XLRI Jamshedpur, GMP, Term VII, 2015-16

Course: Business Analysis & Valuation ➔ Group Project

Overview:

To deepen students' ability to apply the course skills in a practical context, they will have to work in a Group project. The report/presentation would involve a financial valuation of a firm using the course framework. The 'Project Activity' portion of the 'Tentative Session Plan' gives an idea of what is expected from each Group – based on each session.

Group member norms:

♦ Students should work on groups of 4 (min.) – 7 (max.)

♦ Pick your group members (and, pick your own firm for analysis from the list of firms in BSE-500   URL: http://www.bseindia.com/sensexview/IndicesWatch_weight.aspx?iname=BSE500&index _Code=17). If you have trouble in getting picked – I will help.

♦ Email me – the list of group members and the firm with its industry/segment category you will work on.

♦ Your end-term examination might also have question (or two) to check your understanding of the 'group project' being taken up.

You are to make submissions for the topic(s) as given in next page regarding a company using the latest five completed financial years[1]. Each submission will range between 2 to 10 pages depending on the firm selected (& the work done). The first page of your submission will contain on top roll numbers of group members and your company [make it simple and straightforward].[2]

The key to your project marks are – (a) what information you pick, compute and write[3]; and (b) how well you support your argument(s). Bloomberg Terminal, Stock Exchange website, CMIE I-CUBE, CMIE Prowess, ISI Emerging Markets Database, Company's own website, and others will be the typical sources for getting detailed financial/non-financial figures and other organizational characteristics of your company.[4] The books referred by me in course outline could be a good place to look for computations. You can then make use of multiple sources in the library and the Internet. Use any information you have access to...just be sure to cite your sources. Plagiarism is enough grounds for failing.

Important Deadlines and Procedures:

The total project marks weightage will be limited to 40. The project should be a word file only (excel computation files can be inserted). *Submission delays will lead to deduction of marks at the rate of one mark per day.*

No	Project	Brief Details	Any Reference
1	Shareholder Value Maximization	Provide (a) 2-3 paragraphs write-up of the company; (b) analysis as discussed in the class; (c) analysis of few non-financial numbers (that are critical for the firm); (d) apply the shareholder value maximization framework explained in the class to your	Class notes + Email readings

---

[1] Typically, for an Asian company they will be the years ending on 31-March-2012, 31-March-2013, 31-March 2014, 31-March-2015, and 31-March-2016

[2] Please do not mention your name, my name, acknowledgements, etc.

[3] Even if you take a single line from some newspaper (or website or book) – you need to provide its reference as an endnote with page number (in case of website, complete link address).

[4] Alternate source(s) of getting this type of data and information exists at many places including Reuter's website, competitor's website, analysts own website, investment bankers website.

No	Project	Brief Details	Any Reference
		firm; and (e) provide your views (on how the firm compares with its peers)	
2	Estimating the Capitalization Rate	Compute the Cost of Equity, Weighted Average Cost of Capital, and provide your conclusions (on how the firm compares with its peers)	Relevant portions of the prescribed book
3	Estimation of Cash Flows	Cash Flows to Equity, to the Firm, and related complications involving taxes and asset life. Provide your own views about the estimation.	Relevant portions of the prescribed book
4	Estimation of Growth Rates	Find Historical Growth Rates, Analysts Growth Forecasts, and Growth Determinants. Provide your own views about the estimation.	Relevant portions of the prescribed book
5	Dividend Discount Models	Use various versions of the Dividend Discount Model and provide your own views about the issues involved	Relevant portions of the prescribed book
6	Valuing a Firm using FCFE and FCFF	Estimate Firm and Share Price Value using FCFF and FCFF methods. Provide information about the implications of leverage, etc.	Relevant portions of the prescribed book
7	Valuation Using Multiples	Estimate P/E, P/BV, and P/S Ratios using Fundamentals and Comparisons. Give your views about the computations	Relevant portions of the prescribed book
8	Contingent Claim Valuations	Can you try applying option pricing models on your firm! Alternately, do a brand valuation of the firm.	Relevant portions of the prescribed book

Some Questions:

1. Is there an incentive if the project submission is larger?
   No. Length does not equal completeness. As a general rule, including information, analysis and/ or discussion that is correct but which doesn't help the reader understand the topic will hurt your grade.

2. When should I cite a source in the text of the paper?
   If it is not your original idea/analysis or if you didn't discover the information yourself, cite it.

3. Does this project need a basic background of accounting?
   No, it does not. It just needs your time and efforts to understand the industry and company you have been allotted.