

# Market Risk Premium

An assessment of equity risk premium  
in India

June 2020



### Key findings of our study are:

- Historical ERP computed using geometric mean is skewed owing to nearly 30 per cent drop in equity market levels in March 2020 compared to January 2020.
- 5Y CDS points peaked to 239 points in March 2020 compared to prevailing median of 107 points for BBB-rated sovereign bonds. Given that CDS rates immediately reflect the market and economic conditions by absorbing the volatility into the spread, analysis as of March 2020 is skewed from long term perspective.

## Foreword

We are pleased to issue the **second edition of Equity Risk Premium in India study**, which analyses the risk premium to be considered when determining the cost of equity using the capital asset pricing model.

The study focusses on quantitative analysis to derive the current equity risk premium under different approaches including a) historical premium, b) survey approach, c) country bond default spread approach, d) country bond default spread approach adjusted for relative country risk, e) domestic market volatility relative to a developed market, f) and implied equity risk premium.

COVID-19 crisis has led to a significant increase in the volatility of stock prices and widening of credit spreads. 5Y sovereign CDS too peaked to nearly 239 points during end of March 2020. As a reaction to the economic slowdown, RBI in May 2020 reduced the Repo rates by 40 basis points to 4 per cent and by 115 bps since the lockdown. Amid the on-going stress, India has also witnessed a rating downgrade to “Baa3” from “Baa2” along with a cut in GDP forecast to 1.8% for FY21.

**Based on the current market conditions, we recommend India ERP of 7.5% ( 7% and 8% being the lower and upper limit of the range, respectively) beginning April 2020.**

The study may be vital for valuation practitioners to be able to assess the risk in the underlying business appropriately. We hope you find the results of our study of interest and value.



**CA Punit Khandelwal**  
Co-founder  
Incwert, Mumbai



**CA Sunit Khandelwal**  
Co-founder  
Incwert, Gurgaon

<http://www.incwert.com>



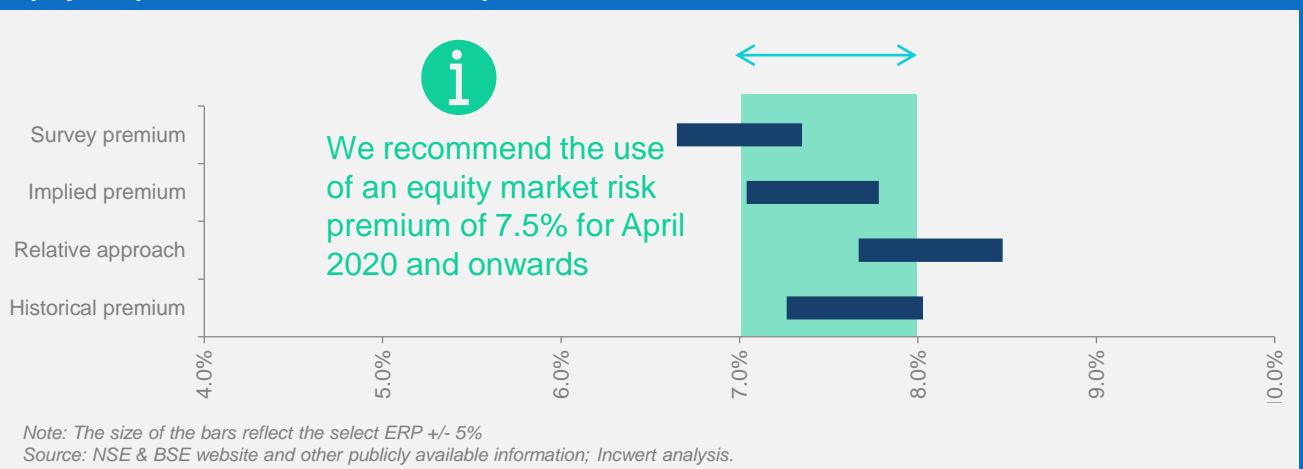
### What should be the relevant risk premium in India?

There is no direct or objective answer to this question, investors may have to ascertain their risk appetite depending on the purpose of the investment. Since strategic investors tend to focus on long term synergistic benefits, they would consider a long term horizon and weigh benefits against their internal hurdle rate or the desired return on investment (RoI) while evaluating any expansion plan or business acquisition. On the contrary, time sensitive investments such that as by the private equity investors appear to be more closely linked to the recent market performance. The valuation expert may particularly focus on the context of the investment while deciding on the equity market risk.

In the graph below, we present the select outcome of a) Historical premium, i.e. historical returns earned in the past on Sensex stock relative to the risk-free rate, b) Benchmark premium based on US market equity risk premium, c) Implied premium and d) Survey by Pablo Fernandez, Javier Aguirreamalloa and Pablo Linares

As valuation practitioners and business partners, we trust that you will find these of interest.

