ECON / FIN F 315 Financial Management
II Semester 2025-25
Course Assignment – Problem Statement

Important instructions: Read the following instructions carefully.

The entire task is to be done in **ONE** Excel file.
ALL DATA used for completing the task must be provided (in separate sheets as per the task)
Make different sheets in the Excel file and rename it accordingly.
Show all the working, steps etc. keep the formulae etc. so that it can be evaluated.
The first sheet must contain the Names and IDs of all contributors (even if it is a single-member group).
Ensure accuracy.
Only one person, preferably the one who filled the Google form, must submit the assignment.
I will share a Google link for uploading the assignment file. Do not share the link to Google drive or share assignment via email.
It is your responsibility to check beforehand that the data is available for all tasks, the company is currently listed, and that you will not face any issues with analysis later.
Marks will be deducted if the above instructions are not followed while assignment submission.

This assignment is open-ended and marks will be awarded on relative basis depending upon the approach and method used for the analysis, coverage of the task, presentation of the results, and discussion of results.

Data: For stock prices, you can use the recently completed financial year as the cut-off date. For analysis requiring the annual report, use the last year's annual report (FY 24).

Task I: News and stock price movement

In this task you have to study the large daily changes in the stock price over the past 5 years. Large intra-day change > 5% (for this study it means: return on stock minus index return that day). When the stock price fluctuates, it is usually because of an event or significant news about the company or because the entire market is volatile. Using the historical data, identify days when the volatility is due to (a) overall market (b) significant news (c) purely speculative. In the third case, study the stock price movement over the preceding 4-5 days and following 4-5 days and analyse whether such a price movement continues for an extended period of time.

Task II: Analysis of beta. Download the daily, weekly, and monthly closing prices over past 5 years and compute the beta of the stock as per the following cases (you choose either Nifty or Sensex):
a. Using yearly data (you will have five different betas). Sampling frequency: Daily
b. Using 2.5-year data (you will have two different betas). Sampling frequency: Daily
c. Repeat the above analysis using weekly data, and monthly data.
d. Compare whether the betas are stable in all cases or are different. Analyse the variation in betas.
e. Compare the findings in task II with findings with task I. Do you observe any similarity between instances of volatility with the beta of that stock.

Task III: Estimate the cost of capital (at the firm level) using:
a. Book-value weights
b. Market-value weights
c. Target capital structure
Use last 5-year data for computing the WACC. Estimate the growth rate of the firm using sales or net income trend, and find the price (MCAP) of the stock using constant growth FCFE model. Is the firm currently undervalued or overvalued.

Task IV: Use the latest annual report (FY 24, will be available) and prepare a brief analysis of the capital expenditures undertaken by the firm in the past two years. List down the key priorities of the company's management, as discussed in the annual report, and how much investment the firm has committed, or likely to commit in future and the expected rate of return on these investments.

Task V: Choose five close competitors of your firm and compare their capital structure over the past 3 years. Analyse whether you find similar or contrasting approaches to capital structure decisions across these firms. Provide your assessment regarding which firm has the best debt/equity ratio composition.

Submission deadline: 27 April (EoD)

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