

The Ultimate Guide on Brand Valuation in India — 2026 —

A Practitioner's Guide for Indian
Consumer Companies, CFOs, M&A
Professionals & Legal Counsel



Consumer Mindshare
Customer Perception
& Loyalty



Market Presence
Market Share & Reach



Projected Revenues
Forecasted Brand
Revenues



Projected Revenues
Forecasted Brand
Revenues



Price Premium
Premium Pricing Power



Intellectual Property (IP)
IP Assets & Trademark

BY

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CA | CS | IBBI Registered Valuer | All India Rank Holder | Ex-EY

ELITE VALUATION

Independent Valuation | Boutique Advisory | Pan-India

BRAND VALUATION SERVICES

Consumer | FMCG | Pharma | Technology | Retail | Financial Services

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Sagar Shah is one of India's leading intangible asset and brand valuation specialists, with over 15 years of professional experience across transaction advisory, regulatory compliance, financial reporting, and litigation support mandates. He spent 9 years at Ernst & Young (EY) in the Transaction Advisory and Valuation practice, where he led brand and intangible asset identification and valuation exercises for some of India's most prominent consumer, FMCG, pharmaceutical, and technology M&A transactions. His brand valuation work spans Purchase Price Allocations under Ind AS 103, royalty rate determinations for trademark licensing arrangements, Transfer Pricing compliance for intra-group brand royalties, litigation damages for brand infringement, and standalone brand monetisation mandates.

At Elite Valuation, the practice advises consumer companies, FMCG conglomerates, retail chains, pharmaceutical companies, technology brands, financial services firms, promoter families, and legal counsel on the valuation of brand portfolios, trademarks, trade names, and associated goodwill. Every engagement combines rigorous financial methodology, deep sector understanding, and meticulous regulatory compliance.

DESIGNATION	ACHIEVEMENT	REGULATOR	PRIOR FIRM
CA CS	All India Rank Holder	IBBI Registered Valuer	9 Years at EY

“A brand is the most durable competitive advantage a business can build — yet it remains invisible on most Indian balance sheets. Whether you are acquiring a consumer business, licensing your trademark, defending against infringement, or planning succession, the quality of the brand valuation determines the outcome of the transaction.”

— Sagar Shah, CA | CS | IBBI Registered Valuer | Ex-EY

OUR SERVICES

Brand and Intangible Asset Valuation — Full Practice Coverage

Elite Valuation's Brand and Intangible asset Valuation practice spans every consumer and enterprise sector in India. Each engagement is led by a qualified IBBI Registered Valuer, grounded in sector-specific data, arm's-length benchmarks, and regulatory compliance requirements.

01**Brand Valuation for M&A and PPA**

Fair value identification and valuation of acquired brand assets under Ind AS 103 — supporting Purchase Price Allocation, goodwill computation, and post-acquisition amortisation schedules.

02**Standalone Brand Valuation — Ind AS 38 / Ind AS 113**

Independent brand valuations for financial reporting, balance sheet recognition, impairment testing, and investor disclosures — compliant with Indian accounting standards and IVS.

03**Transfer Pricing for Brand Royalties**

Arm's-length royalty rate determination for intra-group trademark licences and brand fees — benchmarked against comparable uncontrolled transactions and compliant with OECD TP Guidelines and Indian TP regulations.

04**FEMA-Compliant Cross-Border Brand Transfers**

Valuation certificates for cross-border trademark transfers and brand licensing arrangements — compliant with FEMA NDI Rules, DPIIT technology collaboration guidelines, and RBI reporting requirements.

05**Brand Infringement Damages Quantification**

Litigation support valuations for trademark and brand infringement disputes — lost profits, reasonable royalty, and unjust enrichment analyses for Indian courts, IPAB, and arbitration proceedings.

06**Brand Impairment Testing — Ind AS 36**

Annual impairment reviews for capitalised brand and trademark assets — recoverable amount computation using value-in-use and fair value less costs of disposal approaches.

07**Family Business and Promoter Brand Valuations**

Independent brand valuations for family business succession planning, promoter buyouts, joint venture structuring, and partnership dissolution — where brand ownership is a central asset.

08**Franchise and Licensing Brand Valuations**

Royalty rate determination and brand contribution analysis for franchise arrangements, master licence structures, and sub-licensing agreements — supporting both licensors and licensees.

WHY ELITE VALUATION

What Sets Our Brand Practice Apart

Independence, sector depth, and regulatory precision are the hallmarks of every Elite Valuation engagement. The following six attributes distinguish our brand valuation practice from general advisory or accounting firm approaches.

Regulatory-Grade Independence

Every report is signed by an IBBI Registered Valuer and compliant with IVS, ICAI Valuation Standards, and applicable SEBI, FEMA, and Income Tax regulatory requirements.

Sector Depth Across Consumer Industries

From FMCG conglomerates to pharmaceutical brands and fintech platforms, our practice brings granular market knowledge of royalty benchmarks, consumer equity metrics, and brand economics across every category.

Royalty Benchmark Database

We use authorized database of Indian trademark licence transactions, intra-group royalty arrangements, ITAT adjudications, and APA-confirmed arm's-length rates built over years of active practice.

Litigation-Proven Expert Testimony

Our brand infringement damages analyses have been accepted by Indian courts and arbitration tribunals. We provide independent, evidence-based expert witness reports structured to withstand cross-examination.

Full Regulatory Spectrum Coverage

FEMA, Ind AS 103 / 36 / 38 / 113, Income Tax Act (Sections 56(2)(x) and 9(1)(vi)), Transfer Pricing (Sections 92 to 92F), and SEBI regulations — all handled under one advisory roof.

Process Transparency and Defensibility

Our valuation process includes a brand audit, revenue segmentation, methodology triangulation, and sensitivity analysis on every significant engagement — producing conclusions that can be scrutinised by auditors, regulators, or courts.

W H O W E S E R V E

Industries and Client Types

Our brand valuation practice serves a broad cross-section of consumer-facing businesses, corporate advisers, and legal professionals across India's consumer, healthcare, technology, and financial services sectors.

Consumer Goods and FMCG Companies

Retail and E-Commerce Chains

Financial Services Institutions

Legal Counsel and Courts

Private Equity and Venture Funds

Pharmaceutical and Healthcare Brands

Technology and Software Brands

Promoter Families and Family Offices

CFOs and Investment Bankers

Franchise and Licensing Businesses

G E T I N T O U C H

Get in Touch for Brand Valuation

Whether you are planning a consumer business M&A, structuring an intra-group royalty arrangement, defending against trademark infringement, or planning a family business succession, our team is ready to advise. Reach us through any of the channels below.

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TABLE OF CONTENTS

FRONT MATTER

About the Author
Our Brand Valuation Services

PART I: BRANDS IN INDIA – ECONOMICS, LAW & STRATEGY

Chapter 1: The Indian Brand Landscape – Economic Significance, Legal Framework, and Market Dynamics

Chapter 2: What Makes a Brand Valuable – The Drivers of Brand Equity and Economic Value

PART II: CORE BRAND VALUATION METHODOLOGIES

Chapter 3: The Income Approach – Relief from Royalty and Excess Earnings Methods

Chapter 4: The Market Approach – Comparable Transactions and Royalty Rate Benchmarking

Chapter 5: The Cost Approach and Multi-Method Triangulation

PART III: TRANSACTION & REGULATORY APPLICATIONS

Chapter 6: Brand Valuation in M&A – Purchase Price Allocation under Ind AS 103

Chapter 7: Transfer Pricing for Brand Royalties – OECD, CBDT, and Arm's-Length Standards

Chapter 8: FEMA, Income Tax, and Cross-Border Brand Valuation Compliance

PART IV: SECTOR-SPECIFIC AND ADVANCED TOPICS

Chapter 9: FMCG and Consumer Brand Valuations – Premium Brands, Regional Brands, and Heritage Equity

Chapter 10: Pharmaceutical, Technology, and Financial Services Brand Valuations

Chapter 11: Brand Valuation for Family Businesses, Succession, and Promoter Transactions

PART V: REPORTING, IMPAIRMENT & GOVERNANCE

Chapter 12: Ind AS 36 Brand Impairment Testing, Reporting Standards, and the Valuation Report

CONCLUSION

Conclusion: Working With a Brand Valuation Expert

PART I: BRANDS IN INDIA – ECONOMICS, LAW & STRATEGY**Chapter 1: The Indian Brand Landscape**

India is one of the world's most brand-intensive economies – a paradox that surprises many, given the country's reputation as a price-sensitive, value-driven market. Yet the evidence is unambiguous: Indian consumers, across income segments, display remarkable brand loyalty, willingness to pay premium prices for trusted brands, and a deeply cultural attachment to brand heritage that spans generations. From a Rs. 20 packet of Parle-G biscuits to a Rs. 2 lakh luxury handbag, brand equity is the invisible force that commands price premiums, drives repeat purchase, and sustains competitive advantage across virtually every product and service category.

For CFOs, M&A professionals, IP counsel, and valuation practitioners, this economic reality has a direct and important implication: the brands owned by Indian companies represent enormous economic value that is, in most cases, entirely absent from the balance sheet. Under Ind AS 38 (Intangible Assets), internally generated brands, mastheads, and customer lists cannot be recognised on the balance sheet – only acquired brands, recognised through a business combination under Ind AS 103, can be capitalised. The result is a systematic and significant gap between the book value and the economic value of India's most powerful brand portfolios.

1.1 The Legal Architecture of Indian Brand Protection

Brand protection in India operates through a multi-layered framework of registered and unregistered intellectual property rights. The primary vehicle is trademark registration under the Trade Marks Act, 1999, which confers exclusive rights to use a distinctive sign (word, logo, shape, colour combination, or sound) in connection with specific goods and services, and provides statutory remedies for infringement. Understanding the legal architecture is essential for brand valuation because the legal rights conferred – their scope, duration, enforceability, and jurisdictional coverage – directly determine the economic value they protect.

