

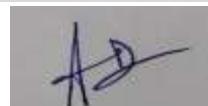
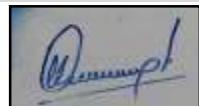
BBA III/IV Year	BBA-E116		Semester-V/VI/VII/VIII		
	Financial Modelling and Derivatives				
Time Allotted for End Semester Examination	Marks Allotted for Internal Assessment	Marks Allotted for End Term Examination(ESE)	Maximum Marks (MM)	Total Credits	Maximum Hours
3 Hrs.	30(20+10)	70	100	04	40

	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.

