

# YLC News

MONTHLY NEWS LETTER

## From the Chairman

It is my pleasure to present the June edition of YLC newsletter. Thank you for your continuous feedback and support.

We are happy to inform that Young Leaders Council launched its Indore Chapter on 1st June 2019 at the Indore Management Association's Start-Up & SME symposium. The event was very well received and was an insightful experience for young entrepreneurs from Indore to learn from founders/ Entrepreneurs. The Indore Chapter is excited to keep the movement going and will soon be organizing events in the next few.



**Vineet Agarwal**  
National Chairman YLC, AIMA

National YLC members. Do block your dates as we are planning a very exciting event!

Please extend your continued support in increasing membership and activating Chapter level activities. I request members to share your feedback on the newsletter as well as proactively contribute with articles, suggestions etc to make it beneficial to all readers.

We would like to urge other Chapter Chairs to keep their chapters active by suggesting/ organizing more events involving members on relevant subjects. You might have received a note that YLC is planning an Offsite Retreat in Goa from 20-22 December for

## YLC Office Bearers

**Vineet Agarwal**  
National Chairman YLC, AIMA

**Pranav Pai**  
National Vice Chairman

**Radha Kapoor Khanna**  
Forum Chair

**Suraj Dhingra**  
Chairman – Events

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# Young Leaders Council

Indore Chapter Launch,  
June 1st, 2019



YLC Indore Chapter Members and Speakers with YLC National Chairman Vineet Agarwal

AIMA Young Leaders Council launched the Indore Chapter on 1st June 2019, along with Indore Management Association's Start-Up & SME symposium. Chapter members along with Mr Ashwin Palshikar, Indore Chapter Chair had a separate meeting with AIMA YLC Chairman regarding the way forward to strengthen the chapter membership and activities. The Session was very well. Some of the eminent speakers who addressed the session included Mr Vineet Agarwal, National Chairman, YLC & MD, Transport Corporation of India Limited; Mr Pranav Pai, Founder Partner & Chief Investment Officer, 3one4 Capital & National Vice Chairman, AIMA YLC; Mr Kartik Sharma, Director, Agnitio and Mr Vedant Kanoi, Founder & CEO, Foodcloud amongst other. YLC Indore received and was an insightful experience for young entrepreneurs from Indore to learn from founders/Entrepreneurs on Panel.



Vineet Agarwal, National Chairman, Young Leaders Council and Managing Director, Transport Corporation of India TCIL





Vedant Kanoi, YLC member and Founder & CEO, FoodCloud



Pranav Pai, Vice Chairman, YLC and Managing Partner, 3one4 Capital Advisors LLP



Karthik Sharma, YLC Member and Director, Agnitio



**AIMA** **YOUNG**  
ALL INDIA MANAGEMENT ASSOCIATION | LEADERS COUNCIL

**Block your Dates : 20th- 22nd Dec**

## Young Leaders Council Offsite Retreat Goa

**Starts on Friday, 20th Dec**  
**Evening 1700 hrs Welcome**  
**Introduction & Session**  
**Drinks and Dinner**

**Saturday 21st Dec**  
**Sessions with Renowned Speakers**  
**Fun sessions / Activities**  
**Sharing of Experiences**  
**Best Practices by YLC members**  
**Drinks & Dinner**

**Sunday 22nd Dec**  
**Session with Speakers**  
**Lunch & Conclusion**

**Venue:**

**Lemon Tree Amarante Beach Resort, Vadi, Candolim, Goa**

**<https://www.lemontreehotels.com/lemon-tree-hotel/goa/amarante-go.aspx>**

**Confirm your Interest to participate in Retreat on [ryadav@aima.in](mailto:ryadav@aima.in)**

**More Details will be shared Shortly**



## Member's Column

# General Considerations in Valuation of Companies

*Young Leaders Council, Member Sushrut Chitale,  
(Partner, Mukund M Chitale & Co.)*

## Background

Imagine a situation where you are set to buy a house. What will be your first step? Any person, in this case, will conduct research into the current market rate in that particular area where he wishes to buy the house and based on his research and other inputs, will negotiate with the seller. Unknowingly the person is conducting a valuation exercise under the market approach. We all use valuation techniques some time or the other in our

life but yet when it comes to financial valuation under any law or statute it suddenly becomes rocket science. Let us try to understand valuation in simple terms and the specific situations which require one to undertake the valuation of companies.