Brand Asset Type	Legal Protection	Registering Authority	Duration
Trademark (Word Mark)	Trade Marks Act, 1999	Controller General of Patents, Designs & Trade Marks	10 years, renewable indefinitely
Trademark (Logo / Device Mark)	Trade Marks Act, 1999	CGPDTM – Trade Marks Registry	10 years, renewable indefinitely
Trademark (Shape / 3D Mark)	Trade Marks Act, 1999	CGPDTM – Trade Marks Registry	10 years, renewable indefinitely
Certification Mark	Trade Marks Act, 1999 (S.69)	CGPDTM with Central Govt. approval	10 years, renewable indefinitely
Geographical Indication (GI)	Geographical Indications Act, 1999	GI Registry, Chennai	10 years, renewable indefinitely
Trade Dress / Get-Up	Common law passing off + TM Act	Unregistered – court enforcement	Perpetual if used continuously
Domain Name	IT Act 2000 + contract law	NIXI (India) / ICANN (global)	Annual renewal

Table 1.1: Brand-Related Intellectual Property Rights in India – Legal Framework and Registration

1.2 The Indian Trademark Registry — Filing Trends and Brand Activity

India's trademark filing volumes have grown dramatically over the past decade, reflecting both increased corporate awareness of brand protection and the formalisation of economic activity driven by GST, digital payments, and the startup ecosystem. The Trade Marks Registry — with offices in Mumbai, Delhi, Kolkata, Chennai, and Ahmedabad — processes hundreds of thousands of trademark applications annually, making India one of the busiest trademark jurisdictions globally. The average examination timeline has improved materially, though opposition proceedings and appeals to the Intellectual Property Appellate Board (IPAB) and High Courts can extend the timeline for contested applications.

Key trends in Indian trademark filings relevant to brand valuation include: the surge in trademark filings by Indian startups and D2C brands seeking to protect newly built brand equity; the increasing use of trademark licensing and franchising by established Indian FMCG and retail companies to monetise brand assets; and growing enforcement activity by both domestic and international brand owners against counterfeiting, parallel imports, and digital brand infringement.

1.3 The Economic Scale of Indian Brand Value

The aggregate economic value of Indian brand portfolios is substantial. Publicly available brand valuation studies — including those published by Interbrand, Brand Finance, and Kantar Millward Brown — consistently estimate that India's top 100 brands collectively represent brand values in excess of Rs. 5 lakh crore. Individual iconic Indian brands — in sectors including telecom, FMCG, financial services, and consumer durables — have been independently valued at Rs. 5,000 Crore to Rs. 50,000 Crore or more.

These figures underscore a fundamental tension in Indian corporate finance: the most valuable assets many Indian companies own are their brands, yet these assets do not appear on the balance sheet (unless acquired), are not directly reflected in standard financial ratios, and are only imperfectly captured by market capitalisation. This tension drives demand for rigorous, independent brand valuation across a growing range of use cases — M&A, licensing, Transfer Pricing, litigation, financial reporting, and strategic brand management.

KEY INSIGHT

We have observed a consistent pattern across M&A mandates involving Indian consumer companies: acquirers systematically underestimate the brand value embedded in the target until the Purchase Price Allocation forces a formal intangible asset identification exercise. In one transaction involving a regional food brand acquired for Rs. 280 Crore, our PPA identified a brand value of Rs. 95 Crore — an asset the acquiring company's deal team had not explicitly modelled in their valuation, because it did not appear on the target's balance sheet. Understanding brand value before the deal, not after it closes, is the hallmark of sophisticated M&A practice.

1.4 Key Use Cases for Brand Valuation in India

Brand valuation in India is required across a widening range of business and regulatory contexts. The primary use cases that drive demand for professional brand valuation are:

- M&A transactions (brand is a key component of the purchase price in consumer, FMCG, and technology acquisitions);
- Purchase Price Allocation under Ind AS 103 (mandatory intangible asset identification and fair value measurement post-acquisition);
- Transfer Pricing compliance (arm's-length royalty rates for intra-group trademark licences must be documented annually);
- FEMA compliance (cross-border brand transfers require registered valuer certification);
- Litigation support (trademark infringement damages require economic quantification);
- Impairment testing under Ind AS 36 (capitalised brand assets must be tested annually);
- Strategic brand management (brand-building investment decisions require a return-on-brand-investment framework).

PRO TIP

When advising a client on a consumer brand acquisition, always request the target's trademark registration certificates and renewal records as part of the legal due diligence checklist – before commissioning the brand valuation. A brand whose core trademark is contested, has lapsed due to non-renewal, or is subject to a rectification petition has materially lower legal risk-adjusted value than its clean commercial position would suggest. We have seen brand valuations reduced by 20–35% after accounting for the validity risk of key unregistered or contested trademark rights.

PART I: BRANDS IN INDIA – ECONOMICS, LAW & STRATEGY

Chapter 2: What Makes a Brand Valuable – The Drivers of Brand Equity and Economic Value

Brand equity – the additional value that a product or service commands by virtue of being associated with a particular brand name – is the foundation of all brand valuation. Before any quantitative model is built, the brand valuation professional must conduct a rigorous qualitative assessment of the brand's equity: how strong is consumer awareness, how loyal is the customer base, how defensible is the brand's competitive position, and how much pricing power does the brand confer? The answers to these questions determine both the appropriate valuation methodology and the reasonableness of key quantitative assumptions such as the royalty rate and the growth rate.

In the Indian context, brand equity assessment must account for the unique characteristics of Indian consumer behaviour: the importance of trust and heritage in purchase decisions; the significant role of regional language identity in brand resonance; the rapid shifts driven by digital discovery and social commerce; and the persistent co-existence of premium brand markets with deeply price-sensitive mass markets. A brand that commands strong equity in urban India may have limited penetration in Tier 2 and Tier 3 markets – or vice versa – creating a geographic segmentation of brand value that must be reflected in the valuation.

2.1 The Brand Value Driver Framework

Value Driver	Category	High Value Signal	Low Value Signal
Brand Awareness	Consumer Metrics	Top-of-mind recall > 70%	Aided recall < 30%
Brand Loyalty / NPS	Consumer Metrics	NPS > 50; repeat purchase > 60%	NPS < 20; low repeat purchase
Price Premium	Financial Metrics	Consistent 15–30%+ over private label	Nil or negative price premium
Revenue Attribution	Financial Metrics	60%+ of revenue attributable to brand	< 20% brand-driven purchase decision
Trademark Legal Strength	Legal Metrics	Registered, multi-class, multi-country	Unregistered or contested
Market Share Stability	Market Metrics	Stable or growing share over 5 years	Declining share vs. competitors
Category Leadership	Market Metrics	No. 1 or No. 2 in primary category	No. 3 or lower in fragmented market
Brand Extension Potential	Strategic Metrics	Successfully extended to adjacent categories	Tightly category-specific; extension failures

Table 2.1: Brand Value Driver Framework – Signals of High and Low Brand Equity

2.2 Consumer Brand Equity — Awareness, Loyalty, and Price Premium

Consumer-facing brand equity has three dimensions that directly translate into economic value. Brand awareness — the extent to which consumers spontaneously recall or recognise the brand — is the foundation: a brand that consumers do not know cannot generate a price premium or loyalty. Brand loyalty — the propensity of consumers to repeatedly choose the brand over alternatives — is the driver of stable, predictable revenue streams. And price premium — the incremental price that consumers are willing to pay for the branded product over a generic or private-label equivalent — is the most direct and measurable expression of brand economic value.

In India, price premium is a particularly nuanced concept. In many FMCG categories, the 'mass premium' segment — brands priced 10–25% above the entry-level tier but well below true luxury — represents the fastest-growing and most contested brand territory. Indian consumers increasingly aspire to branded quality while remaining highly value-conscious. Brands that can credibly occupy the 'quality at accessible price' positioning — such as Amul in dairy, Parle-Agro in beverages, or Pidilite in adhesives — generate enormous brand value through volume rather than margin premium.

KEY INSIGHT

We conduct brand equity assessments as a precondition to every brand valuation engagement. The most common finding is a significant gap between management's perception of the brand's strength and the consumer research data. Management teams — particularly in family-owned businesses with heritage brands — often overestimate awareness in newer consumer segments and underestimate the brand's regional concentration. A brand that is genuinely beloved in two states but virtually unknown in the rest of India has a very different value profile from a national brand, regardless of total revenue. Always ground the brand equity assessment in consumer research data, not management perception.

2.3 Financial Brand Equity — Revenue Attribution and Margin Analysis

Financial brand equity translates consumer equity into economic terms: how much of the company's revenue is specifically driven by the brand's influence on purchase decisions, and how much of the operating margin is attributable to the price premium or cost advantage the brand provides? Revenue attribution analysis — identifying what proportion of sales would survive if the brand name were removed and replaced with a generic identifier — is the bridge between consumer brand equity and financial brand value.

The 'branded business versus generic equivalent' comparison is the most rigorous method for revenue attribution. It asks: if this product were sold under a white-label brand, what volume could it achieve, at what price, with what margin? The difference between the actual branded business's P&L and this hypothetical generic P&L is the financial expression of brand equity — and the foundation of income-based brand valuation.

2.4 Strategic Brand Equity — Extension Potential and Longevity

Strategic brand equity captures the option value of the brand — its potential to be leveraged in adjacent categories, new geographies, or new consumer segments. A brand with strong strategic equity can enter new categories without the consumer acquisition cost that a new brand would face. Indian brands that have successfully monetised strategic equity include: Tata (from trucks to salt to hotels to digital payments), Amul (from butter to ice cream to milk to pizza), and Bajaj (from scooters to motorcycles to finance). Each of these brand extensions created enormous incremental value from a single brand platform.

In brand valuation, strategic equity is most rigorously captured through scenario-based DCF analysis: modelling the base case brand value (existing categories only) and then adding the probability-weighted present value of brand extension scenarios. The difference between the scenario-adjusted value and the base-case value is the brand's strategic option value — a real and significant component of total brand value for strong, versatile brand platforms.

PRO TIP

When assessing a brand's extension potential for valuation purposes, apply a two-screen test:

(1) Is the brand's core equity (quality, trust, value, aspiration) transferable to the target category?

(2) Does the company have the operational capability to deliver on the brand promise in the new category?

Brand extension value is only realisable if both conditions are met. A brand with high consumer trust but a company without distribution or manufacturing capability in the target category has theoretical extension potential but limited realisable value.

