

VALUATION OF INTANGIBLE ASSETS

Presentation at Valuation Seminar

(Organized by Ahmedabad Branch of WIRC of ICAI)

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CONTENT

- 1. Valuation Truths**
- 2. Intangible Value Perspective**
- 3. Intangible Asses – Business Perspective**
- 4. Start up Valuation Methods**
- 5. Intangible Asset – Definition, Characteristics & Identification**
- 6. IND AS 38**
- 7. Purpose of Valuation of Intangible Assets**
- 8. Intangible Assets – Recognition & Broad Categories**
- 9. Global Trends**
- 10. Valuation Approaches**
- 11. NIFTY 50 Disclosed – Undisclosed Intangible Assets**

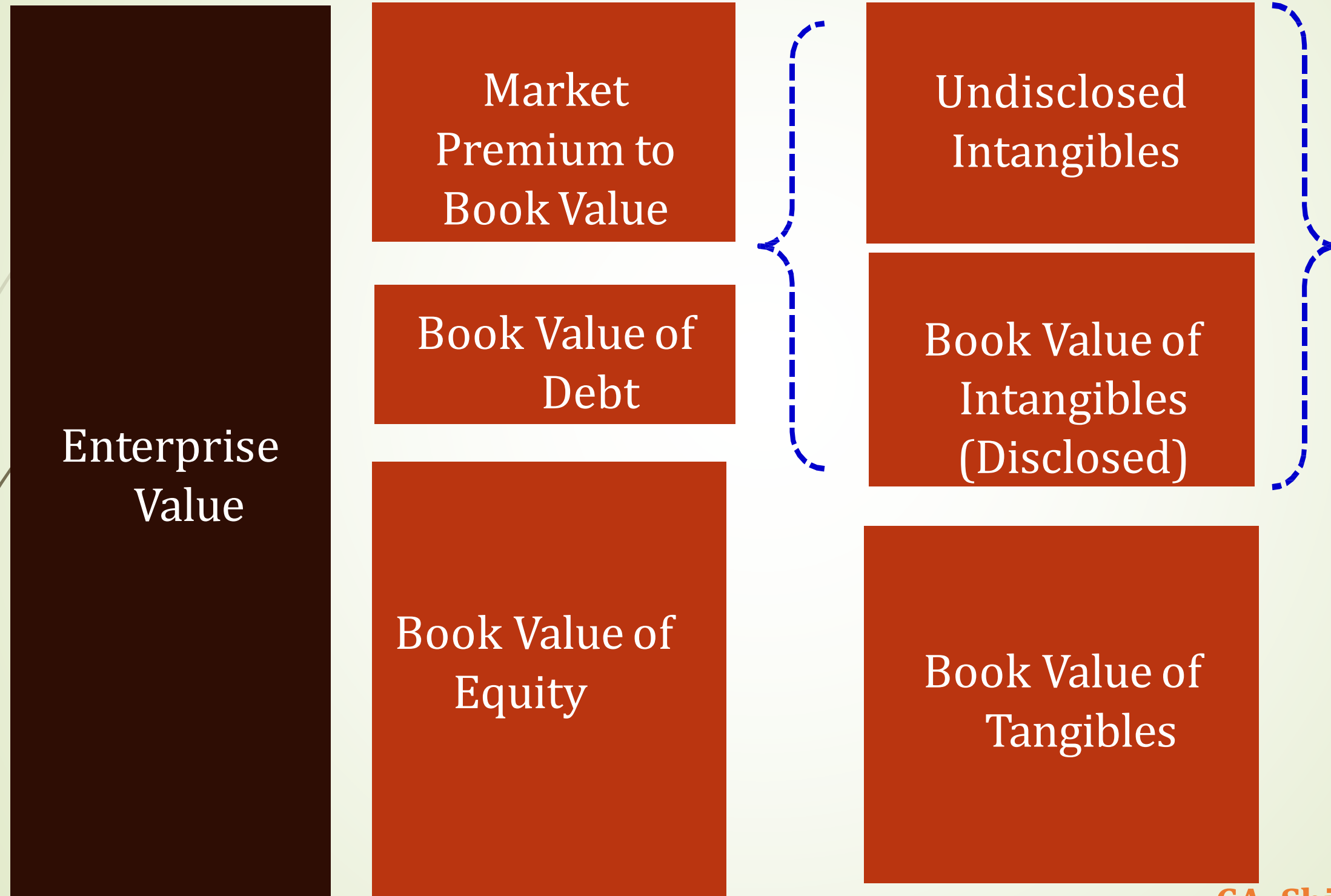
VALUATION TRUTHS

Price is what you pay & Value is what you get
[Warren Buffet]

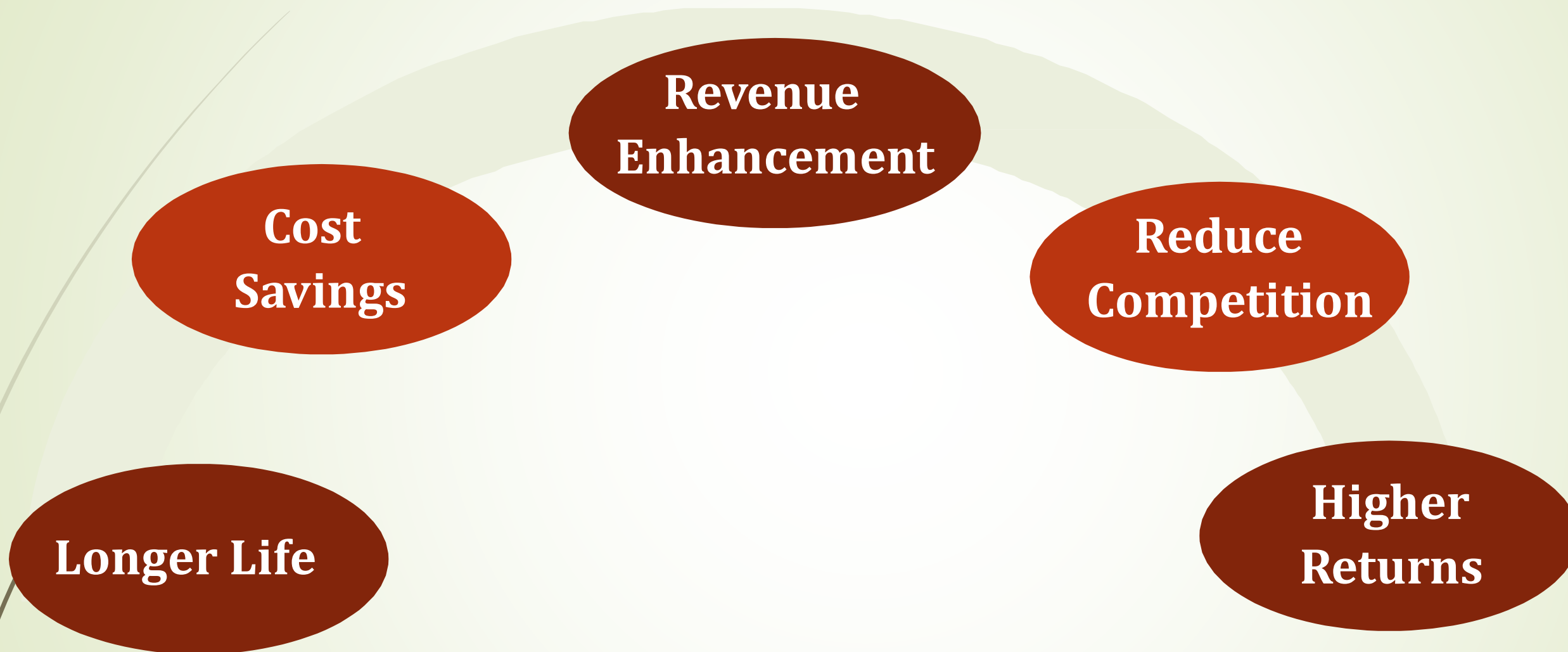
“If the business were to be split up, I would be glad to take the brands, trademarks and goodwill and you could have all the bricks and mortar and I would far better than you”
[John Stuart, Former Quaker Oats Chairman]

“Your brand is what people say about you when you are not in the room”
[Jeff Bezos, CEO Amazon]

INTANGIBLE VALUE PERSPECTIVE:

