



**DIPLOMA COURSE
IN
BUSINESS VALUATION**

Course Objective:

Valuation, particularly financial valuation, is emerging as an important profession, with the growth in the profession of financial analysts, increased interest in mergers, increased interest of PE firms in Indian business and implementation of IndAS. The valuation profession is expected to get a boost with the introduction of the concept of Registered Valuers in the Companies Act 2013. *Registered Valuers* will provide valuation in respect of property, stocks, shares, debentures, securities, goodwill or any other assets or net worth of a company or its assets or liabilities. The Government is in the process of framing rules regarding the qualification and experience of persons who will be eligible to be registered as Valuers. As per Draft Rules, Cost Accountant who is in whole-time practice for at least five years will be eligible to be registered as a Registered Valuer. This diploma course aims to develop proficiency in Valuing assets and liabilities through a learning process that blends concepts with applications. The course is an advanced knowledge module that presupposes understanding of management accounting and corporate finance. The participants will get extensive exposure through project work on Valuation and by analyzing case studies.

Eligibility Criteria:

Only members of the Institute are eligible for registration for the programme

Pedagogy:

A mix of Web Based, self-study and contact sessions. A total of 240 hours of learning comprising 45 webinar sessions of 1-2 hours duration, 140 hrs of Self Study, 30 hrs of Contact classes at Hyderabad Centre of Excellence, Hyderabad. Participation in contact sessions is voluntary. The candidates will bear the cost for attending contact sessions in Hyderabad. The Institute will not pay any TA and DA for attending the contact sessions. As part of the Program, Completion of a detailed project report/ case study write-up is mandatory for the completion of the course. The detailed guidelines and framework for writing the case study and preparing the project will be issued to the participants in due course. Plagiarism of any kind will be punished severely.

Faculty:

Faculty will be drawn from academicians associated with top academic Institutes, practitioners engaged in business valuation and others, including Government officials and Regulators

Learning Outcomes:

On successful completion of the course, participants will be able to apply the techniques and methods of valuation in real life situations in different contexts. In particular, participants shall:

1. Develop proficiency in valuation
2. Develop capabilities to offer advisory/consultancy services in the area of valuation

Course Duration:

Course will be of one year duration and will involve investment of 240 hours of learning a participant is expected to invest around 50 hours in completing a valuation project in the last leg of the course concurrently.

Course Fee: INR Twenty Thousand (Rs. 20,000/-) only.

The course fee excludes the examination fee.

Registration Procedure:

Registration will be online and the link will be provided to applicants. For

Registrations please visit the Institute's web site www.icmai.in.

Please download the application from the website, complete it and send the same to the Directorate of Advanced Studies, along with the specified fee.

Evaluation Mechanism:

Participants will be evaluated through written examination.

Examination will be conducted by the Examination Department of the Institute once/twice a year along with other examinations.

Examination fee is Rs. 1,200 per attempt. A student may appear in all the papers in one attempt or may appear in a single paper in one attempt.

The participants will be evaluated for each module of the course. The participants who will score 50 percent or more in the examination for each module and will obtain B or higher grade in the project will be awarded the Diploma in Valuation by the Institute.

Grades will be awarded on project work and will not be included in calculating aggregate marks.

Course Contents:

MODULES

Module 1. Principles of Valuations and Valuation Techniques (100 Marks)

Module 2: Application of Valuation Techniques (100 Marks)

Module 3: Valuation: Corporate Laws and Direct and Indirect Tax Implications (100 Marks)

Module 4: Business Valuation Standards and Preparations of Business Valuations Reports (50+50 Marks)

DETAILS

MODULE 1. PRINCIPLES OF VALUATIONS AND VALUATION TECHNIQUES

Part 1: Principles of Valuations

1. Valuation Fundamentals & Contexts

Concept of Valuation –Standard of value, Purpose and Role of Valuation, Valuation contexts, Distinction between Price and Value; Independence and objectivity; Overview of different valuation models, financial statements and value drivers.

