### A STUDY ON

**VALUATION OF BUSINESS MODELS AT YESSES ANODIZING INDUSTRIES PRIVATE LTD.., ANANTHAPUR (DIST), A.P**

***Submitted***

## In partial fulfillment of the requirements for the award of the degree of

### MASTER OF BUSINESS ADMINISTRATION

**In**

**JNTUA SCHOOL OF MANAGEMENT STUDIES**

**BY**

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### SCHOOL OF MANAGEMENT STUDIES JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY

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**SCHOOL OF MANAGEMENT STUDIES**

**BONAFIDE CERTIFICATE**

This is to certify that the project report, entitled **" A Study On Valuation of Business Models at Yesses Anodizing Industries Private Ltd.”** submitted to the **SCHOOL OF MANAGEMENT STUDIES, JAWAHARLAL NEHRU TECHNOLOGICAL**

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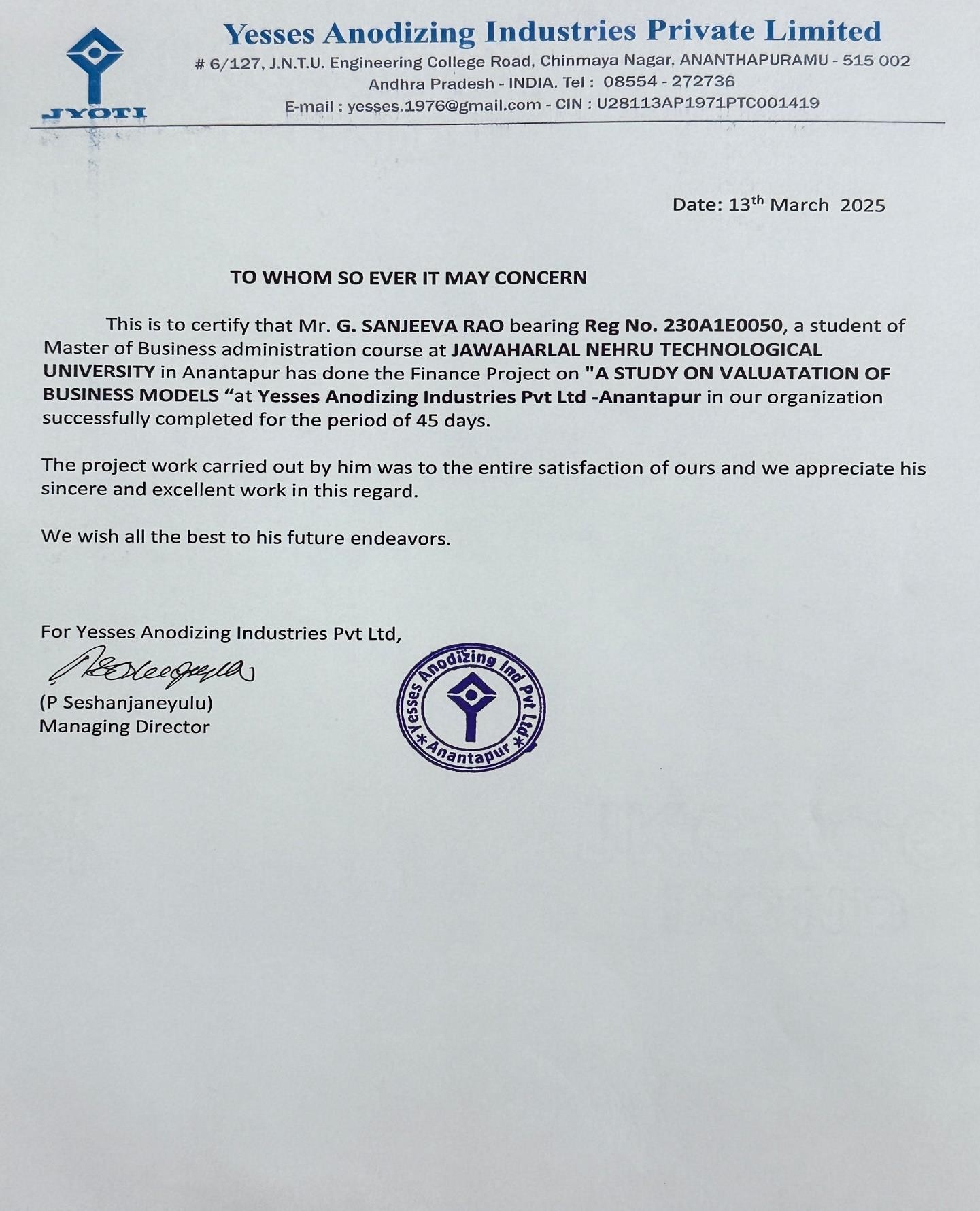
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# A STUDY ON VALUATIONS OF BUSINESS MODELS

**A STUDY ON VALUATION OF BUSINESS MODELS AT YESSES ANODIZING PVT LTD**

# DECLARATION

I hereby declare that the project report entitled “**A STUDY ON VALUATION OF BUSINESS MODELS AT YESSES ANODIZING INDUSTRIES PRIVATE LTD.,**

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# ABSTRACT

Business valuation is a fundamental process used to determine a company's economic worth, aiding in investment decisions, mergers, acquisitions, and strategic financial planning. This study explores various models for business valuation, focusing on their application at **Yesses Anodizing Industries Pvt. Ltd.** It covers key valuation methodologies, including the **Discounted Cash Flow (DCF) Method** and the **Book Value Method**, to assess the company's financial position and growth potential.

