ICAI Vision

- Recognize the changes in Economy/Business Environment such as focus on value, dynamic business and organization structures, developments in Information Technology and Telecommunication, new Government policies, globalization of business and competitive pressures.

- Recognize the path to success by adapting to the changes, knowledge management and acquiring skills to work with future environment influenced by technological and other changes.

- Recognize the opportunities for Chartered Accountants in the emerging areas such as new audit and assurance needs, performance measurement services, management services, strategy management, general practice specialization and servicing global organizations.

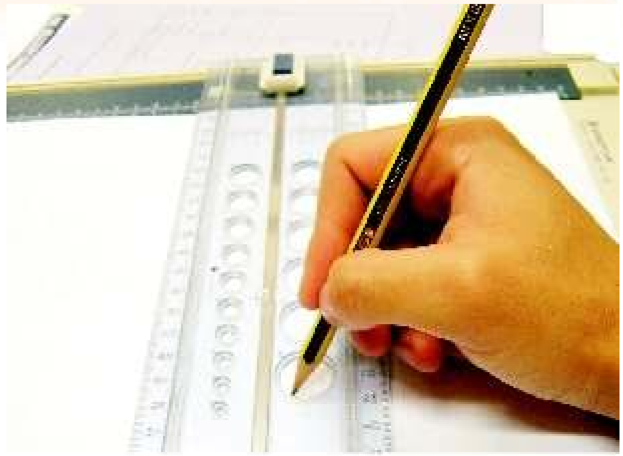
- Recognize the Institute's role as a proactive, innovative and flexible organization, in equipping Chartered Accountants with top quality education and values.

- Recognize the need to be known as World Class Advisor.

Course Objective

The complexities in business are rising in the fast changing financial world today. It is becoming increasingly difficult to predict the future, yet financial decisions ought to be taken. The soundness of financial decisions is critical to the success of corporations. Therefore, every financial decision is tested in terms of value creation. The valuation is the epicenter of financial decision-making.

The overall goal of this course is to build skills and improve quality & confidence of the members in carrying out valuation assignment relevant to today's business. Given the current global scenario, it has become extremely important for us to understand what value means, more so as value becomes pervasive even in



accounting with the possibility of IFRS implementation in the foreseeable future.

This course provides a framework for business valuation and gives practical advice on using the framework to value a business. The course is balanced between lectures, presentations, cases, and dissertations. The focus is on integrating key approaches and

methods from each area and applying them to real world problems.

Starting with the basic under-standing 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 operational knowledge is gained, in the wide range of valuations tools, 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 seeks to empower our members as leaders in global service market.

The objective of the Course is

- To enable the members to gain acumen, expertise and in-depth knowledge in process of valuation of all kinds including:
  - Business Valuation
  - Share Valuation
  - Asset Valuation
  - Brand Valuation
  - Goodwill Valuation
  - IPR Valuation
  - Valuation of other intangibles
  - Valuation of mark to market losses/profits
  - Derivatives

- Securitized instruments including mortgage based securities
- Liabilities Evaluation
- ESOP/Option Valuation
- Valuation for financial reporting in terms of Indian Accounting Standards , International Financial Reporting Standards and US GAAP including assessment of fair value, Basel II

requirements for Banking Sector.

- All other kind of specialized Valuations
- To empower the members with the technical skillsas well as analytical and decision-making discretion in the valuation assignment;
- To provide thorough knowledge of the global best practices as well as procedural and documentation aspects of the valuation assignment;
- To enable members to carry out valuation assignments using a variety of techniques and express an opinion on the valuation;

- To provide expertise on the legal and regulatory framework of the valuation in the cross-border/ domestic transactions;
- To enable members to act as registered approved valuers providing advisory, financial, consultancy services in terms of valuation.

Apart from giving a comprehensive theoretical grounding, this course is designed to strengthen the expertise and excellence of our members through multiple case studies across the industry and service sectors like pharmaceuticals, retail, manufacturing, banking, insurance, mining, infrastructure, private equity valuation, real estate and cross-border transactions.

