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Executive Summary

In the Top down approach, first of all the overall Economy is analyzed to judge the general direction, in which the economy is heading. The direction in which the economy is heading has a bearing on the performance of various industries. That's why Economy analysis is important. The output of the Economy analysis is a list of industries, which should perform well, given the general trend of the economy and also an idea, whether to invest or not in the given economic conditions.

Fundamental analysis is the analysis, wherein the investment decisions are taken on the basis of the financial strength of the company. There are two approaches to fundamental analysis, viz., E-I-C analysis or the Top Down approach to Fundamental analysis and C-I-E analysis or the Bottom up approach. In the following section, we explain both these approaches.

The main objective of undertaking the project in E-I-C Analysis is:

- Measuring the performances of the company by calculating related ratios.

Sub Objectives:

- Predicting the future Sales, expected EPS, etc of the company.
- To measure the viability of the two companies.
Introduction to the Company:

ILFS investsmart is India’s largest Financial Multiplex. It was Awarded as the best Financial Advisor in the retail segment by CNBC TV in 2006.

IL&FS Investsmart Limited (IIL) is an initiative in the field of Financial Services started by Infrastructure Leasing & Financial Services (IL&FS), an institution known for its innovative and pioneering initiatives in the areas of Infrastructure, Corporate Finance and Investment Banking. IIL was set up in October 1997 and began its retail operations in September 1998.

IL&FS Investsmart Limited (IIL) was set up with the objective of becoming one of the leading full service brokerage houses in the country with a strong expertise in web-based technology as well as strengths in physical distribution. Today with a presence in more than 90 cities across India through more than 200 outlets, IIL has become one of the most prominent players in the Financial Services Industry with service offerings across different categories.

Promoters and Shareholders of IL&FS Investsmart Limited

As mentioned earlier IIL which was promoted by IL&FS in 1997, has come a long way since its inception. It is a matter of great pride for IIL that some of the world's biggest organisations are becoming equity owners of the company.

The stockholding pattern as of today involves IL&FS which holds 30.64% equity stake, while Softbank Asia Infrastructure Fund L.P. (SAIF) and E*TRADE FINANCIAL, through its wholly owned subsidiary.

Retail business:

The Retail Business Division at IIL is involved in dealing with a range of financial products offered to customers across India through multiple locations. The retail business is further categorised into various business divisions catering to varied needs of our customers. These include divisions catering to customers for Investment options such as Equity Trading, Derivatives Trading, Commodity Trading, IPO Investments, Fixed Income products, Mutual Fund Investments as well as Insurance & Home Loans Advisory services. In addition we also
offer allied services to facilitate the investment process, like custodial and depository services, which are offered through the IL&FS Depository Services. IIL’s expertise across all these categories enable it to respond to the varying needs of a demanding clientele ensuring that their investment plans are executed as per their individual requirements.

Merchant banking division
The Merchant Banking division offers a complete range of services which includes management of IPOs, rights issues, buy back offers, open offers and private placements of equity. Its extensive contact base and strong relationships developed with Venture Capital Funds and Private Equity Funds for equity placements, contributes to an effective delivery platform for its clients.

Institutional Equity Business Division:
Institutional Equity Business (IEB) thrives on strong relationships it has built among domestic mutual funds, banks, financial institutions, insurance companies and private sector funds over the past few years. IEB also has well-developed relationships among corporates, leveraged from its institutional pedigree. Efficient execution, quality research and high degree of compliance with stock exchange regulations and ethical business standards back IEB’s services to institutional investors through IPOs, Equities, Derivatives and Mutual Funds. IEB is well positioned to offer support to the complete range of investment banking services to corporates.

Debt broking division:-
The Debt division has an active presence in the secondary and primary debt placement markets. It deals in various products including Government Securities, Treasury Bills, Bonds.
and Debentures, State guaranteed papers and Commercial papers. It has strong realtionship with Institutional clients such as Banks, Primary Dealers, Mutual Funds,

Project Syndication division: -
The Project Syndication division has been inherited from IL&FS. The syndication desk has so far worked on Debt Syndication of various large Infrastructure Projects in the country. The mandate includes Debt structuring of highly complex and difficult projects. Project Syndication focuses on the role of an Arranger of Project and Structured loans. While fund mobilisation services are provided across various areas, infrastructure sectors remain key focus areas for syndication activity. The services under Project Syndication include project loan syndication, structured debt syndication and debt restructuring. The syndication business thrives on its extensive contact base and strong relationships developed over the years with Banks and Financial Institutions.
Introduction of topic.

To determine the intrinsic value of an equity share the security analyst must forecast the earnings and the dividends expected from the stocks and choose a discount rate which reflects the riskiness of the stock. This is what involved in the fundamental analysis which is the most popular method used by the investments professionals.

The earnings potential and riskiness of the firm are linked to the prospects of the industry to which it belongs. So the prospects of the various industries are largely influenced by the developments in the macro economy.

The researchers have found that stock price changes can be attributed to the following factors:

- Economy wide factors: 30-35 percent.
- Industry factors: 15-20 percent.
- Company factors: 30-35 percent
- Other factors: 15-25 percent

Based on the above evidence, a commonly advocated procedure of the fundamental analysis involves a three-step examination. They are:
A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART

- Understanding of the macro-economic environmental developments.
- Analyzing the prospects of the industry to which the firm belongs.
- Assessing the projected information of the company and the intrinsic value of its shares.

INDUSTRY ANALYSIS
The Indian Pharmaceutical industry is highly fragmented with about 24,000 players (around 330 in the organised sector). The top ten companies make up for more than a third of the market. The revenues generated by the industry are approximately US$ 7 bn and have grown at an average rate of 10% over last five years. The Indian pharma industry accounts for about 1% of the world's pharma industry in value terms and 8% in volume terms.

In the recent past, Indian companies have targeted international markets and have extended their presence there. While some companies are exporting bulk drugs, others have moved up the value chain and are exporting formulations and generic products. India also offers excellent exports opportunities for clinical trials, R&D, custom synthesis and technical services like Bioinformatics.

The drug price control order (DPCO) continues to be a menace for the industry. There are three tiers of regulations – on bulk drugs, on formulations and on overall profitability. This has made the profitability of the sector susceptible to the whims and fancies of the pricing authority. The new Pharmaceutical Policy 2006, which proposes to bring 354 essential drugs under price control has not been officially passed as yet and has been stiffly opposed by the pharmaceutical industry.
While the average R&D spending in India as a whole is a meager 2% of sales, the spend of the top five companies is about 5% to 10%. Despite growing at a CAGR of over 50% over the last four years, the ratio is still way below the global average of 15% to 20% of sales. However, despite the relatively low R&D spending, Indian companies are stepping up their research activities to make themselves more self-sufficient in terms of product development, now that the product patent regime has come into force.

Supply: - Higher for traditional therapeutic segments, which is typical of a developing market. Relatively lower for lifestyle segment.

Demand: - Very high for certain therapeutic segments. Will change as life expectancy, literacy increases.

Barriers to entry: - Licensing, distribution network, patents, plant approval by regulatory authority.

Bargaining power of suppliers: - Distributors are increasingly pushing generic products in a bid to earn higher margins.

Bargaining power of customers: - High, a fragmented industry has ensured that there is widespread competition in almost all product segments. (Currently also protected by the DPCO).

Competition: - High fragmented industry with the to 300 (of 24000 Manufacturing units) players according for 85% of sales. Consolidation is like to intensify.
Impact of BUDGET -2008:

Budget Measure

- Increase in allocation to the health sector by 15% over 2007-08.
- Allocation to the National Rural Health Mission (NRHM) increased to Rs 12,050 crore.
- Provision of Rs 993 crore to the National Aids Control Programme and allocation of Rs 1,042 crore for the eradication of polio with focus on high risk districts in Uttar Pradesh and Bihar.
- Customs duty to be reduced from 10% to 5% on certain specified life saving drugs and on bulk drugs used for their manufacture. These drugs are also exempted from excise duty or countervailing duty.
- Excise duty on all goods produced in the pharmaceutical sector reduced from 16% to 8%.
- Anti-AIDS drug, ‘Atazanavir’, as well as bulk drugs for its manufacture to be exempted from excise duty.
A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART

- In order to promote outsourcing of research, weighted deduction of 125% on any payment made to companies engaged in R&D.

