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Valuation India – Global Insights Newsletter

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Across global markets, the past few weeks have delivered economic developments that redefine how businesses must think about valuation, capital allocation, regulatory compliance, risk management and strategic growth. India is witnessing unprecedented foreign banking interest. The GCC region is accelerating its non-oil diversification to become one of the fastest-growing blocs globally. And worldwide, equity valuations continue to stretch, leaving businesses exposed to correction cycles.

India: Foreign Banks Pour Into the Indian Financial Sector

In the last two weeks, India has witnessed a wave of foreign strategic interest in its banking and financial-services sector. Inbound global banks, sovereign investors and multinational financial institutions are aggressively deploying capital into India's banking ecosystem. Several multi-billion-dollar commitments have been announced involving leading private banks, mid-tier lenders, NBFCs and fintech-linked entities.

Regulatory signals from the Reserve Bank of India (RBI) have played a defining role. The RBI's ongoing review of the historic 15% cap on foreign ownership in private banks has opened the door to deeper institutional participation, potentially reshaping India's financial sector architecture. This is the first time in nearly two decades where global banks are openly competing for Indian assets—driven by India's robust credit growth, expanding balance sheets, improved asset quality, and strong profitability across retail and corporate banking.



Strategic Capital Deployment

Multi-billion-dollar commitments from global banks and sovereign investors targeting India's banking ecosystem



Regulatory Evolution

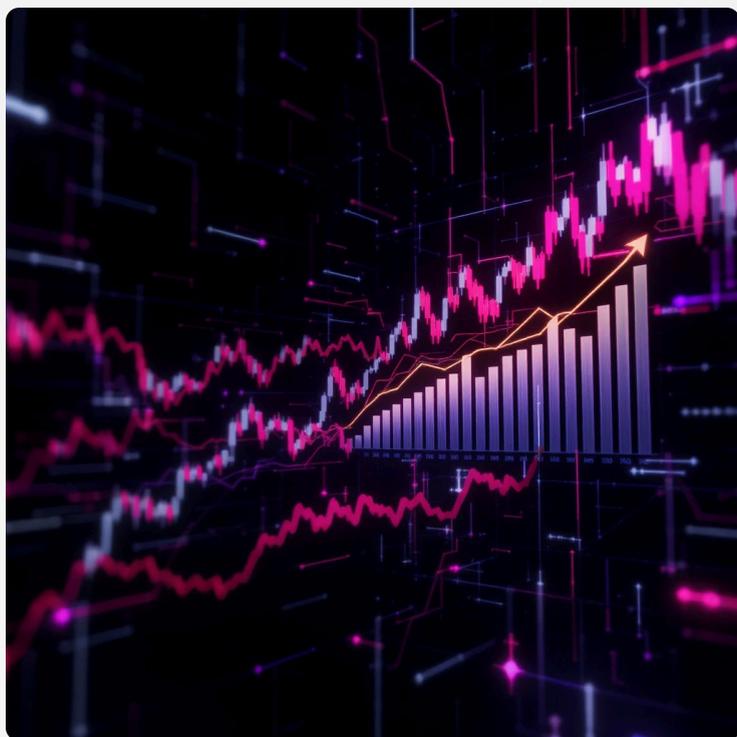
RBI reviewing 15% foreign ownership cap, opening doors for deeper institutional participation



Robust Fundamentals

Strong credit growth, improved asset quality and profitability driving unprecedented foreign interest

Valuation Benchmarks Are Re-Setting



Large foreign banks acquiring stakes in Indian financial institutions at premium valuations force advisors, corporates and auditors to re-think valuation methodologies, comparable multiple selection and implied risk-premiums. Higher transaction multiples are redefining fair-value assessments across the sector.

The shift in peer groups is particularly significant, as foreign banks often price deals using global financial benchmarks rather than domestic comparables. This introduces revised cost-of-capital assumptions, especially regarding sovereign-risk, regulatory-risk and foreign exchange exposure considerations.

For unlisted banks, NBFCs and fintech lenders preparing for fundraising, ESOP valuation or strategic restructuring, the implication is clear: valuation norms from 2020–2024 are no longer adequate. More scrutiny is being applied to credit-quality assumptions in valuation models, requiring deeper analytical rigour.