### Equity risk premium for Indian market – April 2020 and onwards



# 1. Estimation of ERP– historical premium

## Overview

This section presents the equity risk premium in India on a historical basis by analysing the data available in the public domain. Our analysis widely relies on the data as available on the recognised stock exchanges (both NSE and BSE) and Reserve Bank of India (RBI).

The table set below summarises the output under different statistical approaches. Where deemed appropriate, the average of numbers has been used as a practical expedient.

## Basis for selection of variable in the risk premium function

ERP is computed as excess return earned from investment in stock over the base return from investment in risk-free security. In the computation of the ERP, due consideration has been given to the following:

Selection of market index (S&P BSE Sensex, S&P BSE 100, CNX Nifty, CNX 100, etc.)

- Selection of risk-free security (Treasury bond, Treasury bills, etc.)
- Selection of bond/bill maturity period
- Selection of observable period (1-year, 5-years, 10-years, etc.)
- Selection of statistical approach – mean (arithmetic/geometric), average, min-max, etc.

### India risk premium (arithmetic mean)

Period	Stocks - T.Bills	Stocks - T.Bonds
1991-2020	9.81%	7.79%
Std. error	6.15%	6.25%
1997-2020	9.26%	6.00%
Std. error	6.99%	7.05%
2003-2020	12.99%	11.92%
Std. error	8.22%	7.98%

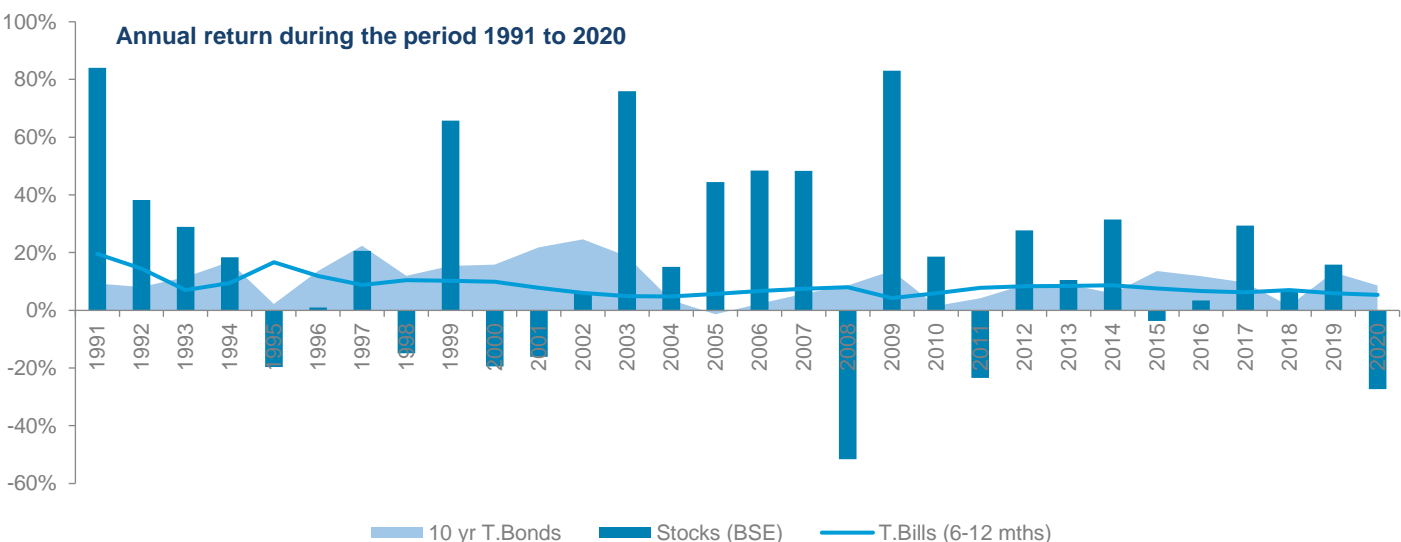
### India risk premium (geometric mean)

Period	Stocks - T.Bills	Stocks - T.Bonds
1991-2020	3.49%	1.21%
1997-2020	3.99%	1.37%
2003-2020	4.76%	4.52%
2003-2019	7.69%	7.65%

Covid-19 pandemic led to increased volatility and weakened investor confidence. Equity market fell by almost 30% between March 2020 and January 2020. Hence, from a long range perspective, we considered it appropriate to consider cut off as of December 2019 for the analysis.

Note: 1) Yield on Subsidiary General Ledger transactions is not available for the period prior to 1996, as such the weighted average interest rate on central government dated securities and weighted average call money rates have been considered as a proxy for the yield on bonds and treasury bills respectively.

