

# VALUATION BEYOND DCF:

A 360° approach yields **well-rounded, defensible valuations aligned with real-world expectations.**

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## TAKING A 360° VIEW FOR A MORE COMPLETE PICTURE

Valuation, at its core, is about understanding the true worth of a business or asset. Among the various techniques available, the Discounted Cash Flow (DCF) method has long been considered a pillar of intrinsic value.

Its logic is straightforward — estimate future cash flows and bring them to present value using an appropriate discount rate. It's forward-looking, customized, and mathematically robust. Yet, as valuation professionals know, a single lens rarely gives a complete picture.

## Why Valuation Deserves a 360° Approach

In practice, relying on only one method – even one as widely accepted as DCF – can create a narrow view. Each valuation assignment brings with it a unique context, be it a business lifecycle stage, data availability, market dynamics, or stakeholder purpose. Approaching valuation through multiple complementary methods offers a broader, more reliable perspective.

In my experience – whether conducting valuations for M&A deals, ASC 718 (equity compensation), or early-stage funding assessments – adopting a multi-method approach has always yielded more informed, balanced outcomes.



## The Power of Method Triangulation: An Example

Let's consider a case of valuing a leading firm in the Fertilizers and Chemicals industry, a mid-cap fertilizers and chemicals manufacturing firm.

**The DCF model, built on expected growth and EBITDA margins, returned an enterprise value of ₹17,575 crore as shown below.**

A leading firm in the Fertilizers and Chemicals industry						(₹ crore, except per share data)
DISCOUNTED CASH FLOW (FCFF)	2026	2027	2028	2029	2030	TERMINAL
Date	3/31/26	3/31/27	3/31/28	3/31/29	3/31/26	
Time Periods	1	2	3	4	5	
Year Fraction	0.64	1.00	Q.00	1.00	1.00	
EBT	764	888	1,007	1,212	1,212	
Interest	343	369	387	400	408	
EBIT	1,107	1,256	1,394	1,522	1,621	
Less: Cash Taxes	295	335	372	406	432	
Plus: D&A	332	381	427	470	503	
Less: Capex	300	200	100	50	50	
Less: Changes in NWC	725	508	993	269	177	
Unlevered FCF (FCFF)	188	595	356	1,267	1,465	24,101
Unlevered FCF (period adjusted)	75	595	356	1,267	1,465	24,101
Discount Period	0.32	1.14	2.14	3.14	4.14	4.14
Present Value Factor (12.30% discount rate)	0.9638	0.8765	0.7805	0.6950	0.6189	0.6189
Net FCF	73	521	278	880	906	14,916

However, when we looked at comparable company trading multiples, the enterprise value ranged from ₹17,350-23,586 crore.

### Comparable Companies (GPC) Method

COMPANY	TICKER	EV/SALES LTM	EV/EBITDA LTM	EV/EBIT LTM
Coromandel International Limited	(NSE COROMANDEL)	260	23.64	25.61
Mangalore Chemical & Fertilizer Limited	(BSE 530011)	130	13.47	17.65
National Fertiliser Limited	(BSE 523630)	034	11.22	29.04
Chambal Fertiliser and Chemical Limited	(NSEI CHAMBLFERT)	124	8.28	9.55
Deepak Fertilisers and Petrochemical Corporation Limited	(BSE500645)	223	11.92	15.08
Rashtriya Chemical and Fertilisers Limited	(NSEI : RCF)	060	15.06	24.67
Gujarat State Fertilizer & Chemical Limited	(BSE 500690)			
Gujarat Narmada Valley Fertilizer & Chemical Limited	(NSEI GNFC)			
Mean		1.4x	13.9x	20.3x
Median		1.3x	12.7x	21.2x
High		2.6x	23.6x	29.0x
Low		0.3x	8.3x	9.6x
Valuation				
Target Co				
		<b>EV/SALES</b>	<b>EV/EBITDA</b>	<b>EV/EBIT</b>
Mean (EV)		17,535.46	17,350.14	23,586.52
Mean (EV)	19,490.71			
Plus: Cash	118.02			
Less: Debt	3,994.38			
Equity Value	<b>15,614.35</b>			

The asset-based approach pointed to an enterprise value of ₹11,146 crore.

### Net Asset Value (NAV) Method

ITEM	BOOK VALUE
Book PPE	3,842
Book Intangibles/IP	2
Other Current Assets	6,250
Cash & Cash Equivalents	874
Other Assets	179
<b>Total Adjusted Assets</b>	<b>11,146</b>
<b>Total Liabilities (Book-&gt; FMV)</b>	<b>7,069</b>
<b>Contingent Liabilities(Adj.)</b>	
<b>Enterprise Value (in Crore)</b>	<b>11,146</b>

## Articles

And finally, Precedent Transactions method suggesting an enterprise value of ₹18,000 crore.

