Preface To The Second Edition

"Bharti Airtel signed a deal to acquire the African operations of Kuwaiti telcom company Zain at an enterprise valuation of $10.7 billion. The deal was concluded at an EBITDA multiple of 8.2x."

"Goldman Sachs Invested $450 million in Facebook, which valued Facebook at $50 Billion. At $50 billion, Facebook is trading at a multiple of about 100 times of its earnings."

These are the kind of statements we often read in newspapers or hear on business channels on television. And many of us often wonder as to how these values were derived and how the multiples were calculated? This is what, this book exactly explains. The Book acts as a self-guide and helps you in valuation of any company you wish to value for, using two most commonly used valuation tools.

- Trading Comps – Analysis of The Comparable Listed Companies
- Deal Comps – Precedent Transaction Analysis

This book is originally inspired by and is designed for the capital markets' aspirants and participants. The book acts as the first guide to the capital markets' aspirants who wish to make a fruitful career in finance or in investment banking domain and as a useful resource & reference for the capital market participants who quickly wish to learn the valuation of companies or refine & fine-tune their skills and compare the companies on fundamental basis for mergers, acquisitions, private equity investments etc. This book is also highly beneficial for investment baking trainers providing various training programmes on valuation of companies.

The book starts with the history (origin) of investment banking and discusses in detail the various functions of the investment bankers, and moves to the different equity fund raising ways (IPOs and PE).

Before it moves to the most widely used valuation tool (valuation based on multiples), the book invests sometime in understanding the key financial statements with the help of different ratios and multiples. And finally it moves to the valuation of companies and discusses in detail the two above mentioned valuation tools.

We have tried to keep the book as simple as possible and have tried to explain the concepts in the plain vanilla language in such a way that you can easily apply them on your own. This book tries to fulfill an important need as a valuable training material and reliable handbook for finance professionals. Stay with it, and I believe the payoff for both beginning and experienced professionals will be huge.

Contents of the Book