**A**

**PROJECT REPORT**

**ON**

**RATIO ANALYSIS**

**AT**

**SAMSONITE SOUTH ASIA PVT LTD.**

**SUBMITTED TO**

**UNIVERSITY OF (______)**

**SUBMITTED BY**

**(____________)**

**MBA- II( FINANCE)**

**UNDER THE GUIDANCE OF**

**PROF. (__________________)**

**(Institute name)**

**(20 -20 )**

## ACKNOWLEDGEMENT

As a part of the curriculum of MBA degree and specialization in finance this project gave me an excellent opportunity to understand the importance being attach to **RATIO ANALYSIS**.

I am thankful to Dr. Mr V.S More, director MGV's IMR, and internal guide Mr. (___) and also thank to Mr. _______________(Assistant Director) company guide for their valuable support, advice and guidance during my project completion. Lastly I would like to thanks my parents, friends and well-wisher who encouraged me to do this research work and all those who contributed directly or indirectly in completing this project to whom I am indebted to.

(_______________)

MBA II (finance)

## DECLARATION

I the undersigned hereby state that the report entitled "Ratio Analysis" is a genuine and bonafide work prepared by me under the guidance of Prof. (_____________).

The empirical findings in this report are based on the data collected by myself. The matter presented in this report is not copied from any source. I understand that any copy is liable to the punishment in the way the university authority dean fit.

The work has not been submitted for the award for the award for any degree of diploma either to University of Pune, or any other University.

This project report is submitted to the University of Pune in the partial fulfilment of the degree of Master of Business Administration.



Date: (____________)

Place:

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## 1.1 OBJECT OF PROJECT

The basic objective of the project was to get acquainted with the organization of Samsonite South Asia Pvt. Ltd. Nashik, its management philosophy is to study the various aspects related with financial department. This project is a great experience in terms of the opportunity it has been offered for learning.

It is a perfect simulation of the real life situation that would have to face some days ahead during the professional career.

It helps to develop interpersonal communication skill and develop analytical ability.

**The objectives of summer training are:-**

1. To get familiar with organizational environment.
2. To acquaint with real organizational problems and challenges.
3. To develop interpersonal communication skill
4. To develop analytical ability.

## 1.2 OBJECTIVES OF THE STUDY

1. To Understand the concept of Ratio Analysis
2. To Analyze the financial condition of Samsonite South Asia Pvt Ltd
3. To know the operating efficiency of Samsonite South Asia Pvt Ltd

# 1.3 RESEARCH METHODOLOGY

**Approach to Research:**

Research is considered to be the more formal, systematic and intensive and process of carrying on a scientific method of analysis. Research methodology is a way to systematically solve the research problem. It is important for research to know not only the research method but also the methodology. “The procedures by which researchers go through their work of describing, explain and predicting are called methodology.” Data collection is an important step in methodology of any project and success of any project will be largely depend upon how much accurate you will be able to collect and how much time, money and efforts will be required to collect the necessary data.

**Primary Data**

- Primary data is information collected by the researcher directly through instruments such as surveys, interviews, focus groups or observation. Tailored to his specific needs, primary research provides the researcher with the most accurate and up-to-date data.

**Secondary Data**

- Secondary data, on the other hand, is basically primary data collected by someone else. Researchers reuse and repurpose information as secondary data because it is easier and less expensive to collect. However, it is seldom as useful and accurate as primary data.

The data is collected from secondary data i.e.:-

- Samsonite corporation web site
- Annual report 2008 2009 2010 2011

## 1.4 SCOPE OF THE STUDY

1. Suggestion and recommendations may prove beneficial to the organization to improve finance function.
2. It will help management to know specific area that need improvement and detect any trouble sports that may prevent the attainment of objective.
3. It will be helpful as a guide to management in formulating future credit policies, objectives and goals of finance department.

## 1.5 LIMITATION OF THE STUDY

1. Research Study limited to Samsonite South Asia Pvt Ltd, Igatpuri Plant only.
2. The project is based on theoretical guidelines and as per situations prevalent at the time of practical training hence it may not be apply to different situation.
3. Research study based on data given by Respondent.

## 2.1 HISTORY OF SAMSONITE SOUTH ASIA PVT LTD

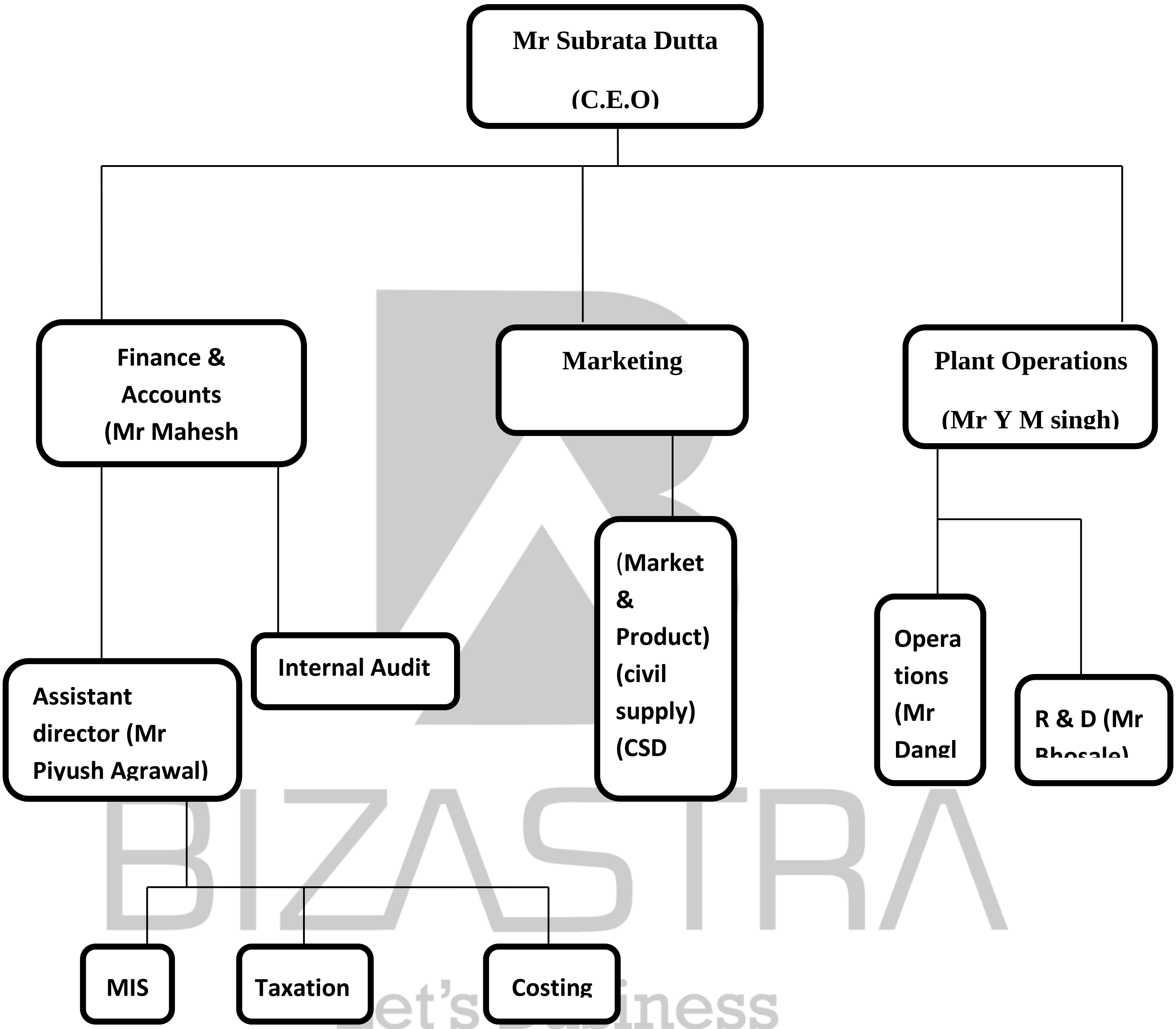
**Samsonite Group is one of the world's largest and most recognized designers and distributors in the luggage industry.**

With a rich heritage that includes nearly a century in business, Samsonite has a proud tradition of developing innovative, high-quality products that integrate style, functionality and design technology to meet the changing lifestyle needs of people on the move. Samsonite's tagline – 'Life's a Journey' – embodies the brand's belief and vision, symbolizing the role Samsonite has in the multi-faceted lives of travellers. The Samsonite brand was born in 1910 when founder Jesse Shwayder began producing luggage for turn-of-the-century travellers – a small and affluent group who appreciated the Company's unique, durable and finely crafted products. As travel evolved into a mainstream activity, Samsonite's product mix evolved with it, growing to encompass a diverse range of items for a host of travel needs. Along the way, Samsonite continued to anticipate and fulfil the changing requirements of travellers by introducing a string of "firsts", including the first matching luggage sets, the first lightweight luggage and the first wheeled suitcases, to name just a few.

Samsonite's ability to perceive and adapt to the changing needs of travellers has made the brand a leading authority for people on the move, throughout the years. From the roaring twenties, the Depression era, WWII, the rise of the jet age, the exciting sixties and beyond, Samsonite has continued to transform the travel industry through its rich brand history.

Today, the global travel industry continues to grow, and Samsonite continues to lead through the continuous introduction of innovative technologies, materials and design concepts, which we market through some of the most recognized brand names in the world. And while each of our brands is specifically focused on its own clearly defined customer group, every product we create continues to embody the same values on which Samsonite was founded – high quality, fine craftsmanship, exceptional reliability and enduring style.

## 2.2 ORGANIZATION CHART(SAMSONITE SOUTH ASIA PVT LTD)



## 2.3 PRODUCTS

Following is the list of some of the products manufactured by Samsonite.

- Hard luggage
- Soft luggage
- Duffels
- Small bags
- Briefcase
- Laptop bags
- Backpack collection
- Laptop stroller
- Gifts
- Travel accessories
- Foot wares

## 1) DUFFLES

- B-LITE FRESH
  the incredible lightness of a bag in a fun, casual and colourful style.

**NAME** : B-LITE FRESH (DUFFLE 55)

CODE : V95 (X) XX 007

SIZE : 37 X 55 X 21

FEATURES :

- Casual, fun looking and attractive
  Spacious to suit your outdoor needs
  Detachable strap

AVAILABLE COLOURS

| CHARCOAL | JUICY ORANGE | RASPBERRY |
|---|---|---|

## 2) HARD LUGGAGE

- COSMOLITE
  Cosmolite is a stylish suitcase that combines Samsonite's renowned strength with immense lightness. Specially moulded shell-like ridges feature Curve® technology - an advanced impact-resistant, lightweight material that provides unrivalled strength and lasting durability. Cosmolite is the lightest and strongest Samsonite ever.

