



**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

**Telephone:** 0674- 3042123

**E-Mail:** [devesh@imibh.edu.in](mailto:devesh@imibh.edu.in)

**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, 12<sup>th</sup> 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<br>Capital Projects as Real Options: An Introduction |

|         |                                       |     |               |
|---------|---------------------------------------|-----|---------------|
| 28 - 30 | Valuation of Growth Companies<br>etc. | LO6 | IN-FUSION INC |
|---------|---------------------------------------|-----|---------------|