



ADVANCED STUDIES DIRECTORATE

CERTIFICATE COURSE ON

BUSINESS VALUATION AND CORPORATE RESTRUCTURING

Course Objective:

Business Valuation, today, has emerged as a specialized discipline in the field of corporate finance. Most pertinently, this is because of:

- ✦ the extensive use of valuation in corporate financial reporting and business combinations,
- ✦ appropriate security valuation to improve market efficiency,
- ✦ the increasing use of complex business models and reporting structures being used by the companies, and also
- ✦ the extensive use of fair valuation in IFRS and IND AS

Therefore, the Institute has decided to deliver a specialized course package having a practical and holistic approach towards business valuation and corporate restructuring.

The 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. 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 Business Valuation and Corporate Restructuring and by analyzing case studies.

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 with relevant experience in Management, Accounting and Finance functions

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

Prerequisites:

Fundamental knowledge in corporate finance and management accounting

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

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

Course Fee:

For members of the Institute of Cost accountants of India, the course fee is Rs. 30,000/- (Rupees Thirty Thousand only)

For non-members, the course fee is Rs. 40,000/- (Rupees Forty Thousand only)

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, Delhi, Hyderabad, Kolkata and Mumbai and other Centers across India depending on adequacy of number of applicants

Certification:

The participants will be evaluated continuously and issued a certificate of successful course completion which will mention the participant's CGPA. 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 5th month of course followed by a viva-voce

The work on the project should commence from the 2nd 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 project or case submitted should be an original piece of work with extensive research and hard work put into it. 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

(100 marks)

1. Valuation Fundamentals & Contexts

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

restructuring and analysis to cull out economic information from accounting information provided in financial statements

3. 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

4. Non-DCF Valuation

Asset approach, real option/contingent claim approach, relative valuation

Direct and indirect tax issues in business valuation and corporate restructuring, double taxation avoidance agreement, tax information exchange agreement in the context of cross border acquisitions, implications of stamp duty

5. Techniques to manage Risk in Business Valuation

Sensitivity analysis, Scenario analysis, Simulation, Regression analysis

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

Paper II: Corporate Restructuring

(50 marks)

1. Fundamentals of Corporate Restructuring

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

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

Motives and Synergies: Monopoly theory, Valuation theory

3. Take Over and Defense Mechanisms

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

4. Due Diligence

Financial due diligence, Taxation due diligence, Legal due diligence, Cultural due diligence and Information technology (IT) due diligence

5. Legal, Taxation and Other Regulatory Issues in Corporate Restructuring

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

Companies Act, 1956: Mergers and Demergers, Reduction of Capital

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

Paper III: Application of Valuation Principles

(50 marks)

1. Fair Value in Financial Reporting
2. Valuation of closely held companies (SMEs)
3. Valuation of stressed companies
4. Valuation of IPOs
5. Valuation of Intangibles
 - IPR
 - Brand Valuation
 - Goodwill

5. Other Valuations

Asset Valuation, Share Valuation, Valuation of Derivatives, Valuation of securitized instruments including mortgage based securities, liabilities valuation, ESOP/option valuation, valuation of financial instruments including bank and insurance companies

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

(50 marks)

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

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 friday evenings (6:45-8:45pm) and saturdays (9am-1pm)*