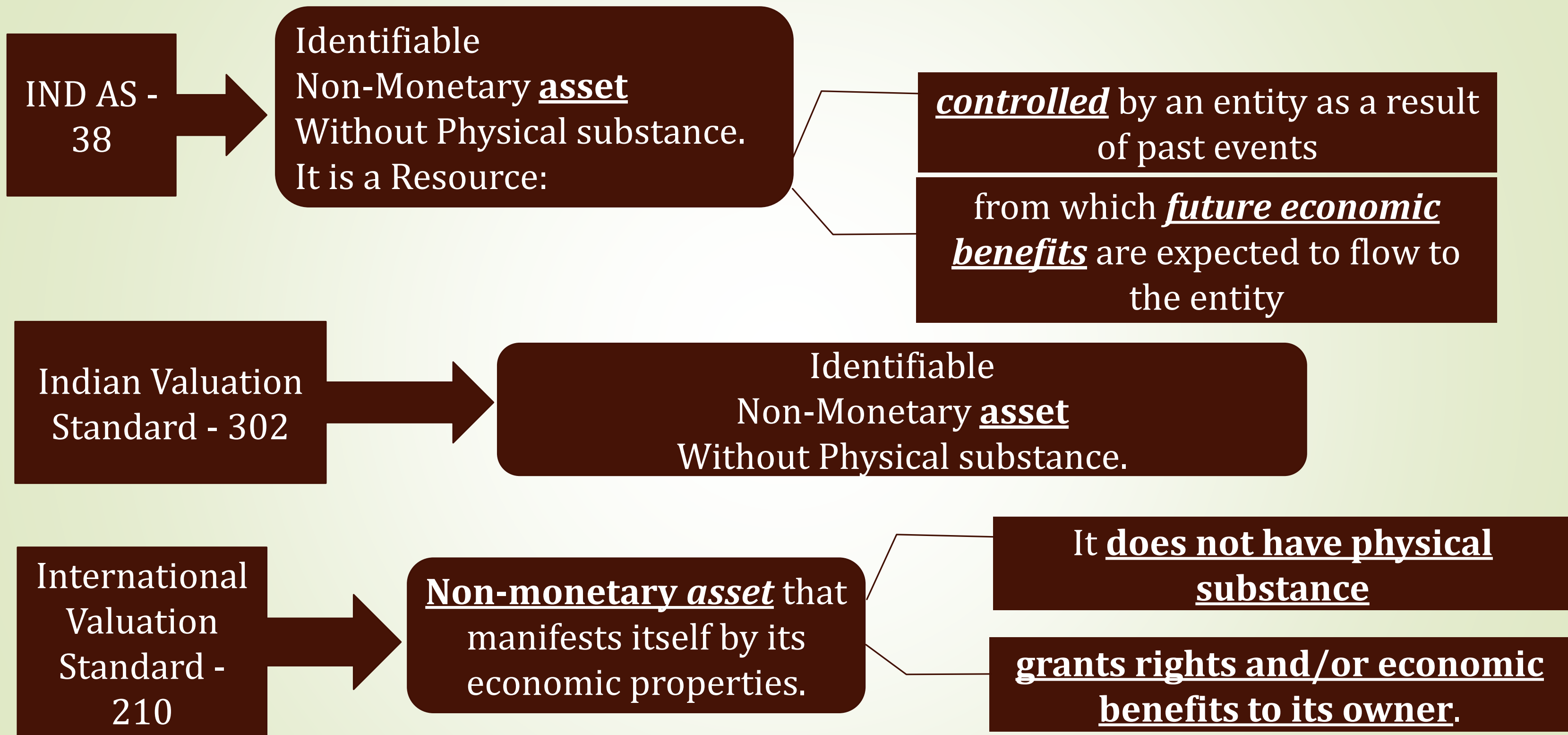


WHAT INTANGIBLE ASSET IS IMPORTANT? – A BUSINESS PERSPECTIVE



Why are Intangibles Important?

WHAT IS INTANGIBLE ASSETS?



CHARACTERISTICS OF INTANGIBLE ASSETS:

Identifiable

- Capable of Sold / transferred / licensed / rented / exchanged / along with related contract, assets & liabilities
- e.g. Key person expertise in consulting business is not identifiable.

Non-Monetary

- No right to receive a fixed / determinable amount of money
- e.g. Financial Investments are monetary. Hence, not intangible asset.

Without Physical Substance

- Which is not tangibles.
- e.g. Control, Goodwill, etc.

Non-monetary asset that manifests itself by its economic properties.

- Does not have physical substance
- Grants rights and/or economic benefits to its owner.

HOW TO IDENTIFY INTANGIBLE ASSETS:

Contractual

OR

Separable

Arises from

Contractual or other legal rights
(Transferability or seperability not relevant to establish if an contractual asset is an Intangible Asset)

Capable of being

- Separated or divided
- Transferred
- Licensed
- Rented
- Exchanged

(Intension of Users not to be considered).

Not Identified – Subsumed into Goodwill

APPLICABILITY OF IND AS 38 - INTANGIBLES

When to Implement?

- **Out-rightly Acquired** (Separately Acquired / Business Acquisition / Govt. Grant / Exchange).
- **Innovation** of new product - process / **Research & Development** (Future Economic Benefit available for same).

Fair Value

- Price that would be received to sell an asset or paid to transfer a liability
- In an orderly transaction
- Between market participants
- At the measurement date.

Useful life

- The **useful life** of any **intangible asset** can be **finite** or **infinite**.
- **Plays a major role in recognition, measurement and impairment of intangible assets.**

NON-APPLICABILITY OF IND AS 38 - INTANGIBLES

Held for Sale in
Ordinary course of
Business (IND AS 2)

Deferred Tax Assets
(IND AS 12)

Goodwill arising in
Business Acquisition
(IND AS 103)

Leases (IND AS 17)

Assets arising from
Employee Benefits (IND
AS - 19)

Intangible assets held
for sale
(IND AS 105)

Financial Assets (IND
AS 32)

Exploration and evaluation assets, Expenditures for
development and extraction of minerals, oils, natural
gas and other non-regenerative resources
(IND AS 106)

PURPOSE OF VALUATION OF INTANGIBLE ASSETS:

Purchase Price Allocation - for accounting and financial reporting
[Ind AS 103 *Business Combination*]

Impairment Testing [Ind AS 36 *Impairment of Assets*]

Transfer Pricing – for transfer / license in/out between companies / geographies location.

Slump Sale – Purchase price allocation for tax deduction.

Merger & Acquisition Transaction – Purchase price allocation to brand / license / patent / technical know-how etc.

Intangible as collateral – for financing purpose

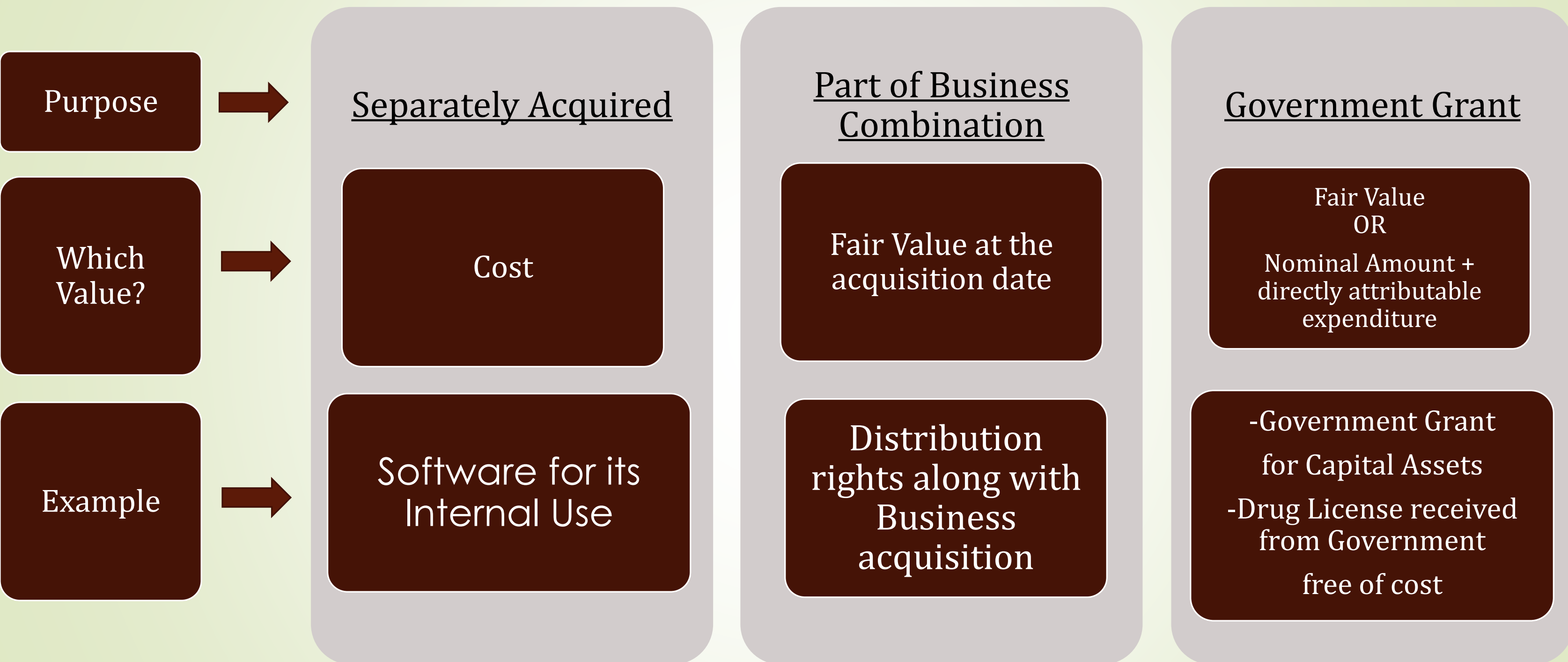
Litigation – to determine compensation in case of dispute / breach of contract / agreement / rights.

Bankruptcy / Restructuring.

Insurance – to determine Personal worth of celebrity

Issue Sweat Equity Shares – Issue of shares against technical know-how/ technical expertise / intellectual property.

RECOGNITION OF INTANGIBLE ASSETS:



RECOGNITION OF INTANGIBLE ASSETS:

Purpose



Exchange of Intangible Assets

Internally generated intangible assets

Internally generated goodwill

Which Value?



