



INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
POST GRADUATE DIPLOMA IN MANAGEMENT
BUSINESS VALUATION – FN620
CREDIT: 3 CREDITS
SESSION DURATION: 60 MINUTES

TERM: V
Academic Year: 2019-20
Batch: PGDM II- 2018-20

FACULTY: Devesh Baid

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Office hours: 9.30 AM to 5.30 PM (**Office:** Faculty Block B)

Consulting hours: Prior Intimation

Course Introduction

Valuation is an integral part of any business. It is essential in case of change of ownership, mergers & acquisitions, fund raising, IPO etc. The course introduces students to importance, methods, and various issues in business valuation. The course will cover DCF techniques of valuation in detail and also touch upon alternative methods of market multiples, real option valuation and project valuation. It will cover examples from various industries to provide students a wider and deeper understanding of concept of valuation.

Learning Outcomes (LOs)

1. Implement DCF techniques for valuation of companies. (LO1)
2. Determining appropriate discount rate under FCFF, APV, ECF methods. (LO2)
3. Apply market multiples for valuation of companies. (LO3)
4. Learn valuation using real options. (LO4)
5. Undertake valuation of unlisted companies including MSME. (LO5)
6. Valuation of companies at different stages of growth. (LO6)

Course Pedagogy

The course will be delivered through a combination of lectures, presentations and case studies.

Course Readings

Recommended Book

1. Damodaran on Valuation, Aswath Damodaran. Wiley India Pvt Ltd, New Delhi, Second Edition
2. Case Problems in Finance by Kester, Ruback and Tufano, Tata McGraw Hill Publishing, New Delhi, Special Indian Edition, 12th Edition.

Class Handout: A class material will be provided with readings, exercises, cases etc.

Evaluation Criteria

Components	Weightage	LOs Mapping
• Class participation:	20%	All LOs
• Quizzes (Two)	20%	LO1, LO2, LO3 & LO4
• Individual Assignment	20%	LO5 and LO6
• End Term:	40%	All LOs

Plagiarism:

We are committed to upholding the highest standards of academic integrity and honesty. Plagiarism is the use of or presentation of ideas, works that are not one's own and which are not common knowledge, without granting credit to the originator. You may refer the already available content just for your reference and to get the basic ideas. Only 20% of such content is acceptable, above that comes under the definition of Plagiarism which is unacceptable in IMI and will be treated seriously. All such cases will be referred to the appropriate body of the Institute for suitable disciplinary action.

Session Plan

Session No	Topic	LOs	Readings / Case
1 – 3	Introduction to Valuation Techniques	LO1	Discussion
4 – 6	Forecasting Cash Flows	LO1 & LO5	Valuation of Mass Shoe Last Company
7 – 9	CAPM - Unlevered and Relevered Betas	LO2	Blackstone Gokuldas Exports
10 -12	Adjusted Present Value Methods	LO2	Sampa Video Inc
13 – 15	Capital Cash Flows	LO2	Capital Cash Flows: A Simple Approach to Valuing Risky Cash Flows
16 – 18	Equity Cash Flows	LO2	Exercise
19 – 21	Equity Multiples	LO3	Radio One
22 – 24	Value Multiples	LO3	Health Development Corporation
25 – 27	Valuing Real Options: Applying Black Scholes Formula to real options.	LO4	Arundel Partners Capital Projects as Real Options: An Introduction

28 - 30	Valuation of Growth Companies etc.	LO6	IN-FUSION INC
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