Financial Analysis: A Comparative Study of Federal Mogul Bearings India Limited and Austin Engineering Company Limited

PROJECT REPORT

BY

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Submitted in the partial fulfillment of the requirements for the degree of

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CERTIFICATE - I

This is to certify that the project entitled, **Financial Analysis: A Comparative Study of Federal Mogul Bearings India Limited and Austin Engineering Company Limited** has been submitted to Department of Business Management, College of Horticulture, Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan (H.P) by Miss Mohita Dhiman, (H-2010-MBA-17) in partial fulfillment of the requirements for the degree of Master of Business Administration of this University. To the best of my knowledge no part of this project has been submitted for any degree or diploma elsewhere and the help received during the course of investigation and sources of literature have been duly acknowledged.

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Place: Nauni, Solan
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CERTIFICATE - II

This is to certify that the project entitled, **Financial Analysis: A Comparative Study of Federal Mogul Bearings India Limited and Austin Engineering Company Limited** has been submitted to Department of Business Management, College of Horticulture, Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan (H.P) by Miss Mohita Dhiman, (H-2010-MBA-17) in partial fulfillment of the requirements for the degree of Master of Business Administration of this University. The project has been approved by the Examination Committee after conducting an oral examination in collaboration with the external examiner.

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This is to certify that all the corrections/modifications as pointed out by the external examiner have been incorporated in the project report entitled, **Financial Analysis: A Comparative Study of Federal Mogul Bearings India Limited and Austin Engineering Company Limited** submitted to Department of Business Management, College of Horticulture, Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan (H.P.) by Miss Mohita Dhiman, (H-2010-MBA-17) in partial fulfillment of the requirements for the degree of Master of Business Administration of this University.

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Needless to say, that all errors and omissions are solely mine.

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CHAPTER - 1
INTRODUCTION

CHAPTER - 1

INTRODUCTION

The Indian bearing market comprises of ball and roller bearings. The Indian bearing Industry can be divided in to the organized sector and un-organized sector. The organized sector primarily caters to the Original Equipment Manufacturer (OEM) segment, which predominantly comprises automotive, railway and other industrial users. The replacement market is dominated by unorganized sector. The bearing industry can further be classified based on the rolling element used in the bearings, into basic bearing family categories, like deep groove ball bearings, tapered roller bearings, cylindrical roller bearings, spherical roller bearings, needle roller bearings, etc. and other special kind of bearings for specific applications. Bearings are used in many user industry segments such as Automotive, Agricultural machinery, Defense, General Engineering, Infrastructure, Cement, Off-Road Vehicles, Power, Railways, Steel, Machine Tools, Material Handling, to name a few.

The Industry has established a highly diversified product range of around 1000 types of bearings, having high volume demand. The domestic industry caters to almost 70% of total demand for common varieties and sizes of bearings. The remaining demand to the tune of 30% is being imported, essentially for industrial applications and special purpose The automobile industry is the largest user segment for Indian bearing market accounting for almost 45% of total demand. The engineering sector is the second largest user segment for Indian bearing market accounting for 28% of bearing sales. The organized sector comprises of 12 leading manufacturers who contribute to over 55% of the total turnover. The total investment in the organized sector is about Rs17bn with an annual installed capacity of 234mn bearings and employs more than 14000 people. Most of the big players are having either technical or financial collaboration with leading auto manufacturers. International collaboration gives access to best technology in the world. Some of the major player in the Indian bearing industry are SKF Bearings India, National Engineering Inds, FAG Bearings India, Timken India, NRB Bearings, TISCO, ABC Bearings Ltd., Mahindra Sintered Products, Sujana Industries, Kirloskar Oil Engines, Bimetal Bearings, HMT Bearings, Harsha Engineers, Federal Mogul, Gabriel India, ARB Bearings, Austin Engineering Co., Mipco Seamless Rings (Gujarat), Asian Bearing, SBL Industries, Texspin Bearings. Federal Mogul and Austin Engineering are the two companies which almost comprises of same market share from the total market size. [13]

1.1 Federal Mogul

1.1.1 Profile of Federal Mogul

Federal-Mogul Corporation is an innovative and diversified $6.9 billion global supplier of quality products, trusted brands and creative solutions to manufacturers of automotive, light commercial, heavy-duty and off-highway vehicles, as well as in power generation, aerospace, marine, rail and industrial. The 49,000 people of Federal-Mogul located in 36 countries drive excellence in all they do. Federal-Mogul globally-networked engineering and technical centers in the U.S., Europe and Asia enable Federal-Mogul to bring to their customers breakthroughs in advanced technology and innovation. Federal-Mogul is a premier supplier of products, services and solutions to original equipment manufacturers that use Federal-Mogul quality components in their vehicles and automotive systems, and to aftermarket customers who sell Federal-Mogul world re known brand-name replacement parts through repair shops and retail outlets. Federal-Mogul is partner with a global network of suppliers whose commitment to excellence and on-time delivery is crucial to their success. For more than a century, Federal-Mogul has developed the innovative products their customers need to produce the next generation of vehicles. Federal-Mogul is driving sustainable global profitable growth through world-class quality products and services, leading technology and innovation, and manufacturing excellence to exceed customer, shareholder and employee expectations. Federal-Mogul has established an expansive global presence and utilizes its engineering and material expertise, proprietary technology, manufacturing skill, distribution flexibility and marketing power to deliver products, brands, services and solutions through their different operating groups.

Federal Mogul is a leading automobile component manufacturer in India. Of the 600 plus manufacturers in the country, it has been the most dynamic in adapting to the changing environment. It is in depth knowledge of the auto component industry and high management competence has helped it to remain a market leader in terms of manufacturing efficiency as well as quality control. It has been a supplier to the leading car manufacturers like Mercedes Benz, BMW, Ford, Daewoo, Peugeot, Rovers, Tata, and Ashok Leyland etc. The group is an original equipment supplier to all Indian automobile manufacturers. Exports are to automobile manufacturers in Germany, US, UK, Japan, Indonesia etc. The group is a constant participant in trade fairs around the world. The company has tie-ups with world in various products. In the words of Mr. Jose Mariaalapoint, Chairman, Federal Mogul Bearings India

Ltd, "The various collaborations will help us upgrade our technology. To improve the acceptance of our product, we insist that each group company should export to original equipment markets abroad. Some of the companies have already reached their targets."

Federal-Mogul has been creating value through innovation and leading technology for more than 100 years. Today, the company is a key player in the global marketplace, serving industries that range from automotive and commercial vehicles to railroad and aerospace. Customers know they can rely on Federal-Mogul's quality excellence in products, trusted brands and creative solutions. The Federal-Mogul team has celebrated countless victories and worked hard to overcome the inevitable challenges.

1899 – 1940: Founded on innovation

The Federal-Mogul Corporation was founded in 1899 by J. Howard Muzzy and Edward F. Lyon as the Muzzy-Lyon Company. The partners sold mill supplies and rubber goods, but they also set up an early subsidiary called the Mogul Metal Company. Under this new umbrella, they began to revolutionize the bearing industry. The pair started developing specialized metals to meet different bearing needs, and they were pioneers in die-casting replacement bearings to the right size and shape. Before the latter innovation, mechanics had to gouge out the old bearing from the motor block and pour in new metal.

1941 – 1956: Diversifying for success

This period was marked by an almost insatiable demand for Federal-Mogul's products. The company's engine bearings and motorboat propellers became star performers in the ever-changing product lineup. In addition, Federal-Mogul acquired other manufacturing companies, diversified operations and increased output. These combined efforts catapulted Federal-Mogul onto the new level of success.

1957 – 1974: Going global

Remaining, as ever, a company on the move, Federal-Mogul shifted some of its manufacturing operations overseas and officially formed its International Division. This global expansion helped push sales upward and made the company even more competitive. During this time period, the company also returned its corporate headquarters to Southfield, Michigan, and changed its name back to Federal-Mogul Corporation after merging with Sterling Aluminum Products.

1975 – 2009: A bright future

For more than a century, the global automotive industry has relied upon Federal-Mogul products and services for power, safety and performance. Today, the organization is building upon past accomplishments and forging new industry benchmarks. The company has expanded into arenas ranging from aerospace and railroad to commercial vehicles while maintaining their world-class standards for service and products. Now company is positioned for another hundred years of success with their strategy for sustainable global profitable growth around the globe.

1.1.2 Swot Analysis of Federal Mogul

Strength:

Federal-Mogul develops leading technology and innovation in vehicle and industrial products to improve fuel economy, CO_2 reduction, alternative energies, environment and safety systems to support customer needs. Federal-Mogul's power train technologies enable optimized friction, supporting engine downsizing, higher compression ratios and improved performance.

Weakness:

Company has its major business in OEM (Original Equipment Manufacturer) segment and very less in After Market, that is also a challenge for the company in the future, if there is recession in the market, it hits firstly the OEM's that will lead to great hit to the sale of bearings, that is also a challenge to the company, company should put efforts to increase its business in After Market also.

Opportunities:

With the growth of economy, more transport is needed, which means more use of vehicles by the people in return needed more bearings, which act as a growth opportunity for the company.

Threats:

The main threats for the company are increase in international competition, increase in taxation rates by the government, increasing rates of petrol & diesel decrease demand for auto vehicles are therefore decrease the demand of the product of the company. [11]

1.2 Austin Engineering

1.2.1 Profile of Austin Engineering

Austin Engineering Company Ltd. (AEC), with registered office located in Junagadh, India, is a manufacturer, exporter and supplier of quality auto and industrial ball and roller bearings and components. It produces the widest range of ball and roller bearings in a single manufacturing unit in India. The company also exports its bearings to developed countries such as the United States, the United Kingdom, Germany, Italy and many others. AEC was founded by five technocrats as a partnership firm in 1973. The company has developed into a public limited company, with a full array of high quality and precision bearings for different applications. AEC is the leading manufacturer of ball and roller bearings in India. Its plant is located at Patla in the state of Gujarat, India. The company's facilities are built over 350,000 sq ft. It manufactures more than three million bearings of more than 2,500 different types annually. The company serves companies in the following industries: engineering equipment, steel rolling, processing, automotive, textile machinery, power, road transport, railways, atomic energy, manufacturing and replacement industries.

