



## Azadi Ka Amrit Mahotsav Activity

“Youth Excellence Symposium- 20 Virtual Program” conducted by Women & Young Members Excellence Committee of ICAI on 11<sup>th</sup> Aug 2023

The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)  
Women & Young Members Excellence Committee

**YOUTH EXCELLENCE SYMPOSIUM - 20**  
Virtual Program on  
**Opportunities in International Valuation for CAs**

11<sup>th</sup> August, 2023 | 4:00 PM to 6:00 PM  
FEES NIL

**Welcome Address**  
CA. Priti Paras Savla  
Chairperson, WYMEC, SRSB & Vice Chairperson, VSB

**Introductory Remarks**  
CA. Abhay Chhajed  
Chairman, CCLEA&NPO & Vice Chairman, WYMEC & ASB

**Speaker**  
CA. Rushabh Vikmani

**Moderators**  
CA. Smit Dedhia  
CA. Lakshika Sindhi  
CA. Yash Mota

Registration and participation link: <https://live.icai.org/wymec/11082023/>  
Send your queries in advance at [wymec@icai.in](mailto:wymec@icai.in) or LIVE during Program

As part of country wide Azadi ka Amrit Mahotsav initiatives, envisaged by Government of India, to commemorate and celebrate 75 years of India's Independence, the Women & Young Members Excellence Committee (WYMEC) of ICAI organized “Youth Excellence Symposium-20 Virtual Program” on 11<sup>th</sup> Aug 2023.

CA. Rushabh Vikmani was speaker of the said program. Coordinators for the day were CA. Smit Dedhia, CA. Lakshika Sindhi and CA. Yash Mota.

The program covered discussion on “Opportunities in International Valuation for CAs”. Deliberations were made on A brief timeline on What is fair value, Purpose of Valuations, Steps for Valuations, What is PPA, International Valuations for Chartered Accountants, etc.

## Company / Business Valuation - Steps

### DCF approach steps

- Understand the company business, the industry and KPIs
- Market research, including comparable companies
- Receive forecasts from Management
- Analyse and sense-check the forecasts
- Estimate a discount rate and terminal value
- Build a DCF model
- Sensitivity and scenario analysis, if needed
- Corroborating the value with market approach
- Valuation story and draft report

### Early-stage company valuations

- DCF vs market approach – Depends on reliability of forecasts
- If DCF:
  - Additional sensitivities and scenario analysis
  - Higher discount rates
  - Corroboration to cost
- Milestone analysis
- Calibration analysis

### Market approach steps

- Understand the company business, the industry and KPIs
- Decide the relevant multiples to be used
- Identify comparable companies and transactions
- Compare the KPIs of the subject company and comparables to select the relevant multiple to be used
- Apply the multiple to the metric
- Adjust non-operating assets/liabilities
- Application of premiums/discounts

## Valuation basics

### What is fair value?

Estimated price that would be agreed upon – in an orderly exchange of assets or liabilities – between reasonable buyers and sellers – under current market conditions

### Commonly used valuation methods

Income Approach	Market approach	Cost Approach
<ul style="list-style-type: none"> <li>• Can be used when reliable forecasts are available</li> <li>• Methods in this approach:                             <ul style="list-style-type: none"> <li>– Discounted cash flow method</li> <li>– Dividend discount method</li> <li>– Income capitalization method and so on</li> </ul> </li> <li>• Mostly used for relatively mature companies</li> </ul>	<ul style="list-style-type: none"> <li>• Methods in this approach:                             <ul style="list-style-type: none"> <li>– Comparable companies</li> <li>– Comparable transactions</li> <li>– Transactions in subject company</li> </ul> </li> <li>• Commonly used multiples:                             <ul style="list-style-type: none"> <li>– EV/EBITDA</li> <li>– EV/Revenue</li> <li>– P/E</li> <li>– EV/MBW</li> <li>– EV/beds (for hospitals)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Methods in this approach:                             <ul style="list-style-type: none"> <li>– Historical cost</li> <li>– Replacement cost</li> </ul> </li> <li>• Can be used for tangible assets, intangible assets that can be re-created relatively easily.</li> </ul>

## Purchase price allocations

### What is PPA?

- IFRS 3 (IndAS-103) on business combinations requires that the purchase price paid in a transaction be allocated to the assets acquired and liabilities assumed.
- Steps in a purchase price allocation:
  - Understanding the transaction rationale, IFR and other background
  - Identification of intangible assets
  - Valuation of identified intangible assets; residual amount is goodwill
  - Cross-checks

### Valuation of intangible assets - Methods

- Relief from royalty method
- Multi-period excess earnings method ("MEEM")
- Replacement cost method
- Distributor method

### PPA example

Purchase consideration transferred:	
	Amount
Unlever cash consideration (including holdback consideration)	298
Deferred contingent consideration	12
	<b>298</b>
Details of assets acquired:	
	Amount
<b>Specific Tangible Asset</b>	
Property, Plant and Equipment	0
<b>Specific Intangible Assets</b>	
Veruh Brand	261
Distribution relationships	13
Non-compete agreement	7
<b>Total Identifiable assets</b>	<b>283</b>
Goodwill	15
<b>Total Net Assets</b>	<b>298</b>

Source: Hindustan Unilever Limited Annual Report FY21

The program concluded by giving Vote of Thanks to the Speakers and the participants.

## Glimpses of the Virtual Program held on 11<sup>th</sup> Aug 2023