BUDGET IMPACT
- Increase in allocation to the healthcare sector is a positive given the need to ramp up the healthcare infrastructure in the country and improve the accessibility of quality healthcare to a larger section of the population.
- Reduction of excise duty from 16% to 8% is a positive for all pharma companies enabling them to boost profitability going forward given that the excise duty is being paid on MRP.
- Increased allocation of funds for eradication of HIV/AIDS and polio and reduction in customs duty on certain life saving drugs from 10% to 5% is a positive for companies having product pipeline catering to these segments.
- Weighted deduction of 125% on payments made for outsourcing research services is a positive for the sector as a whole given that the emphasis on R&D has increased.

COMPANY IMPACT:
Reduction of excise duty from 16% to 8% is a positive for all pharma companies namely domestic companies such as Cipla, Ranbaxy and the likes and MNC pharma companies such as GSK Pharma, Pfizer and Aventis.

Emphasis on allocating funds for the eradication of HIV/AIDS and polio is a positive for Cipla (which has a strong presence in the manufacture of anti-AIDS drugs) and Panacea Biotec (which largely manufactures oral polio vaccines).
Weighted deduction of 125% on payments made for outsourcing research services is a positive for R&D focused companies such as Ranbaxy and Nicholas Piramal.

Introduction to Ranbaxy:
Ranbaxy Laboratories is quite the rainmaker in India's pharmaceutical business. The company is India's largest drug developer and manufacturer, with generics topping its list of products. Anti-infectives CoAmoxyclov, Amoxycillin, Cephalexin, Ciprofloxacain, and Simvastatin are in Ranbaxy's top selling class of medications; all come in several administration forms. Other specific developmental focuses include metabolic, inflammatory, and respiratory illnesses. Ranbaxy addresses gastrointestinal, cardiovascular, and central nervous system disorders, as well as diabetes, pain, allergies, and HIV/AIDS. The company also has a groundbreaking anti-malarial candidate in late-phase trials.
History

Ranbaxy Laboratories Ltd. is the largest pharmaceutical company in India, and one of the world's top 100 pharmaceutical companies. Long a specialist in the preparation of generic drugs, Ranbaxy is also one of the world's top 10 in that pharmaceutical category as well. Yet, with India's agreement to apply international patent law at the beginning of 2005, Ranbaxy has begun converting itself into a full-fledged research-based pharmaceutical company. A major part of this effort has been the establishment of the company's own research and development center, which has enabled the company to begin to enter the new chemical entities (NCE) and novel drug delivery systems (NDDS) markets. In the mid-2000s, the company had a number of NCEs in progress, and had already launched its first NDDS product, a single daily dosage formulation of ciprofloxacin. Ranbaxy is a truly global operation, producing its pharmaceutical preparations in manufacturing facilities in seven countries, supported by sales and marketing subsidiaries in 44 countries, reaching more than 100 countries throughout the world. The United States, which alone accounts for nearly half of all pharmaceutical sales in the world, is the company's largest international market, representing more than 40 percent of group sales. In Europe, the company's purchase of RPG (Aventis) S.A. makes it the largest generics producer in that market. The company is also a leading generics producer in the United Kingdom and Germany and elsewhere in Europe. European sales added 16 percent to the company's sales in 2004. Ranbaxy's other major markets include Brazil, Russia, and China, as well as India, which together added 26 percent to the group's sales. Ranbaxy posted revenues of $1.18 billion in 2004. The company, which remains controlled and led by the founding Singh family, is listed on the National Stock Exchange of India in Mumbai.

Ranbaxy Laboratories had its origins in the early 1960s when Ranjit Singh and Gurbux Singh, two employees of a Japanese pharmaceutical company operating in India, formed their own pharmaceutical preparations company in Amritsar, in Punjab state. The two merged their names to form the name for their company, Ranbaxy.
Through the 1960s, India's pharmaceutical market remained dominated by foreign drug makers. The domestic pharmaceutical manufacturing industry was limited in large part to the dosage preparation, packaging, and distribution of existing formulations. Like many Indian drug companies of this period, Ranbaxy linked up with a European pharmaceutical company, and began production in 1962.

Ranbaxy's owners sought additional financing and turned to a local moneylender, Bhai Mohan Singh. By 1966, the pair had built up debts to Singh of more than the equivalent of $100,000. When Singh, a native of Pakistan who had arrived in India at the beginning of that decade, came to collect, the Ranbaxy partners offered to turn over their company to him instead.

Singh agreed to the deal and launched the Ranbaxy family on the path toward building one of India's largest business empires. Under Bhai Mohan Singh, Ranbaxy initially maintained its course of preparing and packing existing branded pharmaceutical products for the Indian market. The entry of Singh's eldest son, Parvinder, into the company in 1967, however, set the company on a new course to become a fully independent pharmaceutical company.

Parvinder Singh had just graduated with a PhD in chemistry from the University of Michigan. The younger Singh's background in chemistry complemented his father's business flair. Yet Parvinder Singh himself quickly displayed a talent for business and was credited, in large part, with guiding the company into the ranks of the global pharmaceutical leaders.

Ranbaxy's good fortune came in 1970, when the Indian government passed legislation that effectively ended patent protection in the pharmaceutical industry. Indian pharmaceutical manufacturers were now able to produce low-cost, generic versions of popular, yet expensive drugs, revolutionizing the drug industry in India and in much of the world. The Singhs quickly took advantage of India's large, highly trained, yet inexpensive workforce, building up a strong staff of chemists and chemical engineers.

The company struck pay dirt early on, when it launched Calmpose, a generic formulation of the hugely popular Roche discovery, Valium. Released in 1969, Calmpose immediately
placed Ranbaxy on India's pharmaceutical map. The company expanded quickly, and by 1973, Ranbaxy opened a new factory, in Mohali, for the production of active principal ingredients (APIs). This facility enabled the company to expand its range of generic medications and ingredients. To finance its growth, the company listed on the Indian Stock Exchange that year.

Ranbaxy's ability to produce generic medications at far lower cost than its branded competitors placed the company in a strong position for international expansion, especially in less developed markets. The company began its internationalization early on, launching a joint venture in Nigeria. That operation opened a production facility in Lagos in 1977.

Ranbaxy expanded its production at home as well, opening a new state-of-the-art dosage plant in Dewas in 1983. In 1987, the company became India's leading antibiotic and antibacterial producer when it completed a new API plant in Toansa, in Punjab, that year. The Toansa facility backed up Ranbaxy's plans to enter the U.S. market, and in 1988, the Toansa plant received Food and Drug Administration (FDA) approval.

Ranbaxy formulated a new strategy, that of becoming a full-fledged pharmaceutical company. The driving force behind the company's new direction was Parvinder Singh, who was named the company's managing director in 1982. Nonetheless, Bhai Mohan Singh remained in control of the company.

As part of its new strategy, Ranbaxy launched its own research and development center in 1985. The company also stepped up its marketing efforts, launching a new dedicated marketing subsidiary, Stancare, that year. By 1990, the company had a new product to sell, when Ranbaxy was granted a U.S. patent for its doxycycline antibiotic preparation. The following year, the company was granted a U.S. patent for its cephalosporin preparations, and the company built a new state-of-the-art facility for their production in Mohali.

A major milestone for the company came in 1992, when it reached a marketing agreement with Eli Lilly & Co. The companies set up a joint venture in India to produce and market Lilly's branded pharmaceuticals for the domestic market. At the same time, Lilly agreed to
begin marketing Ranbaxy's generic medications in the United States. In this way, Ranbaxy gained widespread access, backed by the highly respected Lilly, into the world's single largest drugs market.