Contents

Registering for the Course

Who is Eligible?

Members of the ICAI and students who have cleared their CA final examination.

How to Register?

Candidates have to fill in the Registration Form available herein or at the website of the Institute and submit the completed form along with the requisite fee to:

The Secretary
Corporate Laws and Corporate Governance Committee
The Institute of Chartered Accountants of India
Indraprastha Marg
New Delhi-110 002
E-mail id: clcgc@icai.org, gvallabh@icai.in
Phone no. 011-30110561/461
Fax no. 011-30110586

When to Register?

Please refer to our
Website : http://www.icai-org/post.html?post_id=3428&c_id=266)

Fee Structure

At present, the fee payable is:

(a) Registration Fee

Rs. 25000/- (Rupees Twenty five thousand only) including the fees/price for prospectus, background materials and first evaluation fee.

(b) Examination Fee

Nil for the First Evaluation and thereafter Rs. 1000/- each time if a candidate is required to re-appear for any subsequent Evaluation Test.

Payment for the Course can be made On-line or through Demand Draft/Pay Order in favour of “The Secretary, Institute of Chartered Accountants of India”.

Address for Correspondence

The Secretary

Corporate Laws and Corporate Governance Committee

The Institute of Chartered Accountants of India

Indraprastha Marg

New Delhi-110 002

Tel. No.: 30110 561/461

E-mail id: clcgc@icai.org, gvallabh@icai.in

Note:

Please note that Registration fee once paid is non-refundable under any circumstances and the Institute will not entertain any correspondence in this regard.

Course Contents

The Course on 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.

Detailed Course Contents

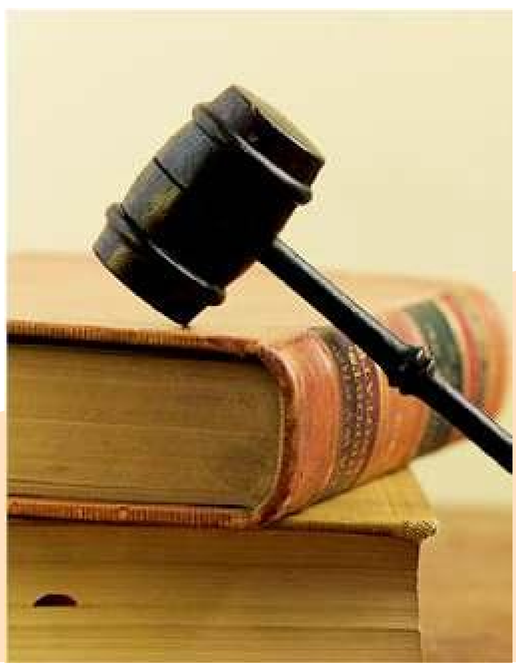
Module 1

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



<u>Part – 2</u>

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

- 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 Events

- 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
  - Du Pont model and limitation
  - Sensitivity analysis
  - Scenario analysis
  - Simulation
  - Regression analysis
  - Time series model
  - Stress testing
  - Others
- Financial projection modeling
- Types 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 unlisted shares
  2. Valuation of distressed company
  3. Valuation of early stage company
  4. Valuation in M & A
  5. Valuation in buy-sell agreement
  6. Valuation of Investment Company
  7. Valuation of Intangibles
  8. Valuation for financial reporting under IFRS

9. Valuation of real assets and real estate
10. Valuation for cross border mergers
11. 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/Valuation Professionals
  - SEBI regulations including Takeover Code
  - Capital Market Controls
  - Reserve Bank Regulations