### Precedent Transactions (GTM) Method

ANNOUNCED DATE	TRANSACTION ID	TARGET	BUYER/INVERSTOR	SELLER	TARGET TEV(INR) (mm)	IMPLIED TEV/LTM Revenue	IMPLIED TEV/TM EBITDA
24/09/2024	IQTR1900476358	Stanley Agriculture Group Co., Ltd.			113,512.30	0.80x	10.40x
29/07/2024	IQTR1889197705	Kothari Industrial Corporation Limited			29,750.30	4.20x	NM
01/05/2024	IQTR1879822938	Astec Life Sciences Limited			18,262.60	6.40x	NM
27/06/2016	IQTR369217920	Sahyog Credits Limited (nka:Best Agrolife Limited)	Athena Multitrade Private Limited		26,368.10	0.90x	NM
29/08/2015	IQTR310354311	Astec Life Sciences Limited	Godrej Agrovet Limited	Altirmax Financial Services Private Limited	27,569.60	1.60x	7.60x
29/08/2015	IQTR310354822	Astec Life Sciences Limited	Godrej Agrovet Limited		27,569.60	2.10x	10.40x
04/12/2014	IQTR279113652	Mangalore Chemicals & Fertilizers Limited	Zuari Fertilisers and Chemicals Ltd.	Deepak Fertilisers And Petrochemicals Corporation Limited	14,209.80	0.60x	5.50x
13/08/2014	IQTR270267662	Nagarjuna Fertilizers and Chemicals Limited	Zuari Agro Chemicals Limited	Zuari Industries Limited	33,056.70	0.70x	9.50x
13/05/2014	IQTR270267662	Mangalore Chemicals & Fertilizers Limited	United Breweries (Holdings) Limited, McDowell Holdings Limited, Kingfisher Finvest India Ltd., Zuari Fertilisers and Chemicals Ltd., Zuari Agro Chemicals Limited		14,209.80	0.50x	5.20x
23/04/2014	IQTR262475051	Mangalore Chemicals & Fertilizers Limited	Deepak Fertilisers And Petrochemicals Corporation Limited, SCM Soiffert Limited	Morgan Stanley, Karnataka State Co-Operative Marketing Federation Ltd	14,209.80	0.60x	5.60x
				<b>Max</b>	<b>33,056.70</b>	<b>6.4x</b>	<b>10.4x</b>
				<b>Median</b>	<b>26,368.10</b>	<b>0.9x</b>	<b>7.6x</b>
				<b>Mean</b>	<b>22,800.70</b>	<b>1.8x</b>	<b>7.7x</b>
				<b>Min</b>	<b>14,209.80</b>	<b>0.5x</b>	<b>5.2x</b>
Target Co						13,820	1,367
						25,429	10,581
Mean (EV)	18,004.98						
Cash	118.02						
Debt	3,994.38						
Equity Value	<b>14,128.62</b>						

Looking at the values derived from different methods; we can assign below approximate weights to each method to derive final enterprise value.

Valuation			
METHODS	ENTERPRISE VALUE ( IN CR)	WEIGHTAGE	
DCF method (FCFF)	17,575	40%	7,030
GPC method	19,491	40%	7,796
GTM method	18,005	20%	3,601
NAV method	11,146	0%	
Final Fair Value of Enterprise Value		100%	<b>18,427</b>
Plus: Cash			118
Less: Debt			3,994
Equity Value			<b>14,551</b>

### This raised important questions:

- 1 Were the DCF assumptions reasonable when comparing values with other methods?
- 2 Was the market overvaluing peers due to cyclical headwinds?
- 3 Did the revenue multiples used in the GTM method accurately capture the company's growth potential and market positioning?
- 4 Did the asset base act as a support or a constraint on growth?

Only by triangulating across methods were we able to present a valuation narrative that was not only credible but also adaptable to stakeholder perspectives (investors, acquirers, regulators).

### Choosing the Right Mix of Methods

<b>DCF</b>	Growing companies with stable forecasts
<b>Comparable Companies</b>	Benchmarking with peers in active markets
<b>Precedent Transactions</b>	M&A-rich sectors where transaction premiums matter
<b>Asset-Based Approach</b>	Asset-heavy or distressed companies

### Making it Work Despite Constraints

One common reason analysts gravitate to DCF alone is data or time constraints. It's true that building clean peer sets or asset schedules isn't always straightforward, especially for private companies. But even simplified market comparisons or basic book value reviews can enhance perspective.

Rather than viewing valuation methods in isolation, professionals should aim to ask: *"What would the valuation look like if I looked at it from another angle?"*

This question alone can drive better decision-making and improve stakeholder confidence in the final conclusion.

### Conclusion: Valuation is More Than a Model – It's a Judgment

Valuation is not just a mathematical exercise – it's also a matter of professional judgment and contextual understanding. While DCF remains a valuable tool, it should be seen as one piece of the valuation puzzle, not the whole picture.

By embracing a 360° approach, analysts and decision-makers can arrive at valuations that are well-rounded, defensible, and aligned with real-world expectations.

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