PROSPECTUS
&
Information Booklet

CERTIFICATE COURSE

ON

VALUATION

The Institute of Chartered Accountants of India

I.P.Marg, New Delhi-110002

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, change 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 become 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 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 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 on process of valuation of all kinds including:
    - Business Valuation
    - Share Valuation
    - Asset Valuation
    - Brand Valuation
    - Goodwill Valuation
    - IPR Valuation
    - Valuation in 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 kind of specialized Valuations
- ❖ To empower the members with the technical skills as 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.

C o n t e n t s

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 Committee
The Institute of Chartered Accountants of India
Indraprastha Marg
New Delhi-110 002
E-mail id: corporatelaws@icai.in
Phone no. 011-30110471/461
Fax no. 011-30110586

When to Register?

1-30th October for the November-January Session
1-30th April for the May-July Session

Fee Structure

At present, the fee payable is:

(a) **Prospectus**
Rs. 100 (Rupees One Hundred only) (Not chargeable for the prospectus and form downloaded from the website)

(b) **Registration Fee**
Rs. 25000/- (Rupees Twenty five thousand only) inclusive of first evaluation fee payable at the time of Registration.

(c) **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.

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.

The Registration fee covers the cost of study material.

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 Committee
The Institute of Chartered Accountants of India
Indraprastha Marg
New Delhi-110 002

Tel. No.: 30110471/461
E-mail id: corporatelaws@icai.in

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
- 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

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

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 term & 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.

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

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. Information about the venue of the classes will be made available at the time of registration or at least 7 days before the commencement of the classes.

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.

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.

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) plus Rs. 100(Rupees One Hundred) for Prospectus. This amount is inclusive of 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?

Candidates 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. In case of a candidate having 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., in the months of February and August.

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 experts. Actual marks secured will not be disclosed to the participants and only successful candidates' name will be declared. 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 "Valuation Forum" 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 first 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 Study Material would be provided to the candidates?

A sample list of Reference books would be provided to the candidates, which the participants will be expected to study for deeper understanding of the concepts.

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 faculty for the certificate course?

Eminent Chartered Accountants and other professionals in practice and industry, eminent academicians from IIT, Universities and top management institutions including IIM 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 candidate?

Members completing the course will immensely be benefited out of the course, while implementing fair value concept in forming an opinion on financial account 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.

Mentioned below 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 industry can utilize this technique for internal decision making. Some of the important areas are as follows:

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 and others

xi) Profit distribution decision- dividend distribution and buy back of shares
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

Contact details of the National Course Director, Course Technical and Joint Technical Director, Course Coordinator and Nodal Officer

National Course Director: CA. Vinod Jain Central Council Member Mob: +91 9811040004 E-mail: vinodjainca@gmail.com
Course Technical Director: CA. Avineesh Matta Mob: +91 9811052264 E-mail: matta@ava-ca.com
Course Joint Technical Director: CA. Rajiv Singh Mob: +91 9818122105 E-mail: rajivsinghfca@gmail.com
Course Coordinator: Dr. Alok Ray Secretary, Corporate Laws Committee Ph: 011 30110471 E-mail: alokray@icai.in
Nodal Officer: CA. Sonia Gulati Ph: 011 30110461 E-mail: sonia.gulati@icai.in

Contact details of the Director, Chief Coordinator and Special Coordinator at various centres

<table>
<tr><td colspan="1">New Delhi Centre:</td><td></td></tr>
<tr><td>Director:

CA. Harienderjit Singh
Central Council Member
The Institute of Chartered Accountants of India

Mobile: +91 98 101 87341
E-mail: hsingh@icai.org</td><td>

CA. Amarjit Chopra
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Mobile: +91 98101 00299
E-mail: amarjitchopra@vsnl.net;
ajc@gsa.net.in</td></tr>
<tr><td colspan="2">Special Coordinators:

CA. Vijay Kumar Jhalani
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</table>

