BBA III/IV Year	BBA-E116		Semester-V/VI/VII/VIII		
	Financial Modelling and Derivatives				
Time Allotted for End Semester Examination	Marks Allotted for Internal Assessment	Marks Allotted for End Term Examination(ESE)	Maximum Marks (MM)	Total Credits	Maximum Hours
3 Hrs.	30(20+10)	70	100	04	40

	Course Outcomes:	Mapped Program Outcomes
CO.1	To understand the basics of the derivatives instruments operating in the stock market along with their trading mechanism and regulations.	**PO.1, PO.2, PO.3,PO.7**
CO.2	To predict the price movement in the stock market and to provide commitments to prices for future dates to give protection against adverse movements in future prices.	**PO.1, PO.2, PO.3,PO.4, PO.5, PO.7, PO.8**
CO.3	To develop various pricing models of stock prices, trading, hedging of options and management of derivative exposure.	**PO.1, PO.2, PO.3,PO.4, PO.5, PO.7, PO.8**
CO.4	To explore practical knowledge and skill in modelling financial statements like Income Statement, Cash flow, Statement of Financial Position.	**PO.1, PO.2, PO.3,PO.4, PO.5, PO.7, PO.8**
CO.5	To create a background into the principles and application of valuation using discounted cash flow method with Microsoft Excel.	**PO.1, PO.2, PO.3,PO.4, PO.5, PO.7, PO.8**

- Introduction to valuation, Valuation methods: Comparable Company Analysis , Precedent Transactions Analysis, Discounted Cash Flow (DCF) analysis, Weighted Average Cost of Capital (WACC), Concluding valuation. (**10 Hours)**
- Introduction to financial modeling, Modeling and projecting the financial statements: Projecting the income statement, Projecting the balance sheet, Projecting the cash flow statement, Creating the debt and interest schedule , Analyzing and concluding the model , Using the financial model on excel to create a Discounted Cash Flow (DCF) Analysis of Indian Listed Company. **(10 Hours)**
- Financial Derivatives: Introduction, various underlying and strategies: Forwards and Futures, Interest rate futures and currency futures; Determination of forward and futures prices; Options and related terminology, Calculating the pay-off from options and diagrammatic representation. **(10 Hours)**
- Pricing of Options- Binomial model and Black-Scholes model; trading strategies involving options; Exotic Options; Introduction to Swaps, Interest rate swaps, currency swaps, cross currency swaps; Forward rate agreements (FRA). Interest rate caps, floors, collars. **(10 Hours)**

SUGGESTED READINGS:

1. Peek, E (2022). *Business Analysis and Valuation : IFRS* : Cengage Learning EMEA.
2. Jordan (2020), *Fundamentals of Investments: Valuation And Management*: Mc Graw Hill.
3. Chandra.P, (2020), *Corporate Valuation*: Mc Graw Hill.



4. Oluwa.S,(2019), *Hands-On Financial Modeling with Microsoft Excel*: Packt Publishing.

5. Hull.C (2018), *Options , Futures and Other Derivatives*: Pearson.

6. Donald.M.L.(2014). *Derivatives Market*: Pearson.

7. Damodaran, A. (2012). *Damodaran on Valuation, Security Analysis for investment and Corporate Finance:* Wiley.

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.