Managerial Accounting Prof. Dr. VaradrajBapat School of Management Indian Institute of Technology, Bombay

Lecture - 17 Financial Statements Analysis –Colgate Palmolive Case

Dear students, in last 3 or 4 sessions we are looking at how to analysis financial statements; if you remember we have already discussed horizontal analysis, vertical analysis, followed by ratio analysis. In ratio analysis, we also we have done 2 or 3 cases of Indian companies and currently in the last session, we have started a discussion on a international company. So, we are looking at a consolidated detail financial statement of Colgate Palmolive.

So let us continue with that today we will do some more ratios then we will go into du point analysis were again this is 1 method of in detail analysis of financial statements, followed by forecasting of financial statements. So, based on the ratio which we have calculated, we will try to forecast the a financial statement both income statement and balance sheet for the coming years ok. So, let us once again have a look at Colgate Palmolive balance sheet which we were seeing from the last time.

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B Work in Progress 50,000 50,000 41,500 7 Finished Goods 877,000 849,000 858,600 Inventory Prepayment and n.a. n.a. n.a. 8 other Inv. Adj. 9 ref Accounts Receivable 1,610,000 1,626,000 1,591,900 10 ref Accounts Receivable 1,663,000 1,678,000 1,639,300 2 Doubtful Accounts 633,000 -62,000 -47,400 2 898,000 975,000 921,000	15	Raw Materials	295,000	310,000	297,000				
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Defibitul Accounts -53,000 -52,000 -47,400 12 MORAL's 898,000 975,000 921,000		Accounts Receivable	1,663,000	1,678,000	1,639,300				
22 NOTINES 898,000 975,000 921,000	21	Doubtful Accounts	-53,000	-52,000	-47,400				
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So, see this is a consolidated financial statement, were in we have used US gap this is has is available on Colgate Palmolive website we will go down.

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3 Total Current Assets	3,730,000	3,810,000	3,710,000			
4 Net Stated Inventory	1,222,000	1,209,000	1,197,100			
5 Raw Materials	295,000	310,000	297,000			
6 Work in Progress	50,000	50,000	41,500			
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9 Net Accounts Receivable	1,610,000	1,626,000	1,591,900	QA		
Accounts Receivable	1,663,000	1,678,000	1,639,300			
Doubtful Accounts	-53,000	-52,000	-47,400			
2 Others	898,000	975,000	921,000			
3 Other Current Assets	334,000	334,000	354,100			
A Prepaid Expenses &	n.a.	n.a.	n.a.			
5 Deferred Charges	n.a.	n.a.	n.a.			
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So, you can see here how many details are shown.

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2				
3 Total Current Assets	3,730,000	3,810,000	3,710,000	
Net Stated Inventory	1,222,000	1,209,000	1,197,100	
5 Raw Materials	295,000	310,000	297,000	
Work in Progress	50,000	50,000	41,500	
7 Finished Goods	877,000	849,000	858,600	
Inventory Prepayment and other Inv. Adj.	n.a.	n.a.	n.a.	
Net Accounts Receivable	1,610,000	1,626,000	1,591,900	QA
Accounts Receivable	1,662,000	1,678,000	1,639,300	
1 Doubtful Accounts	-53,000	-52,000	-47,400	
Others	898,000	975,000	921,000	
3 Other Current Assets	334,000	334,000	354,100	
4 Prepaid Expenses &	n.a.	n.a.	n.a.	
5 Deferred Charges	n.a.	n.a.	n.a.	
Total Cash & Short Term	564,000	641,000	566,900	QA
Cash or Equivalent	490,000	600,000	554,900	
hort Term Investment	74,000	41,000	12,000	
FIXER Alsets	7,442,000	7,324,000	6,269,300	
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So, we have total current assets, then inventory again broken down into various categories.

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	Net Accounts Receivable	1,610,000	1,626,000	1,591,900	
5	Accounts Receivable	1,663,000	1,678,000	1,639,300	
	Doubtful Accounts	-53,000	-52,000	-47,400	
	Others	898,000	975,000	921,000	
1	Other Current Assets	334,000	334,000	354,100	
1	Prepaid Expenses &	n.a.	n.a.	n.a.	
5	Deferred Charges	n.a.	n.a.	n.a.	
	Total Cash & Short Term	564,000	641,000	566,900	
In	vestment				QA
	Cash or Equivalent	490,000	600,000	554,900	
3	Short Term Investment	74,000	41,000	12,000	
)					
1	Fixed Assets	7,442,000	7,324,000	6,269,300	
	Net Properly, Plant &	3,693,000	3,516,000	3,119,500	
	Land	187,000	156,000	151,500	
5	Total Land Depreciation	n.a.	n.a.	n.a.	
	Net Stated land	n.a.	n.a.	n.a,	
5	Buildings	1,319,000	1,077,000	1,028,300	
1	Total Buildings	n.a.	n.a.	n.a.	
	Net Buildings	n.a.	n.a.	n.a.	
8	Riant & Machinery	5,654,000	5,467,000	4,757,300	
)	Plant & Machinery	n.a.	n.a.	n.a.	
5	NPINE Stated Plant &	n.a.	n.a.	n.a.	

Net account receivables and so on.

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12	Total Current Assets	3 770 000	3 910 000	3 710 000	
13	Net Stated Inventory	1 222 000	1 209 000	1 197 100	
14	Paw Materials	295 000	310,000	207 000	
10	Work in Progress	50,000	50,000	41 500	
10	Finished Goods	877.000	840,000	858 600	
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29	Accounts Receivable	1 663.000	1 678 000	1,639,300	
20	Doubtful Accounts	-53 000	-52 000	-47 400	
20	NAMES	898,000	975 000	921 000	
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A22 * Comment Assets				
A	8	C	D	
4 Assets				
5	Cons	Cons	Cons (C)	
0	12/31/2010	12/31/2009	12/31/2008	
7	12 months	12 months	12 months	
8	Unqual	Unqual	Unqual	
9	th USD	th USD	th USD	
10	10-K	10-K	10-K	
11	US GAAP	US GAAP	US GAAP	
12				
13 Total Current Assets	3,730,000	3,810,000	3,710,000	
14 Net Stated Inventory	1,222,000	1,209,000	1,197,100	
15 Raw Materials	295,000	310,000	297,000	
16 Work in Progress	50,000	50,000	41,500	
17 Finished Goods	877,000	849,000	858,600	
Inventory Prepayment and 18 other Inv. Adj.	n.a.	n.a.	n.a.	
19 Net Accounts Receivable	1,610,000	1,626,000	1,591,900	QA
20 Accounts Receivable	1,663,000	1,678,000	1,639,300	
21 Doubtful Accounts	-53,000	-52,000	-47,400	
22 Others	898,000	975,000	921,000	
23 Other Current Assets	334,000	334,000	354,100	
24 Prepaid Expenses &	n.a.	n.a.	n.a.	
25 NP Delarred Charges	n.a.	n.a.	n.a.	
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Different then Indian format, because in Indian format we start with fix assets were as far US gap there starting with current assets.

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19	Net Accounts Receivable	1,610,000	1.626.000	1.591.900	
20	Accounts Receivable	1,663,000	1,678,000	1,639,300	
21	Doubtful Accounts	-53,000	-52.000	-47,400	
22	Others	898,000	975,000	921,000	
23	Other Current Assets	334,000	334,000	354,100	
24	Prepaid Expenses &	n.a.	n.a.	n.a.	
25	Deferred Charges	n.a.	n.a.	n.a.	
	Total Cash & Short Term	564,000	641,000	566,900	
28 Inve	stment				QA
27	Cash or Equivalent	490,000	600,000	554,900	
28	Short Term Investment	74,000	41,000	12,000	
20					
30 FI	ixed Assets	7,442,000	7,324,000	6,269,300	
31	Net Properly, Plant &	3,693,000	3,516,000	3,119,500	
32	Land	187,000	156,000	151,500	
33	Total Land Depreciation	n.a.	n.a.	n.a.	
34	Net Stated land	n.a.	n.a.	n.a.	
35	Buildings	1,319,000	1,077,000	1,028,300	
36	Total Buildings	n.a.	n.a.	n.a.	
37	Net Buildings	n.a.	n.a.	n.a.	
38	Right & Machinery	5,654,000	5,467,000	4,757,300	
30	Plant & Machinery	n.a.	n.a.	n.a.	
40	No. Stated Plant &	n.a.	n.a.	n.a.	
	Phi Table to use Safer Depart is use Tab	Tracial IS - News	H. 36 . 12	-	

Followed by fix investments followed by fix assets and so on. After assets liabilities are listed which again starts with current assets. There is a division of current assets followed by noncurrent assets. The last part of the balance sheet is Share holders equity or the owners equity.

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	Aller Sont Registers Parmen Data Data Aller Sont Parmen Data Parmen Parme				No 5A
	Alto · (R) Non Current Labilities				
	A	0	C	D	
91	Other non-current liabilities	1,954,000	1,598,000	1,518,600	
92	Pension Fund Provisions	1,544,000	1,226,000	1,188,100	
98	Deferred Taxes	108,000	82,000	81,900	
94	Provisions	n.a.	n.a.	n.a.	
98	Deferred Revenue	n.a.	n.a.	n.a.	
99	Other LT Non-Interest	160,000	149,000	127,400	
07	Minority Interest	142,000	141,000	121,200	
98					
90	Total Liabilities and Debt	8,497,000	8,018,000	8,057,200	
100	9				
101	Total Shareholders Equity	2.675,000	3,116,000	1,922,100	
105	Share Capital	733,000	902,000	913,900	
103	Common Stock/Shares	733,000	733,000	732,900	
104	Participation Shares	n.a.	n.a.	п.а.	
105	Preferred Shares	0	169,000	181,000	
108	Redeemable Preferred	n.a.	n.a.	n.a.	
107	Other	1,942,000	2,214,000	1,008,200	
108	Share Premiums	1,132,000	1,764,000	1,609,700	
109	Treasury Shares	-11,305,000	-10,478,000	-9,696,700	
110	Revaluation Reserves	n.a.	n.a.	0.8.	
114	Remined Earnings	14.329.000	13.157.000	11,759,500	
440	Other Shareholders	-2 214 000	-2 229 000	-2.664.300	
112	NIPTIEL.				
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So, I think last time you have seen it, but once again have look at the whole of the financial statements

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	materia ma	law		
	AES · A Non Completions	8	C	D
10	Work in Progress	50,000	50.000	41.000
12	Finished Goods	877.000	849.000	859,600
	Inventory Prepayment and	n.a.	n.a.	11.8.
18	other Inv. Adj.			
10	Net Accounts Receivable	1.870,000	1.828,000	1,591,800
20	Accounts Receivable	1,863.000	1,678,000	1,639,300
34	Doubtful Accounts	-63.000	-52,000	-47,400
27	Others	898.000	928,000	B21,000
23	Other Current Assets	334,000	334,000	354,100
24	Prepatd Expenses &	n.ə.	n.a.	ri.a.
28	Deferred Charges	n.a.	n.a.	0.0
	Total Cash & Short Term	.564,000	841,000	366,900
20	Investment			
27	Cash or Equivalent	490.000	600,000	654,900
28	Short Term Investment	74,000	41,000	12,000
24				
35	Fixed Assats	7.442.000	7.324.000	6,269,300
32	Net Property, Flant &	3,693,000	3.518,000	3,112,500
24	Land	187.000	158,600	151,500
32	Total Land Depreciation	n.a.	n.a.	n.a.
35	Resistated land	n.a.	n.a.	n a
20	Buildings	1.319,000	1.077.000	1.028,300
38	12 13 al Buildings	n.a.	n.a.	0.9.
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Today we are going to do some more ratios. So, after balance sheet you can see income statement were in again, it starts with gross revenue as usual various types of profits are given.

