

A
PROJECT REPORT ON

“MANAGEMENT OF WORKING CAPITAL AND EXPENSE ANALYSIS”

AT

PAM PAC MACHINES PVT. LTD.

SUBMITTED TO
THE UNIVERSITY OF PUNE
IN PARTIAL FULFILLMENT OF
MASTERS IN BUSINESS ADMINISTRATION

BY

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MBA - II

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VISHWAKARMA INSTITUTE OF MANAGEMENT, PUNE
(2004- 2006)

Acknowledgement

No significant achievement can be a solo performance, especially when it comes to preparing a project of this nature. This project has by no means an exception. I believe that if it were not for the support, confidence and encouragement of many people, this report would look much different than it does today.

I present sincere thank to **Mr.D.P.Saxena** (Vice-President, Pam-Pac) for giving us an opportunity to carry out a project in Pam-Pac. I would like to give sincere thanks to **Mr.Manoj Jain** (DGM Finance) for his continuous support and guidance during the project. The practical and learning inputs, which he provided me during whole program, will always add a great learning experience in my career and personal life. I would also like to thank **Mr.S.R.Shende, Mr.N.R.Desai, Mr. M.L.Aphle, Mr.R.R.Raut, Mr.Nilesh and Mr. Sanjay** of Pam-pac, Pune for providing us consistent support by sparing their valuable time and guidance and co-operation to complete our work successfully.

With immense pleasure, I would like to express my thanks to **Prof. Mahesh Halale, project guide** for having given me this privilege of working under him and completing this study.

I would be failing in my duty if I do not acknowledge the gratitude to **Dr. Sharad Joshi**, director, **V.I.M** for his keen interest and valuable suggestions that went all the way in successful completion of this work.

At the end, I take this opportunity to express my deepest gratitude to all those people without whose consistent support, co-operation, guidance, encouragement and understanding, this project would never have been successfully completed.

(NEETA K WADHWANI)

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INTRODUCTION



Pam-Pac Machines Pvt. Ltd.

Pam-Pac Machines Private Limited, a joint venture company between Associated Capsules Group, India and IWK Verpackungstechnik, Germany has a wide range of machinery products for packaging solutions for Pharmaceutical and FMCG Industries. It was established in 1989 and started operating in 1990. Its range of products includes automatic blister packaging machines and highly sophisticated cartooning machines. Pam-Pac ranges of Blister Packing & Cartooning machines have been specially developed to add value to the product with respect to packaging innovation and to optimize the investment in machine and its change-parts.

Pam-Pac machines offer you the best combination of features, level of automation and flexibility. With a high output to price ratio, the Blister packing range of machines are reliable and upgradeable to enhance output and level of automation. High speed, versatile machines for PVC and Alu/Alu blisters also form a part of the range of blister packing machines. A Range of semi-automatic and fully automatic cartooning machines, with continuous motion are suitable for a wide range of products including non-rigid products, small batch quantities, multi-line packaging, products that are difficult to pack and unit packs.

Pam Pac Pharma packaging can handle tablets capsule of any size, ampoule vials, prefilled syringes, tubes and combination packs of syringes & ampoules, bottles, and other wide range of products.

The Pam-Pac Pharma packing solution is one of the most reliable cost-effective solutions, which is Pharma standard compliant.

PAMPAC Advantage:

- Compact flat blisters with reduced curvature and matched cavities that save packing material.
- No need to choose between single and twin track machines - simply select the forming width based on your output
- Quick changeover
- Fewer change parts result in cost saving
- Superior dots sealing makes the blisters elegant and flatter.
- Low power consumption.
- Customized level of automation.
- Advanced blister-packing machine with online NFD & collator.

The company is basically in three lines of business:

- Basic machines.
- Spares parts.
- Change parts.

The company has a market share of 55-60%, which comes from 45% of exports and 55% of domestic business.

There are total nine machines center in the company out of which-

- 4 are Japanese Machines
- 2 are Indian Machines
- 3 are German Machines

There are two types of Machine sectors-

- Horizontal Machine sectors
- Vertical Machine sectors

The company is mainly in three types of packing machines:

1. Blisters packing machines
2. Cartooning machines.
3. Line assembly machines.

1) **Blisters packing machines:** These machines are used to manufacture the blisters through different machines which are as follows:

- BP 102
- CARTO BLIS
- BQS
- TROPAC
- BP 302
- BP 450 AD
- MAGNA BLISS
- BP 602
- BP 2000

In new innovations, BP 2000 and BP 450AD are on move. The main materials used for packing are PVC, Aluminum and Aluminum & PVC coils.

2.) **Cartooning machines:** The cartooning machines are made up of stainless steel and are coated by a clad (made up of Aluminum, rubber, plastics etc.). There are various types of cartooning machines:

- Hi Cart machines- High Speed Cartooning Machine - Hi-Cart:
- CP 120 & CP 150- Fully Automatic Horizontal Cartooning machine
- VCP 40
- VP 120

In these machines VP are doing cartooning on vertical level whereas CP is doing it on horizontal level.

3.) **Line Assembly:** This machine is a total solution for many industries. It is a multi purpose machine, which is used to make blisters along with to pack them in the cartons.

Types of Packing done by the machines-:

- ALU/ALU Blister Packing (Climate control)
- PVC/ALU Blister Packing
- PVDC/ALU Blister Packing

OTHER ACTIVITIES

- i) They also manufacture the change part for the machine and supply the spare part needed by the customer.
- ii) Pam Pac provides service, maintenance and repairing of the product for the old and existing customer.
- iii) Technical Support/ Training,

MISSION

It is their intention to become a global market leader in capsules and related machinery and to concentrate on the health care business as their core area for growth. They will use our technical expertise to create wealth in other parts of the world by becoming a ***“Transnational Company”***.



Their internal values are reflected in the image they portray. They would always like

To be identified with

“Quality, Service and Fairness”.



ASSOCIATED CAPSULES GROUP

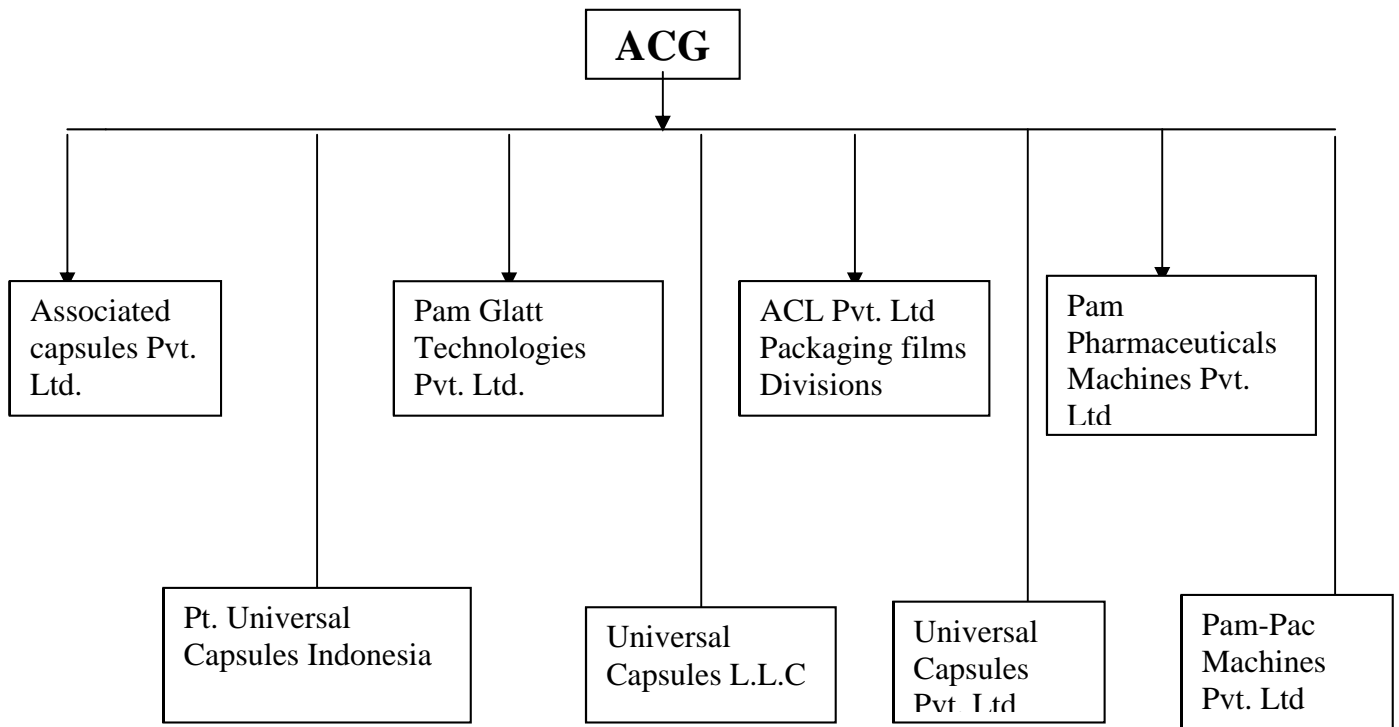
Associated Capsules Group (ACG) has been serving the pharmaceutical industry for four decades. They are one of the largest manufacturers of hard gelatin capsules in the world comprising of ten group companies including subsidiaries in USA and Indonesia, ACG has manpower strength of over 1200.

ACG's world-class technology provides the complete package of solutions, from empty capsules to granulation and coating, to capsule filling, packaging films blister packing and carton packing. Their products are exported to over 40 countries. They have installed over 12,000 machines worldwide. They set high standards of quality, with most of their group companies acquiring major international quality certifications. ACG is committed to Research and Development for continuous delivery of innovative solutions. Their research teams continuously strive to develop innovative technology to give their customers the competitive edge. SciTech Center, the group's 50,000-sq. ft. R & D Center in the heart of Mumbai is a government recognized research institution. Over the last 25 years, it has been actively engaged in research in the areas of dosage form development including controlled release, pharmaceutical engineering, veterinary and agricultural research, and particularly delivery systems.

Forty years ago ACG began manufacturing empty hard gelatin capsules and became one of the largest in the world. Today their group companies manufacture world class formulation processing machines, capsule-filling machines, packaging machines and also packaging films.

As one of the few groups in the world to provide end-to-end solutions in solid dosage delivery system, they must try even harder to expand their base of integrated solutions. Synergy in their product line isn't enough. Precision engineering isn't the ultimate goal. The endgame is for customer who began it all.

GROUP COMPANIES





ASSOCIATED CAPSULES PVT LTD

With forty years of experience, Associated Capsules Ltd., along with Universal Capsules is one of the world's largest producers of empty hard gelatin capsules. Close to the international airport & the seaport, the company's two plants at Mumbai and Shirwal, service about 1000 customers worldwide.

The entire range of capsule sizes is provided, including special capabilities such as two-color printing. The company is known for precision in manufacturing, intensive in-process controls, reinforced by rigorous statistical techniques and analysis. All systems comply with ISO 9001-2000, DMF and WHO standards. Continuous quality improvement is pursued through a Quality Assurance Program, which ensures consistency, uniformity and conformance to specifications.



UNIVERSAL CAPSULES PVT LTD

In a little over a decade, Universal Capsules Limited has grown to become Asia's largest manufacturer of empty hard gelatin capsules, producing over 30 million capsules a day. The company has its plant at Dahanu, India's single largest manufacturing facility spread over 22 acres with infrastructure for regular, large volume supply.

UCL has a client base consisting of multinational companies worldwide and all major Indian pharmaceutical companies. Service personnel are technically trained to provide interactive and consultative services based on client specifications and delivery schedules.

UCL is ISO Certified and its products and procedures comply with IP, USP and BP regulatory requirements.



