

An illustrated guide to

# Business Valuation

Fourth Edition

**B D Chatterjee**

B.Com (Hons), FCA, ACMA, ACS, Dip IFR (ACCA - UK)

## Highlights

- Illustrations and case studies related to various methods of business valuation in a simple and lucid form
- Impact of Valuation Standards issued by ICAI and International Valuation Standards issued by the International Valuation Standards Council
- Application of Ind AS, AS and IFRS for fair value measurement
- Significant judicial pronouncements related to business valuation
- Application of valuation methods to distressed assets, start-ups and Indian statutes
- Valuation considerations under Environment, Social and Governance



B L O O M S B U R Y

Bloomsbury Professional India

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**B L O O M S B U R Y**  
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# About the author

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## **B.D. Chatterjee [FCA, ACMA, ACS, Dip IFR (ACCA - UK)]**

B D Chatterjee is a business and finance leader with over 40 years of rich industry experience in overall business and finance functions. A Chartered Accountant with CS and CMA qualifications, he holds a diploma in IFRS from UK.

He possesses expertise in implementation of best practices in finance, corporate governance, change management through business process and financial re-engineering and enterprise risk management. He has rich experience in mergers and acquisitions including financial due diligence and business valuation.

He has extensive knowledge and experience in industries like industrial gases, engineering polymers, agrochemicals, FMCG and dairy products, health care and manpower services, among others.

Apart from consulting practice, he has handled many high-profile leadership positions like CFO/VP/Director Finance assignments in global MNCs (Linde, DuPont, and Kelly Services) and large Indian conglomerates (Mother Dairy group, Max India).

He has also been associated with an International Institute as a visiting faculty and taught finance professionals, Diploma in IFRS as well as certificate courses of IFRS organized by ACCA Global (UK).

Currently he is associated with a reputed international think tank, ACCESS Health International Inc. as their global CFO for the past six and a half years. The operation of the organization spans across countries like the United States, South Asia, China, Middle East, and Southeast Asia. This stint has provided him invaluable experience in handling global finance and compliance management.

He is an established author, and his books include contemporary business and finance topics like International Financial Reporting Standards (IFRS), Indian Accounting Standards (Ind AS), Business Valuation, Financial Due Diligence, Enterprise Risk Management and Corporate Governance published by reputed publishers. All his books have been showcased on his website [bdchatterjee.com](http://bdchatterjee.com).

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# Preface

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In the complex world of business today, valuation has become an integral part in every sphere of day-to-day business activities. The term “fair value” is frequently used (and often misused) in each and every business transaction we enter into. The concept of “business valuation” in its various forms like historical cost, replacement value, net realisable value and present value are being used and interpreted to meet the requirements of varied and complex business transactions. On top of this, the onset of the pandemic, ongoing war in some parts of the world and climate change has thrown the business entities into a whirlwind of uncertainties and challenges and has pushed the business valuation exercise into uncharted territories.

Keeping this in view I have thought of coming up with this body of work wherein I have made an attempt to explain in simple and lucid form:

- The concepts revolving around business valuation,
- Extensive illustrations and case studies related to various methods of business valuation,
- Application of Accounting Standards (Ind AS and AS) and International Financial Reporting Standards (IFRSs) with respect to fair value measurement,
- Valuation of tangible assets, intangible assets and goodwill,
- Valuation of liabilities and provisions,
- Valuation of shares, valuation of brands and business which are used as basic ingredient to corporate restructuring and Merger & Acquisitions,
- Concept of Economic Value Added (EVA)
- Salient features of Valuation Standards issued by ICAI and International Valuation Standards issued by the International Valuation Standards Council,
- Significant judicial pronouncements related to business valuation,
- Introduce the concepts of valuation in use for distressed assets, start-ups and related to various statutes in India,
- Highlight the possible impact of business valuation related to environment, social and governance considerations on a target organization.

In developing this work, references have been made from time to time from The Institute of Chartered Accountants of India and The Institute of Cost & Management Accountants of India publications related to the subject matter.

I would like to take this opportunity to mention that while considerable care has been taken to ensure that the contents of the book are accurate, a few errors and omissions might have crept in, for which I seek with all humility to my readers to bear with me.



An illustrated guide to Business Valuation

I would like to dedicate this book to my family members without whose constant inspiration this would not have seen the light of day.

**B D Chatterjee**

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