Week -13

1. What are the various methods of valuation for distressed companies?
2. A company is given EV/Sales of 3 times in steady state. Its sales is Rs 3000 crore, and net debt is Rs 4000 crore. Assuming its probability of distress is 20%, and distress sale value is Rs 500 crore, what is the value we arrive at using relative valuations adjusted for distress ?