Assignment 3

Company: Mayur Uniquoters Ltd. **Roll No.:** EPGP-12B-086

1. **Please interlink your company's "Balance Sheet" with its "Profit & Loss Statement" (as was done in our class on the four different companies) and being shared using examples of (HPCL / Ultra Tech Cement). Just writing your observations is good enough (no need to draw lines and such stuff). Analyze within 350 words.**

- **<u>Non-Current Tangible & Intangible Assets</u>**
  Higher non-current tangible assets lead to higher production capability which translates to higher sales income. MUL has an increase to capital work-in progress of about ₹39 Cr to setup a new plant for increase in production, which will result in increase in tangible asset value. Intangible asset value is low in case of MUL. Both leads to increase in depreciation & amortisation expenses as seen in the income statement.

- **<u>Cash & Cash Equivalents</u>**
  Higher cash or cash equivalents relates to the other income in income statement. It gives confidence to the management and enables use of the amount for urgent needs. Increase in employee expenses in 2019 have contributed to the decrease in cash and cash equivalents. It has low interest returns and could fetch better returns if invested.

- **<u>Loans & Advances</u>**
  Long and short term loans & advances lead to happier stakeholders. It contributes to increase in other income as well as leads to interest expenses which is categorized as financial expenses in MUL's income statement.

- **<u>Inventories</u>**
  High inventory value at ₹122.91 Cr in MUL helps in increase in production with no shortage of raw materials. It helped increase in sales revenue. But, high inventories lead to increase in other expenses such as storage, wastage due to damage etc.

- **<u>Trade Receivables</u>**
  High trade receivables indicate better customer credit which translates to good business and increase in sales revenue. But it could lead to bad debts and write offs in future due to uncollected trade receivables and also increase in interest cost which is categorized under other expenses for MUL.

- **<u>Current & Non-Current Investments</u>**
  Current & non-current investments of ₹186.9 Cr is a good way to utilize capital. It leads to increase in income on maturity and interest income which is categorized under other income for MUL.

- **<u>Trade Payables</u>**
  High trade payables ₹59 Cr of lead to strategic control and could lead to lower interest cost. But is also contributes to increase in cost of materials and other expenses.

- **<u>Non-current liabilities</u>**
  Long term borrowings and liabilities contribute to increase in business volume to help purchase assets. But it could lead to increase in interest expenses. In case of MUL, borrowings have made for plant setup.

- **Current Liabilites**
  Short term borrowings and other liabilities amounting to ₹25.9 Cr lead to higher interest cost and increase in other expenses.