

**Semester III****Name of the Programme : MBA (Financial Services)****Course Code : MGF-600****Course Title : Equity Valuation****Number of Credits : 4****Effective from AY : 2022-23**

<b>Pre-requisites for the Course:</b>	<b>NIL</b>	
<b>Course Objectives:</b>	To develop the skill in learners to analyze and evaluate equity securities using appropriate valuation concept and techniques for varied purposes.	
<b>Content:</b>	<b>Unit 1</b> <b>Introduction to Equity Valuation</b> Concept and types of value, Applications of equity valuation, Valuation process, <i>Reporting valuation results</i> : Content of Research Report, Research Reporting Responsibilities. Selecting equity candidates for analysis and valuation, Major categories of equity valuation models.	<b>15 Hours</b>
	<b>Unit 2</b> <b>Discounted Dividend Models of Valuation</b> <i>Underlying principle of dividend discount models</i> : Single and multiple holding period valuations, Gordon growth model, <i>Multistage dividend discount models</i> : Two-stage, H-Model and Three-stage model, Estimation of growth rates, Estimating expected rate of return for discounting, Using spreadsheet applications for building DDM valuation models.	<b>15 Hours</b>
	<b>Unit 3</b> <b>Free Cash Flow Models of Valuation</b> Concept of free cash flow, Measuring cash flows, <i>Categories of free cash flows</i> : FCFF and FCFE, Present value of free cash flows, Constant growth FCFF and FCFE models, Computing and Forecasting FCFF and FCFE, Single stage and Multi stage free cash flow models.	<b>15 Hours</b>
	<b>Unit 4</b> <b>Market Based and Asset Based Valuation Approaches</b> Market based approach - Price multiples: P/E, P/B. Price to Sales, Price to Cash Flow models – Enterprise value multiples – Asset based approach: Intrinsic value – Case studies in valuation approaches adopted by investment bankers.	<b>15 Hours</b>
<b>Pedagogy:</b>	lectures/ case analysis/assignments/class room discussions/lab based exercises or combination of some of these methods.	
<b>References/ Readings:</b>	<ol style="list-style-type: none"> <li>1. Pinto, J., Henry, E., Robinson, T., Stowe, J. (2010). <i>Equity Asset Valuation</i>. Wiley.</li> <li>2. Damodaran, A. (2006). <i>Damodaran on Valuation: Security Analysis for Investment and Corporate Finance</i>, Wiley.</li> <li>3. McMillan, M., Pinto, J., Pirie, W., Venter, G. (2011). <i>Investments: Principles of Portfolio and Equity Analysis</i>. Wiley.</li> <li>4. Veibig Jan, Poddig, T. and Varmaz, A. (2008). <i>Equity Valuation: Models from Leading Investment Bankers</i>. John Wiley and Sons.</li> <li>5. Palepu, K and Healy, P. (2013). <i>Business Analysis and Valuation Using Financial Statements</i>. South-Western Cengage Learning, US.</li> <li>6. Damodaran, A. (2012). <i>Investment Valuation: Tools and Techniques for Determining the Value of Any Asset</i>, Wiley.</li> </ol>	

	<p>7. Kelleher, J. (2010). <i>Equity Valuation for Analysts and Investors: A Unique Stock Valuation Tool for Financial Statement Analysis and Model Building</i>, McGraw Hill.</p> <p>Jain, S. and Narang, K. (2014). <i>Advanced Accountancy: Corporate Accounting</i>. Kalyani Publishers, New Delhi.</p>
<b>Course Outcomes:</b>	<p>Upon completion of the course learners will be able to:</p> <p><b>CO1.</b> Explain the concepts in equity valuation, its application and process.</p> <p><b>CO2.</b> Determine value of a firm's equity using dividend discount models.</p> <p><b>CO3.</b> Estimate equity value of listed companies using free cash flow models, market based and asset-based models.</p> <p><b>CO4.</b> Develop spreadsheets for equity valuation.</p>