

CHAPTER I

INTRODUCTION

Finance is said to be 'the science of money'. Finance implies funds necessary for carrying on the activities of an organization. The funds include;

1. Fixed capital for procuring fixed assets, i.e., plant, machinery, building, tools and equipments.
2. Working capital for procuring raw materials, payment of wages, overhead etc.

Working capital (WC) is a financial metric which represents available to a business, organization or other entity, including governmental entity. Working capital may be regarded as the lifeblood of a business firm. Along with fixed assets such as plant and equipment, working capital is considered a part of operating capital. Working capital refers to firm's investment in short term assets such as cash, short term securities, amount receivables, inventories of raw materials, work in progress and finished goods. There might not be many business firms in the world where, besides investment in fixed assets, funds would not be needed for carrying on day-to-day operations of the business. It can also be regarded as that portion of the firm's total capital that is employed in short term operations. It refers to all aspects of current assets and current liabilities. Net working capital is calculated as If current assets are less than current liabilities; an entity has a working capital deficiency, also called a working capital deficit.

Technically, Working capital management is an integral part of the financial management. Decisions relating to working capital and short term financing are referred to as working capital management. The financial manager must determine the optimum level of working capital funds and also the optimum composition of current assets and current liabilities. He must ensure that the appropriate sources of funds are used to finance working capital and also see that short term liabilities of the business are met well in time. The goal of working capital management is to ensure that the firm is able to continue its operations and that it has sufficient cash flow to satisfy both maturing short-term debt and upcoming operational expenses.

A firm may exist without making profits but cannot survive without liquidity. A firm not making profits may be treated as sick but one having no liquidity may soon meet with its downfall and ultimate die. Working capital has thus become a basic and broad measure of judging the performance of a business firm.

Cochin Shipyard Limited (CSL) is one of the most modern ship-building and ship-repairing yard in the country. CSL was incorporated in the year 1972 as a fully owned Government of India company. In the last three decades the company has emerged as a forerunner in the Indian Shipbuilding & Ship repair industry. This yard can build and repair the largest vessels in India. It can build ships up to 1, 10,000 DWT and repair ships up to 1, 25,000 DWT. The yard has delivered two of India's largest double hull Aframax tankers each of 95,000 DWT. CSL has secured shipbuilding orders from internationally renowned companies from Europe & Middle East and is nominated to build the country's first indigenous Air Defense Ship.

This project is undertaken to study the present model of working capital management and utilization in CSL. Main objective of this study is to suggest optimization and improvisation strategies, if any to represent mode of working capital management.

STATEMENT OF THE PROBLEM

This study has been undertaken to know whether the management of working capital employed by the Cochin Shipyard is satisfactory or not. To have a clear understanding about the management of working capital, profitability and financial position of the business, the financial statements should be analyzed and interpreted.

Every business activities require finance. Finance is needed to establish a business, to run it, to modernize it, to expand or to diversify it. A firm can attain growth and development only by performing in a better way in all the fields. If the performance is not up to the satisfactory level proper, precautionary measures have to be adopted in the sick or inefficient areas.

In this context an attempt is made to evaluate the overall working of Cochin Shipyard Limited, one of the most modern ship-building and ship-repairing company in the country. The study is carried on by giving more emphasize on the working capital management in CSL.

SCOPE AND SIGNIFICANCE OF THE STUDY

The study covers several aspects of financial analysis such as Balance Sheet analysis, liquidity, solvency, financial performance analysis, ratio analysis and interpretations.

This project covers a detailed study on Working Capital Management with reference to Cochin Shipyard Limited (CSL).

As CSL is different from other conventional industries with regard to operating cycle turnover and manufacturing process, the procurement and utilization of working capital is also different. This project aims at studying working capital management in this distinctive industry. The nature of its utilization as well as providing various suggestive measures that could help the management of working capital. Thus the present study focuses on analyzing the working and profitability of CSL.

OBJECTIVES

The nature of ship building industry is quite distinct from other conventional industries. Hence precise identification of operating cycle is very difficult and cycle information and evaluation on these are bound to differ from the normal academic model analysis. The present study with reference to Cochin Shipyard aims at finding out the following points;

- **To study the working model employed in Cochin Shipyard Limited.**
- **To evaluate the pattern of working capital requirement.**
- **To study the working capital position.**
- **To suggest improvisation on the present mode of operations.**
- **To evaluate overall working of Cochin Shipyard.**

LIMITATIONS

- The data available for study have been restricted to few years Annual Reports. The In-house data has been very secretive and confidential. This shortcoming is reflected in the study.

- The nature of Ship building industry is quite distinct from other conventional industries. Hence precise identification of operating cycle is very difficult and cycle information and evaluation on those are bound to differ from the normal academic model analysis.

METHODOLOGY USED FOR THE STUDY

1. Source of data

- Research and analysis of previous five years of Annual Reports published by the company.
- Expert opinions and suggestions from in-house finance professionals and managers in CSL, which forms the primary data.
- References to various articles on working capital management in finance and similar publications.
- Explanations and descriptions of various revenues authors on working capital management.

2. Tools of analysis

- I. Ratio analysis: A ratio shows the relationship in mathematical terms between two interrelated accounting periods. A ratio is used as a benchmark for evaluating the financial position and performance of a firm.
- II. Tables
- III. Graphs

PERIOD OF STUDY

The project work at CSL is undertaken for a period of 3 months – December 2011 to February 2012. The data used for the study are the final accounts and annual reports of CSL for five years from 2006 – 07 to 2010 – 11.

CHAPTERIZATION

The Project Report is presented in four chapters:

Chapter 1 - Introduction

Chapter 2 - Company Profile

Chapter 3 - Theory on 'Working Capital Management'

Chapter 4 - Ratio Analysis with reference to CSL

Chapter 5 - Findings, Conclusions and Suggestions

CHAPTER II

COMPANY PROFILE

HISTORY OF THE COMPANY

Cochin Shipyard was conceived of in the year 1969 when a team surveyed various locations in India before selecting Cochin for the launch of the first Greenfield Shipbuilding Yard in the country. The yard facilities in the first phase were completed by 1982. The yard was designed and constructed under technical collaboration with M/s Mitsubishi Heavy Industries (M.H.I), Japan. The company was legally incorporated in the year 1972. The yard commenced the shipbuilding operations in 1978, ship repair in 1981, Marine Engineering Training in 1993 and Offshore Upgradation



*The old site before
the plant was established*

in 1999. Cochin Shipyard's recent success in securing export orders have been achieved through consistent improvement in productivity and also aggressive marketing undertaken in the last few years. The yard could reduce the average time of construction of large ships in the last decade through augmentation of facilities,



*MV Rani Padmini -
the first vessel built in 1981*

upgradation of ship design department with installation of Tribon and CAD/CAM software and adoption of Integrated Hull Outfitting and Painting system (IHOP) system of construction. The shipyard commenced ship repair operations in the year 1982 and has undertaken repairs of all types of vessels including upgradation of ships of oil exploration industry as well as periodical layup repairs and life extension of ships of Navy, UTL,

Coast Guard, Fisheries and Port Trust besides merchant fleet. The yard has, over the years, developed adequate capabilities to handle complex and sophisticated repair jobs.

Strategic Tie-Ups

CSL has established tie-ups with select specialist firms from near-east, far-east, South-east, Europe and USA for technology transfer & material packages for shipbuilding, ship repair, platforms, rigs & upgradation of yard facilities.

Cochin Shipyard: An overview

Cochin Shipyard was incorporated in the year 1972 as a fully owned Government of India company. In the last three decades the company has emerged as a forerunner in the Indian Shipbuilding & Ship repair industry. This yard can build and repair the largest vessels in India. It can build ships up to 1, 10,000 DWT and



Cochin Shipyard Limited - Today

repair ships up to 1, 25,000 DWT. The yard has delivered two of India's largest double hull Aframax tankers each of 95,000 DWT. Cochin Shipyard Limited has secured shipbuilding orders from internationally renowned companies from Europe & Middle East and is nominated to build the country's first indigenous Air Defense Ship.

Shipyard commenced ship repair operations in the year 1982 and has undertaken repairs of all types of ships including upgradation of ships of oil exploration industry as well as periodical layup repairs and life extension of ships of Navy, UTL, Coast Guard, Fisheries and Port Trust besides merchant ships of SCI & ONGC. The yard has, over the years, developed adequate capabilities to handle complex and sophisticated repair jobs.

The Shipyard also trains graduate engineers to marine engineers who later join ships both Indian and foreign as 5th Engineers. 100 are trained every year.

Ship Building

Cochin Shipyard with its proven expertise is perfectly positioned to offer a flexible range of products such as

- Tankers
- Product Carriers
- Bulk Carriers
- Passenger Vessels
- High Bollard Pull Tugs
- Air Defence Ship



Bulk Carrier

Ship Building Technology

Advance Out-fitting and Painting:

CSL has introduced the latest Japanese Integrated Material Management concept in which at the basic design stage itself not only all high value and long lead items that go into the ships are identified, but also the method of outfitting viz. Unit/On block/On board is also finalized. Portable painting sheds are used for efficient and fast painting of the hull blocks.

Tie ups:

The tie-up with the renowned shipbuilder M/s Ishikawajima Harima Heavy Industries (IHI), Japan and with Shipping Research Services (SRS), Norway for building Crude Oil Tankers have provided exposure to the latest ship building technology adopted in Japan and Europe and hence the confidence to take up more challenging jobs.

Tribon based in house capabilities:

CSL uses the 'state of the art' TRIBON shipbuilding package for undertaking basic design, structural, machinery and electrical design. With over 80 workstations, and fully trained personnel, CSL has world class capabilities to undertake ship designs. 3D hull, piping and electrical models are created leading to error free and optimum ship designs.

Quality Control and Testing Laboratory:

From the very inception of the yard itself, strict quality control techniques had been adopted. As a result, qualities of the ships constructed at CSL have been very good and lauded by ship owners and classification societies. CSL has in its premises a well-equipped laboratory capable of undertaking all NDT tests. The laboratory is approved by various classification societies.

Marine Coating Shop:

Four no's Blast / Paint Shops of size 20 x 20 x 11 m are equipped for blasting and painting of fabricated units in controlled and favourable ambient conditions. Blasting using graded copper slag and Painting using modern air-less spray painting machines are carried out to provide the most effective coatings on steel structures. The entire methodology, process and finished surface are checked and vetted by well qualified and experienced personnel from CSL and the paint manufacturer.

Ship Building Facilities**Dock No 2:**

The Dock No.2 of 255 x 43 x 9 M is available for building ships up to 1,10,000 DWT. This dock and the grand assembly area are served by two Gantry crane (300 T and 150 T) and two LLTT cranes (50 T).

Steel Stock Yard:

The steel stockyard has an area of 13,000 Sq.M. aided with two gantry cranes of 25T each and one semi-gantry crane of 25 T. It is directly linked to the rail lines as well as to the waterfront, in addition to road connections. This enables steel to be brought in through wagons, barges or trucks.

Hull Shop:

The Hull Shop is self-contained with infrastructure required for fabrication of hull blocks up to 50 T. The shop is provided with EOT cranes (50 T) for along the bay movements and gantry crane (20 T) and trailers for across the bay transfer of materials.

Other Major equipments/facilities:

- C.N.C. Cutting Machine
- Plasma Cutting Machine
- Shot Blasting Machine
- Automatic Painting Machine
- 1200 T Hydraulic Press
- Line Heating Techniques for curved shell formation.
- F.C.B. One side welding for large panels.
- Semi-automatic CO₂, Gravity welding machines.
- Electro Slag welding.
- Electro Gas welding (in the Building Dock).
- 150mm Pipe Bending Machine.
- Pipe Coaster (1.2 m dia capacity)
- 150 tonne transporter.

