

→ Valuation of Digital Platforms

CA Coaching Industry



Market portals



Eg:- Zeroby → founded in 2015
→ 2016 raised 401 @ for 10%
(Post money valuation)

CA foundation passed → 25,000 Students

80% of them will take tuitions for CA Enter = 20,000 Students

Avg fee for CA Enter = 50,000

Enter Fees = 100 crore

December attempt = $3 \times 100 \text{ cr} = 300 \text{ cr}$

Foundation = 4 times = 400 cr } for 1 year
Final = 400 cr

~~400 cr~~ ~~2400 cr~~ ~~3000 cr~~ $\approx 2500 \text{ cr}$

Total Addressable market / Serviceable Accessible Market = ~~3000~~ ²⁵⁰⁰ cr

Zeroby Revenue = 25 cr

Market Share = ~~0.5%~~ 1%

Commission = 25% [Income]

Advt Expense = 10%

Other expense = 5%

EBIT Margin = 10% of Sales

EBIT = 2.5 crore

Tax rate = 25%

NOPAT = 1.875 crore

→ Assuming as FCFF

$g = 10\%$ P.a forever
 $k_c = 15\%$

Value as per GGM = $\frac{ECFF_1}{k_c - g} = \frac{1.875 \times 1.1}{0.15 - 0.10}$

