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Though there are innumerable literatures available on the subject, the most appropriate studies have been reviewed.

Dr. Promod Kumar published a book in 1991 “ Analysis of financial statement of Indian Industries” The study covered the 17 private sector, 5 state owned public sector and 1 central public sector companies. He studied analysis of activities, assessment of profitability, return on capital investment, analysis of financial structure, analysis of fixed assets and working capital.

In his research he revealed various problems of industries and suggested remedies for the problems. He also suggested for the improvement of profitability and techniques of cost control. 1Ahindra Chakrabati published an articles “ Performance of public sector enterprises a Case study on fertilizers” in “ The Indian journal of public enterprise” in the year 1988-89.

He made analysis of consumption and production of fertilizer by public sector; he also made analysis of profit and loss statement. He gave suggestion to improve the overall performance of public enterprise. In the year of 2002, Dr. Sugan C. Jain has written a book on “ Performance appraisal automobile industry” In his study he has analyses the performance of the automobile industry and presented comparative study of some national and international units.

The operational efficiency and profitability had been analyzed using the composite index approach. He made several suggestions from the strengthening the financial soundness improving profitability, working capital the performance of fixed assets. 3 Recently in the year 1998 a study was made by S.

J. parmar on “ Financial Efficiency-Modern methods, tools & Techniques” for the period from 1998-89 to 1994-95.

He had made an attempt to analyze financial strength, liquidity, profitability, cost and sales trend and social welfare trend by using various ratios analysis, common size analysis and value added analysis. He made several suggestions for the improvement of profitability of industry. In his analysis, he indicates various reasons for higher cost, low profitability, and inefficient use of internal resources. Dr Sanjay Bhayani published a book in 2003, “ Practical financial statement analysis” The study covered 16 public limited cement companies in private sector. He made study of analysis of profitability, working capital, capital structure and activity of Indian cement industry. In his research he revealed various problems of cement industries and suggested remedies for the problems.

He also suggested for the improvement of profitability and techniques of cost control. Ram Kumar, Kakani Biswatosh saha and V. N. Reddy has written research paper on Determinants of Financial Performance of Indian Corporate Sector in the Post-Liberalization Era: An Exploratory Study. This paper attempts to provide an empirical validation of the widely held existing theories on the determinants of firm performance in the Indian context. The study uses financial statement and capital market data of 566 large Indian firms over a time frame of eight years divided into two sub-periods (viz.

1992-96, and 1996-2000) to study Indian firms’ financial performance across various dimensions viz. , shareholder value, accounting profitability and its components, growth and risk of the sample firms. It reveals that even on the same data, the determinants of market-based performance measures and accounting-based performance measures differ due to influence of ‘ Capital Market Conditions’. We found that size, marketing expenditure, and international diversification had a positive relation with a firm’s market valuation.

Apart from these firm attributes that reflect either operating parameters of firms or ‘ strategic choice’ of firm managers, we also found that a firm’s ownership composition, particularly the level of equity ownership by Domestic Financial Institutions and Dispersed Public Shareholders, and the leverage of the firm were important factors affecting its financial performance.

The different implications of the findings for various stakeholders of a firm are also discussed. 6Dutts S. K has written an article on “ Indian tea industry an appraisal” which was published in Management accountant in the year of March 1992.

He analyzed the profitability, liquidity and financial efficiency by using various ratios. 7 Objectives of the study · To evaluate the financial performance of the selected units of Pharmaceutical industry · To compare the financial results of the Pharmaceutical industry as Dr Reddy’s Laboratories Ltd and Lupin Ltd · To enquire the adequacy or the accounting information desired from the statement in conformity with laid down accounting statements by the institute of Chartered Accountants of India (ICAI). · To study the growth of the said companies To give suggestion for best financing method and efficient utilization of fixed assets METHODOLOGY OF THE STUDY: Source of the data: “ Comparative Financial statement Analysis & Innovation in Private sector Pharmaceutical Companies in India” has been made by using data from financial statements of all five major players in cement industry, they are – Dr Reddy’s Laboratories Ltd.