Parvinder Singh took over as head of the company—ousting his father in what was described as a family feud—in 1992. By then, Ranbaxy had grown into one of India's largest pharmaceutical companies on the basis of its generics production. Yet as pressure grew on India to begin enforcing international drug patents, the company itself appeared to have reached a crossroads—whether to remain focused on copying generic molecules, or to begin developing new drugs in-house. The company chose the latter, and in 1993 adopted a new corporate mission to announce its reformulated ambitions: "To become a research-based international company."

Ranbaxy made good on its mission—by the middle of the next decade, nearly 80 percent of its sales came from outside of India. As a first step, the company launched a new joint venture, in China, backing its entry into that market with a production facility in Guangzhou. The following year, the company established subsidiaries in London, England, and in Raleigh, North Carolina. In 1995, the company stepped up its U.S. presence with the purchase of Ohm Laboratories Inc., which gave the company its first manufacturing plant in that market. Ranbaxy then launched construction of a new and state-of-the-art manufacturing wing, which, completed that year, gained FDA approval.

This new facility enabled Ranbaxy to step up its presence in the United States, and in 1998 the company began marketing its generic products under its own brand name. That year, in addition, the company filed an application to begin Phase I clinical testing on its first in-house developed NCE. The following year, the company's NDDS efforts paid off as well, when Bayer acquired the rights to market Ranbaxy's single daily-dosage ciprofloxacin formulation.

Ranbaxy's international expansion continued as well, with the launch of marketing operations in Brazil. As the largest pharmaceuticals market in Latin America, that country was the
cornerstone of the company's plans to expand throughout the region. Ranbaxy also expanded
in Europe, with the agreement in 2000 to acquire Bayer's Germany-based generics business,
Basics. The company also added production plants in Malaysia and Thailand.

Parvinder Singh died in 1999 and longtime righthand man D.S. Brar took over as company
leader, naming family outsider Brian Tempest as company president. The new management
team continued Singh's expansion strategy, opening a new manufacturing plant in Vietnam in

Ranbaxy also sought new alliances, and in 2003 the company reached a global drug
discovery and development partnership with GlaxoSmithKline. That agreement called for
Glaxo to handle the later-stage development process for Ranbaxy created molecules. The
company's international expansion also took a major step forward at the end of 2002, when it
agreed to acquire RPG (Aventis) in France, that country's leading generic drugs producer.

Ranbaxy's sales had by then topped the $1 billion mark, placing the company not only as the
leader in India's pharmaceuticals industry, but also among the ranks of the world's top 100
pharmaceuticals companies. Ranbaxy also boasted a place among the world's top ten generic
drugs producers. In addition, the company had advanced a growing number of its own NCE
and NDDS molecules into clinical testing. The company's transition into research-based
product development was seen as crucial as India announced its intention to enforce
international drug patents at the beginning of 2005.

Ranbaxy appeared prepared to meet this challenge, however, and confidently set its sights on
boosting its annual sales past $2 billion by 2007 and to more than $5 billion by the beginning
of the next decade. International growth remained an essential part of that strategy. The
company began negotiations for a major acquisition in Germany at the end of 2004, which
was expected to be completed in 2005. The company also launched construction of a new
$100 million production facility in Brazil. Meanwhile, Ranbaxy continued to increase its
research and development budget, with the goal of generating as much as 40 percent of its
revenues from its in-house innovations by the 2010s. Ranbaxy expected to remain India's drug leader into the new century.

Principal Subsidiaries

Basics GmbH (Germany); Gufic Pharma Ltd. (98%); Ohm Laboratories Inc. (United States); Ranbaxy (Hong Kong) Ltd.; Ranbaxy (Malaysia) Sdn. Bhd. (56.25%); Ranbaxy (Netherlands) B.V.; Ranbaxy (S.A.) Proprietary Ltd.; Ranbaxy (UK) Ltd.; Ranbaxy Do Brasil Ltda.; Ranbaxy Drugs and Chemicals Company; Ranbaxy Drugs Ltd.; Ranbaxy Egypt Ltd.; Ranbaxy Europe Ltd. (United Kingdom); Ranbaxy Farmaceutica Ltda. (Brazil; 70%); Ranbaxy Fine Chemicals Ltd.; Ranbaxy France SAS; Ranbaxy Ireland Ltd.; Ranbaxy Nigeria Ltd. (84.89%); Ranbaxy Panama, S.A.; Ranbaxy Pharmaceuticals Inc. (United States); Ranbaxy Poland Sp. z.o.o.; Ranbaxy PRP (Peru) S.A.C.; Ranbaxy Unichem Company Ltd. (Thailand; 88.56%); Ranbaxy USA, Inc.; Ranbaxy Vietnam Company Ltd.; Ranbaxy (Guangzhou China; 83%); Ranbaxy, Inc. (United States); Ranchem Inc. (United States); Ranlab Inc. (United States); RanPharm Inc. (United States); Rexcel Pharmaceuticals Ltd.; Solus Pharmaceuticals Ltd.; Unichem Distributors (Thailand; 99.96%); Vidyut Investments Ltd.; Vidyut Travel Services Ltd.

Principal Competitors

RPG Enterprises; GlaxoSmithKline Consumer Healthcare Ltd.; East India Pharmaceutical Works Ltd.; Dr. Reddy's Laboratories Ltd.; Cipla Ltd.; Concept Pharmaceuticals Ltd.; Khandelwal Laboratories Ltd.; Dabur India Ltd.
### COMPANY ANALYSIS

1) Current Ratios = \[
\frac{\text{Current assets}}{\text{Current liabilities}}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>3.60%</td>
<td>4.16%</td>
<td>2.77%</td>
<td>3.11%</td>
<td>3.46%</td>
</tr>
</tbody>
</table>
Interpretation:-

The current ratio of the firm measures the short term solvency, that is its ability to meet the short term obligations. In the following graph we can say that the firm’s current ratio is increasing in first two years and has decreased in third year and again increase in the subsequent years. This shows that the firm has the ability to meet its current obligations.

This also means that the company is blocking up the assets and are not been utilized in the other investments.

2) Quick ratios = Quick assets
Current liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>1.64</td>
<td>0.99</td>
<td>0.98</td>
<td>1.26</td>
<td>1.49</td>
</tr>
</tbody>
</table>

Interpretation:

Quick ratios are used to measure the firm’s ability to service its short term liabilities. From the following graph we can say that the firm has high liability servicing capacity in the first year, but it has decreased in the next two years. And thereby increased in the subsequent years. This shows that the company has the ability to meet its liabilities.

8) Inventory turnover ratio = \( \frac{\text{cost of goods sold}}{\text{Average inventory}} \)
Interpretation:

This means that the inventory in the first year is been sold very fast. And there is an decrease in the movement of the inventories but it slightly increased in the last year. This may be a good sign to the company that it may still increase the inventory movement in the next subsequent years.

4) Gross profit Margin = \( \frac{\text{gross profit}}{\text{Sales}} \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>4.03</td>
<td>3.84</td>
<td>3.67</td>
<td>3.60</td>
<td>3.73</td>
</tr>
</tbody>
</table>
Interpretation:-
The gross profit measures the relation between the sales and profits. As there was an increase in the gross profits from 2002 to 2003, it was a good sign to the company, but it decreased in the subsequent years and again increased in the last year. It was not much good as compared to the previous years.

5) Net profit margin = \( \frac{\text{profit after tax}}{\text{Sales}} \)
Ratios

Interpretation:

The net profit margin is the indicative of the management's ability to operate the business with sufficient success. In the following graph we can see that the net profit increased from 2002 to 2003. It was normal in 2004. But at the subsequent years the net profit decreased. This is a good sign to the company as it can earn more return on investments if it has high rate inventory turn over.

