

MCom Semester I | PG-SEC-AAT/MGT/BFF/EFB-416

Financial Statement Analysis

Project Work: Trend and Ratio Analysis with Intra-firm and Inter-firm Comparison

NOTICE TO STUDENTS

Dear students,

Your project work is attached. Please read the whole file carefully before you start.

IMPORTANT: The project must be HANDWRITTEN. You have to submit it as a project file. Typed or printed work will not be accepted.

Key points:

1. This is an individual project, to be submitted as a handwritten project file (A4 sheets, one side only, blue or black pen, tables drawn with a ruler, sheets fastened in a file). Expect about 30 to 40 pages.
2. Choose one set of three companies from Table 1 (or take the set allotted by me). Analyse all three companies for the same three latest financial years, on the same basis (standalone is recommended, but use the same basis for all three).
3. Use primary sources only: annual reports from the company websites or the BSE/NSE sites. Keep a print or soft copy of each report you use.
4. Task A: standard format, common-size statements, and trend analysis (index numbers, growth and CAGR).
5. Task B: eight ratios and the three-step DuPont analysis, with an overall conclusion.
6. Both intra-firm and inter-firm comparison are required in Task A and Task B. For every comparison, write what changed with numbers, whether it is Favourable or Unfavourable, and why.
7. Annexures A, B and C are examples of the format, with invented figures. Prepare these tables in your own handwritten file using your own companies and figures.
8. Show the formula, substitution and answer for every ratio, with units and the annual report page reference for every figure.
9. The work must be your own. Identical workings or wording in two files will be treated as copying. Be ready to explain every figure and conclusion in a viva.

Date of submission: 27 November 2026

Submit to: Assistant Professor Siddharth Mer

Late submission will NOT be accepted.

For any doubt, meet me or message me well before the deadline, not on the last day.

Regards,

Siddharth Mer

Assistant Professor

1. Project at a glance

Item	Details
Nature of work	Individual
What you analyse	One set of three listed companies from the same sector, chosen from Table 1
Period	Three consecutive financial years, the same for all three companies: the latest three for which annual reports are available (for example, 2023-24, 2024-25 and 2025-26)
Submission	A handwritten project file (see Section 5)
Syllabus link	Unit 1 (ratios, DuPont analysis, horizontal and vertical analysis) and Unit 2 (peer group comparison and industry benchmarking); CO 2 and CO 3

2. Objectives

On completing this project you will be able to:

- Recast the financial statements of different companies into one standard format and apply horizontal (trend) and vertical (common-size) analysis (CO 2).
- Compute and interpret liquidity, solvency, activity and profitability ratios, and analyse ROE with the three-step DuPont framework (CO 3).
- Compare a company with its own past (intra-firm) and with its peers (inter-firm) in both trend analysis and ratio analysis, and judge whether each change or difference is favourable or unfavourable for the company, with reasons (CO 3).

3. Selecting your company set

Table 1 gives **30 sets**, three for each of ten sectors. Choose **one set** (or take the set allotted by your faculty). The three companies in your set are your peer group. The peer group also serves as the industry benchmark for the inter-firm comparison (Unit 2).

Set	Sector	Company 1	Company 2	Company 3
1A	FMCG	Britannia Industries	Dabur India	Marico
1B	FMCG	Godrej Consumer Products	Colgate-Palmolive (India)	Emami
1C	FMCG	Tata Consumer Products	Jyothy Labs	Zydus Wellness
2A	Automobiles: two-wheelers	Hero MotoCorp	Bajaj Auto	TVS Motor Company
2B	Automobiles: large vehicle makers	Maruti Suzuki India	Mahindra & Mahindra	Eicher Motors
2C	Auto components	Bosch	Sundram Fasteners	Endurance Technologies
3A	Cement	UltraTech Cement	Shree Cement	Dalmia Bharat
3B	Cement	JK Cement	The Ramco Cements	Nuvoco Vistas Corporation
3C	Cement	JK Lakshmi Cement	Birla Corporation	Star Cement
4A	Pharmaceuticals	Sun Pharmaceutical Industries	Cipla	Dr. Reddy's Laboratories