PART II: CORE BRAND VALUATION METHODOLOGIES

Chapter 3: The Income Approach — Relief from Royalty and Excess Earnings Methods

The Income Approach is the primary methodology for brand valuation in professional practice globally and in India. It values the brand by reference to the economic income it generates — either the royalty that the brand owner is relieved from paying by virtue of owning the brand (Relief from Royalty method) or the incremental earnings that the brand generates above what a generic unbranded equivalent would earn (Excess Earnings or Price Premium method). Both methods are Income Approach applications, and both are recognised by the International Valuation Standards (IVS), ICAI Valuation Standards, and IPEV Guidelines as appropriate for intangible brand asset valuation.

3.1 The Relief from Royalty Method — The Industry Standard

The Relief from Royalty (RfR) method is the most widely used brand valuation methodology in India and globally. It values the brand as the present value of the hypothetical royalty payments that the brand owner would have to pay to a third party to license the use of the brand, if it did not already own it. By owning the brand, the company is 'relieved' of this royalty obligation — and the present value of that saving, over the expected remaining useful life of the brand, is the brand's economic value.

$$\text{Brand Value (RfR)} = \Sigma [\text{Revenue} \times \text{Royalty Rate} \times (1 - \text{Tax Rate})] / (1 + \text{Discount Rate})^t$$

The three key inputs to the RfR model are: the revenue base (total revenues attributable to the brand); the royalty rate (the arm's-length rate at which a willing licensor and licensee would agree to license the brand); and the discount rate (reflecting the risk profile of the royalty income stream). Each input requires careful judgement, market research, and documentation — the royalty rate in particular is the single most sensitive and most contested input in any brand valuation.

3.2 Determining the Brand Royalty Rate — Method and Benchmarks

The royalty rate represents what a rational, well-informed third party would pay to license the brand in an arm's-length transaction. Unlike patent royalties, which can sometimes be tied to observable licence agreements for specific technologies, brand royalties are more contextual — they reflect the brand's strength, the category's competitive dynamics, the exclusivity of the licence, and the licensee's expected profitability.

Brand royalty rates are determined through a combination of: comparable royalty transaction analysis (published franchise agreements, disclosed related-party licence rates, court-determined royalty rates in brand infringement cases); the analytical method (building up from first principles — the brand's contribution to revenue, the licensee's residual profitability after paying the royalty,

and the reasonable split between licensor and licensee); and the 25% rule cross-check (testing whether the royalty rate leaves a reasonable margin for the licensee after paying the brand fee). In India, sector-specific royalty rate benchmarks range from 1%–3% for commodity-adjacent brands to 8%–15% for premium lifestyle and luxury brands.

KEY INSIGHT

We have seen several Transfer Pricing disputes where the tax authority challenged brand royalty rates paid by Indian subsidiaries to their foreign parent companies. The most common grounds for challenge are: the royalty rate is above the DPIIT automatic route ceiling (used as a proxy for market rates by some assessing officers, incorrectly); the Indian subsidiary is already bearing marketing and brand-building expenditure and should not additionally pay a royalty; and the brand has limited value in the Indian market relative to the global benchmark. We have successfully defended royalty rates of 2%–6% for international FMCG brands in India by building a comprehensive comparable transaction analysis, a brand equity assessment, and an analytical build-up that demonstrates the arm's-length basis of the rate. The documentation quality is as important as the rate itself.

3.3 The Excess Earnings / Price Premium Method

The Excess Earnings method values the brand by directly measuring the incremental financial performance that the brand generates — the premium price, the higher volume, or the lower cost that the branded product achieves compared to a generic equivalent. This method is most appropriate when: the branded product directly competes with generic or private-label products at observable price points; consumer research data on price premium and switching behaviour is available; or the brand's financial contribution can be isolated from other value drivers.

$$\text{Brand Value (EE)} = \text{PV of } [(\text{Branded Price} - \text{Generic Price}) \times \text{Volume} + (\text{Branded Volume} - \text{Generic Volume}) \times \text{Generic Margin}]$$

In the Indian FMCG context, the Excess Earnings method is particularly powerful because the price premium over private-label or unbranded equivalents is often directly observable at the retail shelf. A branded packaged food company that sells biscuits at Rs. 30 per 100g while the equivalent unbranded product sells at Rs. 18 per 100g has a measurable 67% price premium — the foundation for computing the annual brand earnings stream.

PRO TIP

When applying the Excess Earnings method to an Indian consumer brand, always segment the analysis by SKU category and channel rather than applying a single average price premium across the portfolio. Premium product lines within a brand may command a 40–60% price premium while the mass volume SKUs command only 10–15%. Blending these into a single average premium produces a misleading result. The brand's value is the sum of the excess earnings across each product-channel segment — and the segment mix matters as much as the average premium.

3.4 Setting the Discount Rate for Brand Valuations

The discount rate for brand valuation reflects the risk that the projected royalty or excess earnings stream will not materialise as expected. Brand cash flows are generally more predictable than equity cash flows (because they are senior to equity) but carry specific brand-related risks: the risk that consumer preferences shift away from the brand; the risk that competitor brands erode the price premium; the risk that channel disruption (e-commerce, D2C) reduces brand influence over purchase decisions; and the risk that regulatory changes (advertising restrictions, labelling requirements) constrain brand communication.

In Indian brand valuations, the discount rate is typically derived from the brand owner's WACC, with a brand-specific risk premium added to reflect the brand's vulnerability to the risks above. Strong, established brands with stable market shares and proven consumer loyalty may use the business WACC with minimal premium. Early-stage or heavily contested brands, or brands in rapidly changing categories, warrant a premium of 200–400 basis points above the business WACC.

3.5 Useful Life and the Terminal Value Decision

One of the most consequential decisions in brand valuation is the assumed useful life — the period over which the brand is expected to generate economic benefits. Under Ind AS 38, an intangible asset may have either a finite or an indefinite useful life. Brands are one of the few categories of intangible assets that may legitimately have an indefinite useful life — if the brand is expected to generate net cash flows for the entity for an indefinite period (subject to annual impairment testing). Many strong Indian heritage brands — Amul, Tata, Godrej, Dabur — have been generating consumer value for decades and have no foreseeable terminal date.

For the RfR model, an indefinite-life brand is modelled using a perpetuity-based terminal value: the stabilised royalty income capitalised at the difference between the discount rate and the long-term growth rate. For finite-life brands — perhaps a brand in a declining category, or a brand whose trademark is not being renewed in all markets — the model terminates at the expected end of commercial usefulness with no terminal value or a residual value.

PART II: CORE BRAND VALUATION METHODOLOGIES

Chapter 4: The Market Approach – Comparable Transactions and Royalty Rate Benchmarking

The Market Approach values a brand by reference to observable market evidence of what comparable brands are worth – either through comparable royalty rates established in arm's-length licensing transactions, or through comparable brand sale and acquisition multiples. The Market Approach is most powerful as a cross-check and calibration tool: it ensures that the Income Approach royalty rate is consistent with what the market is actually paying for similar brand rights, anchoring the valuation in real transaction data rather than purely theoretical models.

The primary challenge with the Market Approach for brand valuation in India is data availability. Unlike the United States, where brand transaction data is relatively transparent due to SEC disclosure requirements and active brand auction markets, Indian brand transaction data is more fragmented and less systematically documented. However, a skilled valuer who knows the right sources can construct a credible comparable dataset for most brand sectors in India.

4.1 Data Sources for Indian Brand Market Comparables

Data Source	Type of Data	India Relevance	Reliability
DPIIT Technology Collaboration Records	Approved brand / TM royalty rates for tech imports	Direct – India-specific approvals	High for FEMA context
Franchise Disclosure Documents (FDD)	Franchise royalty rates – Indian and global chains	High – sector-specific benchmarks	High – contractual data
Income Tax / ITAT Judgements	Royalty rates disputed and determined by ITAT	Very High – Indian judicial benchmarks	High – adjudicated arm's-length
SEBI / Annual Report Disclosures	Related-party brand royalty disclosures by listed cos.	Very High – listed Indian companies	High – audited disclosures
Transfer Pricing APAs / MAPs	Confirmed arm's-length royalty rates	Very High – CBDT-accepted rates	Highest – TP authority acceptance
Brand Finance / Interbrand Reports	Brand value multiples and royalty rate ranges by sector	Medium – global benchmarks with India context	Medium – methodology-dependent
Court Damages Awards (TM Infringement)	Royalty rates awarded by courts in infringement cases	High – Indian judicial benchmarks	High – judicial determination

Table 4.1: Data Sources for Market Approach Brand Valuation in India

4.2 Comparable Royalty Transaction Analysis — Building the Dataset

The Comparable Uncontrolled Transaction (CUT) method requires identifying arm's-length brand licence agreements for brands in the same or closely adjacent category as the brand being valued. Comparability factors include: product category and consumer segment (a premium cosmetics brand comparable is not suitable for a mass-market FMCG brand); exclusivity scope (exclusive licences command higher royalties than non-exclusive); territorial scope (national licences versus regional licences); and the licensee's expected profitability margin (the royalty rate should leave the licensee with a commercially viable residual margin).

For Indian brand valuations, the most reliable comparable data comes from: SEBI annual report disclosures of related-party royalty payments by listed consumer and FMCG companies (mandatory disclosure since the SEBI related-party transaction regulations tightened in 2022); ITAT decisions on Transfer Pricing adjustments involving brand royalties, which document both the taxpayer's claimed rate and the tax authority's determined arm's-length rate; and franchise agreement disclosures for major Indian and international franchise brands operating in India.

KEY INSIGHT

We use database of Indian brand royalty transactions sourced from SEBI disclosures, ITAT decisions, DPIIT approval records, and published franchise agreements. When reviewing this data across sectors, a clear pattern emerges: FMCG brands in food and beverages typically attract royalties of 1.5%–4% of net sales; personal care and cosmetics brands command 3%–7%; pharmaceutical and healthcare brands range 2%–5%; and premium lifestyle and luxury brands command 7%–15% or more. Regional brands are typically discounted 30–50% relative to equivalent national brands, reflecting lower awareness breadth and weaker trademark protection. This segmentation is invaluable for setting a defensible royalty rate anchor.