The study analyses financial performance over a five-year period (2018–2023), considering factors such as revenue trends, operational efficiency, and industry dynamics. Additionally, it examines **market conditions, competitive positioning, and risk factors** influencing valuation outcomes. By leveraging financial models, businesses can gain insights into their true worth and make informed financial decisions.

The report also highlights the challenges associated with business valuation, including market fluctuations, data limitations, and selecting the most suitable valuation method. As financial markets evolve, the integration of **technology, AI, and data analytics** is transforming valuation processes, improving accuracy and efficiency. This study aims to provide a comprehensive understanding of business valuation principles, helping companies optimize financial strategies and enhance long-term sustainability.

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CHAPTER 1 INTRODUCTION

### INTRODUCTION TO BUSINESS VALUATION

Business valuation is the process of determining the economic worth of a company using various financial models and methodologies. It is a critical aspect of financial decision-making, influencing investment decisions, mergers and acquisitions, and strategic planning. Whether for start-ups, established businesses, or distressed firms, valuation helps stakeholders understand a company’s financial health and future potential.

The valuation process considers multiple factors, including assets, liabilities, earnings, and market position. Financial models play a key role in structuring and analysing these components to derive a fair value estimate. These models are built using historical financial data, industry benchmarks, and future projections to arrive at a logical valuation figure.

Various stakeholders, including investors, creditors, and business owners, rely on valuation for different purposes. Investors use valuation to assess the potential return on investment (ROI), while creditors evaluate a company’s ability to meet its financial obligations. Business owners, on the other hand, use valuation for succession planning, fundraising, or restructuring.

There is no single correct way to value a business. Instead, multiple approaches are used, depending on the nature of the business and its financial structure. Some of the most commonly used financial models include discounted cash flow (DCF), comparable company analysis (CCA), and precedent transaction analysis (PTA). Each of these models offers a unique perspective on a company's worth.

This document provides an in-depth understanding of business valuation using financial models, exploring their importance, applications, influencing factors, and challenges. As financial markets continue to evolve, the methodologies used for valuation are also becoming more sophisticated, integrating advanced technology and data analytics for enhanced accuracy.

### IMPORTANCE OF BUSINESS VALUATION

Business valuation is essential for multiple reasons, serving as a foundation for critical financial decisions. For investors, it helps assess the profitability and risk associated with an investment. By determining the fair value of a company, investors can compare opportunities and allocate capital effectively.

For business owners, valuation plays a vital role in strategic decision-making, including mergers, acquisitions, and divestitures. An accurate valuation helps businesses negotiate better deals, attract investors, and plan for future growth. Additionally, companies looking to secure loans or issue shares must undergo valuation to determine their financial strength and borrowing capacity.

Start-ups and high-growth companies often rely on business valuation to raise capital. Investors, particularly venture capitalists and private equity firms, use valuation to determine the stake they should acquire in a company. A well-structured financial model enables start- ups to present a compelling case to investors by demonstrating potential revenue, profitability, and market expansion strategies.

Valuation also plays a critical role in regulatory compliance, taxation, and litigation. Governments and tax authorities require businesses to report their financial status accurately, ensuring compliance with tax laws. Additionally, business valuation is crucial in legal disputes, such as shareholder disagreements, divorce settlements, and bankruptcy proceedings.

Overall, business valuation is more than just a financial exercise; it is a strategic tool that provides insights into a company’s financial health, risk profile, and growth potential. With accurate valuation models, businesses can make informed decisions that drive long-term success and sustainability.

### OBJECTIVES OF BUSINESS VALUATION

Primary Objectives of Business Valuation (Brief)

#### Investment Analysis:

* + - * Helps investors assess intrinsic value, growth potential, and risks.
      * Uses metrics like DCF, P/E ratio, and EV/EBITDA for decision-making.

#### Mergers and Acquisitions (M&A):

* + - * Determines fair value for negotiations.
      * Identifies synergies and justifies acquisition prices.
      * Uses methods like CCA and PTA.

#### Financial Reporting:

* + - * Ensures compliance with IFRS, GAAP, and Fair Value Measurement (IFRS 13).
      * Supports impairment testing (IAS 36) and transparent financial statements.

#### Legal and Taxation Purposes:

* + - * Used for estate planning, divorce settlements, and taxation (capital gains, gift, and property tax).
      * Ensures fair asset valuation for legal and tax compliance.

#### Business Strategy:

* + - * Aids in financial planning, fundraising, restructuring, and competitive benchmarking.
      * Helps companies make informed strategic decisions to enhance profitability.