Assembly Shop:

This shop has telescopic sliding roof with gantry cranes of 300 T and 150 T which spans over it and building dock. Hull blocks up to 450 T can be jumboized here and erected in the building dock using the gantry crane. In addition, two 20 T capacity EOT cranes are there in the shop.

Pipe and Sheet Metal Shop:

The pipe shop is provided with all the necessary equipment for bending, cutting, welding and pickling of pipes. The sheet metal shop handles all the light steel fabrications, trunking etc.

Quays:

CSL has totally three Quays having almost a length of 1 KM.

Ship Repairing

- Major upgradation of Mobile Offshore Drilling Unit ‘Sagar Vijay’ of ONGC. The upgradation increased the drilling capacity of the vessel from 300 M to 900 M.
- Maintenance and repairs to the Aircraft Carrier “ INS Viraat” of Indian Navy.
- Repair and maintenance of tankers and bulk carriers of Shipping Corporation of India.

Ship Repair Expertise**Afloat Repairs:**

The yard has a team of experienced Engineers and skilled workmen exclusively for undertaking afloat repair jobs.

Availability of Sub-Contractors:

A captive pool of competent sub-contractors is readily available and can be engaged for various jobs at very short notice.

Workmanship:

The quality of workmanship is of very high order and the owners on many occasions have gone on record, appreciating the quality work done in CSL. Many vessels have been repaired and handed over, ahead of schedule.

Experience:

CSL has successfully undertaken repairs to more than a thousand ships belonging to a wide variety of clients including Shipping Corporation of India, Indian Navy, ONGC, Dredging Corporation of India, Union Territory of Lakshadweep Administration, Fisheries Survey of India, Ethiopian Shipping Lines, Transocean Offshore Deepwater Drilling Inc and vessels belonging to various ports of India.

Ship Repair Facilities

Dock No. 1:

The repair dock of 270 x 45 x 12 M can accommodate ships up to 1, 25,000 DWT. The dock has high capacity discharge pumps to drain it in less than three hours. It is served by three LLTT cranes, one of 40 T and two 10T capacity.

Quays:

There are three quays of 280 M length with 15 T cranage, 208 M length with 10 T & 5 T cranage and 460 M length with 20 T cranage. The quays have adequate service lines of oxygen, acetylene, compressed air and power connections.

Engine and Machine Shop:

This shop is equipped with modern machine tools like Plano -miller (up to 30 T) Bar Boring equipment (up to 300 mm dia), Inside Grinding machine (up to 300 mm dia), Heavy Duty Lathes (up to 12M length), Horizontal Drilling machine (up to 100 mm boring & 600 mm drilling), Shrinkage equipment (up to 6 M x 900 mm O.D), Cylindrical Grinding machine (630 mm dia x 2 T), Horizontal Boring machine (up to 560 mm dia), Dynamic Balancing machine (up to 3 T) etc.

Other Facilities:

- Hauling Carriage for safe docking and un-docking of ships.
- High Pressure Water Jet for hull cleaning.
- Blasting and Painting of conventional, epoxy and SPC systems.
- Facility for Boiler re-tubing.
- Facility for Tank Coating.
- Electric shop for overhauling of motors and testing.
- Electric power at 50 Hz & 60 Hz.
- Pipeline supply of compressed air, oxygen and acetylene.

Ship Building Income

The company achieved a total ship building income of Rs. 1, 319.97 crores during 2010 – 11 as against Rs. 1, 180.54 crores in 2009 – 10. At the end of the year, the yard had 35 ships on order with the prestigious Indigenous Aircraft Carrier (IAC) project progressing satisfactorily. Orders booked during the year included the 20 Fast Patrol Vessels (FPVs) for the Indian Coast Guard, 4 No's Platform Supply Vessels (PSVs) for M/s Sea Tankers Management, Cyprus and 2 No's Anchor Handling Tug Supply Vessels for M/s Shipping Corporation of India. (See Annexure Table and Figure)

During the year, the yard delivered 6 Platform Supply Vessels that is two for M/s Tidewater Marine, USA and four to M/s Vroon Offshore, Netherlands.

Ship Repairing Income

With Dock No. 2 being occupied by the IAC, there has been a need to look at innovative ways to build new construction ships on order with CSL. The Dock No. 1 was partitioned with an intermediate gate for execution of new build hull. Consequently, ship repair operations have been affected and turnover has reduced to Rs. 141.75 crores in 2010 – 11 as compared to Rs. 236.36 crores in 2009 – 10. The yard therefore looked at innovative ways to increase ship repair turnover, considering that only a part of the Dock 1 was available for ship repair activities. (See Annexure Table and Figure)

Cochin Shipyard Limited has maintained its profit position of previous years. Tables and figures showing increasing profit and increasing networth are also given in annexure.

HUMAN RESOURCES

Cochin Shipyard recognizes that among all resources it is the Shipyard's abundant professional, skilled and trained Human Resources energy that has been propelling the Shipyard towards achievement of targets and greater heights. Accordingly the HR Vision, Mission, Policy, Objectives and Focus are indicated below:

HR Vision: Emanating from the goals and objectives enshrined in the corporate mission statement, the strategic Human Resources Vision of the Shipyard is to strive and create a unique institution that integrates creativity, innovation, technology, business and good corporate governance practices for all round improvement in the quality of work life of the yard's workforce.

HR Mission: To provide a vibrant platform for all those working in the yard to give their best and ensure all round growth both for the individual and organization.

HR Policy: Human Resources Policies are oriented towards providing the right mix of human resources, their empowerment and enrichment so as to meet organizational targets and results.

HR Objectives:

- Effectively play the role of a strategic team member.
- Planning for pragmatic manpower induction, reskilling, redeployment and retention of human resources.
- Develop and position the right mix of personnel at the right time.
- Create, maintain and nurture a healthy employer-employee relation.
- Evolve and implement best industry practices with transparency in approach, competitive reward and incentive systems for excellence in performance.
- Focus on continual improvement for skill and knowledge development so as to enhance effectiveness in job.
- Provide effective and meaningful social support to the community/ society around.

HR Focus Strategies: To plan for, introduce/implement HR Policies based on performance that would ensure growth, recognition, rewards, motivation, competences building, commitment and healthy employer-employee relations.

ORGANIZATION CHART

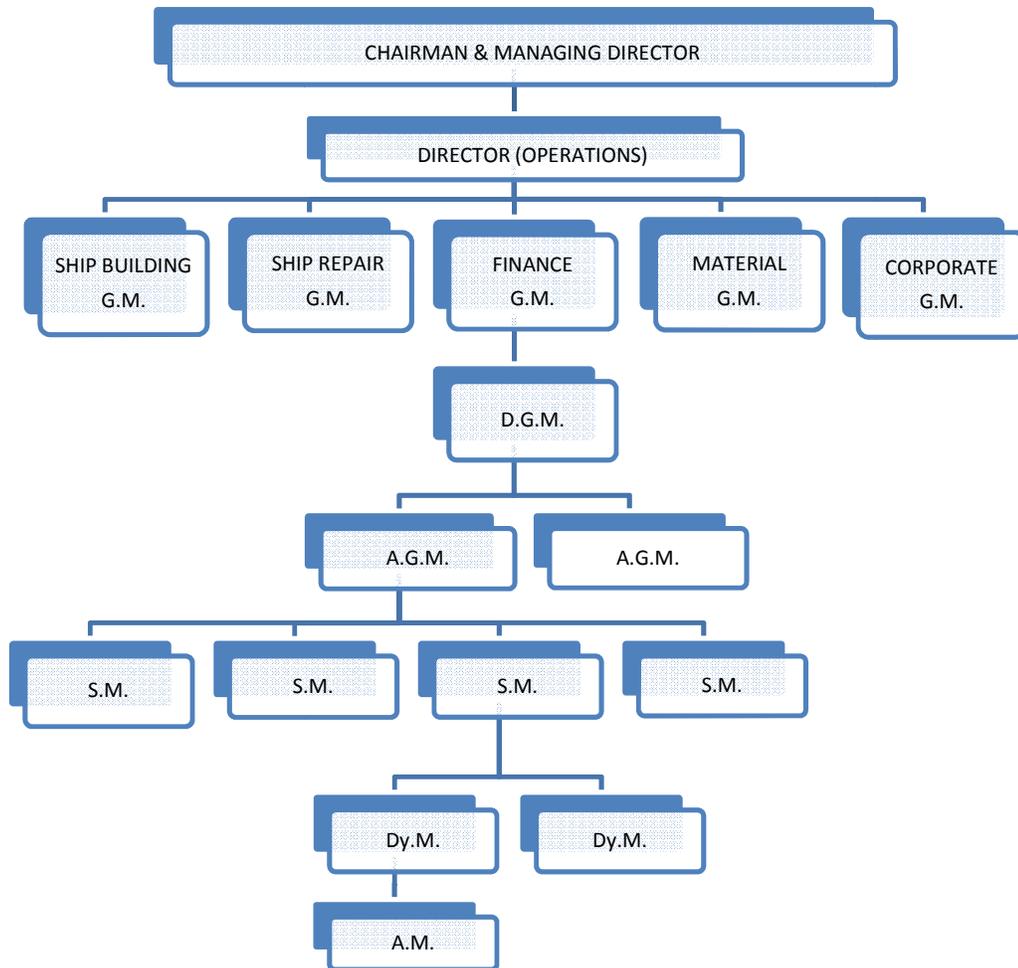


Figure 2.3

G.M.	General Manager
D.G.M	Deputy General Manager
A.G.M.	Assistant General Manager
S.M.	Senior Manager
Dy.M.	Deputy Manager
A.M.	Assistant Manager

All functional departments have same line of authority.

Offshore

CSL has an exclusive offshore section to deal with all types of offshore Projects. Since its inception in 1996, CSL Offshore section has undertaken a number of offshore Projects for ONGC and has been instrumental in bringing down the project costs incurred by ONGC substantially.

Owing to excellent project management skills, CSL could complete its first offshore project for ONGC ahead of schedule at one third of the estimated cost. This project involved installation of 12 clamp on structures of ONGC Heera fields.

CSL has successfully completed the offshore project for spud can repairs of Sagar Ratna at Bombay High by loading her on a self propelled submersible barge requiring high level of Project Management efficiency to coordinate various activities and the logistical support.

Another project of similar nature was the Clamp-On project of ONGC at HB, HD & HE Platforms in the Heera Fields.

Outlook for Future

With a view to ensure sustained corporate growth the Shipyard seeks to strengthen its core business viz. shipbuilding and ship repair and pursue a policy of diversification into high value-added products/ services, adoption of latest technology and modernization/ upgradation of facilities.

CHAPTER III

REVIEW LITERATURE

WORKING CAPITAL

Working Capital may be regarded as the lifeblood of a business firm. Working capital refers to firm's investment in short term assets such as cash, short term securities, amount receivables, inventories of raw materials, work in progress and finished goods. There might not be many business firms in the world where, besides investment in fixed assets, funds would not be needed for carrying on day-to-day operations of the business. It can also be regarded as that portion of the firm's total capital that is employed in short term operations. It refers to all aspects of current assets and current liabilities. In short Working Capital is the investment needed for carrying out day-to-day operations of the business smoothly.

