Semester:04	Course No.: 401	Course Code: FIM208-2C
Credits:04	Course Title: Equity Valuation	Course Category: Major

Course Outcomes:

CO#	COGNITIVE ABILITIES	COURSE OUTCOMES
CO1	**Remember**	Recall key valuation concepts, models, and their assumptions.
CO2	**Understand**	Explain valuation processes, model selection, and market-based approaches.
CO3	**Apply**	Apply valuation models (DDM, FCFE, residual income, etc.) to analyze equity instruments.
CO4	**Analyze**	Evaluate assumptions, cash flows, terminal values, and model suitability for valuation scenarios.
CO5	**Evaluate**	Assess equity investments for fair value and justify investment decisions using valuation tools.

Course Syllabus

Unit No.	Unit Contents	Sessions Allotted
1	Introduction to Equity Valuation • Define valuation and intrinsic value • Describe value definitions (going concern vs. liquidation value) • Outline valuation applications and model types (absolute vs. relative) • Understand conglomerate discounts and approach selection criteria	12
2	Dividend Discount Valuation (DDM) • Compare DDM, FCFE, and residual income models • Apply single-, two-, and three-stage DDMs (incl. Gordon Growth & H-model) • Estimate PVGO, justified P/Es, sustainable growth rate using DuPont • Use spreadsheet modeling for valuation	18
3	Free Cash Flow Valuation (FCFF & FCFE) • Differentiate FCFF and FCFE approaches	12

	• Adjust earnings and forecast free cash flows • Apply multistage valuation models • Evaluate firm value and perform sensitivity analysis	
4	Market-Based and Residual Income Valuation • Use P/E, P/B, P/S, EV/EBITDA, PEG ratios • Normalize EPS and apply comparable approach • Compute intrinsic value using residual income and understand accounting issues	18

Suggested Textbooks:

1. Faculty Notes

Suggested Reference Books:

1. **Investment Valuation** – Aswath Damodaran
2. **Equity Asset Valuation** – Jerald E. Pinto, Elaine Henry, Thomas R. Robinson (CFA Institute)