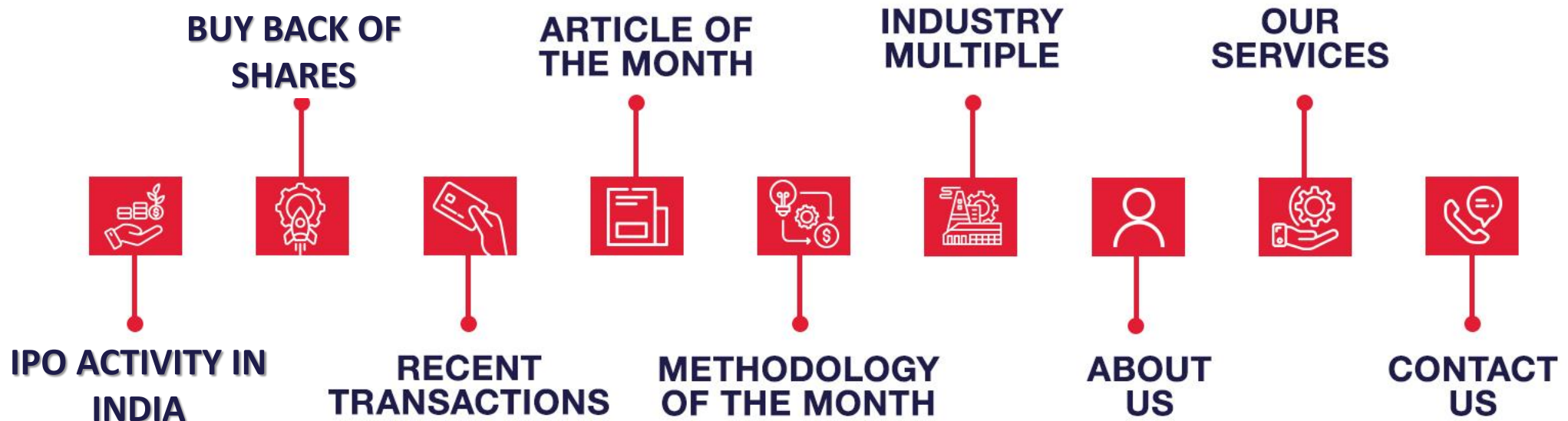


VALUE 
CONNECT

SEPTEMBER 2024 EDITION

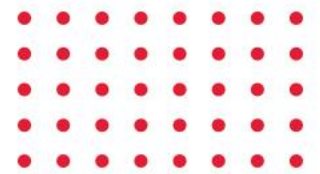


LIST OF CONTENTS

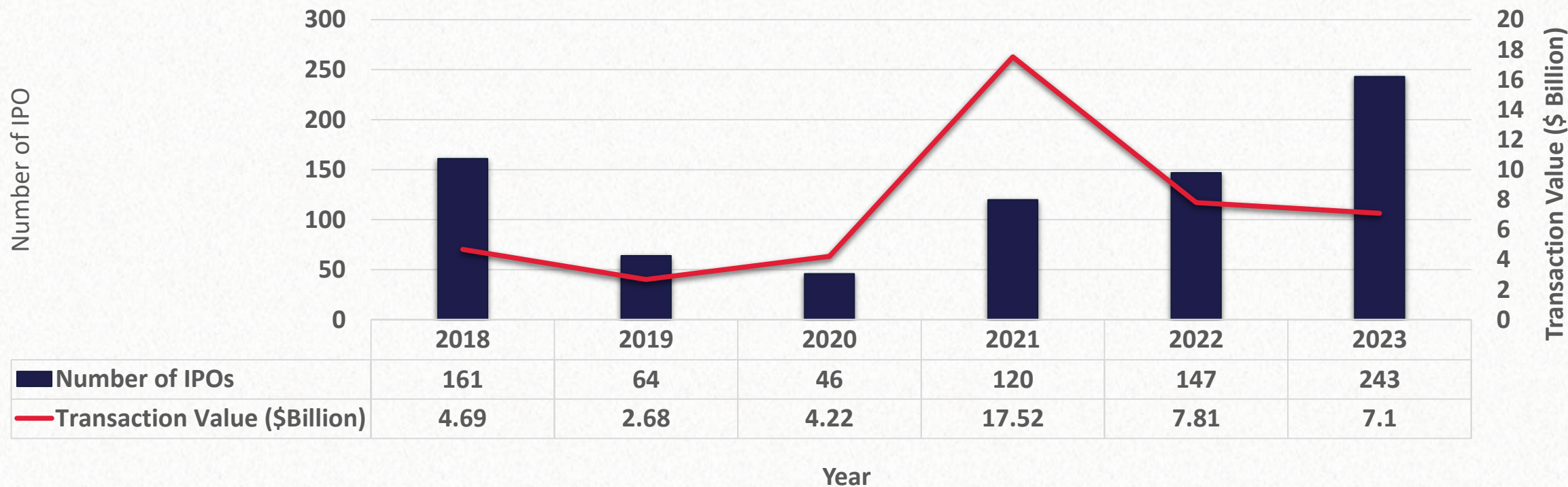




IPO Activity in India - INSIGHTS



IPO Activity in India (2018 – 2023)



About: The chart presents the Initial Public Offering (IPO) activity in India from 2018 to 2023, highlighting the number of IPOs and the corresponding transaction values in billions of dollars.

Key Observations of IPO Activity in India (2018 – 2023)

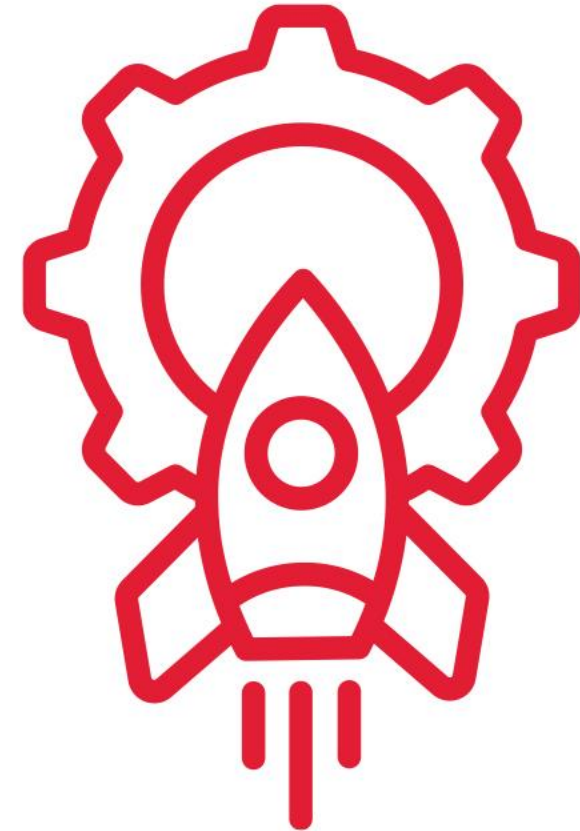
The chart **presents the Initial Public Offering (IPO) activity in India from 2018 to 2023**, highlighting the **number of IPOs** and the corresponding **transaction values in billions of dollars**. Here are the **key observations**:

- **2021 Surge:** The year 2021 witnessed a **significant spike in IPO activity, with 120 IPOs raising \$17.52 billion**. This is the highest transaction value, and a notable increase compared to other years.
- **Fluctuating Trends:** The number of IPOs and transaction values show significant fluctuations across the years. **After a drop in IPO numbers and transaction value from 2018 to 2020, there was a strong recovery in 2021.**