Fair Value

If Fair Value not possible, then carrying amount of asset given up

Directly attributable costs

Example

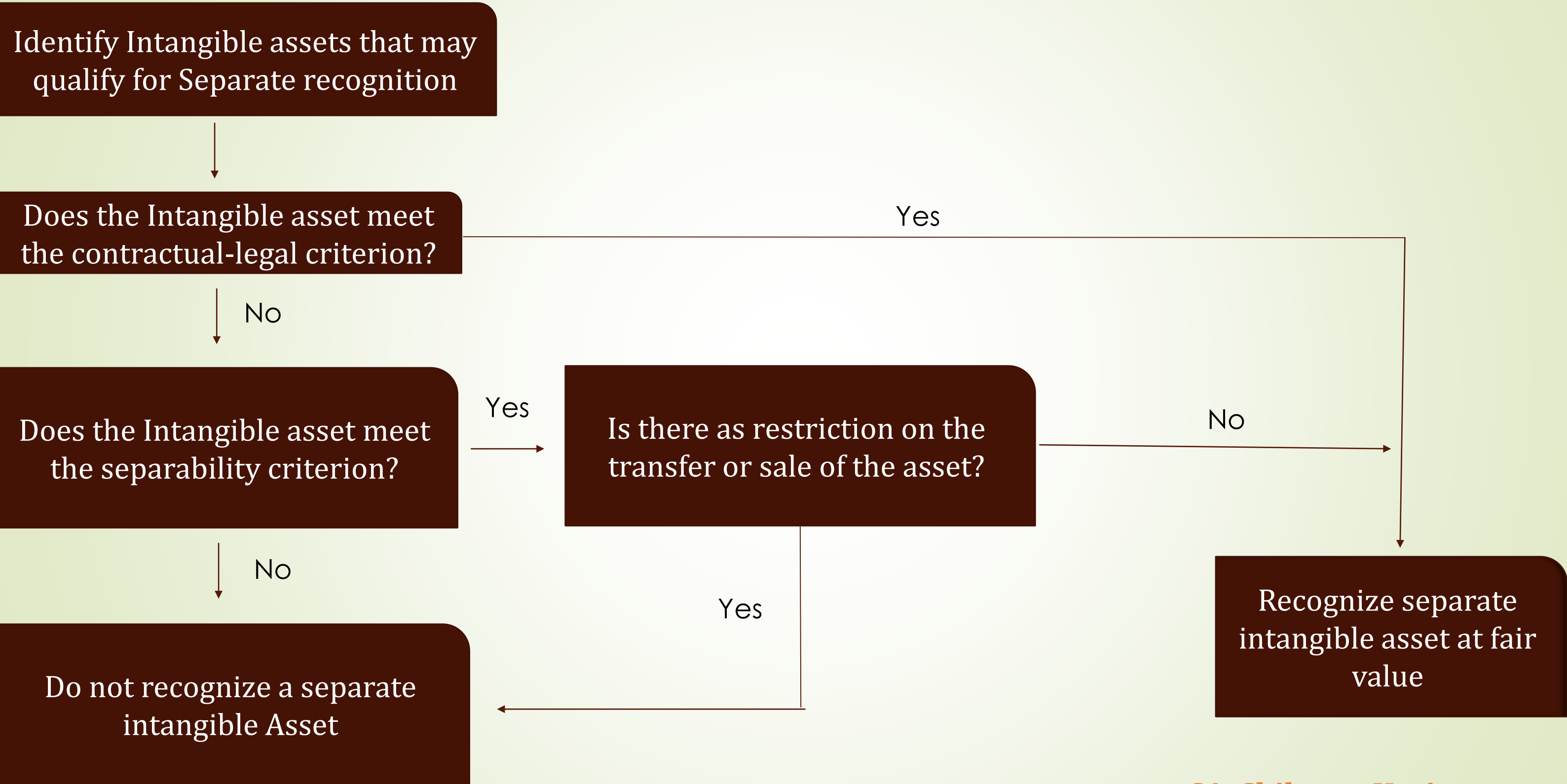


Software in exchange of License

Cost incurred to develop new product

Not to be recognized as an asset

HOW TO IDENTIFY INTANGIBLE ASSETS:



BROAD CATEGORIES OF INTANGIBLE ASSETS: (Not Exhaustive):

Customer-based

- Customer Contracts
- Customer Relationships
- Order Backlog
- Customer Lists

Marketing-based

- Trademark
- Brand
- Trade name
- Internet Domain name
- Trade Design

Contract-based

- Lease Agreements
- Non-compete Agreements
- Licensing Agreements
- Royalty Agreements
- Employment Contracts

Technology-based

- Patents
- Know-how
- Trade secrets
- Copyrights
- Processes
- Software
- Designs
- Formulae

Artistic-based

- Films and music
- Books
- Plays
- Copyright (non-contractual)

GLOBAL TRENDS:

Undisclosed Intangible Assets:

38.5 Trillion USD

2018

8%

35.4 Trillion USD

2019

Enterprise Value:

102.5 Trillion USD

2%











104.5 Trillion USD

Other Trends:

Particulars	% Change
Tangible Assets	+8%
Disclosed Intangible Assets (Excl. Goodwill)	+7%
Disclosed Goodwill	+7%











GLOBAL TRENDS:

TOP 10 COMPANIES BY TOTAL INTANGIBLE VALUE:

Sr. No.	Company	Total Intangible Value (in Billion \$)	% of Enterprise Value
1	 Microsoft	904	90%
2	 amazon	839	93%
3	 Apple	675	77%
4	 Alphabet	521	65%
5	 FACEBOOK	409	79%
6	 AT&T	371	84%
7	 Tencent 腾讯	365	88%
8	 Johnson & Johnson	361	101%
9	 VISA	348	100%
10	 Alibaba.com	344	86%

Source: <https://brandfinance.com/>

TOP 10 COMPANIES BY DISCLOSED INTANGIBLE VALUE:

Sr. No.	Company	Disclosed Intangible Value (in Billion \$)	% of Enterprise Value
1	 AT&T	310	84%
2	 AB InBev	178	59%
3	 COMCAST	164	59%
4	 BRITISH AMERICAN TOBACCO	158	100%
5	 verizon	129	43%
6	 BERKSHIRE HATHAWAY INC.	119	54%
7	 CVS Health	115	91%
8	 Charter COMMUNICATIONS	106	64%
9	 SoftBank	104	73%
10	 Allergan	90	109%

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GLOBAL TRENDS:

Source: <https://brandfinance.com/>

Top 100 Companies by Total Intangible Value:

2019 Rank	2018 Rank	2017 Rank	Company	Sector	Total Intangible Value (USD bn)	Total Intangible Value/Enterprise Value (%)	Tangible Net Asset Value (USD bn)	Net Disclosed Intangibles (USD bn)	Disclosed Goodwill (USD bn)	Undisclosed Intangible Value (USD bn)	Enterprise Value (USD bn)
1	2	2	Microsoft Corp	Internet & Software	\$904	90%	\$106	\$8	\$36	\$860	\$1,009
2	1	1	Amazon.com Inc	Internet & Software	\$839	93%	\$65	\$4	\$15	\$820	\$903
3	3	0	Apple Inc	Technology & IT	\$675	77%	\$199	\$0	\$0	\$675	\$874
4	4	0	Alphabet Inc	Internet & Software	\$521	65%	\$279	\$2	\$18	\$501	\$800
5	6	2	Facebook Inc	Internet & Software	\$409	79%	\$110	\$1	\$18	\$389	\$518
6	9	2	AT&T Inc	Telecoms	\$371	84%	\$70	\$164	\$146	\$60	\$441
7	7	0	Tencent Holdings Ltd	Internet & Software	\$365	88%	\$52	\$3	\$5	\$357	\$417
8	8	0	Johnson & Johnson	Pharma	\$361	101%	-\$2	\$48	\$30	\$283	\$359
9	11	2	Visa Inc	Banking	\$348	100%	-\$1	\$28	\$15	\$305	\$348
10	5	1	Alibaba Group Holding	Internet & Software	\$344	86%	\$56	\$4	\$26	\$314	\$400
11	17	2	Nestle SA	Food	\$313	89%	\$40	\$19	\$32	\$261	\$353
12	19	2	The Procter & Gamble Co	Cosmetics & Personal Care	\$305	101%	-\$2	\$24	\$45	\$236	\$303
13	10	1	Anheuser-Busch InBev	Beers	\$304	99%	\$4	\$45	\$133	\$126	\$308
14	12	1	Verizon Communications Inc	Telecoms	\$300	83%	\$62	\$104	\$25	\$172	\$363
15	22	2	Comcast Corp	Media	\$276	92%	\$24	\$98	\$66	\$112	\$300
16	20	2	Mastercard Inc	Banking	\$259	99%	\$3	\$1	\$3	\$256	\$263
17	29	2	Novartis AG	Pharma	\$252	101%	-\$3	\$39	\$35	\$178	\$250
18	-	3	Walmart	Retail	\$252	68%	\$119	\$0	\$18	\$234	\$371
19	13	1	Unitedhealth Group Inc	Healthcare	\$245	94%	\$15	\$9	\$59	\$177	\$260
20	14	1	Pfizer Inc	Pharma	\$235	98%	\$5	\$35	\$53	\$147	\$241
21	16	1	Home Depot Inc	Retail	\$230	89%	\$28	\$0	\$2	\$228	\$258
22	27	2	The Coca-Cola Co	Soft Drinks	\$224	88%	\$32	\$7	\$14	\$203	\$256
23	30	2	Roche Holding AG	Pharma	\$222	91%	\$22	\$10	\$9	\$204	\$244
24	15	1	Berkshire Hathaway Inc	Insurance	\$221	34%	\$428	\$38	\$81	\$103	\$649
25	35	2	Merck & Co Inc	Pharma	\$216	93%	\$16	\$11	\$18	\$186	\$232
26	25	1	Oracle Corp	Internet & Software	\$208	105%	-\$10	\$7	\$44	\$158	\$198
27	34	2	Cisco Systems Inc	Technology & IT	\$206	94%	\$13	\$3	\$32	\$172	\$220
28	21	1	The Boeing Co	Aerospace & Defence	\$203	103%	-\$5	\$3	\$8	\$192	\$197
29	39	2	The Walt Disney Co	Media	\$197	63%	\$114	\$7	\$31	\$159	\$311
30	32	2	LVMH	Apparel	\$196	87%	\$29	\$20	\$16	\$160	\$225
31	33	2	Pepsico Inc	Soft Drinks	\$191	94%	\$12	\$16	\$15	\$160	\$203
32	31	1	Unilever	Cosmetics & Personal Care	\$178	95%	\$9	\$14	\$20	\$144	\$187
33	47	2	Mcdonald's Corp	Restaurants	\$170	83%	\$35	\$0	\$2	\$167	\$205
34	18	1	Intel Corp	Technology & IT	\$169	77%	\$52	\$12	\$25	\$133	\$221
35	26	1	JPMorgan Chase & Co	Banking	\$168	37%	\$289	\$1	\$47	\$120	\$457
36	41	2	Charter Communications Inc	Telecoms	\$165	98%	\$3	\$77	\$30	\$59	\$168
37	24	1	British American Tobacco Plc	Tobacco	\$158	113%	-\$18	\$99	\$59	\$0	\$140
38	52	2	Abbott Laboratories	Pharma	\$157	96%	\$6	\$19	\$23	\$115	\$164
39	-	3	Noble Vici Group	Technology & IT	\$147	100%	\$0	\$0	\$0	\$147	\$147
40	37	1	Intl Business Machines Corp	Technology & IT	\$146	97%	\$4	\$3	\$36	\$107	\$151
41	40	1	Philip Morris International	Tobacco	\$146	95%	\$8	\$2	\$7	\$136	\$153
42	50	2	Medtronic Plc	Healthcare	\$145	97%	\$4	\$22	\$40	\$83	\$149
43	45	2	SAP Se	Internet & Software	\$144	92%	\$13	\$4	\$27	\$113	\$156
44	28	1	Netflix Inc	Internet & Software	\$144	100%	-\$0	\$15	\$0	\$129	\$143
45	46	2	Softbank Group Corp	Telecoms	\$142	64%	\$79	\$64	\$41	\$38	\$221
46	63	2	United Technologies Corp	Aerospace & Defence	\$142	94%	\$10	\$26	\$48	\$68	\$152
47	23	1	Abbvie Inc	Pharma	\$142	110%	-\$13	\$21	\$16	\$105	\$129
48	59	2	Kweichow Moutai Co Ltd	Spirits	\$141	84%	\$27	\$0	\$0	\$141	\$169
49	56	2	Adobe Systems Inc	Internet & Software	\$139	102%	-\$2	\$2	\$11	\$126	\$137
50	53	2	Taiwan Semiconductor	Technology & IT	\$136	66%	\$69	\$0	\$0	\$135	\$204