01

Higher Transaction Multiples

Premium valuations redefining fair-value assessments

02

Global Benchmark Shift

Foreign banks pricing deals using international financial standards

03

Revised Risk Assumptions

Cost-of-capital recalibration for sovereign and regulatory risks

04

Enhanced Credit Scrutiny

Deeper examination of loan-book quality and provisioning

Due-Diligence and Cross-Border Structuring

With foreign buyers comes foreign due-diligence. That means granular examination of provisioning policies, loan-book quality testing, stress-testing of capital adequacy, assessment of governance maturity, validation of valuation assumptions by independent third parties, IFRS alignment for cross-border reporting, and closer scrutiny of ESOP frameworks and fair-value calculations.

Indian financial institutions seeking to attract global investors need to be valuation-ready and audit-ready. The due-diligence process has become significantly more comprehensive, reflecting international standards and expectations that often exceed domestic requirements.



Enhanced Due-Diligence

- Granular provisioning policy review
- Comprehensive loan-book quality testing
- Capital adequacy stress-testing
- Independent valuation validation



Cross-Border Structuring

- Holding structures through Dubai/UAE
- Treaty considerations and optimisation
- Capital-repatriation planning
- Transfer-pricing risk mitigation



Reporting Alignment

- IFRS conversion and compliance
- US GAAP reconciliation where needed
- IndAS to IFRS bridge analysis
- Multi-jurisdictional reporting frameworks

This is where integrated valuation-tax-structuring advisory becomes a strategic imperative. The complexity of cross-border investment structures—particularly from the Middle East, Singapore, Japan, UK or Europe—requires sophisticated planning and execution capabilities.

How Valuation India Supports Indian Financial Institutions

Valuation Readiness Assessment

We review valuation models, identify gaps, recalibrate discount rates, update multiples and prepare management teams for investor scrutiny

Fairness Opinions & Transaction Advisory

Independent assessment for minority or majority stake sales, related-party transactions, swap ratios, capital infusion and pre-IPO valuation

Financial Modelling for Stakeholders

Robust integrated models incorporating stress tests, sensitivity analysis, regulatory capital planning and value-driver analytics

Audit & IFRS Alignment

Advisory on impairments, expected credit loss (ECL) modelling, provisioning assumptions, governance, and audit-committee reporting

Tax & Structuring Advisory

We design optimised structures for inbound foreign investments and outbound India-UAE transfer with focus on treaty benefits

GCC Region: Non-Oil Economic Surge

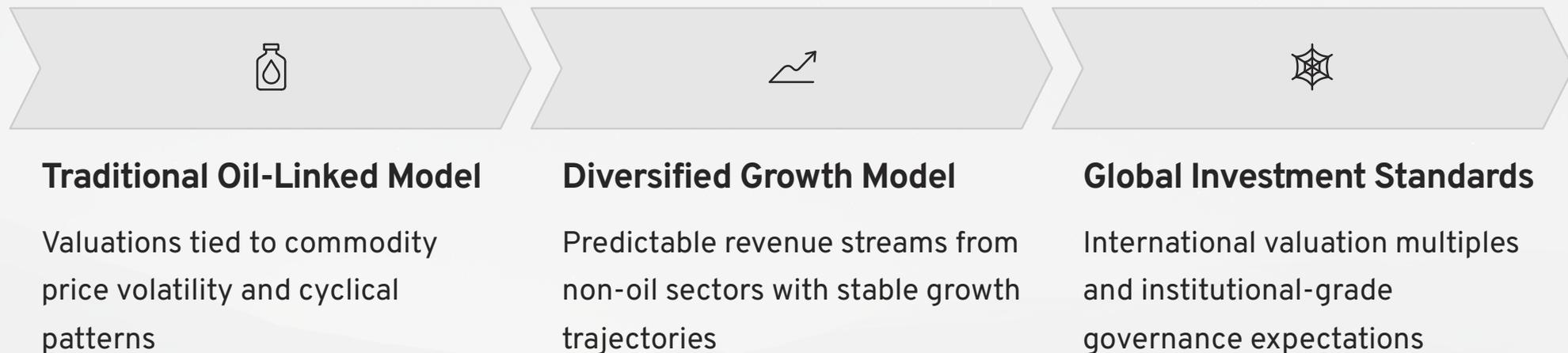
Recent data indicates the GCC region—comprising the UAE, Saudi Arabia, Qatar, Oman, Bahrain and Kuwait—is set to outpace global economic growth in 2025, driven primarily by the continued acceleration of non-oil sectors. This represents a fundamental transformation in the economic structure of the Arabian Peninsula.

