

Financial Accounting
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Lecture – 33

Interpretation and Analysis of Financial Statements: Shipping Corp. of India case 2

Namaste. In last few sessions we are discussing financial statement analysis, so we discussed about horizontal vertical analysis then variety of ratios. In the last session we had seen how to do horizontal analysis where in we have calculated and prepared a comparative statement. I hope it is clear to all, today we are going to go for a common size statement.

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	Mar 17	Mar-16	in Rs. Cr.	
Net Profit/Loss Before Extraordinary Items And Tax	177.24	421.85	-244.61	-0.57985
Net CashFlow From Operating Activities	682.00	1,327.23	-645.23	-0.48615
Net Cash Used In Investing Activities	-85.35	-202.03	116.68	-0.57754
Net Cash Used From Financing Activities	-522.42	-1,095.11	572.69	-0.52295
Adjustments on Amalgamation / Merger / Demerger / C	0.19	0	0.19	#DIV/0!
Net Inc/Dec In Cash And Cash Equivalents	74.42	30.09	44.33	1.473247
Cash And Cash Equivalents Begin of Year	496.82	1,256.16	-759.34	-0.60449
Cash And Cash Equivalents End Of Year	571.24	1,286.25	-715.01	-0.55589

Source : Dion Global Solutions Limited

I will just show comparative statement once more.

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	Rs. Cr.	Mar 17	Mar-16	difference	
comparative statement					
Shipping Corporation of India					
Standalone Profit & Loss account					
INCOME					
Revenue From Operations [Gross]	3,407.24	4,078.28	-671.04	-0.16	
Revenue From Operations [Net]	3,407.24	4,078.28	-671.04	-0.16	
Other Operating Revenues	39.63	34.11	5.52	0.16	
Total Operating Revenues	3,446.87	4,112.39	-665.52	-0.16	
Other Income	145.23	164.8	-19.57	-0.12	
Total Revenue	3,592.10	4,277.19	-685.09	-0.16	
EXPENSES					
Operating And Direct Expenses	2,141.29	2,339.56	-198.27	-0.08	
Employee Benefit Expenses	457.65	457.38	0.27	0.00	
Finance Costs	172.15	160.6	11.55	0.07	
Depreciation And Amortisation Expenses	600.07	570.05	30.02	0.03	

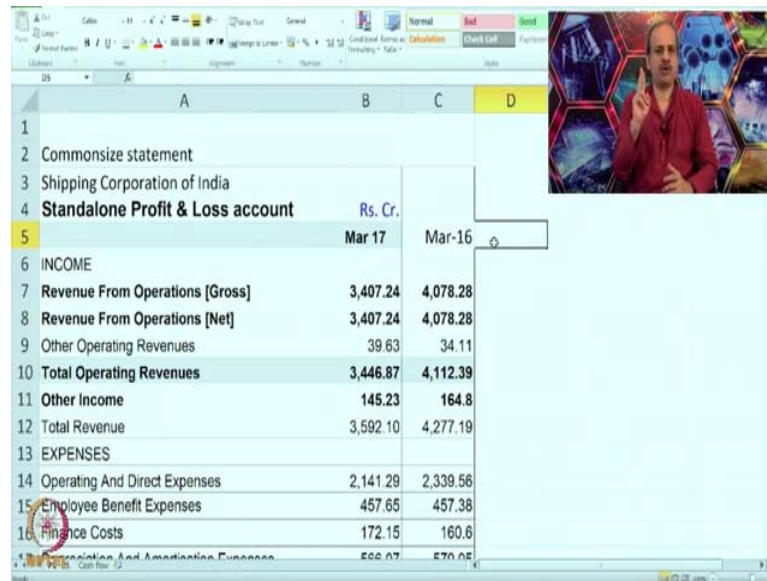
So, what we are done was we have calculated the change and the percentage change for both P and L balance sheet.

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	Mar 17	Mar-16	change	% change
Balance Sheet of Shipping Corporation				
in Rs. Cr.				
EQUITIES AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	465.80	465.80	0.00	0.00
Total Share Capital	465.80	465.80	0.00	0.00
Reserves and Surplus	6,401.58	6,444.59	-43.01	-0.01
Total Reserves and Surplus	6,401.58	6,444.59	-43.01	-0.01
Total Shareholders Funds	6,867.38	6,910.39	-43.01	-0.01
NON-CURRENT LIABILITIES				
Long Term Borrowings	3,077.63	4,598.01	-1520.38	-0.33
Deferred Tax Liabilities (Net)	343.62	0	343.62	#DIV/0!
Other Long Term Liabilities	0.38	0.09	0.29	3.22
Long Term Provisions	85.74	144.51	-58.77	-0.41
Total Non-Current Liabilities	3,507.37	4,742.61	-1235.24	-0.26
CURRENT LIABILITIES				
	0.00	0.00	0.00	#DIV/0!

And then for summarized cash flow, this was a common size P and L and common size balance sheet.

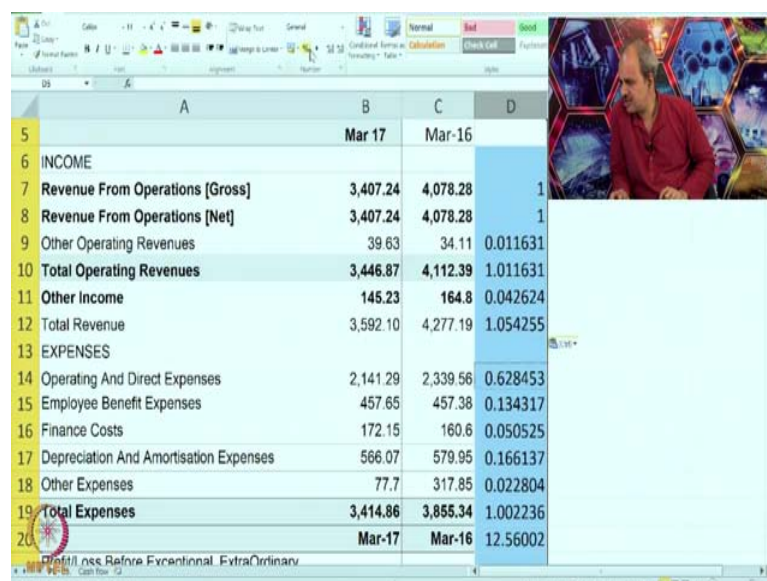
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	Mar 17	Mar-16
INCOME		
Revenue From Operations [Gross]	3,407.24	4,078.28
Revenue From Operations [Net]	3,407.24	4,078.28
Other Operating Revenues	39.63	34.11
Total Operating Revenues	3,446.87	4,112.39
Other Income	145.23	164.8
Total Revenue	3,592.10	4,277.19
EXPENSES		
Operating And Direct Expenses	2,141.29	2,339.56
Employee Benefit Expenses	457.65	457.38
Finance Costs	172.15	160.6
Depreciation And Amortisation Expenses	566.07	579.95
Other Expenses	77.7	317.85
Total Expenses	3,414.86	3,855.34

Now, what we will do is what is known as vertical analysis and for vertical as the name suggests it is vertical because to a common base we compare and calculate the figures and then if you want we can compare the 2 years figures, but first we will compare it within the year. So, a statement which we make is known as common size statement, I had requested to make it I had requested you to make it on your own, so this is common size ok. So, let us make common size statement please make it along with me it is very simple, so take the print out of the given sheet that is P and L balance sheet and cash flow which is for 2 years.

