



Christ University Institute of Management

chaanakya

Summer
Internship
2012

A Wealth Incorporation Publication

SPECIAL EDITION

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Messages

Fr Thomas T V, Director, CUIM

Chaanakya over the years have been found to be very useful and resourceful. It covers latest trends in the major sectors. It requires high order thinking to come up with such magazines. Sections such as Alumni speak is a good way to know more about the outside world and it acts as a feedback to college. It's a great learning for the entire team behind Chaanakya. Juniors need to reflect and should approach studies with those reflections. It helps readers gain an edge in such a competitive and dynamic world.



Prof. Ghadially Zoher H, Associate Dean, CUIM



The content of Chaanakya has always been very relevant and current. Punctuality is the key here, it always comes on time. It is very beneficial to its readers. The credit goes to Prof. T S Ramachandran. Since inception of Chaanakya, he has done a wonderful job. SIP Edition is a novel method of disseminating knowledge by seniors to the juniors. Juniors should take this special edition as a gift from seniors.

Prof. C K T Chandrashekara, Head of Administration, CUIM

Student initiative in sports, event management, e-journal, creativity and innovation, blossom etc., is a unique feature of Christ University Institute of Management. Chaanakya - Finance E-Journal is a special effort made by Finance Stream Students. It is a spot for latest development covering finance, Fiscal Budget, Monetary policy, Inflation, Interest Rate, F.D.I & FII, External & Internal Economy, Important numbers of Finance and Economy etc., among the various finance updates. It provides information up to date and all the students are benefitted to face competition in Quiz program, updating subject knowledge and placement. I wish that students from every future batch will make an effort to come out with improved information and keep up the scheduled time which is the unique feature of Chaanakya and hold the Chaanakya flag high. I wish Finance students all the best in their effort to keep up the quality of Chaanakya and in other endeavors. Further a new SIP edition is being planned to help the junior students to know about SIP and intricacies involved in it and to enable them to choose right type of project in good organizations. The effort of the senior Finance students is exemplary in nature and kudos to senior team Chaanakya.



Prof. T S Ramachandran, Head of the Department (Finance), CUIM



Knowing numbers is essential for everyone at every stage. Chaanakya is a link between the student community and the outside world. It provides a great opportunity to every one. Today is the world of information, since last 25 years things have changed to a larger extent. Chaanakya gives you an opportunity to remain focused. The juniors should learn from the challenges faced by seniors in the SIP mentioned in special edition and should take their work to new heights. It is a wonderful SIP collection done by the team, make good use of it.

Editor's Note

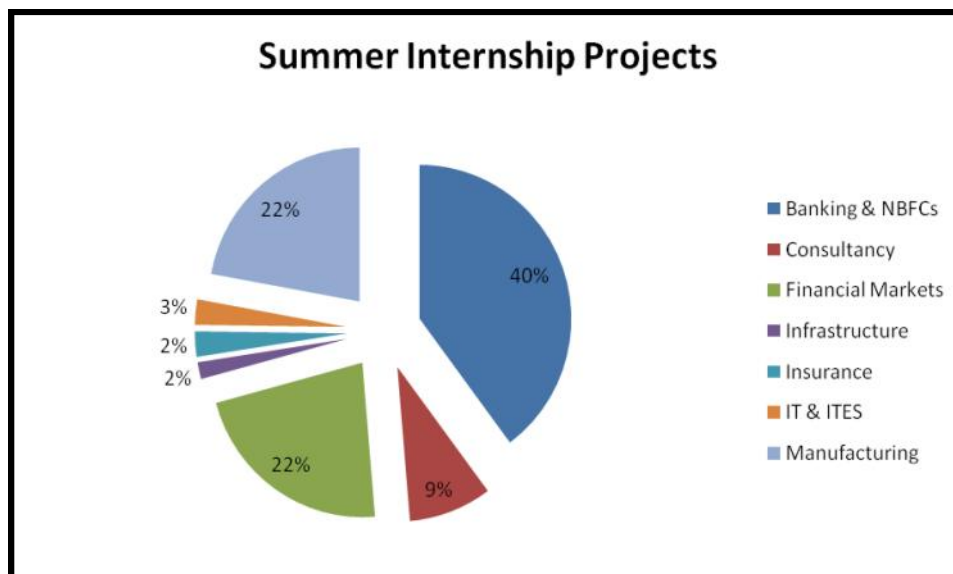
We have too many people who live without working, and we have altogether too many people who work without living. I have been fortunate enough to have worked and enjoyed my way through this year. It was an honor to work as an Editor for Chaanakya and it has been one of the best learning experiences so far. I have been extremely fortunate to have had a wonderful team, working round the clock to make the magazine into a harmonious assemble of the best possible content, and I am heartily great full to them for their effort and hard work.

Chaanakya did not just help me grow academically but also taught me valuable life lessons. It was working with the Team that helped me understand the importance of team work and cooperation that helps bring out the best results.

As a token of our gratitude we bring forth the Special Edition of Chaanakya focused on Summer Internship Projects undertaken by students in the year 2012. We hope that our endeavors benefit you and provide you with a similar enriching experience that we have had.

I would like to take this opportunity to thank the Management and Faculties who have always supported us and have been a source of inspiration. I would also like to thank everyone who have shared their Summer Internship experience with us.

To begin with I would like to share with you the breakup of the sectors in which students have done their projects followed by a snapshot of the companies.



Thank you all once again and wish you all the very best for your future endeavors..

Regards

Kritika Banerjee

Editor, Chaanakya

Snapshot of Companies Where the Students Did Their Projects



SHREE CEMENT LIMITED

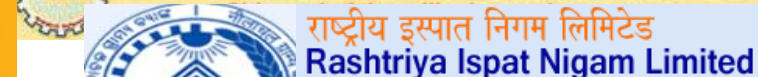


BNP PARIBAS



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List of Projects Undertaken in Banks and Non-Banking Financial Corporations

Name	Company	Location	Topic
Akanksha Jaiswal	Reserve Bank Of India	Bangalore	Preparedness for implementation of Advanced Measurement Approach in respect of Operational Risk- A survey of select Karnataka based banks
Akhil Subair	Kerala Financial Corporation	Thiruvananthapuram	Portfolio Management in Kerala Financial Corporation
Amit	HDFC Bank	Bhopal	Retail Banking
Amogh	ING Vysya Bank	Bangalore	Peer group analysis using CAMEL approach
Ankit Koolwal	Punjab National Bank	Delhi	Credit Appraisal and Risk Management
Arjun	Kerala Financial Corporation	Kozhikode	Study on working capital financing in Kerala Finance Corporation
Arpita Jain	IDBI Bank	Bangalore	A Study on the viability of sanction of working capital assistance to the pharmaceutical sector followed in IDBI bank
Arthy	Indian Overseas Bank	Guindy, Chennai	Analysis of working capital financing with reference to a particular company
Asha Varghese	South Indian Bank, Regional Office	Bangalore	NPA management in SIB
Bishwak Sena Reddy P	Karnataka State Financial Corporation	Bangalore	A study on financial assistance provided by KSFC to SMEs
David Poly	IDBI Bank, Regional Head Office	Bangalore	Credit Appraisal and risk analysis of agri-loans
Deebadwita De	Standard Charter Bank	Kolkata	Comparative analysis of portfolio management and investment decision services
Gayitri	Central Bank of India	Bangalore	Credit Appraisal Process
Jimson John	South Indian Bank	Trissur, Kerala	Study of NPA management of SIB
Khushbu Singh	UCO Bank Head Office	Kolkata	Comparative analysis of retail liability portfolio of UCO bank vis-à-vis Punjab National Bank and Bank of Baroda
Komal Shah	HDFC Bank	Gorakhpur	Analysis of Financial Products of HDFC Bank
Konica Agarwal	Dena Bank	AD Branch, Indore	International Payment gateway through documentary credits
Kritika Banerjee	Punjab National Bank	Circle Office, Raipur	A Study on the Process of Lending to Micro and Small Enterprises

Madhusudan Das	Standard Chartered Bank	Bangalore	Reducing Cost of Acquisition and TRAI regulation
Meenu Joseph	State Bank of India	Mumbai	Study on NPA in SBI
Nimmi Reji	IDBI Bank	Jaipur, Rajasthan	Clearing and cash management services provided by IDBI
Nishanth G Suseelan	Federal Bank	Bangalore	Credit Appraisal of SMEs
Ojender Prakash	Deutsche Bank	Bangalore	Study on anti-money laundering and hedge funds
Pankaj Kumbhat	IDBI Bank	Jodhpur	Priority sector lending
Pankaj Sharma	Canara Bank	Bangalore	Credit appraisal off the Subash (Mysore) Pvt Ltd at Canara Bank
Pawan Kumar G	Karnataka State Financial Corporation	Bangalore	A Study on the Process of Project Appraisal at KSFC
Pooja Bharalawala	Bharat Motors	Bhubaneswar	Study on channel funding as a financing option for dealers
Prachi Sharda	Yes Bank	Jaipur, Rajasthan	study of appetite of customers at Yes Bank
Rajat Kukreti	HDFC Bank	Dehradun	credit appraisal process in home loans
Rinkesh	Arman Financial Services Ltd.	Ahmedabad	Success Factors of Micro-finance and challenges
Rishin	Cauvery Kalpatharu Gramina Bank	Mysore	Study on method of appraising working capital finance in CKG Bank
Sakshi	HDFC Bank	Bangalore	A study of the credit appraisal system at HDFC bank and analyse the end to end process to understand the reasons for TAT delay in credit process under loan against property
Sanjeet Kumar	Central Bank of India	Jonal Office, Patna	A study of NPA of Central Bank of India
Santhosh Philip George	Federal Bank	Head Office, Aluba, Kerala	Assessment of working capital requirements of SMEs
Santosh	Karnataka State Financial Corporation	Bangalore	A study on the process of recovery management by KSFC
Saranjeet Singh	State Bank of India	Bangalore	Credit Risk Analysis and Techno-Economic feasibility of projects
Shashank Mishra	Bank of India	Kanpur	Credit Appraisal and Risk Management
Sonal	South Indian Bank	Bangalore	Analysis of asset liability management in South Indian Bank
Sonam Sagar Gupta	ING Vysya Bank	Kolkata	Business Potential Of ING Vysya Bank in Minto Park, Kolkata
Soumya Kant Rath	Neelachal Gramya Bank	Corporate Office, Bhubaneswar	Term loan appraisal in project financing
Srinivas Prasad K	Punjab National Bank	Bangalore	Credit Risk Management
Syamlal Meena Diya	South Indian Bank	Trissur, Kerala	A Study On Credit Appraisal Process of South Indian Bank
Vaibhav Gupta	HDFC Bank	Delhi	Imapct of deregulation of saving interest rate on the cost of funds and its subsequent impact on NIM
Vivek Bhaskaran	Deutsche Bank	Bangalore	Infrastructure Finance
Yamini Agrawal	Reserve Bank Of India	Bangalore	Credit Concentration Risk Management in Karnataka Based Banks

Name: Akanksha Jaiswal
Organization: Reserve Bank of India
Location: Bangalore

Topic: Preparedness for implementation of Advanced Measurement Approach in respect of Operational Risk- A survey of select Karnataka based banks

Operational risk is not a new concept for banks. Operational losses have been reflected in banks' balance sheet for many decades. They occur in banking industry every day. Operational risk affects the soundness and operating efficiency of all banking activities and all business units. Most of the losses are relatively small in magnitude- the fact that losses are frequent makes them predictable and often preventable.

The BASEL Committee on banking supervision has recognized that managing Operational Risk is becoming an important feature of sound risk management practice in modern financial markets. After the adoption of the Basle II accord modeling of operational risk has become a major concern to the Banking industry. This framework is supported by the 3 pillars of Basel.

Pillar 1- minimum capital requirements: This pillar describes the capital requirements for credit risk, market risk and operational risk.

Pillar 2- supervisory approach: This pillar aims to encourage banks to develop better methods to measure the risks.

Pillar 3- disclosure: The 3rd pillar sets out disclosure requirements and recommendations.

Pillar 1 of this framework incorporates a new capital charge for operational risk with a choice of approaches. These are the Basic Indicator, Standardized Approaches and the Advanced Measurement Approaches (AMA).

The Basic indicator approach uses the average of a "3 years Gross Income of banks multiplied with a straight percentage" to calculate the reserved capital for operational risk. This method calculates the most capital for operational risk. The Standardized approach uses the same methods as the Basic Indicator approach; the difference is that the standardized approach divides the banks activity into 8 business lines. BIA takes gross income as a proxy and TSA just supplements it by granulating the gross income. The Advanced Measurement Approach is the most sophisticated set of approaches currently available. In AMA, risk is measured in terms of risks of key processes.

Banks following BIA can switch over to the AMA directly. However, as banks are aware, all the qualitative requirements relating to operational risk management applicable to TSA form part of *the* qualitative requirements for AMA. Therefore, a bank may also consider moving to TSA first so that the work done in the implementation of TSA could be used to meet part of the requirements for AMA as and when the bank considers switching over to that approach.

Vijaya Bank maintains capital for Operational risk under BIA approach, and are waiting for RBI approval to keep capital charge through TSA. However they do implement TSA for calculation purposes and hence is closer towards implementing AMA while Canara Bank implements and maintains capital charge as per BIA approach only. Canara Bank is looking forward to adopting AMA approach in a phased manner- first it plans to adopt TSA since TSA introduces loss event type categorisation for each business line which acts as a template for introduction of AMA. However, revenue segregation through automated mapping of General Ledgers to specific business lines is not yet complete at both the banks. Banks are facing challenges for adopting AMA with regards to Data reporting, Tracking of effectiveness of operational risk mitigants and data paucity.

Name: Akhil Subair
Organization: Kerala Financial Corporation
Location: Thiruvananthapuram
Topic: Portfolio management in Kerala Financial Corporation

The project done at Kerala Financial Corporation is titled as “A study on Portfolio Management in KFC”. The study is carried out to analyze the portfolio management of the organization.

The KFC was setup in 1953 under the State Financial Corporation Act 1951. KFC has its headquarters at Thiruvananthapuram. The KFC has diversified into consultancy also. The corporation is sole agency in Kerala providing long term loans to micro, small and medium scale industries and enterprises. The affairs of the corporation are managed by BOD who are nominated or elected by the STATE GOVT, IDBI, SIDBI, INSURANCE COMPANIES, CORPORATIVE BANKS, COMMERCIAL BANKS and PRIVATE SHAREHOLDERS. All offices of the corporation continue to hold Quality Management Certificate awarded as per IS/ISO 9001/2000 by the bureau of Indian standards. During the last 55 years it has distributed loans worth Rs3000crores and spread over 40000 units creating more than 10 lakh jobs.