## What is Valuation?

The International Valuation Standard Council has defined Valuation as "the process of establishing the value of an asset or liability or the amount representing an opinion or estimate of value". The Indian Valuation Standards issued by the Institute of Chartered Accountants of India define value as "an estimate of the value of a business or business ownership interests, arrived at by applying the valuation procedures appropriate for a valuation engagement and using professional judgment as to the value or range of values based on those procedures."

Thus, in layman's terms valuation is the process and procedures which help determine the worth of an asset or a business under various circumstances and for specific purposes.

## Why / where is valuation required?

There are a range of reasons for which business owners may require valuation of their companies. Consider the following scenarios-





1. Business Planning & Decision making- For expansions, mergers, amalgamations or other business combinations, it is worthwhile to know what your business is valued at so that one can make an informed decision while implementing the growth/diversification strategies.
2. Accessing external sources of funding- For issue of shares or for accessing debt, usually a business valuation is required.
3. Resolving shareholder/creditor disputes.
4. Valuations under Income Tax Law- Various situations arising out of transfer of shares at a premium or below fair value, requires valuation to be done to determine the fair value of the shares to be transferred.
5. Valuations under foreign exchange Law - When funds are remitted from or to the country, beyond certain threshold limits or for certain specific purposes, the foreign exchange law requires valuation to be done for the shares for which such remittances are taking place.
6. Personal matters like litigations arising out of divorce proceedings, succession issues etc require valuations of companies which are the subject matter of the litigation.
7. While issuing Employee Stock Options too, the vesting is dependent on the valuation of shares.
8. Allocating values of tangible and intangible assets in case of acquisition of running businesses (purchase price allocation)
9. Assessing fair value of assets as required under various accounting standards
10. Under Companies Act specifically, issue of shares, non-cash transactions involving Directors, schemes of compromise & arrangement with creditors or shareholders, purchase of minority shareholding or even winding up might be the situations requiring valuation.

### Who can undertake valuation?

The recently introduced Section 247 of the Companies Act, 2013 requires that where a valuation is to be made of any property, stocks, shares, debentures, securities or goodwill or any assets or net worth of a company or its liabilities under the provisions of the Act, the same shall be valued by a person who is called a "Registered Valuer". To be a registered valuer the person needs to possess the requisite qualification, attend a compulsory course on valuation, and pass an exam conducted by the Insolvency and Bankruptcy Board of India (IBBI). Thereafter on passing the exam, he must register himself with the IBBI and after this he will be called a Registered Valuer. The notified Rules lay down the criteria for individuals, partnership entities and companies to be eligible to be registered as valuers under the Act.

Currently, the Act requires a valuation report from a registered valuer in certain cases, such as for further issue of share capital (preferential allotment), non-cash transactions involving directors, compromise and arrangements with creditors and members, purchase of minority shareholding, etc. The Central Government enacted the Companies (Registered Valuers and Valuation) Rules, 2017 w.e.f 18th October 2017. These Rules provide for the minimum qualification required to be eligible to be a registered valuer for different asset classes.

