

# VALUATION THEME NEWSLETTER

## DECEMBER 2025



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# MESSAGE FROM THE BOARD

**Navin Vohra, CFA**  
Vice-Chairperson  
CFA Society India

This year also brought a proud moment for all of us — CFA Society India was awarded **“Outstanding Society of the Year 2025”** at the APAC Society Leaders Conference in Seoul, South Korea. This recognition is a testament to our collective efforts — the dedication of our members, volunteers, and leadership in advancing the Society’s mission to elevate the investment profession in India.



## Dear Members,

I’m delighted to share with you the Valuation Themed Edition of our newsletter — the first for the year 2025. Over the past year, India’s economic momentum and capital markets have remained resilient, even amid global uncertainties. As we step into 2026, we find valuation as a discipline evolving rapidly — adapting to emerging sectors, shifting investor expectations, and cutting-edge analytical tools.

This edition showcases our community’s thought leadership through insightful articles and conversations on AI in valuation, intangibles, ESG integration, and global valuation trends. We have also featured interviews with leading valuation practitioners and curated global resources to elevate your professional knowledge base.

This year also brought a proud moment for all of us — CFA Society India was awarded **“Outstanding Society of the Year 2025”** at the APAC Society Leaders Conference in Seoul, South Korea. This recognition is a testament to our collective efforts — the dedication of our members, volunteers, and leadership in advancing the Society’s mission to elevate the investment profession in India. It celebrates our commitment to purpose-led programming, global connectivity, and deeper member engagement.



As we wrap up 2025 and step into 2026, I encourage each of you to engage even more — by contributing, participating, and staying curious. Let's continue **growing together, challenging conventional thinking, and reimagining the future of valuation in a dynamic world.**



Throughout the year, I've seen a strong spirit of engagement across our Society — be it through valuation workshops, advanced research sessions, or career development events hosted by our chapters nationwide.

Our social media presence has continued to grow impressively. LinkedIn followers crossed 111,000, positioning our page among the top three globally in terms of follower growth. Meanwhile, the CFA Society India YouTube channel has crossed 3.1 million lifetime views and grown its community to 72,000 subscribers, further strengthening our digital engagement with finance professionals and aspirants across the country.

On the learning front, members participated enthusiastically in high-impact events including the India Investment Conference, Wealth Management Conference, Private Markets Conference, AI in Finance session, and the Alternative Investing Summit. Our CFA Society India Podcast continues to engage listeners, with standout episodes such as the one featuring Sunil Singhania on "The India Opportunity."

We also celebrated academic and professional milestones — from the CFA Institute Research Challenge to career days across cities. The continued vibrancy of our community underscores our shared commitment to excellence, ethics, and education.

As we wrap up 2025 and step into 2026, I encourage each of you to engage even more — by contributing, participating, and staying curious. Let's continue growing together, challenging conventional thinking, and reimagining the future of valuation in a dynamic world.

ऐ ज़ब्बा-ए-दिल गर मैं चाहूँ हर चीज़ मुक़ाबिल आ जाए ।  
मंज़िल के लिए दो-गाम चलूँ और सामने मंज़िल आ जाए ।

**Warm regards,**

**Navin Vohra, CFA**  
Vice-Chairperson  
CFA Society India

# PURPOSE-DRIVEN VALUATION: ONE FRAMEWORK, MANY LENSES



Whether it's an equity research report, a corporate acquisition, or a tax dispute, **the why behind the valuation determines how we approach the how.**

**Varnit Kaushik, CFA**

Associate Director - EisnerAmper India

Valuation is at the heart of finance, yet it is not a purely mechanical process. While core valuation techniques such as discounted cash flow (DCF) or comparable company analysis are standardized, the inputs, assumptions, and even the interpretation of outputs can vary significantly depending on the **purpose** behind the valuation.

Whether it's an equity research report, a corporate acquisition, or a tax dispute, the **why** behind the valuation determines how we approach the **how**. Failing to consider this context can result in flawed conclusions or misalignment with stakeholders and other target audiences.

## Equity Research - Valuation for Investor Insight

Equity research analysts conduct valuations primarily to inform investment decisions. The goal is to arrive at a reasonable estimate of intrinsic value to support a buy, hold, or sell recommendation for publicly traded securities.

### 1 Perspective

Minority, market participant view assuming no control or synergies.

### 2 Assumptions

Based on publicly available financials, industry outlooks, and consensus forecasts. Analysts typically rely on consistent models across their coverage universe to maintain comparability.

### 3 Valuation Methods

Income approach (i.e., DCF using cost of equity as the discount rate) and market approach (i.e., using P/E, EV/EBITDA multiples).

### 4 Key Consideration

The analysis must be transparent, repeatable, and easily digestible for both institutional and retail investors.

### 5 Constraints

Analysts have limited access to internal company data and must rely solely on public disclosures and estimates. Model assumptions must remain consistent across coverage, which can limit flexibility and customization.

### 6 Practical Insights

Target prices are typically time-bound (e.g., 12-month horizon), so near-term performance assumptions often carry more weight than terminal value. Market sentiment and momentum can override fundamentals, so analysts must balance objectivity with market expectations.

*In 2025, Palantir Technologies (PLTR) became one of the S&P 500's top-performing stocks and caught many analysts by surprise. Despite widespread caution from equity research firms, which flagged high valuation multiples and government customer concentration, investor enthusiasm around AI adoption powered a massive re-rating. Traditional valuation models like DCF and EV/EBITDA didn't account for the explosive momentum driven by Palantir's Artificial Intelligence Platform (AIP), along with Gotham and Foundry. While analysts remained anchored in near-term fundamentals, investors embraced the long-term AI narrative, favoring future potential over present metrics. The result: a clear disconnect between valuation frameworks and market behavior<sup>1</sup>.*



### FIND OUT MORE

<sup>1</sup>Source: Palantir Defies Bears, Leads S&P 500 in 2025 | Nasdaq and Palantir Stock: Palantir Earnings Beat Amid Robust U.S. Government Growth | Investor's Business Daily



### M&A – Valuation for Deal Structuring & Negotiation

In M&A transactions, valuation is used to guide negotiation and deal structuring. The focus shifts from theoretical fair value to strategic value for a specific buyer.

#### 1 Perspective

Acquirer's viewpoint, often assuming a controlling interest.

#### 2 Assumptions

May include synergies, restructuring impacts, or post-deal capital structure changes.

#### 3 Valuation Methods

DCF (with WACC adjusted for post-deal leverage), precedent transactions, and accretion/dilution analysis.



#### 4 Key Consideration

Strategic buyers may be willing to pay above fair market value if material synergies are expected. Equity value generally involves control premium to account for the ability to influence management decisions and corporate strategy.

#### 5 Constraints

Private transactions often involve limited market comps; precedent deal data may be stale or not truly comparable. Competitive pressure (e.g., auctions) can inflate pricing beyond standalone fair value. Post-deal integration risks are difficult to quantify but essential to value realization.

#### 6 Practical Insights

Valuation serves as both a financial estimate and a strategic negotiation tool. Sensitivity analysis is crucial, especially around key deal drivers such as revenue growth, cost synergies, and exit multiples. Due diligence findings (e.g., customer churn, pipeline risk, or contingent liabilities) can significantly shift assumptions mid-process.

*Announced in 2025, the CoreWeave–Core Scientific all-stock merger, valued at approximately \$9 billion, a roughly 60% premium over Core Scientific's pre-deal market cap. The merger underscored valuation driven by strategic vertical integration, operational synergies, and AI infrastructure value. According to CoreWeave, the acquisition of Core Scientific will eliminate about \$10 billion of future leases, create \$500 million annual run rate cost savings by the end of 2027 and simplify operations. The valuation was designed not for market benchmarking but to structure a compelling transaction that aligned incentives across shareholders and management<sup>2</sup>.*

#### FIND OUT MORE

<sup>2</sup>Source: CoreWeave's \$9 bln deal has a lot to live up to | Reuters and CoreWeave buys Core Scientific for \$9 billion | Constellation Research Inc.



## Financial Reporting - Valuation for Accounting and Regulatory Compliance

Valuations for financial reporting must comply with accounting standards such as IFRS 13 or ASC 820, particularly for purchase price allocations, impairment testing, and other fair value measurements.

### 1 Perspective

Market participant, not entity-specific.

### 2 Assumptions

Based on observable market inputs when available; otherwise, supported by rigorous documentation.

### 3 Valuation Methods

Income approach (DCF) and/or market approach (using market multiples from precedent transactions or guideline public companies).

### 4 Key Consideration

Must be audit-defensible, aligned with regulator expectations, and compliant with internal control standards.

### 5 Constraints

Inputs must reflect market participant assumptions, even if management believes internal projections are more optimistic. Final conclusions are subject to audit and regulatory review, often leading to more conservative estimates.

### 6 Practical Insights

Cross-checks (e.g., reconciliation with carrying amounts, impairment tests) are the best practice. All assumptions should be clearly documented, as auditors frequently request justification, sources, and sensitivity analysis.



*Meta's December 2024 Form 10-K discloses that during the year ended December 31, 2024, 2023 and 2022, Meta recorded net impairment losses of \$383 million, \$2.43 billion, and \$2.22 billion, respectively, in aggregate for operating lease ROU assets and leasehold improvements under ASC Topic 360 as a part of their facilities consolidation restructuring efforts. The fair values of the impaired assets were estimated using discounted cash flow models (income approach) based on market participant assumptions with Level 3 inputs. The assumptions used in estimating fair value include the expected downtime prior to the commencement of future subleases, projected sublease income over the remaining lease periods, and discount rates that reflect the level of risk associated with receiving future cash flows. The purpose: ensuring that reported asset values reflect recoverable amounts, per GAAP, not for sale or investment decisions<sup>3</sup>.*

### FIND OUT MORE

<sup>3</sup>Source: Meta's Form 10-K for the fiscal year ended December 31, 2024 (meta-20241231).



### Litigation or Tax Purposes - Valuation for Compliance, Dispute Resolution, and Tax Reporting

In litigation and tax contexts, valuations support purposes such as gift and estate planning, shareholder disputes, divorce settlements, and transfer pricing.

#### 1 Perspective

Varies, can be market-based or influenced by legal precedent or statutory definitions.

#### 2 Assumptions

Typically, more conservative, especially where aggressive assumptions may be challenged by tax authorities or in court.