Portfolio management is followed by most of financial institutions now a day. An investor considering investment in securities is faced with the problem of choosing from among a large number of securities and how to allocate his funds over this group of securities. Again he is faced with problem of deciding which securities to hold and how much to invest in each. The risk and return characteristics of portfolios. The investor tries to choose the optimal portfolio taking into consideration the risk return characteristics of all possible portfolios. As the risk return characteristics of individual securities as well as portfolios also change. This calls for periodic review and revision of investment portfolios of investors. An investor invests his funds in a portfolio expecting to get good returns consistent with the risk that he has to bear. The return realized from the portfolio has to be measured and the performance of the portfolio has to be evaluated.

Portfolio Management comprises all the processes involved in the creation and maintenance of an investment portfolio. It deals specifically with the security analysis, portfolio analysis, portfolio selection, portfolio revision & portfolio evaluation. Portfolio management makes use of analytical techniques of analysis and conceptual theories regarding rational allocation of funds. Portfolio management is a complex process which tries to make investment activity more rewarding and less risky.

Name: Amogh
Organization: ING Vysya Bank
Location: Bangalore
Topic: Peer Group Analysis Using CAMEL Approach

The study focused on the comparison of financial performance of ING Vysya Bank and its six competitor banks. There is also an attempt made in this study to statistically test the absolute figures to understand their significance level. Tools such as CAMEL Analysis, Ratios etc have been used to get a clear insight. The six of the closest competitors of ING Vysya Bank are taken as Peer Bank Group which include Yes Bank, Indus Ind Bank, KarurVysya Bank, South Indian Bank, Federal Bank and State Bank of India. The study is based on Capital Adequacy, Asset Quality, Management Quality, Earnings Ability, Liquidity, Employee Productivity, Branch Productivity etc. The data for all the variables were collected through secondary sources i.e. from the financial statements of the banks, reports of RBI and Indian Banks Association. The data was collected for the past 5 consecutive financial years for the analysis. The absolute figures and ratios are then statistically tested by conducting a T-Test through SPSS to find out whether the absolute figures shows any significant improvement between ING Vysya Bank and Peer Banks.

Objective of the Study:-

- Analyze the financial performance and growth trends of ING Vysya Bank and make a comparative analysis amongst the competitors of ING Vysya Bank during the past five Financial Years.
- Adopt a measuring tool to make a comparative analysis and apply a statistical tool to test the significance level of each parameter in the study.
- Observe the areas where ING Vysya Bank, is performing better when compared to its competitors.
- Highlight areas in which Banks have competitive edge over others.
- To come with valuable suggestions to ING Vysya Bank regarding the areas in which it is not performing well.

Based on the analysis, various suggestions were listed to improve the performance of the bank.

Name: Ankit Koolwal
Organization: Punjab National Bank
Location: Delhi
Topic: Credit Appraisal and Risk Rating.

The objective of the project was to study and analyze the various aspects of financing corporate borrowers which are beyond the powers of the branches and within the ambit of the Circle Office of Punjab National Bank (PNB). The study covered the process Punjab National Bank follows to assess the credit worthiness of its clients and grant the finance for the setting up or expansion of their projects.

Financial requirements for Project Finance and Working Capital purposes are taken care of at the Credit Department. Primarily, credit is required for following purposes:-

- Working capital finance
- Term loan for mega projects
- Non Fund Based Limits

A brief study of the procedure to calculate the credit risk rating for the various proposal available was covered. Before granting finance, the bank calculates the credit risk score of the client by using software called PNB Trac, generated by feeding in both the quantitative and qualitative data of the client, which is used by the bank to evaluate the credit risk of the bank and accordingly charge the rate of interest to the clients.

In ordinary loan transaction there is no credit risk associated with the borrower but, this is a very important part in case of project finance. In a proposal what is important is the identification, analysis, allocation and management of every risk associated. Attempts have been made to understand the models used by the banks as a whole, their feasibility and the degree to which the models are able to mitigate the risk. The viability study tries to find out the industries where the projects can be financed and the parameters that are taken into account. After all the related analysis is done, decision about sanctioning of loan is made based on the credit worthiness of the client, policy of RBI and the bank.

My learning from this project was about how risks are faced by the bank and how they are being mitigated. Bank uses various tools in which risk can be diversified thereby helping bank in making efficient decisions. A proper credit appraisal process is being applied by PNB for providing financial aid to corporate.

Name: Arpita Jain
Organization: IDBI Bank
Location: Bangalore

Topic: A Study on the Viability of Sanction of Working Capital Assistance to the Pharmaceutical Sector Followed in IDBI Bank .

The basic objectives of lending are to grant credit facilities to the entities for a defined purpose and to deploy the Bank's resources in a profitable manner to achieve these objectives, the Bank has to follow a prudent policy and conduct the business on the basis of sound principles of lending namely, Safety, Liquidity and Profitability.

The Working Capital Finance is the fund required to meet the cost involved during the working capital cycle or operating cycle. In one instance, working capital means a business's investment in short-term assets needed to operate over a normal business cycle.

The objectives of this study were to undertake an assessment of whether to finance Pharmaceutical companies seeking to obtain working capital financing at IDBI Bank. To know about the lending process involved in working capital assessment done by the bank prior while providing any loans or finance which includes the financial analysis, industry profile, companies background, relationship with other banks, customers, market presence, site visits. Also the internal credit rating done by the bank is to considered to assess credit risk in structured and comprehensive manner which ultimately helps in assessing the credit quality of the borrowers and limit of maximum permissible bank finance

The study is restricted to Pharmaceutical Companies and its working capital assessment at IDBI Bank. The study is based on the financial data of past three years from 2009-2011 with the estimated projections for FY 2012 and 2013. The study will help the bank to frame strategies to finance the companies belonging to the Pharmaceutical sector because increasing competition from other banks. The data for this study has been procured from various sources. It constitute discussions and interaction with officials and employees, necessary data has been taken from the accounting statements, records of the office, prowess and website.

The study concluded that Pharmaceutical shows a positive growth in the present market segment which is a good sign of growth in the future too. As far as our study is concerned the working capital finance provided to the company is satisfactory because the Pharmaceutical sector is growing and never ending sector.

Name: Arthy
Organization: Indian Overseas Bank
Location: Guindy, Chennai
Topic: Analysis of Working Capital Financing with Respect to a Particular Company.

Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India, which started in 1786, and Bank of Hindustan, which started in 1790; both are now defunct. The oldest bank in existence in India is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India in 1955.

The banking industry in India is sufficiently capitalized and regulated. The economic and financial conditions here are better than in any other country. Liquidity, credit, and market studies have proven Indian banks to be resilient. They have negotiated the downturn in the global economy well. The Reserve Bank of India (RBI) is the topmost body monitoring the Banking Industry. Any shortcomings or discrepancies are dealt with by the RBI.

This report “ANALYSIS OF WORKING CAPITAL FINANCING WITH REFERENCE TO A PARTICULAR COMPANY” was carried out to study various types of working capital finance provided by banks and their procedure of assessment of it in detail. One of the important functions in commercial and non-commercial enterprises is procurement of funds and its utilization for maximization of business profits. It is because availability of money is limited nowadays with wants being unlimited.

In this project, I have mentioned about the different methods relating to assessment and follow up of working capital financing taking into consideration the procedures followed by banks. A Case study has been included for the practical understanding of working capital requirement showing the calculations of net working capital and maximum permissible bank finance.

The main objectives of this project are:-

1. To study the various methods of working capital assessment extended by the bank
2. To find out the various sources of working capital
3. To learn about the methods to be used for specific industry
4. To understand and interpret the balance sheet for calculation of working capital
5. To learn the procedures involved in the proper working capital assessment
6. To apply these procedures in detail practically with the help of the case study

Name: David Poly
Organization: IDBI Bank
Location: Regional Head Office, Bangalore
Topic: Credit Appraisal and Risk Analysis of Agri Loans

“TO KNOW THE BUSINESS OF OUR BORROWER, BETTER THAN THEY DO”

Every potential borrower will have to go through various stages of the Credit Appraisal process of the Bank which will take several stages like preliminary Personal Interview, Site Inspection, Technical Feasibility Analysis, Financial Analysis and compliance to regulatory prescriptions etc. The purpose of this report is to understand the Credit Appraisal of Agri loans in IDBI Bank. The Bank goes through varying depths of the aspects mentioned above based on the size of the exposure and ensures conformity to the parameters laid down for this purpose.

Banks being trustees of amounts placed with them by the depositors and legally accountable to repay the same with interest, irrespective of whether these amounts are repaid by the borrowers to whom these are on lent, Due to economic crisis in the current scenario most of the Banks go for a conservative need to adopt a proven system of sanctioning the loan, adopting disbursal procedures to ensure proper endues of the monies including the Promoter's Contributions and follow up recovery from the surplus generated from the activities funded. Every Bank follows its own method of Credit Appraisal, but the procedures and practices will be common for all the Banks.

Source of information collected for a better understanding of the Credit Appraisal process is provided by the Bank as well as the observations made there on. The entire process consists of sequential steps that involve a comprehensive financial analysis and setting of certain guidelines to be met by the borrowers which is formulated by RBI to all the Banks. This report will helps in finding out the procedure of Credit Appraisal, Risk analysis and decision making involved in dispensation of loan proposals.

Name: Deebadwita De
Organization: Standard Chartered Bank
Location: Kolkata
Topic: Comparative Analysis of Portfolio Management and Investment Decision Services.

The term portfolio management refers to the professional management of portfolios to earn higher returns for the investors. The portfolio of an investor usually comprises of assets which can be both physical and financial. The financial assets are securities, bonds, shares, debentures and lot many. The final aim of portfolio management is to earn maximum returns for the investors. The term asset management is also used to refer to investment management of collective investments.

The portfolio manager also referred to as fund manager is the person who is responsible for managing the portfolio of the investors to earn them higher returns. They help in implementing their investment strategy for effective investment decisions and managing the day-to-day portfolio trading. Standard Chartered Public Limited Company is a British multinational banking and financial services company. It is headquartered in London, United Kingdom.

The objective of the study :-

The main objective of the study done is to understand the process of portfolio management and investment decisions provided by the fund managers of the Standard Chartered Bank. The study here is done according to the workings in the Kolkata branch of SCB. The research will present better framework for analysis and crafting of financial patterns of Standard Chartered Bank in portfolio management into taking the working according to Kolkata in context. The need to know and recognize the importance of portfolio management as research pertains to Standard Chartered Bank involvement in such controlling of risks as well as provide of better returns. The setting up of portfolio standards by Standard Chartered Bank is an important factor upon determining success towards financial strengths and other matters. The main goal here is to provide a structured approach for active investment management applied for the bank. A structured questionnaire was framed as it is less time consuming and helps generate specific and to the point information which is easier to tabulate and interpret. Moreover respondents prefer to give direct answers. In questionnaires open ended and closed ended, both types of questions has been used. Customer interaction and the way the fund managers interact with them and provide investment products have been also taken into consideration.

Name: Gayitri
Organization: Central Bank of India
Location: Bangalore
Topic: Credit Appraisal Process

This study discusses the setup of credit department at Central Bank of India. This division is focused at assessing client's credit worth and the risks associated with new business.

This effort is aimed at providing an insight into the criteria that is followed by CBI to evaluate prospective clients to determine whether or not to do business with them. This project looks at two clients' proposal as examples to demonstrate how the criteria are applied to facilitate decision making. Financial Statement Analysis method is used to arrive at the final conclusion, in accordance with the CBI Lending Policies.

The introduction to the report gives an insight of the establishment of CBI and the various products and services offered by them. CBI has been instrumental in the development of the banking sector in the country.

The findings at the end of the report provide an insight into the final conclusion arrived at during the study.

The results of the study will prove valuable to the overall understanding of the credit and bank lending policies prevalent specifically to CBI. The in depth knowledge gained out of this study will help in future endeavors related to business valuation with both corporate clients and small and medium enterprises. The study undertaken for the completion of this project will help in providing a clearer depiction of the markets and the level of competition at each segment and product of the bank.

Finally the project will be useful in terms of getting a deeper understanding of the set of methods, principles and steps followed by a CBI in the implementation of banking policies for lending and borrowing and proving clients with financial services assistance.

Name: Khushbu Singh
Organization: UCO Bank
Location: Head Office, Kolkata
**Topic: Comparative Analysis of Retail Liability Portfolio of UCO Bank
vis-à-vis Punjab National Bank & Bank of Baroda**

The area of the study was in Retail Banking department especially in the Retail Liability segment. The project report made a detailed comparative study of Retail Liability Portfolio of UCO Bank vis-à-vis Punjab National Bank & Bank of Baroda.

It commenced with a comprehensive analysis of the Banking Industry in India with a special focus on UCO Bank. This was followed by a detailed description of the retail banking scenario in the country and the efforts taken by Public Sector Undertaking (PSU) Banks particularly UCO Bank to promote its retail products.

The seven-week report was a result of data collection from company website, Audited Financial Statements and pamphlets and also from interviews conducted of customers and authorized personnel. Similar processes were also followed in the study of Punjab National Bank & Bank of Baroda.

The project also explained the distribution of retail liability products, which included savings account, current account and term deposits. The different product offerings by UCO Bank, Punjab National Bank & Bank of Baroda, the eligibility criteria and the different features and benefits were described and tabulated.

It also described in detail the processes involved for opening savings, current and fixed accounts in all the three banks under study. The detailed documentation process and a step-by-step analysis of the process for opening an account were clearly outlined.

Finally, a succinct SWOT analysis was presented based upon which actionable and constructive suggestions were given. Those inputs were suggested after careful considerations and detailed analysis of the overall work processes and culture of UCO Bank.

Name: Konica Agarwal
Organization: Dena Bank
Location: A.D. Branch, Indore
Topic: International Payment Gateway Through Documentary Credits

I did my internship in the forex department. The branch was a A.D. branch having a turnover of 750 cr. which was more than double of the previous year. My first part of the project was to understand the use of documentary credits in trade finance. After that I learnt the jargons and other terminologies associated with it. Then I read books on documentary credits by FEDAI and other publications to acquaint myself with process, rules and regulations regarding letter of credits. I was also given master circulars published by Reserve Bank of India.

In the second phase of my project I was shown foreign and inland letter of credit and was asked to study them, carefully analyze each of the clauses mentioned. Apart from this I was also taught how to make remittances and realize payments for the matured letter of credits through nostro accounts. In the process of learning these things I also learnt about merchant transactions, purchase and sale of foreign bills, booking of forward contracts, giving packing credit, reading the card rates, treasury reporting and working on SWIFT. A proposal from M/s Ruchi group for a loan of Rs.250 cr was discussed with the AGM. Several reports were prepared by me as RBI inspection was due. All the entries in the registers were completed. I was also asked to study about different forex products offered by different banks.