### VALUATION APPROACHES

Valuing a business is crucial for investment decisions, mergers and acquisitions, financial reporting, and strategic planning. There are seven widely recognized valuation approaches, each with its methodologies and use cases. These can be broadly categorized into income- based, market-based, and asset-based approaches**.**

### INCOME-BASED APPROACH:

This approach is also known as Discounted Cash Flow Valuation, where the value is determined by discounting future cash flows to the present using a required rate of return. The income-based business valuation approach is based on the future income to be generated by a company. According to this approach a company can only create value as long as it generates cash in the future. Therefore, the present value of a company is determined by the present value of the cash flows of that company generated in the future.

The income based business valuation approach is based on the expected future cash flows of the company.

In the income-based approach, it is taken into account of the company’s future expectations. There-fore, it is argued that this approach gives more accurate picture of a business’ true value. However, it is difficult to calculate and is based on many projections. Because the calculations are mostly based on projections and predictions, the probability of biases increase due to the human factors.

#### Discounted Cash Flow (DCF) Approach Concept:

DCF valuation is based on the present value of expected future cash flows generated by the business. The idea is that the intrinsic value of a business is the sum of its future cash flows discounted to their present value using an appropriate discount rate.

#### Steps Involved:

* + **Project Future Cash Flows** – Estimate the company’s free cash flows for a forecast period (typically 5-10 years).
  + **Determine a Terminal Value** – Since a business is expected to operate beyond the forecast period, a terminal value is calculated using either:

#### Gordon Growth Model (Perpetuity Growth Method)

* + - **Exit Multiple Method**
  + **Select a Discount Rate** – This is usually the Weighted Average Cost of Capital (WACC).
  + **Discount Future Cash Flows to Present Value** – Use the discount rate to bring all projected cash flows and terminal value to the present value.
  + **Calculate the Enterprise or Equity Value** – Sum the present values to determine the business’s total worth.

#### Best Used When:

* + The business has predictable and stable cash flows.
  + Suitable for growth-stage or mature companies.

#### Contingent Claim Valuation (Real Options Approach) Concept:

This method is used when a company has options for strategic decisions, such as delaying investments, expanding operations, or abandoning projects. It applies option pricing models like Black-Scholes **or** Binomial Tree Models**.**

#### Steps Involved:

* + **Identify the Real Option** – This could be the option to expand, delay, or abandon a project.
  + **Estimate Option Value Using Financial Models** – Apply real options pricing techniques.
  + **Incorporate into Overall Valuation** – The value derived is added to other valuation approaches.

#### Best Used When:

* + The business has high uncertainty in future cash flows.
  + Common in industries like technology, pharmaceuticals, and natural resources.

### MARKET BASED APPROACH:

This approach is also known as relative valuation. In this approach, the value of the business is obtained by the comparison of the business with similar-class businesses and securities sold in the market. In other words, the real market values are examined to figure out what your business value is. The basis of market-based valuation is the assumption that similar assets will be traded at similar prices in efficient market conditions. Multiples (comparable) are used to obtain business value. There are several multiples within the Market Approach. When there are a sufficient number of similar businesses/assets/securities in the market the possibility to work well of this approach increases.

Although, this approach is simple and uses real market data, it sometimes might be difficult to find similar data. In addition, it is a difficult task to figure out if it is really similar and identified company or not. It is also sometimes very difficult to find enough comparable businesses according to subject business. Therefore, this approach is not flexible. The expectations for the future of the companies and therefore related risks are also not fully included in this approach. The market based business valuation approach is based on the comparables in the market.

#### Comparable Company Analysis Concept:

This method values a company by comparing it to similar publicly traded companies based on valuation multiples derived from financial metrics.

#### Steps Involved:

* + **Identify Comparable Companies** – Select similar companies based on industry, size, and growth characteristics.
  + **Determine Valuation Multiples** – Commonly used multiples include:
    - **EV/EBITDA** (Enterprise Value to EBITDA)
    - **P/E Ratio** (Price to Earnings)
    - **EV/Sales** (Enterprise Value to Sales)
  + **Apply the Multiples to the Target Company** – Use the median or average multiple from the peer group and apply it to the target company's financials.
  + **Calculate the Implied Valuation** – This gives a range of possible values based on market sentiment.

#### Best Used When:

* + The company operates in a well-established industry with many publicly traded peers.
  + Suitable for benchmarking valuation in IPOs or M&A deals.

#### Precedent Transaction Analysis Concept:

This method values a business by analysing past M&A transactions of similar companies. It assumes that past deal prices reflect fair market value.

#### Steps Involved:

* + **Identify Comparable Transactions** – Find similar businesses that were recently acquired or merged.
  + **Extract Deal Multiples** – Common multiples include:

### EV/EBITDA

#### EV/Revenue

* + - **P/E Ratio**
  + **Apply the Multiples to the Target Company** – Use the median multiple from past deals and apply it to the target company's financials.
  + **Adjust for Market Conditions** – Consider economic factors, industry trends, and deal- specific factors.