4.3 Brand Acquisition Multiples — Revenue and EBITDA

When brands are acquired as part of business combinations, the implied brand value can be derived from the transaction multiple by subtracting the fair value of non-brand assets (tangible assets, customer relationships, technology) from the total enterprise value. The residual includes brand and goodwill. Disaggregating the brand from goodwill requires a PPA exercise — but the deal multiple itself provides a useful sanity check.

Publicly disclosed M&A transactions involving Indian consumer brands provide a limited but growing dataset of brand acquisition multiples. Premium branded FMCG businesses in India have transacted at EV/EBITDA multiples of 25x–50x in recent years, with a significant portion of the premium attributable to brand value. By contrast, unbranded or private-label businesses in the same categories typically transact at 8x–15x EBITDA. The spread between these multiples is a direct market signal of the brand value premium embedded in the transaction price.

4.4 Sector Royalty Rate Benchmarks for Indian Brands

Based on compiled data from ITAT decisions, SEBI disclosures, DPIIT records, and published franchise agreements, the following royalty rate ranges represent informed starting points for

brand valuation in India. These are directional benchmarks — the specific royalty rate for any individual brand must be calibrated to the brand's specific equity, competitive position, and market dynamics.

- **Food and Beverage (mass market):** 1.5%–3.5% of net sales — reflecting commodity-adjacent nature, high volume, low margin business model
- **Food and Beverage (premium / gourmet):** 3%–6% of net sales — reflecting stronger brand differentiation and higher consumer willingness to pay
- **Personal Care and Cosmetics:** 3%–8% of net sales — reflecting higher brand equity intensity and stronger aspiration premium
- **Pharmaceuticals (branded generics):** 2%–5% of net sales — reflecting brand premium over generic competitors in the Indian market
- **Consumer Durables and Appliances:** 2%–5% of net sales — reflecting technology plus brand bundled premium
- **Apparel and Fashion (mid-market):** 4%–8% of net royalty revenue — reflecting fashion brand loyalty and design premium
- **Apparel and Fashion (luxury / premium):** 8%–15% or more — reflecting aspirational premium and exclusivity value
- **Financial Services (banking, insurance, NBFC):** 1%–3% of fee income — reflecting regulatory constraints on brand premium

PRO TIP

When presenting a brand royalty rate in a Transfer Pricing or valuation context, always construct a 'royalty rate support memo' that documents:

- (1) the comparable transactions identified,*
- (2) the comparability analysis applied to each comparable,*
- (3) the adjustments made for differences between the comparable and the subject brand, and*
- (4) the arm's-length range derived from the adjusted comparables.*

A single comparable or an undocumented rate will not withstand regulatory scrutiny. The support memo is as important as the rate itself.

PART II: CORE BRAND VALUATION METHODOLOGIES

Chapter 5: The Cost Approach and Multi-Method Triangulation

While the Income Approach and Market Approach are the primary methodologies for brand valuation, the Cost Approach provides a useful baseline and cross-check that every comprehensive brand valuation should include. More importantly, professional brand valuation does not rely on a single methodology – it triangulates across multiple approaches to produce a value range that is more robust, more defensible, and more informative than any single-method output. This chapter covers the Cost Approach in detail and then addresses the multi-method triangulation framework that distinguishes professional brand valuation from mechanical number-generation.

5.1 The Cost Approach — Logic and Application to Brands

The Cost Approach values a brand by reference to the cost that would be incurred to create an equivalent brand from scratch – either the historical marketing and development expenditure that built the brand to its current equity level (historical cost), or the current cost of a programme that would replicate brand's market position (replacement cost). The fundamental logic: a rational acquirer would not pay more for a brand than cost of building an equivalent brand independently.

For most established Indian brands, the Cost Approach produces a significant underestimate of economic value – because it does not capture the time value of the market position already established, the consumer loyalty that has been built, the pricing power that has been earned, or the strategic option value the brand provides. A brand like Britannia or Marico that has been built over decades of marketing investment and consumer relationship-building cannot be replicated by simply spending the equivalent marketing budget today – the consumer trust and market position are not proportionally purchasable with money.

Method	Best Use Case	Primary Input	Key Limitation for Brands
Relief from Royalty (Income)	Revenue-generating brands with licensing comps	Royalty rate, revenue base, discount rate	Royalty rate judgement is highly sensitive
Excess Earnings / Price Premium (Income)	Brands competing directly with generic equivalents	Price premium, volume data, consumer research	Difficult to isolate brand from other value drivers
Comparable Royalty Transactions (Market)	Brands with abundant comparable licence data	Published royalty rates – same sector	Comparable data limited in Indian market
Brand Acquisition Multiples (Market)	Brands acquired in recent comparable M&A	Deal multiples – revenue or EBITDA	Requires cleaning for non-brand M&A drivers
Historical Cost (Cost)	Early-stage brands – no revenue history	Capitalised marketing and development spend	No link to economic value – understates strong brands
Replacement Cost (Cost)	Baseline / floor for distressed scenarios	Current cost to build equivalent awareness	Probability of replication success is uncertain

Table 5.1: Brand Valuation Method Comparison – Applicability, Inputs, and Limitations

5.2 The Historical Cost Method — When It Is Used

Historical cost brand valuation aggregates all past marketing, advertising, and brand-building expenditure that has contributed to the brand's current equity position. This includes: advertising and media spend; promotions and consumer activation; sponsorships, endorsements, and event marketing; brand design and packaging development; and the internal staff and agency costs attributable to brand management.

The practical challenge of the historical cost method is attribution: not all advertising spend builds brand equity. Promotional spend that drives one-time price-based purchase without building loyalty has no brand equity contribution. Poorly executed campaigns may have negative brand equity impact. The historical cost method must therefore apply an 'effectiveness filter' — retaining only expenditure that demonstrably contributed to brand equity building. This filtering requires both marketing expertise and financial judgement.

KEY INSIGHT

We are frequently approached by promoters of family-owned businesses who believe their brand has significant value because they have invested Rs. 50–100 Crore in advertising over the past decade. This is the historical cost fallacy: investment does not equal value. We have encountered brands where Rs. 80 Crore of advertising spend over 10 years produced a brand with minimal consumer awareness, no price premium, and near-zero brand equity — because the marketing strategy was ineffective and the product quality did not support the brand promise. Conversely, we have valued brands where minimal advertising spend has produced exceptional brand equity through word-of-mouth, product quality, and community loyalty. The Income Approach is always the primary methodology; cost is only a floor.

5.3 Multi-Method Triangulation — The Professional Standard

A professional brand valuation does not select a single methodology and present its output as the conclusion. It applies multiple methods, understands why they produce different results, and uses those differences to inform a final value range that reflects the genuine uncertainty in brand valuation. The triangulation process involves: applying at least two independently derived methods (typically RfR Income Approach and Comparable Market Approach, supplemented by Cost as a floor); assessing why the methods converge or diverge; and presenting a value range with an explanation of what drives the spread.

Convergence between methods — when the RfR value is close to the comparable market value — provides confidence in the conclusion. Divergence — when the methods produce materially different results — signals that something requires explanation: either the royalty rate is inconsistent with market data, the growth assumptions are unusually aggressive or conservative, or the comparable transactions are not truly comparable. Resolving the divergence, rather than averaging it away, is the mark of rigorous professional practice.

PRO TIP

Present your brand valuation conclusion as a 'football field' chart — a horizontal bar chart showing the value range produced by each methodology. This visual format immediately

communicates the valuation range, the central tendency across methods, and the degree of convergence or spread between approaches. It is far more informative than a single number, and it demonstrates methodological rigour to both sophisticated clients and regulatory reviewers. If all three methods produce values within a 15–20% range, the conclusion is highly credible. If one method is far outside the range of the others, investigate and explain the outlier before finalising the report.

PART III: TRANSACTION & REGULATORY APPLICATIONS**Chapter 6: Brand Valuation in M&A –
Purchase Price Allocation under Ind AS
103**

In any M&A transaction involving a consumer brand business, the brand is typically the most significant – and most contentious – intangible asset in the Purchase Price Allocation (PPA) exercise. Ind AS 103 (Business Combinations) requires the acquirer to identify and measure all identifiable intangible assets of the acquired business at fair value as of the acquisition date. For consumer companies, this almost always means recognising a brand or trade name asset that was entirely absent from the target's balance sheet – because internally generated brands cannot be recognised under Ind AS 38 until they are acquired in a business combination.

The PPA exercise for a brand-intensive acquisition is therefore not merely a financial reporting formality – it is a rigorous economic exercise that fundamentally reframes the deal economics. The brand value recognised in the PPA determines the amortisation charge (if finite life is assigned) or the annual impairment test (if indefinite life is assigned) that will affect the acquirer's reported profitability for years after the deal closes.

6.1 Intangible Asset Identification in Consumer Brand M&A

The first and most critical step in any brand-related PPA is the comprehensive identification of all separable intangible assets – not just the brand itself. In consumer company acquisitions, the identifiable intangible assets typically extend well beyond the brand name to include: customer relationships (the registered trade relationships with distributors, modern trade accounts, and direct consumers); technology or proprietary processes (formulation know-how, manufacturing process innovations); franchise or distribution agreements; and non-compete commitments from the selling founders or management. Each of these must be separately identified, classified, and valued.

Intangible Asset	Valuation Method	Useful Life (Typical)	Amortisation Under Ind AS 38
Brand / Tradename	Relief from Royalty	Indefinite (impairment tested) or 10–20 yrs	Nil (indefinite) or straight-line
Customer Relationships	Multi-Period Excess Earnings (MPEEM)	5–15 years	Straight-line over useful life
Technology / Know-How	Relief from Royalty	3–10 years	Straight-line over useful life
Non-Compete Agreements	With-and-Without Method	Contractual term (2–5 years)	Straight-line over contract term
Franchise Agreements	Income Capitalisation / DCF	Contractual term	Straight-line over contract term
Goodwill	Residual (EV less FNIA)	Indefinite – impairment tested annually	Nil – impairment only under Ind AS

Table 6.1: Intangible Asset Classification in Consumer Brand M&A – PPA under Ind AS 103

6.2 Brand Useful Life Determination — Finite versus Indefinite

The useful life assigned to the brand asset in the PPA is one of the most consequential valuation decisions in the entire exercise, because it determines whether the brand is amortised (finite life) or merely impairment-tested annually (indefinite life). An indefinite-life brand assignment eliminates the annual amortisation charge but requires a rigorous annual impairment test under Ind AS 36. A finite-life brand with a 15-year useful life generates a significant annual amortisation charge that reduces reported EBITDA and PAT.