Technically, Working Capital management is an integral part of the financial management. The financial manager must determine the optimum level of Working Capital funds and also the optimum composition of current assets and current liabilities. He must ensure that the appropriate sources of funds are used to finance Working Capital and also see that short-term liabilities of the business are met well in time.

A firm may exist without making profits but cannot survive without liquidity. A firm not making profits may be treated as sick but one having no liquidity may soon meet with its downfall and ultimately die. Working Capital has thus become a basic and broad measure of judging the performance of a business firm.

Working Capital Management

Working capital management involves the relationship between a firm's short-term assets and its short-term liabilities. The goal of working capital management is to ensure that a firm is able to continue its operations and that it has sufficient ability to satisfy both maturing short-term debt and upcoming operational expenses. The management of working capital involves managing inventories, accounts receivable and payable, and cash.

Concepts of Working Capital

There is difference of opinion among different authors about the definition of working capital. Considering the objectives and scope of working capital, it can be defined in two ways:

- 1. Gross Concept**
- 2. Net Concept**

Gross Working Capital refers to the firm's investment in current assets. Current assets are those assets which can be converted into cash within one accounting year, for example, stock, debtors, bills receivables, prepaid expenses, cash and bank balance.

Net Working Capital refers to the differences between current assets and current liabilities. Current liabilities are those claims of outsiders, which are expected to mature for payments with in an accounting year and include creditors (accounts payable), bills payable and outstanding expenses. Net Working Capital can be positive or negative. A positive Net Working Capital will arise when current assets exceed current liabilities. A negative Net Working Capital occurs when current liabilities are excess of current assets.

Need for Working Capital

The need for Working Capital to run the day-to-day business activities cannot be over emphasized. We will hardly find a business firm, which does not require any amount of Working Capital.

We know that a firm should aim at maximizing the wealth of its shareholders, which earn them sufficient return from its operation. Earning a steady amount profit requires successful sales activity. The firm has to invest enough funds in current assets for generating sales. Current assets are needed because sales do not convert cash instantaneously. There is always an operating cycle involved in conversion of sales into cash.

Principles of Working Capital

- Principle of risk variation
- Principle of cost of capital
- Principle of maturity of obligation
- Principle of equity position

Operating Cycle

The duration of time needed to complete the following chain of events in case of a manufacturing company is called operating cycle.

- Conversion of cash in to raw materials.
- Conversion of raw materials in to work-in-progress.
- Conversion of work-in-progress in to finished goods.
- Conversion of finished goods in to accounts receivables through sales.
- Conversion of accounts receivables in to cash.

$$\text{Operating Cycle} = O = R + W + F + D - C$$

O	⇒	Duration of Operating Cycle
R	⇒	Raw Materials and Storage Period
W	⇒	Work In Progress
F	⇒	Finished Goods and Storage Period
D	⇒	Debtor's Collection Period
C	⇒	Creditor's Payment Period

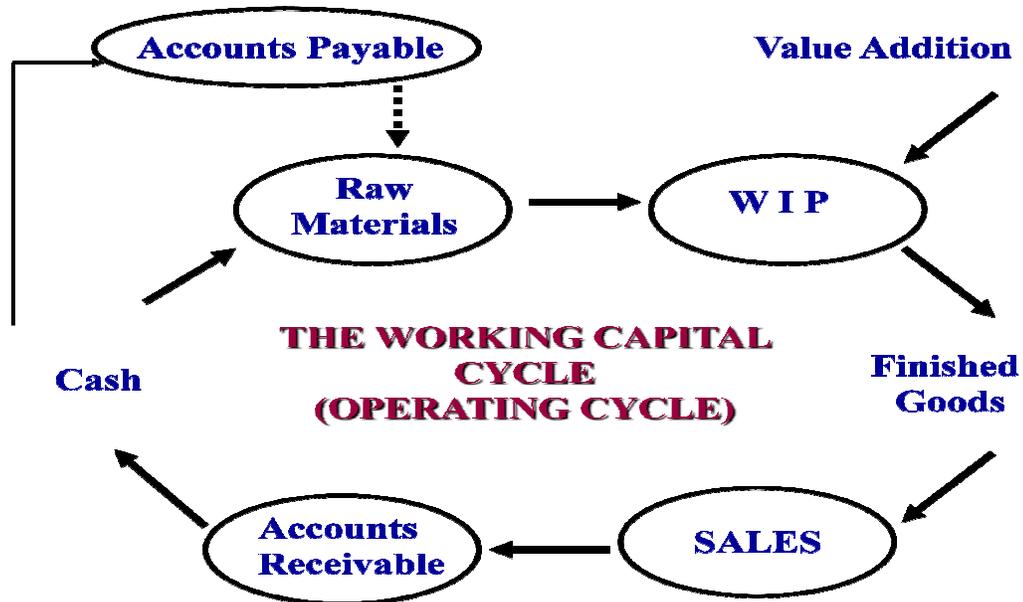


Figure 2.6

Factors that influence total investment in Working Capital

These factors keep shifting emphasis so that their impact on Working Capital levels varies from time to time. Significant among them are;

- Promotional and Formative phase.
- Position of business cycle.
- Nature of business.
- The manufacturing cycle.
- Credit terms of customers.
- Fluctuation in supply of raw materials.
- Shift in demand for products.
- Production policies.
- Competitive conditions.
- Growth and expansion programs.
- Profit levels.
- Taxation.
- Divined policies.
- Reserve policies.
- Depreciation policy.
- Price level changes.
- Operating efficiency.

Working Capital Planning and Control

The stability and security that results for the business and its owners increase as funds invest in Working Capital increase, but by the same act this may produce an unfavourable balance between working and fixed that might have unfavourable effects on long run returns to shareholders. In considering the dynamic aspects of the subject one should know more about where to look for Working Capital funds, how to use them, and measure, plan and control them.

Importance of Working Capital Management

The objective of working capital management is to maintain the optimum balance of each of the working capital components. This includes making sure that funds are held as cash in bank deposits for as long as and in the largest amounts possible, thereby maximizing the interest earned. However, such cash may more appropriately be "invested" in other assets or in reducing other liabilities. In recent years there has been an increased focus on Dynamic Discounting as a means of optimizing Working Capital. This method involves the early payment for goods and services bought in return for a discounted price. Operated properly, this can give a significant return on working capital. From a company's point of view, excess working capital means operating inefficiencies. Money that is tied up in inventory or money that customers still owe to the company cannot be used to pay off any of the company's obligations. So, if a company is not operating in the most efficient manner (slow collection), it will show up as an increase in the working capital. This can be seen by comparing the working capital from one period to another; slow collection may signal an underlying problem in the company's operations.

CHAPTER IV

RATIO ANALYSIS OF COCHIN SHIPYARD LIMITED

Under Ratio Analysis various components coming under current assets and current liabilities are taken into account and their relationship is expressed in mathematical terms for interpreting financial position. The analysis of various interrelated components of Working Capital is carried out below.

Table 4.1 Ratio Sets

Ratio Sets	2010 - 11	2009 -10	2008 - 09	2007 - 08	2006 - 07
Current Ratio	1.56	1.32	1.02	1.31	1.4
Quick Ratio	1.38	1.09	0.78	1.15	1.14
Inventory to Working CapitalRatio	0.32	0.73	15.3	0.51	0.66
Fixed assets Ratio	0.26	0.41	0.3	0.27	0.16
Current assets to Fixed assets Ratio	8.84	7.95	11.23	15.58	17.92
Equity Ratio	0.35	0.25	0.18	0.15	0.13
Current assets to Total assets Ratio	0.8	0.78	0.73	0.83	0.94
Ratio of Current assets to Proprietor's Fund	2.3	3.14	4.15	5.46	7.09
Capital Turnover Ratio	1.62	2.16	2.28	2.08	1.45
Working Capital Turnover Ratio	1.98	2.7	44.9	2.07	1.72
Total asstes Turnover Ratio	0.57	0.51	0.49	0.4	0.46
Debtors Turnover Ratio	1.31	1.68	2.62	4.05	4.68
Net Profit to Net Sales Ratio	0.16	0.18	0.13	0.11	0.08
Return on Equity Shareholders Fund	0.26	0.38	0.36	0.3	0.28
EPS	51666	81443	1413	1968	2011
Return on Total assets	0.09	0.09	0.06	0.05	0.04
PBT to Capital Employed Ratio	38.26	57.27	44.99	37.22	17.27

Financial Ratios

Financial ratios are useful indicators of a firm's performance and financial situation. Most ratios can be calculated from information provided by the financial statements. Financial ratios can be used to analyze trends and to compare the firm's financials to those of other firms. In some cases, ratio analysis can predict future bankruptcy.

Financial ratios can be classified according to the information they provide. The following types of ratios frequently are used.

I. Liquidity Ratios

Liquidity ratios provide information about a firm's ability to meet its short-term financial obligations. They are of particular interest to those extending short-term credit to the firm. Two frequently-used liquidity ratios are the current ratio (or working capital ratio) and the quick ratio.

1. Current Ratio:

The current ratio is the ratio of current assets to current liabilities:

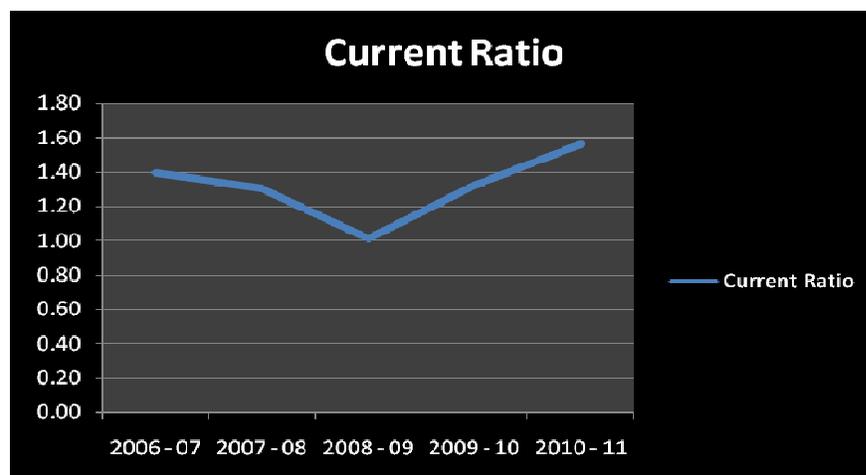
$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Table 4.2 Current Ratios

Year	Current Assets	Current Liabilities	Current Ratio
2006 - 07	146810	104963	1.40
2007 - 08	170755.05	130556.83	1.31
2008 - 09	186677.71	183880.15	1.02
2009 - 10	189563.4	143307.29	1.32
2010 - 11	204503.75	130726	1.56

The current ratio is a measure of a firm's short term solvency. It indicates the availability of current assets in rupees for everyone rupee of current liability. CSL, it enjoys a comfortable position as far as current ratio is concerned. It is showing a fluctuating trend. Even though it is showing a downward trend up to the financial year 2008 – 2009, the subsequent two years reflecting an increasing trend.

Figure 4.1 Current Ratios



2. Quick Ratio:

The current assets used in the quick ratio are cash, accounts receivable, and notes receivable. These assets essentially are current assets less inventory. The quick ratio often is referred to as the *acid test*.

