MOCK TEST PAPER 1

FINAL (OLD) COURSE: GROUP – I

PAPER – 2: STRATEGIC FINANCIAL MANAGEMENT (OLD COURSE)

SUGGESTED ANSWERS/HINTS

1. (a) (i) The difference in yield curve may due to the lower credit rating of ABC Ltd. compared to XYZ Ltd.

(ii) DEF Bank will fix interest rate for 2V3 FRA after 2 years as follows:

XYZ Ltd.

$(1+r)\ (1+0.0420)^2 = (1+0.0448)^3$

$(1+r)\ (1.0420)^2 = (1.0448)^3$

$r = 5.04\%$

Bank will quote 5.04% for a 2V3 FRA.

ABC Ltd.

$(1+r)\ (1+0.0548)^2 = (1+0.0578)^3$

$(1+r)\ (1.0548)^2 = (1.0578)^3$

$r = 6.38\%$

Bank will quote 6.38% for a 2V3 FRA.

(iii) Interest payable by XYZ Ltd. under two scenarios will be computed as follows:

		4.50% - Allow to Lapse	**5.50%- Exercise**
Interest	₹ 100 crores X 4.50%	₹ 4.50 crores	-
	₹ 100 crores X 5.04%*	-	₹ 5.04 crores
Premium (Cost of Option)	₹ 100 crores X 0.1%	₹ 0.10 crores	₹ 0.10 crores
		4.60 crores	5.14 crores

* Since after 2 years 1 year interest rate turned out to be 5.50%, it will be beneficial for XYZ Ltd. to exercise its option. **Total Marks = 5**

(b)

Qtrs. (1)	*Sensex* (2)	*Sensex Return (%)* (3)	*Amount Payable (₹ Crore)* (4)	*Fixed Return (Receivable) (₹ Crore)* (5)	*Net (₹ Crore)* (5) – (4)
0	43,200	-		-	
1	43,720	1.2037	9.6296	9.2000	- 0.4296
2	43,560	-0.3660	-2.9280	9.2000	12.1280
3	44,160	1.3774	11.0192	9.2000	- 1.8192
4	43,920	-0.5435	-4.3480	9.2000	13.5480

Total Marks = 5

(c) Profit as per Spot Rates

	₹
Sales Revenue (US$ 200 X 200 X ₹ 65)	26,00,000
Less: Cost of Imported Raw Material (200 X $\frac{6000}{115}$ X ₹ 66)	6,88,696
Labour Cost (200 X ₹ 1,300)	2,60,000
Variable Overheads (200 X ₹ 650)	1,30,000
Profit	15,21,304

Profit as per expected Spot Rates

	₹
Sales Revenue (US$ 200 X 200 X ₹ 68.90)	27,56,000
Less: Cost of Imported Raw Material (200 X $\frac{6000}{105}$ X ₹ 69.25)	7,91,429
Labour Cost (200 X ₹ 1,300)	2,60,000
Variable Overheads (200 X ₹ 650)	1,30,000
Profit	15,74,571
Increase/ (Decrease) in Profit due to Transaction Exposure (₹ 15,74,571 – ₹ 15,21,304)	₹ 53,267

Total Marks = 5

(d) **(i)** Let us first compute the Cost of Equity $k_e = \frac{D}{P} = \frac{25}{125} = 20\%$

(ii) Current Earning = ₹ 25 x 10,00,000 = ₹ 2,50,00,000

The new project can be financed by retaining ₹ 1,75,00,000 of ₹ 2,50,00,000 earning next year, reducing dividend payment to ₹ 75,00,000 or

$$\frac{₹75,00,000}{10,00,000} = ₹ 7.50 \text{ per share}$$

(iii) In the following years, dividend will increase due to the cash generated by the new project. Dividend per share in year 2 shall be:

$$\frac{₹2,50,00,000 + ₹50,00,000}{10,00,000} = ₹ 30 \text{ per share}$$

(iv) The new share price can be calculated by finding the Present Value of the revised dividend payments:

$$P = \frac{₹7.50}{1.20} + \frac{₹30.00}{0.20} \times \frac{1}{1.20} = ₹ 131.25 \text{ per share}$$