**NAME** : COSMOLITE SPINNER 55

CODE : V22 (X) XX 002

SIZE : 38 X 55 X 23

ALSO AVAILABLE IN SIZES :

SPINNER 68 47 X 68 X 29

SPINNER 79 55 X 79 X 34

FEATURES :

- Samsonite is the only travel product company in the world to have use of Curve® technology. This new concept in thermoplastics is extremely lightweight and offers exceptional resistance to impact.
- An innovative woven layering technique makes Curve® one of the strongest, lightest and most scratch-resistant materials available. Curve® is a registered trademark of Propex Fabrics, Germany. The shell form and process is patented by Samsonite.



AVAILABLE COLOURS

## 3) SOFT LUGGAGE

- B-LITE FRESH

The incredible lightness of a bag in a fun, casual and colourful style.

**NAME** : SPINNER 55

CODE : V97 (X) XX 004

SIZE : 37 X 55 X 21

ALSO AVAILABLE IN SIZES :

| | |
|---|---|
| SPINNER 67 | 43 X 67 X 27 |
| SPINNER 79 | 48 X 79 X 31 |

FEATURES :

- Super lightweight
- Attractive looking line for the young traveller.
- Bottom protection for handling with ease.

AVAILABLE COLOURS :

## 4) SMALL BAGS

- COTAN

  This sleek and light weight business collection is a reliable companion for the business traveller who wants to arrive in style, yet fully equipped to do business.

**NAME** : TOTE BAG M

CODE : Z65 (X) XX 008

FEATURES :

- Flat pocket at the back with hidden magnet
- Detachable laptop sleeves
- Front organization pocket

AVAILABLE COLOURS :

BLACK

## 5) BRIEFCASE

- FOCUSULTRA
  Hard side business case offering durability and security. Thanks to intelligently designed shapes and features, where your important documents and papers will never be safer than when they're neatly tucked into the Samsonite Hard Business Cases.

**NAME** : FOCUS ULTRA ATTACHE 9 CM

CODE : 5A2 (X) XX 009

SIZE : 46 X 40 X 09

ALSO AVAILABLE IN SIZES :

| | |
|---|---|
| ATTACHE 11 CM | 46 X 40 X 11 |

FEATURES :

- Super tough ABS shells with glass fibre reinforced polyamide frame
- “ Right – side- up” feature prevents the case from being opened when upside down
- Special interior compartments for pens & computer diskettes
- Adjustable portfolio for optimum organization

AVAILABLE COLOURS :

| BRONZE | JET BLACK |
|---|---|

## 6) LAPTOP BAGS

- COTANLEATHER

  A lightweight and reliable companion for the business traveller who wants to arrive in style. The lighter-weight design and construction makes travelling on business more enjoyable. Cotton Leather prolongs Cotton design by integrating luxury and fashionable elements. Made from full grain genuine leather, comes with stylish and smooth satin or jacquard lining

**NAME** : LAPTOP BRIEFCASE S

CODE : 64Z (X) XX 102

SIZE : 40 X 30 X 7

ALSO AVAILABLE IN SIZES :

Laptop briefcase m 41 X 32 X 11

FEATURES :

- Single compartment
- Accommodate for 14.1” laptop
- Convenient front organization pocket
- Padded laptop compartment
- Rear smart sleeve with hidden zip pocket for documents
- Carrying strap with leather shoulder pad
- 2 compartment (Front and Back) for medium
- Accommodate for 15.4”/15.6" laptop
- Fast access pocket

AVAILABLE COLOURS :

BROWN

## 7) LAPTOP STROLLEY

- CUBELITEROLLINGTOTE
  Cosmolite is our unique design collection made with the revolutionary Curv technology. This iconic collection is a bestseller thanks to the combination of its unique shape, great strength and immense lightness. Cosmolite is the strongest and lightest Samsonite ever.

**NAME** : CUBELITE ROLLING TOTE

CODE : 82Z (X) XX 001

SIZE : 46 X 41 X 21

FEATURES :

- Cushioned laptop pocket
- Soft-touch organization pockets: (phone, blackberry, business cards, pens)
- Elastic cable pockets for neat storage
- Separate, zipped personal storage compartment
- Opens partially (office) or fully (home)

AVAILABLE COLOURS :


CHAMPAGNE GRAPHITE

## 8) BACKPACK COLLECTION

- FOMMA
  Fomma has got Simple but trendy outlook, good for both daily and leisure travel made of lightweight Twill Nylon

**NAME** : FOMMA LAPTOP BACKPACK

CODE : 84Z (X) XX 003

SIZE : 33 X 40 X 14

FEATURES :

- Double compartments
- Padded laptop compartment for better protection
- Multiple organization pockets
- Front easy access zipper pocket
- Additional document compartment
- Rear smart sleeve

AVAILABLE COLOURS :

BLACK

# DEFINITION OF 'RATIO ANALYSIS'

A tool used by individuals to conduct a quantitative analysis of information in a company's financial statements. Ratios are calculated from current year numbers and are then compared to previous years, other companies, the industry, or even the economy to judge the performance of the company. Ratio analysis is predominately used by proponents of fundamental analysis.

There are many ratios that can be calculated from the financial statements pertaining to a company's performance, activity, financing and liquidity. Some common ratios include the price-earnings ratio, debt-equity ratio, earnings per share, asset turnover and working capital.

## Advantage of ratio analysis

Ratio analysis is very useful tool of management accounting. With this, we can analyze business's financial position. We also check company's short term and long term solvency with ratio analysis. Following are the main advantages of ratio analysis.

**1. Helpful in Decision Making**

All our financial statements are made for providing information. But this information is not helpful for decision making because financial statements provide only raw information. When we calculate different ratios in ratio analysis, at that time, we get useful information. I can explain it with simple example. Suppose, we calculate our interest coverage ratio which is 10times but our competitor company's interest coverage ratio is 15 times. It means capacity of the profit of our competitor company is more than us. By seeing this, we can take decisions for increasing our profitability.

**2. Helpful in Financial Forecasting and Planning**

Every year we calculate lots of accounting ratios. When we make trend of all these ratios, we can get useful information for our future forecasting and planning. From this trend, we know that we are decreasing the days for collection money from our debtors. With this information, we can make two plans. One is effective use of money which we are getting from our debtors more firstly and second we can also check the behavior of our debtors by comparing this with sales trend. Like this, there are lots of ratios which are also useful for better planning.

**3. Helpful in Co-ordination**

No company has all the strength points. Company's financial results shows some strength points and some weak points. Ratio analysis can create co-ordination between strength points and weak points.

**4. Helps in Control**

Ratio analysis can also use for controlling our business. We can easily create the standard of each financial item of our balance sheet and profit and loss account. On this basis, we can also calculate standard ratios. By comparing standard ratios with actual accounting ratios, we can find variance. These variance may be favorable and unfavorable. On this basis, we can control our business from financial point of view.

**5. Helpful for Shareholder's decisions**

For example, I am a shareholder. I want to invest in any company's shares. Before buying any company's shares, I will be interested to know company's long term solvency. So, I have to calculate long term solvency ratios. In which, I have to calculate fixed assets to net worth ratio, fixed assets to long term debt ratio. On this basis, I can know the level of fixed assets and its main resource. After checking my money's security, I will be interested to know my return on this investment. ROI, EPS and DPS are most useful ratios which I can calculate for knowing this.

**6. Helpful for Creditors' decisions**

Creditors are those persons who provide goods on credit to company or provides short period loan to company. All the creditors are interested to know whether company will repay their debt or not. For this, they calculate current ratio and quick liquid ratio and average payment period. On this basis, they take decisions.

**7. Helpful for employees' decisions**

Every employee wants to increase his salary. He also wants to get more and more incentives from company. For this, he takes help from company's profitability ratios. Profitability ratios will be helpful for employees to pressure on the company for increasing their salary.

**8. Helpful for Govt. decisions**

Different companies analyze their accounting ratios and publish on the net and print newspapers. Govt. collects all these information. On this basis, Govt. makes policies. If ratios will wrong, Govt. policies will become wrong. For example, Govt. collects income data of all companies in different industries for calculation the national income.

## Limitation of ratio analysis

1. While ratio analysis can be great for comparison between companies, however if there is only one company then ratio analysis can be misleading.

2. Since ratio analysis is done from the data in the financial statements like profit and loss and balance sheet, in case of any mistakes in those financial statements will reflect in the ratios also.

3. Since Ratios are easy to manipulate they are misused by managers for window dressing; window dressing refers to presenting of better picture of the company than what it is.

4. Ratio analysis does not take into account the qualitative factors; it only presents the figures as they are. So for example it may possible that company may have higher current ratio indicating that liquidity position of the company is good, however if large portion of those current asset includes inventory then it does not mean a sound liquidity position.

5. Ratios are not same for everybody that is different people have different perception regarding the ratios. So a current ratio of 2:1 may be good for some people, however some people may think it is not adequate.

**Ratio analysis** is used to evaluate relationships among financial statement items. The ratios are used to identify trends over time for one company or to compare two or more companies at one point in time. Financial statement ratio analysis focuses on three key aspects of a business: liquidity, profitability, and solvency.

**Ratio are classify into following**:-

- Financial Ratio/ Liquidity Ratio (short term solvency)
- Profitability ratio (related to sales)
- Turnover Ratio (performance ratios)
- Leverage Ratio (long term solvency)
- Overall Return/other Profitability(Related to investment)

# TYPES OF RATIO

- **On the bases of nature**
  - **Trading and P & L A/C ratio**
  - **Balance sheet ratio**
  - **Composite/combine ratio**
- **On the bases of function**
  - **Liquidity ratio**
    - **Current ratio**
    - **Liquid ratio**
    - **Absolute cash ratio**
  - **profitability ratio**
    - **gross profit ratio**
    - **net profit ratio**
    - **operating profit ratio**
  - **activity ratio**
    - **Inventory turnover ratio**
    - **Debtor turnover ratio**
    - **Working capital turnover ratio**
    - **Fixed asset turnover ratio**
    - **Creditor turnover ratio**
  - **capital structure ratio**
    - **Debt equity ratio**
    - **Debt to total funds ratio**
    - **Equity to total funds ratio**
    - **Capital gearing ratio**
    - **Proprietary ratio**
  - **overall return ratio**
    - **return on equity**
    - **EPS**
    - **DPS**
    - **Interest coverage ratio**

