

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 2552A

Roll No.....

Unique Paper Code : 101303

Name of the Course : Bachelor of Financial and Investment Analysis 2013

Name of the Paper : Financial Statement Analysis

Semester : III

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.

1. Based on the annexed financial highlights of Reliance Industries Limited you are required to forecast the financial health of the Co. for next two years and calculate the following ratios for all the years and comment on the financial condition of the company. (figures in USD is only for reference)
 - (a) Debt Equity ratio
 - (b) Gross Turnover ratio
 - (c) Net profit Margin
 - (d) RONW
 - (e) ROCE

(10+40=50)
2. What are the various techniques of valuations of a company? Explain any one in detail with help of illustration.

(10)
3. Write short notes on **any five** of the followings :

(15)

 - (a) Auditor's report
 - (b) Financial highlights

P.T.O.

- (c) Deferred Expenditure
 (d) Capital Adequacy
 (e) Bankruptcy
 (f) Book Value
 (g) Common size analysis

Annexure FINANCIAL HIGHLIGHTS OF RELIANCE INDUSTRIES LIMITED

₹ in crore

	2012-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05	03-04	
SMA											
Revenue From Operations	68,365	3,71,119	3,39,792	2,58,651	2,00,400	1,46,328	1,39,269	1,18,354	89,124	73,164	56,247
Total Income	69,838	3,79,117	3,45,984	2,61,703	2,02,860	1,48,388	1,44,898	1,18,832	89,807	74,614	57,385
Earnings Before Depreciation, Finance Cost and Tax Expenses (EBDIT)	7,145	38,785	39,811	41,178	33,041	25,374	28,935	20,525	14,982	14,261	10,983
Depreciation and Amortisation	1,744	9,465	11,394	13,608	10,497	5,195	4,847	4,815	3,401	3,724	3,247
Exceptional Items	-	-	-	-	-	(370)	4,733	-	-	-	-
Profit For the Year	3,869	21,003	20,040	20,286	16,236	15,309	19,458	11,943	9,069	7,572	5,160
Equity Dividend %		90	85	80	70	130	130	110	100	75	525
Dividend Payout	487	2,643	2,531	2,385	2,084	1,897	1,631	1,440	1,393	1,045	733
Equity Share Capital	595	3,229	3,271	3,273	3,270	1,574	1,454	1,393	1,393	1,393	1,396
Equity Share Suspense Account	-	-	-	-	-	69	-	60	-	-	-
Equity Share Warrants	-	-	-	-	-	-	1,682	-	-	-	-
Reserves and Surplus	32,563	1,76,766	1,62,825	1,48,267	1,33,901	1,24,730	78,313	62,514	48,411	39,010	33,057
Net Worth	33,157	1,79,995	1,66,096	1,51,540	1,37,171	1,26,373	81,449	63,967	49,804	40,403	34,453
Gross Fixed Assets	42,787	2,32,270	2,05,493	2,21,252	2,28,004	2,18,673	1,27,235	1,07,061	91,928	59,955	56,860
Net Fixed Assets	23,738	1,28,864	1,21,477	1,55,526	1,65,399	1,69,387	84,889	71,189	62,675	35,082	35,146
Total Assets	58,674	3,18,511	2,95,140	2,84,719	2,51,006	2,45,706	1,49,792	1,17,353	93,095	80,586	71,157
Market capitalisation	46,017	2,49,802	2,44,757	3,42,984	3,51,320	2,39,721	3,29,179	1,98,905	1,10,958	76,079	75,132
Number of Employees		23,519	23,166	22,661	23,365	24,679	25,487	24,696	12,540	12,113	11,358
Contribution to National Exchequer	5,333	28,950	28,197	28,719	17,972	11,574	13,696	15,344	15,950	13,972	12,903

[This question paper contains 4 printed pages.]

Sr. No. of Question Paper : 1224

Roll No.....

Unique Paper Code : 101303

Name of the Paper : Financial Statement Analysis

Name of the Course : Bachelor of Financial and Investment Analysis

Semester : III

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.

