokaldas export ltd.

[Business](#)



Statements are summaries of monetary data about an enterprise. Hence Financial Statement Analysis will help one to assess the Viability, Stability, Profitability and Liquidity of an enterprise. In this Assignment, an attempt, to analyze the financial performance of two companies in Textile Industry (S. Kumar Nationwide Ltd. & Gokaldas Export Ltd.) has been made.

As the result of this assignment I found the performances of S. Kumar Nationwide Ltd. is better than Gokaldas Export Ltd. Introduction Financial statement analysis is a technique of answering various questions regarding the performance of the firm in the past, present and future. So in this assignment we have used the financial statement analysis to compare the performances of two companies S.

Kumar Nationwide Ltd. & Gokaldas Export Ltd. in Textile Industry.

Methodology This assignment is specially based on the secondary data. The required financial data were extracted from the financial statements of the selected companies. The qualitative information was collected from website www.ndiainfoline.com.

This assignment covers the time horizon of the Financial year 2007, 2008 & 2009. Tools Used Common Size Balance Sheet & Income Statement A company balance sheet, that displays all items as percentages of a common base figure is referred to Common Size Balance Sheet & Income Statement. • In liability side Total Liabilities is taken as a base figure and all other liabilities are calculated as percentages. • In assets side Total Assets is taken as the base figure and all other asset items are calculated as percentage.

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In Common Size Income Statement, Sales Turnover is taken as the base figure to which all the incomes and expenses are calculated as percentage.

Page - 2 of 24 Ratio Analysis Ratio analysis is one of the techniques of financial analysis to evaluate the financial condition and performance of a business concern. Simply, ratio means the comparison of one figure to other relevant figure or figures. In this assignment I have used the below ratios for the financial analysis. ? Profitability Ratio ? Operating Profit Ratio ? Net Profit Ratio ? Rate Of Return Ratio ? Return On Total Assets (ROTA)Ratio ? Return On Capital Employed Ratio ? Return On NetWorth Ratio ? Liquidity Ratio ? Current Ratio ? Quick Ratio ? Total Assets TurnOver Ratio ? Solvency Ratio ? Debt To Equity Ratio ? Interest Coverage Ratio Comparison Of Trends All the ratios are calculated for the year ending 2007, 2008 & 2009 and a comparison of these ratios are made between the two companies.

Reasons For Choosing The Firms Textiles Industry Today textile sector accounts for nearly 14% of the total industrial output in India. Moreover, total textile export during the year 2009 - 2010 has reached over 83, 700 Crores Indian Rupee which accounts for more than 30% of the total exports. It is the largest industry in terms of foreign revenue and export. As we can see Textile Industry plays a major role in Indian Economy, this influenced me to take up Textile Industry for my Assignment. Page - 3 of 24 S. Kumars Nationwide Ltd.

(SKNL) S. Kumars Nationwide Ltd. is my selected firm. SKNL is one of India's leading textile and apparel company which grew from a turnover of 50 Lakh in 1948 to 2, 350 Crores in 2009 and carrying on its achievements.

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Transformation of the company took place when Nitin Kasliwal took over the reins of his family run textile business. SKNL is an industry which is only into Textile Sector and has 6 brands namely Reid ; Taylor, Belmonte, S.

Kumars, Uniformity, Carmichael House and Stephens Brothers. Through these brands they are very strong in domestic market. Their main strength is their manufacturing units which produces over 2, 00, 000 meters of High-Quality fabrics each day. SKNL considers Manufacturing, Distribution, Brands ; Human Capital as their 4 pillars for success. The business at SKNL is divided into product-wise Strategic Business Units (SBU).

Through these SBUs the company is able to maintain a highly trained human resources easily. Selecting Benchmark Firm There are many leading companies in textile industry however many of them are also involved in other industries. I have selected the below companies which have textile as more than 90% of the Turnover. Table Showing - Comparison On Peer Group Firms Name Of The Firm S. Kumars Nationwide Ltd. Maxwell Industries Ltd.

Malwa Cotton Spinning Mills Ltd. Gokaldas Exports Ltd. Loyal Textiles Mills Ltd. Siyaram Silk Mills Ltd 2010 Sales in crores 1, 550. 19 211.

39 458. 90 1, 093. 40 424. 06 647. 87 Table - A1 Net Profit 60.

09 7. 02 -43. 72 3. 37 -14. 13 11.