In the last session, we have done a few ratios the first type of ratio which, we have started with were short term liquidity. So, you know this ratio now current ratio, quick ratio account receivable turnover, inventory turnover, then followed by days sales receivables were in we try to convert the receivables into number of days. We also try to convert inventory into number of days and then we have done short term ratios like: cash to current assets and cash to current liabilities. This was followed by capital structure ratios.

So, we have done 2 ratios there 1 is solvency ratio second 1 is gearing ratio in capital structure ratio, we try to find the relationship between the equity verses debt. So, how is the company finance what is a percentage of debt what is the percentage of equity that we were trying to find now, going on the similar lines.

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5						
6 Financing Sources			-			
7	2010	2009	2008			
8 Total Current Liabilities	3,728,000	3,599,000	2,953,300			
9 Non Current Liabilities	4,769,000	4,419,000	5,103,900			
Total Shareholders Equity	2,675,000	3,116,000	1,922,100			
1 Total	11,172,000	11,134,000	9,979,300			
2						
3						
4 Total Current Liabilities						
5 Non Current Liabilities						
8 Total Shareholders Equity						
17						
8						
Capital Structure and Solvency R	2010	2009	2008			
0 Debt to Equity	3.18	2.57	4.19			
L ng term debt to Equity	1.78	1.42	2.66			
2 Current Liabilities to Total Liabili	0.44	0.45	3.37			
3				5):		
4 NPTEL						
* * * M. Phil. Ration to notes . Rates Depart to unce . Dupor	Towner, H. IFo	HON	-	-	_	and the owner where the owner w

We will try to do some more ratios here you can see this is a financing pattern of the company. Let us try to find the capital structure and solvency ratios the first is debt to equity ratio, so what is the formula of debt to equity ratio do you remember now, because in 2 3 cases we have done it before, it is very simple as the name suggest it is debt upon equity. So, we will look at the total debt of the company verses the total equity of the company. It is very simple to do you can see here we have current and noncurrent liabilities given the total of them could be considered as total debt and the share holders fund is the total equity.

So, let us try to now do the a debt to equity ratio. So, total debt we have to take the total of these 2 items, I hope you are getting, so I have try to add the current plus noncurrent liabilities which is the total debt on the company divided by the share holders equity. So, we get 3.18 if we drag down further, we can see that the ratio has 1st gone down from 2008 form 4.19 to 2.57 again it has slightly gone up. So, what does it mean to you can very clearly understand that company is heavily indebted for every 1 rupee of equity they had 4 rupees of debt in 2004, we are talking of total debt current plus noncurrent. And then it come down they are able to control that debt and again in 2010, it was somewhat gone up.

So, what will you infer from this if there is a higher debt burden it puts some pressure on the solvency of the company. So, it is not advisable of course we cannot generalize, we cannot tell exactly how much ratio is good but generally, we can say that higher the debt equity ratio means; there is more burden of the on the company and it becomes slightly difficult for the company to manage that debt the second ratio is long term debt to equity as the name suggest. Now, we will not look at the current liabilities, we will only look at long term liabilities or as they are known in US as noncurrent liabilities.

So, will take noncurrent liabilities divided by the share holders equity. So, ratio is 1.78; if a drag down to earlier years you can see that in 2008 the ratio was much higher it was 2.66, then it was brought down and now it is somewhat in control. So, 1.78 is the current ratio in 2010 1 more ratio can be found were, we will try to see how what is the composition of liabilities how are the liabilities composed. So, we have current liabilities 2 total liabilities. So, a current liability is this figure divided by we have to take the total of again current plus noncurrent, which is the total external liabilities.

So, you can see it is 0.44 the ratio is more or less constant it was 0.37 in 2008, it has slightly increased what does it mean; is it good to have the higher ratio or lower ratio, in this case. Now, what happens is if current liabilities to total liability ratio is high it means; that large proportion of debt is due immediately; which is not a so good sign. So, if this ratio is going on a higher side it is not good in this case you can see it is slightly, increased because company has taken some steps to reduce its long term debt, but current has not gone down in fact it has increased. So, the ratio has increased which is not a very good sign.

Now, what happens if long term debt to equity ratio is high should it be high or low what will you infer, in this case you can see it has gone down from 2.66 to 1.78, is it a good sign the answer is mixed we cannot definitely tell, because if the ratio is high that means; the proportion of debt to equity is high which puts some pressure on solvency of the company, but higher ratio helps the company increasing in profitability that is why we cannot say that somewhat high ratio is bad. So, it is need to balance to higher ratio will mean too much pressure on the solvency very low ratio will affect the profitability that is why, in case of long term debt to equity ratio companies are required to keep some balance ok are you getting it.

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B	G	0	6	
Total Current Liabilities				
Non Current Liabilities				
Total Shareholders Equity				
Gapital Structure and Solvency R	2010	2009	2008	
0 Debt to Equity	3.18	2.57	4.19	
1 Long term debt to Equity	1.78	1.42	2.66	
2 Current Liabilities to Total Liabili 3	0.44	0.45	0.37	
6				
7 Asset Utilization Ratios	2010	2009	2008	
8 Sales to Cash and equivalents				
9 Sales to receivables				
Sales to inventories				
1 Sales to fixed assets			0	
2 Sales to total assets				
3 Sites to short-term liabilities				
4 Payable Turnover				
6 INIPITEL				

Let us go ahead, let us try to see the utilization ratios, which are also popularly known as turnover ratios here certain ratios are enlisted you can see its sale to cash equivalent sale to receivables sale to inventory sale to fix assets and so on. So, these ratios are intending they are trying to find how effectively how a how many times we are able to use the assets in converting them into revenue in converting them into sales the first 1 is sales to equity. (Refer Slide Time: 10:13)

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		thusb	th USD	th USD		
(8)		UE CAAD	10-K	UB CAAD		
29		US GAAP	US GAAP	US GAAP		
30	Total revenues	15 564 000	15 337 000	15 330 000		
31	Cross sales	15,564,000	10,327,000	15,330,000		
32	Gross sales	15,564,000	15,327,000	15,330,000		
33	Adjustments/excise tax	n.a.	n.a.	n.a.		
34	Net sales	15,564,000	15,327,000	15,330,000		
35	Other revenues	n.a.	n.a.	n.a.		
30	Cost of Goods Sold	-6,360,000	-6,319,000	-6,645,000		
37	Research & Development	n.a.	n.a.	n.a.		
38	Other Operating Items	-5,693,000	-5,360,000	-5,544,000		
39	EBITDA	3,511,000	3,648,000	3,141,000		
40						
41	Total Depreciation, Amort &	-27,000	-38,000	-19,000		
42	Depreciation	n.a.	n.a.	n.a.		
43	Amortization & Depletion	-27,000	-38,000	-19,000		
44	Operating Income After Deprec.	3,484,000	3,610,000	3,122,000		
45	Unusual/Exceptional Items	n.a.	n.a.	n.a.		
46	E mings Before Interest & Tax	3,484,000	3,610,000	3,122,000		
47	Financial Revenue	11,000	16,000	-11,000		
48	Financial Expenses	-65,000	-88,000	-106,000		
19	Financial P/L	-54,000	-72,000	-117,000		
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Let us go to the basic data sales is we can take gross sales but generally, we net sales divided by the first turn we are trying to find how effectively, the cash is used. So, sales divided by cash and cash equivalents.

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027) • (<u>A.</u> 334807	-		-	1	16 4	1
A Tatal Guarant Assats	7 720 000	C	7 740 000	- X2		1 A A
3 Total Current Assets	1 222 000	1,200,000	1 107 100	N.C.		1
a Net Stated inventory	1,222,000	1,209,000	1,197,100	- N.	1	10.04
5 Raw Materials	295,000	50,000	297,000			
Elizished Goods	877,000	849,000	41,500	-	_	-
7 Pinished Goods	877,000	049,000	858,600			
a other inventory Prepayment and	n.a.	n.a.	n.a.			
Net Accounts Pacelyable	1 610 000	1 626 000	1 501 000	-		
Accounts Receivable	1,610,000	1,628,000	1 639 300	QA		
Doubtful Accounts	-53,000	.52 000	-47 400			
Others	999,000	975.000	921 000			
2 Other Current Accests	334,000	334,000	354 100			
Drapaid Expanses &	554,000	554,000	504,100			
Deferred Charges	n.a.	n.a.	n.a.			
Total Cash & Short Term	n.a.	n.a.	n.a.			
Playestment	564,000	641,000	566,900	04		
Cash or Equivalent	490.000	600.000	o 554.900	un l		
Short Term Investment	74.000	41.000	12.000			
9						
Fixed Assets	7.442.000	7.324.000	6,269,300			
Net Property, Plant &	3,693,000	3,516,000	3,119,500			
Laid	187.000	156,000	151,500			
NP Talal Land Depreciation	n.a.	n.a.	n.a.			
the second day of	The second second	and the second second				-
at-					1000	1111

So, 31 times the ratio. You can see the ratio has slowly increased which is a good sign. So, that company is able to manage with less cash while their revenues are increasing you can see the

data you can see that the cash and cash equivalents of the company, which were 554 increase to 600 and they have been somewhat reduced to 490 while the sale turnover the company is good.

Taning Trade Road Linear And Amount for the	James 200% Courts to Salashing of	Taxa Artaria Pater	There diversity	20	15
4112 * (A 21164000					
A	0	C	D	1.131	
8 Enterprise Value	41,653,277	43,385,252	37,809,750		
Number of Employees	39,200	38,100	36,600		15
2 Income statement					
3	Cons	Cons	Cons (C)		
4	12/31/2010	12/31/2009	12/31/2008		
5	12 months	12 months	12 months		
6	Unqual	Unqual	Unqual		
7	th USD	th USD	th USD		
8	10-K	10-K	10-K		
9	US GAAP	US GAAP	US GAAP		
0					
1 Total revenues	15,564,000	15,327,000	15,330,000		
2 Gross sales	15,564,000	15,327,000	15,290,000		
3 Adjustments/excise tax	n.a.	n.a.	n.a.		
4 Net sales	15,564,000	15,327,000	15,330,000		
5 Other revenues	n.a.	n.a.	n.a.		
6 Cost of Goods Sold	-6,360,000	-6,319,000	-6,645,000		
7 R search & Development	n.a.	n.a.	n.a.		
8 Ciner Operating Items	-5,693,000	-5,360,000	-5,544,000		
BILCA NPTEL	3,511,000	3,648,000	3,141,000		

(Refer Slide Time: 11:07)

It is it has not gone down though, it has not increased substantially, but it does show some increase is you able to get ok. So, a company is able to manage a good amount of sales with lesser cash that is why this ratio has increased.

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114	8	C	D	E	
3				-	
4	Total Current Liabilities				
5	Non Current Liabilities				
6	Total Shareholders Equity				
7	and the second second second second				
8			and the second second	-	
9	Capital Structure and Solvency F	2010	2009	2008	
õ	Debt to Equity	3.18	2.57	4.19	
1	Long term debt to Equity	1.78	1.42	2.66	
2	Current Liabilities to Total Liabil	0.44	0.45	0.37	
3					
4					
5					
	A contraction of the second	0010	anal	0000	
	Asset Utilization Ratios	2010	2009	2008	
8	Sales to Cash and equivalents	31.76	25.55	21.63	
9	Sales to receivables	- 1		_	
0	Sales to Inventories				
1	Sales to fixed assets				
-	Sales to total assets				
3	anes to short-term liabilities				
-	rayabies rumover				
0	NURSPER				

Now, let us look at sales to receivable ratio.

