

### Case 30 - God's Own Country Travels Ltd.

		Amount
Paid Up Equity Capital		
75,000,000 shares		750,000,000
Redeemable preference Capital	5%	
25,000,000 shares		250,000,000
Secured NCDs	10%	2,000,000,000
P&L Account		3,000,000,000
Capital Reserve Cash		200,000,000
Capital Reserve Cash		150,000,000
Current Liabilities	8%	200,000,000
EBITA		1,500,000,000
Add Depreciation		300,000,000
EBITDA		1,800,000,000
Interest		
NCDs	200,000,000	
Current Liabilities	16,000,000	216,000,000
PBT		1,284,000,000
Tax	30%	385,200,000
PAT		898,800,000
Pref Dividend		12,500,000
Earnings for Equity shareholders		886,300,000
EPS	11.82	
Proposed Dividend	10%	75,000,000
Retained earnings		811,300,000
<b>Present Networth</b>		<b>4,011,300,000</b>
<b>BV per share</b>		<b>53.48</b>

### Case 31 - Trombone Energy

Paid Up Capital	750	<b>FPO / GDR</b>
Accumulated Profits	3000	Based on CMP and re
Capital Reserve cash	200	
Networth	3950	<b>Rights Valuation</b>

<b>BV per share</b>	<b>52.67</b>	
EBITA	1500	<b>QIP</b>
Add Depreciation	300	
EBIDTA	1800	<b>PIPE with strategic s</b>
Interest Cost	256	with 20% premium
PBT	1244	with 15% premium
Tax @ 30%	373.2	
PAT	870.8	
 Taking EBITDA multiple of 8	 14400	
Less debt	2200	
Equity Value	12200	
<b>Value per share</b>	<b>162.67</b>	
 Taking PAT multiple of 12	 10449.6	
<b>Value per share</b>	<b>139.328</b>	
 Current trading P/E	 17	
<b>CMP</b>	<b>197.38</b>	
<b>Statutory price for PIPE</b>	<b>220.60</b>	
<b>Statutory price for QIP</b>	<b>174.16</b>	
 <b>Fair Value providing weightages</b>		
<b>CMP</b>	4	789.53
<b>DCF</b>	3	900.00
<b>Relative</b>	2	325.33
<b>BV</b>	1	52.67
	<hr/> 10	<hr/> 2067.53
		<b>207</b>

<b>Case 32 - Fairfield Digital Systems</b>	<b>Present</b>	<b>Proposed</b>
Present Capital	100,000	1,000,000
Current EPS	6.7	
Book Value	28	390.71
PAT	670000	
Networth	2,800,000	
Reserves	2,700,000	
Fund requirement	<b>50,000,000</b>	<b>50,000,000</b>
Dilution required	24%	

Book Value/Issue Price	5	3.64
Offer Price / Rs share	140	1423
Total Shares to be issued	357,143	35,137
Post-issue shares	457,143	135,137
Promoter's stake	21.88%	74.00%
Post Issue Networkh		52,800,000
Post-issue no. of shares	500,000	135,137
Post Issue Book Value	10%	390.71
<b>Post-money Valuation</b>		<b>192,307,692</b>
<b>Pre-money Valuation</b>		<b>142,307,692</b>

### Case 33 - Bahubali & Kabaali

Amount crore	420
Present shares	442500
PAT	217
PBT	297.26
Depreciation	32
Interest cost	46
EBITDA	375.26
EV	4503.12
Less Debt	368
Equity Value	4135.12
<b>Post-money</b>	<b>4923.12</b>
<b>No. of shares to PE</b>	<b>44944</b>
<b>% to PE investor</b>	<b>9.22%</b>

An
Pre
Pre
Pre
Pre
Pre
Eff
EV

### Case 34 - Bygone Era Ltd

	Shares	Amount (Rs.)
<u>Initial Financing</u>		
Promoter	100,000	1,000,000
<u>Series A Round</u>		
Promoter Group	100,000	1,000,000
Jet Capital	35135	351,350

	135135	
<u>Series B Round</u>		
Promoter Group	100,000	1,000,000
Jet Capital	35135	351,350
Indigo Capital	18428	184280
	<hr/> 153563	
<u>Series C Round</u>		
Promoter Group	100,000	1,000,000
Jet Capital	35135	184,280
Deep Finders	18428	184280
Vistara Capital	38391	383910
	<hr/> 191,953	

