"Quiz" Solution (max marks: 13%)

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PART I

Instructions: Match the concept given below, with the examples/ explanation by writing the appropriate alphabet on the left of the examples. For each example – there is only one most appropriate concept (and for each concept, there is only one most appropriate example/explanation)

[Each correct answer will get + ½ marks]

Your Response	Examples	'Motivational Need' Type
	Limitation of Valuation	क. Valuing control
	Slightly longer time frame mis-pricing is created by a few market participants (using information asymmetry and large complexity) – to make things opaque (and thus, create temporary asset mis-pricing)	ख. *Adjust CF to reflect business restructuring and discount rate to reflect financial restructuring*
	Firms with patents and product options	ग. Firms like Reliance Industries Limited
	Firms in the process of restructuring	Get the value of these externally and add [or] better, real options pricing model
	Firms involved in acquisitions	ङ. (a) incorporate in FCF's; and (b) incorporate in risk
	Private firms:	च. Get the value of these assets externally and add
	Value of Firm	छ. Take riskiness of comparable firms that are publicly traded [or] relate the measure of risk to accounting variables
	Firms with unutilized assets	ज. Use CF of Firm and WACC as discounting rate
	Modifications for … Firms in trouble	झ. Estimate cash flow until they turn positive
	Macroeconomic uncertainty	ञ. FCF are usually smoothened out
	Firm-specific uncertainty	ट. Errors while converting raw information into inputs and use these inputs in models (common in valuing young technology company)
	Cyclical Firms	ठ. The path that we envision for the firm can prove to be hopelessly wrong. (common in situations of information asymmetry for us vis-à-vis market participants)
	Estimation uncertainty	ड. Macroeconomic environment can change in unpredictable ways (common in mature cyclical or commodity company)

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PART II

<u>Instructions</u>: Match the concept given below, with the examples/ explanation by writing the appropriate alphabet on the left of the examples. For each example – there is only one most appropriate concept (and for each concept, there is only one most appropriate example/explanation)

[Each correct answer will get + ½ marks]

Your Response	Examples	'Motivational Need' Type
	Value Maximization Framework	एक. Pioneer Distilleries Limited
	Relative Multiples Model	दो. Dhandapani Finance Limited
	Contingent Claim Model	तीन. Bata India Limited
	~~DDM Single Phase Model~~	चार. Chambal Fertilizers Limited
	DDM 2-Phase Model	पाँच. Relaxo Footwear Limited
	DDM 3-Phase Model	छः. Tata Steel Limited
	FCFF Single Phase Model	Zee Entertainment Limited
	FCFF 2-Phase Model	आठ. *Vishal Megamart Limited*
	FCFF 3-Phase Model	नौ. Wockhardt Limited
	FCFE Single Phase Model	दस. Noida Toll Bridge Limited
	FCFE 2-Phase Model	ग्यारह. Hexaware Technologies Limited
	FCFE 3-Phase Model	Painting by Shri M F Hussain
	No Suggested Model (by Damodaran)	~~तेरह. Hindustan Unilever Limited~~