- **2023 Recovery:** In **2023, the number of IPOs surged to 243, the highest in the six-year period**, but the transaction value remained relatively modest at \$7.1 billion, indicating smaller or more numerous but lower-value IPOs.
- **2020 Low Point:** The **lowest point in both the number of IPOs (46) and transaction value (\$4.22 billion) occurred in 2020, likely reflecting the economic impact of the COVID-19 pandemic.**

This chart reflects the **dynamic nature of the Indian IPO market**, with substantial activity peaks and troughs, influenced by various economic factors.



“BUY BACK of SHARES” INSIGHTS



What is Buy Back of Shares?

A **buyback of shares, or share repurchase**, is when **a company buys back its own shares from the open market, reducing the total number of shares outstanding**. This can increase the stock price and improve financial metrics like earnings per share (EPS). **Companies use buybacks to return capital to shareholders**, signal confidence in their prospects, or offset the dilution from employee stock options and other equity issuances.

List of Buyback (Tender Offer) of Shares in India 2024

Company Name	Record Date	BuyBack price (Per Share)
TTK Prestige Ltd.	Aug 14, 2024	1200
Navneet Education Limited	Aug 13, 2024	200
Indus Towers Limited	Aug 09, 2024	465
Welspun Living Limited	Aug 05, 2024	220

Why Companies Buy Back Shares?

