

**“A Study On Financial Performance Using Ratio Analysis Of  
Gsf Ltd. & Gnfc Ltd., Gujarat”.**

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**Abstract:**

The present study of the research title on “A Study on Financial Performance using Ratio Analysis of GSFC Ltd. & GNFC Ltd”. Gujarat Financial Associate in tending analysis cited budget analysis or accounting analysis refers to an assessment of the viability, stability and profitableness of a business, sub-business or project. The most plans behind this study are to research the money operative position of the corporate. This analysis is completed with facilitate of secondary information that is gathered from the annual report of the corporate. The financial performance is measured by exploitation numerous money tools like profitableness magnitude relation, financial condition magnitude relation, comparative statement, etc. supported the analysis, findings are arrived that the corporate possesses enough funds to satisfy its debts & liabilities, the profit-and-loss statement of the corporate shows sales of the corporate inflated once a year at sensible rate and profit conjointly increased once a year.

**Key Words:**

Financial analysis, Ratio analysis, Profitability ratio, liquidity, indebtedness.

**Introduction and Management about GSFC Ltd. & GNFC Ltd.**

The GSFC Ltd. was incorporated on 15 February 1962, in Gujarat. The Company manufacture chemical fertilisers, petrochemicals and alternative allied merchandise like organic compound, ammonia salt, diammonium

phosphate, ammonia, vitriol, caprolactam, argon gas, etc., and nylon-chips and alkali.

The GNFC Ltd. Corporation was built-in on 10<sup>th</sup> May, in Bharuch, Gujarat. The Company was promoted by Government of Gujarat and Gujarat State Fertilisers Co., Ltd. (GSFC). The corporate Manufacture chemical fertilisers, notably ammonia and organic compound and petrochemicals.

| Designation                | GSFC Ltd.                                                                                        | GNFC Ltd.                                                      |
|----------------------------|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <b>Chairman</b>            | J N Singh                                                                                        | J N Singh                                                      |
| <b>Director</b>            | Vasant P Gandhi<br>Vijai Kapoor<br>Arvind Agrawal<br>Ajay N Shah<br>Geeta Goradia<br>D C Anjaria | Mamta Verma<br>Piruz Khambatta<br>Arvind Sahay<br>Sunil Parekh |
| <b>Managing Director</b>   | Sujit Gulati                                                                                     | M S Dagur                                                      |
| <b>Additional Director</b> | -----                                                                                            | Arvind Agarwal<br>Sujit Gulati                                 |

### Objectives of study

1. To identify the money fluctuations of gain, liquidity position within the Selected Companies.
2. To know the profit level of the selected company.
3. To identify any consistent results or trends by victimization analytic thinking.
4. To identify the money performance and distribution of Selected.

### Scope of the study

The main aim of the study is to investigate the monetary position of the corporate victimization monetary tool like magnitude relation analysis. This is

often principally worn out order to search out the monetary soundness of the corporate. Normally the study focuses on the monetary position of the corporate.

### **Limitation of the Study**

The study suffers from bound limitations and a few of those area unit mentioned below in order that finding of the study may be understood during a correct perspective. The restrictions of the study are as follows:

1. The study time is forbidden to 5 year solely.
2. The study is predicated on secondary information collected from websites.
3. The information is accessible on company's websites.
4. To suggest effective measures in the existing system of the company.

### **Review of Literature**

**Dr.S.Vijayalakshmi, Sowndarya.K & Sowndharya.K (2017)**, Authors published article on "A Study on Financial Performance Analysis of Bharti Airtel Limited". Financial performance is finished to judge capability, stability and gain of the corporate. Money analysis helps investors to appraise whether or not they ought to invest during an explicit company or not. The most objective of this study is to grasp the short term and long run money position of the corporate and to grasp the profit level of the corporate. it's analyzed mistreatment short term, long run and gain ratios for the amount 2011- 2016, supported the secondary knowledge that's record and profit/loss account. The corporate has got to stabilize its financial gain while not a lot of increase in operational expenses.