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A B C D 10 A B C D 10 Enterprise Value 41,653,277 43,3365,252 37,809,750 10 Enterprise Value 41,653,277 43,3365,252 37,809,750 10 Number of Employees 39,200 38,100 36,600 10 Cons Cons Cons (C) 12/31/2008 11 Total revenues 15,564,000 15,327,000 15,330,000 10 Gross sales 15,564,000 15,327,000 15,330,000 10 Total revenues 15,564,000 16,327,000 15,330,000 10 Total revenues 15,564,000 16,327,000 15,330,000 10 Total revenues 12,3660,000 16,327,000 15,330,000 10 Cost of Goods Sold 4,360,000 -6,4319,000 -6,443,000 10 Dereating items -5,689,000 -5,644,000 3,414,000 10 Dereating items -5,689,000 -5,644,000 -6,444,000	3	turns many departments formany lists factory		and the second second		-
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A B C D Enterprise Value 41,653,277 43,385,262 37,809,750 Number of Employees 38,200 38,100 36,600 Income statement Cons Cons Cons (C) 12/31/2010 12/31/2009 12/31/2008 12/31/2008 12 Income statement Unqual Unqual Unqual 12/31/2010 12/31/2009 12/31/2008 12/31/2008 12 months 12 months 12 months 12 months 12 months 12 months 12 Total revenues 15,564,000 15,327,000 15,330,000 33 Adjustments/excise tax n.a. n.a. n.a. 34 Net aales 15,564,000 16,327,000 15,330,000 34 Adjustments/excise tax n.a. n.a. n.a. 35 Cost of Goods Sold -6,369,000 -6,645,000 -6,645,000 36 Other revenues n.a. n.a. n.a. 36		Walkers ven Beerlick	256%		VINCEN	
Enterprise Value 41,653,277 43,335,252 37,809,780 Number of Employees 39,200 38,100 36,600 Income statement Cons Cons Cons (C) 12 12/31/2010 12/31/2008 12/31/2008 12 Income statement Unqual Unqual Unqual Unqual Unqual Unqual Unqual Unqual Total revenues 15,564,000 15,327,000 15,330,000 Gross sales 15,564,000 15,327,000 15,330,000 Other revenues n.a. n.a. n.a. Net sales 10,564,000 16,327,000 15,330,000 Other revenues n.a. n.a. n.a. Research & Development n.a. n.a. n.a. Station Destroating Items 3,511,000 3,648,000 3,141,000		Los · (· · · · · · · · · · · · · · · · ·	B	0	0	
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Number of Employees 39,200 38,100 36,600 Income statement Cons Cons Cons (C) 12/31/2010 12/31/2009 12/31/2008 12/31/2008 12 Income statement Income statement Income statement 12/31/2010 12/31/2009 12/31/2008 12/31/2008 12 months 12 months 12 months 12 Total revenues 15,564,000 15,327,000 15,330,000 3 Adjustments/excise tax n.a. n.a. n.a. 3 Adjustments/excise tax n.a. n.a. n.a. 3 Other revenues n.a. n.a. n.a. 3 Other revenues n.a. n.a. n.a. 3 Other revenues n.a. n.a. n.a. 3 Cost of Goods Sold	10	Enterprise value	41,000,217	40,000,202	01,000,100	
20 Number of Employees 35,100 35,000 21 Income statement Cons Cons Cons (C) 23 Cons Cons (C) 12/31/2009 12/31/2008 24 12/31/2010 12/31/2009 12/31/2008 25 12 months 12 months 26 Unqual Unqual Unqual 27 th USD th USD th USD 26 US GAAP US GAAP US GAAP 27 US GAAP US GAAP US GAAP 28 US GAAP US GAAP US GAAP 29 US GAAP US GAAP US GAAP 20 Gross sales 15,564,000 15,327,000 15,330,000 33 Adjustments/excise tax n.a. n.a. n.a. 34 Net sales 10,564,000 16,327,000 16,330,000 35 Other evenues n.a. n.a. n.a. 36 Cost of Goods Sold -6,369,000 -5,644,000 6,645,000 37 Research & Development n.a. n.a.	19	Number of Employees	39 200	39 100	36 600	
Income statement Cons Cons (C) 23 Cons Cons (C) 24 12/31/2010 12/31/2008 25 12/31/2010 12/31/2008 26 12/31/2010 12/31/2008 27 12/3000 12/31/2010 28 12/3000 15/300 29 Unqual Unqual 10-K 10-K 29 US GAAP US GAAP 20 US GAAP US GAAP 20 Gross sales 15,564,000 15,327,000 31 Total revenues 15,564,000 15,327,000 15,330,000 33 Adjustments/excise tax n.a. n.a. n.a. 34 Net sales 12,564,000 16,327,000 15,330,000 35 Otst of Goods Sold -6,360,000 -6,451,000 -6,445,000 36 Cost of Goods Sold -6,360,000 -5,644,000 -6,445,000 37 Research & Development n.a. n.a. n.a. 35 <td>20</td> <td>Number of Employees</td> <td>58,200</td> <td>30,100</td> <td>30,000</td> <td></td>	20	Number of Employees	58,200	30,100	30,000	
Cons Cons <th< td=""><td>21</td><td>ncome statement</td><td></td><td></td><td></td><td></td></th<>	21	ncome statement				
Cons Cons <td< td=""><td>22</td><td>ncome statement</td><td>Cone</td><td>Cone</td><td>Cone (C)</td><td></td></td<>	22	ncome statement	Cone	Cone	Cone (C)	
12 months 12 months 12 months 12 months 12 months 12 months 14 months 12 months 12 months 15 10-K 10-K 10-K 10-K 10-K 10-K 10-K 10-K 10-K 10-K 10-K 12 15,564,000 15,327,000 13 Total revenues 15,564,000 15,327,000 33 Adjustments/excise tax n.a. n.a. 14 Net sales 12,664,000 16,327,000 20 Other revenues n.a. n.a. 12 cost of Goods Sold -6,360,000 -6,451,000 17 Revenues n.a. n.a. 20 Other revenues n.a. n.a. 21 Cost of Goods Sold -6,360,000 -6,444,000 22 Bit Tobe 3,511,000 3,648,000 3,141,000	23		19/31/2010	12/31/2009	12/31/2008	
Total revenues 15,564,000 16,327,000 15,330,000 31 Total revenues 15,564,000 15,327,000 15,330,000 32 Gross sales 15,564,000 15,327,000 15,330,000 33 Adjustments/excise tax n.a. n.a. n.a. 34 Net sales 12,564,000 15,327,000 15,330,000 35 Other revenues n.a. n.a. n.a. 36 Other revenues n.a. n.a. n.a. 36 Other revenues n.a. n.a. n.a. 37 Reventh & Development n.a. n.a. n.a. 37 Other revenues n.a. n.a. n.a. 38 Other revenues n.a. n.a. n.a. 39 Other revenues n.a. n.a. n.a. 30 Other revenues n.a. n.a. n.a. 30 Other revenues .5,693,000 -5,540,000 .5,544,000 30 Thomas </td <td>24</td> <td></td> <td>12 months</td> <td>12 months</td> <td>12 months</td> <td></td>	24		12 months	12 months	12 months	
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Bits US GAAP US GAAP US GAAP 30 Total revenues 15,564,000 15,327,000 15,330,000 32 Gross sales 15,564,000 15,327,000 15,330,000 33 Adjustments/excise tax n.a. n.a. n.a. 34 Net sales 15,564,000 15,327,000 15,330,000 35 Other revenues n.a. n.a. n.a. 36 Cost of Goods Sold -6,360,000 -6,319,000 -6,645,000 37 Revents & Development n.a. n.a. n.a. 36 Cost of Goods Sold -5,689,000 -5,644,000 -5,844,000 38 EBTDA 3,511,000 3,648,000 3,141,000	28		10-K	10-K	10-K	
30 Total revenues 15,564,000 15,327,000 15,330,000 31 Gross sales 15,664,000 15,327,000 15,330,000 33 Adjustments/excise tax n.a. n.a. n.a. 34 Net sales 12,664,000 16,327,000 15,330,000 35 Other revenues n.a. n.a. n.a. 36 Cost of Goods Sold -6,360,000 -6,319,000 -6,645,000 37 Research & Development n.a. n.a. n.a. 37 Research & Development n.a. n.a. n.a. 38 Entropy 3,611,000 3,648,000 3,141,000	29		US GAAP	US GAAP	US GAAP	
101 Total revenues 15,564,000 15,327,000 15,330,000 102 Gross sales 15,664,000 16,327,000 15,330,000 102 Gross sales 15,664,000 16,327,000 15,330,000 102 Gross sales 15,664,000 16,327,000 15,330,000 102 Other revenues n.a. n.a. n.a. 102 Other revenues n.a. n.a. n.a. 102 Cost of Goods Sold -6,360,000 -6,319,000 -6,645,000 103 R-search & Development n.a. n.a. n.a. 103 Chier Operating Items -5,693,000 -5,546,000 -5,544,000 103 EBITDA 3,511,000 3,648,000 3,141,000 1000	30	-				
32 Gross sales 15,664,000 15,327,000 15,330,000 33 Adjustments/excise tax n.a. n.a. n.a. n.a. 33 Adjustments/excise tax n.a. n.a. n.a. n.a. 34 Nett sales 10,564,000 15,327,000 15,330,000 35 Other revenues n.a. n.a. n.a. 36 Cost of Goods Sold -6,360,000 -6,319,000 -6,645,000 37 Rodenth & Development n.a. n.a. n.a. 38 EBITDA 3,511,000 -5,544,000 -5,544,000 39 EBITDA 3,511,000 3,648,000 3,141,000	31	Total revenues	15,564,000	15,327,000	15,330,000	
Adjustments/excise tax n.a. n.a. n.a. 33 Net sales 10,564,000 16,327,000 15,330,000 34 Net sales 10,664,000 16,327,000 15,330,000 35 Other revenues n.a. n.a. n.a. 36 Cost of Goods Sold -6,360,000 -6,645,000 37 Research & Development n.a. n.a. 36 Cherritor Diarating Items -5,693,000 -5,644,000 38 EbitDa 3,511,000 3,648,000 3,141,000	32	Gross sales	15,564,000	15,327,000	15,330,000	
34 Net sales 10,564,000 16,327,000 15,330,000 35 Other revenues n.a. n.a. n.a. 36 Cost of Goods Sold -6,360,000 -6,319,000 -6,645,000 37 Reserve & Development n.a. n.a. n.a. n.a. 38 Cine Oerating Items -5,693,000 -5,360,000 -5,544,000 39 EBITDE 3,511,000 3,648,000 3,141,000	33	Adjustments/excise tax	n.a.	n.a.	n.a.	
35 Other revenues n.a. n.a. n.a. n.a. 36 Cost of Goods Sold -6,360,000 -6,319,000 -6,645,000 37 R-search & Development n.a. n.a. n.a. 38 Cher Oferating Items -5,693,000 -5,544,000 38 EBITOR 3,511,000 3,648,000 3,141,000	54	Net sales	10,564,000	16,327,000	15,330,000	
36 Cost of Goods Sold -6,360,000 -6,319,000 -6,645,000 37 Research & Development n.a. n.a. n.a. 37 Research & Development n.a. n.a. n.a. 36 Cherry Operating Items -5,693,000 -5,544,000 -5,644,000 38 EPITOR 3,611,000 3,648,000 3,141,000 30 INIPYTREL The Development of the	35	Other revenues	n.a.	n.a.	n.a.	
37 Research & Development n.a. n.a. n.a. 38 Chref Operating Items -5,693,000 -5,544,000 39 EBITDA 3,511,000 3,648,000 3,141,000 40 NIPTTEL The state Contractor Research France R The state Contractor Research Research France R The state Contractor Research Research France R	36	Cost of Goods Sold	-6,360,000	-6,319,000	-6,645,000	
38 Cinet Operating Items -5,693,000 -5,360,000 -5,544,000 39 EBITOR 3,511,000 3,648,000 3,141,000 0 NIPTIEL -5,693,000 -5,544,000 -5,544,000	37	R search & Development	n.a.	n.a.	n.a.	
30 EB:TDA: 3,511,000 3,648,000 3,141,000 40 INIPYTER:	38	Ciner Operating Items	-5,693,000	-5,360,000	-5,544,000	
AD IN REPAIL TO A CARD Department Depart Present D. Franker M. 22 Card	39	EBITOA	3,511,000	3,648,000	3,141,000	
• • • • • • • • • • • • • • • • • • •	40	NIPTEL				
		T RS. PML / Tartus In side / Same Depart to same Date	or - Pearled B . Freedo	1.75 TO		And Address of the Owner of the

Again it is net sales divided by receivables, which we have to see in the current assets.