### Factors affecting valuation

When a valuation is being done, what are the factors that need to be considered? Usually a valuer needs to consider following points while undertaking valuation-

- Nature of the business and the history of the enterprise
- Economic outlook in general and outlook of the specific industry in particular
- General financial condition of the business
- Earning capacity of the company
- Dividend-Paying capacity of the company
- Goodwill or other intangible value
- Market prices of stock of corporations engaged in the same or a similar line of business
- Contingent liabilities or substantial legal issues, within India and abroad, impacting business
- Nature of instrument proposed to be issued, and nature of transaction contemplated by parties

### Methods of Valuation

There are various approaches to valuation and several methods depending on the approach to be followed. It depends on the scenario under which valuation needs to be done and thus varies with each valuation assignment. Basically, there are three approaches commonly used for any valuation assignment namely cost approach, income approach and the market approach. The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to

obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. This approach gives the floor value since most companies would have greater value as a going concern.

Income approach is a valuation approach that involves converting future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. This is generally based on the principle of going concern.

A market approach is a method of determining the value of an asset, based on the selling price of similar items. Depending upon the asset to be valued and the circumstances of the valuation, the valuer is supposed to select the relevant approach. Generally, a valuer undertakes valuation using a combination of approaches and methods to arrive at a range of values. A few methods which are usually followed are as under-

- Net Asset Value Method (NAV)
- Market Price Method
- Yield Method / PECV Method
- Discounted Cash Flow Method (DCF)
- Comparable Companies Multiples Method (CCM)
- Comparable Transaction Multiples Method (CTM)
- Price of Recent Investment Method (PORI)
- Liquidation Value method



## Conclusion

Care needs to be taken in relying on any valuation report. Valuation report is generally made for a specific user / type of user and also for a specific purpose at a specific point of time. Further, valuation is finally an art and hence it is open to interpretation. There are also inherent biases in any valuation. Since valuation is an estimate and a view, it is affected by biases like herd mentality (for example – in a booming stock market, all research houses suggesting an upward movement in any stock price), the economic stake in the company (for example – the value of a 2% stake in a company for a person who does not own any stake will be different as compared to a person who already holds 49% stake in the company), hindsight bias (everyone is intelligent in hindsight and hence valuation needs to be undertaken considering the situation as it exists today), and who has appointed the valuer (it is always common that the valuer appointed by the seller recommends a higher value as compared to the valuer appointed by the buyer).

To summarise, value of an asset is bound to be different for different people at different points of time. If it was not so, there would not have been any transactions regarding such assets.



Contributed by  
Sushrut Chitale,  
Member YLC (Partner,  
Mukund M Chitale & Co.)

### Invite Contribution to Member's Column

We invite YLC members to contribute to the Newsletter by sending in articles, stories on Business Management.

Also share valuable experiences, reports from Management field and any recognition that you have received in various endeavors.

We welcome your insightful inputs that can add to growing base of Management transformation across country through various new initiative incorporated in systems, processes, teams and organisation.



## YLC Wall of Fame



YLC Member: Mr Amitava Roy and Arun Kumar Co- Founders CEO TGI Hotels and Hospitality Services Pvt receiving Fastest Growing Hotel Brand by India Travel Award

TGI (The Great Indian) Hotels and Resorts has been recently being accoladed as the Fastest Growing Hotel Brand in India by DDLP (India Travel Award). TGI Hotels and Resorts is a mid-segment Hotel Chain focusing on quality accommodation and services mainly in Tier II and Tier III cities. The group was established by Mr Amitava Roy and Mr Arun Kumar VK in 2014. In 5 years the Brand has a presence in 12 cities mainly Pondicherry, Ooty,

Yercaud, Yelagiri, Bangalore, Hosur, Dewas, Indore, Jaipur, Ranthambore, Ghaziabad, Bhopal managing around 15 Hotels with 1000+ keys. The upcoming destinations are Munnar, Coorg, Chickmangalore, Thekkady, Hubli, Tirupati, Kanchipuram, Patna, Gwalior and many more smart cities of India. Group vision is to have 2020 Keys by the Year 2020. TGI stands high in Quality, Affordability and Service *Dil se to Experience More.*

## LooCafe an Innovative Venture by YLC Member Mr Abhishek Nath



“Loo cafe” its a kiosk based containerized self-sustainable Smart Washroom which is the first model of Public washrooms complying to the ODF + norms with the air-conditioning fitted with world-class toiletries fittings, Air misting, Green lung spaces – Vertical garden provides the best ambience for users catering to needs for a hygiene safe washroom environment for Male and Female citizens, this can match up to the higher standards that of a 5 Star Hotel and facilities with a food/Commercial Kiosk for sustainability.