1. Based on the annexed Income statement and Balance sheet of Tata Power Company calculate **any ten** of the following ratios for each year. Also comment on the financial health of the company. (10×4+10=50)

- (a) Current ratio
- (b) Quick ratio
- (c) Debt service coverage ratio
- (d) Gross profit margin
- (e) Net profit margin
- (f) Return on investment
- (g) Return on equity
- (h) Total asset turnover ratio
- (i) Current asset turnover ratio
- (j) Cash turnover ratio
- (k) Receivables turnover ratio

P.T.O.

- (l) Inventory turnover ratio
- (m) Cash to current asset ratio
- (n) Debt equity ratio
2. Based on the annexed Income statement and Balance Sheet (as used in Q1) forecast the Income statement and Balance sheet for the year 2013. (10)
3. Critically evaluate the concept of EVA and compare it the concept of SWM. (7)
4. Write short notes on **any 2** of the following : (4×2=8)
- (i) Cross sectional analysis
- (ii) Revenue realization concept
- (iii) P/B ratio

Annexure CONSOLIDATED BALANCE SHEET OF TATA POWER COMPANY

	Mar '12	Mar '11	Mar '10	Mar '09	Mar '08	Mar '07
Sources Of Funds						
Total Share Capital	237.29	237.29	237.43	221.40	220.68	197.88
Equity Share Capital	237.29	237.29	237.43	221.40	220.68	197.88
Share Application Money	0.00	0.00	0.00	0.00	60.99	0.00
Reserves	13,937.09	13,889.28	9,976.03	7,848.40	7,725.27	5,600.86
Net worth	14,174.38	14,126.57	10,213.46	8,069.80	8,006.94	5,798.74
Secured Loans	22,780.01	19,550.69	14,297.28	10,707.37	8,100.63	2,444.82
Unsecured Loans	9,139.84	5,211.71	4,056.13	3,242.25	1,102.65	2,431.32
Total Debt	31,919.85	24,762.40	18,353.41	13,949.62	9,203.28	4,876.14
Minority Interest	1,631.27	1,414.26	1,209.71	944.37	806.17	249.62
Group Share in Joint Venture	0.00	264.67	4,792.39	4,453.49	1,426.02	788.25
Total Liabilities	46,094.23	38,888.97	28,566.87	22,019.42	17,210.22	10,674.88
Application Of Funds						
Gross Block	38,221.51	24,366.89	19,617.11	18,178.63	14,660.52	7,858.24
Less: Accum. Depreciation	10,543.15	8,329.51	7,454.93	6,807.89	5,837.81	3,676.32
Net Block	27,678.36	16,037.38	12,162.18	11,370.74	8,822.71	4,181.92

Capital Work in Progress	12,634.31	19,575.06	11,692.67	6,144.77	3,319.74	947.34
Investments	3,422.90	2,841.00	3,082.31	3,251.23	3,125.27	3,063.52
Inventories	1,684.69	1,133.29	654.72	720.38	536.11	461.70
Sundry Debtors	2,466.08	5,068.89	3,514.25	2,561.69	2,269.74	1,601.00
Cash and Bank Balance	3,744.12	2,206.59	475.01	480.08	319.52	64.17
Total Current Assets	7,894.89	8,408.77	4,643.98	3,762.15	3,125.37	2,126.87
Loans and Advances	9,981.63	2,690.85	1,185.23	1,111.67	750.47	678.85
Fixed Deposits	0.00	0.00	1,557.65	223.46	57.92	1,313.96
Total CA, Loans & Advances	17,876.52	11,099.62	7,386.86	5,097.28	3,933.76	4,119.68
Current Liabilities	11,955.08	7,945.00	4,585.56	3,700.50	2,381.18	1,368.54
Provisions	1,931.51	1,781.04	750.52	728.64	623.47	640.06
Total CL & Provisions	13,886.59	9,726.04	5,336.08	4,429.14	3,004.65	2,008.60
Net Current Assets	3,989.93	1,373.58	2,050.78	668.14	929.11	2,111.08
Group Share in Joint Venture	0.00	740.88	5,581.00	5,981.61	3,243.09	1,402.65
Miscellaneous Expenses	0.00	0.00	0.03	0.79	2.49	6.24
Total Assets	47,725.50	39,827.02	28,987.97	21,435.67	16,199.32	10,310.10
Contingent Liabilities	4,549.98	6,515.07	10,923.71	14,378.59	12,258.84	1,518.13
Book Value (Rs)	59.73	595.29	430.39	364.45	360.03	293.02