**Jyotirmoy Koley (2019)**, Studied on "Analysis of Financial Position and Performance of Public and Private Sector Banks in India: A Comparative Study on SBI and HDFC Bank". The current study is created to live the funds position, performance and potency of the biggest public sector bank (SBI) and personal sector bank (HDFC). The target of the study is to spot money position and performance of the chosen banks and to look at whether or

not any important distinction exists in their performance. The study is predicated on secondary information that has been collected from annual reports of the chosen banks covering an amount of 5 years from 2013-14 to 2017-18. The camel model has been accustomed assess the money strength of the chosen banks. T-test has been used on the vital parameters like capital adequacy, plus quality, management potency, earnings ability and liquidity to draw the conclusion the study.

### **Data Analysis & Interpretation**

Data analysis and interpretation is the process of assigning meaning to the collected information and determining the conclusions, significance and implications of the findings. It is an important and exciting step in the process of research. In all research studies, analysis follows data collection.

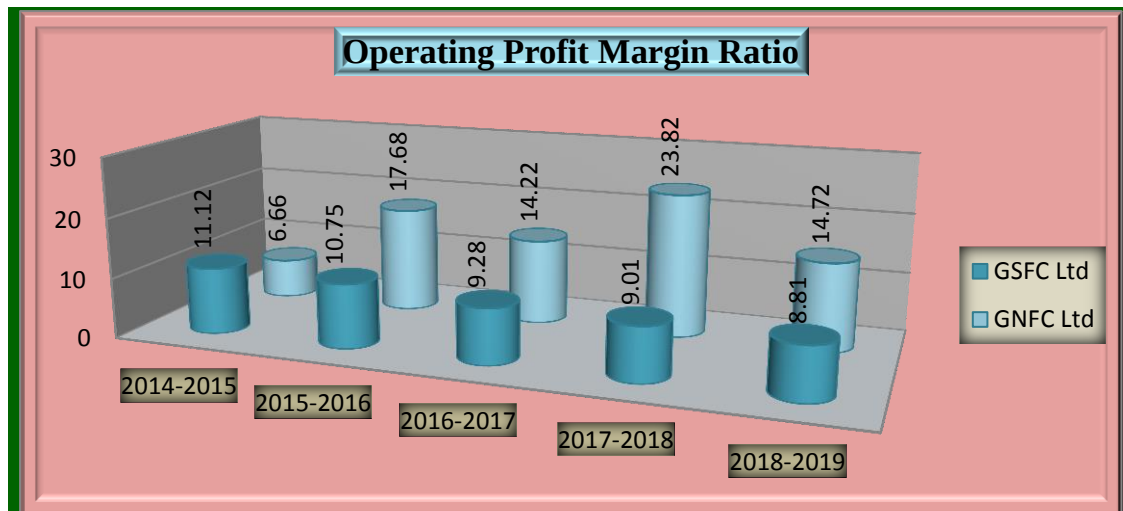
#### **1. Operating Profit Ratio**

Operating net profit ratio is considered by dividing the operating net profit by sales. This ratio helps in formative the ability of the management in running the industry.

$$\text{Operating Profit Ratio} = (\text{Operating profit} / \text{Net sales}) \times 100$$

**Table. No: 1-** Operating Profit Ratio of Selected Companies.

| <b>Financial Year</b> | <b>GSFC Ltd.</b> | <b>GNFC Ltd.</b> | <b>Total</b> | <b>Average</b> |
|-----------------------|------------------|------------------|--------------|----------------|
| <b>2014-2015</b>      | 11.12            | 6.66             | 17.8         | 8.89           |
| <b>2015-2016</b>      | 10.75            | 17.68            | 28.4         | 14.215         |
| <b>2016-2017</b>      | 9.28             | 14.22            | 23.5         | 11.75          |
| <b>2017-2018</b>      | 9.01             | 23.82            | 32.8         | 16.415         |
| <b>2018-2019</b>      | 8.81             | 14.72            | 23.5         | 11.765         |
| <b>Total</b>          | <b>48.97</b>     | <b>77.1</b>      |              |                |
| <b>Average</b>        | <b>9.794</b>     | <b>15.42</b>     |              |                |



**Graph. No: 1-** Operating Profit Ratio of Selected Companies.

### Interpretation

Above table Point out Operating Profit Ratio of selected companies from 2014-15 to 2018-19. In the case of GSFC Ltd. As a whole, the table reveals as decreasing trend. The highest Operating profit ratio of GSFC Ltd. was 11.12% in 2014-2015 and the least of Operating profit Ratio ratio 8.81% in 2018-2019. In the case of GNFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Operating profit ratio of GSFC Ltd. was 23.82% in 2017-2018 and the least of Operating profit Ratio ratio 6.66% in 2014-2015.

