

Demo Test

1. Which of the following statements are correct and relevant for investment decision making in respect of Nestle India Ltd?

- A) Sales are picking up, EBITDA and PAT margin is improving
- B) Promoters are holding ~62% in the company
- C) Valuations of the company are cheap
- D) Company is good at utilizing its assets
- E) PAT margin has remain stable, while EBITDA margin has improved slightly in past 10 years

Additional Information

I. Financial Numbers

- Quarterly data

AS ON QTR END	CLOSE	% CHANGE	MCAP	SALES	EBITDA	PAT	EPS	SALES GR(%)	EBITDA GR(%)	EBITDA MARGIN(%)	PAT GR(%)	PAT MARGIN(%)
LATEST	11714	22.8	1,129,457	29,394	7,922	4,461	46.27	16.9	35.7	27.0	30.0	15.2
201809	9540	-7.5	919,849	29,394	7,922	4,461	46.27	16.9	35.7	27.0	30.0	15.2
201806	10313	14.8	994,364	26,984	7,053	3,950	40.97	12.3	52.8	26.1	50.0	14.6
201803	8986	23.8	866,435	27,572	7,533	4,240	43.98	10.7	45.6	27.3	38.2	15.4
201712	7260	-6.6	699,988	26,015	5,846	3,118	32.34	13.8	20.1	22.5	8.5	12.0
201709	7770	14.5	749,160	25,141	5,840	3,432	35.59	6.4	13.9	23.2	15.6	13.7
201706	6787	-0.5	654,402	24,022	4,617	2,634	27.32	5.8	-8.6	19.2	-12.9	11.0
201703	6820	10.5	657,541	24,919	5,174	3,068	31.81	9.1	-5.6	20.8	14.8	12.3
201612	6174	-11.3	595,259	22,862	4,869	2,873	29.80	16.7	17.3	21.3	18.4	12.6
201609	6961	-2.9	671,131	23,635	5,125	2,970	30.80	35.7	62.6	21.7	75.5	12.6
201606	7166	25.6	690,907	22,717	5,051	3,025	31.37	16.1	18.9	22.2	-25.7	13.3
201603	5704	12.8	549,965	22,837	5,480	2,671	27.71	-9.3	-6.3	24.0	-16.6	11.7
201512	5057	-19.5	487,582	19,595	4,150	2,426	25.16	-22.6	-26.9	21.2	-24.1	12.4
201509	6282	2.2	605,720	17,424	3,152	1,692	17.55	-32.2	-44.0	18.1	-48.3	9.7

- Quarterly Valuation

AS ON QTR END	CLOSE	% CHANGE	MCAP	P/E	P/B	P/S	EV / EBITDA	EV /Assets	ROE	DIVIDEND YIELD(%)	Promoters Holding(%)	Mutual Funds Holding(%)
LATEST	11714	22.8	1,129,457	71.6	30.4	10.3	39.2	42.8	42.5	0.37	62.76	2.42
201809	9540	-7.5	919,849	58.3	24.8	8.4	31.8	34.7	42.5	0.80	62.76	2.42
201806	10313	14.8	994,364	67.5	26.8	9.4	37.1	37.6	39.7	0.54	62.76	2.28
201803	8986	23.8	866,435	64.5	25.3	8.4	35.8	31.4	39.3	0.96	62.76	2.40
201712	7260	-6.6	699,988	57.1	20.5	7.0	31.9	25.3	35.8	1.18	62.76	1.95
201709	7770	14.5	749,160	62.4	22.1	7.7	36.1	26.3	35.4	0.89	62.76	1.67
201706	6787	-0.5	654,402	56.7	19.3	6.9	32.6	22.9	34.0	0.97	62.76	1.74
201703	6820	10.5	657,541	55.1	21.8	7.0	32.1	22.3	39.6	0.86	62.76	2.12
201612	6174	-11.3	595,259	51.6	19.8	6.5	28.6	20.1	38.3	0.95	62.76	1.59
201609	6961	-2.9	671,131	60.5	21.2	7.6	33.5	22.9	35.0	0.84	62.76	1.30
201606	7166	25.6	690,907	70.4	21.8	8.4	38.4	23.6	31.0	0.65	62.76	1.16
201603	5704	12.8	549,965	50.7	19.5	6.9	32.0	17.4	38.5	0.75	62.76	0.87
201512	5057	-19.5	487,582	42.8	17.3	6.0	27.8	15.4	40.4	0.84	62.76	0.92
201509	6282	2.2	605,720	49.8	20.8	6.9	31.9	18.7	41.8	0.55	62.76	0.83