CONSOLIDATED PROFIT AND LOSS OF TATA POWER COMPANY

	Mar '12	Mar '11	Mar '10	Mar '09	Mar '08	Mar '07
Income						
Sales Turnover	26,171.30	19,462.85	12,960.95	12,254.75	7,829.16	5,537.08
Excise Duty	18.41	12.09	10.95	6.52	13.33	8.59
Net Sales	26,152.89	19,450.76	12,950.00	12,248.23	7,815.83	5,528.49
Other Income	-1,983.50	410.50	6,520.39	5,628.32	3,523.27	1,187.23
Stock Adjustments	177.01	-3.34	-9.61	79.76	-11.64	-0.46
Total Income	24,346.40	19,857.92	19,460.78	17,956.31	11,327.46	6,715.26
Expenditure						
Raw Materials	749.83	516.01	204.73	213.15	124.33	96.33
Power & Fuel Cost	12,508.47	10,953.36	9,261.66	9,906.80	5,265.70	3,882.00
Employee Cost	1,146.26	825.93	707.41	525.23	336.72	229.40
Other Manufacturing Expenses	5,089.62	1,026.18	3,043.11	1,662.01	1,048.85	266.11
Selling and Admin Expenses	83.57	0.00	1,852.50	1,280.42	1,926.91	781.73
Miscellaneous Expenses	1,331.75	1,530.36	306.10	185.64	104.32	80.32
Preoperative Exp Capitalised	67.92	0.00	-1,083.69	-166.20	-123.30	-11.72
Total Expenses	20,977.42	14,851.84	14,291.82	13,607.05	8,683.53	5,324.17

P.T.O.

Operating Profit	5,352.48	4,595.58	-1,351.43	-1,279.06	-879.34	203.86
PBDIT	3,368.98	5,006.08	5,168.96	4,349.26	2,643.93	1,391.09
Interest	1,527.09	868.37	1,481.03	948.57	509.89	305.04
PBDT	1,841.89	4,137.71	3,687.93	3,400.69	2,134.04	1,086.05
Depreciation	1,334.64	980.24	877.68	656.49	559.28	414.78
Other Written Off	0.00	0.00	0.76	0.00	0.00	0.00
Profit Before Tax	507.25	3,157.47	2,809.49	2,744.20	1,574.76	671.27
Extra-ordinary items	-0.89	18.21	29.01	-173.70	31.79	-180.61
PBT (Post Extra-ord Items)	506.36	3,175.68	2,838.50	2,570.50	1,606.55	851.88
Tax	1,474.65	993.77	657.67	991.40	408.25	81.56
Reported Net Profit	-968.29	2,181.91	2,138.64	1,298.73	1,176.98	759.00
Minority Interest	190.16	196.50	233.46	107.56	4.92	18.93
Share Of P/L Of Associates	-70.77	-74.19	-61.66	-27.57	116.99	-19.54
Net P/L After Minority Int & Sh Of Asso.	713.21	2,041.39	1,937.83	1,392.44	1,023.28	578.40
Total Value Addition	20,227.59	14,335.83	14,087.09	13,393.90	8,559.20	5,227.84
Preference Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Equity Dividend	0.00	296.92	285.36	255.98	241.38	188.22
Corporate Dividend Tax	0.00	42.53	49.05	44.86	41.03	41.25
Per share data (annualised)						
Shares in issue (lakhs)	23,730.72	2,373.07	2,373.07	2,214.24	2,207.00	1,978.98
Earning Per Share (Rs)	-4.08	91.94	90.12	58.65	53.33	38.35
Equity Dividend (%)	0.00	0.00	0.00	0.00	0.00	0.00
Book Value (Rs)	59.73	595.29	430.39	364.45	360.03	293.02

[This question paper contains 2+4 printed pages.]

