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The Ultimate Guide on

Trademark Valuation in India

Legal Rights, Royalty Rates, PPA, Licensing, Impairment, Disputes, Accounting and Planning

— GUIDE 2026 —

A practitioner-focused handbook covering end-to-end legal, valuation, accounting and transaction implications of trademarks for companies, investors and advisors in India.

BY

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Sagar Shah is the Founder of Elite Valuation and leads the firm's Valuation and Advisory practice. A Chartered Accountant (All India Rank Holder), Company Secretary and IBBI Registered Valuer, he brings 15+ years of professional experience advising promoters, investors, listed companies, startups and multinational groups on complex valuation and transaction matters across India.

Before founding Elite Valuation, he spent 9 years at Ernst & Young across valuation, transaction advisory, transfer pricing and cross-border taxation. His work today spans financial reporting, M&A; and restructurings, intangible assets, ESOPs, FEMA, AIFs, securities, financial modelling and other regulator-facing assignments where the valuation must stand up to scrutiny from auditors, regulators, investors and boards.

EXPERIENCE	CLIENT BASE	CREDENTIALS	BIG 4 FOUNDATION
15+ Years	**500+ Client Engagements**	**CA | CS | IBBI RV**	**9 Years at EY**

VALUATION & ADVISORY EXPERTISE

- Business & Company Valuation
- M&A;, Merger, Swap Ratio & PPA Valuation
- Intangible Asset, Brand, Patent & IP Valuation
- ESOP, Sweat Equity & Share-Based Payment Valuation
- Ind AS / Financial Reporting Valuation
- Shares, Securities & Complex Instrument Valuation
- FEMA, FDI / ODI & Cross-Border Valuation
- Income Tax, Companies Act & SEBI Valuation
- AIF Valuation, Structuring & Compliance Support
- ESOP Structuring, Scheme Design & Implementation
- Financial Modelling, Fundraising & Transaction Support
- Due Diligence, Transfer Pricing & Cross-Border Advisory

Practice focus. Elite Valuation is built for assignments where financial judgement, regulatory interpretation and transaction context intersect. The team supports both one-time transactions and recurring reporting requirements, with an emphasis on independent analysis, clear documentation and execution that is practical for management and audit teams.

HOW WE APPROACH ENGAGEMENTS

01 Clarify the purpose We start with the reporting, transaction or regulatory objective before selecting a method.	02 Build from evidence Assumptions are anchored to financials, market data, contractual terms and the economics of the business.	03 Document the judgement The report explains the why behind the number so that reviewers can follow and challenge it.	04 Stay involved through review We support management through auditor, board, investor and regulator questions on the valuation.

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WHAT WE DO

Elite Valuation is an independent boutique Valuation and Advisory firm supporting listed companies, MNCs, businesses, startups, funds, investors, CFOs and transaction teams. Trademark and IP work is one important part of a wider practice that connects valuation with accounting, tax, M&A;, cross-border and transaction requirements.

01 Intangible Asset, Brand & IP Valuation Trademark, trade name, brand, patent, technology, customer-related and other identifiable intangible asset valuation.	02 Business & Company Valuation Enterprise and equity valuation for strategic decisions, fundraising, shareholder matters and transaction negotiations.
03 M&A;, Merger & Swap Ratio Valuation Acquisition, merger, demerger, restructuring, share-exchange ratio and transaction valuation support.	04 Purchase Price Allocation & Ind AS Valuation PPA, intangible assets, impairment, financial instruments and fair-value measurement for financial reporting.
05 ESOP & Share-Based Payment Advisory Scheme valuation, option pricing, Ind AS 102, tax FMV, dilution and transaction treatment of employee awards.	06 Shares, Securities & Complex Instruments Equity, preference shares, debentures, convertibles and complex capital structures including OPM and waterfall analysis.
07 FEMA & Cross-Border Valuation FDI, ODI, share transfers, cross-border mergers and foreign-investment pricing support.	08 Income Tax, Companies Act & SEBI Valuation Independent valuation for tax, corporate law, securities and transaction-specific requirements.
09 AIF & Portfolio Valuation Independent portfolio valuation, NAV support and valuation-policy implementation for funds and investors.	10 Financial Modelling & Fundraising Integrated forecasts, scenario modelling, investor models and transaction decision support.
11 Financial Due Diligence Quality of earnings, working capital, net debt, accounting risk and transaction support.	12 Transaction & Strategic Advisory Structuring, valuation review, negotiation analytics, deal documentation support and board-ready decision material.

ONE TEAM, MULTIPLE CONTEXTS

A trademark value can affect a deal, which can affect accounting, tax, transfer pricing, licensing, shareholder approvals and cross-border execution. Our work is designed around the complete decision - not one isolated calculation.

REPORTS	MODELS	ADVISORY	REVIEW SUPPORT
Valuation & Fairness	DCF / RFR / PPA	Board & Deal Support	Audit / Tax / Legal

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WHO WE SERVE

Our clients usually call us when a number is about to enter a transaction, accounting file, licensing agreement, tax position, board paper or dispute. We work with the decision-makers who need the valuation to survive scrutiny after the report is signed - not only at the time the number is first discussed.

CLIENTS & STAKEHOLDERS

Listed Companies	Promoters & Business Families	CFOs & Finance Teams
MNCs & Cross-Border Groups	Private Companies & Startups	PE / VC / Strategic Investors
AIFs & Fund Managers	Boards & Audit Committees	M&A; / Corporate Development Teams
Law Firms & IP Attorneys	CA / CS Professionals	Licensors, Franchise Owners & Brand Teams

WHEN CLIENTS TYPICALLY CALL US

M&A; / PPA A business combination requires the trademark or brand-related intangible to be separated from goodwill.	LICENSE / FRANCHISE A royalty rate, licence value or related-party charge needs to be commercially and analytically supported.	TRANSFER / RESTRUCTURING Ownership is being moved between entities, promoters or jurisdictions and the asset needs an independent value.
IMPAIRMENT / AUDIT An indefinite-life trademark, trade name or brand-related asset is being tested for impairment.	DISPUTE / DAMAGES A legal team needs valuation analysis for negotiation, settlement or economic-loss support.	BOARD / STRATEGY Management wants to understand how much enterprise value is supported by a key mark or brand portfolio.

SECTORS WE WORK ACROSS

Consumer & Retail	Technology & SaaS	Financial Services	Manufacturing	Healthcare
Hospitality	Real Estate	FMCG	Professional Services	Funds & Investments

WHY CLIENTS WORK WITH US

LEGAL + ECONOMIC MAP We define the precise asset, ownership rights, purpose and legal perimeter before selecting the method.	VALUATION DEPTH RFR, premium profits, market evidence and PPA logic are reconciled rather than treated as isolated models.
BOARD-READY Reports are written for decision-makers, auditors, tax teams, legal counsel and counterparties.	INDEPENDENT We separate evidence from assumptions and avoid presenting a negotiated outcome as an objective value conclusion.

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DISCLAIMER

Important Information Before You Use This Guide

General Disclaimer

This guide is for educational and informational purposes only and does not constitute legal, tax, accounting, transfer-pricing, investment, intellectual-property, litigation or transaction advice. Trademark valuation is purpose-specific. A number prepared for a purchase price allocation, licensing negotiation, related-party royalty, impairment test, internal restructuring, dispute or standalone sale may legitimately differ because the basis of value, rights, measurement date and intended users are different.

Scope of This Guide

The guide focuses on the valuation of trademark and trade-name rights and the economic benefits that can be attributed to those rights. It does not determine legal ownership, infringement, passing-off, damages entitlement, tax deductibility, transfer-pricing compliance or accounting recognition by itself. Those questions may require separate legal, tax, accounting or regulatory analysis.

Current-Law Review Date

The technical position in this edition was reviewed through 26 August 2026 using primary sources including the Trade Marks Act, 1999 and Trade Marks Rules, 2017 published by IP India; the Companies Act, 2013; notified Ind AS 38, Ind AS 103, Ind AS 36 and Ind AS 113; the Income-tax Act, 2025; the Companies (Registered Valuers and Valuation) Rules, 2017; current IBBI valuation-examination material; and IVS 210 as a professional valuation reference. Law, rules, accounting standards and administrative practice can change, so the operative primary text should be checked for a live assignment.

Trademark Is Not the Same as Brand

A trademark is a legal right in a mark; a brand is a broader economic concept that can include the mark, trade name, reputation, customer perception and complementary marketing assets. The valuation scope should therefore identify exactly which legal rights and economic benefits are included, and should avoid double counting customer relationships, technology, goodwill or other separately identifiable assets.

Professional and Regulatory Use

There is no single professional category prescribed for every trademark valuation. Where a valuation is required under the Companies Act, section 247 and the Registered Valuers framework apply. Other statutes, rules, accounting engagements, tax positions or securities transactions may prescribe or expect different professionals or reports. Confirm the purpose, prescribed signatory, asset-class eligibility, valuation date and report format before relying on any valuation.

Information, Data and Illustrations

All numerical examples are illustrative and do not represent any named client. Royalty rates, discount rates, margins, useful lives and growth assumptions used in illustrations are assumptions selected only to demonstrate mechanics; they are not represented as market-standard ranges or safe harbours. Forecasts and market inputs must be refreshed for the actual valuation date.

Purpose Restriction

A valuation prepared for one purpose should not be reused for another purpose without reconsidering the subject rights, measurement date, basis of value, information available, accounting or legal framework and intended users. Even where the same relief-from-royalty model is relevant, the assumptions and reporting requirements can change materially.

Copyright

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EXECUTIVE SUMMARY

Eight Rules That Prevent Most Trademark Valuation Errors

Trademark valuation is not a contest to produce the highest defensible number. It is a disciplined exercise in defining the right asset, connecting it to economic benefits and applying the method that answers the actual legal, accounting or transaction question.

1 DEFINE THE ASSET FIRST A trademark, a brand, a trade name and goodwill are not interchangeable. Fix the legal and economic perimeter before modelling.	2 LEGAL LIFE IS NOT ECONOMIC LIFE Registration is in ten-year periods and can be renewed. Remaining registration term alone does not determine useful or economic life.
3 RFR IS COMMON - NOT AUTOMATIC Relief-from-royalty is widely used for trademarks, but only when revenue and a defendable royalty rate can be linked to the asset.	4 ROYALTY RATE IS THE KEY JUDGEMENT Comparable licences must match rights, territory, product, exclusivity, term, functions and revenue base. Do not use a rule of thumb.
5 BOOK VALUE CAN BE ZERO Ind AS 38 prohibits recognition of internally generated brands, yet the same brand-related rights may have substantial economic value.	6 PPA REQUIRES SEPARATION In a business combination, identifiable trademarks / trade names can be recognised separately from goodwill at acquisition-date fair value.
7 NO UNIVERSAL SIGNATORY The required professional depends on the legal purpose. Section 247 applies where the Companies Act requires a valuation; other contexts differ.	8 BUILD FOR REVIEW A defensible report ties ownership, revenue, royalty evidence, useful life, tax, discount rate and sensitivities back to source documents.

OUR INSIGHT

The fastest way to weaken a trademark valuation is to start with a royalty rate. The engagement should start with ownership, registrations, classes, territories, permitted use, revenue attribution and the purpose for which the value will be used. The rate comes later.

PART I - FOUNDATIONS

Chapter 1: What Exactly Is Being Valued? Trademark, Brand, Trade Name & Goodwill

1.1 A Trademark Is a Legal Right; a Brand Is a Broader Economic Concept

The Trade Marks Act, 1999 defines a trade mark as a mark capable of distinguishing the goods or services of one person from those of others. Registration can give the proprietor an exclusive statutory right to use the mark for the registered goods or services and to seek infringement remedies, subject to the Act and any conditions on the registration. For valuation, however, the legal right is only one layer of the economic asset.

A brand is broader. Ind AS 38 notes that the terms brand and brand name are often used as marketing terms for a group of complementary assets, which can include a trademark or service mark, trade name and other related know-how. The valuer should therefore not assume that a headline brand value is automatically the value of one registration.

Concept	What it represents	Valuation implication
Trademark	The legal mark / rights in specified goods or services, classes and territories.	Define the exact registrations, applications, common-law / passing-off rights and permitted use included.
Trade name	The name under which a business or product line is identified.	May overlap with a trademark, but legal ownership and commercial use must be traced separately.
Brand	Broader market perception, reputation and complementary marketing-related assets.	Avoid assuming all brand economics belong to one legal mark.
Goodwill	Residual future benefits from assets that are not separately identified and recognised.	Do not use trademark valuation as a plug to reduce or increase goodwill.
Customer relationships	Repeat-purchase and relationship economics attributable to customers.	Can be a separate intangible in PPA; avoid double counting with brand-related cash flows.

Table 1.1: Asset definition comes before method selection.