- Yearly Data

AS ON YEAR END	CLOSE	% CHANGE	MCAP	SALES	EBITDA	PAT	EPS	SALES GR(%)	CAGR 3YR SG (%)	EBITDA GR (%)	CAGR 3YR EG (%)	EBITDA MARGIN(%)
LATEST	11714	22.8	1,129,457	109,965	28,353	15,770	163.56	13.4	7.9	38.3	14.4	25.8
201809	9540	22.8	919,849	109,965	28,353	15,770	163.56	13.4	7.9	38.3	14.4	25.8
201709	7770	11.6	749,160	96,943	20,499	12,007	124.53	9.2	0.4	3.5	-1.1	21.2
201609	6961	10.8	671,131	88,784	19,806	11,091	115.03	1.5	-0.5	4.7	-1.3	22.3
201509	6282	5.2	605,720	87,468	18,924	12,158	126.09	-8.8	2.4	-10.6	2.8	21.6
201409	5970	6.7	575,608	95,869	21,176	12,038	124.85	6.5	9.9	2.7	12.4	22.1
201309	5597	16.2	539,653	89,992	20,611	11,108	115.20	10.6	14.8	18.5	21.8	22.9
201209	4815	7.0	464,306	81,361	17,400	11,264	116.83	12.6	18.5	16.6	17.9	21.4
201109	4499	28.9	433,760	72,273	14,929	9,341	96.88	21.4	19.7	31.0	21.7	20.7
201009	3489	35.6	336,395	59,558	11,397	7,282	75.52	21.9	20.0	7.5	20.3	19.1
200909	2573	77.5	248,559	48,862	10,606	6,632	68.66	15.9	-	28.0	-	21.7

- Yearly Valuations

AS ON YEAR END	CLOSE	% CHANGE	MCAP	PAT GR(%)	CAGR 3YR PG(%)	PAT MARGIN(%)	P/E	P/B	P/S	EV / EBITDA	EV /Assets	ROE	ASSET TURNOVER	DIVIDEND YIELD(%)	Promoters Holding(%)
LATEST	11714	22.8	1,129,457	31.4	9.1	14.3	71.6	30.4	10.3	39.2	42.8	42.5	4.23	0.37	62.76
201809	9540	22.8	919,849	31.4	9.1	14.3	58.3	24.8	8.4	31.8	34.7	42.5	4.23	0.80	62.76
201709	7770	11.6	749,160	8.3	-0.1	12.4	62.4	22.1	7.7	36.1	26.3	35.4	3.45	0.89	62.76
201609	6961	10.8	671,131	-8.8	-0.1	12.5	60.5	21.2	7.6	33.5	22.9	35.0	3.06	0.84	62.76
201509	6282	5.2	605,720	1.0	2.6	13.9	49.8	20.8	6.9	31.9	18.7	41.8	2.71	0.55	62.76
201409	5970	6.7	575,608	8.4	8.8	12.6	47.8	20.7	6.0	27.1	16.4	43.4	2.74	1.22	62.76
201309	5597	16.2	539,653	-1.4	15.1	12.3	48.6	23.0	6.0	26.5	15.3	47.3	2.51	0.87	62.76
201209	4815	7.0	464,306	20.6	19.3	13.8	41.2	25.9	5.7	27.3	13.9	62.7	2.37	1.19	62.76
201109	4499	28.9	433,760	28.3	22.6	12.9	46.4	35.4	6.0	29.2	27.2	76.3	4.51	0.48	62.76
201009	3489	35.6	336,395	9.8	23.8	12.2	46.2	38.3	5.7	29.4	32.0	83.0	5.69	1.37	62.76
200909	2573	77.5	248,559	30.9	-	13.6	37.5	52.5	5.1	23.3	29.1	140.1	5.76	1.66	61.85

