

Bharat's

Investment Banking

The First Step

Equities

Valuation

Fund
Raising

CA. Tapan Jindal

Bharat

A Note from the Author

After a series of rate cuts from the Federal Reserve, cheap money flooded the markets in the early 2000s. Investment banks were managing hot IPO and M&A throughout 2005, 2006 and early 2007. Businesses began spending money again. More companies were going public. More companies were spending money to acquire other companies. Emerging markets like China and India promised vast new banking opportunities. And investment banks were enjoying stronger revenues than they've had in years. Investment banking was the buzzword for campus placements in top B-Schools. Everything appeared to be right. But the credit crunch put a damper in mid-2007, which continued till end of 2008. What happened in 18 months of 2007 & 2008 was something that threatened to end the investment-banking era. 2007-2008 witnessed the period when investment bankers' party came to an end. Huge losses and write-offs to the tune of several billion dollars across the globe owing to the sub prime crisis put the brakes on investment banking industry. 2008 witnessed things going south with investment banks going insolvent, being taken over by their peers, being bailed out by the governments. Quite a few were laid off (*even I was a part of that recession and lost my job with Fidelity along with 30 more colleagues in early 2008*) and most of the lucky survivals received zero increments or zero bonuses that year.

But one has to bounce back from the low moments. The markets did in 2009 and continuing the trend in 2010, and so did I with starting first of my three ventures in 2008. Stock markets are back to levels of 2007. 2010 has made a promising start, with the flow of the deals activity in first 3 months of the year. Q1 March 2010 witnessed the highest first quarter activity since 2000, both in terms of number of deals and capital raised. While M&A activity showed signs of resilience in the year 2009, the overall conditions improved in the fourth quarter of 2009 and the trend continues in 2010 so far.

The recovery of investment banking industry has been as dramatic as its decline. Investment banks, which disappeared from campus recruitments in 2008-2009, are back in game. With number of deals touching new heights, the demand for the nurtured talent is on rise. The need for skilled professionals has always been there and will remain so in the long term. People normally relate investment banking either to investment in markets or some banking activity. However, investment

banking is something different. The intention of writing this book is to tell you what exactly investment banking is, how it started, what investment banks do, and then discussing in detail one of the valuation techniques used by investment banks to value a private or public company.

We hope this book will help establish a firm foundation for driving a brighter future in investment banking domain for the aspiring generations of investment banking professionals.

Thank You All!!

A special thanks to all those people, friends, colleagues, professionals who have contributed their time and shared their experiences and insights to help make this book possible. It is always inspirational to find people who are willing to give of themselves, particularly their time – a scarce commodity for most people today – to help make a difference to others.

Tapan Jindal

About the Author

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Preface

You wish to make big bucks quickly after your education and willing to work on deals that are making the prominent headlines in the financial press. You want to develop innovative ways to grow business and structure the deals that keep oiling the cogs of economy of your country. Perhaps a career in investment banking is for you.

*You Want to be an Investment Banker
but don't have any Idea what investment
banking is & what investment banks do?*

While all areas of finance are becoming more sophisticated, Investment banking remains a popular career choice among today's very best graduates, MBAs, CAs and CFAs. The competition to secure that all-important first foot in the door is intense. As you move out to start/develop a career in finance, we believe this book, 'Investment Banking – The First Step' to be your first step in your career in investment banking. The aim of this book is to offer the readers real insights into the world of investment banking and to give you the knowledge you need to stand out. Written and edited by investment bankers, it delivers the first level technical expertise and essential skills to jet start your career in investment banking.

20 September, 2010

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Contents at a glance

Chapter 1	The Origin of Investment Banking	21
Chapter 2	The Business of Investment Banks	33
Chapter 3	Equity Offerings & Exit	65
Chapter 4	Understanding the Financial Statements	97
Chapter 5	Valuation Overview	127
Chapter 6	Relative Valuation	137

CHAPTER 1

The Origin of Investment Banking

1.1	Introduction	23
1.2	The First Investment Banks	24
1.3	Investment Banking and Regulatory Environment	26
1.4	The Fall of Investment Banking	27
1.5	Investment Banking on Recovery Path	29

CHAPTER 2

The Business of Investment Banks

2.1	Introduction	33
2.2	What is Investment Banking?	34
2.2.1	Investment Banks v Commercial Banks	35
2.2.2	Investment Banks v Brokerage Firms and Broker-Dealers	35
2.3	How Investment Banks Break Down	35
2.4	Roles in an Investment Bank	38
2.5	An Investment Banking 2nd year Analyst's day	39

2.5.1	The Morning	39
2.5.2	The afternoon and Evening	39
2.5.3	The Late evening and night	39
2.6	What Investment Banks Do?	39
2.7	Structure of Investment Banks (Divisions of investment banks)	40
2.8	Functions of Investment Bank	41
2.8.1	Raising Capital	42
2.8.2	Sales and Trading of securities	42
2.8.3	Mergers & Acquisitions (M&A)	43
2.8.4	Research	44
2.9	Fund Raising via Private Equity Route	47
2.9.1	Private Equity Deal v Bought Out Deal	48
2.9.2	Private Equity Process followed by a PE firm	49
2.9.3	Private Equity Environment	50
2.10	Initial Public Offerings	54
2.10.1	Most Popular different mechanisms for completing an Initial Public Offering	55
2.10.2	IPO process Followed by a Company while going Public	56
2.10.3	Initial Public Offerings (IPO) Environment	58

