



CORPORATE VALUATION

23MBPE675

(COURSE HANDBOOK)

MBA

COURSE FACULTY:

Dr. Amith D. Menezes

1. GENERAL INFORMATION

Welcome to the Corporate Valuations Course!

This course is designed to provide you with a deep understanding of corporate valuation principles, methods, and applications. You will explore key topics such as introduction to valuation, non-DCF (Discounted Cash Flow) approaches, strategic financial decisions, value-based management, and leverage decisions. Module 3 will specifically address critical issues in management, giving you insights into real-world valuation challenges and decision-making processes.

The curriculum is structured to balance theoretical knowledge with practical applications. Through case studies, financial modelling, and valuation exercises, you will develop hands-on experience in evaluating business worth, making investment decisions, and optimizing financial strategies. You will also explore value-based management frameworks that align corporate goals with shareholder value creation.

Active participation is highly encouraged, as discussions and collaborative problem-solving sessions will help refine your analytical and strategic thinking skills. This course aims to equip you with the necessary tools to assess corporate value effectively and apply these insights to real-world business scenarios.

Please review the course handbook carefully for essential details on assessments, learning objectives, and additional resources to support your learning journey.

We look forward to guiding you through the fascinating world of Corporate Valuations!

1.1. Course Objectives

This course is designed to:

- **Understand the Fundamentals of Corporate Valuation:** Provide a comprehensive understanding of the corporate valuation process, including its significance in financial decision-making.
- **Develop Knowledge of Valuation Techniques:** Equip students with the ability to apply standard corporate valuation methodologies, including both DCF and non-DCF approaches.
- **Enhance Analytical and Communication Skills:** Strengthen students' ability to analyze valuation outcomes and effectively communicate insights to stakeholders.
- **Explore the Impact of Capital Structure and Leverage:** Familiarize students with how capital structure and leverage decisions influence firm valuation and strategic financial management.

1.2. Course Outcomes:

At the end of the course, students will be able to:

CO1: Summarize the fundamentals of corporate valuation.

CO2: Apply standard corporate valuation models to estimate the value of businesses

CO3: Apply discounted cash flow (DCF) approaches to estimate the overall value.

CO4: Apply financing principles to assess the impact of capital structure, information asymmetry, and share buybacks on firm valuation.

CO5: Apply value-based management approaches and leverage principles to evaluate their impact on firm value.

1.3. Recommended and Reference Text Books

All books are available in the library.

Key Text Books:

- Prasanna Chandra, “Corporate Valuation and Value Creation”, 1st Edition, Tata McGraw Hill, 2011.
- Aswath Damodaran, “Damodaran on Valuation: Security Analysis for Investment and Corporate Finance”, 2nd Edition, Wiley, 2006.
- Tim Koller, Marc Goedhart & David Wessels, “Valuation: Measuring and Managing the Value of Companies”, 7th Edition, McKinsey & Company, 2020.

Reference Books:

- Philip R. Daves, Michael C. Ehrhardt & Ron E. Shrieves, “Corporate Valuation: A Guide for Managers and Investors”, 1st Edition, Cengage Learning, 2003.
- David Frykman & Jakob Tolleryd, “Corporate Valuation”, 1st Edition, Prentice Hall, 2003.
- Rawley Thomas & Benton E. Gup, “The Valuation Handbook: Valuation Techniques from Today's Top Practitioners”, 1st Edition, John Wiley & Sons, 2010.

