

SECTION I: Cash Flow Statement Analysis

Question	Items (with amount in Lakh's only)
i. What were the major sources of cash?	Eq. Shares Issue, Net 112 Decrease in Cash 36 Investment Income 3
ii. What were the major uses of cash?	Capex 114 Operations 37
iii. Was the firm able to generate enough cash from operations to pay for all of its expenditures?	$(37) < 114$ No, Operations were a loss (37). So, no question of generating cash
iv. Did the cash flow from operations cover the following three items i.e., interest paid, the capital expenditures and the firm's dividend payments, if any? A. If it did, how did the firm invest excess cash? B. If not, what were the sources of cash the firm used to pay for the interest paid, capital expenditures and/or dividends?	$(37) < 0 + 114 + 0$ No. Also interest was miniscule plus there were no dividends paid - Equity Shares Issue
v. Based on the evidence in the Statement of Cash Flow alone, what is your assessment of the financial strength of the business (Rate on a bankruptcy scale of 1 to 10 wherein 1 will be for the ones having the highest chance of bankruptcy)? Why (with in 50 words)?	Poor cash balance and loss making operations are big negatives. No borrowings and recent capex using share capital are positives. However, when combined with other audited & limited available information in the business model (see, schedules and notes to accounts) – capex in intangibles sounds questionable. Q Care seems to be dire straits. Rating 2-3

SECTION II: PRELIMINARY RATIO ANALYSIS, Common Size Analysis & Index Based Analysis

1. For FY2018, which of the following do you agree to? (i) The working capital of the company was positive; (ii) the computed tax rate was positive; (iii) the profit for 'ROCE' computation was negative; and (iv) Current Ratio and Quick ratio of the company are equal.

Choose one of the following combinations from the above connotations:

- a. Only (i), (ii) and (iii) are correct.
- b. Only (ii) and (iv) are correct.
- c. All four are correct.**
- d. Only (ii), (iii) and (iv) are correct.

2. For FY2018, which of the following do you agree to? (i) the business model at this stage is not capital intensive; (ii) secured lenders will find it impossible to fund the company; (iii) the common size income statement will reveal that few items are more than 100; and (iv) the common size income statement will reveal that interest expense will be in single digits.

Choose one of the following combinations from the above connotations:

- a. Only (i), (ii) and (iii) are correct.
- b. Only (ii) and (iv) are correct.
- c. All four are correct.**
- d. Only (ii), (iii) and (iv) are correct.

3. For FY2018, which of the following do you agree for index based analysis? (i) size of the total assets and total equity increased in nearly the same proportion; (ii) the current assets halved; (iii) the index number for net profit became less than 100; and (iv) the cash balance will be in single digits.

Choose one of the following combinations from the above connotations:

- a. Only (i), (ii) and (iii) are correct.
- b. Only (i), (ii) and (iv) are correct.
- c. All four are correct.**
- d. Only (iii) and (iv) are correct.

4. For FY2018, which of the following do you agree for index based analysis? (i) total tax expense is a negative; (ii) the other income became more than 100; (iii) the short-term loans & advances became more than 100; and (iv) the other current liabilities & provisions (i.e., excluding trade payables) will be in single digits.

Choose one of the following combinations from the above connotations:

- a. Only (i), (ii) and (iii) are correct.
- b. Only (ii) and (iv) are correct.
- c. All four are incorrect.**
- d. Only (iii) and (iv) are correct.

5. For FY2017, which of the following do you agree to? (i) The working capital of the company was negative; (ii) the computed tax rate was positive; (iii) the profit for 'ROCE' computation was negative; and (iv) Current Ratio and Quick ratio of the company are not equal.

Choose one of the following combinations from the above connotations:

- a. Only (i), (ii) and (iii) are correct.
- b. Only (ii) and (iv) are correct.
- c. All four are incorrect.**
- d. Only (ii), (iii) and (iv) are correct.

6. For FY2017, which of the following do you agree to? (i) the common size balance sheet will reveal that non-current liabilities and non-current assets constitute the biggest chunks; (ii) the common size balance sheet will reveal that receivables and payables nearly match with each other; (iii) the common size income

statement will reveal that few items are more than 100; and (iv) the common size income statement will reveal that interest expense will be in single digits.