Under Ind AS 38, a brand has an indefinite useful life when 'there is no foreseeable limit to the period over which the asset is expected to generate net cash flows.' For strong, established Indian consumer brands — particularly heritage brands with decades of uninterrupted consumer equity — the indefinite life classification is typically appropriate and defensible. For brands in rapidly evolving categories, brands facing technology disruption, or brands where the trademark registration is not being actively maintained, a finite life may be more appropriate.

KEY INSIGHT

We have seen PPA exercises where the acquiring company's auditors challenged an indefinite useful life assignment for the acquired brand, requiring the company to assign a finite useful life of 10 years and recognise a significant annual amortisation charge. The challenge arose because the PPA report did not document the basis for the indefinite life conclusion with sufficient rigour — it simply asserted that the brand had been active for 30 years without analysing the forward-looking factors required by Ind AS 38. We always prepare a dedicated 'useful life assessment memo' for every brand asset in a PPA — documenting the brand's trajectory, category dynamics, trademark renewal status, and management's brand investment commitment. This memo is essential for defending the useful life conclusion to auditors.

6.3 The Post-PPA P&L Impact — Modelling the Acquirer's Reported Profitability

The financial reporting consequences of the PPA must be modelled before the deal closes — not after. The acquirer's reported P&L post-acquisition will be materially affected by: the amortisation charge on finite-life brand and intangible assets (reducing EBITDA and PAT); the impairment test results on indefinite-life brand assets and goodwill (potentially reducing net assets in underperformance years); and the fair value step-up on acquired inventory (a one-time cost of goods sold charge in the first post-acquisition reporting period).

For acquisitions where the brand value is large relative to tangible assets, the post-PPA amortisation can be substantial. A Rs. 200 Crore brand asset with a 15-year finite useful life generates Rs. 13.3 Crore of annual amortisation — a non-cash charge that reduces reported PAT but not cash flow. Deal teams who focus only on EV/EBITDA multiples without modelling the post-PPA reported earnings impact may face uncomfortable surprises in the first post-close reporting period.

PART III: TRANSACTION & REGULATORY APPLICATIONS

Chapter 7: Transfer Pricing for Brand Royalties – OECD, CBDT, and Arm's-Length Standards

Brand royalty payments between associated enterprises are among the most scrutinised transactions in international Transfer Pricing. In India, where multinational consumer companies have historically paid significant royalties to foreign parent entities for the use of global brand names, the Income Tax Department has repeatedly challenged royalty rates as excessive, arguing that Indian subsidiaries bear significant marketing costs that build local brand equity and should not additionally pay a royalty to the foreign brand owner. The litigation arising from these disputes has produced a substantial body of Indian TP jurisprudence on brand royalties that every practitioner must understand.

7.1 The Indian TP Framework for Brand Royalties

The Indian TP rules require: contemporaneous documentation; an arm's-length price determination using one of the six prescribed methods; and a TP report from a chartered accountant (Form 3CEB) certifying the arm's-length nature of the transactions.

The Transfer Pricing Officer (TPO) and the Dispute Resolution Panel (DRP) have historically been aggressive in challenging brand royalties paid by Indian subsidiaries of MNCs. The key grounds for challenge include: the royalty rate exceeds the DPIIT automatic route ceiling (erroneously used as an arm's-length proxy); the Indian subsidiary is 'creating' local brand equity through its marketing spend and should not pay for a brand that it has partially built; the global brand has limited consumer recognition in India and therefore limited value to the Indian licensee; and the royalty is a profit extraction mechanism rather than a genuine arm's-length payment.

TP Method	OECD Reference	Best Suited For	Limitation for Brands
Comparable Uncontrolled Transaction (CUT)	Chapter II.A	Brands with observable 3rd-party licence comps	Requires genuinely comparable licences
Comparable Uncontrolled Price (CUP)	Chapter II.A	Commodity or standard royalty arrangements	Difficult for unique brand assets
Profit Split Method (PSM)	Chapter II.D	Highly integrated, unique brand + operational IP	Contribution analysis complex to document
TNMM (Routine Tested Party)	Chapter II.C	Routine distribution / manufacturing entities	Does not directly value the brand royalty
Residual Profit Split	Chapter VI	Separating routine return from brand premium	Requires functional analysis depth

Table 7.1: Transfer Pricing Methods for Brand Royalty Arrangements – OECD Framework

7.2 The 'Local Marketing Intangible' Argument — India's Unique TP Issue

The most India-specific — and most contentious — issue in brand royalty TP is the 'local marketing intangible' or 'marketing intangible' argument. The Indian tax authorities have argued in numerous assessments that when an Indian subsidiary bears marketing expenditure above the routine level expected of a 'routine distributor,' it is creating a locally valuable marketing intangible — the Indian consumer awareness of and loyalty to the brand — for which it should be compensated rather than paying a royalty.

This argument has had mixed success in Indian courts. Some ITAT benches have accepted that significant local marketing spend by the Indian subsidiary should result in a reduced royalty rate or a 'buy-down' of the royalty by the marketing investment. Others have rejected the argument on the grounds that the global brand provides genuine value beyond what local marketing can create, and that the Indian subsidiary benefits from the global brand's R&D, product innovation, and quality standards.

KEY INSIGHT

We have developed a structured analytical framework for defending brand royalty rates in Indian TP proceedings that directly addresses the local marketing intangible argument. The framework involves: a brand equity attribution analysis that distinguishes the contribution of the global brand platform (heritage, R&D, product innovation, global consumer trust) from the contribution of Indian marketing expenditure (local awareness, consumer activation, distribution relationships); a benchmarking of the Indian subsidiary's marketing-to-revenue ratio against comparable Indian consumer companies to establish what level of marketing is 'routine'; and a demonstration that even after adjusting for the Indian subsidiary's above-routine marketing expenditure, the residual royalty rate remains within the arm's-length range. This framework has been accepted by ITAT benches in multiple assessments.

7.3 APA and MAP — Achieving Certainty on Brand Royalty Rates

The Advance Pricing Agreement (APA) programme — administered by the CBDT — allows taxpayers to agree a TP methodology and arm's-length range for specific transactions in advance, providing certainty for up to 5 years (unilateral APA) or longer (bilateral APA with treaty partner). For brand royalty arrangements, APAs have become an increasingly popular mechanism for eliminating TP uncertainty and litigation risk.

Indian APA cases involving brand royalties have produced several important precedents: some bilateral APAs have confirmed royalty rates of 2%–4% for FMCG brands with significant local marketing support; others have accepted rates of 5%–8% for brands where the global IP contribution (product innovation, R&D) is demonstrably more significant than local marketing. The APA process requires a rigorous, documented valuation of the brand's economic contribution — effectively a Transfer Pricing brand valuation — as the evidentiary foundation of the APA application.

PART III: TRANSACTION & REGULATORY APPLICATIONS

Chapter 8: FEMA, Income Tax, and Cross-Border Brand Valuation Compliance

Cross-border brand transactions — the transfer of trademark ownership from one country to another, the grant of an international trademark licence, or the assignment of brand rights as part of a business restructuring — are subject to both FEMA's foreign exchange regulations and the Income Tax Act's provisions on deemed consideration, withholding tax on royalties, and fair market value requirements. Understanding the interaction of these two regulatory frameworks is essential for any Indian company involved in cross-border brand management.

8.1 FEMA Compliance for Brand and Trademark Transfers

The transfer of trademark rights from an Indian entity to a foreign entity (outbound transfer) or from a foreign entity to an Indian entity (inbound transfer) involves a foreign exchange transaction subject to FEMA. For outbound trademark transfers, the FEMA Overseas Investment Rules, 2022 apply: the transfer price cannot be less than the fair market value of the trademark as determined by a SEBI-registered Category I Merchant Banker or an IBBI Registered Valuer. The rationale is to prevent value stripping through under-priced outbound IP transfers that erode India's economic base.

For inbound trademark transfers — a foreign brand owner transferring its Indian trademark to an Indian subsidiary — the FEMA Non-Debt Instruments Rules, 2019 apply to the extent the transfer is in exchange for equity. Where the transfer is a cash transaction, standard import of services / intangible asset norms apply, and the price must be at arm's-length value. In either case, a registered valuer's certificate documenting the fair market value methodology and conclusion is the central compliance document.

8.2 Income Tax Implications of Brand Transfers

The Indian Income Tax Act contains several provisions that impose tax consequences on brand and trademark transfers that are not conducted at fair market value. Section 56(2)(x) — the anti-avoidance provision for inadequate consideration — deems the difference between the stamp duty value or FMV and the actual consideration to be income in the hands of the recipient, if a property (including an intangible asset) is received for inadequate consideration. For brand transfers between related parties, this provision means that a below-market transfer price creates a deemed income for the recipient, adding it to taxable income.

Section 50B — which governs slump sales (sale of an undertaking as a going concern for a lump-sum consideration) — is relevant when a brand is transferred as part of a broader business transfer. The fair market value of the brand must be separately computed and reported in the slump sale tax return, as it contributes to the computation of net worth (and therefore the capital gains arising from the slump sale). An incorrect brand valuation in a slump sale context can result in both under-payment of capital gains tax and Section 56(2)(x) exposure for the recipient.

KEY INSIGHT

We have supported clients in Income Tax proceedings where the assessing officer added back the difference between the FMVV of a transferred trademark and the consideration paid, as deemed income under Section 56(2)(x). In one case involving the transfer of a regional food brand between two group companies for a consideration of Rs. 15 Crore, the assessing officer determined the FMV at Rs. 40 Crore and added Rs. 25 Crore as deemed income. The key weakness was that the company had no independent valuation report to support the Rs. 15 Crore consideration — it was based purely on book value. A contemporaneous registered valuer's report, documenting the income-based valuation methodology and the reasons for the lower value (limited geographic reach, concentrated customer base, trademark opposition pending), would have significantly strengthened the company's position. Never transfer a brand without a contemporaneous independent valuation — regardless of how straightforward the transaction appears.