6) Operating profit ratio = \( \frac{EBIT}{Sales} \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>24.68%</td>
<td>27.66%</td>
<td>17.38%</td>
<td>5.69%</td>
<td>10.91%</td>
</tr>
</tbody>
</table>
Interpretation:

7) Cost of goods sold ratio = \( \frac{\text{cost of goods sold}}{\text{Net sales}} \) \times 100

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>79.99%</td>
<td>74.43%</td>
<td>82.71%</td>
<td>92.22%</td>
<td>81.83%</td>
</tr>
</tbody>
</table>
Interpretation:

The cost of goods sold ratio shows what percentage share of sales is consumed by cost of goods sold, and what proportion is available for meeting expenses. In the following figure we can see that the cost of goods sold ratio is continuously increasing.

8) Return on Assets = \( \frac{\text{PAT} + \text{Interest}}{\text{Average fixed assets}} \times 100 \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>72.64%</td>
<td>96.08%</td>
<td>68.10%</td>
<td>24.07%</td>
<td>33.33%</td>
</tr>
</tbody>
</table>
Interpretation:-

The ROA measures the profitability of the total funds. Here in the following figure we can say that percentage of return on assets is gradually decreasing year after year.

9) Return on capital employed = \( \frac{\text{Profit after tax}}{\text{Average total capital employed}} \times 100 \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>34.58%</td>
<td>37.55%</td>
<td>21.15%</td>
<td>7.39%</td>
<td>8.51%</td>
</tr>
</tbody>
</table>
Interpretation:

The ROCE is similar to the ROA. Here the profits are related to the total capital employed. Higher the ratio, more efficient is the use of capital employed. But in the following graph we can say that the ratio is gradually decreasing, this means that the firm is not utilizing the capital efficiently.

10) \[ EPS = \frac{\text{Net profit available to the equity shareholders}}{\text{Number of ordinary shares outstanding}} \times 100 \]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>3.43%</td>
<td>0.54%</td>
<td>4.77%</td>
<td>1.18%</td>
<td>1.21%</td>
</tr>
</tbody>
</table>
Interpretation:

The EPS indicates the earnings of a share. By the following graph, it is clear that the EPS is totally decreased from 2002 to 2003. But there was a drastic rise in the EPS in 2004, and again there was decrease in the subsequent years.

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>43.33%</td>
<td>48.97%</td>
<td>59.73%</td>
<td>91.37%</td>
<td>188.35%</td>
</tr>
</tbody>
</table>
Interpretation:

The debt equity ratio is the relationship between the borrowed funds and the owner’s capital. Here in the following graph it is clear that the debt equity ratio is increasing. It means that the creditors are putting less money of their own and hence it is a danger sign to the company.

12) Interest coverage = \( \frac{EBIT}{Interest} \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>35.13%</td>
<td>24.25%</td>
<td>65.67%</td>
<td>12.03%</td>
<td>10.40%</td>
</tr>
</tbody>
</table>
Interpretation:

This ratio measures the debt servicing capacity of the firm. From the following graph, the interest coverage ratio in more in the year 2002 but since then it went on gradually decreasing. This could be a danger sign for the firm that it is using excessive debt and does not have the capacity to assure payment of the interest to the creditors.

13) Dividend coverage = \( \frac{EAT}{\text{Preference dividend}} \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>3.58%</td>
<td>2.85%</td>
<td>1.67%</td>
<td>0.70%</td>
<td>1.20%</td>
</tr>
</tbody>
</table>
Interpretation:-
This ratio measures the dividend payment ability of the firm which carry a stated rate of return to the shareholders. Higher the ratio better will be to the shareholders. But here the dividend payment ability is decreasing gradually year after year.

14) Dividend payout ratio = \( \frac{\text{Dividend paid}}{\text{EPS}} \times 100 \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>5.06%</td>
<td>5.15%</td>
<td>6.62%</td>
<td>2.68%</td>
<td>2.61%</td>
</tr>
</tbody>
</table>
Interpretation:-

This states the firm's ability to pay the dividends to the shareholders. Even here the payment ratio is decreasing. The firm here is not able to pay the dividends. The payout ratio is decreasing gradually every year.

15) Total assets turnover ratio = \(\frac{\text{cost of goods sold}}{\text{Average total assets}}\) * 100

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>2.18%</td>
<td>2.62%</td>
<td>2.96%</td>
<td>2.86%</td>
<td>2.73%</td>
</tr>
</tbody>
</table>
Interpretation:

The assets turnover ratio measures the efficiency of the firm in managing and utilizing the assets. Higher the turnover more efficient is the management. So from this graph we can say that the firm is more efficient in managing its assets as the ratio is increasing every year.

16) Fixed assets turnover ratio = \( \frac{\text{cost of goods sold}}{\text{Average fixed assets}} \) *100

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>2.14%</td>
<td>3.25%</td>
<td>2.25%</td>
<td>2.01%</td>
<td>1.75%</td>
</tr>
</tbody>
</table>
Interpretation:

As the figure shows, there is decrease in the ratio of assets turnover. Hence the firm is not efficient in managing and utilizing the fixed assets.

17) Current assets turnover = \( \frac{\text{cost of goods sold}}{\text{Average current assets}} \times 100 \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>1.59%</td>
<td>2.38%</td>
<td>1.77%</td>
<td>1.72%</td>
<td>1.70%</td>
</tr>
</tbody>
</table>
Interpretation:

The current assets turnover ratio measures that how quickly the short term obligations can be met. High the ratio, more efficient is the firm’s ability to meet the short term obligations. In the following graph, it is shown that there is increase in the current assets turnover ratio.

18) Capital turnover ratio = \[ \frac{\text{cost of goods sold}}{\text{Average capital employed}} \]
Interpretation:-

This ratio measures the relationship between cost of goods sold and average capital employed. And how fast is the utilization of the capital. this also measures what is the cost of goods sold. From the graph we can say that there is decrease in the ratios, so it is not a good sign to the company. It can still perform better.

19) Debtors turnover ratio = \( \frac{\text{Total sales}}{\text{Drs + B/R}} \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>3.83%</td>
<td>7.03%</td>
<td>4.45%</td>
<td>4.22%</td>
<td>3.91%</td>
</tr>
</tbody>
</table>
Interpretation:-

The debtors turnover ratio measures the relation between the total sales and debtors.
It means that the debtors are expected to pay within the prescribed period. High the ratio,
more efficient is the firm in collecting the debt from the debtors. Here in the following graph,
we can see that the ratio is high in 2003 and gradually decreased in the subsequent years.
This is not good on the part of the company.

20) Retention ratio = Retained earnings
                           PAT

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>72.12%</td>
<td>64.99%</td>
<td>40.24%</td>
<td>41.45%</td>
<td>16.76%</td>
</tr>
</tbody>
</table>
Retention ratio measures the percentage of earnings retained by the company. High the ratio, more efficient is the company is retained earnings. So from the following graph it is clear that the retained earnings is decreased from 2002 to 2006 gradually. Hence the company is said to be distributing the dividends without retaining any reserves. It is advantageous from the point of view of shareholders.

\[ \text{Return on equity} = \frac{\text{PAT}}{\text{Shareholders fund}} \times 100 \]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>36.98%</td>
<td>34.26%</td>
<td>21.08%</td>
<td>9.41%</td>
<td>16.19%</td>
</tr>
</tbody>
</table>
Interpretation :-

The Return on equity shows how much returns is being earned. This is made from the point of view of the shareholders. If the return on equity is more then it is said to be the most demanded shares in the market.

But in the following graph there was decrease in the ratio from 2002 to 2004. But there was slight rise in the year 2006.

22) Book Value = \[\frac{\text{Net worth}}{\text{No. of shares o/s}}\]
Interpretation:

The Book value is too high in the year 2004. It has increased from 2002 to 2006. But there was decrease in the year 2005 and 2006. Both the years have a constant ratio.

23) PE Ratio (Prospective) = Market price

\[
\frac{\text{EPS}}{\text{Ratios}}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>25.56%</td>
<td>115.48%</td>
<td>19.70%</td>
<td>85.49%</td>
<td>35.73%</td>
</tr>
</tbody>
</table>
Interpretation:-

The P/E Ratio (Prospective) was high in the year 2003, and in the year 2004 there was a drastic change to 19.70%. It increased in the 2005 and again decreased in 2006. This is only because of the changes in the market price every year.