4 Profit % 3. 88 3. 32 -9. 53 0. 31 -3. 33 1.

77 I have selected Gokaldas Exports Ltd. From the above 5 firms that I considered to compare with the main firm. The first factor that I considered

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was Gokaldas Exports Ltd's Sales is near to the main Firm when compared to the other firms. However I was not compromised to their profit percentage so I also considered their pervious performers comparing with S. Kumars Nationwide Ltd.

for past 5 years to justify my selection. Please find the comparison in next page. Page - 4 of 24 Table Showing - Comparing Profit % For Five Years

Year	2009	2008	2007	2006	2005	S. Kumars	Nationwide Ltd.	Total Sales	Net Profit	Profit %			
	1550.	23	1605.	72	1229.	54	889.	73	344.	53	60.		
	09	178.	13	107.	47	99.	78	9.	15	3.			
	88	11.	09	8.	74	11.	21	2.	66	Table - A2 Gokaldas Exports Ltd.			
	Total Sales	Net Profit	Profit %	1, 093.	40	1, 002.	57	999.	81	861.	96	709.	24
	37	47.	60	70.	28	60.	88	39.	59	0.	31	4.	
	75	7.	03	7.	06	5.	58	As we can see that Gokaldas Exports Ltd. has made a better profit in all the pervious years when compared the 2009 moreover their sales is also competitive to SKNL this clearly justifies my selection.					

23 1605. 72 1229. 54 889. 73 344. 53 60.

09 178. 13 107. 47 99. 78 9. 15 3.

88 11. 09 8. 74 11. 21 2. 66 Table - A2 Gokaldas Exports Ltd.

Total Sales Net Profit Profit % 1, 093. 40 1, 002. 57 999. 81 861. 96 709. 24 3.

37 47. 60 70. 28 60. 88 39. 59 0. 31 4.

75 7. 03 7. 06 5. 58 As we can see that Gokaldas Exports Ltd. has made a better profit in all the pervious years when compared the 2009 moreover their sales is also competitive to SKNL this clearly justifies my selection.

Gokaldas Exports Ltd. Gokaldas Exports was incorporated in 1979. And now it is the India's largest Apparel Exporter. And one of the world's best known and most reliable manufacturer of ready-made fashion garments. Which provides fashion wear for more than 100 famous Labels in 39 countries.

Gokaldas accounts about 47, 000 skilled employees at a group of 46 factories with which its able to produce 1, 40, 000 garments per day.

Page - 5 of 24 Common Size Balance Sheet & Income Statement. Common Size Balance Sheet Of S. Kumars Nationwide Ltd For The Year Ending 07, 08 & 09 Liabilities. Particulars SOURCES OF FUNDS : Share Capital Reserves Total Total Shareholders Funds Secured Loans Unsecured Loans Total Debt Total Liabilities Assets. APPLICATION OF FUNDS : Gross Block Less : Accumulated Depreciation Net Block Capital Work in Progress Investments Inventories Sundry Debtors Cash and Bank Loans and Advances Total Current Assets Current Liabilities Provisions Total Current Liabilities Net Current Assets Deferred Tax Assets Deferred Tax Liability Net Deferred Tax Total Assets 681. 75 483.

13 638. 81 193. 04 173. 24 355. 58 488. 71 309.

89 283. 23 607. 13 527. 39 295. 6 206. 32 41.

42 1. 38 577. 72 482. 51 503. 65 836.

67 610. 29 608. 7 42. 98 8. 45 14. 52 380.

94 249. 86 256. 98 1, 838. 3 1, 351. 11 1, 383. 85 23.

92% 23. 57% 6. 77% 8. 45% 17. 15% 15.

12% 21. 30% 25. 73% 7. 24% 2. 02% 20.

27% 23. 54% 29. 35% 29. 77% 1. 51% 0. 41% 13.

37% 12. 19% 64. 50% 65. 92% 35. 52% 19. 77% 15.

75% 16. 45% 0. 08% 28. 01% 33. 85% 0. 81% 14.

29% 76. 95% Amounts in Crores Percentages Mar - 09 Mar - 08 Mar - 07 Mar
- 09 Mar - 08 Mar - 07 310. 34 379. 84 361. 72 602.

27 482. 56 223. 74 912. 61 862. 4 585. 46 1, 715.

2 848. 76 871. 06 222. 49 252. 93 321.

89 1, 937. 1, 101. 69 1, 192. 95 2, 850. 3 1, 964.

09 1, 778. 41 10. 89% 19. 34% 21. 13% 24. 57% 32.

02% 43. 91% 60. 18% 43. 21% 7. 81% 12.

88% 67. 98% 56. 09% 100. 00% 100. 00% 20.

34% 12. 58% 32. 92% 48. 98% 18. 10% 67.

08% 100. 00% 143. 13 116. 57 143. 61 5. 02% 5.

69% 7. 99% 139. 23 58. 82 23. 24 4. 88% 2.

87% 1. 29% 282. 36 175. 39 166. 85 9. 91% 8.

56% 9. 28% 1, 556 1, 175. 72 1, 217. 00 54. 59% 57. 36% 67.

67% 0. 47 0. 12 0 0. 02% 0. 01% 0. 00% 8.

33 4. 86 0 0. 29% 0. 24% 0. 00% -7.

86 -4. 74 0 -0. 28% -0. 23% 0. 00% 2, 850.

3 2, 049. 68 1, 798. 41 100. 00% 100. 00% 100.