2019 Rank	2018 Rank	2017 Rank	Company	Sector	Total Intangible Value (USD bn)	Total Intangible Value/Enterprise Value (%)	Tangible Net Asset Value (USD bn)	Net Disclosed Intangibles (USD bn)	Disclosed Goodwill (USD bn)	Undisclosed Intangible Value (USD bn)	Enterprise Value (USD bn)
51	68	2	Ping An Insurance Group Co	Insurance	\$134	53%	\$119	\$8	\$0	\$125	\$253
52	61	2	Astrazeneca Plc	Pharma	\$133	104%	-\$5	\$22	\$12	\$99	\$128
53	57	2	L'Oréal	Cosmetics & Personal Care	\$127	89%	\$16	\$4	\$11	\$113	\$144
54	90	2	CVS Health Corp	Retail	\$126	80%	\$32	\$37	\$79	\$11	\$158
55	36	1	General Electric Co	Engineering & Construction	\$126	85%	\$23	\$18	\$60	\$48	\$149
56	48	1	Glaxosmithkline Plc	Pharma	\$125	93%	\$10	\$22	\$7	\$95	\$135
57	58	2	Broadcom Inc	Technology & IT	\$122	88%	\$17	\$11	\$27	\$84	\$139
58	-	3	Starbucks Corp	Restaurants	\$121	102%	-\$3	\$1	\$4	\$116	\$118
59	49	1	Amgen Inc	Pharma	\$120	102%	-\$2	\$7	\$15	\$98	\$118
60	65	2	Deutsche Telekom AG	Telecoms	\$120	68%	\$58	\$60	\$14	\$46	\$178
61	74	2	Thermo Fisher Scientific Inc	Healthcare	\$119	95%	\$6	\$15	\$25	\$79	\$125
62	60	1	Honeywell International Inc	Technology & IT	\$118	96%	\$5	\$4	\$16	\$99	\$124
63	76	2	Salesforce.com Inc	Internet & Software	\$117	93%	\$9	\$1	\$7	\$109	\$125
64	67	2	Nike Inc	Apparel	\$114	92%	\$10	\$0	\$0	\$114	\$124
65	-	3	Sanofi	Pharma	\$113	91%	\$11	\$25	\$51	\$37	\$124
66	75	2	Accenture Plc	Technology & IT	\$113	90%	\$12	\$1	\$5	\$107	\$125
67	72	2	Lockheed Martin Corp	Aerospace & Defence	\$113	98%	\$2	\$3	\$11	\$98	\$115
68	86	2	Eli Lilly & Co	Pharma	\$110	92%	\$9	\$4	\$4	\$102	\$119
69	73	2	Novo Nordisk	Pharma	\$110	94%	\$7	\$1	\$0	\$109	\$117
70	-	3	Dell Technologies Inc	Technology & IT	\$109	125%	-\$22	\$28	\$40	\$41	\$87
71	88	2	Paypal Holdings Inc	Commercial Services	\$107	88%	\$14	\$1	\$6	\$100	\$122
72	-	3	Airbus SE	Aerospace & Defence	\$107	102%	-\$2	\$4	\$15	\$88	\$105
73	38	1	Exxon Mobil Corp	Oil & Gas	\$106	31%	\$238	\$0	\$0	\$106	\$344
74	-	3	American Tower Corp	Real Estate	\$106	109%	-\$9	\$11	\$6	\$89	\$97
75	70	1	Texas Instruments Inc	Technology & IT	\$106	95%	\$5	\$1	\$4	\$101	\$111
76	98	2	Danaher Corp	Healthcare	\$104	100%	\$0	\$12	\$26	\$67	\$105
77	77	0	Christian Dior Se	Apparel	\$104	78%	\$30	\$19	\$14	\$71	\$134
78	79	2	Diageo Plc	Spirits	\$103	91%	\$10	\$13	\$4	\$86	\$113
79	-	3	Costco Wholesale	Retail	\$101	86%	\$16	\$0	\$0	\$101	\$117
80	71	1	United Parcel Service	Logistics	\$100	84%	\$20	\$2	\$4	\$94	\$120
81	-	3	Cigna	Healthcare	\$100	105%	-\$5	\$39	\$45	\$16	\$95
82	89	2	Union Pacific Corp	Logistics	\$99	69%	\$44	\$0	\$0	\$99	\$144
83	55	1	3M Co	Engineering & Construction	\$97	90%	\$11	\$3	\$10	\$85	\$108
84	-	3	Linde	Chemicals	\$96	82%	\$21	\$16	\$27	\$53	\$117
85	85	0	Bayer AG	Pharma	\$93	91%	\$9	\$42	\$44	\$8	\$103
86	92	2	Tata Consultancy Services	Technology & IT	\$91	84%	\$18	\$0	\$1	\$91	\$109
87	66	1	Altria Group Inc	Tobacco	\$90	79%	\$24	\$12	\$5	\$73	\$115
88	-	3	Mondelez International Inc	Food	\$88	94%	\$6	\$18	\$21	\$49	\$94
89	-	3	Qualcomm	Technology & IT	\$88	102%	-\$2	\$3	\$6	\$78	\$86
90	-	3	Fidelity National Info Service	Internet & Software	\$86	101%	-\$0	\$5	\$14	\$67	\$86
91	51	1	Bank of America Corp	Banking	\$85	23%	\$282	\$2	\$69	\$15	\$367
92	80	1	Allergan Plc	Pharma	\$83	112%	-\$9	\$44	\$46	-\$7	\$74
93	97	2	Vinci SA	Engineering & Construction	\$82	88%	\$11	\$32	\$11	\$39	\$93
94	-	3	Becton Dickinson	Healthcare	\$82	99%	\$1	\$16	\$24	\$42	\$83
95	-	3	American Express	Banking	\$80	73%	\$30	\$0	\$3	\$77	\$110
96	-	3	Celgene	Pharma	\$80	104%	-\$3	\$16	\$8	\$56	\$77
97	69	1	Siemens AG	Engineering & Construction	\$80	71%	\$32	\$12	\$33	\$35	\$112
98	-	3	AIA	Insurance	\$79	60%	\$54	\$1	\$1	\$77	\$133
99	-	3	CME Group Inc	Stock Exchanges	\$79	95%	\$4	\$23	\$11	\$46	\$84
100	-	3	Reliance Industries Ltd	Oil & Gas	\$78	53%	\$70	\$16	\$1	\$61	\$148

VALUATION APPROACHES:



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VALUATION APPROACHES:

Indian Valuation Standard 103 *Valuation Approaches and Methods*

International Valuation Standard 105 *Valuation Approaches and Methods*

Market Approach

Not Commonly Used

- Price / Valuation Multiples / Capitalisation Rates
- Guideline Pricing Method

Income Approach

Preferred Approach

- Multi Period Excess Earning Method
- Relief from Royalty Method
- With or Without Method or Premium Profit Method
- Distributor Method
- Greenfield Method

Cost Approach

No Connection to Future Financial Benefits

- Reproduction Cost Method
- Replacement Cost Method

MARKET APPROACH

Overview

Based on CCM (Comparable Company Method) & CCT (Comparable Company Transactions) of identical or Comparable Company / Transaction.

Applicability

As per IVS-103, this approach should be adopted only if:

- Adequate information is available about the comparable recent transaction &
- Having instances of orderly transaction.

Challenges

To have reliable & comparable data in form of Public Transaction, Valuation Multiple or Guideline Intangible Asset.