(Refer Slide Time: 11:43)

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	12 months	12 months	12 months	
	Unqual	Unqual	Unqual	
	th USD	th USD	th USD	
	10-K	10-K	10-K	
	US GAAP	US GAAP	US GAAP	
Total Current Assets	3,730,000	3,810,000	3,710,000	
Net Stated Inventory	1,222,000	1,209,000	1,197,100	
Raw Materials	295,000	310,000	297,000	
Work in Progress	50,000	50,000	41,500	
Finished Goods	877,000	849,000	858,600	
Inventory Prepayment and	n.a.	n.a.	n.a.	
other Inv. Adj.				
Net Accounts Receivable	1,610,000	1,626,000	1,591,900	QA
Accounts Receivable	1,663(900	1,678,000	1,639,300	
Doubtful Accounts	-53,000	-52,000	-47,400	
Others	898,000	975,000	921,000	
Other Current Assets	334,000	334,000	354,100	
Prepaid Expenses &	n.a.	n.a.	n.a.	
Deferred Charges	n.a.	n.a.	n.a.	
Topi Cash & Short Term	564,000	641,000	566,900	
Investment				QA
MPTECash or Equivalent	490,000	600,000	554,900	
IN M. PM. Table and "Arres" Report Courses "Desce	er, reward Parks	A 40 10 10 10 10 10 10 10 10 10 10 10 10 10	** ***	No. of Concession, Name

We have used a gross receivables some people can also use net receivables gross are the total receivables were as net are the gross receivables minus doubtful accounts. But, it is more

relevant to look at the gross receivables here; because that shows that they are the real receivables which the company is using to convert them into sales.

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			Statement of Statements	
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A	0	C	D	6
33				
34	Total Current Liabilities			
35	Non Current Liabilities			
38	Total Shareholders Equity			
37				
30	Capital Structure and Solvency R	2010	2009	2008
40	Debt to Equity	3.18	2.57	4.19
41	Long term debt to Equity	1.78	1.42	2.66
42	Current Liabilities to Total Liabili	0.44	0.45	0.37
43				
44				
45				
46		-		
47	Asset Utilization Ratios	2010	2009	2008
48	Sales to Cash and equivalents	31.76	25.55	27.63
49	Sales to receivables	9.30	9.13	9.35
60	Sales to Inventories	7		_
51	Sales to total assets			
26	Sales to total assets			
54	Lawpie Turnover			
85	Turnover			
56	MPTEL			
	25. Fill Ballan to andre Patter Papers to sales	T. PRINT	HE. 25	
Tokas	•			

(Refer Slide Time: 12:07)

So, you can see it is 9 times and the ratio is somewhat stable, because 9.35 it went down to 9.13 and again it has increased to 9.36, which shows that the company's efficiency of managing of debtors is somewhat good and it is more or less stable. Now, sales to inventories again will pick up the new revenue.

(Refer Slide Time: 12:36)

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200 * (<u>* 20 of A</u>) exp. (6,102)/					
A .	0	C	D		1
18 Enterprise Value	41,653,277	43,385,252	37,809,750		
20 Number of Employees	39,200	38,100	36,600		-
22 Income statement					
23	Cons	Cons	Cons (C)		
24	12/31/2010	12/31/2009	12/31/2008		
25	12 months	12 months	12 months		
26	Unqual	Unqual	Unqual		
27	th USD	th USD	th USD		
28	10-K	10-K	10-K		
29	US GAAP	US GAAP	US GAAP		
30					
31 Total revenues	15,564,000	15,327,000	15,330,000		
32 Gross sales	15,564,000	15,327,000	15,330,000		
33 Adjustments/excise tax	n.a.	n.a.	n.a.		
34 Net sales	\$5,564,000	15,327,000	15,330,000		
35 Other revenues	n.a.	n.a.	n.a.		
36 Cost of Goods Sold	-6,360,000	-6,319,000	-6,645,000		
37 R search & Development	n.a.	n.a.	n.a.		
38 Cine Operating Items	-5,693,000	-5,360,000	-5,544,000		
39 EBITOR	3,511,000	3,648,000	3,141,000		
40 INIPATEL					
WIN MI MS_PAL	UE. PEACHE_EL. FRANCE	1. 15 C			10

And divided by the inventories.

(Refer Slide Time: 12:46)

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	the . In least for each transform officiants					
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7		12 months	12 months	12 months		
8		Unqual	Ungual	Ungual		1
5		th USD	th USD	th USD		
0		10-K	10-K	10-K		
4		US GAAP	US GAAP	US GAAP		
2						
3	Total Current Assets	3,730,000	3,810,000	3,710,000		
4	Net Stated Inventory	1,022,000	1,209,000	1,197,100		
15	Raw Materials	295,000	310,000	297,000		
6	Work in Progress	50,000	50,000	41,500		
7	Finished Goods	877,000	849.000	858,600		
8	Inventory Prepayment and other Inv. Adj.	n.a.	n.a.	n.a.		
9	Net Accounts Receivable	1,610,000	1,626,000	1,591,900	QA	
0	Accounts Receivable	1,663,000	1,678,000	1,639,300		
1	Doubtful Accounts	-53,000	-52,000	-47,400		
12	Others	898,000	975,000	921,000		
23	Other Current Assets	334,000	334,000	354,100		
14	Prepaid Expenses &	n.a.	n.a.	n.a.		
15	Deferred Charges	n.a.	n.a.	n.a.		
0	Total Cash & Short Term	564,000	641,000	566,900	QA	
27	MPTECash or Equivalent	490,000	600,000	554,900		
	HI BO PAL TATISTICS THEN THEN THE	A Parent & Para	11.000	10 000		-

Now, detail breakup of a inventory is given, in this case we will take the net stated inventory or the total inventory.

(Refer Slide Time: 12:49)

	and Provide View Clean Claring for Strategy Com	bise	Annual Annual Parent	Conta Altera		1
-	A	0				
3	0	G	D	-		
4	Total Current Liabilities					1
*	Non Current Liabilities					
8	Total Shareholders Equity					
7						
38						
9	Capital Structure and Solvency R	2010	2009	2008		
0	Debt to Equity	3.18	2.67	4.19		
11	Long term debt to Equity	1.78	1.42	2.66		
12	Current Liabilities to Total Liabili	0.44	0.45	0.37		
13						
14						
15						
7	Asset Utilization Ratios	2010	2009	2008		
10	Sales to Cash and equivalents	31.76	25.55	27.63		
19	Sales to receivables	9.36	9.13	9.35		
0	Sales to inventories	12.74	12.68	12.81		
51	Sales to fixed assets	0		1.0.0	5	
12	Sales to total assets					
3	S res to short-term liabilities					
54	Payables Turnover					
35	9					
121	MIPSPIEL					

So, the ratio is 12 and if you drag to earlier years you can see it has almost remained constant. So, it was 12.87, 68, 74 which shows that companies a efficiency in managing inventory is more or less same higher ratio would be advisable, because a ratio of 12 indicates that they keep about 1 month inventory if they can a reduce inventory while increasing the sales that will be better for them. Now, let us look at sales to fix assets, so again we are picking up the net sales. Now, if you look at the breakup of their assets they have given the fix assets total of intangibles then other fix assets, and so on. (Refer Slide Time: 13:37)

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		tion determs from a				4
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A	8	C	D	11-	DE P	
Deferred Charges	n.a.	n.a.	n.a.	- X*		
Total Cash & Short Term	564.000	641.000	566,900	NC.		
Investment				0		1200
Cash or Equivalent	490,000	600,000	554,900			
Short Term Investment	74,000	41,000	12,000			
9						
Fixed Assets	7,442,000	7,324,000	6,269,300			
Net Properly, Plant &	3,693,000	3,516,000	3,119,500			
Land	187,000	156,000	151,500			
Total Land Depreciation	n.a.	n.a.	n.a.			
Net Stated land	n.a.	n.a.	n.a.			
Buildings	1,319,000	1,077,000	1,028,300			
Total Buildings	n.a.	n.a.	n.a.			
Net Buildings	n.a.	n.a.	n.a.			
Plant & Machinery	5,654,000	5,467,000	4,757,300			
Plant & Machinery	n.a.	n.a.	n.a.			
Net Stated Plant &	n.a.	n.a.	n.a.			
Transportation Equipment	n.a.	n.a.	n.a.			
Transportation Equipment	n.a.	n.a.	n.a.			
Net Transportation	n.a.	n.a.	n.a.			
A Leased Assets	n.a.	n.a.	n.a.			
Leased Assets Depreciation	n.a.	n.a.	n.a.			
MPN Leased Assets	n.a.	n.a.	n.a.			
and as pas Three to the Astron Reference allow Party	Paraced IS President	1.86 12 Jan 10				No. of Concession, Name

So, we will look at the all the fix assets.

