

Valuation of Public Sector Enterprises

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Introduction

Over the last three decades, one of the major government reforms for the Central Public Sector Enterprises (CPSEs), considered as backbone of the Indian economy, focused on creating highly competitive, giant organizations through restructuring that do not depend on the government for budgetary support, rather generate funds for reducing gaps in the fiscal deficit. Financial Year 2017 was a year of overhauling for the CPSEs through disinvestment or listing of shares on various stock exchanges, stake sale to private owners, mergers and acquisitions and a string of public sector IPOs.

HAL opened its shares for subscription on March 16, 2018 and closed on March 20, 2018, with a public offering price band of ₹ 1,215 to ₹ 1,240 apiece. With this issue government diluted 10.20 per cent, giving a discount of ₹.25 per share to retail investors, amounting to ₹.4200 crores (with over all subscription at 0.99 per cent and LIC at 60 per cent, the highest qualified institutional subscriber). SBI Capital Markets and Axis Capital are the bankers for the public offer. The success trend continued in 2018, defence CPSE, Midhani opening its shares for subscription on March 20, 2018 and closed on March 23, 2018, with a public offering price band of ₹ 87.00 to ₹ 90.00 apiece with a face value of ₹ 10.00 each. With this issue Government diluted 26.00 per cent and this was oversubscribed by 1.21 times on the last day of the bidding process. As precedence, overwhelming response to the six IPOs of CPSEs within just three months, of January to March 2004, indicated the confidence institutional buyers as well as retail investors have in Central Public Sector Enterprises matching with the current scenario.

The CPSEs have come out with Exchange Traded Funds comprising of ten CPSEs which were managed by Reliance Mutual Fund during March 2017 by Further Fund Offering (FFO), were oversubscribed by 7.5 times on day one.

The government will continue to use ETF as a vehicle for further disinvestment of shares. Accordingly, a new ETF launch was planned with diversified CPSE stocks and other Government holdings 2017-18. In the above scenario it is essential to understand the intricacies of Valuation.

Programme Objectives

- To deliberate emerging issues in Public Sector Enterprise Valuation
- To discuss various concepts in Valuation.
- To enhance the experience in using various valuation models.

Programme Content

- ✓ Introduction to Valuation
- ✓ Equity Valuation Models
- ✓ Economic Value Added
- ✓ Market Value Added
- ✓ Total Value Added
- ✓ Regulatory and reporting framework

Target Group

This course is designed for working professions engaged in the field of corporate finance at public sector enterprises, officers of public sector banks, business owners, project managers, heads of divisions/functions and other prospective participants including research analyst, researchers from academia and academicians.