#### 3 Valuation Methods

Income and market approaches are commonly used; application of control premiums and discounts for lack of marketability (DLOM) or control (DLOC) is standard practice.

#### 4 Key Consideration

Documentation is critical, as valuations may be scrutinized by opposing counsel, tax authorities, or judges.

#### 5 Constraints

Must comply with relevant laws, such as IRS Revenue Ruling 59-60 in the U.S., or other jurisdiction-specific guidance. Valuations may need to be updated if litigation or proceedings are delayed. Unsupported or aggressive assumptions may result in legal or financial penalties.

#### 6 Practical Insights

DLOM and DLOC are frequently debated, therefore, supporting them with credible empirical studies or valuation literature strengthens defensibility. Legal precedent often influences methodology, making familiarity with jurisdictional norms important.



*In the 2018 Delaware Court of Chancery case *Verition Partners v. Aruba Networks*, Vice Chancellor J. Travis Laster ruled on the fair value of Aruba Networks shares following its 2015 acquisition by Hewlett-Packard (HP) at \$24.67 per share. Minority shareholders sought a higher appraisal value, arguing the deal undervalued Aruba. The Court examined three valuation methods: the deal price, discounted cash flow (DCF) analyses from both sides, and Aruba's unaffected 30-day market price before the acquisition announcement. Although the deal price typically holds strong probative value in arm's-length transactions, the Court excluded it due to substantial merger synergies and control premiums that must be omitted under Delaware appraisal law. The competing DCF valuations were rejected for their subjectivity and divergence. Instead, the Court adopted the unaffected market price of \$17.13 per share as the most reliable fair value indicator, citing Aruba's active trading, analyst coverage, and absence of a controlling shareholder as evidence of an efficient market. This case underscores that, in appraisal litigation involving publicly traded companies, courts may prioritize objective market prices over subjective models, emphasizing legal requirements to exclude deal-related synergies and control premiums<sup>4</sup>.*

#### FIND OUT MORE

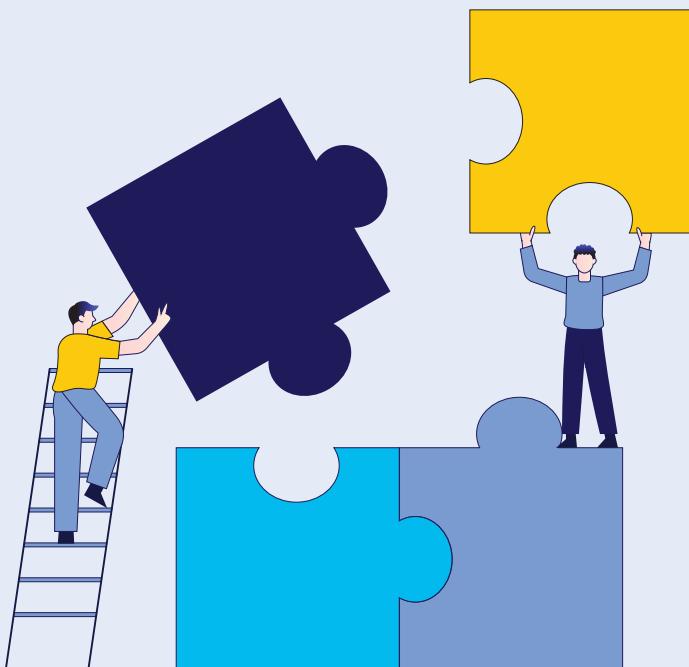
\*Source: Article titled "M&A Update: A Trio of Recent Delaware Decisions Discount Deal Price In Appraisal Litigation", posted on The National Law Review on March 26, 2018 (DE Court on Dissenting Shareholders Seeking Appraisal).



## Conclusion: One Framework, Many Lenses

While the principles of valuation are anchored in finance theory, their real-world application depends heavily on context. A valuation for an equity investor, a tax authority, or a strategic acquirer will differ not because the math changes, but because the purpose changes the perspective, assumptions, and constraints.

CFA charterholders and valuation professionals must avoid treating valuation as a one-size-fits-all process. Instead, tailoring models and methodologies to fit the intended use and audience ensures that valuations remain relevant, credible, and decision-useful.



### DISCLAIMER

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# ABOUT VARNIT KAUSHIK



Varnit Kaushik is an Associate Director in the Corporate Finance Group (CFG) at EisnerAmper India. The CFG is a specialized sub-team within the Financial Advisory Services (FAS) practice, which forms part of the firm's broader Advisory service line. With over a decade of experience in Corporate Finance, Valuations, and Transaction Advisory (Mergers & Acquisitions), Varnit plays a key role in building and expanding the India FAS practice. He leads the Mumbai Advisory team and has advised clients across diverse industries, including technology, biotechnology, financial services, energy, sports & entertainment, and healthcare. He holds an MBA in Finance and is a CFA charterholder.

# VALUATION CONSIDERATIONS FOR A SPORTS FRANCHISE

Valuing a sports franchise requires **combining core valuation skills with a nuanced understanding of intangibles and evolving market dynamics.**



**Varnit Kaushik, CFA**

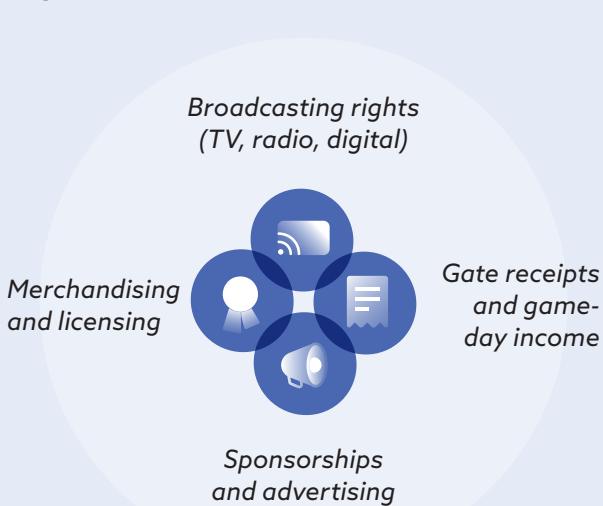
Associate Director – EisnerAmper India

Valuing a professional sports franchise presents challenges rarely encountered in traditional business valuation. Transactions in this space often command premiums driven by emotional appeal, strategic interest, or brand value i.e., factors not fully captured by standard financial metrics.

## **Income Approach: Projecting Economic Benefits**

As with most businesses, a sports franchise's intrinsic value is based on expected future economic benefits, i.e., revenues, EBITDA, and net cash flows. However, revenue streams and cost structures are distinct.

## Key revenue drivers



## Primary expenses

- 1 Player and coaching salaries
- 2 Stadium or arena operations
- 3 Travel, marketing, and promotions

Importantly, much of a franchise's value lies in intangible assets such as brand strength, fan loyalty, media rights, trademarks, and long-term commercial partnerships.



## Market Approach: Leveraging Transaction Benchmarks

The market approach compares the subject franchise to similar transactions, often using revenue or EBITDA multiples. These benchmarks must be adjusted for variables such as league structure, market size, and brand equity. Due to private ownership, audited financials are scarce, making valuation data inconsistent. Revenue multiples are generally preferred over EBITDA, as many franchises operate with negative or highly variable earnings. Yet, comparability across leagues and markets remains a challenge.

## Valuation Challenges: Intangibles and Volatility

Sports franchises are subject to significant performance risks and public sentiment. A single season can drastically affect revenues through changes in ticket sales, sponsorships, and media exposure. For example, relegation in European football leagues can cause substantial revenue declines.

### Valuation professionals must assess hard-to-quantify factors:

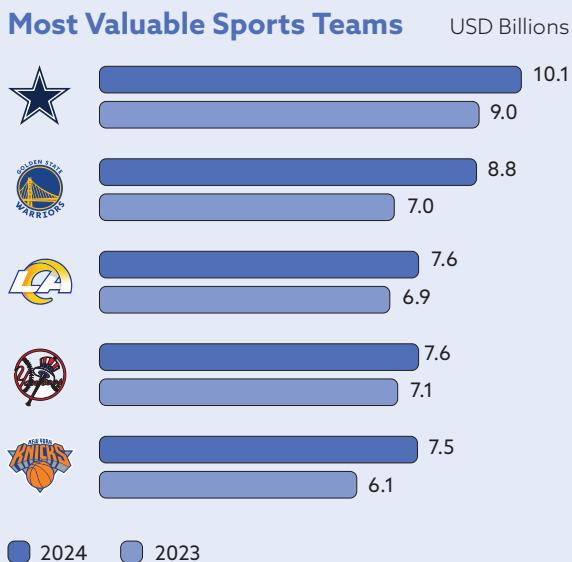
- 1 Brand value
- 2 Fan engagement
- 3 Marquee player impact
- 4 Naming rights and sponsorships
- 5 Player and media contracts

For example, in the **Indian Premier League<sup>5</sup>**, **Royal Challengers Bengaluru's 2025** title win boosted its brand value to **\$269M**, surpassing long-standing leaders like Mumbai Indians (**\$242M**) and **Chennai Super Kings (\$235M)**, demonstrating how on-field performance can translate into tangible brand uplift. The chart below illustrates the top five IPL teams by brand value in 2025, alongside a comparison with their respective brand values in 2024.



Another illustrative case is Inter **Miami CF**, whose valuation surged from **\$585M<sup>6</sup> (in 2023)** to **\$1.2B<sup>7</sup> (in 2025)**, after signing Lionel Messi in July 2023, highlighting how a single player can reshape a club's global profile and financial outlook.

The chart below displays the top five global sports franchises of 2024<sup>8</sup>, along with a comparison of their valuations from 2023<sup>9</sup>.



### FIND OUT MORE

<sup>5</sup> Source: "IPL Valuation Study 2025: Brand Valuation of IPL and Franchisees" by Houlahan Lokey, published in July 2025

<sup>6</sup> Source: Sportico.com

<sup>7</sup> Source: Forbes.com

<sup>8</sup> Source: Forbes 50 most valuable sports teams in 2024 has NFL topping list

<sup>9</sup> Source: Meet The World's 50 Most Valuable Sports Teams 2023



### Emerging Value Drivers: The Modern Franchise

Modern sports franchise valuations are increasingly influenced by new dynamics:

#### 1 Digital media

Streaming and short-form content monetization

#### 2 Global fan monetization

Expanding revenue beyond local markets

#### 3 Private equity participation

Institutional capital driving growth and governance

#### 4 Data and analytics

CRM tools, loyalty programs, and mobile platforms enhancing direct-to-fan revenue models

### Conclusion

For valuation professionals, sports franchise valuation is a compelling intersection of finance, strategy, and brand analytics. It demands a blend of traditional valuation skills and nuanced understanding of intangibles, evolving media landscapes, and global fan behavior. Understanding these nuances is key to applying core valuation techniques in non-traditional sectors.

