TEACHING CASE LETS AND CASE-STUDY

Case Developer	:	**Dr. Jigna Trivedi**
Designation	:	**Professor**
E-Mail	:	**jigna2804@gmail.com**
Case Title	:	**Ambar Ltd**
Case Subject	:	**Corporate Restructuring and Valuations**
Accession Number	:	**23**

Ambar Ltd

Ambar Ltd is engaged in the business of apparel. It buys the cloth from the trader, converts it into 'kurtis', and sells them to the customers. The business was started by Mr. Saumil in the year 2020. On the last of the financial year (2020), it was revealed that the amount to be collected from customers was Rs.60,000. Mr. Saumil had to pay Rs.52,000 to the suppliers of the raw material. The unused cloth lying in the godown was worth Rs.11,000. One of the employees needed money, so an advance salary of Rs.8,000 was paid. The electricity bill was received, but it was yet to be paid worth Rs.5,000. The dividend income that was declared but not received by the company, was worth Rs.2,000. There was a small office, which was given on rent by the company. The advance rent received by the company was Rs.8,000. The company raised a short-term finance, bank overdraft of Rs.25,000 from the Bank of Baroda. The undistributed profits in the form of General reserve was Rs.12,000.

On the last of the financial year (2021), it was revealed that the amount to be collected from customers was Rs.48,000. Mr. Saumil had to pay Rs.23,000 to the suppliers of the raw material. The unused cloth lying in the godown was worth Rs.19,000. One of the employees needed money, so an advance salary of Rs.7,000 was paid. The electricity bill was received, but it was yet to be paid worth Rs.3,000. The dividend income that was declared but not received by the company, was worth Rs.6,050. The advance rent received by the company was Rs.15,000. The company raised a short-term finance, bank overdraft of Rs.28,000 from the Bank of Baroda. The undistributed profits in the form of General reserve was Rs.16,000.

On scrutiny of the books of accounts, it was found that the depreciation on the fixed assets was Rs.26,200, and the amortization of intangible assets was Rs. 13,100. The interest expenses were Rs.13,000. The income of the firm before interest, depreciation, amortization, and tax, is Rs. 5,21,910. The company was taxed at 25%. The company purchased new machinery worth Rs.25,789 and sold the old one for Rs.2,010. The company raised a bank loan of Rs.51,000 and repaid the old loan of Rs.18,000.

Compute the

1. Cash flow from Operations,
2. Free Cash Flow,
3. Free Cash Flow to the Equity,
4. Free cash flow to the firm.