## 1. LIQUIDITY RATIOS

| | Ratio | Formula | Numerator | Denominator | Indicator |
|---|---|---|---|---|---|
| **1.** | Current ratio | $\frac{\text{Current assets}}{\text{current liabilities}}$ | Inventories/stock<br><br>(+)debtors & B/R<br>(+)cash & bank<br>(+)receivables<br>(+)short term loans<br>(+)marketable investment/short term securities | Sundry creditors(for goods)<br>(+)outstanding expenses<br>(+)short term loans & advance(Cr)<br>(+)bank overdraft/cash credit<br>(+)provision for taxation<br>(+)proposed dividend<br>(+)unclaimed dividend | Ability to repay short term commitments promptly. Ideal ratio indicates existence of idle current assets. |
| **2.** | Quick ratio | $\frac{\text{Quick asset}}{\text{Quick liabilities}}$ | Current asset<br>(-) inventories<br>(-) prepaid expenses | Current Liabilities<br>(-) bank overdraft<br>(-)cash credit | Ability to meet immediate liabilities. Ideal ratio is 1.33:1 |
| **3.** | Absolute cash ratio | $\frac{\text{(cash+marketable securities)}}{\text{current liabilities}}$ | Cash in hand<br>(+)balance at bank(Dr)<br>(+)marketable investment/short term securities | Sundry creditors(for goods)<br>(+)outstanding expenses<br>(+)short term loans & advance(Cr)<br>(+)bank overdraft/cash credit<br>(+)provision for taxation<br>(+)proposed dividend<br>(+)unclaimed dividend | Availability of cash to meet short term commitments. There is no ideal ratioas such. However, aratio >1 may indicate that the firm has liduid resources, which are low in profitability. |

## 2. PROFITABILITY RATIO

| | Ratio | Formula | Numerator | Denominator | Indicator |
|---|---|---|---|---|---|
| **1.** | Gross profit ratio | Gross profit / sales | Gross profit as per trading account | Sales net of returns. | Indicator of basic profitability |
| **2.** | Net profit ratio | Net profit / Sales | Net profit as per profit & loss account. | Sales net of returns | Indicator of overall profitability |
| **3.** | Operating profit ratio | operating profit / Sales | Net profit as per P&L account<br>(+) non-operating expenses<br>(-)non-operating incomes<br>(rents,Interest&dvds) | Sales net of returns | Indicator of operating performance of business. |

## 3. TURNOVER RATIO

| | Ratio | Formula | Numerator | Denominator | Indicator |
|---|---|---|---|---|---|
| **1.** | Debtor turnover ratio | $\frac{\text{Cr. Sales}}{\text{Avg. accounts receivable}}$ | Credit sales net of returns | Account receivable = debtors+B/R.<br>Avg. accounts receivable= (opening bal. + closing bal.)/2 | Indicates te speed of collection of credit sales/ debtors. |
| **2.** | Creditor turnover ratio | $\frac{\text{Cr. Purchase}}{\text{Avg. accounts payable}}$ | Credit purchases net of return, if any | Account payable = creditors+B/P.<br>Avg. accounts receivable= (opening bal. + closing bal.)/2 | Indicates speed of payment to creditors. |
| **3.** | Working capital turnover ratio | $\frac{\text{Turnover}}{\text{Net working capital}}$ | Sales net of returns | Current assets – current liabilities | Ability to generate sales per rupee of working capital |
| **4.** | Fixed assets turnover ratio | $\frac{\text{Turnover}}{\text{Net fixed assets}}$ | Sales net of returns | Net fixed assets | Ability to generate sales per rupee of long term investment. |

## 4. LEVERAGE RATIO

| | Ratio | Formula | Numerator | Denominator | Indicator |
|---|---|---|---|---|---|
| **1.** | Debt to total funds ratio | Debt / Total fund | Debenture + long term loans | Debt + Equity of firm | Indicator of use of external funds, ideal ratio is 67% |
| **2.** | Debt equity ratio | Debt / Equity | Debenture + long term loans | Equity capital + preference capital+ Reserves and Surplus | Indicates the relationship between debt & equity ideal ratio is 2:1 |
| **3.** | Equity to total funds ratio | Equity / Total funds | Equity capital + preference capital+ Reserves and Surplus | Debenture + long term loans | Indicate long term solvency mode of financing extent of own funds used in operations. Ideal ratio is 33%. |
| **4.** | Capital gearing ratio | Fixed charge bearing capital / Equity shareholder's funds | preference capital+ Debentures+ Long Terms loans | Equity – preference share capital | Shows proportion of fixed change bearing capital to equity funds the extent of advantage or leverage enjoyed by equity shareholders. |
| **5.** | Proprietary ratio | Propriety funds / Total assets | Equity Capital + Preference Capital + Reserves & Surplus | Net Fixed Assets + Total Current Assets | Shows extent of owner's funds i.e. shareholder's fund utilized in financing the assets of the business. |

## 5. OVERALL RETURN RATIO

| | Ratio | Formula | Numerator | Denominator | indicator |
|---|---|---|---|---|---|
| **1.** | Return on investment ratio | $\frac{\text{Total earnings}}{\text{Capital employed}}$ | Total earnings | Capital employed | Overall profitability of the business on the total funds employed. If ROI > interest rate use of debt funds is justified. |
| **2.** | Earnings per share | $\frac{\text{profit after Tax}}{\text{number of share outstanding}}$ | profit after Tax | number of share outstanding | Return or income per share whether or not distributed as dividends. |
| **3.** | Dividend per share | $\frac{\text{Earning paid to shareholders(dividends)}}{\text{no. of ordinary shares outstanding}}$ | Earning paid to shareholders(dividends | no. of ordinary shares outstanding | Amount of profits distributed as dividends |
| **4.** | Interest coverage ratio | $\frac{\text{EBIT}}{\text{Interest}}$ | EBIT(earnings before interest and tax) | Interest | Indicate ability to meet interest obligation of the current year. Should generally be greater than 1. |

## 1. LIQUIDITY RATIO

### a) Current Ratio = current assets / current liabilities

Following is the four year's current ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Current assets | 1,552,969,404 | 1,396,471,007 | 1,981,475,333 | 2,762,643,748 |
| Current liabilities | 1,350,669,448 | 1,273,661,232 | 1,883,740,732 | 2,603,363,823 |
| Current ratio | 1.14 | 1.09 | 1.05 | 1.06 |

**Table 1: Current Ratio**

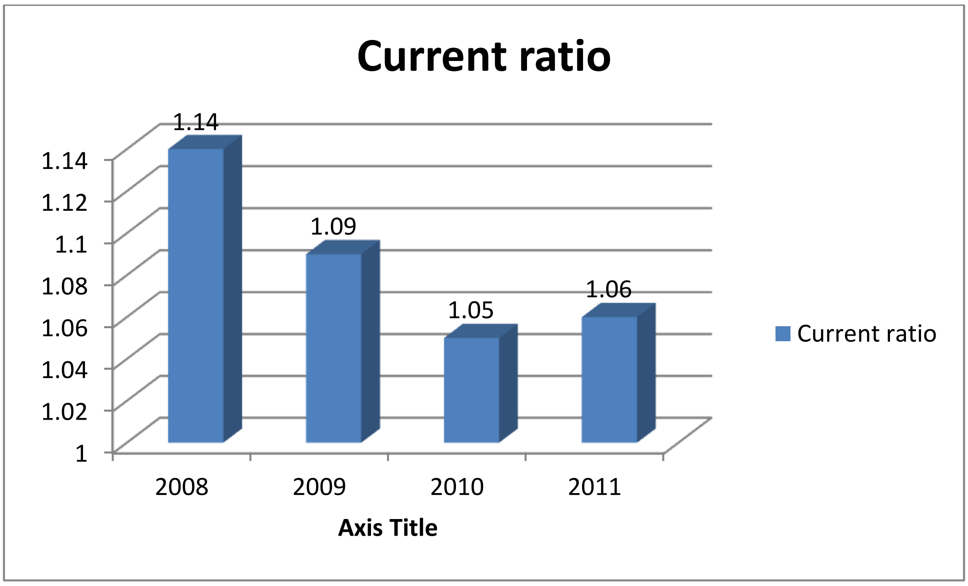



**Chart 1: Current Ratio**

## Interpretation:

Above Table & chart shows the details of Current ratio, in 2008 it was 1.14 while in 2011 it is 1.06 means it decreases up to 6.96% from 2008 to 2011.

**Data analysis:-**

Current ratio shows the ability to repay short term commitments of company as per standard it should be 2:1 but companies current ratio bellow the standard which means companies repayment ability less than standard.

**b) Quick ratio = (current assets – inventories)/ current liabilities**

Following is the four year's liquid assets trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Total L.A | 1,096,149,516 | 913,996,645 | 1,203,095,543 | 1,729,291,963 |
| Total L.L | 1,044,915,638 | 1,150,008,934 | 1,689,959,062 | 2,232,965,527 |
| Liquid Ratio | 1.05 | 0.79 | 0.71 | 0.77 |

**Table 2: Quick Ratio**

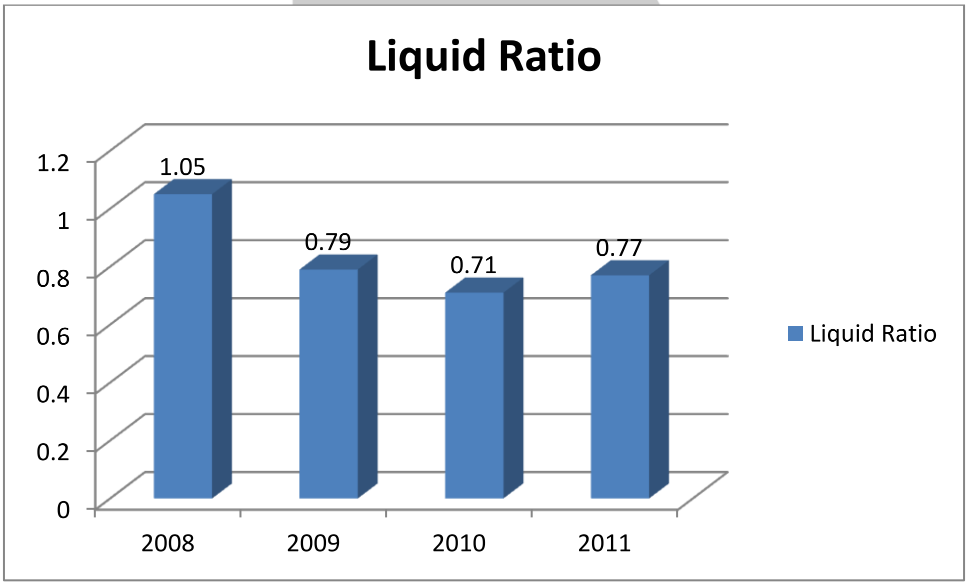



**Chart 2:Quick ratio**

## Interpretation:

Above table & shows the details of Quick ratio, in 2008 it was 1.05 while in 2011it is 0.77 means it decreases up to 26.67% from 2008 to 2011.

**Data analysis**:-

The quick ratio shows the ability to meet immediate liabilities. Ideal ratio is 1:1but in 2011 the quick ratio is bellow the standard which means company's ability to meet immediate liabilities is less than the standard.