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# AI IN BUSINESS VALUATION:



“ AI today is less about replacing analysts and more about amplifying their decision-making.

**Siddharth Jain, CFA**

*Vice President – Valuation at SPA Capital Advisors Ltd  
Member – Public Awareness Committee, CFA Society India*

## BALANCING INTELLIGENCE WITH INTUITION

### Rethinking Valuation in the Age of AI

Valuation has long relied on frameworks grounded in finance theory, empirical evidence, and practitioner experience. But today, Artificial Intelligence (AI) is challenging – and enhancing – many of those conventions.

From speeding up research to improving benchmarking accuracy, AI is entering the toolkit of valuation professionals. However, understanding where AI helps and where it must defer to human judgment is critical to harnessing its true value.

### Where AI Adds Value in Valuation

AI today is less about replacing analysts and more about amplifying their decision-making.

#### 1 Faster Company and Market Research

Tools like ChatGPT (OpenAI), Gemini (Google), and Perplexity AI can now parse earnings transcripts, analyst reports, news articles, and regulatory filings within seconds – helping analysts get a 360° view of the target business, competitors, and market dynamics. These tools are especially powerful for researching private companies, where client-shared information is limited or insufficient.

### 2 Improved Comparable Company Screening

AI helps filter and cluster peer sets using revenue scale, margin profile, geography, and industry overlap — reducing bias and increasing comparability.

### 3 Benchmarking and Multiple Calibration

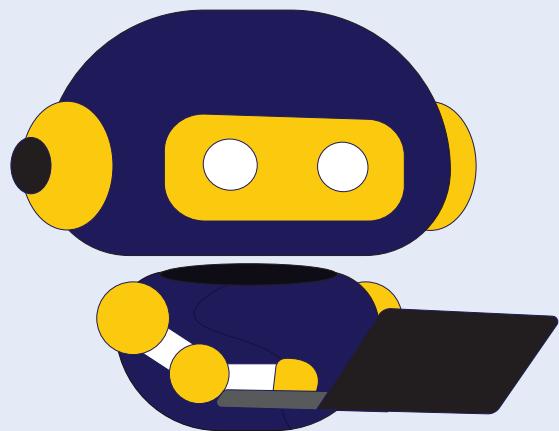
AI-enhanced platforms like PitchBook and CB Insights help analysts benchmark deal multiples more precisely, adjusting for outliers, strategic premiums, or distress discounts.

### 4 Drafting and Building Valuation Models

AI can assist in generating first-draft DCF models, guideline company templates, or financial overviews using standard formats. This drastically reduces setup time and allows analysts to focus more on assumptions and judgment.

### 5 Report Writing and Auditor Query Response

AI tools are now being used to draft report sections, prepare disclaimers, and even help frame responses to auditor queries regarding valuation assumptions, comparables, or sensitivities.



### Case Illustration: How AI Accelerated a Valuation Mandate

In a recent project to value a logistics-tech firm preparing for Series B fundraising, our team used AI tools to fast-track various steps:

TASK	AI-ENABLED OUTCOME	PROMPT(S) USED
Competitor Analysis	Gemini and Perplexity summarized 5 competitors' funding history, profitability metrics, and news.	Summarize funding history, profitability, and key news for top 5 Indian logistics-tech competitors.
Industry Tailwinds Review	ChatGPT outlined regulatory shifts, e-commerce integration, and supply chain trends.	What are the current regulatory and market trends in Indian logistics and e-commerce?
Benchmarking Multiples	Screening tools filtered peers using business model and growth profile filters.	Give me a list of comparable logistics-tech companies by business model and growth profile.
Sensitivity Narrative Draft	ChatGPT and Gemini helped draft IRR and risk scenarios.	Help me draft a narrative around sensitivity analysis including IRR and macroeconomic risk scenarios.

## Where AI Still Has Limitations (and Humans Are Essential)

Despite its advantages, AI cannot replace human intuition, judgment, and real-world context.

### 1 Professional Judgment

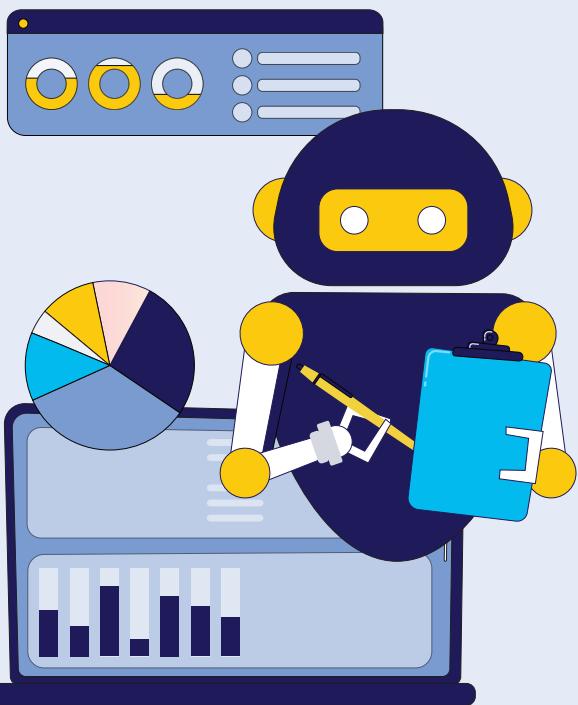
validating AI suggestions based on real client-specific realities.

### 2 Scenario Building

constructing realistic assumptions that reflect operational constraints.

### 3 Stakeholder Negotiation

valuation is a narrative to be defended, not just calculated.



## Top AI Tools Used in Valuation



**ChatGPT** ⚡ **Gemini**

Company research, summarization, report writing



**perplexity**  
Private company insights, deep web answers with citation



Valuation models with AI-powered comparables

### AlphaSense

Earnings call intelligence, market trends



Deal data, market comps, investment history



**Sentieo**  
Document and KPI search, financial data visualisation

## Conclusion: AI is a Multiplier, Not a Replacement

As valuation becomes more complex with an increasing focus on intangibles, ESG, and market shifts, AI can help analysts achieve faster and deeper insights. However, the final valuation must still reflect the professional's judgment, context, and experience.

AI is not a threat but an enabler, and in the hands of professionals, a powerful one.

The deep research capabilities of ChatGPT and Gemini stand out especially when working with private companies, where publicly available information is sparse and clients often provide only limited internal data. These tools can aggregate and synthesize fragmented online data — such as news mentions, investor presentations, domain registrations, competitor filings, social media insights, and more — to create a cohesive background view. For valuation professionals, this not only accelerates company profiling but also uncovers strategic insights that might otherwise be missed in traditional desktop research.

### Data Privacy: A Key Concern When Using AI Tools

While AI tools offer speed and efficiency, it's important to address a common hesitation among valuation professionals: Can we trust these platforms with sensitive or confidential client data?

Many organizations, especially in finance, legal, or consulting domains, are cautious about uploading internal or client data into AI tools. This is a valid concern — and one that professionals must manage carefully.

Thankfully, platforms like OpenAI allow users to disable data usage for training. For instance, when using ChatGPT, you can switch off the 'Chat history & training' option under settings to prevent your conversations from being used to train future models. Google Gemini also provides enterprise-grade usage agreements and allows configuration around data privacy.

The best practice is to always avoid inputting personally identifiable or sensitive financial data into public AI models unless you're using an enterprise plan or have ensured the data is anonymized. Internal deployment of AI tools within a secure corporate environment (like Azure OpenAI or private LLMs) is increasingly popular for this reason.



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# ABOUT SIDDHARTH JAIN



Siddharth Jain, CFA, FMVA, is a finance professional with over 14 years of experience in valuation, financial analysis, and transaction advisory. He has worked with RKL LLP, S&P, Resurgent, Deep Industries, and E&Y, and currently serves as Vice President – Valuation at SPA Capital Advisors Ltd. Siddharth specializes in M&A valuations, private company valuations, equity compensation valuations, and financial due diligence. He is the author of "Business Valuation: A Handy Guide for Beginners and Professionals", available on Amazon and Flipkart, which has received positive feedback from readers in India and abroad. Siddharth is an active volunteer and member of the Public Awareness Committee (PAC) at CFA Society India, Siddharth is passionate about sharing knowledge and regularly teaches financial modelling, business valuation, investment banking, CFA, and FRM courses to finance professionals and students.

# VALUATION BEYOND DCF:

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

**Siddharth Jain, CFA**

*Vice President – Valuation at SPA Capital Advisors Ltd  
Member – Public Awareness Committee, CFA Society India*



## 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 Internation 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				
		EV/SALES	EV/EBITDA	EV/EBIT
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	TRANSACTION ID	TARGET	BUYER/INVERSTOR	SELLER	TARGET TEV(INR)	IMPLIED TEV/LTM	
DATE					(mm)	Revenue	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	Altirnax 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 Chernicals & 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
				Max	33,056.70	6.4x	10.4x
				Median	26,368.10	0.9x	7.6x
				Mean	22,800.70	1.8x	7.7x
				Min	14,209.80	0.5x	5.2x
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.

#### DISCLAIMER

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# INTERVIEW WITH RISHI ASWANI, CFA

•••

**Valuations was a useful life-skill as it emphasised an understanding of risk across asset categories.**

**PARVEZ:** What inspired you to specialize in valuation and fund advisory, and how has your journey shaped your leadership style?



A few influences, in a sequential order. My CFA course, especially Levels 1 and 2, and a known person who recommended me into the profession confirmed that valuations was a useful life-skill as it emphasised an understanding of risk across asset categories. Fund advisory was a space I entered post my stint at a major fund, as it provided a vantage point from the actual willing buyer/willing seller, an even more essential life-skill.

Now that I'm a much more seasoned professional, my style is built upon the premise that building competency is a two-way street. A junior colleague is equally responsible for taking initiative and I'm keen to get to the stage where they have everything I can offer in terms of expertise and we can leverage one another.