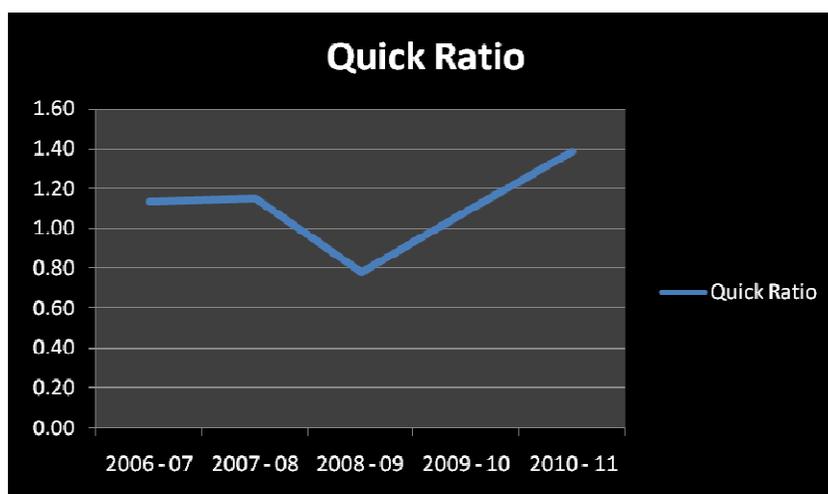
$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

Table 4.3 Quick Ratios

Year	Quick Assets	Current Liabilities	Quick Ratio
2006 - 07	119157.66	104963	1.14
2007 - 08	150191.75	130556.83	1.15
2008 - 09	143864.88	183880.15	0.78
2009 - 10	155634.95	143307.29	1.09
2010 - 11	181027.87	130726	1.38

This ratio establishes a relationship between quick or liquid assets and current liabilities. Generally a quick ratio of 1:1 is considered as a very satisfactory current financial condition. CSL's Quick ratios for the past 5 years represent a very healthy sign of company's solvency. It ranges between 0.6 to 1.4. It is also showing a fluctuating trend.

Figure 4.2 Quick Ratios



3. Ratio of Inventory to Working Capital:

In order to ascertain that there is no overstocking, the ratio of inventory to working capital should be calculated.

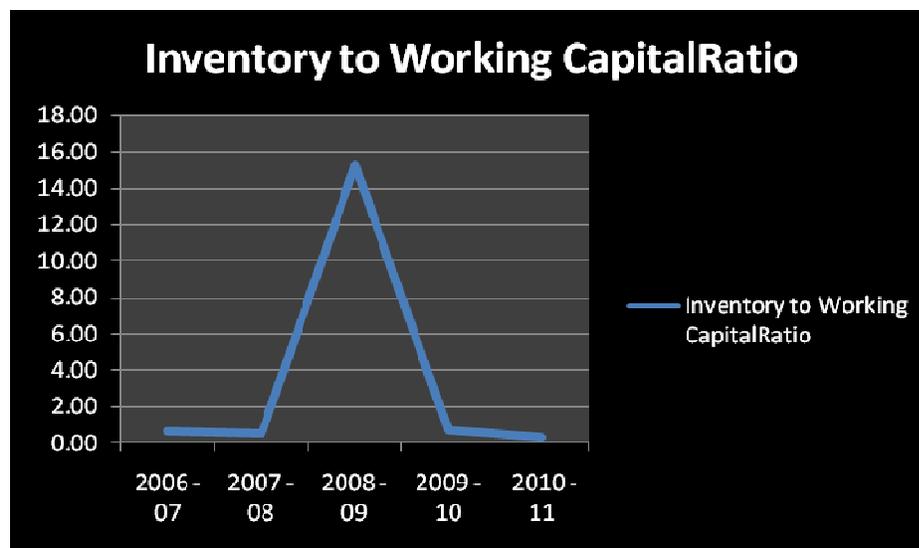
$$\text{Ratio of Inventory to Working Capital} = \frac{\text{Inventory}}{\text{Working Capital}}$$

Table 4.4 Ratios of Inventory to Working Capital

Year	Inventory	Working Capital	Inventory to Working Capital Ratio
2006 - 07	27652.34	41847	0.66
2007 - 08	20563.3	40198.22	0.51
2008 - 09	42812.83	2797.56	15.30
2009 - 10	33928.45	46256.11	0.73
2010 - 11	23475.88	73775.75	0.32

Working Capital is the excess of current assets over current liabilities. Increase in volume of sales requires increase in size of inventory, but from a sound financial point of view, inventory should not exceed the amount of working capital. Except the financial year 2008 – 09, all the other four years showing a normal inventory to working capital ratio. But in the year 2008 – 09 remarkably high ratio has been noticed due to the lower Working Capital.

Figure 4.3 Ratios of Inventory to Working Capital



II. Stability Ratios

These ratio helps in ascertaining the long term solvency of a firm which depends on firm's adequate resources to meet its long term funds requirements, appropriate debt equity mix to raise long term funds and earnings to pay interest and installment of long term loans in time.

1. Fixed Assets Ratio:

This ratio explain whether the firm has raised adequate long term funds to meets its fixed asset requirements and is calculated as under;

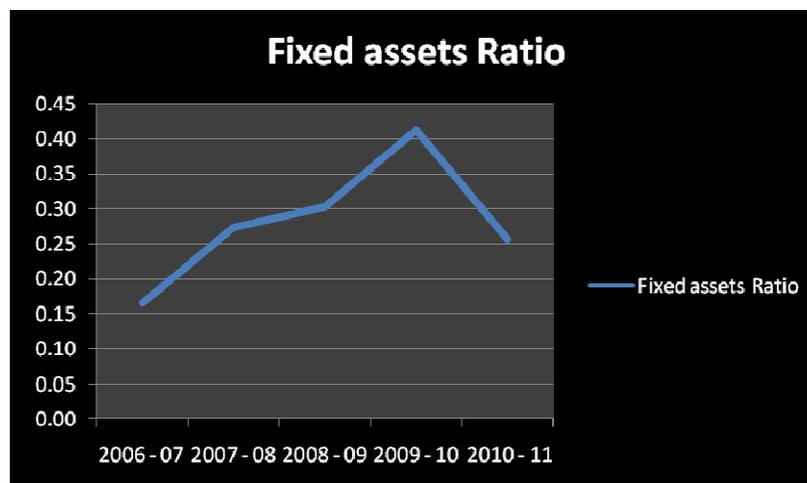
$$\text{Fixed Assets Ratio} = \frac{\text{Fixed assets}}{\text{Capital employed}}$$

Table 4.5 Fixed Assets Ratios

Year	Fixed Assets	Capital Employed	Fixed assets Ratio
2006 - 07	8191	49660	0.16
2007 - 08	10961.41	40133	0.27
2008 - 09	16622.22	55031	0.30
2009 - 10	23848.63	57832	0.41
2010 - 11	23122.6	90393	0.26

This ratio gives an idea as to what part of the capital employed has been used in purchasing the fixed assets for the concern. If the ratio is less than one it is good for the concern. The ideal ratio is 0.67.

Figure 4.4 Fixed Assets Ratios



2. Ratio of Current assets to Fixed assets:

The ratio is worked out as under;

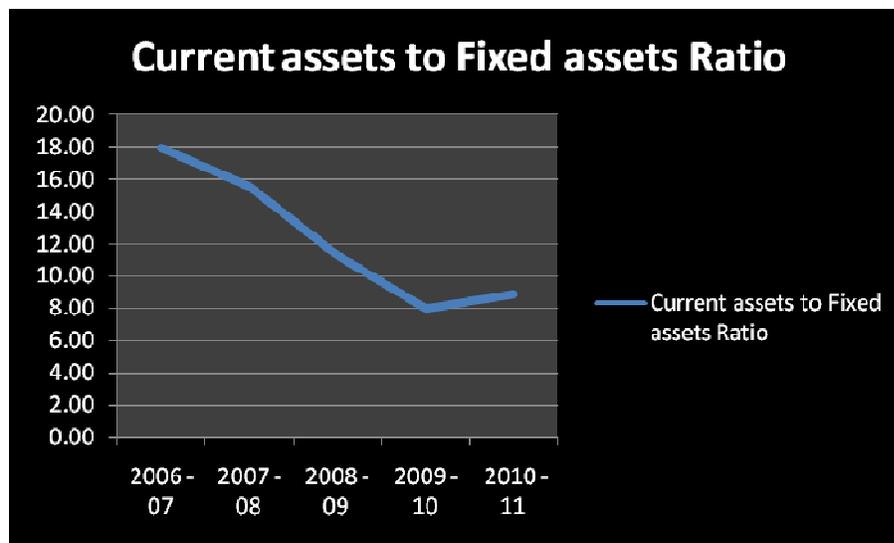
$$\text{Ratio of Current assets to Fixed assets} = \frac{\text{Current assets}}{\text{Fixed assets}}$$

Table 4.6 Ratios of Current assets to Fixed assets

Year	Current Assets	Fixed Assets	Current assets to Fixed assets Ratio
2006 - 07	146810	8191	17.92
2007 - 08	170755.05	10961.41	15.58
2008 - 09	186677.71	16622.22	11.23
2009 - 10	189563.4	23848.63	7.95
2010 - 11	204503.75	23122.6	8.84

This ratio will differ from industry to industry and, therefore, no standard can be laid down. A decrease in the ratio may mean that trading is slack or more mechanization has been put through. An increase in the ratio may reveal that inventories and debtors have unduly increased or fixed assets have been intensively used. An increase in the ratio accompanied by increase in profit indicates the business is expanding. Here, the table showing a decreasing trend.

Table 4.5 Ratio of Current assets to Fixed assets



3. Proprietary / Equity Ratio:

A variant of debt to equity ratio is the proprietary ratio which shows the relationship between shareholders funds and total tangible assets. This ratio is worked as follows;

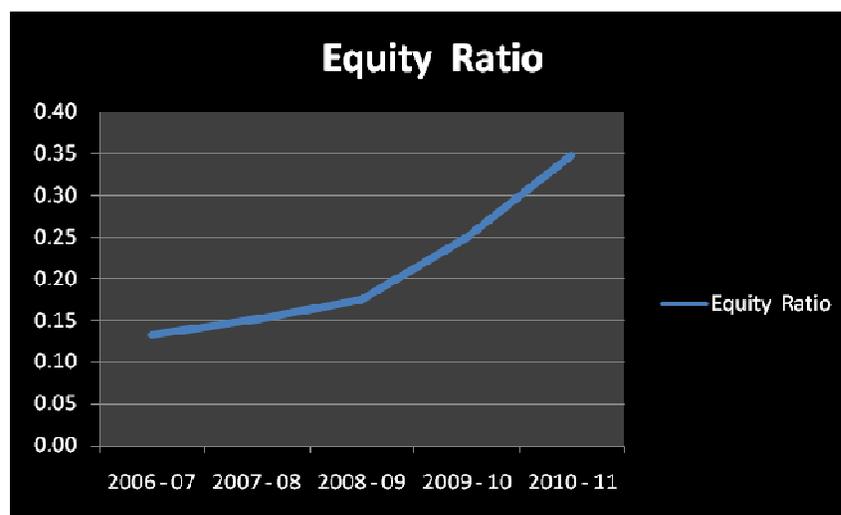
$$\text{Proprietary / Equity Ratio} = \frac{\text{Shareholders fund}}{\text{Total assets}}$$

Table 4.7 Proprietary / Equity Ratios

Year	Equity Shareholders Fund	Total Assets	Equity Ratio
2006 - 07	20695	155767	0.13
2007 - 08	31292	206613.54	0.15
2008 - 09	44998	256778.73	0.18
2009 - 10	60382	242668.37	0.25
2010 - 11	88866	255659.19	0.35

The ratio should be 1:3 that is, one third of the assets minus current liabilities should be acquired by shareholders fund and the other two thirds of the assets should be financed by the outsider's funds. It focuses the attention on the general financial strength of the business enterprises. CSL's proprietary equity ratio shows an increasing trend.

