

## SPJCM SINGAPORE – GMBA 2008-09

**End-Term Examination, Time: 120 Minutes, Total Marks: 40**

NAME: \_\_\_\_\_

ROLL # \_\_\_\_\_

### **INSTRUCTIONS**

**This is an open book examination. Laptops and Calculators are allowed.** But, you are not allowed to borrow calculators, books, etc. No access to internet is required.

Anyone who resorts to unfair practices, as judged by the examiner, the minimum penalty will be zero in this segment of evaluation, while the maximum penalty could be expulsion from the institute. There will be no further warnings.

### **Case: Virat Industries Limited (40 marks)**

Virat Industries Limited is a very small textile player (segment – knitting yarn, socks, export oriented) with manufacturing facilities in Gujarat, India. It is owned by a small family based business group (community – parsi) and is listed on the Bombay Stock Exchange. You are being provided with the soft copies of the annual reports of Virat Industries Limited for the financial years (2005 and 2007). Other limited details available on the company are mentioned below. You are required to find the intrinsic value of each equity share of this company. Please mention clearly the valuation model adopted and your assumptions for arriving at the intrinsic value (i.e., assumptions behind your computations). Please be specific in your answer (writing irrelevant things would result in less marks).

**Your answer sheet will be a word file with your roll number as the name of the file. All excel computations are also to be pasted on the same.**

#### **Details of its Equity:**

Par Value of Each Equity Share: Rs. 10; Current Beta: 1.7; Average Volume of Shares Traded per day: 37K (Source: Reuters). The market return risk premium for the Indian equity markets could be taken as 7% and the risk free rate of return could be taken as 8%.

Your answers will be evaluated using the following framework:

Grade	Focus	Development	Response to Case	Style	Errors
A	All elements respond to the focus	A clear and consistent pattern of development	Enhances the case	A flair for style and a concern for revision	0-3 errors
B	One or two digressive elements	Breaks down once or twice	Responds clearly to the case	Words and sentences reflect care	4-6 errors
C	Traces of a single focus	Inconsistent pattern of development	Some misdirection	Word choice fails, choppy	6-12 errors
D	The paper loses its path	Ideas are simply listed	Thwarts the instructional purposes of case	Sentences require several readings	12-20 errors
F	No focus	No development	Off case	Incomprehensible	20+ errors

Source: Ram Kumar Kakani and Pingali Venugopal; 'Management education: A framework for grading' Management and Labour Studies, Vol. 27[3], Jul. 2002, pp. 57-72, Available at SSRN: <http://ssrn.com/abstract=905166>