

## Chapter – 3: Financial Statements Analysis and Long-Term Planning

### Concept & Problem Questions section

#### 32. Financial Planning:

We would make use of the DuPont analysis to crack this one.

If there are recessionary conditions in the steel industry the companies having high debt-equity ratios and low fixed asset turnover ratios would be the ones suffering the most. Based on debt-equity ratio, Ispat Industries and Lloyd Steel are the ones which would be hit the most. Based on fixed assets turnover ratio, Ispat Industries, Jindal Steel, JSW Steel and Lloyd Steel are the ones which could be hit the most in a recessionary environment for the steel industry. On consolidating the results based on debt-equity ratio and fixed assets turnover ratio, Ispat Industries and Lloyd Steel are the ones which could be most severely hurt in a recessionary environment for the steel industry.

#### **Minicase: FINANCIAL ANALYSIS AND PLANNING OF A DAIRY PLAYER!!**

Please compute the various ratios of Hatsun Agro Products Limited and the do the ratio analysis / common sized and index based analysis. Try to make use of the interpretations given in the book.