### Case 35 - Grandfather & Co. Ltd.

GRANDFATHER & CO. LTD.	FATHER & CO. LTD.	
Arundhati	51 Gita Govinda	51%
Subhadra	14	
Yashoda	35 Kautilya	49%
	IPO	
I	I	
Arundhati	6.76	
Subhadra	1.86	
Yashoda	4.64	
	Gita Govinda	38%
	Kautilya	37%
	Public	25%
II	II	
Arundhati	13.26 Arundhati	38%
Subhadra	3.64 Subhadra	11%
Yashoda	9.1 Yashoda	26%
	Public	25%
IV	III	
Arundhati	51	
Subhadra	14 Gita Govinda	30.6%
Yashoda	35 Kautilya	29.4%
	Arundhati	26.0%
	Subhadra	2.0%
III	Yashoda	12.3%

Arundhati	3.4%		
Subhadra	0.9%		
Yashoda	2.4%		
		IV	
		Gita Govinda	28%
		Kautilya	26%
		Arundhati	23%
		Subhadra	2%
		Yashoda	11%
		Public	10%

---

### Problem 36 - Khalibaba Ltd.

---

<b>Basic Information</b>		
Pre-Buyback Networkth		575,000,000
Pre-issue debt (at 1.30)		747,500,000
Proposed Price		650
PAT pre-buyback		112,125,000

### Part 2 - Suggested Method)

---

Pre-buyback EPS = PAT assumed / Pre-buyback No. of shares		89.70
Post-buyback no. of shares		14,778,846
PAT required post buyback = Post buyback shares x Pre-buyback EPS		1,325,662,500
Post Buyback RONW required = Post buyback PAT / Post Buyback Networkth		26.00%

---

### Case 37 - Zinda Pharma Ltd

---

Present Networkth		
Equity Capital		8,000,000
General Reserves		5,000,000
Share Premium		2,000,000

Cap Red Reserve	-
P&L	1,000,000
Deb Red Reserve	-
	<hr/>
	16,000,000
25% of the above	4,000,000
Max Possible due to DER constraints	3,520,000
Max no. of shares for buy-back	200,000
Proposed price for buyback	75
No. of shares for buy-back	53,333
	853,333
Residual networkth	12,000,000
Long term debt	25,000,000
<b>Residual debt-equity</b>	<b>2.08</b>

Max DER allowed	2.00
Max shares to be bought back	46,933
Post-buyback shares	753,067
Residual networkth	12,480,000
Current EPS	4.50
Current PAT	3,600,000
Residual EPS	4.78
Residual RONW	28.85%
Residual BV	16.57

## Case 39 - Reverse Engineering Ltd

### Present Networkth

Equity Capital	8,000,000
General Reserves	5,000,000
Share Premium	2,000,000
Cap Red Reserve	-
P&L	1,000,000
Deb Red Reserve	-
	<hr/>
	16,000,000
25% of the above	4,000,000

Max Possible due to DER constraints	3,520,000
Max no. of shares for buy-back	200,000

Proposed price for buyback	75
No. of shares for buy-back	53,333
	853,333
Residual networth	12,000,000
Long term debt	25,000,000
Residual debt-equity	2.08

Max DER allowed	2.00
Max shares to be bought back	46,933
Post-buyback shares	753,067
Residual networth	12,480,000
Current EPS	4.50
Current PAT	3,600,000
Residual EPS	4.78
Residual RONW	28.85%
Residual BV	16.57

## Case 42 - Andaman and Nicobar

### PRE DEMERGER BALANCE SHEETS

Liabilities	Andaman	Nicobar	Total
Share Capital Equity shares of Rs. 10 each			120
<u>Reserves and Surplus</u>			
Share Premium			752
General Reserve			122
P&L Account			117

Long Term Borrowings	168	670	838
Current Liabilities	88	204	292
<b>Total</b>			<b>2,241</b>

#### POST DEMERGER BALANCE SHEETS

Liabilities	Andaman	Nicobar
Share Capital Equity shares of Rs. 10 each	120	100
<b><u>Reserves and Surplus</u></b> Share Premium General Reserve P&L Account	458	533
Long Term Borrowings	168	670
Current Liabilities	88	204
<b>Total</b>	<b>834</b>	<b>1507</b>