Questions to answer before the first model

- Which word mark, device mark, logo, trade name or portfolio is being valued?
- Which registrations / applications, goods or services and territories are included?
- Is the subject asset ownership, a limited licence, a franchise right or a broader brand bundle?
- Are customer relationships, technology, recipes, packaging or other assets being valued separately?

Primary references: Trade Marks Act, 1999 ss.2(zb), 28; Ind AS 38 para.37; Ind AS 103 / Ind AS 38 identifiability principles.

1.2 Identifiability: What Can Be Separated From Goodwill?

In transaction and financial-reporting work, the central question is whether the trademark-related asset is identifiable. An intangible acquired in a business combination can be recognised separately from goodwill if it is separable or arises from contractual or other legal rights. A registered trademark will ordinarily have a clear legal-right foundation, but the economic asset still has to be scoped precisely.

The same name can carry several economic layers. A consumer brand may create a price premium, reduce customer-acquisition cost and improve shelf access. A business-to-business trade name may instead reduce perceived purchase risk and support channel relationships. In both cases, customer relationships, technology, distribution rights and assembled workforce are not automatically part of the trademark.

Possible economic benefit	Does it automatically belong to the trademark?	Review question
Price premium	No	Would the price premium persist if the same product were sold under a different mark?
Repeat purchases	No	Are repeat purchases driven by the mark, contractual relationships, switching costs or product quality?
Distribution access	Not necessarily	Does access arise from the mark itself or from negotiated distributor / retailer relationships?
Lower marketing spend	Sometimes	Is the saving attributable to brand recognition or to channel maturity / customer data?
Cross-selling	Not automatically	Is the ability to cross-sell created by the house mark, customer relationship or product ecosystem?

Table 1.2: A valuation should isolate the economics of the identified asset rather than absorb every commercial advantage into the trademark.

OUR INSIGHT

Book value and economic value answer different questions. An internally generated brand may have no recognised balance-sheet asset under Ind AS 38, yet a market participant could still pay a significant amount for the associated trademark rights in a transaction. A nil carrying amount is not a nil valuation.

Avoiding double counting in a PPA

If a trademark is valued by relief-from-royalty and customer relationships are valued by a multi-period excess earnings method, both models draw on the same enterprise revenue. That is acceptable only if each method isolates a different economic benefit and the overall returns reconcile. The trademark should capture the royalty saving attributable to the mark; the customer-relationship method should deduct a contributory asset charge for the trademark where appropriate.

Primary references: Ind AS 38 paras.33-37 and 63-64; Ind AS 103 recognition of identifiable assets separately from goodwill.

1.3 Define the Subject Asset Perimeter in Writing

A well-written scope is one of the strongest controls in trademark valuation. It prevents the report from silently drifting from a legal mark to an entire brand or from one territory to a global portfolio. The schedule of subject rights should be prepared before revenue is forecast.

Scope field	Minimum evidence to capture	Why it changes value
Owner / title	Registry extract, assignment chain, agreements	A valuation of a right that the client does not own is not decision-useful.
Mark format	Word, device, logo, shape, sound or combined mark	Different formats can have different recognition and enforceability.
Classes / goods / services	Current registration and actual use by class	Economic benefits may arise only from part of the registered portfolio.
Territory	India, selected countries or worldwide portfolio	Royalty evidence, legal rights and revenue base are territory-specific.
Term / renewal	Registration dates, renewal history and intended use	Legal term and economic life are related but not identical.
Licence / restrictions	Exclusivity, field of use, quality control, sublicensing	A limited licence is not the same asset as full ownership.

Practical Illustration - One Brand, Three Different Assets

Scenario. A company uses the same house mark for packaged foods, restaurants and e-commerce. The mark is registered in multiple classes, but the valuation is for the sale of only the packaged-food business.

- Do not apply the group-wide royalty rate to consolidated revenue.
- Identify the registrations / classes and goodwill that actually transfer with the packaged-food business.
- Exclude restaurant and e-commerce economics unless the transaction also transfers or licenses those rights.
- Check whether the buyer receives transitional use of the house mark or a permanent assignment.

PRO TIP

Attach a one-page trademark-rights schedule to the engagement file: owner, registration / application number, mark, class, territory, status, renewal date, current user and transaction perimeter. That schedule should tie directly to the model revenue base.

PRACTITIONER CHECKLIST

- Fix the legal owner and chain of title
- List the marks / classes / territories included
- Separate ownership from licence rights
- Reconcile trademark scope to revenue segments
- Identify other intangibles valued separately
- State excluded rights and excluded territories

Primary references: Trade Marks Act, 1999 ss.7, 18, 25, 28, 37-45; Trade Marks Rules, 2017 r.20 and relevant assignment / user provisions.

Practical Scope Bridge - From Trademark Schedule to Model Revenue

Commercial fact	Scope conclusion	Model consequence
House mark is used by food, restaurants and e-commerce businesses	Transaction transfers only the packaged-food registrations / use rights	Use only the revenue and forecast attributable to the transferred packaged-food perimeter.
A product mark is used under a third-party licence	The company is a licensee, not the unrestricted owner	Value the contractual licence right if that is the subject asset; do not assume ownership economics.
A device logo is being retired but the word mark continues	The two marks may have different economic lives	Separate the revenue / life assumptions where the rights are economically distinguishable.
A country registration is excluded from the transaction	The buyer does not receive that territorial right	Exclude the corresponding territorial economics unless a separate licence is provided.

One control before the valuation date is locked

Ask management, legal counsel and the transaction team to sign off the same asset-perimeter schedule. If the legal schedule, transaction agreement and model revenue do not describe the same rights, the valuation should not proceed to royalty-rate selection.

END-OF-CHAPTER REVIEW

- Can the exact legal rights be listed without using the word “brand” as a shortcut?
- Can every revenue line in the model be traced to those rights?
- Are licence rights, customer relationships, technology and goodwill separately identified where relevant?
- Would another reviewer understand what is excluded as clearly as what is included?

A clean asset-definition sentence

For example: “The subject asset is the ownership interest in the specified word and device marks for the listed classes and territories, together with the right to use, license and enforce those marks, excluding customer relationships, technology and business goodwill except to the extent they support the market-participant use of the subject rights.” The actual report should tailor this sentence to the transaction documents and legal advice.

PART I - FOUNDATIONS

Chapter 2: Legal Rights, Ownership & Due Diligence - The Asset Before the Model

2.1 Registration Strength Changes the Risk Profile

A registered trade mark is generally granted for ten-year periods and can be renewed repeatedly. The registration gives statutory rights for the goods or services for which it is registered, subject to conditions and limitations. This creates a legal framework that can support licensing, assignment and enforcement - all of which affect the economic benefits that a market participant would consider.

An unregistered mark can still have commercial value. Section 27 preserves passing-off remedies even though infringement proceedings under the Act are not available for an unregistered mark. The valuation should therefore distinguish legal registration status from the broader evidence of use, reputation and commercial recognition.

Legal factor	Higher-quality evidence	Valuation concern if weak
Registration status	Valid registrations aligned to current use	Application pending, expired registration or gaps in key classes / territories
Distinctiveness	Strong acquired / inherent distinctiveness	Descriptive or weak marks can be harder to defend and license
Use	Consistent bona fide use with sales / advertising evidence	Non-use can create vulnerability to removal under s.47
Ownership	Clear proprietor and assignment chain	Title disputes or assignments not reflected in the register
Enforcement	Consistent policing and successful resolution	Uncontrolled third-party use can erode exclusivity / reputation
Renewal discipline	Renewals tracked and filed on time	Lapsed registrations or restoration dependence

Table 2.1: Legal quality does not mechanically translate into a percentage discount, but it changes the risks embedded in forecasts, life and royalty evidence.

OUR INSIGHT

Do not create a "legal-risk discount" simply because a registration has a pending issue. The better approach is to understand how the issue affects enforceability, revenue, royalty rate, economic life or probability-weighted scenarios. A separate arbitrary haircut is rarely the cleanest answer.

Primary references: Trade Marks Act, 1999 ss.25, 27-31, 47; IP India trademark basics and current registry framework.

2.2 Assignment, Goodwill and Licensing

The Trade Marks Act expressly permits registered marks to be assigned with or without the goodwill of the business and allows assignment for all or only some of the goods or services. Assignments without goodwill are subject to additional statutory conditions, including directions for advertisement under section 42. A person who becomes entitled to a registered mark by assignment or transmission applies to the Registrar to register title under section 45.

This distinction matters in valuation. A transaction that transfers the mark together with the operating business may also transfer customer expectations, channels and business goodwill. A transaction that carves out the mark from the business can leave the seller with operating assets but remove the right to use the mark. Those are different economic packages.

Transaction form	What changes hands	Valuation question
Assignment with goodwill	Ownership of the mark plus relevant business goodwill	What would a market participant pay for the legal rights as part of the business package?
Assignment without goodwill	Ownership of the mark without the connected business goodwill	Can the buyer commercially exploit the mark independently, and what restrictions / transition costs apply?
Exclusive licence	Right to use within defined territory / field, often excluding others	Value of restricted use for the licence term; not the full ownership value.
Non-exclusive licence	Use alongside proprietor / other licensees	Lower control and scarcity generally affect the economics.
Registered-user arrangement	Permitted use documented under the statutory framework	Agreement terms, quality control and field of use become core valuation inputs.

Legal agreement terms that can change a royalty rate

- Exclusivity and territory;
- Products / services and classes covered;
- Term and renewal rights;
- Minimum guarantees, upfront fees and variable royalties;
- Marketing obligations and quality-control standards;
- Sublicensing rights, termination clauses and change-of-control provisions.

Ownership value and licence economics should be bridged explicitly

Question	Ownership valuation	Licence valuation
Rights measured	Residual legal / economic rights in the trademark.	Only the term, territory, field and other rights granted by contract.
Cash-flow lens	All supportable future licensing / use benefits attributable to ownership.	Contractual royalty, minimum guarantee and other licence economics.
End of term	Owner may retain residual rights after a licence expires.	Licensee normally has no residual trademark ownership unless the contract says otherwise.
Key document	Title, registration portfolio, existing licences and restrictions.	Executed / proposed licence agreement and royalty-base definition.

A licence NPV should therefore not be labelled the “trademark value” unless the scope genuinely is the licence right rather than ownership of the mark.

Primary references: Trade Marks Act, 1999 ss.37-45, 48-50; Trade Marks Rules, 2017.

2.3 Legal Due Diligence Should Feed the Model, Not Sit in an Appendix

A legal due diligence memorandum and a valuation model should not operate as separate workstreams. Each material legal finding should be translated into the valuation logic only where there is an economic effect. The objective is not to penalise the asset for every procedural issue; it is to model the effect on cash flows, life, royalty terms or uncertainty.

Due-diligence finding	Possible valuation response	Do not do this
Registration expires in 18 months but renewal history is strong	Model expected renewal if evidence supports renewal without significant cost.	Cap economic life at 18 months only because that is the current registration term.
Five-year phase-out of the mark is approved by the board	Use a finite economic life / declining revenue or royalty base.	Assume indefinite life because renewals are legally available.
Key market registration is under opposition	Use scenario analysis if the outcome could materially change rights / revenue.	Apply an unexplained blanket discount to the final value.
Mark is licensed to third parties under inconsistent terms	Normalise comparable licences and examine whether current contracts reflect market terms.	Average all historical royalty rates.
Chain of title is incomplete	Treat ownership as a critical scope limitation until resolved.	Issue an ownership-value conclusion without qualification.

Practical Illustration - Renewal Date Does Not Equal Economic Life

Assume a mature consumer trademark has two years remaining in its current registration period, has been renewed several times, remains central to the product strategy and can be renewed at an immaterial cost. A two-year valuation life would understate the asset merely because the next renewal date is close. The model should consider expected renewals and economic obsolescence together. By contrast, if management has approved a rebranding over five years, a finite life may be appropriate even though legal renewal is available.

PRO TIP

Ask legal counsel for a red / amber / green schedule that identifies only findings capable of affecting ownership, exclusivity, permitted use, term, territory or enforceability. Translate those findings into the valuation assumptions rather than reproducing the legal memo.

PRACTITIONER CHECKLIST

- Confirm current registry status and renewals
- Review ownership / assignment chain
- Map registrations to actual revenue
- Review licences and registered users
- Check non-use / opposition / rectification issues
- Align legal findings to model assumptions

Primary references: Trade Marks Act, 1999 ss.25, 42, 45, 47-50; Ind AS 38 useful-life principles where relevant to financial reporting.

Legal Finding to Model Response - Escalation Matrix

Finding	Economic question	Possible modelling response
Gap in assignment chain	Could title uncertainty prevent use, licensing or transfer?	Resolve before issue where possible; otherwise use scenario / limitation treatment if the economic effect is material.
Opposition / cancellation risk	Could loss of the right change revenue, royalty terms or life?	Model probability-weighted or alternative scenarios where the outcome is material and supportable.
Potential non-use exposure	Is continued enforceability dependent on evidence of bona fide use?	Review use evidence and the commercial plan; do not apply an arbitrary percentage haircut.
Licence lacks quality-control / scope clarity	Could the agreement weaken enforceability or make the comparable royalty unreliable?	Treat the agreement cautiously and normalise or exclude it as royalty evidence.
Renewal date is near	Is renewal expected and economically rational?	Model expected renewal when supportable; legal expiry alone does not dictate economic life.