II. Other Relevant data

- Asset turnover ratio of Peers

I. Dabur Ltd. – 4.0

II. Godrej Consumer Products Ltd. – 1.15

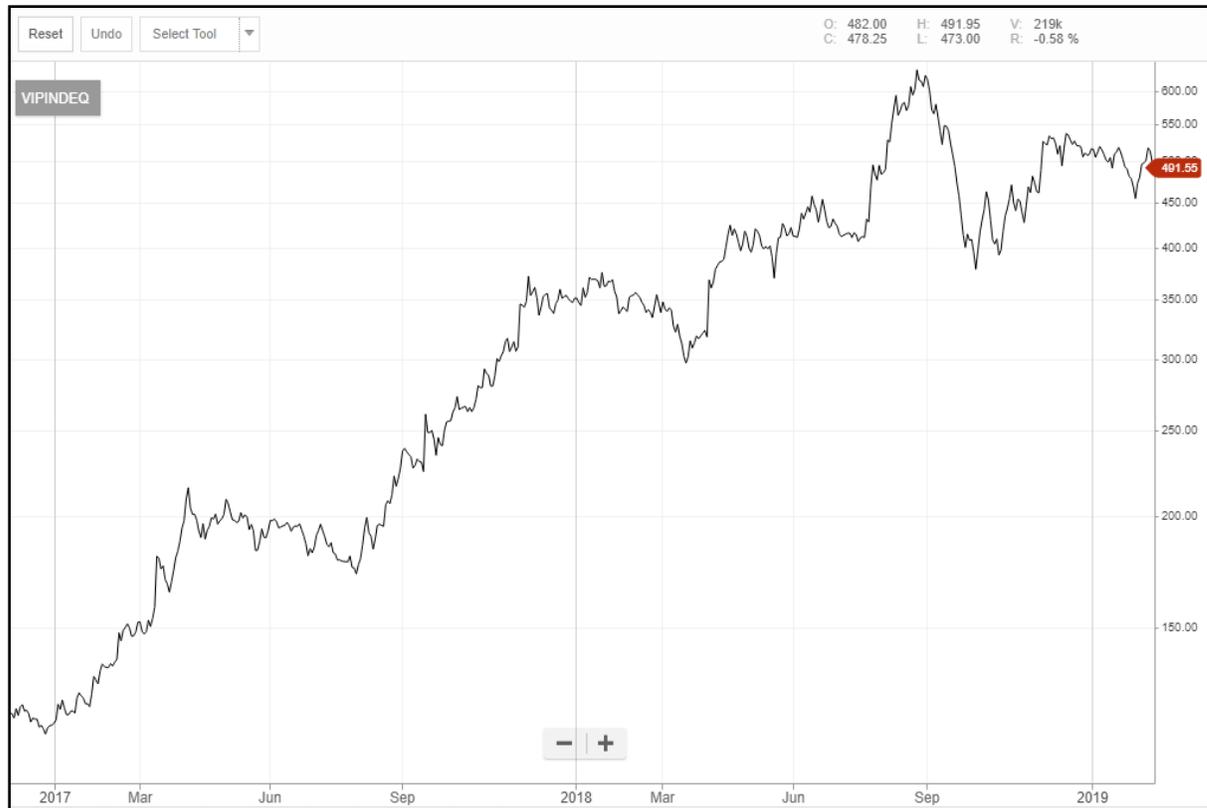
III. Bajaj Corp. Ltd. – 5.11

IV. Emami Ltd. – 1.55

- To Know Valuations of Nifty (Market) – [Click here](#)

- 2) VIP Industries, a leading luggage maker in India has outperformed the market over the past two years supported by various macro & micro levers. From January-2017 to January-2019, the share price has jumped from the level of Rs. 120 to Rs. 500.