00% Page - 6 of 24 Common Size Balance Sheet Of Gokaldas Exports Ltd For
The Year Ending 07, 08 & 09 Liabilities. Particulars SOURCES OF FUNDS :
Share Capital Reserves Total Total Shareholders Funds Secured Loans
Unsecured Loans Total Debt Total Liabilities Assets. APPLICATION OF FUNDS :
Gross Block Less : Accumulated Depreciation Net Block Capital Work in
Progress Investments Inventories Sundry Debtors Cash and Bank Loans and
Advances Total Current Assets Current Liabilities Provisions Total Current
Liabilities Net Current Assets Deferred Tax Assets Deferred Tax Liability Net
Deferred Tax Total Assets 381. 62 146. 24 235. 8 17.

85 56. 05 430. 88 68. 84 4. 45 90.

7 594. 87 88. 44 2. 62 91. 06 503. 81 2.

28 9. 45 -7. 17 805. 92 359. 03 112. 77 246.

26 16. 85 54. 72 406. 9 80. 35 4.

59 91. 17 583. 01 88. 53 9. 21 97.

74 485. 27 3. 71 11. 08 -7. 37 795.

73 288. 71 47. 35% 45. 12% 40. 64% 80. 88 18.

15% 14. 17% 11. 38% 207. 83 29. 21% 30.

95% 29. 25% 34. 32 2. 21% 2. 12% 4.

83% 71. 23 6. 95% 6. 88% 10. 03% 336. 03 53.

46% 51. 14% 47. 30% 78. 97 8. 54% 10. 10% 11.

12% 6. 52 0. 55% 0. 58% 0. 92% 66.

33 11. 25% 11. 46% 9. 34% 487. 85 73.

81% 73. 27% 68. 67% 65. 19 10. 97% 11.

13% 9. 18% 15. 61 0. 33% 1. 16% 2.

20% 80. 8 11. 30% 12. 8% 11. 37% 407. 05 62.

51% 60. 98% 57. 29% 1. 3 0. 28% 0. 47% 0.

18% 11. 3 1. 17% 1. 39% 1. 59% -10 -0. 89% -0.

93% -1. 41% 710. 47 100. 00% 100. 00% 100. 00% Amounts in Crores

Percentages Mar - 09 Mar - 08 Mar - 07 Mar - 09 Mar - 08 Mar - 07 17.

19 425. 78 442. 97 362. 95 0 362. 95 805.

92 17. 19 434. 15 451. 34 344. 39 0 344. 39 795.

73 17. 19 390. 57 407. 76 266. 83 35.

88 302. 71 710. 47 2. 13% 2. 16% 52.

83% 54. 56% 54. 96% 56. 72% 45. 04% 43. 28% 0.

00% 0. 00% 45. 04% 43. 28% 100. 00% 100.

00% 2. 42% 54. 97% 57. 39% 37. 56% 5.

05% 42. 61% 100. 00% Page - 7 of 24 Common Size Income Statement Of S.

Kumars Nationwide Ltd For the Year Ending 07, 08 & 09 Amounts in Crores

Percentages Particulars Mar - 09 Mar - 08 Mar - 07 Mar - 09 Mar - 08 Mar -

07 INCOME : Sales Turnover Excise Duty Net Sales Other Income Stock

Adjustments Total Income EXPENDITURE : Raw Materials Power & Fuel Cost

Employee Cost Other Manufacturing Exp Selling and Administration Exp Misc.

Expenses Total Expenditure Operating Profit Interest Gross Profit

Depreciation Profit Before Tax Tax Fringe Benefit tax Deferred Tax Reported

Net Profit Extraordinary Items Adjusted Net Profit P & L Balance b/f

Appropriations P & L Balance c/d Dividend Equity Dividend % E. P.

S - Unit Curr E. P. S (Adj)-Unit Curr Book Value-Unit Curr 1, 550. 23 1, 605. 72

1, 229. 54 100.

00% 100. 00% 100. 00% 0. 04 0. 33 0 0.

00% 0. 02% 0. 00% 1, 550. 19 1, 605. 39 1, 229. 54 100.

00% 99. 98% 100. 00% 61. 18 9. 73 10.

27 3. 95% 0. 61% 0. 84% 69. 54 -64. 2 86.

45 4. 49% -4. 00% 7. 03% 1, 680. 91 1, 550.

92 1, 326. 26 108. 43% 96. 59% 107. 87% 1, 234.

72 1, 007. 30 4. 97 15. 87 28. 69 36. 6 18.

75 26. 53 59. 15 105. 59 886. 84 20. 04 30.

16 29. 31 99. 71 79. 65% 0. 32% 1. 85% 1.

21% 3. 82% 1. 74% 88. 58% 19. 85% 8. 98% 10.

87% 1. 71% 9. 16% 5. 03% 0. 04% 0. 20% 3.

88% 3. 24% 0. 64% -1. 29% 2. 58% 0. 00% 0.

0% 0. 00% 0. 17% 0. 17% 2. 35% 62.

