
Corporate Valuation

Term IV

Overview

The Corporate Valuation course is an elective course in finance and deals with valuing companies

Objectives

The objective of the course is to teach students to value all types of companies. Specifically, the students must learn to value stable mature companies, growth companies, money-losing companies, multi-national companies and companies with multiple businesses. The students will be required to practice the skills they have learnt by valuing one company through all tools learnt in the course.

Evaluation

■ Quiz (two)	10% + 10%
■ Individual Project*	30%
■ Mid-term Exam	20 %
■ End-term Exam	20%
■ Surprise Quizzes	10%

*The project requires the students to choose one company each and value it using all the valuation tools learnt in the course. There will be only one graded submission (final) for the course but the students may choose to submit work-in-progress valuations for feedback purposes. The instructor may make the intermediate submissions compulsory.

Pre-requisites

The students are expected to have a very good understanding of the following topics from core courses before starting this course.

- Cost of equity, cost of debt and cost of capital
- Estimating relevant cash flows
- Capital Budgeting methods such as NPV, IRR etc.
- Reading the financial statements along with the notes to financial statements

Materials

1. Investment Valuation by Aswath Damodaran (Wiley, Third Edition) hereafter referred as AD

Milestones

Quiz 1 : After 5th session
Mid Term : After 10th session
Quiz 2 : After 15th session
End Term : End of the Course

Tutorials

There would be a few tutorials to revise either the pre-requisite skills or the topics covered in class. All tutorials would be mandatory for all students. Students are expected to solve the practice problems provided specifically for a tutorial session before attending the tutorial session

Drop by Hours

Students can meet the course instructor on any working day during work hours. Students are encouraged to discuss doubts regarding concepts covered in class, project or any other analysis related to corporate valuation that they may wish to pursue additionally.

Corporate Valuation (Term IV)	
Session	
1	Topic : Introduction to Corporate Valuation Read : AD : Chapter 1 and Chapter 2
2-4	Topic: Risk-free rate and Risk Premiums Read: AD: Chapter 7
5	Topic: Costs of financing Read: AD: Chapter 8
6-8	Topic: Earnings and Cash Flows Read: AD: Chapters 9 and 10
9	Topic: Estimating growth Read: AD: Chapter 11
10	Topic: Terminal Value Read: AD: Chapter 12
MID TERM EXAMINATION (CLOSED BOOK 20%)	
11	Topic: Free Cash Flow to Equity Model Read: AD: Chapter 14
12	Topic: Free Cash Flow to Firm Model and Special Cases Read: AD: Chapter 15
13	Topic: Valuing Financial Firms Read: AD: Chapter 21
14	Topic: Valuing Loss-making firms Read: AD: Chapter 22
15	Topic: Valuing Young firms Read: Chapter 23
16	Topic: Valuing Private Firms Read: AD: Chapter 24
17	Topic: Valuing Acquisitions and DCF Closure Read: AD: Chapter 25
18-20	Topic: Basics of Relative Valuation Read: AD: Chapter 17 -20