Stock Performance



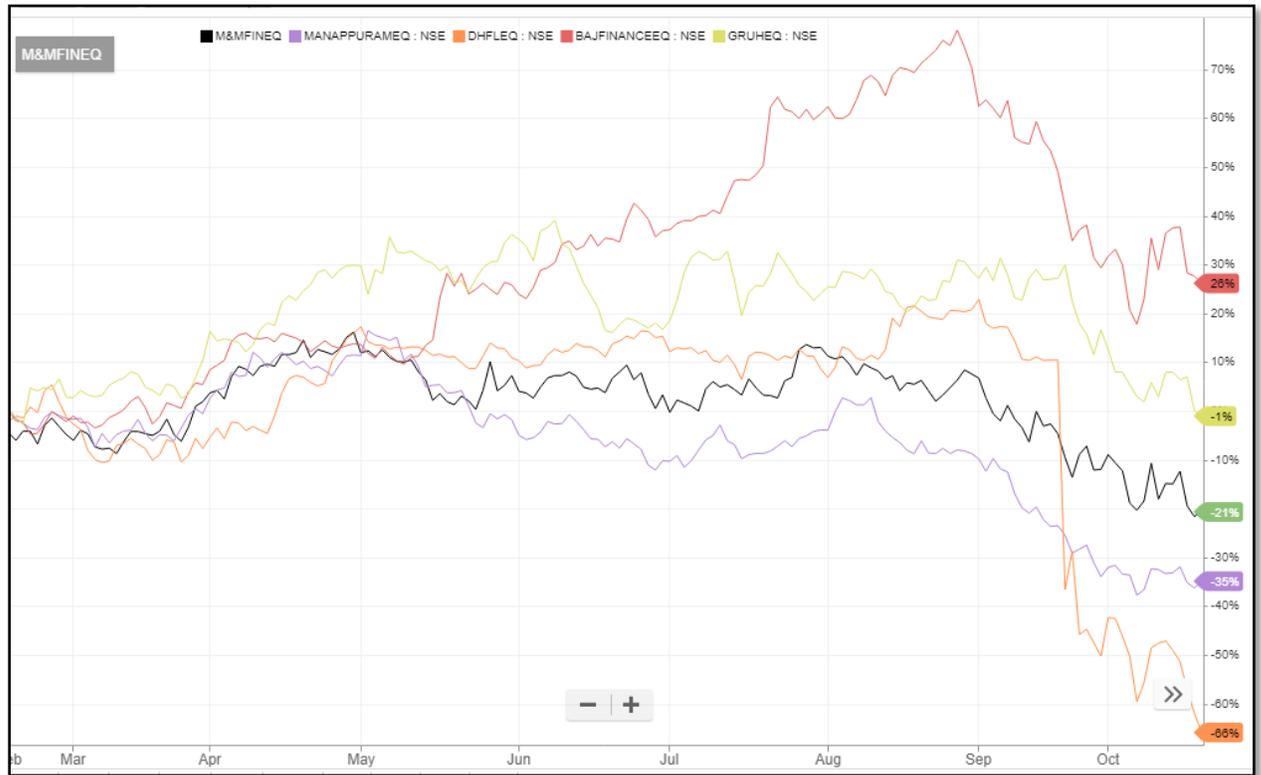
Select the appropriate options which indicated the key growth drivers for VIP Industries. Refer below links to read more

1. [Management Interview](#)
2. [Business Today Article](#)

- A) Shift from unorganized sector to organized sector
- B) Decrease in raw material prices
- C) Growth in air passenger traffic
- D) All the above

- 3) Since Sep'18, shares of Non-Banking Financial Companies (NBFCs) and Housing finance companies (HFCs) have taken a beating against the backdrop of IL&FS group entity defaulting on its debt obligations, triggering fears of liquidity crunch.

Performance of Shares of various NBFCs and HFCs



Using the various links given below, choose the correct statements in respect of IL&FS issue

1. [IL&FS Crisis: Everything you need to know](#)
2. [IL&FS debt fiasco: Not a Lehman moment](#)
3. [IL&FS Mess: Economic Times](#)

- A) IL&FS is a government entity
- B) Auditors and credit agencies have already warned about the possible default of IL&FS
- C) Providing long term loans out of short maturity fund caused asset liability mismatch (ALM)
- D) IL&FS issue has raised concerns about the possibility of a contagion
- E) All of the above

4) Which of the following statements are correct?

- A) Lower crude oil prices help to curb Inflation
- B) Higher Crude oil prices are positive for industries such as lubricants, chemicals and paints
- C) Higher crude oil prices adversely impact the twin deficit of current account and fiscal
- D) Lower crude oil prices are negative for export oriented industries
- E) All of the above

Refer following Links

1. [Impact of rising oil prices on the Indian economy](#)
2. [How rising crude prices may affect these 10 oil-related stocks](#)

- 5) In October-2017, IndusInd Bank announced plans to acquire the country's leading microfinance company Bharat Financial. The merger had received approval from the Competition Commission of India in December 2017 and from the RBI in March 2018.