(Dr. RDL), Ambuja Lupin Ltd. (LL), the period of the study was ten years from 2001 to 2010. The data was collected from cpitaline database and from the annual reports of the respective companies.

Hypothesis for the study: For the present study tested following null hypotheses are tested- · Ho1: The Dr Reddy’s Laboratories Ltd. did not achieve better profitability than Lupine Ltd.

· Ho2: The Dr Reddy’s Laboratories Ltd. did not achieve better liquidity than Lupine Ltd. · Ho3: The Dr Reddy’s Laboratories Ltd. did not achieve better turnover than Lupine Ltd. Scope of the study: the study Comparative Financial statement Analysis & Innovation in Private sector Pharmaceutical Companies in India.

The study therefore includes financial structure performance, working capital performance, and Profitability performance but excludes non-financial areas such as production, marketing, personnel and R& D from its purview. Techniques used for analysis: The data have been analyzed with the help of ratio analysis, trend analysis, common size analysis-T test to test the relation among different ratios of two selected companies. Limitation of the study: In order to facilitate uniformity in data, years have been readjusted and the data have been recast as on 31st March of each year.

The figure taken from the annual reports have been rounded off to two decimals of rupees in crores. The data available in financial statements have been translated in to a pre-designed structure format so that a meaningful interpretation could be made through inter-firm and intra firm comparisons.

The format in which the data have been classified is selected after careful consideration of the operation Pharmaceutical Companies. Nevertheless, the limitations do in no way act as a deterrent in drawing effective and meaningful inferences from the study

Analysis of the data: for knowing Comparative Financial statement Analysis & Innovation in Private sector Pharmaceutical Companies in India the commonly used ratio: fixed Gross profit, Net profit, Return on capital employed, Return on Net worth and Earning per share, Current ratio, Debtors Velocity (Days), Creditors Velocity (Days), Debt equity ratio and Interest coverage ratio, Inventory turnover Ratio, Debtors Turnover Ratio and Total Assets Turnover Ratio Analysis and interpretation: Table-1 Profitability Ratios of Dr Reddy’s Laboratories Ltd & Lupine Ltd. Gross profit Net profit ROC RON EPS Year Dr. RDL Lupin Ltd. Dr.

RDL Lupin Ltd.

Dr. RD Lupin Ltd. Dr. RD Lupin Ltd. Dr.

RD Lupin Ltd. 2001 22. 16 9. 25 19 6. 65 31.

5 23. 02 29. 23 31. 13 45. 32 201.

66 2002 33. 1 12. 49 32. 39 7. 54 42. 06 16.

64 45. 71 22. 07 59. 56 17. 42 2003 30. 78 12.

2 28. 34 7. 3 26. 44 16. 05 24. 02 20.

3 50. 6 17. 44 2004 21. 55 19. 07 20. 4 12.

48 15. 61 27. 1 14. 7 36. 14 36.

37 23. 76 2005 7. 9 9. 77 9. 19 6. 96 2.

19 12. 75 2. 77 17. 79 7. 85 20. 09 2006 16.

27 16. 29 14. 12 11 9. 24 20. 86 8.

57 31. 93 26. 82 44. 61 2007 37. 06 16. 27 32.

39 10. 53 35. 94 19. 39 35. 47 27. 89 69.

45 36. 75 2008 21. 63 19. 27 18. 47 13. 53 12.

01 23. 85 10. 35 32. 02 27. 2 52. 31 2009 21.

77 18. 28 17. 8 14. 17 13. 55 22.

29 11. 14 30. 97 32. 25 48. 22 2010 28. 77 21.

56 23. 52 17. 7 17. 79 25. 6 15. 14 33.

23 48. 25 70. 7 Total 240. 99 154. 45 215. 62 107.

86 206. 33 207. 55 197. 1 283. 47 404.

09 532. 96 Average 24. 099 15. 445 21. 562 10. 786 20.

633 20. 755 19. 71 28. 347 40. 409 53.