8.3 Section 115BBF — Brand Income Tax Benefit

Section 115BBF of the Income Tax Act provides a concessional tax rate of 10% on income from patents developed and registered in India. While this provision is specifically framed around patents, some brand owners have explored whether royalty income from trademarks associated with patented products could be structured to partly qualify for the benefit. In practice, Section 115BBF is narrowly applied to patent royalties and does not extend to pure brand or trademark royalties — the two must be clearly separated in any licence agreement to ensure correct tax treatment and to avoid challenge.

PRO TIP

When structuring a brand licence agreement between an Indian licensor and an Indian or foreign licensee, always ensure that the consideration is documented separately for: (1) the trademark licence fee (brand royalty), (2) any technology or know-how component, and (3) any services provided by the licensor. Bundled payments that conflate brand, technology, and service components create both withholding tax ambiguity and Transfer Pricing documentation challenges. Disaggregated agreements with separate valuation support for each component are significantly easier to defend in regulatory proceedings.

PART IV: SECTOR-SPECIFIC AND ADVANCED TOPICS

Chapter 9: FMCG and Consumer Brand Valuations — Premium Brands, Regional Brands, and Heritage Equity

The Fast-Moving Consumer Goods (FMCG) sector is the heartland of brand value in India. From the iconic brands that have been part of Indian households for generations to the new-age D2C brands that have built national presence in less than a decade, FMCG is the sector where brand equity is most intensely competed for, most rigorously measured, and most extensively valued. Understanding the specific valuation dynamics of Indian FMCG brands — the role of regional identity, the impact of distribution reach, the challenge of rural penetration, and the disruption of digital commerce — is essential for any brand valuation professional.

9.1 The Indian FMCG Brand Landscape — Structure and Dynamics

India's FMCG market is characterised by extraordinary diversity: national brands competing with state-specific regional champions; premium urban SKUs coexisting with rural economy packs; modern trade channels alongside traditional Kirana networks; and D2C digital brands disrupting categories previously dominated by legacy players. This diversity means that 'Indian FMCG brand' is not a homogeneous category for valuation purposes — the appropriate methodology, royalty rate, and growth assumption for a national heritage brand in biscuits is fundamentally different from a 5-year-old premium skincare brand built on Instagram.

Brand Tier	Description	Typical Royalty Rate Range	Valuation Method Emphasis
Pan-India Heritage Brands	National leaders with 50+ year history	3%–6% of net sales	RfR — indefinite life, terminal value
National Growth Brands	National brands, 15–50 years, strong growth	2.5%–5% of net sales	RfR — DCF with explicit growth phase
Premium / Niche Brands	Urban premium, aspirational positioning	5%–10% of net sales	RfR + Excess Earnings — price premium
Regional / Vernacular Brands	Strong in 1–3 states, limited national presence	1.5%–3.5% of net sales	RfR — finite life, geographic discount
Private Label / Unbranded	No brand premium — commodity pricing	Nil	Asset-based / cost approach only

Table 9.1: FMCG Brand Tiers in India — Royalty Rate Ranges and Valuation Approach

9.2 Heritage Brand Valuation — The Role of Longevity and Consumer Trust

Indian heritage brands — those that have been part of consumer consciousness for 50 years or more — occupy a unique position in the brand valuation landscape. Their value is not merely in their current revenue but in the depth of consumer trust, the breadth of household penetration, and the emotional associations that have been built over generations. Brands like Parle,

Haldiram's, Dabur, Godrej, and Amul represent more than product quality — they represent cultural continuity and consumer confidence that has been tested and validated through economic cycles, competitive assaults, and social change.

Heritage brand valuation requires specific adjustments to the standard RfR framework: the discount rate should reflect the lower risk of the royalty stream relative to a younger brand, given the demonstrated stability of consumer loyalty; the useful life should typically be assessed as indefinite rather than finite; and the terminal value should reflect a conservative but positive long-term growth rate anchored to the brand's historical revenue CAGR and India's consumption growth trajectory.

KEY INSIGHT

We have valued Indian heritage FMCG brands for acquisition and succession purposes. The most consistent finding is that the brand's geographic concentration significantly affects its value in ways that national revenue figures obscure. A brand with Rs. 400 Crore revenue concentrated in two states has a fundamentally lower value than a brand with Rs. 400 Crore revenue evenly distributed across India — because geographic concentration creates business continuity risk, limits the acquirer's growth runway, and reduces the royalty rate benchmark to regional rather than national comparables. Always prepare a state-by-state revenue breakdown before finalising the brand valuation for any regional FMCG brand.

9.3 D2C and Digital-First Brand Valuations

Direct-to-Consumer brands — built primarily through digital channels, social media, influencer marketing, and e-commerce platforms — represent the fastest-growing segment of the Indian consumer brand landscape. D2C brands like Mamaearth, The Whole Truth, Bombay Shaving Company, and Boat have built significant brand equity in a fraction of the time required by traditional FMCG brands. Valuing these brands requires adapting the standard RfR framework for several distinctive characteristics.

D2C brand valuation considerations include: the heavy reliance on paid digital acquisition — distinguishing between brand equity (repeat, organic purchase) and performance marketing-driven revenue (which disappears when ad spend stops); the concentration risk of platform dependence (a brand whose revenue is 80% from one e-commerce marketplace has significant platform risk); the typically higher gross margins of D2C brands (which support higher royalty rates) offset by higher customer acquisition costs; and the question of whether digital brand equity translates to offline retail — a critical determinant of long-term brand value.

9.4 Valuing Brand Portfolios — The Umbrella Brand and Sub-Brand Question

Many Indian FMCG conglomerates operate complex brand architectures: a master brand (e.g., Godrej, Tata, Bajaj) that extends across multiple product categories, supplemented by standalone sub-brands (e.g., Cinthol, Star Bazaar, Bajaj Allianz). Valuing these portfolio architectures requires a disaggregated approach: valuing the master brand separately from the sub-brands, and then assessing the extent to which sub-brand value is dependent on the master brand's umbrella equity versus independently established.

PRO TIP

When valuing a multi-brand FMCG portfolio in an M&A context, build a 'brand contribution matrix' that maps each brand to its revenue, gross margin, and estimated royalty rate — allowing the total portfolio brand value to be computed as the sum of individual brand values. This bottom-up approach is significantly more accurate than applying a single portfolio-level royalty rate, because the royalty rates for individual brands within a portfolio can vary widely (1.5% for a commodity-adjacent brand to 8% for a premium brand in the same portfolio). The matrix also identifies which brands are the primary value drivers — information that is critical for post-acquisition integration planning.

PART IV: SECTOR-SPECIFIC AND ADVANCED TOPICS

Chapter 10: Pharmaceutical, Technology, and Financial Services Brand Valuations

Brand valuation is not confined to FMCG and consumer products. In pharmaceutical, technology, and financial services — three of India's largest and fastest-growing sectors — brand equity plays a fundamental and economically significant role, albeit with sector-specific characteristics that require adapted valuation approaches. This chapter addresses the distinctive brand valuation dynamics in each of these sectors.

10.1 Pharmaceutical Brand Valuations — The Indian Market Context

The Indian pharmaceutical market is unique globally: it is the world's third-largest by volume but operates in a complex brand environment where 'brands' are physician-prescribed molecules sold under branded generic names, often by multiple companies simultaneously. Unlike Western pharmaceutical markets, where brand protection derives primarily from patent exclusivity, Indian pharma brand equity is built through medical detailing, physician relationships, quality perception, and distribution reach — not patent protection.

This creates a distinctive valuation dynamic: an Indian pharma brand (for example, a specific branded formulation of a commonly prescribed antibiotic) derives its value from the physician's and patient's preference for that specific brand over competitor brands selling the same molecule. The brand premium in Indian pharma — the price difference between the leading branded generic and the lowest-priced generic of the same molecule — is a direct measure of brand equity and the foundation for the RfR brand valuation.

KEY INSIGHT

We have valued pharmaceutical brand portfolios for Indian pharma company acquisitions where the key brand asset is not a product patent (the patents may have expired) but the brand name and its associated physician loyalty and distribution network. In one transaction, we valued a portfolio of 45 branded generic formulations — none of which were patent-protected — at Rs. 180 Crore. The value derived entirely from the brands' established positions in their respective therapeutic categories, their prescription penetration rates, and the royalty income they could generate if licensed to a third-party distribution partner. Pharma brand value is real and substantial even in the absence of patent protection.

10.2 Pharmaceutical Brand Royalty Rates — Sector Benchmarks

Brand royalty rates in Indian pharmaceuticals reflect the physician-mediated nature of the market. Since the brand's value is created through detailing and prescription influence rather than direct consumer advertising, the brand's contribution to revenue is measured differently. Key benchmarks: branded generic formulations in competitive therapeutic areas command royalties of

2%–5% of net sales; brands in specialty or super-specialty therapeutic categories (oncology, rare diseases, ophthalmology) command 4%–8%; and consumer healthcare / OTC brands follow the FMCG pattern at 3%–7%.

10.3 Technology Brand Valuations — India's IT and SaaS Sector

Technology companies — Indian IT services firms, SaaS product companies, and internet businesses — have built significant brand equity that drives client acquisition, talent attraction, and premium pricing. However, technology brand valuation differs from FMCG brand valuation in several important ways: the primary brand audience is B2B (enterprise clients) rather than B2C consumers; the brand's competitive differentiation is often anchored in technical capability and delivery reputation rather than emotional connection; and the brand's relevance changes more rapidly as technology evolves.

For Indian IT services brands — TCS, Infosys, Wipro, HCL — the brand's value is best measured through the price premium it commands in deal pursuit situations: clients willing to pay a premium for a Tier 1 brand over an equivalent-capability Tier 2 vendor, and the talent premium (lower cost of talent acquisition for strong employer brands). The RfR approach is used, with the royalty rate calibrated to technology services sector benchmarks and the revenue base limited to revenue directly attributable to the brand's competitive advantage.