9377

Your Roll No.

BFIA / III Sem. - 2011

**BACHELOR OF FINANCIAL AND INVESTMENT
ANALYSIS - Paper 303**

(Statement Analysis)

Time : 3 hours

Maximum Marks : 75

*(Write your Roll No. on the top immediately
on receipt of this question paper.)*

Attempt all questions.

1. "Corporates in different countries may pursue different objectives." Do you agree? Justify the statement with an example. (5)
2. Distinguish between **any five** of the followings :
 - (a) Gross Profit Vs Operating Profit
 - (b) Bank Vs NBFC
 - (c) ROI Vs ROE
 - (d) Discounting Vs Compounding
 - (e) Accounting Practices Vs Accounting Principles
 - (f) Monetary Assets Vs Non-monetary Assets

(5×3=15)

P.T.O.

3. Write notes on **any five** of the followings:

- (a) Capital Adequacy Ratio
- (b) Non performing Assets
- (c) Net Operating Income
- (d) Tax Shield
- (e) PE multiple
- (f) LIFO method of Inventory Valuation (5×3=15)

4. From the attached annexure-I. Calculate the following ratios and critically evaluate the condition of the following:

- (a) Liquidity: Current ratio
Quick ratio
Interest coverage ratio
DSCR
- (b) Profitability ratio – GPM, NPM, OPM
- (c) Turnover ratio – TATR, CATR, Inventory
– TR; Cash-TR; FATR.
- (d) Debt – Equity and Debt – Asset Ratio
- (e) ROI, ROE, DPS and EPS (40)

CORPORATE PROFILE

FINANCIAL		2005-06	2004-05	2003-04	2002-03
Sales	**	1614.11	1449.96	1276.09	1172.23
Miscellaneous income	@	359.55	393.80	551.69	302.96
Profit before interest, depreciation & tax	\$	1454.71	1438.86	1477.37	1153.39
Profit after interest & depreciation		612.18	777.53	643.48	555.00
Profit after interest, depreciation & tax		742.75	684.58	621.38	510.50
Dividend		223.00	140.00	120.00	75.00
Reserves & surplus(cumulative)		4709.89	4168.49	3594.27	3065.70
WHAT CORPORATION OWNS					
Gross fixed assets		12755.52	10876.28	10342.71	8280.95
Depreciation		2527.83	2148.20	1832.95	1672.19
Net Fixed Assets		10227.69	8728.08	8459.76	6608.76
Capital work in progress		8844.19	8787.19	6975.83	7078.00
Construction stores and advances		778.95	770.14	805.55	621.74
Investments		3832.81	3769.43	3660.87	2415.66
Net current assets		-225.34	138.69	107.76	1889.77
Miscellaneous expenditure not w/o.		24.55	1.18	0.71	1.20
		23482.85	22194.71	20010.48	18615.13
WHAT CORPORATION OWES					
Net worth					
-Share capital		10576.09	9933.27	8629.03	7240.61
-Reserves		4709.89	4168.49	3594.27	3065.70
Income received in advance on account of Advance Against Depreciation		1030.18	1071.15	939.40	801.06
Borrowings		7166.69	7021.80	6847.78	7507.76
		23482.85	22194.71	20010.48	18615.13
OPERATING PERFORMANCE					
		2005-2006	2004-2005	2003-2004	2002-2003
Generation (M.U.)		12567	11266	11046	9883
Machine availability (%)		98.16	95.30	96.82	96.62
Sales (Rs.in crore)		1614.11	1449.98	1276.09	1172.23
Man power (Nos.)		13118	13470	13648	13017

** Sales are net after tariff adjustment and Advance Against Depreciation

@ Includes receipts against contracts

\$ After prior period adjustments



(Rupees in Crore)

