

Assignment -2

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1. Income statement for the last 2 years

Year	Revenue	Expenses	Dividends	Retained Earnings = [Revenue –(Expenses + dividends)]	Retained Earnings
2019	561.78	551.05	0	10.73 = 561.78 – (551.05 + 0)	10.73
2018	412.12	426.3	0	-14.18 = 412.12 – (426.3 + 0)	-14.18

- The operating profit has increased 5 times in 2019 compared to 2018. This was due to 35% growth in revenue from 412 to 561 crores in 2019.
- It looks like there is heavy borrowing due to which the interest has consumed a significant portion of the net profit.
- The expenses portion is significantly more in the case of material and manufacturing typical of a manufacturing segment.

2. Biggest items

Heads	Sub heads	Amount in 2019	Amount in 2018	% of the total in 2019	% change compared to 2018	Comments
Revenue	Revenue from sale	548.12	405.03	97	1	This shows a jump of 35% revenue in successive years may be due to expansion of its manufacturing facilities.
Expenses	Manufacturing and Material Consumed	430.95	321.10	78	1	A corresponding change in expenses are incurred which is typical of manufacturing.
Expenses	Administrative expenses	59.67	52.27	11	1	The administrative maintenance expense is reflective of the extensive infrastructure the company maintains

Expenses	Personal Expenses	22.66	20.90	4	-1	The personal expense hasn't grown much showing not a proportional human resource expense along with the operational expense.
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3. Missing and interesting items

Missing items

The other expenses head is missing in this though I am not sure if the expenses are included under administrative expenses.

Interesting things

- The company's operating profit has grown substantially 5 times compared to 2018. This is due to a 35% growth in revenue compared to the previous year.
- The interest part is around 20 crores in both years showing the borrowing is high and the loans are used to increase manufacturing. But in this income statement it is not shown in the expenditure head, but reduced from the total profit.
- EPS growth from negative in 2018 to .88 in 2019 shows that the company has done substantially well in 2019 and as there is no dividend, EPS has increased.