PART II - PURPOSE & REPORTING

Chapter 3: When Trademark Valuation Is Needed - Purpose, Signatory & Basis of Value

3.1 The Same Trademark Can Have Different Values for Different Purposes

The valuation purpose determines the asset perimeter, basis of value, assumptions and sometimes the professional who can sign the output. A trademark valued for an acquisition PPA is measured from a market-participant fair-value perspective. A licence negotiation focuses on the economics of permitted use. A dispute may focus on a reasonable royalty, lost profits or another legally framed measure. A strategic board exercise can focus on decision value without being a statutory valuation.

Purpose	Primary question	Typical output
M&A; / PPA	What is the acquisition-date fair value of the identifiable trademark / trade name?	Standalone intangible value plus useful-life and PPA inputs
Licensing / franchising	What royalty economics are supportable for defined rights?	Royalty-rate analysis and / or licence value
Standalone sale / assignment	What is the value of the ownership rights being transferred?	Fair / market value under stated assumptions
Group restructuring	What value supports an internal transfer or contribution of IP?	Purpose-specific valuation plus tax / legal overlay
Impairment	Does carrying amount exceed recoverable amount?	Ind AS 36 recoverable amount analysis
Dispute / settlement	What economic evidence supports the claimed position?	Purpose-specific expert valuation / damages support
Strategy / finance	How material is the trademark to enterprise value and decision-making?	Decision model / value range / scenario analysis

Table 3.1: Do not use one valuation report as a universal certificate.

Before engagement - write the purpose into one sentence

A strong scope sentence identifies

- The exact decision / filing the valuation supports
- The legal owner and trademark rights included
- The valuation date and information cut-off
- The required basis of value / measurement framework
- The intended users and any filing / audit destination
- Whether the output is statutory, accounting, tax, dispute or advisory

This prevents the same RFR model from being re-used months later for a different purpose without reconsidering rights, date, assumptions or professional eligibility.

Primary references: Ind AS 103 / 36 / 38; Companies Act, 2013 s.247; Trade Marks Act, 1999; purpose-specific legal and tax frameworks.

3.2 Who Can Sign a Trademark Valuation Report?

There is no blanket Indian rule that every trademark valuation must be signed by the same professional. The correct starting point is the legal purpose. Section 247 of the Companies Act, 2013 provides that where a valuation is required under the Act in respect of property, goodwill or other assets, the valuation is to be performed by a registered valuer meeting the prescribed framework.

The IBBI valuation-examination syllabus for the Securities or Financial Assets asset class expressly covers intangible assets and methods including relief-from-royalty. That makes the registered-valuer framework highly relevant to intangible-asset assignments where the Companies Act / IBBI regime applies. The engagement still has to confirm the appropriate asset class and eligibility for the precise statutory purpose.

For other assignments, the required professional can differ. Accounting valuations may be performed by competent valuation specialists subject to auditor review; tax and transfer-pricing work may involve Chartered Accountants and transfer-pricing professionals; securities law can prescribe merchant bankers or other professionals for specified purposes. A trademark lawyer may opine on legal title and enforceability even though that legal opinion is not itself a valuation.

KEY DECISION

Before accepting or using a report, identify: (1) the statute / standard that creates the valuation need, (2) the asset being valued, (3) the prescribed or acceptable professional, (4) independence requirements, and (5) the exact document that will be filed, audited or relied upon.

Question	Why it matters
Is the valuation required under the Companies Act?	Section 247 and the Registered Valuers framework may be directly relevant.
Is the report for accounting only?	The accounting standard defines measurement; auditor and governance expectations drive evidence quality.
Is it for tax / related-party royalty?	Transfer-pricing and tax documentation requirements must be overlaid on valuation.
Is it part of a securities transaction?	The securities regulation may prescribe a merchant banker, registered valuer or other professional for the broader transaction.
Is legal ownership disputed?	Separate legal advice may be needed before a reliable valuation scope can be fixed.

The report package can involve more than one professional

Issue	Primary role in a typical assignment
Legal title / enforceability	IP counsel or legal team confirms ownership, registrations, disputes and contractual restrictions.
Valuation conclusion	The professional eligible / competent for the stated legal or reporting purpose performs the valuation.
Tax / transfer pricing	Tax specialists test tax basis, arm’s-length royalty and transaction consequences where relevant.
Financial reporting	Management and auditors assess accounting recognition, useful life, impairment and disclosure.

The valuation report should state which legal, tax and accounting matters it relies on rather than silently assuming that the valuer has independently determined them.

Primary references: Companies Act, 2013 s.247; Companies (Registered Valuers and Valuation) Rules, 2017; IBBI SFA valuation-examination syllabus covering intangible assets.

3.3 Basis of Value and Measurement Date Must Be Explicit

The report should state what “value” means. Fair value under Ind AS is an exit-price concept based on market-participant assumptions. A transaction price is the amount actually negotiated. Investment value can be specific to one owner or buyer. A royalty rate for transfer pricing is an arm’s-length pricing question. These concepts can produce different answers without any of them being arithmetically wrong.

Same trademark - illustrative context	Why the value can differ
PPA at acquisition date	Market-participant assumptions, acquisition-date information and fair-value framework apply.
Internal licence signed six months later	Different term, territory, revenue forecast, tax position and licensor / licensee obligations may apply.
Board strategy valuation	Can incorporate management-specific strategic scenarios not used in an accounting fair-value measure.
Dispute valuation	The legal claim may define a different measurement framework, period and causation analysis.

Practical Workflow - Six Questions Before You Model

- What is the precise decision or filing the number will support?
- What legal rights are included and who owns them?
- What is the valuation / measurement date?
- What basis of value or standard is required?
- Who is eligible to sign or opine for that purpose?
- Will another authority, auditor, court, tax officer or counterparty review the report?

PRO TIP

Put a one-page "Purpose & Signatory Map" in every engagement file. A technically sound RFR can still fail if it answers the wrong legal question, uses the wrong date or is signed by a professional who is not eligible for the intended statutory use.

PRACTITIONER CHECKLIST

- Freeze purpose and valuation date
- Define basis of value
- Confirm legal asset perimeter
- Confirm prescribed professional / reviewer
- Identify intended users and filing destination
- Separate statutory output from advisory analysis

Primary references: Ind AS 113 fair-value framework; Companies Act, 2013 s.247; other purpose-specific law to be checked at engagement date.

The Same Trademark Can Support Different Outputs

Purpose	Primary question	Measurement focus
Standalone sale / assignment	What are the defined ownership rights worth in the stated transaction context?	Rights transferred, market-participant economics, transaction date and restrictions.
Licence negotiation	What royalty / licence economics are supportable for the granted rights?	Territory, term, exclusivity, royalty base, obligations and market evidence.
Purchase price allocation	What is the acquisition-date fair value of the identifiable trademark / trade name?	Market-participant assumptions, useful life and interaction with other acquired intangibles.
Impairment review	Does the relevant carrying amount remain recoverable under the applicable accounting framework?	Current forecasts, CGU / asset allocation, impairment indicators and measurement basis.
Dispute support	What valuation question has counsel asked the expert to answer?	Claim-specific rights, period, causation assumptions and the legally relevant measure instructed by counsel.

A prior report should therefore be treated as evidence, not as an automatic roll-forward. A change in purpose, date, rights or intended users can require a new valuation conclusion even when the legal mark itself has not changed.

PART II - PURPOSE & REPORTING

Chapter 4: Accounting & Regulatory Map - Ind AS, Companies Act and Tax Context

4.1 Ind AS 38 - A Valuable Trademark May Still Have No Carrying Amount

Ind AS 38 prohibits recognition of internally generated brands, mastheads, publishing titles, customer lists and items similar in substance as intangible assets. The underlying reason is that the expenditure cannot be distinguished reliably from the cost of developing the business as a whole. This is a recognition rule, not a statement that such brands have no economic value.

An acquired trademark is different. When an intangible is acquired in a business combination and is identifiable, Ind AS 38 and Ind AS 103 require it to be considered separately from goodwill and measured at acquisition-date fair value. This can create a large difference between the acquiree's pre-deal carrying amount and the acquirer's PPA value.

Situation	Accounting position	Valuation consequence
Internally generated brand / mark	Generally not recognised as an internally generated intangible under Ind AS 38.	Book value may be nil even where economic value is material.
Trademark purchased separately	Initially measured under Ind AS 38 at cost.	Purchase price / transaction terms provide evidence, subject to the accounting context.
Trademark acquired in business combination	Recognise separately from goodwill if identifiable; measure at acquisition-date fair value.	Standalone valuation often required as part of PPA.
Indefinite-life trademark after recognition	Not amortised; test annually for impairment and when indicators exist.	Recoverable amount and useful-life review become recurring valuation issues.

OUR INSIGHT

A nil book value often creates the misconception that a brand-related asset is "off-balance-sheet goodwill." For PPA, the correct question is narrower: which identifiable legal / contractual or separable intangible assets exist, and what are their acquisition-date fair values?

Book value, cost and fair value answer different questions

Measure	What it can say	What it cannot say by itself
Nil carrying amount	The internally generated item was not recognised under the accounting rules.	That the trademark has no economic value.
Historical marketing spend	How much was spent on promotion / brand support in prior periods.	The current fair value of the trademark.
Acquisition-date fair value	Market-participant value of the identifiable right at the measurement date.	The buyer's future accounting carrying amount without considering useful life, tax and impairment.

For boards and audit committees, this distinction is central: the PPA is not "creating" value that was absent before the deal; it is applying a different recognition and measurement framework at the acquisition date.

Primary references: Ind AS 38 paras.33-37, 63-64, 94-108; Ind AS 103.

4.2 Ind AS 103 and Ind AS 113 - Recognition and Fair Value

Ind AS 103 requires the acquirer to recognise identifiable assets acquired and liabilities assumed in a business combination. A trademark or trade name that arises from legal rights can satisfy the identifiability principle even if the acquiree never recognised it before the transaction. Ind AS 113 then provides the general fair-value framework, including market-participant assumptions and the exit-price concept.

For a trademark used together with the rest of an operating business, fair value typically reflects use in combination with complementary assets that would be available to market participants. The valuation should therefore not assume that the mark operates in a vacuum; revenue, distribution, people and product assets may all be necessary to realise the royalty saving.

PPA control	What the valuation file should show
Identification	Trademark / trade name separated from customer relationships, technology and goodwill.
Market-participant assumptions	Forecasts and royalty rate reflect assumptions a market participant would use, not buyer-specific synergies unless market participants would also pay for them.
Tax effects	Deferred tax consequences and any tax-amortisation benefit are treated consistently with the tax basis and transaction structure.
Useful life	Finite vs indefinite life supported by legal, economic, competitive and renewal evidence.
Reconciliation	Intangible returns and goodwill reconcile to enterprise economics; no double counting.

Common PPA double-counting trap

If the trade name supports customer retention, it can be tempting to increase both the trademark royalty rate and the customer-relationship value for the same retention benefit. The better practice is to define the economic role of each asset and use contributory asset charges / cross-checks so the aggregate intangible returns remain consistent with the business forecast.

Buyer intent should be separated from market-participant value

Buyer plan	Valuation question
Continue the acquired mark	Would market participants also use the mark with the complementary business assets, and on what economics?
Gradually migrate to the buyer's house mark	Is a finite transition / migration period a buyer-specific plan or something market participants would also price?
Stop active use but protect the mark defensively	Would a market participant derive economic benefit from preventing competing use, and how would that benefit be evidenced?
Sell / license the mark separately	Are transferability, market demand and existing restrictions consistent with that premise?

The report should not simply set value to zero because one acquirer plans not to use the mark. The fair-value premise follows market-participant assumptions under Ind AS 113, subject to the facts and the way the asset would maximise value in combination with other assets.

Primary references: Ind AS 103; Ind AS 113 paras.21-31; Ind AS 38.

4.3 Ind AS 36 - Impairment of an Indefinite-Life Trademark

Ind AS 38 provides that an intangible asset with an indefinite useful life is not amortised. Ind AS 36 requires it to be tested for impairment annually and whenever an impairment indicator exists. If the trademark does not generate cash inflows that are largely independent, the recoverable amount is tested at the cash-generating-unit level to which it belongs.

Practical Illustration - Impairment Is Not Automatically Charged to the Trademark

Assume a CGU has a carrying amount of Rs.120 crore, including goodwill of Rs.15 crore and an indefinite-life trademark of Rs.25 crore. The CGU recoverable amount is Rs.100 crore. The simplified allocation below assumes no asset-specific floor constrains the allocation.