## 2. Gross Profit Ratio

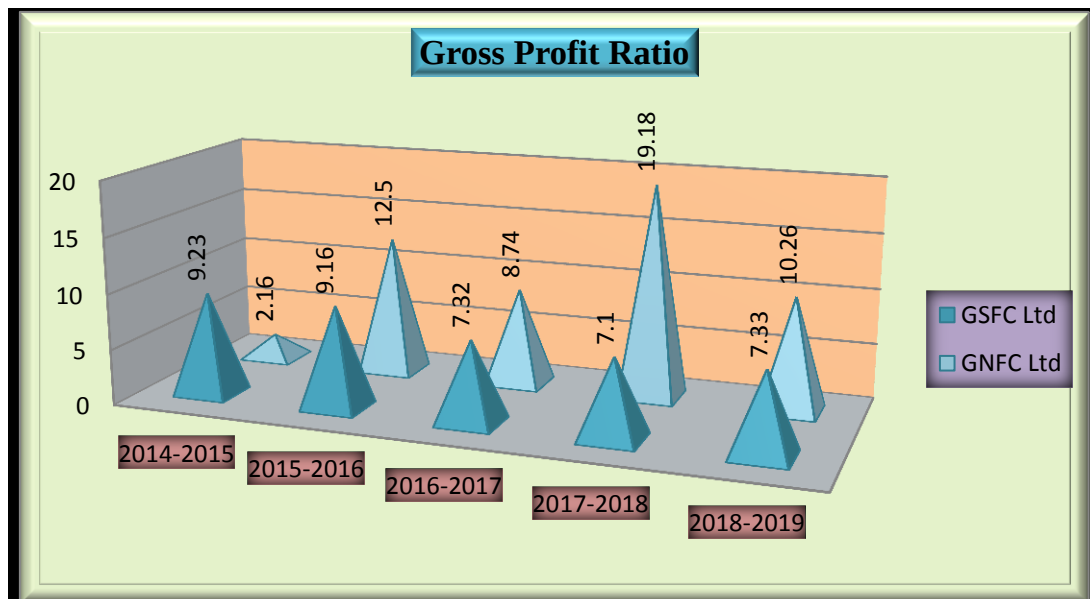
Gross profit quantitative relation is that the quantitative relation of net to income i.e. sales less sales returns. The quantitative relation therefore reflects the margin of profit that a priority is in a position to earn on its commerce and producing activity. It's the foremost ordinarily calculated quantitative relation. It's utilized for inter-firm and inter-firm comparison of business results.

$$\text{Gross Profit} = \text{Gross profit} / (\text{Net sales} \times 100)$$

**Table. No: 2-** Gross Profit Ratio of Selected Companies.

| Financial Year | GSFC Ltd. | GNFC Ltd. | Total | Average |
|----------------|-----------|-----------|-------|---------|
| 2014-2015      | 9.23      | 2.16      | 11.4  | 5.695   |
| 2015-2016      | 9.16      | 12.5      | 21.7  | 10.83   |

|                |              |               |      |       |
|----------------|--------------|---------------|------|-------|
| 2016-2017      | 7.32         | 8.74          | 16.1 | 8.03  |
| 2017-2018      | 7.1          | 19.18         | 26.3 | 13.14 |
| 2018-2019      | 7.33         | 10.26         | 17.6 | 8.795 |
| <b>Total</b>   | <b>40.14</b> | <b>52.84</b>  |      |       |
| <b>Average</b> | <b>8.028</b> | <b>10.568</b> |      |       |



**Graph. No: 2-** Gross Profit Ratio of Selected Companies.

### Interpretation

Chart no. 2 Indicate Gross Profit Ratio of selected companies from 2014-15 to 2018-19. In the case of GSFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Gross profit ratio of GSFC Ltd. was 9.23% in 2014-2015 and the least of Operating profit Ration ratio 7.1% in 2017-2018. In the case of GNFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Operating profit ratio of GSFC Ltd. was 2.16% in 2014-2015 and the least of Operating profit Ration ratio 19.8% in 2017-2018.

