



Rashtreeya Sikshana Samithi Trust

R V INSTITUTE OF MANAGEMENT

CA-17, 36TH Cross , 26th Main, 4th "T" Block, Jayanagar, Bangalore-560041

Department of Finance

A Report on

WORKSHOP ON

“Workshop on Corporate Valuation of Indian listed Company”

Friday , November 23, 2018

Organised by

Department of Finance

R.V.INSTITUTE OF MANAGEMENT

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Introduction

The Department of Finance, RVIM conducted a half-day workshop on 23rd November 2018, on **“Workshop on Corporate Valuation of Indian listed Company”**. Participants for the workshop include the III Semester students Section- C (finance students).

Mr. Dileep, Assistant Professor Department of Finance is the in charge for the workshop. Ms. Swomya Sree N 3rd Semester student introduced the key speakers i.e. Mr. Basanagouda Patil (Chartered Accountant) to the audience and Ms. Tejaswini B 3rd Semester student made vote of thanks and context of the workshop.

Context of the Workshop:

A business valuation is an examination conducted towards rendering an estimate or opinion as to the fair market value of a business interest at a given point in time. Generally, when valuing a business, a notional transaction is assumed, that is, one which has not been subjected to the bargaining process. Like accounting, valuation is an art rather than an exact science, and a properly conducted valuation is nothing more than an expression of informed opinion, which is based on fact and judgment. By their very nature, valuations are not precise. Consequently, valuation estimates and opinions are generally stated as a range of values.

Business valuation is no precise science. There is no universal legal framework which dictates how the valuation should be performed. Therefore, it is no right way to estimate a company's value.

Topic Discussed:

► Significance of Corporate Valuation: -

- Valuation Helps company to determine their Market Value,
- Valuation of company is critical during Acquisitions, Mergers, JV Etc.,
- Valuation takes into Quantitative & Qualitative factors, Along with Future growth prospective of the Business,
- Valuation Assist company in deciding the expansion, Diversification Plans,
- Valuation can be obtained from multiple methods Like P/E Method, Disc
- Cash flow method, Sales Multiplication method etc.
- Valuation of Listed company is fairly easy,
- Valuation of Unlisted company has massive scope of Variations, (Like Flipkart Valued \$ 11 Billion in Feb & \$ 20 Billion by Jul-Aug-2018)

► **Stock Market**

- A) Primary Market
- B) Secondary Market

► **Stock Price:** Valuation of the company's stock is based on

- Earning Per Share (EPS)
- Price to Book Value (PB Value)
- Other Points Effecting Stock Price,
 - a) Debt Equity Ratio
 - b) Sales growth
 - c) ROCE
 - d) Profit Growth
 - e) Management Quality,
 - f) Corp Gov. & CSR activities,
 - g) Business moat, Etc.

Real case considered by taking **DMART & Vakranage** companies Case 1 : Background of DMART (Avenue Supermart):

- Dmart Promoted by Radhakishan Damani
- Dmart issued IPO in Mar-2017 Issue price was Rs 299 & Listed @ 604 on 21st Mar 2017,
- Dmart was oversubscribed by 104 times,
- Dmart Issue Value was Rs 1870 Cr,
- Dmart Runs Hyper & Super Market,

Dmart Profit and Loss Account

Rs in Cr	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Sales	5,005	6,885	9,168	12,740	16,481
Expenses	4,670	6,432	8,512	11,777	15,143
Operating Profit	335	452	657	964	1,337
OPM %	7%	7%	7%	8%	8%
Other Income	19	21	20	31	73
Interest	55	72	91	122	59
Depreciation	56	81	97	126	155
Profit before tax	242	321	488	747	1,196
Tax %	34%	34%	35%	35%	34%
Net Profit	160	211	318	483	785

Dmart Balance Sheet

Rs in Crore	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Share Capital	547	562	562	624	624
Reserves	404	631	950	3,213	4,019
Borrowings	624	888	1,177	1,481	439
Other Liabilities	218	268	394	486	541
Total Liabilities	1,792	2,349	3,083	5,804	5,623
Fixed Assets	1,169	1,510	2,065	2,549	3,256
CWIP	78	92	82	153	147
Investments	17	17	30	37	181
Other Assets	528	731	906	3,066	2,039
Total Assets	1,792	2,349	3,083	5,804	5,623