Figure 4.6 Proprietary / Equity Ratios



4. Ratio of Current Assets to Total Assets:

This ratio can be calculated as follows;

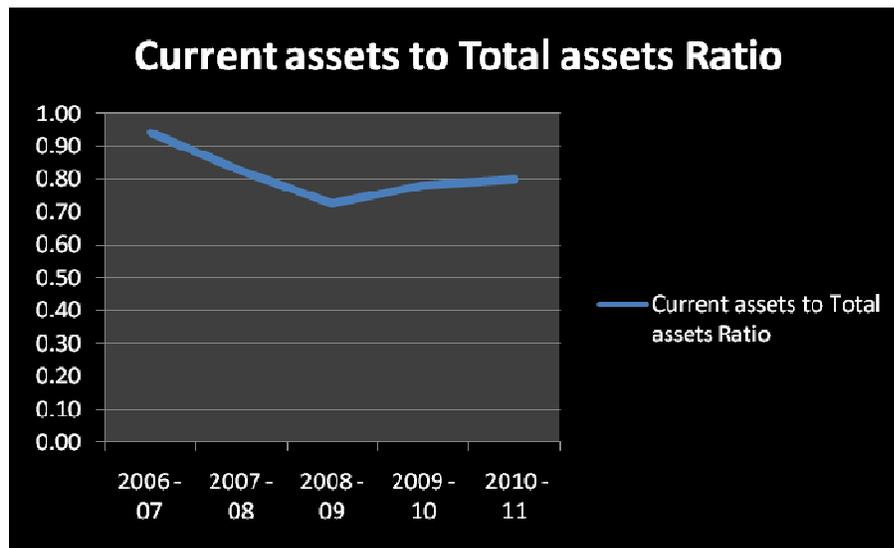
$$\text{Ratio of Current Assets to Total Assets} = \frac{\text{Current Assets}}{\text{Total Assets}}$$

Table 4.8 Ratios of Current Assets to Total Assets

Year	Current Assets	Total Assets	Current assets to Total assets Ratio
2006 - 07	146810	155767	0.94
2007 - 08	170755.05	206613.54	0.83
2008 - 09	186677.71	256778.73	0.73
2009 - 10	189563.4	242668.37	0.78
2010 - 11	204503.75	255659.19	0.80

This ratio helps us to assess the importance of current assets in the total assets of the company. From the table it is clear that the component of current assets in the total assets of the base covers almost 70% to 95 %.

Figure 4.7 Ratios of Current Assets to Total Assets



5. Ratio of Current assets to Proprietor's fund:

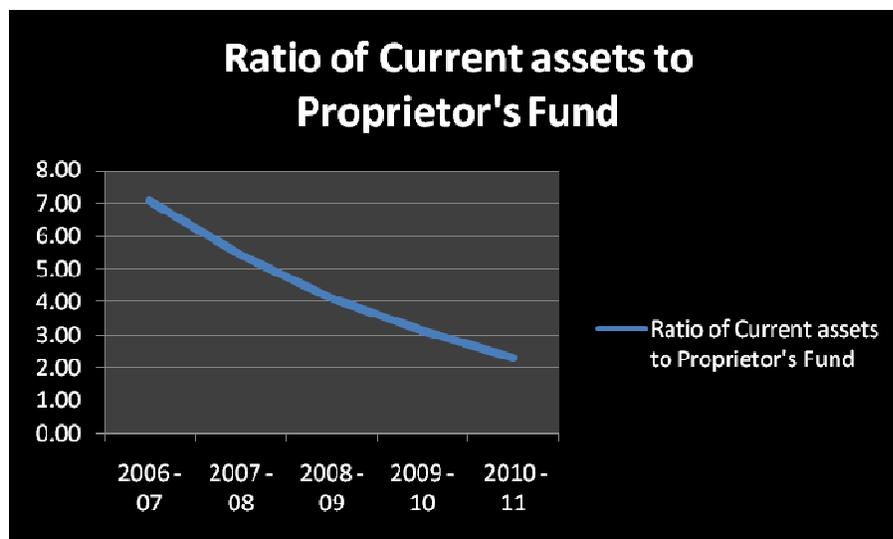
$$\text{Ratio of Current assets to Proprietor's fund} = \frac{\text{Current assets}}{\text{Equity Shareholders Fund}}$$

Table 4.9 Ratios of Current assets to Proprietor's fund

Year	Current Assets	Shareholders Fund	Ratio of Current assets to Proprietor's Fund
2006 - 07	146810	20695	7.09
2007 - 08	170755.05	31292	5.46
2008 - 09	186677.71	44998	4.15
2009 - 10	189563.4	60382	3.14
2010 - 11	204503.75	88866	2.30

The proportion of current assets to shareholders fund in CSL has showing a downward leaning from the year 2006 – 07 to 2010 – 11.

Figure 4.8 Ratios of Current assets to Proprietor's fund



Turnover Ratios

These ratios are very important for a concern to judge how well facilities at the disposal of the concern are being used or to measure the effectiveness with which a concern uses it's at its disposal. In short, these will indicate the position of the assets usage. These ratios are usually calculated on the basis of sales or cost of sales and are expressed in number of times rather than as a percentage.

1. Capital Turnover ratio:

This ratio shows the efficiency of capital employed in the business by computing how many times capital employed is turned over in a stated period. The ratio is ascertained as follows;

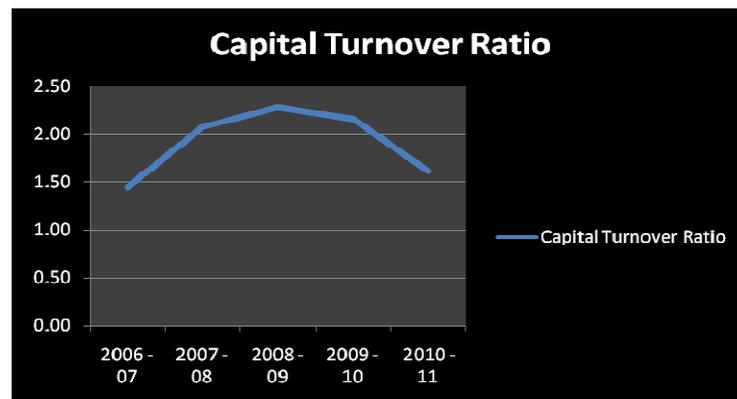
$$\text{Capital Turnover ratio} = \frac{\text{Sales}}{\text{Capital employed}}$$

Table 4.10 Capital Turnover ratios

Year	Sales	Capital Employed	Capital Turnover Ratio
2006 - 07	71974	49660	1.45
2007 - 08	83379	40133	2.08
2008 - 09	125621	55031	2.28
2009 - 10	124850	57832	2.16
2010 - 11	146172	90393	1.62

The higher the ratio the greater are the profits. A low capital turnover ratio should be taken to mean that sufficient sales are not being made and profits are lower. Up to 2008 – 09 the ratios are increasing at an increasing rate. And the rest of the two years showing decrease in capital turnover ratios.

Figure 4.9 Capital Turnover ratios



2. Working Capital Turnover Ratio:

This ratio shows the number of times Working Capital is turned over in a stated period. It is calculated as follows;

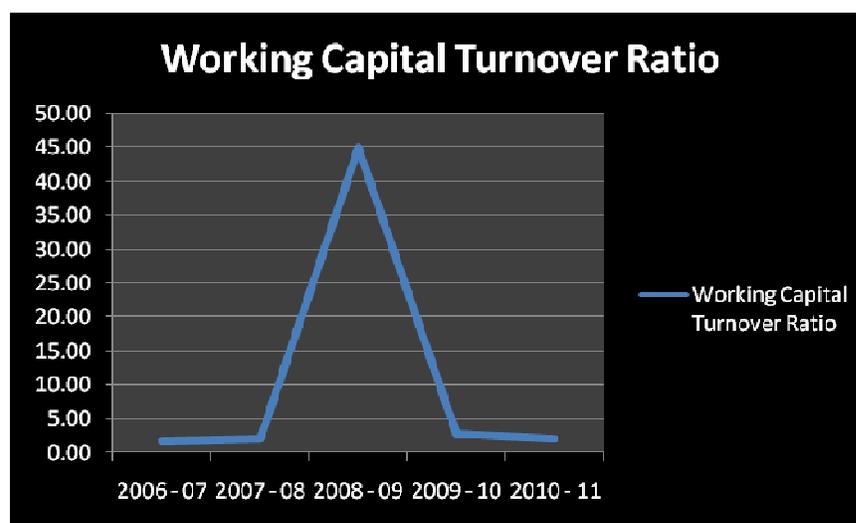
$$\text{Working Capital Turnover Ratio} = \frac{\text{Sales}}{\text{Net Working Capital}}$$

Table 4.11 Working Capital Turnover Ratios

Year	Sales	Working Capital	Working Capital Turnover Ratio
2006 - 07	71974	41847	1.72
2007 - 08	83379	40198.22	2.07
2008 - 09	125621	2797.56	44.90
2009 - 10	124850	46256.11	2.70
2010 - 11	146172	73775.75	1.98

The higher is the ratio, the lower is the investment in working capital and the greater are the profit. However, a very high turnover of working capital is a sign of over trading and may put the concern into financial difficulties. On the other hand low working capital turnover ratios indicate that working capital is not efficiently used. CSL's working capital turnover ratio shows remarkably higher turnover ratio during the period 2008 – 09.

Figure 4.10 Working Capital Turnover Ratios



3. Total assets Turnover Ratio:

This is calculated as follows;

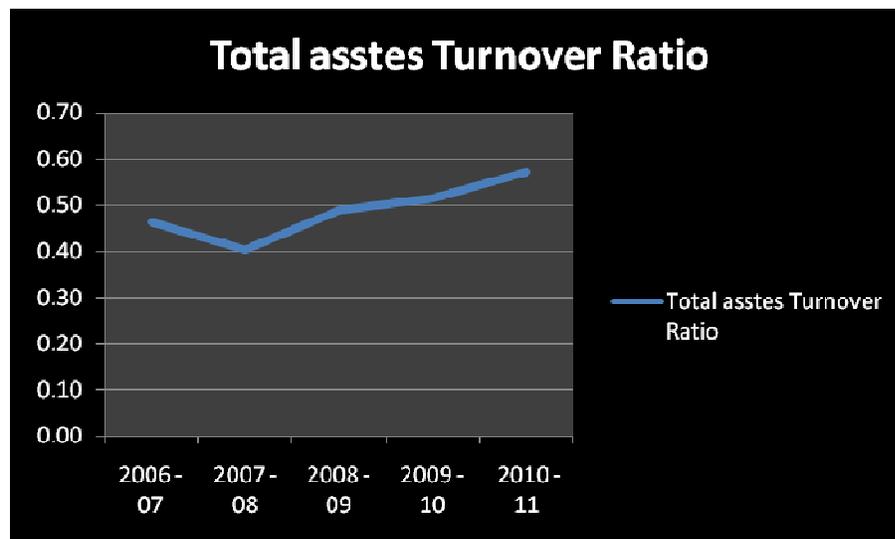
$$\text{Total assets Turnover Ratio} = \frac{\text{Sales}}{\text{Total assets}}$$

Table 4.12 Total assets Turnover Ratios

Year	Sales	Total Assets	Total asstes Turnover Ratio
2006 - 07	71974	155767	0.46
2007 - 08	83379	206613.54	0.40
2008 - 09	125621	256778.73	0.49
2009 - 10	124850	242668.37	0.51
2010 - 11	146172	255659.19	0.57

Total assets turnover ratio of CSL for the past 5 years ranging from 2006 – 07 to 2010 – 11 shows an increasing tendency. The high ratio is an indicator of over trading of total assets while a low ratio reveals idle capacity. The traditional standard for the ratio is two times.