**PARVEZ:** Intangible assets like brand value, intellectual property and customer relationships are becoming increasingly significant on corporate balance sheets. What's your company's approach of valuing these non-financial assets and the challenges you face in doing so?



Houlihan Lokey's range of capabilities and knowledge in valuing intangible assets, including intellectual property, is honed in via a transaction mindset and investment banking culture in order to understand the industry specifics wherever these businesses operate. The challenges are usually data-driven, but that points to weaker internal systems or controls where we too can help with a different service.

•••

**PARVEZ:** Given the complexity you just described, how do you see the portfolio valuation for alternative investments evolving over the next few years, especially with the rise of technology including AI and machine learning?



I see a lot of the onerous and one would say mundane aspects of financial analysis moving to technology-enabled tools. What we mustn't lose sight of is the fact that a specialist, or a team of specialists, will still be needed to apply judgment as there is no substitute to institutional knowledge. Valuations is not statistics, so we should always be wary of AI-generated correlations. In any case, more confidence in the underlying tools as enablers should further spur growth in the industry.

**PARVEZ:** For young professionals aspiring to enter this field, what are the most crucial skills needed to succeed in alternative investments valuation and fund advisory?



They must have an 'investment mindset' in themselves as they need to apply themselves for years before they can compound a return. There are no shortcuts. When I hear of managers in their 20s that no longer execute and just do business development, I fear they won't be able to compete with a seasoned professional with decades of experience and still playing a principal role on execution. For AI lovers who think they don't need to execute, I'd always back the more experienced expert to be able to generate the best prompts.

**My style is built upon the premise that building competency is a two-way street.**

**PARVEZ:** In valuing cross-border portfolios where the assets span multiple jurisdictions, how do you navigate the complexities of differing regulatory frameworks, accounting standards, and the impact of currency risk, geopolitical shifts, and macroeconomic divergence?



We bring our in-market specialists to lead asset valuations in their regions. To the extent possible and meaningful, valuations are carried out in their local currencies and translated using a spot rate. The challenge always lies in understanding whether the information we're reviewing reflects current market conditions, reasonable expectations that are known-and knowable, and is nuanced such that a valuer has the ability to defend the valuation in terms of a clearing price. Houlihan Lokey has an extensive banking and transaction practice which we can tap to inform our independent valuations over a one-way wall.



# ABOUT RISHI ASWANI

*Interviewee*



Mr. Aswani, Managing Director, is a member of Houlihan Lokey's portfolio valuation and Fund Advisory Services practice within the firm's Financial and Valuation Advisory (FVA) business. He leads client services for FVA in India and the broader region and supports the firm's global service line offerings and client delivery needs.

Mr. Aswani has over two decades of experience on the consulting and client sides. His alternative investment clients span private equity, limited partners, hedge funds, credit, real estate, and infra in India,

Asia, the Americas, and Europe. Mr. Aswani has been a speaker on valuation-related topics at universities (such as Harvard) and a variety of industry forums. He is also a contributing author to private capital journals in India.

Prior to joining Houlihan Lokey, Mr. Aswani spent more than 12 years at Duff & Phelps, in two stints across New York and Mumbai. He also worked for Apollo Global Management and with the Avista-Houlihan Lokey partnership in India.

Mr. Aswani holds a B.S. from New York University. He is a CFA charterholder.



*Interviewer*

# ABOUT PARVEZ ABBAS

Parvez Abbas is an Assistant Director at Acuity Knowledge Partners, overseeing credit and portfolio risk solutions for global financial institutions. With over 17 years of experience across private credit, fund finance and structured finance, he has partnered with bulge bracket banks and asset managers to deliver end-to-end solutions across the deal cycle.

His expertise spans structuring, underwriting, and portfolio valuation & analytics with a growing focus on integrating AI-driven tools to enhance credit risk assessment, deal execution and operational efficiency. Parvez holds an MBA in Finance and is a CFA charterholder.

# INTERVIEW WITH CRAIG TER BOSS

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**Fair Value standards mandate dynamic valuation based on performance, replacing the old static reliance on historical cost.**



**AJAY:** Over your career, how has the landscape of financial reporting valuations evolved, particularly in response to changes in accounting standards like ASC 805 or ASC 350?

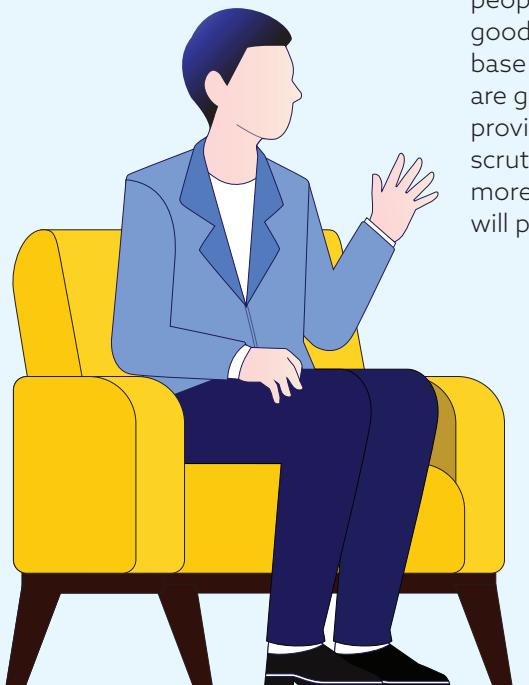
 Prior to the Fair Value standards, portfolio companies were marked at the last round or cost regardless of the performance of the subject company and the valuation multiples. That was the mark until the company either went public or was acquired. The allocation of the purchase price for intangible assets was to just determine goodwill and it was not tested on an annual basis.

**AJAY:** What are the most complex or judgment-heavy areas in financial reporting valuations today — and how do you navigate them with clients and auditors?

 Regarding complexity, I find it difficult to explain Monte Carlo simulation to clients and the best way to solve that issue is to get the auditor, the client and us on a call to make sure we are all on the same page. Once a client sees that your assumptions are aligned with the auditors, it goes a long way in them accepting the process. Forecasts and projections are the area of financial reporting that involves a lot of judgement from the client and drives what methodologies are to be used and how valuation assumptions are determined. It can be difficult to explain that to a client and that their auditors are going to focus on them since they drive the process.

•••

## Auditor questions predominantly focus on forecasts, requiring clients to substantiate assumptions for future growth and margins.



**AJAY:** How have auditor expectations changed over the years, and how do you manage that dynamic in engagements, especially when valuation conclusions are scrutinized?

 Auditor expectations have grown from having a discussion with valuation specialists and audit teams to filling out checklists for both teams. My experience is that a significant amount of the questions that relate to forecasts and projections and we do our best to let clients know they need to support their assumptions regarding future growth and margins.

**AJAY:** How do you see emerging technologies (e.g., automation, AI, big data) affecting the quality, efficiency, or credibility of valuations in financial reporting?

 I believe that automation and AI will benefit the people and firms that have a good product and knowledge base to start with. Firms that are going for the low-cost provider will most likely be scrutinized by the auditors a lot more and in the end the client will pay one way or another.

**AJAY:** How has earning the CFA designation influenced your career in valuation and corporate finance, especially when dealing with complex financial instruments?

 The CFA designation helps open doors to clients that might not consider someone without the designation especially in valuing complex financial instruments. The designation is highly recognized and the knowledge that you gain obtaining it is very relevant to what is going on in fair value reporting.

**AJAY:** What advice would you give to aspiring valuation professionals and CFA charterholders who want to specialize in financial reporting? What skill sets are critical to thrive in this area?

 Learn the fundamentals of valuation before specializing in financial reporting. Purchase price allocation and intangible asset valuation are very different from stock-based compensation and portfolio company valuations. Having a strong base is very important because you may be preparing reports for different areas. Being able to work on various projects in different areas and different stages of life for a project is a very important skill in financial reporting.

# ABOUT CRAIG TER BOSS

*Interviewee*



Craig Ter Boss is a Partner in the Corporate Finance Group at EisnerAmper, with over 25 years' experience providing valuation services to public and private clients. He is also a CFA charter holder. Craig delivers services across a range of industries, including consumer products, apparel, technology, business services, financial services, manufacturing, media, retail and health care. Craig's depth of experience and skill set is a unique combination, positioning him as a specialist with client-facing concerns as well as an expert in fair value measurement issues for audit engagements. Types of

engagements include allocation of purchase price, goodwill impairment, corporate strategic and tax planning, corporate transactions (e.g., mergers, acquisitions), litigation and arbitration. Craig focuses on valuations relating to alternative asset managers, including private equity, hedge funds and venture capital. At the fund level, he performs valuations and conducts reviews of valuations of Level III (difficult-to-value) securities performed by fund management and third-party specialists. At the portfolio company level, he leads engagements related to the valuation of business enterprises and equity and debt interests, as well as various intangible assets. Craig is a CFA Charterholder and serves as an instructor for EisnerAmper University, and has presented, as well as served as a panel member, to industry associations regarding valuation issues for alternative asset investments.

*Interviewer*



# ABOUT AJAY MINOCHA

Ajay is associated as a Solution Manager with Deloitte Consulting. He has 10 years of experience across various domains within the financial services industry including, Controls and Compliance Testing, Anti-Money Laundering, Regulatory Risk remediation, Regulatory Compliance, Debt Capital Markets Origination, Risk & P&L Reporting and Credit Appraisal. He is an active member of Deloitte's Culture and Belonging Counsel.

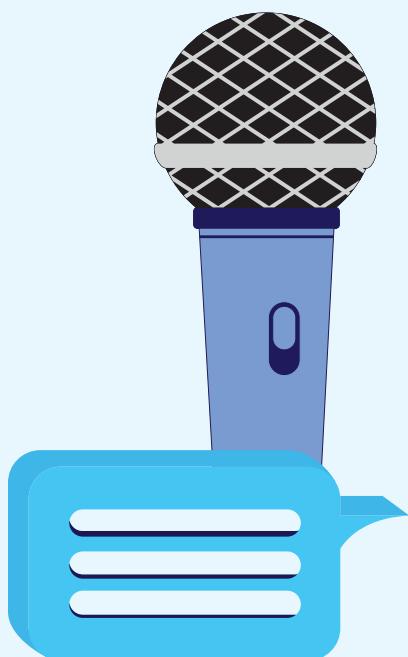
He is ACAMS certified, CFA charter holder and holds a PGDM from the Indian Institute of Management Indore. His key skills include Independent Testing and Validation, Regulatory Risk Remediation, Controls Testing, Anti-Money Laundering, Business/ Company Valuation, Credit Analysis, Derivatives, Equity Research, Financial Databases, Financial Modeling, M&A, Pitchbook, Portfolio Management, Risk & P&L reporting.