The Company mainly is engaged in the manufacturing of ball and roller bearings. It is listed on Bombay Stock Exchange. It was incorporated as a private limited company on Jul. 27, 1978 and was converted into a public limited company on Nov. 02, 1985. Company manufactures ball bearings, cylindrical, needle, tapered, spherical and flexible roller bearings in more than 2,500 varieties used is several industrial segments. The Company caters to the engineering equipment manufacturers, steel plants and steel rolling mills, process industries, automotive industries, textile machinery, manufacturers, power plants, road transport undertakings, railways, atomic energy applications.

The company started as a partnership firm formed by five technocrats. Started manufacturing needle roller cage assemblies with the manpower of 10 and the capital investment of 3500 US Dollars. In 1978 the partnership firm converted into private limited company and started manufacturing tapered Roller Bearing up to 100mm diameter. The company was incorporated

as a private limited company on 27th July, 1978 and was converted into a public limited company on 2nd November, 1985. It was promoted by qualified engineers. The company was admitted as a partner into a partnership firm, Accurate Engineering company from 1st August, 1984 and the entire undertaking of the firm manufacturing bearings was alloted to the company with all the assets and liabilities upon dissolution of the partnership firm in the settlement of its rights title and interest as partner . The company entered into a registered Agreement with Accurate Engineers for the non-exclusive use of well know and popular trade mark "aec" for the bearing manufactured by the company.

1.2.2 Swot Analysis of Austin Engineering

Strength:

The directors are well experienced and technically qualified with well laid out succession plan. The Company is in this line of business for more than 32 years and enjoys its brand name in the market. The Company has wide market network with established customer base. The company is able to obtain skilled workmen at comparatively lower cost. The Company is profit making one and self performance is improving year after year.

Weakness:

As auto sector is growing rapidly, as there is huge demand of bearings in the market for new auto vehicles, company has less capacity as required to cope with the demand of the product, capacity here meant for new machine, employees.

Opportunities:

A steady growth in educated young population in India, expansion of middle class and trickle down effects of overall prosperity in rural areas, are good indicators of inclusive economic growth. The need for effective and efficient transportation both personal and public will rise more rapidly than before. At the same time, the 'value consciousness' of Indian middle class will mean that market growth will be mainly focused in areas of motorcycles and small cars segments at least during the medium term. A large number of public and private investment programs in power sector manifest Indian government's priority to this sector. Renewable energy too shows a lot of potential in the medium and long term. Overall prospects for industrial development thus remain very positive in India and it seems that the strong demand

for bearing products will continue in the coming times. The inflationary force on economy is a great concern requiring urgent corrective steps to tame the inflation.

Threats:

Overall global scenario presents a mixed picture. Impact of political situation in Egypt and Libya on global economies is severe. Tragic consequences of destruction in Japan due to earthquake and tsunami are still unclear, but it is clear that it will certainly influence the Indian Economy. Oil prices always remain an issue of concern. Inflationary trends in Indian economy remain unwarranted. Rising input cost is a major concern that leads to uncertainty in the growth. Consistent increase in the Steel prices poses a pressure on the cost and margin to bearing manufacturers. Cheap imports from China and South East Asian countries have shown an increasing trend, causing depression in the domestic consumption and pressure on your company's margin. The counterfeiting of the bearings is the biggest bane to the industry. These spurious products affect the business and the brand image. These spurious bearings mainly caters to the replacement market which is price sensitive. [12]

1.3 Review of Literature

Review of recent and relevant literature is carried out for the study, to help design the study.

Nissim (2001), did the study on "Ratio Analysis and Equity Valuation: From Research to Practice" and came to the conclusion that Financial statement analysis has traditionally been seen as part of the fundamental analysis required for equity valuation. But the analysis has typically been ad hoc. Drawing on recent research on accounting-based valuation, this paper outlines a financial statement analysis for use in equity valuation. Standard profitability analysis is incorporated, and extended, and is complemented with an analysis of growth. So financial statement analysis is presented as a matter of pro forma analysis of the future, with forecasted ratios viewed as building blocks of forecasts of payoffs. [5]

Piotroski (2002), study on "Value Investing: The Use of Historical Financial Statement Information to Separate Winners from Losers" and came to the conclusion that a simple accounting-based fundamental analysis strategy, when applied to a broad portfolio of high book-to-market firms, can shift the distribution of returns earned by an investor. Although this paper does not purport to find the optimal set of financial ratios for evaluating the performance prospects of individual "value" firms, the results convincingly demonstrate that

investors can use relevant historical information to eliminate firms with poor future prospects from a generic high BM portfolio. It show that the mean return earned by a high book-to-market investor can be increased by at least 7H% annually through the selection of financially strong high BM firms and the entire distribution of realized returns is shifted to the right. In addition, an investment strategy that buys expected winners and shorts expected losers generates a 23% annual return between 1976 and 1996, and the strategy appears to be robust across time and to controls for alternative investment strategies. Within the portfolio of high BM firms, the benefits to financial statement analysis are concentrated in small and medium-sized firms, companies with low share turnover, and firms with no analyst following and the superior performance is not dependent on purchasing firms with low share prices.[6]

Tarawneh (2006), did the study on "A Comparison of Financial Performance in the Banking Sector: Some Evidence from Omani Commercial Banks" In this A total of five Omani commercial banks with more than 260 branches were financially analyzed, and simple regression was used to estimate the impact of asset management, operational efficiency, and bank size on the financial performance of these banks. The study found that the bank with higher total capital, deposits, credits, or total assets does not always mean that has better profitability performance. [9]

Champonnois (2006), did the study on "Comparing financial systems a structural analysis" In this paper they developed a structural model of financing and investment with an endogenous aggregate supply of capital from a representative investor and an endogenous aggregate demand for capital from a population of entrepreneurs running heterogeneous projects. The model linked the share of market finance in total external finance and the distribution of firm sizes through a structural relation that depends on the technology and on the financial system. They used data on financing patterns and characteristics of the population of firms from France, Germany, Italy, Spain and the United Kingdom to estimate the financing costs that characterize the financial system and found that the United Kingdom has a low cost of market finance (relative to intermediated finance) and Italy has a high relative cost of market finance. [2]

Richardson (2009), study was titled "Accounting Anomalies and Fundamental Analysis: A Review of Recent Research Advances" This paper surveys recent research advances in the areas of accounting anomalies fundamental analysis. They used investor forecasting activity

as an organizing framework for the three main parts of our survey. The first part of the survey highlights recent research advances. The second part presents findings from a questionnaire given to investment professionals and academics on the topics of fundamental analysis and anomalies research. The final part outlines several new empirical techniques for evaluating accounting anomalies and suggests directions for future research. A key theme to their survey is that information contained in general purpose financial reports help facilitate better decision making about the allocation of scarce economic resources from an investor's perspective. So, they deliberately focus attention on research whose primary aim is to forecast earnings and stock returns. Given the existence of prior related surveys, our main goal is to complement and "fill-in-the-gaps" from prior literature reviews. Moreover, their review strategy attempts to both "let the market speak" on which research topics and studies are deemed to be of greatest interest to academics and to highlight papers that fit within our forecasting framework. [7]

Yap (2010), did the study on "How Well Do Financial Ratios and Multiple Discriminant Analysis Predict Company Failures in Malaysia" The purpose of this study was to develop a model to improve the predictive abilities for company failures in a later time frame with different financial, business and operating conditions in the Malaysia context. A total of 64 companies were analyzed with 16 financial ratios using multiple discriminant analysis A strong discriminant function was constructed with seven ratios found to be significant in discriminating power and the classification results showed high predictive accuracy rates of between 88% to 94% for each of the five years prior to actual failure. This study also indicated that even with more advanced statistical tools more popularly used recently, MDA is still a very reliable and potent statistical tool. [10]

Nenide et.al. (2010), did the study on "The use of Financial Ratios for Research: Problems Associated with and Recommendations for Using Large Databases" This paper reveals that the use of ratio calculations with multivariate analysis for predicting the performance of business firms is common. However, much of this research uses large database information without determining if needed sample assumptions can be met for reliable conclusions to be drawn by the researchers. It also presents recommended adjustment techniques for researchers using large databases for ratio calculation to allow for confidence that the results of analysis will be meaningful and that inferences may be drawn from the data. Using a sample from the Kauffman Center for Entrepreneurial Leadership Financial Statement

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Database, Balance Sheet and Income Statement data of 250 firms is used to illustrate and explain techniques for data error identification, handling the problem of denominators being negative or approaching zero when calculating ratios, and effective techniques for transforming the data to achieve approximation of normal distributions. [4]

Salman (2010), did the study on "Financial Indicators for Growth Performance: Comparison of Pharmaceutical Firms In Pakistan" They investigates the financial analysis of the two Multinational companies, Glaxo Smith Kline (GSK) and Sanofi Aventis (SA) and an attempt to compare their financial performance by using ratio analysis. Data is drawn from pharmaceutical industry in Pakistan from financial year 2005 to 2009.The results comparison with this method between two pharmaceutical companies is presented. It is revealed that the performance of both companies in the observed period has improved. The current method reflects that GlaxoSmithKline is leading Sanofi Aventis. [8]

Chakraborty et.al. (2011), did the study on "Application of the Factor Analysis on the Financial Ratios and Validation of the Results by the Cluster Analysis: An Empirical Study on the Indian Cement Industry" The initial objective of the study was to identify the underlying categories present amongst the financial ratios so as to confirm or modify the conventional categorization of financial ratios. Another objective of this study was to reduce the number of financial ratios to a smaller number of financial ratios which can capture almost the same amount of desired information as the original larger set of ratios could do. They started the study with 44 financial ratios of 130 India Iron and Steel companies for a period of 10 years grouped in 7 conventional categories. It is found that only two original categories (Liquidity, Cash Balance) of financial ratios held their place in the final results, though Liquidity is renamed as "Short-term Liquidity" because composition of this category indicates towards short-term solvency of a firm. "Longterm Solvency" has though held its place, but it has sacrificed a few of its constituent ratios to a new category i.e. "Capital Structure". "Profitability & Return on Investment" and "Dividend Policy" have emerged out of the 1st (Earnings and Profitability) and 3rd (Cash Flow) original categories. 6th (Assets Management) and 7th (Operating Efficiency) original categories together have given birth to new category of "Asset & Material Management", however in this process they have lost a few of their constituent variables. The last new category i.e. "Productivity of Working Capital" has emerged out taking one variable each from the original categories of "Assets Management" and "Cash Flow". The last i.e. 7th original category "Operating Efficiency"

has lost its place in the final results after given one of its constituent variables to the new category of "Asset & Material Management". Once the eight underlying categories are identified, at least one variable (financial ratio) is selected from each such category to represent eight different aspects of a business. Therefore, it can be concluded that while analyzing the performance and financial position of the companies of the cement industry of India with the help of financial ratio analysis, proper emphasis may be given to these eight financial ratios as indentified in this study. Considerable time and effort of the analyzers would be saved in this process. [1]

1.3 Need of Study

As automobile industries are enjoying boom over the last few years Bearing Industry is likely to witness good times ahead riding on auto sector boom, economic revival and export growth. However we expect the leading players in the bearing industry to report a better performance over the next coming years, as demand growth in key user industries is expected to rise sharply. It will be interesting to see which company is benefitting more from this boom.