Dmart IPO Summary

Description	# Of Shares	Rs	Rs in Cr
Total Shares Offered FV Rs 10	62,540,000	18,699,460,000	1,869.95
Pre issue closer with Institution	18,167,118	5,431,968,282	543.20
In IPO	44,372,882	13,267,491,718	1,326.75

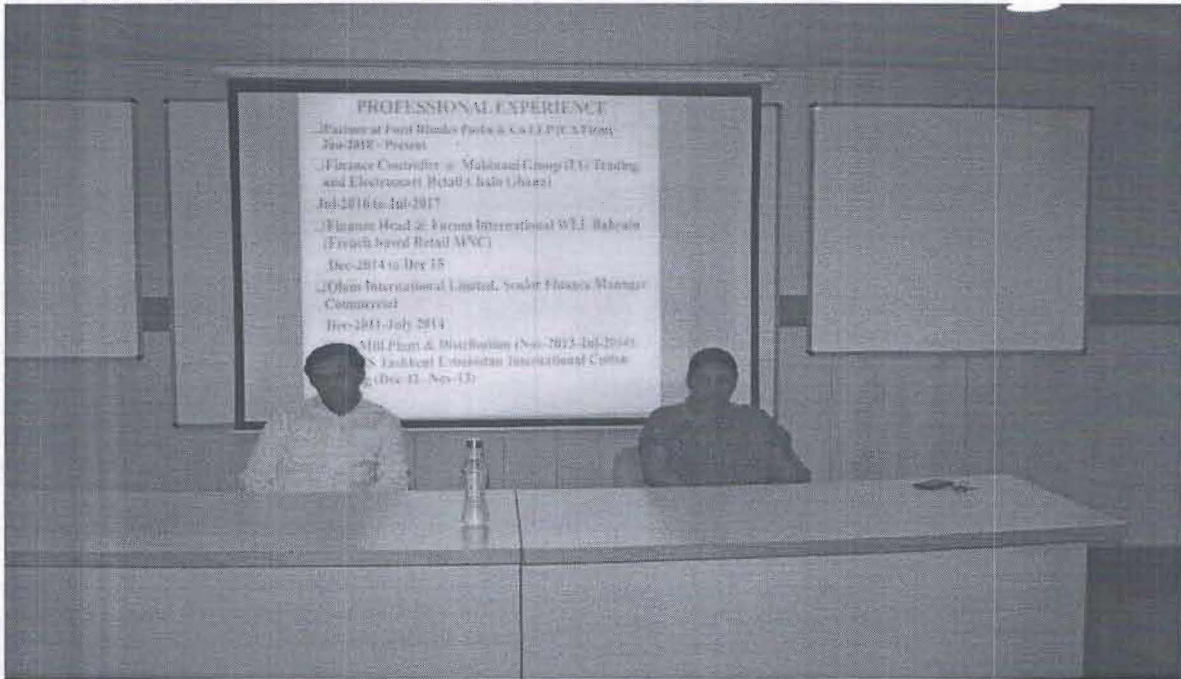
Subscription Summary in IPO :-

Description	QIB	NII	RII	Total
No of Shares offered	12,677,966	9,508,475	22,186,441	44,372,882
% of Offers	29%	21%	50%	100%
Subscribed	1,833,360,663	2,640,883,847	161,961,019	4,636,205,529
Times X	144.61	277.74	7.30	104.48