There are several reasons why companies engage in stock buybacks:

- **Returning Capital to Shareholders:** Buybacks are a way for companies to **return excess capital to shareholders**. Instead of paying dividends, a company may choose to buy back shares, effectively returning cash to investors .
- **Boosting Earnings Per Share (EPS):** By reducing the number of shares outstanding, **a buyback can increase a company's EPS**, a key metric used by investors to assess profitability.
- **Undervaluation:** Companies may believe their stock is undervalued and buy back shares as **a way to signal confidence in their future prospects**. By repurchasing shares at a low price, the company can create value for shareholders if the stock price rises in the future.
- **Offsetting Dilution:** Companies that issue stock options to employees or make acquisitions using stock may **use buybacks to offset the dilution of existing shares**
- **Tax Efficiency:** For shareholders, **buybacks can be more tax-efficient than dividends, especially in jurisdictions where capital gains taxes are lower than taxes on dividend income.**

“Buy Back of Shares” Insights

Major Methods for Share Buyback

1. Open Market Repurchase:

The company **buys its own shares on the open market at the prevailing market price.** This Method is **flexible and can be executed gradually**; however, it might not achieve the desired impact on share price if market conditions are unfavorable.

2. Tender Offer:

The company **makes an offer to purchase shares directly from shareholders at a specific price, usually at a premium** over the current market price. Shareholders can choose to tender (sell) their shares at this price. It allows companies to buy back shares at a premium, **potentially attracting more sellers**; however, it can be costly and requires a clear understanding of shareholder intentions.

3. Dutch Auction:

The **company specifies a range of prices at which it is willing to buy back shares.** Shareholders submit offers to sell their shares within this range, and the company then buys back shares at the lowest price that allows it to repurchase the desired number of shares. **It may be complex and requires careful planning to avoid shareholder dissatisfaction.**

Impact of Buyback on Shareholders

Buybacks, or share repurchase programs, can have several impacts on shareholders:

- **Increased Earnings Per Share (EPS):** When a **company buys back its shares, the number of outstanding shares decreases. This can lead to an increase in EPS**, assuming net income remains constant. A higher EPS can make the company's stock more attractive to investors.
- **Improved Shareholder Value:** Buybacks can **signal that the company believes its shares are undervalued, which can boost investor confidence**. Additionally, by reducing the number of shares in circulation, the remaining shareholders own a larger percentage of the company, potentially increasing their share of future profits and dividends.
- **Return of Capital:** Buybacks **provide a way for companies to return excess cash to shareholders**. Unlike dividends, which provide a regular income, buybacks offer a more flexible method of returning capital. This can be **beneficial in creating a more favorable tax treatment compared to dividend income in some jurisdictions**.

“Buy Back of Shares” Insights

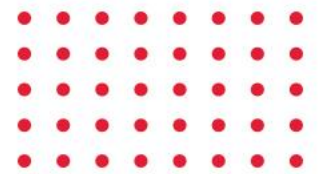
Conclusion: Buyback of Shares

A share buyback **occurs when a company repurchases its own shares** from the market, **reducing the number of outstanding shares**. **This often boosts earnings per share (EPS)** and can increase the stock's market value. Buybacks **signal management's confidence in the company's financial health** and are a way to return value to shareholders. However, **they may also indicate that the company lacks profitable investment opportunities**. While buybacks can provide short-term benefits, they should be balanced with long-term growth strategies, ensuring the company doesn't over-leverage or neglect capital reinvestment for future growth.





RECENT TRANSACTIONS



Wealthtech firm Neo raises \$48 Mn led by MUFG, Euclidean Capital

- **Neo, a Mumbai-based wealth and asset management firm, raised Rs 400 crore (\$48 million) in a Series B round led by MUFG Bank and Euclidean Capital.**
- **The funds will be used to expand Neo's wealth management division and enhance its asset management business.**



**Equity Valuation
\$ 231 Million**

- **Neo manages nearly Rs 35,000 crore in wealth management assets and over Rs 6,000 crore in alternative assets.**
- **Peak XV was the largest external shareholder with 22.22% ownership before this round. The funding highlights continued interest in wealthtech startups.**

India's Rapido becomes a unicorn with fresh \$120M funding

- **Rapido, a mobility startup, became a unicorn after raising \$120 million in a Series E funding round led entirely by WestBridge Capital** through its investment vehicles, including SETU AIF and Konark.
- The **round involved the issuance of Rs 1,002 crore worth of shares, with half being fully paid-up and the other half partly paid-up**, to be received in tranches. Rapido plans to use the funds for expansion and growth.