Source: BSE Sensex (updated up to 31 March 2020); RBI; Yield of SGL Transactions In Government dated securities for 10-year maturity for the period 1996 and beyond; Yield of SGL Transactions in Treasury Bills for Residual Maturities for the period 1996 and beyond





# 1. Estimation of ERP– historical premium

## Arithmetic mean

Based on our analysis, we observe that the equity market in India has delivered an average return of 18.2% over the period 1991 to 2020, which is significantly higher when compared to the average return on treasury bond (10.4%) or bill (8.4%) over the same period. High equity return, however, comes with a burden of higher volatility of 33.6% and quite a wide range in distribution of returns.

The equity risk premium, calculated as a difference between the average returns on stock and the average returns on treasury bill for the period 1991 to 2020 is 9.8%. Similarly, the difference between the average returns on stock and average returns on treasury bond over the period 1991 to 2020 is 7.8%.

These estimates are not free from noises. Given the limited coverage period of 30 years, the standard error in these estimates is high - risk premium over Treasury bill and bond forebear high standard error of 6.2% and 6.3% respectively.

## Geometric mean

The observed equity risk premium based on geometric mean for the period 1991 to 2020, is 3.5% and 1.2% over the treasury bill and treasury bond respectively. The outcome under geometric mean is skewed downward due to negative correlation over time which is also impacted due to a fall in equity returns as of March 2020 following the COVID-19 pandemic market meltdown.

**Historical risk premiums tend to rise when markets are buoyant and investors are less risk averse, and fall as markets collapse and investor fears rise.**



## 2a. Implied premium - Gordon's growth model using dividend as a base

### Overview

The implied premium approach makes use of some very basic yet powerful valuation tools to find out the equity premium from the current market conditions, in conjunction with the expected future cash flows. In the table set above, ERP has been evaluated based on Gordon's Dividend Discount model which is one of the most well-known models in the genre of valuation.

$$\text{Price}_{\text{Year}=0} = \frac{\text{Dividend expected next year}}{K_{\text{equity}} - \text{Growth dividend income}}$$

### Implied equity risk premium - India

We have used BSE Sensex data to derive the implied equity risk premium. As at 31 March 2020, the BSE Sensex Index closed at 29468 points and the average dividend yield on the index was approximately 1.41%.

The sustainable growth in dividend for companies in the index is assumed to be 13.9% based on the annual compounded growth in the dividend between 1991 and 2020. The yield on the 10-year G-sec bond was 6.7% as of 31 March 2020, the equity risk premium is therefore estimated to be 8.8%.

### Implied equity risk premium on as at 31 March 2020 using DDM

		Comments
Current year index (SENSEX)	(a)	29468 Closing index
Expected dividend yield	(b)	1.41% Avg dividend yield on index
Dividend growth expected	(c)	13.9% Historical dividend growth
Dividend <sub>1</sub>	a*b*(1+c)	473
Return on equity		K <sub>e</sub>
K <sub>e</sub>		15.5% Applying Gordon growth model
Risk free rate		6.7% Yield on 10Y G-Sec as at 31 March 2020
<b>Implied Equity premium</b>		<b>8.8%</b>

Source: BSE; Incwert analysis.

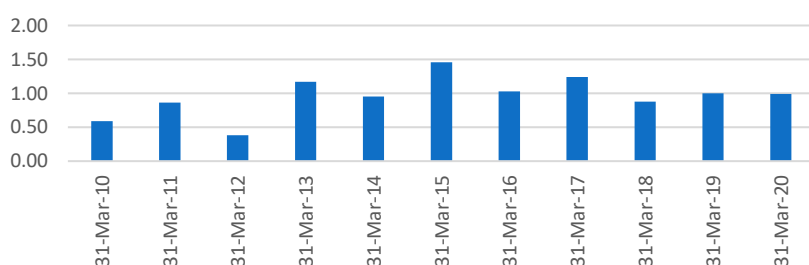


## 2b. Implied premium –Gordon’s growth model using FCFE as a base

### Implied equity risk premium as at 31 March 2020 using earnings

		Comments	
Total M.Cap (NIFTY 50)	(a)	65,629,777	Closing M.Cap as of 31 March 2020
PE ratio	(b)	19.38	Closing as of 31 March 2020
Earnings growth expected			Variable
$K_e$		14.2%	Three-stage growth model
Risk free rate		6.7%	Yield on 10Y G-Sec as at 31 March 2020
<b>Implied Equity premium</b>		<b>7.4%</b>	

FCFE to NI



Note: Nifty stock as of March 2020 have been considered for the purpose of the analysis  
Source: NSE; BSE; Incwert analysis.

$$\text{Market Capitalisation of Index} = \frac{CF_1}{(1+k)} + \frac{CF_2}{(1+k)^2} + \dots + \frac{CF_T}{(1+k)^T}$$

Where,

$CF_n$  = Weighted average cash-flows from companies constituting the index for year n

K = discount rate

Based on the above assumptions, the implied discount rate which equates the discounted cash flows of the market cap of Nifty is estimated to be 14.2%. Based on a risk-free rate of 6.7% and index beta of 1, ERP is expected to be approximately 7.4%.