Total Marks = 5

2. **(a)** **(i)** **No. of Bonus Shares to be issued:**

Free Float Capitalization = ₹ 45 crore

Market Price Per Share = ₹ 150

Shares of Minority = $\frac{₹\ 45\ \text{crore}}{₹150}$ = 30 lacs

Minority Share Holding (100% - 80%) = 20%

Hence Total shares = $\frac{30\ \text{lacs}}{0.20}$ = 150 lacs

Promoters holding 80%, = 120 lacs shares

Shares remains the same, but holding % to be taken as 75%

Hence Total shares = $\frac{120\ \text{lacs}}{0.75}$ = 160 lacs

Shares of Minority = 160 lacs – 120 lacs = 40 lacs

Bonus 10 lacs for 30 lacs i.e. 1 shares for 3 shares held.

(ii) Market price after Bonus issue:

Let us compute PE with given k_e as follows:

$$PE = \frac{1}{k_e} = \frac{1}{0.20} = 5$$

Market Price Given = ₹ 150

Hence EPS will be (₹ 150/5) = ₹ 30

Total No. of shares before bonus issue = 150 lacs

Accordingly, Total PAT shall be (₹ 30 x 150 lacs) = ₹ 4500 lacs

Total No. of shares after bonus issue = 150 lacs + 10 lacs = 160 lacs

EPS after Bonus Issue = ₹ 4500 lacs/ 160 lacs = ₹ 28.13

Market Price After Bonus Issue = ₹ 28.13 x 5 = ₹ 140.65

(iii) Free Float Capitalization after Bonus Issue

₹ 140.65 x 40 lacs = ₹ 5,626 lacs i.e. ₹ 56.26 crore

Total Marks = 8

(b) D_1 = ₹ 6

D_2 = ₹ 6 (1.18) = ₹ 7.08

D_3 = ₹ 6 $(1.18)^2$ = ₹ 8.35

D_4 = ₹ 6 $(1.18)^3$ = ₹ 9.86

D_5 = ₹ 9.86 (1.17) = ₹ 11.54

D_6 = ₹ 9.86 (1.17)(1.16) = ₹ 13.38

D_7 = ₹ 9.86 (1.17)(1.16)(1.15) = ₹ 15.39

D_8 = ₹ 9.86 (1.17)(1.16)(1.15)(1.14) = ₹ 17.54

$$P = \frac{D_1}{(1+k_e)} + \frac{D_2}{(1+k_e)^2} + + \frac{D_3}{(1+k_e)^3} + + \frac{D_4}{(1+k_e)^4} + \frac{D_5}{(1+k_e)^5} + \frac{D_6}{(1+k_e)^6} + \frac{D_7}{(1+k_e)^7} + \frac{TV}{(1+k_e)^7}$$

$$TV = \frac{D_8}{k_e - g} = \frac{17.54}{0.18 - 0.14} = ₹\ 438.50$$

$$P = \frac{6.00}{(1+0.18)} + \frac{7.08}{(1+0.18)^2} + \frac{8.35}{(1+0.18)^3} + \frac{9.86}{(1+0.18)^4} + \frac{11.54}{(1+0.18)^5} + \frac{13.38}{(1+0.18)^6} + \frac{15.39}{(1+0.18)^7} + \frac{438.50}{(1+0.18)^7}$$

= 6.00 x 0.847 + 7.08 x 0.718 + 8.35 x 0.609 + 9.86 x 0.516 + 11.54 x 0.437 + 13.38 x 0.370 + 15.39 x 0.314 + 438.50 x 0.314

= ₹ 172.85

Since the Intrinsic Value of share is ₹ 172.85 while it is selling at ₹ 150 hence it is under-priced and better to acquire it.

Total Marks = 8

3. (a) We have $E_p = W_1E_1 + W_3E_3 + \ldots\ldots\ldots\ldots W_nE_n$

and for standard deviation $\sigma^2_p = \sum_{i=1}^{n} \sum_{j=1}^{n} w_i w_j \sigma_{ij}$

$$\sigma^2_p = \sum_{i=1}^{n} \sum_{j=1}^{n} w_i w_j \rho_{ij}\, \sigma_i\, \sigma_j$$

Two asset portfolio

$\sigma^2_p = w^2_1\sigma^2_1 + w^2_2\sigma^2_2 + 2\, w_1w_2\sigma_1\sigma_2\rho_{12}$

Or

$\sigma_p = \sqrt{w_1\sigma_1 + w_2\sigma_2 + 2\, w_1w_2\sigma_1\sigma_2\rho_{12}}$