1.4 Objective of Study

The present study is proposed with the objective that is to evaluate and compare financial health, profitability, liquidity and operational efficiency of the two organizations and to suggest ways to the two companies to improve their financial management.

CHAPTER - 2
RESEARCH METHODOLOGY

CHAPTER - 2

RESEARCH METHODOLOGY

This chapter describes the methods used to address the research objectives.

2.1 Sources of Data

This research study is based on secondary data, which means data that are already available i.e. the data which have been already collected and analyzed by someone else for another purpose. Secondary data are used to do the ratio analysis of the two companies. To collect the data the authoress has referred to company's annual reports, annual magazines for the last 4 years for both the companies.

Another source of secondary data was in the form of reference books and literature review published by third parties but available to the public domain.

2.2 Analytical Tools

Ratio analysis is widely used tool or technique. It is defined as the systematic use of financial ratios to interpret the financial statements so that strength and weakness of firm as well as its historical performance and current financial condition can be analyzed. The term ratio refers to numerical or quantitative relationship between two variables.

With the help of ratios analysis inferences can be drawn regarding several aspects such as financial health, profitability and operational efficiency of the undertaking. Ratios help in evaluating firm's performance. Absolute figures can be misleading unless these are compared with each other. If we are given some data relating to profit and loss account and balance sheet of a business, we cannot draw significant conclusions and meaningful conclusions from these unless mutual relationship is established among them. The ratios used for this project are included in the following section:

2.2.1 Liquidity Ratios

For the existence of the firm adequate liquidity is essential. Liquidity means ability of the firm to pay its short term debts in time. Liquidity ratios are calculated to measure the short term financial position or short term solvency of the firm. The two liquidity ratios used were current ratio and liquidity ratio which are calculated as follows:

2.2.1.1 Current Ratio

This ratio establishes the relationship between the current assets and current liabilities. With its help, the ability of the business to pay its short term liabilities is determined. It helps find out how many times current assets are there in business as compared to current liabilities. Current ratio of 2:1 is considered ideal i.e. The current assets should be twice the current liabilities.

Current Ratio = Current Assets/ Current Liabilities

2.2.1.2 Liquidity ratio

With the help of this ratio the capacity of the firm to pay its current liabilities immediately is measured. This ratio is calculated by dividing liquid assets by current liabilities. Liquid assets are those which are those which can immediately or in a short period be converted into cash without much loss. A liquid ratio of 1:1 is considered a standard ratio. Higher the ratio more will be the short –term solvency of the business. This ratio is calculated to remove the shortcomings of the current ratio.

Liquidity Ratio = Liquid Assets/ Current Liabilities

2.2.2 Profitability Ratios

It is a measure of organizational efficiency. Earning of more and more profit with the optimum use the available resources of business is called profitability. Profitability expresses the efficiency and effectiveness of the business with which the business has been operated. Management of the firm also wants to find out the operating efficiency of the business so that it can be maximized. Profitability strengths the long term solvency of the business. Low profitability is the result of higher expenses or lower sales.

The four ratios used were Gross Profit Ratio, Net Profit Ratio, Return on Asset Ratio and Return on Capital Employed, which are calculate as follows:

2.2.2.1 Gross Profit Ratio

This ratio establishes relationship between gross profit and sales. It is defined as the excess of the net sales over cost of goods sold or excess of revenue over cost. This ratio shows the profit that remains after the manufacturing costs have been met. It measures the efficiency of production as well as pricing. It can be calculated as under

Gross Profit Ratio = Gross Profit / Net Sales *100

2.2.2.2 Net Profit Ratio

This also called net profit margin. This is the ratio of net profit to sales. The greater the ratio, the more profitable the business will be. Net profit is used to measure the overall profitability of business. It is considered as an indicator of the success of management to operate the business successfully.

Net Profit Ratio = Net Profit / Net Sales*100

2.2.2.3 Return on Total Asset Ratio

With the help of this ratio, overall profitability of all resources can be evaluated. Total assets are equal to the sum of fixed assets and current assets

Return on Total Asset = Net Profit after Tax + Interest / Total Assets

2.2.2.4 Return on Capital Employed

The profitability of the firm can also be analyzed from the point of view of the total funds employed in the firm. The term fund employed or the capital employed refers to the total long-term source of funds. It means that the capital employed comprises of shareholder funds plus long-term debts. Alternatively it can also be defined as fixed assets plus networking capital. Capital employed refers to the long-term funds invested by the creditors and the owners of a firm. It is the sum of long-term liabilities and owner's equity. ROCE indicates the efficiency with which the long-term funds of a firm are utilized.

Return on Capital Employed = Profit before Interest and Tax / Capital employed * 100

2.2.3 Turnover Ratios

These ratios determine how quickly certain current assets can be converted into cash. They are also called efficiency ratios or asset utilization ratios as they measure the efficiency of a firm in managing assets. These ratios are based on the relationship between the level of activity represented by sales or cost of goods sold and levels of investment in various assets.

The three turnover ratio used were Inventory turnover ratio, Debtor turnover ratio and Fixed asset turnover ratio which are explained as:

2.2.3.1 Inventory Turnover Ratio

It refers to the number of times the inventory is sold and replaced during the accounting period. The higher the ratio, the more efficient is the management of inventories, and vice versa. However, a high inventory turnover may also result from a low level of inventory, which may lead to frequent stock outs and loss of sales and customer goodwill.

Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

2.2.3.2 Debtor Turnover Ratio

It is calculated by dividing the net credit sales by average debtors outstanding during the year. It measures the liquidity of a firm's debts. Net credit sales are the gross credit sales minus returns, if any, from customers. Average debtors are the average of debtors at the beginning and at the end of the year. This ratio shows how rapidly debts are collected. The higher the DTO, the better it is for the organization.

Debtor Turnover Ratio = Credit Sales /Average Accounts Receivable

2.2.3.3 Fixed Asset Turnover Ratio

This ratio measures the net sales per rupee of investment in fixed assets. It measures the efficiency with which fixed assets are employed. A high ratio indicates a high degree of efficiency in asset utilization while a low ratio reflects an inefficient use of assets.

Fixed Asset Turnover Ratio = Net Sales or Cost of Goods Sold / Fixed Assets

2.2.4 Leverage or Capital Structure Ratios

Under this head, long term solvency of business has been analyzed .normally the ordinary shareholder, debenture holders; financial institutions and other long term creditors are interested in these ratios. With the help of these ratios, long term creditors can analyze the capacity of business to pay interest and principle.

The four capital structure ratios used were Debt Equity Ratio, Proprietary Ratio, Fixed Asset to Proprietors Fund Ratio and Interest Coverage Ratio, which are calculated as follows:

2.2.4.1 Debt Equity Ratio

This ratio compares the long-term debts with shareholders fund. The relationship between borrowed funds & owners capital is a popular measure of the long term financial solvency of a firm. This relationship is shown by debt equity ratio. Alternatively, this ratio indicates the relative proportion of debt & equity in financing the assets of the firm.

Debt Equity Ratio = Total Long-Term Debt / Shareholders Funds

2.2.4.2 Proprietary Ratio

This is another form of debt equity ratio. It is also called as net worth to total assets ratio. This ratio explains relationship between shareholders funds and total assets of business. Its main function or objective is to find out how much have been provided by shareholders for investment in assets of business. With the help of this ratio it can be ascertained in what proportion owners have provided funds for investment in assets of the business. Higher the ratio ,more profitable is for the creditors and less management will depend on external funds

Proprietary Ratio = Shareholders Funds/ Total Assets

2.2.4.3 Fixed Assets to Proprietors Funds Ratio

This ratio establishes relationship between fixed assets and proprietary funds. The main objective of this ratio is to find out what proprietary of owners are invested in fixed funds are invested in fixed assets. Higher value proprietary funds over fixed assets is a measure of long term financial soundness of business .the lower the ratio the better will be for the long term solvency of the business because proprietary funds will be available for working capital also.

Fixed Assets to Proprietary Ratio = Fixed Ratio/ Proprietary Funds

2.2.4.4 Interest Coverage Ratio

With the help of this ratio, it can b ascertained whether the interest on long-term debts of business can be paid out of profits or not. The greater this ratio, the safer will be the interests of creditors. If the ratio is low, management may face difficulties to raise loans in future.

Interest Coverage Ratio = EBIT / Interest [3]

CHAPTER - 3
DATA ANALYSIS AND INTERPRETATION

CHAPTER - 3

DATA ANALYSIS AND INTERPRETATION

This chapter describes the data analysis and interpretation which were used to address the research objectives.

