Derivatives Valuation

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Derivative is a financial instrument, whose value is derived from some underlying source such as bond, stock, currency, commodity, interest rates etc. Derivatives instrument is an effective risk management tool to hedge the financial uncertainty.

There are three classes of derivatives contracts: Forwards & Futures, Options and Swaps

- Futures and Forwards: Futures and forward contracts are both contracts to deliver an asset on a future date at a predefined price. But they differ in two main respects: Futures are standard contracts traded on organised exchanges whereas forwards are customized contracts traded over the counter.
- Options: An option is a contract which gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specified strike price on or before a specified date. The seller has the corresponding obligation to fulfill the transaction if the buyer exercises the option. The buyer pays a premium to the seller for this right. A call option gives the right to the buyer to buy something at a specific price whereas a put option gives right to buyer to sell something at a specific price.
- Swap: A swap is a derivative contract in which two counterparties exchange series of cash flows for set period of time. Interest rate swap and currency swaps are most commonly used swaps in OTC derivative markets.

Derivatives valuation can arise in the context of business combination, hedge accounting and financial reporting. Companies now tend to hold sophisticated financial instruments such as convertibles, leases with options and other contracts with embedded derivatives. Derivatives valuation requires complex modelling skills in Black & Scholes, Binomial, Monte Carlo methods. RBSA use sophisticated models and analytical skills for derivatives valuation.
Situations where your company could benefit from our derivatives valuation services include:

- Purchasing, issuing or trading financial instrument that includes complex contingent payment, convertible features and other embedded derivatives like call option or put option integrated as a part of business transfer agreement. RBSA can assist you in determining fair value for tax planning, investment decision making or financial reporting purpose.
- Hedging the risks of assets or liabilities that are subject to fluctuations in value due to unfavourable change in exchange rates, interest rates or commodity prices.
- Structuring sophisticated compensation arrangements like ESOPs or Sweat Equity for executives that will help you attract top talent.

Securities valuation means determining the market value of equity instruments (viz. common stock and preferred stock), debt instruments (viz. bonds and bills of exchange), derivatives (viz. options and futures) issued by government agencies, financial institutions and corporate organizations.

Credentials:

Following are select credentials in Derivatives Valuation:

- Valuation of FCCB of Reliance Power for Financial Reporting Purposes under IFRS.
- Financial Advisory Services for Fair Valuation of Equity Shares of RML Information Services Private Ltd for ESOP Purpose.

RBSA Services

- Transfer Pricing Valuation
- Valuation For Fema
- Valuation For Insurance
- Valuation Of Assets
- Valuation Of Companies
- Valuation Of ESOPS
- Valuation Of Oil and Gas
- Valuation of Instruments and Derivatives
Valuation

- Business Valuation
- Valuation of Brands, Intangible Assets & Intellectual Property
- Valuation of Financial Securities, Instruments & Derivatives
- Valuation of Industrial Assets, Plant & Machinery
- Valuation of Real Estate
- Valuation of Infrastructure Assets & Specialized Assets
- Purchase Price Allocations for Mergers & Acquisitions
- Impairment Studies for Tangible Assets
- Impairment Studies for Intangible Assets & Goodwill
- Mines, Mineral Advisory and Valuation
- Valuation of ESOPs and Sweat Equity
- Valuation for Tax, Transfer Pricing and Company Law Matters
- Fairness Opinions

Investment Banking

- Mergers & Acquisitions
- Transaction Structuring & Advisory
- Due Diligence – Financial, Tax and Business
- Fairness Opinion
- Corporate Finance Advisory
- Corporate Restructuring, Business Reorganization
- Partner Search and Joint Ventures

Advisory Services

Financial Advisory for Dispute & Litigation

- Valuation & Financial Advisory Services
- Loss Assessment, Damages & Loss of Profit Analysis
- Independent Expert testimony
- Anti-trust & Competition Advisory
- Post-Acquisition Disputes, Joint Venture & Shareholder Disputes
- Civil & Construction Disputes, Real Estate Disputes
- Environment Damage Assessment
- Intellectual Property Rights Dispute
- Forensic Audit
Strategic & Risk Advisory Services

- Techno Economic Feasibility Studies
- Economic Viability & Financial Appraisal
- Business Plan Preparation

Real Estate Advisory Services

- Financial Modeling and Highest & Best Use Studies
- Investment Related Due-Diligence Exercises

Infrastructure Advisory Services

- Bid Advisory and Bid Process Management
- Preparation of Information Memorandums
- Preparation of Detailed Project Reports

Technical Assurance Services

- Technical Due Diligence Reviews for Mergers & Acquisition
- Lender's & Investor's Engineer Services
- Independent Engineer's Services
- Technical Opinion and Audits
- Chartered Engineer's Opinion & Certification
- Project Cost Investigations & Forensic Advisory
- Project Appraisal and Monitoring

International Reach

- Australia
- Bahrain
- China
- Europe
- Germany
- Hong Kong
- Sri Lanka
- India
- Japan
- Kuwait
- Oman
- Qatar
- Saudi Arabia
- Bangladesh
- Singapore
- South Africa
- UAE
- USA
- United Kingdom
- Malaysia

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