### c) Absolute Cash Ratio = (Cash + marketable securities)/Current liabilities

Following is the four year's Absolute Cash Ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Cash+marketable securities | 66,031,954 | 77,834,669 | 106,813,554 | 76,299,237 |
| Current liabilities | 1,350,669,448 | 1,273,661,232 | 1,883,740,732 | 2,603,363,823 |
| Absolute Cash Ratio | 0.05 | 0.06 | 0.06 | 0.03 |

**Table 3 : Absolute Cash Ratio**

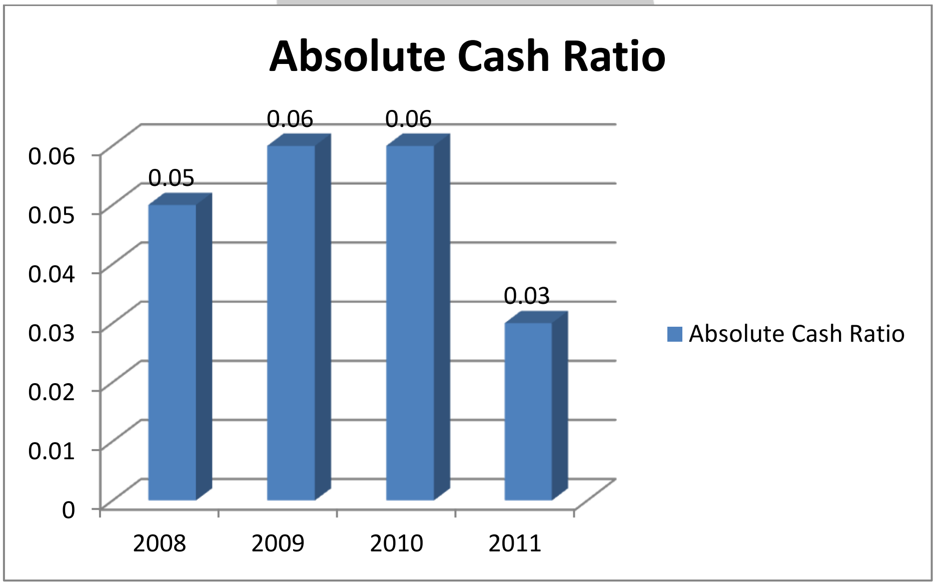



**Chart 3: Absolute Cash Ratio**

## Interpretation:

Above table & shows the details of Absolute cash ratio, in 2008 it was 0.05 while in 2011 it is 0.03 means it decreases up to 40% from 2008 to 2011.

**Data Analysis** :- the absolute cash ratio show the availability of cash to meet short term commitment. There is no ideal ratio as such however, a ratio >1 indicate that the firm has liquid resources. Which are low in profitability, but the ratio in less than 1 which means that the company does not have sufficient liquid resources.

## 1. Profitability Ratio

### a) Gross profit ratio =( gross profit / net sale) /100

**Gross profit = sale – cost of goods sold**

Following is the four year's Gross profit ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Gross profit | 1,287,952,214 | 1,566,438,302 | 1,935,292,460 | 2,733,609,942 |
| Net sale | 3,291,219,761 | 2,793,076,692 | 4,240,642,368 | 5,873,153,706 |
| G.P Ratio (%) | 48.70 | 46.78 | 45.63 | 46.50 |

**Table 5: Gross profit ratio**

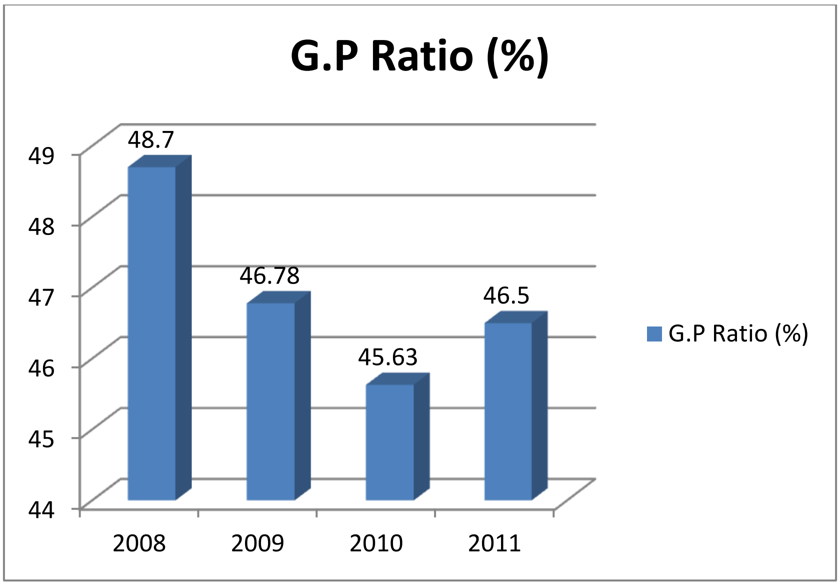



**Chart 5: Gross profit ratio**

## Interpretation:

Above table & shows the details of Gross profit ratio, in 2008 it was 48.70% while in 2011 it is 46.50% means it decreases up to 4.51% from 2008 to 2011.

**Data analysis:-**

The gross profit ratio shows the basic profitability of the company. The ratio is decrease in 2011 therefore the company has less basic profitability in this year.

.

b) **Net profit ratio = Profit after tax /Net sales**

Following is the four year's Net profit ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Net profit | 371,721,103 | 164,819,493 | 219,704,589 | 313,678,389 |
| Net sales | 3,216,180,021 | 2,753,213,990 | 4,240,642,368 | 5,873,153,706 |
| N.P Ratio (%) | 11.55 | 5.98 | 5.18 | 5.34 |

**Table 6: Net profit ratio**

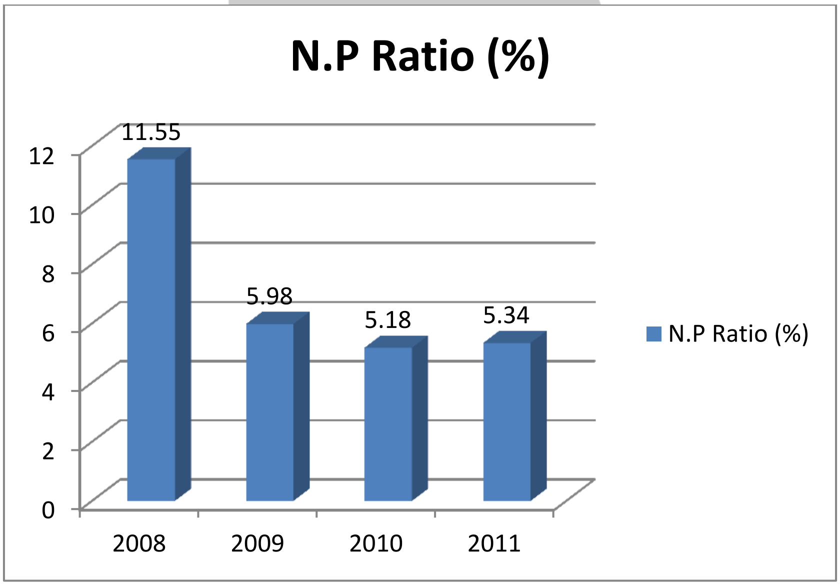



**Chart 6: Net profit ratio**

**Interpretation:**



Above table & shows the details of Net profit ratio, in 2008 it was 11.55% while in 2011 it is 5.34% means it decreases up to 53.77% from 2008 to 2011.

**Data analysis**:- the net profit ratio shows the overall profitability of the company. The ratio is decrease in 2011 therefore the company has less overall profitability in this year.

### c) Operating profit Ratio = Operating Expenses / Net sales

**Operating expenses = cost of goods sold + selling administrative expenses**

Following is the four year's Operating profit ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Operating Expenses Ratio | 2,385,872,851 | 2,170,480,351 | 3,470,511,136 | 4,791,666,132 |
| Net sales | 3,216,180,021 | 2,753,213,990 | 4,240,642,368 | 5,873,153,706 |
| O.E Ratio(%) | 74.18 | 78.83 | 81.83 | 81.50 |

**Table 7: Operating profit Ratio**

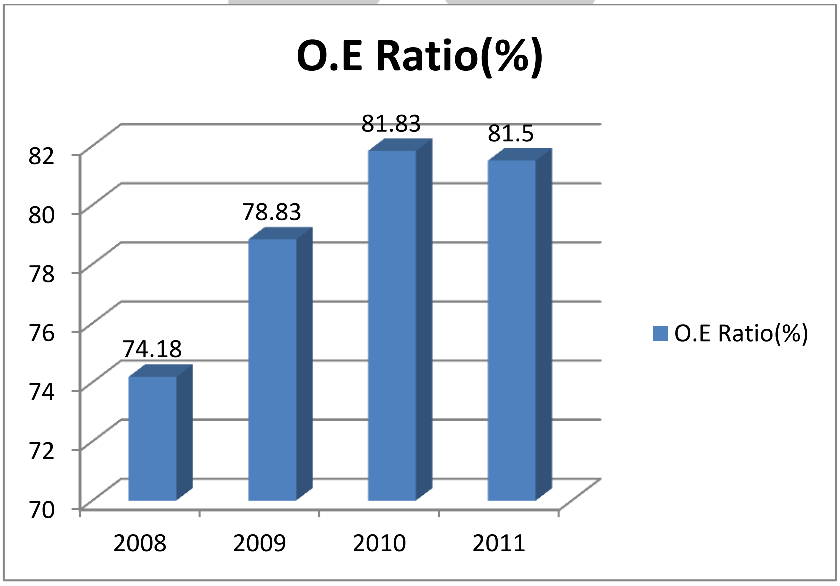



**Chart 7: Operating profit Ratio**

## Interpretation:

Above table & shows the details of Operating profit ratio, in 2008 it was 74.18% while in 2011 it is 81.50% means it increase up to 9.87% from 2008 to 2011.

**Data analysis: -** The operating profit ratio is Indicators of Operating performance of business. The ratio is increase in 2011 therefore the company has a good operating performance.