3.1 Liquidity and Solvency Ratios

3.1.1 Current Ratio

Table 1

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	0.51	0.53	0.96	1.07
Austin Engineering	1.2	1.15	1.23	1.55

Graph 1

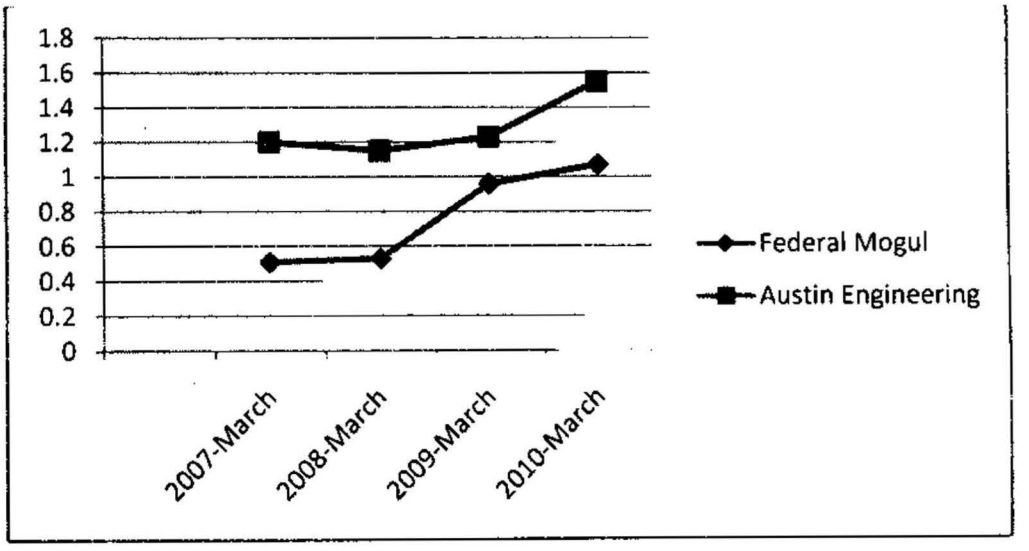

Table 1 and Graph 1 shows the current ratio of past four years of Federal Mogul and Austin Engineering. By looking at the table we can say that Austin Engineering was at better position than Federal Mogul as its current ratio was higher than Federal Mogul in the four years under consideration and it implies that Austin Engineering had better ability to pay off it's liabilities when they became due, during this period. Though current ratio of both the companies had improved during the period under study but it can be noted that Federal Mogul had much better improvement in current ratio as compared to Austin Engineering from year 2007 to 2010.

3.1.2 Liquidity Ratio

Table 2

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	0.66	0.72	0.83	0.9
Austin Engineering	1.28	1.16	1.09	1.38

Graph 2

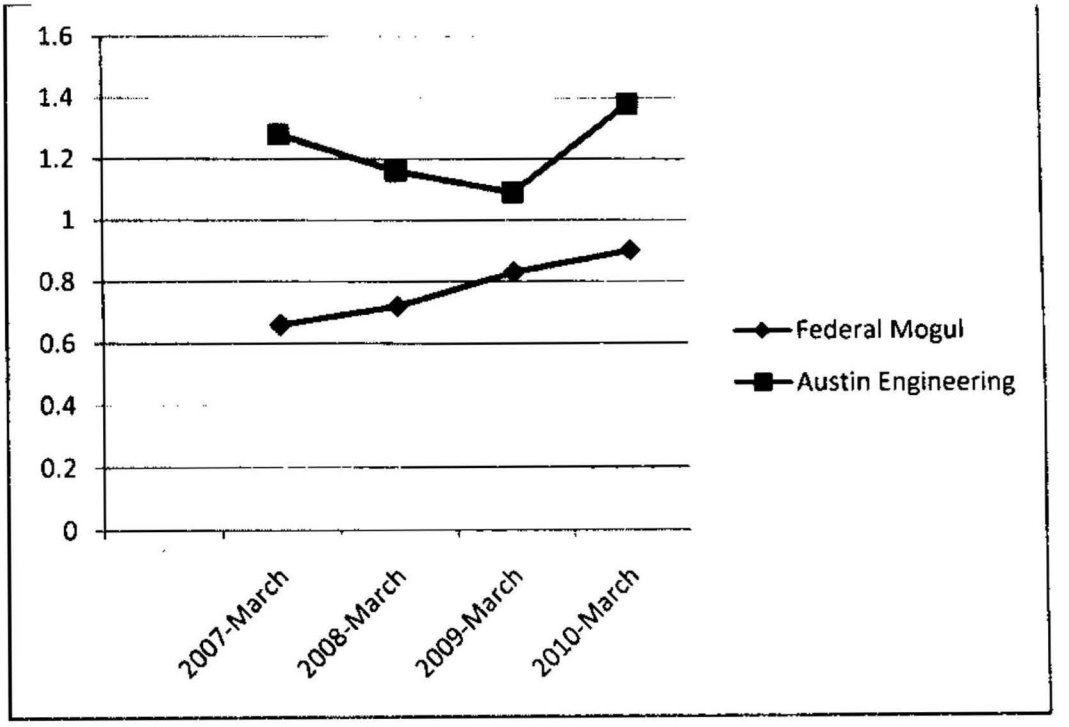

Table 2 and Graph 2 present liquid ratio of Federal Mogul and Austin Engineering. An examination of table 2 reveals that Austin Engineering was in a safer position to pay its current liabilities as it has maintained the required liquid asset in comparison to Federal Mogul.

It can be also noted that there is a constant growth in liquid ratio of Federal Mogul from year 2007 to 2010, but the liquid ratio of Austin Engineering faced a decline up to the year 2009 and then had a growth in the year 2010.

3.2 Profitability Ratio

3.2.1 Gross Profit Ratio

Table 3

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	4.76	8.26	12.79	8.95
Austin Engineering	14.62	14.46	16.06	8.82

Graph 3

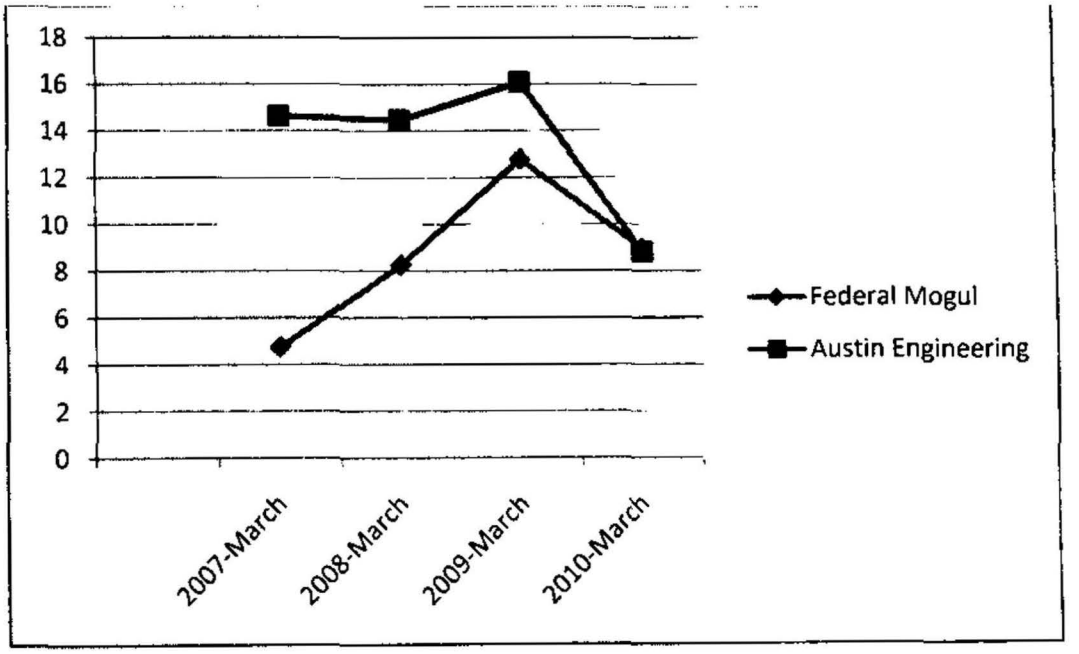

Table 3 and Graph 3 display the gross profit ratio of Federal Mogul and Austin Engineering. This ratio shows the relationship between gross profit and sales. It measures the margin of profit available on sales. The higher the gross profit ratio, the better it is. No ideal standard is fixed for this ratio, but the gross profit ratio should be adequate enough not only to cover the operating expenses but also to provide for depreciation, interest on loans, dividends and creation of reserves.

Table 3 show that both the companies had a growth till the year 2009. Though the gross profit ratio of Austin Engineering fall in the year 2010 but the position of Austin Engineering was better than Federal Mogul in all the years excluding the year 2010,where the gross profit ratio of both the companies are the same.

3.2.2 Net Profit Ratio

Table 4

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	-2.6	-0.23	6.77	4.18
Austin Engineering	8.24	8.73	6.19	10.29s

Graph 4

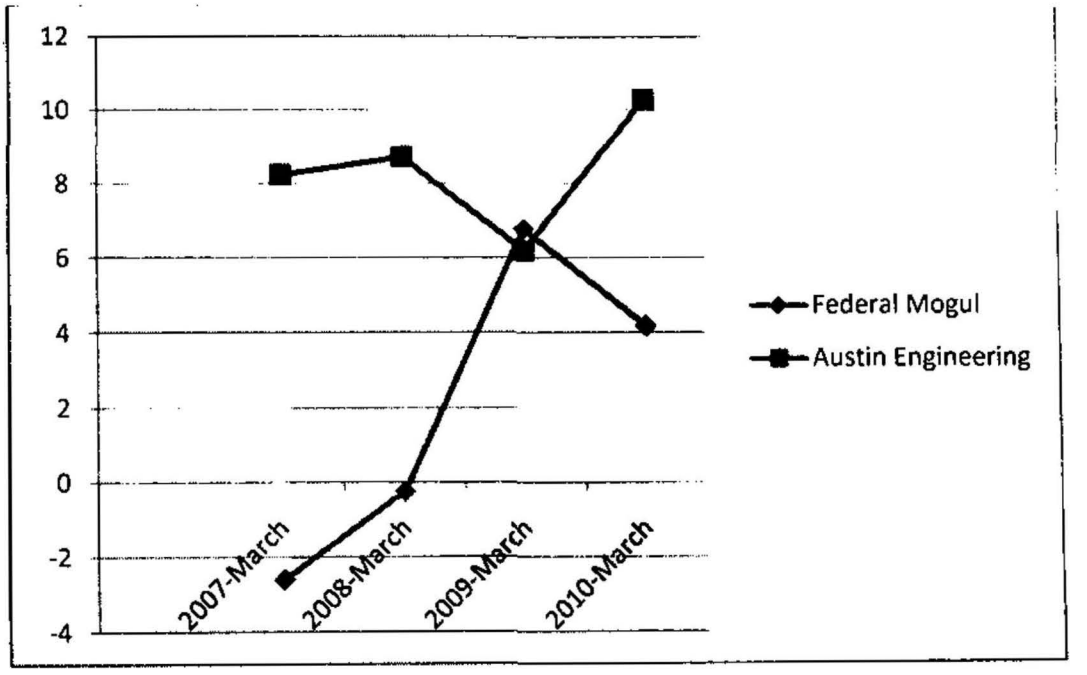

Table 4 and Graph 4 exhibit the net profit ratio of Federal Mogul and Austin Engineering. This ratio measures the rate of net profit earned on sales. It helps in determining the overall efficiency of the business operations.