YLC Member: Mr Abhishek Nath Managing Director and CEO Ixora Corporate Services Pvt. Ltd.

## Foodcloud, one-stop online food delivery platform by YLC member Vedant Kanoi

FoodCloud endeavours to create wellbeing for women and their families via homemade food.

Around 80% of our home chefs are women and we empower them to become entrepreneurs from within their homes; while giving customers the chance to enjoy delicious & healthy homemade meals without cooking.

FoodCloud, is a marketplace for home food, connecting 350 verified home chefs in Delhi &

Kolkata with customers and are expanding quickly with over 3500 registered chefs. We have successfully delivered almost 500,000 meals.

Customers can choose from 35+ cuisines and order daily meals or cater to a party. We take a commission of the order value.

Our model is lean and scalable and we launched our second city without a single person on the ground. To achieve this our management practices

and process need to be constantly innovated on, this is where YLC, AIMA's Young Leaders Council has been very helpful. Meeting other people from diverse backgrounds and learning from their experiences has been instrumental in us being able to manage our growth.

In 2019, we have been awarded best start-up by FSSAI under their "Eat Right Movement" and received funding from Bollywood Celebrity Arjun Kapoor who is keen on supporting these women home chefs.



YLC Member: Mr Vedant Kanoi, Founder and CEO, FoodCloud



## YLC Member Roshan Shankar at St Gallen Symposium, Switzerland

The St. Gallen Symposium in 2019 was a refreshing collection of bright students, sharp professionals and established leaders of today coming together in multiple fora and formats to discuss capital and its purpose. In an age where capitalism seems to be in aggressive illiberal expansion, stepping back to find conscience, collaboration, and creativity for the deployment of capital was stimulating with dozens of intersecting viewpoints and countries interacting in a convenient cocoon of St. Gallen surrounded by Swiss watchmaking and weather. The icing on the cake was definitely the fact this was an entirely a student-run conference by the University of St. Gallen with some superb, high quality and timely hospitality by our young hosts and their university organization. An institution to follow and a memory to cherish for me!

*Contributed by Member Roshan Shankar*




YLC Member : Mr Roshan Shankar, Advisor, Government of NCT of Delhi



# IN FULL FLOW

## Management Article



**There is an inextricable link between a salesperson's level of work engagement and ethical behavior.**

**Dr G Sridhar, IIM Kozhikode and Teidor Lyngdoh, XLRI, Xavier School of Management**

Think about sports persons like Virat Kohli, Messi, LeBron, and Roger Federer. You will notice they are highly energetic, involved, not bothered about failures, and enjoy their game to the hilt, most of the times. This state they are in is known as the 'flow'.

As per Mihaly Csikszentmihalyi (Hungarian psychologist), flow refers to the state in which an individual is so involved in an activity that nothing else seems to matter; the experience itself is so enjoyable that people will do it for the sheer sake of doing it. Flow broadly has three dimensions—

absorption, work enjoyment, and intrinsic motivation. Absorption implies complete immersion in work, unmindful of the time and surroundings. Work enjoyment involves pleasure and satisfaction in engaging in an activity and an internal drive to cherish the experience, of being in it.