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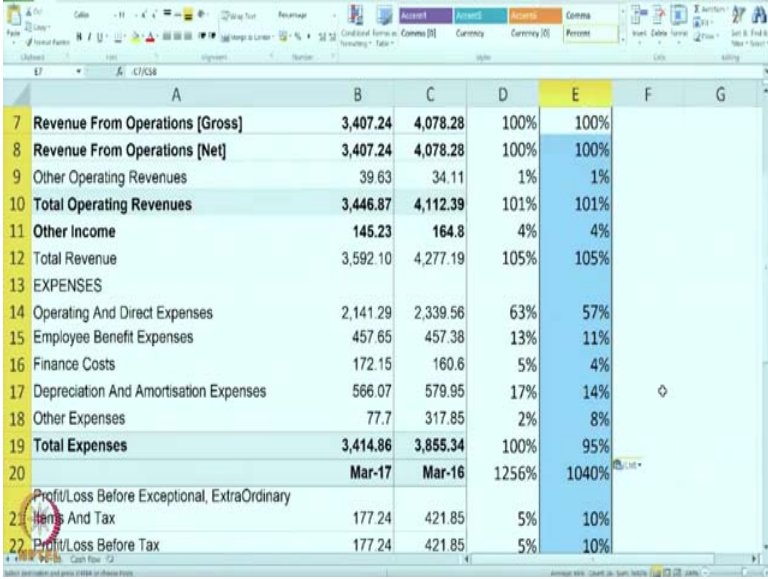


	Mar 17	Mar-16	
INCOME			
Revenue From Operations [Gross]	3,407.24	4,078.28	1
Revenue From Operations [Net]	3,407.24	4,078.28	1
Other Operating Revenues	39.63	34.11	0.011631
Total Operating Revenues	3,446.87	4,112.39	1.011631
Other Income	145.23	164.8	0.042624
Total Revenue	3,592.10	4,277.19	1.054255
EXPENSES			
Operating And Direct Expenses	2,141.29	2,339.56	0.628453
Employee Benefit Expenses	457.65	457.38	0.134317
Finance Costs	172.15	160.6	0.050525
Depreciation And Amortisation Expenses	566.07	579.95	0.166137
Other Expenses	77.7	317.85	0.022804
Total Expenses	3,414.86	3,855.34	1.002236
	Mar-17	Mar-16	12.56002

Now, if you take P and L we can compare these two values, but instead of comparing actual values we want to first convert them into percentage. For converting into percentage we will take the base as the total revenue or sometimes we take base as revenue from operations. So, for any individual figure let us say we want to calculate operating and direct expenses which is 2141, so 2141 divided by revenue from operations.

So, 62 percent is the operating expenses, so total revenue if is 100 62 percent is spent on, now what we can do here is let us make it B dollar 8, so that we can drag it now. So, all the figures we have got it as a relationship of the total, you can also do it for the total even for the revenue items got it. Gross and net revenue is of course 1 and other figures are as a percentage to total, for better understanding if you like you can even converted into percentage, this looks bit better.

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	B	C	D	E
7 Revenue From Operations [Gross]	3,407.24	4,078.28	100%	100%
8 Revenue From Operations [Net]	3,407.24	4,078.28	100%	100%
9 Other Operating Revenues	39.63	34.11	1%	1%
10 Total Operating Revenues	3,446.87	4,112.39	101%	101%
11 Other Income	145.23	164.8	4%	4%
12 Total Revenue	3,592.10	4,277.19	105%	105%
13 EXPENSES				
14 Operating And Direct Expenses	2,141.29	2,339.56	63%	57%
15 Employee Benefit Expenses	457.65	457.38	13%	11%
16 Finance Costs	172.15	160.6	5%	4%
17 Depreciation And Amortisation Expenses	566.07	579.95	17%	14%
18 Other Expenses	77.7	317.85	2%	8%
19 Total Expenses	3,414.86	3,855.34	100%	95%
20 Profit/Loss Before Exceptional, ExtraOrdinary	Mar-17	Mar-16	1256%	1040%
21 Items And Tax	177.24	421.85	5%	10%
22 Profit/Loss Before Tax	177.24	421.85	5%	10%

So, operating expenses you can see are now 63 percent of the revenue, now same thing do it for the; so now, are you able to see them as a common size statement the total is 100 and every item that is safe operating expense is 63 percent in March 17 whereas, it is 57 percentage in March 16. So, you can easily see that operating expenses as a percentage have gone up.

Actually, if you look at the amount they have not increased much, but because of the fall in the revenue they could not reduced their expenses like the fall in the revenue that is

why as a percentage they have gone up. So, this is one way of interpreting it, employee benefit as a percentage as slightly gone up, depreciation as a percentage as slightly gone up.

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	B	C	D	E
	Mar-17	Mar-16	1256%	1040%
19 Total Expenses	3,414.86	3,855.34	100%	95%
20 Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax	177.24	421.85	5%	10%
21 Profit/Loss Before Tax	177.24	421.85	5%	10%
22 Tax Expenses-Continued Operations			0%	0%
23 Current Tax	61.05	71	2%	2%
24 Less: MAT Credit Entitlement	11.32	24.5	0%	1%
25 Deferred Tax	-8.01	0	0%	0%
26 Tax For Earlier Years	0	0	0%	0%
27 Total Tax Expenses	41.72	46.5	1%	1%
28 Profit/Loss After Tax And Before ExtraOrdinary Items	135.52	375.35	4%	9%
29 Prior Period Items	0	1.94	0%	0%
30 Extraordinary Items	0	0	0%	0%
31 Profit/Loss From Continuing Operations	135.52	377.29	4%	9%
32 Profit/Loss For The Period	135.52	377.29	4%	9%

So, various figures now you can get it as a percent, profit if you want to see profit before tax has gone down from 10 percent to 5 percent, profit after tax has gone down from 9 percent to 4 percent.

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	B	C	D	E
	Mar-17	Mar-16	1256%	1040%
22 Profit/Loss Before Tax	177.24	421.85	5%	10%
23 Tax Expenses-Continued Operations			0%	0%
24 Current Tax	61.05	71	2%	2%
25 Less: MAT Credit Entitlement	11.32	24.5	0%	1%
26 Deferred Tax	-8.01	0	0%	0%
27 Tax For Earlier Years	0	0	0%	0%
28 Total Tax Expenses	41.72	46.5	1%	1%
29 Profit/Loss After Tax And Before ExtraOrdinary Items	135.52	375.35	4%	9%
30 Prior Period Items	0	1.94	0%	0%
31 Extraordinary Items	0	0	0%	0%
32 Profit/Loss From Continuing Operations	135.52	377.29	4%	9%
33 Profit/Loss For The Period	135.52	377.29	4%	9%

In a way we are now calculating variety of ratios, you have seen net profit profitability ratios which were profit upon sales. You can also calculate various expense ratios like; say operating expenses to sales to know the operating expense percent or employee benefit expense percent. So, all figures are now represented as a percentage and then we are able to compare them across the years because, comparing absolute figures was not that much sensible although since it is for the same company still it was possible.

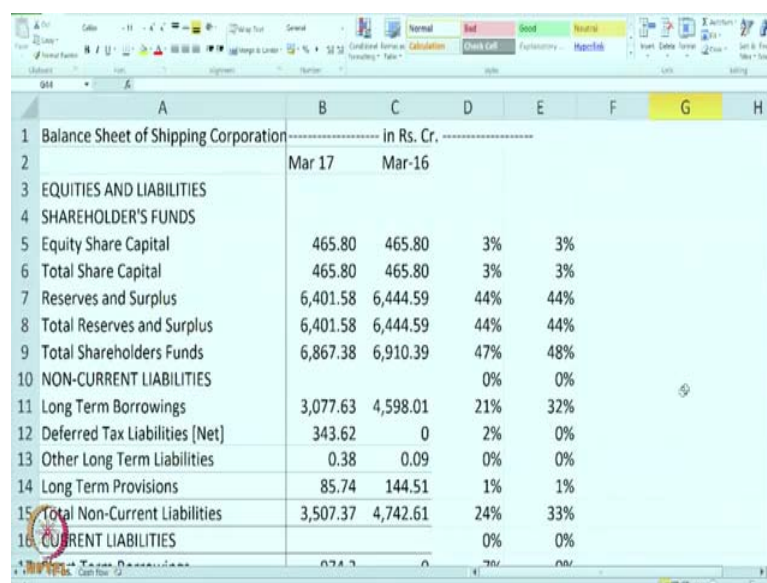
But, if you want to compare with other companies in the industry it was senseless to compare it, but now we can compare it across different companies or with the industry average also to know our expenses versus others. This is known as a common size P and L or a common size statement of revenue, now let us do it for balance sheet.

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	Mar 17	Mar-16		
1 Balance Sheet of Shipping Corporation				
2				
3 EQUITIES AND LIABILITIES				
4 SHAREHOLDER'S FUNDS				
5 Equity Share Capital	465.80	465.80	7%	7%
6 Total Share Capital	465.80	465.80		
7 Reserves and Surplus	6,401.58	6,444.59		
8 Total Reserves and Surplus	6,401.58	6,444.59		
9 Total Shareholders Funds	6,867.38	6,910.39		
10 NON-CURRENT LIABILITIES				
11 Long Term Borrowings	3,077.63	4,598.01		
12 Deferred Tax Liabilities (Net)	343.62	0		
13 Other Long Term Liabilities	0.38	0.09		
14 Long Term Provisions	85.74	144.51		
15 Total Non-Current Liabilities	3,507.37	4,742.61		
16 CURRENT LIABILITIES				

Now, balance sheet also we have got figures for 2 years, so I have pasted that formula here. But this could be slightly wrong because we have to take total; this particular figure that is share capital is taken to the base of what earlier we took it as a base of total revenue because it was in P and L.