#### Best Used When:

* + Valuing a company for an acquisition or merger.
  + Provides insights into what acquirers have paid for similar businesses.

#### Market Capitalization Approach Concept:

For publicly traded companies, market capitalization is a simple measure of business value, calculated as:

Market Cap = Share Price ×Total Outstanding Shares

#### Steps Involved:

* + **Determine Current Share Price** – Use the latest stock market price.
  + **Find the Number of Outstanding Shares** – Obtain this from financial reports.
  + **Multiply to Get Market Value** – The result is the total value of the equity portion of the business.

#### Best Used When:

* + The company is publicly traded.
  + Market sentiment plays a crucial role in valuation.

### ASSET BASED APPROACH:

The basis of asset based approach depends on the assets and the liabilities of the company’s balance sheet. The value of a company consists of assets and liabilities within the scope of this approach. The equity value is obtained by reducing total value of the company’s liabilities from the total value of the company’s assets. The proponents of this approach argue that an accounting-based company value estimate gives more accurate results than valuation models based on all predictive assumptions for the future. Indeed, the balance sheet elements give general picture of business value. However, it is not enough to give complete and accurate picture. This approach is based on accounting records. Since it is a static valuation method, it does not take into account the future expectation of the company, the company’s situation in the sector, the future cash flows and the factors that are not reflected in the accounting tables such as the agreements made by the company.

The asset based business valuation approach depends on total up all the value of company assets. The asset based business valuation approach is based on the principle that total value of all assets of the company.

#### Asset-Based Valuation Concept:

This method values a company based on the net worth of its assets minus liabilities. It considers either **book value** or **fair market value** of the assets.

#### Types of Asset-Based Approaches:

* **Book Value Method** – Uses historical costs recorded on the balance sheet.
* **Liquidation Value Method** – Values assets at the amount that could be realized in a forced sale scenario.
* **Replacement Cost Method** – Estimates the cost to replace assets at current market prices.

#### Steps Involved:

* **List all Assets and Liabilities** – Identify all tangible and intangible assets.
* **Adjust for Market Value** – Update asset values based on fair market conditions.
* **Calculate Net Asset Value** – Assets minus liabilities give the intrinsic value of the company.

#### Best Used When:

* The company has significant tangible assets (e.g., real estate, manufacturing).
* Common for liquidation scenarios and distressed businesses.

#### Cost Approach Concept:

The cost approach values a business based on the cost required to recreate or replace it. It assumes that a rational buyer will not pay more than the cost of starting a similar business.

#### Steps Involved:

* **Determine the Cost of Rebuilding the Business** – This includes infrastructure, technology, patents, human capital, and regulatory costs.
* **Adjust for Depreciation and Obsolescence** – Account for the loss of value over time.
* **Add a Profit Margin for Business Operations** – Consider the expected return required for an investor.

#### Best Used When:

* Valuing start-ups with limited earnings history.
* Companies with unique intellectual property or infrastructure.

### KEY FINANCIAL MODELS FOR BUSINESS VALUATION

There are several financial models used for business valuation, each with its own methodology and application. These models help assess a company's intrinsic value, market position, and financial stability. The three most commonly used financial models for business valuation are:

#### Discounted Cash Flow (DCF) Model

The DCF model is based on the principle that the value of a business is equal to the present value of its future cash flows. This method discounts expected future cash flows using a discount rate that reflects the company’s risk profile and cost of capital. The DCF model is widely used because it provides an intrinsic valuation independent of market fluctuations.

#### Book Value Method

The **Book Value Method** is a fundamental approach used in **business valuation** to determine the worth of a company based on its recorded financial statements. It calculates the value of a business based on the net asset value (NAV) recorded in the balance sheet.

#### Formula:

Book Value=Total Assets−Total Liabilities Where:

* + **Total Assets** include all tangible and intangible assets recorded on the company's balance sheet.
  + **Total Liabilities** include all debts and obligations of the company.

#### Comparable Company Analysis (CCA)

CCA evaluates a company’s value by comparing it with similar publicly traded companies. It involves analysing key financial metrics such as revenue, earnings, and price-to-earnings (P/E) ratios. Investors use CCA to determine how the market values businesses within the same industry, offering a relative valuation approach.

#### Precedent Transaction Analysis (PTA)

This model assesses a company’s value based on past transactions involving similar companies. It considers acquisition prices, deal structures, and industry trends to establish a fair market value. PTA is particularly useful in mergers and acquisitions, helping businesses negotiate fair prices based on historical data.

Other financial models, such as asset-based valuation and earnings multiples, are also used depending on the nature of the business and industry standards. Selecting the appropriate valuation model is crucial to obtaining an accurate and reliable estimate of a company’s worth.

### FACTORS INFLUENCING BUSINESS VALUATION

Valuing a business is a complex process influenced by multiple factors that affect its perceived worth. Investors, analysts, and stakeholders consider various internal and external elements to determine the fair value of a business. These factors influence different valuation approaches, such as Discounted Cash Flow (DCF), Comparable Company Analysis (CCA), and Asset- Based Valuation. Below is a detailed discussion of the key factors affecting business valuation.