73% 0. 99% 2. 28% 1. 65% 6. 58% 72.

13% 1. 63% 2. 45% 2. 38% 8. 11% 26. 91 14.

49 31. 13 1, 373. 19 1, 206. 38 1, 097. 19 307.

72 344. 54 229. 07 139. 23 90. 67 66. 4 168.

49 253. 87 162. 67 26. 54 35. 67 43. 88 141.

95 218. 2 118. 79 78. 05 34. 61 10. 83 0.

69 0. 72 0. 49 3. 12 4. 74 0 60.

09 178. 13 107. 47 50. 21 -7. 94 -11. 09 9.

88 186. 07 118. 56 -20. 05 -198. 18 -303. 65 40.

04 0 2 0 -20. 05 -198. 18 0 0 0 0 0 2. 69 8. 48 5. 58 2. 69 8. 48 5. 58 36. 5

32. 46 20. 92 0. 90% 2. 53% 75. 13% 89. 24% 21. 46% 18. 63% 5. 65% 5.

40% 15. 81% 13. 23% 2. 22% 3. 57% 13. 59% 9. 6% 2. 16% 0. 88% 0. 04%

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0.04% 0.30% 0.00% 11.09% 8.74% -0.49% -0.90% 11.59% 9.64% -12.34% -24.70% 0.00% 0.16% -1.25% -16.12% 0.00% 0.00% 0.00% 0.00% 0.53% 0.45% 0.53% 0.45% 2.02% 1.70% Page - 8 of 24 Common Size Income Statement Of Gokaldas Exports Ltd For the Year Ending 07, 08 & 09 Amounts in Crores Percentages Particulars Mar - 09 Mar - 08 Mar - 07 Mar - 09 Mar - 08 Mar - 07 INCOME : Sales Turnover Excise Duty Net Sales Other Income Stock Adjustments Total Income EXPENDITURE : Raw Materials Power & Fuel Cost Employee Cost Other Manufacturing Exp Selling and Administration Exp Misc. Expenses Total Expenditure Operating Profit Interest Gross Profit Depreciation Profit Before Tax Tax Fringe Benefit tax Deferred Tax Reported Net Profit Extraordinary Items Adjusted Net Profit P & L Balance b/f Appropriations P & L Balance c/d Dividend Equity Dividend % E. P. S - Unit Curr E. P. S (Adj)-Unit Curr Book Value-Unit Curr 1,093.40 1,002.57 999.81 100.00% 100.00% 100.00% 100.00% 100.00% 8.67% 3.97% 1.66% 1.88% 110.33% 105.85% 1,093.40 1,002.57 999.81 100.00% 81.54 86.9 39.69 7.46% 28.49 16.65 18.83 2.61% 1,203.43 1,106.12 1,058.33 110.06% 609.13 13.5 79.36 311.7 42.99 74.36 1,130.61 72.82 35.1 37.72 34.27 3.45 0 0.29 -0.21 3.37 -0.25 3.62 177.51 0 180.88 0 0 0.98 0.98 128.85 558.35 11.11 72.86 299.05 40.75 10.15 992.27 113.85 30.52 83.33 32.13 51.2 5.98 0.24 -2.62 47.6 -7.07 54.67 138.69 8.78 177.51 3.44 20 13.68 13.68 131.28 552.58 10.68 55.69 272.83 33.04 55.71% 1.23% 7.26% 28.47% 3.93% 55.69% 1.11% 7.27% 29.83% 4.06% 1.01% 98.97% 11.36% 3.04% 8.31% 3.20% 5.11% 0.60% 0.02% -0.26% 4.75% -0.71% 5.45% 13.83% 0.88% 17.71% 0.34% 1.99% 1.36% 1.36% 13.09% 55.27% 1.07% 5.57% 27.29% 3.0%

0. 86% 93. 36% 12. 50% 2. 20% 10. 30% 2. 50% 7. 80% 0. 28% 0. 03% 0.
 47% 7. 03% 0. 04% 6. 99% 8. 36% 1. 51% 13. 87% 0. 69% 4. 00% 2. 01% 2.
 01% 11. 86% 8. 58 6. 80% 933. 4 103. 40% 124. 93 6. 66% 21. 97 3. 21%
 102. 96 3. 45% 24. 97 3. 13% 77. 99 0. 32% 2. 76 0. 00% 0. 28 0. 03% 4. 67
 -0. 02% 70. 28 0. 31% 0. 37 -0. 02% 69. 91 0. 33% 83. 55 16. 23% 15. 14 0.
 00% 138. 69 16. 54% 6. 87 0. 00% 40 0. 00% 20. 1 0. 09% 20. 1 0. 09% 118.

6 11. 78% Page - 9 of 24 Ratio Analysis Profitability Ratios Operating Profit
 Ratio: Operating Profit Ratio shows the relationship between Operating Profit
 and Net Sales. Operating Profit refers to the profit, that is earned by the
 concern from its business operation only. All the other sources of income are
 not included. Operating Profit is calculated by taking net profit and adding all
 the non-operating incomes and deducting all the non-operating expenses.