In my last week of learning the chief manager of the branch Mr., Dilip Kumar Rawal on seeing my interest to take a bank job as my career shared his experience of working in the bank whole his life and also advised me to have a written document of everything I do as a bank employee and warned me never to go against the bank rules in order to provide efficient service to the clients. It was a great experience to work with the foreign exchange department and learn how the country's balance of payment, export and imports, forex reserves are affected by the working of the banks.

Name: Kritika Banerjee
Organization: Punjab National Bank
Location: Circle Office, Raipur

Topic: A Study on the Process of Lending to Micro and Small Enterprises

Punjab National Bank is the largest nationalised bank in the country. The bank has more than 60 million satisfied customers and more than 5100 offices including 5 overseas branches. It provides services such as personal banking, social banking, MSME banking, corporate banking, international banking/NRI and financial services such as merchant banking, insurance, mutual fund, wealth management, etc.

PNB is the frontrunner in the industry with respect to financial inclusion. The bank has employed for biometric smart card based technology enabled Financial Inclusion with the help of Business Correspondents/Business Facilitators (BC/BF) so as to reach out to the last mile customer. The Bank's mission is "Banking for Unbanked". The Bank has started several innovative initiatives for marginal groups like rickshaw pullers, vegetable vendors, dairy farmers, construction workers, etc. Apart from banking products, the bank also ventured into credit card, debit card; bullion business; life and non-life insurance; gold coins & asset management business, etc.

As per the bank Micro and Small Sector contributes 40% of the gross turnover in Manufacturing Sector, gives employment to 308 lakh persons, produces 7500 products and contributes more than 35% of the country's exports. To encourage Micro and Small Enterprises and provide them with the required funding to stimulate their growth the bank has formulated a number of schemes.

The project elaborated the process of lending to micro and small enterprises and the various schemes offered by Punjab National Bank. The project was undertaken at Punjab National Bank, Circle Office, Raipur. Also visited the branch office for gaining a detailed knowledge of the lending process and interaction with lending department official and desk staff.

This study helped me to understand the process of lending to micro and small enterprises starting from receipt of application and collection of documents to disbursement of the loan and the importance of customer centricity and information technology in the field of banking.

Name: Nishanth G Suseelan

Organization: Federal Bank

Location: Bangalore

Topic: Credit Appraisal in Small and Medium Enterprises

The financial crisis has been the main root cause for the recession which first started in US and later spread across the world economy. The world economy has been majorly affected from the financial crunch. The securities in the financial market have fallen down drastically which has become the root cause of bankruptcy of many financial institutions. The root cause of the financial crisis is the credit default of borrowers which has negatively affected the world economy. Therefore it has become a necessity for the financial institution to analyse the credit worthiness of the borrowers before sanctioning any form of credit facility so that such situation do not repeat again in the future.

Analysis of the credit worthiness of the borrowers is known as Credit Appraisal. This project has been conducted in order to understand the credit appraisal system followed by the banks. This project has analysed the credit appraisal procedure with special reference to “The Federal Bank Limited” and the procedure followed by the institution in appraising the loan

Most of the SME’s face hindrances when it comes to raise or borrow money from the banks. As the SME’s in India are maturing, the banks and other financial institutions are required to: stabilize credible credit bureaus, establish identities of businesses and individuals, build strong statistical scoring models, understanding cash flows of the SME’s and capture the cash flow cycle appropriately.

With Indian economy projected to boom, the SME’s are supposed to be the major contributor for the same. The Banks are required to develop methodologies for capturing the cash flow cycle of SME’s to handle their accounts and not to take the decision regarding financing them upon their asset build up.

The project includes understanding of various credit facilities provided by the bank to the SME sector, how a loan proposal is made, what is the formality that is to be satisfied and also the credit appraisal techniques involved while appraising a loan proposal.

Name: Ojender Prakash
Organization: Deutsche Bank
Location: Bangalore
Topic: A Study on Anti Money Laundering and Hedge Funds

The main objective of this internship was to have information about the industry, to have knowledge about Anti Money Laundering and Hedge Funds in Compliances. With the help of this internship I was able to secure brief information about company, my industrial experience & work performed by in internship program. It also helped to secure brief information about the entire block & specific department. In addition to the above objectives, the internship has helped me in attaining knowledge about the office culture and deployment of work, which is important in banking industry. It has been a great learning experience to be trained by the leaders of banking across the World.

This training taught me about the various aspects of banking which one cannot learn by reading the books. One has to be exposed to such situations to understand it.

Learning from SIP:

- Demystify money laundering.
- Understand money laundering legislation.
- Understand the techniques used by money launderers.
- Appreciate the vulnerabilities of different products and services to criminal abuse.
- Understand the 'risk based approach' and how to comply with it in practice.
- How to profile and monitor expected relationship activity.
- How to identify and react to unusual or suspicious activity.
- Understand reporting obligations.

Name: Pankaj Kumbhat
Organization: IDBI Bank
Location: Jodhpur
Topic: Priority Sector Lending

The project was undertaken for a period of 2 months from April 2012 to May 2012. The topic was given by the bank head office situated in Mumbai depending upon the current problem faced by the bank and the suggestions were invited to deal with such prevailing issues.

The IDBI bank is facing a problem with the priority sector lending sector under which is aimed at particular sectors who can not afford to invest capital like education or small and medium enterprises who are in need of money. Banks are given a particular target by RBI under which they need to lend 40% of total lending or else a penalty will be charged.

The problem faced by IDBI was that they were not able to achieve the PSL target set by RBI and were charged with the penalty and also they were not able to assess the health of the company, which used to come for loan. Therefore entire process of lending loan to such company was analyzed which includes the background check up and projection of next five years growth and then ratios to know the current position of the company. To conclude, the suggestions were given to the bank to cope up with the problem faced by the bank. The suggestion includes reaching targets with a limited branch base and PSL targets can be achieved by increasing the branch base and provide the knowledge to potential customers about the each financial product also Offer more customization and visit rural places and give all kind of information related to priority sectors loans and their rate of interest.

Hence the summer training provide an insight to the existing corporate culture and introduction to the industry and how it works and what problems are being faced and what strategies can be adopted to achieve such problems.

Name: Pankaj Sharma
Organization: Canara Bank
Location: Bangalore
Topic: Credit Appraisal of Subhash (Mysore) Pvt. Ltd. At Canara Bank

There has been a phenomenal expansion and growth in the geographical coverage and spread of our banking system during the last two decades. There has been a significant increase in savings, especially of the household sector; which in turn has helped in the financing of numerous projects leading to industrial growth. However, in recent years, certain weaknesses have also developed in the system, which needs to be rectified to enable it to play its role more effectively in the economy's development. Increasing number of credit requests and the simultaneous rise in NPA level of banks is one of the major concerns which are affecting the banking sector adversely.

The Reserve Bank of India has recently advised selected banks to take necessary steps for appropriate credit appraisal & loan syndication so as to lower NPA levels. The gross NPA ratio of public sector banks as of March 2012 stood at 3% of the gross advances as compared to 2.25% a year ago. Net NPAs of the Bank of India have increased from Rs 1945 crore (0.91%) in March 2011 to Rs 3656 crore (1.47%) in March 2012. One of the reasons for heavy increase in bad loans might be the faulty appraisal department in banks.

My project is based on Credit appraisal under Canara Bank. During my project duration, I have tried understanding the credit appraisal process used by Canara Bank and its importance in the bank's functioning and profitability.

I have studied the credit files of four of the bank's clients so as to get a grip of the working process. And later on, I selected a particular client and analyzed the process myself to determine any shortcomings and report the same to the authority. I even visited other departments of the bank so as to widen my horizon and learn more about the bank's functioning.

Name: Sakshi
Organization: HDFC Bank
Location: Bangalore

Topic: To Study the Credit Appraisal System, at HDFC Bank and Analyze the End to End Process to Understand the Reasons for TAT Delay in the Credit Process Under Loan Against Property (LAP)

The internship helped in improving knowledge about credit appraisal system & to have practical exposure of the credit appraisal scenario in the banking sector. Every bank aims to have a minimum Turnaround time (TAT) in order to obtain maximum customer satisfaction and to process more number of files. The end to end process was studied to get the entire picture of the workflow there. At HDFC, we tried to analyze the reasons for rework caused by both sales and credit department so as to reduce the TAT in the credit system under Loan against property (LAP) for the Bangalore and Hyderabad area. HDFC loan policy contains various norms for sanction of different types of loans. LAP has a definite set of policies which was studied to understand the process better and find out the reasons for TAT delay.

The sales and credit process was independently studied. Research Design was analytical in nature. A base dump has been taken from the software for the Bangalore and Hyderabad area for review. These places are amongst the top locations as per volume. The study was done for a period of 6 months. Primary Data was collected from informal interviews with managers and other staff members at HDFC bank and E-circulars of HDFC. Secondary Data was collected through books and magazines, Database at HDFC, internal reports of the bank and various websites. The target market was salaried individuals, self-employed- Proprietorship, professionals like doctors, CA etc and Companies both Private and deemed.

There is a Minimum documents and credit parameters (MDCP) checklist which contains the list of documents required for the loan consideration under different products/schemes. It is mandatory to produce these documents else the loan cannot be sanctioned. Unavailability of Repayment Track Record (RTR) had resulted in the maximum (33.33%) pending cases. It was noticed from the trend table that the primary reason for the credit pending in Bangalore was because of the delay by the vendors in the personal discussion with the customers. Several such inferences were found out and corresponding feasible suggestions were given to be implemented to improve the process. Both on-site and off-site visits and workshops were done to understand the process clearly. It was an overall a great learning experience.

Name: Sanjeet Kumar
Organization: Central bank of India
Location: Zonal Office, Patna
Topic: A study of Non- performing Assets of Central Bank of India.

My project is based on Non-Performing Assets, under *Zonal Banking Division* of Central Bank of India. During my project period of 8 weeks, I have tried understanding the different aspects under which a loan is converted into a NPA account and its adverse effects on banks profitability.

During my projects period, I have also undergone with the survey of 30 bank branches of Central Bank of India and tried finding out the reasons for NPA and 120 clients of banks were surveyed to get an idea why they are not managing their accounts and fund properly. On visiting these clients, I also came to know; at times how they diversify funds taken for loan purpose and end up by not making interest payments on time and accounts becomes nonperforming.

I started the data collection from 3rd week of SIP after the approval from my mentor Mr. Shashi Bhushan Kumar (Recovery Head, Bihar) and he used to administer the collected data on weekly basis. During 6th week I started analyzing the data collected through Questionnaires. Last two week I compiled the report and got approval of the project from my mentor.

Learning from SIP

The problem of NPAs is related to several internal and external factors confronting the borrowers. The internal factors are “diversion of funds for expansion/ diversification/ modernization, taking up new projects, helping/promoting associate concerns, time/cost overruns during the project implementation stage, business failure, inefficient management, strained, inappropriate technology/ technical problems, product obsolescence, *etc.*”, while external factors are recession, non-payment in other countries, inputs/power shortage, price escalation, accidents and natural calamities and as a banker one needs to do proper pre appraisal and post appraisal of loans and have a proper follow up system.

Name: Saranjeet Singh
Organization: State Bank of India
Location: Zonal Office, Bangalore

Topic: Credit Risk Analysis and Techno-Economic Feasibility of Projects.

In the recent times, the NPA (Non-Performing Assets) of the public sector banks has been on the rise and the gross NPA's of the Public Sector Bank has crossed the 2% mark. During the pre-crisis period of 2006-07, banks were very liberal in lending and during the internship I learned that this was the primary reason for the NPA's of the banks. Proper due diligence of the projects and the corporate/person taking the loan was not done and no proper feasibility analysis was done.

During my internship, I learned the process of Credit Appraisal and the 5 C's of Lending. Banks are now more watchful after the crisis and they do a step-by-step analysis before appraising a loan. In any loan appraisal, there are 5 types of feasibility study are done. So, I learned,

- **Technical Feasibility-** In the technical feasibility, the bank examines the technicalities associated with the project. It is in short a study location, size of the plant, the technology being used.
- **Economic Feasibility-** An economic feasibility appraisal has reference to the earning capacity of the project. Since earnings depend on the volume of sales, it is necessary to determine how much output or the additional production from an established unit the market is likely to absorb at given prices.
- A thorough market analysis is one of the most essential parts of project investigation. This involves getting answers to three questions.
 1. How big the market?
 2. How much it is likely to grow?
 3. How much of it can the project capture?
- **Financial Feasibility:** The basic data required for the financial feasibility appraisal can be broadly grouped under the following heads
 1. Cost of the project including working capital.
 2. Cost of production and estimates of profitability.
 3. Cash flow estimates and sources of finance.

Also in financial feasibility, the bank checks the debt-levels of the company asking for a loan and also the debt-service capacity of the company.

One more learning during the internship is the way the bank assigns a credit rating for a company. The bank analyses three risk, viz, industry, business and management risk and assign a score from 0-5 in the various value statements that are designed and also the rating from ICRA/CARE makes the bank assign a credit score and depending on the credit score, the pricing of loan is done. For ex, if the aggregate score is above 90, then a rating of SB 1 is given and based on this pricing of loan is done.

Name: Shashank Mishra
Organization: Bank of India
Location: Kanpur
Topic: Credit Appraisal and Risk Management.

Objective of the study was to understand the process of Credit Appraisal followed at Bank of India and evaluation of the Credit Appraisal Process and thereby giving recommendations to the bank for improving it.

Methodology:

- Understanding and Evaluation of the Credit Appraisal Process is done by analyzing the bank procedures.
- The credit requirements of the company are assessed using the Balance Sheet & Income Statement, Ratio analysis (Leverage, Liquidity & Profitability ratios). Apart from this, various articles from journals, magazines, newspapers, etc have been referred to understand the prospects of the Industry in which the company is operating.
- A number of research articles by various scholars have been studied to understand and get more knowledge about the topic.

Conclusion:

- Credit appraisal is the backbone of the banking institutions. This is equally important and dangerous, as chance of default or other risk is always there. After the studying the process one can conclude that with a keen eye on balance sheet and following the procedure strictly, risk can be minimised.
- Another important aspect of the credit appraisal is borrower's rating. Bank of India has rating from SBS1 to SBS10, depending upon these ratings it gives loan to the borrower. These rating really help in extending the loans to customer considering the risk associated with them.
- Currently there is a huge increment in NPAs, BOI asks for balance sheet of last three years including projected balance sheet for next two years. It helps them in analyzing the borrower better. The most important factors which should be seen in the report are trend in sales (both quality and quantity). The profitability of the organization is also really important. The other important thing is security which will be kept against the loan.