Substituting the respective values we get,

(i) 50% of funds in each of A and B

E*p* = 0.50 x 19% + 0.50 x 23% = 21%

$\sigma^2_p = (0.50)^2(14\%)^2 + (0.50)^2(18\%)^2 + 2(0.50)(0.50)(0.16)(14\%)(18\%)$

$\sigma^2_p = 49 + 81 + 20.16 = 150.16$

$\sigma_p = 12.25\%$

(ii) 75% in A and 25% in B

E*p* = 0.75 x 19% + 0.25 x 23% = 20%

$\sigma^2_p = (0.75)^2(14\%)^2 + (0.25)^2(18\%)^2 + 2(0.75)(0.25)(0.16)(14\%)(18\%)$

$\sigma^2_p = 110.25 + 20.25 + 15.12 = 145.62$

$\sigma_p = 12.07\%$

(iii) 25% in A and 75% in B

E*p* = 0.25 x 19% + 0.75 x 23% = 22%

$\sigma^2_p = (0.25)^2(14\%)^2 + (0.75)^2(18\%)^2 + 2(0.25)(0.75)(0.16)(14\%)(18\%)$

$\sigma^2_p = 12.25 + 182.25 + 15.12 = 209.62$

$\sigma_p = 14.48\%$

(iv) 60% in A and 40% in B

E_p = 0.60 x 19% + 0.40 x 23% = 20.6%

$\sigma^2_p = (0.60)^2(14\%)^2 + (0.40)^2(18\%)^2 + 2(0.60)(0.40)(0.16)(14\%)(18\%)$

$\sigma^2_p = 70.56 + 51.84 + 19.35 = 141.75$

$\sigma_p = 11.91\%$

Portfolio	(i)	(ii)	(iii)	(iv)
Return	21	20	22	20.6
σ	12.25	12.07	14.48	11.91

In the terms of return, we see that portfolio (iii) is the best portfolio.

In terms of risk we see that portfolio (iv) is the best portfolio.

Total Marks = 10

(b) Capital sum to be placed under Lease

		₹ in lakhs
Cash Down price of machine		300.00
Less: Present value of depreciation		
Tax Shield		
$100 \times .35 \times \frac{1}{(1.10)}$	31.82	
$100 \times .35 \times \frac{1}{(1.10)^2}$	28.93	
$100 \times .35 \times \frac{1}{(1.10)^3}$	26.30	87.05
		212.95

If the normal annual lease rent per annum is *x*, then cash flow will be:

Year	*Post-tax cash flow*	*P.V. of post-tax cash flow*
1	$3x \times (1 - .35) = 1.95x$	$1.95x \times (1/1.10) = 1.7727x$
2	$2x \times (1 - .35) = 1.3x$	$1.30x \times [(1/(1.10)^2] = 1.0743x$
3	$x \times (1 - .35) = 0.65x$	$0.65x \times [1/(1.10)^3] = 0.4884x$
		$= 3.3354x$

Therefore 3.3354 *x* = 212.95 or *x* = ₹ 63.8454 lakhs

Year-wise lease rentals:

		₹ in lakhs
Year 1	3 × 63.8454 lakhs	= 191.54
2	2 × 63.8454 lakhs	= 127.69
3	1 × 63.8454 lakhs	= 63.85

Total Marks = 6

4. (a) (i) $\beta_{asset} = \beta_{equity} \times \frac{V_E}{V_0} + B_{debt} \times \frac{V_D}{V_0}$

Note: Since β_{debt} is not given it is assumed that company debt capital is virtually riskless.

If company's debt capital is riskless than above relationship become: $\beta_{asset} = \beta_{equity} \frac{V_E}{V_O}$

Here $\beta_{equity} = 1.5$

As $\beta_{debt} = 0$

V_E = ₹ 60 lakhs.

V_D = ₹ 40 lakhs.

V_0 = ₹ 100 lakhs.