An examination of Table 4 reveals that the net profit of Federal Mogul had a speedy growth till the year 2009 and after that it faced a down fall in the year 2010. On the other hand Austin Engineering faced a down fall in the year 2009 but had a growth, again in the year 2010. Nearly for all the years net profit margin for Austin Engineering was better than that of Federal Mogul, implying that Austin Engineering is more efficient as compared to Federal Mogul.

3.2.3 Return on Asset Ratio

Table 5

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	52.11	53.58	63.34	70.02
Austin Engineering	74.39	85.6	96.64	115.56

Graph 5

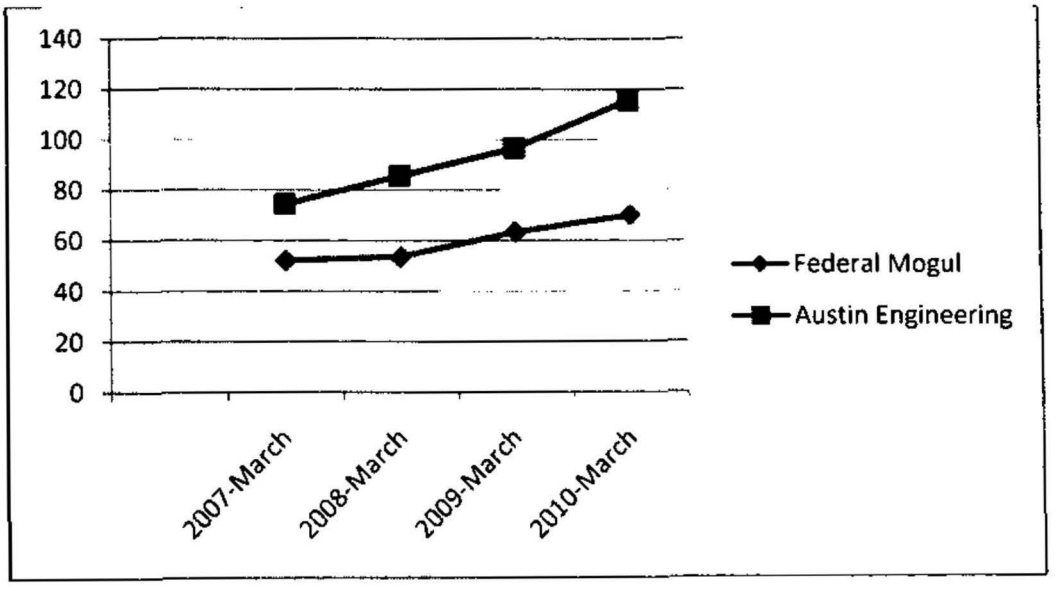

Table 5 and Graph 5 show the return on asset ratio of Federal Mogul and Austin Engineering. With the help of this ratio, overall profitability of all resources can be evaluated. Table 5 shows that the return on asset ratio position of Austin Engineering was much better than Federal Mogul in all the above years as well as the pace of growth of Austin Engineering is also more than the growth in Federal Mogul. This means that Austin Engineering is better at using It's aggregate assets.

3.2.4 Return on Capital Employed

Table 6

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	6.48	12.53	22.87	19.13
Austin Engineering	26.13	23.76	28.28	15.2

Graph 6

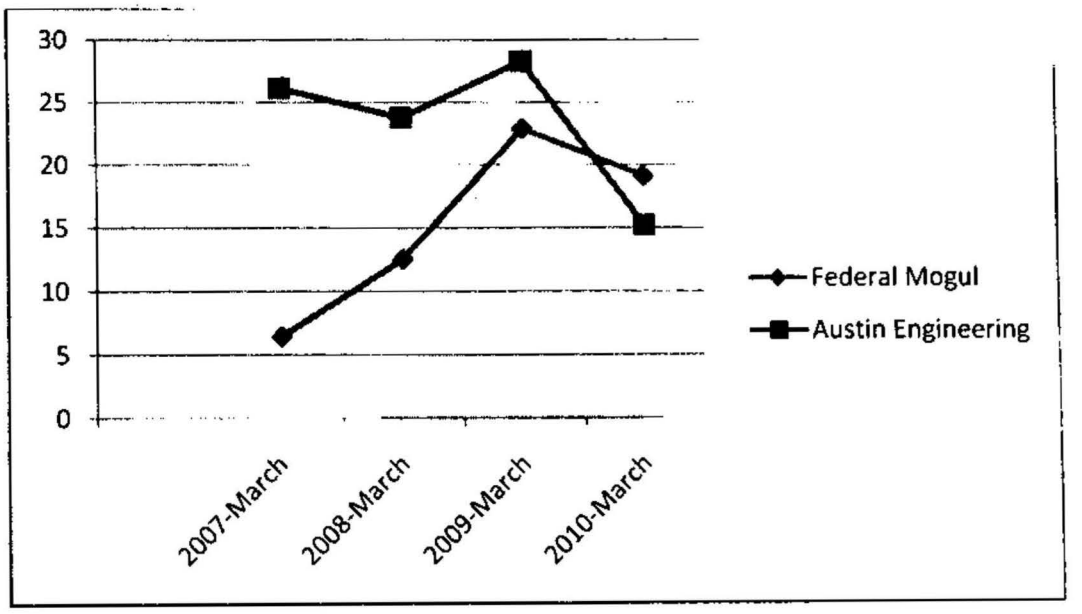

Table 6 and Graph 6 present the return on capital employed of Federal Mogul and Austin Engineering. Since profit is the overall objective of a business enterprise, this ratio is a barometer of the overall performance of the enterprise. It measures how efficiently the capital employed in the business is being used. This ratio reflects the overall profitability of the business. It is calculated by comparing the profit earned and the capital employed to earn it.

By analyzing table 6 we can see that Austin Engineering was at better profitability position in comparison to Federal Mogul in all the above years except the year 2010, where Federal Mogul had a higher return on capital employed position than Austin Engineering.

3.3 Turnover or Activity Ratios

3.3.1 Inventory Turnover Ratio

Table 7

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	6.33	8.78	10.91	11.33
Austin Engineering	3.6	2.85	3.1	2.71

Graph 7

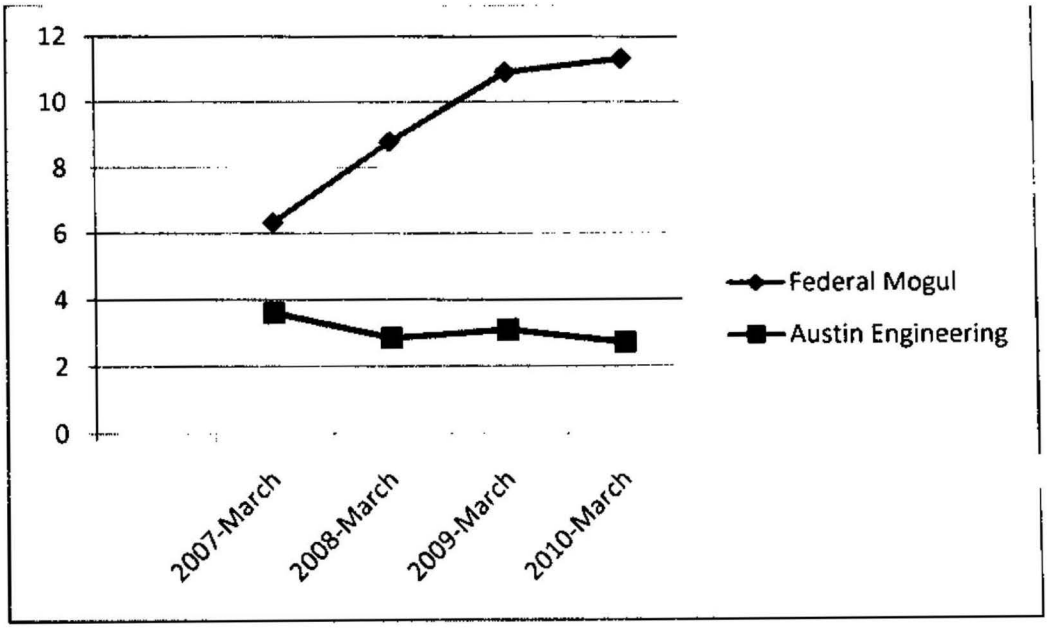

Table 7 and Graph 7 depict the inventory turnover ratio of Federal Mogul and Austin Engineering. This ratio indicates the speed with which the goods have been sold. Higher is the ratio the better is the liquidity of the company is considered.

Table 7 clearly depicts that the inventory turnover ratio of Federal Mogul was much higher than the Austin Engineering as well as had a constant growth in the four years under consideration, which indicates that goods of Federal Mogul have not been retained in godown for a longer period, pointing at better liquidity position of the Federal Mogul.

