IPO INSIGHTS DECK

IPO Valuation:
What Investors Really Look At

Metrics, KPIs and Peer Benchmarking that Drive Investor Decisions

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Financial Metrics Drive the Starting Point

Investors analyse financial health before assigning any valuation multiple

Revenue & Growth

- Revenue growth rate & market share expansion are primary filters
- Consistent topline growth signals scalability and demand strength
- High growth often attracts a premium over current earnings

Profitability Metrics

- EBITDA margins indicate operating efficiency at scale
- PAT margins reflect true bottom-line performance post-tax
- ROE & ROCE measure capital deployment quality

Cash Flow Quality

- Operating cash flows signal real earnings quality beyond accounting profits
- Free cash flow generation capacity is a key premium driver
- Working capital efficiency affects cash conversion cycles

KPIs: The New Age Valuation Driver

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Investors assess future growth potential through operational KPIs beyond financial statements

Key KPI Categories

SaaS / Technology: ARR, NRR, Churn Rate, CAC/LTV

E-Commerce / Marketplace: GMV, Order Book, Take Rate

Real Estate / Hospitality: Occupancy Rate, RevPAR, Bookings

Manufacturing / Infra: Capacity Utilisation, Order Book, Backlog

NBFC / Fintech: AUM Growth, GNPA, Credit Cost, NIM

Why Strong KPIs Drive Premium Multiples

Forward-Looking Signal
KPIs indicate future trajectory when historical financials are still maturing

Justifies Premium Pricing
Strong KPIs allow companies to command higher multiples than peers

Verifiable & Industry-Specific
Investors prefer KPIs that are measurable, benchmarkable, and sector-relevant

Relative Valuation & Peer Benchmarking

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Valuation is a story of comparison — not just absolute calculation

Key Valuation Multiples Used in IPO Benchmarking

P/E
Price-to-Earnings

Most widely used for profitable companies. Compared against sector peers to assess richness or discount.

EV/EBITDA
Enterprise Value

Capital-structure neutral. Preferred for asset-heavy businesses and cross-border comparisons.

P/S
Price-to-Sales

Used for high-growth, pre-profit companies. Captures revenue scale and market positioning.

KPI-Based
Multiples

EV/ARR, EV/GMV, Price/AUM — applied for sector-specific, new-age businesses.

What Drives Valuation Premiums & Discounts?

- Superior growth profile and market leadership command premiums over sector median
- Operating metrics that outpace peers translate directly into richer multiples at listing
- Companies with governance gaps or opaque structures typically trade at a discount to sector peers

IPO Valuation Checklist for Management

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Financial Performance + KPI Strength + Governance + Future Visibility = Premium IPO Valuation

✓ Management Checklist

Q1 Is our growth trajectory sustainable?
Identify drivers of growth and document their repeatability

Q2 Are our KPIs industry-leading & verifiable?
Ensure KPIs are auditable, benchmarkable, and disclosed consistently

Q3 How do we compare with listed peers?
Build a peer set analysis on P/E, EV/EBITDA and KPI-based multiples

Q4 Does our equity story support future growth?
Investors pay for future value creation, not just historical results

★ What Creates a Premium Valuation?

- **Management Quality & Execution Track Record**
- **Large, Underpenetrated Industry Opportunity**
- **Scalable Business Model & Competitive Moat**
- **Strong Governance, Board & Transparency**