Refer the Following Links

1. [IndusInd Bank acquires Bharat Financial in Rs. 15000-cr deal](#)
2. [IndusInd Bank and Bharat Financial Inclusion Merger update](#)

Which of the following statements are correct in respect of merger between IndusInd Bank Ltd and Bharat Financial Inclusion Ltd?

- A) Merger will help IndusInd Bank to expand its Balance sheet size
- B) Cost of funds will fall
- C) IndusInd will get wider reach to rural areas
- D) All of the above

Note - Answers on the next page

ANSWERS:

1 – A, D & E

A) Correct - Sales, EBITDA margin and PAT margin is picking up

AS ON QTR END	CLOSE	% CHANGE	MCAP	SALES	EBITDA	PAT	EPS	SALES GR(%)	EBITDA GR(%)	EBITDA MARGIN(%)	PAT GR(%)	PAT MARGIN(%)
LATEST	11714	22.8	1,129,457	29,394	7,922	4,461	46.27	16.9	35.7	27.0	30.0	15.2
201809	9540	-7.5	919,849	29,394	7,922	4,461	46.27	16.9	35.7	27.0	30.0	15.2
201806	10313	14.8	994,364	26,984	7,053	3,950	40.97	12.3	52.8	26.1	50.0	14.6
201803	8986	23.8	866,435	27,572	7,533	4,240	43.98	10.7	45.6	27.3	38.2	15.4
201712	7260	-6.6	699,988	26,015	5,846	3,118	32.34	13.8	20.1	22.5	8.5	12.0
201709	7770	14.5	749,160	25,141	5,840	3,432	35.59	6.4	13.9	23.2	15.6	13.7
201706	6787	-0.5	654,402	24,022	4,617	2,634	27.32	5.8	-8.6	19.2	-12.9	11.0
201703	6820	10.5	657,541	24,919	5,174	3,068	31.81	9.1	-5.6	20.8	14.8	12.3
201612	6174	-11.3	595,299	22,862	4,869	2,873	29.80	16.7	17.3	21.3	18.4	12.6
201609	6961	-2.9	671,131	23,635	5,125	2,970	30.80	35.7	62.6	21.7	75.5	12.6
201606	7166	25.6	690,907	22,717	5,051	3,025	31.37	16.1	18.9	22.2	-25.7	13.3
201603	5704	12.8	549,965	22,837	5,480	2,671	27.71	-9.3	-6.3	24.0	-16.6	11.7
201512	5057	-19.5	487,582	19,595	4,150	2,426	25.16	-22.6	-26.9	21.2	-24.1	12.4
201509	6282	2.2	605,720	17,424	3,152	1,692	17.55	-32.2	-44.0	18.1	-48.3	9.7

B) Incorrect - Information given about promoter's holding is not relevant for investment decision making

C) Incorrect - Valuations of the company are expensive, because company's Price to earnings ratio and Price to book ratio is very high compare to market P/E and P/B ratio. EV/EBITDA and EV/Assets are also very high.

AS ON QTR END	CLOSE	% CHANGE	MCAP	P/E	P/B	P/S	EV / EBITDA	EV /Assets	ROE	DIVIDEND YIELD(%)	Promoters Holding(%)	Mutual Funds Holding(%)
LATEST	11714	22.8	1,129,457	71.6	30.4	10.3	39.2	42.8	42.5	0.37	62.76	2.42
201809	9540	-7.5	919,849	58.3	24.8	8.4	31.8	34.7	42.5	0.80	62.76	2.42
201806	10313	14.8	994,364	67.5	26.8	9.4	37.1	37.6	39.7	0.54	62.76	2.28
201803	8986	23.8	866,435	64.5	25.3	8.4	35.8	31.4	39.3	0.96	62.76	2.40
201712	7260	-6.6	699,988	57.1	20.5	7.0	31.9	25.3	35.8	1.18	62.76	1.95
201709	7770	14.5	749,160	62.4	22.1	7.7	36.1	26.3	35.4	0.89	62.76	1.67
201706	6787	-0.5	654,402	56.7	19.3	6.9	32.6	22.9	34.0	0.97	62.76	1.74
201703	6820	10.5	657,541	55.1	21.8	7.0	32.1	22.3	39.6	0.86	62.76	2.12
201612	6174	-11.3	595,259	51.6	19.8	6.5	28.6	20.1	38.3	0.95	62.76	1.59
201609	6961	-2.9	671,131	60.5	21.2	7.6	33.5	22.9	35.0	0.84	62.76	1.30
201606	7166	25.6	690,907	70.4	21.8	8.4	38.4	23.6	31.0	0.65	62.76	1.16
201603	5704	12.8	549,965	50.7	19.5	6.9	32.0	17.4	38.5	0.75	62.76	0.87
201512	5057	-19.5	487,582	42.8	17.3	6.0	27.8	15.4	40.4	0.84	62.76	0.92
201509	6282	2.2	605,720	49.8	20.8	6.9	31.9	18.7	41.8	0.55	62.76	0.83