**Flow is not the same as engagement but shares a common characteristic—absorption.**

However, engagement is the outcome of a person being in flow. Much of the research on flow has

been in the area of sports, arts, and online behaviour. Recently, flow has been found to have an influence on positive outcomes at the workplace. For example, in teaching, the faculty was found to have been in flow when there were appropriate organisational resources including social support, innovation, and rules. Overall, being in flow helped improve job performance, quality of service, and satisfaction. Will a salesperson experience flow? Yes, most of the consistent and high performers in sales are likely to be frequently in the state of flow. When in flow, a salesperson's actions and awareness merge. They are not bothered about sales call failures and are engrossed in the process of selling because they consider it as an end in itself. Flow helps salespersons to be more energetic and happy in each task they undertake. This, in turn, helps them achieve goals, improve skills, and develop focus.

**In a study done by us, we found that flow helped salespeople exhibit ethical behaviour.**

In a world where selling is almost equated to deceit, this new-found relationship would help managers design appropriate interventions. So how exactly does flow influence ethical behaviour? And what can be done to foster it among salespeople? An authentic leader would help salespersons understand the purpose of selling and enable them to visualise the potential benefits of the act. Several studies indicate that ethical



selling behaviour entails acquisition of new customers, improving customer relationships, and increasing positive word-of-mouth, which in turn lead to better sales performance. Ethical selling behaviour involves fair and honest actions and appropriate disclosure of information that aids customer decision-making. It helps salespeople refrain from exaggerating about their products. Salespeople who are ethical tend to be factual in their communication; treat customer information confidentially, and do not withhold information or provide misleading information. When salespersons are in flow, they are more likely to share crucial information. Reinforcing the need and belief to share information with customers





they do so, they are looking for more ways to be fair and honest. Selecting and hiring salespeople with the possibility of experiencing higher flow may benefit the organisation, as they bring in positivity to the teams they work with. Further, sales managers can assign clients and territories that not just match but also challenge one's skills and capacities. The importance of flow and information-sharing could be built into the training programmes and manuals for both new hires and experienced sales representatives. This would

would lead to higher ethical behaviour. A salesperson may indulge in unethical practices due to several reasons. For example, the pressure to close a sale, lack of appropriate supervision, or sometimes their willingness to overlook an act as an ethical transgression. More often than not, salespeople indulge in unethical behaviour to achieve their targets. Hence, managers should set clear goals. Transparency in goal setting can help salespeople find flow. When in flow, they start enjoying the selling process; they improve their resources, skills, and knowledge, which help them achieve goals. Occasionally, salespeople operate in ways that are self-serving, and rationalise their unethical behaviour. This generally happens when they work with a myopic leader, or lack supervision.

An authentic leader would help salespersons understand the purpose of selling and enable them to visualise the potential benefits of the act. Such leaders help salespeople find the flow. Flow builds and develops greater intrinsic motivation to share appropriate information with customers to their neutral state. Also, when in a flow, one develops higher cognitive abilities about morals. Flow broadens their perspectives, builds judgements—which are more sophisticated which are more sophisticated and are focused on serving the interests of customers—exhibit honesty, and ensure fair play. As discussed earlier, flow builds and develops greater intrinsic motivation to share appropriate information with customers. When

include the understanding that an increased experience of flow and information sharing could lead to other positive outcomes, apart from ethical behaviour.

Sales managers must also be trained to encourage and coach salespeople to attain higher flow in order to improve performance. Organisations need to create an environment that fosters flow among the salesforce. Information-sharing and ethical selling behaviour are important not just for achieving the numbers but also to create a competitive advantage.