Since only operational transactions are considered this helps the concern to
 know about its business income from its business operations. Formula Used
 For Calculation: Operating Profit Ratio = $\frac{\text{Operating Profit}}{\text{Net Sales}} \times 100$

Table Showing - Operating Profit Ratio Mar '07 Mar '08 Mar '09 Mar '07 Mar
 '08 Mar '09 Operating Profit 118. 9 218. 20 141. 95 77. 99 51. 20 3. 45 Net
 Sales 1229. 54 1605. 39 1550. 19 999. 81 1002. 57 1093. 40 Operating Profit
 Ratio 9. 66 13. 59 9. 16 7. 80 5. 11 0. 32 Table - 01 (all values are in Crores)

Graph Showing Operating Profit Ratio (Graph - 01) Particulars S. Kumars
 Nationwide Ltd. Gokaldas Exports Ltd. Interpretation S. Kumars Nationwide
 Ltd. has showed an 15 increase in the operating Profit of 40% in the year 12.
 5 2007-2008 this clearly shows that the company has 10 performed very
 well. However in the year 7. 5 2008-2009 the operating profit has decreased
 by 5 33% shows the company's performance has gone 2. down. 0 Gokaldas

Export Ltd. has shown a continuous 2009 2008 2007 decrease in operating profit from the year 2006-2007 to 2008-2009 by 34% ; 91% S. Kumars Nationwide Ltd. Gokaldas Exports Ltd. respectively. As per the company's statement, two major factors effected the operating profit ? Strong Competition from the neighboring countries ? Impact of appreciating Indian Rupee effecting the import by Rs. 350 crores for the year 2008-2009 and also 10% of the companies contracts in Euro Currency. When compared to Gokaldas Exports Ltd. S. Kumars Nationwide Ltd's performance is better. However Gokaldas Exports is said to aim at domestic market to overcome the Forex Risks. Page - 10 of 24 Profitability Ratios Net Profit Ratio. Net Profit Ratio shows the relationship between Net Profit of the concern and its Net Sales. Net Profit is obtained when operating expenses, interest and taxes are subtracted from the gross profit. All the other sources of income are also included in Net profit. Since Net Profit ratio helps us to analysis the net profitability of a concern, its very useful for comparing with other peer companies to analysis their profitability. Net Profit Ratio can be calculated in the following manner. Formula Used For Calculation: $\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$ Table Showing - Net Profit Ratio Particulars

Particulars	Net Profit	Net Sales	Net Profit Ratio
S. Kumars Nationwide Ltd.	Mar '07 107. 47	Mar '07 178. 13	60. 09
Gokaldas Exports Ltd.	Mar '08 28 47. 60	Mar '08 3. 37	1229. 54
	Mar '09 1605. 39	Mar '09 1550. 19	999. 81
	1002. 57	1093. 40	8. 74
	11. 10	3. 88	7. 03
	4. 75	0. 31	

Table - 02 (all values are in Crores)

Interpretation S. Kumars Nationwide Ltd. shows an 15 increases in Net Profit Ratio of 27% from the year 12. 2006-2007 to 2008-2009 which had an increase in 10 Operating Profit by 40%. The concern has gawn 7. 5 down by

65% of Net Profit in the year 2008-2009 where it also decreased in Operating Profit by 33% when compared to 2007-2008. When we compare 2009, 2008, 2007 the Net Profit increase; decreases to its corresponding years to Operating Profit I find the S. Kumars Nationwide Ltd. concern has a continuous increase in non profit Gokaldas Exports Ltd. expenses. Gokaldas Exports Ltd. shows a continuous decrease in Net profit Ratio in the year 2007-2008 and 2008-2009 by 32% and 93% respectively. This decrease in Net Profit Ratio is a reflection of the decrease in Operating Profit by 34% and 91% to the corresponding years. The company had maintained the non operating expenses. Graph Showing Net Profit Ratio (Graph - 02) Page - 11 of 24 Rate of Return Ratio Return on Total Assets. (ROTA) Ratio The ROTA Ratio of a company helps us to analysis and determines its ability to utilize the Assets employed in the company efficiently and effectively to earn a good return. The ratio also tells us how well management is performing on all the firm's resources. However, it does not tell how well they are performing for the stockholders. The ratio measures the percentage of profits earned per Rupee of Asset and thus is a measure of efficiency of the company in generating profits on its Assets. Formula Used For Calculation: Return on Total Assets Ratio = $\frac{\text{Operating Profit (or) Profit Before Interest ; Tax} \times 100}{\text{Total Assets}}$ Table Showing - Return On Total Assets Ratio Mar '07 Mar '08 Mar '09 Mar '07 Mar '08 Mar '09 Profit Before Tax 118. 79 218. 20 141. 95 77. 99 51. 20 3. 45 Total Assets 1798. 41 2049. 68 2850. 25 710. 47 795. 73 805. 92 Return on Total Assets 6. 61 10. 65 4. 98 10. 98 6. 43 0. 43 Ratio Table - 03 (all values are in Crores) Particulars S. Kumars Nationwide Ltd. Gokaldas Exports Ltd.