PAM PHARMACEUTICAL

The flagship engineering company of ACG Worldwide, with over two decades of international experience, PAM Pharmaceutical manufactures the world's widest range of capsule sorting, filling, polishing, inspection, handling and de-blistering machines. Manufacturing the entire gamut of machines for capsule filling operations for a total solution makes it the only one of its kind in the world.

Conforming to ISO 9001 standards, the product range includes automatic, semi-automatic and manually operated machines to meet different production and commercial requirements.

A sophisticated plant at Mumbai with a dedicated R&D team, continuous improvement in quality and productivity, a history of innovation and strong customer support has provided a technological edge over competitors and has guaranteed success with over 12,000 machines installed worldwide.



PAM GLATT PHARMA TECNOLOGIES

PAM-Glatt was set up as a joint venture between ACG Worldwide and Glatt GmbH, Germany, pioneers of fluid bed technology, for the manufacture of world class FBE fluid bed processors in India.

The FBE fluid bed processors provide cost-effective solutions for standard applications in the pharmaceutical, chemical, food and feed industries. It is versatile over a wide range of processes including batch granulation, agglomeration of powder products, top spray film coating and batch drying of moist substances.

The plant at Mumbai conforms to all GMP and safety standards worldwide, including that specific to dust explosion. A quick action stop valve has been introduced to guarantee optimum protection of people, equipment and the working environment.



ACL – PACKAGING FILMS DIVISION

A pioneer in introducing PVDC coated PVC films in India, the Associated Capsule limited - Packaging Films Division provides the complete range of high quality barrier packaging films for blister packing. It is the only unit in India, which manufactures rigid substrate PVC films as well as moisture barrier PVDC coatings and laminations on the film, ensuring total control on quality.

Aluminum Cold Forming Blister Foil and pinhole-free lidding foil is also marketed in collaboration with VAW, Germany. For extremely hygroscopic formulations, a W&H laminator manufactures Triplex PVC/PE/PVDC films. PVC/ACLAR films are laminated in collaboration with world leader Honeywell, USA. Aluminum Cold Forming Blister Foil is also marketed in collaboration with VAW, Germany.



UNIVERSAL CAPSULES L.L.C., USA

UC.LLC is an active member and US subsidiary of ACG Worldwide. They are one of the few organizations in the world to offer end-to-end solutions in solid dosage systems. From empty gelatin capsules to natural vegetarian capsules; from capsule-filling machines to packaging films and blister packing machines.

- As the American Subsidiary of ACG Worldwide, UC.LLC offers access to the group's finest and latest technologies & products. Wherever customer are located in the US, and whatever their need, UC.LLC is geared to deliver end-to-end solutions.
- Strategically located- New Jersey & Florida on the East Coast & California, Utah & Arizona on the West Coast. Capable of responding to all the segments of capsule users across the US
- These five fully climate-controlled warehouses can meet large requirements on an urgent basis

- Trained manpower available for consultation and trouble-shooting.
- Strong local technical backup available.



PT. Universal Capsules Indonesia

PT. Universal Capsules Indonesia represents ACG Worldwide in Indonesia and surrounding countries, to market their entire range of empty hard gelatin capsules, capsule filling and sorting machines, pharmaceutical grade PVC and PVDC coated PVC films, and blister packaging machines.

Known for its reliable supplies of high quality capsules, low rejection levels, guaranteed machine performance and its unwavering dedication to fight spurious drug manufacturers, the company has established itself in the region as one of the leading suppliers of solid dosage delivery formulations.

The company has had a long-term relationship with local ethical pharmaceutical manufacturers as well as herbal manufacturers (JAMU) and even provides for Apotek and pharmacies. Leading pharmaceutical giants including PT Sanbe, PT Soho, PT Pharos, PT Medion, PT Indopharma, PT Zenith and many others form a part of the company's vast clientele.

Besides having received certificates of approval from HALAL, Malaysia and the ISO 9002 Certification, the company is expecting the Indonesian MUI Certification as well.

ORGANIZATIONAL STRUCTURE

Vice-President - Mr. D.P. Saxena

Department wise Organization

1. Quality Assurance

Manager	-	Mr. Harish S. Navindgikar
Engineer	-	Mr. S.H. Rangnath
Engineer	-	Mr. B.A. Ramchandra

2. Stores

Asst. Manager	-	Mr. M.A. Sakhalkar
Sr. Engineer	-	Vacant (Purchase)

3. Vendor Development

Manager	-	Mr. V.S. Lagu
Manager	-	Mr. S.M. Varade
Asst. Manager	-	Mr.R.J. Shah
Engineer	-	Mr. P.A. Suryavanshi
Engineer	-	Mr. R.C. Pillai
Engineer	-	Mr. M.K. Gandhi

4. Spares & Change Parts

Manager	-	Mr. N.S. Patil
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5. Electronics & Maintenance

Manager	-	Mr. Uday Kalkundre
Engineer	-	Mr. Mrunalini
G.E.T	-	Mr. A.V. Gadre

6. Assembly

Sr. Manager	-	Mr. G.M. Gokhale
Asst. Manager	-	Mr. P.G. Hegede

7. Production

Manager	-	Mr. Milind S. Patki
Engineer	-	Mr. S.G. Kulkarni

8. Service

Manager	-	Mr. Navall Dhyaani
15 Service Engineers		

9. Designing

Sr. Manager	-	Mr. Limaye
Manager	-	Mr. S.M. Kurdukar
5 Design Engineers		

10. HR & Administration

Manager	-	Mr. C.V. Torgal
Executive	-	Mr. S.K. Singh
Supervisor	-	Mr. Amit

11. Finance & Accounts

DGM	-	Mr. Manoj Jain
4 Accounts Officers		

Other Information

Top Five Vendors of Pune

- Gurudatta Enineering Works
- Gurukrupa Engineering Works
- New A.R.Gear
- Sharayu Engineering
- S.M.Enterprises

Main clients of Pam Pac for Blister packing Machines are:

1. Ranbaxy India Ltd.
2. Cadila Pharmaceuticals ltd.
3. Torrent Pharmaceuticals Ltd.
4. Novartis Pvt. Ltd.
5. Aventis Pvt. Ltd.
6. Cipla pharmaceuticals ltd.
7. Unicem pharmaceuticals ltd.
8. Intas Pharmaceuticals Pvt. Ltd.
9. Dr. Reddy's Lab

Main client for Cartoning is:

1. HLL
2. FUJI
3. ADAMS

Main competitor:

PRECISION MACHINES TOOLS, MUMBAI.

Finance Department

The Finance department deals in the best utilization of the available financial resources irrespective of the constraints. It is key department in any organization and plays major role in company's success and failure. All other departments whether HR, Marketing or Production revolves around the Finance dept only. Finance doesn't only means currency notes or money, but any asset or liability in the company is a part of finance as the money is invested in all these and the profitability of the company is measured after considering all the factors.

The finance department makes the resources available to different departments and at the end of the year it analyze the results received from utilization of those available resources. It also analysis the opportunities to make best utilization of resources to increase the profitability of the company by maintaining the liquidity and at the minimum risk.

Performance of the company:

(Rs. lacs)

As on 31st March

<u>Particulars</u>	<u>2004-05</u>	<u>2003-04</u>
Domestic Sales	3423	2400
Export Sales	1613	1022
Total sales	5036	3422
Profits after tax	556.16	471.48

MANAGEMENT
OF
WORKING CAPITAL

OBJECTIVES

The objectives of project on Management of working capital are as follows:-

- To determine policy regarding profitability, liquidity and risk by considering company's objectives.
- To determine the quantum and structure of current assets.
- Determining the relationship between the current assets and current liabilities and hence liquidity is determined.
- Optimization of the amount of sales and investment in receivables.
- Analysis of Financial Statements

SCOPE

The management of working capital helps us to maintain the working capital at a satisfactory level by managing the current assets and current liabilities. It also helps to maintain proper balance between profitability, risk and liquidity of the business significantly.

By managing the working capital, current liabilities are paid in time. If the firm makes payment to its creditors for raw material in time, it can have the availability of raw material regularly, which doesn't cause any obstacles in production process. Adequate working capital increases paying capacity of the business but the excess working capital causes more inventory, increases the possibility of delay in realization of debts.

On the other hand, absence of adequate working capital leads to decrease in return on investment. The goodwill of the firm is also adversely affected due to the inability to pay current liabilities in time.

Hence, the management of working capital helps to manage all the factors affecting the working capital in the most profitable manner.

INTRODUCTION

Working Capital: -

Working capital is the excess of current assets over current liabilities.

If current assets are equal to current liabilities then working capital will be zero and in case current liabilities are more than current assets, the working capital will be called negative working capital.

The working capital emphasis on how much current assets have been financed out of long term funds.

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

In business two types of assets are used: -

1. Fixed assets
2. Current Assets

Fixed Assets are used in business for a long period and they are not purchased for the purpose of selling them to earn profit.

Current Assets are used for day-to-day operation of business. Current assets include cash, bank, stock, debtors, bill receivables, marketable securities etc. The capital employed in these assets is called working capital.

Hence in any business there should be proper balance between fixed capital and Working capital for efficient operation of business.

Current Liabilities are those liabilities, which are to be paid in short period i.e. one year or within normal operating cycle. These include creditors, bills payable, bank overdraft, short-term loans, and outstanding expenses.

“**Working capital management** is concerned with the problems that arise in attempting to manage the current assets, current liabilities and the inter-relationship that exists between them.”

The needs & problems for every business are different but generally the following factors must be considered while determining the requirement of working capital: -

- Nature of business
- Business fluctuations
- Production policy
- Credit policy
- Availability of raw material and bank credit
- Turnover of inventories
- Operating efficiency

So, the main objective of working capital management is to manage current assets and current liabilities so that: -

- There should be full utilization of fixed assets.
- There is an increase in Debt capacity and Goodwill.
- There is the advantage of favorable opportunities.

MANAGEMENT OF WOKING CAPITAL

With reference to working capital table-1, in the year 2002-03 and 2003-04 the requirement of the working capital increases in the month of March. The main reason for increase is high sales and more receivables in last month. The sundry debtors are increasing due to the high sales in the month of March resulting to high average collection period, which has been analyzed under Debtor analysis. In the year 2002-03 there is also an increase in advances to employees for foreign travel in the month of March. There was also increase in the deposits in excise and other assets.

But in the year 2004-05, the working capital has decreased in the month of March due to decrease in current assets by 0.86% and increase in current liabilities by 6.1%. The current assets are decreasing due to the decrease in inventory, cash & bank and other assets, though there is an increase in the sundry debtors. The current liabilities are increasing due to the increase in creditors and provisions.

In each year working capital decreases from October to November. The reasons can be different but the trend is same. In 2002-03 the decrease is due to increase in current assets by 4.2% against increase in current liabilities by 17%. In the year 2004-05 the current assets and current liabilities are increasing by 1.3% and 7.6% respectively.

With compare to working capital in 2004-05, 53.8% from 2002-03 and 19% from 2003-04 have increased the working capital requirement in 2004-05. There was an increase of 30% in 2003-04 with compare to 2002-03. This high increase 30% in working capital is due to the 14.27% increase in current assets and 3% decrease in current liabilities. In current assets the cash & bank balance has increased by 220%, inventories by 27.44% and debtors by 17%, whereas under current liabilities the provisions has decreased by 73%.