### Overview

This method generalises the DDM methodology to have an allowance for periods of high growth and use cash flows instead of dividend.

We note that the median of free cash flow to equity (FCFE) to net income (NI) ratio for Nifty 50 stocks during the period 2010 to 2020 is approximately one. Hence, as a practical expedient, we considered earnings as a proxy to the FCFE.

Three-stage growth model has been considered with the following growth built-up assumptions–

- FY2021 – real GDP growth of 1.9% (based on IMF estimate) and inflation of 4.2%
- FY2022 – real GDP growth of 6% (based on IMF estimate) and inflation of 4.2%
- FY2023 to FY2050 – real GDP growth of 4.9% (estimated based on PwC’s ‘The World in 2050’ report) and inflation of 4%
- Beyond FY2050 – the sum of expected inflation and the expected real rate is assumed to be equivalent to the treasury bond rate of 6.7%

### 3. Relative approach – country risk premium built-up to the mature market ERP

#### Overview

The Relative approach for calculating equity risk premium, albeit not widely used by valuation experts or analysts, computes ERP by adding country-specific risk premium to the base risk premium for a mature market.

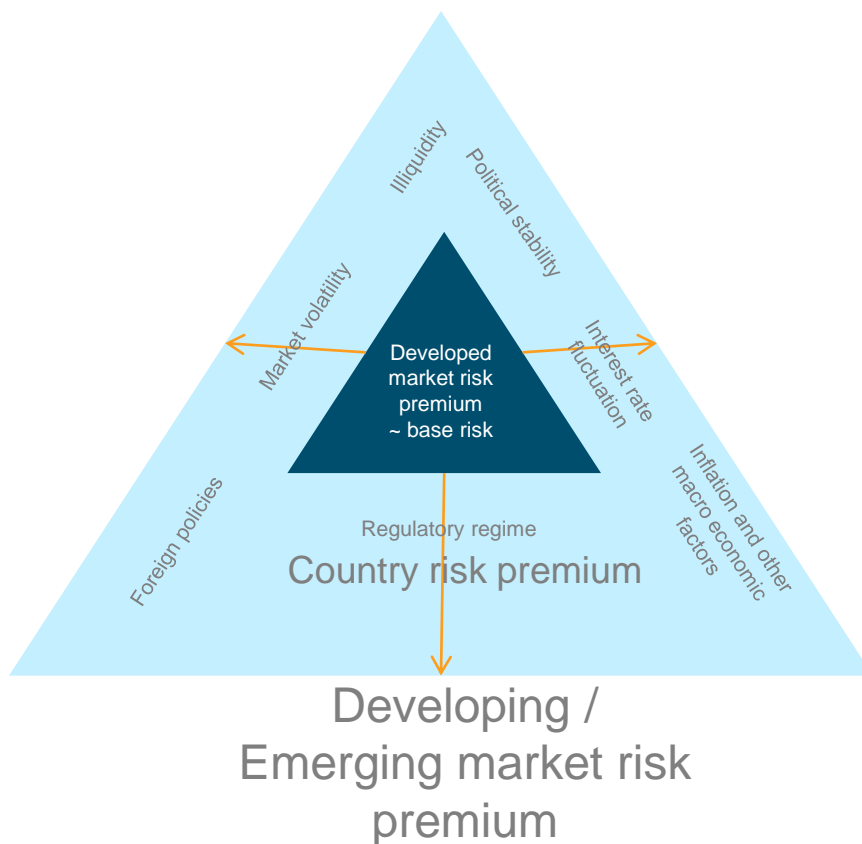
$$\text{Risk premium}_{\text{target market}} = \text{Risk premium}_{\text{mature market}} + \text{country risk premium}_{\text{target market}}$$

This approach is based on the premise that data available for emerging markets is often biased and suffer from potential noise due to market illiquidity and intermittent unexpected market movements. Accordingly, building up additional risk premium over risk in a mature market sets aside any possible anomalies.

In our calculation, we consider the base premium of US equity market to be a good surrogate for mature market risk premium since the US has perhaps the most extended history of the developed equity market. Following variations have been considered while calculation the ERP for India:

- *Sovereign bond default spread method: this is a simplistic approach where the credit default spread of India treasury bond over US treasury bond is considered to be an indicator of the country risk premium over the developed market.*
- *Sovereign bond default spread adjusted for equity market volatility method: this is an advancement of the above method if the sovereign default spread has been adjusted for India equity market volatility and 10-year G-sec price volatility factor.*
- *Domestic market volatility relative to a developed market: Equity risk of US market is adjusted for the volatility in the US market returns comparable to that of India.*

Application of each of these approaches is quite insightful but ridden with their own set of problems. Consider the adjustment factor for equity market volatility to the sovereign default spread – this adjustment assumes that country equity and bond market share a linear relationship, albeit it is not quite so in reality.