Non-oil GDP growth is fuelled by tourism expansion, logistics infrastructure development, data centre investments, renewable energy projects, manufacturing localisation initiatives and substantial private-capital inflows. Sovereign diversification programmes including Vision 2030, Abu Dhabi Industrial Strategy and Qatar Vision 2030 are catalysing this transformation at unprecedented scale.



The New GCC Valuation Landscape

Historically, GCC valuations were closely connected with oil-price cycles. Today, the narrative is shifting toward predictable non-oil growth, higher corporate profitability, better fiscal stability, global investor confidence and capital market development through exchanges such as Tadawul, ADX and DFM. This evolution requires advisors to fundamentally re-align their approach to valuation.



Discount rates, growth assumptions, cashflow projections, peer-group selection and terminal value assumptions must all be recalibrated to reflect this structural economic transformation. The valuation equilibrium across the GCC is fundamentally re-setting, creating both opportunities and challenges for enterprises operating in the region.

Private capital is flowing into logistics hubs, data centres, warehousing facilities, cloud infrastructure, port infrastructure, renewable energy projects, mid-market corporate acquisitions and family business restructuring. Valuation of these asset classes requires deep modelling expertise—project finance models, infrastructure valuation, DCF analysis, IRR modelling, contractual risk evaluation and tariff sensitivity analysis.

The India-GCC Corridor: Strategic Cross-Border Opportunities

Given our presence in India and Dubai, Valuation India is uniquely positioned to support the strengthening India-GCC corridor. This bilateral relationship represents one of the fastest-growing cross-border business channels globally, encompassing trade, investment, talent mobility and strategic partnerships.

Indian companies are expanding to the UAE to access Gulf markets, establish regional headquarters and benefit from favourable tax regimes. Simultaneously, Gulf investors are entering India to capitalise on demographic growth, digital transformation and consumption trends. Joint ventures between Indian and Gulf enterprises are proliferating across sectors including technology, real estate, manufacturing and financial services.

Family businesses are diversifying portfolios across both jurisdictions, whilst Indian promoters are increasingly relocating corporate bases to the UAE for corporate tax efficiencies. Each of these strategic moves requires tailored valuation and structuring support that accounts for regulatory frameworks, tax treaties, transfer-pricing considerations and multi-jurisdictional reporting requirements.



\$85B

Bilateral Trade

India-UAE annual trade volume

15%

Growth Rate

Annual expansion in cross-border investment

Indian Companies to GCC

Market access, regional HQ establishment, tax optimisation and Gulf market penetration strategies

Gulf Investors to India

Demographic dividend capture, digital economy participation, consumption growth and strategic asset acquisition

Joint Ventures

Technology collaboration, real estate development, manufacturing partnerships and financial services integration