3.3.2 Debtor Turnover Ratio

Table 8

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	7.54	7.53	7.87	8.16
Austin Engineering	3.85	4.04	4.82	4.23

Graph 8

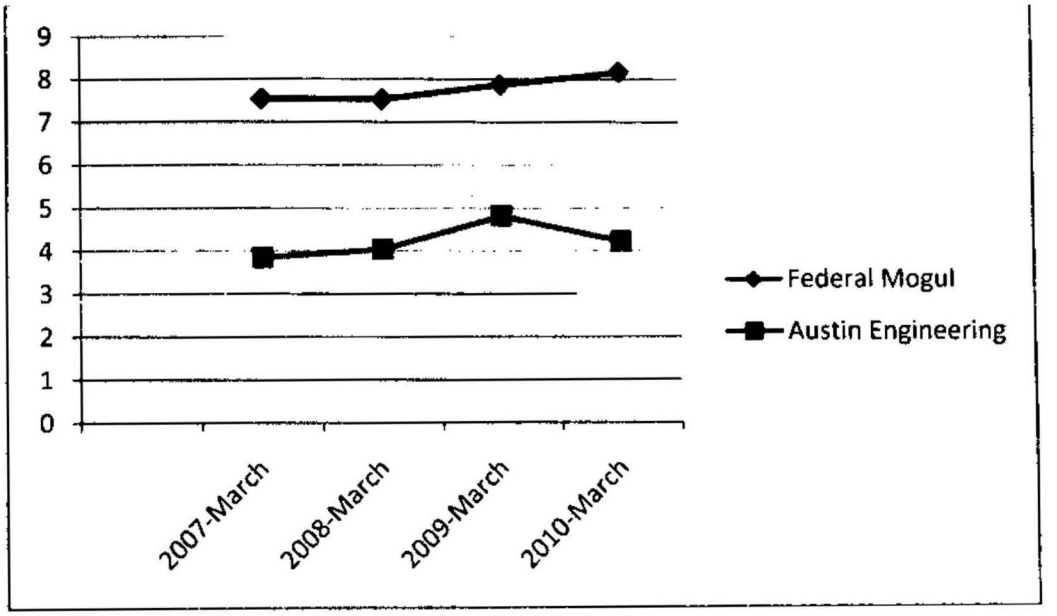

Table 8 and Graph 8 show the debtor turnover ratio of Federal Mogul and Austin Engineering. This ratio is the indicator of the speed the debts are being realized. High ratio means that after the credit sales, the debts are realized in less time and low ratio indicates that debts are realized at slow speed.

By looking at table 8 it can be clearly depict that the speed of realizing debt of Federal Mogul was much greater than the speed of Austin Engineering in all the above years. The growth in the debtor turnover ratio of Federal Mogul is very slow whereas there was a growth in the debtor turnover ratio of Austin Engineering till the year 2009 after that it faced a down fall in the year 2010.

3.3.3 Fixed Asset Turnover Ratio

Table 9

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	1.02	1.08	1.14	1.3
Austin Engineering	2.72	2.8	2.73	1.9

Graph 9

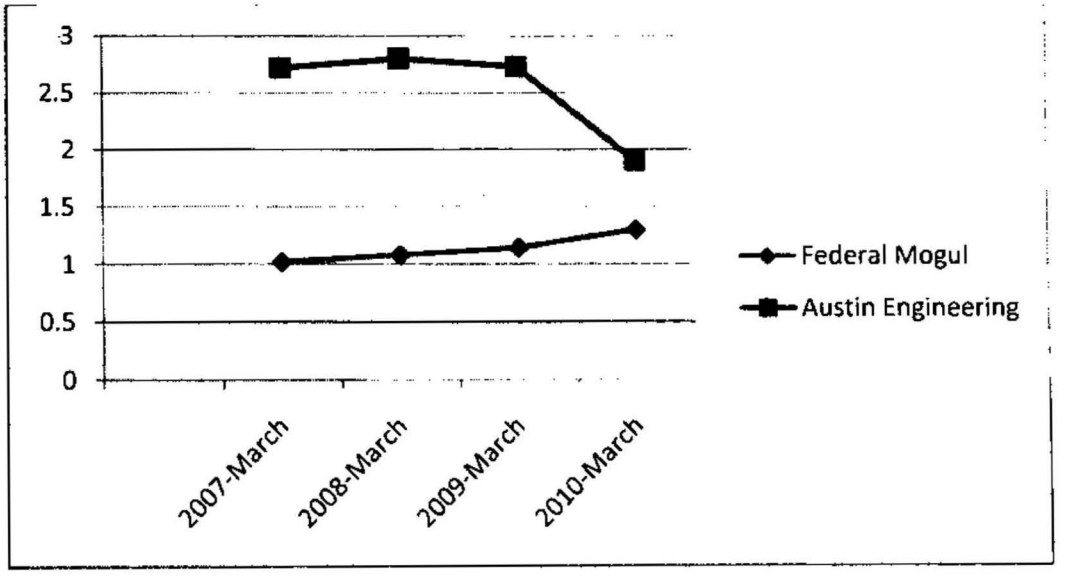

Table 9 and Graph 9 depict the fixed asset turnover ratio of Federal Mogul and Austin Engineering. It measures the efficiency and profit earning capacity of the fixed assets of the firm. The higher is the ratio the better is the efficiency of the firm in using its fixed assets.

Table 9 shows that though there is a constant growth in fixed asset turnover ratio of Federal Mogul and downfall in the fixed asset turnover ratio of Austin Engineering, the efficiency and profit earning capacity of the fixed assets of Austin Engineering was much better than the capacity of Federal Mogul to use its fixed assets efficiently.

3.3.4 Total Asset Turnover Ratio

Table 10

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	1.28	1.44	1.55	1.83
Austin Engineering	1.89	1.74	1.91	1.35

Graph 10

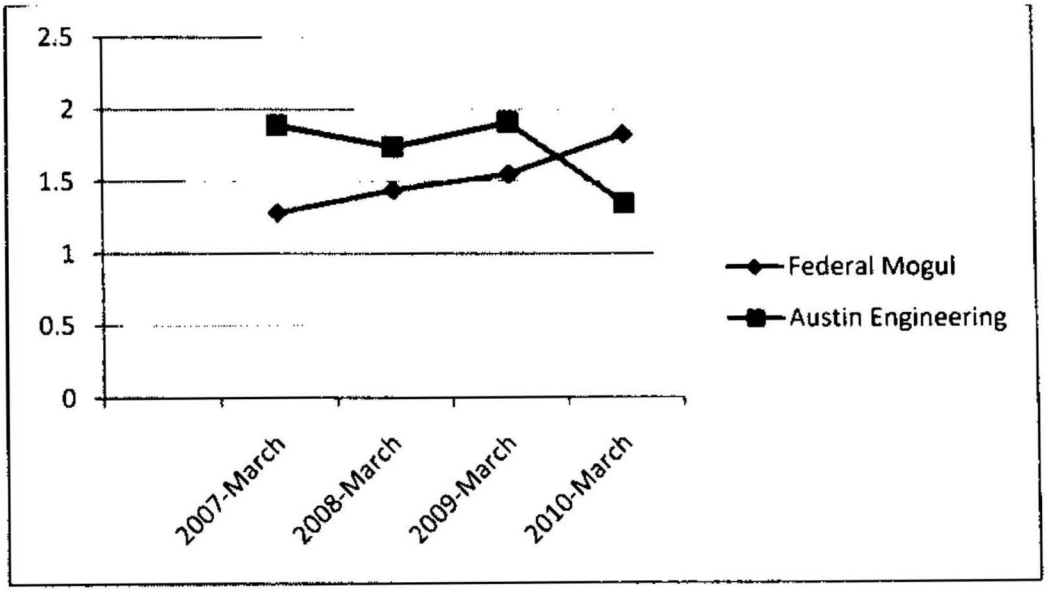

Table 10 and Graph 10 present the total asset turnover ratio of Federal Mogul and Austin Engineering. This ratio indicates how efficiently the total assets of business have been utilized by the organization.

An examination of Table 10 reveal that the total asset turnover ratio of Federal Mogul had a constant growth in all the four years under consideration. On the other hand there was a growth in the total asset turnover ratio of Austin Engineering in the year ended March 2009 but had a down fall in the year 2008 and 2010.This indicates that Federal Mogul has been steadily improving it's overall efficiency over the years, whereas Austin Engineering is erratic when it comes to when it comes to overall efficiency.

3.4 Leverage or Capital Structure Ratios

3.4.1 Debt Equity Ratio

Table 11

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	1.73	0.6	0.26	0.16
Austin Engineering	0.48	0.54	0.4	0.23

Graph 11

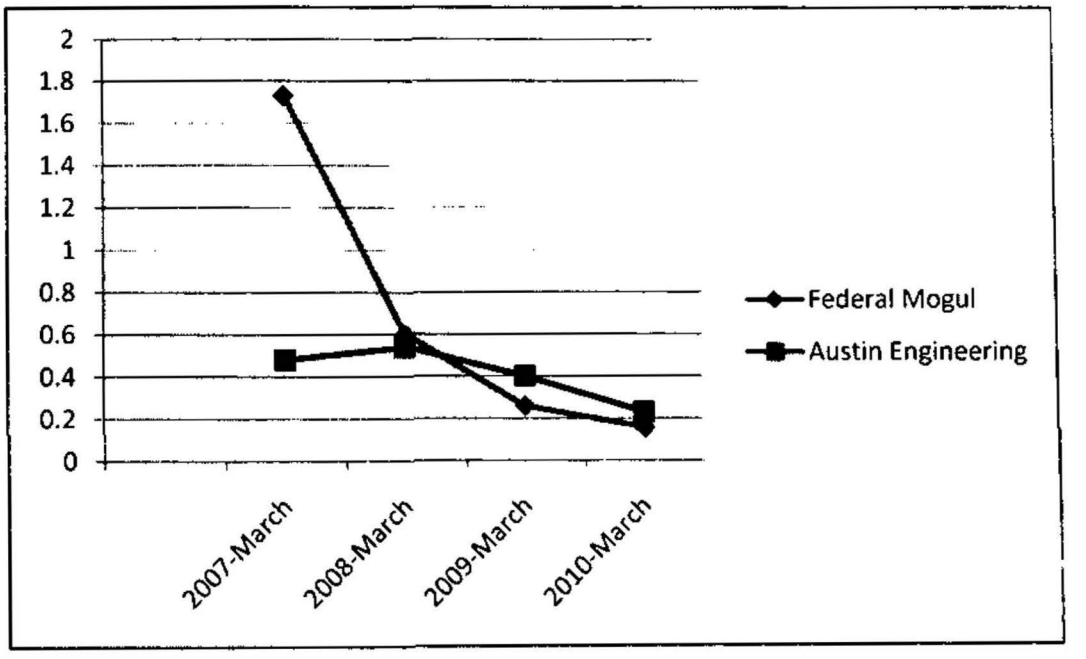

Table 11 and Graph 11 display the debt equity ratio of Federal Mogul and Austin Engineering. This ratio is calculated to assess the ability of the firm to meet its long term liabilities. There is not as such thumb rule for debt ratio but it is considered satisfactory when it is 1:1.

By analyzing table 11 we can see that only Federal Mogul in the year 2007 was above the satisfactory ratio, after 2007 both the companies were almost at similar position. Both the companies faced a downward slope after the year 2008 till 2010.