Part-2

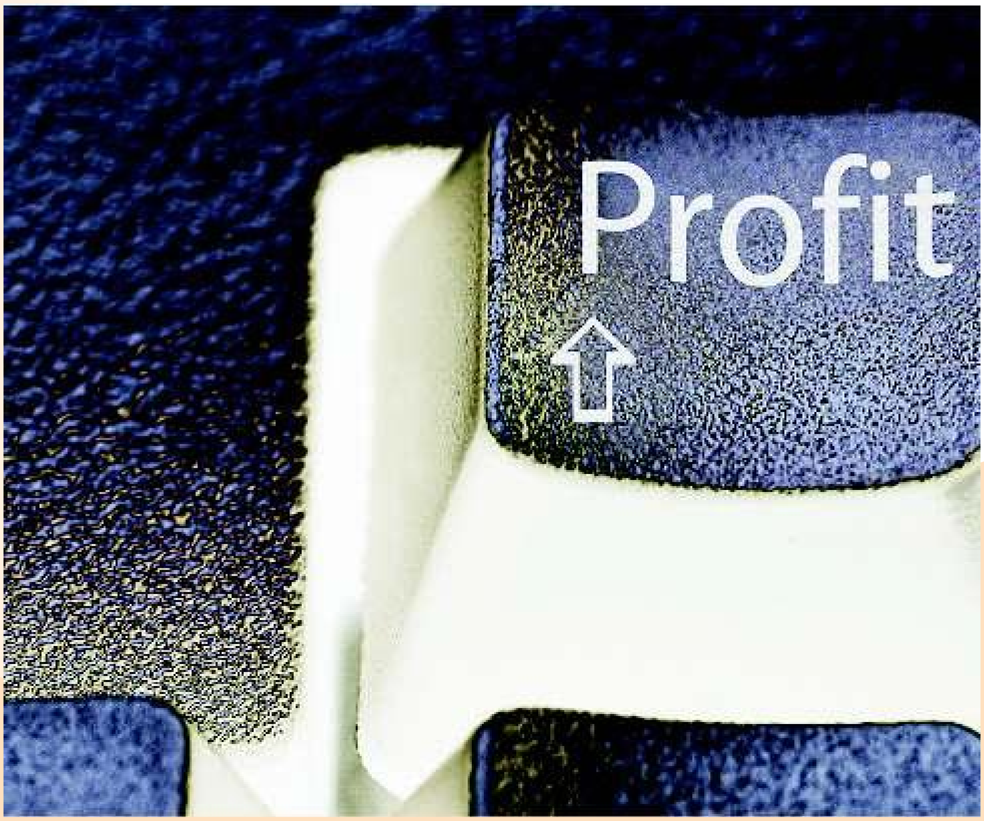
- **Income Tax implications**
  - Capital gains / losses under tax treatment
  - Taxation on transfer of business/ securities
  - Treatment of business losses
  - Statutory Valuation
  - Wealth Tax
  - Carry forward of losses

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, real estate etc.
- Evaluation of Project through Dissertation and/or viva-voice/presentation



Frequently Asked Questions (FAQs)

Certificate Course on Valuation

1. Who is eligible to join this Course?

All the members would be eligible to join the Course. The students who have cleared their CA. final examination can also join the course. The Committee reserves the right to permit others including Government officials to join this course on the terms & conditions that it may decide.

2. Where this Course will be launched?

This course will be launched at New Delhi Mumbai, Kolkata, Chennai, Kanpur and in other metro cities as may be decided by the Committee.

3. When will the Classes commence for November-January Session and May-July Session?

In November for the November-January Session and in May for the May- July Session. However, the Committee reserves the right to reschedule the dates keeping in mind the number of Registrations and other factors.

4. Where will the classes be conducted?

The Committee will announce the venue at the time of confirmation of Registration or at least 7 days before the commencement of the course.

5. What will be the duration of the classes?

Classes will generally be held from 10:00 A.M. to 06:00 P.M. on alternate Saturdays/Sundays. However, the Committee reserves the right to re-schedule the programme as well as timings for any centre or all the centres.

6. Whether the participants, who are registered at one centre, will be allowed to join classes at another centre?

The participants registered at one centre will be allowed to attend the classes at another centre if the corresponding classes are going on at that other centre.