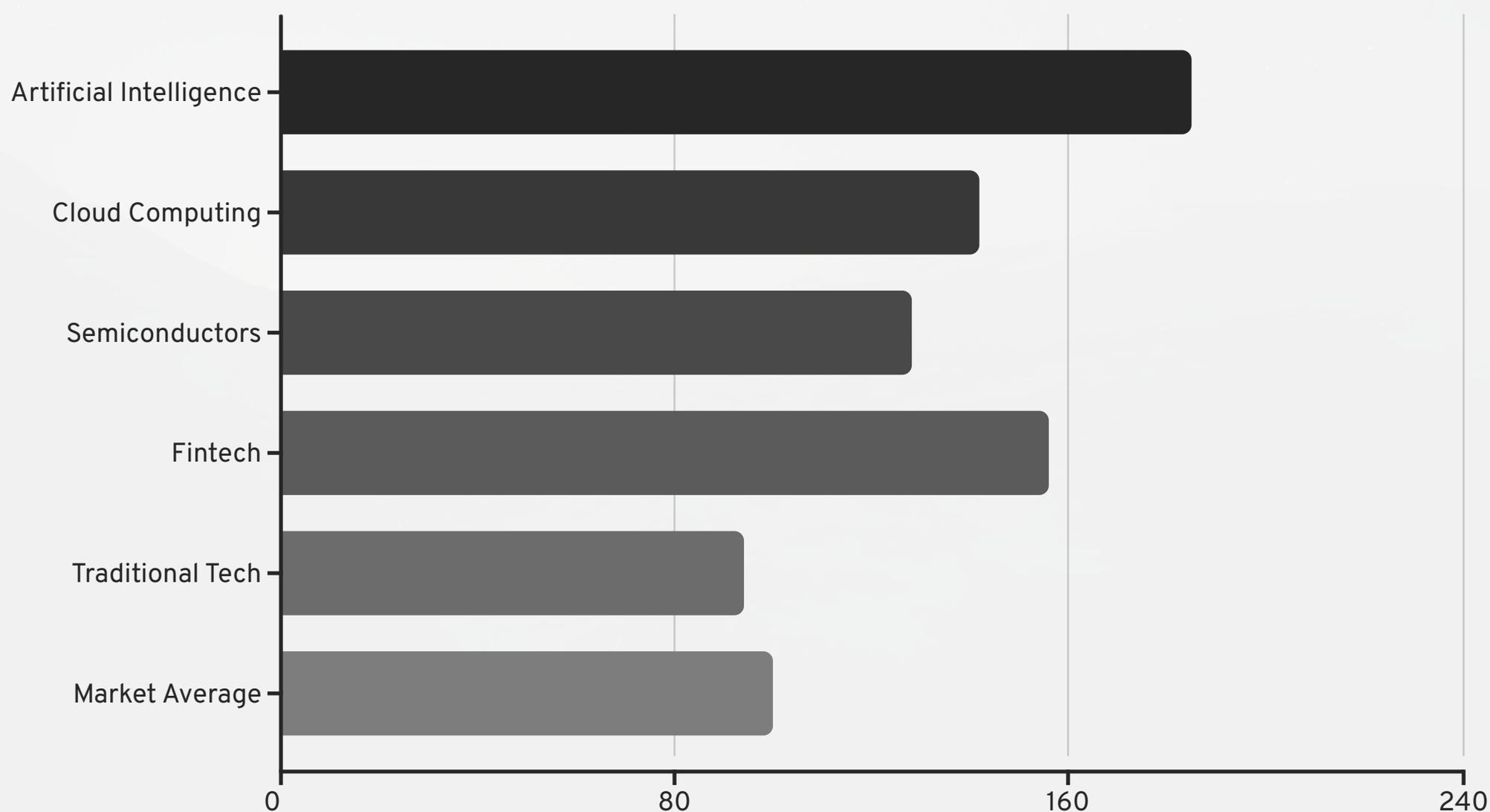
Family Business Diversification

Portfolio expansion, succession planning, wealth structuring and multi-generational value preservation

Global Markets: Elevated Valuations and Correction Risks

Global markets continue to trade at stretched valuations, with price-earnings multiples and market-cap-to-GDP ratios at multi-decade highs. The US S&P 500's forward valuation sits at the top decile historically, European markets are recovering but remain stretched, and Asian markets show mixed sentiment. AI, cloud computing, semiconductor and fintech names are leading valuation inflation across developed markets.

The valuation risk is no longer theoretical—investors and corporates must prepare for correction cycles. High valuations embed aggressive expectations for revenue growth, margin expansion, market share capture, cost efficiency and technological scalability. If any assumption fails, valuations correct sharply, with cascading effects across portfolios and enterprise values.



This chart illustrates the significant premium that AI and technology-driven sectors command relative to historical valuation averages, highlighting the concentration of valuation risk in these segments.

AI-Driven Valuation Inflation: Risks and Realities



AI companies often promise capability growth that outpaces actual performance. Academic analysis shows the "capability realisation rate" frequently lags far behind projections, creating a dangerous disconnect between valuation assumptions and operational reality.

This phenomenon leads to inflated terminal values, aggressive revenue forecasts, unrealistic EBITDA margin assumptions and excessive valuation multiples. For private companies modelling themselves after public-market AI benchmarks, there is significant risk exposure that may not become apparent until fundraising or exit events.