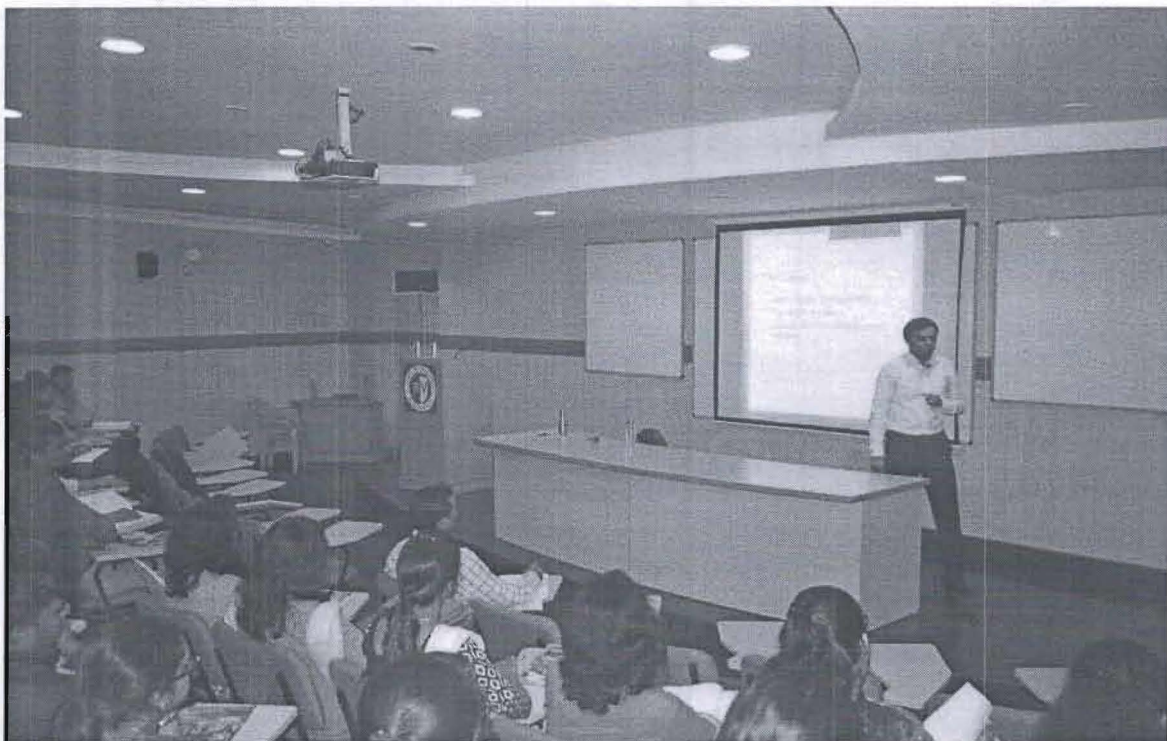
Dmart Valuations

Share Capital	6,240,800,000
Face Value	10
# of Share	624,080,000
PAT	7,850,000,000
EPS	12.58
CMP	1,463
PE (X) Multiples	116
Retained Earnings	40,190,000,000
Net worth	46,430,800,000
Book Value	74.40
Book Value (X)	19.66
Market Cap in CR	91,303