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	in Rs. Cr.			
	Mar 17	Mar-16		
1 Balance Sheet of Shipping Corporation				
2				
3 EQUITIES AND LIABILITIES				
4 SHAREHOLDER'S FUNDS				
5 Equity Share Capital	465.80	465.80	3%	3%
6 Total Share Capital	465.80	465.80	3%	3%
7 Reserves and Surplus	6,401.58	6,444.59	44%	44%
8 Total Reserves and Surplus	6,401.58	6,444.59	44%	44%
9 Total Shareholders Funds	6,867.38	6,910.39	47%	48%
10 NON-CURRENT LIABILITIES			0%	0%
11 Long Term Borrowings	3,077.63	4,598.01	21%	32%
12 Deferred Tax Liabilities (Net)	343.62	0	2%	0%
13 Other Long Term Liabilities	0.38	0.09	0%	0%
14 Long Term Provisions	85.74	144.51	1%	1%
15 Total Non-Current Liabilities	3,507.37	4,742.61	24%	33%
16 CURRENT LIABILITIES			0%	0%

In balance sheet it will be taken as a base of total of capital and liabilities which is same as total of assets. So, you can see here total of capital and liabilities which is 22, so here I have to take base as 22, so it is 3 percent of the total for both the years are you getting it, it is very simple, but it gives you lot of insights if you read carefully. Now you can see that out of 100 of total liabilities only 3 comes from share capital is it a good or bad sign, it is good sign because you can see lot of reserves are accumulated over the period.

So, only 3 is the money put in by the owners on that 44 percent was generated by way of reserves, so the total shareholder's funds where 48 percent now it is 47 percent. Because of reduction in profit there is a slight fall, long term borrowings where 32 percent and now they have gone down to 21 percent total non-current liabilities have of course, fallen in line from 33 to 24.

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The screenshot shows an Excel spreadsheet with the following data:

	B	C	D	E
13 Other Long Term Liabilities	0.38	0.09	0%	0%
14 Long Term Provisions	85.74	144.51	1%	1%
15 Total Non-Current Liabilities	3,507.37	4,742.61	24%	33%
16 CURRENT LIABILITIES			0%	0%
17 Short Term Borrowings	974.2	0	7%	0%
18 Trade Payables	2,945.08	989.61	20%	7%
19 Other Current Liabilities	161.86	1,790.67	1%	12%
20 Short Term Provisions	9.68	67.63	0%	0%
21 Total Current Liabilities	4,090.82	2,847.91	28%	20%
22 Total Capital And Liabilities	14,465.57	14,500.91	100%	100%
23 ASSETS			0%	0%
24 NON-CURRENT ASSETS			0%	0%
25 Tangible Assets	11,410.62	11,602.82	79%	80%
26 Intangible Assets	0.06	0.58	0%	0%
27 Capital Work-In-Progress	27.33	0	0%	0%
28 Other Assets	0	0	0%	0%

Short term borrowings are actually going up which is a matter of concern from 0 to 7 trade payables increased from 7 to 20 percent, although there was a fall in other current liabilities. So, overall total current liabilities which were earlier 20 percent have now become 28 percent.

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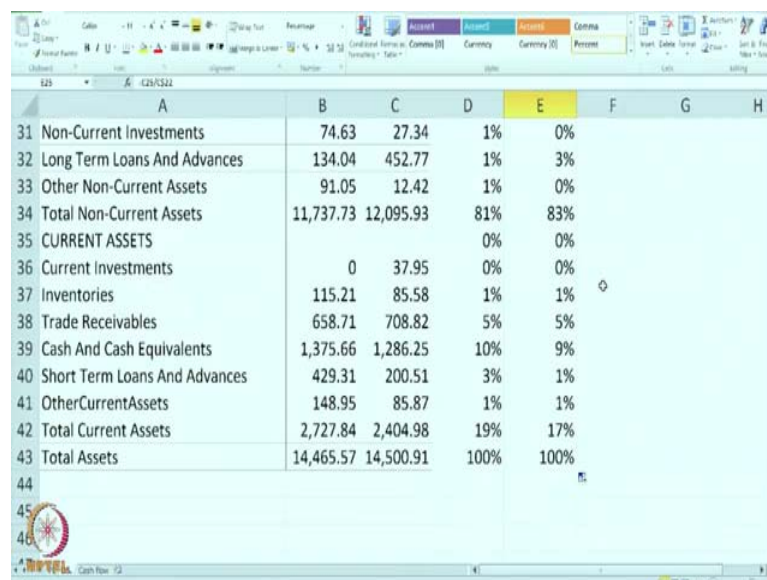
The screenshot shows an Excel spreadsheet with the following data:

	B	C	D	E
22 Total Capital And Liabilities	14,465.57	14,500.91	100%	100%
23 ASSETS			0%	0%
24 NON-CURRENT ASSETS			0%	0%
25 Tangible Assets	11,410.62	11,602.82	79%	80%
26 Intangible Assets	0.06	0.58	0%	0%
27 Capital Work-In-Progress	27.33	0	0%	0%
28 Other Assets	0	0	0%	0%
29 Assets Held For Sale	0	0	0%	0%
30 Fixed Assets	11,438.01	11,603.40	79%	80%
31 Non-Current Investments	74.63	27.34	1%	0%
32 Long Term Loans And Advances	134.04	452.77	1%	3%
33 Other Non-Current Assets	91.05	12.42	1%	0%
34 Total Non-Current Assets	11,737.73	12,095.93	81%	83%
35 CURRENT ASSETS			0%	0%
36 Current Investments	0	37.95	0%	0%
37 Inventories	115.21	85.58	1%	1%

If you look at assets tangible assets are 80 percent of the total assets is it a good sign normally yes, because it is a shipping company they have to invest huge amounts in

purchasing the ships they have their own ships that is why this percentage is very high as much as 80 percent.

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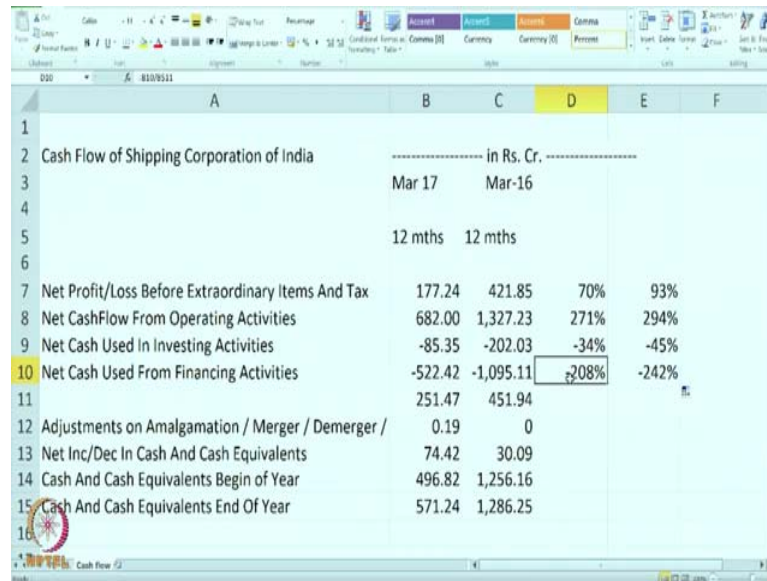


	B	C	D	E
31 Non-Current Investments	74.63	27.34	1%	0%
32 Long Term Loans And Advances	134.04	452.77	1%	3%
33 Other Non-Current Assets	91.05	12.42	1%	0%
34 Total Non-Current Assets	11,737.73	12,095.93	81%	83%
35 CURRENT ASSETS			0%	0%
36 Current Investments	0	37.95	0%	0%
37 Inventories	115.21	85.58	1%	1%
38 Trade Receivables	658.71	708.82	5%	5%
39 Cash And Cash Equivalents	1,375.66	1,286.25	10%	9%
40 Short Term Loans And Advances	429.31	200.51	3%	1%
41 OtherCurrentAssets	148.95	85.87	1%	1%
42 Total Current Assets	2,727.84	2,404.98	19%	17%
43 Total Assets	14,465.57	14,500.91	100%	100%

Most other figures are very small except that cash equivalents which are around 10 percent we have to check whether they need that much of cash maybe they have got excess cash also. And current assets in general earlier where 17 percent have become now 19 percent, but which mainly comprise of cash other items are very small other items of current assets.