#### Notes

1. Nicobar may issue any number of shares to Andaman for the demerger depending upon convenience as it is an intra-group demerger. For this solution, it has been assumed at Rs.100 crore of issued capital.
2. The difference in the balance sheets of both companies is an amount of Rs. 533 lakh representing the Demerger Reserve (Debit) in the books of Andaman. For the purpose of the balance sheet, the debit reserve has been netted out from other reserves. This is usually the treatment to show Demerger Reserve as part of the Asset side and write it off to P&L as per GAAP.
3. Intangible asset is assumed to be brand name and hospitality licences which are passed on to Nicobar.
4. The Book networth of Nicobar works out to Rs. 633 crore as per the above balance sheet. Therefore, the proposed valuation of Nicobar for the offer by another business group works out to Rs. 1899 crore (3x valuation at 200% premium).
5. The acquisition price for 50% stake works out to Rs. 949.50 crore (rounded off to Rs. 950 crore)

#### Case 43 - Fission Impossible Ltd.



	Shares	
Present Equity of FI II	15,000,000	
<b>IPO Structure</b>		
Offer for Sale	3,750,000	
Public Offer	2,307,000	
	<u>6,057,000</u>	
Post Public Offer Cap Structure		
FI Inc	11,250,000	65.00%
Public	6,057,000	35.00%
	<u>17,307,000</u>	100.00%
<b>PIPE Structure</b>		
Further loan to be repaid		
Placement price expected		
P/E	30	
EPS	10.42	
Price	312.5	
No. Of Shares to be issued	4,154,400	
Post PIPE Cap Structure		
FI Inc	11,250,000	52%
Public	6,057,000	28%
PIPE Shareholders	4,154,400	19%
	<u>21,461,400</u>	100%
<b>Negotiated Sale</b>		
	8,250,000	
Post negotiated sale cap structure		
FI Inc	3,000,000	14%
Public	6,057,000	28%
PIPE Shareholders	4,154,400	19%
Strategic Partner	8,250,000	38%
	<u>21,461,400</u>	100%

<b>Open offer by strategic partner</b>	5,579,964	26%
<b>Post-open offer Capital Structure</b>		
FI Inc	3,000,000	14%
Residual Public	477,036	2%
PIPE Shareholders	4,154,400	19%
Strategic Partner	13,829,964	64%
	<u>21,461,400</u>	<u>100%</u>

### Case 44 - Die Hard Ltd.

	Shares	Price	Amt
<b>Present Capital structure of SSL</b>	10,000,000		
Promoters	6,000,000		
Obak Barama	2,200,000		
Kaif Sareena Venture	1,800,000		
<b>Present Capital structure of DHL</b>	50,000,000		
Promoters	36,000,000		
Farah Stalin	14,000,000		
Valuation of SSL		80	
Pref Allotment to DHL	12,500,000		1,000,000,000
<b>Post-Pref Allotment shareholding of SSL</b>			
Promoters	6,000,000		
Obak Barama	2,200,000		
Kaif Sareena Venture	1,800,000		

DHL	12,500,000
	<u>22,500,000</u>

### Post-Spin-off shareholding of SSL

Promoters of SSL	6,000,000
Obak Barama	2,200,000
Kaif Sareena Venture	1,800,000
Promoters of DHL	9,000,000
Farah Stalin	3,500,000
	<u>22,500,000</u>

Merger swap ratio

1:5  
New shares of DHL to

be issued to

Promoters of SSL	1,200,000
Obak Barama	440,000
Kaif Sareena Venture	360,000
Promoters of DHL	1,800,000
Farah Stalin	700,000
	<u>4,500,000</u>

Post-merger shareholding of DHL (OTL)

Promoters of SSL	1,200,000
Obak Barama	440,000
Kaif Sareena Venture	360,000
Promoters of DHL	37,800,000
Farah Stalin	14,700,000
	<u>54,500,000</u>

IPO Structure of

OTL 3,076,923 325  
Offer for sale by  
Promoters of DHL  
and Farah Stalin

#### Post-IPO shareholding of OTL

Promoters of SSL	1,200,000
Obak Barama	440,000
Kaif Sareena Venture	360,000
Promoters of DHL	35,584,615
Farah Stalin	13,838,462
Public	3,076,923
	<hr/>
	54,500,000

Since the public has to hold 25%, the rest of the issue would be issue of new shares by OTL