2. **Turnover/activity ratios Ratio**

a) **Inventory turnover ratio = Cost of goods sold / average inventory**

**Average inventory = (opening inventory + closing inventory)/2**

Following is the four year's Inventory turnover ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Cost of goods sold | 1,649,741,719 | 1,465,261,776 | 2,305,349,908 | 3,139,543,764 |
| Average inventory | 364,863,305 | 395,352,645 | 518,531,362 | 744,853,593 |
| Inventory turnover ratio | 4.52 | 3.70 | 4.45 | 4.20 |
| No. of days of inventory holding | 80 | 97 | 81 | 86 |

**Table 8: Inventory turnover ratio**

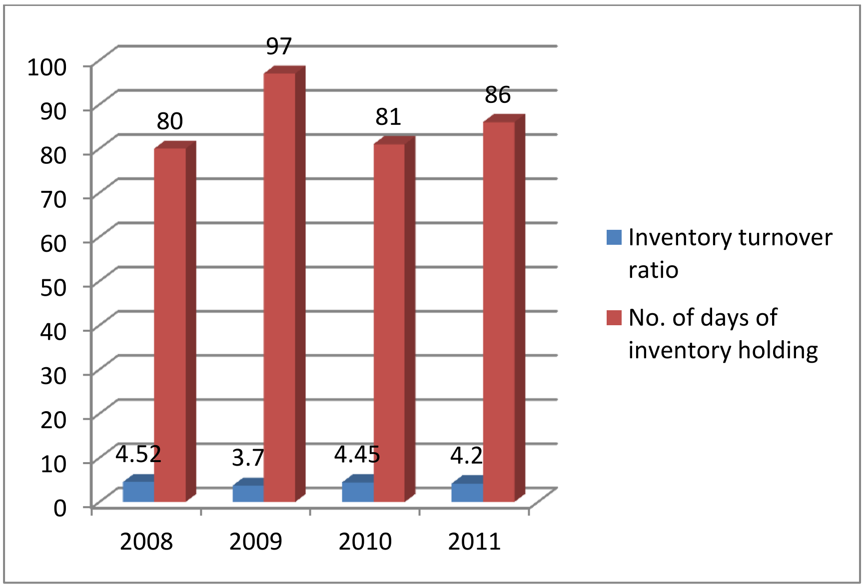





**Chart 8: Inventory turnover ratio**

## Interpretation:

Above table & shows the details of Inventory turnover ratio, in 2008 it was 4.52 while in 2011 it is 4.21 means it decreases up to 6.86% from 2008 to 2011.And the number of days of holding inventory was 80 days in 2008 and it was increase in 2011 upto 86 days.

**Data analysis**:- Ideally the ratio needs to be on the higher side so the number of days average inventory holding id less. The ratio can be increased if the average inventory being held by the company is reduced. But the ratio decrease in 2011 therefore the number of holding of a company is more.

b) **Debtors Turnover Ratio = Credit Sales/ average debtors**

**Average collection period = 360 / Debtors Turnover Ratio**

Following is the four year's Debtors Turnover Ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Credit sales | 3,216,180,021 | 2,753,213,990 | 4,240,642,368 | 5,873,153,706 |
| Average debtors | 554,124,692 | 670,579,196 | 619963061.5 | 952,237,342 |
| Debtors turnover ratio | 4.26 | 4.10 | 6.84 | 6.17 |
| Average collection period | 85 | 88 | 53 | 58 |

**Table 9: Debtors Turnover Ratio**

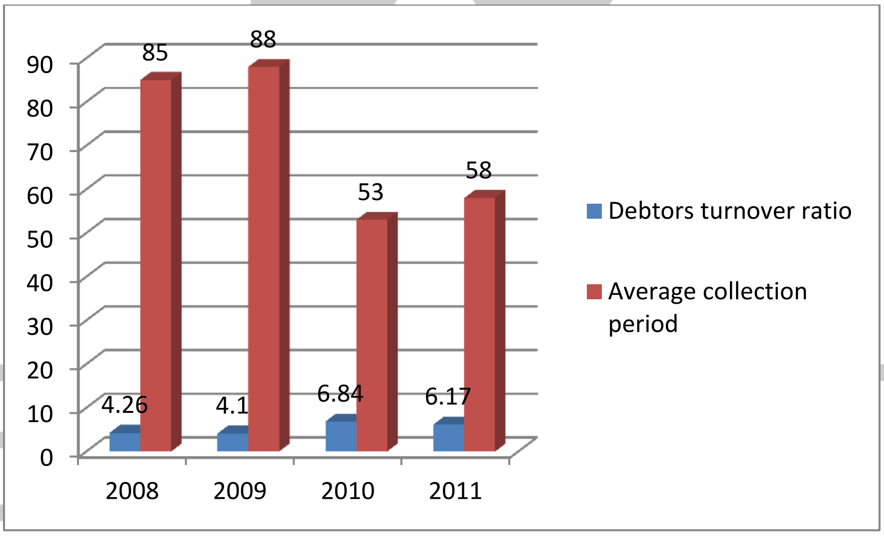



**Chart 9: Debtors Turnover Ratio**



## Interpretation:

Above table & chart shows the details of Debtors Turnover ratio, in 2008 it was 4.26 while in 2011 it is 6.17 means it increases up to up to 44.83% from 2008 to 2011. And the average collection period in 2008 was 85 days which decrease in 2011 upto 58 days.

**Data analysis: -** This ratio indicates speed of collection of credit sales or debtors. The company has less collection period in 2011 from 2008. It shows that the company has good collection period in comparison of 2008.

c) **Working capital turnover ratio = cost of goods / working capital**

**Net working capital = Current Assets – Current liabilities**

Following is the four year's Working capital Turnover Ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Cost of goods sold | 1,649,741,719 | 1,465,261,776 | 2,305,349,908 | 3,139,543,764 |
| Working capital | 1,350,669,448 | 122,809,775 | 97,734,601 | 159,279,925 |
| W.C.T Ratio | 6.53 | 11.93 | 23.59 | 19.71 |

**Table 10: Working capital turnover ratio**

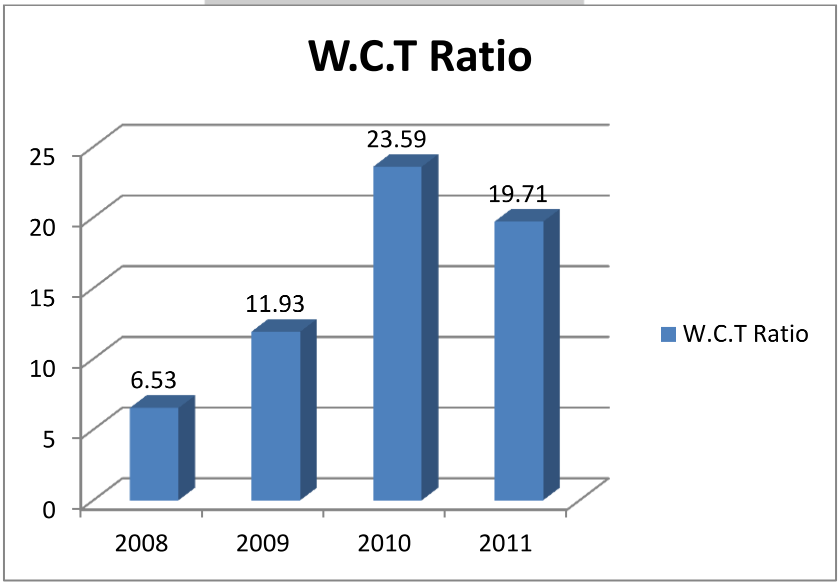



**Chart 10: Working capital turnover ratio**



## Interpretation:

Above table & chart shows the details of Working capital turnover ratio, in 2008 it was 6.53 while in 2011 it is 19.71 means it increases up to up to 201% from 2008 to 2011.

**Data analysis: -** this ratio shows ability to generate sales per rupee of working capital. A high or increasing working capital turnover is usually a positive sign, showing the company is better able to generate sales from its working capital. Therefore the ratio increases in 2011 which shows that the company able to generate sales from its working capital.

**d) Fixed Assets Turnover Ratio = cost of goods sold/ net fixed assets**

Following is the four year's Fixed Assets Turnover Ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Cost of goods sold | 1,649,741,719 | 1,465,261,776 | 2,305,349,908 | 3,139,543,764 |
| Net fixed ratio | 521,756,160 | 463,999,023 | 465,900,649 | 550,041,695 |
| F.A.T Ratio | 3.16 | 3.15 | 4.95 | 5.71 |

**Table 11: Fixed Assets Turnover Ratio**

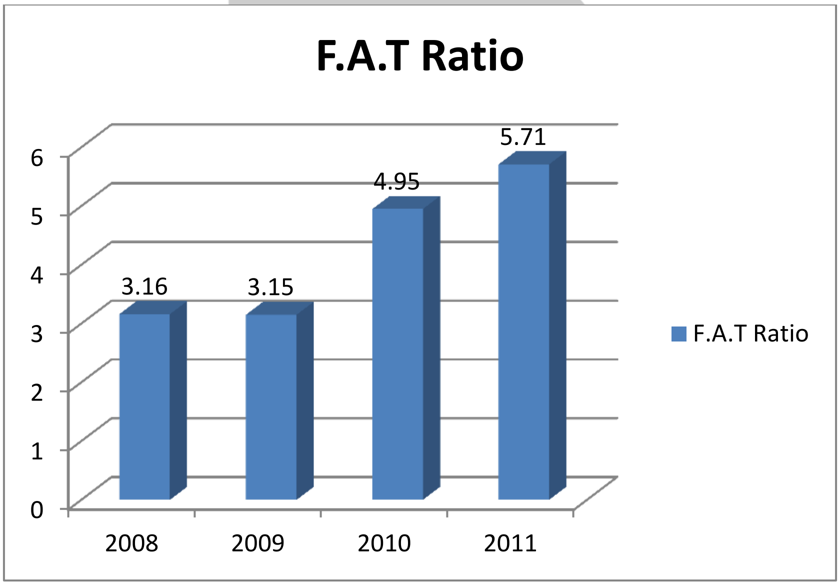



**Chart 11: Fixed Assets Turnover Ratio**

## Interpretation:



Above table & chart shows the details of Fixed Assets Turnover ratio, in 2008 it was 3.16 while in 2011 it is 5.71 means it increases up to 80.69% from 2008 to 2011.