So, this is a comparative balance sheet, now this comparative balance sheet sorry this is a common size balance sheet it can be across the industry compared. In coming case we are going to compare with other peers in the industry, but right now is this clear to you this is a comparative balance sheet, now let us go to cash flow statement.

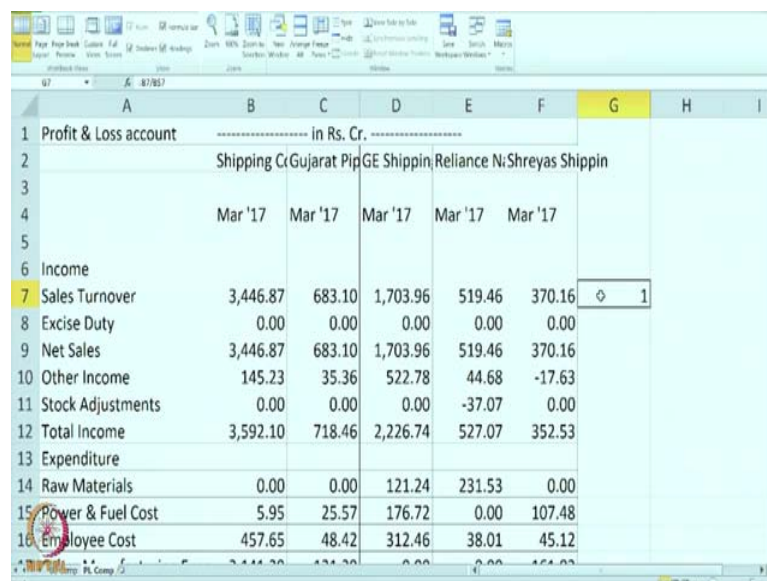
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	Mar 17	Mar 16		
	12 mths	12 mths		
Net Profit/Loss Before Extraordinary Items And Tax	177.24	421.85	70%	93%
Net CashFlow From Operating Activities	682.00	1,327.23	271%	294%
Net Cash Used In Investing Activities	-85.35	-202.03	-34%	-45%
Net Cash Used From Financing Activities	-522.42	-1,095.11	-208%	-242%
Adjustments on Amalgamation / Merger / Demerger /	251.47	451.94		
	0.19	0		
Net Inc/Dec In Cash And Cash Equivalents	74.42	30.09		
Cash And Cash Equivalents Begin Of Year	496.82	1,256.16		
Cash And Cash Equivalents End Of Year	571.24	1,286.25		

Now, we have got cash flow statement for 2 years, now in cash flow the denominator is going to be the total cash generated I think total is not given here. So, first we will have to calculate the total, this total you can take as a base it does not become that much sensible for cash flow statement, but I am just showing how it can be it calculated, so because there are only 3 figures. So, this is a large amount in from operations though it has come down whereas, the financing activities it is a negative amount are you getting it.

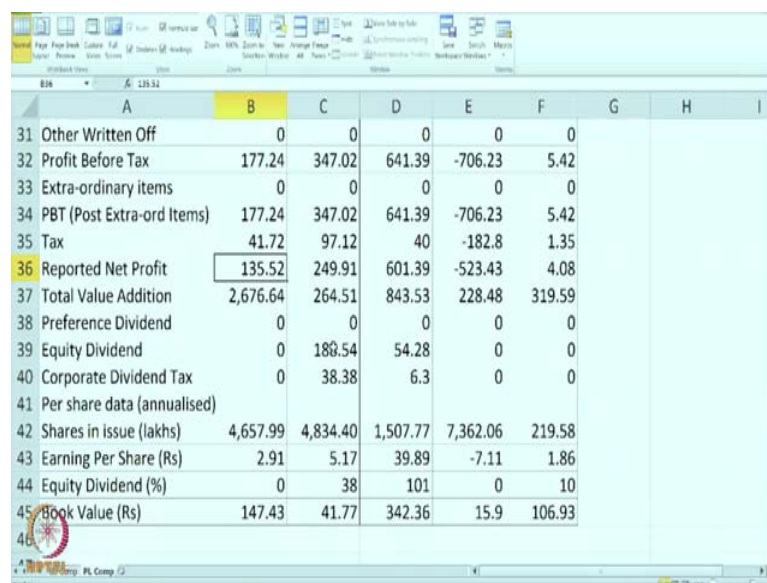
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	Mar '17	Mar '17	Mar '17	Mar '17	Mar '17
Income					
Sales Turnover	3,446.87	683.10	1,703.96	519.46	370.16
Excise Duty	0.00	0.00	0.00	0.00	0.00
Net Sales	3,446.87	683.10	1,703.96	519.46	370.16
Other Income	145.23	35.36	522.78	44.68	-17.63
Stock Adjustments	0.00	0.00	0.00	-37.07	0.00
Total Income	3,592.10	718.46	2,226.74	527.07	352.53
Expenditure					
Raw Materials	0.00	0.00	121.24	231.53	0.00
Power & Fuel Cost	5.95	25.57	176.72	0.00	107.48
Employee Cost	457.65	48.42	312.46	38.01	45.12

Now, let us go to the next calculation, now is it visible, so here we have taken of financial statements of 5 leading shipping companies in India we were just talking about comparison across the industry peers. Now, this is for shipping corporation of India the company which we were discussing, then there is Gujarat Pipavav, GE shipping, Reliance Naval, and Shreyas shipping. So, now, all the figures are given you can see shipping corporation is a industry leader they have much more turnover than other companies other companies are relatively small, but we would try to calculate their profitability now as a percentage.

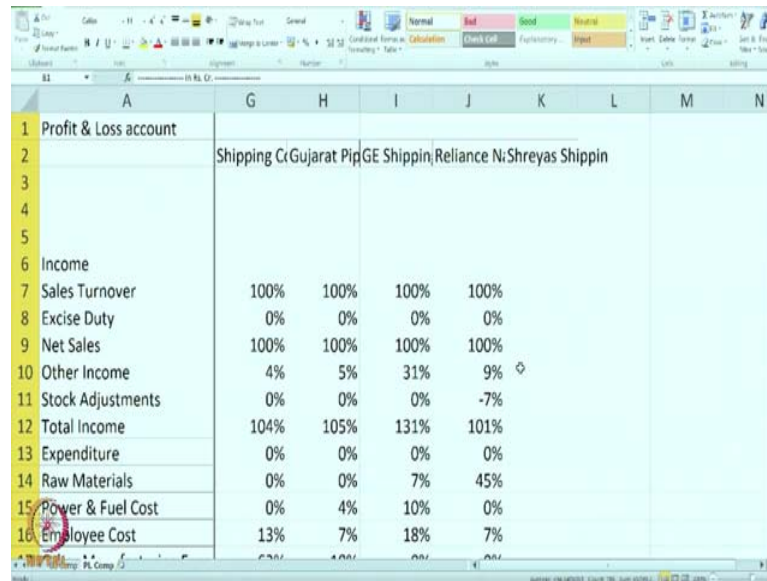
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	A	B	C	D	E	F	G	H	I
31 Other Written Off		0	0	0	0	0			
32 Profit Before Tax		177.24	347.02	641.39	-706.23	5.42			
33 Extra-ordinary items		0	0	0	0	0			
34 PBT (Post Extra-ord Items)		177.24	347.02	641.39	-706.23	5.42			
35 Tax		41.72	97.12	40	-182.8	1.35			
36 Reported Net Profit		135.52	249.91	601.39	-523.43	4.08			
37 Total Value Addition		2,676.64	264.51	843.53	228.48	319.59			
38 Preference Dividend		0	0	0	0	0			
39 Equity Dividend		0	188.54	54.28	0	0			
40 Corporate Dividend Tax		0	38.38	6.3	0	0			
41 Per share data (annualised)									
42 Shares in issue (lakhs)		4,657.99	4,834.40	1,507.77	7,362.06	219.58			
43 Earning Per Share (Rs)		2.91	5.17	39.89	-7.11	1.86			
44 Equity Dividend (%)		0	38	101	0	10			
45 Book Value (Rs)		147.43	41.77	342.36	15.9	106.93			

If you look at their profits, profit after tax you will see that the reported net profit of shipping companies shipping corporation is only 135 versus relatively much higher profits for GE shipping whereas Reliance naval has a huge loss, but absolute figures are difficult to compare because the base is different. So, what we will do now is we will convert each of these figures into percentage then it will make much better understanding for us. So, all the figures we will divided by the sales turnover.