24) PE Ratio (Retrospective) = Market price

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>86.9%</td>
<td>49.88%</td>
<td>70.13%</td>
<td>160%</td>
<td>68.62%</td>
</tr>
</tbody>
</table>
Interpretation:-

The P/E Ratio (retrospective) is very high in the year 2005. It decreased from year 2002 to 2003 and again increased from 2004 to 2005 and it decreased in 2006.

CAGR (sales) = (Sales in 2002)^1/4 * 100
Sales in 2006
= 2894.3^0.25 *100
49587.1
= 1.84 0r 184%

CAGR (EPS) = (EPS in 2002)^1/4*100
EPS in 2006

= (3.41)^0.25*100
1.41
= 0.2956 or 29.56%

Volatility of ROE = Range of ROE over a period 2005 to 2002
Average of ROE over a period

= 36.98 – 9.41
23.58
= 1.16

Decompose ROE = PBIT * SALES * PBT * PAT * ASSETS
Average Retention ratio = Retention ratio in last 3 years

\[
= \frac{0.40 + 0.41 + 0.16}{3}
\]

\[
= 0.3233
\]

Average payout = 1 - 0.3233

\[
= 0.6766
\]

Expected growth rate of Dividend = Average retention ratio * Average return on equity

In last 3 years in last 3 years
A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART

\[ = 0.40 + 0.41 + 0.16 \times \frac{21.08 + 9.41 + 16.19}{3 + 3} \]

\[ = 0.3233 \times 15.56 \]

\[ = 5.03\% \]

PE Ratio as per Constant Dividend Model =

\[
\text{Average payout ratio} \\
\text{Average retention ratio} - \text{Expected Growth rate of Dividend}
\]

\[ = \frac{0.6766}{0.466 - 0.0503} \]

\[ = \frac{0.6766}{0.4157} \]

\[ = 1.62 \]

Value Anchor = Expected EPS * PE Ratio

\* 1.62
Introduction to Cipla:

The company was founded in 1935 by Khwaja Abdul Hamied, and its chairman today is Yusuf Hamied (b. 1936), the founder's eldest son. Cipla, originally founded as The Chemical, Industrial & Pharmaceutical Laboratories is a prominent Indian pharmaceutical company, best-known outside its home country for producing low-cost anti-AIDS drugs for HIV-positive patients in developing countries. Cipla makes drugs to treat cardiovascular disease, arthritis, diabetes, weight control, depression and many other health conditions, and its products are distributed in more than 180 countries worldwide. [1] Among the hundreds of
generic medications it produces for international distribution are atorvastatin, amlopidine, fluoxetine, venlafaxine hydrochloride and metformin.

Today (2007), Cipla is the world's largest manufacturer of antiretroviral drugs (ARVs) to fight HIV/AIDS, as measured by units produced and distributed (multinational brand-name drugs are much more expensive, so in money terms Cipla medicines are probably somewhere down the list). Roughly 40% of HIV/AIDS patients undergoing antiretroviral therapy worldwide take Cipla drugs. Ranked third in Generic market share statistics in South African Private Sector.

Because Indian law from 1972 has allowed no (end-product) patents on drugs, and provided for compulsory licensing, Cipla was able to manufacture medicines which enjoy patent monopoly in certain other countries (particularly those where large, multinational pharmaceutical companies are based). By doing so, as well as by making

an executive decision not to make profits on AIDS medication, Cipla reduced the cost of providing antiretrovirals to AIDS patients from $12,000 and beyond (monopoly prices charged by international pharma conglomerates) down to around $300 per year. Today they are able to do so for under $150 per patient per year. While this sum remains out of reach for many millions of people in Third World countries, government and charitable sources often are in a position to make up the difference for destitute patients.

The customary treatment of AIDS consists of a cocktail of three drugs. Cipla produces an all-in-one pill called Triomune which contains all three substances (Lamivudine, stavudine and Nevirapine), something difficult elsewhere because the three patents are held by different
companies. One more popular fixed dose combination is there, with the name Duovir-N. This contains Lamivudine, Zidovudine and Nevirapine.
1) Current Ratios = \[ \frac{\text{Current assets}}{\text{Current liabilities}} \]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>1.60%</td>
<td>1.49%</td>
<td>2.87%</td>
<td>2.75%</td>
<td>2.97%</td>
</tr>
</tbody>
</table>

Interpretation: -

The current ratio of the firm measures the short term solvency, that is its ability to meet the short term obligations. In the following graph we can say that the firm’s current is
increasing in first year and has increased in third year and again increase in the subsequent years. This shows that the firm has the ability to meet its current obligations.

This shows increase from 2004 to 2006 subsequently.

This also means that the company is blocking up the assets and are not been utilized in the other investments.

2) Quick ratios = \[
\frac{\text{Quick assets}}{\text{Current liabilities}}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>0.61%</td>
<td>0.60%</td>
<td>1.34%</td>
<td>1.21%</td>
<td>1.44%</td>
</tr>
</tbody>
</table>
Interpretation:

Quick ratios are used to measure the firm’s ability to service its short term liabilities. From the following graph we can say that the firm has low liability servicing capacity in the first year, but it has increased in next two years. And thereby increased in the subsequent years. This shows that the company has the ability to meet its liabilities.

3) Inventory turnover ratio = \( \frac{\text{cost of goods sold}}{\text{Average inventory}} \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>0.30%</td>
<td>0.21%</td>
<td>0.22%</td>
<td>0.21%</td>
<td>0.20%</td>
</tr>
</tbody>
</table>

Interpretation:
This means that the inventory in the first year is been sold very fast. And there is an decrease in the movement of the inventories. This may be a bad sign to the company inventory movement in the next subsequent years is very low.

4) Gross profit Margin = \( \frac{\text{gross profit}}{\text{Sales}} \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>29.43%</td>
<td>34.13%</td>
<td>38.09%</td>
<td>44.00%</td>
<td>44.92%</td>
</tr>
</tbody>
</table>

Interpretation:-

The gross profit measures the relation between the sales and profits. As there was increase in the gross profits from 2002 to 2006, it was a good sign to the company because there is subsequent increase in the gross profit Margin.
5) Net profit margin = \[ \frac{\text{profit after sales}}{\text{Sales}} \]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>16.45%</td>
<td>15.49%</td>
<td>14.66%</td>
<td>16.49%</td>
<td>18.77%</td>
</tr>
</tbody>
</table>

**Interpretation:**

The net profit margin is the indicative of the management's ability to operate the business with sufficient success. In the following graph we can see that the net profit increased from 2002 to 2006. It was normal in 2004. But at the subsequent years the net profit increased. This is a good sign to the company as it can earn more return on investments as it has high rate inventory turnover.
6) Operating profit ratio = \( \frac{\text{EBIT}}{\text{Sales}} \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>21.65%</td>
<td>19.54%</td>
<td>19.32%</td>
<td>20.72%</td>
<td>21.93%</td>
</tr>
</tbody>
</table>

Interpretation:

The operating profit ratio shows the relation between EBIT and Sales. Here from the following graph we can say that the operating ratio is increased from 2002 to 2006 subsequently. This is a good sign to the company as it has increased its operating profit ratio which is before tax.
7) Cost of goods sold ratio = \( \frac{\text{cost of goods sold}}{\text{Net sales}} \times 100 \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>7.9%</td>
<td>7.3%</td>
<td>7.0%</td>
<td>6.3%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

**Interpretation:**

The cost of goods sold ratio shows what percentage share of sales is consumed by cost of goods sold, and what proportion is available for meeting expenses. In the following figure, we can see that the cost of goods sold ratio is continuously decreasing. So this is a good sign to the company as there is low cost incurred for sales.
8) Return on Assets = \( \frac{\text{PAT} + \text{Interest}}{\text{Average fixed assets}} \times 100 \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>106%</td>
<td>88.22%</td>
<td>69.00%</td>
<td>64.86%</td>
<td>68.95%</td>
</tr>
</tbody>
</table>

**Interpretation:**

The ROA measures the profitability of the total funds. Here in the following figure we can say that percentage of return on assets is gradually decreasing year after year.
9) Return on capital employed = \[ \text{Profit after tax} \times \frac{100}{\text{Average total capital employed}} \]

<table>
<thead>
<tr>
<th>Year</th>
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<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>25.44%</td>
<td>23.72%</td>
<td>23.23%</td>
<td>25.41%</td>
<td>28.92%</td>
</tr>
</tbody>
</table>

Interpretation:

The ROCE is similar to the ROA. Here the profits are related to the total capital employed. Higher the ratio, more efficient is the use of capital employed. But in the following graph we can say that the ratio is gradually increasing, this means that the firm is utilizing the capital efficiently.