2. Reorganizing and Analysis of Financial Statements and Accounting policy
Accounting policy, Reorganizing and Analyzing Key Financial and Non-Financial Ratios to support forecasting future cash flows.

3. Forecasting Cash Flows

Industry Analysis e.g. (Porter’s Five Force Model), Audit of internal and external environment e.g. (PEST Analysis); Company analysis (eg. Analysis of the sources of past growth in ROIC and revenue and sustainability of the same in the context of capabilities of the company Analyzing the core competence of the business and its ability to take future opportunities and resilience to address challenges) Establishing the relationship between each line item in the Profit and Loss account with revenue and other drivers of costs and expenses.

Sensitivity Analysis, Scenario Analysis, Simulation, Regression Analysis, Time Series model, Stress Testing, Others

Part 2: Income Approach in valuation

(i) DCF Methods of Valuation

Enterprise Value Approach, Capital cash Flow Approach, Equity Cash Flow Approach; Adjusted present value, Valuation based on residual income or economic value added; forecasting cash flows, determining the cost of capital and discount rate; determining the terminal value and determining the value of equity from the enterprise value.

1. Accounting Based Valuation
2. Business valuation in international setting.
3. Techniques to manage Risks in Business Valuation
4. Market Approach
Direct comparison with comparators and multiples
5. Other approaches
Asset approach and real option/contingent claim approach
6. Criteria for selecting the appropriate Valuation Method
Suitability of different valuation methods in different contexts,
Choice of valuation method based on the growth stage of the firm, nature of the industry and availability of information

MODULE 2: APPLICATION OF VALUATION TECHNIQUES

Part 1. Application of Valuation Principles

1. Valuation in Mergers and Acquisitions
Strategies: Intensive Growth, Diversification Growth, Spin-offs, split-offs
Motives and Synergies: Monopoly theory, Valuation theory
2. Fair Value in Financial Reporting
3. Valuation of closely held companies (SMEs)
4. Valuation of stressed companies
5. Valuation of IPOs
6. Valuation of financial institutions- banks and insurance companies
7. Valuation of Intangibles
 1. IPR
 2. Brand Valuation
 3. Goodwill

4. Telecom

Part 2: Other Valuations

- a) Asset Valuation
- b) Valuation of Derivatives
- c) Valuation of Investment Company
- d) Bond Valuation and Valuation of securitized
- e) Instruments including mortgage based securities

MODULE 3: VALUATION: CORPORATE LAWS AND DIRECT AND INDIRECT TAX IMPLICATIONS

Part 1. Corporate Laws Aspects

Mergers and Amalgamations

De -Mergers

Acquisitions / disposal of business / slump sale

Liquidation

Internal & External Restructuring

Legal aspects including litigation and contingencies

VAT and other indirect taxes

Financial instruments

Equity investments

Preferential shares

Cross Border Taxation Issues

Implication of Stamp Duty

Regulatory overview

Regulating Valuers/Valuation Professionals

SEBI regulations including Takeover Code

Capital Market Controls

Reserve Bank Regulations

Part-2: Income Tax implications

Capital gains / losses under tax treatment

Taxation on transfer of business/ securities

Treatment of business losses

Statutory Valuation

Carry forward of losses

Losses of closely held companies

Transfer pricing issues

ESOP

MODULE 4: BUSINESS VALUATION STANDARDS AND PREPARATIONS OF BUSINESS VALUATIONS REPORTS

Part 1.

1. Ethics in Valuation
2. International standards on Valuation
3. Data collection for Business Valuation
4. Writing a Business Valuation Report
5. Engagement procedure for valuation assignment, term of reference and deliverable

Part 2: Project

Every student will be required to complete a project on Business Valuation before or after passing the written examinations. The candidate will register his/her project with the Institute and shall commence working on the same after receiving approval from the Directorate (Advanced Studies). He/she will submit the project report within six months from the date of the issuance of the approval by the Directorate (Advanced Studies).

Note: Awarding of the CEP Credit Hours to the members of the Institute is under active Consideration.

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