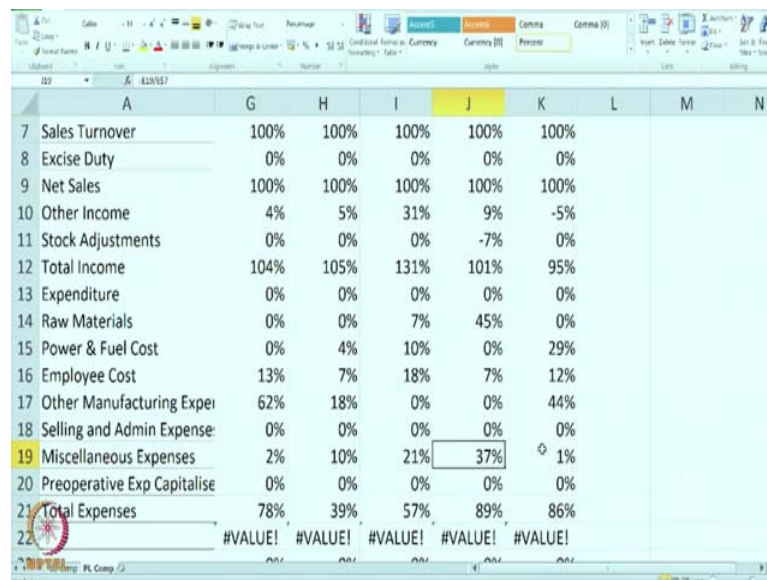
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	Shipping Cr Gujarat Pip	GE Shippin	Reliance N	Shreyas Shippin
Profit & Loss account				
Income				
Sales Turnover	100%	100%	100%	100%
Excise Duty	0%	0%	0%	0%
Net Sales	100%	100%	100%	100%
Other Income	4%	5%	31%	9%
Stock Adjustments	0%	0%	0%	-7%
Total Income	104%	105%	131%	101%
Expenditure	0%	0%	0%	0%
Raw Materials	0%	0%	7%	45%
Power & Fuel Cost	0%	4%	10%	0%
Employee Cost	13%	7%	18%	7%

And, let us converted into percentages I will also copy the heading and I will hide now the actual figures instead of looking at the actual figures it becomes far better and sensible to compare it as a common size statements.

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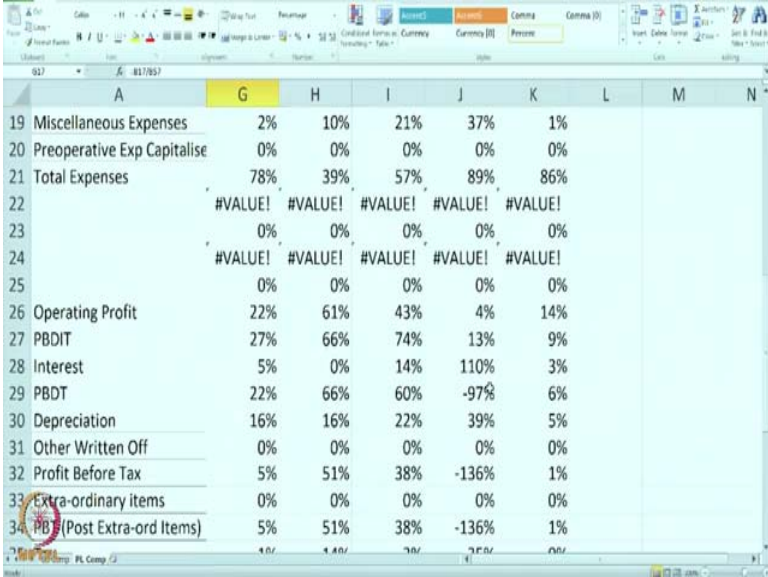


	Shipping Cr Gujarat Pip	GE Shippin	Reliance N	Shreyas Shippin
Sales Turnover	100%	100%	100%	100%
Excise Duty	0%	0%	0%	0%
Net Sales	100%	100%	100%	100%
Other Income	4%	5%	31%	9%
Stock Adjustments	0%	0%	0%	-7%
Total Income	104%	105%	131%	101%
Expenditure	0%	0%	0%	0%
Raw Materials	0%	0%	7%	45%
Power & Fuel Cost	0%	4%	10%	0%
Employee Cost	13%	7%	18%	7%
Other Manufacturing Expense	62%	18%	0%	0%
Selling and Admin Expense	0%	0%	0%	0%
Miscellaneous Expenses	2%	10%	21%	37%
Preoperative Exp Capitalise	0%	0%	0%	0%
Total Expenses	78%	39%	57%	89%

Now, let us see one by one, so here we see that the net sales and if you take different items raw material anyway is negligible, but you have a high raw material for I think one of the figures is not compared. So, here now we are taking all the 5 figures as common size statements and I think they become much better comparable.

So, let us take raw material, raw material cost is negligible, but for reliance naval their nature of business is different. So, they have got significant raw material cost they also are spending large quantum in other manufacturing expenses. Whereas, for shipping corporation the major amount is in other manufacturing instead of other expenses, but there can be slide different way of classifying it.

(Refer Slide Time: 18:09)

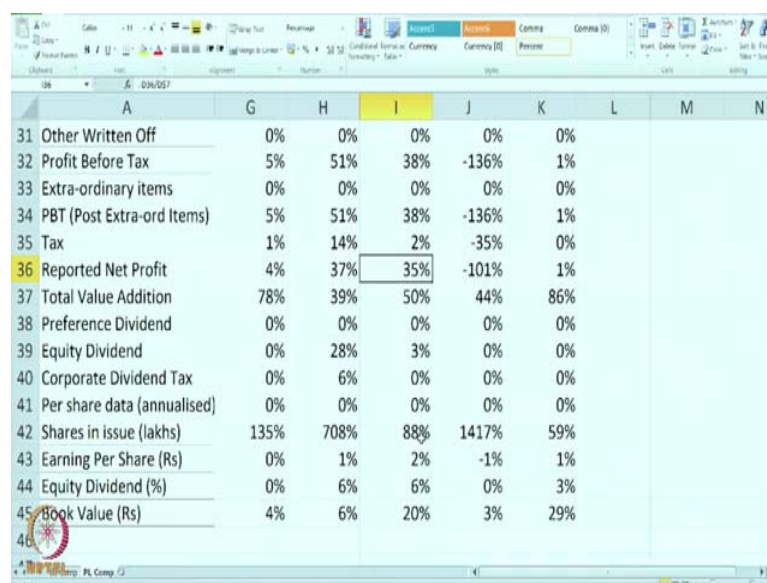


	G	H	I	J	K	L	M	N
19 Miscellaneous Expenses	2%	10%	21%	37%	1%			
20 Preoperative Exp Capitalise	0%	0%	0%	0%	0%			
21 Total Expenses	78%	39%	57%	89%	86%			
22	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!			
23	0%	0%	0%	0%	0%			
24	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!			
25	0%	0%	0%	0%	0%			
26 Operating Profit	22%	61%	43%	4%	14%			
27 PBDIT	27%	66%	74%	13%	9%			
28 Interest	5%	0%	14%	110%	3%			
29 PBDT	22%	66%	60%	-97%	6%			
30 Depreciation	16%	16%	22%	39%	5%			
31 Other Written Off	0%	0%	0%	0%	0%			
32 Profit Before Tax	5%	51%	38%	-136%	1%			
33 Extra-ordinary items	0%	0%	0%	0%	0%			
34 PB (Post Extra-ord Items)	5%	51%	38%	-136%	1%			

Now, if you go to profits you will realize that operating profit is 22 percent for Shipping Corporation, but for other peers like Gujarat Pipavav and for GE shipping it is much higher 61 percent and 43 percent. It is only 4 percent for reliance and 14 percent for Shreyas shipping, if we go for PBDIT that is cash profit or Profit Before Depreciation Interest and Tax.