10) EPS = \[ \frac{\text{Net profit available to the equity shareholders}}{\text{Number of ordinary shares outstanding}} \times 100 \]
Interpretation:
The EPS indicates the earnings of a share. By the following graph it is clear that the EPS is totally increased from 2002 to 2006. But there was a drastic rise in the EPS in 2006 and this shows that the shareholders earn better dividends.

11) D/E Ratio = \( \frac{\text{Total debt}}{\text{Shareholders equity}} \)
Interpretation:-

The debt equity ratio is the relationship between the borrowed funds and the owner’s capital. Here in the following graph it is clear that the debt equity ratio is increasing, it means that the creditors are putting less money of their own and hence it is a danger sign to the company.

12) Interest coverage = \( \frac{EBIT}{Interest} \)
**A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART**

<table>
<thead>
<tr>
<th>Ratios</th>
<th>14.73%</th>
<th>18.20%</th>
<th>38.87%</th>
<th>67.41%</th>
<th>62.15%</th>
</tr>
</thead>
</table>

Interpretation: -
This ratio measures the debt servicing capacity of the firm. From the following graph, the interest coverage ratio in more in the year 2002 but since then it went on gradually increasing. This could be a good sign for the firm that it is not using excessive debt and have the capacity to assure payment of the interest to the creditors.

13) Dividend coverage = \( \frac{\text{EAT}}{\text{Preference dividend}} \)

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<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>11.46%</td>
<td>7.44%</td>
<td>6.73%</td>
<td>5.72%</td>
<td>6.76%</td>
</tr>
</tbody>
</table>
Interpretation:

This ratio measures the dividend payment ability of the firm which carry a stated rate of return to the shareholders. Higher the ratio better will be to the shareholders. But here the dividend payment ability is decreasing gradually year after year.

14) Dividend payout ratio = \( \frac{\text{Dividend paid}}{\text{EPS}} \) * 100

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<tr>
<th>Year</th>
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<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>6.92%</td>
<td>10.19%</td>
<td>11.76%</td>
<td>66.07%</td>
<td>51.96%</td>
</tr>
</tbody>
</table>
Interpretation:-
This states the firm's ability to pay the dividends to the shareholders. Here the payment ratio is increasing. The firm here is able to pay the dividends. The payout ratio is increasing gradually every year.

15) Total assets turnover ratio = \( \frac{\text{cost of goods sold}}{\text{Average total assets}} \) * 100

<table>
<thead>
<tr>
<th>Year</th>
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<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>1.17%</td>
<td>0.96%</td>
<td>0.93%</td>
<td>0.82%</td>
<td>0.81%</td>
</tr>
</tbody>
</table>
Interpretation:

The assets turnover ratio measures the efficiency of the firm in managing and utilizing the assets. Higher the turnover more efficient is the management. So from this graph we can say that the firm is not efficient in managing its assets as the ratio is decreasing every year.

16) Fixed assets turnover ratio = \( \frac{\text{cost of goods sold} \times 100}{\text{Average fixed assets}} \)

<table>
<thead>
<tr>
<th>Year</th>
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<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>0.41%</td>
<td>0.31%</td>
<td>0.28%</td>
<td>0.21%</td>
<td>0.19%</td>
</tr>
</tbody>
</table>
Interpretation:
As the figure shows, there is decrease in the ratio of assets turnover. Hence the firm is not efficient in managing and utilizing the fixed assets. It is not a good sign to the company.

17) Current assets turnover = \( \frac{\text{cost of goods sold}}{\text{Average current assets}} \times 100 \)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>0.12%</td>
<td>0.19%</td>
<td>0.12%</td>
<td>0.11%</td>
<td>0.11%</td>
</tr>
</tbody>
</table>
Interpretation:-

The current assets turnover ratio measures that how quickly the short term obligations can be met. High the ratio ,more efficient is the firm’s ability to meet the short term obligations. In the following graph it is shown that there is decrease in the current assets turnover ratio. In the year 2002 to 2003 there increase in the ratios but there is a decrease in the ratios from 2004 onwards.

18) Capital turnover ratio = \[
\frac{\text{cost of goods sold}}{\text{Average capital employed}}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>10.08%</td>
<td>9.80%</td>
<td>8.62%</td>
<td>8.48%</td>
<td>13.36%</td>
</tr>
</tbody>
</table>
Interpretation:
This ratio measures the relationship between cost of goods sold and average capital employed. And how fast is the utilization of the capital, this also measures what is the cost of goods sold. From the graph we can say that there is increase in the ratios from 2002 to 2006, so it is a good sign to the company. It is performing better.

19) Debtors turnover ratio = \[ \frac{\text{Total sales}}{\text{Debtors}} \]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>5.60%</td>
<td>4.49%</td>
<td>4.19%</td>
<td>4.22%</td>
<td>3.69%</td>
</tr>
</tbody>
</table>
Interpretation:

The debtors turnover ratio measures the relation between the total sales and debtors. It means that the debtors are expected to pay within the prescribed period. High the ratio, more efficient is the firm in collecting the debt from the debtors. Here in the following graph we can see that the ratio is high in 2002 and gradually decreased in the subsequent years. This is not good on the part of the company.

20) Retention ratio = Retained earnings / PAT

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Interpretation:-

The retention ratio is increased from 2002 to 2004 and decreased in the year 2005. But there was again rise in the ratio in 2006. This shows that the company is stable in retaining the earnings even after paying taxes.

Return on equity = \( \frac{\text{PAT}}{\text{Retained earnings}} \times 100 \)
A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>21.97%</td>
<td>27.83%</td>
<td>24.26%</td>
<td>26.36%</td>
<td>30.63%</td>
</tr>
</tbody>
</table>

Interpretation:-

The Return on equity shows how much returns is being earned. This is made from the point of view of the shareholders. If the return on equity is more then it is said to be the most demanded shares in the market.

But in the following graph there was increase in the ratio from 2002 to 2006.
22) Book Value = \[
\text{Net worth} \times \text{No. of shares o/s}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>14.79</td>
<td>17.84</td>
<td>21.07</td>
<td>5.16</td>
<td>6.5</td>
</tr>
</tbody>
</table>

**Interpretation:**

From the following graph it is clear that the book value of the shares is decreased from 2002 to 2005, and there was a slight rise in the book value. It is because of the increase in the number of shares from 2005 onwards.

23) PE Ratio (Prospective) = \[
\frac{\text{Market price}}{\text{EPS}}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratios</td>
<td>2.60</td>
<td>1.73</td>
<td>2.38</td>
<td>1.52</td>
<td>2.36</td>
</tr>
</tbody>
</table>
Interpretation:

The P/E Ratio (prospective) decreased from 2002 to 2003. It increased in 2004 and again there was decrease in 2005. In 2006 the ratio again increased. This is because of the changes in the market prices.

\[
24) \text{PE Ratio(Retrospective)} = \frac{\text{Market price}}{\text{Book value}}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Interpretation:

The P/E Ratio (prospective) decreased from 2002 to 2004. And again there was decrease in 2005. In 2006 the ratio again increased. This is because of the changes in the market prices.