296 Min 7. 9 9. 25 9. 19 6. 65 2. 19 12.

75 2. 77 17. 79 7. 85 17. 42 Max 37. 06 21.

56 32. 39 17. 7 42. 06 27. 1 45. 71 36.

14 69. 45 201. 66 Sources: Data has been taken from annual reports The gross profit ratio of Dr. RDL was 22. 16 % in 2001 which went down in to 7. 9% in 2005 but it rose up to 28.

7% in last years of the study period. The ratio ranged between 7. 9% in 2005 to 37. 06% in 2007. The ratio showed highly fluctuated trend during the study period. The average gross profit ratio was 24.

09% indicated. The gross profit ratio of Lupin Ltd. showed highly fluctuated trend during the study period with an average of 15. 45%. The ratio was the highest in the year of 2010 and very lowest 2001.

T-test T-Test: Calculated value of gross profit ratio is 2. 86 Tabulated value at 5% significant value= 1. 73 d. e. f.

= 18 at 5% of level of significance t cal ; t tab Hence hypothesis is rejected. The Net profit ratio of Dr.

RDL was 19% in the year of 2001 and increased to 32. 39% in the year of 2002. The ratio went down to 28. 34% in year of 2003.

The ratio was very low of 9. 19% during the year of 2005 and very highest during the year of 2002. The average ratio was 21. 56% with fluctuated trend. The Net profit ratio of Lupin Ltd.

was 6. 65 % in 2001 which went down in to 6. 96% in 2005 but it rose up to 17. 7% in last years of the study period. The ratio ranged between 6.

65% in 2001 to 17. 7% in 2010. The ratio showed highly fluctuated trend during the study period. The average gross profit ratio was 10. 78% indicated. T-test

Calculated value of net profit ratio is 4.

01 Tabulated value at 5% significant value= 1. 73 d. e. f. = 18 at 5% of level of significance t cal ; t tab Hence hypothesis is rejected. The return on capital employed ratio was 31.

5% in 2001 which went down to 9. 24 % in the year of 2006 and also went down to 13. 55% and 17. 79 during the years of 2009 and 2010 respectively. The ratio ranged between 2. 19% in year of 2005to 42.

06% in the year of 2002. The ratio showed down ward trend with an average of 20. 63%. The return on capital employed of Lupin Ltd was showing much fluctuated trend during the year study period.

The average ratio was 20.

76 in the Lupin Ltd which showed fluctuated trend during the study period. The ratio was 23. 02% in year of 2001 and 20. 86% in year of 2006 and 25. 6% during the last year of study period.

The ratio has gone down due to decreased in volume of sales. The sales have gone down since price rise took place in market. T-test Calculated value of return on capital employed ratio is 0. 028 Tabulated value at 5% significant value= 1. 73 d.

e. f. = 18 at 5% of level of significance t cal ; t tab Hence hypothesis is accepted. The Return on net worth ratio of Dr. RDL was 29.

3% in 2001 which went down in to 8. 57% in 2006 but it rose up to 15. 14% in last years of the study period. The ratio ranged between 2. 77% in 2005 to 45. 71% in 2002.

The ratio showed highly fluctuated trend during the study period. The average gross profit ratio was indicated19. 71%. The Return on net worth ratio of Lupin Ltd. showed highly fluctuated trend during the study period with an average of 28. 347%.

The ratio ranged between 17. 79% in 2005 to 36. 14% in 2004. T-test Calculated value of Return on net worth ratio is 1. 84 Tabulated value at 5% significant value= 1. 73 d.

e. f. = 18 at 5% of level of significance cal ; t tab Hence hypothesis is rejected. Earnings per share of Dr. RDL were Rs.

45. 32 in the year of 2001 and Rs 59. 56 in the year of 59. 56. The EPS went down to 50.

6 in the year of 2003 and Rs 36. 37 in the year 2004 and Rs. 7. 85 in the year of 2005. The EPS rose to 69.

45 in the year 2007and again went down to 27. 62 in 2008. The EPS Rs. 48. 25 during the last year of study period. The average ESP was 40.