Again we get a similar figure, interest expenses are very high for Reliance 110 percent of the revenue that is why at PBDT Profit Before Depreciation and Tax Reliance becomes minus 97 percent while for others the figures are more or less same. Then the depreciation is 16 percent, but very high for Reliance because they have got very costly ships and interest burden is also very high on them, you can see here Reliance has acquired very high cost ships at paying high level of interest.

(Refer Slide Time: 19:23)



	A	G	H	I	J	K	L	M	N
31 Other Written Off		0%	0%	0%	0%	0%			
32 Profit Before Tax		5%	51%	38%	-136%	1%			
33 Extra-ordinary items		0%	0%	0%	0%	0%			
34 PBT (Post Extra-ord Items)		5%	51%	38%	-136%	1%			
35 Tax		1%	14%	2%	-35%	0%			
36 Reported Net Profit		4%	37%	35%	-101%	1%			
37 Total Value Addition		78%	39%	50%	44%	86%			
38 Preference Dividend		0%	0%	0%	0%	0%			
39 Equity Dividend		0%	28%	3%	0%	0%			
40 Corporate Dividend Tax		0%	6%	0%	0%	0%			
41 Per share data (annualised)		0%	0%	0%	0%	0%			
42 Shares in issue (lakhs)		135%	708%	88%	1417%	59%			
43 Earning Per Share (Rs)		0%	1%	2%	-1%	1%			
44 Equity Dividend (%)		0%	6%	6%	0%	3%			
45 Book Value (Rs)		4%	6%	20%	3%	29%			
46									

Now, the profit before tax only 5 percent, but very good profit both for Gujarat Pipavav and GE shipping and for Reliance Naval it is significant negative. Of course you should keep in mind that though all 5 are shipping companies, nature of operation slightly differ because some are operating some pores like; Gujarat Pipavav, so they are making more profits.

Now, profit before tax these are the figures, profit after tax again the two companies Gujarat Pipavav and GE shipping are showing very good profitability and the calculation has been done right up to p ratio and book value is it clear, this is how comparative statement helps us to compare the balance sheets and P and L.

(Refer Slide Time: 20:34)

	Shipping Corp	Gujarat Pip	GE Shipping	Reliance N	Shreyas Shipping
Balance Sheet					
Sources Of Funds					
Total Share Capital	465.8	483.44	150.78	736.21	21.96
Equity Share Capital	465.8	483.44	150.78	736.21	21.96
Share Application Money	0	0	0	0	0
Preference Share Capital	0	0	0	0	0
Reserves	6,401.58	1,536.06	5,011.24	434.27	212.84
Revaluation Reserves	0	0	0	0	0
Networth	6,867.38	2,019.50	5,162.02	1,170.48	234.8
Secured Loans	4,051.83	0	1,138.47	0	149.5
Unsecured Loans	0	0	2,780.17	8,337.33	0
Total Debt	4,051.83	0	3,918.64	8,337.33	149.5
Total Liabilities	10,919.21	2,019.50	9,080.66	9,507.81	384.3

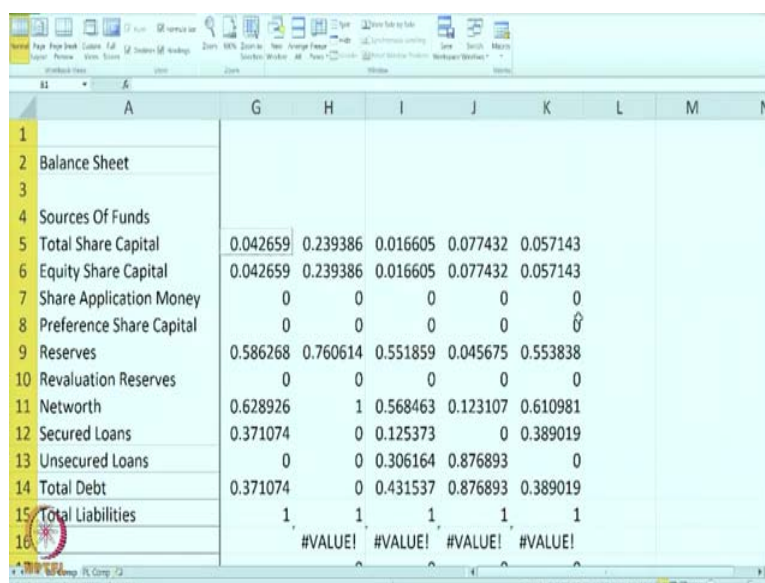
We will also do it for balance sheet, see different companies are different way of financing that can be compared and understood from balance sheet analysis.

(Refer Slide Time: 21:02)

	Shipping Corp	Gujarat Pip	GE Shipping	Reliance N	Shreyas Shipping
Sources Of Funds					
Total Share Capital	465.8	483.44	150.78	736.21	21.96
Equity Share Capital	465.8	483.44	150.78	736.21	21.96
Share Application Money	0	0	0	0	0
Preference Share Capital	0	0	0	0	0
Reserves	6,401.58	1,536.06	5,011.24	434.27	212.84
Revaluation Reserves	0	0	0	0	0
Networth	6,867.38	2,019.50	5,162.02	1,170.48	234.8
Secured Loans	4,051.83	0	1,138.47	0	149.5
Unsecured Loans	0	0	2,780.17	8,337.33	0
Total Debt	4,051.83	0	3,918.64	8,337.33	149.5
Total Liabilities	10,919.21	2,019.50	9,080.66	9,507.81	384.3

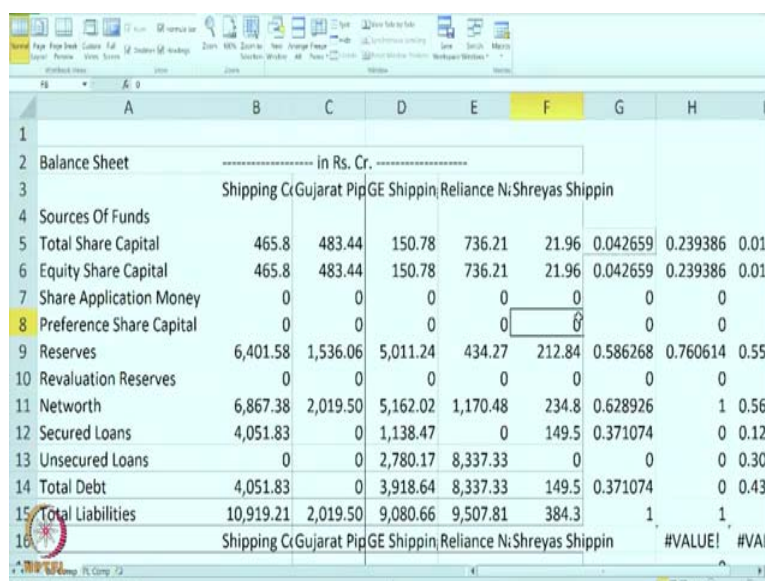
Now, as you know for balance sheet every figure will be compared with the total of assets and liabilities, we have already done for GE shipping sorry for a shipping corporation which now we will also do it for all other peers.

(Refer Slide Time: 21:32)



	A	G	H	I	J	K	L	M	N
1									
2	Balance Sheet								
3									
4	Sources Of Funds								
5	Total Share Capital	0.042659	0.239386	0.016605	0.077432	0.057143			
6	Equity Share Capital	0.042659	0.239386	0.016605	0.077432	0.057143			
7	Share Application Money	0	0	0	0	0			
8	Preference Share Capital	0	0	0	0	0			
9	Reserves	0.586268	0.760614	0.551859	0.045675	0.553838			
10	Revaluation Reserves	0	0	0	0	0			
11	Networth	0.628926	1	0.568463	0.123107	0.610981			
12	Secured Loans	0.371074	0	0.125373	0	0.389019			
13	Unsecured Loans	0	0	0.306164	0.876893	0			
14	Total Debt	0.371074	0	0.431537	0.876893	0.389019			
15	Total Liabilities	1	1	1	1	1			
16		#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!			

