

Elective Paper

Paper 20A

STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION (SPMBV)

100 Marks

Module. No.	Module Description	Weight
Section A: Strategic Performance Management		50%
1	Introduction to Performance Management	10%
2	Performance Measurement, Evaluation and Improvement Tools	15%
3	Economic Efficiency of the Firm – Performance Analysis	10%
4	Enterprise Risk Management	15%
Section B: Business Valuation		50%
5	Fundamentals of Business Valuation	5%
6	Laws and Compliance in Business Valuation	5%
7	Business Valuation Methods and Approaches	10%
8	Valuation of Assets and Liabilities	15%
9	Valuation in Mergers and Acquisitions	15%

SECTION A: STRATEGIC PERFORMANCE MANAGEMENT

1. Introduction to Performance Management

- 1.1 Performance, Productivity and Efficiency
- 1.2 Financial Performance Analysis
- 1.3 Procurement to Pay and Vendor Relationship Management
- 1.4 Supply Chain Management (SCM)
- 1.5 Reverse Mapping of Business Strategies from Market Place using Data Analytics
- 1.6 Order to Cash and Customer Relationship Management (CRM)
- 1.7 Customer Profitability Analysis
- 1.8 Improvement of Corporate Credit Rating Score

2. Performance Measurement, Evaluation and Improvement Tools

- 2.1 Balanced Score Card
- 2.2 Du-Pont Analysis and RONA Model
- 2.3 Bench marking & Bench Trending
- 2.4 Six Sigma and Lean Management
- 2.5 Statistical Quality Control (SQC)
- 2.6 Plan-Do-Check-Action (PDCA)

- 2.7 Management Information System in a Digital Environment
- 2.8 Total Productive Maintenance
- 2.9 Total Quality Management
- 2.10 Data Envelopment Analysis

3. Economic Efficiency of the Firm – Performance Analysis

- 3.1 Economic Performance Indicator
- 3.2 Profit Optimization under different Market Structure
- 3.3 Market Factors affecting Pricing Decisions

4. Enterprise Risk Management

4.1 Risk Management

- 4.1.1 Introduction and Objectives
- 4.1.2 COSO Framework
- 4.1.3 Pooling
- 4.1.4 Diversification
- 4.1.5 Total Loss Distribution
- 4.1.6 Ruin Probability
- 4.1.7 Risk Analysis
- 4.1.8 Risk Mapping
- 4.1.9 Risk Indicators
- 4.1.10 COBIT

4.2 Corporate Risk Management

- 4.2.1 Transformation of Enterprise Risk Management to Risk-enabled Performance Management
- 4.2.2 Risk Retention or Reduction
- 4.2.3 Value at Risk (VaR)
- 4.2.4 Introduction to Capital Adequacy Norms in Banking Industry

4.3 Corporate Failure

- 4.3.1 Corporate Distress Analysis
- 4.3.2 Corporate Distress Prediction Models - Altman's Z Score, Beinish M, NCAER Models

SECTION B: BUSINESS VALUATION

5. Fundamentals of Business Valuation

- 5.1 Purpose of Business Valuation
- 5.2 Valuation Premise
- 5.3 Valuation Approaches
- 5.4 Fundamentals of Valuation – Risk and Return
- 5.5 Financial Statement Analysis
- 5.6 Market Value and Enterprise Value

6. Laws and Compliance in Business Valuation

- 6.1 Salient features of the Insolvency and Bankruptcy Code, 2016
- 6.2 The Companies Act, 2013: Section 192(2), 230(1), (2), (3), 231, 232, 247, 281(1)
- 6.3 Salient features of the Companies (Registered Valuers and Valuation) Rules, 2017
- 6.4 Salient Features of the SARFAESI Act, 2002 on Valuation
- 6.5 Valuation Standards (IVSC)

7. Business Valuation Methods and Approaches

- 7.1 Discounted Cash Flow Analysis (DCF), Comparable Transactions Method, Comparable Market Multiples Method, Market Valuation, Economic Value Added Approach, Free Cash Flow to Equity, Dividend Discount Model, Net Asset Valuation, Relative Valuation
- 7.2 Earnings Multiples
- 7.3 Book Value Multiples
- 7.4 Revenue and Sector Specific Multiples

8. Valuation of Assets and Liabilities

- 8.1 Valuation of Plant & Machinery
- 8.2 Valuation of Inventory
- 8.3 Valuation of Investments – Shares and Bonds/Debentures
- 8.4 Valuation of Intangibles – Copy Rights, Goodwill, Brand
- 8.5 Valuation of Human Resources
- 8.6 Valuation of Real Estate
- 8.7 Value Added, Economic Value Added, Market Value Added
- 8.8 Valuation of Liabilities

9. Valuation in Mergers and Acquisitions

- 9.1 Acquisition Pricing
 - 9.1.1 Analysing Premium offered to Target Stockholders
 - 9.1.2 Analysing Value of the Target to the Acquirer
 - 9.1.3 Earnings Multiples
 - 9.1.4 Discounted Abnormal Earnings or Cash Flows
 - 9.1.5 Acquisitions by Private Equity and Venture Capitalists
- 9.2 Acquisition Outcome
 - 9.2.1 Other Potential Acquires
 - 9.2.2 Target Management Entrenchment
 - 9.2.3 Anti-trust and Security Issues
 - 9.2.4 Post Transactions Value incorporating Effect of Intended Synergies
 - 9.2.5 Exit Synergies
 - 9.2.6 Tax Implications
- 9.3 Financial Modelling