Name: Sonal

Organization: South Indian Bank

Location: Bangalore

Topic: Analysis of Asset Liability Management in South Indian Bank.

Asset Liability Management is the most important aspect for the Banks to manage Balance Sheet Risk, especially for managing of liquidity risk and interest rate risk. It takes into consideration earning profit as a result of matching assets and liabilities.

Reserve Bank of India provides the regulatory framework for Asset Liability Management (ALM) in India. The Banks have to comply with RBI guidelines. Asset Liability Management is based on three pillars and they are ALM Information System, ALM Organization and ALM Process.

The study was undertaken taking into consideration the three statements provided by the bank i.e. Structural Liquidity , Interest Rate Sensitivity and Earnings at Risk.

Measurement of Liquidity Risk

This has been done using Structural Liquidity Reports where the assets and liabilities maturing at different time periods are grouped according to the different time buckets as specified by RBI. The difference is surplus or deficit. The statement helps in knowing the extent of liquidity available to meet the liabilities.

Measurement of Interest Rate Sensitivity

This is done using Interest Rate Sensitivity Reports wherein Gap Analysis is done. The Rate Sensitive Assets and Rate Sensitive Liabilities and Off- Balance Sheet items are classified into different time buckets as specified by RBI. Non- Sensitive items are also considered.

The gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) in various time buckets. The positive gap indicates it has more RSA than RSL and negative gap indicates that it has more RSL than RSA. The gap reports indicate whether the bank is in a position to benefit from rising interest rates by having a positive gap or whether it is in a position to benefit from declining interest rate by a negative gap.

Earnings at Risk

It measures the quantity by which net income might change in the event of an adverse change in interest rates. Reduction in Net Interest Income (NII) for one percent change in interest rate. Change in NIM depends upon RSA-RSL. Increasing Interest rate scenario positive gap is desirable and in decreasing interest rates scenario, negative gap is better.

It was found that South Indian Bank had a good system of Asset Liability Management.

Name: Soumya Kant Rath
Organization: Neelachal Gramya Bank
Location: Bhubaneswar (Corporate Office), Odisha
Topic: Loan Appraisal In Project Financing.

The objective of the study to carry out the appraisal of a term loan by analysing the projected financials of an Aluminium Extrusion Company that is to be set up in two implementation stages (1&2) and by considering the assumptions underlying in the appraisal of the loan.

The valuation technique which is used for this study is Profitability Analysis, Sensitivity Analysis and Projected Cash Flows for the Viability of the project that is to be financed by a Term loan.

Secondary data collection is used for entire research process. It includes

- 1) Annual Reports
- 2) Research Articles
- 3) Magazines, Newspapers
- 4) Reports from SRB consultancy limited.

The appraisal of term loan in Project Financing of Aluminium Company is an environment mired with regulations and policies is a tough ask for the bank.

The underlying assumptions that are considered for the appraisal of the term loan requires proper assessment of risks. The increase in risks in the future periods of the project increases with the decrease in Cash flows generated.

So the Sensitivity Analysis should be properly calculated to properly estimate the working capital requirements. The Debt to Service Coverage Ratio should be properly established so that it ensures timely repayment of debt.

It is proposed that the company will start the implementation of the stage-1 of the project from July 2010 and stage-2 of the project from october 2010. The common items like building, civil work will be started from july2010.

The stage-1 will be completed by June 2011 and the stage-2 will be completed by september-2011. From July 2011, the stage-1 will be 9 month and that for stage-2 will be 6 month. The company will start repaying the term loan from the 1st quarter of FY 2012-13. The Term Loan will be fully repaid by the last quarter of 2016-17.

Name: Srinivas Prasad K
Organization: Punjab National Bank
Location: Bangalore
Topic: Credit Risk Management

My summer project at PNB, proved out to be a good learning experience for me. In these two months of my project with PNB, I was able to gather a lot of information about the how credit risk is managed at PNB.

My work in company was to first understand the working nature of the company and interact with the employees.

The study covers how PNB manages there Credit Risk mainly in the Karnataka Region from the Circle office in Bangalore. The study started with understanding what kind of risks bank face and later concentrate on how credit risk is managed.

This was done by going through the standards and rules laid down by PNB, various models followed for different customers and RBI guidelines set.

In the order of progress the below is what was understood by the end of the summers:

- Banking Structure in India
- Classification of the Industry
- Company (PNB) Overview
- Understanding there Financial Services PNB
- Subsidiaries and Joint Ventures of PNB
- Awards & Achievements of Punjab National Bank
- Review of close to 15- 20 LITERATURE
- Understanding Risk management
- Principles of risk management
- Process of risk management
- Potential Risk Treatments
- Need for Bank Risk Management
- Types of risk measurement approaches
- Types of Risk
- Risk Management at PNB
- Credit Risk Management at PNB
- Credit Risk Rating Models

Name: Vaibhav Gupta

Organization: HDFC

Location: Vikas Marg, Delhi

Topic: Impact of Deregulation of Saving Interest Rate on Cost of Funds and its Subsequent Impact on Net Interest Margin (NIM's).

The deregulation of savings bank interest rate will intensify competition and will provide customers with wider banking options. In the present scenario of high policy rates and slowing credit demand the banking industry (in the short run) may be adversely affected by this move It is likely to have a major impact on the Net Interest Margins as banks will compete to secure more of low cost savings deposits by offering a higher rate of interest. Large public and private sector banks with higher CASA ratio and higher percentage of savings deposit will be affected in a greater manner. Banks may pass on the increased costs of funds to the customers by increasing lending rates or by levying service charges in order to reduce pressure on margins.

Private sector banks like Yes bank, Kotak Mahindra bank and IndusInd bank have already increased the rates by 150-200 basis points in order to increase their saving depositor base.

HDFC bank with a high CASA ratio and high concentration of savings deposit in Tier-I and Tier-II faces the risk of losing out on rate sensitive customers as savings deposit constitute about 30% of the total deposits. High cost of funds would also put pressure on bank to increase service charges and to make some of the services chargeable (which are currently being provided free). Increased service charge coupled with high interest rate offer from competing bank poses a significant challenge to HDFC bank to retain the existing customers. This project study was helpful in determining the impact of de-regulation of savings rate on HDFC banks performance in regard to cost of funds and its impact on Net Interest Margin. It was helpful in analyzing the associated variables and doing a comparative analysis to determine the outcome.

Name: Vivek Bhaskaran
Organization: Deutsche Bank
Location: Bangalore
Topic: Infrastructure Finance

This project was undertaken during the period April'12- May'12 to understand how the front office and back office operations of Bank can be related to each other.

Deutsche Bank gave me the best possible experience as it had most of its operations back office at DBOI as compared to its front office operations.

The project is aimed at identifying the main processes under Infrastructure Finance which helps the Bank to plan its Internal Financing of all the operations within the country. It involved four main processes such as Costing, Billing, Pricing and Budgeting.

In this study, attempts have been made to understand the policies and procedures adopted by the Bank while carrying out the following activities. It helped me understand how the Bank sets its Budget and manages the FTE accordingly to complete the task.

Back Office Operation is a never ending process where there cannot be any fixed plan as they have to adjust their Policies and Budget to meet the requirements of the Bank. I understood Costing being the vital function of DBOI where they focus on reducing the cost involved in running a service operation.

My learning from this project is with regards to understanding how valuable it is to have strong back office team to support the core functions of the Bank. It helped me understand the assumptions to be taken for Budgeting, effective manpower planning and methods to be followed to reduce cost.

Name: Yamini Agrawal
Organization: Reserve Bank of India, Bangalore
Location: Bangalore

Topic: Credit Concentration Risk Management by Karnataka Based Banks.

The primary source of revenue for most commercial banks and federal savings associations (collectively, banks) is the extension of credit, an activity that concurrently poses a risk to earnings and capital. A bank's credit risk activities, when prudently measured, monitored, and controlled, benefit shareholders, customers, and the communities served. Flawed or short-sighted credit risk management practices, however, are a leading cause of bank failure, which results in investment losses, losses to the insurance fund, business disruption, and reduced service to the community. This project is based on how to identify, analyze, and establish sound risk management processes for concentrations of credit.

The accurate identification of a borrower's credit risk and the assignment of a risk rating that describes that risk are at the heart of an effective credit risk management process. But credit risk management does not conclude with the supervision of individual transactions. It also encompasses the management of concentrations, or pools of exposures, whose collective performance has the potential to affect a bank negatively *even if each individual transaction within a pool is soundly underwritten*. When exposures in a pool are sensitive to the same economic, financial, or business development, that sensitivity, if triggered, may cause the sum of the transactions to perform as if it were a single, large exposure.

Excessive concentrations of credit have been key factors in banking crises and failures. Accordingly, this project emphasizes the need for boards of directors to ensure that management effectively implements internal processes designed to identify, measure, monitor, and control concentrations of credit. These processes need to consider and incorporate credit exposures that can originate outside of the bank's lending portfolio, including those arising from the bank's investment and trading portfolios and off-balance-sheet transactions. A central lesson learned from past financial crises is that concentrations can accumulate across products, business lines, countries, and legal entities within a banking company. Products containing the same types of risks under different labels and in different booking units, such as structured products and off-balance-sheet funding structures, can mask some exposures and risks.

The focus of this project is concentrations of credit risk, but management must also effectively manage other potential risk concentrations. Such concentrations and the associated risks include elevated interest rate risk due to maturity concentrations; liquidity risk due to funding concentrations; or operational risks associated with concentrations of certain lines of business, such as mortgage servicing. Credit risk concentrations, however, are often the most material concentration risk in a bank because lending is the primary activity for most banks.

List of Projects Undertaken in Consultancies

Name	Company	Location	Topic
Aishwarya Madhav	KPMG	Bangalore	A Study on the impact of M&A deals on Indian IT sector through benchmarking analysis
Arooshi Mehta	Ernst and Young	Bangalore	A study on factors affecting equity valuation to develop a financial model of Oil Ltd.
Geetha	Thomson Reuters	Bangalore	Competitor profiling and strategic analysis
Kavitha	Thomson Reuters	Bangalore	Competitor profiling and strategic analysis
Komal Gupta	KPMG	Bangalore	A study on the impact of various factors on revenue assurance and fraud management in telecom sector
Krati Mitra	Pramartha Investment Partners	Bangalore	Financial Modelling
Melrick	Pramartha Investment Partners	Bangalore	Asset Liability management in banks
Kevin Isaac	Pramartha Investment Partners	Bangalore	A Study on forecasting and valuation of companies using financial modelling
Rohit Munka	Ernst and Young	New Delhi	Financial model for upcoming Industrial training institute in Chattisgarh
Sandeep	Deloitte	Bangalore	Transfer pricing and its impact on business

Name: Kavitha
Organization: Thomson Reuters
Location: Bangalore
Topic: Competitor Profiling and Strategic Analysis

Thomson Reuters provides intelligent information to the world's businesses and professionals, serving customer groups with competitive intelligence. Intelligent information leads to knowledge when it is shared and acted on.

Thomson Reuters Business Intelligence solutions integrates comprehensive institutional-quality content, exclusive research and propriety analytics to deliver unique market insight to empower strategic decision making. Their business intelligence solutions help:

- Corporate Development and Strategy Professionals analyze and execute company's growth strategies
- Corporate Finance Professionals manage financial exposures and mitigate risk to improve valuation
- Competitive Intelligence & Information Professionals empower and streamline your research capabilities

Thomson Reuters Business Intelligence provides the largest collection of business information in the world. Their global content is gathered and analysed by regional experts. Thomson Reuters Business has been structured into Financial & Risk, Legal, Tax & Counting, IP & Science. Financial decision-makers need independent and objective data and information to analyse investment options, make decisions and manage operations which is driving the increased worldwide demand for financial data and information. The globalization of capital markets continues to fuel the expanding scope and scale of global and regional financial markets. The strategy team helps to meet these demand through access of proprietary information and tools via Thomson ONE, the web, data feed or mobile device.

Findings

Update on uncertain environment prevalent in the economy which included recent job cuts across the globe, JP Morgan trading loss and other latest news, Euro crisis(budget deficit, GDP growth and Credit downgrades).

The strategic summary formulation was based by analyzing the competitors' market entry and exit, acquisition and partnership evaluation, strategic market competitive intelligence, direct customer research, product business plan development undertaken by the Competitors and the impact of such expansions and enhancements for the profiles.

Name: Kevin Isaac

Organization: Pramatha Investment Partners

Location: Bangalore

Topic: A Study on Forecasting and Valuation of Companies Using Financial Modelling

Objectives:

- To understand the functioning of a financial model and the relationship between balance sheet, Profit and Loss and Cash Flows
- To forecast the financials for the next 5 years
- To calculate the valuation of the companies and find out whether the stock is overvalued or undervalued
- To find out the critical factors that affect the companies' growth in the next few years

This project on financial modelling was prepared for "PRAMARTHA INVESTMENT PARTNERS". Financial modelling is a key skill with application in several areas within banking and finance industry as well as within corporations. In financial modelling you learn to gather historical information on companies and analyse company / industry performance on various financial parameters. This analysis is then used to build a company's financial model, which in turn is key to projecting a future financial performance. Based on this model companies investors can arrive at a suitable evaluation for the companies.

I have prepared the financial model for "JET AIRWAYS AND SHOPPERS STOP". The financial model provides a framework for analysing the financial value to the companies' shareholders. The intent of the model is to inform the public, give investors a tool for evaluating the companies' value in the future.

From the modelling and valuation we have found the intrinsic value of JET AIRWAYS to be greater than its current price hence we would recommend a BUY while we would like to recommend a HOLD for SHOPPERS STOP

Name: Krati Mitra
Organization: Pramatha Investment Partners
Location: Bangalore
Topic: Financial Modelling

This project on financial modelling was prepared for “PRAMARTHA INVESTMENT PARTNERS”. Financial Modelling is a key skill with application in several areas within banking and finance industry as well as within corporations.

In financial modelling you learn to gather historical information of companies and analyse company / industry performance on various financial parameters. This analysis is then used to build a company’s financial model, which in turn is the key to projecting future financial performance. Based on this model companies investors can arrive at a suitable evaluation of the companies.

I have prepared the financial model for “MAHINDRA HOLIDAYS AND RESORT INDIA LTD”. The financial model provides a framework for analyzing the financial value to the companies’ shareholders. The intent of the model is to inform the public, give investors a tool for evaluating the companies’ value in the future.