41 with downward trend during the study period. The EPS was 201. 66 in Lupin Ltd. and went down to 20. 09 in the year of 2005 and reached down to 70.

7 during the last year of study period.

The EPS showed lower level of EPS due to less utilization of financial leverage. T-test Calculated value of Earnings per share is 0. 70 Tabulated value at 5% significant value= 1. 73 d.

e. f. = 18 at 5% of level of significance t cal ; t tab Hence hypothesis is accepted. Table-2 Liquidity ratio of Dr. RDL and Lupin Ltd. Current ratio Debtors Velocity (Days) Creditors Velocity (Days) Year Dr.

RDL Lupin Ltd. Dr. RDL Lupin Ltd. Dr. RDL Lupin Ltd.

2001 1. 69 1. 82 48 47 76 27 2002 3. 09 1. 74 54 61 79 35 2003 4. 86 1.

58 60 62 82 36 2004 3. 73 1. 34 60 66 85 38 2005 2. 49 1. 1 60 56 90 34 2006 1.

5 1. 38 59 57 94 35 2007 2. 21 1. 68 66 63 105 38 2008 3. 05 1.

53 85 69 109 42 2009 3. 15 1. 24 79 77 110 45 2010 2. 44 1. 27 100 81 120 52 Total 28.

56 14. 68 671 639 950 382 Average 2. 856 1. 468 63 62 92 37 Min 1. 69 1.

1 48 47 76 27 Max 4. 86 1. 82 100 81 120 52 Sources: Data has been taken from annual reports In year 2001 Dr. RDL has 1. 69 as its current ratio and after that it continuously increased from 3. 09 to 4.

86 in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed negative changes but it moves from 2. 21 to 3. 05 in year 2007 and 2008 respectively.

In the year 2009 and 2010 it shows again little fluctuated with an average of 2.

85. In year 2001 Lupin Ltd has 1. 82 as its current ratio and after that it continuously decreased from 1. 74 to 1. 58 in the year of 2002 and 2003 respectively.

But in year 2004, 2005 & 2006 it also showed negative changes but it moves down from 1. 68 to 1. 53 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuated with an average of 1. 46.

T-test Calculated value of current ratio is 4. 50 Tabulated value at 5% significant value= 1. 73 d. e. f.

= 18 at 5% of level of significance cal ; t tab Hence hypothesis is rejected. In year 2001 Dr. RDL has 48 days as its Debtors Velocity (Days) and after that it continuously increased from 54 (Days) to 60 in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed negative changes but it moves down from 66 days to 85 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 63 days. In year 2001 Lupin Ltd.

has 47 days as its Debtors Velocity (Days) and after that it continuously increased from 61 (Days) to 62 in the year of 2002 and 2003 respectively.

But in year 2004, 2005 & 2006 it also showed negative changes but it moves up from 63 days to 69 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 62 days. T-test Calculated value of Debtors Velocity (Days) is 0. 3 Tabulated value at 5% significant value= 1.

73 d. e. f. = 18 at 5% of level of significance t cal ; t tab Hence hypothesis is accepted. In year 2001 Dr. RDL 76 days as its Creditors Velocity (Days) and after that it continuously increased from 79 (Days) to 82 in the year of 2002 and 2003 respectively.

But in year 2004, 2005 & 2006 it also showed negative changes but it moves down from 105 days to 109 days in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 92 days. In year 2001 Lupin Ltd. 27 days as its Creditors Velocity (Days) and after that it continuously increased from 35 (Days) to 36 days in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed positives changes but it moves down from 38 days to 42 days in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 37 days.

T-test Calculated value of Creditors Velocity (Days) is 10. 83 Tabulated value at 5% significant value= 1. 73 d. e. f.

= 18 at 5% of level of significance t cal ; t tab Hence hypothesis is rejected. Leverage Ratios of Dr. RDL & Lupin Ltd. Table-3 Leverage Ratios of Dr. RDL & Lupin Ltd. Debt equity ratio Interest coverage ratio Year Dr.