Interpretation S. Kumars Nationwide Ltd. shows 61% increase in return on the Total Assets Ratio that it has employed in its operations in the year ending 2008. However in the year ending 2009 the company's ROTA Ratio has decreased by 53% which is an impact of decreases in Operating Profit to the corresponding year. Gokaldas Exports Ltd. The continuous decrease in operating profit has effected the ROTA Ratio to decrease 41% in the year ended 2008 and 93% in the year ended 2009. Graph Showing Return On Total Assets Ratio (Graph - 03)

Year	S. Kumars Nationwide Ltd.	Gokaldas Exports Ltd.
2007	15.5	10.5
2008	12.5	7.5
2009	7.5	2.5

Rate of Return Ratio Return on Capital Employed (ROCE) Ratio. Return on Total Assets Ratio is equivalent of Return on Capital Employed Ratio. This ratio explains the overall utilization of funds by a business enterprise. It is useful to analysis how much profits the concern has earned from the amount invested by its Shareholders. Capital Employed means the long-term funds employed in the business and includes the shareholder's fund, debentures and long-term loans. Profit before Interest and Tax is considered for computation of this ratio to make numerator and denominator consistent. Formula Used For Calculation: Return on Capital Employed Ratio = $\frac{\text{Profit Before Interest ; Tax}}{\text{Capital Employed}} \times 100$

Particulars	S. Kumars Nationwide Ltd. Mar '07	S. Kumars Nationwide Ltd. Mar '08	S. Kumars Nationwide Ltd. Mar '09	Gokaldas Exports Ltd. Mar '07	Gokaldas Exports Ltd. Mar '08	Gokaldas Exports Ltd. Mar '09
Profit Before Tax	118.79	218.20	141.95	77.99	51.20	3.45
Capital Employed	1778.41	1964.09	2850.25	710.47	795.73	805.92
Return on Cap. Employed	6.68	11.11	4.98	10.98	6.43	0.43

Table - 04 (all values are in Crores) Graph Showing Return On Capital Employed Ratio Interpretation (Graph - 04) S. Kumars Nationwide Ltd. shows 66% 15

increases in return on Capital Employed Ratio in the year ending 2008 this is due to the increase in 12.5% Operating Profit Ratio by 40% in the same year. However in the year ending 2009 the company's ROCE Ratio has decreased by 55% which is an impact of decreases in Operating Profit by 33% and the company has increased its capital and purchased a Fashion chain "Internacionale" in UK to the corresponding year.

S. Kumars Nationwide Ltd. Gokaldas Exports Ltd. Has decreased Gokaldas Exports Ltd. continuous in ROCE Ratio by 41% in the year ended 2008 and 93% in the year ended 2009. This decrease is only due to the decrease in the operating profit as I did not find any increase in the capital that could effect this ratio.

Page - 13 of 24 Rate of Return Ratio Return on Net Worth (RONW) Ratio. Return on Net Worth Ratio states how much profit the concern has earned in comparing to the total amount of shareholders equity. This ratio is very important from the shareholders point of view as the ratio indicates the total profitability of the shareholders. So this ratio is very useful to compare between peer concerns to analysis investing in which concern could be more profitable. Formula Used For Calculation: Return on Net Worth Ratio = Profit After Interest ; Tax Net Worth x 100

Table Showing - Net Worth Ratio Particulars Profit After Tax Net Worth Net Worth Ratio S. Kumars Nationwide Ltd. Gokaldas Exports Ltd. Mar '07 Mar '08 Mar '09 Mar '07 Mar '08 Mar '09 107.47 178.13 60.09 70.28 47.60 3.37 585.46 862.40 912.61 407.76 451.34 442.97 18.36 20.66 6.58 17.24 10.55 0.76

Table - 05 (all values are in Crores) Interpretation S. Kumars Nationwide Ltd. Has only shown 13% increases in return on Net Worth Ratio in the year ending 2008 but has shown 68% decrease in the year ending 2009. This is due to the

impact of decrease of PAT by 66% and increase in Net Worth by 6%.