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**Approach for valuation of intangibles depends on factors like criticality of any intangible to the business and how difficult or time consuming it is to replicate such intangible.**



# INTERVIEW WITH PARAG MEHTA



**SIDDHARTH:** How are you approaching the valuation of intangible assets like brand equity, proprietary data, and digital platforms - especially when they don't fit neatly into traditional models?



Approach for valuation of intangibles depends on factors like criticality of any intangible to the business and how difficult or time consuming it is to replicate such intangible.

For valuation of brands typically there are two methods, i.e., multi-period excess earnings (MEEM) and relief from the royalty (RFR) method.

MEEM is used when the brand is very critical to the business like a B2C consumer business with strong brands whereas RFR method is used when the brand is not a very critical element of the business e.g., B2C business with weaker brand or B2B business that uses brand.

For propriety data and digital platforms, the cost approach is used for valuation if these intangibles are not difficult to replicate and can be recreated in a shorter time frame. Otherwise, income based approaches are generally used.

**SIDDHARTH:** How do you balance traditional valuation approaches like DCF or option pricing with real-world deal considerations such as strategic value, synergies, or buyer behavior?

 Fair valuation as concept is done based on as-is-where-is basis without factoring any kind of desperation or compulsion on part of buyer or seller. However, in real-deal situations often there are multiple buyers and hence the highest bidder would get the deal. This is where the strategic value or synergies any buyer can extract from the acquisition can get a deal to that buyer. Strategic or synergy value can be estimated based on additional profits/cash flows that a buyer can generate from acquisition of the target due to incremental efficiencies/elimination of competition etc. Buyer behavior is difficult to quantify and factor in the valuation model as it is driven more by desperation on the part of the buyer to get the deal in a competitive scenario.

**SIDDHARTH:** With ESG themes becoming more central to investment decisions, how are you incorporating ESG-related risks or strengths into your valuation frameworks?

 We are in early days of systematically incorporating ESG factors in valuation models. However, considering the criticality of ESG aspects for business and investment decisions in current times, a valuer needs to ensure that no major ESG related red flags exist for valuation subject.

Valuer can also ensure that the management has factored any ESG related risks or advantages in the business plan, but be careful to not double count these, e.g., if business plan factors ESG related risks and benefits the valuer should not again consider it in the discount rate.

Also, the quality of disclosures made by the comparable companies will also be a factor that will determine how the valuer considers ESG aspects in his valuation.



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**Valuer can also ensure that the management has factored any ESG related risks or advantages in the business plan, but be careful to not double count these, e.g., if business plan factors ESG related risks and benefits the valuer should not again consider it in the discount rate**



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## Indian valuation benchmarks depend on country-specific variables, requiring careful adjustment when using global data.

**SIDDHARTH:** When working with early-stage or high-growth companies where financial data is limited, what alternative metrics or signals do you rely on to arrive at a credible valuation?

 Honestly, arriving at a credible valuation for very early-stage companies without financial data (e.g., pre-revenue companies) is extremely unlikely. Any investor or buyer will invest in the company based on factors like potential of product / solution / service, market potential and more importantly founders' background, profile and ability. However, whether it was the appropriate deal price, will only be proven in hindsight. There are certain negative indicators though, which may help the valuer to understand significant value destruction, like start-up about to exhaust cash and not able raise fresh funds, prolonged delays in launch of products / solutions / services, founders disassociating themselves from the start-up etc.

**SIDDHARTH:** What are the key challenges in applying global valuation benchmarks to Indian companies?



Valuation benchmarks for India are driven by the India specific parameters like risk free rate, equity market returns, industry volatility, growth potential etc. These factors may vary significantly between country to country depending on the economic life cycle (i.e., developed vs developing vs underdeveloped economies) and other country specific factors. Hence, use of global valuation benchmarks in Indian companies' valuation may not give fair results.

In cost of capital survey conducted by EY, on a question related to how does India cost of capital compares with that of developed countries, 60%-65% participants (industry players and analysts) responded that cost of capital for India based companies is higher by 2%-7%.

In absence of adequate comparable valuation benchmarks in India, one may use global benchmarks after making appropriate adjustments for risk and growth profile of the specific country as compared to India.

Also, it may be ok to use valuation benchmarks of global start-up companies with new business models to value India based comparable start-ups as the inherent risk profile and growth potential for such companies may be comparable, due care needs to be applied though.

# ABOUT PARAG MEHTA

*Interviewee*

Parag Mehta, partner Ernst & Young valuations practice, is a Chartered Accountant and a Cost Accountant with an extensive experience of more than 25 years in Valuations. He has been involved in valuations for many of the largest and marquee transactions in Consumer,

Life Sciences, Banking & Financial Services and, Media & Entertainment sectors, in India. He has done 2,500+ valuations for various purpose including transactions, restructurings, court filings, regulatory & tax filings, dispute resolution, accounting etc.



*Interviewer*

# ABOUT SIDDHARTH JAIN

Siddharth Jain, CFA, FMVA, is a finance professional with over 14 years of experience in valuation, financial analysis, and transaction advisory. He has worked with RKL LLP, S&P, Resurgent, Deep Industries, and E&Y, and currently serves as Vice President – Valuation at SPA Capital Advisors Ltd.

Siddharth specializes in M&A valuations, private company valuations, equity compensation valuations, and financial due diligence. He is the author of "Business Valuation: A Handy Guide for Beginners and Professionals", available on Amazon and Flipkart, which has received positive feedback from readers in India and abroad.



Siddharth is an active volunteer and member of the Public Awareness Committee (PAC) at CFA Society India, Siddharth is passionate about sharing knowledge and regularly teaches financial modelling, business valuation, investment banking, CFA, and FRM courses to finance professionals and students.

# VALUE INVESTING BOOK REVIEWS

## Book review:

### Financial Statement Analysis for Value Investing

Authors: **Stephen Penman & Peter Pope**  
 Reviewed by: **Javier López Bernardo, CFA**  
 Publisher: **Columbia University Press (2025)**

**Summary:** In today's world where traditional value investing is under pressure, this book revives the Graham-Dodd legacy with a sharper lens on modern accounting and valuation practice. The authors challenge conventional valuation methods like DCF and multiples by promoting the residual income model — a framework built on accounting fundamentals, not speculative cash flow forecasts.

## What Makes It Stand Out

- 1 Residual Income as a Core Framework**  
 The model values equity based on book value plus discounted residual (economic) earnings — a method ideal when dividends or stable free cash flows are unavailable.
- 2 Accrual Accounting as a Valuation Strength**  
 Contrary to popular belief, accrual-based earnings reveal value sooner than cash flows. The book defends accruals as essential for realistic valuation, especially under uncertainty.
- 3 Beyond Beta and Intrinsic Value Myths**  
 The authors argue that "intrinsic value" is often too abstract and favor a valuation approach that confidently challenges market prices rather than attempts to define an elusive constant.

## 4 Critique of Fair Value Accounting

The book critiques fair value methods for adding speculative bias — instead reinforcing the discipline of realized earnings and balance sheet integrity.

## 5 Residual Operating Income for Operational Focus

To address leverage-driven distortions, the authors introduce an enterprise-value-based model using operating metrics — refocusing analysis on the business, not capital structure.

## Practical Relevance for Valuers

Use residual models for early-stage, non-dividend, or high-reinvestment companies.

Prioritize ROE, accrual quality, and capital allocation in your models.

Be skeptical of market-driven multiples — a strong analytical foundation can surface mispricings.

Avoid binary "value vs. growth" thinking; focus on accounting drivers of returns.

<https://blogs.cfainstitute.org/investor/2025/06/11/book-review-financial-statement-analysis-for-value-investing/>



## Book review:

# The Case for Long-Term Value Investing

Authors: **Jim Cullen**

Reviewed by: **Janet J. Mangano**

Publisher: **Harriman House (2022)**

**Summary:** Jim Cullen, a veteran with 60+ years of investment experience, makes a compelling case for a disciplined, long-term value investing strategy. At a time when growth stocks and short-term gains dominate headlines, Cullen reaffirms the timeless relevance of value investing rooted in fundamental metrics and patient capital.

## Core Themes

### 1 Time Horizon

Long-term means at least five years. Cullen emphasizes the rolling five-year period to reduce noise and improve decision-making, contrasting the short-term melt-ups that often obscure value strategies.

### 2 Three Disciplines of Value

1

Lowest P/E ratios (bottom 20%)

2

Highest dividend yields (top 20%)

3

Lowest price-to-book ratios

These metrics have historically outperformed when viewed over decades rather than months.

### 3 Inflection Point Awareness

Cullen cautions investors to remain vigilant about market cycles, debt levels, interest rate movements, and consumer confidence. These macro indicators often signal when to lean into or away from value strategies.

4

### The Danger of Market Timing

Strategic shifts to cash can be disastrous. Missing even short periods of market rebound significantly hampers long-term returns.

## Practical Insights

### Applicable Across Markets

Value investing works across market caps and geographies – including small caps and emerging markets – especially where takeovers are frequent.

### Covered Call Strategy

For tax-exempt accounts, Cullen outlines how covered calls can enhance income in low-yield bond environments.

### For New Investors

His section for beginners is a standout, emphasizing the power of compound interest, saving habits, and even recommending contributions up to age 80 to build long-term wealth.

Link:

<https://blogs.cfainstitute.org/investor/2022/08/26/book-review-the-case-for-long-term-value-investing/>

# IAIP EVENT SUMMARIES



Session by:

**Mr. Durgesh Shah**

*2<sup>nd</sup> Value Investing Pioneers Summit 2018, Delhi*

## Durgesh Shah

*Catalyst-FLAME Investment Lab  
(of Flame University, Pune)*



## What matters in Investing?

Mistakes are a great teacher.

# "The only real mistake is the one from which we learn nothing"

- John Powell

Investing is all about:



### Management

In India, management is more important than business as compared to other countries

- As Ramdeo Aggarwal says, business is multiplicative of management, therefore, if management is zero then everything would be zero.
- He beautifully described a management in a simple quote "A bat is very different in hands of Virat Kohli than in our hands"

### Valuation

Price is very important. As Howard Marks says, everything is good at a price.