(Refer Slide Time: 22:16)



	A	B	C	D	E	F	G	H	I
1									
2	Balance Sheet	----- in Rs. Cr. -----							
3		Shipping Cr	Gujarat Pip	GE Shippin	Reliance N	Shreyas Shippin			
4	Sources Of Funds								
5	Total Share Capital	465.8	483.44	150.78	736.21	21.96	0.042659	0.239386	0.01
6	Equity Share Capital	465.8	483.44	150.78	736.21	21.96	0.042659	0.239386	0.01
7	Share Application Money	0	0	0	0	0	0	0	0
8	Preference Share Capital	0	0	0	0	0	0	0	0
9	Reserves	6,401.58	1,536.06	5,011.24	434.27	212.84	0.586268	0.760614	0.55
10	Revaluation Reserves	0	0	0	0	0	0	0	0
11	Networth	6,867.38	2,019.50	5,162.02	1,170.48	234.8	0.628926	1	0.56
12	Secured Loans	4,051.83	0	1,138.47	0	149.5	0.371074	0	0.12
13	Unsecured Loans	0	0	2,780.17	8,337.33	0	0	0	0.30
14	Total Debt	4,051.83	0	3,918.64	8,337.33	149.5	0.371074	0	0.43
15	Total Liabilities	10,919.21	2,019.50	9,080.66	9,507.81	384.3	1	1	1
16		Shipping Cr	Gujarat Pip	GE Shippin	Reliance N	Shreyas Shippin	#VALUE!	#VAL	

Let us hide the actual figures I think will unhide it, because for some time also see the actual figure then we will go to the percentages. So, you can see the share capital for Shreyas is very small for others is more or less in the range though for GE it is less it is only 150 crore. If you compare reserves Shipping Corporation has huge reserves as well as GE shipping has large reserves, in Reliance the reserves are very less company is continuously earning losses.

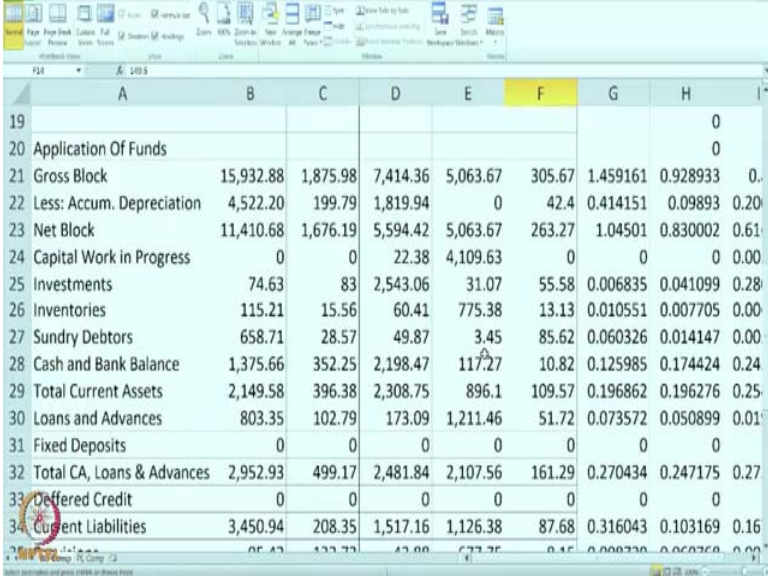
See I am not referring to Reliance industries is this Reliance Naval this is a Anil Ambani group company. In net worth net worth is very high for shipping corporation pretty high for GE for other companies it is comparatively less. Secured loans are very high for shipping corporation 0 0 for I think this is Gujarat Pipavav.

(Refer Slide Time: 23:16)

	A	B	C	D	E	F	G	H	I
7	Share Application Money	0	0	0	0	0	0	0	
8	Preference Share Capital	0	0	0	0	0	0	0	
9	Reserves	6,401.58	1,536.06	5,011.24	434.27	212.84	0.586268	0.760614	0.55
10	Revaluation Reserves	0	0	0	0	0	0	0	
11	Networth	6,867.38	2,019.50	5,162.02	1,170.48	234.8	0.628926	1	0.56
12	Secured Loans	4,051.83	0	1,138.47	0	149.5	0.371074	0	0.12
13	Unsecured Loans	0	0	2,780.17	8,337.33	0	0	0	0.30
14	Total Debt	4,051.83	0	3,918.64	8,337.33	149.5	0.371074	0	0.43
15	Total Liabilities	10,919.21	2,019.50	9,080.66	9,507.81	384.3	1	1	
16	Shipping Co	Gujarat Pip	GE Shippin	Reliance N	Shreyas Shippin		#VALUE!	#VAL	
17							0		
18		Mar '17	Mar '17	Mar '17	Mar '17	Mar '17	#VALUE!	#VAL	
19							0		
20	Application Of Funds						0		
21	Gross Block	15,932.88	1,875.98	7,414.36	5,063.67	305.67	1.459161	0.928933	0.
22	Less: Accum. Depreciation	4,522.20	199.79	1,819.94	0	42.4	0.414151	0.09893	0.20

These shows different way of financing it is a equity finance company you can see no debt whereas, for GE shipping they have a reasonable quantum of debt, for Reliance the debt is very high. On a capital of something like 1000 100 of net worth they have 8 times that as a debt and anyway Shreyas is relatively small less debt.

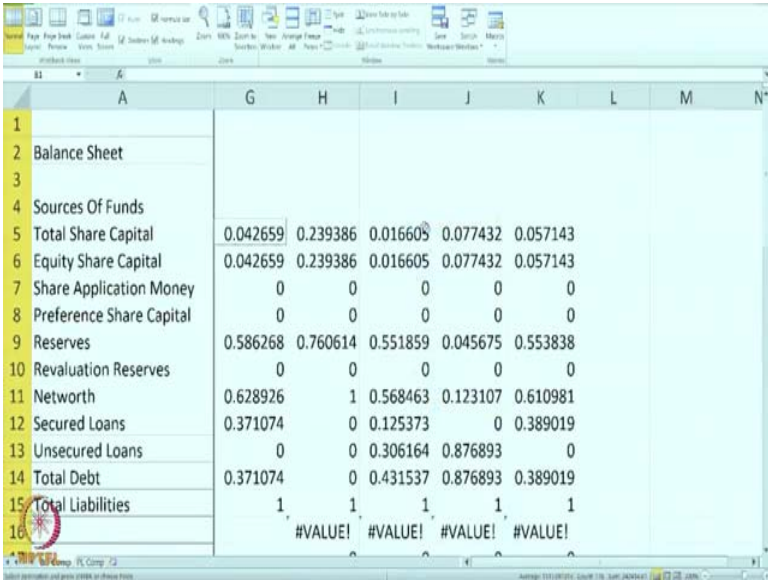
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	A	B	C	D	E	F	G	H	I
19								0	
20	Application Of Funds							0	
21	Gross Block	15,932.88	1,875.98	7,414.36	5,063.67	305.67	1.459161	0.928933	0.
22	Less: Accum. Depreciation	4,522.20	199.79	1,819.94	0	42.4	0.414151	0.09893	0.20
23	Net Block	11,410.68	1,676.19	5,594.42	5,063.67	263.27	1.04501	0.830002	0.61
24	Capital Work in Progress	0	0	22.38	4,109.63	0	0	0	0.00
25	Investments	74.63	83	2,543.06	31.07	55.58	0.006835	0.041099	0.28
26	Inventories	115.21	15.56	60.41	775.38	13.13	0.010551	0.007705	0.00
27	Sundry Debtors	658.71	28.57	49.87	3.45	85.62	0.060326	0.014147	0.00
28	Cash and Bank Balance	1,375.66	352.25	2,198.47	117.27	10.82	0.125985	0.174424	0.24
29	Total Current Assets	2,149.58	396.38	2,308.75	896.1	109.57	0.196862	0.196276	0.25
30	Loans and Advances	803.35	102.79	173.09	1,211.46	51.72	0.073572	0.050899	0.01
31	Fixed Deposits	0	0	0	0	0	0	0	
32	Total CA, Loans & Advances	2,952.93	499.17	2,481.84	2,107.56	161.29	0.270434	0.247175	0.27
33	Deferred Credit	0	0	0	0	0	0	0	
34	Current Liabilities	3,450.94	208.35	1,517.16	1,126.38	87.68	0.316043	0.103169	0.16

You can also look at their gross block, gross block is very high for Shipping Corporation because, they own lot of ships somewhat less for GE and other companies have lesser. So, you can understand that other companies are more efficient in utilizing there asset which is mainly the ship. Now, I think we will hide the figures and go for comparison with percentage.