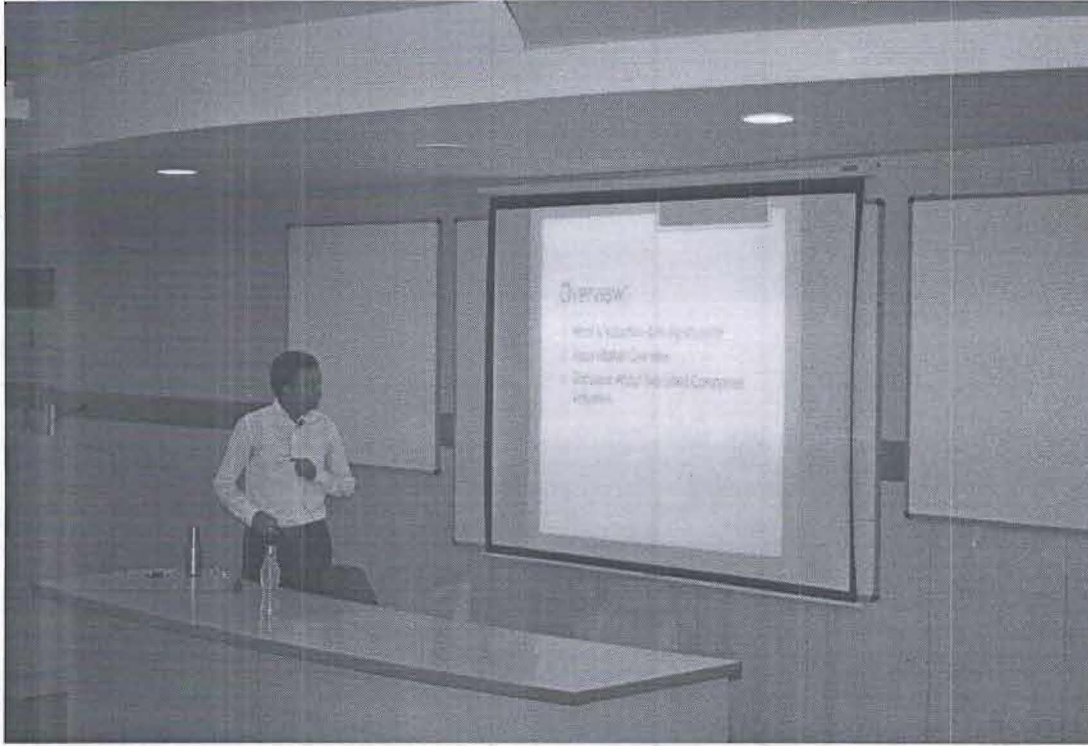
Photo Gallery



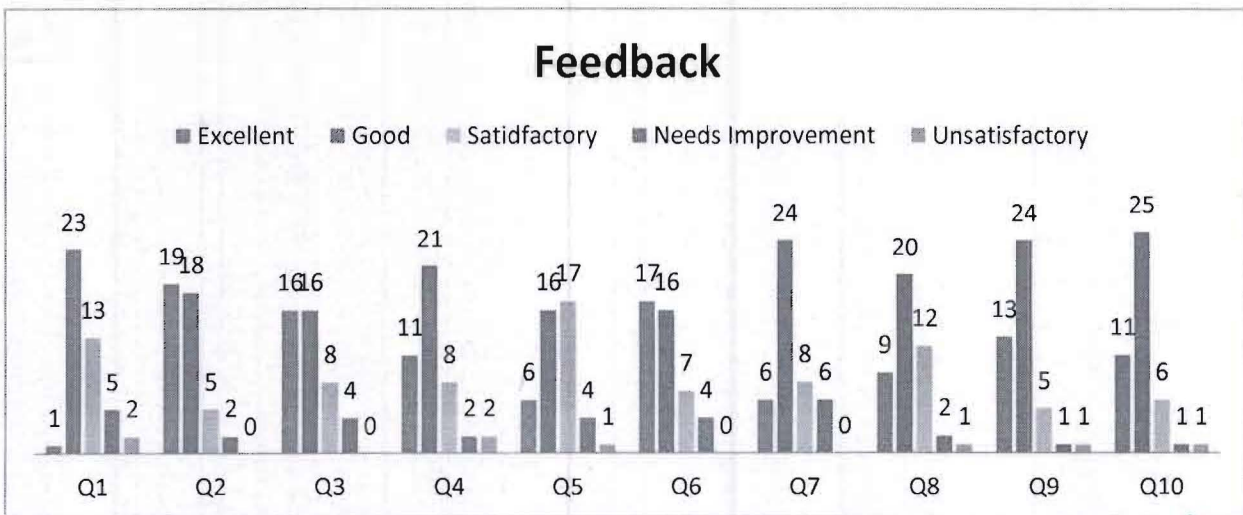
Ms. Sowmya Sree N 3rd semester student: Introducing Resource Person Mr. Basanagouda Patil and Dr. Noor Firdoos Jahan Professor RVIM.



Resource Person: Mr. Basanagouda Patil, addressing the students on Stock Valuation



Resource Person: Mr. Basanagouda Patil, addressing the students on Stock Valuation



Person in-charge:
 Dileep
 Assistant Professor
 R V Institute of Management



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 Director