(Refer Slide Time: 13:40)

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4	A	8	C	D	TDE	1991
7 Ne	t Buildings	n.a.	n.a.	n.a.		
a Pla	ant & Machinery	5,654,000	5,467,000	4,757,300	NS.	6
9 Pla	ant & Machinery	n.a.	n.a.	n.a.		- Par
IO Ne	t Stated Plant &	n.a.	n.a.	n.a.	2	
II Tri	ansportation Equipment	n.a.	n.a.	n.a.		
2 Tr	ansportation Equipment	n.a.	n.a.	n.a.		
I3 Ne	t Transportation	n.a.	n.a.	n.a.		
Le Le	ased Assets	n.a.	n.a.	n.a.		
15 Le	ased Assets Depreciation	n.a.	n.a.	n.a.		
IC Ne	t Leased Assets	n.a.	n.a.	n.a.		
17 Ot	her Property Plant &	n.a.	n.a.	n.a.		
is Ot	her Property Plant &	n.a.	n.a.	n.a.		
9 Ne	t Other Property Plant &	n.a.	n.a.	n.a.		
io Ac	cumulated Deprec., n.e.s.	-3,467,000	-3,184,000	-2,817,600		
1 Intan	gibles	3,193,000	3,123,000	2,985,500		
2 Go	odwill	2,362,000	2,302,000	2,152,000		
a Ot	her Intangibles	831,000	821,000	833,500		
d Othe	r fixed assets	⇒ 556,000	685,000	164,300		
5 Ex	ploration	n.a.	n.a.	n.a,		
6 / Lo	ng Term Receivables	n.a.	n.a.	n.a.		
7 (stments	n.a.	n.a.	n.a.		
فعل ا	ing Term Associated	17,000	15,000	n.a.		
IS MPTR	estment Properties	n.a.	n.a.	n.a.		
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A	8	0	0	17-		1
Deferred Charges	n.a.	n.a.	n.a.	X		
Total Cash & Short Term	564,000	641,000	566,900	N.S.		and the second
Investment				0		and the second
Cash or Equivalent	490,000	600,000	554,900			
Short Term Investment	74,000	41,000	12,000			
Fixed Assets	7,442,000	7,324,000	6,269,300			
Net Properly, Plant &	3,693,000	3,516,000	3,119,500			
Land	187,000	156,000	151,500			
Total Land Depreciation	n.a.	n.a.	n.a.			
Net Stated land	n.a.	n.a.	n.a.			
Buildings	1,319,000	1,077,000	1,028,300			
Total Buildings	n.a.	n.a.	n.a.			
Net Buildings	n.a.	n.a.	n.a.			
Plant & Machinery	5,654,000	5,467,000	4,757,300			
Plant & Machinery	n.a.	n.a.	n.a.			
Net Stated Plant &	n.a.	n.a.	n.a.			
Transportation Equipment	n.a.	n.a.	n.a.			
Transportation Equipment	n.a.	n.a.	n.a.			
Net Transportation	n.a.	n.a.	n.a.			
sed Assets	n.a.	n.a.	n.a.			
Leased Assets Depreciation	n.a.	n.a.	n.a.			
MPINELLeased Assets	n.a.	n.a.	n.a.			
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So, will just take the total fix assets; which include both tangible and intangible.

(Refer Slide Time: 14:01)

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	B	C	0		
33				-	
34	Total Current Liabilities				
35	Non Current Liabilities				
36	Total Shareholders Equity				
37					
38					
39	Capital Structure and Solvency R	2010	2009	2008	
40	Debt to Equity	3.18	2.57	4.19	
41	Long term debt to Equity	1.78	1.42	2.66	
42	Current Liabilities to Total Liabili	0.44	0.45	0.37	
43					
44					
45					
46	Asset Utilization Patios	2010	2009	2008	
40	Sales to Cash and equivalents	31.76	25.55	27.63	
40	Sales to receivables	9.36	9.13	9 35	
50	Sales to inventories	12 74	12.68	12.81	
51	Sales to fixed assets	2.09	2.09	2 45	
52	Sales to total assets	2.00	2.00		
53	Siles to short-term liabilities				
54	Layspie Turnover			0	
55					
56	MPTEL				
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ALC: NO.					COLUMN AND A DESCRIPTION OF A DESCRIPTIO

Now, here you can see some not so good picture, because companies efficiency was 2.47 only, it has further gone down to 2.09. So, what does it show it shows that relatively company has very high assets company is not able to convert them into sales to the extend it would like to, so the sales has is hardly 2 times it is fix assets, will go back you can look at the figures again.

(Refer Slide Time: 14:30)

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A Deferred Charges	0	C	0	$-N^{*}$		
Total Cash & Short Torm	n.a.	R41 000	n.a.	N.M.		£
Investment	564,000	041,000	566,900	a X		100
7 Cash or Equivalent	490,000	600.000	554,900			
Short Term Investment	74.000	41.000	12.000	-		
Fixed Assets	7,442,000	7,324,000	6,269,300			
Net Properly, Plant &	3,693,000	3,516,000	3,119,500			
2 Land	187,000	156,000	151,500			
Total Land Depreciation	n.a.	n.a.	n.a.	0		
A Net Stated land	n.a.	n.a.	n.a.			
5 Buildings	1,319,000	1,077,000	1,028,300			
6 Total Buildings	n.a.	n.a.	n.a.			
Net Buildings	n.a.	n.a.	n.a.			
Plant & Machinery	5,654,000	5,467,000	4,757,300			
Plant & Machinery	n.a.	n.a.	n.a.			
Net Stated Plant &	n.a.	n.a.	n.a.			
Transportation Equipment	n.a.	n.a.	n.a.			
2 Transportation Equipment	n.a.	n.a.	n.a.			
Net Transportation	n.a.	n.a.	n.a.			
A Assets	n.a.	n.a.	n.a.			
5 Leased Assets Depreciation	n.a.	n.a.	n.a.			
8 NPINELLeased Assets	n.a.	n.a.	n.a.			

These are the values of fix assets 6269 was the total, and now it has increased to 7442, but if you look at the sales the position is not that good it is around hovering around 15.

(Refer Slide Time: 14:45)

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A		0	C	D		100
21 22 Income statement						10
23		Cons	Cons	Cons (C)		1
24		12/31/2010	12/31/2009	12/31/2008		
26		12 months	12 months	12 months		
26		Unqual	Unqual	Unqual		
27		th USD	th USD	th USD		
28		10-K	10-K	10-K		
29		US GAAP	US GAAP	US GAAP		
30						
Total revenues		15,564,000	15,327,000	15,330,000		
12 Gross sales		15,564,000	15,327,000	18,330,000		
33 Adjustment	s/excise tax	n.a.	n.a.	n.a.		
A Net sales		15,564,000	15,327,000	15,330,000		
35 Other revenue	15	n.a.	n.a.	n.a.		
6 Cost of Goods S	old	-6,360,000	-6,319,000	-6,645,000		
17 Research & Deve	olopment	n.a.	n.a.	n.a.		
B8 Other Operating	Items	-5,693,000	-5,360,000	-5,544,000		
10 EBITDA		3,511,000	3,648,000	3,141,000		
40						
1 Tyta Depreciatio	on, Amort. &	-27,000	-38,000	-19,000		
2 Depreciation		n.a.	n.a.	n.a.		
Aniutization	& Depletion	-27.000	-38,000	-19,000		

So, company is able to just convert 2 times its fix assets to sales, if you look at fix assets little more in detail you will realize.

(Refer Slide Time: 14:58)

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	as • <u>6 6 100200</u>	-			1		S and the second
	A	7 442 000	G 7 774 000	0			No and House
30	Fixed Assets	7,442,000	7,324,000	6,269,300			
31	Net Property, Plant &	3,693,000	3,516,000	3,119,500	NA.	7	
32	Land	187,000	156,000	151,500	20		1000
33	Total Land Depreciation	n.a.	n.a.	n.a.			
34	Net Stated land	n.a.	n.a.	n.a.			
35	Buildings	1,319,000	1,077,000	1,028,300			
36	Total Buildings	n.a.	n.a.	n.a.			
37	Net Buildings	n.a.	n.a.	n.a.			
38	Plant & Machinery	5,654,000	5,467,000	4,757,300			
39	Plant & Machinery	n.a.	n.a.	n.a.			
40	Net Stated Plant &	n.a.	n.a.	n.a.			
41	Transportation Equipment	n.a.	n.a.	n.a.			
42	Transportation Equipment	n.a.	n.a.	n.a.			
43	Net Transportation	n.a.	n.a.	n.a.		0	
44	Leased Assets	n.a.	n.a.	n.a.			
46	Leased Assets Depreciation	n.a.	n.a.	n.a.			
46	Net Leased Assets	n.a.	n.a.	n.a.			
47	Other Property Plant &	n.a.	n.a.	n.a.			
48	Other Property Plant &	n.a.	n.a.	n.a.			
30	Net Other Property Plant &	n.a.	n.a.	n.a.			
60	Accumulated Deprec., n.e.s.	-3.467.000	-3,184,000	-2.817.600			
61	Intergibles	3,193,000	3,123,000	2,985,500			
57	NP Goodwill	2.362.000	2.302.000	2.152.000			
	AS PAL . Terris to side . Spice Depart to alle . Depart	Factorial II Francis	LM CANADA			-	-

That company has lot of property land excreta it also has huge amount of plantain machinery.

(Refer Slide Time: 15:04)

3	inner more replaced former the second				In the local division of the local divisione	
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35	Buildings	1,319,000	1,077,000	1,028,300		
36	Total Buildings	n.a.	n.a.	n.a.	No	and the second
37	Net Buildings	n.a.	n.a.	n.a.	Mer I	
38	Plant & Machinery	5,654,000	5,467,000	4,757,300	20	
39	Plant & Machinery	n.a.	n.a.	n.a.		
40	Net Stated Plant &	n.a.	n.a.	n.a.		
41	Transportation Equipment	n.a.	n.a.	n.a.		
42	Transportation Equipment	n.a.	n.a.	n.a.		
43	Net Transportation	n.a.	n.a.	n.a.		
44	Leased Assets	n.a.	n.a.	n.a.		
45	Leased Assets Depreciation	n.a.	n.a.	n.a.		
40	Net Leased Assets	n.a.	n.a.	n.a.		
47	Other Property Plant &	n.a.	n.a.	n.a.		
48	Other Property Plant &	n.a.	n.a.	n.a.		
49	Net Other Property Plant &	n.a.	n.a.	n.a.		
50	Accumulated Deprec., n.e.s.	-3,467,000	-3,184,000	-2,817,600		
51	Intangibles	3,193,000	3,123,000	2,985,500		
52	Goodwill	2,362,000	2,302,000	2,152,000		
63	Other Intangibles	831,000	821,000	833,500		
54	Other fixed assets	556,000	685,000	164,300		
55	Exporation	n.a.	n.a.	n.a.		
56	Long Term Receivables	n.a.	n.a.	n.a.		
57	MP Investments	n.a.	n.a.	n.a.		
	*7. MS_PALBADIe to enter Badies Dualette	. Foreigt, M Foreigt	A4		1917	The second second

And it as around 3193 of intangibles, but efficiency of using of all these assets is really very low.

(Refer Slide Time: 15:15)

Contrast Contrast Disconting					
A B	C	D	E	F TOP	ALL A
3					
Total Current Liabilities					Carlos -
Non Current Liabilities					1924
5 Total Shareholders Equity					and the second second
7					
8			-		
Capital Structure and Solvency R	2010	2009	2008		
Debt to Equity	3.18	2.57	4.19		
Long term debt to Equity	1.78	1.42	2.66		
Current Liabilities to Total Liabili	0.44	0.45	0.37		
3					
4					
5					
Asset Utilization Ratios	2010	2009	2008		
Sales to Cash and equivalents	31.76	25.55	27.63		
Sales to receivables	9.36	9.13	9.35		
Sales to inventories	12.74	12.68	12.81		
Sales to fixed assets	2.09	2.09	2.45		
Sales to total assets	0			1	
Siles to short-term liabilities					
A Layables Turnover					

It is just 2 times of that of fix assets and further, it has gone down over the years, because sales is more or less stagnant while the fix assets value are fix assets are rising. Now, let us look at the sales to total assets ratio once again, I will pick up the net sales divided by the total assets of the company.