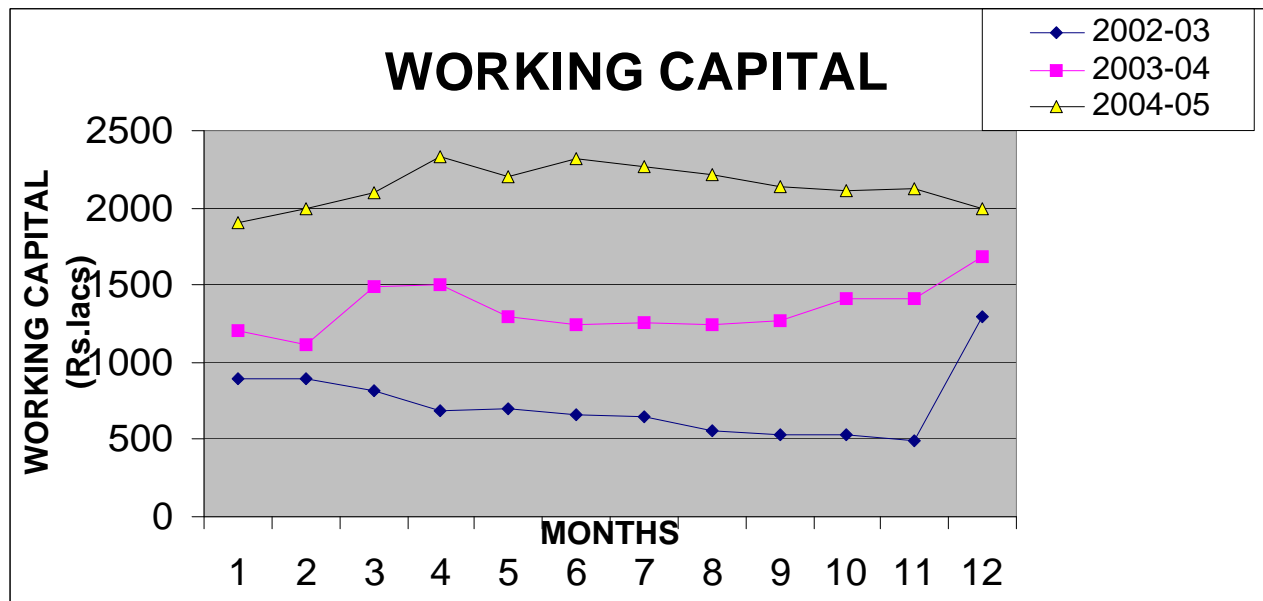
Table-1
Working Capital

(Rs. Lacs)

	2002-03	2003-04	2004-05
APRIL	891.34	1205.08	1910.41
MAY	888.14	1108.05	1999.17
JUNE	822.49	1495.71	2093.82
JULY	690.44	1498.42	2328.38
AUGUST	705.8	1293.15	2200.79
SEPTEMBER	665.71	1238.76	2314.04
OCTOBER	646.91	1259.99	2261.73
NOVEMBER	561.04	1238.19	2219.5
DECEMBER	532.7	1271.51	2134.52
JANUARY	525.7	1409.15	2107.27
FEBRUARY	492.64	1406.85	2124.6
MARCH	1293.17	1677.76	1988.86

(Ref. Table-2, 3,4)

Graph-1



(Ref. Table-1)

As per graph-1 in 2002-03 and 2003-04, there are major month-wise variations. In 2002-03 variations are from Rs.492.64lacs to Rs.1293.17lacs. On the other hand variations are from Rs.1108.05lacs to Rs1677.76lacs in 2003-04.

But in 2004-05, graph-1 shows less variation and little stability because the requirement moves only from Rs.1910.41lacs to Rs.2328.38lacs.

Table-5
Working Capital and Sales
As on 31st March

	2002-03	2003-04	2004-05
<i>Working Capital(Rs.Lacs)</i>	1293.17	1677.76	1988.86
<i>Sales(Rs.lacs)</i>	2559	3422	5036
<i>%of Sales</i>	50.53	49.03	39.49

The working capital requirement as a percentage of sales is decreasing every year. Previously it was 50.53% of sales but in the current year the working capital required has reduced to 40% of sales this reduction is the good sign of the increasing efficiency of the company. It resembles that the company is able to generate more sales in less amount of working capital.

Table-6
Debtors and Working Capital
As on 31st March

	2002-03	2003-04	2004-05
<i>Debtors(Rs.Lacs)</i>	1145.27	1341.20	1590.47
<i>Working capital(Rs.lacs)</i>	1293.17	1677.76	1988.86
<i>As a % of W.C.</i>	88.56	79.94	79.97

The debtors are 88% of the working capital in the year 2002-03 but it has reduced to the 80% in next years. It's good but there can be more decrease as we see in the further analysis of the debtors that the average collection period for exports in the month of January is 6 months which is very high. The main reason is machines sent for exhibition through PAM, one of the Group Company. We must try to decrease it.

Table-7
Creditors and Working Capital
As on 31st March

	2002-03	2003-04	2004-05
<i>Creditors(Rs.Lacs)</i>	531.20	816.04	1369.11
<i>Working capital(Rs.Lacs)</i>	1293.17	1677.76	1988.86
<i>As a % of W.C.</i>	41.08	48.64	68.84

The creditors contribution in the working capital is increasing showing that we are operating more on credit rather than cash purchases and our other overhead expenditures are also on credit. It is good but till our credit expenses like interest on these credits does not cross the cost of investing in working capital in cash purchases and expenses. The creditors also include advances paid by the customers.

Table-8
Inventories and Working capital
As on 31st March

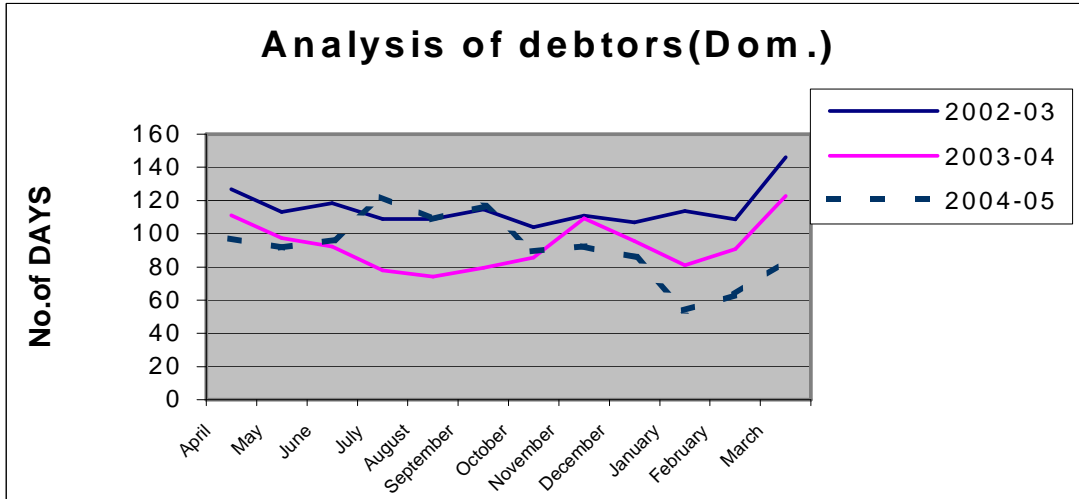
	2002-03	2003-04	2004-05
<i>Inventory(Rs.Lacs)</i>	522.72	666.15	1075.47
<i>Working Capital(Rs.Lacs)</i>	1293.17	1677.76	1988.86
<i>As a % to W.C.</i>	40.42	39.70	54.07

The inventory is the main component of the working capital and its contribution in the working capital is increasing. This must be controlled.

ANALYSIS OF SUNDRY DEBTORS

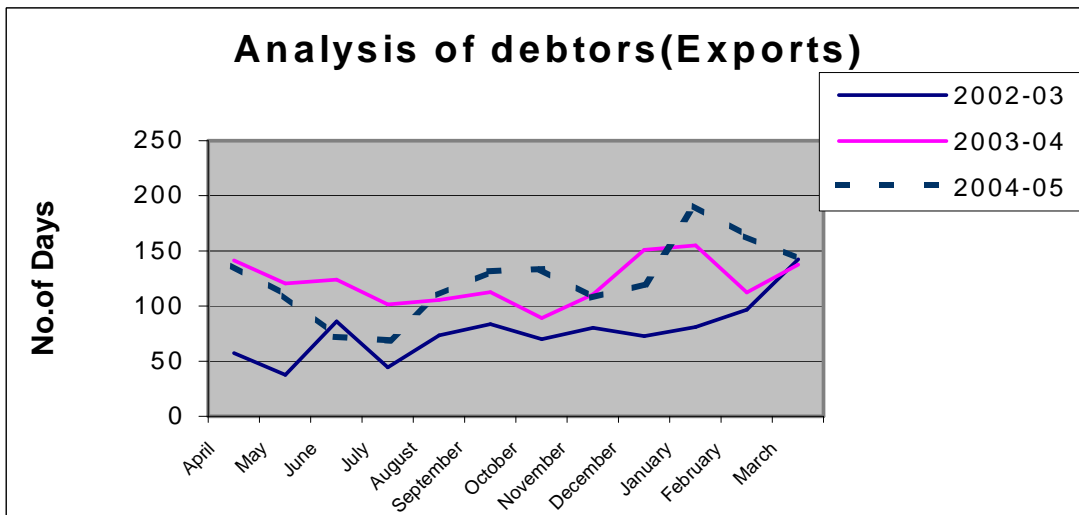
The average collection period is the period within which our debtors make the payments to us. A Company always tries to have the lowest possible average collection period so that its cash does not get blocked and thus the working capital required will be low.

Graph-5



(Ref. Table-10A)

Graph-6



(Ref. Table-10B)

In the graph-5 & 6 the trend of the average collection period can be clearly seen the average collection period in the second quarter of the year 2004-05 is highest. If we compare all the three years the average collection period is on decline every year showing that the company is realizing its debts faster than the previous year. In the year 2004-05 the average collection period is lowest in the month of January and February. The overall trend of the domestic average collection is more or less similar but if we see the average collection period of the exports, there are lots of variations. The average collection period lies between 135-140 days every year. In year 2004-05 the longest average collection period is 191 days in January due to the machines sent for exhibitions through one of the group companies.

There must be a constant average collection period during the year so that there can be the regular realization of debts and also the working capital blocked in these assets will be as low as possible.

Table-9

Debtors and sales

As on 31st March

	2002-03	2003-04	2004-05
<i>Debtors(Rs.Lacs)</i>	1145.27	1341.20	1590.47
<i>Sales(Rs.Lacs)</i>	2559	3422	5036
<i>As a % of Sales</i>	44.75	39.19	31.58

If we analyze the debtors as compared to the net sales of the last 3 years the debtors of our company are continuously decreasing as a percentage of sales, which is a good sign that we are not blocking our capital.

TABLE-11
EXPORT DEBTORS

<u>Average collection</u>	<u>Number of Debtors</u>		
<u>Period(months)</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
0-2	31	47	58
2-4	18	5	20
4-6	6	5	7
More than 6	13	17	12
Total	68	74	97

The general policy of the company for the collection of money from its debtors is as follows

30% Advance

60% at the time of Dispatch

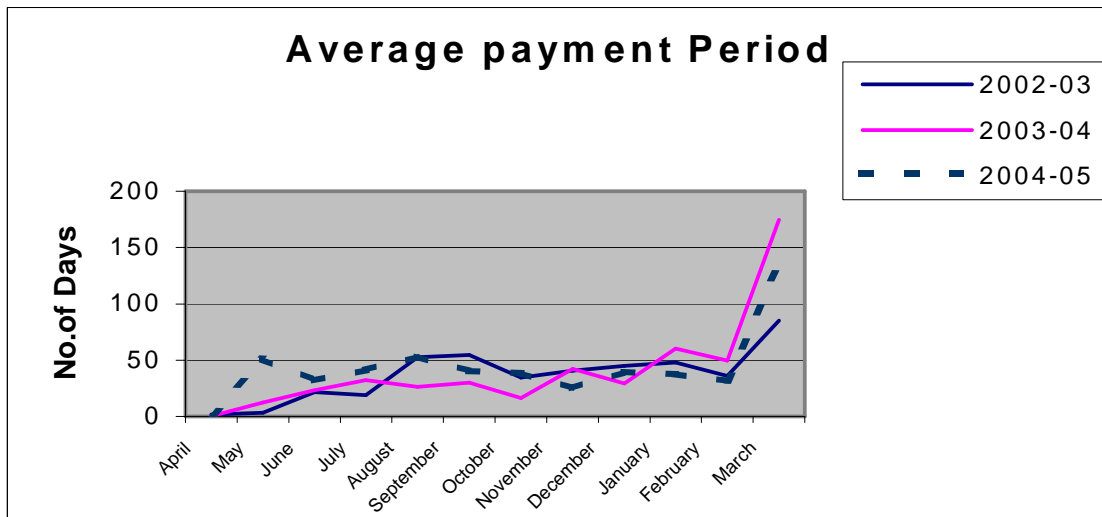
10% on the Installation & Commissioning of machine

In exports the company also collects 100% advance payments from many customers

ANALYSIS OF CREDITORS

The average period provided by the creditors or we can say that the period we take to make payments to our creditors is known as the average payment period. If the average payment period will be longer the working capital required will be low. The trend of the average payment period can be studied from the graphs given below and the attached workings.