2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97
1221.00	1179.90	1075.70	1194.40	993.00	534.40
330.40	575.70	202.60	39.10	4.40	21.70
1183.50	1209.70	1070.70	999.20	849.10	481.10
513.10	484.20	401.20	305.30	299.40	106.70
470.90	443.40	401.20	305.30	299.40	106.70
50.00	30.00	15.00	15.00	15.00	15.00
2598.50	2139.10	1690.60	1272.10	948.60	634.50
8113.50	7842.70	7752.70	7090.40	6903.60	3893.80
1526.70	1280.10	1029.00	811.10	598.60	622.80
6588.80	6612.60	6723.70	6279.30	6305.00	3271.00
5218.30	3710.80	2768.60	2576.00	2073.10	4895.70
525.50	613.00	511.50	322.80	332.00	116.70
1965.00	679.90	0.00	0.00	0.00	0.00
1512.20	1864.20	2100.90	1471.80	1252.50	488.80
2.00	9.80	1.90	0.40	1.70	5.00
15809.80	13490.30	12106.60	10650.30	9964.30	8775.20
6345.70	5188.20	4446.20	3925.00	3393.00	2917.40
2598.50	2139.10	1690.60	1272.10	948.60	634.50
648.40	519.90	388.10	245.50	130.50	0.00
6217.20	5643.10	5583.70	5307.70	5492.20	5223.30
15809.80	13490.30	12106.60	10650.30	9964.30	8775.20
2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
8912	8774	8691	9917	8816	5614
96.86	92.09	91.05	88.39	83.00	83.25
1221.00	1179.90	1075.70	1194.40	993.00	534.40
13054	11850	12150	11860	11799	12119

Annual Report 2005-2006

DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL	2005-06	2004-05	2003-04	2002-03
A SALE OF ENERGY	\$ 1661.99	1581.73	1414.43	1324.86
B ADVANCE AGAINST DEPRECIATION	47.88	131.75	138.34	152.63
C OTHER INCOME (INCLUDES CONST. & CONSULTANCY RECEIPT) #	359.55	393.80	551.69	302.96
D TOTAL INCOME (A)-(B)+(C)	1973.66	1843.78	1827.78	1475.19
E GENERATION & OTHER EXPENSES (INCLUDES CONTRACT & CONSULTANCY EXP)	518.95	404.92	350.41	321.80
F GROSS MARGIN (D) - (E)	1454.71	1438.86	1477.37	1153.39
G DEPRECIATION	269.57	248.97	208.14	140.36
H GROSS PROFIT (F) - (G)	1185.14	1189.89	1269.23	1013.03
I INTEREST AND FINANCE CHARGES	372.98	412.36	625.75	458.03
J NET PROFIT (H) - (I)	812.16	777.53	643.48	555.00
K TAX	69.41	92.95	22.10	44.50
L NET PROFIT AFTER TAX (J) - (K)	742.75	684.58	621.38	510.50
M INTERNAL RESOURCE GENERATED (G)+(L)+(B)	1060.20	1065.30	967.86	803.49
N AUTHORISED CAPITAL	15000.00	15000.00	15000.00	10000.00
O EQUITY PAID UP CAPITAL	** 10576.09	9933.27	8629.03	7240.61
P RESERVE AND SURPLUS	4709.89	4168.49	3594.27	3065.70
Q LOAN FUND	7166.69	7021.80	6847.78	7507.76
R INCOME RECEIVED IN ADVANCE AGAINST DEP (AAD)	1030.18	1071.15	939.40	801.06
S GROSS FIXED ASSETS	12755.52	10876.28	10342.71	8280.95
T DEPRECIATION	2527.63	2148.20	1882.95	1672.19
U NET FIXED ASSETS (S) - (T)	10227.69	8728.08	8459.76	6608.76
V CAPITAL WORK-IN-PROGRESS	8844.19	8787.19	6975.83	7078.00
W CONSTRUCTION STORES AND ADVANCES	778.95	770.14	805.55	621.74
X INVESTMENTS	3832.81	3769.43	3660.87	2415.66
Y WORKING CAPITAL	-225.34	138.69	107.76	1889.77
Z MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	24.55	1.18	0.71	1.20
AA GROSS CAPITAL EMPLOYED (U)+(V)+(W)+(X)+(Y)	23458.30	22193.53	20009.77	18613.93
AB NET WORTH (O)+(P)-(Z)	15261.43	14100.58	12222.59	10305.11
AC INVENTORY CONSUMPTION IN POWER STATION	12.02	7.73	2.67	2.65
AD VALUE ADDED (A)-(B)-(AC)	1602.09	1442.25	1273.42	1169.58
5 INCLUDING TARIFF ADJUSTMENT, WHEELING CHARGES AND PROVISION FOR DOUBTFUL DEBTS				
** INCLUDING SHARE DEPOSIT & GUI FUND ADJUSTABLE TO EQUITY				
# INCLUDES RECEIPTS AGAINST CONTRACTS				
RATIOS				
1 RETURN ON GROSS CAPITAL EMPLOYED (H) / (AA)	2005-06 5.05%	2004-05 5.36%	2003-04 6.34%	2002-03 5.44%
2 RETURN ON NET WORTH (L) / (AB)	4.87%	4.85%	5.08%	4.95%
3 NET SALES TO GROSS CAPITAL EMPLOYED ((A)-(B)) / (AA)	6.88%	6.53%	6.38%	6.30%
4 VALUE ADDED TO NET SALES (AD) / ((A)-(B))	99.26%	99.47%	99.79%	99.77%
5 DEBT TO EQUITY RATIO (Q) / ((O)+(P)+(R))	0.44	0.46	0.52	0.68
6 NET PROFIT TO NET SALES (L) / ((A)-(B))	46.02%	47.21%	46.69%	43.55%