**Data analysis**: - The fixed asset turnover ratio measures the company's effectiveness in generating sales from its investments in plant, property, and equipment. The company has a high ratio therefore the company has ability to generate sales per rupee of Fixed assets.

e) **Creditor turnover Ratio = creditor Purchase / Average Creditors**

**Average Payment Period = 360/ Creditor Turnover Ratio**

Following is the four year's Creditor turnover Ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| creditor Purchase | 1,735,050,005 | 1,440,929,170 | 2,576,039,948 | 3,321,498,186 |
| Average Creditors | 776,456,020 | 805,233,900 | 987,946,683 | 817,234,395 |
| Creditor turnover Ratio | 2.23 | 1.79 | 2.61 | 2.52 |
| Average Payment Period | 161 | 201 | 138 | 143 |

**Table 12: Creditor turnover Ratio**

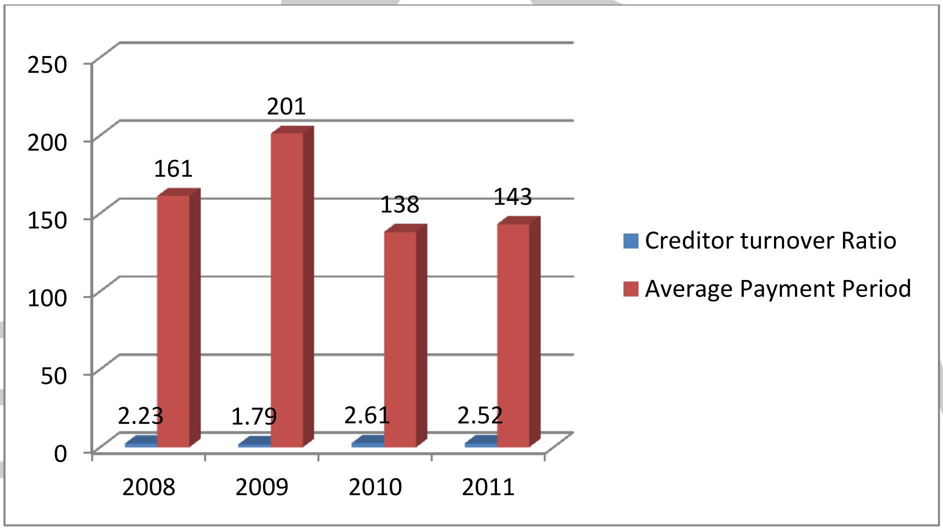



**Chart 12 : Creditor turnover Ratio**

## Interpretation:

Above table & chart shows the details of Creditor turnover ratio, in 2008 it was 2.23 while in 2011 it is 2.52 means it increases up to up to 13% from 2008 to 2011.And the average payment period in 2008 was 161 days which decrease in 2011 upto 143days.

**Data analysis**: - Indicate speed or velocity of payments of creditors. In 2011 the company less payment period in comparison of 2008, it shows that the company has less payment period in 2011.

### 3. Leverage Ratio (long term solvency)

**a) Debt to Total fund ratio = total debt/ total funds**

**Total funds = Debt + Equity of firm**

**Total debt = Debenture + long term loans**

Following is the four year's Debt to Total fund ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Debt (secured+ unsecured) | 305,753,810 | 123,622,298 | 193,781,661 | 370,378,296 |
| Total Funds (equity + debts) | 992,127,300 | 684,184,504 | 745,643,132 | 1,090,606,765 |
| Debt to Total fund ratio | 0.31 | 0.18 | 0.26 | 0.34 |

**Table 13: Debt to Total fund ratio**

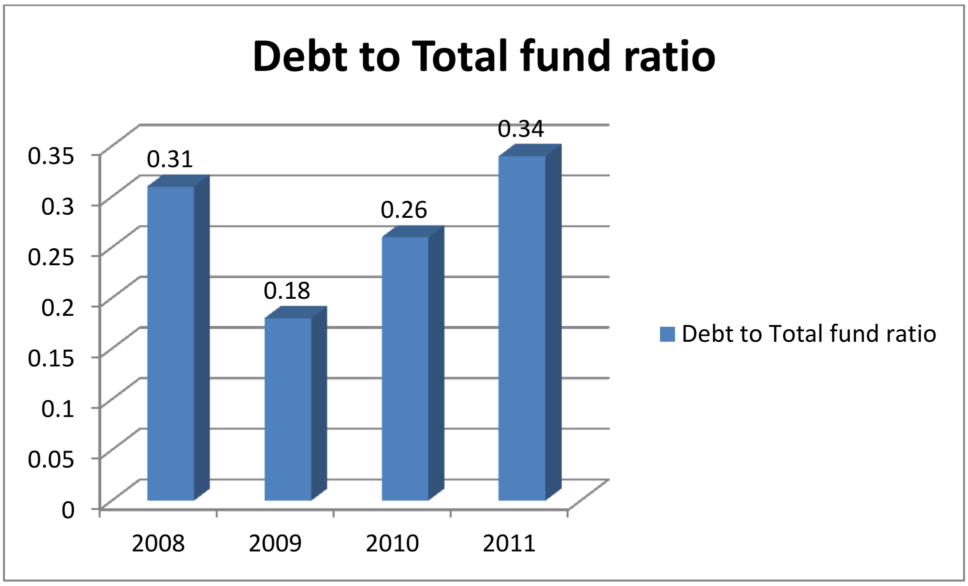



**Chart 13: Debt to Total funds ratio**

## Interpretation:

Above table & chart shows the details of Debt to total funds ratio, in 2008 it was 0.31 while in 2011 it is 0.34 means it increase up to up to 9.67% from 2008 to 2011.

**Data analysis**: - Debt to total funds ratio shows the proportion of long term funds, which have been raised by way of loans. A higher proportion is not considered good and treated an indicator of risky long term financial position of the business. It indicates that the business depends too much upon outsider's loans. Therefore in 2011 the ratio is high which shows that the company is depends on outsider's loan.

**b) Equity to Total funds Ratio = Equity / total funds**

**Equity = Equity capital + preference capital+ Reserves and Surplus**

**Total funds = Debt + Equity of firm**

Following is the four year's Equity to total funds Ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Equity | 686,373,490 | 560,532,206 | 551,860,471 | 720,208,471 |
| Total Funds (equity + debts) | 992,127,300 | 684,184,504 | 745,643,132 | 1,090,606,765 |
| Equity to Total funds Ratio | 0.69 | 0.82 | 0.74 | 0.66 |

**Table 14: Equity to Total funds Ratio**

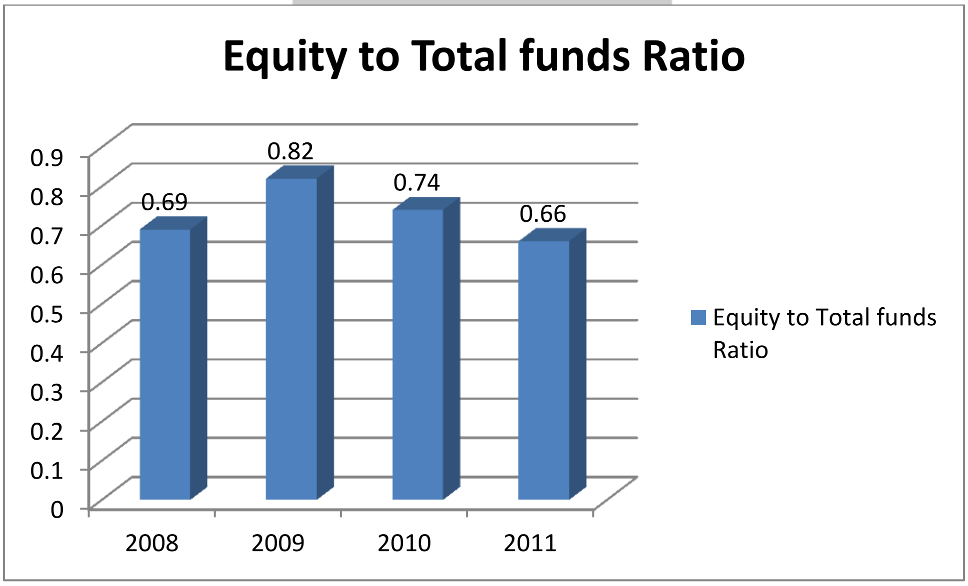



**Chart 14: Equity to Total funds Ratio**



## Interpretation:

Above Table & Chart shows the details of Equity to total funds ratio, in 2008 it was 0.69 while in 2011 it is 0.66 means it decrease up to 4.34% from 2008 to 2011.

**Data analysis:-** Ideally the ratio should be 33%. Going by the company's trend the ratio is much higher.

c) **Debt to equity ratio = Debt/ Equity**

**Total debt = Debenture + long term loans**

**Equity = Equity capital + preference capital+ Reserves and Surplus**

Following is the four year's Debt to equity ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Debt | 305,753,810 | 123,622,298 | 193,781,661 | 370,378,296 |
| Equity | 686,373,490 | 560,532,206 | 551,860,471 | 720,208,471 |
| Debt to equity ratio | 0.45 | 0.22 | 0.35 | 0.51 |

**Table 15: Debt to equity ratio**

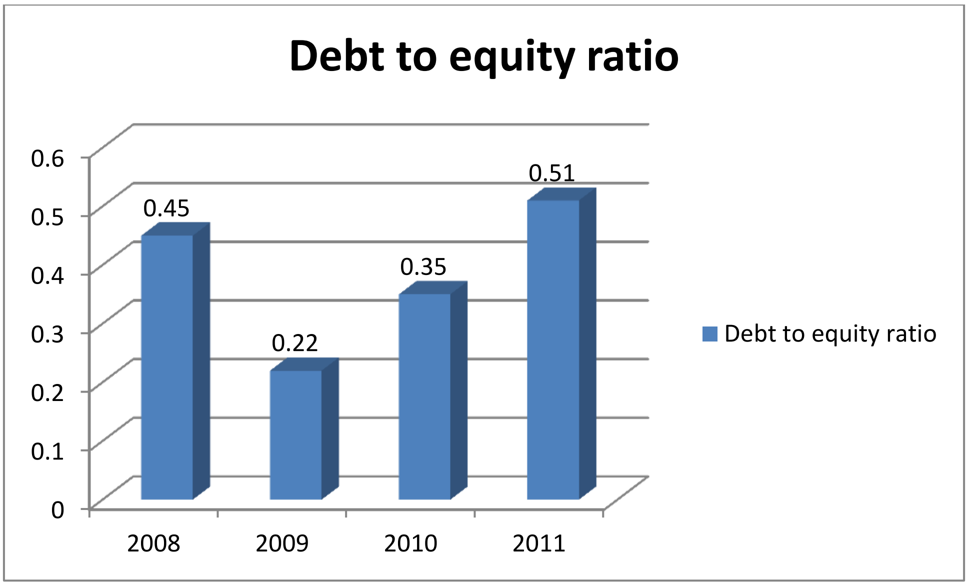



**Chart 15: Debt to equity ratio**

## Interpretation:

Above Table & Chart shows the details of Debt to equity ratio, in 2008 it was 0.45 while in 2011 it is 0.51 means it increases up to 13.33% from 2008 to 2011.

**Data analysis: -** Ideally the ratio should be 2:1. The ratio for the firm is much lower than needed. This is primarily due to much funding using equity and lesser use of debt capacity.

The company needs to strike a proper balance between equity and debt.