Graph-7



(Ref. Table-13)

If we see graph-7, there is a very steep rise in the average payment period at the end of all years.

As per table-13, there were lots of variations in the average payment period in the first quarter of the year 2004-05. The last quarter (especially February & March) also contains lots of variations for both 2003-04 and 2004-05 (the difference is of more than 100 days).

The decrease in the average payment period in the year 2004-05 shows the good credibility of the company in the market but on the other side it also points out that the working capital requirements of the company are increasing due to this trend. So such a policy of the payment should be adopted which will maintain the working capital as well as the credibility of the company.

Creditors and Sales

	2002-03	2003-04	2004-05
<i>Creditors(Rs.Lacs)</i>	359.23	915.97	1201.28
<i>Sales(Rs.Lacs)</i>	2559	3422	5036
<i>as a % of Sales</i>	14.04	26.77	23.85

The creditors as a percentage of sales show the sales we are generating are from credit purchases up to what extent. If more sales are there from credit then the working capital required will be less. In the above table the creditors as a percentage of sales have increased in the year 2003-04 but again it come down in the year 2004-05. We should try to increase this percentage so that more sales will not require more working capital, as the raw material can be availed on credit.

NOTE: -

In the figures of creditors only the creditors relating to purchases are taken. Other payments relating to tax, outstanding expenses or any other liability are not taken under it.

Analysis of Inventory

Table-14

Inventory

As on 31st March

(Rs.Lacs)

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
<u>Raw-Material & Stores</u>	265.19	355.77	689.18
<u>WIP & F.G</u>	257.86	310.38	386.28
<u>Total Inventory</u>	523.05	666.15	1075.46
<u>Working Capital</u>	1293.17	1677.76	1988.86
<u>RM & St. to WC</u>	20.51%	21.21%	34.65%
<u>WIP & F.G to WC</u>	19.94%	18.49%	19.42%
<u>Total Inventory to WC</u>	40.45%	39.70%	54.07%

(Ref. Table-14.1, 14.2, 14.3)

The inventory as a percentage of working capital is increasing due to the reason that the company has purchased the raw material for the sales of April & May 2005 in the month of March 2005. The raw material stock has started increasing from January 2005 due to the changed policy of keeping more stock.

Another reason for this is the stock of 5270 parts costing Rs.101.55lacs which has not been moved from the previous one year are included in stock. The yearly trend of inventory for 3 years has been analyzed in the attached pages.

EXPENSE ANALYSIS

OBJECTIVE

The objective of the Expense Analysis is as follows: -

- To analyze the different expenses of the company
- To search reasons of increase in the expenses
- To find out measures to control the expenses

SCOPE

The expense analysis helps us to identify the deviations of different expenses incurred during the year from those incurred in the last year. These expenses are analyzed in comparison to sales because as the sales increases there will be definitely an increase in expenses but the ratio of increase in expenses to sales must not increase.

We have to search out the gaps and weak points due to which the expenses are increasing. These gaps are filled by proper managerial actions, to maintain the contribution and profits of the company.

The efficiency of the company is not only judged by the increasing sales. If we want to know a company better, we must analyze the expenses as compared to sales.

If the expenses are reducing irrespective of increasing sales, it resembles the increasing operational efficiency of the company.

Thus expense analysis is very important for a company at different levels in the lifetime of the company to control its expenses.

INTRODUCTION

The expenses of a company can be classified into three categories: -

- Material Expenses
- Labour Expenses
- Overhead Expenses

Material expenses are those expenses, which contribute to the material cost of the company. These include the cost of raw material, freight and octroi charges, Labour charges, power and fuel and any other cost which is directly related to the material consumption for the purpose of production of finished goods.

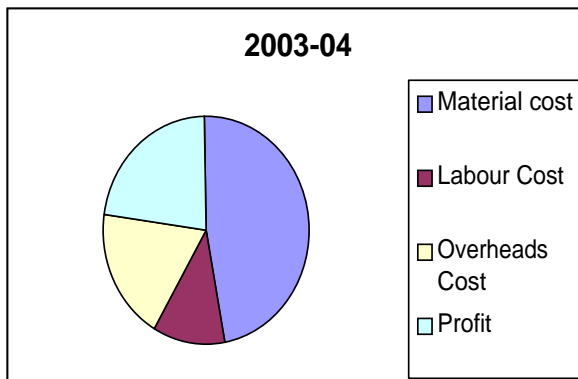
Labour Expenses include the expenses related to the manpower of the company. These include salaries and wages, recruitment and training expenses, and other staff welfare expenses.

Overhead Expenses can be further divide into administration overhead and selling & distribution overheads. The administration overhead includes the expenses related to the office like rent, insurance, taxes, printing and stationary and many more. The selling & distribution expenses include commission on sales, warranty expenses, travelling expenses and many more.

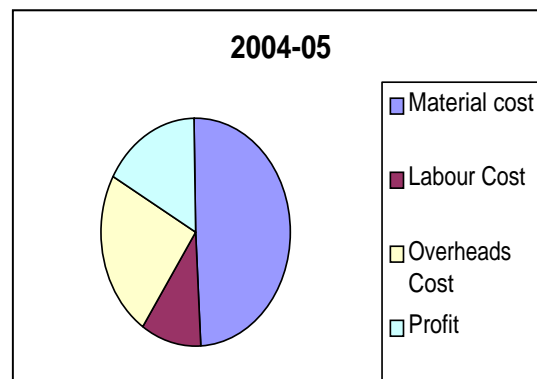
The expenses as a percentage to net sales of the company has following components distributed in the given ratio

Table-2

Components of cost	2004-05	2003-04
Material cost	49%	47%
Labour Cost	10%	11%
Overheads Cost	24%	19%
Profit	17%	23%



Graph-1.1 (Ref. Table. 2)



Graph-1.2 (Ref. Table.2)

From the graph- 1.1 & 1.2 and table-2 we can see that as a percentage to sales, material cost and overhead cost are increasing, on the other hand the labour cost is decreasing. The profits are also decreasing due to the increase in material and overhead cost.

The detail analyses of these costs have been done to find out the reasons of the increase with the amount of increase.

NOTES: -

The contribution has reduced from 53.88% (2003-04) to 52.01% (2004-05). The main reason is the increase in the variable cost that increases as a 2%(approx.) of sales. The increase in the material consumption has caused the increase in the variable cost.

The work-in-progress at the end of year (2004-05) was Rs.348.56lac. It was used for the sales in the next financial year. The sales in the month of April and May 2005 are Rs.700lac as compared to the purchases of only Rs.140lac

The changes in different proportions, which lead to change in the contribution, have been given in the table under: -

Table-4

	<u>2004-05</u>	<u>2003-04</u>
Sales	5035.99	3422.21
Purchase	3190.58	1904.78
% to sales	63.35	55.66
Closing Stock	687.85	352.49
% to sales	13.66	10.30
% to purchase	21.56	18.50

Table-6
GENERAL EXPENSES

(Rs.lacs)

<u>ITEMS</u>	<u>2004-05</u>	<u>2003-04</u>	<u>Remarks</u>
Security expenses	7.42	7.03	
<i>Sales promotion</i>			
<i>Advertisement</i>	5.29	8.96	
<i>Sales promotion expense</i>	24.71	5.77	Tbl.6.1
<i>Entertainment expense</i>	2.13	1.05	Tbl.6.3
<i>Exhibition expense</i>	40.11	19.21	Tbl.6.2
Miscellaneous expense	1.1	0.42	
Tender fees	0.02	0.3	
Recruitment charges	2.93	3.84	
Filing fees	0.03	0.02	
Loss on sale of F.Assets	0	1.97	
House keeping expense	7.52	6.36	
Seminars & training	3.14	3.68	
Water charges	2.8	3.46	
Gardening expense	0.97	1.85	
Excise duty expense	0.03	0.51	
ISO certification expense	1.34	0	
Paisa round off	0.01	0.01	
Liquidated damages	0.2	0	
Sundry adv. written off	0.02	0	
<i>Subscription</i>			
<i>Books & periodicals</i>	0.11	0.07	
<i>Subsc. Books & periodicals</i>	0.86	0.5	
TOTAL	<u>100.74</u>	<u>65.01</u>	

The general expenses are increasing mainly due to the increasing sales promotion expenses.

Table-6.1**ANALYSIS OF SALES PROMOTION EXPENSES**

(Rs.lacs)

<u>ITEM</u>	<u>2004-05</u>	<u>2003-04</u>
<i>SALES PROM. EXP.</i>	24. 64	5. 77
<i>SALES</i>	5 035. 99	3422. 21
<i>% OF SALES</i>	0. 48	0. 16

Sales promotion expenses have increased by Rs. 18. 87lac as compared to the last year. It has also increased by 0.32 % of sales.

EXPENSES OF 2004-05

There are expenses of Rs.1.75 Lac on Photography, scanning, digitizing and quality colour prints etc during the year. The payment was made to Gurudutt Photography.

The total payment of Rs.3.98Lac was made to Longbow associates during the year

For following purposes: -

- Ampouloblis logo
- Advertisement for Cp-150 & Hi-Cart
- Shooting of raw footage of BP2000 in March, May and August 2004
- Logo and address correction on old brochures
- Advertisement for Tropac
- Editing of Hi-Cart soap cartoning film
- C-tax, Omna tax, tabletop/photography for Hi-Cart brochure

There is a payment of Rs. 0.9lacs to ABU Communications Pvt. Ltd for CD's containing processed images of machines and also some jobs done for BQS, VP120, VCP40. A payment of Rs. 0.59lac has been made to Apt design for designing, printing, operation & maintenance of VP – 120 and editing digital pictures and also to make operational and maintenance manual for service department

Payment of Rs.0.86lacs has been made to K. Raheja Pvt. Ltd for the visit of customers from Egypt during the year.

There was a payment of Rs.0.56lacs to GVS creations for ACG logo.

The payment of Rs.13.17lacs to M/S Sabhi Enterprises Company Ltd., Iran for business promotion/coordination and other expenses for consignment send to Iran.

There was an expense of Rs. 0.52lacs (Mr. Sudarshan Pillai has gone to Bolivia for Blister packing machine)

The other payments (Rs.2lacs approx.) are made to different hotels like Sun N Sand, The Pride Hotel etc for the stay of customers.

EXPENSES OF 2003-04

Rs.0.34lacs was paid to Kohinoor Enterprises during the year

Rs.0.30lacs was paid to pride hotel.

A payment of Rs.0.50lacs was made to Sun n Sand for Mr. Lekkaram Suwachi. Another payment of Rs.0.13lacs was made to this hotel.

Rs.0.14lacs was paid to APT Design as machine manual charges and advertisement.