Set	Sector	Company 1	Company 2	Company 3
4B	Pharmaceuticals	Lupin	Zydus Lifesciences	Aurobindo Pharma
4C	Pharmaceuticals	Torrent Pharmaceuticals	Alkem Laboratories	Glenmark Pharmaceuticals
5A	Paints and chemicals: paints	Asian Paints	Berger Paints India	Kansai Nerolac Paints
5B	Paints and chemicals: specialty chemicals	Pidilite Industries	Deepak Nitrite	Navin Fluorine International
5C	Paints and chemicals: specialty chemicals	SRF	PI Industries	Atul
6A	IT services	Tata Consultancy Services	Infosys	Wipro
6B	IT services	HCLTech	Tech Mahindra	LTIMindtree
6C	IT services	Persistent Systems	Coforge	Mphasis
7A	Steel	Tata Steel	JSW Steel	Jindal Steel Limited (formerly Jindal Steel & Power)
7B	Steel	Steel Authority of India (SAIL)	Jindal Stainless	Shyam Metalics and Energy
7C	Steel: pipes and tubes	APL Apollo Tubes	Jindal Saw	Welspun Corp
8A	Consumer durables	Havells India	Voltas	Blue Star
8B	Consumer durables	Crompton Greaves Consumer Electricals	Whirlpool of India	Bajaj Electricals
8C	Consumer durables	V-Guard Industries	Orient Electric	Symphony
9A	Retail and lifestyle	Avenue Supermarts (DMart)	Trent	Shoppers Stop
9B	Retail and lifestyle	Vedant Fashions	Metro Brands	Bata India
9C	Retail and lifestyle	V-Mart Retail	Relaxo Footwears	Campus Activewear
10A	Power and utilities	NTPC	Power Grid Corporation of India	NHPC
10B	Power and utilities	Tata Power Company	JSW Energy	Torrent Power
10C	Power and utilities	CESC	SJVN	NLC India

Rules for all sets

1. Analyse **all three companies** of your set for the **same three financial years**.
2. Use the **same basis for all three companies**: standalone or consolidated. Standalone figures are recommended because they are simpler and avoid distortion from subsidiaries. Write the basis you used on every page of workings. If standalone figures are clearly unrepresentative for a company in your set (for example, where most of the business sits in subsidiaries), you may use consolidated figures for the whole set, but only with your faculty's permission and for all three companies alike.
3. Use **primary sources**: the annual reports on each company's investor relations page or on the BSE and NSE websites.

4. If a company had a merger, demerger or change of year-end in your three years, note it in the file and mention how it affects comparison.
5. If an item does not apply to a company (for example, inventories in IT services), write "Nil" and mark the related ratio "not applicable".

Notes for particular sets

IT services (6A to 6C): inventories are very small or nil, so the quick ratio will be close to the current ratio.

Retail and lifestyle (9A to 9C): Ind AS 116 lease liabilities are large. State whether you include them in borrowings and treat all three companies in the same way.

Power and utilities (10A to 10C): receivable days can be high because of dues from distribution companies, and borrowings are heavy. Interpret the ratios in that light.

Steel, cement and power: these are capital-heavy. Pay particular attention to debt-equity and interest coverage.

Recently listed companies (for example, Shyam Metalics in 7B and Campus Activewear in 9C): make sure annual reports are available for all three years you analyse.

4. Project tasks

The project has two tasks. All work is done by hand in your file.

Two kinds of comparison (both are required in Task A and Task B)

Intra-firm comparison: compare **one company with itself** over the three years (for example, how Company 1's current ratio moved from Year 1 to Year 3).

Inter-firm comparison: compare the **three companies with one another** (for example, which of the three has the highest debt-equity in Year 3, and why).

How to judge and explain every comparison

In **every** comparison comment, whether intra-firm or inter-firm, in Task A or in Task B, write three things:

1. **What changed or differs, with numbers** (for example, "debt-equity rose from 0.45 to 0.80").
2. Whether it is **Favourable** or **Unfavourable** for the company.
3. A short **explanation** of why, using the figures in your work.