Sources of Information

Company filings, Court Rulings, Comparable Companies & Comparable Transactions

Used for

Broadcast Spectrum, Internet domain names, Taxi Operator, Trade Names, etc

Pros

- Relatively easy to apply
- Provides market perspective evidence of value, so more reliable

Cons

- Absence of many intangible-specific transactions
- Availability of information
- Hardly ever used practically

INCOME APPROACH

Overview

It is based on expectation of economic benefit from the intangible assets to be valued.

What is Income Approach?

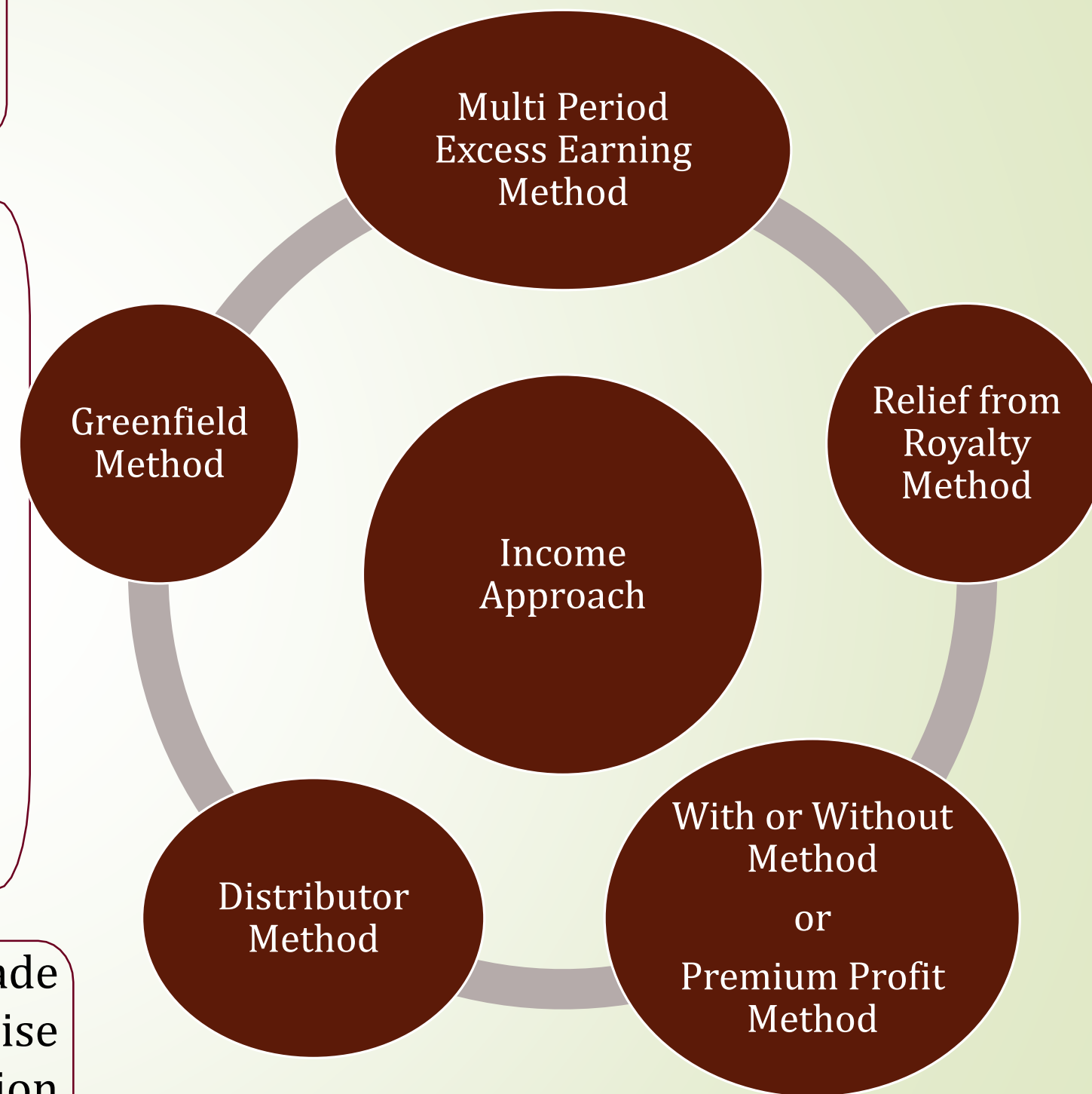
Income approach is the most commonly used method to value intangible assets

- Value of Intangible assets is present value 'Income Expected' or 'cost Saved' through the use of intangible assets. Said income is adjusted for expenses related to maintenance or enhancement of intangibles to earn 'Income Expected' or 'cost Saved'.
- The projected cash flow are discounted to present value by using risk-adjusted discount rate.

Used for

Technology, Customer related intangibles, Trade name / Trade-marks / Brands, Franchise Agreements, Operating License, Non-competition agreements.

Methods



ECONOMIC USEFUL LIFE

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the entity.

Practical norms across the industry in determining the useful life

Management discussions

Mathematically, using attrition rate or weighted average contribution of PV of cash flows

Analysis of market conditions and asset specific factors

Benchmarking (Lives reported by other companies)

Factors determining useful life

- Entities' historical experience
- Expected use of asset
- Legal, contractual or regulatory provision limiting life
- Expected useful life of related asset
- Effects of obsolescence, demand, competition, and other economic factors

Key Factors for Income Approach

DISCOUNT RATE

The calculation of the appropriate discount rate to estimate an intangible asset's fair value requires some additional considerations as follows:

The discount rate should be determined considering the market-participant assumption

Both the IRR and the WACC are to be considered when selecting discount rates used to measure the fair value of tangible and intangible assets

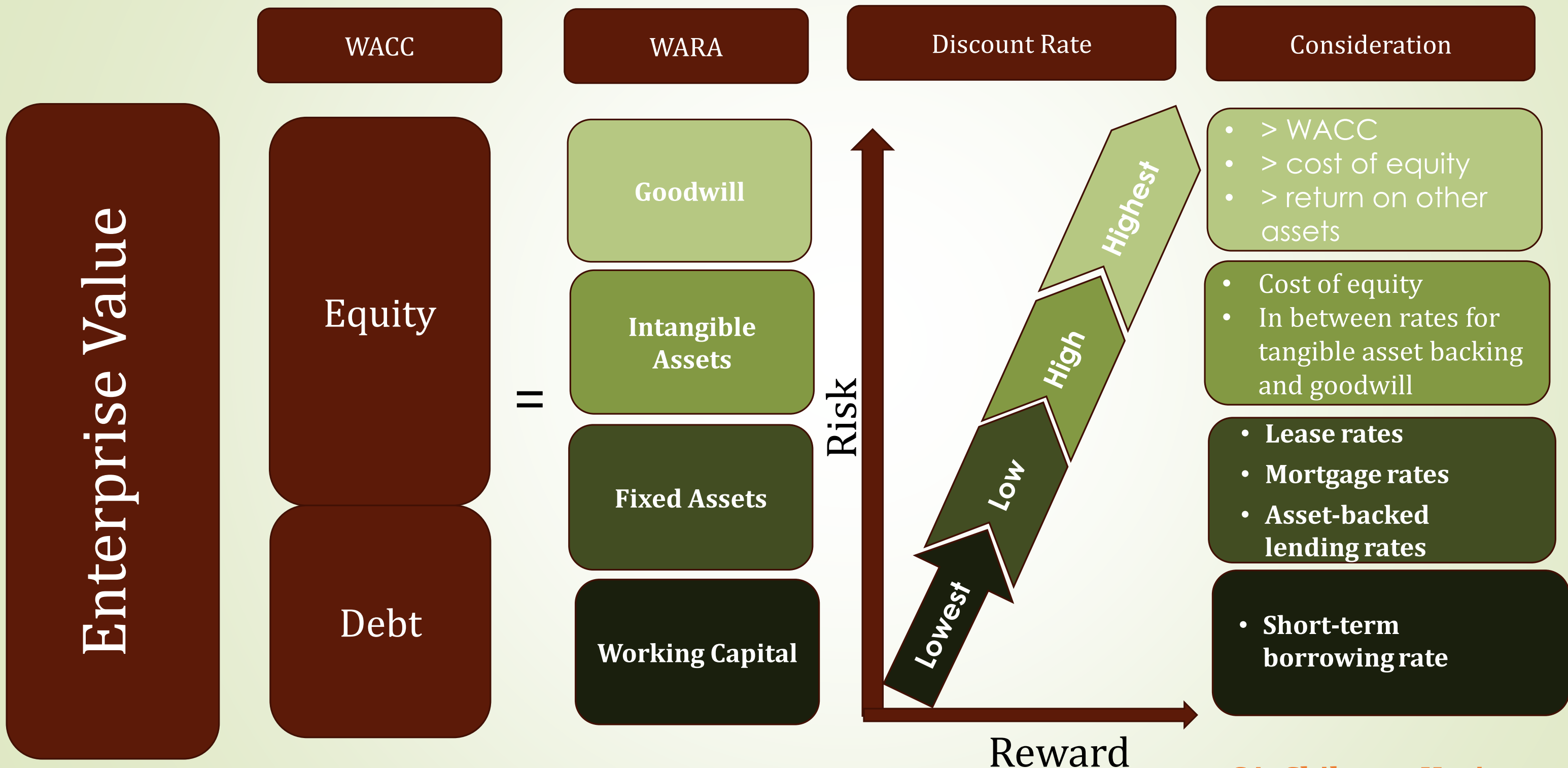
The discount rate should reflect the risks commensurate with the intangible asset's individual cash flows

Spectrum of risk:

Least ←————— *Risk* —————→ *Most*



DISCOUNT RATE CONSIDERATION



TAX AMORTISATION BENEFIT

- It is hypothetical tax benefit by way of amortization of acquired intangible assets, thereby reducing the tax burden.
- computed and added to overall value of Intangible Assets.
- To be amortized based on applicable tax jurisdictions.