#### Revenue & Profits Impact on Valuation

Revenue and profitability are key indicators of a company’s financial health and growth potential. Investors analyse revenue trends and profit margins to assess a business's ability to generate sustainable earnings. Higher revenues and strong profitability typically lead to higher valuations.

#### Key Metrics:

* + **Revenue & Growth Rate** – Indicates demand, market position, and scalability.
  + **Profit Margins** – Gross, operating, and net profit margins reflect cost efficiency and profitability.
  + **Earnings Per Share (EPS)** – Measures profitability per share, influencing investor sentiment.
  + **EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization)** – A proxy for cash flow from operations, important for valuation models.

**Impact on Valuation Models:**

### DCF:

* + - Revenue growth and profitability impact projected cash flows.
    - Higher revenues lead to increased **free cash flow (FCF)**, raising DCF valuation.
    - Unstable revenue or declining profits may lower future cash flows, reducing valuation.

#### Book Value:

* + - Revenue and profits have minimal direct impact as book value is based on

#### historical accounting records.

* + - Profits only affect book value if retained and reinvested into company assets.
    - High revenue businesses with low asset bases.

#### Market Conditions Impact on Valuation

External economic and industry trends significantly influence business valuation. Economic expansion leads to higher valuations, while recessions can negatively impact value.

#### Key Market Factors:

* + **Industry Trends:** Growing industries attract higher valuations due to future potential.
  + **Economic Conditions:** Inflation, interest rates, and GDP growth affect investor sentiment and capital availability.
  + **Investor Sentiment:** Market optimism or pessimism impacts stock prices and investment inflows.

#### Impact on Valuation Models:

* + **DCF:** Affects risk assessment, cost of capital, and future cash flow assumptions.
  + **Book Value:** Minimal impact since market trends do not alter historical asset values.

#### Discount Rate & Cost of Capital Impact on Valuation

The discount rate, typically the **Weighted Average Cost of Capital (WACC)**, is crucial in the DCF model. A higher discount rate reduces the present value of future cash flows, lowering valuation.

#### Components of WACC:

* + **Cost of Debt:** Higher interest rates increase risk.
  + **Cost of Equity:** Market risk premium and beta affect required returns.

#### Impact on Valuation Models:

* + **DCF:** Higher discount rates lower valuation.
  + **Book Value:** Not applicable.

#### Growth Potential Impact on Valuation

Businesses with strong future growth prospects are valued higher, as they promise better returns on investment.

#### Key Growth Indicators:

* + Expansion into New Markets
  + Product Development & Innovation
  + Strategic Acquisitions & Partnerships

#### Impact on Valuation Models:

* + **DCF:** Growth rate assumptions impact future cash flows.
  + **Book Value:** Growth potential is not considered.

#### Asset Base & Liabilities Impact on Valuation

Companies with strong tangible and intangible assets hold higher valuations, while excessive liabilities decrease valuation.

#### Key Asset Considerations:

* + **Tangible Assets:** Real estate, equipment, and inventory.
  + **Intangible Assets:** Patents, trademarks, and goodwill.
  + **Debt Levels:** High leverage reduces net valuation.

#### Impact on Valuation Models:

* + **DCF:** Considered indirectly through cash flows.
  + **Book Value:** Directly impacts valuation as assets and liabilities are key components.

#### Intangible Assets & Intellectual Property Impact on Valuation

Businesses with strong intangible assets often command premium valuations.

#### Key Intangible Assets:

* + Brand Recognition
  + Customer Relationships
  + Proprietary Technology & Patents

#### Impact on Valuation Models:

* + **DCF:** Included if they contribute to future cash flows.
  + **Book Value:** Generally ignored or undervalued.

#### Debt Levels Impact on Valuation

Debt financing affects a company’s risk profile, cost of capital, and overall valuation. While debt can help businesses expand, excessive leverage increases financial risk, impacting investor confidence and valuation models.

#### Key Metrics:

* + **Debt-to-Equity (D/E) Ratio** – Measures financial leverage; a high ratio indicates higher risk.
  + **Interest Coverage Ratio** – Shows ability to pay interest obligations; low values suggest financial distress.
  + **Debt-to-EBITDA Ratio** – Compares debt levels to earnings before interest, taxes, depreciation, and amortization; higher ratios indicate greater risk.
  + **Leverage Ratio** – Assesses a company's reliance on borrowed funds.

**Impact on Valuation Models:**

### DCF:

* + - Higher debt increases the company’s risk, leading to a higher discount rate (**WACC – Weighted Average Cost of Capital**).
    - Increased financial risk can lower valuation due to potential bankruptcy concerns.
    - Moderate debt can enhance valuation due to **tax benefits** (interest expense deductions).