### 3. Return On Capital Employed

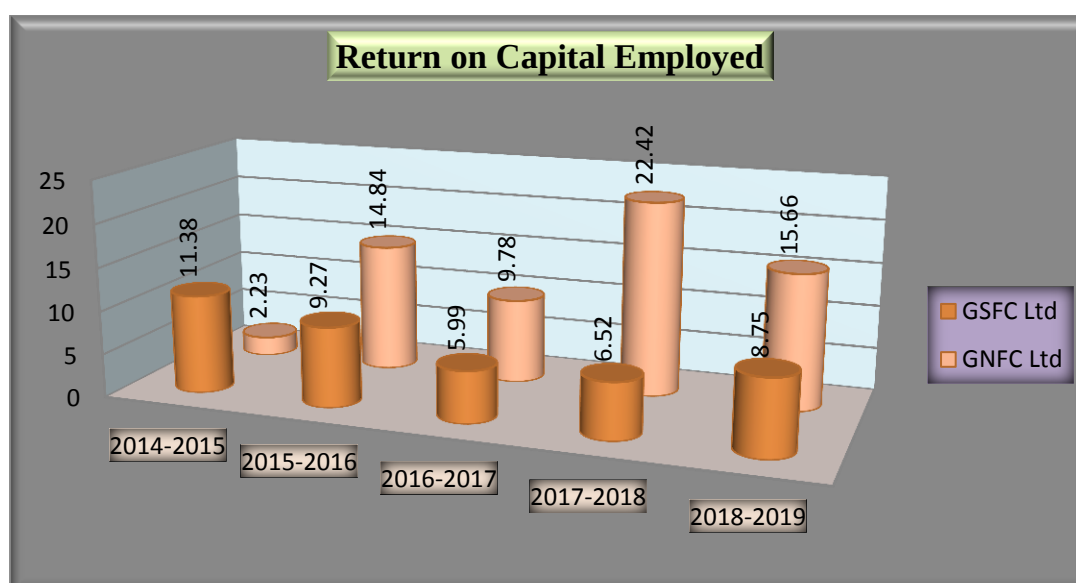
ROCE stands for come back on Capital Employed; it's a monetary quantitative relation that determines a company's gain and also the potency the capital is applied. A better ROCE implies an additional economical use of capital; the

ROCE ought to be above the cost of capital. If not, the corporate is a smaller amount productive and inadequately building stockholder price.

$$\text{ROCE} = \text{EBIT} / \text{Capital Employed.}$$

**Table. No: 3-** Return on Capital Employed of Selected Companies.

| Financial Year | GSFC Ltd     | GNFC Ltd      | Total | Average |
|----------------|--------------|---------------|-------|---------|
| 2014-2015      | 11.38        | 2.23          | 13.6  | 6.805   |
| 2015-2016      | 9.27         | 14.84         | 24.1  | 12.055  |
| 2016-2017      | 5.99         | 9.78          | 15.8  | 7.885   |
| 2017-2018      | 6.52         | 22.42         | 28.9  | 14.47   |
| 2018-2019      | 8.75         | 15.66         | 24.4  | 12.205  |
| <b>Total</b>   | <b>41.91</b> | <b>64.93</b>  |       |         |
| <b>Average</b> | <b>8.382</b> | <b>12.986</b> |       |         |



**Graph. No: 3-** Return on Capital Employed of Selected Companies.

### Explanation

Diagram signifies Return on Capital Employed of selected companies from 2014-15 to 2018-19. In the case of GSFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Return on Capital Employed of GSFC Ltd. was 11.38% in 2014-2015 and the least of Return on Capital Employed ratio 5.99%

in 2016-2017. In the case of GNFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Return on Capital Employed of GSFC Ltd. was 22.42% in 2017-2018 and the least of Return on Capital Employed 2.23% in 2014-2015.

