Guidelines for the Group Project

Final Submission Deadline: November 20, 2024   **Maximum Marks: 10**

- **The final submission deadline is November 20, 2024**. You will submit the **PPT (Main file reporting the findings and interpretations) and Excel file (Supporting document for showing calculations)** on the Taxila portal by the deadline (**Only 2 files, you will not be allowed to submit more than 2 files)**. Any submission after the deadline will not be considered for evaluation.

- **Project Goal:** Estimate the intrinsic value of a publicly traded company using various valuation methodologies and compare it to the current market price. The final output of the project must be a **PPT presentation supported by only one Excel computation file** for the entire group. The PPT must include **names and BITS Roll numbers** of all the participants (Minimum 3 and Maximum 5 students in a group). Project should be done for a minimum of three companies. If the group has 4 members, it should be done for 4 companies, 5 members-5 companies. All companies should be from the same sector.

- Please make only one submission per group. Mention the names of all members and their roll numbers, otherwise they will not be marked. The file is to be uploaded on Taxila.

- Do not share your assignments with anyone. If an assignment is plagiarized /copied from an open source or another group, BOTH GROUPS WILL GET ZERO.

- **Company Selection:**
  - All members of the group will work on the same industry chosen by the group. Hence, the group (as a team) will choose the industry as all members will have to work on the same industry. After deciding the industry, each member will choose one stable profit-making company from the industry for doing the Corporate Valuation by different methods.
  - Choose a publicly traded company listed on the Indian stock exchange. Focus on a company with at least five years of historical financial data available from Screener.in.

- **Data Collection and Assumptions:**
  - **Historical Data (5 years):** Download financial data (Income statement, Balance Sheet, Cash Flow Statement) **from Screener.in** for the chosen company.
  - **FCFF/Dividend Forecast (Next 5 years):** Calculate the average growth rate of FCFF/Dividends from the past five years and use this rate to forecast the next five years. For the sake of simplicity, no need to take any assumption regarding capex, working capital, etc.

- **Terminal Growth Rate:** Use research industry reports or financial data to identify a realistic terminal growth rate beyond the forecasted five years. Alternatively, for simplicity, you can use a constant 8% terminal growth rate.
- **Debt-to-Equity Ratio:** Assume the current debt-to-equity ratio will remain constant for future calculations. (Helpful for computation of a stable WACC for discounting purpose).
- **Other Assumptions:** Clearly document and justify any additional assumptions made during the valuation process.

- **Valuation Models:** Use these models for Valuation:
  - Enterprise DCF (FCFF) Model
  - Dividend Discount Model
  - Relative Valuation using P/E and EV/EBITDA ratios (take at least 5 peer companies for relative valuation)
- **Project Deliverables:**
  - **Excel File and PPT:** Create a single Excel file containing all calculations and data used in the valuation process. Clearly label different sections for each model. Present all data in the PPT as well.
  - **Valuation Range:** Present a range of estimated values per share, total equity value, and total enterprise value derived from all models.
  - **Market Capitalization Comparison:** Compare the calculated value range with the company's current market capitalization and explain the potential reasons for any discrepancies.
  - **Investment Recommendation:** Based on your valuation analysis, recommend whether you would consider buying the stock or not, justifying your recommendation.
- **Presentation:** In your PPT presentation, consider including the following:
  - Company Overview and Industry Analysis
  - Explanation of data sources and assumptions
  - Detailed walkthrough of each valuation model with key results
  - Comparison of model results and final valuation range
  - Discussion of the gap between intrinsic value and market price
  - Investment recommendation with supporting rationale
- **Additional Tips:**
  - Divide tasks within your group, assigning each member ownership of specific models or data collection.
  - Use data visualization tools like charts and graphs to present complex information clearly.
  - Be prepared to discuss the limitations of each valuation model and the importance of triangulation in corporate valuation.

Best Wishes!