**New shares to be  
issued would be  
Total issue size**

**13,617,500  
16,694,423**

#### Post-IPO shareholding of OTL

Promoters of SSL	1,200,000
Obak Barama	440,000
Kaif Sareena Venture	360,000
Promoters of DHL	35,584,615
Farah Stalin	13,838,462
Public	16,694,423
	<hr/>
	68,117,500

#### Case 48 - AR Suleiman

	Unlucky Ali	Shares	Charisma
Seed	100.00%	5,000,000	0.00%
First round	70.00%	5,000,000	30.00%
Second round**	60.00%	5,000,000	29.29%
IPO***	42.00%	5,000,000	20.50%

Suleiman's acq price

		** Total shares issued
Charisma's investment	150,000,000	
	100,000,000	Shares owned by Cha
	250,000,000	
Premium	50,000,000	Less shares owned by
Total	300,000,000	
Cost per share Rs.	122.93	Total shares issued in
Open Offer value	292,682,926	Total consideration p
Carona stake	109,756,082	Consideration paid p

Shares to be issued to

Shares to be issued to

\*\*\* Total number of s

Less existing shares p

Shares issued in IPO

#### NOTE ON ACQUISITION STRATEGY

*If open offer option is exercised by buying out Charishma and Carona together, the acquirer will end up with a public stake. Since the Takeover Code will be triggered a 26% offer has to be made. However, that would bring the public stake to less than 25% which will mean the acquirer will have to necessarily opt to delist the company. This may not be viable as the transaction size goes up or public response is poor. Therefore, it is better to wait. Till then Carona will not have an exit. If this is not acceptable, the acquirer may buy Charishma and Carona proportionately upto 24.99% initially and the balance through the de-listing offer.*

*However, if both need to exit presently, the only option is to go for the takeover offer with a delisting offer. Eventual de-listing offer is inevitable to put the whole strategy in place.*

*Therefore, triggering the Takeover Code with a delisting option is the alternative to pursue in January. Otherwise, providing an exit for Charishma in January and waiting for 3 years to complete the squeeze-out.*

SEBI Price for Warrant	Amount	Issue Price
QIP (2 weeks av price)		
Trading multiple	15	177.26
Pref Allotment		
Trading multiple	19	224.53
Total Debt	500,000,000	
Assuming Rs. 100 Debs		
No. of warrants	5000000	
No. of new equity shares	5,000,000	300
Share Premium		290
Assumed Pref Capital of Rs. 10 each		
No. of new Pref shares	50,000,000	
No. of new equity shares	50,000,000	300
Share Premium		290
<b>Networth</b>		
Accumulated P&L		
Capital Reserve Cash		
Retained earnings		
New Equity Face Value		
New Share Premium		
<b>New Networth</b>		
<b>Book Value fully diluted</b>		
<b>EPS fully diluted</b>		
Existing Equity Shares	75,000,000	
Total new equity shares	55,000,000	
<b>Total Post Conversion shares</b>	<b>130,000,000</b>	
<b>Debt Equity Ratio pre conversion</b>		
<b>Debt Equity Ratio post conversion</b>		

relative valuation 170-185

	200
take	
265	
254	250-260



Mc  
Graw  
Hill

Amount to be invested Rs. crore	420
Present equity capital (shares of Rs. 10 each)	442500
Present Book Value per share Rs.	142
Present PAT (Rs. Crore)	217
Present Depreciation cost (Rs.crore)	32
Present Financial Costs (Rs. Crore)	46
Effective Tax rate applicable	27%
7/ EBITDA multiple agreed to	12

Premium Rs.	Stake held %	Pre-Money Value Rs	Post-Money Value Rs
149,000,000	100%	0	150,000,000
149,000,000	74%		
299,648,650	26%	853,846,154	1,153,846,154



	100%		
149,000,000	65%		
299,648,650	23%		
499,815,720	12%	3,666,666,667	4,166,666,667
	100%		
149,000,000	52%		
499,815,720	18%		
499,815,720	10%		
999,616,090	20%		5,000,000,000
	100%		

SON & SON LTD.	GRANDSON & CO. LTD.	
Parent company	26 Parent company	51
Madhuri	14 Joe	14
Karan	14 Vimala	10
Salman	14 Donald	15
Public	32 kamakshi	10