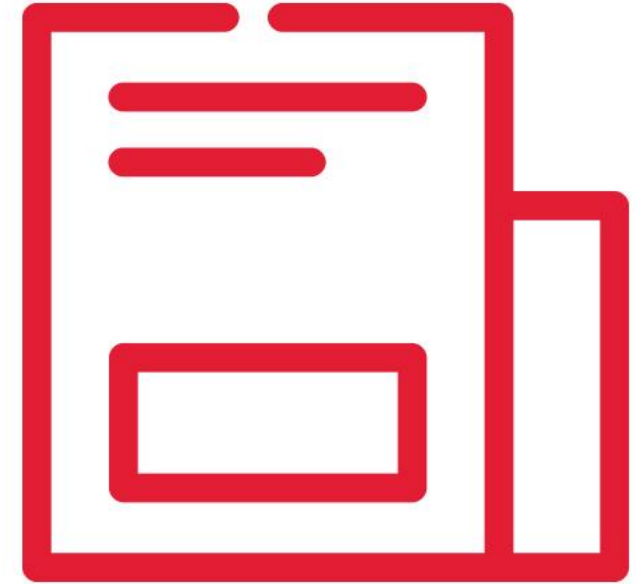


Equity Valuation
\$ 1.02 Billion

- Rapido was **valued at approximately Rs 8,517 crore (\$1.02 billion) in this round. WestBridge Capital is the largest external stakeholder with 32.88%, followed by Swiggy (12.32%) and Nexus Ventures (8.19%).**



ARTICLE OF THE MONTH



Valuations for Financial Statement Compliance in a Company

Introduction

Mandatory valuations for financial statement compliance ensure accurate reporting of a company's assets, liabilities, and financial performance, in accordance with regulatory standards and accounting principles.

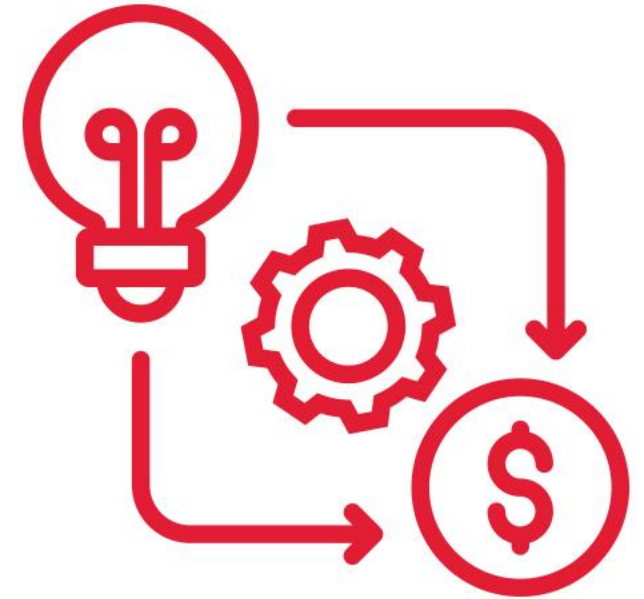
The Article demystifies Ultimate Guide to Mandatory Valuations for Financial Statement Compliance in a Company comprehensively covering topics from-

- IND AS 36 “Impairment of Assets”
- IND AS 38 “Intangible Assets”
- IND AS 40 “Investment Property”
- IND AS 109 “Financial Instruments”
- Conclusion





METHODOLOGY OF THE MONTH



The Liquidation Value Method is a valuation approach used to **determine the value of a company or its assets if it were to be liquidated**, meaning all assets are sold off and liabilities paid, typically in a short period. This method is often **employed in scenarios such as bankruptcy, mergers and acquisitions, or distress sales**. The liquidation value represents the net amount a company could expect to receive after selling its assets and settling its liabilities.

Advantages

- 1. Realistic Valuation:-** It provides a realistic estimate of what a company's assets are worth.
- 2. Useful in Distress Scenarios:-** Essential for creditors, investors, or buyers evaluating a distressed company.
- 3. Simplifies Decision-Making:-** Offers a clear picture for stakeholders about the potential recovery.

Disadvantages

- 1. Under Estimation:-** May undervalue the company, as assets might be sold at a discount.
- 2. No Consideration of Intangibles:-** Often excludes intangible assets like brand value, customer relationships, or intellectual property.
- 3. Market Conditions:-** Highly sensitive to market conditions, leading to varying valuations.

