

## **REVISED COURSE PLAN**



### **ADVANCED STUDIES DIRECTORATE CERTIFICATE COURSE ON**

### **BUSINESS VALUATION AND CORPORATE RESTRUCTURING**

#### **Course Objective:**

The New Companies Act has introduced the concept of Registered Valuer, who will provide services for valuing assets, securities etc when such valuation is required under the Companies Act. The Government will frame rules regarding the qualification and experience of persons who will be eligible to be registered as Valuers.

It is expected that with this Amendment in the Companies Act, the Valuation profession will evolve fast. Moreover, every General Manager is expected to understand Valuation models and value drivers to be able to evaluate corporate strategies. This course aims to develop proficiency in Business Valuation and Corporate Restructuring techniques and methods by undergoing a learning process with appropriate conceptual and practical blend.

#### **Eligibility Criteria for Registration:**

- ✦ Member of the Institute of Cost Accountants of India, or

- ⤴ Member of any Accounting Body/Institute in India or outside (eg. ICAI, ICSI etc), or
- ⤴ Senior Executives aspiring to acquire capabilities in Valuation Methods and Techniques, or
- ⤴ Faculty members of business schools and universities.

*The Board reserves the right to reject any nomination/application without assigning any reason.*

***Prerequisites:***

Fundamental knowledge in corporate finance and management accounting

(Those executives who do not have accounting/ finance background, will be required to complete a Bridge Course of 20 learning hours)

**Pedagogy:**

Participative class room lectures and sessions, analysis and discussions on case studies, completion of a detailed project report/ case study write-up will be used as pedagogy for delivering the course

**Faculty:**

Faculty will be drawn from academicians associated with top academic Institutes, practitioners engaged in business valuation and corporate restructuring 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 business valuation and corporate restructuring in real life situations. In particular, participants shall:

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

By the end of this course, the participants should have answers to the following questions:

- ⤴ What is valuation, why is it required and what are the different techniques for valuation
- ⤴ Who performs a valuation exercise and how to write a valuation report
- ⤴ What are the ethical concerns and duties of a valuer
- ⤴ In a valuation exercise, what all is to be valued and what is the most appropriate technique to carry out valuation for each concern
- ⤴ How to perform accounting analysis, financial analysis, strategic analysis and prospective analysis for purpose of valuation
- ⤴ What are the advanced techniques of valuation
- ⤴ What are the international standards and best practices in the field of valuation
- ⤴ What is the Indian legal framework and regulatory issues in the field of business valuation
- ⤴ How to value debt, equity, tangibles and intangibles of a business
- ⤴ What is corporate restructuring
- ⤴ What are the different forms of corporate restructuring
- ⤴ What are mergers and acquisitions, their motives and strategies
- ⤴ Valuation principles and mechanisms in mergers and acquisitions
- ⤴ What are the legal aspects involved in corporate restructuring of enterprises
- ⤴ How to value cross border businesses
- ⤴ How to evaluate cross border projects
- ⤴ How to evaluate cost of capital in a complex environment
- ⤴ How to use real option techniques to value uncertainties
- ⤴ How to use valuation to evaluate alternative strategies

**Course Duration:**

Course will be of 6 months duration and will involve investment of 84 hours in classroom

learning. In addition, a participant will have to invest around 50 hours in completing a project.

#### **Course Fee:**

- For members of the Institute of Cost Accountants of India and other Accounting bodies and faculty members of business schools and universities, the course fee is Rs. 30,000/- (Rupees Thirty Thousand only)
- For others, the course fee is Rs. 40,000/- (Rupees Forty Thousand only)
- For Bridge Course, an additional fee of Rs. 10,000/- (Rupees Ten Thousand only) will be charged.

The course fee is inclusive of the examination and evaluation fee.

However, additional fee will be charged if any participant intends to appear in the comprehensive exam to improve his/her performance. Only one chance will be given to improve performance.

#### **Centers:**

The course will be offered at Chennai, Hyderabad and New Delhi. In New Delhi, sessions will be held at Chennai, Hyderabad and New Delhi. In New Delhi, sessions will be held at **The Institute of Cost Accountants of India, CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi- 110003** on Saturdays from 5 PM to 9PM or Sundays from 9.30 AM to 1.30 PM (4 hours a week).

#### **Certification:**

The participants will be evaluated continuously and issued a certificate which will mention the participant's CGPA (**Annexure**). Appropriate grades shall be assigned to them based upon their performance in each component in the evaluation process.

### *Grading Scheme:*

The grading scheme will be on a 9 point scale, as given below:

Points	Grade
9	A+
8	A
7	A-
6	B+
5	B
4	B-
3	C+
2	C
1	D

A participant will be declared successful only if he/she earns a CGPA of 5 and above and earns atleast C+ grade in each subject.

### **Evaluation Mechanism:**

For successfully completing the course, the participants will have to:

- a) undergo a process of evaluation, and
- b) submit a detailed project/ case write-up in the 6<sup>th</sup> month of course followed by a viva-voce

The work on the project should commence from the 4<sup>nd</sup> month 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. The originality and relevance of work shall be evaluated in the viva voce. Plagiarism of any kind will be punished severely.