FPO	15%	PE	
I		I	
Parent company	22.1	Parent company	11.9
Madhuri	11.9	Joe	8.5
Karan	11.9	Vimala	12.8
Salman	11.9	Donald	8.5
Public	42.2	kamakshi	58.4

II	PE	II	
Parent company	21.71	Parent company	11.69
Madhuri	11.69	Joe	8.35
Karan	11.69	Vimala	12.53
Salman	11.69	Donald	8.35
Public	43.22	kamakshi	59.09

III	PE	III	
Parent company	29.9	Parent company	16.1
Madhuri	16.1	Joe	11.5
Karan	16.1	Vimala	17.25
Salman	16.1		

Public	21.80	Donald kamakshi	11.5
IV		PE	43.65
Parent company	30.29	IV	
Madhuri	16.31	Parent company	56
Karan	16.31	Joe	13
Salman	16.31	Vimala	9
Public	20.78	Donald kamakshi	14
		PE	9

### SUGGESTED ANSWER

#### Condition No. 1 - Buyback not to exceed 25% of Paid-up Capital

Total Shares paid-up	15,000,000
Max shares to be bought	3,750,000

#### Condition No. 2 - Buyback Value not to exceed 25% of Paid-up Capital and Free Reserve

Pre-Buyback Networth	575,000,000
Max Value permitted	143,750,000
Proposed Price per share	650
No. of shares to be bought back	221,154

#### Condition No. 3 - Residual DER < 2:1

Residual Networth	431,250,000
Present Debt (at 1.30)	747,500,000
Residual DER	1.73

**Therefore the buyback meets with all the conditions**

**Mc  
Graw  
Hill**

# Mc Graw Hill

---

Assets	Andaman	Nicobar	Total
Net Fixed Assets	382	1146	1,528
Intangible Assets			44

Current Assets	120	317	437
Deferred Revenue			232
Expenditure			
<b>Total</b>			<b>2,241</b>

Assets	Andaman	Nicobar
Net Fixed Assets,	482	1146
Intangible Assets	0	44
Current Assets	120	317
Deferred Revenue	232	
Expenditure		
<b>Total</b>	<b>834</b>	<b>1507</b>

ice

pital.

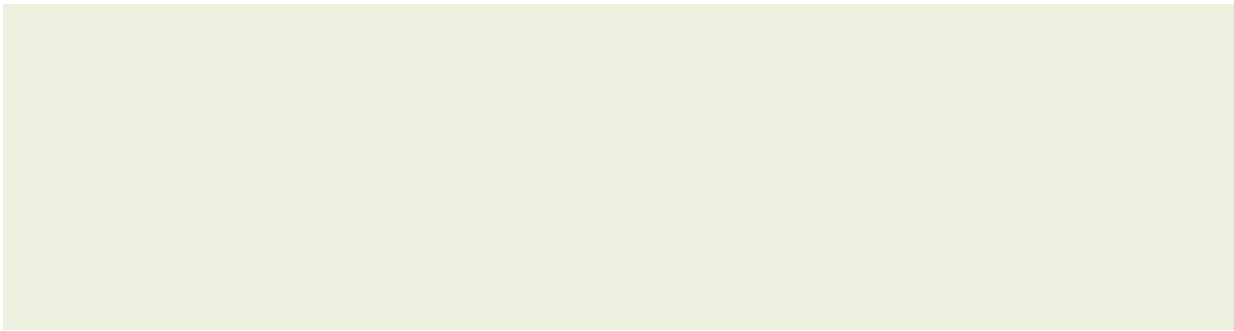
Demerger Reserve

Andaman's

it. A better way would be

obar.