### Self

Above all, an investor must understand himself i.e. what works for him and what does not.

## How markets value management?

It is based on various factors:

### 1 Trust

Management needs to be very trustworthy. Longevity of leadership or employees in a company is very crucial as it helps to think about the competition.

*Example: In TCS there have been only four leaders in last 50+ years. Contrast that to Infosys.*

### 2 Culture

Ability to attract and retain talent:

*Example: HDFC Home Loans started by a person who himself didn't own a home. Company has given home loans to 63 lac people over last couple of decades.*

### 3 Focus

95% Forbes Billionaires in the US made their first billion dollars from one business.

In India, promoters have a tendency to keep diversifying in current hot sectors and that way they end up diluting focus and destroying capital.

*Example: Munjals (Hero) have done very well in this regard by staying focused on their core competence and scaling up their 2-wheeler business:*

### Vehicle sold

**1986**



43,000

**2018**



75,00,000

*Hero never tried to enter into 3-wheelers, passenger cars or commercial vehicles. Even post the termination of Joint Venture with Honda, Hero has continued to do very well.*

## 4 Scalability

Indian promoters generally find it difficult to scale the business. In the US, McDonald's has more stores as compared to pin codes of US in many states. Whereas in India, chains like Haldiram have just started to scale up business.

*Example: Infosys did it beautifully - from a modest beginning, the company today employs over 2 lac people and gets a million applications a year.*

*In 1990s, within 15 years of inception, while it was still young, it was adding 100 people a day which was phenomenal. A senior employee joked that company had a signboard outside its office which said: 'Trespassers will be recruited'*

## 5 Delegation

Indian promoters typically find it very difficult to delegate. The lala mentality of retaining complete control further comes in the way of scaling business.

*Example: Promoters of Motherson Sumi have done it very well. They started the business with one small unit in Noida. Today, company has 230 plants in 37 countries. The ability to empower subordinates and delegate work has been the key in this journey.*

## 6 Integrity & Passion

Among second and third generation of many promoters, while integrity is not a concern, passion is missing. Their focus is more on fancy cars, international travel etc.

## 7 Digesting Success

Not easy amidst 'Kamyabi ka Nasha' as market rewards too much. Beware of the Halo effect.

*Multiple Examples: Essar, Videocon, Suzlon, Fortis, Unitech*

*To summarize, ideal management would have following traits - Trust + Culture + Focus + Scalability + Integrity & passion + Ability to digest success*

## Common causes of downfall (not just in business but politics, sports, bollywood etc.)

1

### Arrogance

Beyond a point, confidence turns into arrogance.

2

### Complacency

3

### Debt

the most dangerous thing in the world of business.

*Cited example of third partner of Warren Buffett & Charlie Munger who had to sell his Berkshire Hathaway shares at \$40 due to borrowing.*

## Men among Boys (related to scalability)

There are just 175 Indian companies which make over \$100 million (~Rs 700 Cr) in annual pre-tax profit.

Out of these; there are only 78 companies whose market value (stock price) increased by 100x. Others may have listed at a decent size or got carved out from a group.

NO. OF COMPANIES	OWNERS	100 BAGGERS	EXAMPLE
59	Individuals	39	
46	Groups (16)	20	
35	PSU	3	
16	MNCs	12	
19	Others	4	

## Common traits in Multibaggers:

-  **Vision** (to see them)
- +
-  **Courage** (to buy them)
- +
-  **Patience** (to hold, most difficult as generally people don't have because conviction can't be borrowed)

## Sector (Tailwind) Matters

-  **Indian Pharma**  
Dr. Reddy, Ajanta Pharma, Lupin etc., most of them have never raised any capital since IPO.
-  **Indian Banking**  
Private banks winning market share. Bank's Nifty weightage - 88% private banks while PSUs down to just 12%.
-  **Indian Cement**  
Generally cement is perceived as a commodity but has created a lot of wealth - Shree Cement has gone up 2,800x while Ramco Cement has gone up 2,300x over the last three decades compared to 100x of Sensex.
-  **Indian 2-Wheeler**  
Hero has gone up 3,200x and Eicher Motors has gone up 7,100x over the last three decades compared to 100x of Sensex. Bajaj Auto and TVS have also done very well for their shareholders. At one point in time there were 26 OEMs in 2-Wheelers, the breakup later led to consolidation.

## Aggregate Sensex companies

Market Cap - Trillion Rs

1992		1.1
2000		3.5
2008		30.3
2018		70.6

## Beware of Disruption

125 years of monopoly of BSE collapsed in one year by NSE. There were 14 stock Exchanges and 5,000+ brokers. Today there might be less than 30 brokers in the country who would be making a respectable RoE from broking segment.

## Phases of Markets

1

### Phase I: 1984-88

- Sensex increased from 260 to 665 points.
- Dropped 41% in subsequent two years.

2

### Phase II: 1988-1993

- A ferocious bull market – sensex jumped from 390 to 4,547 points i.e. a 12x jump in just four years.
- Later corrected 56% in a single year.

3

### Phase III: 1993-2000

- Market increased from 1,980 to 6,151 points i.e. a 3x increase in seven years.
- Later dropped 58% in next 18 months.

4

### Phase IV: 2001-2008

- Market increased from 2,597 to 21,207 points – 8x jump in seven years.
- Later corrected 60% in a single year.

5

### Phase V: 2009-till now

- Market moved up from 8,000 to 38,990 points i.e. 5x increase in nine years but on a large base.
- This time it has been broad based – practically participated by most listed companies, therefore the fall too can be steep or there can be timewise correction.

*In each phase there were different reasons for rise & fall and hence each phase tested the patience and conviction of the investors.*

### Most valued - Then and Now

The top companies (by market value) keep churning.

Only three companies have managed to stay in top 10 by market cap list after 26 years i.e. Reliance Industries, Hindustan Unilever & ITC.



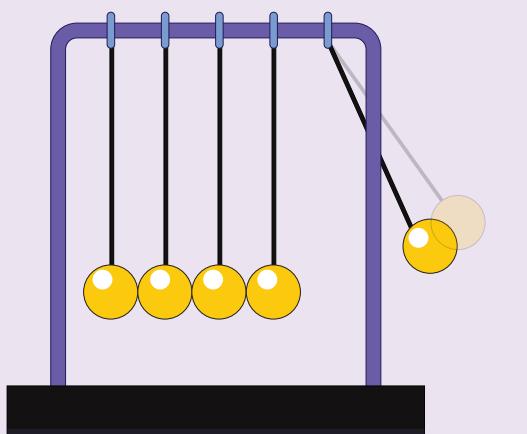
### Market behavior - Think of a Pendulum

#### Fear

- World will come to an end
- Total pessimism all around
- Forget profits, assets

#### Greed

- Trees grow to the sky
- Great growth means a feel good factor
- No weakness of companies, economy etc is overlooked
- Valuations go berserk



### Predicting rating (valuation) is tougher

- 1 Even tougher than forecasting earnings
- 2 Example: Astral Poly, La-Opala, Relaxo, Symphony

#### La-Opala

PERIOD	MARKET CAP	NET PROFIT	P/E
Jan'10	34	3	11
Feb'16	3,717	42	89
Nov'18	2,516	73	34

#### Symphony

PERIOD	MARKET CAP	NET PROFIT	P/E
Dec'09	87	22	4
Apr'15	11,145	99	116
Nov'18	6,914	159	43

- 3 Most market participants are fixated on earning, whereas
- 4 The rerating/de-rating of multiple can be swift and can change the entire equation
- 5 **Value Investing is simple to understand but not easy to implement**

IN 2000	SALES	PBT	MARKET VALUE
Bharat Electronics	1,457	195	477
Visual Software	68	30	4,978

- 6 During peak of tech bubble, Bharat electronics looked very cheap but investors focused only on Software companies despite a high valuation.
- 7 Over next six years, visual software fell by **95%** whereas Bharat Electronics was up by **22x**.

## Importance of selling

# How High is High?

- In 1980s, at peak of Japanese property bubble, **a Japanese palace ground (2.86 sq. miles)** was valued more than the entire real estate asset of California (3<sup>rd</sup> biggest state in the US with an area of 1,63,696, sq. miles).
- The peak value can go very high, beyond what's imaginable.

## Similarly, in case of Wipro

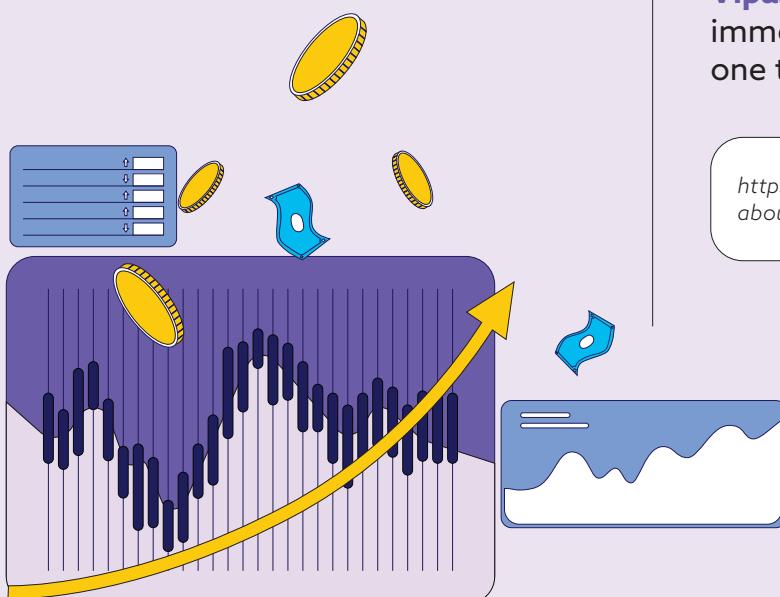
- Between 1998-2000 (24 months) Wipro's stock went up **100x** to some absurd valuations. **Premji** suddenly became part of **top 5 richest people globally**.
- Since then, while the profit has been up **25x**, the market cap is still **33% lower** from the top, 18 years later.

## Worst mistakes at best times

Our worst mistakes happen at the best of times – like while driving a car on Expressway versus in Delhi's Chandni Chowk (busy lane).

## Errors of Commission

- Selling winning stocks too early and not able to ride entire upturn
- Holding on to cyclical stocks for too long



## Errors of Omission

Each market cycle I had opportunity and understanding of these great businesses but regret not participating: HDFC, Hero, Gruh (because it was a small cap then) and Bajaj Finance.