**d) Capital Gearing Ratio = Fixed Charge Bearing Capital/ Equity Shareholder's funds**

**Fixed Charge Bearing Capital = preference capital+ Debentures+ Long Terms loans**

Following is the four year's Capital Gearing Ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Fixed Charge Bearing Capital | 305,753,810 | 123,622,298 | 193,781,661 | 370,378,296 |
| Equity Shareholder's funds | 686,373,490 | 560,532,206 | 551,860,471 | 720,208,471 |
| Capital Gearing Ratio | 0.45 | 0.22 | 0.35 | 0.51 |

**Table 16: Capital Gearing Ratio**

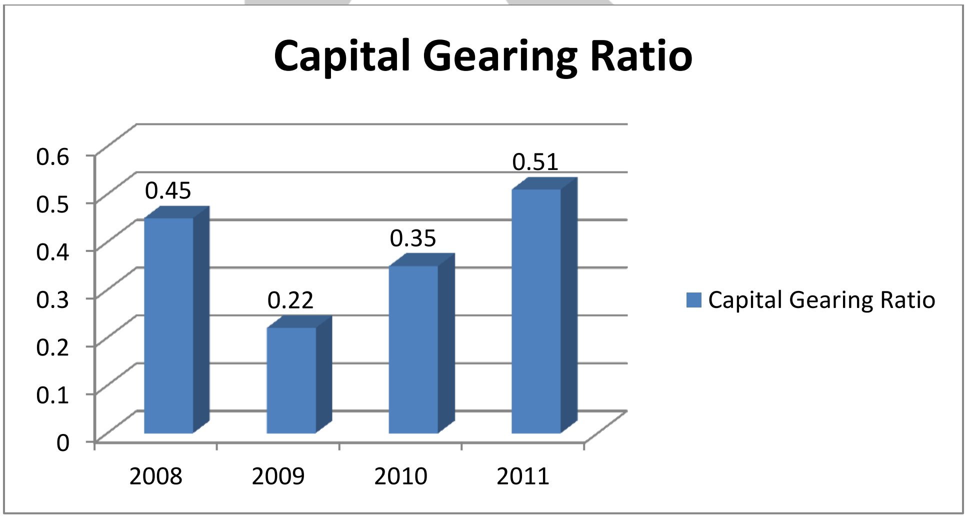





**Chart 16: Capital Gearing Ratio**

## Interpretation:

Above Table & Chart shows the details of Capital Gearing ratio, in 2008 it was 0.45 while in 2011 it is 0.51 means it increases up to 13.33% from 2008 to 2011.

**Data analysis**:- A proper capital gearing is very important for the smooth running of the enterprise it affects the profitability of concern. A low geared company, the fixed cost of capital will be lower and the equity shareholders will get a higher profit by way of dividend and in case of high gearing the fixed cost of capital will be higher and the profits to be distributed to the equity shareholders will be lower. Therefore the ratio is higher in 2011 which means that the fixed cost of capital will be higher and the profits to be distributed to the equity shareholder will be lower.

e) **Proprietary Ratio = Proprietary Funds / Total Assets**

**Proprietary Funds = Equity Capital + Preference Capital + Reserves & Surplus**

**Total Assets = Net Fixed Assets + Total Current Assets**

Following is the four year's Proprietary Ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Proprietary Funds | 686,373,490 | 560,532,206 | 551,860,471 | 720,208,471 |
| Total Assets | 1,029,809,926 | 710,461,096 | 757,416,920 | 1,079,719,916 |
| Proprietary Ratio | 0.66 | 0.79 | 0.66 | 0.67 |

**Table 17: Proprietary Ratio**

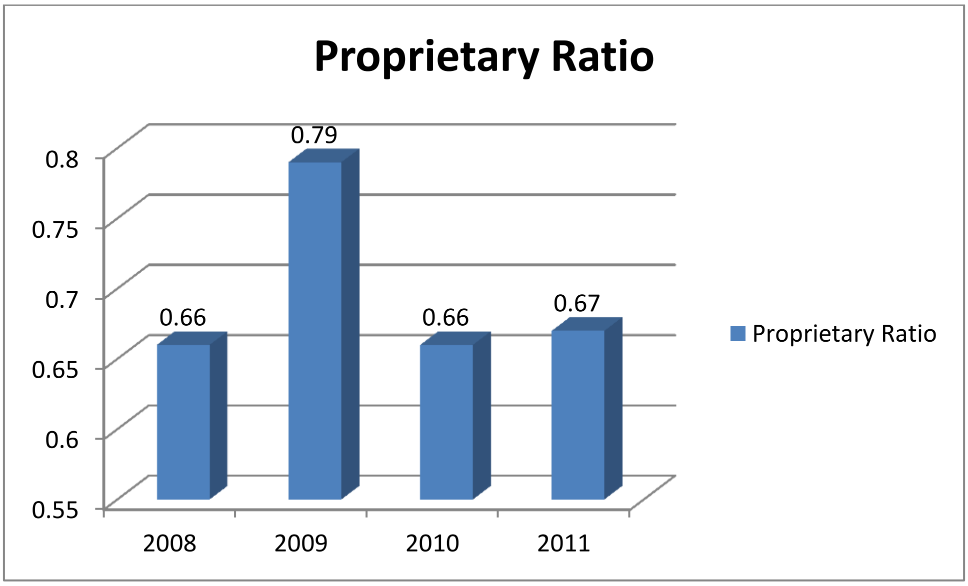



**Chart 17: Proprietary Ratio**

## Interpretation:

Above Table & Chart shows the details of Proprietary ratio, in 2008 it was 0.66 while in 2011 it is 0.67 means it increases up to 1.52% from 2008 to 2011.

**Data analysis**:- Higher the ratio means greater the satisfaction for creditors of all types. Therefore the company has higher ratio in 2011 with comparison of 2008.

## 4. Overall Return/other Profitability(Related to investment)

### a) Return on equity = Profit after Tax / Shareholder's fund

**Shareholder's fund = Equity Share Capital + Reserves & Surplus**

Following is the four year's Return on equity trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Profit after Tax | 371,721,103 | 164,819,493 | 328,960,153 | 313,678,389 |
| Shareholder's fund | 686,373,490 | 560,532,206 | 551,860,471 | 720,208,471 |
| Return on equity Ratio (%) | 54 | 29 | 59 | 43 |

**Table 18: Return on equity**

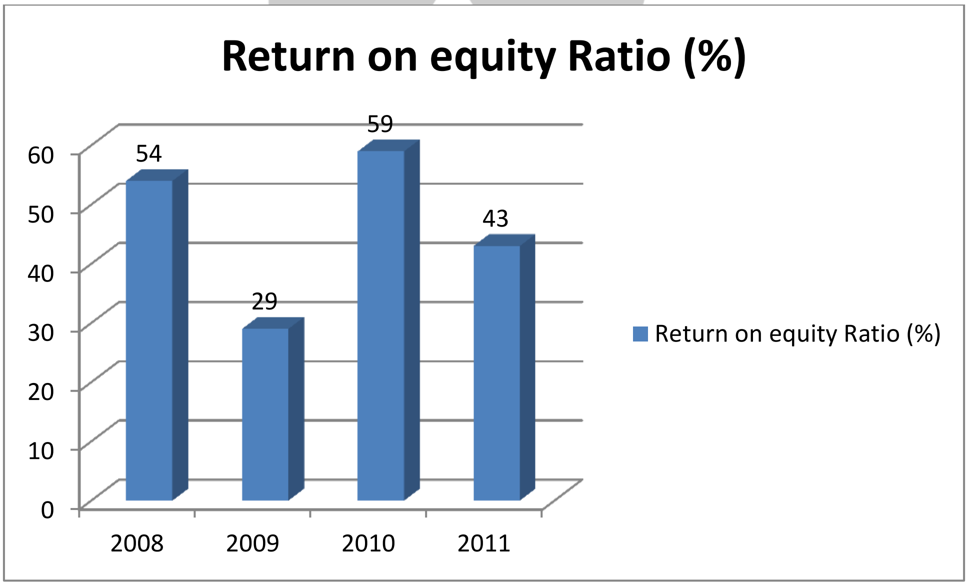



**Chart 18: Return on equity**



## Interpretation:

Above Table & Chart shows the details of Return on equity ratio, in 2008 it was 54% while in 2011 it is 43% means it decrease up to 20.37% from 2008 to 2011.

**Data analysis**:- A high ratio indicates satisfactory return for the management. In comparison with 2008 the ratio is less in 2011. Which shows satisfactory return on equity is less in 2011 with comparison for 2008.

b) **Earnings per share = profit after Tax/number of share outstanding**

Following is the four year's Earnings per share trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| profit after Tax | 371,721,103 | 164,819,493 | 219,704,589 | 313,678,389 |
| number of share outstanding | 35,491,233 | 35,491,233 | 35,491,233 | 35,491,233 |
| Earnings per share | 10.47 | 4.64 | 6.19 | 8.84 |

**Table 19: Earnings per share**

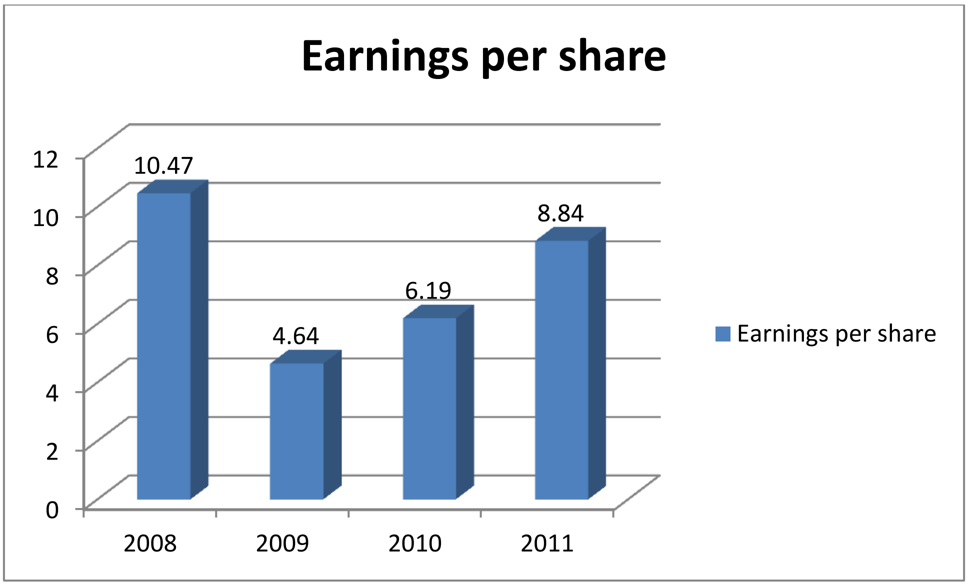



**Chart 19: Earnings per share**

## Interpretation:

Above Table & Chart shows the details of Earnings per share ratio, in 2008 it was 10.47 while in 2011 it is 8.84 means it decreases up to 15.57% from 2008 to 2011.

