

## Suneel Gupta - Case

Today is 21<sup>st</sup> February 2009. Suneel Gupta, aged 54, is an Executive Engineer in Public Works Department of Himachal Pradesh Government and is currently residing in Shimla with his wife Sushma, aged 52, Principal of a convent school in Shimla. Their eldest son Ashish, aged 26, has been pursuing M.Tech from USA which is due to be completed on 31<sup>st</sup> March 2009. Their elder daughter Sneha, aged 23, has been pursuing her MBA from a management college in Mumbai and younger daughter Garima, aged 21 has been pursuing MBBS from a Medical College in Lucknow. Ashish has got a job in a leading company of US through campus selection and with a handsome salary package. He intends to join this company immediately after his college and plans to stay in US at least for a decade.

Suneel and Sushma have been residing in a government provided bungalow in Shimla. Suneel's retirement is due on 21<sup>st</sup> February 2013 upon completing 35 years. He is intends to settle down in his home town Chamba (HP) with his parents. Suneel is the only son of his parents with 4 sisters, all of them married and well settled with their families. His father was a small merchant in Chamba. Suneel and Sushma have always been a very prudent in their finances and planned for their children's professional qualifications. Suneel has submitted the following information for your analysis:

Case Flow (As of today)	Rs.
<b>Monthly Inflows:</b>	
Intake Salary	34,456
Suneel	
Sushma	46,578
Interest from Post Office MIS Account (Joint Account of Suneel & Sushma)	6,000
Rent from Suneel's house in Chamba	4,800
<b>Monthly Outflows:</b>	
<b>Expenditures</b>	
House hold	12,000
for Children	
Ashish	10,000
Sneha	6,000
Garima	4,500
Travelling	5,000
Suneel's parents	5,000
Petrol & Conveyance	3,000
Shopping	2,000
<b>Investment</b>	
PPF Account Sushma	4,000
PPF Account Suneel	5,000
ELSS Account Suneel	10,000
PO RD Account Ashish	1,500
PO RD Account Sneha	1,500
PO RD Account Garima	1,500

### Suneel and Sushma's Investment Portfolio (in Rs.):

10-Year Corporate Bonds of M/s. ABC with Suneel	11.50 lakh	Purchase Price*
EPF Account Balance-Suneel	13.00 lakh	Balance as of 31-03-2008
PPF Account Suneel	5.13 lakh	Balance as of 31-03-2008
PPF Account Sushma	8.54 Lakh	Balance as of 31-03-2008
Post Office 5 Year Term Deposit (Sneha's Name)	2.00 Lakh	Fixed on 01-04-2008
XYZ Company's Stock with Suneel	2.54 lakh	Market Value as of 31-03-2008
House Property in Chamba (Suneel & Sushma Joint)	48.00 lakh	Current Market Value
Vacant Plot in Chandigarh (Sneha's name)	5.00 lakh	Purchase Price as on 13-04-04
Kisan Vikas Patra's (Ashish' Name)	3.50 lakh	Original Investment
Saving Account Balance - Suneel	87,650	As of today
- Sushma	1,13,110	As of today
NRE Account of Ashish	1,15,800	As of today
ELSS Account Balance	1,50,000	As of today
Post Office MIS Account (Joint A/c)	9,00,000	Deposited on 1st April 2007

\* These 10-year, 8% coupon bonds were purchased on 20-06-2008 from an individual investor @ Rs. 11,500 per bond maturing on 30-06-2014. The Face Value of the bonds is Rs. 10,000 per bond and the interest is payable semi-annually on 1<sup>st</sup> July and 1<sup>st</sup> January every year. The bonds are held in de-mat form and gets transferred in his account within a week. The record date of interest is 30th June and 31 December.

### Goals/Aspirations

- To get all the children settled/married suitably
- Shifting to home town Chamba after retirement
- Arranging for smooth retirement income stream

### Current Economic Indicators:

Inflation	5.00% per annum
Risk Free Rate of Return	6.00% per annum

### Notes to the Case Study:

1. For the sake of calculations, take all respective ages as age completed today.
2. Average inflation for the entire period is expected to remain @5% per annum.