(Refer Slide Time: 15:42)

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Net Assets	-	2 817 000	3 257 000	2 043 300		
Net Debt		2.860.000	2.541.000	3.216.600	N.	
Enterprise Valu	10	41.653.277	43.385.252	37,809,750		A Case
10						
20 Number of Em	ployees	39,200	38,100	36,600		
121						
22 Income statemen						
123		Cons	Cons	Cons (C)		
24		12/31/2010	12/31/2009	12/31/2008		
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28		10-K	10-K	10-K		
20		US GAAP	US GAAP	US GAAP		
30						
31 Total revenues		15,564,000	15,327,000	15,330,000		
32 Gross sale	55	15,564,000	15,327,000	15,330,000		
33 Adjustmer	nts/excise tax	n.a.	n.a.	n.a.		
34 Net sales		15,564,000	15,327,000	15,330,000		
35 Other revenu	les	n.a.	n.a.	n.a.		
36 Cost of Soods	Sold	-6,360,000	-6,319,000	-6,645,000		
137 Research & De	velopment	n.a.	n.a.	n.a.		
138 Other Operatin	g Items	-5,693,000	-5,360,000	-5,544,000		
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(Refer Slide Time: 15:54)

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500 • (<u>> X + A</u>) =					
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4 Total Current Liabilities				NO. 1 P	A CAL
Non Current Liabilities					A State
a Total Shareholders Equity					
7					
8	-				
Capital Structure and Solvency I	2010	2009	2008		
Debt to Equity	3.18	2.57	4.19		
Long term debt to Equity	1.78	1.42	2,66		
Current Liabilities to Total Liabil	0.44	0.45	0.37		
3					
4					
9					
7 Asset Utilization Ratios	2010	2009	2008		
Sales to Cash and equivalents	31.76	25.55	27.63		
Sales to receivables	9.36	9.13	9.35		
Sales to inventories	12.74	12.68	12.81		
Sales to fixed assets	2.09	2.09	2.45		
Sales to total assets	1.39	1.38	1.54		
Siles to short-term liabilities	-				
4 Payable Turnover					
6 MPTEL					
TA N. M. M. Ballance and a China Management of Street	The Second House	A REAL PROPERTY AND			No. of Concession, Name

The ratio is very low it is only 1.54 and over last 2 years, it has further gone down to 1.39. So, if you take a look at all these ratios, you will realize that the total assets ratio is very low which is mainly contributed by low utilization of fix assets. Because fix assets utilization is just 12 were as utilization of it current assets is slightly better on the whole, it is just 1.39 times, which is not a very good thing. Now, let us look at how effectively the how is the relationship between sales and its liabilities.

(Refer Slide Time: 16:45)

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	A	6	C	0		NT
16	Net Assets	2.817.000	3,257,000	2.043.300	N A	
7	Net Debt	2.860.000	2.541.000	3,216,600	NY .	
10	Enterprise Value	41,653,277	43,385,252	37,809,750		1 Carlos
19					1	
20	Number of Employees	39,200	38,100	36,600		
21	,,					
22 1	ncome statement					
23		Cons	Cons	Cons (C)		
24		12/31/2010	12/31/2009	12/31/2008		
25		12 months	12 months	12 months		
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27		th USD	th USD	th USD		
28		10-K	10-K	10-K		
29		US GAAP	US GAAP	US GAAP		
30						
31	Total revenues	15,564,000	15,327,000	15,330,000		
92	Gross sales	15,564,000	15,327,000	15,330,000		
33	Adjustments/excise tax	n.a.	n.a.	n.a.		
34	Net sales	19,564,000	15,327,000	15,330,000		
35	Other revenues	n.a.	n.a.	n.a.		
36	Cost of Soods Sold	-6,360,000	-6,319,000	-6,645,000		
37	Research & Development	n.a.	n.a.	n.a.		
38	Other Operating Items	-5,693,000	-5,360,000	-5,544,000		
	A BA PAL Total to solve . Rever Copera to serve . Po	anet Forecas In Forece	4.45 "2.000 ML			Statement of the local division in which the local divisio

So, will look at sales to short term liabilities once again will take the net sales you can see here the breakup current and noncurrent liabilities is given.

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3					No.	
4	Total Current Liabilities				- X' -	
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8	Total Shareholders Equity					
7						
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9	Capital Structure and Solvency F	2010	2009	2008		
0	Debt to Equity	3.18	2.57	4.19		
1	Long term debt to Equity	1.78	1.42	2.66		
22	Current Liabilities to Total Liabil	0.44	0.45	0.37		
3						
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7	Asset Utilization Ratios	2010	2009	2008		
8	Sales to Cash and equivalents	31.76	25.55	27.63		
9	Sales to receivables	9.36	9.13	9.35		
0	Sales to inventories	12.74	12.68	12.81		
1	Sales to fixed assets	2.09	2.09	2.45		
2	Sales to total assets	1.39	1.38	1.54		
3	5 res to short-term liabilities	4.17	4.26	5.19		
14	Fayables Turnover	=				
15						
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(Refer Slide Time: 16:56)

So, will take the short term liabilities, so the ratio is again gone down from 5 to 5.19 to 4.17 is a good or a bad sign again it is not a good sign, because it shows that company sales are not very high but, third level of liabilities are pretty high they are about 25 percent. Because, sales to short term liabilities is just 4.17 and company will have to look in to it to improve its performance. Now, look at the payables turnover in payables turnover will try to relate sales to its payables or creditors.

(Refer Slide Time: 17:44)

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16 Net Assets	2,817,000	3,257,000	2,043,300		
17 Net Debt	2,860,000	2,541,000	3,216,600	N.	
18 Enterprise Value	41,653,277	43,385,252	37,809,750	12	
19				2	
20 Number of Employees	39,200	38,100	36,600		
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22 Income statement					
23	Cons	Cons	Cons (C)		
24	12/31/2010	12/31/2009	12/31/2008		
25	12 months	12 months	12 months		
26	Unqual	Unqual	Unqual		
27	th USD	th USD	th USD		
28	10-K	10-K	10-K		
20	US GAAP	US GAAP	US GAAP		
30					
31 Total revenues	15,564,000	15,327,000	15,330,000		
32 Gross sales	15,564,000	15,327,000	15,330,000		
33 Adjustments/excise tax	n.a.	n.a.	n.a.		
34 Net sales	\$5,564,000	15,327,000	15,330,000		
35 Other revenues	n.a.	n.a.	n.a.		
36 Cost of Soods Sold	-6,360,000	-6,319,000	-6,645,000		
37 Research & Development	n.a.	n.a.	n.a.		
38 Chier Operating Items	-5,693,000	-5,360,000	-5,544,000		
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So, net sales divided by look at the current liabilities.

(Refer Slide Time: 17:50)

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	US GAAP	US GAAP	US GAAP		18 A
Total Current Liabilities	3,728,000	3,599,000	2,953,300		
Loans	561,000	326,000	91,000		
Current Long Term Debt	561,000	326,000	91,000	QL	
Trade Creditors	1,165,900	1,172,000	1,061,400	QL	
Other	2,002,000	2,101,000	1,800,900	QL	
Other Short Term Debt	48,000	35,000	107,200	QL	
Other Creditors	n.a.	n.a.	n.a.		
Income Tax Payable	272,000	387,000	272,400	QL	
Social Expenditure Payable	n.a.	n.a.	n.a.		
Dividends Payable	n.a.	n.a.	n.a.		
Other Current Liabilities	1,682,000	1,679,000	1,421,300	QL	
5 Non Current Liabilities	4,769,000	4,419,000	5,103,900		
Total LT Interest Bearing Debt	2,815,000	2,821,000	3,585,300		
Bank Loans	2,815,000	2,821,000	3,585,300		
Debentures & Convertible	n.a.	n.a.	n.a.		
Lease Liabilities	n.a.	n.a.	n.a.		
Other Long Term Interest	n.a.	n.a.	n.a.		
Other non-current liabilities	1,954,000	1,598,000	1,518,600		
Pension Fund Provisions	1.544.000	1.226.000	1.188.100		
A MIL DALEMAN	The scale of the scales	1			

You will observe there is s item called a trade creditor. So, these are the payables in the short term. Will just try to reduce the decimal points to make more readable.

(Refer Slide Time: 18:08)

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A	8	C	0	E	F	
9	Capital Structure and Solvency R	2010	2009	2008	14	
3	Debt to Equity	3.18	2.57	4.19	- 20	· · · /
1	Long term debt to Equity	1.78	1,42	2.66		
2	Current Liabilities to Total Liabili	0.44	0.45	0.37	10	
5						
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5		-				
	Asset Utilization Ratios	2010	2009	2008		
	Sales to Cash and equivalents	31.76	25.55	27.03		
	Sales to receivables	9.36	9.13	9.35		
2	Sales to Inventories	12.74	12.68	12.81		
	Sales to fixed assets	2.09	2.09	2.45		
2	Sales to total assets	1.39	1.38	1.54		
3	Sales to short-term liabilities	4.17	4.26	5.19		
	Payables Turnover	13.36	13.08	14.44		
2						
		2010	2009	2008		
	0.000	2010	2008	2008		
	Chief alles					
-	Coat Sales					
	NETTEL					

So, it is clear to all it is a it has also gone down form 14 to 130.36, but the position is not very bad it means; about 1 months is a time to pay its creditors. So, all these were assets utilization ratios. So, last 2 were trying to link the liabilities essentially, we are looking at how effectively the company use it is using its assets to convert them into sales.

(Refer Slide Time: 18:49)

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48	Sales to Cash and equivalents	31.76	25.55	27.63			
49	Sales to receivables	9.36	9.13	9:35	N N	7 6	
50	Sales to inventories	12.74	12.68	12.81			
51	Sales to fixed assets	2.09	2.09	2.45			
62	Sales to total assets	1.39	1.38	1.54			
53	Sales to short-term liabilities	4.17	4.26	5,19			
54	Payables Turnover	13.36	13.08	14.44			
55							
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58		2010	2009	2008			
59	Sales	=					
60	Cost of Sales						
61	Cost of Sales						
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63	Profitability Ratios	2010	2009	2008			
64	Profit margin (%)						
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Now, will look at the profit margins for that we need to have figures like sales and cost of sales, so let us try to bring those figures here.

(Refer Slide Time: 19:05)

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A	0	C	D	6	F	N
	Sales to Cash and equivalents	31.76	25.55	27.63		
1	Sales to receivables	9.36	9.13	9.35		and a
1	Sales to inventories	12.74	12.68	12.81		1000
	Sales to fixed assets	2.09	2.09	2.45		
	Sales to total assets	1.39	1.38	1.54		
	Sales to short-term liabilities	4.17	4.26	5.19		
	Payables Turnover	13.36	13.08	14.44		
8		2010	2009	2008		
	Sales	15,564,000	15,327,000	15,330,000		
	Cost of Sales	0				
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1.		1				
	Profitabilty Ratios	2010	2009	2008		
	Profit margin (%)	-				
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	EBITDA margin (%)					
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So, this is the sales we are essentially looking at the net sales. So, if you go to income and expenditure statement.