RDL Lupin Ltd. Dr. RD Lupin Ltd. 2001 0. 56 1.

79 5. 05 2. 09 2002 0. 19 1. 88 34. 27 2.

55 2003 0. 01 1. 77 72. 27 2. 53 2004 0.

02 1. 24 72. 71 4. 89 2005 0. 08 0. 86 3.

82 4. 12 2006 0. 28 1. 18 10. 39 8. 6 2007 0.

19 1. 16 27. 29 8. 65 2008 0. 09 0. 83 40.

74 13. 99 2009 0. 11 0. 71 27. 62 2. 35 2010 0.

11 0. 47 68. 8 25. 97 Total 1. 64 11. 89 362.

96 85. 74 Average 0. 16 1. 19 36. 30 8. 57 Min 0.

01 0. 47 3. 82 2. 09 Max 0. 56 1. 88 72.

71 25. 97 Sources: Data has been taken from annual reports The Debt equity ratio of Dr. RDL was 0. 56 in 2001 which went down in to 0. 28 in 2006 but it went down to 0. 11 in last years of the study period.

The ratio ranged between 0. 01 in 2003 to 0. 56 in 2001. The ratio showed highly fluctuated trend during the study period. The average Debt equity ratio was indicated 0. 16.

In year 2001 Lupin Ltd. 1. 79 as its Debt equity ratio and after that it continuously decreased from 1. 8 to 1. 77 days in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed positives changes but it moves down from 1.

16 to 0. 83 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 1. 19 days. T-test Calculated value of Debt equity ratio is 6. 28 Tabulated value at 5% significant value= 1.

73 d. e. f. = 18 at 5% of level of significance t cal ; t tab Hence hypothesis is rejected. Interest coverage ratio of Dr. RDL was 5.

05 in the year of 2001 and Rs 3. 82 in the year of 2006. The Interest coverage ratio went up to 72. 7 in the year of 2003 and 72. 71 in the year 2004 and 3.

82 in the year of 2005. The Interest coverage ratio rose to 27. 29 in the year 2007and again went up to 40. 74in 2008. The Interest coverage ratio was 68. 8 during the last year of study period.

The average Interest coverage ratio was 36. 30 with upward trend during the study period. In year 2001 Lupin Ltd. 2. 09 as its Debt equity ratio and after that it continuously decreased from 2.

55 to 2. 53 in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed negatives changes but it moves down from 8. 65 to 13. 99 in year 2007 and 2008 respectively.

In the year 2009 and 2010 it shows again little fluctuations with an average of 8. 57. T-test Calculated value of Interest coverage ratio is 3. 13 Tabulated value at 5% significant value= 1. 73 d. e.

f. = 18 at 5% of level of significance t cal ; t tab Hence hypothesis is rejected. Table-4 Turnover ratio of Dr. RDL and Lupin Ltd. Inventory Turnover Ratio Debtors Turnover Ratio Total Assets Turnover Ratio Year Dr. RDL Lupin Ltd.

Dr. RDL Lupin Ltd. Dr. RDL Lupin Ltd. 2001 8. 65 11. 3 4. 76 5. 39 1. 03 1. 6 2002 9. 01 6. 61 4. 29 3. 06 0. 99 1. 32 2003 7. 44 7. 02 3. 64 2. 75 0. 92 1. 29 2004 6. 99 6. 74 3. 97 3. 89 0. 88 1. 7 2005 5. 79 5. 23 3. 78 5. 37 0. 85 1. 31 2006 5. 64 5. 95 4. 21 5. 69 0. 82 1. 28 2007 8. 69 5. 7 4. 94 4. 9 0. 75 1. 14 2008 6. 11 5. 08 3. 53 4. 7 0. 65 1. 09 2009 6. 16 4. 39 3. 66 4. 39 0. 64 0. 99 2010 5. 57 5. 13 3. 66 4. 51 0. 59 0. 94 Total 70. 05 63. 15 40. 44 44. 65 8. 12 12. 23 Average 7. 005 6. 315 4. 044 4. 465 0. 812 1. 223 Min 5. 57 4. 39 3. 53 2. 75 0. 59 0. 94 Max 9. 01 11. 3 4. 94 5. 69 1. 03 1. 6 Sources: Data has been taken from annual reports In year 2001 Dr. RDL 8. 65 as its Inventory Turnover Ratio and after that it continuously decreased from 9. 01 to 7. 44 in the year of 2002 and 2003 respectively.

