



**DIPLOMA COURSE
IN
BUSINESS VALUATION**

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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