CAGR (sales) = (Sales in 2007)^1/4 - 1 * 100
Sales in 2003)
CAGR (EPS) = $(\text{EPS in 2007})^{1/4} - 1 \times 100$
\[= (12.49)^{0.25} - 1 \times 100\]
\[= 32.03\%\]

Volatility of ROE = \(\frac{\text{Range of ROE over a period 2007 to 2003}}{\text{Average of ROE over a period}}\)
\[= \frac{21.97 - 26.36}{26.2}\]
\[= 3.95\%\]
Decompose ROE = PBIT * SALES * PBT * PAT * ASSETS

\[
\text{SALES} \quad \text{ASSETS} \quad \text{PBIT} \quad \text{PBT} \quad \text{NETWORTH}
\]

\[
\begin{align*}
= & \quad 5146.14 \times 2482.87 \times 5146.14 \times 4096.24 \times 1833.77 \\
& \quad 2482.87 \times 1833.77 \times 5146.14 \times 1556.63 \\
= & \quad 0.2 \times 1.35 \times 1 \times 0.79 \times 1.17 \\
= & \quad 24.95\%
\end{align*}
\]

Average Retention ratio = \frac{\text{Retention ratio in last 3 years}}{3}

\[
= \frac{0.81 + 0.78 + 0.82}{3} = 0.803
\]
A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART

Average payout = 1 – 0.803
= 0.197

Expected growth rate of Dividend = Avg reten ratio * Avg return on eq
In last 3 years in last 3 years

= 0.81 + 0.78 + 0.82 * 24.26 + 26.36 + 30.63
3 3

= 0.803 * 27.08

= 21.74%
PE Ratio as per Constant Dividend Model =

\[
\frac{\text{Average payout ratio}}{\text{Average retention ratio} - \text{Expected Growth Rate of Dividend}}
\]

\[
= \frac{0.197}{0.824 - 0.2174}
\]

\[
= \frac{0.197}{0.6066}
\]

\[
= 32.37\%
\]

Value Anchor = Expected EPS * PE Ratio

\[
= 164.91 \times 32.47
\]

\[
= 53.54 \text{ market price}
\]
### Consolidated Ratios of Ranbaxy

<table>
<thead>
<tr>
<th>Ratios</th>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratios</td>
<td></td>
<td>3.60%</td>
<td>4.16%</td>
<td>2.77%</td>
<td>3.11%</td>
<td>3.46%</td>
</tr>
<tr>
<td>Quick Ratios</td>
<td></td>
<td>1.64%</td>
<td>0.99%</td>
<td>0.98%</td>
<td>1.26%</td>
<td>1.49%</td>
</tr>
<tr>
<td>Inventory T.O Ratios</td>
<td></td>
<td>4.03%</td>
<td>3.84%</td>
<td>3.67%</td>
<td>3.60%</td>
<td>3.73%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td></td>
<td>25.28%</td>
<td>28.41%</td>
<td>19.95%</td>
<td>8.99%</td>
<td>14.98%</td>
</tr>
<tr>
<td>Net profit margin</td>
<td></td>
<td>11.30%</td>
<td>22.49%</td>
<td>14.62%</td>
<td>6.32%</td>
<td>9.37%</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td></td>
<td>24.68%</td>
<td>27.66%</td>
<td>17.38%</td>
<td>5.69%</td>
<td>10.91%</td>
</tr>
<tr>
<td>Cost of goods sold ratio</td>
<td></td>
<td>79.99%</td>
<td>74.43%</td>
<td>82.71%</td>
<td>92.22%</td>
<td>81.83%</td>
</tr>
<tr>
<td>Ratio Analysis</td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>Return on Assets</td>
<td>72.64%</td>
<td>96.08%</td>
<td>68.10%</td>
<td>24.07%</td>
<td>33.33%</td>
<td></td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>34.58%</td>
<td>37.55%</td>
<td>21.15%</td>
<td>7.39%</td>
<td>8.51%</td>
<td></td>
</tr>
<tr>
<td>EPS</td>
<td>3.43%</td>
<td>0.54%</td>
<td>4.77%</td>
<td>1.18%</td>
<td>1.21%</td>
<td></td>
</tr>
<tr>
<td>D/E Ratio</td>
<td>43.33%</td>
<td>48.97%</td>
<td>59.73%</td>
<td>91.37%</td>
<td>188.35%</td>
<td></td>
</tr>
<tr>
<td>Interest coverage Ratio</td>
<td>35.13%</td>
<td>24.25%</td>
<td>65.67%</td>
<td>12.05%</td>
<td>10.40%</td>
<td></td>
</tr>
<tr>
<td>Dividend coverage Ratio</td>
<td>3.58%</td>
<td>2.85%</td>
<td>1.67%</td>
<td>0.97%</td>
<td>1.20%</td>
<td></td>
</tr>
<tr>
<td>Dividend payout Ratio</td>
<td>5.06%</td>
<td>5.15%</td>
<td>6.62%</td>
<td>2.68%</td>
<td>2.61%</td>
<td></td>
</tr>
<tr>
<td>Total assets turnover Ratio</td>
<td>2.18%</td>
<td>2.62%</td>
<td>2.96%</td>
<td>2.86%</td>
<td>2.73%</td>
<td></td>
</tr>
<tr>
<td>Fixed assets turnover Ratio</td>
<td>2.14%</td>
<td>3.25%</td>
<td>2.96%</td>
<td>2.01%</td>
<td>1.75%</td>
<td></td>
</tr>
<tr>
<td>Current assets turnover Ratio</td>
<td>1.59%</td>
<td>2.38%</td>
<td>1.77%</td>
<td>1.72%</td>
<td>1.70%</td>
<td></td>
</tr>
<tr>
<td>Capital turnoverRatio</td>
<td>0.79%</td>
<td>1.80%</td>
<td>1.25%</td>
<td>1.16%</td>
<td>0.92%</td>
<td></td>
</tr>
<tr>
<td>Debtors turnover Ratio</td>
<td>3.83%</td>
<td>7.03%</td>
<td>4.45%</td>
<td>4.22%</td>
<td>3.91%</td>
<td></td>
</tr>
<tr>
<td>Retention Ratio</td>
<td>72.12%</td>
<td>64.99%</td>
<td>40.24%</td>
<td>41.45%</td>
<td>16.76%</td>
<td></td>
</tr>
<tr>
<td>Return on Equity</td>
<td>36.98%</td>
<td>34.26%</td>
<td>21.08%</td>
<td>9.41%</td>
<td>16.19%</td>
<td></td>
</tr>
<tr>
<td>Book Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART

<table>
<thead>
<tr>
<th>P/E Ratio (prospective)</th>
<th>1.00</th>
<th>1.25</th>
<th>1.34</th>
<th>0.63</th>
<th>0.63</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25.56%</td>
<td>115.48%</td>
<td>19.70%</td>
<td>85.49%</td>
<td>35.73%</td>
</tr>
</tbody>
</table>