## Humility Matters

- More related to management
- "Humility leads to....listening....which leads to...learning....."

## Unlearning is more difficult -

You need to be open to change your mind and learn everything.

Mind & Parachute are useful only when they are open

**"Large gains.....  
Before pain.....  
Hurts more....."**

Strive for – Awareness & Equanimity – in markets as well as in life.

**Vipassana Meditation** has helped me immensely and I will recommend everyone to give it a try:

<https://www.dhamma.org/en/about/vipassana>



# ABOUT DURGESH SHAH

Durgesh Shah, with his degrees in Commerce, Law and a Diploma in Finance (University of Mumbai), set up Corporate Database while managing the institutional desk at ENAM. Corporate Database Pvt. Ltd. has evolved into a family office over four decades. It has worked with the most respected business media houses including Economic Times & Business Standard, rating agencies, like CRISIL and Economist Intelligence Unit,

contributing market related articles and reports in the 1980s and 1990s.

Currently, Durgesh Shah, is actively managing his proprietary capital taking very long term investment bets in Indian equities. He is actively involved in Vipassana Meditation, as taught by the late Shri SN Goenka. He is Catalyst@Flame Investment Lab, at FLAME university in Pune, India which is known for Liberal Education.



# ABOUT SAURABH MUKHERJEA

Saurabh Mukherjea, CFA, is a veteran investor and fund manager with over two decades of experience in the Indian and global capital markets. He is the Founder and Chief Investment Officer of Marcellus Investment Managers, a firm known for its high-quality research and long-term, fundamentals-driven portfolio strategies such as Consistent Compounders and Kings of Capital. Prior to establishing Marcellus in 2018, Saurabh served as CEO of Ambit Capital and earlier co-founded Clear Capital in the UK, a small-cap equity research firm. He holds a BSc (First Class Honours) and MSc (with distinction) in Economics from the London School of Economics (LSE). Under his leadership, Marcellus has grown rapidly, now managing well over ₹12,000 crore across its PMS offerings.

Saurabh is recognized as one of India's leading voices in equity investing and corporate governance. He is a prolific author, having written widely read books such as Coffee Can Investing and The Unusual Billionaires, which have influenced a generation of long-term investors in India. He is also a founding director of the Association of Portfolio Managers of India (APMI), actively contributing to industry development, regulatory dialogue, and the strengthening of India's PMS ecosystem. His investment philosophy centers on clean accounting, high-quality businesses, and long-horizon compounding—principles that continue to guide Marcellus' research and portfolio management approach.



# ABOUT JATIN KHEMANI

Jatin Khemani, CFA, has been a full-time participant in the Indian capital markets since 2010, specializing in value investing, long-term fundamental research, and portfolio management. He is the Founder & CEO of Stalwart Investment Advisors, which he initially started as a SEBI-registered equity research firm in 2014. The firm obtained its SEBI PMS license in 2023. In 2017, Jatin co-founded the Indian Investing Conclave (IIC), India's first fully online, on-demand platform hosting deep-dive conversations with 100+ fund managers across 200+ sessions focused on Indian listed businesses.

Jatin holds a postgraduate degree in Finance and earned his CFA Charter, clearing all levels in



the first attempt with top-decile performance globally. Inspired by the philosophies of Peter Lynch and Philip Fisher, he has developed strong expertise in Scuttlebutt-based primary research. He is also a faculty member at the FLAME Investment Lab (FIL), Pune, where he teaches the 4-day residential program "Equity Analysis for Beginners," conducted twice annually. Jatin serves on the Board of Directors at APMI – Association of Portfolio Managers of India, representing over 500 PMS firms managing ₹5 lakh crore+ in assets, where he engages with SEBI and industry participants to strengthen the PMS ecosystem.



# PRACTITIONERS: INSIGHTS: VALUATION IN STRESSED TIMES

By  
**Ms. Nimisha Pandit, CFA**



## Webinar notes

1. Conventions of valuation (Market based)
  - Historical valuation- Use of company's past price multiples
  - Relative valuation – Can be used when historical valuation is not available or relevant. Also, when market participants want to assess the relative expensiveness or cheapness of a company as compared to its peers
2. Normative valuation (Absolute)
  - Discounted Cash Flow (DCF) – Used to estimate company's true intrinsic value.
  - Net assets valuation – Methods like Replacement cost of assets (RCA), Book value (BV), NAV, etc. are used
3. Which method to choose during distressed times- Use normative /absolute valuation methods:
  - In a trend market either bull or bear market, the historical prices/multiples reflect the current or recent sentiment. So, as long as the market continues to hold that sentiment, historical valuation might be right but once the attitude of investors changes, the historical reference point also changes. The market sentiment has indeed changed post the outbreak of Covid-19, hence its prudent to employ absolute valuation models.

### Valuation Tools- One size doesn't fit all

1. Valuation methodology of a company should be chosen given the unique dynamics of that firm. Focus on quality of a company and nature of business-
  - Pay close attention to quality of earnings, cash flows, strong or weak balance sheet, sustainable company advantage, barriers to entry, etc.
  - Check if the company can survive during economic downturn

### Classification of companies based on three quality buckets

**Companies can be classified as low quality, average quality or high quality.**

1. **Bucket #1 (Low quality)** – Companies suspected to have engaged in accounting manipulations or having untrustworthy management. Red flags could be lack of Free Cash Flows(FCF), poor returns, excessive leverage, suspicious related party transactions and complex structures like lot of subsidiaries, cross holdings, etc. Read more about the quality of earnings – (a) Book titled "Financial Shenanigans" by Howard M. Schilit or (b) Blogs available on CFA institute website and Multi-Act website

**All other companies can be placed in remaining two buckets depending upon sustainable competitive advantage like "Economic moat"**

1. How to determine if a company has an economic moat or not- seek an answer to the below:
  - "Can a competent and well financed entity enter into this business and compete effectively with the existing players ?". If the answer is "yes", then it is a non moat business else it is a moat business

Read more about this topic by going through, (a) Warren Buffet's letters to shareholders, (b) Pat Dorsey's "The Little Book That Builds Wealth" or (c) Blogs available on Multi-Act website



2. **Bucket #2 (Average quality)** – Place all non-moat businesses here. They will generate long-term returns less than or equal to cost of capital.
3. **Bucket #3 (High quality)** – Place all moat businesses here. They will generate long-term returns more than the cost of capital

## Valuation and Quality Buckets

The idea behind classifying companies in these buckets is to identify the valuation methods appropriate for each set of companies. One should avoid low quality companies and hence there is no need to conduct a valuation exercise. Use asset based methods to value average quality businesses and income statement based methods to value high quality firms

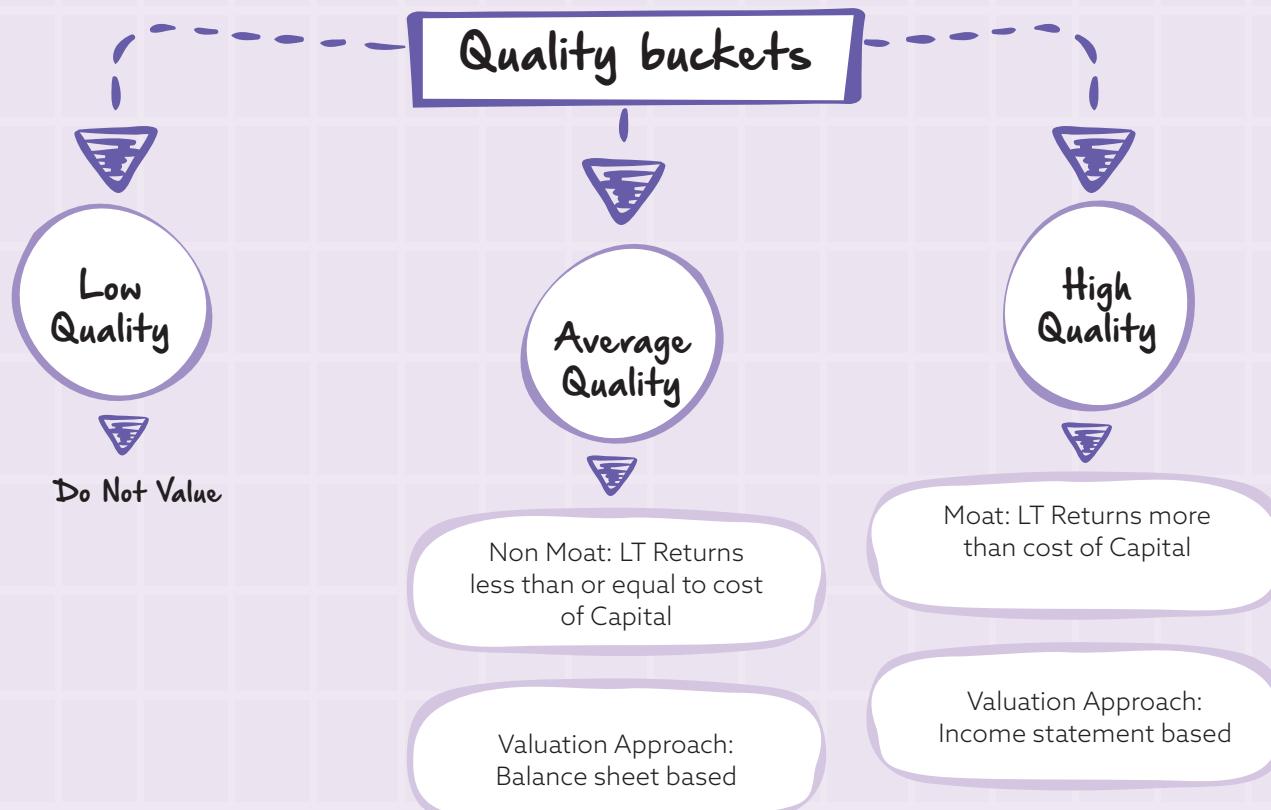
**1. Bucket #1** – Stay away from such companies. If the quality of earnings is poor, no amount of margin of safety is sufficient enough to protect yourself from permanent loss of capital. A case example of Gitanjali Gems was presented. Using a net net valuation method (an approach advocated by Benjamin Graham), we get a value of INR 305 as of 2013. Net net value is computed by deducting all liabilities from current assets and provides a floor value to the equity of the company (since fixed assets and other long term assets are not even considered). At that time, market value of Gitanjali Gems reflected a 25% discount to net net and after one month fell to 75% discount.