But in year 2004, 2005 & 2006 it also showed negatives changes but it moves down from 8. 69 to 6. 11 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 7. 01. In year 2001 Lupin Ltd. 11. 3 as its Inventory Turnover Ratio and after that it continuously increased from 6. 61 to 7. 02 in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed trend with ups and downs but it moves down from 5. 7 to 5. 08 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 6. 2. Calculated value of Inventory Turnover Ratio is 0. 72 Tabulated value at 5% significant value= 1. 73 d. e. f. = 18 at 5% of level of significance t cal ; t tab Hence hypothesis is accepted. In year 2001 Dr. RDL. 4. 76 as its Debtors Turnover Ratio and after that it continuously decreased from 4. 29 to 3. 64 in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed trend with upward movements but it moves down from 4. 94 to 3. 53 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 4. 04.

In year 2001 Lupin Ltd. 5. 39 as its Debtors Turnover Ratio and after that it continuously decreased from 3. 06 to 2. 75 in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed trend with upward movements but it moves down from 4. 9 to 4. 73 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 4. 47. Calculated value of Debtors Turnover Ratio is 1. 21 Tabulated value at 5% significant value= 1. 73 d. e. f. = 18 at 5% of level of significance t cal ; t tab Hence hypothesis is accepted. In year 2001 Dr. RDL. 1. 3 as its Total Assets Turnover Ratio and after that it continuously decreased from 0. 99 to 0. 92 in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed trend with downward movements but it moves down from 0. 75 to 0. 65 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 0. 81. In year 2001 Lupin Ltd. 1. 6 as its Total Assets Turnover Ratio and after that it continuously decreased from 1. 32 to 1. 29 in the year of 2002 and 2003 respectively. But in year 2004, 2005 & 2006 it also showed trend with upward movements but it moves down from 1. 4 to 1. 09 in year 2007 and 2008 respectively. In the year 2009 and 2010 it shows again little fluctuations with an average of 1. 22. Calculated value of Total Assets Turnover Ratio is 5. 34 Tabulated value at 5% significant value= 1. 73 d. e. f. = 18 at 5% of level of significance t cal ; t tab Hence hypothesis is rejected. Summary findings and Conclusion The liquidity ratio of Lupin Ltd is highly threatening when compared with Dr. RDL. Thus Lupin Ltd has to control the current liabilities or to increase the current assets so that they can cover all the current liabilities and be in safer position.

Thus slightly fluctuations in sales in that situation can not affect the paying capacity of the concern and thus maintain the credibility. The profitability ratio of Dr. RDL is better when it is compared with Lupin Ltd. It can be inferred from the result that Lupin Ltd can expand the business or can move further in newer directions as it is experiencing continuously growth in the profitability. Lupin Ltd has to give a fairer thought to reduce cost in providing services and increasing the turnover so that sustained growth in profitability can be seen

Return on Net Capital Employed is the best test of overall profitability and efficiency of the business firm. A company with high rate of return on capital employed would be in a position to capitalize; e. g. it can take advantage of all favorable market opportunities. The study shows that returns on capital employed in selected units in India had marked a fluctuated trend. The average was 17. 79 and 25. 6 percent in units in India respectively. This ratio was satisfactory. On the whole Dr. DRL had the highest return net on capital employed of As compared to the Lupin ltd.

