

The Case of Unidentified Industries

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A -Pharmaceutical company

Pharmaceutical companies are typically considered to be manufacturing companies rather than service companies. They would typically have a mix of assets including manufacturing facilities, equipment, and research and development facilities. They would also typically have a significant amount of inventory, which would include raw materials, finished goods, and work-in-progress. Additionally, they would have a significant amount of trade receivables, as they would sell their products to distributors, retailers and hospitals on credit

Pharmaceutical companies often have a low inventory turnover, meaning it takes them a longer time to sell their inventory. This can be due to various factors, such as the long regulatory approval process for new drugs and the time it takes for those drugs to reach the market. They also have a long receivable collection period, meaning it takes them a longer time to collect payment from their customers. This is due to the nature of the industry where there is a long process of credit check and clearance before giving credit to the distributor or hospitals.

B -Parcel delivery service.

A parcel delivery service, such as Ekart Logistics, would typically have a high value of property, plant and equipment (PPE), which would include delivery trucks and vans, warehouses, and other facilities used to support the delivery operations. These assets would be used to support the core operations of the business and would not be considered inventory as they are not sold.

Additionally, parcel delivery service companies typically have little or no inventory as they do not sell physical goods, but only transport packages and parcels on behalf of their customers. The value of inventory would be negligible as they do not produce any goods, they only act as a logistics partner for the ecommerce companies. They would also have low inventory turnover as they do not hold any inventory.

C -Online retailer.

An online retailer such as Lazada would typically have a low level of inventory and a high inventory turnover. This is because they rely on a just-in-time inventory management system, where they only order and stock the products they need to fulfill customer orders. As a result, they do not maintain a large amount of inventory on hand.

They also typically have a short receivable collection period, as customers typically pay for their purchases at the time of ordering. This is in contrast to brick and mortar retailers, who may extend credit to customers and have a longer collection period.

Online retailers also typically have low levels of property, plant, and equipment (PPE) as they do not have physical stores. They would have high asset turnover as they have a low amount of PPE and a high amount of turnover. They would also have low profit margins, as they have a high cost of goods sold, high marketing, and operational costs. Overall, online retailers such as Lazada, have a different business model, they do not keep inventory, but

they use a drop-shipment model where they order the product from the manufacturer or supplier only when a customer orders it.

D -Electric and gas utility.

The electric and gas utility sector, which includes companies that generate, transmit, and distribute electricity and natural gas, would typically have little or no inventory. They do not produce physical goods, but instead generate and distribute energy through their property, plant, and equipment (PPE), which would include power plants, transmission lines, and distribution networks. The value of these assets would be high, as they are necessary for the production and distribution of energy.

They also typically have a long accounts receivable collection period, as customers are typically billed for their energy usage on a monthly basis, and payments are often due several weeks after the billing period. Additionally, some customers may be on budget billing plans, which spreads payments out over a longer period of time.

Overall, utility companies have a different business model, they do not keep inventory, but they generate and distribute the energy and charge the customers for the usage, and their main assets are PPE, which are used to generate and distribute the energy.

E -Computer software developer.

Computer software development companies typically do not have significant levels of property, plant, and equipment (PPE) or inventories as these are not necessary for their core operations. Instead, their main assets would be their intellectual property, such as software code and patents, as well as other assets such as office equipment and computer hardware.

Software development companies do not need large amounts of fixed assets such as factories, warehouses, or heavy equipment. They primarily operate in an office setting and their main assets are their employees, which includes software developers, engineers, and designers. They often use cloud computing and storage to host their software, which eliminates the need for large data centers and server rooms.

Additionally, they do not need to keep inventories as they do not produce any physical goods, but they sell licenses for the software they develop. The software is often delivered through digital downloads or through cloud-based access.

Overall, software development companies have a different business model compared to manufacturing or retail companies, where the assets are mainly in the form of intellectual property and human capital, and have low inventory turnover as they do not have any inventories.

F -Bookstore chain.