(Refer Slide Time: 19:18)

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28	10-K	10-K	10-K		
29	US GAAP	US GAAP	US GAAP	N I	BETZE
30				1 Contraction	
31 Total revenues	15,564,000	15,327,000	15,330,000		
Gross sales	15,564,000	15,327,000	15,330,000		
33 Adjustments/excise tax	n.a.	n.a.	n.a.		
34 Net sales	15,564,000	15,327,000	15,330,000		
35 Other revenues	n.a.	n.a.	n.a.		
36 Cost of Goods Sold	-6,360,000	-6,319,000	-6,645,000		
37 Research & Development	n.a.	n.a.	n.a.		
38 Other Operating Items	-5,693,000	-5,360,000	-5,544,000		
39 EBITDA	3,511,000	3,648,000	3,141,000		
40					
1 Total Depreciation, Amort. &	-27,000	-38,000	-19,000		
12 Depreciation	n.a.	n.a.	n.a.		
43 Amortization & Depletion	-27,000	-38,000	-19,000		
44 Operating Income After Deprec.	3,484,000	3,610,000	3,122,000		
45 Unusual/Exceptional Items	n.a.	n.a.	n.a.		
46 Earnings Before Interest & Tax	3,484,000	3,610,000	3,122,000		
17 Financial Revenue	11,000	16,000	-11,000		
48 Financial Expenses	-65,000	-88,000	-106,000		
19 Financial P/L	-54,000	-72,000	-117,000		
50 Other non Oper./Financial	n.a.	n.a.	n.a.		

You can see the cost of goods sold figure it is in the minus.

(Refer Slide Time: 19:25)

B B B B B B B B B B B B B B B B B B B	ning - groups and the second s	(1999) (1	All Contraction States Transport States Transport States Bott	- S. 5-
B es to Cash and equivalents	C.	numer (M	All Constraint Acade Participanting of an Andrea In All Andrea	
B B les to Cash and equivalents	C			
B les to Cash and equivalents	C			
les to Cash and equivalents		D	6	
A POPULATION OF A POPULATION O	31.76	25.55	27.63	
les to receivables	9.36	9.13	9.35	A CONTRACTOR
les to inventories	12.74	12.68	12.81	
les to fixed assets	2.09	2.09	2.45	
les to total assets	1.39	1.38	1.54	
les to short-term liabilities	4.17	4.26	5.19	
yables Turnover	13.36	13.08	14,44	
	2010	2009	2008	
les	15,564,000	15,327,000	15,330,000	
st of Sales	6360000	6319000	6645000	
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Profit margin (%)				
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	es It of Sales TDA fitability Ratios Profit margin (%) Gross margin (%) EBITDA margin (%) ***	es 15,564,000 et of Sales 6360000 TDA = fitability Ratios 2010 Profit margin (%) Gross margin (%) EBITDA margin (%)	action action es 15,564,000 6319000 tof Sales 6360000 6319000 TDA = fitability Ratios 2010 2009 Profit margin (%) EBITDA margin (%)	It,564,000 15,327,000 15,332,000 es 15,364,000 15,327,000 15,332,000 td of Sales 6360000 6319000 6645000 TDA = 2009 2009 2008 Profit margin (%)

So, we have to minus sign this is the cost of goods sold, now and we have so we need to find 3 things we are going to find profit ratio gross margin and EBITDA.

(Refer Slide Time: 20:04)

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Sales to Cash and equivalents	31.76	25 55	27.63	
Sales to receivables	9.36	9.13	9.35	
Sales to inventories	12 74	12 68	12.81	
Sales to fixed assets	2.09	2.09	2 45	
Sales to total assets	1 30	1 38	1.54	
Sales to short-term liabilities	4 17	4 26	5 19	
Pavables Turnover	13.36	13.08	14 44	
s in a particular in a second	10.00	10.00	14,44	
8				
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8	2010	2009	2008	
Sales	15,564,000	15,327,000	15,330,000	
Cost of Sales	6360000	6319000	6645000	
EBITDA	3511000	3648000	3141000	
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3 Profitability Ratios	2010	2009	2008	
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Gross margin (%)			and the second division of the second divisio	
6 EBITDA margin (%)				
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So, here we will try to bring in EBITDA a popularly known as EBITDA ok. Now, in profit margin the ratio we try to link the net profit or the final profit from to sales usually, we multiply

by 100 because it is in percentage terms. So, you can see here the earnings after tax figure is given.

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-	NACESSING (IN M. S. M. S	0	0	0	The	8 T
	Not calor	15 564 000	15 327 000	15 330 000	Xª X	
	Other revenues	10,004,000	10,527,000	10,000,000	No N	
10	Cost of Goods Bold	n.a.	n.a.	n.a.		
6	Cost of Goods Sold	-6,360,000	-6,319,000	-0,040,000		
37	Research & Development	Se ann ann	n.a.	n.a.		
38	Other Operating Items	-5,693,000	-5,360,000	-5,544,000		
39	EBITDA	3,511,000	3,648,000	3,141,000		
10						
11	Total Depreciation, Amort. &	-27,000	-38,000	-19,000		
12	Depreciation	n.a.	n.a.	n.a.		
43	Amortization & Depletion	-27,000	-38,000	-19,000		
44	Operating Income After Deprec.	3,484,000	3,610,000	3,122,000		
45	Unusual/Exceptional Items	n.a.	n.a.	n.a.		
16	Earnings Before Interest & Tax	3,484,000	3,610,000	3,122,000		
17	Financial Revenue	11,000	16,000	-11,000		
18	Financial Expenses	-65,000	-88,000	-106,000		
19	Financial P/L	-54,000	-72,000	-117,000		
50	Other non Oper./Financial	n.a.	n.a.	n.a.		
51	Earnings before tax	3,430,000	3,538,000	3,005,000		
52	Income taxes	-1,117,000	-1,141,000	-968,000		
33	E minus after tax	2.313.000	2.397.000	2.037.000		
4	Minority interest	-110,000	-106,000	-80,000		
100	Other	n.a.	n.a.	n.a.		
SR.	Extraordinary items after tax	n.a.	n.a.	n.a.		

That is nothing but the net profit we will divide it by net sales.

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A B	C	D		F		C 1
Sales to inventories	12.74	12.68	12.81			
Sales to fixed assets	2.09	2.09	2.45		Star 1	4
Sales to total assets	1.39	1.38	1.54			
Sales to short-term liabilities	4.17	4.26	5.19			
Payables Turnover	13.36	13.08	14.44			
7						
3	2010	2009	2008			
Sales	15,564,000	15,327,000	15,330,000			
Cost of Sales	6360000	6319000	6645000			
EBITDA	3511000	3648000	3141000			
2			_	-		
Profitability Ratios	2010	2009	2008	-		
Profit margin (%)	14.86%	15.64%	13.29%	-		
Gross margin (%)	0.5913647	0.587721	0.5665362			
EBITDA margin (%)			\$	唐 4		
1						
3						
2 CAPES (from Cash Flow)	-050,000	-075,000	-084,000			

So, are you able to see we have just converted it as a percentage. So, we got 14.86, in last year it was 15 and in current year it is, I mean last to last year it is 13. So, the margin is more or less

same we can say it is a slight improvement in 2009, but again it has somewhat gone down but overall 14.86 could be considered as a good margin, because this is a net profit margin which is usually low, but company is able to generate a god profit margin from its sales. Now, the gross margin how do you calculate gross margin gross margin we try to relate the gross profit to sales and how to calculate gross profit it is essentially sales minus cost of sales. So, we have the sales figure here minus cost of sales will put it in bracket divided by sales.

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A	8	C	0		
1	Sales to inventories	12.74	12.68	12.81	
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	Payables Turnover	13.36	13.08	14.44	
			-	1	
		2010	2009	2008	
	Sales	15,564,000	15,327,000	15,330,000	
	Cost of Sales	6360000	6319000	6645000	
	EBITDA	3511000	3648000	3141000	
	Profitability Ratios	2010	2009	2008	
	Profit margin (%)	14.86%	15.64%	13.29%	
	Gross margin (%)	59.14%	58.77%	56.65%	
	EBITDA margin (%)	22.56%	23.80%	20.49%	
					RI,
					0
	1				
	(**)				
	CAPEX (from Cash Flow)	-550,000	-575,000	-684,000	

So, you can see here the success of Clogate Palmolive will what it is really able to maintain a very high gross margin gross margin is 56 percent current data has increased to 60 percent. So, company is able to sell it is good at a premium prices that is why it is margins are high and from that margin it is able to maintain a good amount of net margin as well. Now, look at EBITDA margin, so will divide EBITDA upon sales. So, this also shows almost similar trend EBITDA, which was about 20 percent it has slightly increased to 23.8 and now, it has remained high at 22.56.

So, company is able to somewhat increase it is EBITDA margin. Now, what does it convey what is EBITDA do you remember what do you mean by EBITDA what does it really mean; full form is earning before interest tax depreciation and amortization. So, this could be viewed as a operating cash profit are you getting me. So, this is a earning that is a profit before paying interest taxes depreciation and amortization. So, this a profit at a operations level, so what we have reduced from sales really it may be you can go to p n l account.

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7	A	0	C	D	120 1	N
5		12 months	12 months	12 months		
16		Unqual	Unqual	Unqual	N	8
7		th USD	th USD	th USD	200	
18		10-K	10-K	10-K	PO MARKA	10 A 10
20		US GAAP	US GAAP	US GAAP		
30						
11	Total revenues	15,564,000	15,327,000	15,330,000		
32	Gross sales	15,564,000	15,327,000	15,330,000		
33	Adjustments/excise tax	n.a.	n.a.	n.a.		
34	Net sales	15,564,000	15,327,000	15,330,000		
35	Other revenues	n.a.	n.a.	n.a.		
36	Cost of Goods Sold	-6,360,000	-6,319,000	-6,645,000		
37	Research & Development	n.a.	n.a.	n.a.		
38	Other Operating Items	-5,693,000	-5,360,000	-5,544,000		
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15	Unusua Exceptional Items	n.a.	n.a.	n.a.		
46	Earnings Before Interest & Tax	3,484,000	3,610,000	3,122,000		
47	Financial Revenue	11,000	16,000	-11,000		

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So, you have got gross sales we remove the cost of goods sold, we also remove other operating items that is regular expenses to get EBITDA, but the depreciation and amortization is still not reduced. So, this is the total amount of profit generated in cash terms by the company from its operations. So, it is very important especially if you want to study the profitability of the business of the company it gives a better inside because net profit gives the final profit ultimate profit. But, there we have to consider interest taxes and a certain extra ordinary items which might effect that year there must be some prior adjustments, which are all which all effect the net profit were EBITDA really tells how is the business or how is their operations performance. So, you can see here the company's profitability it is really good it is able to maintain about 22 percent profit.

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5	8	C	D	E	
	EBITDA	3511000	3648000	3141000	
	Profitability Ratios	2010	2009	2008	
	Profit margin (%)	14.86%	15.64%	13.29%	
	Gross margin (%)	59.14%	58,77%	56.65%	
	EBITDA margin (%)	22.56%	23.80%	20.49%	
	OLDEN (from Orach Flored	850 000	E7E 000	884.000	
	CAPEX (from Cash Flow)	-550,000	-070,000	-084,000	
	GAPEA/Sales	-0.04	-0.0a	-0.04	
	~				
	(*)				

Now, let us try to do 1 more ratio that is known as capex to sales ratio for that you need to know capex that is capital expenditure which is available from a cash flow statement we already brought it her and a I think cash flow statement is not available here, but we try to bring the capex and it is in the negative for the company, we will try to divide it by sales. So, in all the years it is very low it is minus 0.04. Now, what does it convey to you what you will understand from this is if the ratio is high, it will means that company is spending lot of money into capital expenditure which is good for the future of the company.

Because, it is lightly to give higher capacity it means; there are expansions taking over of new companies which is all counted in capex, so high positive figure of capex shows the growth of the company. And it is a ratio attempts to link the capex to sales, so what percentage is the money company is spending for future growth, in this case you see not a very picture, because first of all capex is negative it means; that there is not much growth in fact company is selling some of its existing assets and you relate to sales you know that it is just 0.04 that means; company is more or less stagnant in terms of its growth there is not much of new addition to assets in fact the existing assets are slightly shrinking are you getting ok.