3.4.2 Proprietary Ratio

Table 12

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	0.38	0.65	0.77	0.81
Austin Engineering	0.68	0.65	0.71	0.81

Graph 12

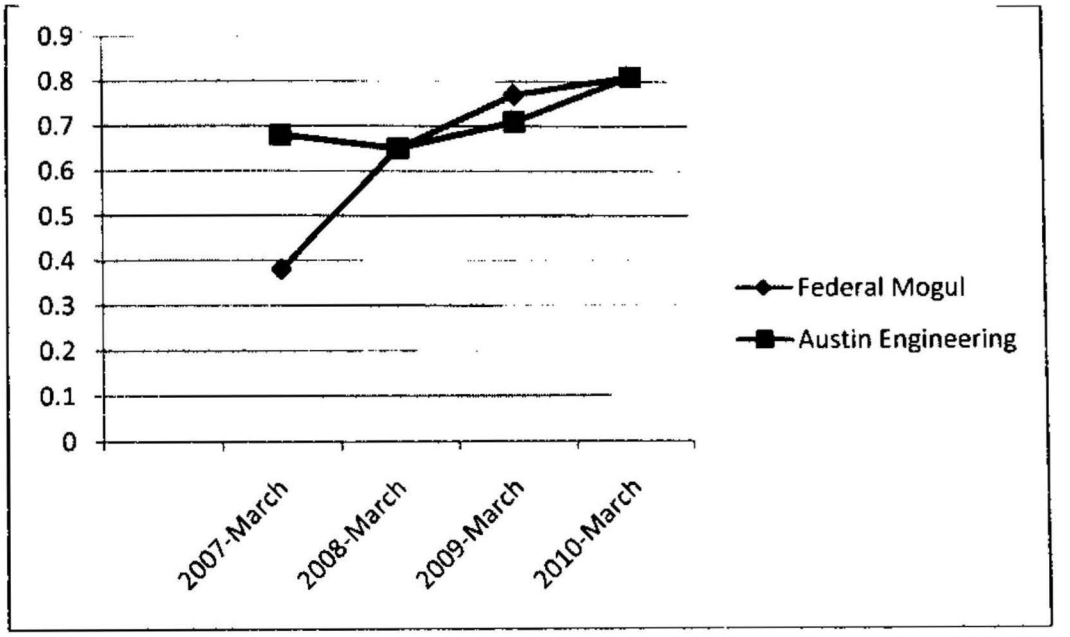

Table 12 and Graph 12 show the proprietary ratio of Federal Mogul and Austin Engineering. This ratio establishes relationship between shareholder's funds and total assets of business. Its main objective is to find out how much funds have been provided by shareholders for investment in assets of business.

Table 12 show that there is an upward growth in the proprietary ratio of Federal Mogul from the year 2007 to year 2010. On the other hand the proprietary ratio of Austin Engineering had a decline in the year 2008 but after that had a growth till the year 2010.

3.4.3 Fixed Assets to Proprietors Funds Ratio

Table 13

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	0.67	0.39	0.39	0.39
Austin Engineering	0.14	0.24	0.28	0.30

Graph 13

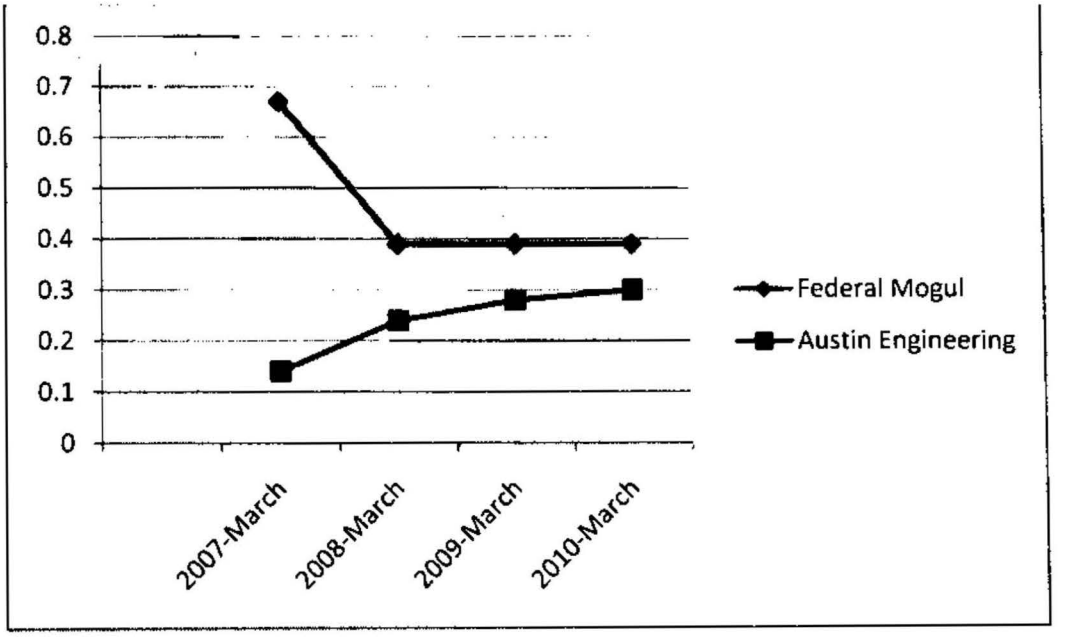

Table 13 and Graph 13 display the fixed assets to proprietor's funds ratio of Federal Mogul and Austin Engineering. This ratio establishes relationship between the fixed assets and proprietor's funds. The main objective of this ratio is to find out what proportion of owners funds are invested in fixed assets.

By analyzing table 13 it can be depict that though fixed assets to proprietors funds ratio of Austin Engineering had a growth from the year 2007 to 2010 and the fixed assets to proprietors funds ratio of Federal Mogul had a decline from year 2007 to 2008 and constant till the year 2010, fixed assets to proprietors funds ratio of Federal Mogul was greater than Austin Engineering in all the above years of consideration.

3.4.4 Interest Coverage Ratio

Table 14

Company	Year and Ratio			
	2007-March	2008-March	2009-March	2010-March
Federal Mogul	0.76	1.88	4.73	8.03
Austin Engineering	5.72	6.27	6.97	7.32

Graph 14

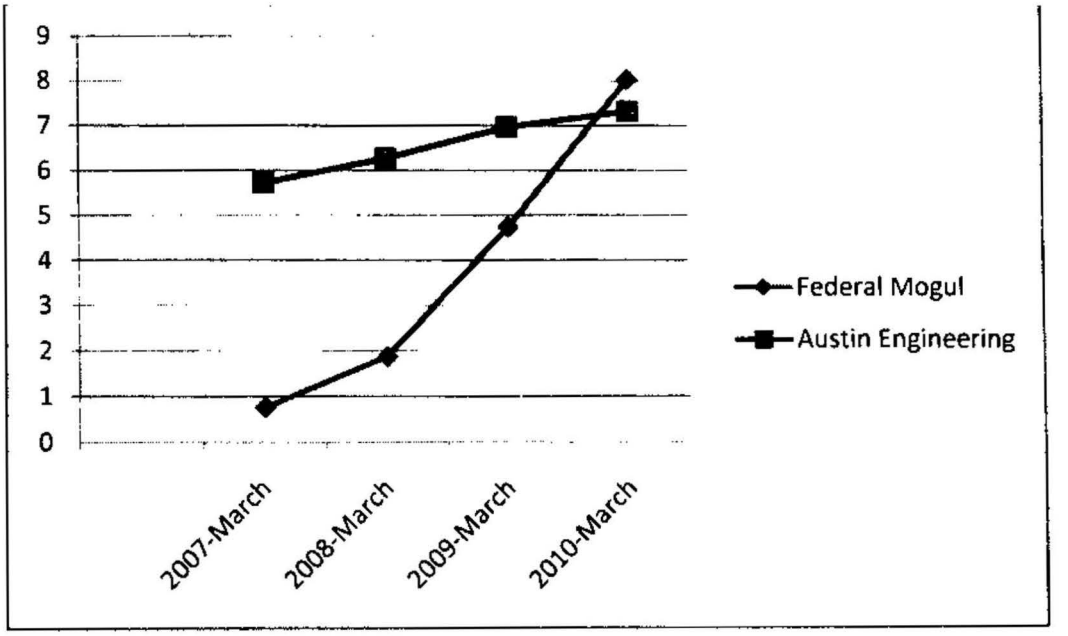

Table 14 and Graph 14 display the interest coverage ratio of Federal Mogul and Austin Engineering. With the help of this ratio it can be ascertained whether the interest on long-term debts of the business can be paid out of profits or not. The greater this ratio, the safer will be the interest of creditors.

An examination of Table 14 reveal that the interest coverage ratio of Austin Engineering is greater than Federal Mogul in all the above years except the year 2010 in which the interest coverage ratio of Federal Mogul was more. Though there was a growth in both the companies from the year 2007 to 2010, but the growth in Federal Mogul was steeper.

CHAPTER - 4
CONCLUSION AND RECOMENDATIONS

CHAPTER - 4

CONCLUSION AND RECOMMENDATION

This chapter presents the conclusion and recommendations for the two companies.

4.1 Conclusion

By the interpretation of ratios of both the companies it is concluded that Austin Engineering had a better liquidity position as compared to Federal Mogul that is Austin Engineering had a better ability to pay its short-term debts in time as well as Austin Engineering earned more profits with the optimum use of available resources as compared to Federal Mogul. However there was an effective utilization of the assets by Federal Mogul as compared to Austin Engineering. Though debt paying capacities of both the companies were favorable but capital structure of Federal Mogul is more efficient than Austin Engineering.

4.2 Recommendations for Federal Mogul

In the case of Federal Mogul it is suggested that Federal Mogul should increase its solvency position in order to pay its short-term debts in time so that it can stay away from the risk of insolvency. Even the profitability position of Federal Mogul should also be increased through sales maximization by collaborating globally, So that they can have optimum gross and net margins for better efficiency and control of the business.

4.3 Recommendations for Austin Engineering

In the case of Austin Engineering it is suggested that they should emphasize more on effective utilization of assets, the effective utilization of these assets depends on the speed at which these assets are converted in sales. As well as they should also focus on their capital structure, So that they can have an advantage in long term solvency structure, that is having a good structure to pays their long term debts, which is of importance to the shareholder, debenture holder, financial institution and other long-term creditors of the company.