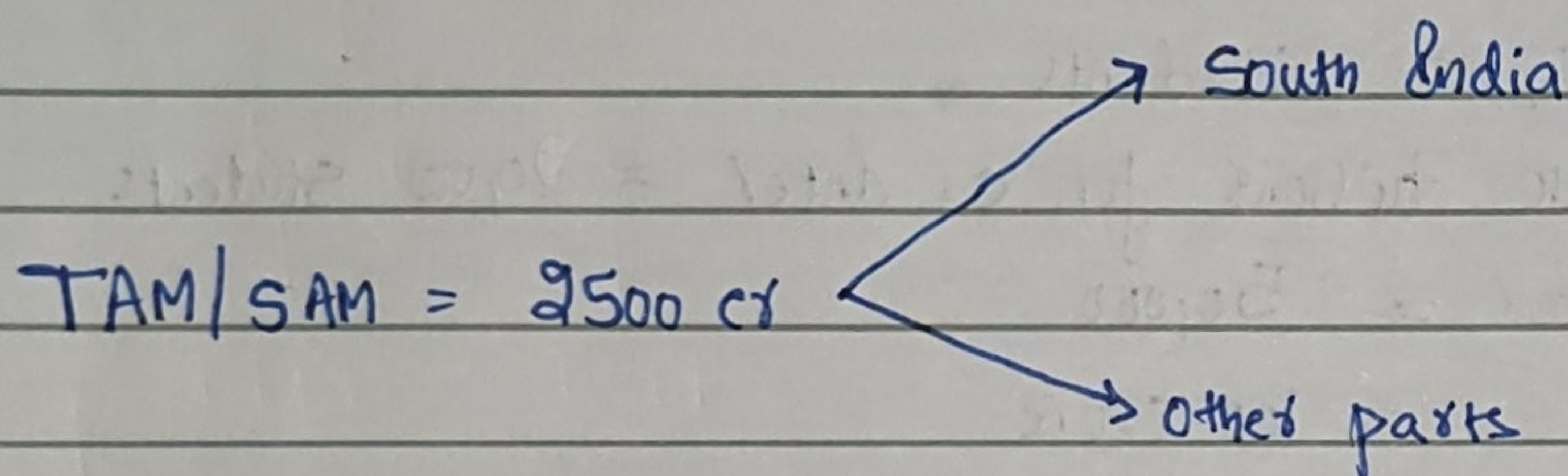
$E.V. = 41.25 \text{ cr}$

$+ \text{Cash balance} = 2 \text{ cr}$

$- \text{Debt} = 0 \text{ cr}$

Value of Equity = 43.25 cr

So 40 lakh became 4.325 cr in 7-8 years



→ Digital platform

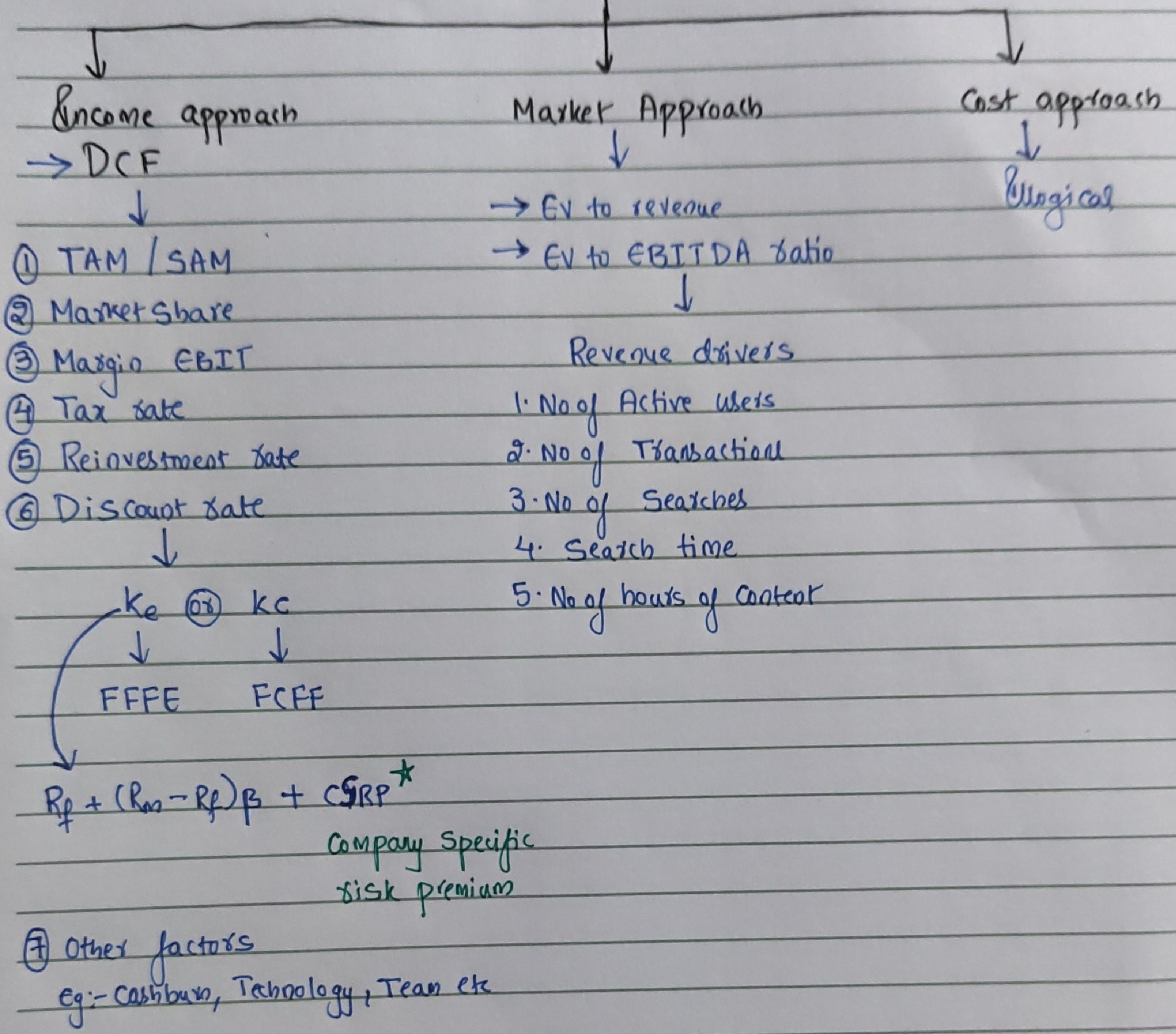


Online Infrastructure
 Software based
 Network effect

Types :-

1. Repository → youtube, Spotify
2. Market place → Zomato, Amazon, Zomato, Alibaba
3. Search Engine → Google, Bing, Baidu
4. Digital community → FB, Instagram
5. Digital Communication → whatsapp, Telegram
6. Payments platforms → Paytm, GPay

Approaches



→ Other theory topics [Professional / consultancy firms, Impact of ESG on valuation] are covered later