Tax amortisation Benefit Factor Formula	
$FV = PVC \times \frac{1}{\left[1 - \frac{t}{n} * \left(\frac{1}{k} - \frac{1}{(k*(1+k)^n)}\right)\right]}$	
<i>FV: Fair value of the intangible asset</i>	
<i>PVC: Present value before tax amortisation benefit</i>	
<i>t: effective tax rate</i>	25.168%
<i>n: legal tax life time</i>	5
<i>k: discount rate</i>	16.20%
	1.196

RELIEF FROM ROYALTY METHOD

The value of total costs saved in form of Royalty payment by owing & operating Intangible assets.

Description	Frequent Applications
<p>Determines value by reference to the hypothetical royalty payments that would be saved through owning the asset, as compared with licensing the asset from a third party.</p>	<ul style="list-style-type: none"> • Brand (most common); • Technology; and, • Know-how.
<p>Key Inputs</p>	<p>Diligence Matters</p>
<ol style="list-style-type: none"> 1 Revenue forecast associated with the intangible asset being valued 2 Expected life of the intangible 3 Notional royalty rate applicable to the intangible 4 Discount rate 	<ul style="list-style-type: none"> • Revenues that are not attributable to the intangible (i.e. non-brand product revenues) • Length of economic benefit of the asset • Appropriateness of observable comparable used to derive a notional royalty rate • Risk premiums included in the discount rate

$$FV = PV(r) \sum_{t=0}^{\dagger} \left\{ \begin{array}{c} \text{Revenue} \\ \times \\ \text{Royalty}(1-\text{Tax}) \end{array} \right\}$$

Relief from Royalty (RFR) – Royalty Rate Determination

Determination of royalty rates involves assessment of market licensing transactions. However, the RFR Method is an Income Approach to value. There are several different methods for estimating a royalty rate. These include:

Transaction based royalty rate

- Royalty rate based on market transaction
 - Existing licenses of subject
 - Guideline licenses
 - Most commonly used

Excess Earning (MPEEM)

- Royalty rate based on a residual income analysis similar to that applied in applying the MPEEM

Profit Split Method

- Profitability of subject operations relative to competitors –
- i.e. With or Without Intangible

Estimate of royalty rate from a meaningful market transaction is preferred, if feasible

Probable Sources for Royalty Rates

<https://www.royaltyrange.com>, <https://www.royaltystat.com>, <https://www.royaltysource.com>,
<https://www.sectilis.com>, <https://www.ipscio.com>, <https://www.bvresources.com>,
<https://www.markables.net>, <https://www.ibm.gov.in>, <https://www.iimb.ac.in>, <https://www.indexmundi.com>

Average Royalty Rates are ranging from 2% to 10% of Total Revenue OR say 25% to 33% of Margin. This is just Thumb Rule.

RELIEF FROM ROYALTY METHOED

ILLUSTRATIONS:

					(Rs. In Crores)
	Projected				
Particulars	1	2	3	4	5
Total Revenue	100.00	105.00	110.25	115.76	121.55
Probability of continuing trade name in respective year	100%	100%	100%	100%	100%
Relief from Royalty % to turnover	8%	8%	8%	8%	8%
Relief from Royalty in Amount	8.00	8.40	8.82	9.26	9.72
Taxes %	25.168%	25.168%	25.168%	25.168%	25.168%
Taxes Amount	2.01	2.11	2.22	2.33	2.45
Royalty Cash Flows (post tax)	5.99	6.29	6.60	6.93	7.28
PV Factor (As per Average WACC)	0.93	0.80	0.69	0.59	0.51
Present Value of Cash Flows	5.55	5.02	4.53	4.10	3.70
Terminal Value	26.60				
Sum of the present value of cash flows (including Terminal Value)	32.15				
Tax amortisation Benefit Factor	1.20				
Tax amortisation Benefit	6.31				
Fair Value of Brand	38.46				
WACC Considered for Terminal Value	16.20%				
Perpetual Growth Rate Considered for Terminal Value	2.00%				

MULTI-PERIOD-EXCESS-EARNING-METHOD (MPEEM)

The present value of Incremental after-tax cash flow (excess earning) attributable to the intangible asset to be valued over its remaining useful life. (Generally Used for Primary Intangible Assets)

Description	Frequent Applications
<p>The present value of the earnings attributable to the subject intangible asset after providing for the proportion of the earnings that attribute to returns for contributory assets. In order to determine a fair return on and/or of these contributory assets, their value must be capable of being determined in priority.</p>	<ul style="list-style-type: none"> • Customer relationships • Vendor relationships • Technology • IP and R&D • Order backlog • Licenses
<p>Key Inputs</p>	<p>Diligence Matters</p>
<ul style="list-style-type: none"> 1 Applicable revenue forecast 2 Applicable expenses 3 Contributory asset charges ("CAC") 4 Expected future tax rates 5 Expected life 6 Discount rate 7 Tax amortization benefit (asset values, tax rates, tax amortization rates) 	<ul style="list-style-type: none"> • Revenue migration/attrition rate • Expenses saved or to be excluded from the earnings attributable to the asset (i.e. S&M) • Valuation/selection of the contributory assets and the rates of return used in calculation • Consistency of expenses and CAC"s • Risk premiums included in the discount rate <p style="text-align: right;">CA. Shilpang Karia SVK FINVALUE ADVISORS PRIVATE LIMITED</p>

$$FV = PV(r) \sum_{t=0}^5 \left\{ \begin{array}{l} \text{1 Revenue} \\ - \\ \text{2 Expenses} \\ - \\ \text{3 CAC's} \\ - \\ \text{4 Tax} \end{array} \right\} + \text{7 PV(r) Tax Benefit}$$

MULTI-PERIOD-EXCESS-EARNING-METHOD (MPEEM)

ILLUSTRATIONS:

					(Rs. In Crores)
	Projected				
Particulars	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Revenue from Customer Relationship	1,000	800	600	400	200
EBIT Margin	15%	16%	17%	17%	17%
Earning before Tax	150	128	102	68	34
Less : Tax @ 25.168%	37.75	32.22	25.67	17.11	8.56
Earning after Tax	112.25	95.78	76.33	50.89	25.44
<u>Contributory Asset Charges</u>					
Tangible (1%)	10	8	6	4	2
Intangible (2.5%)	25	20	15	10	5
Excess Earnings	77.25	67.78	55.33	36.89	18.44
Discounting Factor (14%)	0.88	0.77	0.67	0.59	0.52
PV of Excess Earning	67.76	52.16	37.35	21.84	9.58
Total Present Value	188.68				
Tax Amortisation Benefit Factor	1.20				
Tax Amortisation Benefit	37.03				
Value of Intangibles	225.71				

WITH-AND-WITHOUT METHOD

The value of intangible asset computed by comparing 'With Intangible Scenario' & 'Without Intangible Scenario'.

Description	Frequent Applications
<p>Estimates the fair value of an asset by comparing the value of the business inclusive of the asset, to the hypothetical value of the same business excluding the asset.</p>	<ul style="list-style-type: none"> • Non-competition agreements; • Franchises; and • Processes and technologies.
<p>Key Inputs</p>	<p>Diligence Matters</p>
<ol style="list-style-type: none"> 1 Free cash flow forecast for business 'with' asset 2 Enterprise-wide discount rate 3 Expected life of business 4 Free cash flow forecast excluding subject asset 5 Enterprise-wide discount rate excluding asset 6 Expected period to replace asset + costs 7 Tax amortization benefit (asset values, tax rates, tax amortization rates) 	<ul style="list-style-type: none"> • Identification of incremental income • Length of recreation period and pattern of ramp-up • Assumption around competition and market share • Cost of recreation • Incremental risk to business cost of capital excluding asset

$$FV = PV_1(r) \sum_{t=0}^3 \left\{ \begin{array}{l} \text{Revenue} \\ - \\ \text{Expenses} \\ - \\ \text{CapEX/WC} \\ - \\ \text{Taxes} \end{array} \right\} - PV_2(r) \sum_{t=0}^6 \left\{ \begin{array}{l} \text{Revenue} \\ - \\ \text{Expenses} \\ - \\ \text{CapEX/WC} \\ - \\ \text{Taxes} \end{array} \right\} + PV_3(r) \text{Tax Benefit}$$

WITH-AND-WITHOUT METHOD

(Rs. In Crores)

Projected

Particulars

1

2

3

4

5

Total Revenue (Branded)	100.00	105.00	110.25	115.76	121.55
Total Revenue (Non-Branded / Generic) with equivalent Qty. (90%)	90.00	94.50	99.23	104.19	109.40
Difference in Revenue Due to Brand	10.00	10.50	11.03	11.58	12.16
Branding Expenses (2%)	2.00	2.10	2.21	2.32	2.43
Incremental Cash Flow due to Brand (PreTax)	8.00	8.40	8.82	9.26	9.72
Taxes %	25.168%	25.168%	25.168%	25.168%	25.168%
Taxes Amount	2.01	2.11	2.22	2.33	2.45
Incremental Cash Flow due to Brand (Post Tax)	5.99	6.29	6.60	6.93	7.28
PV Factor (As per Average WACC)	0.93	0.80	0.69	0.59	0.51
Present Value of Cash Flows	5.55	5.02	4.53	4.10	3.70
Terminal Value	26.60				
Sum of the present value of cash flows (including Terminal Value)	32.15				
Tax amortisation Benefit Factor	1.20				
Tax amortisation Benefit	6.31				
Fair Value of Brand	38.46				

WACC Considered for Terminal Value 16.20%

Perpetual Growth Rate Considered for Terminal Value 2.00%

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GREENFIELD METHOD

It is assumed that Intangible Assets to be valued in only assets with all other tangible & intangible assets to be created, leased or acquired. Replacement cost of those other assets required to be built or brought is subtracted.