Particulars	Rs. crore
CGU carrying amount before impairment	120.00
of which: Goodwill	15.00
of which: Trademark	25.00
of which: Other assets	80.00
Recoverable amount	100.00
Impairment loss	20.00
Less: allocated first to goodwill	(15.00)
Remaining impairment	5.00
Trademark share of remaining impairment	1.19
Other assets share of remaining impairment	3.81

The Rs.20 crore impairment is allocated first to goodwill under the Ind AS 36 CGU allocation mechanics. The remaining Rs.5 crore is then allocated pro rata across the other CGU assets, subject to the standard's asset floors. On the stated figures, the trademark receives approximately Rs.1.19 crore of the remaining loss, not the full Rs.20 crore.

PRO TIP

For an indefinite-life trademark, maintain a separate annual impairment file even if the detailed recoverable-amount model is rolled forward. Update legal status, business performance, royalty evidence, useful-life assumptions and impairment indicators before relying on last year's model.

Primary references: Ind AS 38 paras.107-110; Ind AS 36 paras.9-10, 24 and CGU impairment allocation requirements.

Accounting Recognition and Valuation - Keep the Questions Separate

Situation	Accounting / reporting question	Valuation implication
Internally generated brand / masthead	Ind AS 38 contains specific recognition prohibitions for internally generated brands and similar items.	A nil carrying amount does not establish nil economic value.
Trademark acquired separately	The acquisition cost may be recognised subject to the applicable accounting requirements.	Transaction price and identifiable rights become important evidence.
Trademark acquired in a business combination	Ind AS 103 requires identifiable acquired intangibles to be considered separately from goodwill.	Acquisition-date fair value is measured for the defined trademark / trade-name right.
Finite useful life	Amortisation / impairment framework follows the applicable accounting requirements.	Economic life and expected pattern of benefits must be supportable.
Indefinite useful life	No foreseeable limit is concluded under the accounting criteria, subject to periodic reassessment.	The valuation should not confuse indefinite accounting life with legal perpetuity or zero obsolescence risk.

Board-level reconciliation

Ask three separate questions: Is the asset recognised? If recognised, how is it measured at the relevant date? After recognition, how is it amortised or tested for impairment? Keeping those questions separate prevents book-value logic from being used as a substitute for valuation logic.

PART III - CORE VALUATION METHODOLOGY

Chapter 5: Relief-from-Royalty Method - Building the Trademark Value

5.1 Why Relief-from-Royalty Is Common for Trademarks

Under the relief-from-royalty method, value is based on the present value of the hypothetical royalty payments the owner avoids because it owns the trademark rather than licensing equivalent rights from a third party. IVS 210 and IBBI intangible-asset study material both recognise the method as a core income-approach technique for trademarks / trade names and other intangibles.

The method is intuitive, but the simplicity is deceptive. The valuation is only as strong as five linked judgements: the revenue base, royalty rate, tax treatment, economic life / terminal assumptions and discount rate. An error in any one of those can overwhelm the arithmetic.

Step	Question	Control
1. Forecast revenue	Which revenue is genuinely associated with the subject trademark?	Tie revenue to products, classes, territories and licence scope.
2. Select royalty rate	What would a market participant pay to license comparable rights?	Benchmark comparable licences and test margin / function differences.
3. Compute royalty saving	What payments are avoided through ownership?	Apply the rate to the correct gross / net sales base.
4. Apply tax	What after-tax cash flow belongs to the owner?	Use the applicable tax assumptions for the valuation purpose.
5. Discount / terminal	What is the risk and expected economic life of the savings?	Use asset-consistent discounting and defend finite / indefinite life.

Core formula

KEY DECISION

Trademark value = present value of forecast after-tax royalty savings over the economic life of the subject rights, plus any supportable terminal value and tax-amortisation benefit where appropriate to the valuation premise and tax structure.

Primary references: IVS 210 Intangible Assets; IBBI SFA intangible-assets valuation material; Ind AS 113 / Ind AS 103 where the measurement is for PPA.

5.2 Practical Illustration - A Five-Year RFR With Terminal Value

Assume a mature trademark is associated with the forecast revenue below. The selected royalty rate is an illustrative 3.0%, the tax rate is an illustrative 25%, the discount rate is 13% and the long-term growth rate after Year 5 is 4%. Year-end discounting is used for clarity. The assumptions are not represented as market-standard rates.

Year	Revenue	Royalty @ 3.0%	After-tax royalty saving @ 25% tax	Discount factor @ 13%	PV
1	100.00	3.00	2.25	0.8850	1.99
2	112.00	3.36	2.52	0.7831	1.97
3	125.00	3.75	2.81	0.6931	1.95
4	137.00	4.11	3.08	0.6133	1.89
5	148.00	4.44	3.33	0.5428	1.81

PV of explicit Years 1-5 = Rs.9.61 crore. Year 6 after-tax royalty saving = Rs.3.33 crore x 1.04 = Rs.3.4632 crore. Terminal value at the end of Year 5 = Rs.3.4632 / (13% - 4%) = Rs.38.48 crore. Present value of terminal value = Rs.38.48 crore x 0.5428 = Rs.20.89 crore.

Particulars	Rs. crore
PV of explicit royalty savings	9.61
Add: PV of terminal value	20.89
Trademark value before any separately supportable tax-amortisation benefit	30.50

OUR INSIGHT

The terminal value contributes about two-thirds of the illustrative result. That does not make the method wrong, but it makes economic life, long-term growth and discount rate critical audit points. A mature brand with a long expected life needs stronger terminal evidence than a short-lived product mark.

Read the result before accepting the result

Diagnostic	Illustrative amount	What it tells the reviewer
PV of explicit Years 1-5	Rs.9.61 cr	31.5% of the pre-TAB value is supported by the explicit forecast period.
PV of terminal value	Rs.20.89 cr	68.5% of the value depends on continuing economics after Year 5.
Total before any supportable TAB	Rs.30.50 cr	The conclusion should therefore be especially sensitive to long-run brand durability.

The percentages are 9.61 / 30.50 and 20.89 / 30.50, rounded. A high terminal contribution is a review flag, not an automatic error.

Primary references: Method mechanics consistent with IVS 210 and accepted intangible-asset valuation practice; all numerical inputs are purely illustrative.

5.3 Sensitivity, Terminal Value and Model Controls

A single-point trademark value can hide the two assumptions that usually matter most: royalty rate and discount rate. The same revenue forecast used above produces the following values when those inputs change. Long-term growth remains at 4% and the tax rate at 25%.

Royalty rate / Discount rate	12%	13%	14%
2.5%	28.69	25.41	22.79
3.0%	34.43	30.50	27.35
3.5%	40.17	35.58	31.91

Table 5.1: Trademark value in Rs. crore. The matrix is a sensitivity tool, not a probability-weighted conclusion.

Terminal value controls

- Use terminal growth only where the mark is expected to continue and the business reaches a sustainable state.
- Do not treat legal renewability as proof of indefinite economic life.
- If management plans a rebrand or product withdrawal, forecast the fade explicitly and consider no terminal value.
- Check that terminal royalty savings are consistent with mature revenue and margin economics.

Tax-amortisation benefit - include only when supportable

A purchaser of a trademark may obtain tax depreciation under the applicable tax law where the statutory conditions are met; section 33 of the Income-tax Act, 2025 expressly includes acquired trademarks among depreciable intangible assets. However, whether a market participant receives a tax-basis step-up depends on transaction structure and tax facts. A tax-amortisation benefit should therefore not be added mechanically to every RFR.

PRO TIP

Show the value before tax-amortisation benefit and the TAB separately. State the assumed tax basis and transaction form. If the deal is a share acquisition with no step-up in the trademark tax base, a purchaser-specific tax shield should not be inserted into the PPA value without a supportable market-participant basis.

PRACTITIONER CHECKLIST

- Tie revenue to the trademark perimeter
- Document royalty-rate evidence
- Apply taxes consistently
- Defend finite / indefinite life
- Test terminal concentration
- Run rate / discount sensitivities
- Separate TAB from base RFR
- Archive the exact forecast version

Primary references: Income-tax Act, 2025 s.33; IVS 210; Ind AS 113 market-participant framework for fair value.

Relief-from-Royalty Model Control Schedule

Model line	Required support	Common failure
Revenue attributable to the mark	Segment / product / territory bridge to historical financials and forecast.	Using consolidated revenue without matching the subject rights.
Royalty rate	Comparable agreements, subject adjustments and economic cross-checks.	Using an unsupported industry percentage.
Pre-tax royalty saving	Revenue multiplied by the selected royalty rate on the contractually relevant base.	Applying the rate to gross revenue when comparable agreements use another base.
Tax effect	Tax treatment consistent with the stated valuation framework and assumptions.	Mixing pre-tax and post-tax cash flows / discount rates.
Economic life / terminal value	Brand strategy, renewability, obsolescence and market-participant expectations.	Adding a perpetuity to a planned phase-out.
Discounting / TAB	Risk, timing and any tax-amortisation benefit supported by the actual tax basis / structure.	Adding TAB automatically or using an unexplained rate.

RFR ARITHMETIC CHAIN

- Attributed revenue x selected royalty rate = pre-tax royalty saving
- Apply the relevant tax effect consistently to derive after-tax savings
- Discount each period’s supportable saving to the valuation date
- Add a terminal value only when continuing economics are supportable
- Add a tax-amortisation benefit only where the tax basis / structure supports it
- Reconcile the result to enterprise economics and alternative evidence

The strength of the RFR is not the formula - it is the evidence supporting each line of that chain.

Reviewer questions when terminal value is material

- Is the last explicit forecast year sufficiently mature to anchor continuing economics?
- Does the long-run revenue / growth assumption reflect the durability of the trademark rather than the short-term business plan?
- Would a finite fade period better reflect the expected brand strategy?
- How much of total value comes from the terminal period, and has that concentration been disclosed?

PART III - CORE VALUATION METHODOLOGY

Chapter 6: Royalty Rate Selection - Benchmarking Without Rules of Thumb

6.1 Comparable Licences Must Be Comparable in Rights - Not Just Industry

Royalty-rate benchmarking is the judgement centre of an RFR. A licence involving the same industry can still be a poor comparable if it grants a different territory, exclusivity, product scope, term, trademark strength or bundle of rights. Screening should therefore begin with legal and commercial terms, not with a spreadsheet average.

Comparable factor	Why it matters to the rate	Typical adjustment logic
Exclusivity	Exclusive rights are more valuable to the licensee than non-exclusive use.	All else equal, exclusivity can support a higher rate or other compensation.
Territory	Brand strength and legal protection vary by market.	Do not apply a US / global rate automatically to an India-only licence.
Product / service scope	A mark may be stronger in one category than another.	Match the goods / services and stage of commercial maturity.
Term / renewal	Long-term rights reduce renewal uncertainty.	Compare economic term and termination rights.
Marketing obligations	The licensee may bear heavy brand-building spend.	A high licensee marketing burden can affect the royalty the business can economically bear.
Royalty base	Gross sales, net sales, units or profit can produce very different economics.	Normalise the base before comparing headline percentages.

OUR INSIGHT

The most dangerous "comparable" is one that has the right percentage but the wrong contract. A 4% licence with global exclusivity and minimal marketing obligations is not equivalent to a 4% India-only, non-exclusive licence where the licensee bears major brand-development costs.

A five-stage comparable-licence screen

Stage	Screening question
1. Asset	Is the agreement genuinely for a trademark / trade name, rather than bundled technology, know-how or distribution?
2. Rights	Are exclusivity, territory, products, term and sublicensing rights observable?
3. Economics	Is the royalty base defined and are upfront fees / minimum guarantees identifiable?
4. Parties	Is there evidence that the licence is third-party / arm's-length rather than related-party or strategic?
5. Comparability	After normalisation, is the subject sufficiently comparable to influence the selected range?

An agreement that fails the first two stages may still be contextual evidence, but it should not receive the same weight as a transparent, economically comparable licence.

Primary references: IVS 210 relief-from-royalty principles; IBBI intangible-assets valuation material; actual licence agreements where available.

6.2 Profitability Is a Sanity Check - Not a Formula for the Royalty Rate

A licensee must retain enough economic return for its functions, assets and risks. That makes operating margin a useful reasonableness check on a benchmarked royalty rate. It does not create a fixed "share of profits" rule. The historical 25% rule of thumb should not be used as a substitute for actual comparable, functional and economic analysis.

Practical Illustration - Royalty Headroom

Assume a licensee has Rs.100 crore of revenue and Rs.16 crore of EBITDA before any trademark royalty. The table shows the simple EBITDA effect of different illustrative royalty rates, ignoring tax and other transfer-pricing adjustments.