Example of the format (illustration only, not a real company)

Intra-firm: Company 1's debt-equity rose from 0.45 in Year 1 to 0.80 in Year 3. **Unfavourable.** The company is financing more of its assets with borrowing, so financial risk and interest cost are higher. The rise is partly explained by total assets growing 40% over the period.

Inter-firm: In Year 3, Company 2's receivable days are 38 against 62 for Company 1. **Favourable for Company 2.** It collects from customers faster, so less cash is locked in receivables and it needs less borrowing for working capital.

Use the guide below to decide the direction. In an inter-firm comparison, "favourable for a company" means it is better placed than the other two on that item. Always judge in the context of the sector.

Item	Favourable when	Unfavourable when
Revenue, EBITDA, PAT (growth)	Rising	Falling, or PAT growing much slower than revenue (margin pressure)
Total assets (growth)	Rising in line with revenue	Rising faster than revenue (assets not earning enough)
Total borrowings (growth)	Falling or stable	Rising faster than revenue or assets
Current ratio and quick ratio	Rising to a comfortable level (about 1.2 to 2 is usually comfortable; judge in the context of the sector)	Falling towards or below 1 (a very high ratio may also mean idle funds)
Debt-equity ratio	Falling	Rising
Interest coverage	Rising	Falling (below about 2 is a warning sign)
Receivable days	Falling	Rising
Total asset turnover	Rising	Falling
EBITDA margin, net margin, ROCE	Rising	Falling
Equity multiplier	Falling or stable	Rising (more borrowing, more risk)
ROE (DuPont)	Rising because of margin or turnover	Falling, or rising only because of higher leverage

Task A: Standard format, common-size analysis and trend analysis

Step 1: Standard format. For each company and each of the three years, copy the figures from the annual report into the standard format below. Use the same line items for all companies. Write the page or note reference for each figure and state the units (₹ crore or ₹ lakh).

Statement of Profit and Loss	Balance Sheet
Revenue from operations	Equity (share capital + other equity)
Cost of goods sold	Long-term borrowings
Gross profit	Short-term borrowings (including current maturities)
EBITDA (EBIT + depreciation and amortisation)	Trade payables
Depreciation and amortisation	Other liabilities and provisions
EBIT (PBT + finance costs)	Total equity and liabilities
Finance costs	Net fixed assets (PPE, CWIP and intangibles)
Profit before tax (PBT)	Inventories
Tax expense	Trade receivables
Profit after tax (PAT)	Cash and bank balances
	Other assets (including investments)
	Total assets

Also write down the reported **total current assets** and **total current liabilities** for each year; you need them for the liquidity ratios.

Treatment rules for Step 1 (apply the same rules to all three companies and write them on your first page of workings):

6. **EBITDA and EBIT:** include other income. Add back any exceptional loss (or deduct any exceptional gain) so that EBIT and EBITDA reflect normal operations, and note the amount and its page reference.
7. **Cost of goods sold:** cost of materials consumed + purchases of stock-in-trade $\pm$ changes in inventories (add direct manufacturing expenses if reported separately). For companies with no such cost (for example IT services and power companies), write "Nil" and mark gross profit "not applicable"; EBITDA and the later ratios are not affected.
8. **Total borrowings:** long-term borrowings + short-term borrowings, including current maturities of long-term debt. State whether Ind AS 116 lease liabilities are included in borrowings (this applies to every sector, not only retail) and treat all three companies in the same way.

Step 2: Common-size statements (vertical analysis). For each company, show every Profit and Loss item as a % of revenue and every Balance Sheet item as a % of total assets. Write three or four lines on what they show (cost structure and capital structure).

Step 3: Trend analysis (horizontal analysis). Take revenue, EBITDA, PAT, total assets and total borrowings.