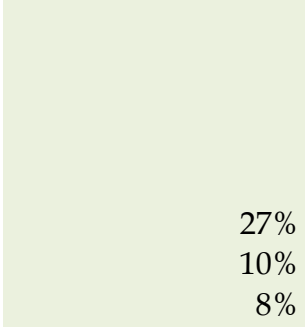




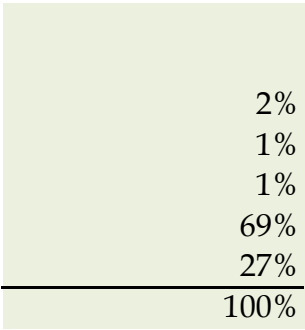
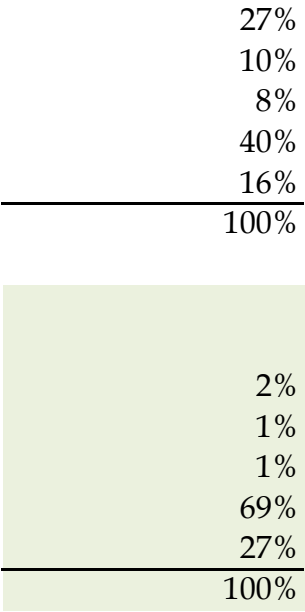
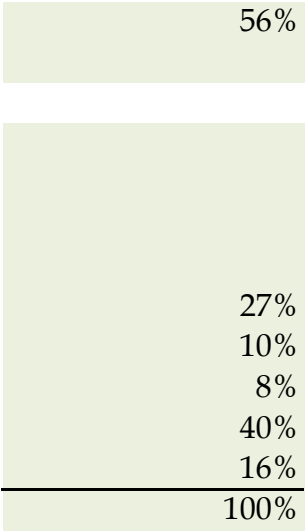
60%  
22%  
18%



72%  
28%



27%  
10%  
8%





	2%
	1%
	1%
	65%
	25%
	6%
	100%

	2%
	1%
	1%
	52%
	20%
	25%
	100%



Shares	Carona	Shares	Amount	
0	0.00%	0	50,000,000	
2,142,857	0.00%	0	150,000,000	
297,619	10.71%	892,857	400,000,000	
2,440,476	7.50%	892,857		

8,333,333

3,333,333

2,142,857

1,190,476

400,000,000

336

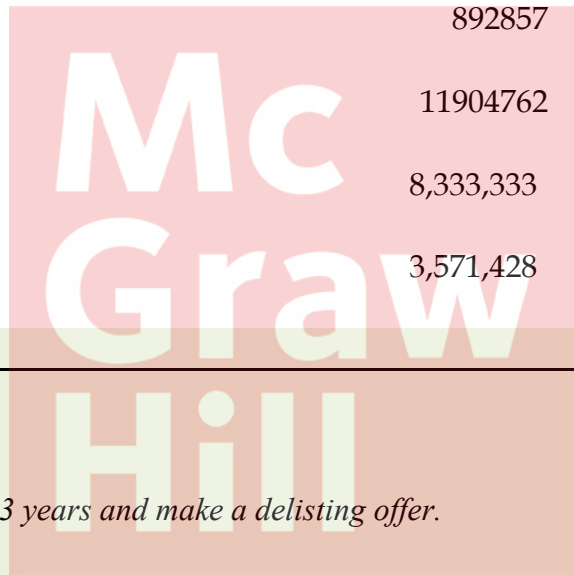
297619

892857

11904762

8,333,333

3,571,428



*After to wait for completion of 3 years and make a delisting offer.*

*Freeze out of all other investors through a delisting offer is the alternative strategy.*

---

1,500,000,000  
1,450,000,000

15,000,000,000  
14,500,000,000

3,000,000,000  
200,000,000  
811,300,000

550,000,000  
15,950,000,000

---

**20,511,300,000**  
**157.78**  
**6.24**

**0.50**  
**0.12**

---









I	
Parent company	39
Joe	8
Vimala	6
Donald	9
kamakshi	6
PE	32
II	
Parent company	35
Joe	12
Vimala	9
Donald	13
kamakshi	9
PE	22
III	
Parent company	40
Joe	11
Vimala	8

Donald	12
kamakshi	8
PE	22

IV

Parent company	44
Joe	10
Vimala	7
Donald	11
kamakshi	7
PE	22



Mc  
Graw  
Hill





**Mc  
Graw  
Hill**



**Mc  
Graw  
Hill**

**Mc  
Graw  
Hill**

**Mc  
Graw  
Hill**



Total %	Public	Shares	Total Shares
100.00%	0.00%	0	5,000,000
100.00%	0.00%	0	7,142,857
100.00%	0.00%	0	8,333,333
	30%	3,571,428	11,904,762

**Mc  
Graw  
Hill**

**Mc  
Graw  
Hill**



**Mc  
Graw  
Hill**

**Mc  
Graw  
Hill**

**Mc  
Graw  
Hill**

**Mc  
Graw  
Hill**

**Mc  
Graw  
Hill**

**Mc  
Graw  
Hill**

**Mc  
Graw  
Hill**

---