In the light of the above discussion it is suggested that Lupin ltd should undertake cost control measure so that increase net profit before interest and taxes of the company might enhance the return on net capital employed. The solvency ratio also reveals the same track record of an upper hand over Lupin ltd. This position depicts the financial soundness or good financial health of the DR. RDL. In this sector Lupin ltd. has to work hard for providing the financial health in terms of capital also. The turnover ratio of Lupin Ltd. is showing better position when compared to DR. RDL. This fact proves that the market size in Lupin Ltd. s far more better than the DR. RDL which in turn is gearing its growth in all the stream. Thus DR. RDL has to work for increasing the market size and customer base so that it can achieve the trend of continuous growth. It can be inferred from the overall financial analysis that Lupin Ltd ltd. has to rethink and device the strategies so that it can lead towards positive way and become the major players. Innovation though financial statement analysis can be seen though mergers and acquisitions and launching of new products and schemes so that enterprise can be proud of being major market players and setter newer and newer goals in the future.

Cost accounting and cost audit should be made mandatory for this units and cost sheet along with annual financing statement should be prepared. The policy of borrowed financing in selected Parma group of companies under study was not proper. So the companies should use widely the borrowed funds and should try to reduce the fixed charges burden gradually by decreasing borrowed funds and by enhancing the owner’s fund. For this purpose companies should enlarge their equity share capital by issuing new equity shares. There has been too much of government interference in policy and day-to-day working and decisions.

This leads to delays in decision-making. This should be abolished. There is no incentive to the employees to perform better. Also there is no accountability because no one is held responsible for a failure in achieving targets for this kind of problem responsibility centre should be created. Improper planning and delays in implementation of projects lead to rise in their cost. So properly planning should be made. To regularize and optimize the use of cash balance proper techniques may be adopted for planning and control of cash. The investments in inventories should be reduced and need to introduce a system of prompt collection of debts.

Selected pharma companies should try to use properly their operating assets and should try to minimize their non-operating expenses. To conclude the study, it can be said that the adoption of above measures will doubtlessly help the selected companies to improve their overall performance in the management. With the efficient management of long term fund, selected companies can utilized their capacity optimally and accelerate economic growth of India by increasing the production of pharma product at reasonable cost. References. 1. Dr. Promod Kumar. “ Analysis of financial statement of Indian Industries” Saujaniya Publication Ltd. 1992 2. Ahindra Chakrabati: “ Performance of public sector enterprises a Case study on fertilizers” The Indian journal of public enterprise. 1988-89 3. Dr. Sugan C. Jain: “ Performance appraisal automobile industry” Raj Publishing House, c2002. Jaipur, India 4. Parmar S. J. :” Financial Efficiency-Modern methods, tools & Techniques” Raj publication year of publication-2001 5. Dr Sanjay Bhayani: “ Practical financial statement analysis” Raj publication, 2003 6. Kakani, Ram Kumar, Saha, Biswatosh and Reddy, V. N.

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Kulshrestha, N. K. Op. cit. , 139. 24. HENDERSON, G. V. , Gurry, J. R. Trnnep Oh. , James E. Wirt. , “ An Introduction to financial Management”, California: Addition-Wesley publishing company, 1984, p. 122. 25. Anthony, R. N. and Reece, J. S. , Op. , cit. , p. 198. 26. Information obtained through unstructured interviews from financial managers of the sample units though telephone. 27. Annual reports of selected cement company from 2003-04 to 2008-09 28. Kennedy, R. D. and Mcmullen, S. Y. , “ Financial statements: Forms analysis and interpretation”, Illnois: Richard D. Irwin inc. 1964, p. 404. Information about this Article Peer-review ratings (from 2 reviews, where a score of 100 represents the ‘ average’ level): Originality = 175. 00, importance = 162. 50, overall quality = 162. 50 This Article was published on 14th March, 2012 at 18: 41: 24 and has been viewed 2635 times. This work is licensed under a Creative Commons Attribution 2. 5 License. The full citation for this Article is: Kakkad, R. (2012). Comparative Financial statement Analysis & Innovation in Private sector Pharmaceutical Companies in India-An empirical Analysis. PHILICA. COM Article number 318.