- **Intra-firm comparison:** for each company, work out the index numbers (Year 1 = 100), the year-on-year growth and the CAGR of each item. Write three or four lines on **that company's own trend**, for example whether profit grew in line with revenue and whether borrowings grew faster than assets. For each change, state whether it is **favourable or unfavourable** and **why**.
- **CAGR formula:** $(\text{Year 3 value} \div \text{Year 1 value})^{(1/2)} - 1$, because three years contain two growth periods. If a figure is negative or zero in either year (for example, a loss), write "not meaningful" and comment on the year-on-year change instead.
- **Inter-firm comparison:** put the three companies side by side in the **Trend Comparison Tables (Annexure A)**. Write six to eight lines comparing them: which grew fastest and slowest, who grew profitably (compare revenue growth with PAT growth), and who relied more on borrowing. State for each company whether its position is **favourable or unfavourable** compared with the others, and **why**.
- Record your favourable or unfavourable judgements in the **Favourable / Unfavourable Statements (Annexure C)**.

Task B: Ratio analysis and three-step DuPont analysis

Compute the following ratios for all three companies for each of the three years. Use the **closing balances** of each year (so that all three years are treated alike) and **365 days**, and state this in your file.

Group	Ratio	Formula
Liquidity	Current ratio	Current assets $\div$ Current liabilities
	Quick ratio	(Current assets – Inventories) $\div$ Current liabilities
Solvency	Debt-equity ratio	Total borrowings $\div$ Equity (borrowings as defined in the Task A treatment rules)
	Interest coverage ratio	EBIT $\div$ Finance costs
Activity	Receivable days (DSO)	Trade receivables $\div$ Revenue $\times$ 365
	Total asset turnover	Revenue $\div$ Total assets
Profitability	EBITDA margin	EBITDA $\div$ Revenue $\times$ 100
	ROCE	EBIT $\div$ (Total assets – Current liabilities) $\times$ 100
DuPont (three-step)	ROE = Net margin $\times$ Asset turnover $\times$ Equity multiplier	(PAT $\div$ Revenue) $\times$ (Revenue $\div$ Total assets) $\times$ (Total assets $\div$ Equity)

- For each ratio, show the **formula, the substitution of figures, and the answer** (two decimal places). The formula may be written once for each ratio; the substitution and the answer must be shown for every company and year.
- **Interest coverage and debt-equity:** if a company has nil or negligible finance costs, write "not applicable (no finance cost)" instead of a ratio, and comment that interest burden is not a risk for that company. If borrowings are nil, debt-equity is 0.00.
- In the DuPont analysis, show all three components and ROE for each company and year, and check that the product equals $PAT \div Equity$.
- **Intra-firm comparison:** for each company, write two or three lines for **each ratio group** on how the ratios moved over the three years, and the likely reason for any big change. State whether each movement is **favourable or unfavourable** for the company and **why**. For DuPont, say which of the three drivers (margin, turnover or leverage) explains the change in ROE and whether that is favourable.
- **Inter-firm comparison:** put the three companies side by side in the **Ratio Comparison Table (Annexure B)**. For each ratio group, write two or three lines on which company is strongest and weakest, stating whether each company's position is **favourable or unfavourable** compared with the others, and **why**. For DuPont, explain what makes the ROE of the three companies different (for example, one company earns its ROE through margins and another through borrowing), and which is the more favourable.
- Record your favourable or unfavourable judgements in the **Favourable / Unfavourable Statements (Annexure C)**.
- End with an **overall conclusion** of about 10 lines: which company is financially strongest and which is weakest, using both the intra-firm and inter-firm evidence from Task A and Task B.

5. Preparing the handwritten file

Item	Requirement
Paper and writing	A4 sheets, written on one side, in blue or black pen. Draw tables with a ruler. Handwriting must be neat and legible.
Cover page	Name, roll number, class, set number, sector, the names of the three companies, the basis (standalone or consolidated), the three years analysed, and the date
Order of contents	Cover page; index; Task A (standard format, common-size, trend with intra-firm and inter-firm comparison); Task B (ratios, DuPont, with intra-firm and inter-firm comparison and overall conclusion); Annexure A, B and C tables; final checklist (Annexure D) signed by you
Workings	Show the formula, the substitution and the answer for every ratio. Write units and the page or note reference for every figure taken from the annual report.
Binding	Fasten the sheets in a file or staple them neatly
Annual reports	Keep a print or soft copy of every annual report you used. The faculty may ask you to show the source of any figure.
Viva (if held)	The faculty may ask short questions on your file. You must be able to explain every ratio and every conclusion.