$\beta_{asset} = 1.5 \times \frac{60 \text{ lakhs}}{100 \text{ lakhs}} = 0.9$

(ii) If only equity is used to finance the expansion, the Cost of Capital for discounting company's expansion of existing business shall be computed as follows:

Company's cost of equity = $R_f + \beta_A \times$ Market Risk premium

Where R_f = Risk free rate of return

β_A = Beta of company assets

Therefore, company's cost of equity = 8% + 0.9 × (16 – 8) = 15.20% and overall cost of capital shall be 15.20%. **Total Marks = 6**

(b) (i) Cancellation Rate:

The forward sale contract shall be cancelled at Spot TT Purchase for $ prevailing on the date of cancellation as follows:

$/ ₹ Market Buying Rate	₹ 73.1575
Less: Exchange Margin @ 0.10%	₹ 0.0732
	₹ 73.0843

Rounded off to ₹ 73.0850

(ii) Amount payable on $ 1,00,000

Bank sells $1,00,000 @ ₹ 73.8775	₹ 73,87,750
Bank buys $1,00,000 @ ₹ 73.0850	₹ 73,08,500
Amount payable by customer	₹ 79,250

(iii) Swap Loss

On 4th April, the bank does a swap sale of $ at market buying rate of ₹ 73.4275 and forward purchase for April at market selling rate of ₹ 73.2775.

Bank buys at	₹ 73.4275
Bank sells at	₹ 73.2775
Amount payable by customer	₹ 0.1500

Swap Loss for $ 1,00,000 in ₹ = ₹ 15,000

(iv) Interest on Outlay of Funds

On 4th April, the bank receives delivery under cover contract at ₹ 73.7575 and sell spot at ₹ 73.2775.

Bank buys at	₹ 73.7575
Bank sells at	₹ 73.2775
Amount payable by customer	₹ 0.4800

Outlay for $ 1,00,000 in ₹ 48,000

Interest on ₹ 48,000 @ 12% for 3 days ₹ 47

(v) New Contract Rate

The contract will be extended at current rate

$/ ₹ Market forward selling Rate for June	₹ 74.0525
Add: Exchange Margin @ 0.10%	₹ 0.0741
	₹ 74.1266

Rounded off to ₹ 74.1275

(vi) Total Cost

Cancellation Charges	₹ 79,250.00
Swap Loss	₹ 15,000.00
Interest	₹ 47.00
	₹ 94,297.00

Total Marks = 10

5. (a) Estimation of Ratios

Sl. No.	Particulars	SK Ltd.	AS Ltd.	Average
(i)	Market to Book Value	$\left(\frac{450}{400}\right)$ = 1.125	$\left(\frac{400}{300}\right)$ = 1.333	1.2290
(ii)	Market to Replacement Cost	$\left(\frac{450}{600}\right)$ = 0.750	$\left(\frac{400}{550}\right)$ = 0.727	0.7385
(iii)	Market to Sales	$\left(\frac{450}{550}\right)$ = 0.818	$\left(\frac{400}{450}\right)$ = 0.889	0.8535
(iv)	Market to Net Income	$\left(\frac{450}{18}\right)$ = 25	$\left(\frac{400}{16}\right)$ = 25	25

Application of Ratios to XY Ltd.

Sl. No.	Particulars	XY Ltd. (₹)	Average	Indicative Value of XY Ltd. (₹)
(i)	Book Value	250	1.2290	250 x 1.2290 = 307.25
(ii)	Replacement Cost	500	0.7385	500 x 0.7385 = 369.25
(iii)	Sales	500	0.8535	500 x 0.8535 = 426.75

(iv)	Net Income	14	25	14 x 25 = 350.00
	Average			₹ 363.31

Value of XY Ltd. according to the comparable method is ₹ 363.31

Total Marks = 8

(b) Constant Ratio Plan:

Stock Portfolio NAV (₹)	Value of Conservative Portfolio (₹)	Value of aggressive Portfolio (₹)	Total value of Constant Ratio Plan (₹)	Revaluation Action	Total No. of units in aggressive portfolio
40.00	10,00,000	10,00,000	20,00,000	-	25000
25.00	10,00,000	6,25,000	16,25,000	-	25000
	8,12,500	8,12,500	16,25,000	Buy 7500 units	32500
36.00	8,12,500	11,70,000	19,82,500	-	32500
	9,91,250	9,91,250	19,82,500	Sell 4965.28 units	27534.72
32.00	9,91,250	8,81,111.04	18,72,361.04	-	27534.72
38.00	9,91,250	10,46,319.36	20,37,569.36	-	27534.72
	10,18,784.68	10,18,784.68	20,37,569.36	Sell 724.60 units	26810.12
37.00	10,18,784.68	9,91,974.44	20,10,759.12	-	26810.12
42.00	10,18,784.68	11,26,025.04	21,44,809.72	-	26810.12
43.00	10,18,784.68	11,52,835.16	21,71,619.84	-	26810.12

Hence, the ending value of the mechanical strategy is ₹ 21,71,619.84 and buy & hold strategy is ₹ 21,50,000.