CHAPTER 3

Equity Offerings & Exit

3.1	Instruments Involved in Equity Offerings	66
3.2	Parties Involved in Equity Offerings	67
3.3	Initial Public Offerings (IPO)	69
3.4	Conditions for an IPO	71
3.4.1	Mandatory Conditions for a 100% Retail Issue	71
3.4.2	Promoters Contribution	73
3.4.3	Firm Allotment and Reservations	73
3.4.4	Lock-in of Shares	74
3.4.5	Differential Pricing and Price Band	75
3.4.6	Other Requirements	75
3.5	The Stock Exchange Listing Agreement	76
3.5.1	Listing on BSE (Bombay Stock Exchange)	76
3.5.1.1	Listing Requirements for New Companies-Large Cap	76
3.5.1.2	Listing Requirements for New Companies-Small Cap	76
3.5.1.3	Listing Requirements for Already Listed on	

Other Stock Exchanges	77
3.5.2 Listing on NSE (National Stock Exchange)	77
3.6 Book Building IPO Process	78
3.7 Provisions for Book Building Issue	80
3.8 Online IPOs	81
3.9 Bought Out Deals	82
3.10 OTC Issues	83
3.11 Issues by Financial Institutions	85
3.12 Secondary Public Offerings	85
3.12.1 Eligibility to Make a Secondary Offer	86
3.12.2 Promoters' Contribution in Secondary Offerings	87
3.13 Delisting of Shares	88
3.13.1 Voluntary De-listing	88
3.13.2 Compulsory De-listing	89
3.13.3 De-listing Pursuant to a Rights Issue	89
3.13.4 Re-Listing	89
3.13.5 Different Exit Offers	90
Annexure	91

CHAPTER 4

Understanding the Financial Statements

4.1 Sourcing of Financial Statements	98
4.2 Location of Company Reports	99
4.3 Understanding Financial Statements	99
4.4 Balance Sheet	100
4.4.1 Asset Side of Balance Sheet	100
4.4.1.1 Current Assets	101
4.4.1.2 Property, Plant and Equipment (PPE)	102
4.4.1.3 Intangible Assets	102
4.4.1.4 Long Term Investments	103
4.4.1.5 Other Assets	103
4.4.2 Liabilities Side of Balance Sheet	103
4.4.2.1 Current Liabilities	103
4.4.2.2 Long Term Debt	105
4.4.2.3 Deferred Income Taxes	105
4.4.2.4 Minority Interest/Non-Controlling Interest	105
4.4.2.5 Shareholders' Equity	107
4.5 Income Statement	109
4.5.1 Net Sales	109

4.5.2	Cost of Sales/Cost of Goods Sold (COGS)	110
4.5.3	Gross Profit	110
4.5.4	Selling General & Admin Expenses (SG&A)	111
4.5.5	Depreciation and Amortization	111
4.5.6	Operating Income (EBIT)	112
4.5.7	Net Interest Expense/Income	112
4.5.8	Non-operating Income/Expenses	113
4.5.9	Income Taxes	113
4.5.10	Profit After Taxes (PAT)	113
4.5.11	Minority Interest	113
4.5.12	Preference Dividend	114
4.5.13	Net Profit for Equity Holders	114
4.6	Analyzing the Financial Statements	114
4.6.1	Working Capital	114
4.6.2	Current Ratio	115
4.6.3	Debt to Equity Ratio	116
4.6.4	Book Value Per Share (BVPS)	118
4.6.5	Earnings Per Share (EPS)	119
4.6.6	Debtors Days	120
4.6.7	Return on Equity (RoE)	121
	4.6.7.1 DuPont RoE Model/Strategic Profit Model	122

CHAPTER 5

Valuation Overview

5.1	Trading Comps/Relative Valuation	129
5.2	Deal Comps/Transaction Comps	130
5.3	Discounted Cash Flows (DCF Valuation)	131
5.4	Asset-based Valuation	132
5.5	Breakup Analysis	133

CHAPTER 6

RELATIVE VALUATION

6.1	Why Relative Valuation is Popular	139
6.2	Step-by-Step Approach for Company Comparable Analysis	139

6.2.1	Summary of Steps for trading Companies	139
6.3	Step I. Selection of Right Set of Peer Group Companies	144
6.4	Step II. Making the financials comparable of the target and peer group	146
6.4.1	Calculation of LTM Financials (LTM = Last twelve months)	146
6.4.2	Clean the reported financial numbers	148
6.5	Step III. Calculation of ratios and multiples	151
6.5.1	Enterprise Value	151
6.5.1.A	Market Capitalization	153
6.5.1.B	Total Debt	156
6.5.1.C	Minority Interest	157
6.5.1.D	Cash and Cash Equivalents (CCE)	157
6.5.1.E	Why Debt and Cash to be taken into consideration	157
6.5.2	Calculation of Key Multiples	158
6.5.2.1	Price to Earnings (P/E)	159
6.5.2.2	Price Earnings to Growth (PEG)	161
6.5.2.3	Price to Book Value Per Share (P/BV)	161
6.5.2.4	Enterprise Value to Sales (EV/Sales)	164
6.5.2.5	Enterprise Value to EBITDA (EV/EBITDA)	165
6.5.3	Benchmarking	165
6.6	Step IV. Determine Valuation of the Target	166
6.6.1	Valuation using EV/EBITDA multiple	166
6.6.2	Valuation using PE multiple	166
6.7	Conclusion	167