Rs.0.15lacs was the payment related to the different expenses for the month of January, February, and March.

The provision of Rs.3.13lacs was made to take care of outstanding expenses of 2003-04.

Rs.0.16lacs was paid to Bipin Mistry.

Rs.0.05lacs & Rs.0.01lacs were paid to Natraj Photo studio and Parekh Photo studio respectively.

Payment of Rs.0.07lacs & Rs.0.04lacs were made to Padmja Enterprises and samtech Enterprises respectively.

Rs.0.09lacs was paid to Suman Mangal Kendra for machine Photography and video shooting for the month of March.

Rs.0.08lacs was paid to S.S. Enterprises.

Payment of Rs.0.04lacs & Rs.0.01lac was made to Flossy and Vikasdeep respectively

There was a payment of Rs.0.13lacs & Rs.0.18lacs for the expenses incurred in the month of April to October and November & December respectively.

Rs.0.09lacs was paid to Sandham Advt. & Pub. Pvt.Ltd.

Table-6.2
EXHIBITION EXPENSES

<u>Item</u>	<u>2004-05</u>	<u>2003-04</u>
<i>EXHIBITION EXP.</i>	40.12	19.21
<i>SALES</i>	5035.99	3422.21
<i>% of sales</i>	0.8	0.56

(Rs.lacs)

The exhibition expenses have increased by Rs. 20.91lac. It has also increased by 0.24% as a percentage of sales as compared to the last year.

The exhibition expenses for 2004-05 includes the following amounts:-

1. 40% share (Rs. 2.8lac) for Propak-Asia exhibition expenses held at Thailand
2. 15% share (Rs.3.59lac) for Indiachem exhibition expenses held at Mumbai
3. 40% share (Rs. 3.2lac) for Tropak exhibition expenses held at Poland
4. 50% share (Rs.0.77lac) for Kitex exhibition expense held at Kazakhstan
5. 50% share (Rs. 4.2lac) for marketing expense paid to Algerian agent
6. Rs.1.8lacs as a share of Propak for exhibition held at Jakarta
7. Rs.1.12lacs for exhibition held at Poland
8. 40% share (Rs.4.66lacs) for exhibition expense of Propak, South Africa and TotalPak
9. Rs.1.79lac for Propak exhibition held at South Africa
10. 42.5% share (Rs.15.37lacs) for Pharmatech exhibition held at Mascow
11. Rs4.41lacs for Asia Pharma exhibition expense held at Bangladesh
12. Rs.1lac for Chem spec exhibition held at Hyderabad
13. There was a adjustment of Rs.4.66lacs in respect to prior period expenses

The exhibition expenses for **2003-04** includes the following amounts:-

1. 50% share (Rs.1.55lacs) towards Propak Asia, Bangkok
2. 20% share (Rs.4.89lacs) towards Pharma exhibition held at Chennai from 19th December to 21st December
3. 40% share (Rs.4lacs) towards Propak, Africa in March 2004
4. Rs.8.03lacs paid to Sussex and Berkshire machine ltd. UK for exhibition expense held on 16th February 2004
5. Rs.0.47lacs for exhibition expense held at Chennai
6. Rs.0.20lacs paid to Chem Pharma for exhibition held at Mumbai from 14th December to 17th December

Table-6.3
Entertainment Expenses

(Rs.lacs)

Item	2004-05	2003-04
<i>ENTERTAINMENT EXP.</i>	2.14	1.05
SALES	5035.99	3244.21
<i>% of sales</i>	0.04	0.03

The entertainment expenses have increased by .01% as a percentage of sales. These expenses include mainly the payments made to the hotels for the entertainment of the guests visiting to the company for different purposes.

Some of these expenses are payments made to Sun n Sand (Rs.0.31lac for the stay of personnel of Bintag, Indonesia), Golden Swan Holidays (Rs.0.32lac for Bintag personnel tour expense for Delhi and Agra)

Table-7.1
ANALYSIS OF TELEPHONE, COURIER AND POSTAGE
EXPENSES

(Rs.lacs)

<u>MONTH</u>	<u>2004-05</u>	<u>2003-04</u>
April	1.77	0.74
May	0.71	0.99
June	1.20	1.35
July	3.22	1.05
August	1.94	1.08
September	2.83	2.09
October	2.08	1.07
November	3.30	3.04
December	1.55	1.20
January	3.39	2.65
February	2.01	1.25
March	15.89	14.14
TOTAL	<u>39.89</u>	<u>30.65</u>

Table-7.2

(Rs.lacs)

<u>ITEM</u>	<u>2004-05</u>	<u>2003-04</u>
Tel, courier & post.	39.89	30.65
Sales	5035.99	3422.21
% of sales	0.79%	0.89%

These expenses has increased as per the previous year by Rs.9.42 lacs but as a percentage of sales, it has reduced by 0.1 %.

Major expenses for **July 2004** are: -

- Rs.1lac to BSNL, Pune (Tele. no. 237092 to 237098)
- Rs.0.25lacs for the bill of mobiles for the month of June
- Rs.0.56lacs to BSNL, Pune (Tele. no. 237451 to 237456)
- Rs.0.42lacs paid to Professional couriers for the month of April & May 2004

Major Expenses for **November 2004** are: -

- Rs.0.45lacs to BSNL, Pune (Tele. no. 237451 to 237455)
- Rs.0.25lacs for the mobile bill of GVN Parsad (9810511696)
- Rs.1.04lacs to BSNL, Pune (Tel. No. 237091 to 237098)
- Rs.0.48lacs to BPL mobile
- Rs.0.39lacs to TNT India Ltd. (courier services) for August and November
- Rs.0.07 to City Courier for August

Major Expenses for **January 2005** are: -

- Rs.0.49lacs to BPL mobile Cellular ltd.
- Rs.0.08lacs for the purchase of new mobile of Mr. B.L Shetty
- Rs.0.09 for the expenses of Mr. GVN Prasad
- Rs.0.31lacs incurred on behalf of Associates Capsules Ltd. for October, November, December
- Rs.0.08lacs to BPL mobile
- Rs.0.75lacs to BSNL, Pune (Tele. no. 237091 to 237098)
- Rs.0.38lacs to BSNL, Pune (Tele, no. 237451to 237455)
- Rs.0.25lacs for the bill of Idea of Mr. D.P. Saxena for the month of July to October
- Rs.0.1lacs for the bill of Mr. GVN Prasad

Details of March 2005: -

- Rs.10lac towards the share of Tel. & photocopy expense 25% and 10% respectively accounted on behalf of PAM Pharmaceuticals & Allied machinery Pvt. Ltd.
- The telephone charges include the payment of Rs. 1lacs to the BSNL, PUNE (telephone no. 237091 to 237098) and Rs. 0.42lac (telephone no. 237451 to 237455) in the month of March. Another payment of Rs 0.57 lac was made to BPL mobile cellular Ltd.
- Rs.0.14lacs on behalf of Associates Capsules Ltd. for March
- Rs.0.20lacs on behalf of Associates capsules Ltd for January and February
- Rs.0.15lacs to city courier service from September to November
- Rs.0.18lacs to First Flight couriers for February 2005
- Rs0.24lacs to TNT courier for February and March
- The other payments for the outstanding expenses of 2004-05 amounts to Rs.1.58lacs

Details of March 2004: -

- Rs.1.22Lacs paid to BSNL, Pune (Tel. no. 237091 to 237098)
- Rs.0.56Lacs paid to BSNL, Pune (Tel no. 237451 to 237456)
- Bills paid for the month of January, February & March. (Rs.0.37Lacs)
- Rs.0.55Lacs paid to BSNL, Pune (Tel. No. 237451 to 237456)
- Rs.0.16Lacs paid to BPL Mobile Cellular.
- Rs.7.2Lacs incurred by PAM on our behalf.
- Rs.0.12Lacs paid to Surjeet Chukraborty.
- Rs.0.5Lacs for the provision for expenses 2003-04

Table-8.1
ANALYSIS OF TRAVELLING EXPENSES

<u>ITEM</u>	<u>2004-05</u>	<u>2003-04</u>
TRAVELLING EXP.	116.53	85.83
SALES	5035.99	3422.21
%OF SALES	2.31	2.51

(Rs.lacs)

Travelling expense has increased by Rs. 30.7 lac as compared to last year but it has reduced by 0.20% of sales. The increased travelling expense is due to mainly increased foreign travel expense, which has increased from Rs.31.40 (03-04) to Rs. 38.15 lac (04-05).

The department wise distribution of the foreign travel expenses is as follows-

Table-8.2

<u>DEPARTMENT</u>	<u>EXPENSE (2004-05)</u>	<u>EXPENSE (2003-04)</u>
SERVICE	10.00	12.31
R&D	1.50	0.90
ASSEMBLY	2.00	1.52
ELECTRONICS	0.25	0
MARKETING	4.13	1.99
DESIGN	0	1.07

(Rs.lacs)

The service department expenses are very high as compared to others departments. This is mainly due to the frequent visit of service people for the purpose of after sales services, installation and commissioning of the new machines, but as compared to the last year the foreign travel expenses has reduced. The foreign expenses include cost of tickets, cost of visa, hotel stay & other travel expenses.

Table-9
ANALYSIS OF WARRANTY EXPENSES

(Rs.lacs)

<u>MONTHS</u>	<u>2004-05</u>	<u>2003-04</u>
April	1.79	0.68
May	1.71	0.12
June	4.06	1.78
July	3.52	2.45
August	3.69	2.59
September	3.81	0.92
October	3.82	0.13
November	1.75	1.15
December	2	1.72
January	2.31	1.14
February	1.86	0.76
March	17.42	4.17
Total	<u>47.73</u>	<u>17.61</u>

The company gives one year post sales warranty to Domestic customers. The provision of Rs.14.20lacs and Rs.2.70lacs was done in 2004-05 and 2003-04 respectively to take care of warranty expenses in next year.

The increase is mainly due to the increase in sales and installation & commissioning.

The Domestic sales in 2002-03 and 2003-04 are Rs.2559lacs and Rs.3422lacs respectively.

Table-10
ANALYSIS OF CUSTOM DUTY

(Rs. Lacs)

<u>ITEMS</u>	<u>2004-05</u>	<u>2003-04</u>
CUSTOM DUTY	68.54	36.65
TOTAL SALES	5035.99	3422.04
% AS TO SALES	1.36	1.07

Custom duty has increased by Rs.31. 89 Lac as compared to last year. It has also increased by 0.29% of sales. The main reason is that, there are more imports of sensors during this year as compared to last year. The custom duty charged on these sensors is Rs.13.20 Lac. There is also a custom duty of Rs. 12.51 Lac on Jekson camera purchased during this year. Vaccum pumps are also imported more as compared to last year. The custom duty charged on vaccum pumps is Rs. 1.9 Lac. There is a custom duty of Rs. 2.9 Lac on import of Deckel Maho CNC vertical machining. There is also a custom duty of Rs.4.6 Lac on import of 1 Pkg of pressure spring. Custom duty charged on Nordson units is Rs. 2.32 Lac.

The main reason of increase in custom duty is the increase of imports.

(Rs.Lacs)

	2004-05	2003-04
IMPORTS	190.94	69.09

To decrease the expenses on the custom duty it is suggested to decrease the imports and procure the components of the machinery from the domestic manufacturers if possible. As our requirements of some of the particular imported components is increasing regularly, we can develop domestic suppliers for them, thus going into the backward integration if possible and feasible.

