

<p style="text-align: center;">AVPM's DR VN BRIMS, Thane Programme: MMS (2021-23) Second Semester Regular Examination October 2022</p>									
Course Name:		Analysis of Financial Statements		Course Code		C211			
Roll No.				Marks		60			
Total No. of Questions		6		Duration		3 Hours			
Total No. of printed pages				Date		14.10.2022			
Course Outcome Statements:									
CO1: DEFINE basic terminologies in relation to Analysis of Financial Statements.									
CO2: EXPLAIN the concepts & formulas required for Analysis of Financial Statements.									
CO3: MAKE USE OF various formulas and frameworks pertaining to Common Size, Comparative, Trend Analysis, CAGR, Ratio Analysis, EVA, MVA, Cash Flows, Time Value of Money, Financial Modelling and Equity Valuation.									
CO4: EXAMINE the various types of financial statements and data for making relevant inferences.									
CO5: INTERPRET financial information to take appropriate managerial decisions.									
Instructions: -					Marks	BL	CO		
Q. No 1 (All Questions are Compulsory)									
Q. No.		Questions							
Q. 1		Sundram Fasteners Ltd a part of USD 8.5 billion TVS Group company is one of the leading auto component manufacturers in India. The company is engaged in the manufacture of fasteners powertrain components, sintered metal parts, iron powder, cold extruded parts, iron power cold extruded parts, radiator caps and wind energy components. The company has 6 domestic subsidiaries and 5 overseas subsidiaries. The consolidated financial statements and Financial Ratios of Sundaram Fasteners Ltd. are provided as Exhibits. As a financial analyst you are expected to							
	a.	Analyse the business based on Profitability, Turnover and Solvency Ratios.			6	Level 4	CO4		
	b.	Assess the critical financial concerns based on the case and suggest strategies for improvement			6	Level 5	CO5		
Q. 2		Answer Any one from the following.							
	a.	From Humble beginnings in India in 1990 to today's presence in 15 countries, and a diverse group of over 14,500+ employees, Persistent Systems Ltd. has always made it their mission to stay closely connected to their clients and employees. Over the last 30 years, it has invested in building solutions, establishing partnerships, and getting their teams skilled to help its clients navigate these shifts and achieve business differentiation through elegant compositions of technology. Consolidated Cash Flow of Persistent Systems is given below					6	Level 5	CO5
		Particulars	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21		
		Net Profit Before Tax	400.67	429.26	486.34	452.34	609.44		
		Net Cash from Operating Activities	286.41	421.19	432.31	351.59	735.93		
		Net Cash from Investing Activities	(221.94)	(347.39)	(225.9)	(14.84)	(541.67)		
		Net Cash from Financing Activities	(58.41)	(95.61)	(159.62)	(329.1)	(144.26)		

		Net Cash and Cash Equivalents	6.12	(11.75)	39.66	12.32	48.84				
		Opening Cash & Cash Equivalents	140.14	146.26	134.51	177.68	193.09				
		Closing Cash & Cash Equivalents	146.26	134.51	174.17	190	241.93				
		Evaluate the Cash Flows Statement of Persistent Systems Ltd, and comment on the following i) Cash Flow Position and ii) Life Cycle Stage of the company									
	b.	Critically evaluate the following statement – CAGR offers a different perspective as compared to year-on-year growth rate. (Support your answer with an example)							6	Level 5	CO5
Q. 3		Answer Any one from the following.									
	a.	Analyse various Revenue Segments of McDonalds from a financial modelling perspective and analyse factors affecting the same.							6	Level 4	CO4
	b.	Examine the Trend Analysis of NHPC Ltd. and state your observations							6	Level 4	CO4
		LIABILITIES	Mar – 17	Mar – 18	Mar – 19	Mar – 20	Mar – 21				
		Equity Share Capital	100.00%	100.00%	97.91%	97.91%	97.91%				
		Reserves and Surplus	100.00%	108.45%	114.91%	119.52%	129.49%				
		Total shareholders Fund	100.00%	105.23%	108.44%	111.29%	117.46%				
		Long term Borrowing	100.00%	97.00%	97.01%	121.13%	123.17%				
		Deferred Tax Liabilities	100.00%	335.15%	384.73%	387.98%	382.46%				
		Other Long-Term Liabilities	100.00%	111.04%	259.24%	276.48%	272.94%				
		Long Term Provisions	100.00%	5.23%	5.51%	5.68%	5.83%				
		Total Other Non-Current Liabilities	100.00%	106.91%	120.23%	142.30%	143.53%				
		Short Term Borrowing	100.00%	92.56%	134.21%	236.14%	240.01%				
		Trade Payable	100.00%	123.65%	122.50%	206.87%	136.89%				
		Other Current Liabilities	100.00%	105.59%	120.18%	113.09%	108.30%				
		Short Term Provision	100.00%	117.66%	89.22%	82.43%	84.10%				
		Total Current Liabilities	100.00%	108.80%	112.19%	114.12%	109.84%				
		Total Liabilities	100.00%	106.23%	113.36%	123.53%	126.76%				
Q. 4		Answer Any two from the following.									
	a.	Mr. Adam bought a Mobile Costing Rs 80,000 by making a down payment of Rs.20,000 and agreeing to make equal annual payment for 5 year. How much would be each payment if the interest on unpaid amount be 12% Compounded annually?							6	Level 3	CO3