10.4 Financial Services Brand Valuations — RBI-Regulated Context

Financial services brands — banks, NBFCs, insurance companies, mutual funds, and fintech brands — operate in a heavily regulated environment that constrains both the expression and the monetisation of brand equity. RBI regulations, for instance, restrict the transfer of the banking licence and the brand that accompanies it, limiting the usual brand monetisation mechanisms of licensing and franchising. Insurance brand royalties are subject to IRDAI scrutiny. This regulatory overlay makes financial services brand valuation more complex than consumer brand valuation.

Despite these constraints, financial services brands carry genuine and substantial economic value. A bank's brand determines its cost of deposits (brand trust → lower deposit rate demanded by retail depositors), its loan pricing power (brand confidence → willingness to pay slightly higher loan rates to a trusted lender), and its cross-sell success rate. For an NBFC or insurance company, the brand determines the agent/distributor network's willingness to prioritise the company's products and the consumer's willingness to buy financial products without requiring the lowest price.

PRO TIP

For financial services brand valuations, use 'cost of funds' as the primary economic metric rather than revenue royalty rates. A well-regarded bank brand that raises deposits 25–50 basis points cheaper than equivalent-rated smaller banks has a measurable, recurring financial benefit that can be modelled as an annual cost saving — capitalised at the appropriate discount rate to arrive at brand value. This 'cost of funds advantage' approach is more defensible for

financial services than applying a percentage-of-revenue royalty rate that has no direct analogue in the sector's commercial structure.

10.5 The Employer Brand – Talent Attraction and Retention Value

An often-overlooked dimension of brand value – particularly for technology, consulting, and professional services companies – is the employer brand: the brand's ability to attract and retain high-quality talent at lower cost than an equivalent unbranded employer. A company with a strong employer brand spends less on recruitment (lower agency fees, higher application rates from direct applicants), retains employees longer (lower attrition-driven replacement costs), and attracts higher-calibre candidates who accept below-market compensation in exchange for brand association and career value.

The employer brand value can be quantified through: the recruitment cost saving (difference between cost of hire through brand-driven direct applications versus market-rate agency placement); the attrition reduction value (lower attrition multiplied by replacement cost per employee); and the talent quality premium (productivity differential between brand-attracted talent and market-average talent). For Indian IT services companies where people cost represents 60–70% of revenue, even a modest employer brand advantage translates into material economic value.

PART IV: SECTOR-SPECIFIC AND ADVANCED TOPICS

Chapter 11: Brand Valuation for Family Businesses, Succession, and Promoter Transactions

India's corporate landscape is dominated by family-owned and promoter-driven businesses, many of which have built some of their most significant economic value in the form of brand equity accumulated over decades. For these businesses, the brand is not merely a marketing asset — it is the embodiment of the founding family's reputation, the primary competitive differentiator in the market, and often the most contested asset when family or business transitions occur. Brand valuation for family business succession, promoter buyouts, joint venture formations, and business demergers requires both methodological rigour and sensitivity to the unique dynamics of family-owned enterprises.

11.1 The Unique Challenges of Family Brand Valuation

Family-owned brand businesses present several valuation challenges that are rarely encountered in purely institutional contexts. First, the brand may be partially dependent on the personal reputation and relationships of the founding family members — making the brand's standalone value (without the family) lower than its integrated value (with family involvement). Second, the brand may be legally owned by a family trust, holding company, or individual family member rather than the operating company — creating intra-group licensing arrangements that must be independently valued. Third, family members who are parties to a succession or dissolution may have very different views of the brand's value, creating a need for a credible, independent opinion that all parties can accept.

Scenario	Brand Valuation Purpose	Regulatory Framework	Key Valuation Requirement
Family Business Succession	Determine heir's share of brand asset value	Companies Act + Hindu Succession Act	Independent FMV — IBBI Registered Valuer
Promoter Buyout (PE / Strategic)	Price the brand as part of business value	SEBI (for listed) / Companies Act	Full PPA-style brand valuation
Joint Venture Formation	Contribute brand as non-cash consideration	Companies Act S.62; FEMA if cross-border	FMV certification — valuer certificate
Partnership Dissolution	Distribute brand value among outgoing partners	Partnership Act / LLP Act	Independent valuation for equitable distribution
Family Settlement / Demerger	Ring-fence brand to specific business / family line	NCLT Scheme (Companies Act)	Registered valuer report — NCLT submission
Brand as Collateral (IP Mortgage)	Lender requires conservative collateral value	SARFAESI Act — IP as secured asset	Lending value — going concern and forced sale

Table 11.1: Brand Valuation Use Cases in Family Business and Promoter Transactions

11.2 Succession Planning — Valuing the Brand for Generational Transfer

When a family business transitions to the next generation — whether through a formal succession plan, a gift, an inheritance, or a division of assets among heirs — the brand's value must be established independently to ensure equitable treatment of all family members and compliance with applicable tax laws. Under the Income Tax Act, gift of a business asset (including brand rights) to a family member may trigger Section 56(2)(x) if the fair market value exceeds the consideration. Under the Hindu Succession Act, equal shares among heirs may require a brand valuation to determine the value of the share being transferred.

A brand valuation for succession purposes should: use the standard RfR or Excess Earnings methodology with conservative assumptions (the valuation is not for a deal at a premium, but for equitable distribution); explicitly address the 'key person dependency' risk (the extent to which brand value is dependent on the founder's personal involvement) and reflect this in a risk premium or useful life adjustment; and consider the ownership structure of the trademark registrations (individual vs. trust vs. company) and the legal implications of transferring ownership.

KEY INSIGHT

We have prepared brand valuations for prominent Indian family business succession mandates. The most recurring challenge is the gap between the patriarch's perceived brand value — often anchored in historical memory of the brand's peak relevance — and the current economic reality of the brand's competitive position. In one engagement, the founding family valued their regional textile brand at Rs. 80 Crore based on 'what it cost us to build.' Our income-based valuation, reflecting the brand's current limited geographic reach, declining category, and absence of registered trademarks in key states, produced a value of Rs. 22 Crore. Managing this expectation gap with sensitivity and rigour — supported by full methodology disclosure — is one of the most important skills in family business brand valuation.

11.3 Promoter Buyouts and PE Entry — Brand as a Core Transaction Asset

When a private equity fund acquires a stake in a family-owned consumer business, the brand is typically the most significant intangible asset driving the deal premium. PE funds that acquire consumer brands are explicitly pricing the brand's future earning power — and the founding family's expectation that the brand has been adequately valued is central to the transaction's success. Unlike an institutional M&A where the PPA comes post-close, PE entry transactions often require an independent pre-deal brand valuation to establish a fair anchor price.

For promoter partial sell-downs — where the founding family retains a stake and sells a minority to a PE fund — the brand valuation also determines the appropriate IP licence fee if the trademark is held by the family personally and licensed to the operating company (a common structure in Indian family businesses). Establishing the arm's-length royalty for this intra-family IP licence is essential for both the family's income planning and the PE fund's return model.

11.4 Demergers and Business Splits – Allocating Brand Value

When a diversified family business is split between family members – for example, one branch taking the consumer business and another taking the industrial business, with both having used the same family surname brand – the allocation of brand value is among the most sensitive and technically complex aspects of the demerger. Key questions include: does each branch have the right to use the family brand, or does only one? If both retain the right to use the family name, how is the brand value allocated between the two demerged entities? And if a new, differentiated brand is created for one branch, what is the value of the rebranding cost – the lost heritage equity that must be rebuilt?

PRO TIP

In demerger brand valuation exercises, always prepare a 'dual brand scenario analysis' – modelling the value of the brand under (1) a single-owner scenario where one demerged entity retains exclusive rights, and (2) a shared-use scenario where both entities use the brand independently. The single-owner scenario typically produces a higher per-entity value (undivided brand > sum of shared brand values) – and the difference is the 'brand dilution cost' of shared use. This analysis informs the negotiation between the demerging families and often leads to a structure where one branch pays a lump sum to the other for exclusive brand rights.

PART V: REPORTING, IMPAIRMENT & GOVERNANCE

Chapter 12: Ind AS 36 Brand Impairment Testing, Reporting Standards, and the Valuation Report

Brand assets recognised on the balance sheet — whether through acquisition in a business combination or through historical capitalisation in limited circumstances — must be subjected to impairment testing under Ind AS 36 (Impairment of Assets). For indefinite-life brands and goodwill, impairment testing is mandatory annually, regardless of whether there is any indication of impairment. For finite-life brand assets, impairment testing is triggered by specific indicators. The impairment test compares the asset's carrying value to its recoverable amount — the higher of Fair Value Less Costs of Disposal (FVLCD) and Value in Use (VIU). If recoverable amount is less than carrying value, an impairment charge must be recognised.

12.1 The Ind AS 36 Impairment Framework for Brand Assets

Brand assets are typically allocated to Cash-Generating Units (CGUs) for impairment testing purposes. A CGU is the smallest identifiable group of assets that generates cash inflows largely independently of other assets. For most consumer businesses, the CGU corresponds to a specific brand or product line — the brand asset and the associated customer relationships, distribution network, and production assets that together generate the brand's revenue stream.

The impairment test computes the recoverable amount of the brand's CGU. The VIU approach uses a DCF model of the CGU's expected future cash flows, discounted at a pre-tax rate reflecting the current market assessment of time value and CGU-specific risks. The FVLCD approach uses a market-based estimate of what the brand could be sold for in an arm's-length transaction, less estimated disposal costs — effectively a brand valuation using the RfR or Comparable approach, minus transaction costs.

12.2 Impairment Indicators for Brand Assets — Early Warning Signals

While annual impairment testing is mandatory for indefinite-life brands, Ind AS 36 also requires impairment assessment whenever there is an indication that the brand's value may have declined. Key impairment indicators for consumer brand assets include: significant market share loss to competitors or private-label products; adverse consumer sentiment events (food safety recalls, product quality failures, social media controversies); material decline in category size due to health trend shifts or regulatory changes (sugar reduction regulations impacting confectionery brands); a significant decline in brand equity metrics (NPS, aided awareness, purchase intent) in third-party brand tracking studies; and entry of a well-capitalised disruptive competitor with a fundamentally superior value proposition.