In financial modelling, gathering historical information on companies and analyzing company / industry performance on various financial parameters is carried on. This analysis is then used to build a company’s financial model, which in turn is a key to projecting a future financial performance. Based on this model companies / investors can arrive at a suitable valuation for the companies.

The project started with understanding the basic concepts related to the topics concerned, detailed understanding regarding constructing a good ‘FINANCIAL MODEL’. It also involved a deep analysis of all the factors and parameters that are very necessary in building a model.

The key assumptions plays an important role in the model, without these assumptions a model cannot get a base to work upon. In the initial days a sample model of a company named Power Grid was provided for further reference so that a basic idea about the project could be established. After that a company was being assigned ‘MAHINDRA HOLIDAYS AND RESORTS INDIA LTD’.

Annual reports and investor’s presentation helped a lot in understanding the company’s business and their various policies. All the historical data like balance sheet, profit and loss statement and cash flows statements for five years was then put in the excel sheet to go about constructing the model. Then later on various key indicators and assumptions were identified and finally the model was completed. Balance sheet needs to be balanced before moving ahead towards the valuation of equity.

Name: Melrick
Organization: Pramatha Investment Partners
Location: Bangalore
Topic: Asset Liability Management in Banks

Asset-liability management (ALM) is crucial element in the functioning of banks in the Indian Sector. Normally what would happen is that banks and insurance companies used accrual accounting for essentially all their assets and liabilities.

Implementing Asset Liability Management (ALM) function in Indian Banks is a regulatory requirement in India. Norms and guidelines for effectively managing matching of Assets and Liabilities within the Banking sector is regulated by the Reserve Bank of India (RBI) which has been instrumental in forming a path to guide the banks through inception of the idea in the year 1999 till date. RBI regulates the norms and guidelines for ALM through well-structured circulars as and when changes are to be bought in.

Techniques for assessing asset-liability risk came to include gap analysis and duration analysis. These facilitated techniques of gap management and duration matching of assets and liabilities.

Both approaches worked well if assets and liabilities comprised fixed cash flows, which usually was never the case. Duration analysis could address these in theory, but implementing sufficiently sophisticated duration measures was problematic. Accordingly, banks and insurance companies also performed scenario analysis with regards to the economic environments and customer behavioural patterns.

Asset Liability Management is based on three pillars and they are ALM Information System, ALM Organization and ALM Process. Banks provide services that exposes them to various risks like credit risk, liquidity risk, interest rate risk to name a few. It is therefore appropriate for banks to focus on ALM when they face different types of risks.

Name: Rohit Munka

Organization: Ernst & Young

Location: Delhi

Topic: Financial Model for Upcoming Industrial Training Institutes in Chhattisgarh

Industrial Training Institutes are basically those institutes which are run by Government in order to train and impart proper skills to people who contribute in labour class. These people include Carpenter, Plumber, Electrician, Foundry man, Building Constructor, Painter and many such people who contribute towards the labour class.

India is considered among the fastest growing economy in the world. It is said to be the manufacturing hub of the world. We can see the drastic change in its economy when we compare it with past 5 or 10 years. But, with the growth in manufacturing sector comes the generation for employment and scope of high demand for trained workers in vocational jobs.

With this realisation, our honourable Prime Minister, Mr Manmohan Singh announced in August 2007 that 1500 Industrial Training Institutes (ITI) are going to be set up under Public Private Partnership Scheme in the coming future to fulfill the demand for skilled and semi-skilled workers.

So, the Ministry of Labour and Employment of India, on behalf of government has given the project for consultancy purpose to Ernst & Young so that they can come up with Feasibility report and Financial and forecasting model for the construction of these ITIs.

Government is planning to construct 7 ITIs in Chhattisgarh and Ernst & Young has prepared a Financial Model for its construction.

I, as an intern, have given my inputs in making the Financial Model for the company. In the Model, I have basically designed the 3 tables:

- **Assumptions Table** which includes the Area requirement, capital structure, Space requirement inside the institute, Operating Expenditure, Capital Expenditure and Revenue generations. All the amounts are taken according to the National Council for Vocational Training (NCVT) norms.
- **Salary Table** which includes the salary expenditure for the government which is to be given to the principal, teachers and staffs working in ITI.
- **Hard Cost Table** which includes bifurcation of fixed components and variable components in capital expenditure for the construction of ITI. The components are divided according to the courses taught in ITI.

Overall it was a wonderful experience as I got the taste of the corporate world and had a massive learning experience under my mentors assigned there. They shared their knowledge and experience which helped me in building up my project. I came to know about various aspects of Public Private Partnership projects which I had not known earlier. Working under people with such high caliber and in one of the “Big Four” companies was nothing less than a dream come true for me.

List of Projects Undertaken in Financial Markets

Name	Company	Location	Topic
Arnab Basak	Futures First	Bangalore	Arbitrage opportunities and trading strategies in heating oil and fundamentals of natural gas
Ashish Jain	Birla Sunlife Asset Management Companies	Mumbai	Creation of asset wise and distributor wise dashboard for performance of various mutual fund asset classes and its analysis
Bhavesh Dhanesha	Basket Option Pvt Ltd.	Bangalore	Comprehensive study of BRIC economy
Deepthi K V	Motilal Oswal	Hyderabad	Analysing the factors affecting equity markets in India
Dhruv Chopra	Aditya Birla Money Pvt Ltd	Gurgaon	Relationship analysis between gold and prominent world indices from 2001-2012
Gagandeep Singh	Way2Wealth Brokers Pvt Ltd.	Bangalore	Effect of economic cycle on financial assets
Ishita Agarwal	Prequate Mindworks Pvt Ltd.	Bangalore	Private Equity- Business Model and comparative study of emerging markets Vs developed countries
Kartita	Geojit BNP Paribas	Kochi	To measure the attitude/preference of clients towards the derivatives market from the clients of Geojit BNP Paribas
Pranavi	HBJ Capital Services		Impact of logistic Infrastructure on Indian economy and analysis of free trade warehouse zones
Pranjal	Anand Rathi Stock Brokers Ltd	Jaipur	Portfolio Management with various asset classes
Prasanth Pandiri		Bangalore	Impact of weather insurance and weather derivatives in Bangalore city
Prateek Rastogi	Aditya Birla Money Pvt Ltd	Gurgaon	A report on analysis of factors that determine the price of crude oil in commodity market
Ramesh Kumar	Pramartha Investment Partners	Bangalore	Post-merger analysis of Insurance companies
Reddy Sreedhar	IndiaBulls Securities Pvt Ltd	Hyderabad	Technical Analysis of Indian Stock Markets (NIFTY)
Rizwan	HBJ Capital Pvt Ltd.	Bangalore	Research on piping industry and analysis of Welspun Corporation Pvt Ltd.
Sandeep	Karvy Stock Broking Ltd.	Hyderabad	Analysis and Investment opportunities in Indian power sector
Shrutika J S	Karvy Stock Broking Ltd.	Bangalore	Construction of Mutual Fund portfolio
Sravani P	Interconnected Stock Exchange	Hyderabad	Impact of Inflation on Indian Capital Markets
Sriram Reddy	SMC Global Securities Ltd	Hyderabad	Risk analysis in portfolio management services
Suraj	Angel Broking and Investments		Construction of an Optimal portfolio
Swathi	DSP Blackrock	Kochi	Investor Profiling for Asset Management Companies
Thejashwini	Geojit BNP Paribas	Bangalore	Investors behavior on various investments avenues
Vicky Crasto	IndiaBulls Securities Pvt Ltd	Bangalore	Portfolio Management of NIFTY companies
Vinay Goel	Brainex Wealth Management services Pvt Ltd	Delhi	Equity Valuation of FMCG companies
Vinay Jain	Aditya Birla Money Pvt Ltd	Gurgaon	Study of relationship of gold with world indices

Name: Arnab Basak

Organization: Futures First

Location: Bangalore

Topic: Arbitrage Opportunities and Trading Strategies in Heating Oil and Fundamentals of Natural Gas

My project was divided into 3 three parts:

- Correlation of Heating Oil Swaps with Futures and Spreads and trading strategies.
- Seasonality of Heating Oil Futures and Spreads.
- Fundamentals of Natural Gas.

The project was very new for me and I had very limited knowledge about the area. The project required a good hand on excel and a bit of analytical skill. It was a great challenge for me as a novice to get exposed to one of the largest derivatives exchanges of the world (NYMEX of US and ICE of UK).

My job as an intern was to work under a senior research head in the research desk. I was given Heating oil as a product to deal with in the US market. The first project took around 20-25 days for me to complete where I had to find correlation of heating Oil Swaps with Futures and Spreads and trading strategies for the oil traders. The second project took around 15-20 days for me complete wherein I was exposed newly to the spreads of heating oil and a seasonal relation between the heating oil futures and Spreads. The third project was completed by me during the last week of my internship.

My learning can be summarised as follows:

- Learnt technical analysis.
- First-hand experience of using Bloomberg terminal.
- Got opportunity to create research reports for the traders.
- Learnt about derivatives and foreign markets.

Name: Dhruv Chopra
Organization: Aditya Birla Money Ltd.
Location: Gurgaon
Topic: Relationship Analysis Between Gold and Prominent World Indices
from 2001 – 2012

The project “Relationship Analysis between Gold and Prominent World Indices from 2001 – 2012” focused on finding out the relationship between the Gold (safe heaven) and the prominent world indices namely, Dow Jones Industrial Average (United States of America’s Index), CAC 40 (France’s Index) and the domestic (Indian) Index Bombay Stock Exchange.

The study was undertaken to analyze the causality between the precious metal and the international indices. It highlights the relationship of Gold with each index from 2001, April to 2012, March (11 years).

The relationship was established using Time Series data with the help of Econometric Tool named STATA 12. Lag order selection with the help of DF GLS unit root was done followed by ADF Test to examine the data whether it’s stationary or not. Next step was to identify the relation between the variables with the help of Vector Error Correction Model.

The result highlighted the causality of some Indices on the Gold prices and not vice versa. The international indices are not at all co integrated with the gold prices be it the American or the European Index. But on the other hand the Domestic Index causes the Gold prices to fluctuate which signify the fact that domestic (Indian) market is the largest consumer of the precious metal in the world.

Overall the experience to work in a reputed brokerage firm was really enriching. To be associated with a project which was totally new for me and to undertake it with the desired procedures of the firm was really a satisfying experience. Learning was immense and unparalleled to any theoretical knowledge.

Name: Gagandeep Singh
Organization: Way2Wealth Brokers Pvt. Ltd.
Location: Bangalore
Topic: Effect of Economic Cycle on Financial Assets

The main objective of the study was to find out whether change in GDP/Inflation rate exchange rate causes change in financial assets and vice-versa. The main objectives are stated below:

- To explore by time series methods of Cointegration and error correction modelling the long-term relationship between commodities prices (Gold, Silver, crude Oil, Aluminium, Copper, lead, nickel and Zinc) and the value of the GDP/Inflation.
- To explore causality between the financial assets and GDP/Inflation rate exchange rate.

The data required for the project is Quarterly data of the financial assets and GDP/Inflation rate. Data is The Period for which the data is collected is January 2007 to January 2011. Data is taken from the websites of Association of mutual fund in India, National Stock Exchange and Bombay Stock Exchange for Financial assets. For GDP/Inflation rate website of Reserve bank Of India is used.

For the analysis, Statistical Tool STATA 11 is used. The following steps are followed in the Econometric Analysis of data:

- Lag order Selection
- Augmented Dickey Fuller test
- Granger Causality test
- Cointegration Rank test

Learning:

- This study helps to improve the importance of GDP/Inflation and Financial Assets. The Research investigates the relationships using the Granger Causality method.
- The results indicate that there is a significant negative relationship between GDP/Inflation and Financial Assets in India in Short-term. However in long-term the same cannot be concluded as the Cointegration between GDP/Inflation and Financial Assets does not exist. So the absence of Cointegration does not provide support for long-term relationship between the two. As there is no Cointegration, Vector Error Correction Model which is used to find out the Cointegration Equation cannot be applied.
- Change in GDP will cause change in NSE, BSE. And change in Forex, Mutual Fund will cause change in GDP.
- Change in Inflation will cause change in NSE Market Capitalization, and BSE Market Capitalization.

Name: Ishita Agarwal

Organization: Prequate Mindworks Pvt. Ltd.

Location: Bangalore

Topic: Private Equity - Business Model and Comparative Study of Emerging Market VS Developed Countries.

Private equity firms are groups of individuals who come together to pursue private equity investments. While almost all private equity professionals invest a portion of their own money, private equity firms today primarily deploy capital on behalf of others. These firms tend to be partnerships, similar in form to other private professional services firms, like law firms, for example. A private equity firm today might range in size from two people and a secretary to hundreds of investment professionals.

The remarkable economic boom of India during the early 2000s opened up many opportunities for Private Equity (PE) Investors in the Indian market. It has emerged as a major investor class in India in a decade and investments under this category have grown significantly in the last few years. India ranked among the three private equity destinations in emerging economies and the activity has picked up significantly in 2010-11. Traditionally, Financial, IT and Industrial were the top sectors to attract PE investment between 2005 and 2009; however healthcare has gained momentum in 2010. In the last one year infrastructure sector attracted the attention of private equity funds followed by Pharma, Healthcare and Biotech and IT sector. But recent studies and survey shows that fast moving consumer goods (FMCG) space an attractive destination for private equity.

The study started with understanding of the private equity industry and its business model. How actually it works in any country? Then a detail analysis was conducted to find out the emergence of private equity in India. India being one of the developing countries attracts investors to invest in it. Further section focuses on comparative analysis of Private Equity in developed nations and emerging nations. Various factors were taken into consideration for the comparison. The result drawn was that emerging nations hold more potential for the investors to invest in rather than investing in Developed nations. As with the growing market they find more potential to invest in. the returns received are high in BRIC nations.

Name: Prateek Rastogi

Organization: Aditya Birla Money Ltd.

Location: Gurgaon

Topic: A Report on Analysis of Factors that Determine the Price of Crude Oil in Commodity market

The purpose of this research is to form a general understanding on different factors affecting crude oil pricing. It is motivated by the rise and fall of crude oil prices in 2008 and also the increasing dependence of countries on crude oil prices. The impacts of the price changes were broad and altered industrial activity, consumer behavior and political power globally. Understanding the factors behind these changes is important for commercial investments and public policy making.

This research examines the different factors that are determined by academicians, analysts and researchers and takes into account their observations on the oil market. Oil prices have been very volatile in recent years especially. Volatility in oil prices does harm in many ways. Both developing and developed countries are affected. Spiking high prices affect poor people more directly because fuel costs are significant in food and transportation prices, which are necessary spending. High oil costs also hit economies on a macro-level and have been triggering factors in economic cycles.

