



FINC-UB.0041.01

Fall 2015

Monday & Wednesday

9:30 - 10:45 am & 2:00 – 3:15 pm

General Information

Professor Haran Segram

Office: KMC 9-81

E-mail: hsegram@stern.nyu.edu

Phone: 212-998-0309

Office Hours

- Monday 11:00 – 12:00 pm
- Wednesday 11:00 – 12:00pm
- Other times by Appointment

TA: Karthik Ramakrishnan kr1244@stern.nyu.edu (Section 1)

TA: Rakesh Gowni mg233@stern.nyu.edu (Section 2)

Office Hours: Teaching Assistant Center (KMC 7-100), Mon/Wed TBA

Course Objective

By the end of this course, I would like you to be able to

- Apply **discounted cash flow analysis**
- Define, describe, analyze and **apply any multiple** (PE, Value/EBITDA, Price/Book Value...)
- Value any **publicly traded firm**, small or large, domestic or foreign, healthy or troubled
- Value any private business for owners or investors (private equity, venture capital, IPO)
- **Separate fact from fiction**, sense from nonsense and real analysis from sales pitch in equity research reports, valuations and general discourse

Required Material

- Lecture notes and other relevant material will be available on Blackboard
- Recommended Book:

Aswath Damodaran, Investment Valuation, 3rd Edition, John Wiley & Sons

- Reference Books:

Aswath Damodaran, The Dark Side of Valuation, 2nd Edition, FT Press

Koller, Goedhart and Wessels, Measuring and Managing the Value of Companies (McKinsey & Company), 5th Edition, John Wiley & Sons

Note that the first book (Investment Valuation) contains majority of the course content.

Grading Basis

Final exam	50%	Quiz #1	10%
Group Project	25%	Quiz #2	10%
Class Participation	5%		

Class attendance is an important part of the learning experience. I do not take formal attendance; however, keep in mind that class participation does account for 5% of the final grade. If you are not in class, you cannot participate in the discussion. **If you will miss class, please inform the teaching assistant beforehand via email.**

Individual Work:

Quiz 1: Week 5 (Session 10) – Covers Sessions 1-9 on **Oct 7**

Quiz 2: Week 11 (Session 21) – Covers Sessions 10-20 on **Nov 18**

Final Exam: This will be a cumulative exam

Quiz 1, Quiz 2 and Final Exam are all open-book and open-notes.

Laptop computers, cell phones or any other devices that can be used to communicate with other students or the outside world are strictly prohibited during the exams. Students should write the exams in black or blue ink (not pencil). When grading the exam, we will ignore anything that has a line or an X through it. There is no need to erase mistakes.

Group Project: Due on December 14 at 5 pm

Assessment Guidelines

Individual Work

Quizzes and the final exam are strictly individual work.

There will be no make-up quizzes. If you miss a quiz due to illness, the grade will be redistributed over the remaining part of the course.

Group work

Students should work in groups of four or five. Select a group of companies (one for each person in the group). Further details will be provided in session 1.

Select your own groups. The group harmony is the responsibility of the group members, except in extreme circumstances.

There will be one grade per group, no matter how the work load is distributed among the group members.

Grade Distribution

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines.

I have elected to use the following grading guidelines for this course:

- 25-35% of students can expect to receive A's for excellent work
- 50-70% of students can expect to receive B's for good or very good work
- 5-15% of students can expect to receive C's or less for adequate or below work

Note that while we use these ranges as a guide, the actual distribution for this course will depend upon how well the class actually performs in the course.

Grading is not a process of negotiation. Students are encouraged to respect the integrity and authority of the professor's grading system and discouraged from pursuing arbitrary challenges to it.

If you feel that an inadvertent error has been made in the grading of your exam or overall course grade, a request to have the grade re-evaluated can be submitted. Students should submit such requests in writing to the professor within 7 days of receiving the grade, including a brief written statement of why he or she believes that an error in grading has been made. Any requests will lead the professor to regrade the entire exam. A regrading process can thus lead to a lower grade

Tentative Course Outline

Topic	Week
Introduction to Valuation	1
Discounted Cash Flow Valuation	2-6
Valuation Examples	7-8
Relative Valuation	9-12
Valuing Private Firms	13
Review and Conclusions	14

Chapter Coverage

Topic	Investment Valuation (3rd Edition)
Introduction to Valuation	1 - 2
Discounted Cash Flow Valuation	7-12
Valuation Examples	13-16, 21-23
Relative Valuation	17-20
Valuing Private Firms	24
Review and Conclusions	35

Prerequisites

- Foundations of Financial Markets
- Corporate Finance (Recommended)

Honor Code

You are responsible for maintaining Stern's honor code, which mandates zero tolerance for cheating.

Please see <http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/> for more information

Students with Disabilities

If you have a qualified disability and will require academic accommodation during this course, please contact the Moses Center for Students with Disabilities (CSD, 998-4980) and provide me with a letter from them verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.