#### Book Value:

* + - Debt is a **direct liability** and reduces book value.
    - High debt levels can lead to negative book value (if liabilities exceed assets).
    - Book value does not reflect the **cost of debt financing**, making it a limited measure of financial health.

|  |  |  |
| --- | --- | --- |
| **Factor** | **Impact on DCF** | **Impact on Book Value** |
| Revenue & Profits | High impact (affects future cash  flows) | Less impact (only past data  considered) |
| Discount Rate | Critical (higher rate reduces  valuation) | Not applicable |
| Market Conditions | Affects risk & future projections | Minimal impact |
| Assets & Liabilities | Considered indirectly | Directly impacts valuation |
| Growth Rate | Key assumption in forecasting | Not considered |
| Intangible Assets | Partially included (depends on  cash flows) | Ignored (brand, goodwill not  reflected) |
| Debt Levels | Affects discount rate (higher  debt, higher risk) | Directly reduces book value |

**Sources:** Investopedia, Morgan Stanley, Valutico, CFA Institute, Wikipedia.

### CHALLENGES IN BUSINESS VALUATION

Despite its importance, business valuation presents several challenges, including:

#### Estimating Future Cash Flows:

Predicting future earnings and cash flows is one of the most challenging aspects of business valuation. Market uncertainties, economic fluctuations, and industry-specific risks make forecasting complex. External factors such as inflation, interest rate changes, and global economic conditions can significantly impact a company's future performance. Additionally, internal risks like poor management decisions, supply chain disruptions, or operational inefficiencies can lead to deviations from projected cash flows. To mitigate these risks, analysts use scenario and sensitivity analysis to evaluate different possible financial outcomes.

#### Choosing the Right Valuation Model:

Selecting the appropriate valuation model is crucial because different models can yield varying results. The choice depends on the industry, business stage, financial structure, and available data. For instance, the Discounted Cash Flow (DCF) model is ideal for companies with

predictable cash flows, while Comparable Company Analysis (CCA) is suitable for firms in well-established industries with market comparables. Asset-based valuation methods work better for capital-intensive businesses but may not reflect future growth potential. Analysts often use a combination of models to improve accuracy and ensure a balanced valuation approach.

#### Market Volatility:

Economic fluctuations and market volatility significantly impact business valuation. Changes in interest rates affect discount rates used in valuation models, causing variations in company value. Inflation can distort historical financial data and influence purchasing power, making it difficult to assess a company's true performance. Additionally, economic cycles—booms and recessions—can create temporary spikes or declines in valuation, making it challenging to achieve consistency. To address these fluctuations, valuation experts incorporate risk-adjusted discount rates and perform valuations under different economic scenarios.

#### Data Availability:

Limited access to financial data, particularly for private companies and start-ups, makes valuation difficult. Unlike publicly traded companies, private firms do not disclose their financial statements, making it challenging to estimate revenues, profit margins, and growth rates. This lack of transparency also restricts comparisons with industry benchmarks and historical trends. Analysts often rely on alternative data sources, such as venture capital reports, industry averages, and financial proxies, to estimate missing information. Adjustments, such as liquidity discounts, are also applied to account for the reduced marketability of private companies.

### DCF METHOD CHALLENGES

* + **Market Volatility** – Highly sensitive to economic conditions.
  + **Assumption Sensitivity** – Small changes in discount rates can drastically alter valuation.
  + **Uncertain Future Cash Flows** – Difficult to predict long-term earnings.
  + **Discount Rate Dependency** – Choosing the right discount rate is subjective.

### BOOK VALUE METHOD CHALLENGES

* + **Ignores Intangible Assets** – Brand value, goodwill, and patents are not considered.
  + **Historical Cost Bias** – Uses past financials, not future growth potential.
  + **Not Forward-Looking** – Does not reflect potential earnings.
  + **Limited Market Consideration** – Does not adjust for market conditions or industry trends.

### ROLE OF TECHNOLOGY IN MODERN VALUATION MODELS

Advancements in financial technology (FinTech) have transformed business valuation. Artificial intelligence (AI), machine learning, and big data analytics are now integrated into valuation models to improve accuracy and efficiency. Automated valuation models (AVMs) leverage real-time data to provide quick and precise business valuations.

Block chain technology is also being explored to enhance transparency in business transactions, ensuring more reliable valuation data. As technology continues to evolve, business valuation methods will become more sophisticated, reducing human errors and improving decision- making.

Technological advancements have transformed business valuation by making it more efficient and data-driven. AI, machine learning, big data analytics, AVMs, and block chain improve accuracy and transparency. These innovations reduce human errors and enhance decision- making for investors and analysts. As technology evolves, valuation methods will continue to become more sophisticated.

#### Artificial Intelligence (AI) and Machine Learning (ML) in Valuation

AI and ML automate data analysis, improving valuation accuracy and efficiency. These technologies process large financial datasets, identify trends, and refine predictions over time. Machine learning algorithms enhance forecasting by eliminating human bias and errors. Businesses and investors use AI-driven insights for more reliable financial assessments.

#### Big Data Analytics and Real-Time Valuation

Big data analytics enhances valuation by incorporating real-time financial, market, and economic data. Unlike traditional methods, it processes stock movements, consumer behaviour, and global trends. This real-time approach makes valuations more dynamic and responsive to market conditions. Businesses use big data insights to make timely and informed financial decisions.

