Management Programme (MP) / Post- Graduate Diploma in Financial Management (PGDFM)

ASSIGNMENT
For
January 2024 and July 2024 Sessions

MS - 41: Working Capital Management

(Last date of submission for January 2024 session is 30th April, 2024 and for July 2024 sessions is 31st October, 2024)

School of Management Studies
INDIRA GANDHI NATIONAL OPEN UNIVERSITY
MAIDAN GARHI, NEW DELHI – 110 068

Course Code	:	**MS - 41**
Course Title	:	**Working Capital Management**
Assignment Code	:	**MS - 41/TMA/JAN/2024**
Coverage	:	**All Blocks**

Note: Attempt all the questions and submit this assignment to the coordinator of your study centre. Last date of submission for January 2024 session is 30th April, 2024 and for July 2024 session is 31st October, 2024.

1. Select any two firms from the same industry and collect their Financial Statements for the years 2022-2023 & 2023-2024, and calculate their Efficiency, Liquidity and Structural Ratios. Based on these ratios give your views on the working capital management of these firms.

2. The company XYZ Ltd has annual sales of Rs. 50 lakhs and is currently extending 30 days' credit to the dealers. It is considering change in credit policy and the following information is available:
   The average collection period now is 30 days.
     Costs: Variable Cost: 80 percent on sales
                      Fixed Cost: Rs. 6 lakhs per annum
   Required (pre-tax) return on investment: 20 percent

Credit Policy	Average Collection Period	Annual Sales Rs.
P	45 days	56,00,000
Q	60 days	60,00,000
R	75 days	62,00,000
S	90 days	63,00,000

   You are required to recommend as to which of the policies given above should be adopted by XYZ Ltd. What are the assumptions you have made for coming to such decision?

3. Visit any Bank of your choice and study the methods of Appraisal that the Bank follows while extending Credit Facility to the Business Houses. Write a detail note on your findings.

4. 'Working Capital Module simulates the integration of working capital components into the Capital Investment (CI) process'. Give the objectives and explanation of the operation of each module that forms a part of the working capital – capital investment process. Also highlight the sequential operation of the WC module.