Important Web Links

1. Introduction to Corporate Valuations
[Bing Videos](#)
2. Methods of Corporate Valuations
[Bing Videos](#)
3. Corporate Valuations through DCF Methods
[Bing Videos](#)
4. Corporate Valuations through Non-DCF Methods
[Bing Videos](#)
5. Value Based Management (VBM)
[Bing Videos](#)

2. THE COURSE

2.1. Course Description

CORPORATE VALUATION			
Semester	IV	CIE Marks	50
Course Code	23MBPE675	SEE Marks	50
Teaching Hrs/Week (L:T:P)	4:0:0	Exam Hrs	03
Total Hrs	52	Credits	04

The **Corporate Valuations** course is designed to provide students with advanced knowledge in Finance specialization with over 13 weeks during Semester 4. The course consists of five modules covering essential topics in Corporate Valuations in organizations. Each week includes four lectures, with Dr. Amith of the course. These lectures focus on theoretical concepts, practical applications, and course-related activities. Spanning a total of 52 hours, this 4-credit course is assessed through Continuous Internal Evaluation (CIE) for 50 marks and a Semester-End Examination (SEE) for 50 marks. This structure ensures a balanced and engaging learning experience for students.

2.2. Initiating Contact with Staff and Other Students

We welcome your inquiries about the course. Please use email and office hours thoughtfully, and check previous communications and handbook materials before reaching out with administrative questions. Engage with peers for discussions and collaborative learning to enhance your understanding and foster a supportive academic community.

2.3. Resources

Resources include digital libraries, e-learning platforms, and research databases, offering students anytime, anywhere access to academic materials and interactive courses. On the college website, students can access the VTU Consortium, open-access repositories (e.g., NPTEL, NDLI), e-books, research papers, video lectures, and interactive tutorials, providing a flexible and comprehensive learning experience. E-learning and digital library can be accessed via the college website <https://mite.ac.in/> (Campus Life section > Library > VTU Consortium/e-learning platforms/additional sources).

2.4. Staff

Course Lecturer: Dr. Amith Donald Menezes
Cabin: 3rd floor, PG Block
Email: amith@mite.ac.in

2.5. Topics and Reading Materials for each module

Module 1

(No. of Hours: 12)

- **Topic: Introduction to Corporate Valuation**
 - Approaches to Valuation-Features of the valuation process: Enterprise DCF Model-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, case studies.
- **Activities**
 - Assignment on key concepts & its application in business.
- **Essential Readings**
 - Prasanna Chandra, “Corporate Valuation and Value Creation”, 1st Edition, Tata McGraw Hill, 2011- (Chapter 1)
- **Additional Reading**
 - Philip R. Daves, Michael C. Ehrhardt & Ron E. Shrieves, “Corporate Valuation: A Guide for Managers and Investors”, 1st Edition, Cengage Learning, 2003- (Chapter 1)
- **Additional Web Links**
 - Introduction to Corporate Valuations [Bing Videos](#)

Module 2

(No. of Hours: 11)

- **Topic: Non-DCF Approaches to Valuation**
 - Book value approach, Adjusted book value approach, Stock and debt approach. Market efficiency and valuation. Call option based valuation. Relative valuation-Steps involved in Relative valuation-Equity valuation multiples-Enterprise valuation multiples-Choice of multiple-Best practices using multiples-Assessment of relative evaluation, Case studies.
- **Activities**
 - Assignment on practical problems
- **Essential Reading:**
 - Prasanna Chandra, “Corporate Valuation and Value Creation”, 1st Edition, Tata McGraw Hill, 2011- (Chapter 2 & 3)
- **Additional Reading**
 - Philip R. Daves, Michael C. Ehrhardt & Ron E. Shrieves, “Corporate Valuation: A Guide for Managers and Investors”, 1st Edition, Cengage Learning, 2003- (Chapter 3)
- **Additional Web Links**
 - Corporate Valuations through Non-DCF Methods [Bing Videos](#)

Module 3

(No. of Hours: 10)

- **Topic: Issues in Valuation**
 - Valuation of companies of different kinds-valuation in different contexts-Loose ends of valuation-Valuation of intangible assets: Patents, trademarks, copyrights and licenses; Franchises; Brands, Weighted Average Cost of Capital, Flow to equity method, case studies.
- **Activities**
 - Assignment on practical problems
- **Essential Readings**
 - Prasanna Chandra, “Corporate Valuation and Value Creation”, 1st Edition, Tata McGraw Hill, 2011- (Chapter 5)
- **Additional Reading**
 - David Frykman & Jakob Tolleryd, “Corporate Valuation”, 1st Edition, Prentice Hall, 2003- (Chapter 4 & 5)
- **Additional Web Links**
 - Corporate Valuations through DCF Methods [Bing Videos](#)

