

## XLRI Jamshedpur PMIR 2008-09

### Course: Basic Financial Management I → Take Home Assignment

#### Overview:

You are to make periodical submissions for the topic(s) as given in next page regarding your company using the latest three completed financial years<sup>1</sup>. Each submission will range between 1 to 7 pages (depending on the topic). The first page of every submission will contain on top your roll number; your company; and the topic [make it simple and straightforward].<sup>2</sup>

The key to your assignment marks are – (a) what you compute and write<sup>3</sup>, and (b) how well you support your argument(s). For example, if your submission topic were on ‘Financial Statement Analysis (FSA)’, then firstly you will have to compute the financial ratios for the last five years. Then write relevant interpretations regarding the changes that have taken place in the company’s financial ratios/figures.<sup>4</sup>

CMIE PROWESS (I-Cube)<sup>5</sup>, Bloomberg Database, SEBI Website, ISI Emerging Markets, & Site.Securities.com will be some of the best sources for getting the detailed balance sheet, profit & loss account and share price figures of your company (even annual report).<sup>6</sup> One of the books (essential readings) in course outline could be a good place to look for computations. You can then make use of multiple sources in the library and the Internet. Use any information you have access to...just be sure to cite your sources. Plagiarism is enough grounds for failing.

#### Important Deadlines and Procedures:

***The assignment should be a word file only. Your class representatives will explain to you the process of submission. Our staff Ms. Mary Johnny would take care of the work from this side. [Delays in submitting will lead to reduction of marks].***

The total assignment marks will be limited to 25. Also, in your mid/end term, questions worth 5-10 marks may come from these assignments. The random<sup>7</sup> evaluation<sup>8</sup> of assignments would be

<sup>1</sup> Typically, they will be the years ending on 31-March 2006, 31-March-2007, and 31-March-2008

<sup>2</sup> Please do not mention your name, my name, acknowledgements, etc.

<sup>3</sup> Even if you take a single line from some newspaper (or website or book) – you need to provide its reference as an endnote with page number (in case of website, complete link address).

<sup>4</sup> The more enthusiastic of you could also think of working out the relevant common-size and index-based financial statements of the company for the relevant years and even go further by looking at the numbers of peer companies.

<sup>5</sup> I think, XLRI subscribes to this one.

<sup>6</sup> Unfortunately, these databases once in a while may not work. Alternate source(s) of getting this type of data and information exists at many places including company’s website, nseindia.com, bseindia.com, relevant stock exchange (in case of international firms – their periodical filings with the relevant stock exchanges), and Indiabulls.com. The Sources of Financial Information in the Course Outline lists a number of useful data sources.

<sup>7</sup> In every submission, I will randomly pick up around 2 numbers. For example, for the first submission, I may check assignments of all students whose roll numbers will end with numbers 1 and 5 (i.e., roll numbers 1, 5, 11, 15, 21 ... goes on). These random numbers are picked using excel sheet (and hence I have no role). It will be seen to it that each student’s submission is checked a minimum of 2 times.

<sup>8</sup> As mentioned in the class – each student will start with 15 marks for his assignment. For each wrong submission found in a student’s assignment – I will cut a maximum of 7 marks.

conducted by me and will be kept confidential. I am available for consultations about the assignment in office, before or after class, on class days.