### About the Author

**Dr G Sridhar** is Professor, IIM Kozhikode.

**Teidor Lyngdoh** is Assistant Professor, XLRI, Xavier School of Management.

### Disclaimer:

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## Meet YLC New Members

**Mr Sumedh Kela**

Vice President  
Scientific Mes Technik Pvt Ltd  
Indore

**Mr Kanha Rathi**

Director  
Savitt Universal Ltd  
Indore

**Mr Shivam Santosh Wagle**

Partner  
Rayband Chemicals  
Indore

**Mr Niket Mangal**

Managing Director  
The NM Group  
Indore

**Mr Nakul Nema**

Director Finance and Business Development  
Pragati Graphics Pvt Ltd  
Indore

**Mr Hitesh Kakrani**

Cofounder and CEO  
Abita Healthcare  
Indore

**Mr Apurva Bhatia**

Director  
Meta Tubex Pvt Ltd  
Indore

**Mr Rakesh Jajoo**

Marketing Business Development  
Jajoo Surgicals Pvt Ltd  
Indore

**Mr Tushar Radheshyam Sharma**

CEO  
Guruji Product Pvt Ltd  
Indore

**Mr Parth Nyati**

Chief Technology Officer  
Swastika Investmart Ltd  
Indore

**Mr Pranav Mittal**

Executive Director  
Narmada Extrusions Ltd  
Indore

**Mr Harshendra Bansal**

Partner  
Bansal Pipe Industries  
Indore

**Mr Gaurav Sojatia**

Chairman  
Acropolis Group of Institutions  
Indore

**Mr Mudit Thakkar**

Founder and CEO  
Edo Square  
Indore

**Mr Tapan Sharma**

Director  
Rusoma Laboratories Pvt Ltd  
Indore

**Ms Radhika Goyal**

Marketing Executive  
Sigma Chemtrade Pvt Ltd  
Indore

**Ms Avneet Singh Bhatia**

Vice President  
Simran Farms Ltd  
Indore

**Mr Abhishek S Nandedkar**

Creative Director  
Pyramid Dreams Advertising  
Indore

**Mr Aditya Parthasarathy Rao**

Partner  
PwC India  
Bengaluru

**Mr Chintan Rohitkumar Oza**

Chief Technology Officer  
IQM  
Mumbai

**Mr Alpesh Kankariya**

Director  
PwC India  
Mumbai

**Mr Chirag Gupta**

CEO and Co Founder  
Deyor Camps  
Delhi & NCR

**Mr Asif Upadhye**

Director and The Dark Knight  
Never Grow Up  
Mumbai

**Ms Simran Hora**

Music Composer  
The Viral Fever  
Indore

**Mr Sharad Singhal**

Co-Founder  
Home Pratibimb  
Indore

**Mr Prateek Maheshwari**

Partner  
KPM & Associates  
Indore

**Mr Harshit Vyas**

VP Regional Head West  
OYO Hotels and Homes  
Mumbai

**Mr Keyur Narendrakumar Sharma**

Optometrist  
Akshar Vision Arena  
Gujarat

**Mr Pawan Kothari**

Co-Founder  
A & P Business Consulting LLP  
Indore

**Mr Ravin Mahadevbhai Desai**

Director  
Sthapati Designers & Consultants Pvt.Ltd  
Gujarat

**Mr Srikant Venugopal Menon**

Specialist leader  
Deloitte & Touché AERS India Pvt. Ltd.  
Bengaluru

To see all members

[CLICK HERE](#)

*Above list is as updated on 24 June 2019*

## Upcoming Events

- YLC Interactive Session - Business in the age of trade war on 28th June 2019, Friday Delhi Chapter
- YLC Hyderabad Chapter Launch on 30th July 2019, Tuesday

- YLC Indore Chapter Event on 9 August 2019, Friday with Speaker Mr P Dwarkanath Non-Executive Chairman GSK Consumer Healthcare India
- YLC Offsite Retreat Goa: 20th- 22nd December, 2019
- YLC Session at National Management Convention on 17th - 18th September 2019, New Delhi
- YLC members meet on 17th September 2019, New Delhi

## YLC Membership

The membership of Young Leaders Council (YLC) of the AIMA shall comprise of young people, with a maximum cut off age limit of 40 years. The members could be Young Promoters, Founders of Startups, Young Professionals, Leaders in Art & Culture/Music, NGOs, Politicians. Bureaucrats, Diplomats. The membership will be at National level (Mandatory) and at the Chapter level (currently there are six chapters).

### For More Information Contact:

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### Become a YLC Member

[CLICK HERE](#)