So, this research focuses on not all the factors but takes into account some and then analyses the factors and Crude oil price based on co integration and then finds that some variables do not co integrate with the Crude oil price which shows that there are some more variables that affect the crude oil price and hence those variables should also be considered but the data should also be available for the same from a realizable source.

Name: Reddy Sreedhar T
Organization: Indiabulls Securities Pvt. Ltd.
Location: Hyderabad
Topic: Technical Analysis of Indian Stock Market (NIFTY)

Indiabulls Securities Ltd. is a Brokerage house, which deals in purchase and sales of financial securities on behalf of the clients. It provides securities broking and advisory services. It also provides depository services, equity research services and IPO distribution to its clients and -offers commodities trading and currency trading. These services are provided both through on-line and off-line distribution channels.

Indiabulls group is a diversified company which caters services to various sectors like Real Estates, Infrastructure, Power and Securities.

The project elaborates the technical tools and chart patterns used to forecast the targets for the intraday and as well as the positions (normally one month to 1 year). Thereby giving suggestions for the investors to buy or to sell or to hold the stocks.

The project was undertaken through regular visits to the branch and my guide's home. My company guide, who is the Associate vice president of the branch in Hyderabad, assigned few tasks which were completed within the stipulated duration. By participating in the conference (yahoo messenger), I got an opportunity to interact with the clients and suggested intraday calls and by analyzing the good stocks based upon the volumes they were traded.

The first phase of the project is done by learning the NSEINDIA website and various websites, and gathering necessary information. Later on started analyzing the gathered information after gaining proper knowledge on the technical tools and chart patterns. Meanwhile learnt the 'Power Indiabulls (online trading software)' and prepared documentation and trained two new entrants of the broking firm.

Overall acquired a hands-on experience being with an Associate vice President of ISL, Hyderabad, and learnt few job oriented tips

Name: Sriram Reddy
Organization: SMC Global Securities Ltd .
Location: Hyderabad
Topic: Risk Analysis In Portfolio Management Services

In India, portfolio management is still in its infancy. Barring a few Indian banks, and foreign banks and UTI, no other agency had professional portfolio management until 1987, but slowly the need for portfolio management boosted its importance. Portfolio management mainly works on the concept of risk reduction through a diversification. To understand the amount of risk accumulated in investing in a particular stock one needs to understand how the securities market functions over a period of time.

My project mainly focuses on analyzing the overall risk accumulated in selecting a particular portfolio and analyzing it by using various factors. It covers how a particular portfolio has to be chosen concerning all the securities individual returns and thereby arriving at the overall return for the portfolio .The purpose of choosing this project is that it allows an investor to understand how risk can be more diversified depending upon his requirements and make feasible amounts of returns from the particular portfolio.

The advantages of risk analysis in a portfolio would help the investor to understand the following:-

- To invest funds in an more appropriate manner
- To maximize the returns and minimize the risk
- Adjusting according to the trends
- Optimum allocation of resources
- Performance problems can be corrected before they become major issues.

Working at SMC for two months gave me an immense pleasure where I could learn a lot , Mr. Sayed Mastan (Branch Manager) was so helpful in each and every aspect of my summer internship where he was indeed helped me to understand the basic concepts , also allowed to do mistakes and make sure I learnt from my mistakes every time . It was a great inspiration for me to work under such person and before entering into the corporate world this would enhance my future risk taking abilities and help me to attain a successful carrier.

Name: Swathi Ajayan
Organization: DSP Blackrock
Location: Bangalore

Topic: Investor Behaviour on Various Investment Avenues

India is an emerging superpower whose economy is showing continuous growth every year. This growth has led to the high growth of per capita income, especially among middle income families. Along with these increasing income opportunities the investment arena is also showing vast growth. Earlier investment and savings would mean to put the money into bank accounts, or buy some property or to buy gold. These have now become very traditional form of investments. With the development of a strong capital market (both primary and secondary) people have shifted to investing in the equity markets, debt markets and commodity markets. These increasing investment opportunities have led to the demand for proper wealth management in the country.

Wealth Management advisors are professionals who identify the various investment and cash flow needs of investors, by analysing their income, risk tolerance, tax planning parameters to suggest ideal investment vehicles for them. This growing business saw the entry of many local and international insurance and mutual fund companies who provide wealth management functions at low costs so that even people of lower income can participate in the markets. India is a well diversified country with investors with different requirements and behaviour. The main challenges before such firms were to identify such needs and create different products as per these requirements. Mutual fund industry also had a tough time in the Indian market as due to lack of trust in them, because the investors confuse mutual funds with insurance, both of which have lot of differences. Another challenge was the lack of proper investor education in the country. Through some parts of India, say for example, Nariman point, Bombay, potential investors will have a very good idea about various markets but the same may not be true for a person coming from Tier 3 cities or from rural India. This difference will be a major factor for the success of wealth management companies in such regions. Along with education, income disparity, uneven distribution of wealth in the country, is another major reason for the investors not to invest in such schemes or funds.

This study on 'Investor Profiling for Asset Management Products', conducted along with DSP BlackRock mutual funds, tries to find out the relevance of the above said reasons, with respect to investors from Palarivattom region in Kochi, Kerala. While conducting the study, four major funds of DSP were introduced to the investors and the age, Income, past knowledge about such products, reason for accepting or not accepting the products were also recorded. Classification based on all this was done and the research found out that proper investor education should be given to potential investors and for successful asset management investors should be presented with those financial products that will suit their age, risk profiles, liquidity needs and the period through which they wish to invest.

Name: Thejashwini K
Organization: Geojit BNP Paribas
Location: Bangalore

Topic: Investor Behaviour on Various Investment Avenues

I worked for about 45 days. I worked at the regional office on St. Mark's road. I had to interact with the clients to understand their investment preferences and risk appetite. The company had both HNIs and small clients. I conducted a survey with a sample size of 100 investors in Bangalore.

Investor behaviour analysis deals with analyzing the behaviour of an investor based on his demographic and psychographic factors like age, gender and income groups. It is always considered the best when people invest early, regularly and for a long duration. Cost of living and inflation must be kept in mind while investing.

The main objective of the study is to understand the behaviour of the investors and the investment choices made by them. The objectives for making investments differ from one investor to another. The savings objectives, investment objectives, time preferred to invest and various other information is collected with the help of conducting a survey.

The survey revealed lot of answers about investors which helped in analysing the behaviour of the investors. Investor's age and risk appetite is inversely proportional. As the age of the investors increased they moved towards being conservative when it came to making investments. Most of the investors are conservative in nature and they are cannot afford to take risk but there is a chunk of investors who are aggressive and fall under the lower age group and do not mind taking risk of losing their principle amount to an extent. And majority of the investors prefer their investments to grow at an average over a period of time.

The several parameters that an investor will think before investing are return, flexibility and etc. A study must be made on the demographics of the investor. The psychographics of the investor is not considered. The most preferred investment avenue chosen by most of the investors is Mutual Funds and followed by Real Estate. This could be because even the small investors can invest in mutual funds and real estate sector contains low risk with high returns. Majority of the investors are well educated and prefer investing for a long period. Other major findings are found with the help of the survey.

Name: Vinay Goel
Organization: Brainex Wealth Management Services Pvt. Ltd
Location: Delhi
Topic: Equity Valuation of FMCG Companies

As being in a wealth management firm, I had an option to explore areas which were not known to me. Applying the right concepts with respect to valuation was my only motive, since there are various methods to go for getting the intrinsic value of the organization. These include DDM (Dividend Discount Model), DCF (Discounted Cash Flow), Asset based valuation, Arbitrage Pricing theory and Relative valuation. Before selecting the right type of valuation one has to foresee to go for EIC (Economic Industry Company) approach.

Valuation is the first step towards the intelligent investing. An analysts evaluates the stocks based on different parameter like fundamentals of the company i.e. earnings of the company, P/E dividend yield etc. and also by finding the future value of the stock by applying the models of equity valuation. Equity valuation is the most needed so as to know whether the stock is good to hold or to sell. The report starts with the industry analysis i.e. the areas where the organization is working and then the company profile. The contribution of the sector on Indian economy and the pace at which it is showing developing. The problem statement with respect to valuation of the companies along with the objective of the study is determined. An analysis of the companies has been taken for the purpose of valuation.

Then follows the research methodology applied for valuation of the stock of the company. Under this various models are discussed used for valuation of the company. After this data analysis and interpretation tasks comes into existence under which stocks of the companies under various models are analyzed. It also analysis the growth at which a particular company is growing. Also the growth rates of the dividends are also analyzed to ensure whether the company is appropriate to be analyzed through Dividend Discount Model.

Both the models are appropriate for FMCG companies since they are highly cash rich and provide good level of dividends to the investors. An overview of my learning at the company

At last the comparison of the intrinsic value and the market value of the stock are done using Dividend Discount Model and Free Cash Flow to Firm model. The findings part gives the suggestion for the investor and the holder of the stock individually.

Name: Vinay Jain
Organization: Aditya Birla Money Ltd.
Location: Gurgaon
Topic: Study of Relationship of Gold with World Indices

The study of the equity markets of a country with respect to various macroeconomic and financial variables has been the subject matter of many researches since last few decades. But the recent surge in Gold prices have diverted the interest and opened the plot for new findings in the field.

Thus, this paper is an attempt to analyse the causality relation that may run between domestic gold prices and stock market returns. The study by taking into consideration the domestic gold prices and stock market returns based on BSE 100 index, DAX 30 Index and DJIA. It investigates the causality using the Vector Error Correction Model for the period January 2001 to April 2011.

The analysis provides the evidence of feedback causality between the variables. It infers that the Gold prices are caused by stock market returns and stock market returns also causes the gold prices in India during the sample period.

Thus, both the variables contain some significant information for the prediction of one in terms of another.

The entire duration of ours with the company was divided in to two broad categories:-

- Sales Exposure
- Non-Sales Exposure

Sales Exposure

In the first month of the internship I learned about the commodities markets and products and services of the company. Since we were to bring some business to the company, I learned about the formal sales process and to create a sales pitch to the client.

The real learning came out form the client visit, where I got to answer some hard questions and face tough rejections also.

Towards the end of the month I managed to procure few lakhs for the company. After which they approved a weeks off so that I can equip myself with the basics of derivatives markets and thus I appeared and successfully completed NCFM Derivatives module.

Non –Sales Exposure

I was required to study and track the commodities markets on a regular basis, doing which I understood the factors which affects the prices of the commodities.

Also the big learning understood the basic of Technical Analysis. The indicators we studied are Line Chart, Bar Chart, MACD, RSI, EMA, MA, AD Line etc.

Given my performance and inclination towards learning, I was given a batch of new trainees for their training and development. I also had hands on experience of the trading terminal and understood the ticker and its components.

List of Projects Undertaken in the Infrastructure Sector

Name	Company	Location	Topic
Vedang	Hubtown Ltd	Mumbai	Model Standardization in project finance
Ankita Khatwani	Sahara City Homes	Lucknow	Project appraisal of Sahara City Homes

List of Projects Undertaken in the Insurance Sector

Name	Company	Location	Topic
Abin Jose	Aegon Religare	Trissur, Kerala	IRDA regulation on ULIP and its effect on company performance and customer
Ipsita Sen	India Insure Risk Management and Insurance Broking	Hyderabad	Study of Cash Management
Vinay	HDFC Life	Bangalore	Portfolio management with focus on

List of Projects Undertaken in the IT & ITES Sector

Name	Company	Location	Topic
Namrata	Tesco Hindutha Service Pvt Ltd.	Bangalore	An analysis of working capital management and cost benefit analysis in Tesco HCS Bangalore
S Nishant	Polaris Financial Technology Ltd.	Chennai	Payables Management and budget control using ERP and MIS reports
Shilpa Puranik	Misys Software Solutions Pvt Ltd.	Bangalore	Understanding the need for business intelligence in treasury and capital market to develop a framework for risk measurement and management

Name: Vedang Dave
Organization: Hubtown Ltd.
Location: Mumbai
Topic: Model Standardization in Project Finance

Hubtown Limited is one of the pioneer in the real estate sector. The Headquarter is based in Mumbai at one the prime location in commercial estate sector in Andheri East. The Company is basically into real estate having both commercial and real estate sector. The Company has projects in Maharashtra and Gujarat with partnership of the respective government. SRA is the forte.

Hubtown Ltd. has adopted an unique growth oriented and pragmatic business model of development of real estate projects through its subsidiaries, joint ventures, associates, partnership firms and public private partnership with strategic investors. 'HTL' is pioneer in the field of Slum Rehabilitation Schemes (SRS) and was awarded the 1st Slum Rehabilitation project by the Government of Maharashtra in 1995. Since then, it has rehabilitated approximately 13,000 slum families by providing self contained flats to them giving dignified living conditions.

The main theme of my project was to standardize their project for sending it to the banks so that the banks get the analyses of it as in the short time as in the previous model they had many sheets in the model which made it more difficult to get analyses and made slow in analysing it.

The model was prepared using the primary and secondary data from various sources a financial model was created that will be useful for the company in reducing the TAT of the finance approvals of from the bank.

Name: Ipsita Sen
Organization: Hubtown Ltd.
Location: Mumbai
Topic: Model Standardization in Project Finance

Both the domestic Indian and global insurance and reinsurance industries have maintained an upward surge of all-round growth in the last few years. The growth of liberalization and globalization of financial services the world over has made growing economies like India the centre of attention and given the insurance industry a lot of scope for development.

With the determined efforts and proactive stance of the Insurance Regulatory and Development Authority (IRDA), particularly in streamlining and rationalizing the attitude and approach of all the participating players at the marketplace, has accelerated the healthy growth of the industry.

In the last decade, the development of insurance brokers has also assisted the industry. These brokers act as connecting links between the clients and the companies and generate more business in the process. India Insurance was the first company to receive the Insurance Broking license from IRDA. The company was established 12 years ago and has grown tremendously ever since.

Insurance brokers extend their services to the clients by connecting them to the insurance/reinsurance companies based on their needs and requirements, for which they charge a commission amount. The revenue mechanism of the company is categorised into the brokerage fee [received on 30-60 days credit] and advisory fee which is received for the consultation services provided by the company. They also have to incur numerous expenses such as salaries, rent, service tax payments etc. The cash movement is fast paced and in huge denominations.

Effective cash management is very important for a company. Cash flow is a two-way traffic and has to be monitored and regulated in order to gain profit and develop the business. Non- synchronicity of cash flow can hamper the progress on the company. In general, cash flow follows a monsoonic pattern and the primary aim of cash management should be to ensure that the earnings of the company can take care of the expenses and there should be enough cash available, whenever the need arises. Excess cash should be invested intelligently ensuring that there is neither too much nor too little of cash in hand.