	b.	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amounts</th> </tr> </thead> <tbody> <tr> <td>Equity shareholders Fund</td> <td>Rs.1,000 Crores</td> </tr> <tr> <td>ROE</td> <td>40%</td> </tr> <tr> <td>No. of Shares</td> <td>10 Crores</td> </tr> <tr> <td>Retention Ratio</td> <td>60%</td> </tr> <tr> <td>Cost of Equity</td> <td>30%</td> </tr> </tbody> </table>	Particulars	Amounts	Equity shareholders Fund	Rs.1,000 Crores	ROE	40%	No. of Shares	10 Crores	Retention Ratio	60%	Cost of Equity	30%		6	Level 3	CO3						
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Calculate Value of equity shares using Gordon's Dividend Discount Model.																								
	c.	Calculate FCFF and FCFE based on the following data		6	Level 3	CO3																		
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Q. 5		Answer Any two from the following.																						
	a.	Explain what is CAMELS framework used in Banking analysis		6	Level 2	CO2																		
	b.	Describe DU-PONT model in relation to extension of ROA and ROE		6	Level 2	CO2																		
	c.	Summarize the difference between Absolute Valuation and Relative Valuation		6	Level 2	CO2																		
Q. 6		Answer Any two from the following.																						
	a.	List the unique factors to be considered while valuing a start-up company.		6	Level 1	CO1																		
	b.	Recall what is a PEG ratio, Economic value added and Market Capitalization		6	Level 1	CO1																		
	c.	What is Top Down – Bottom-Up approaches of investing?		6	Level 1	CO1																		

Consolidated P&L (Rs. In Crores)

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	CAGR
INCOME					
Revenue From Operations [Net]	3,720.28	4,396.06	3,605.21	3,546.25	-1.58%
<i>year-on-year change</i>		<i>18.16%</i>	<i>-17.99%</i>	<i>-1.64%</i>	
Other Operating Revenues	110.95	161.84	118.02	98.04	-4.04%
Total Operating Revenue	3,831.23	4,557.90	3,723.23	3,644.29	-1.65%
<i>year-on-year change</i>		<i>18.97%</i>	<i>-18.31%</i>	<i>-2.12%</i>	
EXPENSES					
Cost Of Materials Consumed	1,520.00	1,954.03	1,468.53	1,471.20	-1.08%
Changes In Inventories Of FG,WIP And Stock-In Trade	(27.77)	(97.19)	57.03	(44.17)	16.73%
Employee Benefit Expenses	413.00	459.32	434.91	400.03	-1.06%
Other Expenses	1,245.49	1,441.32	1,169.86	1,153.11	-2.54%
Total Operating Expenses	3,150.72	3,757.48	3,130.33	2,980.17	-1.84%
<i>year-on-year change</i>		<i>19.26%</i>	<i>-16.69%</i>	<i>-4.80%</i>	
EBITDA (EBIDT)	680.51	800.42	592.90	664.12	-0.81%
<i>year-on-year change</i>		<i>17.62%</i>	<i>-25.93%</i>	<i>12.01%</i>	
(-)Depreciation and Amortization	112.33	128.77	169.92	179.69	16.95%
EBIT (Operating Profit)	568.18	671.65	422.98	484.43	-5.18%
<i>year-on-year change</i>		<i>18.21%</i>	<i>-37.02%</i>	<i>14.53%</i>	
(-)Finance cost (Interest + Bank Charges)	37.45	46.01	57.90	26.13	-11.31%
(+) Non Operating Income	23.20	26.80	28.09	27.40	5.70%
(+) Exceptional Items	-	-	-	-	
EBT (Taxable Profit)	553.93	652.44	393.17	485.70	-4.29%
<i>year-on-year change</i>		<i>17.78%</i>	<i>-39.74%</i>	<i>23.53%</i>	
(-)Provision For Tax	165.76	193.47	66.64	122.99	-9.47%
PAT (Net Profit)	388.17	458.97	326.53	362.71	-2.24%
(-) Preference Dividend	-	-	-	-	
Earnings For Equity shareholders	388.17	458.97	326.53	362.71	-2.24%
<i>year-on-year change</i>		<i>18.24%</i>	<i>-28.86%</i>	<i>11.08%</i>	

Consolidated Balance Sheet (Rs. In Crores)