Module 4*(No. of Hours: 9)*

- **Topic: Strategic Financing Decisions**
 - Valuation and financing Decisions in ideal capital markets, Capital structure and value in a perfect world, Information asymmetry, Share buyback and valuation.
- **Activities**
 - Assignment on key concepts & its application in business.
- **Essential Readings**
 - Aswath Damodaran, “Damodaran on Valuation: Security Analysis for Investment and Corporate Finance”, 2nd Edition, Wiley, 2006- (Chapter 3)
- **Additional Reading**
 - Rawley Thomas & Benton E. Gup, “The Valuation Handbook: Valuation Techniques from Today's Top Practitioners”, 1st Edition, John Wiley & Sons, 2010 – (Chapter 5)
- **Additional Web Links**
 - Methods of Corporate Valuations
[Bing Videos](#)

Module 5*(No. of Hours: 10)*

- **Topic: Value Based Management & Leverage Decisions**
 - Value Based Management- Methods and Key premises of VBM- Marakon approach-Alcar approach-McKinsey approach-Stern Stewart approach-BCG approach-Lessons from the experiences of VBM adopters. Agency costs of Debt, financial distress, Bankruptcy. Role of Government, securities Markets and financial institutions in IPO valuations and M&As. Case studies.
- **Activities**
 - Assignment on key concepts & its application in business.
 - Student group presentation on topics on corporate valuations.
- **Essential Readings**
 - Tim Koller, Marc Goedhart & David Wessels, “Valuation: Measuring and Managing the Value of Companies”, 7th Edition, McKinsey & Company, 2020 – (Chapter 7)
- **Additional Reading**
 - Rawley Thomas & Benton E. Gup, “The Valuation Handbook: Valuation Techniques from Today's Top Practitioners”, 1st Edition, John Wiley & Sons, 2010- (Chapter 6)
- **Additional Web Links**
 - Value Based Management (VBM) [Bing Videos](#)

3. ASSESSMENT

The assessment for the Corporate Valuations course is divided into two components: Continuous Internal Evaluation (CIE) and Semester End Examination (SEE), each accounting for 50% of the total marks.

Continuous Internal Evaluation (CIE) comprises two internal tests, scheduled for 8th and 14th week, which together contribute 30% of the total marks. Additionally, students can earn 20% through the completion of assignments (10 marks is allotted for completion of module wise assignments and 10 marks are allotted for student performance in group presentation).

Semester End Examination (SEE) constitutes the remaining 50% of the total marks i.e. a 3-hour written examination. Key information regarding examination dates and related details can be accessed via the college website (Academics and Courses section > Calendar of Events > PG Even Sem).

Rubrics for Assignment Evaluation (Total: 20 Marks / 40% of CIE)

1. Module wise Assignment (10 Marks)				
Criteria	10 Marks (Excellent)	8 Marks (Good)	6 Marks (Fair)	5-3 Marks (Poor)
Completion	Completed all modules and tasks.	Completed most modules.	Completed some modules.	Incomplete or missed modules.
Timeliness	Completed on time.	Completed slightly late.	Completed much later than due.	Missed the deadline.

2. Student group presentation on specific topics (10 Marks)					
Criteria	10 Marks (Excellent)	8 Marks (Proficient)	6 Marks (Adequate)	4 Marks (Basic)	3- 1 Mark (Unsatisfactory)
Financial Concepts	Strong fundamental analysis, active in all stages	Good fundamental analysis, involved in most stages	Moderate fundamental analysis and contribution	Minimal fundamental analysis and contribution	No fundamental analysis and initiative
Leadership Collaboration and Teamwork	Excellent collaboration, highly cooperative	Good Collaboration and teamwork	Average collaboration and teamwork	Limited collaboration and teamwork	No teamwork and collaboration