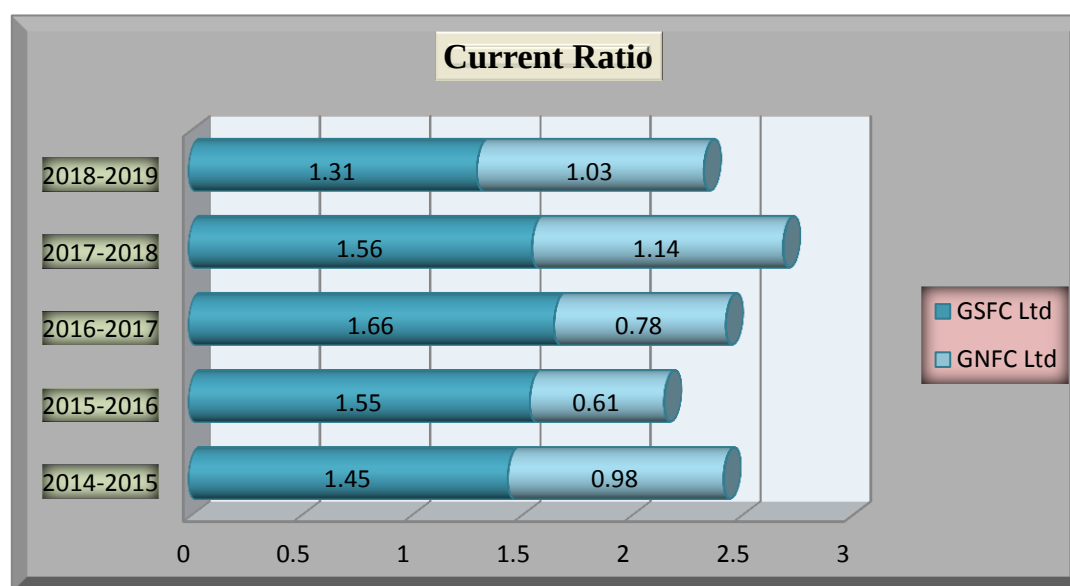
#### 4. Current Ratio

The current ratio is used to measure a company's short-term liquidity position and provides a quantitative relationship between current assets (CA) and current liabilities (CL).

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

**Table. No: 4-** Current Ratio of Selected Companies.

| Financial Year | GSFC Ltd     | GNFC Ltd     | Total | Average |
|----------------|--------------|--------------|-------|---------|
| 2014-2015      | 1.45         | 0.98         | 2.43  | 1.215   |
| 2015-2016      | 1.55         | 0.61         | 2.16  | 1.08    |
| 2016-2017      | 1.66         | 0.78         | 2.44  | 1.22    |
| 2017-2018      | 1.56         | 1.14         | 2.7   | 1.35    |
| 2018-2019      | 1.31         | 1.03         | 2.34  | 1.17    |
| <b>Total</b>   | <b>7.53</b>  | <b>4.54</b>  |       |         |
| <b>Average</b> | <b>1.506</b> | <b>0.908</b> |       |         |



**Graph. No: 4- Current Ratio of Selected Companies.****Interpretation**

Graph no. 4 designate Current Ratio of selected companies from 2014-15 to 2018-19. In the case of GSFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Current Ratio of GSFC Ltd. was 1.66% in 2016-2017 and the least of Current Ratio 1.31% in 2018-2019. In the case of GNFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Current Ratio of GSFC Ltd. was 1.14% in 2017-2018 and the least of Current Ratio 0.61% in 2015-2016.