STEP: 1) Asset Identification and Valuation

Identify and value all tangible and intangible assets of the company. This **includes real estate, inventory, equipment, intellectual property, and any other assets** that can be sold or disposed of.

STEP: 2) Liability Assessment

Determine and quantify all outstanding liabilities, including debts, loans, and other financial obligations. This step ensures that all obligations are accounted for before calculating the net value.

STEP: 3) Calculate Net Liquidation Value

Subtract the total liabilities from the total value of assets to determine the net liquidation value. This figure represents the amount that could be realized from liquidating the company's assets and settling its liabilities.

Formula for Calculating Liquidation Value

Formula to Calculate the Liquidation Value of a Company :

$$\text{Liquidation Value} = \text{Total Asset Value} - \text{Total Liabilities}$$

Where:

1. Total Asset Value: Sum of all assets that can be liquidated, including:

- **Tangible Assets:** Real estate, machinery, inventory, and equipment.
- **Intangible Assets:** Patents, trademarks, and brand value (if applicable and realizable).
- **Current Assets:** Cash, accounts receivable, and other short-term assets.

2. Total Liabilities: Sum of all outstanding debts and obligations, including:

- **Short-Term Liabilities:** Accounts payable, short-term loans, and other current liabilities.
- **Long-Term Liabilities:** Long-term debt, bonds, and other long-term financial obligations.

Example of Liquidation Value Method

Example: Valuing a Company Through Liquidation Value Method

✓ **Assets:**

- **Real Estate:** \$2,000,000
- **Machinery & Equipment:** \$500,000
- **Inventory:** \$300,000
- **Accounts Receivable:** \$200,000
- **Cash:** \$100,000

✓ **Liabilities:**

- **Short-Term Liabilities:** \$400,000
- **Long-Term Debt:** \$1,200,000



Example of Liquidation Value Method

Example: Valuing a Company Through Liquidation Value Method

✓ Calculation:

- **Total Asset Value:** \$3,100,000
- **Total Liabilities:** \$1,600,000

✓ Liquidation Value Calculation:

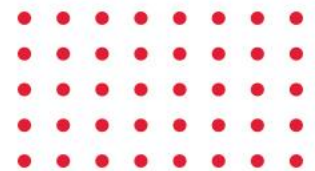
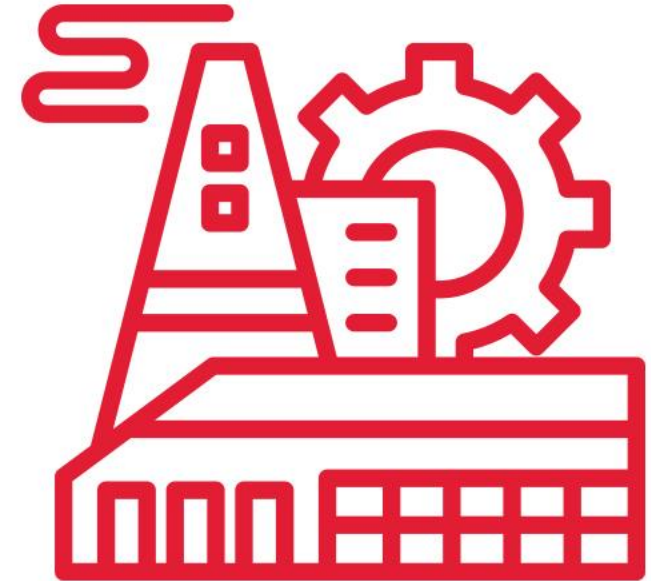
- **Liquidation Value= Total Asset Value–Total Liabilities**
- **Liquidation Value= \$3,100,000–\$1,600,000**
- **Liquidation Value= \$1,500,000**

✓ Result:

The liquidation value of Company XYZ is \$1,500,000. This is the estimated amount that would be available if the company's assets were sold, and all its liabilities settled.