D) Correct - The asset turnover ratio is a measure of a company's ability to use its assets to generate sales or revenue. The formula of the ratio is: Sales or Revenue divided by Net Block. Asset turnover of the company is higher than the industry average, which indicates that company is good at utilizing its assets.

AS ON YEAR END	CLOSE	% CHANGE	MCAP	PAT GR(%)	CAGR 3YR PG(%)	PAT MARGIN(%)	P/E	P/B	P/S	EV / EBITDA	EV /Assets	ROE	ASSET TURNOVER	DIVIDEND YIELD(%)	Promoters Holding(%)
LATEST	11714	22.8	1,129,457	31.4	9.1	14.3	71.6	30.4	10.3	39.2	42.8	42.5	4.23	0.37	62.76
201809	9540	22.8	919,849	31.4	9.1	14.3	58.3	24.8	8.4	31.8	34.7	42.5	4.23	0.80	62.76
201709	7770	11.6	749,160	8.3	-0.1	12.4	62.4	22.1	7.7	36.1	26.3	35.4	3.45	0.89	62.76
201609	6961	10.8	671,131	-8.8	-0.1	12.5	60.5	21.2	7.6	33.5	22.9	35.0	3.06	0.84	62.76
201509	6282	5.2	605,720	1.0	2.6	13.9	49.8	20.8	6.9	31.9	18.7	41.8	2.71	0.55	62.76
201409	5970	6.7	575,608	8.4	8.8	12.6	47.8	20.7	6.0	27.1	16.4	43.4	2.74	1.22	62.76
201309	5597	16.2	539,653	-1.4	15.1	12.3	48.6	23.0	6.0	26.5	15.3	47.3	2.51	0.87	62.76
201209	4815	7.0	464,306	20.6	19.3	13.8	41.2	25.9	5.7	27.3	13.9	62.7	2.37	1.19	62.76
201109	4499	28.9	433,760	28.3	22.6	12.9	46.4	35.4	6.0	29.2	27.2	76.3	4.51	0.48	62.76
201009	3489	35.6	336,395	9.8	23.8	12.2	46.2	38.3	5.7	29.4	32.0	83.0	5.69	1.37	62.76
200909	2573	77.5	248,559	30.9	-	13.6	37.5	52.5	5.1	23.3	29.1	140.1	5.76	1.66	61.85

E) Correct - EBITDA margin has improved from 21% to close to 26%, PAT margin has remained in the range of 12-14.5%.

AS ON YEAR END	CLOSE	% CHANGE	MCAP	SALES	EBITDA	PAT	EPS	SALES GR(%)	CAGR 3YR SG (%)	EBITDA GR (%)	CAGR 3YR EG (%)	EBITDA MARGIN(%)
LATEST	11714	22.8	1,129,457	109,965	28,353	15,770	163.56	13.4	7.9	38.3	14.4	25.8
201809	9540	22.8	919,849	109,965	28,353	15,770	163.56	13.4	7.9	38.3	14.4	25.8
201709	7770	11.6	749,160	96,943	20,499	12,007	124.53	9.2	0.4	3.5	-1.1	21.2
201609	6961	10.8	671,131	88,784	19,806	11,091	115.03	1.5	-0.5	4.7	-1.3	22.3
201509	6282	5.2	605,720	87,468	18,924	12,158	126.09	-8.8	2.4	-10.6	2.8	21.6
201409	5970	6.7	575,608	95,869	21,176	12,038	124.85	6.5	9.9	2.7	12.4	22.1
201309	5597	16.2	539,653	89,992	20,611	11,108	115.20	10.6	14.8	18.5	21.8	22.9
201209	4815	7.0	464,306	81,361	17,400	11,264	116.83	12.6	18.5	16.6	17.9	21.4
201109	4499	28.9	433,760	72,273	14,929	9,341	96.88	21.4	19.7	31.0	21.7	20.7
201009	3489	35.6	336,395	59,558	11,397	7,282	75.52	21.9	20.0	7.5	20.3	19.1
200909	2573	77.5	248,559	48,862	10,606	6,632	68.66	15.9	-	28.0	-	21.7