### 3. Relative approach – measure of credit default spread

	INDIA	US
Sovereign debt ratings	✓	✓
Country risk scores	×	✓
Market prices		
1) USD or Euro denominated bond yield spread	×	✓
2) Credit default swap spread	✓	✓
3) Market volatilities	✓	✓

#### Measures of credit default spread

Out of the several ways of measuring the sovereign or country credit default spread - a) sovereign credit/currency ratings, b) country risk scores and c) observable market data such as yield, credit default swap (CDS) rates, market volatilities, currency volatilities etc., we have considered sovereign ratings.

Therefore, as the sovereign ratings for both, the US and India, are publicly available the credit default spread is computed synthetically by assigning similar default spreads to same class of rating. Also, equity, debt and currency market volatilities have been analysed for determining the adjustment factor.



# 3a. Relative approach - Sovereign bond default spread method

## Currency default risk rating

	Foreign Currency
Rating - India	Baa3
Default spread (basis points)	90
US market risk premium (mature market)	5.2%
Total equity risk premium <small>India in USD terms</small>	6.1%
Inflation <small>US</small>	2.2%
Inflation <small>India</small>	4.1%
Total equity risk premium <small>India in INR terms</small>	8.1%

Note: 1) US market risk premium is as on 01 January 2020;

2) Inflation considered is long range forecast

Source: Moody's; Tradingeconomics.com; worldgovernmentbonds.com ; Equity Risk Premiums (ERP): Determinants, Estimation and Implications – Aswath Damodaran; Publicly available information; Incwert analysis

## Sovereign CDS spread by credit ra

	Average 5Y CDS	CDS spread adj for US
AAA	18	0
AA+	24	6
A+	50	33
AA	26	9
AA-	52	34
A	78	60
A-	66	49
BBB+	63	46
BBB	127	109
BBB-	107	90
BB-	232	214
B+	361	344
B	483	465
B-	573	555

**Assumption:** Countries with similar default risk have similar sovereign ratings.

**Applicability:** Typical default spreads of other countries can be applied to a country which has same rating.

**Analysis:** India, Russia, Colombia and Croatia Governments US dollar denominated bonds are trading at a default spread of 117, 91, 148 and 74 basis points to US treasury bonds as at June 2020. This implies that the average additional 90 basis points that the market participants demand are for the additional exposure (i.e. country risk) in bonds issued by BBB-rated countries/companies. Thus, the synthetic default spread of 90 points has been applied to India while determining its equity risk premium.

Source: worldgovernmentbonds.com; Publicly available information; Incwert analysis;

## Credit default spread approach

The sovereign credit default spread in case of India has been synthetically derived by comparing it to similarly rated economies and their typical default spreads (i.e. US denominated bond's yield for countries that bear Baa3 rating minus the risk-free rate of US).

Ratings by Moody's has been considered for determining sovereign currency rating. Note that Moody's has rerated India as Baa3 in June 2020 from Baa2 in November 2019.

These ratings reflect the potential risk of default and not the equity risk. Yet, these have been considered as a yardstick of equity risk since they are affected by several of the factors that drive the equity risk. The 'hard' macroeconomic factors such as the fiscal deficit, currency stability, interest rates and inflation, and the 'soft' issues like the political stability, economic and regulatory environment, etc. affect both credit risk and equity risk.

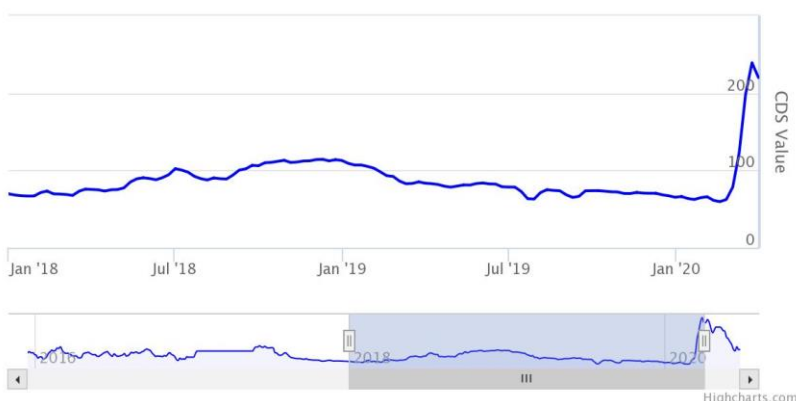
## Equity risk premium - India

ERP for India is derived by adding CDS of 90 basis points to the base ERP of 5.2% of the US market. The resultant equity risk premium for India is 6.1% in US dollar terms. After adjusting for the forward inflation factor, the ERP for India in INR terms is determined to be 8.1%.

