

TAKE HOME ASSIGNMENTS – MORE DETAILS

WHAT SHOULD YOU DO?

Session 1 Related: See chapter 19 (page 683) and chapter 20 (page 712) for details.

Essentially I am looking forward to a submission giving me details about your company's recent capital market fund raising instances by connecting it with what is taught in the class. For example, I expect you to tell me – What was the process of fund raising (with a analysis of why they used this process than others)? Who were the key fund raising members – like Lead Member, List of syndicate members, etc.? Dates and details of the capital market operation – like date of filing the prospectus, details of oversubscription, process of allocation, date of listing, etc?

Please probe this one to the extent it is feasible.

Session 2 Related: Options & Real Options

Please use the latest available capital market figures for your company. In case your company does not have options, then, you can make use of any one company such as nearest peer. In the worst case, use data on any one company listed on the National Stock Exchange (or you can also think of even working with NIFTY).

Please search/compute & display the following:

a/Mention 2-3 put and call options listed and traded for your company as on date (use relevant stock exchange data). If possible, interpret the figures in terms of the open interest, implied volatility, contract lot size, trading volume, and such figures.

b/Compute the annual volatility of your stock using past one year prices. Use this volatility on any online Black-Scholes calculator to compute the intrinsic value of a few options listed in (a). Give a comment or two regarding the differences in values from (a).

c/Think and list out all the real options that your firm is possibly having or has come across (please refer to chapters 22 and 23 for examples of real options)? If possible have any interesting observation ~ do mention the same / discuss & give comments.

d/If possible construct protective put and straddle using data in (a).

No graphs are needed. Good discussion with relevant figures and number crunching is enough.

Session 3 Related: Convertibles, Warrants, and Other Hybrid Securities

Please use the latest available financial statements from annual report and capital market figures for your company and one of its peer. In case of no hybrid securities for either of the above (mention the same using appropriate reference)

Please search/compute & display the following:

a/Mention all the hybrid securities issued by your company and one of its peers. Mention as much detail as feasible in a concise fashion.

b/If traded, also list the trades for your company and its peer as on date (use relevant exchange data).

c/If possible, interpret the figures in terms of their theoretical value using the class notes and the text book discussion.

No graphs are needed. Good discussion with relevant figures and number crunching is enough.

Session 3 Related: Managing Risk using Forwards, Futures, and Derivatives

Please use the latest available capital market figures for your company. In case your company does not have futures, then, you can make use of any one company such as nearest peer. In the worst case, use data on any one company listed on the National Stock Exchange (or you can also think of even working with NIFTY).

Please search/compute & display the following:

a/Mention 2 futures instruments listed and traded for your company as on date (use relevant stock exchange data). If possible, interpret the figures in terms of the open interest, cost of carry, contract lot size, trading volume, and such figures.

b/Compute a few arbitrage opportunities (i.e., Question (a) of the mini-case on Reliance in Pages 874-875 of the RWJK Book). Using the same assumptions. Also answer questions (b) for each arbitrage opportunity you identify.

c/Answer question (c) of the same for the selected company.

d/Look at the annual report of your company and mention the evidence of use of derivatives for hedging by your company (please read Section 25.8a in pages 865-869 to answer this one, especially Table 25.9).

No graphs are needed. Good discussion with relevant figures and number crunching is enough.

Warm Regards,
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