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ANNEXURE

ANNEXURE-I

Federal-Mogul

Profit & Loss account Previous Years »

---------- in Rs. Cr. ----------

	mar '10 12 mths	mar '09 12 mths	mar '08 12 mths	mar '07 12 mths
Income				
Sales Turnover	1,003.65	829.85	784.96	709.69
Excise Duty	73.59	49.57	78.14	88.59
Net Sales	930.06	780.28	706.82	621.10
Other Income	4.79	5.87	-11.08	6.30
Stock Adjustments	6.19	-7.14	-24.20	-0.66
Total Income	941.04	779.01	671.54	626.74
Expenditure				
Raw Materials	472.59	350.65	309.47	294.65
Power & Fuel Cost	57.62	47.80	42.36	42.69
Employee Cost	178.01	155.70	156.90	134.26
Other Manufacturing Expenses	31.94	26.05	25.08	22.95
Selling and Admin Expenses	67.95	60.86	58.49	58.00
Miscellaneous Expenses	20.86	11.76	6.99	5.92
Preoperative Exp Capitalised	0.00	0.00	0.00	0.00
Total Expenses	828.97	652.82	599.29	558.47

	mar '10 12 mths	mar '09 12 mths	mar '08 12 mths	mar '07 12 mths
Operating Profit	107.28	120.32	83.33	61.97
PBDIT	112.07	126.19	72.25	68.27
Interest	13.93	21.70	30.99	40.57
PBDT	98.14	104.49	41.26	27.70
Depreciation	48.22	49.49	46.34	42.92
Other Written Off	2.40	2.40	2.40	2.40
Profit Before Tax	47.52	52.60	-7.48	-17.62
Extra-ordinary items	-1.82	-1.89	2.30	-0.21
PBT (Post Extra-ord Items)	45.70	50.71	-5.18	-17.83
Tax	11.30	4.62	1.72	0.80
Reported Net Profit	34.39	46.10	-6.89	-18.62
Total Value Addition	356.38	302.17	289.82	263.82
Preference Dividend	0.00	0.00	0.00	0.00
Equity Dividend	0.00	0.00	0.00	0.00
Corporate Dividend Tax	0.00	0.00	0.00	0.00
Per share data (annualised)				
Shares in issue (lakhs)	556.32	556.32	556.32	326.21
Earning Per Share (Rs)	6.18	8.29	-1.24	-5.71
Equity Dividend (%)	0.00	0.00	0.00	0.00
Book Value (Rs)	67.90	61.72	53.41	54.03

Source : Dion Global Solutions Limited

Federal-Mogul

Balance Sheet Previous Years »

---------- in Rs. Cr. ----------

	mar'10 12 mths	mar '09 12 mths	mar '08 12 mths	mar '07 12 mths
Sources Of Funds				
Total Share Capital	55.63	55.63	55.63	32.62
Equity Share Capital	55.63	55.63	55.63	32.62
Share Application Money	0.00	0.00	0.00	0.00
Preference Share Capital	0.00	0.00	0.00	0.00
Reserves	322.10	287.71	241.51	143.62
Revaluation Reserves	0.00	0.00	0.00	0.00
Networth	377.73	343.34	297.14	176.24
Secured Loans	48.22	66.59	161.45	211.67
Unsecured Loans	38.26	34.65	0.69	80.70
Total Debt	86.48	101.24	162.14	292.37
Total Liabilities	464.21	444.58	459.28	468.61
	Dec '10 12 mths	Dec '09 12 mths	Dec '08 12 mths	Dec '07 12 mths
Application Of Funds				
Gross Block	693.73	671.24	646.09	578.77
Less: Accum. Depreciation	339.05	304.97	259.03	225.90
Net Block	354.68	366.27	387.06	352.87
Capital Work in Progress	35.76	17.21	13.56	27.52
Investments	20.92	20.92	20.92	20.94
Inventories	105.64	91.35	100.33	129.03
Sundry Debtors	119.43	100.69	93.26	89.52
Cash and Bank Balance	2.33	1.58	0.87	0.80
Total Current Assets	227.40	193.62	194.46	219.35
Loans and Advances	83.84	97.47	54.30	57.62
Fixed Deposits	0.50	0.50	0.78	0.78
Total CA, Loans & Advances	311.74	291.59	249.54	277.75
Deffered Credit	0.00	0.00	0.00	0.00
Current Liabilities	215.33	228.22	189.05	198.40
Provisions	45.95	27.99	29.97	21.65
Total CL & Provisions	261.28	256.21	219.02	220.05
Net Current Assets	50.46	35.38	30.52	57.70
Miscellaneous Expenses	2.40	4.80	7.20	9.60
Total Assets	464.22	444.58	459.26	468.63
Contingent Liabilities	41.73	17.44	30.04	27.04
Book Value (Rs)	67.90	61.72	53.41	54.03

Source : Dion Global Solutions Limited

ANNEXURE-II

Profit & Loss account of Austin Engineering Company

---------- in Rs. Cr. ----------

	Mar '10 12 mths	Mar '09 12 mths	Mar '08 12 mths	Mar '07 12 mths
Sales Turnover	70.22	85.53	78.33	69.87
Excise Duty	1.94	2.66	4.24	4.28
Net Sales	68.28	82.87	74.09	65.59
Other Income	1.61	-1.94	0.35	0.77
Stock Adjustments	-2.68	0.26	6.31	1.77
Total Income	67.21	81.19	80.75	68.13
Raw Materials	32.27	40.88	40.93	32.55
Power & Fuel Cost	0.32	0.43	0.41	0.33
Employee Cost	8.72	8.12	6.92	5.86
Other Manufacturing Expenses	6.38	9.29	9.77	7.78
Selling and Admin Expenses	4.08	5.02	5.84	5.48
Miscellaneous Expenses	3.33	4.47	4.48	4.61
Preoperative Exp Capitalised	0.00	0.00	0.00	0.00
Total Expenses	55.10	68.21	68.35	56.61
	Mar '10 12 mths	Mar '09 12 mths	Mar '08 12 mths	Mar '07 12 mths
Operating Profit	10.50	14.92	12.05	10.75
PBDIT	12.11	12.98	12.40	11.52
Interest	1.03	1.93	1.78	1.77
PBDT	11.08	11.05	10.62	9.75
Depreciation	1.80	1.60	1.33	1.15
Other Written Off	0.00	0.00	0.00	0.00
Profit Before Tax	9.28	9.45	9.29	8.60
Extra-ordinary items	-0.09	-0.10	-0.09	-0.10
PBT (Post Extra-ord Items)	9.19	9.35	9.20	8.50
Tax	2.12	4.21	2.69	3.14
Reported Net Profit	7.06	5.14	6.51	5.45
Total Value Addition	22.84	27.33	27.42	24.07
Preference Dividend	0.00	0.00	0.00	0.00
Equity Dividend	0.52	0.53	0.78	0.71
Corporate Dividend Tax	0.09	0.09	0.13	0.12
Shares in issue (lakhs)	34.78	35.11	35.31	35.31
Earning Per Share (Rs)	20.29	14.64	18.43	15.45
Equity Dividend (%)	15.00	15.00	22.00	20.00
Book Value (Rs)	115.56	96.64	85.60	74.39

Source : Dion Global Solutions Limited

Balance Sheet of Austin Engineering Company

---------- in Rs. Cr. ----------

	Mar '10 12 mths	Mar '09 12 mths	Mar '08 12 mths	Mar '07 12 mths
Total Share Capital	3.48	3.51	3.53	3.53
Equity Share Capital	3.48	3.51	3.53	3.53
Share Application Money	0.00	0.00	0.00	0.00
Preference Share Capital	0.00	0.00	0.00	0.00
Reserves	36.71	30.42	26.70	22.74
Revaluation Reserves	0.00	0.00	0.00	0.00
Networth	40.19	33.93	30.23	26.27
Secured Loans	9.31	13.54	16.47	12.55
Unsecured Loans	0.00	0.00	0.00	0.00
Total Debt	9.31	13.54	16.47	12.55
Total Liabilities	49.50	47.47	46.70	38.82
	Mar '10 12 mths	Mar '09 12 mths	Mar '08 12 mths	Mar '07 12 mths
Gross Block	35.18	34.43	30.56	28.20
Less: Accum. Depreciation	20.19	18.38	17.10	15.92
Net Block	14.99	16.05	13.46	12.28
Capital Work in Progress	0.75	0.44	0.11	0.57
Investments	0.38	0.38	0.38	0.35
Inventories	25.43	28.55	28.47	20.29
Sundry Debtors	15.16	16.48	17.92	18.77
Cash and Bank Balance	5.76	1.31	1.33	0.60
Total Current Assets	46.35	46.34	47.72	39.66
Loans and Advances	5.34	6.02	6.89	4.81
Fixed Deposits	0.68	0.61	0.46	0.13
Total CA, Loans & Advances	52.37	52.97	55.07	44.60
Deffered Credit	0.00	0.00	0.00	0.00
Current Liabilities	14.63	17.79	17.46	16.19
Provisions	4.38	4.57	4.86	2.81
Total CL & Provisions	19.01	22.36	22.32	19.00
Net Current Assets	33.36	30.61	32.75	25.60
Miscellaneous Expenses	0.00	0.00	0.00	0.00
Total Assets	49.48	47.48	46.70	38.80
Contingent Liabilities	0.03	0.03	0.00	0.26
Book Value (Rs)	115.56	96.64	85.60	74.39

Source : Dion Global Solutions Limited

CURRICULUM VITAE

MOHITA DHIMAN

D/O Sh Jai Kishan Dhiman

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Objective: To start my management career by joining a well settled and highly professional organization and grab good career advancement through large efforts and innovative work techniques.

ACADEMIC QUALIFICATION:-

- Pursuing MBA in finance
- B.Com from KUK.
- +2 from C.B.S.E
- 10th From C.B.S.E
- Basic Knowledge of Computer.
- Tally 7.2

PERSONAL STRENGTH:

- Have positive attitude
- Good Communication Skill
- Quick learner
- Determined.
- Honesty
- Hardworking

Y.S.P. U...
Acc. No. 47760

PERSONAL PROFILE:-

Date of Birth	:	15-11-1989
Sex	:	Female
Marital Status	:	Unmarried
Nationality	:	Indian
Religion	:	Hindu
Language Known	:	English & Hindi

Date...13.July 2012

(Mohita Dhiman)