

Priya Sharma adjusted her blazer, her reflection faintly visible on the polished boardroom table at Blackstone Asset Management. This was it: the final round for the Junior Equity Analyst position. Her last two months of interviews, financial modelling tests, and stock pitches had all led to this moment.

David Chen, the Senior Portfolio Manager for the firm's Global Industrials fund, slid a folder across the table. "Priya, welcome," he began, his tone professional and direct. "We've been impressed so far. This is the final test. It's a real-world problem we're tackling right now. The warehouse automation sector is exploding, driven by e-commerce and supply chain pressures. We're looking to make a significant, long-term allocation, and it's come down to two key players: **RoboLogic Inc.** and **Kinetic Systems Corp.**"

He paused, letting the weight of the task settle. "On the surface, they look very different. RoboLogic is the disruptor, pursuing a volume-based, market-share-at-all-costs strategy. They produce standardized, modular robotic units and compete aggressively on price. Their revenue growth is staggering. Kinetic Systems, on the other hand, follows a value-based, integrated solutions strategy. They develop bespoke, high-performance robotics systems that are deeply integrated with a client's own software. They compete on performance and customization, commanding premium prices, but their growth is more measured."

"Your mandate," David continued, "is to look past the headlines. I don't want a story about who is growing faster. I want to know who is building a better, more sustainable business. The folder contains four years of financial statements for both companies. Use them to analyze their operational efficiency, liquidity management, profitability, and capital structure. Your recommendation must be backed by a rigorous, ratio-driven analysis. This is your final test. You have three hours".

Priya opened the folder. Her task was clear: dissect the numbers, uncover the true story behind the strategies, and make the call.

### **RoboLogic Inc. Consolidated Income Statement & Balance Sheet**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>		<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
					<b>Assets</b>				
					Current Assets				
					Cash	3000	2500	2000	1500
<b>Revenue</b>	95000	72000	52000	35000	Accounts Receivable	26000	18000	11500	7000
<b>Cost of Goods Sold</b>	66500	49680	35360	23450	Inventory	22000	15000	10000	6000
<b>Gross Profit</b>	28500	22320	16640	11550	Total Current Assets	51000	35500	23500	14500
<b>SG&amp;A Expenses</b>	16150	12600	9100	6300	Non-Current Assets				
<b>Depreciation Expense</b>	4000	3000	2000	1200	Net Property, Plant & Equipment	45000	34000	23000	15000
<b>Operating Income (EBIT)</b>	8350	6720	5540	4050	Total Non-Current Assets	45000	34000	23000	15000
<b>Interest Expense</b>	1800	1100	600	300	Total Assets	96000	69500	46500	29500
<b>Profit Before Taxe (PBT)</b>	6550	5620	4940	3750	<b>Liabilities &amp; Equity</b>				
<b>Taxes (at 30%)</b>	1965	1686	1482	1125	Current Liabilities				
<b>Net Income</b>	4585	3934	3458	2625	Accounts Payable	13000	9500	6500	4000
					Short-term Notes Payable	5000	3000	1500	1000
<b>Shares Outstanding</b>	10,00,000	10,00,000	10,00,000	10,00,000	Total Current Liabilities	18000	12500	8000	5000
					Non-Current Liabilities				
					Long-Term Debt	30000	20000	10000	5000
					Total Liabilities	48000	32500	18000	10000
					Shareholders' Equity				
					Share Capital	10000	10000	10000	10000
					Additional Paid in Capital	43415	33066	25042	16875
					Retained Earnings	4585	3934	3458	2625
					Total Shareholders' Equity	48000	37000	28500	19500
					Total Liabilities & Equity	96000	69500	46500	29500