## India – 5 Years CDS

Zoom 1m 3m 6m YTD 1y All

From Jan 1, 2018 To Mar 31, 2020



Source: worldgovernmentbonds.com;

Year	Change	Min	CDS Range	Max
2015	-6.80%	92 29-Dec-15	16.8	108.8 17-Dec-15
2016	-10.70%	73.5 19-Jan-16	61	134.5 29-Feb-16
2017	-20.10%	69.5 29-Dec-17	62.5	132 08-Jun-17
2018	61.70%	66 29-Jan-18	49.3	115.3 07-Dec-18
2019	-40.80%	58.1 26-Jul-19	56.2	114.3 02-Jan-19
2020	77.70%	59 21-Feb-20	212.5	271.5 24-Mar-20

## 3b. Relative approach - Sovereign bond default spread (adjusted for equity market volatility) method

### Currency default risk rating adjusted for equity market risk

	Foreign Currency
Rating – India	Baa3
Default spread (basis points)	(a) 90
Multiplier on default spread (see below for details)	(b) 3.5
Adjusted country risk premium India in USD terms	(a)*(b) 3.2%
US market risk premium ~mature market	5.2%
<b>Total equity risk premium India in USD terms</b>	<b>8.4%</b>
Inflation US	2.2%
Inflation India	4.1%
<b>Total equity risk premium India in INR terms</b>	<b>10.4%</b>

Note: 1) US market risk premium is as on 01 January 2020;  
2) Inflation considered is long range forecast

Source: Moody's; Tradingeconomics.com; worldgovernmentbonds.com ; Equity Risk Premiums (ERP): Determinants, Estimation and Implications – Aswath Damodaran; Publicly available information; Incwert analysis

### Standard deviation (volatility) weekly between April 2018 to March 2020

Standard deviation in equity returns	Standard deviation in bond prices	Relative standard deviation
2.4% (weekly std dev)	0.7% (weekly std dev)	3.5
17.3% (annualised std dev)	4.9% (annualised std dev)	3.5

Note: 1) For the purpose of computing bond prices the yield to maturity of 10 year rupee denominated government bond has been considered

Source: RBI; Secondary Market Outright Transactions in Government Securities (Face Value); S&P CNX Nifty

### Overview

This approach is a step-up on the default spread approach. Since the overall all country equity risk premium is expected to be larger than the country default spread, a certain additional risk is added to the default spread to make it equal to the country risk premium. To compute the estimated spread multiplier, the analysis considers the volatility in equity returns relative to volatility in bond prices. The default spread is multiplied by the relative volatility to derive the adjusted country risk premium

### Default spread adjusted for equity risk

The annualised standard deviation in the Indian equity index (Nifty 50) during the 24 months ending 31 March 2020 was 17.3%, while the annualised standard deviation in the 10-year government bond prices was 4.9%. The resultant additional country equity risk premium for India (in USD terms) is 3.2%.

Adding the country premium of 3.2% to the base ERP of 5.2% of US market results in an ERP of 8.4% for India in USD terms. After adjusting for the forward inflation factor, the ERP for India is derived to be 10.4% in INR terms.

### Potential measurement problems

The standard deviation of equity returns is a volatile number across time and given that India is still an emerging market, the volatility could move significantly across different periods.

Further, this approach presupposes a linear relationship between equity market volatility and bond price volatility, whereas the situation is quite different in reality



### 3c. Relative approach – Mature market ERP adjusted for relative equity market volatility method

#### Overview

This approach is based on the premise that imputed risk of different markets can be observed by comparing the volatilities in equity return for each of those markets. Economies with higher risk will usually have a higher standard deviation in equity prices or returns.

The relative standard deviation for country X against the other country Y would be computed as follows:

$$\text{Relative Std dev}_x = \frac{\text{Std dev}_x}{\text{Std dev}_y}$$

Further, assuming that equity risk premium and relative standard deviation have a linear relationship, the equity risk premium of country X can be computed as follows:

$$\text{ERP}_x = \text{ERP}_y * \text{Relative Std Dev}_x$$

#### Relative equity market volatility in the US and India

The annualised standard deviation of weekly returns in S&P 500 in two-years, five-years and ten-years preceding 31 March 2020 have been computed in the table below. Correspondingly the annual standard deviation of weekly returns NSE Nifty for the same period has also been computed. The relative standard deviation has been computed for each such period. Daily standard deviations may tend to have much more noise, and hence computations have been done on weekly returns.

Using the relative standard deviation so derived and the US base equity risk premium of 5.2%, the estimated equity risk for India based on two-year, five-year and ten-year volatility is 4.1%, 4.8% and 5.3% respectively. After adjusting for the forward inflation factor, the ERP for India is determined to be 6.1% to 7.2% in INR terms.

Market structure and liquidity differ widely among markets. Under a perfect market scenario, emerging markets would ideally be more volatile than the developed markets; However, illiquidity in emerging markets would more often than not result in lower volatility. This market condition will understate the risk premium for the illiquid market and overstate the risk for the liquid market.