Description	Frequent Applications
<p>Estimates the value of the asset based on the discounted cash flows of a notional start-up business with no assets but the subject intangible.</p>	<ul style="list-style-type: none"> • Non primary income generating assets <ul style="list-style-type: none"> • Licenses and permits; • Rights • Franchise agreements
<p>Key Inputs</p>	<p>Diligence Matters</p>
<ol style="list-style-type: none"> 1 Start-up cashflow forecast, including capital costs 2 Expected explicit period and pattern 3 Start-up-type discount rate 4 Tax amortization benefit (asset values, tax rates, tax amortization rates) 	<ul style="list-style-type: none"> • Support for start-up levels of income and capital costs • Support for length and pattern of explicit period • Assumption around competition and market share • Incremental risk premiums in discount rate to reflect start-up nature of cash flows <p style="text-align: right;">CA. Shilpang Karia SVK FINVALUE ADVISORS PRIVATE LIMITED</p>

$$FV = PV(r) \sum_{t=0}^{\dagger} \left\{ \begin{array}{l} \text{Revenue} \\ - \\ \text{Expenses} \\ - \\ \text{CapEX / WC} \\ - \\ \text{Tax} \end{array} \right\} + \begin{array}{l} \text{PV}(r) \\ \text{Tax} \\ \text{Benefit} \end{array}$$

DISTRIBUTOR METHOD

Description	Frequent Applications
<p>This is variant of MEEM. The fundamental assumption is that cash flow of each segment of a particular businesses are expected to generate profits.</p>	<ul style="list-style-type: none"> Valuation of Customer based Intangible Assets
<p>Key Inputs</p>	<p>Diligence Matters</p>
<ol style="list-style-type: none"> 1 Applicable revenue forecast 2 Comparable Distributor Profit Margin 3 Distributor Contributory asset charges 4 Expected future tax rates 5 Expected life 6 Discount rate 7 Tax amortization benefit (asset values, tax rates, tax amortization rates) 	<ul style="list-style-type: none"> Revenue migration/attrition rate Comparable Business Distributor Margin Rate Valuation/selection of the contributory assets and the rates of return used in calculation

$$FV = PV(r) \sum_{t=0}^5 \left\{ \begin{array}{l} \text{1 Revenue} \\ \text{X} \\ \text{2 Distributor} \\ \text{Margin} \\ \text{-} \\ \text{3 D CAC's} \\ \text{-} \\ \text{4 Tax} \end{array} \right\} + \begin{array}{l} \text{7} \\ \text{PV}(r) \\ \text{Tax} \\ \text{Benefit} \end{array}$$

COST APPROACH (REPRODUCTION/ REPLACEMENT COST)

Description	Frequent Applications
<p>Recreate replica of the asset to be valued, adjusted for obsolescence.</p> <p>Recreate an asset with substantially same utility (comparable utility) as that of asset to be valued, adjusted for obsolescence.</p> <p>Estimates the fair value of an asset by approximating its depreciated replacement cost, which would include all costs necessary to construct a similar asset of equivalent utility at prices applicable at the time of reconstruction.</p> <p>The cost approach is based on the premise that a prudent third-party purchaser would pay no more for an asset than its replacement cost.</p>	<ul style="list-style-type: none"> • Licenses and permits; • Certifications; • Internally-generated software; and • Workforce.
Key Inputs	Diligence Matters
<p>1 All hypothetical costs that are needed to recreate the asset including materials and labour</p> <p>2 Adjustment factors to reduce the replacement cost to the functional and technological condition of the subject asset</p>	<p>1 Replacement / Reproduction Cost New</p> <p>2 (-) Obsolescence Factors</p> <ul style="list-style-type: none"> • Inclusion/exclusion of any overhead costs and the allocation rate used; • Inclusion of opportunity costs; • Functional and technological adjustment factor assumptions. • Inclusion of taxes or tax shield

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REPLACEMENT COST METHOD

ILLUSTRATIONS:

<u>Valuation of Assembled Work Force</u>				
Category of Employees	Effective Percentage	Hiring Cost (No. of Months)	No. of Months till Full Productivity	Direct Training cost (No. of Months)
Top	90%	4	1	1
Senior	80%	3	2	1
Middle	70%	2	3	2
Junior	60%	1	4	2

<u>Computation of Hiring Cost</u>				(Rs. In Millions)
Employee Classification	Average Monthly Salary (Management Inputs) (a)	Total Hiring Cost per Employee (b)	Number of Employees as on Valuation date (c)	Total Hiring Cost (b) * (c)
Top	0.482	1.93	8	15.44
Senior	0.189	0.568	5	2.84
Middle	0.099	0.198	13	2.57
Junior	0.063	0.063	29	1.83
Total			55	22.68

REPLACEMENT COST METHOD

ILLUSTRATIONS:

Computation of Training Cost								
Employee Classification	Average Monthly Salary (Management Inputs)	Effective Percentage	No. of Months until Full Productivity	Average Inefficiency Training Costs	Direct Trainign Cost (Avg Salary * No. of Months of Training)	Total Training Cost per Employee	Number of Employees as on Valuation date	Total Training Cost
	(a)	(b)	(c)	$(d) = \{(1-b) * a * c\} / 2$	(e)	$(f) = (d+e)$	(g)	$(h) = (f) * (g)$
Top	0.482	90%	1	0.024	0.482	0.506	8	4.05
Senior	0.189	80%	2	0.038	0.189	0.227	5	1.13
Middle	0.099	70%	3	0.045	0.198	0.243	13	3.15
Junior	0.063	60%	4	0.050	0.126	0.176	29	5.12
							Total	13.45
							Add: Total Hiring Cost	22.68
							Total Cost	36.13
							Less: I.T. @ 25.168%	9.09
							Fair Value	27.04

NIFTY 50-DISCLOSED & UNDISCLOSED INTANGIBLE ASSETS (MARCH -19)

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Networth) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
1	Bajaj Auto Ltd.	AUTOMOBILE	84,237.63	21,779.90	62,457.74	-	56.23	56.23	74.14%	0.07%	Technical Know-How
2	Eicher Motors Ltd.	AUTOMOBILE	56,059.41	7,126.45	48,932.95	-	356.58	356.58	87.29%	0.64%	Products design & Computer Software
3	Hero MotoCorp Ltd.	AUTOMOBILE	50,993.27	12,857.12	38,136.15	-	322.24	322.24	74.79%	0.63%	Softwares, Model Fees
4	Mahindra & Mahindra Ltd.	AUTOMOBILE	80,301.06	34,209.22	46,091.83	-	4,180.06	4,180.06	57.40%	5.21%	Technical Knowhow, Brand license fee, Software Expenditure
5	Maruti Suzuki India Ltd.	AUTOMOBILE	2,01,564.43	46,141.54	1,55,422.89	-	451.10	451.10	77.11%	0.22%	Royalty and engineering support fee
6	Tata Motors Ltd.	AUTOMOBILE	59,172.70	22,162.52	37,010.18	99.09	8,010.76	8,109.85	62.55%	13.71%	Technological know-how, Software
		AUTOMOBILE	5,32,328.50	1,44,276.75	3,88,051.75	99.09	13,376.97	13,476.06	72.90%	2.53%	

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Networth) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
7	Grasim Industries Ltd.	CEMENT & CEMENT PRODUCTS	56,421.08	41,959.19	14,461.89	-	1,179.10	1,179.10	25.63%	2.09%	Computer Software, Trademarks, technical know how, Value of Licence / Right of use infrastructure / Brands / Production formula, Customer relationship, distribution network, non compete fees, right to manage and operate manufacturing facilities, order backlogs
8	UltraTech Cement Ltd.	CEMENT & CEMENT PRODUCTS	1,09,811.77	27,947.07	81,864.70	-	2,933.52	2,933.52	74.55%	2.67%	Software, Jetty / Mining Rights - period of agreement, Mining Reserve
		CEMENT & CEMENT PRODUCTS	1,66,232.85	69,906.26	96,326.59	-	4,112.62	4,112.62	57.95%	2.47%	

NIFTY 50-DISCLOSED & UNDISCLOSED INTANGIBLE ASSETS (MARCH -19)

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Networth) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
9	Larsen & Toubro Ltd.	CONSTRUCTION	1,94,320.10	52,550.72	1,41,769.39	-	400.21	400.21	72.96%	0.21%	Softwares, Technical know-how, Product design and development.
		CONSTRUCTION	1,94,320.10	52,550.72	1,41,769.39	-	400.21	400.21	72.96%	0.21%	

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Networth) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
10	Asian Paints Ltd.	CONSUMER GOODS	1,43,179.45	8,887.56	1,34,291.89	35.36	54.61	89.97	93.79%	0.06%	Acquired trademark, licence fees and consultancy fees for computer software
11	Britannia Industries Ltd.	CONSUMER GOODS	74,150.21	4,039.45	70,110.76	-	7.62	7.62	94.55%	0.01%	Trademarks, designs and computer softwares.
12	Hindustan Unilever Ltd.	CONSUMER GOODS	3,69,471.75	7,659.47	3,61,812.28	36.00	400.00	436.00	97.93%	0.12%	Design / Knowhow, Comouter software / trademarks
13	ITC Ltd.	CONSUMER GOODS	3,64,387.82	57,949.79	3,06,438.03	-	550.64	550.64	84.10%	0.15%	Trademarks, Computer Software, Know how, business and commercial rights
14	Nestle India Ltd.	CONSUMER GOODS	1,42,554.01	3,673.74	1,38,880.27	-	-	-	97.42%	0.00%	NA
15	Titan Company Ltd.	CONSUMER GOODS	1,01,373.44	6,181.72	95,191.72	-	38.81	38.81	93.90%	0.04%	Software
		CONSUMER GOODS	11,95,116.69	88,391.73	11,06,724.96	71.36	1,051.68	1,123.04	92.60%	0.09%	