### **Course Contents:**

**Paper I: The Principles of Business Valuation**

**[28 Hours]**  
**(100 marks)**

1. **Valuation Fundamentals & Contexts** [2 Hours]  
Concept of Valuation - Fair market value, fair value, investment value, intrinsic value; Purpose and Role of Valuation, Valuation context, Distinction between Price and Value
2. **Restructuring and Analysis of Financial Statements** [4 Hours]  
Restructuring, Analysing Financial Statements to forecast Balance Sheet, Profit and Loss account and Cash Flows to be used in Valuation
3. **Forecasting Balance Sheet, Profit and Loss account and Cash Flows** [6 Hours]  
Identification of Value drivers , competitive advantage in the context of likely change in the business environment and industry dynamics  
  
PEST Analysis and Porter's Five Force Model to analyze industry, Analysis of the sources of past growth in ROIC and revenue and sustainability of the same in the context of capabilities of the company  
  
Establishing the relationship between each line item in the Profit and Loss account with revenue and other drivers of costs and expenses
4. **DCF Methods of Valuation** [8 Hours]  
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
5. **Techniques to manage Risk in Business Valuation** [2 Hours]  
Sensitivity analysis, Scenario analysis
6. **Non-DCF Valuation** [2 Hours]  
Asset approach, real option/contingent claim approach, relative valuation
7. **Criteria for selecting the appropriate Valuation Method** [2 Hours]  
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

**Paper II: Corporate Restructuring** [20 Hours]  
(70 marks)

1. **Fundamentals of Corporate Restructuring** [4 Hours]  
Corporate Restructuring, Forms of Corporate Restructuring- Mergers, Acquisitions,

Consolidation, Joint Ventures

Restructuring Equity, Ownership and Control of assets; Restructuring Debt Contracts, Restructuring Equity Contracts, Restructuring Assets

**2. Mergers and Acquisitions [2 Hours]**

Strategies: Intensive Growth, Diversification Growth, Spin-offs, split-offs

Motives and Synergies: Monopoly theory, Valuation theory

**3. Takeover and Defense Mechanisms [2 Hours]**

Friendly takeovers, Hostile takeovers; Leveraged Buyouts, Poison Pill, Note of Clause, Buy back of shares and other defense mechanisms.

**4. Legal, Taxation and Other Regulatory Issues in Corporate Restructuring [8 Hours]**

**Taxation [4 Hours]**

Taxation Due Diligence, Direct and Indirect Tax issues in Corporate Restructuring, Double Taxation Avoidance Agreement, Tax Information Exchange Agreement in the context of cross border Acquisitions, Implications of Stamp Duty

**Other Regulatory issues [4 Hours]**

Legal Due Diligence, Companies Act, 1956: Mergers and Demergers, Reduction of Capital

SEBI (Substantial Acquisition of shares and takeovers) regulations, 1997: Takeover Panel, Escrow Account

**5. Cultural due Diligence [2 Hours]**

**6. Information Technology Due Diligence [2 Hours]**

**Paper III: Application of Valuation Principles [28 Hours]**  
(100 marks)

1. Fair Value in Financial Reporting [2 Hours]
2. Valuation of closely held companies (SMEs) [2 Hours]
3. Valuation of stressed companies [2 Hours]
4. Valuation of IPOs [2 Hours]
5. Valuation of financial institutions- banks and insurance companies [4 Hours]
6. Valuation of Intangibles [2 Hours]

## 7. Other Valuations

Asset Valuation	[2 Hours]
Valuation of Derivatives	[4 Hours]
Bond Valuation and Valuation of securitized instruments including mortgage based securities	[4 Hours]

### Paper IV: Business Valuation Standards and Preparation of Business Valuation Reports

**[8 Hours]**  
(30 marks)

- |   |           |
|---|-----------|
| 1. Local and International standards on Valuation                                   | [2 Hours] |
| 2. Data collection for Business Valuation   | [2 Hours] |
| 3. Writing a Business Valuation Report  | [2 Hours] |
| 4. Engagement procedure for valuation assignment, term of reference and deliverable | [2 Hours] |

### Paper IV: Project (Case Study on Valuation)

(100 Marks)

Project (Case Study on Valuation)

#### **Note:**

- i. No CEP Credit Hours will be awarded to Members pursuing or completing this course.*
- ii. Tentatively the class room delivery of lectures will be scheduled on Saturdays (5 PM to 9 PM/ Sundays( 9.30 AM to 1.30 PM)- 4 hours a week.*





**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
**(Set up under an Act of Parliament)**

**Certificate Course on  
Business Valuation and Corporate Restructuring**

**This is to certify that**

**.....  
has successfully completed the**

**Certificate Course on**

**Business Valuation and Corporate Restructuring  
conducted by the**

**Institute of Cost Accountants of India**

**with a CGPA of ..... on a 9 point scale.**

**Given this ..... day of .....**

(Signature)

**Chairman**

***Board of Advanced Studies***

(Signature)

**President**

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**SCORE CARD**

Subject 1	Grade
Subject 2	Grade
Subject n	Grade
Project & Viva Voce	Grade

Grading Scheme	Grade	A+	A-	A	B+	B	B-	C+	C	D
	Points	9	8	7	6	5	4	3	2	1

(Signature)  
**Chairman**  
***Board of Advanced Studies***

(Signature)  
**President**