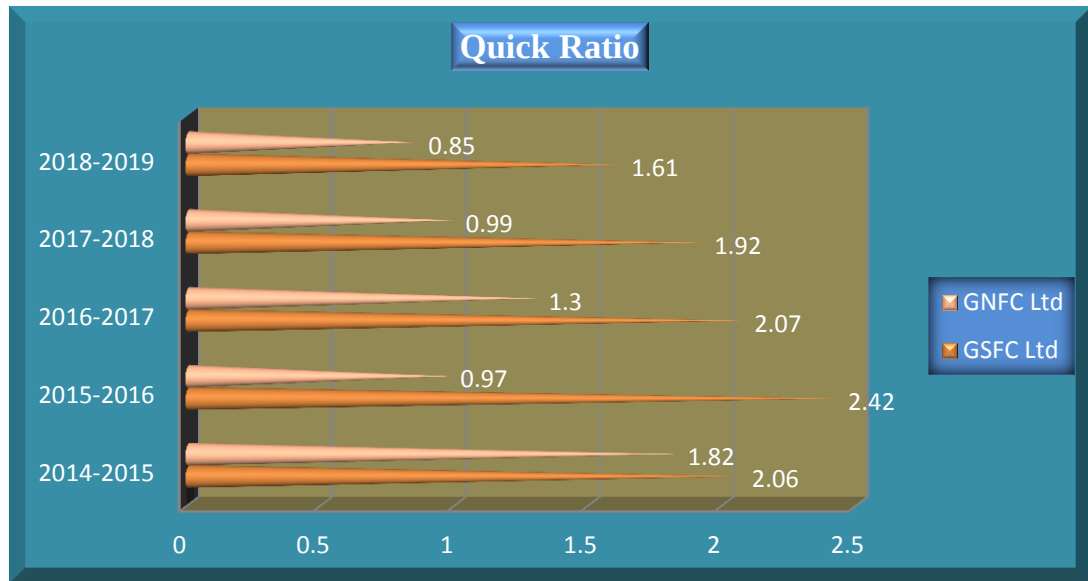
**5. Quick Ratio**

Quick Ratio Formula or Acid Test Ratio is one of the most important Liquidity Ratios for determining the company's ability to pay off its current liabilities in the short term.

$$\text{Quick Ratio} = \frac{\text{Total Current Assets} - \text{Inventory} + \text{Prepaid Exp.}}{\text{Current Liabilities}}$$

**Table. No: 5- Quick Ratio of Selected Companies.**

| Financial Year | GSFC Ltd.    | GNFC Ltd.    | Total | Average |
|----------------|--------------|--------------|-------|---------|
| 2014-2015      | 2.06         | 1.82         | 3.88  | 1.94    |
| 2015-2016      | 2.42         | 0.97         | 3.39  | 1.695   |
| 2016-2017      | 2.07         | 1.3          | 3.37  | 1.685   |
| 2017-2018      | 1.92         | 0.99         | 2.91  | 1.455   |
| 2018-2019      | 1.61         | 0.85         | 2.46  | 1.23    |
| <b>Total</b>   | <b>10.08</b> | <b>5.93</b>  |       |         |
| <b>Average</b> | <b>2.016</b> | <b>1.186</b> |       |         |



**Graph. No: 5- Quick Ratio of Selected Companies.**

### Explanation

Above table Represent Quick Ratio of selected companies from 2014-15 to 2018-19. In the case of GSFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Quick Ratio of GSFC Ltd. was 2.41% in 2015-2016 and the least of Quick Ratio 1.61% in 2018-2019. In the case of GNFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Quick Ratio of GSFC Ltd. was 1.82% in 2014-2015 and the least of Current Ratio 0.85% in 2018-2019.

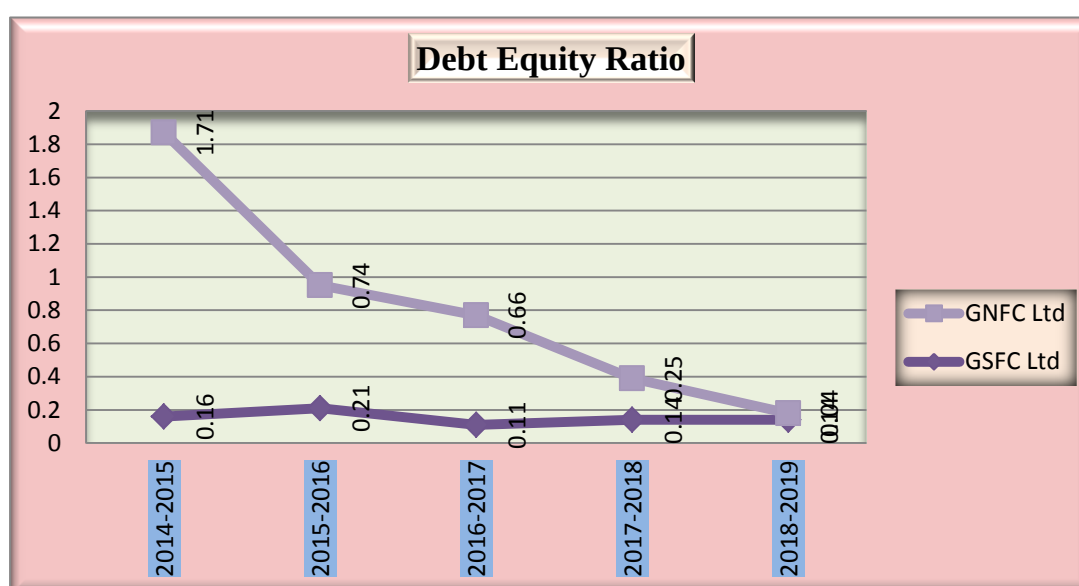
## 6. Debt Equity Ratio

The debt to equity quantitative relation could be money, liquidity quantitative relation that compares a company's total debt to total equity. The debt to equity quantitative relation shows the share of company funding that comes from creditors and investors. The next debt to equity quantitative relation indicates that additional human funding (bank loans) is employed than capitalist funding (shareholders).