Mumbai Centre:	
Director: **CA. Pankaj Inderchand Jain** Central Council Member The Institute of Chartered Accountants of India **Mobile:** 9324185000 **E-Mail:** pankaj@icai.org	**CA. Rajkumar S. Adukia** Central Council Member The Institute of Chartered Accountants of India **Mobile:** 9820061049, 9323061049 **E-Mail:** rajkumarfca@gmail.com
Chief Coordinator: **CA. B.M. Agarwal** Chairman, WIRC The Institute of Chartered Accountants of India **Mobile: 9820188573/9811021049** **E-mail: brij@bnmca.com**	
Special Coordinator: **CA. Prabhat Krishnagopal Maheshwari** Co-opted Member Corporate Laws Committee The Institute of Chartered Accountants of India **Mobile: 09821119042** **E-mail: mudra@vsnl.com**	

<table>
<tr><td colspan="2">Kanpur Centre:</td></tr>
<tr><td>Director:

CA. Manoj Fadnis
Central Council Member
The Institute of Chartered Accountants of India
Mobile: 93022 17716
E-mail:manojfadnis@icai.org</td><td>CA. Akshay Kumar Gupta
Central Council Member
The Institute of Chartered Accountants of India
Mobile: +91 9839034107
E-mail:mgco@mgcoca.com</td></tr>
<tr><td>Chief Coordinator:

CA. Bhansali Sudhir
Chairman, CIRC,
The Institute of Chartered Accountants of India
Mobile: 9413801080
E-mail: sbhansalico@yahoo.com</td><td></td></tr>
</table>

<table>
<tr><td colspan="2">Chennai Centre:</td></tr>
<tr><td>Director:

CA. V. Murali
Central Council Member
The Institute of Chartered Accountants of India
Mobile: +91 9841040010,
E-mail: victorgrace321@gmail.com,
murali@icai.org</td><td>CA. S. Santhanakrishnan
Central Council Member
The Institute of Chartered Accountants of India
Mobile: +91 98 410 73008
E-mail: ssca@vsnl.com, sk@icai.org</td></tr>
<tr><td>Chief Coordinator:

CA. Rajendra Kumar P.
Chairman, SIRC
The Institute of Chartered Accountants of India
E-mail: council.rk@gmail.com</td><td></td></tr>
</table>

Kolkata Centre:	
Director: **CA. K. P. Khandelwal** Central Council Member The Institute of Chartered Accountants of India **Mobile:** +919830030216 **E-Mail:** kpk@icai.org, ca.kpkhandelwal@gmail.com	**CA. Abhijit Bandyopadhyay** Central Council Member The Institute of Chartered Accountants of India **Mobile:** +91 98 310 59999 **E-mail:** banabhijit@hotmail.com
Chief Coordinator: **CA. Nirupam Haldar** Chairman, EIRC The Institute of Chartered Accountants of India, **E-mail:** nirupamhaldar@vsnl.net	
Special Coordinator: **CA. Amitav Kothari** Co-opted Member Corporate Laws Committee The Institute of Chartered Accountants of India **Mobile:** 09831108629 **E-mail:** amitavkothari@yahoo.co.in	

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

CERTIFICATE COURSE ON VALUATION

Affix recent passport sized photograph

Registration Form

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

First Name

Middle Name

Surname

2) Gender (put ✓mark)

Male

Female

3) Member Details:

a) Membership Number

b) Membership status (put ☐ mark)

ACA

FCA

c) Member status

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) Door Number

b) Street / Road

c) Area

d) City / Town

e) PIN code

f) State

6) Centre opted: New Delhi/Mumbai/Chennai/Kolkata/Kanpur:
(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)

Notes:
1. Fees Structure: Rs. 25,000/- per member (including lunch, tea, snacks etc.) for the complete 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 one Passport Sized photograph.
4. Enclose self attested photocopy of the Institute I-card or Membership letter or Membership Certificate.
5. Whether the payment is online or through D.D., the applicant is required to submit a hard copy of the application form to the Secretary, Corporate Laws Committee, The Institute of Chartered

Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi- 110002. The last date of Registration is 30th October, 2008.

Acknowledgement
(for office use only)

We acknowledge the receipt of the Registration Form for the Certificate Course on Valuation ………………………………………………………………………………………on……/……/2008 alongwith the Demand Draft/Pay Order no…………………………….for Rupees…………………… ……………………………………………………………

Date: (CA. Sonia Gulati)
Nodal Officer
Place: Certificate Course on Valuation