Illustrative rate	Royalty on Rs.100 crore revenue	Pre-royalty EBITDA Rs.16 crore	Post-royalty EBITDA	Royalty as % of pre-royalty EBITDA
2.5%	2.50	16.00	13.50	15.6%
3.0%	3.00	16.00	13.00	18.8%
4.0%	4.00	16.00	12.00	25.0%
5.0%	5.00	16.00	11.00	31.3%

The table does not prove that 2.5%, 3.0%, 4.0% or 5.0% is arm's length. It shows the amount of operating return the royalty consumes, which is an important commercial and transfer-pricing sense check.

Factors that can justify moving within a comparable range

- Relative strength / recognition of the subject mark;
- Exclusivity, territory and field-of-use restrictions;
- Expected growth and durability of the licensed revenue;
- Licensee marketing and brand-maintenance obligations;
- Availability of substitutes and bargaining power;
- Contract term, termination rights and minimum guarantees.

PRO TIP

When comparable licences produce a range, write the adjustment logic before selecting the point estimate. If the narrative is written after the rate has been chosen, the analysis is more likely to look outcome-driven.

Royalty-base differences can overwhelm small rate differences

A 3.0% rate on gross sales and a 3.0% rate on net sales after returns, rebates and taxes can produce materially different payments. Benchmarking should therefore normalise the royalty base before ranking rates. Where that cannot be done reliably, the agreement should receive less weight rather than being "adjusted" with false precision.

Primary references: IVS 210; transfer-pricing / tax analysis must separately follow the current Income-tax Act and Rules for the specific related-party arrangement.

6.3 Build a Royalty-Rate File That Another Reviewer Can Reproduce

A royalty-rate conclusion should be traceable from raw agreements or reliable licence databases through screening, normalisation and adjustments. If only summaries are available, the report should say so and avoid pretending that unknown contract terms have been tested.

Royalty-rate workpaper	Minimum content
Search strategy	Industry, product, trademark / trade name scope, geography, dates and exclusion criteria.
Comparable schedule	Licensor, licensee, rights, territory, exclusivity, term, royalty base, rate, upfront / minimum fees and source.
Normalisation	Gross vs net sales, bundled technology / know-how, tiered rates, fixed fees and marketing obligations.
Subject comparison	Explicit comparison of subject mark strength, scope, term, territory, functions and economics.
Profitability check	Licensee headroom / margins under selected rate; not a standalone pricing formula.
Conclusion	Supportable range, selected point / range and reasons.

Internal licences can be useful evidence - with caution

A company's own third-party licensing history can be more relevant than an industry database because the mark is identical. But the agreement may be old, strategic, bundled with distribution or technology, or negotiated in a different market. Related-party licences are not automatically market evidence and should not be circularly used to prove the rate being tested.

QUESTIONS TO ASK BEFORE YOU ACT

- Is the comparable really a trademark licence?
- Is it exclusive or non-exclusive?
- Is territory comparable?
- Is the royalty base defined the same way?
- Are marketing obligations comparable?
- Does the licence bundle technology / know-how?
- Is the agreement arm's length?
- Does the selected rate leave a supportable licensee return?

Database-summary red flags

Reduce weight when the source does not disclose

- Whether the licensed right is a trademark alone or a bundle
- Territory and exclusivity
- Royalty base and permitted deductions
- Upfront fees, minimum guarantees or tiering
- Licensee marketing / brand-development obligations
- Term, termination and renewal mechanics

The percentage printed in a database is only the start of the evidence. The agreement terms explain what that percentage actually bought.

Primary references: IVS 210 and underlying licence agreements / market data; purpose-specific transfer-pricing requirements where relevant.

Comparable Licence Normalisation Worksheet

Term to normalise	Why it changes comparability	Review treatment
Asset bundle	Trademark-only rights are not directly comparable with trademark + technology + know-how bundles.	Separate bundled economics or reduce weight where separation is not supportable.
Exclusivity	Exclusive territorial or field rights can carry different economics from non-exclusive rights.	Compare like-for-like or explain the adjustment / weighting.
Territory and channel	Brand strength, protection and route-to-market can differ significantly by geography / channel.	Prioritise evidence with similar commercial exposure.
Royalty base	Gross sales, net sales, units and other bases are not interchangeable.	Normalise the denominator before comparing headline rates.
Upfront / minimum payments	A lower running royalty can be paired with a large upfront fee or guaranteed minimum.	Consider the total economic package rather than the running percentage alone.
Licensee obligations	Marketing, quality-control and brand-development functions affect the residual return available for royalty.	Reflect material functional differences in selection / weighting.

Profitability is a cross-check, not a shortcut

A selected royalty should leave a commercially coherent return for the functions, assets and risks that remain with the licensee. This is a reason to challenge an otherwise comparable rate when it produces implausible economics; it is not a universal "royalty cap" formula.

ROYALTY-RATE REVIEW

- Can every selected comparable be traced to the underlying agreement summary?
- Is the royalty base consistent across the range?
- Have bundled rights and upfront payments been identified?
- Does the subject sit at the low, middle or high end for an evidence-based reason?
- Does the resulting rate remain coherent with subject profitability and functions?

PART III - CORE VALUATION METHODOLOGY

Chapter 7: Forecasts, Economic Life, Discount Rate & Tax Effects

7.1 The Revenue Forecast Must Match the Trademark - Not the Entire Company

RFR often fails at the first line because the model uses consolidated company revenue even though only part of that revenue is generated under the subject mark. Revenue should be mapped by product, service, geography, channel and legal rights. If the company owns a portfolio of marks, each mark should be linked to the revenue it actually supports.

Revenue issue	Why it matters	Control
Multiple brands	A house mark and product brands may overlap in the same sale.	Define hierarchy and avoid applying full royalty rates twice to the same revenue.
Co-branding	Value may be shared between two marks.	Consider the commercial role and contractual allocation.
Private label / unbranded sales	Revenue may not benefit from the subject trademark.	Exclude or use a different assumption.
New geographies	Registration and brand recognition may lag expansion.	Model market-entry ramp and legal protection.
Discontinued products	Current revenue can overstate future brand life.	Use product / brand phase-out assumptions.
Channel change	D2C, retail and franchise economics can differ.	Confirm whether the royalty base is gross sales, net sales or another metric.

Forecast evidence hierarchy

- Historical revenue and gross-margin trend by branded product;
- Current budgets / board-approved forecasts and actual performance against prior plans;
- Signed contracts, distributor pipeline and capacity constraints;
- Customer / channel data that supports brand-driven demand;
- External market growth only after company-specific constraints are considered.

Practical Illustration - Revenue Attribution Bridge

Assume consolidated revenue is Rs.200 crore. The subject valuation covers one India trademark used only for the products and territories shown below. The revenue base should be bridged before any royalty rate is applied.

Particulars	Rs. crore
Consolidated revenue	200.00
Less: products sold under other marks	(35.00)
Less: revenue outside the subject territory / rights	(15.00)
Eligible revenue mapped to the subject trademark	150.00
Illustrative royalty at 3.0% on the eligible base	4.50

Applying 3.0% mechanically to consolidated revenue would produce Rs.6.00 crore of royalty instead of Rs.4.50 crore - a 33.3% overstatement of the annual royalty saving on these facts.

Primary references: IVS 104 Data & Inputs / IVS 105 Valuation Models framework; Ind AS 113 market-participant assumptions where fair value is required.

7.2 Legal Life, Useful Life and Economic Life Are Different Questions

A trademark registration runs in ten-year periods and can be renewed. That statutory cycle should not be confused with valuation life or accounting useful life. Economic life reflects how long the mark is expected to produce benefits. Accounting useful life under Ind AS 38 is driven by expected economic benefits and legal / contractual restrictions, with renewal periods included only when supported by evidence.

Scenario	Legal position	Likely modelling implication
Mature house brand renewed repeatedly	Renewable in ten-year periods	Potentially long / indefinite economic life if competitive and commercial evidence supports continuation.
Fashion label being retired	Legally renewable	Finite life based on approved phase-out; do not create a perpetuity.
Acquired reacquired right	Contractual period governs under Ind AS 38 specific guidance	Do not assume renewal periods for the reacquired right.
Mark exposed to technological / regulatory displacement	Registration may remain valid	Economic life can shorten even if legal protection continues.

Brand fade vs terminal growth

If revenue will continue but the mark is expected to lose influence, a terminal value based on the full current royalty rate can overstate value. One alternative is to model a declining royalty rate, declining revenue share or finite life. The chosen approach should be tied to commercial evidence, not added only to make the model more conservative.

OUR INSIGHT

The question “how many years are left on the trademark?” is usually incomplete. The better question is “how long will a market participant expect this mark to generate incremental economic benefits, considering renewability, competitive strength, planned use and obsolescence?”

Evidence that can shorten or extend economic life

Evidence	Possible implication - subject to the full facts
Repeated renewals, continuing use and durable category relevance	Supports a longer expected period of economic benefit; does not by itself prove indefinite life.
Approved rebranding / migration plan	Supports a finite life or explicit fade period even if legal renewal is available.
Product technology becoming obsolete	Can shorten the economic life of a product mark tied to that technology.
Declining recognition and distribution support	May reduce forecast revenue, royalty rate or both before legal expiry.
Strong house mark with continual product refresh	May support longevity if market-participant evidence shows the mark can span product generations.

Primary references: Trade Marks Act, 1999 s.25; Ind AS 38 paras.93-96 and 107-110.

7.3 Discount Rate, Tax and the WARA Cross-Check

The discount rate should reflect the risk of the trademark-related cash flows, not simply copy the enterprise WACC. In some businesses a mature house brand can be less risky than the residual enterprise return; in others a fashion / product mark can be more volatile. The valuation should explain how the selected rate relates to the business WACC, asset risk, useful life and comparable evidence.

Input	What should be documented
Business WACC / required return	Market inputs, capital structure, beta / risk basis and valuation date.
Asset risk relative to business	Why trademark cash flows are more / less risky than overall enterprise cash flows.
Tax rate	Statutory / effective assumption used in the model and why it fits the purpose.
Tax basis / TAB	Whether the assumed buyer receives a tax basis in the trademark and the method / rate of tax depreciation.
WARA / return reconciliation	For PPA, whether returns on tangible and intangible assets reconcile directionally to the enterprise required return.

Tax depreciation under current Indian law

Section 33 of the Income-tax Act, 2025 includes acquired trademarks, licences, franchises and similar rights within depreciable intangible assets, subject to the statutory conditions and the depreciation rules. The valuation should not hard-code a tax-amortisation benefit without confirming that the asset, acquisition structure and tax basis actually qualify.

PRO TIP

If the RFR value moves materially when the discount rate changes by 1%, the report should explain the rate in more detail than a one-line reference to WACC. Show the bridge from enterprise risk to trademark risk and perform a sensitivity rather than hiding the uncertainty.

PRACTITIONER CHECKLIST

- Reconcile branded revenue to the operating model
- Support renewal / phase-out assumptions
- Separate legal term from economic life
- Document asset-specific discount-rate logic
- Confirm tax basis before adding TAB
- Cross-check returns to enterprise economics

Discount-rate review should reconcile with the rest of the valuation

Check	Why it matters
Enterprise WACC vs asset risk	The trademark cash flow may have a different risk profile from the business as a whole.
Forecast risk vs discount rate	Do not put the same risk twice into probability-weighted cash flows and an extra discount-rate premium without explanation.
Other PPA asset returns	Customer, technology, fixed assets and trademark returns should form a coherent overall return profile.
Sensitivity	Show how value changes for supportable rate ranges rather than hiding judgement in one decimal point.

Primary references: Income-tax Act, 2025 s.33; Ind AS 38 useful-life guidance; IVS 210 / general IVS valuation framework.

Assumption Consistency Review

CHECK THE LINKS BETWEEN ASSUMPTIONS

- Useful life matches the commercial use / migration strategy
- Terminal value matches the end-state of the explicit forecast
- Forecast risk and discount-rate risk are not counted twice
- Tax basis / TAB / deferred-tax assumptions follow the actual structure
- Sensitivities focus on the variables that genuinely drive value
- Legal renewability is not used as a substitute for economic-life evidence

Where the mark is planned for phase-out, the sensitivity should normally focus on the fade period, attributed revenue and royalty economics. Where continuing use is supportable, long-run growth and terminal assumptions become more important.

PART IV - ALTERNATIVE METHODS & PPA

Chapter 8: Alternative Methods & Cross-Checks - Premium Profits, Market and Cost

8.1 RFR Is Often Strong - But It Is Not the Only Method

A trademark can be valued using several techniques under the income, market and cost approaches. Method selection should follow the economic benefit and the quality of evidence. IVS 210 identifies methods including relief-from-royalty, excess earnings, premium profit / with-and-without and other techniques for intangible assets.