No	Assignment	Brief Details	Any Reference
1	Introduction	Provide (a) one page write-up of the company; (b) Present its significant non-financial performance indicators; and (c) identify three good peers/ comparisons to your firm. Add your comments/ observations in the end.	1. RWJK 8/e Chap 1 2. Hindu Business Line Sunday 3. Business Standard Monday
2	Valuation of Shares	Find the intrinsic value of your firm using appropriate valuation model. Provide reasoning and comments (if you were to make a buy/sell)	1. RWJK 8/e Chap 5 2. Prasanna Chandra (PC) Ch 5
3	Market Efficiency	Provide market efficiency details of your company using 2-years of share price movements (including correlation index, price-volume charts and graphs)	1. RWJK 8/e Chap 13 2. BM Ch 13 (especially Fig 13.2) 3. PC Ch 14
4	Raising Corporate Finance	Give details of how, when, why, etc of your company's long-term finance (example – details of its rights issue, IPO, debentures, etc and their influence on share capital and capital employed)	1. RWJK 8/e Chap 13 and 19 2. BM Ch 14 & 15 3. PC Ch 15 & 16
5	Risk & Return	Using CAPM model calculate the levered and unlevered beta, correlation coefficient values for your firm (stock data being used should be of about 1 year time frame – example Jan. 2001 to Dec. 2001)	1. RWJK 8/e Chap 10 2. BM Ch 7 & 8 3. PC Ch 6 & 7
6	Cost of Capital, Economic Value Added	Provide the firms over all cost of capital. It will involve calculating its cost of equity (using three methods), cost of debt, and weighted average cost of capital. Finally find out the economic value added by the firm during the last 2 years.	1. RWJK 8/e Chap 12 2. BM Ch 7 3. PC Ch 12 & 34
7	Financial Statement Analysis	Calculate all the possible ratios of the firms. Find out the short-term solvency, long-term solvency, activity, and profitability position of the firm? Comment of the changes	1. RWJK 8/e Chap 3 2. BM Ch 28 3. PC Ch 30
8	Leverage and Capital Structure	What is your company's capital structure? Are there any changes during the last 2 years? What is its financial and operating leverage (use a 10% increase and decrease in its last year sales)? Comment on the change in leverage levels in the last 2 years	1. RWJK 8/e Chap 15 and 16 2. BM Ch 17, 18, & 19 3. PC Ch 17, 18, & 31
9	Dividend Policy	What is the current dividend policy of the company? Are there any changes with its past policy? Are there any differences with its competitors? Comment briefly	1. RWJK 8/e Chap 18 2. BM Ch 16 3. PC Ch 19 & 20
10	Financial Planning	Using anyone of the financial forecasting models you have to predict the company's forthcoming years (usually it will be year ending Mar 2003) balance sheet and income sheet figures.	1. PC Ch 32
11	Bond & Preference Shares Valuation	Current yields/valuation of debentures, bonds, preference shares of your company. In case there are no listed preference shares/debentures then mention the interest rates at which the companies are having their loans at.	1. RWJK 8/e Chap 5 and 20 2. BM Ch 23, 24, & 25 3. PC Ch 5
12	Corporate Governance	What is the current shareholding pattern and executive compensation in the firm? Any significant changes in the last 2 years? Other possible corporate governance details and their interpretations	1. BM Ch 34 2. PC Ch 36
13	Financial & Corporate Restructuring	What are the notable financial and corporate restructurings that took place for your firm in the last 3 years? How will they influence your firm and the industry? Why did the company do the same? Note: Financial restructurings also include share buybacks.	1. RWJK 8/e Chap 29 2. BM Ch 33 & 34 3. PC Ch 35
14	Working Capital Management	Comment on the company's working capital management (including operating cycle, accounts payable days, accounts receivable days, inventory turnover days, etc). Are there any changes during the two-year period?	1. RWJK 8/e Chap 28 2. BM Ch 30, 31, & 32 3. PC Ch 24 to 29
15	Statement of Cash Flows	Do the Analysis of the company's cash flows and give your assessment (as done in class)	RWJK 8/e Chap 2
16	Capital Budgeting Details	Is the company having any currently on going capital expenditure projects? Provide all the relevant financial details of the same	RWJK 8/e Chap 7 Respective company annual reports

No	Assignment	Brief Details	Any Reference
17	Time Value of Money	Based on Roll Number of the Student	Refer the TVM Chapter in any standard text book

### Basis of Allocation of Companies:

The current constituents of popular domestic and international indices (BSE and FTSE) were downloaded from the respective websites. Sixty of them were picked up. A few smaller players were included to bring variety. In other words, it contains a rich mix of all types of companies ... with a bias towards the better performing publicly listed and most-traded companies in India and global arena (so getting data on them should not be a major problem). Your company is the one across your name and roll no.

