

BBA III Year	BBA-E505/605		Semester-V/VI		
	Business Analysis And Valuation				
Time Allotted for End Semester Examination	Marks Allotted for Internal Assessment	Marks Allotted for End Semester Examination (ESE)	Maximum Marks (MM)	Total Credits	Maximum Hours
3 Hrs.	30 (20+10)	70	100	06	60

OBJECTIVE: This Paper will enable the students to analyze the health of a company through their annual reports and will equip them to understand what an asset is worth and what determines that value.

- Analysis of Corporate Financial Statements: Income statements and Balance sheets through ratio analysis and analyzing the Chairman's statement, Directors' report, management discussion & analysis, report on corporate governance, auditor's report to evaluate the financial soundness of the company. **(15 Hour)**
- Cash Flows: Firm cash flows, Earnings, Tax effect, Reinvestment needs; Equity cash flows: Dividend, Forecasted Cash flows, terminal value estimation approaches. Equity discounted cash Flow Models- Dividend discount models. **(15 Hours)**
- Introduction to Valuation: Approaches to valuation, Discounted Cash Flow, Relative Valuation, Role of valuation; Discounted Cash flow Valuation: Estimating discount rates- cost of equity, cost of equity to cost of capital; Valuation of an asset with guaranteed cash flows, introducing uncertainty into valuation (valuing an asset with default risk & equity risk), valuing an asset with an infinite life. **(15 Hours)**
- Firm Valuation Models: Cost of capital approach, adjusted present value approach, EVA, Capital structure and firm value. Relative valuation-popularity and potential pitfalls; reconciling relative and discounted cash flow valuation Equity Multiples; Value Multiples; Valuation of different kinds of companies. **(15 Hours)**

SUGGESTED READINGS:

1. Damodaran, A. (2008). *Damodaran on Valuation, Security Analysis for investment and Corporate Finance (2nd ed.)*. India:Wiley.
2. Chandra, P. (2011). *Corporate Valuation and Value Creation, (1st ed)*. New Delhi: TMH
3. Foster, G.(1986). *Financial Statement Analysis*. New Delhi: Pearson Education.
4. Weston, Chung & Hoag, (2006). *Mergers, Restructuring and Corporate Control*. New Delhi:Prentice Hall of India

NOTE: The list of cases, specific references and books including recent articles will be announced in the class by concerned teachers from time to time.