(Rupees in Crores)

2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97
1349.60	1313.70	1216.30	1309.40	1123.50	534.40
128.60	133.60	140.60	115.00	130.50	0.00
330.40	575.70	202.60	39.10	4.40	21.70
1551.40	1755.60	1278.30	1233.50	997.40	556.10
367.90	545.90	207.60	234.30	148.30	75.00
1183.50	1209.70	1070.70	999.20	849.10	481.10
231.60	238.70	219.80	215.20	114.00	111.10
951.90	971.00	850.90	784.00	735.10	370.00
438.80	486.90	449.70	478.70	435.70	263.30
513.10	484.20	401.20	305.30	299.40	106.70
42.20	40.80	0.00	0.00	0.00	0.00
470.90	443.40	401.20	305.30	299.40	106.70
831.10	815.90	761.60	635.50	543.90	217.80
7000.00	7000.00	5000.00	5000.00	3500.00	3500.00
6345.70	5188.20	4446.20	3825.00	3393.00	2917.40
2598.50	2139.10	1690.60	1272.10	948.60	634.50
6217.20	5643.10	5583.70	5307.70	5492.20	5223.30
648.40	519.90	386.10	245.50	130.50	0.00
8113.50	7892.70	7752.70	7090.40	6903.60	3893.80
1526.70	1280.10	1029.00	811.10	598.60	622.80
6586.80	6612.60	6723.70	6279.30	6305.00	3271.00
5218.30	3710.80	2768.60	2576.00	2073.10	4895.70
525.50	613.00	511.50	322.80	332.00	116.70
1965.00	679.90	0.00	0.00	0.00	0.00
1512.20	1664.20	2100.90	1471.80	1252.50	486.80
2.00	9.80	1.90	0.40	1.70	5.00
15807.80	13460.50	12104.70	10649.90	9962.60	8770.20
8942.20	7317.50	6134.90	5096.70	4339.90	3546.90
6.90	7.10	6.00	13.30	6.00	4.80
1214.10	1172.80	1059.70	1181.10	987.00	529.60
2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97
6.02%	7.20%	7.03%	7.36%	7.38%	4.22%
5.27%	6.06%	6.54%	5.99%	6.90%	3.01%
7.72%	8.75%	8.89%	11.22%	9.97%	6.03%
99.43%	99.40%	99.44%	98.89%	99.40%	99.10%
0.55	0.72	0.86	0.99	1.23	1.47
38.57%	37.58%	37.30%	25.56%	30.15%	19.97%