Table-11**STATIONERY ANALYSIS**

(Rs.lacs)

<u>MONTHS</u>	<u>2004-05</u>	<u>2003-04</u>
April	0.35	0
May	1.05	0.41
June	-1.50	0.15
July	0.47	0.20
August	1.02	0.45
September	3.48	0.93
October	2.64	0.85
November	0.55	1.13
December	1.27	0.40
January	0.20	2.14
February	0.94	0.55
March	10.18	8.52
<u>TOTAL</u>	<u>20.66</u>	<u>15.71</u>
Sales	5035.99	3422.21
<u>%to sales</u>	<u>0.41</u>	<u>0.46</u>

The stationery expenses in the month of June 2004-05 are negative due to the reason that provisions for goods received have been created in that month for Rs.1.86 lacs. The overall stationery expenses have increased by Rs.4.95 lacs. But as a percentage of sales it is reducing.

In company, the department wise records for the issue of stationery are kept only from Jan 2005. So, there are no proper records for the expense of stationery in the particular department.

It is suggested to keep the proper department wise record so that the expenses on stationery can be controlled.

The format for keeping the stationery record has been attached. There must be a notebook of this format in each department and the stationery should be issued on the weekly basis instead of monthly basis. Whenever the stationery will be issued the proper entry should be made of received and required goods with the signature of the head of the respective department.

The purpose of keeping the “Required” column in the format is to ease the future assessment of the stationery required in the particular department so that purchases can be made on that basis.

Table-6.3
Entertainment Expenses

Item	2004-05	2003-04
ENTERTAINMENT EXP.	2.14	1.05
SALES	5035.99	3244.21
<i>% of sales</i>	0.04	0.03

The entertainment expenses have increased by .01% as a percentage of sales. These expenses include mainly the payments made to the hotels for the entertainment of the guests visiting to the company for different purposes.

Some of these expenses are payments made to Sun n Sand (Rs.0.31lac for the stay of personnel of Bintag, Indonesia), Golden Swan Holidays (Rs.0.32lac for Bintag personnel tour expense for Delhi and Agra)

Table-7.1
ANALYSIS OF TELEPHONE, COURIER AND POSTAGE
EXPENSES

(Rs.lacs)

<u>MONTH</u>	<u>2004-05</u>	<u>2003-04</u>
April	1.77	0.74
May	0.71	0.99
June	1.20	1.35
July	3.22	1.05
August	1.94	1.08
September	2.83	2.09
October	2.08	1.07
November	3.30	3.04
December	1.55	1.20
January	3.39	2.65
February	2.01	1.25
March	15.89	14.14
TOTAL	<u>39.89</u>	<u>30.65</u>

Table-7.2

(Rs.lacs)

<u>ITEM</u>	<u>2004-05</u>	<u>2003-04</u>
Tel, courier & post.	39.89	30.65
Sales	5035.99	3422.21
% of sales	0.79%	0.89%

These expenses have increased as per the previous year by Rs.9.42 lacs but as a percentage of sales, it has reduced by 0.1 %.

Major expenses for **July 2004** are: -

- Rs.1lac to BSNL, Pune (Tele. no. 237092 to 237098)
- Rs.0.25lacs for the bill of mobiles for the month of June
- Rs.0.56lacs to BSNL, Pune (Tele. no. 237451 to 237456)
- Rs.0.42lacs paid to Professional couriers for the month of April & May 2004

Major Expenses for **November 2004** are: -

- Rs.0.45lacs to BSNL, Pune (Tele. no. 237451 to 237455)
- Rs.0.25lacs for the mobile bill of GVN Prasad (9810511696)
- Rs.1.04lacs to BSNL, Pune (Tel. No. 237091 to 237098)
- Rs.0.48lacs to BPL mobile
- Rs.0.39lacs to TNT India Ltd. (courier services) for August and November
- Rs.0.07 to City Courier for August

Major Expenses for **January 2005** are: -

- Rs.0.49lacs to BPL mobile Cellular ltd.
- Rs.0.08lacs for the purchase of new mobile of Mr. B.L Shetty
- Rs.0.09 for the expenses of Mr. GVN Prasad
- Rs.0.31lacs incurred on behalf of Associates Capsules Ltd. for October, November, December
- Rs.0.08lacs to BPL mobile
- Rs.0.75lacs to BSNL, Pune (Tele. no. 237091 to 237098)
- Rs.0.38lacs to BSNL, Pune (Tele, no. 237451to 237455)
- Rs.0.25lacs for the bill of Idea of Mr. D.P. Saxena for the month of July to October
- Rs.0.1lacs for the bill of Mr. GVN Prasad

Details of March 2005: -

- Rs.10lac towards the share of Tel. & photocopy expense 25% and 10% respectively accounted on behalf of PAM Pharmaceuticals & Allied machinery Pvt. Ltd.
- The telephone charges include the payment of Rs. 1lacs to the BSNL, PUNE (telephone no. 237091 to 237098) and Rs. 0.42lac (telephone no. 237451 to 237455) in the month of March. Another payment of Rs 0.57 lac was made to BPL mobile cellular Ltd.
- Rs.0.14lacs on behalf of Associates Capsules Ltd. for March
- Rs.0.20lacs on behalf of Associates capsules Ltd for January and February
- Rs.0.15lacs to city courier service from September to November
- Rs.0.18lacs to First Flight couriers for February 2005
- Rs0.24lacs to TNT courier for February and March
- The other payments for the outstanding expenses of 2004-05 amounts to Rs.1.58lacs

Details of March 2004: -

- Rs.1.22Lacs paid to BSNL, Pune (Tel. no. 237091 to 237098)
- Rs.0.56Lacs paid to BSNL, Pune (Tel no. 237451 to 237456)
- Bills paid for the month of January, February & March. (Rs.0.37Lacs)
- Rs.0.55Lacs paid to BSNL, Pune (Tel. No. 237451 to 237456)
- Rs.0.16Lacs paid to BPL Mobile Cellular.
- Rs.7.2Lacs incurred by PAM on our behalf.
- Rs.0.12Lacs paid to Surjeet Chukraborty.
- Rs.0.5Lacs for the provision for expenses 2003-04

Table-8.1
ANALYSIS OF TRAVELLING EXPENSES

(Rs.lacs)

<u>ITEM</u>	<u>2004-05</u>	<u>2003-04</u>
<i>TRAVELLING EXP.</i>	116.53	85.83
<i>SALES</i>	5035.99	3422.21
<i>%OF SALES</i>	2.31	2.51

Travelling expense has increased by Rs. 30.7 lac as compared to last year but it has reduced by 0.20% of sales. The increased travelling expense is due to mainly increased foreign travel expense, which has increased from Rs.31.40 (03-04) to Rs. 38.15 lac (04-05).

The department wise distribution of the foreign travel expenses is as follows-

Table-8.2

(Rs.lacs)

<u>DEPARTMENT</u>	<u>EXPENSE (2004-05)</u>	<u>EXPENSE (2003-04)</u>
SERVICE	10.00	12.31
R&D	1.50	0.90
ASSEMBLY	2.00	1.52
ELECTRONICS	0.25	0
MARKETING	4.13	1.99
DESIGN	0	1.07

The expenses related to the service department is very high as compared to others departments. This is mainly due to the frequent visit of service people for the purpose of after sales services and the installation and commissioning of the new machines etc.

Table-9
ANALYSIS OF WARRANTY EXPENSES

<u>MONTHS</u>	<u>2004-05</u>	<u>2003-04</u>
April	1.79	0.68
May	1.71	0.12
June	4.06	1.78
July	3.52	2.45
August	3.69	2.59
September	3.81	0.92
October	3.82	0.13
November	1.75	1.15
December	2	1.72
January	2.31	1.14
February	1.86	0.76
March	17.42	4.17
Total	<u>47.73</u>	<u>17.61</u>

The company gives one year post sales warranty to Domestic customers. The provision of Rs.14.20lacs and Rs.2.70lacs was done in 2004-05 and 2003-04 respectively to take care of warranty expenses in next year.

The increase is mainly due to the increase in sales and installation & commissioning.

The Domestic sales in 2002-03 and 2003-04 are Rs.2559lacs and Rs.3422lacs respectively.

Table-10
ANALYSIS OF CUSTOM DUTY

(Rs. Lacs)

<u>ITEMS</u>	<u>2004-05</u>	<u>2003-04</u>
CUSTOM DUTY	68.54	36.65
<i>TOTAL SALES</i>	5035.99	3422.04
<i>% AS TO SALES</i>	1.36	1.07

Custom duty has increased by Rs.31. 89 Lac as compared to last year. It has also increased by 0.29% of sales. The main reason is that, there are more imports of sensors during this year as compared to last year. The custom duty charged on these sensors is Rs.13.20 Lac. There is also a custom duty of Rs. 12.51 Lac on Jekson camera purchased during this year. Vaccum pumps are also imported more as compared to last year. The custom duty charged on vaccum pumps is Rs. 1.9 Lac. There is a custom duty of Rs. 2.9 Lac on import of Deckel Maho CNC vertical machining. There is also a custom duty of Rs.4.6 Lac on import of 1 Pkg of pressure spring. Custom duty charged on Nordson units is Rs. 2.32 Lac.

The main reason of increase in custom duty is the increase of imports

(Rs.Lacs)

	2004-05	2003-04
<i>IMPORTS</i>	190.94	69.09

To decrease the expenses on the custom duty it is suggested to decrease the imports and procure the components of the machinery from the domestic manufacturers if possible. As our requirements of some of the particular imported components is increasing regularly, we can develop domestic suppliers for them, thus going into the backward integration if possible and feasible.

Table-11**STATIONERY ANALYSIS**

(Rs.lacs)

<u>MONTHS</u>	<u>2004-05</u>	<u>2003-04</u>
April	0.35	0
May	1.05	0.41
June	-1.50	0.15
July	0.47	0.20
August	1.02	0.45
September	3.48	0.93
October	2.64	0.85
November	0.55	1.13
December	1.27	0.40
January	0.20	2.14
February	0.94	0.55
March	10.18	8.52
<u>TOTAL</u>	<u>20.66</u>	<u>15.71</u>
Sales	5035.99	3422.21
<u>%to sales</u>	<u>0.41</u>	<u>0.46</u>

The stationery expenses in the month of June 2004-05 are negative due to the reason that a provision for goods received have been created in that month for Rs.1.86 lacs. The overall stationery expenses have increased by Rs.4.95 lacs. But as a percentage of sales it is reducing.

In company, the department wise records for the issue of stationery are kept only from Jan 2005. So, there are no proper records for the expense of stationery in the particular department.

It is suggested to keep the proper department wise record so that the expenses on stationery can be controlled.

The format for keeping the stationery record has been attached. There must be a notebook of this format in each department and the stationery should be issued on the weekly basis instead of monthly basis. Whenever the stationery will be issued the proper entry should be made of received and required goods with the signature of the head of the respective department.

The purpose of keeping the “Required” column in the format is to ease the future assessment of the stationery required in the particular department so that purchases can be made on that basis.

METHODOLOGY

Methodology

The first step is to collect the data from various sources like

- Tally
- Monthly performance review meetings (MPRM) Reports
- Annual Reports
- Computerized Inventory Management system (CIMS)

After the collection of data, it has been analyzed to find out the points to be worked on.

These points are further analyzed in details and rearranged according to the requirements, so that the required results can be obtained

The suggestions of different departments especially the finance department personnels are taken to get the correct information.

SUGGESTIONS &
RECOMMENDATIONS

Suggestions & Recommendations

- More than 50% of the shareholders fund is invested in working capital of the company we must try to reduce it. Reducing stock and increase in the average payment period can help this up to some extent.

- As we are the market leaders in our products and the number of competitors is also very low, we can ask for the full advance payment for domestic sales also. Thus reducing the investment in the receivables.

- The expenses on sales promotion should be controlled and more emphasis should be given on the advertisement as it has more reach than any other sales promotional tool.

- The expenses of stationary can also be controlled by applying the rule of recording the stationery requirement in the provided format

- We should try to develop domestic suppliers for the goods we are importing so that the expense on custom duty can be reduced.