#### Relative volatility in the US and India equity markets preceding 31 March 2020

	2-yr volatility		5-yr volatility		10-yr volatility	
	US	India	US	India	US	India
Weekly volatility in return	2.93%	2.33%	2.28%	2.09%	2.18%	2.21%
Annualised standard deviation	21%	17%	16%	15%	16%	16%
Relative standard deviation <sub>India</sub>		0.80		0.92		1.01
US/ Mature market risk premium	(a)	5.2%	5.2%	5.2%	5.2%	5.2%
Equity risk premium <sub>India in USD terms</sub>	(b)	4.1%	4.8%	4.8%	5.3%	5.3%
Country risk premium <sub>India</sub>	(a-b)	-1.1%	-0.4%	-0.4%	0.1%	0.1%
Inflation US	2.4%					
Inflation India	4.1%					
<b>Total equity risk premium <sub>India in INR terms</sub></b>		6.1%	6.7%	6.7%	7.2%	7.2%

Note: 1) US market risk premium is as on 01 January 2020

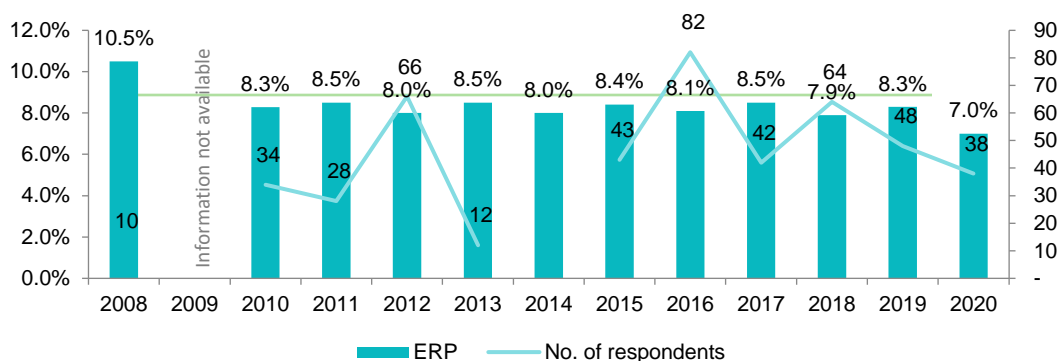
Source: S&P 500 index; NSE Nifty; Tradingeconomics.com; Incwert analysis.

## 4. Estimation of ERP based on the survey

### Overview

Globally, several research firms survey finance and economics professors, corporate managers, financial analysts, etc. about their expectation of market returns. Whilst this data is widely available in developed markets such as the US; it is somewhat a challenge to get such data in emerging markets such as India.

In this section, we present the summary of market risk premium in India based on the survey carried out by Pablo Fernandez, Javier Aguirreamalloa and Pablo Linares ('Survey of market risk premium and risk-free rate') for various countries over the various period.



Note: Survey premium data for India is not available for the year 2009

Source: 'Market Risk Premium and Risk Free Rate' in 2008 to 2020 by Pablo Fernandez, Javier Aguirreamalloa and Pablo Linares

### Analysis of results from the annual survey

Analysis of the table set below suggests that most finance practitioners and investors who participated in the 2020 survey carried out by Pablo Fernandez assumed the risk in Indian equity to be marginally lower compared to the previous years which is possibly due to declining returns on equity by end of March 2020.

### Summary of historical survey ERP - India

Year	Number of respondents	Avg- Max-min						
		Mean	Median	St. Dev	max	min	Median	(range)
2008	10	10.5%	8.0%	4.4%	20.0%	7.0%	2.5%	13.0%
2009	-	-	n/a	n/a	n/a	n/a	n/a	n/a
2010	34	8.3%	n/a	n/a	30.0%	4.4%	n/a	25.6%
2011	28	8.5%	7.8%	2.8%	16.0%	5.0%	0.7%	11.0%
2012	66	8.0%	8.0%	2.4%	16.0%	2.3%	0.0%	13.7%
2013	12	8.5%	8.8%	2.9%	13.4%	3.0%	-0.3%	10.4%
2014	-	8.0%	8.0%	2.4%	16.0%	2.3%	0.0%	13.7%
2015	43	8.4%	8.3%	2.5%	14.0%	5.0%	0.1%	9.0%
2016	82	8.1%	8.0%	2.4%	16.0%	2.3%	0.1%	13.7%
2017	42	8.5%	9.0%	2.3%	13.0%	2.2%	-0.5%	10.8%
2018	64	7.9%	8.3%	2.1%	13.7%	2.3%	-0.4%	11.4%
2019	48	8.3%	8.3%	2.0%	15.0%	5.0%	0.0%	10.0%
2020	38	7.0%	7.0%	1.5%	10.6%	3.8%	0.0%	6.8%

Source: 'Market Risk Premium and Risk-free Rate' by Pablo Fernandez, Javier Aguirreamalloa and Pablo Linares. Study period analysed is 2008 to 2020

### Survey results' reliability in general

Despite there being several of studies or surveys being carried out by research firms and given the fact that a level-headed range for equity premium does emerge from these surveys; still, the acceptance level of such an approach by finance practitioners is low. Though there is nothing incorrect with the approach that is usually adopted to carry out such survey, rather it is the individual's reasoning that could be potentially inhibited while interpreting the market dynamics. To estimate the risk, most respondents rely on the recent market environment. Their assessment may thus tend to be weighted towards a short-term view.



