Problem 1: Pharmaceutical Industry – Branded Generics

Industry Context

The Indian pharmaceutical industry is dominated by branded generics, with firms valued based on earnings stability, scale, and operating efficiency. Relative valuation, using earnings and operating metrics, is widely adopted due to its predictable cash flows.

Industry Valuation Benchmarks

Valuation Multiple	Industry Average	Industry Median
P/E (x)	**28.0**	**26.5**
EV/EBITDA (x)	**18.5**	**17.8**
EV/Sales (x)	**6.2**	**5.9**
P/B (x)	**4.8**	**4.5**

Target Company: Alpha Pharma Ltd

- EBITDA: ₹1,250 crore
- Net Profit: ₹820 crore
- Revenue: ₹8,900 crore
- Book Value of Equity: ₹4,600 crore
- Net Debt: ₹900 crore
- Number of Shares Outstanding: 62 crore

Required

Using **both average and median multiples**, calculate:

1. Implied Enterprise Value
2. Implied Equity Value
3. Equity Value per Share

Problem 2: Information Technology Services Industry

Industry Context

The IT services industry is characterized by asset-light operations, export revenues, and high margins. Relative valuation relies heavily on earnings and sales multiples.

Industry Valuation Benchmarks

Valuation Multiple	Industry Average	Industry Median
P/E (x)	**24.0**	**22.5**
EV/EBITDA (x)	**16.2**	**15.6**
EV/Sales (x)	**4.9**	**4.6**
P/B (x)	**6.5**	**6.1**

Target Company: TechNova Solutions Ltd

- EBITDA: ₹980 crore
- Net Profit: ₹720 crore
- Revenue: ₹7,400 crore
- Book Value of Equity: ₹3,200 crore
- Net Debt: **–₹300 crore (Net Cash)**
- Number of Shares Outstanding: 48 crore

Required

Estimate:

1. Implied Enterprise Value
2. Implied Equity Value
3. Equity Value per Share using all four valuation multiples.

Problem 3: Automobile Manufacturing Industry

Industry Context

Automobile manufacturers operate in a capital-intensive environment with cyclical demand. Relative valuation often emphasizes operating metrics and book value.

Industry Valuation Benchmarks

Valuation Multiple	Industry Average	Industry Median
P/E (x)	**19.5**	**18.0**
EV/EBITDA (x)	**12.8**	**12.2**
EV/Sales (x)	**1.9**	**1.8**
P/B (x)	**2.6**	**2.4**

Target Company: Velocity Motors Ltd

- EBITDA: ₹2,400 crore
- Net Profit: ₹1,300 crore
- Revenue: ₹42,000 crore
- Book Value of Equity: ₹11,500 crore
- Net Debt: ₹6,200 crore
- Number of Shares Outstanding: 95 crore

Required

Compute implied:

- Enterprise Value
- Equity Value
- Equity Value per Share using industry multiples.

Problem 4: Fast-Moving Consumer Goods (FMCG) Industry

Industry Context

FMCG companies enjoy strong brand power, stable margins, and predictable demand. Valuations are typically premium-driven and earnings-focused.

Industry Valuation Benchmarks

Valuation Multiple	Industry Average	Industry Median
P/E (x)	42.0	40.5
EV/EBITDA (x)	26.5	25.8
EV/Sales (x)	8.4	8.0
P/B (x)	9.2	8.8

Target Company: FreshBasket Consumer Ltd

- EBITDA: ₹1,050 crore
- Net Profit: ₹720 crore
- Revenue: ₹12,800 crore
- Book Value of Equity: ₹3,100 crore
- Net Debt: ₹450 crore
- Number of Shares Outstanding: 38 crore

Required

Determine:

1. Implied Enterprise Value
2. Implied Equity Value
3. Equity Value per Share

Problem 5: Renewable Energy – Solar Power Generation

Industry Context

Renewable energy firms are capital-intensive with long-term revenue visibility. EV-based multiples dominate valuation due to leverage and asset-heavy structures.

Industry Valuation Benchmarks

Valuation Multiple	Industry Average	Industry Median
P/E (x)	30.0	28.0

Valuation Multiple	Industry Average	Industry Median
EV/EBITDA (x)	**14.5**	**13.8**
EV/Sales (x)	**7.2**	**6.9**
P/B (x)	**3.4**	**3.2**

Target Company: GreenVolt Energy Ltd

- EBITDA: ₹680 crore
- Net Profit: ₹410 crore
- Revenue: ₹4,800 crore
- Book Value of Equity: ₹5,200 crore
- Net Debt: ₹3,600 crore
- Number of Shares Outstanding: 72 crore

Required

Using relative valuation:

- Estimate Enterprise Value
- Derive Equity Value
- Compute Equity Value per Share