In India Insure, owing to the wide range of clients, the cash flow is always in very high denominations. This increases the complexity as well as the risk. The receivables and the payables of the company are monitored in order to ensure that all the due revenues are received, reduce the outstanding receivables, timely payment of service taxes and payments to other vendors and also other expenses of the company on a timely basis.

A study of cash management in this company has enabled a better understanding of the cash flow and the importance of efficient and effective cash handling

Name: Vinay
Organization: HDFC Life
Location: Bangalore
Topic: Portfolio Management with Focus on ULIPS

Insurance means transferring one's risk to others and sharing the loss of few by many. In life insurance basically timing is uncertain but death is certain. So this is an exception. There is no competition for life insurance business.

Objectives:

- To study the various funds of HDFC Life and understand the investment strategy.
- Choose one major fund and analyze the sub-fund categories i.e. various types of portfolios within the fund.
- Take each portfolio and analyze the equity, bonds separately.

HDFC Life insurance is the oldest life insurance company in the world. It is the largest insurer in the UK and is the 28th largest company in the world. In India, the company is marketing life insurance products and unit linked investment plans. As every company contains the competition, this company also contains competition from other private insurers like ICICI Prudential, Aviva, Birla Sun Life and Tata AIG. The main competition is from LIC, head of insurance. To compete effectively HDFC LIFE could launch cheaper and more reasonable products with small premiums and short policy terms. The ideal premium would be between ₹2000 – ₹30000 and an ideal policy term would be 10 – 20 years.

The study basically tries to identify the various products in terms of product portfolio in HDFC life and **investment break-ups** for the different 'Unit Linked Insurance Plans' of the company. It will clearly show the different investment funds available with the company for the investors to make an investment on the same.

Name: Namrata Kadam

Organization: Tesco Hindustan Service Centre Pvt. Ltd.

Location: Bangalore

Topic: An Analysis of Working Capital Management and Cost Benefit Analysis in Tesco HSC, Bangalore

Experts have recognized India as the one of the emerging economic superpowers. Over the years India has emerged as one of the fastest growing IT hubs in the world. The IT-ITES industry has two major components: IT Services and business process outsourcing (BPO). The growth in the service sector in India has been led by the IT-ITES sector, contributing substantially to increase in GDP, employment, and exports.

Tesco Hindustan Service Centre (HSC) is the global services arm for Tesco worldwide. They function as the pulse for the Tesco group, providing key business services for Tesco operations globally. The global service operations of Tesco HSC are involved in creating and executing strategic initiatives for Tesco retail stores worldwide. These strategic initiatives cover the IT, Business, Financial and Commercial aspects, among others, of Tesco operations. The operations cover all internal and external platforms that drive Tesco's business, making it one of the world's most preferred retail stores.

Working capital is an important requirement for any business, without which no business can survive. Every activity of the business is related to the availability of the working capital. That is, arranging short-term financing, negotiating favourable credit terms, controlling the movement of cash, administering the account receivable and monitoring the investment in inventories. All this consumes a great deal of time of finance managers. Also the obstacles inhabiting the effective working capital management throws open challenges to the finance managers in managing working capital. The study was conducted mainly to understand and analyse the management of working capital employed in Tesco HSC, to understand the practical difficulties faced by managing the working capital in Tesco HSC, to determine short term and long term solvency position of Tesco HSC, and to determine liquidity position and 'utilization of funds' in Tesco HSC.

The second part of the project was undertaken to analyse the various costs and benefits involved in a Project, to give management a reasonable picture of the costs, benefits and risks associated with a Project, to give an insight whether the option selected for implementation provides net economic benefits to the company and to analyse the benefit to Tesco by moving work from a high cost country to a low cost country.

Name: Shilpa Puranik

Organization: Misys Software Solutions Pvt. Ltd.

Location: Bangalore

Topic: Understanding the Need for Business Intelligence in Treasury and Capital Market to Develop a Framework for Risk Measurement and Management

The project is about the Need of Business Intelligence in Treasury and Capital Market. It is important to have right amount of cash resources available in right place at right time in right currency to maximize the return on surplus funds, minimize the financing cost of the business, and control interest rate risk and currency exposure to an acceptable level.

Firms trading in capital market face ever increasing volumes and velocity of trading market data, greater demand for risk management and need to address new regulatory mandates. Thus risk management has emerged as a new challenging area in banking. Handling these challenges requires cutting-edge solutions for trading, risk analysis and regulatory compliance.

Risk management is extremely data intensive. Hence accurate, reliable and timely availability of data is crucial for proper risk management. Accurate, consistent and transparent risk information across business units prevents unexpected losses and the need for higher capital requirements.

The project deals with risk (credit risk and market risk) involved in these treasury assets and liabilities and their mitigation and also includes risk management guidelines which are laid down by Basel. It provides information about how business intelligence solution for credit risk and market risk helps the banks to manage their risk and exposure level and comply with the regulatory mandates to hold capital reserve appropriate to the risk.

List of Projects Undertaken in the Manufacturing Sector

Name	Company	Location	Topic
Abhishek Goel	TVS Motor Ltd	Bangalore	A Study of fixed asset capitalization in TVS Motor Ltd
Abin	Elpro Energy Dimensions Pvt Ltd	Bangalore	Preparation of financial business plan for setting up a new fuel cell factory
Aditya Bajaj	Jasper capital Pvt Ltd	Noida	Valuation and financial assessment of Paras Pharma Acquisition
Akhil Sasidharan	Al Ghandi Auto	Dubai	Working capital in automobile industries
Ankita Pagaria	Sangam (India) Ltd	Bhilwara, Rajasthan	Assessing and analysing factors having impact on efficiency of working capital management
Ashwin	Roots Industries India Ltd	Coimbatore	A Study on forex risk management and its accounting at Roots Industries India Ltd
Ayush Chhallani	Shree Cement Pvt	Beawar Rajasthan	Working capital finance
C Asha	Vizag Steel- RINL	Visakhapatnam	Budget and budgetary control
Diya Gorai	Tata Steel	Jamshedpur	A Study on inventory management at Tata Steel for benchmarking with its competitor through a comparative analysis and development of solution for efficient inventory management
Gigo George	L&T Electrical and Automation	Mumbai	A comparative study on collection services offered by L&T Electricals and Automation's Banking partners Vs others Banks
Jackson Joseph	L&T	New Delhi	Project on receivable management of L&T
Jayati Choksi	Garden Silk Mills	Surat, Gujarat	Working capital management
Konduri Shashank	L&T Metro	Hyderabad	Sensitivity analysis of Hyderabad metro rail project using financial modelling
Lavani Marwah	Delphi Automotive	Greater Noida	SOX compliance in Delphi Automotives Systems Pvt Ltd
Neha Agrawal	Siddhi Binayak Prints and Knots Pvt Ltd	Gujarat	Working Capital Management
Nikunj Garg	Volvo Group Business Service	Bangalore	Analysis and structuring of financial data to provide a base for future provisioning, budgeting and forecasting
Nishant Jain	Delphi Automotive	Gurgaon	Reconciliation process
Payal M Kriplani	Elpro Energy Dimensions Pvt Ltd	Bangalore	A study on financial projection for establishing chain of stores for marketing clean energy and green products across Asia specific regions to be presented to prospective venture capitalist
Pranay Pushp Shrivastava	ONGC	Ahmedabad	Overview of finance department and activity based costing in ONGC
Ronak Agarwal	Roots Industries	Coimbatore	Working capital management
Saurabh Virani	Delphi Automotive	Greater Noida	Fixed asset depreciation accounting and physical verification
Shejal	PAN Synthetics Pvt Ltd	Bangalore	A Study on the distributed warehouse system of PAN Synthetics to evolve a cost effective and profitable distribution system
Shivankit Mahajan	Hindalco Industries	Mumbai	Credit evaluation by Hindalco
Shudhanshu Garg	SAIL	New Delhi	Comparative analysis of financial statement of SAIL and
Tarun Thomas	Cochin Shipyard	Cochin, Kerala	Working capital Management in Cochin Shipyard

Name: Abhishek Goel
Organization: TVS Motor Ltd.
Location: Bangalore

Topic: A Study of Fixed asset capitalization in TVS Motor Ltd.

The internship project at TVS Motor limited is a combination of primary and secondary research along with financial analysis. The objective of the project is to provide with various alternatives to improve the operational efficiency of the fixed asset capitalization process.

TVS Motor limited, which was established in 1911, is the Fourth largest two-wheeler manufacturer in India with turnover over Rs.4000 cr.The internship project was aimed at first observing then analysing the process and suggesting alternatives to improve the working of the process.

For the purpose of this project, I was restricted only to the operating part of the process. This part of the process is handled by one employee who has been recently recruited, earlier this was handled by one employee for over 13 years hence it became difficult for a new employee to compete with the requirement of the profile when it was the time of closing of books.

As per the guidelines set by company, the first part of my project was to learn the process and help the employee in finalisation of the final accounts through making entries into SAP and then making Schedules to the balance sheet and identifying for problems in the process.

The second part of my project was to find the alternatives that can help to improve the process. They instructed me to find the cost effective ways to improve efficiency. In the process I underlined 6 alternatives that can help the company to improve efficiency of the process

At the end of project, I concluded my project with recommending to the company to combine few alternatives to increase the overall efficiency.

Learning:-

- How to prepare Schedules to balance sheet
- Working on SAP
- Hands on Ms-Excel

Name: Asha C
Organization: Vizag Steel– RINL
Location: Vishakhapatnam
Topic: Budget and Budgetary Control

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations. Consumers of products and services are increasingly demanding better quality products and lower prices. Companies are focusing on their core competencies and are using state of art technology. The role of technology has evolved from supporting corporations to transforming them.

Steel industry plays a major role in the economic growth of India with new global acquisitions by Indian steel giants, setting up of new state of the art steel mills modernization of existing plants, improving energy efficiency and backward integration into global raw material sources, India is now on the centre of the global steel plant. Consumption of steel in various sectors has been on the rise and special steel usage in specific industrial sectors like power generation, petro chemicals, automobiles etc is also growing.

In this project the importance of steel Industry, Iron & Steel Industry scenario have been portrayed, Giving brief account on, world and Indian Steel scenario, this explains about the demand & Production capacities of steel. It also explains about the Birth, Growth and development of steel in India.

The report gives brief introduction of budget and budgetary control and the few definitions about budget and budgetary control, the study explain the need, essentials, advantages and types of budget and budgetary control. It also explains about the type of budgeting method is followed by Rashtriya Ispat Nigam Limited, Visakhapatnam steel plant.

The report reveals the differences in the budgeted figures and actual figures and also the reasons for such variances in the amounts. Reasons given in the report highlight the factors responsible for not meeting the expected figures and may help in a better estimation of budgets.

The main objective of any management student is to learn how to maximise the profits for the company, so BUDGETARY CONTROL is a strong tool for maximising profits. The management is therefore always trying to focus on the proper planning, effective coordination and control in order to maximise profits. There are various managerial tools and techniques useful for the management to plan and control business operations.

On the other side, as a budget is based on estimates, it may or may not be true. It is not substitute of management because, the efficiency and utility of the budgetary system depends on the skill and experience of the management. It cannot be executed automatically because continuous efforts are necessary for the execution of the budget.

In case of the manufacturing organizations, the estimation about the future is very important for the production activities as huge amount of costs are invested in the same activity.

Through learning the budgetary control system in the production division, the said functional area can be studied in the lights of cost ascertainment & control, activities & the actual performance.

Name: Gigo George
Organization: L&T Electrical Automation
Location: Mumbai

Topic: A Comparative Study on Collection Services Offered by L&T Electrical & Automation (E&A)'s Banking Partners vs. Other Banks (Cheque Collection Rates, Cheque Collection Period, RTGS Charges and NEFT Charges)

The Electrical Industry consists of companies that make a range of products for a diverse customer base. This sector is fragmented, but there are a few members that lay claim to a sizable portion of sales. Operating structures involve high fixed costs. Copper, aluminum and steel are essential raw materials used in the manufacture of products. (Fluctuations in commodities prices can have an impact on the group's earnings performance.) The industry spans all corners of the world, and it is subject to the influence of the macroeconomic cycle. Liquidity is an important aspect in this industry. The collection services that a company renders have a major effect on liquidity.

L&T Electrical & Automation (E&A) receives most of their payments through cheques. They receive payments from 22 different locations. Company needs the cheques to be credited to their account as early as possible and at the lowest possible rates. Currently there are two banking partners for the company. Presently banks provide many cash management services. Hence with this background a study is conducted to identify various collection services (Cheque collection rates, Cheque collection period, RTGS and NEFT) provided by various banks and to have a comparison with the present banking partners.

The primary objective of the study is to identify collection charges (In station cheques, Out station cheques, Speed clearance, RTGS and NEFT), Collection period for the chosen banks and to compare with the present Banking Partner of L&T Electrical & Automation (E&A). The secondary objective is to study various cash receivables management services provided by the chosen banks and to suggest a banking partner for the company. A Descriptive research was conducted and information was collected through primary and secondary research. Information about collection charges and Collection period was collected from the banks and the data was compiled and analyzed bank wise and inter – bank wise, to make it easier for analysis. Based on the analysis the bank with the lowest collection charge and lowest collection period was suggested to the company.

Name: Jackson Joseph

Organization: L&T

Location: Delhi

Topic: Project on Receivables Management of L&T

The report "Study of Receivables Management of Larsen & Toubro Ltd." was done to know about the receivables management of L & T. Study of the receivables management is important because unless the working capital is managed effectively, monitored efficiently, planned properly and reviewed periodically at regular intervals, none of the companies can earn profits and increase its turnover.

Working capital is an important issue during financial decision making since it is a part of investment in asset that requires appropriate financing investment. However, working capital always being disregard in financial decision making since it involve investment and financing in short term period. Further, also act as a restrain in financial performance, since it does not contribute to return on equity. Though, it should be critical for to a firm to sustain their short term investment since it will ensure the ability of firm in longer period.

For analyzing the receivable management of three departments, statistical analysis was done to analyze as well as Forecasting. Various tools were used for analyzing such as Age-Wise Analysis, Moving Average Analysis, Days Sale Outstanding etc and Forecasting of Sales and Outstanding using Exponential Smoothing Method.

Objectives of the Study

The following are the objectives of the project:

- To study and understand the pattern of Outstanding in three department.
- To determine the different ways of managing receivables.
- To find the pattern of Collection in these three department.
- To Find the Customers who are in the verge of becoming Bad Debts for the Organization.

Data Collection

Primary Sources: It is the information collected directly without any references. It is mainly through interactions with concerned officers & staff, customers or other information sources.