#### Automated Valuation Models (AVMs)

AVMs use AI-powered algorithms to generate instant and standardized business valuations. These models improve efficiency in real estate, equity analysis, and lending decisions. By leveraging real-time data, AVMs reduce inconsistencies and enhance valuation reliability. Their automation lowers costs and eliminates human bias in valuation processes.

#### Block-chain Technology for Transparency in Valuation

Block-chain technology enhances valuation transparency by ensuring secure and verifiable financial data. It prevents manipulation through tamper-proof digital records and decentralized verification. Smart contracts automate financial agreements, reducing disputes in transactions. Block-chain adoption improves data integrity, boosting confidence in valuation accuracy.

#### The Future of Technology in Valuation

Future valuation models will integrate AI, block-chain, and predictive analytics for greater precision. Technologies like quantum computing and decentralized finance will further enhance accuracy. Automated valuation processes will minimize errors and improve decision- making efficiency. As digital finance grows, valuation methods will continue to evolve and adapt.

### BEST PRACTICES IN BUSINESS VALUATION

#### Choosing the Right Valuation Method:

Selecting the appropriate valuation approach is crucial to achieving accurate and meaningful results. Different industries and business models require different valuation techniques based on their financial structures and growth potential. For instance, asset-heavy industries like

manufacturing may benefit from an asset-based valuation, whereas high-growth start-ups are better suited for Discounted Cash Flow (DCF) analysis. Using a valuation method that aligns with the company’s operational and financial characteristics ensures a more realistic estimate of its worth.

#### Ensuring Reliable Financial Projections:

Accurate forecasting of revenue, expenses, and cash flows is essential for a credible valuation. Since valuation models heavily rely on future financial performance, any errors or unrealistic assumptions can lead to misleading results. Factors such as historical trends, industry benchmarks, and macroeconomic conditions must be considered when making projections. Sensitivity analysis and stress testing can further enhance the reliability of these projections by accounting for uncertainties and potential risks.

#### Using Multiple Valuation Approaches:

Relying on a single valuation method can sometimes lead to biased or incomplete results. Employing multiple valuation techniques, such as DCF, Comparable Company Analysis (CCA), and Precedent Transactions, provides a more comprehensive view of a company’s worth. Comparing the results from different approaches helps validate assumptions and identify inconsistencies. By integrating various valuation methods, analysts can offer a balanced and well-rounded valuation estimate.

#### Staying Updated with Market Trends:

Market conditions, industry trends, and economic factors play a significant role in business valuation. Changes in interest rates, inflation, technological advancements, and regulatory policies can all influence a company’s financial outlook. Keeping up with these trends ensures that valuation assumptions remain relevant and reflect the latest market conditions. Regularly updating valuation models based on current industry dynamics helps maintain accuracy and reliability in valuation assessments.

By applying these strategies, businesses and investors can enhance the precision of their valuations, making more informed financial and strategic decisions.

### KEY USERS OF BUSINESS VALUATION

The key users of business valuation include:

* + - Investors and Financial Analysts
    - Business Owners and Corporate Executives
    - Tax and Regulatory Authorities
    - Legal Professionals and Courts
    - Lenders and Financial Institutions

#### Investors and Financial Analysts

Investors rely on business valuation to assess the financial health and growth potential of a company before making investment decisions. Equity investors, venture capitalists, and private equity firms use valuation to determine whether a company is overvalued or undervalued in the market. Financial analysts conduct valuations to provide insights on stock performance, financial stability, and potential returns. Valuation models like discounted cash flow (DCF) and comparable company analysis (CCA) are essential for evaluating stocks, bonds, and investment opportunities.

#### Purpose:

* + - Determine if a stock is undervalued or overvalued.
    - Use DCF for future earnings, P/E ratios for market comparison, and Book Value for asset evaluation.
    - Guide investment decisions for individuals and institutions.

#### Business Owners and Corporate Executives

For business owners, understanding the valuation of their company is crucial for strategic planning, expansion, and decision-making. Entrepreneurs use valuation reports to attract investors, negotiate funding deals, and prepare for potential mergers and acquisitions. Corporate executives assess valuations to measure business performance, optimize capital allocation, and plan long-term strategies. A strong valuation helps companies secure loans, improve shareholder confidence, and enhance corporate governance.

#### Purpose

* + - Assess company worth for mergers, acquisitions, and expansion.
    - Use DCF for growth potential and Book Value for asset strength.
    - Decide on vertical (same industry) vs. horizontal (new industry) growth strategies.

#### Tax and Regulatory Authorities

Government agencies and tax authorities use business valuations to determine corporate tax liabilities, transfer pricing, and compliance with financial regulations. In cases of business restructuring, bankruptcy, or dissolution, regulatory bodies require accurate valuation reports to ensure transparency and fair distribution of assets. Tax authorities rely on valuations to assess capital gains tax, property tax, and estate tax calculations, ensuring businesses comply with legal and financial obligations.

#### Purpose:

* + - Ensure accurate financial reporting and tax compliance.
    - Use Book Value to verify assets and Market Valuation to detect tax evasion.
    - Investigate companies reporting low taxable profits despite high market valuation.