Method	When it can be useful	Main weakness for trademarks
Relief-from-royalty	Revenue can be linked to the mark and royalty evidence exists.	Royalty rate and terminal value can dominate the result.
Premium profit / with-and-without	Branded vs unbranded economics can be isolated.	Difficult to separate trademark effect from quality, distribution and customer relationships.
Market approach	Comparable standalone trademark / licence transactions are genuinely observable.	Transaction rights are rarely identical and consideration is often bundled.
Cost approach	Young / replaceable marks where recreation cost informs downside analysis.	Cost does not measure reputation, pricing power or future income.
Excess earnings	Asset generates identifiable earnings after contributory asset returns.	Often more appropriate to customer relationships / technology than a mature house trademark.

Method selection principle

Do not add a second method only to create an average. A weak market approach does not become useful because it sits next to a strong RFR. Cross-checks should challenge the primary method, not dilute it.

Method-selection decision matrix

Evidence available	Method implication
Reliable revenue forecast + defendable market royalty evidence	RFR is often a strong primary method.
Credible branded vs unbranded / with-vs-without economics	Premium-profit or with-and-without can be a useful primary method or cross-check.
Recent arm's-length sale / licence of closely comparable trademark rights	Market evidence may be meaningful after normalising rights and transaction terms.
Very early / newly created mark with limited income evidence	Cost evidence may provide context or a floor-like cross-check, not necessarily market value.
No reliable forecast and no comparable market evidence	Increase reliance on scenarios / qualitative evidence and disclose valuation uncertainty; do not manufacture precision.

The method with the most data is not automatically the best method. The controlling question is which method most directly captures the economic benefit of the defined rights using evidence available at the valuation date.

Primary references: IVS 210 Intangible Assets; IBBI intangible-assets valuation material.

8.2 Practical Illustration - Premium Profit Is Not Automatically Trademark Profit

Assume a branded product sells 1.0 million units at Rs.500 per unit. A functionally equivalent unbranded product could sell at Rs.450. At first glance, the Rs.50 price premium appears to create Rs.5.0 crore of annual “brand profit.” That conclusion is too fast.

Particulars	Branded	Unbranded / benchmark	Difference
Units	10,00,000	10,00,000	-
Selling price per unit	Rs.500	Rs.450	Rs.50
Revenue	Rs.50.0 cr	Rs.45.0 cr	Rs.5.0 cr
Product cost per unit	Rs.300	Rs.300	-
Gross profit before marketing	Rs.20.0 cr	Rs.15.0 cr	Rs.5.0 cr
Brand-support marketing spend	Rs.6.0 cr	Rs.2.0 cr	Rs.4.0 cr
Indicative incremental gross economics after marketing	Rs.14.0 cr	Rs.13.0 cr	Rs.1.0 cr

Even the Rs.1.0 crore difference is not automatically the trademark cash flow. Distribution relationships, product quality, packaging, customer data, working capital and other assets may contribute. A with-and-without model must define which variables actually change if the trademark is removed while other assets remain available.

OUR INSIGHT

The with-and-without method is powerful when there is a credible "without" scenario. If the hypothetical unbranded business is invented only to create a target value, the method becomes less reliable than a transparent RFR.

Four causation tests before treating a price premium as trademark income

Test	Question to ask
Product equivalence	Are the branded and benchmark products genuinely comparable in quality, specification and service?
Distribution equivalence	Would the unbranded business have the same retailer access, shelf space, marketplace ranking and fulfilment capability?
Customer / data equivalence	Are customer relationships, loyalty data and switching costs being held constant in the "without" case?
Marketing / support equivalence	What additional spend would the unbranded alternative require to maintain awareness and demand?

Do not capitalise the Rs.1 crore difference mechanically

The Rs.1 crore annual difference in the illustration is only a starting economic signal. A formal with-and-without method would forecast the incremental after-tax cash flows over the relevant period, reflect contributory assets / costs consistently, and discount the differential cash flows at a rate appropriate to their risk.

Reviewer question

- If the trademark disappeared tomorrow but product quality, distribution and customer data remained, which forecast lines would actually change - price, volume, marketing, churn, channel terms, or all of them?

Primary references: Illustration based on premium-profit / with-and-without principles in IVS 210; all figures are illustrative.

8.3 Use Cross-Checks to Test the Economic Story

The best cross-check is often not another full valuation model. It is a simple test that asks whether the RFR conclusion is consistent with the company's economics, recent transactions and asset importance.

Cross-check	Question
Trademark value / enterprise value	Is the proportion plausible given how central the mark is to demand and profitability?
Implied royalty vs margins	Can an independent licensee realistically bear the selected royalty and still earn a return for its functions?
Recent licence / franchise agreements	Do actual third-party deals for the same mark support or contradict the benchmarked rate?
Brand investment trend	Is the value consistent with current recognition and planned brand support, without treating marketing spend as value by itself?
Transaction allocation	Does the trademark value leave plausible returns for customer relationships, technology, tangible assets and goodwill?
Scenario range	How much value is lost if growth, royalty rate or economic life weakens?

Cost approach - a floor, not a shortcut

Historical marketing spend is not the value of a trademark. Some spend fails, some builds the business generally, and some benefits current and future periods differently. Reproduction or replacement cost can still be informative for a very young mark or a minimum-cost-to-create analysis, but it should not be presented as a substitute for market recognition and future income.

PRO TIP

If the primary RFR produces a trademark value equal to a very large share of enterprise value, stop and reconcile before finalising. The answer may be correct - but it may also signal an overstated royalty rate, double-counted revenue, inconsistent discount rate or missing contributory asset economics.

PRACTITIONER CHECKLIST

- Choose the method from the asset economics
- Do not average weak methods
- Build a credible without-brand scenario
- Use margins as a reasonableness check
- Reconcile value to enterprise value / PPA
- Explain why excluded methods were not reliable

Cross-check hierarchy - from strongest to weakest evidence

Give greatest weight to evidence that is close to the same asset, same rights and same measurement date: an arm’s-length licence of the subject mark can be more informative than a broad industry average; a coherent enterprise-value reconciliation can be more informative than accumulated marketing spend. Cross-check quality should be discussed, not simply counted.

Primary references: IVS 210; IBBI SFA intangible-assets valuation material.

When Methods Disagree - Diagnose Before Averaging

Observation	Review response
RFR is well above premium-profit evidence	Check whether the royalty rate is also capturing product, channel or customer benefits.
Premium-profit indication is well above RFR	Check whether the branded / benchmark comparison is truly equivalent in quality, distribution and support.
Transaction evidence differs from income methods	Review rights, date, distress / strategic factors and other transaction-specific terms before weighting.

Triangulation is a judgement about evidence quality. Do not average methods merely to make the answer look balanced.

PART IV - ALTERNATIVE METHODS & PPA

Chapter 9: Trademark Valuation in Purchase Price Allocation

9.1 PPA Starts With Identification, Not Valuation

In a business combination, the acquirer recognises identifiable intangible assets separately from goodwill. Marketing-related intangibles can include trademarks and trade names. The exercise should begin with legal agreements, brand architecture and the operating model to decide whether the economic asset is one trademark, several marks, a trade name, a broader group of complementary marketing assets, or a combination.

PPA question	Why it matters
Is the mark legally protected / separable?	Supports identifiability and clarifies the rights being valued.
Is a house mark and product brand one asset or several?	Different marks can have different revenue bases, lives and royalty rates.
Are customer relationships separately identifiable?	Avoid attributing all repeat-purchase economics to the brand.
Is technology / recipe / formulation separately identifiable?	Some product economics may belong to technology or know-how, not the trademark.
Does the buyer plan to retire the acquired mark?	Fair value still follows market-participant assumptions under Ind AS 113; buyer intent alone does not automatically eliminate value.

OUR INSIGHT

A PPA should not reverse-engineer intangible values to hit a desired goodwill number. The asset identification, method and key assumptions should be defendable before the residual goodwill is known.

Build a brand-architecture map before assigning royalty rates

Architecture element	PPA question
Corporate / house mark	Does it support all business lines or only selected revenue?
Product / sub-brand	Does it have stand-alone recognition and economics that differ from the house mark?
Trade name	Is the company / business name itself an identifiable marketing-related intangible?
Co-brand / licensed mark	Does the acquiree own the right, or only use it under a third-party licence?
Mark scheduled for migration	Would market participants continue, migrate or defensively hold it, and over what period?

This map is also the control against double counting the same revenue under both a house mark and a product mark without a supportable hierarchy of royalty economics.

Primary references: Ind AS 103; Ind AS 38 paras.33-37; Ind AS 113 market-participant / highest-and-best-use concepts.

9.2 Practical Illustration - Trademark Value Changes the Goodwill Bridge

Assume an acquirer pays Rs.200 crore for a business. The fair value of identifiable net assets excluding the trademark and customer relationships is Rs.130 crore. The trademark is valued at Rs.35 crore and customer relationships at Rs.20 crore. For illustration only, assume the tax base of those intangible fair-value adjustments is nil and a 25% deferred-tax rate applies, creating a Rs.13.75 crore deferred tax liability. Actual deferred-tax treatment must follow Ind AS 12 and the transaction facts.

Particulars	Rs. crore
Purchase consideration	200.00
Fair value of identifiable net assets excluding the two intangibles	130.00
Add: Trademark fair value	35.00
Add: Customer-relationship fair value	20.00
Less: Deferred tax liability on intangible fair-value adjustments (simplified assumption)	(13.75)
Fair value of net identifiable assets	171.25
Goodwill	28.75

Why the DTL matters

Fair-value adjustments to identifiable intangibles can create taxable temporary differences. Recognising the related deferred tax liability reduces net identifiable assets and increases goodwill relative to a schedule that ignores deferred tax. The valuation team and accounting / tax team should therefore reconcile tax bases before the PPA is finalised.

PRO TIP

Keep the trademark valuation model, useful-life memo, deferred-tax schedule and goodwill bridge in one PPA control file. A change in royalty rate or useful life can affect the intangible value, amortisation / impairment profile, deferred tax and goodwill simultaneously.

Sensitivity - a higher trademark value does not reduce goodwill rupee-for-rupee when deferred tax changes

Using the same simplified 25% deferred-tax assumption and nil tax base for intangible fair-value adjustments, change only the trademark value while keeping customer relationships at Rs.20 crore and purchase consideration at Rs.200 crore.

Trademark value	DTL on trademark + customer relationship uplift	Net identifiable assets	Goodwill
Rs.30 cr	Rs.12.50 cr	Rs.167.50 cr	Rs.32.50 cr
Rs.35 cr	Rs.13.75 cr	Rs.171.25 cr	Rs.28.75 cr
Rs.40 cr	Rs.15.00 cr	Rs.175.00 cr	Rs.25.00 cr

A Rs.5 crore increase in the trademark fair value increases the simplified DTL by Rs.1.25 crore, so net identifiable assets rise by Rs.3.75 crore and goodwill falls by Rs.3.75 crore. Actual tax bases and deferred-tax treatment must be established from the transaction facts.

Primary references: Ind AS 103; Ind AS 12 deferred tax principles; figures are illustrative and simplified.

9.3 Useful Life, Amortisation and WARA Consistency

After recognition, a finite-life intangible is amortised systematically over its useful life. An indefinite-life intangible is not amortised but is tested annually for impairment. The useful-life analysis should consider the expected period of economic benefit, legal rights, renewal evidence, competitive environment, brand strategy and obsolescence.

PPA review point	Trademark-specific control
Finite vs indefinite life	Do not default to indefinite solely because a trademark can be renewed.
Amortisation pattern	If finite, use a pattern reflecting consumption of benefits; straight-line is used when the pattern cannot be determined reliably.
Revenue-based amortisation	Ind AS 38 contains a rebuttable presumption that revenue-based amortisation is inappropriate, subject to limited exceptions.
WARA / return consistency	The trademark return should be directionally consistent with the risk and returns assigned to other assets.
Audit support	Retain legal status, royalty benchmark, forecast tie-out, sensitivities and management-use evidence.

Common PPA errors

- Calling a broad consumer brand "trademark" without identifying the legal rights;
- Using the acquisition price / purchase multiple as the trademark value;
- Applying a group-wide royalty rate to all acquired revenue;
- Failing to separate trade name / trademark from customer relationships;
- Adding tax-amortisation benefit and deferred tax inconsistently;
- Assuming an indefinite life without evidence of renewal and continuing economic relevance.

PRACTITIONER CHECKLIST

- Identify legal and economic asset
- Reconcile asset to PPA forecast
- Benchmark royalty rate
- Document useful life
- Reconcile tax basis / DTL
- Cross-check WARA / goodwill
- Prepare annual impairment handover

PPA-to-impairment handover

Retain these items for the first annual review

- Trademark / trade-name asset definition used in the PPA
- Acquisition-date revenue forecast and royalty-rate evidence
- Useful-life conclusion and renewal assumptions
- CGU allocation and relationship with goodwill
- Tax basis / deferred-tax schedule
- Key sensitivities and events that would invalidate the PPA assumptions

A clean handover allows the next year's impairment team to identify what has actually changed instead of rebuilding the acquisition-date logic from memory.