Gokaldas Exports Ltd. Has decreased continuous in Net Worth Ratio by 39% in the year ended 2008 and 93% in the year ended 2009. This decrease is only due to the decrease in the PAT by 32% and 93% to the corresponding years however I only found an increase of 11% and 2% difference in Net Worth which is not a effecting factor in a major amount to the NetWorth Ratio. 30

25 20 15 10 5 0 2007 2008 2009 Graph Showing Net Worth Ratio (Graph - 05) S. Kumars Nationwide Ltd. Gokaldas Exports Ltd. Page - 14 of 24

Liquidity Ratio Current Ratio A liquidity ratio that measures a company's ability to pay short-term outstanding. The Current Ratio is mainly used to give an idea of the concern's ability to pay back its short-term liabilities like debt and payables with its short-term assets like cash, inventory, receivables etc. The higher the current ratio, the more capable the company is of paying its obligations. Formula Used For Calculation: $\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$ Table Showing - Current Ratio Particulars Current Assets Current Liabilities Current Ratio S. Kumars Nationwide Ltd. Gokaldas Exports Ltd. Mar '07 Mar '08 Mar '09 Mar '07 Mar '08 Mar '09 1383. 85 1351. 11

1838. 31 487. 85 583. 01 594. 87 143. 61 116. 57 143. 13 65. 19 88. 53 88. 44 9. 64 11. 59 12. 84 7. 48 6. 59 6. 73 Table - 07 (all values are in Crores)

Interpretation S. Kumars Nationwide Ltd. 's Current Ratio is in a continuous increase in the year ended 2009 and 13 10. 833 indicates that the company is increasing its ability to 8. 667 payoff short term obligations. 6. 5 Gokaldas Exports Ltd. shows a decrease in 4. 333 2009 of 20% and 11% respectively.

This is a good Current Ratio of 12% in the year ending 2008 and 2. 67 0

shows a increase of 2% in the year ending 2009. S. Kumars Nationwide Ltd is

better in Current Ratio when compared to Gokaldas Exports Ltd also S. Kumars Nationwide Ltd. shows a continuous increase in the ratio. Graph Showing Current Ratio (Graph - 07) 2007 2008 2009 S. Kumars Nationwide Ltd. Gokaldas Exports Ltd. Page - 15 of 24 Liquidity Ratio Quick Ratio The Quick Ratio is also known as Acid-Test Ratio. This ratio measures the ability of a concern to use its cash, near cash or quick assets to immediately payoff the current liabilities. Quick Assets includes those current assets that can be converted as cash quickly. Formula Used For Calculation: Quick Ratio = $\frac{\text{Current Assets} - \text{Inventories} - \text{Doubtful Debtors}}{\text{Current Liabilities} + \text{Short Term Loans} + \text{Provisions}}$ Table Showing - Quick Ratio Particulars

Particulars	S. Kumars Nationwide Ltd.	Gokaldas Exports Ltd.
Mar '07	880.20	166.85
Mar '08	868.60	175.39
Mar '09	1260.59	282.36
Mar '07	151.82	80.80
Mar '08	176.11	97.74
Mar '09	163.99	91.06

Table - 08 (all values are in Crores)

Interpretation S. Kumars Nationwide Ltd. s Quick Ratio is in a continuous decrease in the year ended 2009 and 2009 of 6% and 10% respectively. This clearly shows that the company has less quick ratio which is also decreasing. Gokaldas Exports Ltd. Shows a decrease in Quick Ratio of 4% in the year ended 2008 and was able to maintain the same ratio in the year ended 2009. However the ratio shows that the company is very low in quick liquidity. When compare to Gokaldas Exports Ltd. , S. Kumars Nationwide Ltd. is better in liquidity. S. Kumars Nationwide Ltd. Gokaldas Exports Ltd. 6 5 4 3 2 1 0 2007 2008 2009 Graph Showing Quick Ratio (Graph - 08) Page - 16 of 24 Total Assets Turnover Ratio Total Assets Turnover Ratio states the ability

of a company to make its turnover with using the total assets available. The total asset turnover ratio considers all assets including fixed assets, like plant and equipment, as well as inventories and accounts receivable and in which miscellaneous expenses are deducted. Formula Used For Calculation:

Total Assets Turnover Ratio = $\frac{\text{Net Sales} - \text{Misc Expenses}}{\text{Total Assets}}$

Showing - Total Assets Turnover Ratio Particulars Net Sales Total Assets Misc Expenses Total Assets Turnover Ratio

	S. Kumars Nationwide Ltd.	Gokaldas Exports Ltd.
Mar '07	1229.54	1605.39
Mar '08	1550.19	999.81
Mar '09	1002.57	1093.40
Mar '07	1798.41	2049.68
Mar '08	2850.25	710.47
Mar '09	795.73	805.92
	31.13	14.49
	26.91	8.58
	10.15	74.36
	0.70	0.06
	0.79	0.55
	1.42	1.28
	1.49	1.49

(all values are in Crores)

Interpretation S. Kumars Nationwide Ltd. 's Total Assets Turnover Ratio has increased 13% in the year ended 2008. However shows a decrease of 30% in the year Graph Showing Total Assets Turnover Ratio (Graph - 06) 1.5 ended 2009 this is due to the decrease of Net Sales 1.251 by 4% and increase of Total Assets by 40%. 0.75 Gokaldas Exports Ltd. Shows a decrease in 0.5 Total Assets Turnover Ratio of 10% in the year 0.25 ended 2008 and was able to increase the ratio in the 0 year ended 2009 by 16%. When compare to S. Kumars Nationwide Ltd. , Gokaldas Exports Ltd. is better in Total Assets Turnover Ratio.