A candidate will have to attend a minimum of 45 hours of classes failing which, he will not be entitled to appear in evaluation test. However, the Committee may, at its discretion, allow the candidate to appear in the next session, (not as a right), but subject to such terms & conditions as it may deem fit to enforce

7. What will be the duration of the Course?

The duration of the course will be 300 Hours comprising of:

- Self Study- 200 hours
- Class room teaching- 50 hours
- Case Study in Groups and project preparation - 50 hours

The candidates will be required to devote time to the self-study and case study given to them. Participants will be grouped (with not more than 5 course participants in one group) for preparing the case study and project report. They will be required to devote specified number of hours (see Course duration at 7 above) to Self-study and case study for appearing at the Evaluation Test.

They will be expected to prepare comprehensive project case studies and submit them to our evaluation team for appropriate marks allocation to be considered as part of the overall evaluation process.

8. What will be the Overall Scheme for the Certificate Course on Valuation?

The candidates registered for the Course will have to attend the classes on alternate Saturdays/ Sundays.

9. What will be the Course fee for this Certificate Course on Valuation?

Total amount to be paid for this Certificate Course on Valuation is Rs. 25000/- (Rupees Twenty five thousand only). This amount is inclusive of fee/price of prospectus, background material reference book and first evaluation fee payable at the time of Registration. Course fee once paid is non refundable under any circumstances.

10. What will be the Evaluation process?

Participants who have successfully completed Course modules are eligible to appear at the Evaluation Test. A Board of Evaluators will examine and evaluate the presentation, dissertation and Report of the Case study allotted to the group of participants. Each participant of the group will also be evaluated individually. Adequate consideration in individual evaluation will be given to the performance, conduct and the quality of the outcome of the group task. Actual marks secured will not be disclosed to the participants and only successful candidates' name will be declared. In case a candidate has to re-appear for evaluation, assessment shall be done on individual basis only and such a participant may not be allowed to join another group for case study purpose.

11. What will be the Periodicity of Examinations?

Evaluation will be conducted twice a year, viz., after completion of class schedule.

12. What will be the Eligibility to qualify for the evaluation test?

The Committee reserves the right to formulate the criterion for the assessment of quality, level of knowledge and expertise of the participants and its evaluation by Board of Evaluators. The project reports prepared as case study in groups will be having maximum evaluation level of 100 and the written objective cum write up test will also have evaluation level of 100. Existing experience will also be considered as an important parameter. Participants are encouraged to share their actual real time valuation case studies after obtaining consent of their clients, where needed. Case Studies on no name basis will also be acceptable. The database of case studies will be available to the "Valuers Guild" through web-access in due course of time.

13. Is there any limit on the number of attempts for the evaluation test?

There will be no limit on the number of attempts for the evaluation test. The reappearance fee for each attempt will be Rs. 1000/-. The candidate will be allowed to re-appear for the evaluation test only after six months of the previous attempt.

The case study marks will be carried forward for calculating pass marks.

14. How many participants will be admitted at each Centre?

A batch will have a minimum 60 participants and a maximum of 100 participants.

15. Whether Background Material would be provided to the participants?

A list of Reference books would be provided to the participants, which the participants will be expected to study for deeper understanding of the concepts. All these books are available in the Central Council Library, Institute Head Quarter, New Delhi and at the Regional Council Library at Mumbai, Chennai, Kolkata and Kanpur.

Participants are expected to do extensive self study for which, either before and/or during the sessions, a back ground material, prepared by the Institute, would be provided to the candidates to support the learning process. It may be clearly understood that valuation is a high ended and practical area of technical expertise and is continuously evolving in the ever changing economic scenario. No reference book or back ground material can provide such comprehensive practical knowledge which would be inculcated in the participants through the expert faculty, group based learning, interaction amongst participants, live case study and most importantly through post qualification Valuers Guild to be formed out of the successful participants.

16. Whether a Certificate will be given on completion of the Course?

On successful completion of the Course, a certificate will be awarded to the participants.

17. Who will be the faculty for this course?

Eminent Chartered Accountants and other professionals in practice and industry, eminent academicians from IIT, Universities and top management institutions including IIMs will be invited to lecture and interact with the participants.