KEY INSIGHT

We have conducted brand impairment reviews where the trigger was a combination of a food safety incident and a category-wide health trend shift — both of which occurred simultaneously for a biscuit brand we were advising. The carry value of the brand on the balance sheet was Rs. 120 Crore. Our impairment test produced a recoverable amount of Rs. 65 Crore — requiring an impairment charge of Rs. 55 Crore. The analysis had to navigate several difficult questions: how persistent is the reputational impact of a food safety event? How quickly does a 'better-for-you' trend translate into permanent category decline versus a temporary dip? We modelled three recovery scenarios — rapid, slow, and permanent decline — and weighted them by probability. The result was an impairment charge that the company's management found painful but credible. Independent impairment testing protects both the company and its auditors from the criticism of carrying impaired assets at overstated values.

Report Section	Required Content	Standard Reference	Common Deficiency
Scope and Engagement Terms	Purpose, standard of value, valuation date, client	IVS 101 / ICAI VS	Vague purpose — creates regulatory ambiguity
Brand Description and Equity Assessment	Trademark details, market position, consumer equity data	IVS 210 / IPEV	Generic description — not specific to brand
Financial and Revenue Analysis	Historical revenue, growth rates, margin analysis by brand	IVS 104	Insufficient brand-revenue attribution
Methodology Description	Primary method, secondary method, rationale	IVS 105	Single method without triangulation
Royalty Rate Documentation	Comparable transactions, adjustments, final rate	OECD TP Guidelines / IVS	Undocumented rate — not defensible in TP
Sensitivity Analysis	Value range across royalty rate, growth, discount rate	IVS 103 / Best Practice	Single-point value only
Useful Life Justification	Finite vs. indefinite — documented basis	Ind AS 38 criteria	Missing for PPA purposes — auditor challenge
Conclusion and Limitations	Value range, qualifications, reliance restrictions	IVS 101	Overconfident — no range presented

Table 12.1: Brand Valuation Report Structure — Required Sections and Common Deficiencies

12.3 Professional Standards for the Brand Valuation Report

A brand valuation report must meet the requirements of the applicable professional standards and the specific regulatory purpose for which it is prepared. The International Valuation Standards (IVS 2022), ICAI Valuation Standards, and IBBI Registered Valuer conduct rules collectively define the minimum quality standards for a professional brand valuation opinion. Core requirements include: a clear statement of the purpose and intended use of the valuation; identification of the brand and the basis of valuation; disclosure of the methodology applied and

the rationale for its selection; documentation of all key assumptions with supporting evidence; a sensitivity analysis showing how the conclusion changes under different assumptions; and a clear statement of limitations, qualifications, and reliance restrictions.

For Transfer Pricing purposes, the brand valuation report functions as part of the TP documentation required under Section 92D – and must meet the additional specificity requirements of the OECD Transfer Pricing Guidelines and CBDT guidance on documentation standards. For FEMA purposes, the report must be signed by an IBBI Registered Valuer and dated within 6 months of the transaction. For PPA purposes, the report must be prepared as of the acquisition date and must address all Ind AS 38 recognition and measurement criteria.

12.4 Independence, Objectivity, and the Expert's Role

A brand valuation report derives its authority from the independence and expertise of the valuer. Independence means that the valuer has no financial interest in the outcome, is not directed by the client to a predetermined conclusion, and reaches conclusions based solely on the evidence and professional judgement. Expertise means that the valuer has the necessary qualifications – both general valuation competence and brand-specific sector knowledge – to conduct the analysis and interpret the results.

In Indian brand valuation practice, the most common independence failure is not outright bias but the subtle pressure to match the client's expected value – particularly in family business succession and promoter transactions where the client has a strong emotional and financial stake in a particular conclusion. A professional valuer must be prepared to defend a conclusion that disappoints the client, supported by a rigorous, documented methodology that demonstrates the basis for the opinion.

PRO TIP

Maintain a 'valuation assumption log' throughout every brand valuation engagement – documenting each key assumption (royalty rate, growth rate, discount rate, useful life), the evidence considered in setting it, and the alternative assumptions considered and rejected. This log becomes the backbone of the sensitivity analysis and the professional quality control record. If the valuation is challenged – in a TP assessment, a court proceeding, or an audit review – the assumption log demonstrates that the conclusion was reached through a rigorous process of evidence-based judgement, not reverse-engineered from a preferred outcome.

CONCLUSION

Conclusion: Working With a Brand Valuation Expert

India's brand landscape is one of the richest and most complex in the world. From heritage brands that have defined consumer culture for generations to digital-native brands that have built national scale in years, the breadth of Indian brand equity spans every sector, income segment, and consumer aspiration. The economic value embedded in these brands is enormous — yet it remains stubbornly invisible on most balance sheets, poorly understood by most M&A deal teams, and inadequately documented for most regulatory purposes.

This playbook has provided a comprehensive, practitioner-grade guide to brand valuation in India across every dimension that matters to the modern business and regulatory professional. From the legal architecture of Indian trademark protection and the drivers of brand equity, through the three core valuation methodologies and their sector-specific applications, to M&A PPA, Transfer Pricing compliance, FEMA, family business succession, impairment testing, and the professional standards governing the valuation report — the twelve chapters reflect the actual practice of independent brand valuation as conducted at the highest professional level in India today.

When to Build Internal Brand Valuation Capability vs. When to Engage an Expert

The 70/30 principle applies in brand valuation as it does across all professional advisory services. Internal teams — brand managers, CFOs, corporate development — should build capability for the 70%: preliminary brand equity assessments to inform M&A screening, internal royalty rate benchmarking for management decision-making on licensing and franchising, and sensitivity modelling to understand how brand performance affects business value. These internal exercises do not require a registered valuer and can be managed with appropriate analytical tools and sector knowledge.

The 30% where independent expert engagement is essential and, in many cases, legally required: FEMA-compliant cross-border brand transfer and licensing valuations where a registered valuer certificate is mandated; Transfer Pricing documentation for intra-group brand royalties where a contemporaneous, methodologically rigorous report is required by Section 92D; M&A Purchase Price Allocations under Ind AS 103 where the brand value must be determined as of the acquisition date and certified by a professional valuer; Ind AS 36 impairment testing where an independent opinion protects the company and its auditors from carry-value overstatement risk; litigation support in brand infringement proceedings where the valuer may be cross-examined as an expert witness; and family business succession and promoter transactions where an independent, credible opinion is necessary to achieve agreement among all parties.

The cost of getting brand valuation wrong — an income tax addition under Section 56(2)(x) for an under-valued intra-group brand transfer, a Transfer Pricing adjustment for a royalty rate outside the arm's-length range, a post-PPA impairment charge that should have been anticipated, or a

family settlement dispute that escalates to litigation — always exceeds the cost of a professionally rigorous, independent brand valuation conducted at the outset.

What to Expect From an Elite Valuation Brand Engagement

A brand valuation engagement with Elite Valuation is a structured, evidence-based process: an initial scoping discussion to understand the brand portfolio, its commercial context, and the specific regulatory or business purpose; a document request covering trademark registration certificates, financial statements by brand and category, consumer research reports, marketing expenditure history, licence agreements, and competitive analysis; brand equity assessment through review of available consumer data, market share trends, and competitive positioning; application of the appropriate valuation methodology — Relief from Royalty, Excess Earnings, and Market Approach in triangulation — with full documentation of comparable transactions and key assumptions; a sensitivity analysis and value range presentation; a draft report for factual accuracy review; and a final, independently issued valuation report compliant with IVS, ICAI Valuation Standards, and applicable regulatory requirements.

Our brand valuation reports are signed by an IBBI Registered Valuer, prepared in accordance with professional standards, and designed to withstand scrutiny from the Income Tax Department, SEBI, FEMA authorities, NCLT, and Indian courts. Our conclusions are driven by evidence and methodology — not by client preference or predetermined outcomes.

KEY INSIGHT

The most important principle we bring to every brand valuation is that a brand is an economic asset — not a marketing concept. Its value lies in the cash flows it enables: the price premium it commands, the customer loyalty it sustains, the competitive barriers it creates. We approach every brand valuation as a rigorous financial exercise grounded in consumer reality. When we value a brand, we are not estimating what someone might pay in an ideal world — we are estimating what a knowledgeable, willing buyer would pay in an arm's-length transaction today, given everything that is known about the brand's equity, its regulatory protection, its competitive position, and its growth trajectory. That discipline — applied consistently — is what makes a brand valuation professionally credible and commercially useful.

How Elite Valuation Can Help

- Brand and trademark portfolio valuations for M&A — PPA under Ind AS 103, including useful life determination, amortisation schedules, and post-PPA P&L impact modelling
- Transfer Pricing documentation for brand royalties — comparable transaction analysis, arm's-length royalty rate determination, and CUT/CUP benchmarking for CBDT compliance
- FEMA-compliant cross-border brand transfer valuations — registered valuer certificates for outbound and inbound trademark transfers under FEMA ODI/FDI Rules
- Brand impairment testing under Ind AS 36 — annual recoverable amount assessments, CGU allocation, and impairment charge determination for financial reporting
- Brand infringement damages quantification — lost profits, reasonable royalty, and unjust enrichment analyses for Indian commercial courts and arbitration
- Family business and succession brand valuations — independent FMV opinions for equitable succession, promoter buyouts, joint ventures, and demerger proceedings
- Franchise and licensing royalty rate determinations — arm's-length rate setting for franchise agreements, master licence structures, and sub-licensing arrangements
- Strategic brand valuation advisory — brand portfolio analysis, brand extension value assessment, and rebranding impact quantification for management decision-making

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"A brand is the most durable competitive advantage a business can build — yet it remains invisible on most Indian balance sheets. Whether you are acquiring a consumer business, licensing your trademark, defending against infringement, or planning succession, the quality of the brand valuation determines the outcome of the transaction."

— Sagar Shah, CA | CS | IBBI Registered Valuer | Ex-EY

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