Common mistakes to avoid

- Doing only intra-firm or only inter-firm comparison. **Both are required** in trend analysis and in ratio analysis.
- Mixing standalone figures for one company with consolidated figures for another.
- Using different years or different units for the three companies.

- Ratios with no interpretation, or interpretation with no numbers.
- Writing a change or difference without saying whether it is favourable or unfavourable, and why.
- Saying a company is "better" without saying on which ratio and by how much.
- Late submission, as per the college rules.

6. Academic integrity

The calculations, interpretation and conclusions must be your own work. Several students may have the same set of companies, so identical workings, wording or conclusions in two files will be treated as copying. Copying text from annual reports, broker research or websites is also not allowed. If you use a calculator, spreadsheet or any other tool to help with calculations, you remain responsible for checking every figure and must be able to explain it in a viva. Figures in Annexures A, B and C must match the workings in your file.

ANNEXURE A: TREND COMPARISON TABLES

Copy these layouts into your file. Write the three company names in place of Company 1, 2 and 3. Reading **across the three years of one company** gives the intra-firm comparison; reading **down a column of companies** for the same year gives the inter-firm comparison. Important: Annexures A, B and C are examples of the format only. The figures shown are invented for illustration and do not belong to any real company. In your own project file you must prepare these tables in the same format, using your own companies, years and figures.

Table A1: Index numbers (Year 1 = 100)

Item	C1 Y1	C1 Y2	C1 Y3	C2 Y1	C2 Y2	C2 Y3	C3 Y1	C3 Y2	C3 Y3
Revenue	100	112	125	100	108	118	100	104	109
EBITDA	100	108	118	100	110	124	100	102	103
PAT	100	105	112	100	112	130	100	99	96
Total assets	100	120	140	100	110	121	100	106	112
Total borrowings	100	150	180	100	95	90	100	110	125

Table A2: CAGR over the period (inter-firm comparison)

Item	Company 1	Company 2	Company 3	Fastest growing
Revenue	11.80%	8.63%	4.40%	Company 1
EBITDA	8.63%	11.36%	1.49%	Company 2
PAT	5.83%	14.02%	-2.02%	Company 2
Total assets	18.32%	10.00%	5.83%	Company 1
Total borrowings	34.16%	-5.13%	11.80%	Company 1

ANNEXURE B: RATIO COMPARISON TABLE

Copy this layout into your file. Reading across the three years of one company gives the intra-firm comparison; comparing the companies for the same year gives the inter-firm comparison. Important: Annexures A, B and C are examples of the format only. The figures shown are invented for illustration and do not belong to any real company. In your own project file you must prepare these tables in the same format, using your own companies, years and figures.

Ratio	C1 Y1	C1 Y2	C1 Y3	C2 Y1	C2 Y2	C2 Y3	C3 Y1	C3 Y2	C3 Y3
Current ratio	1.45	1.32	1.18	1.60	1.72	1.85	1.30	1.28	1.25
Quick ratio	0.95	0.84	0.72	1.10	1.20	1.31	0.80	0.78	0.74
Debt-equity	0.45	0.62	0.80	0.30	0.26	0.22	0.55	0.60	0.68
Interest coverage	6.20	4.80	3.10	9.50	10.40	12.10	4.50	4.10	3.60
Receivable days	50.00	56.00	62.00	42.00	40.00	38.00	44.00	45.00	45.00
Asset turnover	1.10	1.03	0.98	1.20	1.18	1.17	0.90	0.88	0.88
EBITDA margin (%)	18.00	17.36	17.00	22.00	22.40	23.10	15.00	14.70	14.20
ROCE (%)	14.00	12.20	10.10	18.00	19.20	20.50	11.50	10.80	10.20
Net margin (%)	9.00	8.44	8.06	10.00	10.37	11.02	7.00	6.66	6.17
Equity multiplier	1.80	1.95	2.15	1.50	1.45	1.40	1.90	1.95	2.05
ROE (%)	17.82	16.95	16.98	18.00	17.74	18.05	11.97	11.43	11.13

ANNEXURE C: FAVOURABLE / UNFAVOURABLE STATEMENTS

Copy these layouts into your file and use as many rows as you need. For every important change or difference in Task A and Task B, record whether it is favourable or unfavourable for the company, and why. An example row is shown (an illustration of format only). Important: Annexures A, B and C are examples of the format only. The figures shown are invented for illustration and do not belong to any real company. In your own project file you must prepare these tables in the same format, using your own companies, years and figures.