A bookstore chain, such as Barnes & Noble, would typically have a high value of inventory and fixed assets. The inventory would consist of the books, magazines, and other items that

the store sells. The fixed assets would include things like the store buildings, shelving, cash registers, and other equipment used in the store.

They typically have short receivable collection periods as customers typically pay for their purchases at the time of buying. They also have high asset turnover as they have a high amount of inventory and fixed assets, which are constantly being sold and replaced. They also have a low profit margin as the retail industry is highly competitive and there are many options for customers to buy books, and also with the advent of e-books and online retailers, the profit margin is low.

Overall, bookstore chain sector has a different business model compared to other sectors, where their main assets are inventory and fixed assets, and they have high asset turnover but low-profit margins.

G -Departmental store chain.

Department store chain companies typically have a high value of both fixed assets and inventories. Fixed assets for department store companies include buildings, equipment, and software used to support their operations. Inventories in this sector typically include a wide variety of consumer goods, such as clothing, electronics, and household items. These inventories are held in stock and sold to customers on a regular basis. The value of the inventories and fixed assets may be higher than the value of the company's receivables (money owed to the company) because the company has invested heavily in these areas to support its operations and meet customer demand.

H -IT hardware and service provider

IT hardware and service providers such as IBM, Dell, and HP typically have a high value of fixed assets, which would include things like buildings, equipment, and vehicles used in their operations. They would also have a significant amount of computer hardware, servers, and other IT equipment that they use to provide their services.

They typically have no inventories whatsoever because they do not sell physical goods, but they provide IT services and solutions. They also do not keep inventory of the hardware they use to provide their services as they order and stock the IT equipment they need to fulfill customer orders. They mostly work on a project basis and their inventory turnover is close to zero.

I - Commercial bank.

Commercial banks typically have a high value of receivables, which would include things like loans and mortgages they have extended to customers. Banks make money by lending money to customers and charging interest on those loans. Banks also have assets like cash, investments, and other assets, but the value of their receivables is usually higher than their assets.

Commercial banks also have a large amount of liabilities, such as deposits from customers, which they use to fund their lending operations. Banks are heavily regulated, and they are required to maintain a certain level of reserves to ensure they can meet the demands of their customers.

Overall, commercial banks have a different business model compared to other sectors, where their main assets are receivables and their main liabilities are deposits, and they make money by charging interest on the loans they provide.

J -Social networking service.

No inventories, but there are high-value receivables and other assets. It also has a very long receivable collection.

K – Airline.

Airlines are considered a service sector, and they would typically have a high value of assets, such as aircrafts, airport facilities, and ground equipment, but a low value of inventory. Inventory for airlines would typically include items such as food and beverage items, but these are not significant in comparison to the value of their assets. Additionally, the aircrafts are considered as depreciating assets, which will be used as long as possible and eventually sold as scrap.

L -Aircraft manufacturer.

Aircraft manufacturers typically have a high value of inventory, specifically, the high-value items such as aircraft engines, airframes, avionics and other spare parts. These items are used to manufacture finished aircraft that are sold to airlines and other customers. As the aircraft manufacturer's core business is to manufacture and assemble aircraft, the inventory is the main component of their operations. The value of the inventory is likely to be much higher than the value of the company's other assets, such as buildings and equipment, as the inventory is the primary source of revenue for the company.

M -Retail Grocery chain.

The retail grocery chain sector typically has high inventory, as they need to stock a wide variety of products and maintain a constant supply to meet customer demand. The sector also typically has a large price-to-earnings ratio, as the cost of goods sold, store leases and employee expenses are high. Additionally, the sector tends to have a short accounts receivable collection period, as customers typically pay for groceries at the time of purchase. This is in contrast to other retail sectors such as luxury goods, where customers may take longer to pay their bills.

N -Software service provider.

The software service provider sector typically has low inventory, as the product being provided is often intangible and delivered electronically. The sector also typically has a low price-to-earnings ratio, as these companies may have high valuations based on other assets.

such as intellectual property, human capital, and customer relationships. Additionally, the sector tends to have high asset turnover, as the services being provided generate revenue quickly, but often have low profit margins due to the competitive nature of the industry and the expense of investing in research and development.