Total Marks = 8

6. (a) Working Notes:

(i) Price/share of PQ Ltd. for determination of number of shares to be issued

= (₹ 855 + ₹ 645)/2 = ₹ 750

(ii) Value of LM Ltd based on future cash flow capitalization

Year ended	₹ lakhs	PVF	PV in ₹ lakhs
31.3.22	157.50	0.926	145.845
31.3.23	180.00	0.857	154.260
31.3.24	187.50	0.794	148.875
31.3.25	180.00	0.735	132.300
31.3.26	150.00	0.681	102.150
Terminal Value estimate	300.00	0.681	204.300
Total			887.730

Value of LM Ltd based on net assets	₹ lakhs	375.00
Average value (887.730 + 375)/2	₹ lakhs	631.365
No. of shares in PQ Ltd to be issued ₹ 6,31,36,500/750	Nos.	84182
Basis of allocation of shares		

Fully paid equivalent shares in LM Ltd. (30 + 7.50) lakhs		3750000
Distribution to fully paid shareholders 84182 x 30/37.50		67346
Distribution to partly paid shareholders 84182 - 67346		16836

Total Marks = 10

(b) (i) IM has overall strong position and hence is in a comparative advantageous position in both rates. However, it has a comparative advantage in floating-rate market.

The differential between the U.S. dollar floating rates is 2.00% per annum, and the differential between the JPY fixed rates is 0.25% per annum. The difference between the differentials is 1.75% per annum. The total potential gain to all parties from the swap is therefore 1.75% per annum, or 175 basis points. If the financial intermediary requires 75 basis points, each of IM and JI can be made 50 basis points better off.

(ii) Since the Net Benefit of 100 Basis Points to be shared equally among IM and JI interest rate for them shall be as follows:

IM

Borrowing from Market	LIBOR + 0.5%
Less: Benefit from Swap	0.5%
Net Interest	LIBOR

JI

Borrowing from Market	4.25%
Less: Benefit from Swap	0.5%
Net Interest	3.75%

Total Marks = 6

7. (a) The key decisions falling within the scope of financial strategy are as follows:

1. **Financing decisions:** These decisions deal with the mode of financing or mix of equity capital and debt capital.
2. **Investment decisions:** These decisions involve the profitable utilization of firm's funds especially in long-term projects (capital projects). Since the future benefits associated with such projects are not known with certainty, investment decisions necessarily involve risk. The projects are therefore evaluated in relation to their expected return and risk.
3. **Dividend decisions:** These decisions determine the division of earnings between payments to shareholders and reinvestment in the company.
4. **Portfolio decisions:** These decisions involve evaluation of investments based on their contribution to the aggregate performance of the entire corporation rather than on the isolated characteristics of the investments themselves.

Total Marks = 4

(b) A very important phenomenon witnessed in the Mergers and Acquisitions scene, in recent times is one of buy - outs. A buy-out happens when a person or group of persons gain control of a company by buying all or a majority of its shares. A buyout involves two entities, the acquirer and the target company. The acquirer seeks to gain controlling interest in the company being acquired normally through purchase of shares. There are two common types of buy-outs: Leveraged Buyouts (LBO) and Management Buy-outs (MBO). LBO is the purchase of assets or the equity of a company where the buyer uses a significant amount of debt and very little equity capital of his own for payment of the consideration for acquisition. MBO is the purchase of a business by its management, who when threatened with the sale of its business to third parties or frustrated by the slow growth of the

company, step-in and acquire the business from the owners, and run the business for themselves. The majority of buy-outs is management buy-outs and involves the acquisition by incumbent management of the business where they are employed. Typically, the purchase price is met by a small amount of their own funds and the rest from a mix of venture capital and bank debt.