AS ON YEAR END	CLOSE	% CHANGE	MCAP	PAT GR(%)	CAGR 3YR PG(%)	PAT MARGIN(%)	P/E	P/B	P/S	EV / EBITDA	EV /Assets	ROE	ASSET TURNOVER	DIVIDEND YIELD(%)	Promoters Holding(%)
LATEST	11714	22.8	1,129,457	31.4	9.1	14.3	71.6	30.4	10.3	39.2	42.8	42.5	4.23	0.37	62.76
201809	9540	22.8	919,849	31.4	9.1	14.3	58.3	24.8	8.4	31.8	34.7	42.5	4.23	0.80	62.76
201709	7770	11.6	749,160	8.3	-0.1	12.4	62.4	22.1	7.7	36.1	26.3	35.4	3.45	0.89	62.76
201609	6961	10.8	671,131	-8.8	-0.1	12.5	60.5	21.2	7.6	33.5	22.9	35.0	3.06	0.84	62.76
201509	6282	5.2	605,720	1.0	2.6	13.9	49.8	20.8	6.9	31.9	18.7	41.8	2.71	0.55	62.76
201409	5970	6.7	575,608	8.4	8.8	12.6	47.8	20.7	6.0	27.1	16.4	43.4	2.74	1.22	62.76
201309	5597	16.2	539,653	-1.4	15.1	12.3	48.6	23.0	6.0	26.5	15.3	47.3	2.51	0.87	62.76
201209	4815	7.0	464,306	20.6	19.3	13.8	41.2	25.9	5.7	27.3	13.9	62.7	2.37	1.19	62.76
201109	4499	28.9	433,760	28.3	22.6	12.9	46.4	35.4	6.0	29.2	27.2	76.3	4.51	0.48	62.76
201009	3489	35.6	336,395	9.8	23.8	12.2	46.2	38.3	5.7	29.4	32.0	83.0	5.69	1.37	62.76
200909	2573	77.5	248,559	30.9	-	13.6	37.5	52.5	5.1	23.3	29.1	140.1	5.76	1.66	61.85

2 – A & C

A) Correct - Due to GST rollout informal sector is becoming formal

B) Incorrect – Management as well as article given for reference has not given fall in Raw Material Price as a key growth driver for the company

C) Correct – Growth in aviation sector is key growth driver for VIP Industries Ltd.

3 – C & D

A) Incorrect - Technically, IL&FS is not a government company. It however acts like one, and with big shareholding from LIC, SBI and HDFC, and staffed with plenty of bureaucrats and former bureaucrats, it behaves pretty much like a government company.

B) Incorrect – Auditors as well as credit rating agencies have failed to catch the coming troubles of IL&FS

C) Correct

D) Correct - Twelve asset management companies through 32 funds held an aggregate 22.83 billion rupees in debt securities of IL&FS and its subsidiaries at the end of August, 2018.

E) Incorrect

4 – A, C & D

A) Correct

B) Incorrect - higher crude oil price increases the raw material cost, working capital requirements and operating cost for user industries such as lubricants, chemicals and paints, thus negative for them.

C) Correct

D) Correct – Lower Crude oil prices leads to appreciation in the value of rupee, which is negative for export oriented industries

E) Incorrect

5 – D

A) Correct

B) Correct

C) Correct – Bharat Financial has a reach of 11,000 villages, which will help directly benefit IndusInd Bank in terms of reach to rural areas

D) Correct