$$\text{Debt Equity Ratio} = \frac{\text{Total Liability}}{\text{Total Equity}}$$

**Table.no:6 Debt Equity Ratio of Selected Companies.**

| Financial Year | GSFC Ltd.    | GNFC Ltd.   | Total | Average |
|----------------|--------------|-------------|-------|---------|
| 2014-2015      | 0.16         | 1.71        | 1.87  | 0.935   |
| 2015-2016      | 0.21         | 0.74        | 0.95  | 0.475   |
| 2016-2017      | 0.11         | 0.66        | 0.77  | 0.385   |
| 2017-2018      | 0.14         | 0.25        | 0.39  | 0.195   |
| 2018-2019      | 0.14         | 0.04        | 0.18  | 0.09    |
| <b>Total</b>   | <b>0.76</b>  | <b>3.4</b>  |       |         |
| <b>Average</b> | <b>0.152</b> | <b>0.68</b> |       |         |



**Graph. No: 6-** Debt Equity Ratio of Selected Companies.

### Interpretation

Above table Represent Debt Equity Ratio of selected companies from 2014-15 to 2018-19. In the case of GSFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Debt Equity Ratio of GSFC Ltd. was 0.21% in 2015-2016 and the least of Debt Equity Ratio 0.11% in 2016-2017. In the case of GNFC Ltd. As a whole, the table reveals as Fluctuating trend. The highest Debt Equity Ratio of GSFC Ltd. was 1.71% in 2014-2015 and the least of Debt Equity Ratio 0.04% in 2018-2019.

### Findings

1. Operating Profit ratio of GNFC Ltd. Is better than GSFC Ltd. Operating profit ratio of GNFC Ltd. was better compare to GSFC Ltd. during the study period, There for GSFC Ltd. Improve growth rate.
2. The average operating profit ratio of GSFC Ltd. was 9.794 and GNFC Ltd was 15.42% during the study period from 2014-2015 to 2018-2019. Hence, the performance of GNFC Ltd. is company was better than the GSFC Ltd.
3. The Gross profit ratio of GSFC Ltd. was 8.028 and GNFC Ltd was 10.56% during the study period from 2014-2015 to 2018-2019. Hence, the performance of GNFC Ltd. is company was superior to the GSFC Ltd.
4. Return on Capital Employed of GSFC Ltd. was 8.38 and GNFC Ltd was 12.98% during the study period. Hence, the performance of GNFC Ltd. Is better to compare GSFC Ltd.
5. Current ratio of GSFC Ltd was 1.56 and GNFC Ltd was 0.90 score during the study period hence the performance of GNFC Ltd. is good to compare GSFC Ltd.
6. Quick Ratio of GSFC Ltd. Was 2.01and GNFC Ltd was 1.18 mark during the study period hence the performance of GSFC Ltd. is better than GNFC Ltd.

**Suggestions**

1. Operating Profit Ratio, Gross Profit Ratio, Return on Capital Employed was GNSF Ltd.was better to compare GSFC Ltd. during the study period, There for GSFC Ltd. Maintain growth rate.
2. Current ratio or Quick Ratio was GSFC Ltd. Was better to compare GNFC Ltd. During study period there for GNFC Ltd take required steps for improve it.

**Conclusion**

From the above research and data analysis and interpretation, following conclusion can be made. Finance is life blood of modern business without finance business not possible. The income analysis can show the investment and funding operational activities of the corporate and conjointly the money increase in decrease within the money. The money payment for the sales of products and repair received from the debtor's payment purchased from the acquisition of inventories and money payment for the creditors. Long term assets non-operating current assets and investments. Net effects of influx and outflow of money about these funding activities is set the income statements.

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