Now this series of ratios are over we have done short term liquidity and then we have done some a capital structure asset utilization and profitability ratios.

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Now, let us go to 1 more analysis that is known as due point analysis this a very interesting analysis were in we try to find the returns, if you see here we have look it from the operations view point how is the day to day liquidity how is the financing pattern and how is the asset utilization and how is the final profit, but we have not try to calculate the returns in due point analysis will try to calculate various types of returns, so how effectively the company is able to use it is the money which is invested to generate the profit that is the return ok. So, will calculate these ratios that is RNOA, etcetera. And a we will also try to disaggregate ROCE, I hope you know this figures even if you do not know they are shown over here.

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So, you can have a look at it before we go a ahead this terms you should know this NOA which means; net operating assets for the company, I hope it is clearly visible. Now, perhaps will go through this terms, so that it is clear to you what is done in due point analysis NOA refers to net operating assets were we are trying to find the total assets minus operating current liabilities minus half of the differ tax liabilities considering them as operating. So, idea is what is the assets which are really used for operations.

So, from the total assets we remove the operating the current liabilities and also remove half of the differ tax liabilities to get the NOA operating current liabilities are total current liabilities minus other short term liabilities, then we need to find share holders equity which we are already aware, then we also find net financial obligations which is NOA minus SE. So, out of the net operating assets whatever, is financed by share holders equity will be reduced what remains is the net financial obligations.

That is the money company has to pay to outsiders then 1 important figure is NOPAT, which is net operating profit after tax I hope you all know operating profit this is a profit which is generated from the operations from that a we will, so for calculating NOPAT, will take EBIT which is earning before interest and tax into 1 minus tax. So, whatever is the tax which would

have been charged on this profits will try to reduce next is NI net income, I think you all know net financial expenses in other terms expenses like interest paid etcetera.

So, which we calculate as NFE that is net financial expenses as NOPAT minus NI. So, NOPAT is a total profit or net operating profit after tax, we reduce the final profit or the net income. So, the difference is considered as net financial expenses, then we have RNOA which is a return on net.

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Operating assets were in we try to calculate NOPAT divided by average NOA then 1 more important term is LEV, which indicates the leverage which is NFO upon SE, we have just now seen what is NFO; NFO is net financial obligation that means; this are the outsiders liabilities verses SE. So, this is something like our debt equity ratio were we will try to calculate debt verses equity, but this is slightly different because it is not the total debt here we are looking at net financial obligation verses the share holders equity then NBC this is net borrowing cost were we look at NFE; NFE you know now net financial expenses divided by average of NAFO. Next is spread by way of spread will try to find RNOA minus NBC.

So, in NBC you can see here try to link net financial expenses, which are like out go on account of interest as a average of NFO, NFO is a financial obligation or money which company is using from outsiders. So, we are trying to find what percentage of cost we have to pay like as a interest cost. So, NFE upon average NFO gives us NBS spread tries to link how much is total earning o the assets. So, RNOA minus NBC now, let us assume that company is able to earn 20 percent as return on it is assets and it has to pay 15 percent at interest that means; 5 percent will be the spread.

So, 5 percent is a additional earning which owners get that is called as spread 1 more is ROE, which you now return on equity it is calculated as RNOA plus leverage into spread, if remember earlier we have try to calculate ROE as PAT that is profit after tax upon the owners fund, but in due point analysis we tried to slightly calculate different manner, because we have already calculated figure of RNOA, which is total return available on assets to which we add leverage into spread, because spread is a extra money which is been generated by using the debt funds or borrowed funds we multiply by leverage.

So, if company has say 70 percent of outsider's fund that spread into leverage will give it that much extra money to the owners that is why it is RNOA plus LEV into spread next is equity growth rate were, we try to find what is the growth rate available to the equity. So, we take net income minus dividend paid upon average common equity. So, here what is been found is out of your profit if you distribute entire profit of dividend the numerator will be 0. If you say distribute the half the profit as dividend then net profit minus half you are net profit the remaining net profit is being re invested for growth that is why we find net income minus dividend paid and divide it by the common equity ok, I hope there are lot of new terms.

But, they are getting clear to you now, so this is a very special type of analysis which is known as due point analysis were we in detail look at the returns of the company and segregate them, now here we try to calculate. Now, whatever we have discussed I hope you are clear you are comfortable with it. So, this is already done but I will try to re do it for you so that it is more clear to you, so the first thing we want is NOA. If you remember will go there, so that you can see it this is net operating assets were will try to find the total assets minus operating current liabilities minus half of the differed tax liabilities ok. So, how will you calculate NOA. (Refer Slide Time: 35:51)



Now go back to the balance sheet you know the formula now, this is net operating assets. So, I am sorry. Let us look at it once again to give it more clarity, so we are going to look at total assets minus operating current liabilities ok. So, if you go to balance sheet you can readily see the total assets form this total assets we will only reduce the operating current liabilities. Now, these are the total current liabilities look at them and tell me which the operating current liabilities are. So, you have got a current long term debt which is not a operating liability.

So, loans will not be counted and then you got trade creditors which is a operating current liability then other short term debt which could be treated as operating current liability income tax payable perhaps, will not be counted as operating current liability then you have got other current liabilities which are counted ok. So, total assets minus operating current liabilities and we will also try to get the differed tax liability which is shown here ok. So, minus as you know what we are going to minus is half of the differed tax liability. So, here you can see the differed taxes half of this figured will be considered so into 0.5.

So, this is the figure of NOA, I hope it is clear to you will try to drag it down are you getting there are different views some people even take the taxation figures into a count, which we have not taken I think it may be better to add even the taxes liability. So, here you can see in our liabilities we have taken the trade creditors we have also taken short term debt, we have not taken income tax paid. Let us add it ok, so this is the net operating assets second, we want to know the operating current liabilities which we already captured.

So, I suppose we can just copy it down k, so these are the operating current liabilities then second is SE you know is share holders equity the figure will be radially available from the balance sheet. So, this is the total share holders equity next is NFO, which f you remember is net financial obligations this is this special calculation which is done for new point analysis. So, we try to calculate a NFO as NOA minus SE ok. We have just calculated or picked up the share holders equity that is SE and we also know NOA. So, it very easy for us to calculate now NFO.

So, net financial obligations signify something like a total money payable to outsiders that is it is called as financial obligation next is NOPAT, which you are aware it is net operating profit after tax so 1 minus tax. So, I think we have to go first to p n l account and look at the tax rate if you go to p n l account, you will see that income taxes and earnings before tax will try to relate it to calculate the tax rate. So, you get around 0.32 for all the years. So, you can take 0.32 as applicable rate for this company. Now for calculating NOPAT we need to know EBIT and we will multiply by 1 minus tax rate.

So, EBIT is earning before interest and tax into it is 1 minus. Now, here you can see in all these years the tax rate is around 0.325. So, I have taken it as 1 minus 0.33 you can make a judgment some people can take it has 30 percent 35 percent, but since 33 percent is a closest rate. So, we have taken 1 minus 0.33. So, this becomes you are NOPAT no look at NI net income this figure will be readily available from profit and loss account. So, this is nothing but earning after tax now NFE next calculation this is net financial expenses in simple terms it is something like asset interest paid but, here we calculate it slightly differently we calculate as NOPAT minus NI.

So, NOPAT is a total profit after from operations, but after tax from that we reduced the net income, so remaining becomes the amount which is paid for interest. Now what happens is a whenever you pay interest you also get some tax benefit. So, here instead of calculating the total interest we have tried to look at the total operating profit minus applicable taxes, so if there would have been no borrowed funds this would have been the net profit from that we reduce the net profit to know the interest obligation. So, which you can see is a pretty low figure I think net profit figure is this figure we have taken some other value that as caused some problem. So, net income I will just replace if you go to this is the correct net income ok I got a doubt because we are seeing relatively a very low amount of NFE. Now, it is somewhat correct are you getting me, so net income should be the net profit as it's calculated here we have done that now go to calculation of RNOA that is return on the assets which you are using RNOA formula again you can see this is return on net operating assets. So, in due point analysis it is define as NOPAT upon average NOA. Now you already know NOPAT will divide it by average NOA. So, for average we have to take 2 years figures.

So, here we have taken this 2 years figures the last 1 is somewhat wrong I hope now it is clear so we are trying to what we are trying to do is we are taking for RNOA the NOPAT, which we have already calculated net profit after taxes but, at operations level and we divide it by the average of NOA for 2 years. So, we have taken 2 years figure and divided it by 2 the last figure there is a problem, because we do not have earlier year figure so we are not taking average as far as 2.8 is concerned but, now you can see it is almost a stable figure it is around 0.30, which is a good return on the assets which are used.

Now, let us try to look at leverage we try to relate NFO upon SE NFO is like a outsiders liability which we divide by the share holders funds. So, NFO divided by SE, so you can see that company has a high leverage relatively and earlier it was even more high if you remember earlier we have discussed debt equity ratio this matches with that so 2.68. Now, it has somewhat gone down to 1.97 next calculation we have to do is NBC in NBC we are looking at the net borrowing cost. So, we take it has NFE upon average of NFO. So, NFE is nothing but the interest burden which we divide by NFO because NFO is the out go. So, it will come to 0.03 but if we do averaging it will be somewhat a better 1.

So, I hope you understand here that it is around it shows that around 3 percent is the interest rate since, this is the international company the interest rates are fairly low and this is after tax cost that is why it is a amount will be something like 3 percent will do a little correction, because instead of taking only year ends figures we will try to take average of 2 years figures it has not made any great difference it continues to be about 0.03 ok. Now, let us look at the spread, so by spread we are trying to see how much extra profit the equity holders are getting. So, it is RNOA minus NBC which is now ready with us. So, you can see that the company has a substantial advantage it is return is 30 percent it has to pay just 3 percent to the outsiders.

So, 26 percent is a spread and the final figure. Now, ROE in ROE we try to get RNOA plus leverage into spread. So, RNOA will be anyway available to share holders plus that is why ROE is really very high it is 0.81 percent and in 2008 it was as high as 100 percent this is the return available to the owners. Now, almost all the figures are already calculated, so this RNOA is what we have done will just try to replicate. Now ROCE you are aware it is return on capital employed, then we also try to link it return on long term debt and equity and equity growth rate I think other things we have done.

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So, will not repeat equity growth rate is available here that is net income minus dividend paid upon average common equity. So, let us try to calculate it, so net profit is what is the total money available to the company minus the dividend paid I am adding it because anyway dividend figure is given in minus. So, net income divided by sorry net income minus dividend paid this is the numerator and we are going to divide it by you can see here what we are trying to do the average of common equity ok.

So, which figure again available from the balance sheet, so you can see here the common stock or shares that represents the common equity. So, 1.60 comes the rate because net income minus a the dividend is fairly the large figure divided by the common equity right. Now, I have not taken average, because in the last year we do not have figures for 2 years. So, this will be the figure, so

I think will not go ahead into the disaggregation that you can do on your own but, this calculations which were very important and that was a new learning to all of you which, I think you have got a ok. We have will stop it here we have done today a complete analysis of 1 global company, which the figures are as per US gap and I think that, would have given you some more insides into how the ratios, can be analysis and analyze and particularly how due point analysis is done ok.

Thank you so much, so will stop here.