**Reference Material:**

- Company filings and other publicly available information
- NSE/BSE
- Incwert analysis

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## Incwert Valuation Chronicles (click the image to download the file)



**Equity risk premium in India**  
- Jan 2019



**Valuation challenges in AIF (Pg. 69-80)**  
- Feb 2019



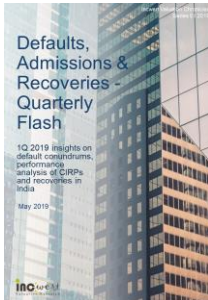
**Perspective on valuation of DVRs**  
- Mar 2019



**Junk bond valuation**  
- Apr 2019



**IBC Quarterly Flash**  
- May 2019



**Rule 11UA valuation**  
- Jun 2019



**IBC Quarterly Flash**  
- Aug 2019



**AMC listing & valuation**  
- Sep 2019



**India Control Premium**  
- Oct 2019



**India Beta Study**  
- Jan 2020



**Risk free rate in a negative yield economy**  
- Feb 2020



**Holdco Discount**  
- Mar 2020



# Management | Advisory Board



**Sunit Khandelwal**  
Director

Sunit has worked across a range of sectors such as Infrastructure, real estate, FMCG, retail, engineering, clean energy, healthcare, IT/ ITeS, and other manufacturing industries.

**Qualifications:**

Chartered Accountant (ICAI)  
B.Com (Hon.) – St. Xavier's College  
Registered Valuer with IBBI

Sunit has an overall experience of over 13 years in valuation advisory, transaction advisory and M&A advisory.

As a valuation professional, Sunit has undertaken valuation of businesses for transactions, fund raising, strategic decision making, and corporate restructuring. He has also undertaken valuation of intangible assets, option valuation, litigation support, private equity portfolio valuation and valuation for reporting purposes such as purchase price allocation and impairment test under IFRS and Indian GAAP.

In past he has worked with KPMG India (as Associate Director), BDO, Grant Thornton, KPMG UK, and DBDBS a boutique M&A advisory firm.

Sunit is also an active speaker on valuation at National Institute of Finance Management (NIFM).



**Punit Khandelwal**  
Director

Punit has worked across leveraged loans, distressed debt, insolvency/ bankruptcy situations and high-yield asset classes.

**Qualifications:**

Chartered Accountant (ICAI)  
Chartered Financial Analyst (ICFAI)  
CFA Level 2 (US)  
MS in Finance (ICFAI)  
B.Com (Hons.) – St Xavier's College  
Registered Valuer with IBBI

Punit brings with him 15 years of experience in sell-side and buy-side advisory across equity and fixed income. He has worked on several bespoke valuations and lent research support to dozens of asset managers/investment bankers/brokers/consulting firms across the globe.

In the fixed income segment, he worked as a fundamental analyst across the capital structure: leveraged loans, distressed debt, insolvency/bankruptcy situations and high-yield asset classes. He has also helped sell-side & consulting firms increase their market presence by coming up with thematic and white label papers.

He started his career as an analyst with Zacks Investment Research & then was a part of a UK based CLO manager's research team. Then he moved on to set up research practices for couple of startups before moving onto become Global Head of Research at one of the largest BPO/KPO in the world and then finally co-founded Incwert.

He won 40 under 40 Alternative Professionals Awards 2020 by AIWMI

# Contact us

## Incwert India contacts

Delhi NCR:

**Sunit Khandelwal**

Mobile : +91 95606 80444

Board no: +91 124-4696689

Email: [sunitk@incwert.com](mailto:sunitk@incwert.com)

Mumbai:

**Punit Khandelwal**

Mobile: +91 98201 38274

Email: [punitk@incwert.com](mailto:punitk@incwert.com)

Website: <http://www.incwert.com>



## Our Offices

### Gurugram

**Platinum Towers,**  
507A, 5th floor  
Sohna Road  
Gurugram 122 018  
India

**Registered office:**  
F-1502,  
GPL Eden Heights,  
Sector 70,  
Gurugram 122101

### Mumbai

**Platina Building**  
Level 9, Regus Business  
Center,  
Bandra Kurla Complex  
(BKC)  
Mumbai 400 098  
India

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