## Kinetic Systems Corp. Consolidated Income Statement & Balance Sheet

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>		<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>	42000	36500	32000	28000	<b>Assets</b>				
<b>Cost of Goods Sold</b>	21000	18250	16000	14280	Current Assets				
<b>Gross Profit</b>	21000	18250	16000	13720	Cash	8000	6000	4500	3000
<b>SG&amp;A Expenses</b>	6300	5475	4800	4200	Accounts Receivable	6000	5200	4500	3800
<b>Depreciation Expense</b>	2500	2200	1900	1600	Inventory	3500	3000	2600	2300
<b>Operating Income (EBIT)</b>	12200	10575	9300	7920	Total Current Assets	17500	14200	11600	9100
<b>Interest Expense</b>	250	250	250	250	Non-Current Assets				
<b>Profit Before Tax (PBT)</b>	11950	10325	9050	7670	Net Property, Plant & Equipment	30000	27500	25300	23400
<b>Taxes (at 30%)</b>	3585	3098	2715	2301	Total Non-Current Assets	30000	27500	25300	23400
<b>Net Income</b>	8365	7228	6335	5369	Total Assets	47500	41700	36900	32500
<b>Shares Outstanding</b>	20,00,000	20,00,000	20,00,000	20,00,000	<b>Liabilities &amp; Equity</b>				
					Current Liabilities				
					Accounts Payable	4000	3500	3000	2500
					Short-term Notes Payable	1000	1000	1000	1000
					Total Current Liabilities	5000	4500	4000	3500
					Non-Current Liabilities				
					Long-Term Debt	5000	5000	5000	5000
					Total Liabilities	10000	9500	9000	8500
					Shareholders' Equity				
					Common Stock	10000	10000	10000	10000
					Reserves & Surplus	20808	16418	12832	9705
					Retained Earnings	6692	5782	5068	4295
					Total Shareholders' Equity	37500	32200	27900	24000
					Total Liabilities & Equity	47500	41700	36900	32500

- For the year 2024, calculate the Current Ratio and Quick Ratio for both RoboLogic and Kinetic Systems.
- An industry benchmark for DSO is 90 days. Calculate the DSO for both companies for 2023 and 2024 and comment on their inventory management efficiency relative to the benchmark.
- Calculate the Total Asset Turnover for both companies for 2024. Explain what this ratio indicates about their respective business strategies.
- Calculate the Gross Profit Margin and Net Profit Margin for both companies for the years 2023 and 2024. Which company is more profitable at the margin level, and why might this be the case given the case description?
- Calculate the Debt-to-Equity ratio for RoboLogic for all four years (2021-2024). Describe the trend and explain its potential implications for the company's risk profile.
- Calculate the Earnings Per Share (EPS) for both companies for 2024.
- Current stock price of RoboLogic is \$36.68 and for Kinetic Systems is \$83.65, calculate the Price-to-Earnings (P/E) ratio for both companies. What does the difference in their P/E ratios suggest about investor expectations?
- A junior colleague states, "RoboLogic is clearly the better-run company; its revenue has nearly tripled in four years, while Kinetic's has only grown by 50%." Critique this statement using your calculations of both companies' liquidity and activity ratios over the four-year period. Justify your critique with at least two specific ratio trends.
- In 2024, Kinetic Systems has a significantly lower Current Ratio than RoboLogic. Does this automatically mean Kinetic has a higher liquidity risk? Explain your reasoning, incorporating your analysis of both companies' DSO.
- Calculate the Return on Equity (ROE) for both companies for 2024.
- Assume RoboLogic's management wants to improve its Quick Ratio in 2025 without reducing its current liabilities. Identify two distinct actions they could take by manipulating components of the balance sheet and income statement.

12. Calculate the Interest Coverage Ratio for RoboLogic for 2023 and 2024. What does the trend in this ratio reveal about the company's ability to service its debt, especially in light of its aggressive growth strategy?
13. Kinetic Systems has a significantly lower Total Asset Turnover than RoboLogic. Is this a sign of inefficiency? Justify your answer by linking the ratio back to Kinetics' stated business strategy of providing high-value, customized solutions.
14. You must now present your final recommendation to the portfolio manager. Which company, RoboLogic Inc. or Kinetic Systems Corp., represents a more fundamentally sound long-term investment? Justify your choice using a comprehensive argument that synthesizes your findings on profitability, operational efficiency, liquidity, and financial risk.