**Data analysis**:- The ratio indicate whether or not the firm's earnings power on per share basis has changed or not. It helps to know the earning on per share. With comparison for 2008 the earning per share is less in 2011.

c) **Dividend per Share = Earning paid to shareholders(dividends)/no. of ordinary shares outstanding**

Following is the four year's Dividend per Share trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Earning paid to shareholders | 425,894,796 | 248,438,631 | 195,201,782 | 124,219,316 |
| No.of ordinary shares | 35,491,233 | 35,491,233 | 35,491,233 | 35,491,233 |
| Dividend per Share | 12.00 | 7.00 | 5.50 | 3.50 |

**Table 20: Dividend per Share**

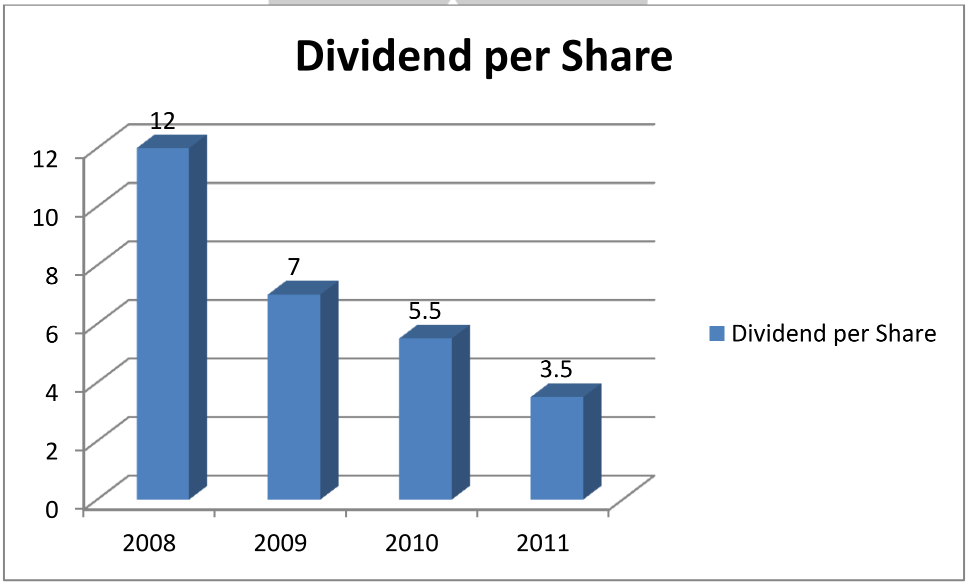



**Chart 20: Dividend per Share**

## Interpretation:

Above Table & Chart shows the details of Dividend per Share ratio, in 2008 it was 12% while in 2011 it is 3.5% means it decreases up to 70.83% from 2008 to 2011.

**Data analysis**:- DPS is better indicator than EPS as the former shows what exactly what is received by the owners. While this ratio shows that company investing profit earning in business.

**d) Interest Coverage Ratio = EBIT / Interest**

Following is the four year's Interest Coverage Ratio trend of Samsonite

| Year | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| EBIT | 593,777,995 | 272,862,640 | 366,583,114 | 538,798,487 |
| Interest | 30801165 | 29594816 | 25105321 | 72066736 |
| Interest Coverage Ratio (%) | 19.28 | 9.22 | 14.60 | 7.48 |

**Table 21: Interest Coverage Ratio**

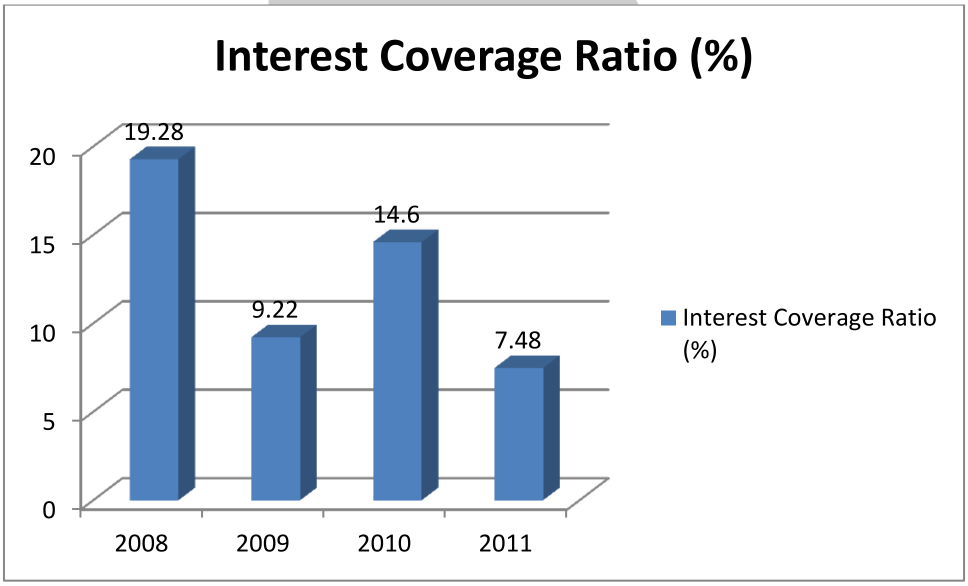



**Chart 21: Interest Coverage Ratio**

## Interpretation:

Above Table & Chart shows the details of Interest Coverage ratio, in 2008 it was 19.28% while in 2011 it is 7.48% means it decreases up to 61.20% from 2008 to 2011.

**Data analysis: -** Although a higher ratio is desirable, an extremely high ratio indicates that the firm is very conservative in using debt and that it is not using credit to its best advantage. A lower ratio is indicative of the fact that firm uses debt excessively or inefficient operations. In 2008 the company has higher ratio which means that the ratio is desirable while in 2011 the ratio is less which means the company uses debt excessively or inefficient operations.

# 5.1 FINDINGS

| Sr. No | Particular | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|
| 1 | Liquidity Ratio | | | | |
| | 1. Current Ratio | 1.14 | 1.09 | 1.05 | 1.06 |
| | 2. Liquid Ratio | 1.05 | 0.79 | 0.71 | 0.77 |
| | 3. Absolute cash ratio | 0.05 | 0.06 | 0.06 | 0.03 |
| 2 | Profitability ratio | | | | |
| | 1. Gross profit ratio | 48.70% | 46.78% | 45.63% | 46.50% |
| | 2. Net profit ratio | 11.55% | 5.98% | 5.18% | 5.34% |
| | 3. Operating profit ratio | 74.18% | 78.83% | 81.83% | 81.50% |
| 3 | Turnover ratio | | | | |
| | 1. Inventory turnover ratio | 4.52 | 3.70 | 4.45 | 4.21 |
| | 2. Debtor turnover ratio | 4.26 | 4.10 | 6.84 | 6.17 |
| | 3. Working capital turnover ratio | 6.53 | 11.93 | 23.59 | 19.71 |
| | 4. Fixed asset turnover ratio | 3.16 | 3.15 | 4.95 | 5.71 |
| | 5. Creditor turnover ratio | 2.23 | 1.79 | 2.61 | 2.52 |
| 4 | Leverage ratio | | | | |
| | 1. Debt equity ratio | 0.45 | 0.22 | 0.35 | 0.51 |
| | 2. Equity to total fund ratio | 0.69 | 0.82 | 0.74 | 0.66 |
| | 3. Debt to total fund ratio | 0.31 | 0.18 | 0.26 | 0.34 |
| | 4. Capital gearing ratio | 0.45 | 0.22 | 0.35 | 0.51 |
| | 5. Proprietary ratio | 0.66 | 0.79 | 1.36 | 0.67 |
| 5 | Overall return ratio | | | | |
| | 1. Return on investment ratio | 54% | 29% | 59% | 43% |
| | 2. EPS | 10.47 | 4.64 | 6.19 | 8.84 |
| | 3. DPS | 12.00 | 7.00 | 5.50 | 3.50 |
| | 4. Interest coverage ratio (%) | 19.28 | 9.22 | 14.60 | 7.48 |

**Liquidity Ratio**

1. Company's current ratio below the standard which means company's repayment ability is less than standard.
2. In case of quick ratio in 2011 the quick ratio is below the standard which means company's ability to meet liabilities is less than the standard.
3. In the case of absolute cash ratio the ratios are less than 1 which means that the company does not have sufficient liquid resources.

**Profitability ratio**

1. The gross profit ratio decrease in 2011 therefore the company have less profitability in this year.
2. The net profit ratio is decrease in 2011 therefore the company has less overall profitability in this year.
3. The operating profit ratio is increase in 2011 therefore the company has a good operating performance.

**Activity ratio**

1. According to debtor turnover ratio the company has less collection period in 2011 from 2008. It shows that the company has a good collection period in comparison of 2008.
2. In case of inventory turnover ratio the ratio decrease in 2011 therefore the number of holding of a company is more.
3. According to working capital turnover ratio the company is better able to generate sales from its working capital. The ratio increase in 2011 this show that the company able to generate sales from its working capital.
4. According to creditor turnover ratio in 2011 the company less payment period in comparison of 2008, it shows that the company has less payment period in 2011.



**Leverage ratio**

1. Debt to total fund ratio indicate that in 2011 the ratio is high which means that the company is depends on outsider's loan.
2. According to the debt equity ratio ideally the ratio should be 2:1. The ratio for the firm is much lower than needed. This is primarily due to much funding using equity and lesser use of debt capacity.

**Overall return ratio**

1. In case of interest coverage ratio in 2008 the company has higher ratio which means that the ratio is desirable while in 2011 with comparison 2008 has less ratio which means that the company uses debt excessively or inefficient operations.
2. In case of EPS ratio with comparison for 2008 is less in 2011. According to the dividend per share Ratio Company investing profit earning in business.

## 5.2 SUGGESTIONS

1. For improvement in current ratio the company should try and evaluate the reason for sharp rise in working capital loans. This involves finding the change in cost of operations. If possible they should be reduced so as to improve current ratio.

2. Inventory turnover ratio can also be improved by improving the supply chain management, logistics and reducing the operating cycle time thereby reducing the carrying cost and ordering costs.

3. The gross profit ratio can be improved by
    a. Higher net sale cost of goods remaining constant.
    b. Lower the cost of goods sold, sales remaining constant.
    c. A combination of variation in net sales and cost of goods sold.

4. The net operating ratio can be lower by increase in net sales with the operating expenses remaining constant.

5. The return on equity can be improved if the firm achieves higher profit after tax.

6. The earnings per share can be improved by increase in profit after tax with number of equity shares remaining constant.

7. Equity to total fund can be improved when the company should try to reduce it dependence on equity and borrow more using debt route.

8. The debt equity ratio can be improved when the company strikes a proper balance between equity and debt.

## 5.3 CONCLUSION

On the basis of data analysis with various ratios and findings researcher can conclude that the financial position of Samsonite South Asia Pvt Ltd for the period 2008- 2011 is in sound condition, but company must consider the liquidity ratio it should be as per the standard.

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## Annual report of Samsonite South Asia Pvt Ltd

1. Annual Report from 2008-2011