INDUSTRY MULTIPLE



MAJOR INDUSTRIES AND VALUATION

INDUSTRY	PRICE TO EARNINGS	EV TO PBIDT	PRICE/ BOOK VALUE	MARKET CAP/SALES
Abrasives and Grinding Wheels	62.22	36.01	9.85	7.76
Air-conditioners	107.87	47.68	8.73	2.77
Aluminium	19.74	9.25	2.12	1.28
Aluminium – Extrusions	22.55	9.30	3.23	0.55
Aluminium - Sheets / Coils / Wires	39.39	13.53	2.00	0.81
Aluminium Chemicals	35.34	22.16	7.13	4.26
Analytical Laboratory Equipment	57.26	24.15	3.98	8.24
Aquaculture	62.18	37.89	7.33	5.63
Auto Ancillaries - Axles / Shafts	19.83	11.44	3.03	1.18
Auto Ancillaries - Batteries	44.26	25.98	7.44	4.26

Source: Capitaline as on 25th August 2024

MAJOR INDUSTRIES AND VALUATION

INDUSTRY	PRICE TO EARNINGS	EV TO PBIDT	PRICE/ BOOK VALUE	MARKET CAP/SALES
Banks - Private Sector	27.15	16.21	3.70	3.36
Bearings – Large	55.11	31.50	9.53	6.55
Bearings - Medium / Small	21.26	12.27	2.43	2.15
Biotechnology	30.64	20.29	2.29	3.62
Breweries	65.80	34.99	7.60	4.82
Cables - Power – Large	41.86	25.19	6.48	2.87
Cables - Power - Medium / Small	67.89	25.05	7.09	2.09
Cables – Telephone	79.10	24.61	3.33	1.24
Carbon Black	37.79	19.11	5.82	2.62
Castings - Grey Iron	33.08	12.03	3.78	1.58

Source: Capitaline as on 25th August 2024

MAJOR INDUSTRIES AND VALUATION

INDUSTRY	PRICE TO EARNINGS	EV TO PBIDT	PRICE/ BOOK VALUE	MARKET CAP/SALES
Cement Products	60.94	20.64	5.36	2.37
Ceramics - Sanitaryware / Others	47.83	27.94	7.36	5.13
Ceramics – Tiles	395.26	19.57	3.82	2.18
Chemicals - Alcohol-based	10.98	4.84	1.54	1.18
Chemicals – Gelatine	12.65	7.43	2.12	1.35
Chemicals - Inorganic – Large	32.40	15.47	2.82	2.90
Chemicals - Inorganic -Med/small	34.67	15.75	2.82	2.71
Chemicals - Maleic Anhydride	55.82	16.78	1.74	1.02
Chemicals - Organic – Large	54.59	20.34	4.39	3.96
Chemicals - Organic - Med / Small	98.59	17.28	3.60	2.13

Source: Capitaline as on 25th August 2024

MAJOR INDUSTRIES AND VALUATION

INDUSTRY	PRICE TO EARNINGS	EV TO PBIDT	PRICE/ BOOK VALUE	MARKET CAP/SALES
Chewing Tobacco / Pan Masala	60.67	18.99	0.67	1.20
Chlor-Alkali	32.78	10.87	2.79	1.77
Cigarettes	35.45	23.95	5.90	8.12
Coffee	55.92	32.68	5.23	5.35
Compressors / Drilling Equipment	60.91	38.66	15.25	7.92
Computers – Education	45.93	78.87	3.02	19.04
Computers - Hardware - Med/ Small	23.97	13.93	3.88	3.35
Computers - Peripherals	100.91	59.02	18.08	9.86
Computers - Software – Large	39.80	23.33	9.53	4.87
Computers - Software - Med/ Small	64.33	42.81	7.94	7.82

Source: Capitaline as on 25th August 2024

MAJOR INDUSTRIES AND VALUATION

INDUSTRY	PRICE TO EARNINGS	EV TO PBIDT	PRICE/ BOOK VALUE	MARKET CAP/SALES
Finance - Housing – Large	16.19	12.62	2.20	3.92
Finance - Housing - Medium / Small	24.33	12.51	2.56	6.55
Finance - Investment / Others	61.27	47.53	2.32	12.18
Finance – Large	20.90	12.20	3.04	4.14
Finance - Leasing And Diversified	114.38	43.56	2.12	24.48
Finance – Medium	21.14	11.92	1.56	5.56
Finance – Small	47.00	53.32	3.24	23.17
Finance - Term-Lending Institutions	44.07	15.91	3.67	7.20
Floriculture / Tissue Culture	46.01	38.24	2.35	235.64
Food - Proccesing - Rice	21.33	12.12	3.10	1.19