Consolidated Ratios of Cipla

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratios</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Ratios</td>
<td>1.60%</td>
<td>1.49%</td>
<td>2.87%</td>
<td>2.75%</td>
<td>2.97%</td>
</tr>
<tr>
<td></td>
<td>Quick Ratios</td>
<td>0.61%</td>
<td>0.60%</td>
<td>1.34%</td>
<td>1.21%</td>
<td>1.44%</td>
</tr>
<tr>
<td></td>
<td>Inventory T/O Ratios</td>
<td>0.30%</td>
<td>0.21%</td>
<td>0.22%</td>
<td>0.21%</td>
<td>0.20%</td>
</tr>
<tr>
<td></td>
<td>Gross profit margin</td>
<td>29.43%</td>
<td>34.13%</td>
<td>38.09%</td>
<td>44.00%</td>
<td>44.92%</td>
</tr>
<tr>
<td></td>
<td>Net profit margin</td>
<td>16.45%</td>
<td>15.49%</td>
<td>14.66%</td>
<td>16.49%</td>
<td>18.77%</td>
</tr>
<tr>
<td></td>
<td>Operating profit margin</td>
<td>21.65%</td>
<td>19.54%</td>
<td>19.32%</td>
<td>20.72%</td>
<td>21.93%</td>
</tr>
<tr>
<td>Cost of goods sold ratio</td>
<td>7.9%</td>
<td>7.3%</td>
<td>7.0%</td>
<td>6.3%</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>Return on Assets</td>
<td>106%</td>
<td>88.22%</td>
<td>69.00%</td>
<td>64.86%</td>
<td>68.95%</td>
<td></td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>25.44%</td>
<td>23.72%</td>
<td>23.23%</td>
<td>25.41%</td>
<td>28.92%</td>
<td></td>
</tr>
<tr>
<td>EPS</td>
<td>3.9</td>
<td>4.1</td>
<td>5.09</td>
<td>13.6</td>
<td>20.19</td>
<td></td>
</tr>
<tr>
<td>D/E Ratio</td>
<td>54.10%</td>
<td>64.60%</td>
<td>70.42%</td>
<td>62.66%</td>
<td>70.34%</td>
<td></td>
</tr>
<tr>
<td>Interest coverage Ratio</td>
<td>14.73%</td>
<td>18.20%</td>
<td>38.87%</td>
<td>60.41%</td>
<td>62.15%</td>
<td></td>
</tr>
<tr>
<td>Dividend coverage Ratio</td>
<td>11.46%</td>
<td>7.44%</td>
<td>4.73%</td>
<td>5.72%</td>
<td>6.76%</td>
<td></td>
</tr>
<tr>
<td>Dividend payout Ratio</td>
<td>6.92%</td>
<td>10.10%</td>
<td>11.76%</td>
<td>66.07%</td>
<td>51.96%</td>
<td></td>
</tr>
<tr>
<td>Total assets turnover Ratio</td>
<td>1.17%</td>
<td>0.96%</td>
<td>0.93%</td>
<td>0.82%</td>
<td>0.81%</td>
<td></td>
</tr>
<tr>
<td>Fixed assets turnover Ratio</td>
<td>0.41%</td>
<td>0.31%</td>
<td>0.28%</td>
<td>0.21%</td>
<td>0.19%</td>
<td></td>
</tr>
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<td>0.12%</td>
<td>0.11%</td>
<td>0.11%</td>
<td></td>
</tr>
<tr>
<td>Capital turnover Ratio</td>
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<td>8.62%</td>
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<td>4.19%</td>
<td>4.22%</td>
<td>3.69%</td>
<td></td>
</tr>
<tr>
<td>Retention Ratio</td>
<td>0.88%</td>
<td>0.83%</td>
<td>0.81%</td>
<td>0.78%</td>
<td>0.82%</td>
<td></td>
</tr>
</tbody>
</table>
A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Equity</td>
<td>21.97%</td>
<td>27.83%</td>
<td>24.26%</td>
<td>26.36%</td>
<td>30.63%</td>
</tr>
<tr>
<td>Book Value</td>
<td>14.79</td>
<td>17.84</td>
<td>21.07</td>
<td>5.16</td>
<td>6.5</td>
</tr>
<tr>
<td>P/E Ratio (prospective)</td>
<td>2.60%</td>
<td>1.73%</td>
<td>2.38%</td>
<td>1.52%</td>
<td>2.36%</td>
</tr>
<tr>
<td>P/E Ratio (retrospective)</td>
<td>68.78%</td>
<td>40.01%</td>
<td>55.71%</td>
<td>49.57%</td>
<td>100.49%</td>
</tr>
</tbody>
</table>

Findings:

- current ratio is increasing in first two years and has decreased in third year and again increase in the subsequent years. This shows that the firm has the ability to meet its current obligations.
- the firm has high liability servicing capacity as it has the ability to meet its liabilities
- As there was increase in the gross profits from 2002 to 2003 it was a good sign to the company
- Decrease in the net profit margin is a good sign to the company as it can earn more return on investments if it has high rate inventory turn over.
A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART

- The cost of goods sold ratio is continuously increasing in case of Ranbaxy.
- Percentage of return on assets is gradually decreasing year after year.
- The ROCE ratio is gradually decreasing, this means that the firm is not utilizing the capital efficiently.
- There was a drastic rise in the EPS in 2004, and again there was decrease in the subsequent years.
- The debt equity ratio is increasing. It means that the creditors are putting less money of their own and hence it is a danger sign to the company.
- The interest coverage ratio in more in the year 2002 but since then it went on gradually decreasing. This could be a danger sign for the firm that it is using excessive debt and does not have the capacity to assure payment of the interest to the creditors.
- The dividend payment ability is decreasing gradually year after year.
- The firm here is not able to pay the dividends. The payout ratio is decreasing gradually every year.
- More efficient in managing its assets as the ratio is increasing every year.
- There is decrease in the ratio of assets turn over. Hence the firm is not efficient in managing and utilizing the fixed assets.
- Increase in the current assets turnover ratio where the firm can meet its current obligations.
- Decrease in the capital turnover ratios, so it is not a good sign to the company.
A PROJECT REPORT ON RATIO ANALYSIS AT IL&FS INVEST SMART

- decreased in debtors turnover ratios the subsequent years is not good on the part of the company.

- company is said to be distributing the dividends without retaining any reserves. It is advantageous from the point of view of shareholders.

- The P/E Ratio (Prospective) was high in the year 2003. and in the year 2004 there was a drastic change to 19.70%

- The P/E Ratio (retrospective) is very high in the year 2005.

Findings(Cipla):

- The firm’s current is increasing in first year and has increased in third year and again increase in the subsequent years

- The firm has low liability servicing capacity in the first year, but it has increased in next two years. And thereby increased in the subsequent years. This shows that the company has the ability to meet its liabilities.

- there is a decrease in the movement of the inventories. This may be a bad sign to the company inventory movement in the next subsequent years is very low.
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- Increase in the gross profits from 2002 to 2006 is a good sign to the company.
- The net profit increased from 2002 to 2006. It was normal in 2004. But at the subsequent years the net profit increased. This is a good sign to the company as it can earn more return on investments as it has high rate inventory turnover.

- The operating ratio is increased from 2002 to 2006 subsequently. This is a good sign to the company as it has increased its operating profit ratio which is before tax.
- The cost of goods sold ratio is continuously decreasing.
- Percentage of return on assets is gradually decreasing year after year.

- The ROCE ratio is gradually increasing, this means that the firm is utilizing the capital efficiently.

- EPS is totally increased from 2002 to 2006. But, there was a drastic rise in the EPS in 2006 and this shows that the shareholders earn better dividends.
- The debt equity ratio is increasing. It means that the creditors are putting less money of their own and hence it is a danger sign to the company.

- The interest coverage ratio is more in the year 2002 but since then it went on gradually increasing. This could be a good sign for the firm that it is not using excessive debt and have the capacity to assure payment of the interest to the creditors.
- The dividend payment ability is decreasing gradually year after year.

- The firm is able to pay the dividends. The payout ratio is increasing gradually every year.
- The firm is not efficient in managing its assets as the ratio is decreasing every year. It is not a good sign to the company.

- There is a decrease in the current assets turnover ratio. In the year 2002 to 2003 there is an increase in the ratios, but there is a decrease in the ratios from 2004 onwards.
there is increase in the capital turnover ratios from 2002 to 2006, so it is a good sign to the company. It is performing better.

the debtors turnover ratio is high in 2002 and gradually decreased in the subsequent years. this is not good on the part of the company.

The retention ratio is increased from 2002 to 2004 and decreased in the year 2005. But there was again rise in the ratio in 2006.

But in the following graph there was increase in the return on equity ratio from 2002 to 2006.

The book value of the shares is decreased from 2002 to 2005. And there was a slight rise in the book value. it is because of the increase in the number of shares from 2005 onwards.

The P/E Ratio (prospective) decreased from 2002 to 2003. It increased in 2004 and again there was decrease in 2005.

The P/E Ratio (prospective) decreased from 2002 to 2004. And again there was decrease in 2005. In 2006 the ratio again increased. This is because of the changes in the market prices.

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