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Networth) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
16	Bharat Petroleum Corporation Ltd.	ENERGY	78,193.33	36,737.68	41,455.65	-	591.80	591.80	53.02%	0.76%	Software Licences and process licences
17	GAIL (India) Ltd.	ENERGY	78,397.54	44,092.94	34,304.60	-	1,403.17	1,403.17	43.76%	1.79%	Softwares, licences and Right of Use
18	Indian Oil Corporation Ltd.	ENERGY	1,49,513.24	1,08,657.51	40,855.73	-	2,815.05	2,815.05	27.33%	1.88%	Right of way, Computer software / licence
19	NTPC Ltd.	ENERGY	1,33,279.69	1,07,408.17	25,871.52	-	727.74	727.74	19.41%	0.55%	Software and Right of Use
20	Oil & Natural Gas Corporation Ltd.	ENERGY	2,00,969.96	2,02,992.54	(2,022.58)	-	19,701.15	19,701.15	-1.01%	9.80%	Application Software, Exploratory wells in progress
21	Power Grid Corporation of India Ltd.	ENERGY	1,03,533.16	59,017.14	44,516.02	-	1,807.16	1,807.16	43.00%	1.75%	Software, Afforestation Charges, Telecom Licences based on respective useful life, Development expentiure
22	Reliance Industries Ltd.	ENERGY	8,64,122.44	4,05,321.69	4,58,800.74	-	14,695.00	14,695.00	53.09%	1.70%	Technical Knowhow, Computer software, Development rights unit of production method
		ENERGY	16,08,009.35	9,64,227.67	6,43,781.68	-	41,741.07	41,741.07	40.04%	2.60%	

NIFTY 50-DISCLOSED & UNDISCLOSED INTANGIBLE ASSETS (MARCH -19)

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Network) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
23	UPL Ltd.	FERTILISERS & PESTICIDES	48,838.32	7,971.87	40,866.45	2,225.00	369.00	2,594.00	83.68%	5.31%	Product acquisitions, Germ plasm, IPR, Non compete fees, brand
		FERTILISERS & PESTICIDES	48,838.32	7,971.87	40,866.45	2,225.00	369.00	2,594.00	83.68%	5.31%	

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Network) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
24	Axis Bank Ltd.	FINANCIAL SERVICES	1,99,881.10	66,676.30	1,33,204.80	-	-	-	66.64%	0.00%	NA
25	Bajaj Finance Ltd.	FINANCIAL SERVICES	1,74,504.59	19,564.00	1,54,940.58	-	158.49	158.49	88.79%	0.09%	Softwares
26	Bajaj Finserv Ltd.	FINANCIAL SERVICES	1,11,984.88	3,160.91	1,08,823.97	-	-	-	97.18%	0.00%	NA
27	HDFC Bank Ltd.	FINANCIAL SERVICES	6,31,507.57	1,49,206.35	4,82,301.22	-	-	-	76.37%	0.00%	Computer software licences, Electronic Trading Platform (Website), BSE Card. Amount not disclosed separately.
28	Housing Development Finance Corporation Ltd.	FINANCIAL SERVICES	3,38,821.91	77,355.47	2,61,466.45	-	7.10	7.10	77.17%	0.00%	Computer Software
29	ICICI Bank Ltd.	FINANCIAL SERVICES	2,58,171.90	1,08,363.37	1,49,808.53	-	-	-	58.03%	0.00%	NA
30	IndusInd Bank Ltd.	FINANCIAL SERVICES	1,07,278.26	26,674.78	80,603.48	-	151.95	151.95	75.13%	0.14%	Application software and perpetual software licences
31	Kotak Mahindra Bank Ltd.	FINANCIAL SERVICES	2,54,723.33	42,398.38	2,12,324.95	-	198.14	198.14	83.36%	0.08%	Software, Goodwill, Membership Card, Asset Management Rights.
32	State Bank of India	FINANCIAL SERVICES	2,86,256.91	2,20,913.82	65,343.09	-	-	-	22.83%	0.00%	NA
33	Yes Bank Ltd.	FINANCIAL SERVICES	63,686.56	26,904.20	36,782.36	-	-	-	57.76%	0.00%	NA
		FINANCIAL SERVICES	24,26,817.01	7,41,217.58	16,85,599.43	-	515.68	515.68	69.46%	0.02%	

NIFTY 50-DISCLOSED & UNDISCLOSED INTANGIBLE ASSETS (MARCH -19)

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Networth) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
34	HCL Technologies Ltd.	IT	1,47,488.55	30,439.26	1,17,049.29	550.00	7,178.00	7,728.00	79.36%	5.24%	Licensed IPRs, Software, Customer relationships, Customer Contracts, Intellectual property rights.
35	Infosys Ltd.	IT	3,24,041.85	62,711.14	2,61,330.71	29.00	74.00	103.00	80.65%	0.03%	Customer related intangibles, Trade name
36	Tata Consultancy Services Ltd.	IT	7,51,096.08	78,898.24	6,72,197.85	-	139.00	139.00	89.50%	0.02%	Rights under licensing agreement and software licences
37	Tech Mahindra Ltd.	IT	76,291.81	20,647.33	55,644.48	-	769.50	769.50	72.94%	1.01%	The IPR.
38	Wipro Ltd.	IT	1,53,744.67	49,391.99	1,04,352.69	388.20	138.60	526.80	67.87%	0.34%	Customer related intangibles, Marketing related intangibles
		IT	14,52,662.96	2,42,087.96	12,10,575.01	967.20	8,299.10	9,266.30	83.33%	0.64%	

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Networth) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
39	Zee Entertainment Enterprises Ltd.	MEDIA & ENTERTAINMENT	42,788.78	7,131.45	35,657.34	301.80	84.50	386.30	83.33%	0.90%	Trademark, Customer list & Web site, software & Channels.
		MEDIA & ENTERTAINMENT	42,788.78	7,131.45	35,657.34	301.80	84.50	386.30	83.33%	0.90%	

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Networth) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
40	Coal India Ltd.	METALS	1,46,179.92	13,997.39	1,32,182.53	-	39.16	39.16	90.42%	0.03%	Softwares
41	Hindalco Industries Ltd.	METALS	45,696.12	48,557.69	(2,861.57)	-	379.85	379.85	-6.26%	0.83%	Mining Rights, Computer Software, Technological Licences, Right to Use Assets
42	JSW Steel Ltd.	METALS	70,382.15	35,162.17	35,219.98	-	516.00	516.00	50.04%	0.73%	Computer software and licences, Mining Assets.
43	Tata Steel Ltd.	METALS	59,702.95	70,454.72	(10,751.77)	-	915.47	915.47	-18.01%	1.53%	Mining assets.
44	Vedanta Ltd.	METALS	68,615.40	77,880.00	(9,264.60)	-	1,617.00	1,617.00	-13.50%	2.36%	Software, Mining Rights
		METALS	3,90,576.54	2,46,051.96	1,44,524.57	-	3,467.48	3,467.48	37.00%	0.89%	

NIFTY 50-DISCLOSED & UNDISCLOSED INTANGIBLE ASSETS (MARCH -19)

Sr. No.	Company Name (Standalone)	Industry	Market Value (Rs. in Crores)	Total Equity (Book Networth) (Rs. in Crores)	Market Value Less Total Equity (Undisclosed Intangible Assets) (Rs. in Crores)	Goodwill (Rs. in Crores)	Other Intangible Assets (Rs. in Crores)	Total Disclosed Intangible Assets	% of undisclosed intangible assets to market value	% of disclosed intangible assets to market Value	Name of Intangibles
			(a)	(b)	(c)=(a-b)	(d)	(e)	(f)=(f+g)	(c) / (a) * 100	(f) / (a) * 100	
45	Cipla Ltd.	PHARMA	42,613.54	15,781.91	26,831.63	-	191.34	191.34	62.97%	0.45%	Marketing intangibles, Trademarks, Technical know- how and Brands, Computer Software
46	Dr. Reddy's Laboratories Ltd.	PHARMA	46,170.49	12,684.13	33,486.35	32.30	700.00	732.30	72.53%	1.59%	Product related intangibles, Customer related intangibles.
47	Sun Pharmaceutical Industries Ltd.	PHARMA	1,14,892.16	22,843.61	92,048.54	120.80	334.70	455.50	80.12%	0.40%	Product Related Intangible & Other Intangible
		PHARMA	2,03,676.18	51,309.66	1,52,366.52	153.10	1,226.04	1,379.14	74.81%	0.68%	
48	Adani Ports and Special Economic Zone Ltd.	SERVICES	78,313.04	20,491.67	57,821.37	44.86	43.99	88.85	73.83%	0.11%	Software Applications and Railway Licence
		SERVICES	78,313.04	20,491.67	57,821.37	44.86	43.99	88.85	73.83%	0.11%	
49	Bharti Airtel Ltd.	TELECOM	1,33,153.39	98,359.30	34,794.09	-	75,458.80	75,458.80	26.13%	56.67%	Software, Bandwidth, Acquired licenses and spectrum
50	Bharti Infratel Ltd.	TELECOM	57,966.72	15,664.31	42,302.41	-	4.60	4.60	72.98%	0.01%	Software and telecom licence
		TELECOM	1,91,120	1,14,024	77,097	-	75,463	75,463	40.34%	39.48%	

“Common sense is as sense which is not common, that is why valuation”

THANK YOU

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