Choose one of the following combinations from the above connotations:

- a. All four are incorrect.
- b. Only (i), (ii) and (iii) are correct.
- c. Only (ii) and (iv) are correct.**
- d. Only (iii) and (iv) are correct.

7. For FY2018, the Return on Equity (ROE) of Q Care was [negative / positive] due to [negative / positive] net profit margin and [very high / very low] total asset turnover and [very high / very low] debt to equity ratio.

Choose one of the following combinations from the above connotations:

- a. Positive, positive, very low and very high.
- b. Negative, positive, very low and very low.
- c. Negative, negative, very low and very low.**
- d. Negative, negative, very high and very high.

Your reasons: _____

8. For FY2018, Q Care value driver analysis will show that:

Choose one of the following combinations from the above connotations:

- a. Current Profitability is very low & Reputation among financial market investors is very low.
- b. Current Profitability is very high & Reputation among financial market investors is very low.
- c. Current Profitability is very low & Reputation among financial market investors is very high.**
- d. Current Profitability is very high & Reputation among financial market investors is very high.

Your reasons: _____

SECTION III: Financial Ratio Analysis

Please strike off the unwanted words in the options given

- 1. For FY2018, the average payables period is [more / less] than the average collection period. It also hints that the net cash needed to fund its operating cycle *i.e.*, *cash conversion period* will be [negative / positive].
- 2. For FY2018, Total Debt to Equity Ratio will [dissuade / attract] potential lenders; the Times Interest Covered Ratio will [serenade / scare] them.
- 3. For FY2018, credit rating agencies will give the company [Investment Grade / Less Than Investment Grade / Junk Grade] rating based on _____-607_____ Times Interest Covered Ratio.
- 4. Reflecting on Return on Operating Assets (ROOA) and ROE ratios for FY 2018 in the given company, we could say that:

- a. ROE of the company was positive and ROOA was negative.
 - b. ROE of the company was positive and ROOA was also positive.
 - c. ROE of the company was negative and ROOA was negative.
 - d. ROE of the company was negative and ROOA was positive.**
5. EPS of the company during the FY2017 will be in the range of +2.5 to +2.8 (mention to single decimal)
 6. EPS of the company during the FY2018 will be in the range of -89 to -97 (please round it off)
 7. For FY2018 compared to FY2017 was:
 - a. Q Care EPS increased and DPS decreased
 - b. Q Care EPS decreased and DPS did not change**
 - c. Q Care EPS increased and DPS did not change
 - d. EPS cannot be computed for the given case
 8. The Book value per equity share during FY2018 (compared to FY2017):
 - a. More than doubled.
 - b. Increased but less than double.**
 - c. Decreased
 - d. Can't say
 9. Given the figures and information provided in report, what kind of industry and the company's life cycle stage do you perceive this company to be in? Discuss within 20 words below:
Start up in IT / Digital and e-Commerce Space
 ~ most of the capex is in intangibles. The existence of trademarks and website add to the further proof of the same.
 10. During FY2018, what did the company do of the money raised from issue of new equity (if any) and what part of the balance sheet is that located in:
For daily cash burn (operating) expenses purposes and these were afterwards capitalized as intangible assets
 11. "There is no difference in the paid up share capital and the number of outstanding shares" Do you [**Agree / Disagree**]. Discuss within 10 words only.
 12. The company's contingent liabilities were more than Rs. 10 lacs in FY2018. – Do you [**Agree / Disagree**]? Discuss within 10 words
 13. If the company was to purchase a chair worth Rs. 3,899 then the same would be written off during the year. – Do you [**Agree / Disagree**]? Discuss within 10 words
 14. The company has one non-amortizable intangible asset in FY 2017. – Do you [**Agree / Disagree**]? Discuss within 10 words
Trademark

SECTION IV: Bonus Marks Question

(Total: 5 Marks)

1. Based on your learnings from the course, please apply them and state your summarized comments on the potential value of this company:

I will evaluate this part

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