Figure 4.11 Total assets Turnover Ratios



4. Debtors Turnover Ratio:

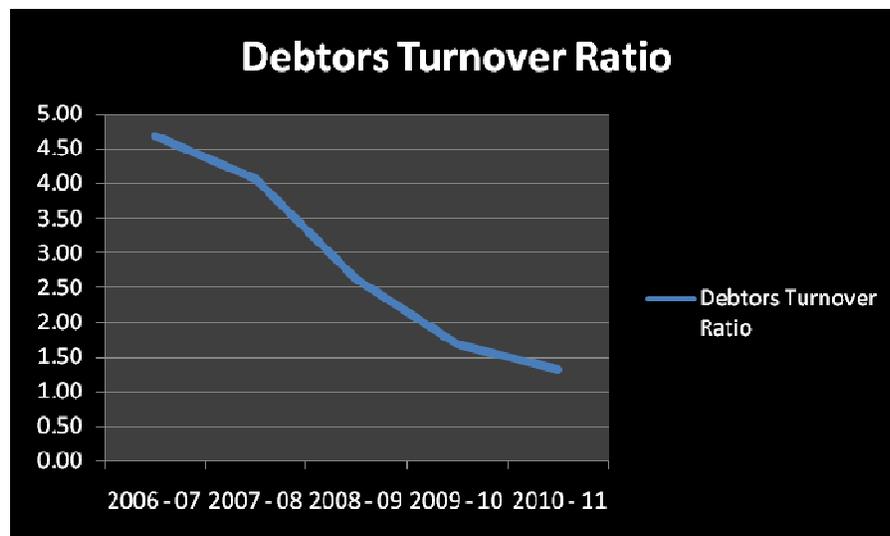
$$\text{Debtors Turnover Ratio} = \frac{\text{Net Credit Sales}}{\text{Average Debtors}}$$

Table 4.13 Debtors Turnover Ratios

Year	Total Sales	Debtors	Debtors Turnover Ratio
2006 - 07	71974	15379.06	4.68
2007 - 08	83379	20563.3	4.05
2008 - 09	125621	47930.82	2.62
2009 - 10	124850	74426.77	1.68
2010 - 11	146172	111176.9	1.31

It indicates the number of times on the average the receivables are turned over in each year. The higher the value of ratio, the more is the efficient management of debtors. Here the ratios are decreasing from year to year, which reveals that there is poor management of debtors in CSL.

Figure 4.12 Debtors Turnover Ratios



Profitability Ratios

Profitability ratios offer several different measures of the success of the firm at generating profits. It indicates in a nutshell the effectiveness of the decisions taken by the management from time to time. Profitability ratios are of utmost important for a

concern. These ratios are calculated to enlighten the end results of business activities which is the sole criterion of the overall efficiency of a business concern.

1. Net Profit Ratio:

This ratio explains per rupee profit generating capacity of sales. If the cost of sales is lower, then the net profit will be higher and then we divide it with the net sales, the results is the sales efficiency. If lower is the net profit per rupee of sales, lower will be the sale efficiency.

$$\text{Net Profit Ratio} = \frac{\text{Net Profit after Tax}}{\text{Net Sales}}$$

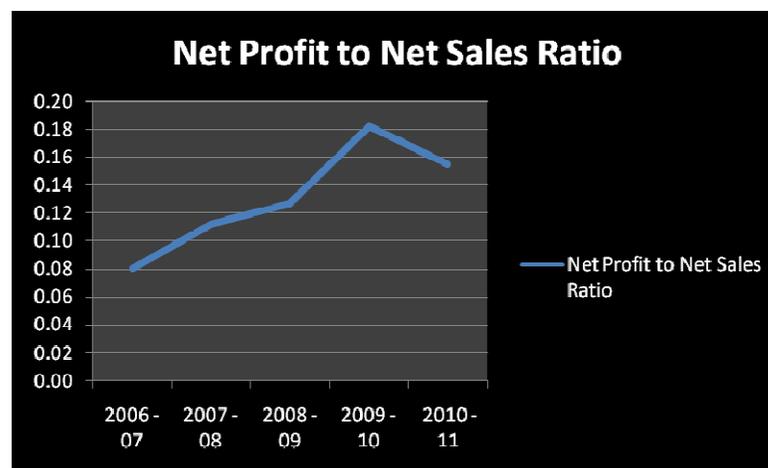
Table 4.14 Net Profit Ratios

This ratio differs from the operating profit ratio in as much as it is calculated after

Year	Net Profit After Tax	Net Sales	Net Profit to Net Sales Ratio
2006 - 07	5811	71974	0.08
2007 - 08	9385	83379	0.11
2008 - 09	16007	125621	0.13
2009 - 10	22804	124850	0.18
2010 - 11	22733	146172	0.16

deducting non operating, such as loss on sale of fixed assets etc., from operating profit and adding non operating income to such profit. In CSL Net profit ratio is increasing from year to year, which means that higher the ratio the better it is because it gives idea of improved efficiency of the concern.

Figure 4.13 Net Profit Ratios



2. Return on Equity Shareholders Fund:

This ratio is a measure of the percentage of the net profit to equity shareholders fund.

Return on Equity Shareholders Fund =

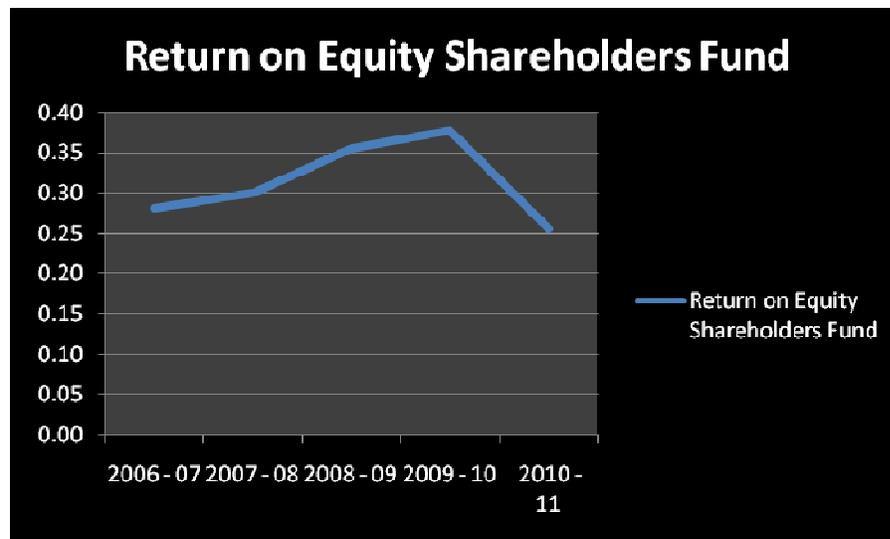
$$\frac{\text{Net Profit after Tax, Interest and Preference Dividend}}{\text{Equity Shareholders' Fund}}$$

Table 4.15 Return on Equity Shareholders Fund

Year	Net Profit After Tax & Preference Dividend	Equity Shareholders Fund	Return on Equity Shareholders Fund
2006 - 07	5811	20695	0.28
2007 - 08	9385	31292	0.30
2008 - 09	16007	44998	0.36
2009 - 10	22804	60382	0.38
2010 - 11	22733	88866	0.26

Except in the year 2010 – 11, Return on Equity shareholders ratio revealing increase in percentage.

Figure 4.14 Return on Equity Shareholders Fund



3. Earnings Per Share (EPS):

This helps in determining the market price of equity shares of the company and in estimating the company's capacity to pay dividend to its equity shareholders.

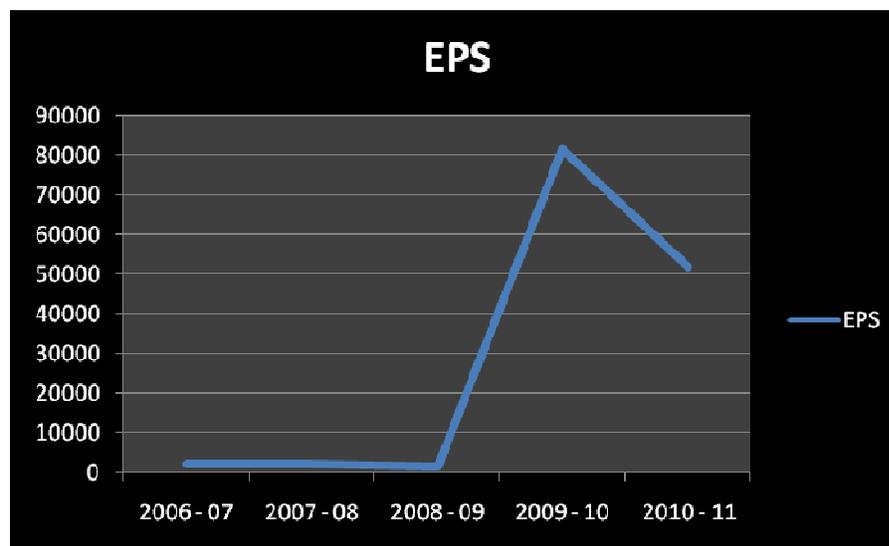
$$\text{EPS} = \frac{\text{Net Profit after Tax and Preference Dividend}}{\text{No. of Equity Shares}}$$

Table 4.16 Earnings per Share (EPS)

Year	Net Profit After Tax & Preference Dividend	No. of Equity Shares	EPS
2006 - 07	5811	2.89	2011
2007 - 08	9385	4.77	1968
2008 - 09	16007	11.33	1413
2009 - 10	22804	0.28	81443
2010 - 11	22733	0.44	51666

A sudden increase in EPS has been noticed in the year 2009 – 10. All the other years are having decreased rate of EPS.

Figure 4.15 Earnings per Share (EPS)



4. Return on Total Assets:

This ratio is calculated to measure the profit after tax against the amount invested in total assets to ascertain whether assets are being utilized properly or not.

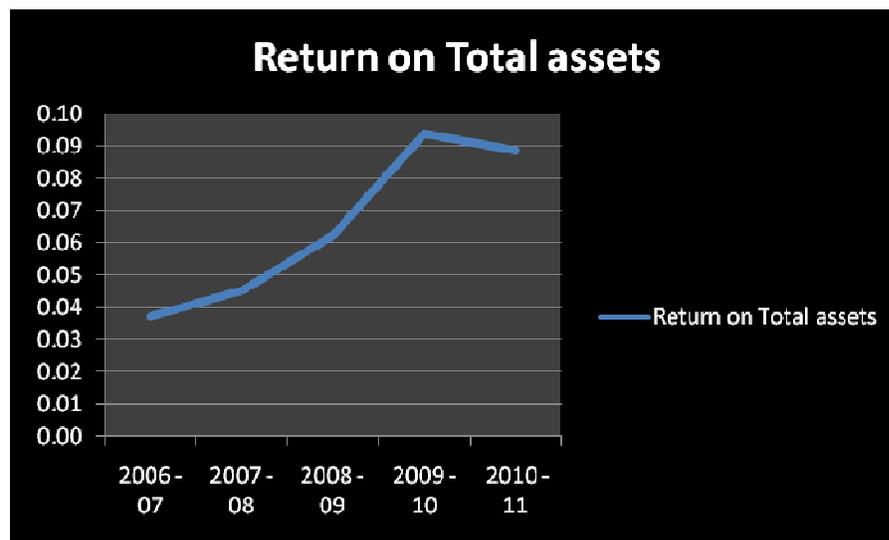
$$\text{Return on Total Assets} = \frac{\text{Net Profit after Tax}}{\text{Total assets}}$$

Table 4.17 Return on Total Assets

Year	Net Profit After Tax	Total Assets	Return on Total assets
2006 - 07	5811	155767	0.04
2007 - 08	9385	206613.54	0.05
2008 - 09	16007	256778.73	0.06
2009 - 10	22804	242668.37	0.09
2010 - 11	22733	255659.19	0.09

From the year 2006 – 07 to 2009 – 10, Return on Total assets ratio is increasing. But it is remaining constant at 9% for the years 2009 – 10 and 2010 – 11.