S No	Roll Number	Name	Company Allotted
1	P08001	Akhilesh Sahu	Alok Textiles
2	P08002	Amit Mehta	Asian Paints
3	P08003	Amitabh Singh Yadav	Aries Agro
4	P08004	Anjali Agarwal (Ms)	BHP Billiton Australia
5	P08005	Ankita Choudhary (Ms)	Biocon Limited
6	P08006	Ankur Jain	BP United Kingdom
7	P08007	Anudyuti Das	Chambal Fertilizers
8	P08008	Anupam Ajmani	Chevron United States
9	P08009	Apoorva Kothari (Ms)	China Telecom (Hongkong Listed)
10	P08010	Arindam Nandy	Cognizant Technology Solutions
11	P08011	Arun Kumar	Container Corp
12	P08012	Asheeta Chhabra (Ms)	Convergys USA
13	P08013	Asif Zafar Khan	CRISIL Limited
14	P08014	Bhaskar Sharad	Daimler Chrysler Germany
15	P08015	Bhavya Sureshkumar Acharya	DIC India
16	P08016	Debayan Biswas	Eastern Silk Industries
17	P08017	Dibakar Mitra	Ericsson B Sweden
18	P08018	Dipti Sharma (Ms)	ExxonMobil United States
19	P08019	Garima Bawa (Ms)	Ford Motor United States
20	P08020	Gaurav Goyal	Garware Marine
21	P08021	Gaurava Sahi	Gateway Distripaks
22	P08022	Hameeduddin A	General Motors United States
23	P08023	Hariharan R	Hatsun Agro Products
24	P08024	Hema Pachisia (Ms)	Heineken Netherlands
25	P08025	Hrishikesh Kashyap	Heritage Foods
26	P08026	Krishna Chaitanya Padarathi	Hero Honda
27	P08027	Kshitij Jain	Hexaware Technologies Ltd.
28	P08028	Kumar Anshu	Hindalco
29	P08029	Lenin Mandalapu	Hindustan Unilever Limited
30	P08030	Mahima (Ms)	Hitachi Japan
31	P08031	Mayukh Mitra	Indag Rubber
32	P08032	Namrata Jain (Ms)	Infosys Technologies Limited
33	P08033	Nidhi Rawal (Ms)	Kilburn Chemicals
34	P08034	Pallavi Bhargava (Ms)	Lawreshwar Polymers
35	P08035	Praneet Haldar	Liberty Footwear

S No	Roll Number	Name	Company Allotted
36	P08036	Priyanka Shukla (Ms)	Linc Pen and Plastics
37	P08037	Puneet Chauhan	Lupin Limited
38	P08038	Raghav Pareek	M R F
39	P08039	Rajdeep Bhattacharyya	Maruti Udyog Limited
40	P08040	Ramaa Ramesh (Ms)	Mastek
41	P08041	Ramaswamy V	Mro-tek
42	P08042	Rashmi Kamath (Ms)	Nagarjuna Fertilizers
43	P08043	Reju Mathew	National Aluminium Co. Ltd,
44	P08044	Ritesh Agarwal	Nirma Limited
45	P08045	Roma Bindroo (Ms)	Nokia Finland
46	P08046	Sahil Sinha	Novartis Switzerland
47	P08047	Saloni Gupta (Ms)	Patni Computer Systems
48	P08048	Shivin Tikoo	Pioneer Distilleries Limited
49	P08049	Shruti Tewari (Ms)	Prism Cements
50	P08050	Shweta Gupta (Ms)	Punjab Tractors
51	P08051	Siddharth Chatterjee	Qantas Airlines Australia
52	P08052	Sonal Gupta (Ms)	Raymond
53	P08053	Sreedevi R (Ms)	Relaxo Footwears
54	P08054	Srinath Sridharan	Royal Dutch Shell United Kingdom
55	P08055	Sugat Dabholkar	Samkrp Pistons
56	P08056	Sumit Singla	Sandesh
57	P08057	Tushar R Walwadikar	Satnam Overseas (Kohinoor Foods)
58	P08058	Upasana Pindwal (Ms)	Sathavahana Ispat
59	P08059	Veena Narasimhan (Ms)	Siemens AG (Germany)
60	P08060	Vignesh Kalyanaraman	Singtel Singapore
61	P08061	Vijay Deep Nandal	South Asian Petrochemicals
62	P08062	Vineeth Kumar Ravichandran	Taiwan Semiconductors
63	P08F01	Gaurav Marathe	Toyota Motor Japan
64	P08F02	Madhu Bala (Ms)	Vijayeswari Textiles
65	P08F03	Priyanka Vallabh (Ms)	Welspun India
			Western India Shipyard
			Wockhardt

### Some Questions:

1. Is there an incentive if the assignment submission is larger?

No. Length does not equal completeness. As a general rule, including information, analysis and/or discussion that is correct but which doesn't help the reader understand the topic will hurt your grade.

2. When should I cite a source in the text of the paper?

If it is not your original idea/analysis or if you didn't discover the information yourself, cite it.

3. Does this assignment need a basic background of accounting?

No, it does not. It just needs your time and efforts to understand the industry and company you have been allotted.