

## Certificate Course on Valuation

### Course Objective:

Starting with the basic understanding about the term Value, the course runs through the key approaches of valuation discovering the underlying assumptions of various models, as well as best practices, and their applications in live cases. Once the operation knowledge is gained, the same is applied to case studies. This is an intensive and comprehensive package of face-to-face sessions facilitated by experienced and renowned faculties. This course has the vision to empower our members as leaders in the global service market.

### Papers and Syllabus

The course for Valuation shall be comprised of the following four modules

Module 1 - Overview of Valuation

Module 2 - Valuation Techniques

Module 3 - Corporate Laws & Income Tax Implications

Module 4 - Application of Valuation Techniques & Project Presentation.

### Module 1 –Overview of Valuation

#### Part-1    Introducing valuation

- What is value
- Differentiate price and value
- Who values businesses
- Purpose and role of a valuation
- Principles of valuation
- Definition of Standard of value (basis of valuation)
  - Fair Market value
  - Fair value
  - Investment value
  - Intrinsic value
- Premise of value
  - Going concern
  - Liquidation
- Valuation myths
- Valuation process
- Valuation standards
  - Ethical Issues
  - Terms of Engagement (TOE)
  - Valuation Services
  - Documentation
  - Valuation Report
  - Assumptions & limiting conditions
  - Reporting Guidelines
  - Using work of expert
  - Drafting the Valuation Report
  - Subsequent event

#### Part – 2 Valuation Analysis

- Research techniques and planning
- Economy and industry research
- Historical analysis
  - Understanding the business
  - Understanding the Regulatory framework for the industry
  - Understanding the value drivers
  - Accounting analysis
  - Accounting policy review
  - Length of financial history
  - Adjustments to financial statements
  - Assets and liability analysis including contingent assets and liabilities
  - Income and expenses analysis
  - Financial analysis
  - Ratio analysis
  - Cash flow analysis
- Strategy analysis
  - Michael Porter's Five Forces
  - SWOT
  - PEST
  - BCG matrix
  - GE/McKinsey matrix
  - ADL matrix
  - Core competencies
- Company risk analysis
- Prospective analysis – forecasting
- Techniques and elements of forecasting
  - DuPont model and limitation
  - Sensitivity analysis
  - Scenario analysis
  - Simulation
  - Regression analysis
  - Time series model
  - Stress testing
  - Others
- Financial projection modeling
- Type of Due diligence
- Effect of due diligence on valuation

## Module 2 - Valuation Techniques

### Part-1

- Valuation Approaches
  - Discounted cash flow (DCF) approach
  - Enterprise value
  - Equity value
  - Adjusted present value (APV)
  - Relative valuation approach
  - Price to equity (PER) and PEG
  - Price to book

Price to sales  
Price to cash flow  
Enterprise value to EBITDA  
Income approach  
Earning capitalization  
EVA (Economic Value added)  
Asset Approach  
Real option approach or contingent claim approach

- Selection of valuation approach
- Assigning Weight to Approaches
  - Theory and Practice
  - Mathematical versus Subjective Weighting
- Valuation of Options
  - General Principles of Option Valuation
  - Specific method for Valuing Options
  - Binomial tree method
  - BSOPM
  - Black & Scholes valuation Methodology

## Part-2

- Cost of capital
  - Characteristics of cost of capital
  - Risk and cost of capital
  - Methods of Development of cost of capital
  - CAPM (capital asset pricing model)
  - APT (Arbitrage pricing theory)
  - DDM (dividend discount model)
  - Development of WACC
  - Factors affecting cost of capital
  - Theory of Modigliani-Miller
  - Impact of Financial Leverage on Cost of Capital
  - Forecasting of interest rates and theories of interest rates
- Adjusting value through discounts and premiums
  - Control premium
  - LOCD (lack of control discount)
  - LOMD (lack of marketability discount)
  - Other premiums and discounts
- Business damages vs business valuation
- Valuation in special situations ;
  1. Valuation of Art, Antique & Sculpture
  2. Valuation of Gold, Diamond & Jewellery
  3. Valuation of unlisted share
  4. Valuation of distressed company
  5. Valuation of early stage company
  6. Valuation in M & A
  7. Valuation in buy-sell agreement
  8. Valuation of Investment Company
  9. Valuation of Intangibles including approaches

10. Valuation for financial reporting
11. Valuation of real assets and real estate
12. Valuation for cross border mergers
13. Valuation of bonds, warrants and convertibles

### Module 3 - Corporate Laws & Income 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/Valuations Professionals
  - SEBI regulations including Take Over 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
  - Wealth Tax
  - Carried forward of losses
  - Losses of closely held companies
  - Transfer pricing issues
  - ESOP

### Module 4 - Application of valuation techniques & Project Presentation

- Multiple case studies across industries/sectors like Pharmaceutical, Retail, Manufacturing, Banking, Insurance, Aviation, Mining, Infrastructure, private equity valuation etc.
- Evaluation of Project through Dissertation and/or viva- voce/presentation