Figure 4.16 Return on Total Assets



5. Profit before Tax to Capital Employed

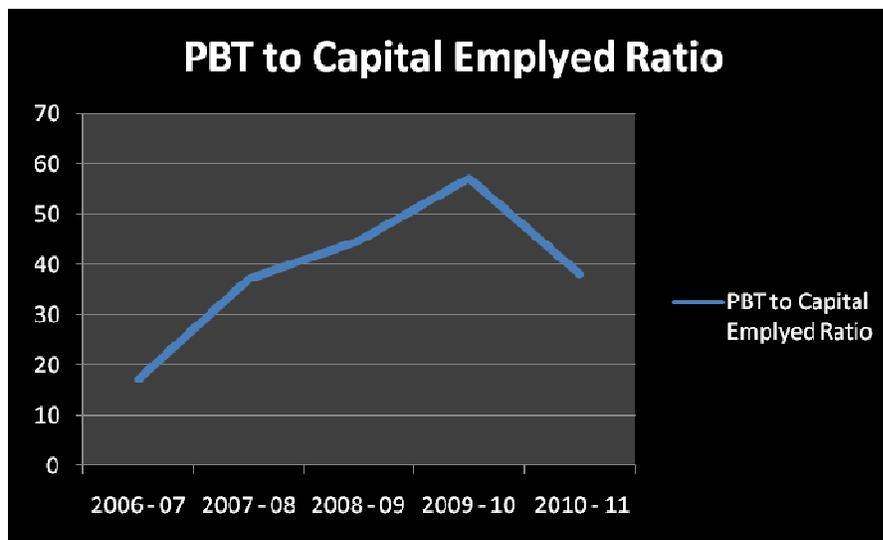
$$\text{Profit before Tax to Capital Employed} = \frac{\text{Profit before Tax}}{\text{Capital Employed}}$$

Table 4.18 Profit before Tax to Capital Employed

Year	Profit Before Tax	Capital Employed	PBT to Capital Employed Ratio
2006 - 07	8577	49660	17.27
2007 - 08	14940	40133	37.22
2008 - 09	24763	55031	44.99
2009 - 10	33125	57832	57.27
2010 - 11	34590	90393	38.26

From the year 2006 – 2007 to 2009 – 10 ratios has been increased from 17.27 to 57.27. And the ratio has declined to 38.26 in the year 2010 – 11.

Figure 4.17 Profit before Tax to Capital Employed



Capital Employed, Working Capital and Net worth

Table 4.19

Years	Capital Employed	Working Capital	Net worth
2006 - 07	49660	41847	32345
2007 - 08	40133	40198.22	42943
2008 - 09	55031	2797.56	56649
2009 - 10	57832	46256.11	68032
2010 - 11	90393	73775.75	96516

Graphical representations of the above table are given below.

Figure 4.18 Capital Employed

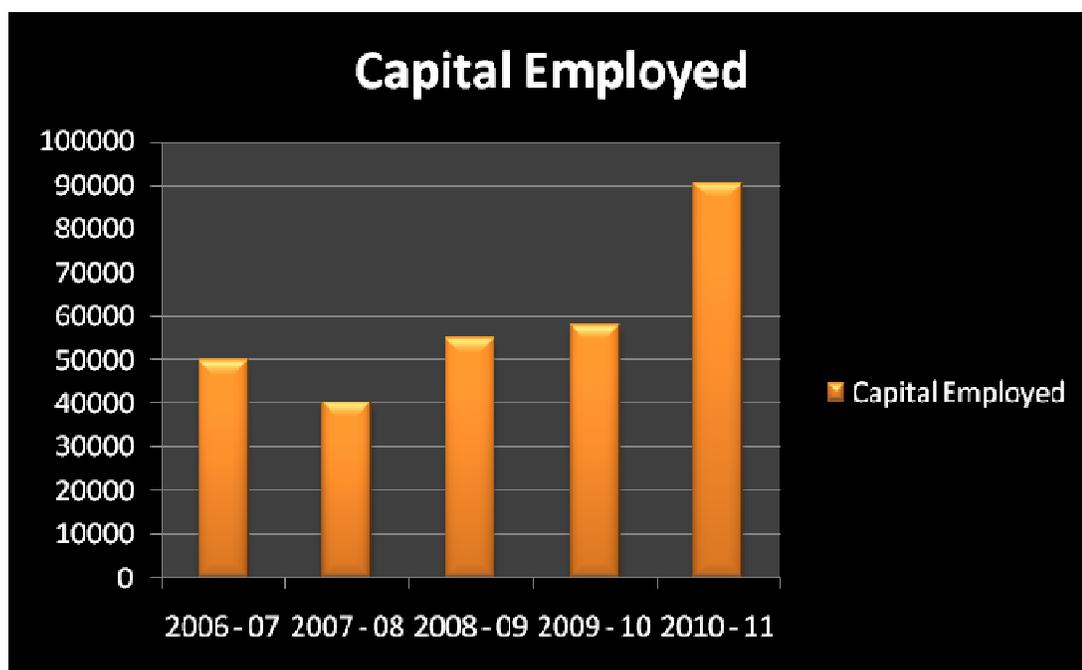


Figure 4.19 Working Capital

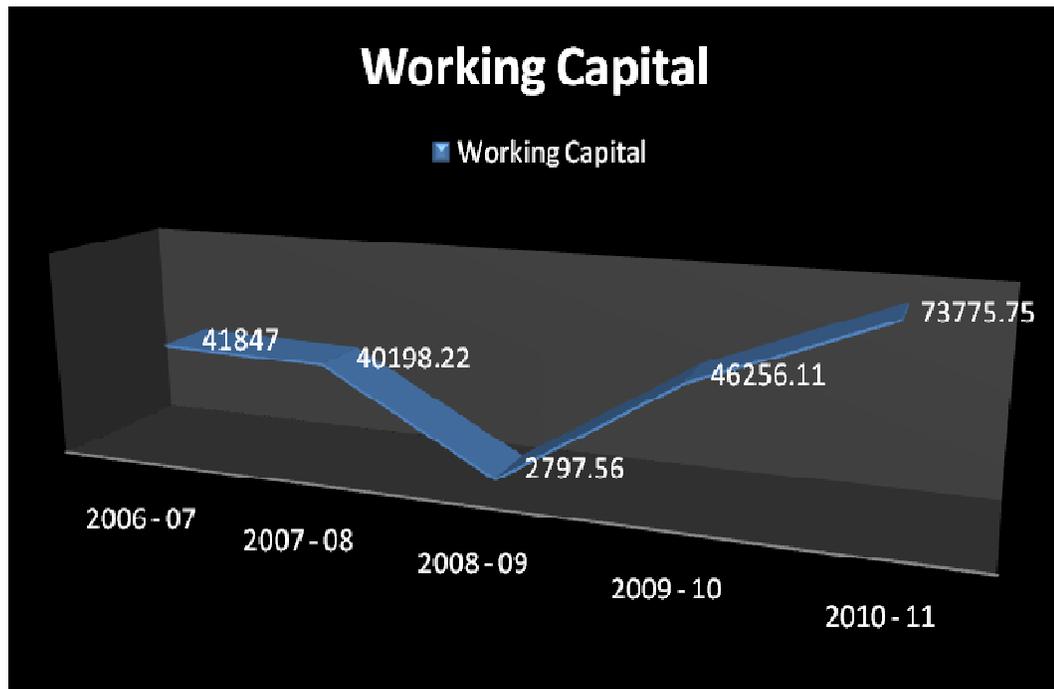
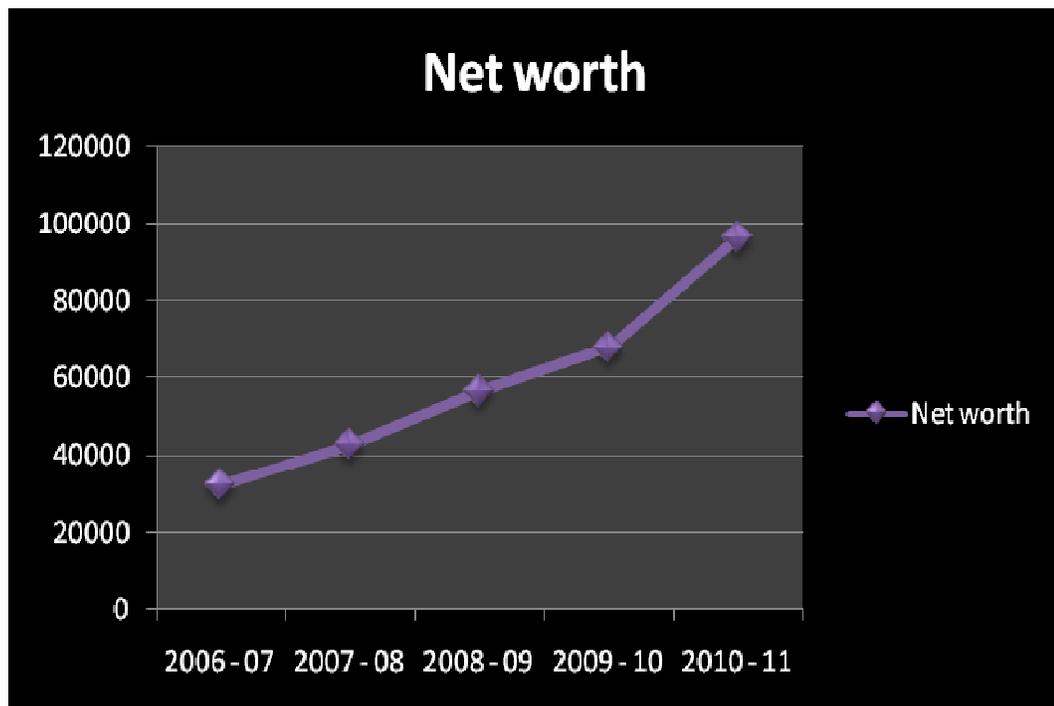


Figure 4.20 Net worth



Changes in Working Capital (Rs. in Lakhs)

Table 4.20

Particulars	2010 - 11	2009 - 10	2008 - 09	2007 - 08
Current assets : Increase / (Decrease)				
Cash and Bank balances	-6001	-15136	-29814	53767
Inventories	-10453	-8884	22250	-10169
Sundry Debtors	36750	26496	26010	-6084
Loans, Advances and other current assets	-3321	-21875	22596	7640
Total Current assets	16976	-19399	41042	45155
Current liabilities : Increase / (Decrease)				
Sundry Creditors	10729	-5816	-481	11041
Advance from Shipowners and others	-10876	-208	8715	28643
Provisions	-2711	-19653	20407	14358
Other liabilities	-12635	-34350	45089	1664
Total Current liabilities	-15493	-60026	73730	55706
Working Capital : Increase / (Decrease)	32469	40627	-32688	-10552

In the years 2007 – 08 and 2008 – 09 there is decrease in Working Capital in CSL. In the year 2009 – 10 there is an increase in Working Capital of Rs. 40627 and in the year 2010 – 11, the working capital has shown an increase Rs. 32469.