Over-Optimism in Growth Projections

Aggressive assumptions for revenue growth, margin expansion, market share capture and cost efficiency often exceed achievable outcomes

Audit & Impairment Risks

Companies relying on inflated ESOP valuations, stretched fundraising valuations, aggressive goodwill valuations or unrealistic impairment testing face regulatory scrutiny

Cross-Border Exit Environment Uncertainty

Global risk affects IPO markets, VC/PE exits, M&A valuations and investor risk appetite, creating challenging exit conditions

Companies seeking fundraising or strategic exit must prepare for volatility and maintain conservative valuation frameworks. The disconnect between promise and performance in AI-driven valuations represents one of the most significant risks facing technology investors and operators today.

Valuation India: Navigating Global Valuation Risk

Over the next year, global valuations may either stabilise or enter a correction cycle. Firms must proactively manage valuation risk, maintain conservative modelling approaches and prepare for funding or exit cycles with realistic assumptions. Valuation India can help corporates develop forward-looking strategies that balance ambition with prudence.



Valuation Conservatism Framework

Risk-adjusted discount rates, capability-realisation factors, scenario and sensitivity analysis, Monte Carlo simulations and comparable cleansing



ESOP Fair-Value Advisory

Audit-ready, conservative, fully documented, board-aligned and regulatory-compliant ESOP valuations



Pre-IPO Exit-Readiness Modelling

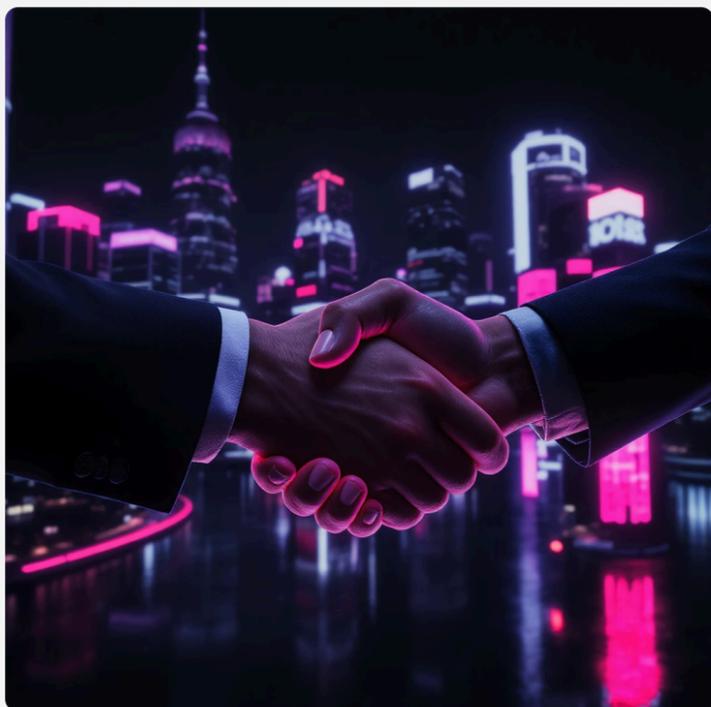
Evaluation of exit timing, probability of valuation realisation, investor sentiment cycles and alternative exit routes



Governance & Compliance Support

Impairment testing, model validation, internal control testing and governance strengthening for boards and CFOs

Partner With Valuation India



Valuation India provides an integrated suite of services spanning business valuations across India, UAE, GCC and global markets; ESOP valuations that are regulatory and audit compliant; financial modelling for infrastructure, technology, growth, M&A and scenario testing; M&A advisory including fairness opinions, pricing and synergy modelling; tax and structuring with India-UAE corridor specialisation; and audit support covering governance, impairment, control and valuation reviews.

If your organisation is navigating valuation challenges, investor discussions, cross-border structuring or financial-model complexity, we stand ready to partner with you. Our expertise spans multiple jurisdictions, industries and transaction types, positioning us uniquely to support your strategic objectives.

Business Valuations

India, UAE, GCC and global markets with IFRS and IndAS compliance

ESOP Valuations

Regulatory and audit-compliant employee stock option plans

Financial Modelling

Infrastructure, technology, growth, M&A and scenario testing

M&A Advisory

Fairness opinions, pricing, synergy modelling and transaction support

Tax & Structuring

India-UAE corridor specialist with treaty optimisation expertise

Audit Support

Governance, impairment, control and valuation reviews

Valuation India – Division of VI Advisors Pvt Ltd

Email: info@valuationindia.co.in | info@valuationarabia.com

Phone: +91 90964 43660

Website: www.valuationindia.co.in | www.valuationarabia.com