LIMITATIONS

Limitations

Every project has its own limitations, so as ours. But we have to work irrespective of these limitations and find our way, so that we can achieve the required aim.

Some of the limitations of our project are: -

- As our project is based on the data recorded by the company, we face the limitation of extracting that particular data because our access is limited for the sake of confidential information of the company.

- Another limitation is the un-audited MPRM statements, which leads to difference in the information of annual reports and monthly statements.

- The grouping of different items in the balance sheet also created hindrances for us, as it is very difficult to identify which item is clubbed with which head. But thanks to accounts personal who made it easy to understand these clubbing.

Bibliography

Bibliography

- Tally System
- CIMS
- MPRM Reports
- Annual Reports

Table-2

Schedule of Changes in Working Capital
2002-03

MONTHS	Current Assets					Current Liabilities	
	Inventories	S. Debtors	Cash & Bank	Other assets	Total	S.creditors	Advances & other liabilities
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e=(a+b+c+d)</i>	<i>f</i>	<i>g</i>
April	370.12	675.07	71.92	161.01	1278.12	275.56	66.42
May	438.15	553.77	167.10	187.60	1346.62	300.84	68.04
June	445.40	661.82	19.18	207.54	1333.94	290.42	86.63
July	492.99	554.28	51.28	210.91	1309.46	338.03	101.79
August	630.00	607.88	87.47	198.44	1523.79	522.75	71.24
September	649.82	658.50	22.92	224.17	1555.41	560.12	60.78
October	657.23	495.39	55.43	266.88	1474.93	404.20	110.22
November	710.34	497.23	60.57	269.13	1537.27	507.01	110.82
December	716.03	530.64	14.98	275.55	1537.20	477.21	124.72
January	768.07	491.13	86.12	264.22	1609.54	474.29	161.55
February	889.86	645.05	18.48	245.70	1799.09	698.19	115.46
March	522.72	1145.27	22.74	699.71	2390.44	531.20	28.47

Table-2

Schedule of Changes in Working Capital
2002-03

MONTHS	Current Assets					Current Liabilities			
	Inventories	S. Debtors	Cash & Bank	Other assets	Total	S.creditors	Advances & other liabilities	Provisions	Total
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e=(a+b+c+d)</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i=f+g+h</i>
April	370.12	675.07	71.92	161.01	1278.12	275.56	66.42	44.80	386.78
May	438.15	553.77	167.10	187.60	1346.62	300.84	68.04	89.60	458.48
June	445.40	661.82	19.18	207.54	1333.94	290.42	86.63	134.40	511.45
July	492.99	554.28	51.28	210.91	1309.46	338.03	101.79	179.20	619.02
August	630.00	607.88	87.47	198.44	1523.79	522.75	71.24	224.00	817.99
September	649.82	658.50	22.92	224.17	1555.41	560.12	60.78	268.80	889.70
October	657.23	495.39	55.43	266.88	1474.93	404.20	110.22	313.60	828.02
November	710.34	497.23	60.57	269.13	1537.27	507.01	110.82	358.40	976.23
December	716.03	530.64	14.98	275.55	1537.20	477.21	124.72	403.20	1005.13
January	768.07	491.13	86.12	264.22	1609.54	474.29	161.55	448.00	1083.84
February	889.86	645.05	18.48	245.70	1799.09	698.19	115.46	492.80	1306.45
March	522.72	1145.27	22.74	699.71	2390.44	531.20	28.47	537.60	1097.27

Table-3
ANALYSIS OF EXPENSE
UPTO CONTRIBUTION LEVEL

	(Rs.lacs)		(Rs.lacs)	
	2004-05	% to Sales	2003-04	% to Sales
SALES				
DOMESTIC SALES	4114.24	81.70	2814.00	82.23
EXPORTS	1649.89	32.76	1022.00	29.86
<i>less-central excise duty</i>	530.36	10.53	305.06	8.91
<i>less-central sales tax</i>	144.15	2.86	84.43	2.47
<i>less-maharashtra sales tax</i>	53.62	1.06	24.30	0.71
NET SALES	5036.00	100.00	3422.21	100.00
OPERATING INCOMES				
INCOME FROM SERVICES	29.67	0.59	35.26	1.03
SCRAP SALES	5.45	0.11	4.11	0.12
OTHER INCOMES	45.97	0.91	40.88	1.19
TOTAL OPERATING INCOME	81.09	1.61	80.25	2.34
VARIABLE COST				
MATERIAL CONSUMED				
OPENING STOCK	352.49	7.00	263.19	7.69
ADD-PURCHASE	3190.58	63.36	1904.78	55.66
LESS-CLOSING STOCK	687.85	13.66	352.49	10.30
LESS-CENVAT CREDIT AVAILED	204.63	4.06	108.22	3.16
LESS-SALE TAX SET OFF AVAILED	267.03	5.30	135.79	3.97
Add-INCREASE /DECREASE IN STOCK	75.90	1.51	52.84	1.54
STORES & SPARES CONSUMED	61.03	1.21	30.85	0.90
TOTAL MATERIAL CONSUMED	2444.59	48.54	1602.32	46.82
POWER & FUEL	38.84	0.77	33.86	0.99
REPAIRS & MAINTENANCE	14.40	0.29	22.44	0.66
TOTAL VARIABLE COST	2497.83	49.60	1658.62	48.47
CONTRIBUTION	2619.26	52.01	1843.84	53.88
P/V Ratio	(contribution/sales)*100	52.01	53.88	

STATEMENT OF EXPENSES
2003-04 TO 2004-05

(Rs.Lacs)

EXPENSES	2004-05	as a % of sales	2003-04	as a % of sales	(+/-)	REMARKS
NET SALES(A)	5035.99	100.00	3422.04	100.00	1613.95	
DOMESTIC SALES	3422.57	67.96	2400.00	70.13	1022.57	
EXPORTS	1613.42	32.04	1022.04	29.87	591.38	
TOTAL OTHER INCOMES	81.09	1.61	80.25	2.35	0.84	
INCOME FROM SERVICES	29.67	0.59	35.26	1.03	-5.59	
OTHER INCOMES	51.42	1.02	44.99	0.89	6.43	
TOTAL OPERATING INCOMES	5117.08	101.61	3502.29	102.35	1614.79	
VARIABLE COST	2497.75	49.60	1658.63	48.47	839.12	
MATERIAL CONSUMED	2444.50	48.54	1602.32	46.82	842.18	Tbl.
POWER & FUEL	38.85	0.77	33.87	0.99	4.98	
REPAIR & MAINTENANCE	14.40	0.29	22.44	0.66	-8.04	
CONTRIBUTION	2619.33	52.01	1843.66	53.88	775.67	Tbl.
NON OPERATING INCOMES	47.48	0.94	39.18	1.14	8.30	
other non-operating incomes	47.48	0.94	39.18	1.14	8.30	
FIXED COST	1804.35	35.83	1100.28	32.15	704.07	
<i>Personnel expenses</i>	<i>512.69</i>	<i>10.18</i>	<i>360.87</i>	<i>10.55</i>	<i>151.82</i>	
salaries wages, allowance & bonus	397.80	7.90	275.48	8.05	122.32	
provident fund & family pension fund	21.60	0.43	15.24	0.45	6.36	
superannuation fund	4.77	0.09	3.74	0.11	1.03	
gratuity fund	4.57	0.09	1.86	0.05	2.71	
employees welfare expense	83.95	1.67	64.55	1.89	19.40	
<i>Administration expenses</i>	<i>726.11</i>	<i>14.42</i>	<i>337.40</i>	<i>9.86</i>	<i>388.71</i>	
insurance	5.52	0.11	5.81	0.17	-0.29	
rent	3.78	0.08	3.86	0.11	-0.08	
rate & taxes	0.69	0.01	1.43	0.04	-0.74	
vehicle expenses	11.53	0.23	10.68	0.31	0.85	
legal & professional charges	46.99	0.93	30.76	0.90	16.23	
printing & stationery	26.90	0.53	20.42	0.60	6.48	
auditor remuneration	1.02	0.02	1.02	0.03	0.00	
postage telegram & telephone	39.89	0.79	30.65	0.90	9.24	Tabl
director's commission	96.23	1.91	0.00	0.00	96.23	
donation	1.20	0.02	0.19	0.01	1.01	
software expenses	20.02	0.40	21.89	0.64	-1.87	
capital goods purchased	371.56	7.38	145.69	4.26	225.87	
general expenses	100.78	2.00	65.00	1.90	35.78	Tabl
<i>Selling & distribution expenses</i>	<i>436.64</i>	<i>8.67</i>	<i>310.74</i>	<i>9.08</i>	<i>125.90</i>	

Management of Working Capital & Expense Analysis

MBA (Finance)

commission on sales	125.08	2.48	71.78	2.10	53.30	
packing & forwarding charges	141.77	2.82	102.83	3.00	38.94	
travelling expenses	116.53	2.31	85.83	2.51	30.70	Tabl
warranty expenses	47.73	0.95	17.61	0.51	30.12	Tabl
bad-debts written off	5.53	0.11	3.78	0.11	1.75	
provision for doubtful debts	0.00	0.00	28.91	0.84	-28.91	
Research & development expenses	23.53	0.47	0.00	0.00	23.53	
Interest & bank charges	29.66	0.59	16.75	0.49	12.91	
Depericiation	61.48	1.22	55.82	1.63	5.66	
Exchange loss	14.24	0.28	18.70	0.55	-4.46	
profit for the year	862.46	17.13	782.56	22.87	79.90	

**General
Expenses**

ITEMS	2004-05	2003-04	REMARKS
Security expenses	7.42	7.03	
<i>Sales promotion</i>			
<i>advertisement</i>	5.29	8.96	Tabl
<i>sales promotion expense</i>	24.71	5.77	Tabl
<i>entertainment expense</i>	2.13	1.05	Tabl
<i>exhibition expense</i>	40.11	19.21	Tabl
Miscellaneous expense	1.1	0.42	
Tender fees	0.02	0.3	
Recruitment charges	2.93	3.84	
filling fees	0.03	0.02	
Loss on sale of fixed assets	0	1.97	
house keeping expense	7.52	6.36	Tabl
seminar, meeting & training	3.14	3.68	
water charges	2.8	3.46	
gardening expense	0.97	1.85	
excise duty expense	0.03	0.51	
ISO certification expense	1.34	0	
Paisa round off	0.01	0.01	
Liquidated damages	0.2	0	
sundry advances written off	0.02	0	
<i>subscription</i>			
<i>books & periodicals</i>	0.11	0.07	Tabl
<i>subscription books & periodicals</i>	0.86	0.5	Tabl
TOTAL	100.74	65.01	

Table-5
Analysis of material consumption

	2004-05			2003-04		
	Material consumed	Sales	%to sales	Material consumed	Sales	%to sales
April	140.6	16.78	837.90	-28.54	14.72	-193.89
May	325.82	129.85	250.92	-19.81	70.6	-28.06
June	567.86	366.27	155.04	-0.66	321.07	-0.21
July	850.26	803.57	105.81	146.45	477.43	30.67
August	1186.51	1219.88	97.26	258.45	679.67	38.03
September	1233.89	1962.26	62.88	418.49	909.17	46.03
October	1544.54	2304.74	67.02	549.83	1237.86	44.42
November	1725.03	2616.27	65.93	685.36	1478.07	46.37
December	2048.52	3176.79	64.48	825.51	1710.4	48.26
January	2277.86	3604.47	63.20	1175.68	2042.4	57.56
February	2375.04	3861.90	61.50	1465.23	2419.07	60.57
March	2444.5	5035.99	48.54	1602.32	3422.21	46.82

All figures are in Rs.lacs

The material consumption(% to Sales) is more in the month of April in 2004-05.

As the year proceeds the material consumption goes on decreasing as a percentage of sales in 2004-05

The overall material consumption has increased in the current year leading to decrease in material consumption.