Table C1: Intra-firm (one company over the three years)

Company	Item or ratio	Change (Year 1 to Year 3, with figures)	Favourable or Unfavourable	Explanation
Eg. C1	Debt-equity	0.45 to 0.80	Unfavourable	More borrowing, so higher financial risk and interest cost
C1	Revenue and PAT (index, Year 1 = 100)	Revenue 100 to 125 (CAGR 11.80%); PAT 100 to 112 (CAGR 5.83%)	Unfavourable	PAT grew slower than revenue, so net margin fell from 9.00% to 8.06% (margin pressure)
C1	Current ratio	1.45 to 1.18	Unfavourable	Liquidity is weakening and moving towards 1 as borrowings grew faster than current assets
C2	Debt-equity	0.30 to 0.22	Favourable	Borrowings index fell from 100 to 90 while equity grew, so financial risk and interest cost are lower
C1	ROE (DuPont)	17.82% to 16.98%	Unfavourable	Net margin (9.00% to 8.06%) and asset turnover (1.10 to 0.98) fell; higher leverage (equity multiplier 1.80 to 2.15) offset only part of the fall
C3	Net margin	7.00% to 6.17%	Unfavourable	PAT index fell to 96 while revenue rose to 109, so costs grew faster than sales

Table C2: Inter-firm (the three companies compared in the same year)

Item or ratio	Year	Figures of C1 / C2 / C3	Company judged and its position	Explanation
Eg. Receivable days	Year 3	62 / 38 / 45	C2: Favourable	Collects faster than the others, so less cash is locked in receivables
Debt-equity	Year 3	0.80 / 0.22 / 0.68	C2: Favourable; C1: Unfavourable	C2 uses the least borrowing per rupee of equity; C1 has the highest financial risk
Current ratio	Year 3	1.18 / 1.85 / 1.25	C2: Favourable; C1: Unfavourable	C2 can cover current liabilities 1.85 times; C1 is the closest to 1

Item or ratio	Year	Figures of C1 / C2 / C3	Company judged and its position	Explanation
Interest coverage	Year 3	3.10 / 12.10 / 3.60	C2: Favourable; C1: Unfavourable	C2 earns 12.10 times its interest cost; C1 is nearer the warning level of about 2
ROE (DuPont)	Year 3	16.98% / 18.05% / 11.13%	C2: Favourable	C2 earns its ROE through a high margin (11.02%) and low leverage; C1 relies more on leverage (equity multiplier 2.15)
PAT CAGR	Years 1 to 3	5.83% / 14.02% / - 2.02%	C2: Favourable; C3: Unfavourable	C2 grew profit fastest; C3 profit fell although revenue rose

ANNEXURE D: FINAL CHECKLIST

Tick each item before submission, then sign.

#	Check	Done
1	Set chosen from Table 1; all three companies analysed for the same three financial years on the same basis (standalone or consolidated)	
2	Task A: standard-format statements for all companies and years, with units and page references	
3	Task A: common-size statements done, with comments	
4	Task A: index numbers, year-on-year growth and CAGR done; intra-firm comments written for each company	
5	Task A: inter-firm comparison done using Annexure A tables, with comments	
6	Task B: all eight ratios worked out for all companies and years, with formula, substitution and answer; net margin, equity multiplier and ROE come from the DuPont analysis (item 7)	
7	Task B: three-step DuPont done and the product equals ROE for every company and year	
8	Task B: intra-firm comments written for each ratio group; inter-firm comparison done using Annexure B table, with comments	
9	Every comparison states favourable or unfavourable with a reason; Annexure C statements completed	
10	Overall conclusion written; cover page, index and page numbers included; handwriting neat; sheets fastened in a file	
11	Work is my own; sources are stated	

Student signature: _____ Date: _____