

FA ASSIGNMENT #3

**Company: The Anup Engineering Ltd
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EPGP-12B-118**

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 the UltraTech Cements). Just writing your observations is good enough (no need to draw lines). Analyse within 200 words

- ✿ Trade Receivables = 69.53Crores, Long Term Loans and Advances (45.03crs) & Inventories = 88.46Crores vis a vis a Net Revenue of Rs242.99Crores depicting that the company has a considerably liberal credit extension policy towards its customers and coupled with high inventories, brings forth the company's aggressive business strategy. Inventories being high (88.46crs) also impacts Total Operating costs by affecting directly the costs of material consumed, Purchases of Stock in Trade (18.64crs) & Changes in Inventories / Finished Goods (-5.37crs).
- ✿ Long Term Loans and Advances (45.03crs) could be linked with Other Income (4.58crs) which at 10% of Long term loans and Advances could be the interest income among others.
- ✿ High Tangible assets (142.35crs), Intangible Assets(30.68crs) can be linked to Depreciation and Amortization Expense (7.93crs) as well as Finance Costs (1.80crs).
- ✿ Cash and Bank Balances (0.18crs) seems to be very well managed and again shows the aggressiveness of the company in driving sales. The cash is used up in order to buy more inventories and it links directly to the Cost of Materials Consumed (102.48crs) & Purchases of Stock in Trade(18.64crs) and directly affects operating cost.
- ✿ Short Term Borrowings (7.38crs), Trade Payables (48.61crs) & Other Current Liabilities (45.75crs) can be linked with operating cost, ie., Cost of Materials Consumed (102.48crs) Purchases of Stock in Trade (18.64crs), Changes in Inventories / Finished Goods (-5.37crs) Employee Benefit Expense (15.46crs) & Other Expenses (47.85crs) pictures the high operating cost and inventory consumed that the business of the company demands.
- ✿ Overall, it could be summarised that the company has a good sales figure which demands high production rate which is to be supported by continuous stocking & movement of inventories to meet their customer's needs. The company clearly aims to increase sales by extending long term as well as short term credits to its customers, which is very evident from high receivables and long term loans & advances.