The closing stock at the end of the year has also been doubled in this year as compared to the previous year

Notes

Material consumed are the figures taken from MPRM report

The figures of Sales and Material consumed are the cummulative figures

DEPTT. _____

STATIONARY RECORDS

for the month of _____

S.NO.	ITEMS	1st WEAK		2nd WEAK		3rd WEAK		4th WEAK		TOTAL
		REQ.	REC.	REQ.	REC.	REQ.	REC.	REQ.	REC.	REC.
	FILES									
1	BOX FILES									
2	FLAT FILES									
3	FLAT FILES WITH SPRINGS									
4	PLASTIC FILE									
5	DIAMOND MAKER FILE									
6	PIANO FILE									
7	HANGING FILE									
8	PLASTIC FOLDER									
9	P.F L-TYPE									
10	P.F U-TYPE									
	REGISTERS									
	2-QUIRE									
1	3-QUIRE									
2	4 -QUIRE									
3	5 -QUIRE									
4	6 -QUIRE									
5	10-QUIRE									
	PAPERS									
1	TRACING PAPER									
2	340*240									
3	460*330									
4	635*450									
5	330*450									
6	TRANSPARENT A4 SIZE SHEET									
7	RIGID OPAEQUE A4 SHEET									
8	XEROX PAPER A4 SIZE									
9	XEROX PAPER A3 SIZE									
10	LEAFLET PAPER(140H*200W)									
11	GERM. ALBESTER PAPER A4 SIZE									
	CARBON PAPER									
1	DOUBLE SIDE CARBON									
2	PENCIL CARBON									
3	BLACK CARBON									
	COMPUTER STATIONARY									
1	HP CARTRIDGE 51641A BLACK									
2	HP CARTRIDGE 51641A COL.									
3	HP CARTRIDGE 51646A BLACK									
4	HP CARTRIDGE 51646ACOL.									
5	PLAIN DELUX PAPER									
	10*12*1									
	10*12*2									

	10*12*3										
	10*12*4										
	15*12*1										
	15*12*2										
	15*12*3										
	15*12*4										
6	MOUSE PAD										
7	FLOPPY BOX										
8	REWRITABLE CD										
	PUNCH										
1	SMALL										
2	BIG										
	STAPLER										
1	SMALL										
2	MEDIUM										
3	BIG										
4	PINS										
	WRITING MATERIAL										
1	PENCIL										
2	PEN										
3	ERASER										
4	SHARPENER										
5	HIGHLIGHTERS										
6	SKETCH PEN										
7	KOREX EROZ-X										
8	MARKER										
9	JAMBO MARKER										
10	WHITENER PEN										
11	CLUTCH PENCIL										
12	ROTRING PEN										
	SCRIBLING PAD										
1	SMALL										
2	BIG										
3	SPIRAL PAD										
	OTHERS										
1	U-CLIP										
2	V-CLIP										
3	SDI BINDER										
	32MM										
	25MM										
	14MM										
4	GLUE STICK										
5	PAPER PINS										
6	DRAWING BOARD PINS										
7	SEPRATORS										
8	PAPER WEIGHTS										
9	STAMP PAD BIG										
10	FAX ROLL										
11	OH SHEET										
12	TELEPHONE DIARY										
13	VISTING CARD HOLDER										
14	CHEQUE STICKERS										

	SIGN OF HOD									

Table-13
Statement of Creditor Analysis

<i>MONTHS</i>	Creditors(Rs.Lacs)			Annualised Purchases(Rs.lacs)			Creditors turnover Ratio			Average P
	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05	2002-03
April	4.80	1.34	5.80	1144.64	1373.81	1808.71	238.47	1025.23	311.85	2
May	10.13	45.02	246.31	1140.01	1318.67	1761.18	112.54	29.29	7.15	3
June	68.32	83.32	170.24	1150.13	1309.38	1935.85	16.83	15.72	11.37	22
July	60.58	114.53	220.36	1174.69	1301.08	1949.56	19.39	11.36	8.85	19
August	173.57	92.94	290.58	1208.38	1284.54	1990.52	6.96	13.82	6.85	52
September	183.81	106.56	226.47	1231.57	1297.01	2047.12	6.70	12.17	9.04	54
October	134.77	52.09	304.49	1415.08	1173.30	2882.99	10.50	22.52	9.47	35
November	145.41	145.78	179.52	1306.38	1263.65	2620.09	8.98	8.67	14.59	41
December	167.96	145.42	324.29	1363.86	1809.39	3000.45	8.12	12.44	9.25	45
January	192.00	282.03	313.07	1467.00	1709.43	3050.07	7.64	6.06	9.74	48
February	138.63	229.17	259.46	1401.92	1690.93	2996.31	10.11	7.38	11.55	36
March	343.59	879.59	1140.06	1472.12	1838.05	3092.12	4.28	2.09	2.71	85

(Ref.Table- 13.1, 13.2, 13.3)

Table-10A
Statement of Debtor Analysis (Domestic)

<i>MONTHS</i>	Debtors (Rs. Lacs)			Annualised Sales(Rs. Lacs)			Debtors turnover Ratio			Ave
	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05	2002-03
April	571.91	561.80	648.59	1647.31	1846.11	2434.80	2.88	3.29	3.75	127
May	489.24	469.32	584.89	1578.86	1758.00	2327.63	3.23	3.75	3.98	113
June	505.20	460.71	629.18	1557.22	1823.68	2387.41	3.08	3.96	3.79	118
July	475.02	372.77	856.37	1592.33	1744.35	2558.84	3.35	4.68	2.99	109
August	475.57	366.88	770.90	1594.62	1803.86	2588.50	3.35	4.92	3.36	109
September	511.46	389.65	871.95	1627.07	1789.36	2731.32	3.18	4.59	3.13	115
October	406.63	446.05	875.03	1425.54	1901.05	3569.48	3.51	4.26	4.08	104
November	400.50	425.61	785.10	1319.29	1419.95	3094.23	3.29	3.34	3.94	111
December	398.84	399.48	672.45	1362.81	1524.43	2859.31	3.42	3.82	4.25	107
January	352.03	467.99	514.49	1128.75	2111.35	3497.98	3.21	4.51	6.80	114
February	452.91	518.58	564.39	1520.39	2084.13	3253.20	3.36	4.02	5.76	109
March	794.15	881.63	959.77	1984.67	2618.32	4150.70	2.50	2.97	4.32	146

(Ref.Table- 10.1,10.2, 10.3)

Table-10B
Statement of Debtor Analysis (Exports)

<i>MONTHS</i>	Debtors (Rs. Lacs)			Annualised Sales(Rs. Lacs)			Debtors turnover Ratio			Ave
	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05	2002-03
April	103.79	322.62	421.12	661.15	832.37	1123.86	6.37	2.58	2.67	57

May	64.53	257.55	325.64	626.47	779.31	1083.18	9.71	3.03	3.33	38
June	156.62	259.45	200.17	664.80	763.91	1015.32	4.24	2.94	5.07	86
July	79.26	212.22	189.30	650.51	763.68	1002.47	8.21	3.60	5.30	44
August	132.18	213.46	326.52	657.13	737.82	1082.37	4.97	3.46	3.31	73
September	147.04	239.82	460.27	641.10	776.11	1278.16	4.36	3.24	2.78	84
October	88.76	274.61	339.53	462.63	1125.36	927.30	5.21	4.10	2.73	70
November	96.73	352.01	321.47	440.58	1161.66	1092.10	4.55	3.30	3.40	80
December	131.80	398.87	630.87	661.74	965.30	1923.22	5.02	2.42	3.05	73
January	139.10	301.95	691.12	626.70	710.78	1320.67	4.51	2.35	1.91	81
February	192.14	271.17	531.56	726.48	880.78	1188.47	3.78	3.25	2.24	97
March	351.12	459.57	630.70	899.86	1217.52	1613.43	2.56	2.65	2.56	142

(Ref.Table- 10.1,10.2, 10.3)

Table-10.1**2002-03****Analysis of Debtors**

MONTH	Domestic					Export		
	Debtors	Monthly sales	Annualised sales	Debtors Turnover Ratio	avg. collection period	Debtors	Monthly sales	Annualised sales
April	571.91	56.13	1,647.31	2.88	127	103.79	8.07	661.15
May	489.24	57.41	1,578.86	3.23	113	64.53	14.63	626.47
June	505.2	104.52	1,557.22	3.08	118	156.62	100.12	664.80
July	475.02	176.58	1,592.33	3.35	109	79.26	36.34	650.51
August	475.57	135.94	1,594.62	3.35	109	132.18	63.6	657.13
September	511.46	181.56	1,627.07	3.18	115	147.04	30.71	641.10
October	406.63	118.9	1,425.54	3.51	104	88.76	34.86	462.63
November	400.5	97.65	1,319.29	3.29	111	96.73	30.45	440.58
December	398.84	108.53	1,362.81	3.42	107	131.8	85.74	661.74
January	352.03	30.51	1,128.75	3.21	114	139.1	74.06	626.70
February	452.91	226.33	1,520.39	3.36	109	192.14	123.95	726.48
March	834.87	690.61	1,984.67	2.38	154	351.12	297.33	899.86

Gross domestic sales of the last year 1728.46

Gross export sales of last year 708.18

Notes- :

Debtors in (Rs. Lacs)
Monthly Sales in (Rs. Lacs)
Annualised Sales (Rs. Lacs)

For the calculation of the annualised sales of first Six months = [last year sales + sum of sales of first six months] / Number of Months

Example -: Annualised sales of July = [1728.46 + (56.13+57.41+104.52+176.58)]*12/16

For the calculation of the annualised sales of last Six months = (Sum of sales from Apr
sales*remaining months

Example- : Annualised sale of November
(56.13+57.41+104.52+176.58+135.94+
=1319.29

Debtors Turnover ratio =
Annualised Sales/ Sundry
Debtors
Average collection period (in
Days) = 365/D.T.R

Table-10.3
2004-05
Analysis of Debtors

MONTH	Domestic					Debtors	Monthlysales
	Debtors	Monthlysales	Annualised sales	Debtors TurnoverRatio	avg. collection period		
April	648.59	19.38	2,434.80	3.75	97	421.12	0
May	584.89	77.87	2,327.63	3.98	92	325.64	46.19
June	629.18	268.69	2,387.41	3.79	96	200.17	5.44
July	856.37	427.53	2,558.84	2.99	122	189.3	67.47
August	770.90	255.25	2,588.50	3.36	109	326.52	196.74
September	871.95	429.94	2,731.32	3.13	117	460.27	383.88
October	875.03	348.47	3,569.48	4.08	89	339.53	37.93
November	785.10	253.42	3,094.23	3.94	93	321.47	70.89
December	672.45	194.69	2,859.31	4.25	86	630.87	278.67
January	514.49	407.58	3,497.98	6.80	54	691.12	77.82
February	564.39	285.19	3,253.20	5.76	63	531.56	11.72
March	959.77	1,182.69	4,150.70	4.32	84	630.7	436.68

Gross domestic sales of the last year

2618.32

Gross export sales of last year

Notes- :

Debtors in (Rs. Lacs)

Monthly Sales in (Rs. Lacs)

Annualised Sales (Rs. Lacs)

For the calculation of the annualised sales of first Six months = [last year sales + sum of sales(Apr

Example -: Annualised sales of July = [2618.32+(19.38+77.87+268.69+427.53+255.25+2327.63)]/6
=2558.84

For the calculation of the annualised sales of last Six months = (Sum of sales from April to Current

Example- : Annualised sale of November = (19.38+77.87+268.69+427.53+255.25+2327.63+3094.23)/6
= 3094.23

Debtors Turnover ratio = Annualised Sales/ Sundry Debtors

Average collection period (in Days) = 365/D.T.R

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