18. Is a senior member of the profession having expertise in valuation, exempted from the Classes?

Very senior members of the profession who have already established their excellence in valuation exercise may send copies of at least 10 valuations (without disclosing the identity of clients/entities) of good quality to the Evaluation Directorate, who may, at its discretion, fully or partially exempt them from classroom study. The decision of Evaluation Directorate shall be final in this regard.

19. How this course will help the candidates?

Members completing the course will immensely be benefited out of the course, while implementing fair value concept in forming an opinion on financial accounts under IFRS. This course will provide an in-depth and comprehensive knowledge of theoretical as well as practical aspects of valuation at national and international level.

20. Key areas of Valuation

Mentioned herein are certain key areas where valuation plays a key role and qualified valuers who undergo this course are expected to act as experts for issuing an independent valuation report. Members in the industry can utilize these technique for internal decision making.

i) Sell-side and buy-side mandate

ii) Going public-IPO

iii) Going private- LBO and MBO

iv) Corporate restructuring and turnaround

v) Secured lending including project finance

vi) Securitization

vii) Implementation of Basel II

viii) Financial Derivatives

ix) Portfolio management-Mutual fund, Hedge funds and professional investors

x) Long term and medium term investment decisions- M&A, takeovers, strategic investments, financial investment including exit (disinvestment) valuation, capital budgeting, private equity investment, venture capital investments, buyback of shares and others

xi) Profit and dividend distribution decision.

xii) Borrowing decisions

xiii) Financial risk management decisions

xiv) Court case related valuation

xv) Tax related valuation

xvi) Development projects valuation

xvii) Intangibles

xviii) Financial reporting valuation

xix) Equity research area

xx) Insurance product valuation

xxi) Estate and personal financial planning

xxii) Corporate planning

xxiii) Property valuation

xxiv) Value based performance measurement

xxv) Credit rating

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
CERTIFICATE COURSE ON VALUATION

Registration Form

Affix recent passport sized photograph

1) Full Name in block letters (as per Institute records)

First Name

Middle Name

Surname

Father's/Husband's Name:

2) Gender (put ✓mark)

Male

Female

3) Member Details:

a) Membership Number

b) Membership status (put ✓ mark)

ACA

FCA

c) Practice/Industry/others d) Any other Qualifications

4) Professional Details:

a) Designation

b) Organization

c) Address

d) Nature of Duties

e) Experience in Valuation

5) Address for Correspondence

a) House Number

b) Street / Road

c) Area

d) City / Town

e) PIN code

f) State

6) Centre opted: New Delhi/Mumbai/Chennai/Kolkata/Kanpur/ Bangalore:
(Please give the Option)

7) Phone No. with STD code   Mobile no.

8) e-mail address--- Official

Personal

9) Details of Course fees:
a) On Line Payment: Yes/No   If yes, Acknowledgement No.

b) Bank Draft/ Pay order no.   Dated

Amount (in Rs.)

Drawn on Bank

Branch

Date:

Place: (Signature of the applicant)

Note :

1. Fees Structure : Rs. 25,000/- per member (Including the fees/price for prospectus, background material, reference book first evaluation fee, lunch, tea, snacks etc.) for the compete course.
2. In case the payment is through D.D./Pay Order, it should be drawn in the favour of "The Secretary, The Institute of Chartered Accountants of India", payable at New Delhi.
3. Enclose Two Passport Sized Photograph.
4. Enclose self attested photocopy of the Institute I-card or Membership letter or Membership Certificate.
5. On line payment can be made through http://www.icai.org/ccm.html? Progid=S
6. Whether the payment is online or through D.D., theapplicant is required to submit a hardcopy of the Registration form to the Secretary, Coporate Laws and Corporate Governance Committee, The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110002.

Acknowledgment

(for office use only)

We acknowledge the receipt of the Registration Form for the Certificate Course on Valuation from Mr. / Ms.……………………………………………………………………………………

on………/………/20--- longwith the Demand Draft/Pay Order

no……………………………for Rupees……………………………………………………………

Date:

Place:

Nodal Officer
Certificate Course on Valuation