**2. Bucket #2** – It's prudent to value non-moat firms based on the assets which they employ. Valuation methods such as Historical P/B, P/ Net net, Adjusted PB, Replacement cost of assets (RCA), Net asset value (NAV), Asset based valuation (ABA), etc

**3. Bucket #3** – For high quality businesses, earnings will add value to shareholders, so we should use income statement based valuation methods like DCF, historical multiples such as P/E, P/S, EV/EBIT, etc.

**4. Valuation tools** - Rather than using fancy elaborative valuation models, one can focus more on quality of business and company dynamics. Also, the principle of mean reversion is used which assumes that a company's historical performance is a good indicator of its future performance. In other words, future will mirror company's long term average historical performance

- The same mean reversion principle is used while deciding cost of capital and a constant discount rate is used over a market cycle. Also, a country wise cost of capital is used. E.g. for India, a 14% nominal rate and a 8% real rate of cost of equity is assumed



## Asset Based Normative Valuation methods

**1. Net- net:** As discussed before, formula is Current assets – (All ST + LT liabilities). Be extra cautious if a company is available at a discount to its net net value. Probably, the market knows something which you may not. Look through all line items of current assets carefully- Account receivables may be of low quality or inventories may be obsolete

### 2. Book value:

- Tangible Book value (TBV)= Net worth- Intangibles
- For Banks and NBFCs , we can employ a bearish view by adjusting the formula as Adjusted Book Value = TBV- ( Gross NPAs – Provision for NPAs).In uncertain times, even the assets under the watch list can be deducted

### 3. Justified P/B multiple = Normalized ROCE vs Cost of Debt. E.g.

- Co A: Avg ROCE = 11%, Cost of Debt = 11%, Justified P/B = 1x
- Co B: Avg ROCE = 9%, Cost of Debt = 11%, Justified P/B = 0.8x (A lower P/B multiple since Avg ROCE< Cost of Debt)

**4. Replacement cost of assets (RCA):** This method can be used where capacities of plant & machinery of companies in a sector is standard. Below are the key steps-

- Check existing capacity either in annual report or any other source
- Get data of latest capital expenditure by companies in the industry
- Estimate replacement cost of company's capacity



## CASE STUDY OF A SUGAR COMPANY WAS PRESENTED

The firm has a plant with cane crushing capacity of 76,500 tons per day and industry capex data indicates a cost of INR 450,000 per ton. This converts into a value of INR 34,425 million. Using this replacement cost of the primary asset – sugar, we can get total enterprise value (TEV) and equity value. In this instance, the RCA method gives INR 165 as against a book value of INR 66. However, during stressed times, one should be conservative and consider the book value of INR 66 and RCA value of INR 165 can be more appropriate in an optimistic market as some other entity might buy this company rather than setting its own. During normal times, one can also consider market multiples based EV/RCA valuation. Using this approach, we get a range of INR 78 to INR 156 (-1SD to + 1SD)

## Earnings Based Absolute Valuation

DCF technique-

1. CASE STUDY of an adhesive company having an economic moat was presented. For key points and assumptions, refer to the data below-
2. Intrinsic Value: PV of future cash flows discounted at the cost of capital.

3. DCF:
  - Growth Rate  
Company's historical growth subject to
  - Change in Corporate Life Cycle
  - Industry Growth & Market Share Changes
  - Value Migration
- Free Cash Flow Generation
- Terminal Value
- $1/(Cost\ of\ Equity\ less\ Growth)$  subject to quality
- Premium for higher returns and growth

### Assumptions

LT Expected Growth Rate -	8
FCF/EPS (%)	60
Discount Rate - Real (%)	8
Terminal Multiple	18
<b>Year</b>	
2018	EPS 18.9 FCF 11.4
2019	20.5 12.3
2020	22.1 13.3
2021	23.9 14.3
2022	25.8 15.5
2023	27.8 16.7
2024	30.1 18.0
2025	32.5 19.5
2026	35.1 21.0
2027	37.9 22.7
Terminal Value	682
PV-Cash Flow	114
PV-TermValue	341
<b>DCF Value for March 2018</b>	<b>455</b>

4. Focus should be on organic growth while building projections
5. Use of real growth rate and real discount rate
6. DCF model yields a value of INR 455
7. During normal times, a valuation based on P/DCF can also be considered which gives a range of INR 342 to INR 862 (-1SD to +1SD). But during distressed times, a naïve DCF approach will work best

8. Stress test of DCF value can be performed as well. Considering today's situation, impact on near time earnings (loss of revenue and supply side constraints) and long term business (change in business practices, impact on competitors and government regulations) should be analyzed
9. The subject company has a defensive business and hence even during a volatile market situation, the overall impact of stress test will not be that severe. As a worst case scenario consider zero FCF generation for the next one year (e.g. for 2021FY due to Covid-19 outbreak) and run the model to check the result. You will notice that the value doesn't fall significantly. So when the long term growth story of a company is intact, DCF value will just show a minor drop.
10. It's worth noting that in this case example, ~75% of the value is coming from the terminal value and one may question the effectiveness of the model. In such cases, we can probe the quality of terminal value by using 3TV approach

### 3TV Approach

Depending upon the valuation drivers of a business, we can have three tranches:

1. **Tranche 1 (Asset value):** Tranche 1 is the value of the tangible assets( or the value of the regular assets of the company)
2. **Tranche 2 (No growth value):** Tranche 2 is the value of current earning power (or franchise value from current competitive advantage )
3. **Tranche 3 (Total value):** Tranche 3 is the value of growth (or ability to protect and grow firm's competitive advantage)

Going back to our Adhesives company example, Tranche 1 is INR 58, Tranche 2 is INR 109 and Tranche 3 is INR 455 (DCF value). The moot question now is whether you feel comfortable paying a premium of ~ INR 346(Tranche 3-Tranche 2) for sustainable growth value and invest accordingly.

Link to complete video - <https://www.youtube.com/watch?v=Z7gwCChA3ts&t=3151s>

Link to session presentation- <https://cfasocietyindia.org/blog/practitioners-insights-validation-in-stressed-times-by-ms-nimisha-pandit-cfa/>



# ABOUT NIMISHA PANDIT



Nimisha Pandit, CFA is a seasoned investment professional with over 16 years of experience in equity research, financial analysis, investing and training.

Nimisha is a CFA Charterholder, has completed the Chartered Accountancy course of ICAI, and holds a Master of Arts degree in Economics.

Nimisha is AMFI-registered Mutual Fund Distributor and a long-term value investor who enjoys studying companies to understand their business model, moat, management, financials and valuations. She has been researching

Indian & Global companies for years, earlier as part of her job and now for her personal investments.

Previously, Nimisha served as an Associate Director and Head of Research at Multi-Act, an investment outfit offering research, advisory and portfolio management services.

As Multi-Act's head of research she was responsible for providing independent, unbiased, and objective analysis to Multi-Act's portfolio managers, investment advisors, and institutional research clients. As an Associate Director she was also involved in developing and implementing business strategies. She also briefly worked with Club Millionaire, a PMS firm as a Senior Analyst.

Nimisha also volunteers at CFA Society of India and has given honorary lectures at various investment and academic forums.



# ABOUT SHIVANI CHOPRA

Shivani Chopra, CFA, is a finance professional with over 15 years of diverse experience across investment management, private equity, and academia. She currently serves as a Vice President at Truemind Capital, a SEBI-registered, fee-only private wealth management firm known for its research-driven and client-centric advisory approach. Over the course of her career, she

has worked at the intersection of investments and financial strategy, bringing analytical depth and practical insight to high-net-worth client portfolios. Shivani's academic foundation includes the CFA Charter (CFA Institute, USA), CFA (ICFAI), MA in Economics, and the CFVM certification from Wall Street Prep, USA.

Shivani is deeply passionate about financial education, and has served as visiting faculty at several leading B-schools across India, where she teaches courses in investments, valuation, and applied finance. She is also a long-standing and active volunteer with CFA Society India, currently serving as Co-Chair of the Public Awareness Committee (PAC).

# ABOUT ANIL GHELANI

Anil Ghelani, CFA, has been associated with the DSP Group since 2003—one of India's oldest and most respected financial institutions with a legacy spanning more than 160 years. He currently serves as the Head of Passive Investments & Products at DSP Investment Managers. Over the course of his career within DSP, Anil has held several influential leadership roles, including CEO & Chief Investment Officer of DSP BlackRock Pension Fund Managers and Head of Risk & Quantitative Analysis at DSP BlackRock Mutual Fund, where he oversaw portfolio risk, analytics, and buy-side credit research across multiple sectors. He also served briefly as Chief Operating Officer – Sales & Marketing, gaining unique cross-functional insights that enriched his leadership profile. Prior to joining DSP, Anil began his professional journey in 1998 and worked with IL&FS Asset Management Company, S.R. Batliboi (EY member firm), and V.C. Shah & Co.

Beyond his corporate responsibilities, Anil has been a long-standing volunteer with CFA Society India since 2007, serving in various capacities including Director and Board Member from 2011 to 2023, and Vice Chairman of the Board from 2018 to 2021. He has contributed

extensively to industry development through roles such as induction into the India-UK Financial Partnership (IUKFP) for the Pensions focus area and membership on AMFI's Standing Committee on ETFs and Index Funds. Anil has also volunteered with the CFA Institute globally and was prominently featured in the Institute's international advertising campaign in 2016-17. Widely engaged with academic institutions such as IIMs, TAPMI, SP Jain, SIMSREE, and IMI, he frequently speaks at events, judges student competitions, and contributes to editorial boards. His professional excellence has been recognized through the IAAIF "40 Under 40" Alternative Investment Professionals – 2018 list. Anil also contributes to social initiatives as part of DSP's internal CSR Committee.



## Resources & Guidelines (ARX, CFA Society, CFA Institute)

- <https://blogs.cfainstitute.org/investor/2025/01/13/the-discounted-cash-flow-dilemma-a-tool-for-theorists-or-practitioners/>
- <https://rpc.cfainstitute.org/research/foundation/2024/valuation-handbook-2023>
- <https://blogs.cfainstitute.org/investor/2025/04/03/top-10-posts-from-q1-valuation-models-inflationary-shocks-private-markets/>
- <https://rpc.cfainstitute.org/research/multimedia/2011/relative-valuation-improving-the-analysis-and-use-of-multiples>



## Editorial Team





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