2007 2008 2009 S. Kumars Nationwide Ltd. Gokaldas Exports Ltd.

should safely be able to borrow over long periods of time. So if the ratio is high (financed more with debt) then the company is in a risky position - especially if interest rates are on the rise. Formula Used For Calculation:

Debt Equity Ratio = Long Term Debt Shareholders Equity Table Showing -

Debt Equity Ratio Particulars Long term Debt Shareholders Equity Debt Equity Ratio S. Kumars Nationwide Ltd. Mar '07 Mar '08 Mar '09 Gokaldas Exports Ltd. Mar '07 Mar '08 344. 39 451. 34 0. 76 Mar '09 362. 95 442. 97 0. 82 1192. 95 1101. 69 1937. 64 302. 71 585. 6 862. 40 912. 61 407. 76 2. 04 1. 28 2. 12 0. 74 Table - 09 (all values are in Crores) Interpretation S. Kumars Nationwide Ltd. ' s Long Term Debt Ratio has decreased by 37% in the year ended 2008, this is due to the increase in the Shareholders Equity by 47%. However in the year ended 2009 the ratio has increased by 65% this is due to the increase in the Long Term Debt by 76% Gokaldas Exports Ltd. shows a slight increase in the ratio of 3% and 8% in the year ended 2008 and 2009 respectively. When compare to S. Kumars Nationwide Ltd. , 3 2. 5 2 1. 5 1 0. 5 0 Graph Showing Debt Equity Ratio (Graph - 09) 2007 2008 2009 S. Kumars Nationwide Ltd. Gokaldas Exports Ltd. Gokaldas Exports Ltd. is better in Debt Equity Ratio as because their ratio percentage is lesser which means that they have used more of Shareholders Equity than using Long Term Debt. Page - 18 of 24 Solvency Ratio Interest Coverage Ratio: The Interest Coverage Ratio is used to determine how easily a concern can pay its interest expenses on outstanding debt. This ratio is calculated by dividing a company's Profit Before Interest and Tax by the company's interest expenses for the same period. The lower the ratio, the more the company is burdened by debt expense. Formula Used For Calculation: Interest Coverage

Ratio = Profit Before Tax Interest Expense Table Showing - Interest Coverage

Ratio Particulars Profit Before Tax Interest Expense Interest Coverage Ratio

S. Kumars Nationwide Ltd. Mar '07 Mar '08 Mar '09 Gokaldas Exports Ltd.

Mar '07 Mar '08 Mar '09 118. 79 66. 40 1. 79 Table - 10 218. 20 90. 67 2. 41

141. 95 139. 23 1. 02 77. 99 21. 97 3. 55 51. 20 30. 52 1. 68 3. 45 35. 10 0.

10 (all values are in Crores) Interpretation S. Kumars Nationwide Ltd. ' s

Interest Coverage Ratio has increased by 35% in the year Graph Showing

Interest Coverage Ratio (Graph - 10) 4 ended 2008 and in the year ended

2009 the ratio has 3. 33 2. 667 decreased by 58% this is due to the increase

in the 2 Interest by 53% and decrease in the Operating Profit 1. 333 by 35%

0. 667 Gokaldas Exports Ltd. shows a continuous decrease in the ratio by 53%

and 94% in the year ended 2008 and 2009 respectively. The decrease in the

Operating Profit by 34% and 93% to the S. Kumars Nationwide Ltd. Gokaldas

Exports Ltd. 0 2007 2008 2009 corresponding years is the major reason for

this decrease in Interest Coverage Ratio. When compare to S. Kumars

Nationwide Ltd. , Gokaldas Exports Ltd. is more burdened by the debt

expenses. Page - 19 of 24 Conclusion Summary Of Trend Analysis in Ratios.

On comparing the trend analysis for the year 2007, 2008 ; 2009 of Ratio

Analysis I found S. Kumars Nationwide Ltd. ' s performance is better than

Gokaldas Exports Ltd. However both the companies has shown a Down Trend

in the year ended 2009, as per my research SKNL is concentrating to develop

international brands by investing in oversees to purchase foreign brands and

Gokaldas Exports states strong competition from the neighboring countries

and impact of appreciating Indian Rupee effecting the import by Rs. 350

crores for the year 2008-2009 and also 10% of the companies contracts in

Euro Currency. These are the main factors effecting the performances.

Predicting Future Growth. SKNL is expected to increase in the forthcoming years as they have made a stand in the international market. And also according to the company, its expecting a growth particularly in the brand Uniformity by Belmonte. Gokaldas Exports being effected in the Forex Risk is said to increase the customers in the domestic market also stating by the company that it has already confirmed some contracts in domestic brands. Adding to this I find the exchange rate of US Dollar % Euro is healthy when compared to previous year.