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	CAGR
Liabilities					
Equity Share Capital	21.01	21.01	21.01	21.01	0.00%
Reserves and Surplus	1,510.09	1,848.96	1,974.91	2,326.09	15.49%
Minority Interest	7.51	7.77	8.39	11.26	14.45%
Total Shareholder funds	1,538.61	1,877.74	2,004.31	2,358.36	15.30%
<i>year-on-year change</i>		<i>22.04%</i>	<i>6.74%</i>	<i>17.66%</i>	
Long Term Borrowings	218.08	339.63	325.03	265.24	6.74%
Deferred Tax Liabilities [Net]	123.85	151.89	113.32	122.95	-0.24%
Other Long Term Liabilities	6.63	9.90	34.65	27.53	60.73%
Long Term Provisions	8.93	11.02	10.58	10.80	6.54%
Total Other Non Current Laibilities	357.49	512.44	483.58	426.52	6.06%
<i>year-on-year change</i>		<i>43.34%</i>	<i>-5.63%</i>	<i>-11.80%</i>	
Short Term Borrowings	382.74	639.05	519.39	332.04	-4.63%
Trade Payables	450.51	487.00	385.08	590.52	9.44%
Other Current Liabilities	238.33	165.57	135.94	200.21	-5.64%
Short Term Provisions	19.74	21.45	21.71	22.27	4.10%
Total Current Liabilities	1,091.32	1,313.07	1,062.12	1,145.04	1.61%
<i>year-on-year change</i>		<i>20.32%</i>	<i>-19.11%</i>	<i>7.81%</i>	
Total Liabilities	2,987.42	3,703.25	3,550.01	3,929.92	9.57%
<i>year-on-year change</i>		<i>23.96%</i>	<i>-4.14%</i>	<i>10.70%</i>	
Assets					
Tangible Assets	1,152.37	1,612.26	1,902.03	1,914.24	18.43%
Intangible Assets	0.51	5.07	4.15	3.40	88.21%
Capital Work-In-Progress	110.88	95.58	94.78	118.84	2.34%
Intangible Assets Under Development	-	-	-	0.47	
Net Fixed Assets	1,263.76	1,712.91	2,000.96	2,036.95	17.25%
<i>year-on-year change</i>		<i>35.54%</i>	<i>16.82%</i>	<i>1.80%</i>	
Non-Current Investments	66.59	65.63	35.93	61.49	-2.62%
Deferred Tax Assets [Net]	0.37	0.62	1.43	0.71	24.27%
Long Term Loans And Advances	2.05	3.77	1.63	1.51	-9.69%
Other Non-Current Assets	197.63	217.51	151.56	159.68	-6.86%
Sundry (missing figure)	3.34	3.34	3.34	3.34	0.00%
Total Other Non Current Assets	269.98	290.87	193.89	226.73	-5.65%
<i>year-on-year change</i>		<i>7.74%</i>	<i>-33.34%</i>	<i>16.94%</i>	
Current Investments	3.52	2.61	1.92	2.69	-8.57%
Inventories	523.18	647.82	569.62	674.35	8.83%
Trade Receivables	793.61	886.89	651.03	885.63	3.72%
Cash And Cash Equivalents	35.16	24.83	46.49	39.30	3.78%
Short Term Loans And Advances	1.14	1.15	0.44	0.45	-26.64%
OtherCurrentAssets	97.07	136.17	85.66	63.82	-13.05%
Total Current Assets	1,453.68	1,699.47	1,355.16	1,666.24	4.65%
<i>year-on-year change</i>		<i>16.91%</i>	<i>-20.26%</i>	<i>22.96%</i>	
Total Assets	2,987.42	3,703.25	3,550.01	3,929.92	9.57%

Consolidated Balance Sheet (Rs. In Crores)

Particulars	Mar-18	Mar-19	Mar-20	Mar-21
EBITDA Margin	17.76%	17.56%	15.92%	18.22%
Operating Profit Margin	14.83%	14.74%	11.36%	13.29%
Net Profit Margin	10.13%	10.07%	8.77%	9.95%
Return On Assets	14.08%	13.72%	9.00%	9.70%
Return On Capital Employed	33.70%	31.34%	17.34%	18.37%
Return On Shareholder Funds (Net Worth)	27.91%	26.87%	16.82%	16.63%
Return On Equity	27.91%	26.87%	16.82%	16.63%
Basic EPS (Rs.)	18.40	21.77	15.46	17.10
Diluted EPS (Rs.)	18.40	21.77	15.46	17.10
Asset Turnover	1.39	1.36	1.03	0.97
Fixed Assets Turnover	3.25	3.06	2.01	1.81
Stock Turnover (Net Sales Based)	7.88	7.78	6.12	5.86
Debtors Collection Period (Days)	69	67	75	77
Creditors Payment Period (Days)	96	88	108	121
Current Ratio	1.33	1.29	1.28	1.46
Quick Ratio	1.31	1.56	1.45	1.22
Interest Coverage	15.17	14.60	7.31	18.54
Long Term Debt To Equity	0.14	0.18	0.16	0.11
Total Debt To Equity	0.39	0.53	0.44	0.26
Proprietary Ratio	51.50%	50.71%	56.46%	60.01%