Secondary Sources: Secondary Dates is one which already exists, in accessible form. It can be obtained from the books and records of the company, magazines, Journals and the annual reports published by the company.

Scope of the Study

The scope of the study is identified after and during the study is conducted. The Study of receivables management is based on tools like age-wise Analysis, Moving Average Analysis of Outstanding, Days Sale Outstanding etc . Further the study is based on last six months of three department report of Larsen & Toubro Ltd.

Name: Jayati Choksi
Organization: Garden Silk Mills Limited
Location: Surat
Topic: Working Capital Management

Garden silk mills Ltd is one of the leading producers of the polyester cloth and fabric and clothing. It is renowned all over the world for its cloth. Garden as a brand is popular in the world markets as well as in the Indian markets. Garden sarees and dresses are popular among the women as well as younger generation.

At Garden I studied the working capital management under the guidance of Mr. Bipin. The working capital is very important for the profitability of the company as if the working capital is managed well then the company avoids itself from liquidity crunch. The working capital requirement for the year 2010-11 is Rs. 15702.17 lakhs. The company manages its working capital requirement on fund as well as non-fund basis. For non-fund basis the company uses the letter of credit and bank guarantee.

The company's debtor turnover ratio is 15-20 days which is considered good while the company's creditor turnover ratio is also 15-30 days which is also good but the company should match both the creditor and debtor ratio so that the liquidity problem does not arise while making payment to the creditors. The company depends on bank finance and internal sources for meeting the working capital requirement needs. The company obtained loans from consortium of banks with Bank of Baroda as the lead banker. But the company can also under channel financing as it is an innovative method of fulfilling the working capital requirement needs

Name: Konduri Shashank
Organization: L&T Metro (Hyderabad)
Location: Hyderabad

Topic: Sensitivity Analysis of Hyderabad Metro Rail Project Using Financial Modeling

L&T Metro Rail (Hyderabad) Ltd. (L&TMR(H)L) is a special purpose vehicle (SPV) incorporated to implement the metro rail project through Private Public Partnerships. The project is sanctioned through a bidding process and operates on basis of a concession agreement which is generally for a period of 35yrs and maximum up to a period of 60 yrs (from the date of signing the agreement). The financial model in excel tracks the process during the construction and operation period in a metro rail project, which to a large extent include fare collections, lease rental collections, parking fare collections, maintenance costs and payment of interest and principal borrowed.

The study explains the process of PPP on DBFOT basis and uses a financial model built using Microsoft excel to analyse the risk posed by real estate price fluctuations on the revenues and payback period of the project by means of sensitivity analysis .

The model gives the following results for the concession period of 35yrs on an annual basis, which are explained in detail later.

- Fare Box Collections:
 - Traffic capacity projections and Tariff rate projections for each year for the concession period.
 - Fare collections over the years
 - Lease Rental Collections
 - Income earned over years from the TOD
 - Rentals projections for each year.
- Debt And Interest Schedules:
 - Debt to be repaid.
 - Interest to be paid every quarter.
- Depreciation Schedule:
 - Depreciation over the years and the depreciation to be paid.
- Tax Paid:
 - Tax to be paid.

The aim of the current study is to compare the effect of a major political change, in this case, the partition of the state, on the financial aspects of the Metro rail project. The primary criteria taken as agent of change, in this case is the price of office space and its impact on TOD revenues. The effect of the change in TOD revenues on various aspects of the project such as change in blended price of commercial space, the change in projected cash flows, change in the profitability and change in the payback period is calculated and compared.

During the course of my internship at L & T Hyderabad Metro Rail LTD, I learnt many new things. Some of my learning during my internship are given below:

- The purpose of formation of Special purpose vehicles (SPV)
- Requirement and workings of a Public Private Partnership (PPP) projects.
- Building and using financial models in Excel.
- Role of a financial model in financial projections and organizational decision making.
- Making projections using financial models.

Name: Nikunj Garg

Organization: Volvo Group Business Service (Volvo India Pvt. Ltd)

Location: Bangalore

Topic: Analysis and Structuring of Financial Data to Provide a Base for Future Provisioning, Budgeting And Forecasting

Before we proceed with the study, it is better to understand the concept of *shared service center*. A Shared Service Center is an independent and geographically separated unit responsible for the execution and the handling of specific operational tasks such as Finance & accounting and human resource administrative services. A SSC within an organization enables the business to capture synergies, optimize the cost, standardize processes and allows the business (and subsequent business units) to focus on core activities.

The topic given by the Volvo Group Business Services to me was “Analysis and structuring of financial data to provide a base for future provisioning, budgeting and forecasting”. It had various sub-topics such as facility cost analysis, fixed assets reconciliation, corporate cost allocations, Invoice Specification Database (ISDB) report analysis, and Head cost & Seat cost analysis for Volvo Group Business Services, Bangalore.

The topic clearly explains the underlying objective of the internship from the company’s perspective i.e. to analyse the financial data and reports such as cost center reports etc. and develop various processes and basis that will improve the forecasting and budgeting for the Co. By *financial data*, we mean Cost center reports, ISDB reports, corporate allocation reports, and Depreciation reports, etc. *Analysis and structuring* of the financial data here implies the in-depth analysis of the above mentioned reports to provide *future base data for forecasting and budgeting*.

Facility costs are the major costs in an organization. A small variation in these costs will impact the overall cost structure of Volvo Group Business Services. Thus in this study, an effort has been made to identify the vital facility costs and to create a base for the future costs to avoid any variations and account the missing costs. Fixed assets also form a major part of any company. Thus it becomes necessary for a company to keep control on them so that unnecessary costs can be avoided and right things are allocated to right process at the right time.

Name: Payal M Kripalani
Organization: Elpro Energy Dimensions Pvt. Ltd.
Location: Bangalore

Topic: A Study On Financial Projections for Establishing Chain of Stores for Marketing Clean Energy and Green Products Across Asia Pacific Region to be Presented to Prospective Venture Capitalists.

Elpro Energy Dimensions Pvt.Ltd. is a Bangalore based company and is India's premier renewable energy service provider. They manufacture their own energy saving products and have also dealt with several customised energy saving projects in different parts of the country. They have an R&D section with the help of which they are able to innovate and help consumers reduce energy bills.

They now plan to step into retail by opening a chain of Green Shops across the country and outside as well based on the demand. They seek to import renewable energy, energy efficient and water saving products from the best manufacturers across the globe and make them available to the consumers so that they can reduce their energy consumption and be benefitted in the long run.

This project seeks to understand the feasibility of this idea and generate financial projections to understand the implications in the long run. An initial feasibility analysis was undertaken with the help of a questionnaire in order to understand the awareness of such products and people's willingness to purchase them. Several secondary sources were also referred to in order to learn about the growth of this industry and if these stores will be beneficial in the long run. The data collection showed that it is worthwhile to open these stores.

The financial statements show a loss stage for the company initially as there are a lot of establishment costs and operating expenses are high. However, with the passage of time the green shop manages to do very well and grows year on year in terms of sales and profits reaching an amount of Rs.490 and Rs.178 lakhs respectively. The ratios and the cash flows also show an improvement over the ten year time frame.

Going by the industry statistics, it can be said that with a fall in the available resources of conventional energy, people are going to switch to energy saving products very soon. Moreover, the industry is already showing a growth at the rate of 20% and is expected to rise in future. Therefore, looking at these details and the results of this report, it can be concluded that this is a profitable venture and as there is no such store currently existing it will definitely arouse curiosity and consumers and they seek to understand the need and advantages of such products which will make Elpro's green shop a successful venture

Name: Ronak Agarwal
Organization: Roots Industries Ltd.
Location: Coimbatore
Topic: Working Capital Management

I have carried out my project in the field of working capital management at Roots Industries Coimbatore. Study of the working capital management is important because unless the working capital is managed effectively, monitored efficiently, planned properly and reviewed periodically at regular intervals, none of the companies can earn profits and increase its turnover.

Working capital management is a critical management issue for growing businesses. By adopting a few working capital management strategies, we can make our assets work for us, without becoming beholden to banks.

Working capital strategies has in the past been a responsibility designated to those managers in the accounting and finance departments. However, today's economy is changing those roles and many managers who traditionally were not part of this process are being called upon to take proactive steps in reducing the risk associated with working capital. Hence implementing an effective working capital management system is a splendid way to improve the earnings of the company.

The life blood of a company is its ability to generate sales that results in timely cash inflows that exceed the amounts needed to fund its operating expenses.

For analyzing the working capital, I have done a ratio analysis which includes Liquidity ratio, Turnover ratio, and Profitability ratio and certain specific ratios like Debtors turnover period and creditors turnover period and also stock turnover period.

Name: Shejal Chordia
Organization: PAN Synthetics Pvt. Ltd.
Location: Bangalore

Topic: A Study on the Distributed Warehouse System of PAN Synthetics to Evolve a Cost-Effective and Profitable Distribution System

I had undertaken summer internship in PAN Synthetics Pvt. Ltd. This is a trading company which deals in flexible plastic packaging film and aluminum foils. The project was done to help the company's managers decide if they need one centralized warehouse instead of the current system of warehouses.

The company currently has eleven warehouses. Three of those warehouses have slitting machines and are also used for storage of rolls. All other warehouses are used just for storage purpose. Even though they are all located in the same industrial area, this leads to various difficulties for the company. They were facing difficulty in terms of managing the warehouses and reduced efficiency due to expansion of market. The company now desires to convert it to a centralized one. This project was done to try and help them see whether or not it is feasible to convert. It also included the reasons why they should convert to just one centralized warehouse. I had also suggested ways in which the centralized warehouse should function to improve efficiency and increase sales. The warehouses are not well organized and have led to many customer complaints and loss in terms of sales and is hindering their growth.

The objectives of the study were –

- To identify the problems faced in the direct working process.
- To identify problems faced indirectly due to the logistical challenges.
- To identify all alternatives that can be considered.
- To identify the feasibility of all the alternatives.
- To suggest the best alternative to the company, keeping in mind the financial viability of the same.
- To calculate the financial gains that could be made in the future by implementing the suggested alternative.

The methods undertaken are based on the financial predictions and the discounted cash flow methods of financial management. It shows that the company will profit from this project and will also result in reduction of costs and increased sales. The logistical problems are also taken care of by giving relevant solutions. The recommendation to the company is that they should implement the change in the structure of their distribution system.

Name: Sudhanshu Garg
Organization: Steel Authority of India Ltd.
Location: Delhi

**Topic: Comparative Analysis of Financial Statements of SAIL and TATA Steel
for the FY2010-11**

SAIL is a *Maharatna Public Sector Undertaking* under the Ministry of Steel and is India's largest integrated producer of Iron and Steel, holding 20% market share of domestic crude steel production. Company increased production of value added steel and achieved the saleable steel production of 12.9 MT representing 116% of capacity utilisation. With the help of various management initiatives taken, SAIL achieved a turnover of more than Rs. 47,000 Cr during 2010-11, which is higher by 7% over last year.

SAIL is currently implementing a mega Modernisation & Expansion (M&E) plan to enhance its hot metal production capacity in a phased manner i.e. from 13.8 MT to 24 MT in FY 2012-13. The M&E plan will not only help strengthen the company's market position but also contribute to economic growth of our country. SAIL operates through 5 integrated steel plants and 3 speciality steel plants. SAIL has set the ball rolling for the company to work on Vision 2020 for the company. Keeping in line the estimated requirement of steel in the country and the potential, SAIL has an action plan for achieving 60 MT productions by 2020, which would be approximately 30% of the Indian Steel Industry market share.

The project report will provide an enlarged view of SAIL and its major competitor TATA Steel income statements and specialized cost analysis focussing where all the advantage is taken over by TATA & where all by SAIL, the possible reasons for it followed by an enhanced tabulated and diagrammatically depicted income, net worth, profit, share-holdings, raw-materials consumption, etc through use of charts.

The essential portion of an iron and steel company expenditure goes into raw material cost, power and fuel and employee cost. The data was analysed using various tools like Comparative and Common-size Analysis, Financial Ratio Analysis, Cash Flow Analysis and DuPont Analysis. After conducting the data analysis and interpretation, I got an opportunity to provide certain suggestions for the SAIL to improve on, so that they can achieve better Green ratings in 2013. This would help the investors and knowledge gainers to understand the company and its performance as well.

Quick tips for your Internship!!!

Insights by Nikunj Garg

- Maintain *professionalism* and avoid gossips, personal phone calls, emails or SMS during office hours. Maintaining professionalism while interning will create a positive image of yours and also the university.
- Learn from your company *mentor* and from those whom you admire in the company. Develop mentoring relationships that you can continue long even after your internship has ended.
- As an intern, company do not expect you to know everything about the work or industry. Internship will be a great learning experience and *ask questions* to learn about the job and how the industry operates.
- Your supervisors and co-workers may be immersed in projects and deadlines and may not notice your presence in the company; take initiative to introduce yourself and exhibit a *positive* and *friendly* attitude to everyone you meet, from a janitor to the CEO.
- Make it a point to do *research* and learn all you can about the company and the industry.
- If you find that the task assigned to you is done and your mentor is satisfied, *ask for* new projects from your mentor to continue to learn more and more.
- As an intern, you probably won't be doing glamorous, substantive work; you'll likely be making other people's lives easier. *Pay attention* to details, follow instructions, and care about quality, deliver your best even when you're handed boring tasks.
- *Goal setting* is important for you as an intern in order to ensure that you gain the relevant skills which company seeks for when hiring future full-time employees.
- If you do make a mistake, make sure you handle it correctly. Don't try to cover it up or make excuses. *Own up* and fix it.
- There's no exception for interns in the dress code. Dress for the part you want to play. Avoid wearing flip flops, jeans, etc. Wear formals regularly.
- Talk to your company mentor about what you're getting out of your internship, and thank him/ her for giving you the opportunity to work there. A simple expression of gratitude may even put you ahead of the pack.

*Team Chaanakya (2012-13) Wishes You All Best
of Luck for Your Summer Internship Projects and
Your Careers Ahead...*



(From Left to Right) Srinivas Prasad K, Vinay Goel, Sreedhar Reddy T, Nikunj Garg, Kritika Banerjee, Deebadwita De, Ankita Pagaria, Prachi Sharda, Arnab Basak, Dhruv Chopra, Pankaj Sharma, Prof Ramkesh Gupta, Prof C K T Chandrashekara, Prof T S Ramachandran, Sanjeet Kumar, Shashank Mishra, Rohit Munka, Bhavesh Dhanesha & Vedang Dave



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Chaanakya is the official Finance Magazine of Wealth Incorporation, the Finance Club. It is released fortnightly. Its objective is to keep each & everyone abreast with the activities and events of the world of finance.

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