Source: Capitaline as on 25th August 2024



ABOUT US



REGISTERED (CAT. -1)
**MERCHANT
BANKER**



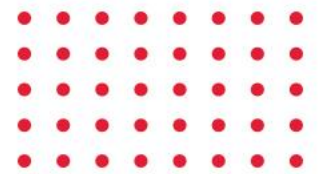
IBBI
**REGISTERED
VALUER ENTITY**



LAW FIRM
**ADVISORS &
ADVOCATES**



MANAGEMENT
CONSULTANCY



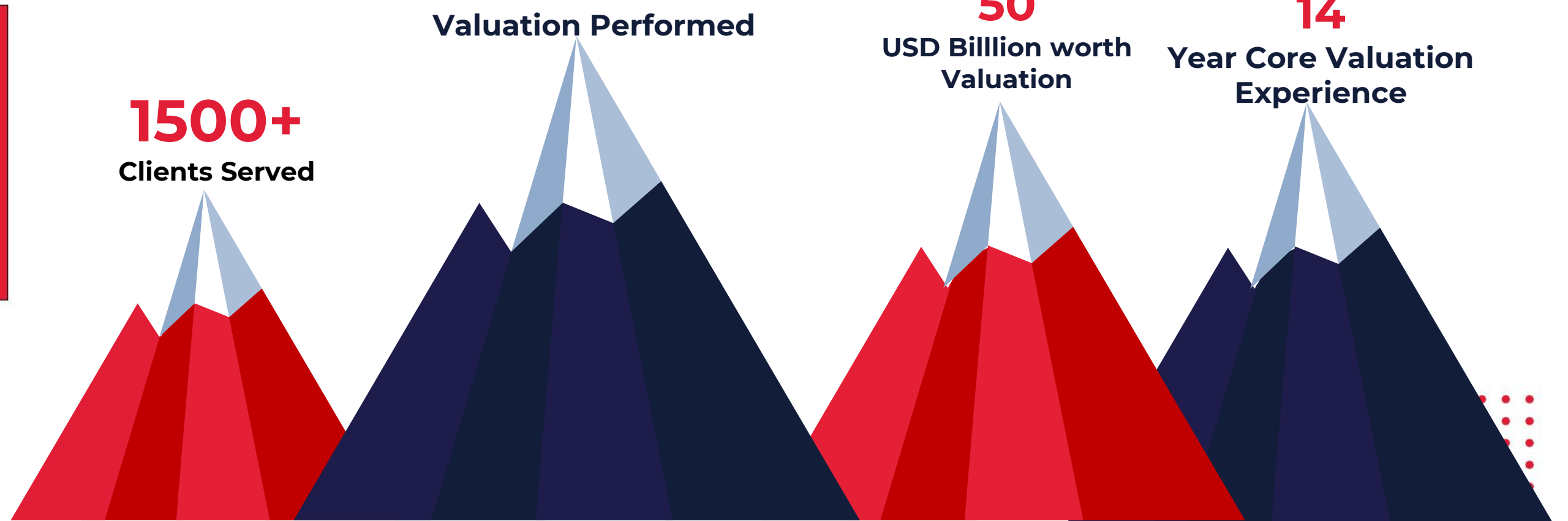


1500+
Clients Served

3000+
Valuation Performed

50
USD Billion worth
Valuation

14
Year Core Valuation
Experience



OUR **VALUATION** SERVICES

Transactional Valuation

Business Valuation

Valuation for Merger, Acquisition,

Business Sale and Slump Sale

Fairness Opinion in M&A

Valuation for Family Settlement

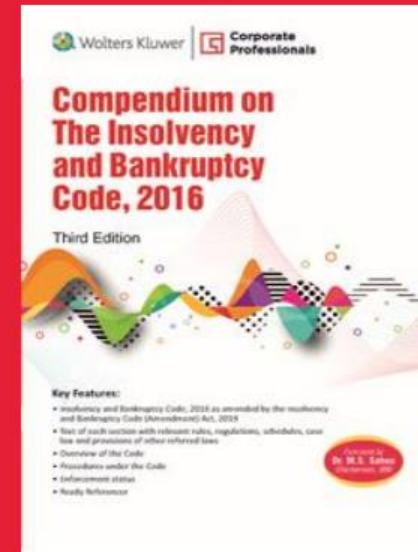
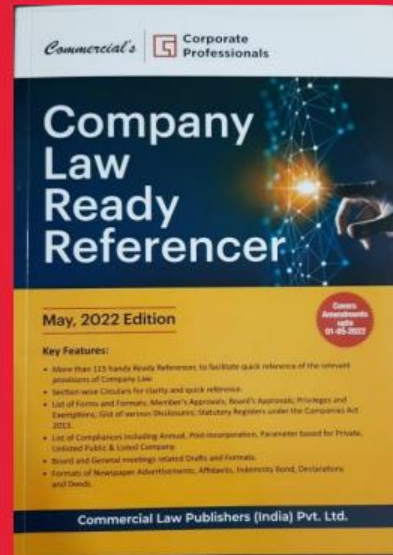
Regulatory Valuation