Primary references: Ind AS 38 paras.94-110; Ind AS 103; Ind AS 36; Ind AS 113.

PPA Double-Counting Control Map

Asset	Primary benefit commonly modelled	Interface to check
Trademark / trade name	Royalty saving or other brand-related economic benefit attributable to the identified mark.	Do not also capture the same brand-driven benefit fully in customer or goodwill models.
Customer relationships	Economic benefit of repeat / contractual customer relationships.	Apply contributory asset charges, including trademark support where methodologically appropriate.
Technology / know-how	Product / process or platform-related economic benefit.	Separate technology contribution from reputation / naming effects.
Goodwill	Residual future benefits not separately identified and recognised.	Goodwill is the residual after identifiable assets / liabilities are measured, not a target amount to engineer.

PART V - TRANSACTIONS & PRACTICE

Chapter 10: Licensing, Assignment, Restructuring & Cross-Border Considerations

10.1 Ownership Value and Licence Value Are Not the Same

Ownership of a trademark can be assigned; permitted use can instead be granted through a licence / registered-user arrangement. The economic rights differ. A full owner controls residual use and future licensing subject to law and existing contracts. A licensee may have only a limited term, territory, field of use and right to sublicense.

Term	Ownership / assignment	Licence / permitted use
Control	Residual control of the legal rights transferred.	Limited to contract; proprietor may retain other rights.
Term	Potentially continuing subject to legal renewal / economic use.	Defined licence term and renewal conditions.
Territory / field	Can include all or specified goods / services / territories.	Usually expressly limited by contract.
Residual value	Owner retains value after individual licences expire.	Licensee normally has no residual ownership value after expiry.
Valuation method	RFR, market or other ownership valuation.	PV of licence economics / market royalty analysis for specified rights.

Assignment without goodwill

Section 38 allows assignment with or without goodwill. Section 42 imposes specific conditions for an assignment made otherwise than in connection with the goodwill of the business, including an application for directions regarding advertisement within the statutory period. This is not a drafting detail: transferring a mark without the connected business can change the commercial ability to exploit the asset and therefore the valuation premise.

Rights matrix - why the same mark can support different values

Right	Full owner	Exclusive licensee	Non-exclusive licensee
Residual control	Yes, subject to existing contracts	No	No
Territory / field	All rights owned unless carved out	Defined by agreement	Defined by agreement
Third-party licensing	Owner can license subject to restrictions	Only if sublicensing is granted	Usually limited / absent unless granted
Term	Potentially continuing with renewal and economic use	Contract term / renewal	Contract term / renewal
Residual value after term	Potentially yes	Normally no ownership residual	Normally no ownership residual

Valuation scope should state which column is being measured. A licence right cannot be valued as though the licensee owned unrestricted global rights in perpetuity.

Primary references: Trade Marks Act, 1999 ss.37-45, 48-50.

10.2 Practical Illustration - Define the Royalty Base Before the Rate

Assume an operating company receives a five-year, India-only licence to use a trademark for specified products. The agreement sets a 3.0% royalty on “eligible net sales.” The arithmetic is simple; the definition of eligible net sales is not.

Year	Eligible net sales (Rs. cr)	Royalty @ 3.0% (Rs. cr)
1	80.00	2.40
2	90.00	2.70
3	100.00	3.00
4	110.00	3.30
5	120.00	3.60

A reliable licence model must state whether returns, GST / indirect taxes, freight, rebates, related-party sales, bundled products, marketplace commissions and exports are included or excluded from the royalty base. A 3.0% rate on gross billings is not economically equivalent to 3.0% on net sales after deductions.

Agreement terms to model explicitly

- Minimum annual guarantee or upfront payment;
- Tiered royalty rates once revenue crosses thresholds;
- Exclusivity and non-compete restrictions;
- Required marketing / advertising spend;
- Quality-control and brand-maintenance obligations;
- Termination, renewal and post-termination sell-off rights;
- Sublicensing or franchise rights and sharing of sub-royalties.

OUR INSIGHT

For a licence, valuation is often more useful when expressed as a schedule of economics - rate, base, minimum guarantee and NPV by scenario - rather than one standalone "trademark value." The contract determines what the licensee actually owns or can use.

Illustrative net-sales definition bridge

Particulars	Rs. crore
Gross invoiced sales	100.00
Less: product returns	(4.00)
Less: contractual rebates / discounts	(3.00)
Less: indirect taxes excluded by the licence definition	(12.00)
Illustrative eligible net sales	81.00
Royalty at 3.0%	2.43

The deductions above are illustrative only. The executed agreement must define the royalty base; valuation should not silently substitute its own definition.

Primary references: Trade Marks Act registered-user / permitted-use framework; actual contract terms govern the licence economics.

10.3 Group Restructuring and Cross-Border IP

Moving a trademark to an IP holding company, licensing it to operating entities or transferring it across borders can involve valuation, transfer pricing, tax, withholding, FEMA / remittance, indirect-tax, stamp-duty and legal-registration consequences. The equity-pricing rules used for shares should not be assumed to govern a standalone trademark transfer. The transaction must be mapped separately.

Workstream	Question to resolve before valuation is final
Corporate / IP law	Who owns the mark now, how will title move, and what Registry filings / assignment formalities apply?
Transfer pricing	If related parties are involved, what arm's-length price / royalty is supportable considering functions, assets and risks?
Direct tax	What are the tax basis, depreciation, capital-gain / income character and withholding consequences?
FEMA / remittance	Is the transaction a licence, service / royalty remittance, asset transfer or part of a wider cross-border transaction?
Accounting	Does the transaction create a recognised intangible, gain / loss, related-party disclosure or PPA consequence?
Commercial substance	Which entity actually develops, enhances, maintains, protects and exploits the mark?

Do not separate legal ownership from economic substance blindly

A company that legally owns a trademark but performs none of the value-creating brand functions may not be entitled to all economic returns under transfer-pricing analysis. Conversely, the operating company's marketing expenditure does not by itself make it the legal owner. The legal, contractual and economic layers must be reconciled.

PRO TIP

Before an internal IP transfer, prepare one combined map: legal title, current users, revenues, DEMPE / brand functions, proposed owner, proposed licences, tax basis, accounting treatment and filing requirements. Commission the valuation only after the intended structure is clear.

PRACTITIONER CHECKLIST

- Define transfer vs licence
- Identify related parties / jurisdictions
- Confirm registry assignment steps
- Benchmark arm's-length economics
- Review tax basis / depreciation
- Check remittance / withholding needs
- Align accounting and legal documents

Primary references: Trade Marks Act, 1999; Income-tax Act, 2025 and current Rules / transfer-pricing provisions; FEMA / RBI rules to be checked for the precise transaction.

Transaction Execution Map - Valuation Is One Workstream

Workstream	Question that should be resolved before execution
Legal / IP	Who owns the mark, what exactly is assigned or licensed, and what restrictions / registrations / approvals must be addressed?
Valuation	Are ownership value, licence value and any internal transfer price being measured consistently with the defined rights and date?
Tax / transfer pricing	What tax basis, withholding, arm's-length pricing and documentation consequences arise from the structure?
Accounting	How will the transfer / licence be recognised, and are impairment, PPA or deferred-tax effects relevant?
Commercial	Who funds marketing, controls quality, bears infringement / enforcement cost and captures residual brand value?
Documentation	Do the executed agreements, invoices / royalty base, registry filings and valuation assumptions describe the same economics?

PART V - TRANSACTIONS & PRACTICE

Chapter 11: Practical Case Studies - Consumer Brand, Group IP and Distress

11.1 Illustrative Case Study - Consumer Brand Acquisition

Facts. A buyer acquires a D2C consumer-products business. The acquired house mark is registered in the principal product classes, has a stable renewal history and is used across most revenue. The buyer needs a PPA value at acquisition date. Customer relationships are separately valued.

- The legal schedule confirms the acquired trademark rights and territory.
- The PPA forecast is segmented to revenue genuinely sold under the house mark.
- Comparable third-party licences support a royalty-rate range; after contract-term adjustments a 3.0% point is selected for the illustration.
- The RFR uses market-participant revenue, an asset-consistent discount rate and a long-term life supported by renewal / brand strategy evidence.
- The resulting Rs.30.50 crore illustration from Chapter 5 is treated as the trademark value before any separately supportable TAB.

Decision point

The transaction team must not use the Rs.30.50 crore as the value of the entire “brand” if the PPA also recognises customer relationships and other marketing-related assets. The report states that the subject is the identified trademark / trade-name rights and reconciles the asset to the PPA intangible schedule.

KEY DECISION

Learning: PPA value starts with the legal / accounting asset perimeter. The RFR is only the measurement layer.

11.2 Illustrative Case Study - Family Group Creates an IP Company

Facts. A family-owned group uses the same house mark in three operating companies. Management proposes transferring the mark to a newly formed IP company and charging operating companies a royalty.

The first question is not the royalty rate. The group must identify which entity currently owns the marks, how historic marketing functions are performed, whether the assignment includes goodwill, what Registry filings are required and what commercial rights each operating company will receive after the transfer.

Primary references: Trade Marks Act assignment / registered-user provisions; related-party transfer-pricing and tax framework to be checked for live facts.

11.3 Case Study - Why a Single Group-Wide Royalty Can Be Wrong

Continuing the group-IP scenario, assume three operating companies have different business profiles:

Entity	Revenue (Rs. cr)	Brand role	Illustrative analysis issue
A - Consumer products	150	House mark is prominent on all products.	High direct trademark use; comparable product licences may be relevant.
B - B2B industrial	120	House mark supports corporate credibility, but sales are tender / relationship driven.	Same rate as consumer business may overstate trademark economics.
C - Digital service	80	Service uses a sub-brand with limited house-mark visibility.	Revenue base and brand hierarchy must be mapped separately.

A mechanical 3% royalty on all Rs.350 crore of group revenue would produce Rs.10.50 crore of annual royalties. That arithmetic is not a valuation conclusion. The group should evaluate the marks actually used, the role of the house brand in each business, separate licence terms, licensee functions and profitability. Different rates or even different royalty bases may be appropriate.

Illustrative execution sequence

- Complete legal title / assignment review;
- Map each registration and sub-brand to entity revenue;
- Prepare business-specific functional and profitability analysis;
- Benchmark relevant licences for each use case;
- Set arm's-length licence terms and royalty base;
- Value the ownership rights / transfer separately from the recurring royalty policy;
- Align agreements, tax, accounting and Registry filings.

OUR INSIGHT

An IP holding-company model can fail when legal ownership is moved first and economics are analysed later. The valuation should support a coherent structure - it cannot create commercial substance after the fact.

Why differentiated group licences may be necessary

Business difference	Possible economic consequence to analyse
Different product categories	Trademark strength and comparable licence set may differ.
Different territories	Recognition, protection and local market economics may differ.
Different marketing functions	Licensee-funded brand development can change the return that remains available for a royalty.
Different profitability	The same headline royalty may be commercially unsustainable for one entity and reasonable for another.
Different bundles of rights	Technology, know-how, distribution or franchise rights may require separate pricing analysis.

This is a reason to analyse the licences separately - not an instruction that every entity must have a different rate. Comparable evidence and functions determine the conclusion.

Primary references: Purpose-specific illustration; no market-standard royalty rate is implied.

11.4 Case Study - Distressed / Phase-Out Trademark

Facts. A company owns a once-prominent product mark. Revenue has fallen for three years, the product is being replaced, and management plans to stop using the mark after five years. Registration can be renewed, but the commercial strategy does not support indefinite use.

Valuation input	Mature continuing brand	Phase-out mark
Economic life	Potentially long / indefinite if evidence supports	Finite five-year period based on approved plan
Terminal value	May be supportable	Generally no terminal value if use ends
Revenue forecast	Stable / growing branded revenue	Declining product revenue / explicit wind-down
Royalty rate	Supported by continuing licensing economics	May decline if brand strength / scope weakens
Discount rate / risk	Reflects mature asset risk	May reflect higher uncertainty / concentration

Illustrative conclusion logic

The fact that the legal registration can be renewed does not justify a perpetuity. A finite-life RFR can project royalty savings over the remaining five-year commercial period, with no terminal value. If the board later reverses the phase-out strategy, the useful-life and valuation conclusions would need to be reassessed from the new measurement date.

11.5 Case Study - Dispute Support

Facts. Two parties dispute use of a similar mark. One side asks for “the trademark value” to support damages. A standalone valuation may help explain the economic importance of the mark, but it does not itself establish infringement, causation or the legally recoverable damages measure. Those are legal questions.

- Define the legal claim and damages period with counsel;
- Separate trademark ownership value from a reasonable-royalty or lost-profit analysis;
- Use actual sales / margins and alleged infringing use rather than enterprise-wide forecasts where the claim requires it;
- Avoid presenting a business valuation as proof of legal damages.