Internationally, the two most common sources of buy-out operations are divestment of parts of larger groups and family companies facing succession problems. Corporate groups may seek to sell subsidiaries as part of a planned strategic disposal programme or more forced reorganisation in the face of parental financing problems. Public companies have, however, increasingly sought to dispose of subsidiaries through an auction process partly to satisfy shareholder pressure for value maximisation.

In recessionary periods, buy-outs play a big part in the restructuring of a failed or failing businesses and in an environment of generally weakened corporate performance often represent the only viable purchasers when parents wish to dispose of subsidiaries.

Buy-outs are one of the most common forms of privatisation, offering opportunities for enhancing the performances of parts of the public sector, widening employee ownership and giving managers and employees incentives to make best use of their expertise in particular sectors.

Total Marks = 4

(c) Steps for simulation analysis.

1. Modelling the project- The model shows the relationship of N.P.V. with parameters and exogenous variables. (Parameters are input variables specified by decision maker and held constant over all simulation runs. Exogenous variables are input variables, which are stochastic in nature and outside the control of the decision maker).
2. Specify values of parameters and probability distributions of exogenous variables.
3. Select a value at random from probability distribution of each of the exogenous variables.
4. Determine N.P.V. corresponding to the randomly generated value of exogenous variables and pre-specified parameter variables.
5. Repeat steps (3) & (4) a large number of times to get a large number of simulated N.P.V.s.
6. Plot frequency distribution of N.P.V. **Total Marks = 4**

(d) The Greeks in context of options are as follows:

(i) ***Delta:*** It is the degree to which an option price will move given a small change in the underlying stock price. For example, an option with a delta of 0.5 will move half a rupee for every full rupee movement in the underlying stock.

The delta is often called the hedge ratio i.e. if you have a portfolio short 'n' options (e.g. you have written n calls) then n multiplied by the delta gives you the number of shares (i.e. units of the underlying) you would need to create a riskless position - i.e. a portfolio which would be worth the same whether the stock price rose by a very small amount or fell by a very small amount.

(ii) ***Gamma:*** It measures how fast the delta changes for small changes in the underlying stock price i.e. the delta of the delta. If you are hedging a portfolio using the delta-hedge technique described under "Delta", then you will want to keep gamma as small as possible, the smaller it is the less often you will have to adjust the hedge to maintain a delta neutral position. If gamma is too large, a small change in stock price could wreck your hedge. Adjusting gamma, however, can be tricky and is generally done using options.

(iii) ***Vega:*** Sensitivity of option value to change in volatility. Vega indicates an absolute change in option value for a one percentage change in volatility.

(iv) ***Rho:*** The change in option price given a one percentage point change in the risk-free interest rate. It is sensitivity of option value to change in interest rate. Rho indicates the absolute change in option value for a one percent change in the interest rate. **Total Marks = 4**

(e) Credit rating is a very important indicator for prudence but it suffers from certain limitations. Some of the limitations are:

(i) **Conflict of Interest –** The rating agency collects fees from the entity it rates leading to a conflict of interest. Since the rating market is very competitive, there is a distant possibility of such conflict entering into the rating system.

(ii) **Industry Specific rather than Company Specific –** Downgrades are linked to industry rather than company performance. Agencies give importance to macro aspects and not to micro ones; overreact to existing conditions which come from optimistic / pessimistic views arising out of up / down turns. At times, value judgments are not ruled out.

(iii) **Rating Changes –** Ratings given to instruments can change over a period of time. They have to be kept under constant watch. Downgrading of an instrument may not be timely enough to keep investors educated over such matters.

(iv) **Corporate Governance Issues –** Special attention is paid to:

(1) Rating agencies getting more of their revenues from a single service or group.

(2) Rating agencies enjoying a dominant market position. They may engage in aggressive competitive practices by refusing to rate a collateralized / securitized instrument or compel an issuer to pay for services rendered.

(3) Greater transparency in the rating process viz. in the disclosure of assumptions leading to a specific public rating.

(v) **Basis of Rating –** Ratings are based on 'point of time' concept rather than on 'period of time' concept and thus do not provide a dynamic assessment. Investors relying on the credit rating of a debt instrument may not be aware that the rating pertaining to that instrument might be outdated and obsolete.

(vi) **Cost Benefit Analysis –** Since rating is mandatory, it becomes essential for entities to get themselves rated without carrying out cost benefit analysis. Rating should be left optional and the corporate should be free to decide that in the event of self rating, nothing has been left out.

Total Marks = 4