(Refer Slide Time: 24:14)



	A	G	H	I	J	K	L	M	N
1									
2	Balance Sheet								
3									
4	Sources Of Funds								
5	Total Share Capital	0.042659	0.239386	0.016605	0.077432	0.057143			
6	Equity Share Capital	0.042659	0.239386	0.016605	0.077432	0.057143			
7	Share Application Money	0	0	0	0	0			
8	Preference Share Capital	0	0	0	0	0			
9	Reserves	0.586268	0.760614	0.551859	0.045675	0.553838			
10	Revaluation Reserves	0	0	0	0	0			
11	Networth	0.628926	1	0.568463	0.123107	0.610981			
12	Secured Loans	0.371074	0	0.125373	0	0.389019			
13	Unsecured Loans	0	0	0.306164	0.876893	0			
14	Total Debt	0.371074	0	0.431537	0.876893	0.389019			
15	Total Liabilities	1	1	1	1	1			
16		#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!			

Let us convert it into percentage terms.

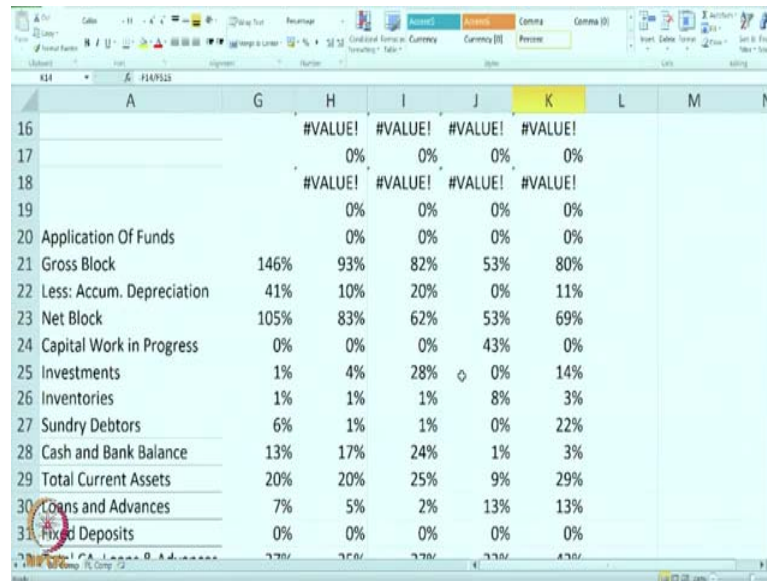
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	A	G	H	I	J	K	L	M
1								
2	Balance Sheet							
3								
4	Sources Of Funds							
5	Total Share Capital	4%	24%	2%	8%	6%		
6	Equity Share Capital	4%	24%	2%	8%	6%		
7	Share Application Money	0%	0%	0%	0%	0%		
8	Preference Share Capital	0%	0%	0%	0%	0%		
9	Reserves	59%	76%	55%	5%	55%		
10	Revaluation Reserves	0%	0%	0%	0%	0%		
11	Networth	63%	100%	57%	12%	61%		
12	Secured Loans	37%	0%	13%	0%	39%		
13	Unsecured Loans	0%	0%	31%	88%	0%		
14	Total Debt	37%	0%	43%	88%	39%		
15	Total Liabilities	100%	100%	100%	100%	100%		
16			#VALUE!	#VALUE!	#VALUE!	#VALUE!		

So now, you can see this is a shipping corporation they have only 4 percent of the total as share capital because they have got substantial reserves, Gujarat Pipavav has even higher reserves, but they have no debt. So, it is mainly financed by share capital plus reserves, now their net worth is 100 percent of the total for shipping corporation its 63 of net worth versus 33 of secured loans, for GE shipping it is 53 versus 43.

So, if you remember we had discussed about debt equity ratio, debt equity ratio will be 37 by 60 by 63 for Gujarat Pipavav it is 0, for GE shipping it is 43 by 53, for Reliance it is 88 by 8 because of huge debt and for the last company it is that is Shreyas it is 39 is to 64.

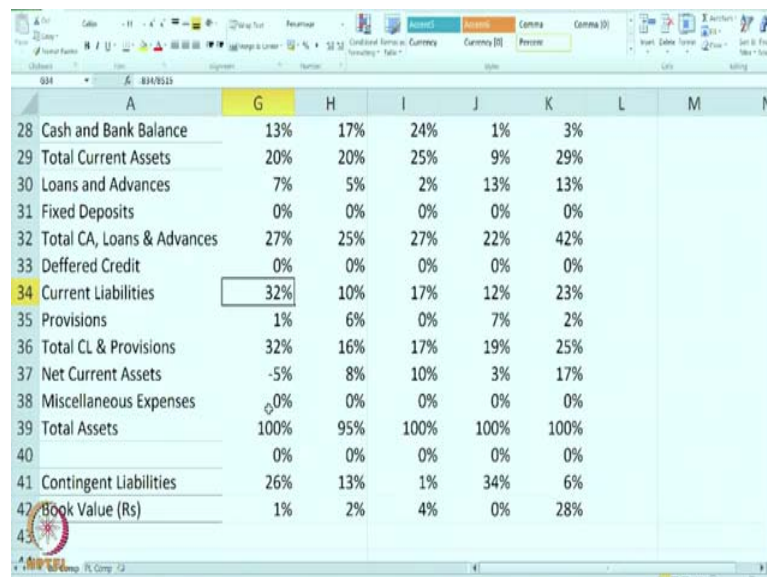
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	A	G	H	I	J	K	L	M	N
16			#VALUE!	#VALUE!	#VALUE!	#VALUE!			
17			0%	0%	0%	0%			
18			#VALUE!	#VALUE!	#VALUE!	#VALUE!			
19			0%	0%	0%	0%			
20	Application Of Funds		0%	0%	0%	0%			
21	Gross Block	146%	93%	82%	53%	80%			
22	Less: Accum. Depreciation	41%	10%	20%	0%	11%			
23	Net Block	105%	83%	62%	53%	69%			
24	Capital Work in Progress	0%	0%	0%	43%	0%			
25	Investments	1%	4%	28%	0%	14%			
26	Inventories	1%	1%	1%	8%	3%			
27	Sundry Debtors	6%	1%	1%	0%	22%			
28	Cash and Bank Balance	13%	17%	24%	1%	3%			
29	Total Current Assets	20%	20%	25%	9%	29%			
30	Loans and Advances	7%	5%	2%	13%	13%			
31	Fixed Deposits	0%	0%	0%	0%	0%			
32	Total CA, Loans & Advances	27%	25%	27%	22%	42%			

Now, if you go to the gross block you will realize that very high gross block 146 percent for GE shipping, but their ships are relatively older that is why they have lot of accumulated depreciation net block is 105. Now, if you look at total fixed assets I think it is same amount more or less because only Reliance Naval has some capital work in progress; total current assets are 20 percent more or less in the same range.

(Refer Slide Time: 26:26)



	A	G	H	I	J	K	L	M	N
28	Cash and Bank Balance	13%	17%	24%	1%	3%			
29	Total Current Assets	20%	20%	25%	9%	29%			
30	Loans and Advances	7%	5%	2%	13%	13%			
31	Fixed Deposits	0%	0%	0%	0%	0%			
32	Total CA, Loans & Advances	27%	25%	27%	22%	42%			
33	Deffered Credit	0%	0%	0%	0%	0%			
34	Current Liabilities	32%	10%	17%	12%	23%			
35	Provisions	1%	6%	0%	7%	2%			
36	Total CL & Provisions	32%	16%	17%	19%	25%			
37	Net Current Assets	-5%	8%	10%	3%	17%			
38	Miscellaneous Expenses	0%	0%	0%	0%	0%			
39	Total Assets	100%	95%	100%	100%	100%			
40		0%	0%	0%	0%	0%			
41	Contingent Liabilities	26%	13%	1%	34%	6%			
42	Book Value (Rs)	1%	2%	4%	0%	28%			
43									

Current liabilities are very high for Shipping Corporation maybe because of the loans which they have to repay now. And the total the miscellaneous expenses anyway are 0,

net current assets are more or less same for all the companies, in case of reliance you can see that because of huge losses continuously their net worth is relatively low. So, comparative balance sheet can be compared across industry peer and it helps us for better analysis.

So, we will continue the analysis of few more companies in coming sessions till now
Namaste. Thank you.