PRO TIP

In disputes, agree the legal measurement question in writing before building the model. “What is the mark worth?” and “what economic loss was caused by the alleged conduct?” are different questions.

Primary references: Trade Marks Act remedies and case-specific legal instructions should be taken from counsel; valuation illustrations here are not legal-damages guidance.

Additional Practical Illustration - Post-Acquisition Brand Migration

Scenario. A buyer acquires a regional consumer business with a strong local trademark but intends to migrate customers to the buyer’s national house mark. Management expects both marks to be used during a controlled transition rather than switching overnight.

Period	Commercial use	Valuation implication
Year 1	Acquired mark remains primary; buyer house mark appears as endorsement.	Most of the acquired-mark revenue remains in the RFR base.
Year 2	Co-branding increases and new marketing shifts toward the buyer mark.	Attributed revenue / royalty saving may begin to fade if market-participant evidence supports migration.
Year 3	Buyer mark becomes primary; acquired mark is retained only on selected legacy products.	Model the residual revenue / use explicitly rather than assuming full perpetuity.
After migration	Acquired mark may be discontinued, licensed, sold or defensively retained.	Terminal value depends on the supportable post-migration economics, not on legal renewability alone.

What changes the answer

- Evidence that market participants would continue the local mark rather than follow the specific buyer’s migration plan;
- Ability to license or sell the mark separately after migration;
- Residual legal / defensive value where active use stops;
- Costs and revenue risk of customer migration;
- Any transaction-specific restrictions on continued or third-party use.

KEY DECISION

Brand migration is not automatically a three-year useful life and it is not automatically indefinite. The valuation should distinguish buyer-specific integration plans from the market-participant economics of the acquired trademark.

PART V - TRANSACTIONS & PRACTICE

Chapter 12: Regulatory-Grade Reporting - Common Errors & Master Checklist

12.1 A Defensible Trademark Report Is a Reproducible Evidence File

The report should allow a reviewer to move from the legal right to the conclusion without guessing what happened in the spreadsheet. That means the report explains not only the formula, but the asset perimeter, legal status, revenue mapping, royalty-rate evidence, useful life, tax, discount rate, sensitivities and limitations.

Report section	Minimum content
Purpose / basis / date	Decision, valuation date, basis of value, intended users and restrictions on use.
Subject asset	Owner, marks, registrations / applications, classes, territories, status and rights included / excluded.
Legal / commercial context	Assignments, licences, registered users, renewals, disputes, restrictions and current use.
Financial information	Historical / forecast revenue by branded segment and reconciliation to financials.
Methodology	Why RFR / alternative methods are appropriate or excluded.
Royalty-rate evidence	Comparable search, contractual terms, adjustments, range and point selection.
Life / discount / tax	Economic-life logic, discount rate, taxes, TAB and terminal assumptions.
Conclusion / sensitivity	Value range / point, key sensitivities, limitations and cross-checks.

OUR INSIGHT

A valuation can be mathematically correct and still be indefensible if the report cannot prove what was valued. The legal-rights schedule and revenue mapping are as important as the discounted-cash-flow formula.

Report-to-workpaper traceability map

Report statement	Underlying evidence that should exist
“The mark is owned by X”	Registry extract, assignment chain and legal confirmation.
“Rs.150 crore revenue is attributable to the mark”	Product / territory revenue bridge reconciled to financials.
“A 3.0% royalty is selected”	Comparable agreements, screening, normalisation and subject adjustments.
“Economic life is 10 years / indefinite”	Strategy, renewal history, obsolescence and market-participant evidence.
“Discount rate is 13%”	Rate build / cross-check and explanation of asset-specific risk.
“Value is Rs.X”	Reproducible model, sensitivities and final approved inputs.

If the report makes a statement that cannot be traced to evidence, the issue is not merely documentation - it may signal an unsupported assumption in the valuation itself.

Primary references: IVS 106 Documentation & Reporting; IVS 210; purpose-specific statutory / accounting requirements.

12.2 Twelve Common Trademark Valuation Errors

Error	Why it matters / correction
1. Valuing the “brand” without defining the trademark rights	Fix legal registrations, classes, territories, owner and complementary assets.
2. Using consolidated revenue	Map only revenue associated with the subject mark / licence rights.
3. Copying an industry royalty range	Benchmark actual comparable licence terms and subject differences.
4. Averaging royalty comparables mechanically	Normalise base, exclusivity, territory, term, bundled rights and obligations.
5. Using legal registration term as economic life	Consider renewability, brand strategy, obsolescence and market participant expectations.
6. Adding a terminal value to a planned phase-out	Model finite life / fade explicitly.
7. Adding TAB automatically	Confirm tax basis and transaction structure first.
8. Using company WACC without analysis	Explain asset-specific risk and perform sensitivity.
9. Double counting brand and customer economics	Reconcile PPA methods / contributory asset returns.
10. Treating marketing spend as value	Spend is evidence of investment, not the value conclusion.
11. Ignoring licence restrictions	Ownership, exclusive licence and non-exclusive licence are different assets.
12. Using the report for a different legal purpose	Reconfirm basis, date and prescribed professional for every use.

PRO TIP

Before report sign-off, ask a reviewer who did not build the model to reproduce the value from the report and source schedule. Any assumption they cannot trace is a documentation gap.

High-risk combinations deserve deeper review

Combination	Why it is dangerous
High royalty rate + consolidated revenue base	Can multiply two optimistic inputs and materially overstate royalty savings.
Indefinite life + high terminal growth	Can concentrate most value in the terminal period without enough evidence of brand durability.
Structured comparable licences + mechanical average	Can import economics of bundled rights / exclusivity that the subject mark does not have.
PPA trademark + customer relationship models using the same benefit twice	Can overstate total intangible value and distort goodwill.
TAB added + DTL ignored	Can create internally inconsistent tax effects in a PPA.

Review the interactions between assumptions, not only each assumption in isolation. A model can contain individually plausible inputs that become implausible when combined.

Primary references: Synthesis of legal, accounting and valuation controls discussed throughout this guide.

12.3 Master Practitioner Checklist

ASSET & LEGAL

- Confirm owner / chain of title
- List marks, classes, territories and status
- Review renewals, non-use and disputes
- Map assignment / licence restrictions

FINANCIAL & COMMERCIAL

- Reconcile branded revenue to financials
- Separate house mark / product marks
- Review marketing and brand strategy
- Tie forecasts to board / operating plan

VALUATION MODEL

- Select method from asset economics
- Benchmark royalty rate / contract terms
- Defend economic life and terminal value
- Support discount rate and tax assumptions
- Run sensitivity and cross-checks

REPORT & GOVERNANCE

- Confirm purpose / basis / valuation date
- Confirm prescribed / acceptable professional
- Disclose assumptions and limitations
- Retain data / licence evidence / calculations
- Tie final conclusion to the exact subject rights

Questions to ask before you act

- Would another reviewer know exactly which legal rights the conclusion covers?
- Can the revenue base be reconciled to the registrations / licence perimeter?
- Could the selected royalty rate be defended from the underlying agreements, not only a database summary?
- Is the economic life supported by strategy and market evidence rather than registration expiry?
- Does the result reconcile to the enterprise economics and other intangible values?
- Is the report being used only for the purpose and date for which it was prepared?

Final sign-off control

Sign-off question	Yes / No / N.A.	If no - action before issue
Can the legal-rights perimeter be reproduced?		Resolve scope / title or disclose limitation.
Does revenue tie to the rights being valued?		Rebuild the revenue bridge.
Can the royalty-rate selection be traced to agreements?		Re-screen / reweight comparable evidence.
Are useful life, terminal and discount assumptions consistent?		Reconcile forecast, strategy and risk.
Are tax effects applied consistently?		Confirm tax basis, DTL and any TAB.
Has an independent reviewer recomputed the key schedules?		Reperform arithmetic and sensitivity checks.

KEY DECISION

Do not sign because the model “works.” Sign only when the asset, evidence, assumptions, arithmetic, purpose and professional eligibility all reconcile to the report that will actually be used.

Primary references: Trade Marks Act, 1999; Ind AS 38 / 103 / 36 / 113; Companies Act, 2013 s.247; Income-tax Act, 2025 s.33; IBBI / IVS valuation references.

Pre-Issue Review - Who Challenges What?

Review lens	Core challenge
Legal / IP	Does the report describe the correct owner, marks, registrations, classes, territories and restrictions?
Financial / commercial	Does attributed revenue reconcile to historical financials, forecasts and the subject-rights perimeter?
Valuation methodology	Can method selection, royalty evidence, useful life, discount rate, tax and sensitivities be reproduced?
Accounting / tax / regulatory	Are purpose-specific recognition, tax-basis, professional-eligibility and reporting assumptions clearly separated?
Independent reviewer	Can a person who did not build the model reproduce the principal calculations and understand the judgement trail?

CONCLUSION

The Board-Level Trademark Valuation Framework

Trademark valuation becomes much simpler when the sequence is correct. Start with the legal right. Define the economic benefit. Select the method. Only then choose the assumptions. Most avoidable errors occur because this order is reversed.

Board question	What a defensible answer should contain
What exactly are we valuing?	Owner, mark, class, territory, legal status, rights included and complementary assets excluded.
Why is valuation required?	Transaction / accounting / tax / licensing / dispute purpose, basis of value and measurement date.
Why this method?	Economic rationale for RFR or alternative method and explanation of excluded methods.
Why this royalty rate?	Comparable agreements, term normalisation, subject adjustments and profitability cross-check.
Why this life and discount rate?	Renewal / phase-out evidence, obsolescence, market-participant view and risk logic.
How sensitive is the conclusion?	Royalty / discount / growth / life sensitivities and scenario implications.
Can the number be reproduced?	Source data, legal schedule, calculation file, assumptions and final report are version controlled.

A final rule

KEY DECISION

The right trademark value is not the number that looks most impressive. It is the conclusion that answers the correct purpose, reflects the exact rights, is internally consistent with the business economics and can still be explained when the person who built the model is no longer in the room.

Primary technical sources reviewed for this 2026 edition

- Trade Marks Act, 1999 and Trade Marks Rules, 2017 - IP India;
- Companies Act, 2013 section 247 and Companies (Registered Valuers and Valuation) Rules, 2017;
- Ind AS 38 Intangible Assets, Ind AS 103 Business Combinations, Ind AS 36 Impairment of Assets and Ind AS 113 Fair Value Measurement - MCA;
- Income-tax Act, 2025 section 33 and current Income-tax framework;
- IBBI Securities or Financial Assets valuation-examination material covering intangible assets;
- International Valuation Standards, including IVS 210 Intangible Assets (current edition effective 31 January 2025).

This source list is not exhaustive and should not replace a transaction-date legal / tax / accounting review.

BOARD SIGN-OFF - FIVE FINAL QUESTIONS

- Are the exact trademark rights and exclusions clear?
- Does the valuation purpose / date match the decision being taken?
- Can the royalty, life, discount and tax assumptions be traced to evidence?
- Does the conclusion reconcile with other intangible / enterprise economics?
- Could an independent reviewer reproduce the number without relying on oral explanations?

ONE LAST THING BEFORE YOU CLOSE THIS GUIDE

If the number matters, make sure it can be defended.

Trademark decisions rarely fail because someone forgot the name of a valuation method. They fail because ownership was unclear, the wrong revenue was modelled, a royalty rate could not be defended, legal life was confused with economic life, or a PPA / licence / tax number was used for a purpose it was never designed to answer.

You do not need to know the method before calling us.

Send us the transaction / reporting purpose, trademark schedule, ownership documents, latest revenue split and proposed structure. We will map the rights, the valuation question, the professional / reporting requirement and the fastest clean route to a defensible conclusion.

CALL US WHEN YOU ARE DEALING WITH

- An acquisition or PPA with brand-related intangibles
- A trademark / brand licence or franchise royalty
- An internal IP transfer or group restructuring
- A trademark sale / assignment or business carve-out
- An annual impairment test for an indefinite-life mark
- A tax / transfer-pricing review of related-party royalty
- A dispute, settlement or economic-loss analysis
- Any wider Business Valuation, M&A;, PPA, ESOP, FEMA or transaction requirement

EXPERIENCE	CLIENT ENGAGEMENTS	CREDENTIALS	BIG-4 FOUNDATION
15+ Years	500+	CA | CS | IBBI RV	9 Years at EY

WHAT HAPPENS IN THE FIRST CONVERSATION

01	02	03
Map the rights We identify the owner, registrations, classes, territories, licence / assignment scope and legal issues.	Map the value We separate the legal / accounting / tax purpose and select the method, data and assumptions actually needed.	Map the deliverables You get the document list, timeline, model / report scope and the review path for audit, tax, legal or transaction use.

BOOK A 15-MINUTE INTRODUCTORY CALL

A short rights-and-purpose map can prevent a valuation from being built around the wrong asset, rate, life or report.

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The best time to find a valuation-scope problem is before the transaction, audit or dispute depends on it.