

Elective Course 4: Corporate Valuations

Course Type:	PS: Program Specialisation	Course Credits:	2
Course Code:	F3PE512	Course Duration:	30 Hours

Course Objective:

- To introduce the concept, objectives, and importance of business valuation in corporate finance decisions
- To familiarize students with different valuation methodologies, including asset, income, and market-based approaches
- To enable practical application of dividend discount models and discounted cash flow models in equity valuation.
- To enhance analytical skills to assess valuations in special scenarios such as brand valuation, start-ups, and distressed firms.
- To develop the ability to create and present professional corporate valuation reports and analyses

Course Outcome:

- CO1: Describe the fundamental concepts of value and valuation, including the objectives, scope, and key principles that guide business valuation practices.
- CO2: Explain and apply basic valuation techniques, including the selection of appropriate valuation approaches such as fair market value and relevant adjustments.
- CO3: Demonstrate the use of Dividend Discount Models (DDM) such as the zero growth, constant growth, and multi-stage models in equity valuation.
- CO4: Analyze corporate value using income and asset-based approaches, including DCF models, adjusted present value models, and economic profit models, while assessing their applicability and limitations.
- CO5: Evaluate valuation in special contexts, such as brand valuation, start-up valuation, and valuation of distressed firms, with appropriate method selection.
- CO6: Develop and deliver professional valuation reports and presentations, synthesizing theoretical and practical insights acquired through assignments.

Unit / Module	Content	CO Mapping	Hours Assigned
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1	Valuation Basics: What is Value? An understanding of 'Value', The nature and scope of Valuation, Objectives of Valuation, Importance of Business Valuation, Misconceptions about Valuation. Principles and Techniques of Valuation: Elements of Business Valuation, Conceptual Overview, Valuation Approaches, Choice of Approach, Fair Market Value, Adjustments for Valuation Purposes	CO1	2
2	Equity Valuation: Dividend Discount Models: Zero growth model, Constant growth model Two stage model, H model, Three stage model	CO2,CO3	6
3	Corporate Valuation (Asset and Income Approach) 3.1 Asset Approach, Determining Book Value, Adjusting Book Value, Factors in Asset Valuation 3.2 Income Approach: Analysing historical performance- Estimating the cost of Capital- Forecasting Performance- Estimating the continuing value-Calculating and interpreting the results-Other DCF models: Equity DCF Model: Dividend discount model, free cash flow to Equity (FCFE) model-Adjusted present value model-Economic profit model-Applicability and Limitations of DCF analysis	CO4	10
4	Special cases of valuation - Brand valuation Valuation of start-ups Valuation of distressed firms	CO5	4
5	Assignment and Presentation	CO6	4

Textbooks:

1. Corporate Valuation & Value Creation, Prasanna Chandra. McGraw Hill Education
2. Damodaran on Valuation: Security Analysis for Investment and Corporate Finance"

Aswath Damodaran, Wiley

Reference Books:

1. Financial Times Guide to Corporate Valuation – David Frykman & Jakob Tolleryd, FT publishing
2. Corporate Valuation: An Easy Guide to Measuring Value- Jakob Tolleryd, David Frykman, Prentice Hall.
3. Equity Asset Valuation: Jerald E. Pinto, Elaine Henry, Thomas R. Robinson, John D. Stowe. CFA Institute