- Income Tax Valuation
- RBI Valuation
- SEBI Valuation
- Companies Act • IBC Valuation
- Convertible Instrument Valuation
- ESOP Valuation

Financial Reporting

- Intangible Assets Valuation
- Purchase Price Allocation
- ESOP Valuation
- IND AS Valuation
- Corporate Guarantee Valuation
- Loan Portfolio Valuation
- Impairment Testing
- Plant & Machinery Valuation
- Land & Building Valuation

Our Publications



For more info visit, [click here](#)



OUR FOUNDER

Mr. Pavan Kumar Vijay

Founder –Corporate Professionals Group

Ex President of ICSI

Ex Chairperson of SSB -ICSI

Mr. Pavan Kumar Vijay, Founder, Corporate Professionals Group possesses over 28 years of experience. His areas of specialization include Company Law, Capital Markets & Financial Services, Business Valuation and Transaction Advisory. He holds the distinct honor of becoming one of the youngest President of the ICSI in the year 2003. Before founding CP in the 2003, he led BLB Limited as its Managing Director.

Mr. Vijay has richly contributed to number of committees set up by the Government, Regulatory Authorities, Professional bodies, Chambers of Commerce and Industry, Stock Exchanges, etc. Presently he is a Member of the Expert Group constituted by SEBI to review SEBI (Share Based Employee Benefit) Regulations 2014 and SEBI (Issue of Sweat Equity) Regulations, 2002. Previously SEBI nominated him as a Member of—its Primary Market Committee; Mutual Fund Committee and Narayan Murthy Committee on Corporate Governance. MCA also appointed him as a Member of its Rule Making Committee for framing rules under the new Companies Bill; Member, Indian Institute of Corporate Affairs (IICA); and Convener, Corporate Governance Committee.

Mr. Vijay had been the Chairman of Secretarial Standards Board of the ICSI for five consecutive terms (2014-2018); Chairman, Core Group for Vision New ICSI-2022 for the years 2017 and 2018; and Chairman/Member of the several other Committees set up by the ICSI.



Mr. Manoj Kumar
Partner and Head –M&A,
Transactions and Valuation

Our Managing Team



Mr. Sanchit Vijay
Partner and Head –Deals &
Valuation

Mr. Manoj Kumar, Partner & Head-M&A, Transactions and Valuations is an associate member of the ICSI. He possesses long experience of around 18 years in the area of M&A, Transactions, Valuations and Corporate Restructuring and has spearheaded over 600 such transactions.

He is a Member of National M&A Council of ASSOCHAM and also member of the PHDCCI Insolvency law Committee and Corporate Governance Committee. He has addressed numerous programmes organized by various forums such as ASSOCHAM, ANMI, CKF, ICSI, ICAI, IICA, NALSAR Law University, JIMS, Apeejay School of Management, etc.

He is also a prolific writer and co-authored books on the Companies Act, 2013, Insolvency & Bankruptcy Code, 2016 and Business Valuation. His research orientation is evident from several articles written by him on topics relating to mergers, takeovers and insolvency resolutions. His quotes are regularly carried in all major financial dailies, e-papers and business magazines.

Mr. Sanchit Vijay, Bachelor of Commerce with Honours is a *Chartered Accountant and Registered Valuer*. He possesses Diploma in Strategic Management from London School of Economics and Political Science. He has also attained Certifications in 'Mutual Funds' and 'Equity Derivative' from NSE Academy.

Mr. Sanchit is presently Director of Corporate Professionals (India) Pvt. Ltd. And Head—Deals & Acquisitions. Earlier he served as Associate Consultant (Data and Analytics), Infosys Limited and as Equity Research Analyst at CapGrow Capital Advisors LLP.

He has co-authored CP's research publications and written articles which have been published in journals, business magazines and online portals.

Contact us



Mr. Sanchit Vijay
(Partner & Head)

Email: sanchit@indiacp.com ;

Contact: +91 98211 65654

Our Offices



NEW DELHI - HEADQUARTERS
D-28, D-38 SOUTH EX. PART-1, NEW DELHI – 110049.



NAGPUR



MUMBAI



DELAWARE, USA



CHENNAI