CHAPTER V

FINDINGS, CONCLUSION AND SUGGESTIONS

The department in charge of Working Capital Management at CSL must have a fair idea about the basic premises on which this function is executed in the company. These basic premises would provide a design and foundation on which an effective model can be chalked out.

Findings:

- CSL enjoys a comfortable position as far as current ratio is concerned.
- CSL's Quick ratios for the past 5 years show a fluctuating trend. It is also show changes in company's solvency.
- Increase in volume of sales requires increase in size of inventory, but for a good financial position inventory should not exceed the amount of working capital. In CSL except the financial year 2008 – 09, all the other four years showing a normal inventory to working capital ratio. The year 2008 – 09 shows a high ratio due to lower amount of working capital.
- In CSL the part of the capital employed has been used in purchasing the fixed assets are good for the concern. Because the fixed assets ratios of 5 years are less than one, and these are favorable for the company.
- CSL's current assets to fixed assets ratios show a decreasing trend. From this we can mean that trading is slack or more mechanization has been put through.
- CSL's proprietary equity ratio shows an increasing trend. So the general financial strength of the company is fair.
- In CSL the current assets have more importance in the total assets of the company.
- In CSL the proportion of current assets to shareholders fund has showing a downward leaning from the year 2006 – 07 to 2010 – 11.
- In CSL up to 2008 – 09 the capital turnover ratios are increasing at an increasing rate. This means there were greater amount of profits on those years. And the rest of the two years showing decrease in capital turnover ratios. This indicates that sufficient sales are not being made in these two years and profits are lower.

- CSL's working capital turnover ratio shows remarkably higher turnover ratio during the period 2008 – 09. The higher is the ratio, the lower is the investment in working capital and the greater are the profit. However, a very high turnover of working capital is a sign of over trading and may put the concern into financial difficulties. The rest of the years show low working capital ratios, from this we can realize that working capital is not efficiently used in these years.
- Total assets turnover ratio of CSL for the past 5 years ranging from 2006 – 07 to 2010 – 11 shows an increasing tendency. This indicates that there is over trading of total assets in CSL.
- In CSL the debtors turnover ratios are decreasing from year to year, which reveals that there is poor management of debtors in CSL.
- In CSL Net profit ratio is increasing from year to year, which means that higher the ratio the better it is because it gives idea of improved efficiency of the concern.
- In CSL except in the year 2010 – 11, Return on Equity shareholders ratio revealing increase in percentage.
- In CSL in the year 2009 – 10 a sudden increase in Earning per Share has been noticed. All the other years are having decreased rate of Earning per Share.
- In CSL Return on Total assets ratio is increasing from the year 2006 – 07 to 2008 - 09. But it is remaining constant at 9 percentages for the years 2009 – 10 and 2010 – 11.
- From the year 2006 – 2007 to 2009 – 10 Profit before Tax to Capital Employed ratios have been increased from 17.27 to 57.27. And the ratio has declined to 38.26 in the year 2010 – 11.

Conclusion:

From this dissertation we came to a conclusion that CSL is following remarkably efficient system of working capital management. While noticing the financial performance of the CSL can understand that there is always a scope for growth and development in CSL's future commitments. CSL's profitability ratios revealing that the company is growing steadily and also is maintaining a sound system for reserves and surplus. A healthy position of reserves and surplus is ensuring CSL's future growth. Liquidity ratios reflecting that CSL is always maintain liquidity and stability in its operations. This is helping the company to improving the public confidence in its contracts. While analyzing the company's financial highlights for the past 5 years ranging from 2006-07 to 2010-11, can notice that the networth of the CSL has grown steadily and stood at 965.16(in crore) in the year 2010-11.Total income of the company has been increased from 845.64 crores in the year 2006-07 and reached at 1602.80 years by the year 2010-11 which means almost the income has been increased by 600times within a period of 5years.

Suggestions:

➤ **Identification of cyclical trends in regular works:**

Massive and giant projects of shipbuilding should be de-linked in fund analysis for understanding the actual position of regular works. The works associated with ship repair, small ship production, and ancillary activities and categories of such sort should be brought under one head to analyze the regular revenues. Hence these should be the critical mass for fund management where as the shipbuilding activities which are large in volume but at the same time loss making should not skew the analysis of fund management.

➤ **The Operational Cyclic Analysis:**

CSL should concern itself with the identification of cyclic patterns which shall provide a very useful insight for the management to control the regular components of Working Capital that are not dependent on the completion of large staged projects.

➤ **Shift of core competence from Shipbuilding to Ship repair:**

CSL should identify and understand its operational strength. Undoubtedly the operational areas from which added revenues are earned indicate the company to concentrate more on accepting orders for ship repairing and small ship manufacturing.

The reason for the concentration to be inclined to ship repair and aligned activities is the advantage of availability of indigenous components as well as skilled contract labourers for ship repair operations. Large ships have their contract price fixed on international parity prices, which are lower than the actual cost of production.

➤ **Aggressive Cash Management:**

This is the most important area in which the management has to concentrate. Plenty of cash reserves may bring unwanted flab into the mechanism. It really is a matter of concern to observe that the management prefers to go in for a conservative style of management. The company follows the policy of piling all cash resources into bank deposits rather than trying to look out for better alternatives in internal operations of the company. This should definitely, if not properly planned, will reflect on the organization's profitability. Steps should be taken to canalize this idle cash in towards production and operation.

➤ The present financial position of the company showing poor management of debtors. For maintaining a better Debtors Turnover ratio the company must have to take effective measures to turn over receivables to cash.

➤ The company can always keep its options to go for a corporate operation restructuring, focusing itself to core diversified areas and doing better in what is best. This would help in a total revival of the company and make CSL self-reliant and leading company to compete in the Global market.

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ANNEXURE

Table AN1 Ship building income for the last 5 years

Year	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11
Ship Building Income	478	582	986	1181	1320

Figure AN1 Ship building income for the last 5 years

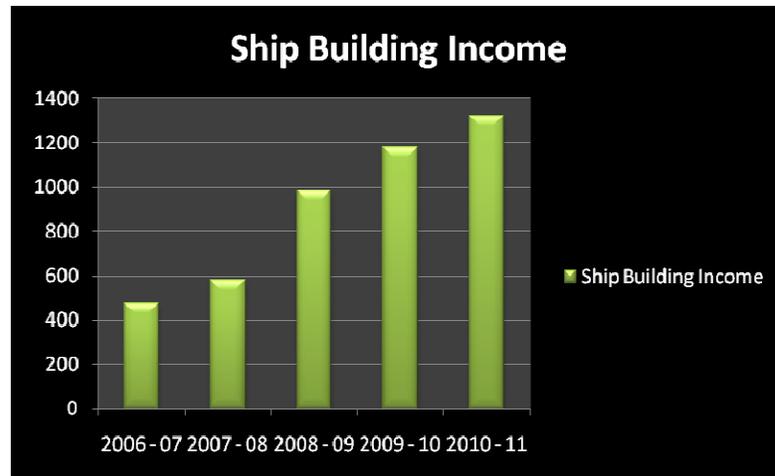
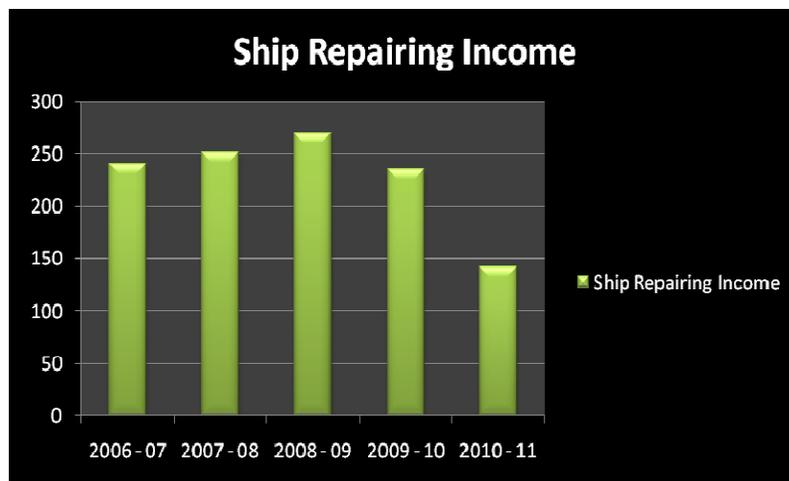


Table AN2 Ship repairing income for the last 5 years

Year	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11
Ship Repairing Income	241	252	270	236	142

Figure AN2 Ship repairing income for the last 5 years



FINANCIAL HEALTH

Table AN3 Increasing Profit (Rs. in Crs.)

Year	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11
Profit After Tax	58	94	160	223	227

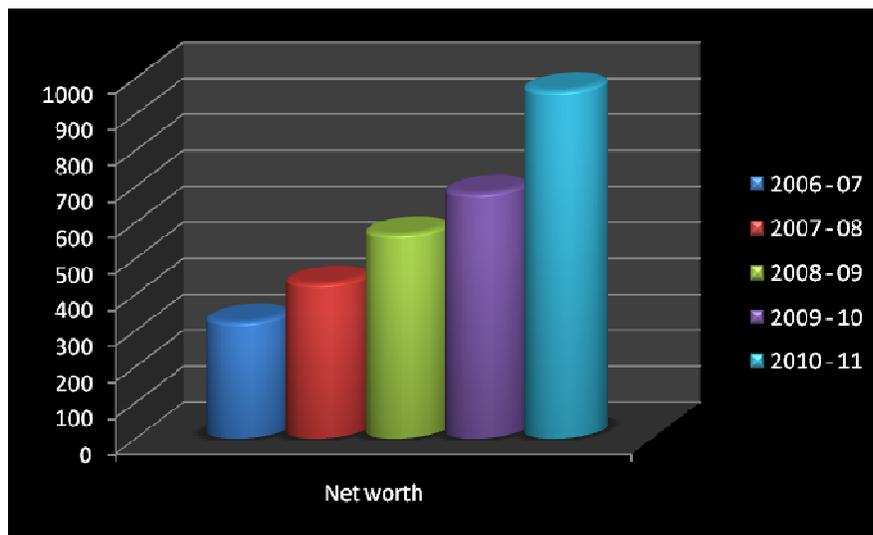
Figure AN3 Increasing Profit



Table AN4 Increasing Net worth (Rs. in Crs.)

Year	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11
Net worth	323	429	566	680	965

Table AN4 Increasing Net worth



The summarized working results of the company are as under:

Table AN5

Sl. No.	Particulars	2010 - 11	2009 - 10
1	Gross Income	1602.8	1494.91
2	Profit Before Interest, Depreciation & Tax	390.18	364.68
3	Interest	26.69	18.19
4	Depreciation & Write off	17.61	15.24
5	Profit Before Tax (PBT)	345.9	331.25
6	Provision for Tax	118.36	108.21
7	Net Profit	227.53	223.04