#### Legal Professionals and Courts

Business valuation plays a vital role in legal matters such as corporate disputes, litigation, and divorce settlements. Courts require valuation reports in cases involving shareholder disputes, business dissolution, intellectual property disputes, and breach of contract claims. Lawyers and financial experts present valuation analyses as evidence in court proceedings to support fair settlements. In divorce cases, business valuation determines asset division and spousal support calculations, ensuring equitable financial resolutions.

#### Purpose:

* + - Resolve disputes in shareholder conflicts, divorces, and bankruptcies.
    - Use Fair Market Valuation for settlements and Book Value for liquidation cases.
    - Determine company worth in fraud investigations or legal settlements.

#### Lenders and Financial Institutions

Banks and financial institutions use business valuations to assess creditworthiness and loan eligibility. When businesses apply for loans or lines of credit, lenders evaluate their financial

health, asset value, and profitability to determine the risk associated with lending. A strong business valuation report enhances a company's ability to secure funding at favourable interest rates. In cases of loan defaults, financial institutions use valuations to assess collateral value and recover outstanding debts.

#### Purpose:

* + - Assess creditworthiness before approving loans.
    - Use Debt-to-Equity Ratios, DCF projections, and Book Value to evaluate risk.
    - Check if a company can repay loans through cash flows (DCF) or asset collateral (Book Value).

### 1.10 NEED FOR BUSINESS VALUATION

Business valuation is a critical financial process used to determine the economic worth of a company. It is essential for various stakeholders, including investors, business owners, regulators, and financial institutions. The need for valuation arises in multiple scenarios, from mergers and acquisitions to legal disputes and financial reporting.

#### Investment Decisions

* Investors and venture capitalists assess business valuation before investing in a company.
* Helps in evaluating the risk-return profile and deciding the right price to pay for shares or ownership stakes.
* Provides insights into business potential, market position, and future profitability.
* Assists in choosing between debt and equity investments.

#### Mergers, Acquisitions & Business Sales

* Business valuation determines the fair price in M&A transactions.
* Helps sellers in setting an appropriate selling price and negotiating better deals.
* Buyers use valuation to assess whether an acquisition is financially viable and whether the target company fits strategically.
* Synergies (cost savings, revenue enhancement, and operational efficiencies) can be evaluated through valuation.
* Valuation helps in partial or complete ownership transfers.

#### Financial Reporting & Regulatory Compliance

* Companies are required to report their fair market value as per accounting standards like IFRS (International Financial Reporting Standards) and GAAP (Generally Accepted Accounting Principles)**.**
* Business valuation helps in fair value accounting of assets, liabilities, and goodwill.
* Used for financial disclosures, stock-based compensation, and impairment testing.
* Regulatory authorities and tax authorities require business valuation for audit and compliance purposes.

#### Taxation & Legal Purposes

* Business valuation helps in determining tax liabilities for corporate taxation, capital gains tax, gift tax, and inheritance tax.
* Used in legal proceedings for partnership disputes, divorce settlements, and shareholder lawsuits.
* Required for estate planning and wealth transfer, ensuring fair distribution of assets among heirs or business partners.
* Helps in transfer pricing adjustments for multinational corporations.

#### Initial Public Offering (IPO) & Fundraising

* Before a company goes public, it needs to determine its share price, which is based on valuation models.
* Helps in attracting investors and setting the right valuation for shares.
* Businesses seeking venture capital, private equity, or bank financing use valuation to justify funding requests.
* Assists in determining debt financing limits based on the company’s value.

#### Strategic Business Planning & Performance Evaluation

* Business valuation helps in setting long-term financial and operational strategies.
* Provides a clear picture of financial health and sustainability.
* Helps businesses in decision-making related to expansion, diversification, or restructuring.
* Assists in internal benchmarking by comparing current valuation with past performance.

#### Litigation & Dispute Resolution

* Used in business-related lawsuits, including breach of contract cases, bankruptcy proceedings, and shareholder disputes.
* Helps courts determine compensation for damages in legal conflicts.
* Required for dissolution of business partnerships or joint ventures.
* Used in assessing business losses due to fraud, malpractice, or regulatory penalties.

#### Employee Stock Ownership Plans (ESOPs) & Compensation

* Companies offering stock-based compensation must determine the fair market value of their shares.
* Ensures fair pricing of shares when employees exercise stock options.
* Used for evaluating retirement benefits and severance packages linked to company stock.

#### Bankruptcy & Liquidation

* In case of financial distress or business closure, valuation helps determine the liquidation value of assets.
* Helps creditors assess how much they can recover from the company’s assets.
* Used in restructuring decisions, helping financially struggling businesses decide between liquidation and turnaround strategies.

#### Business Succession Planning

* Entrepreneurs and business owners need valuation for succession planning when transferring ownership to the next generation.
* Ensures a smooth transition by setting a fair transfer price.
* Helps in determining buy-sell agreements among partners or family members.

### CONCLUSION

Business valuation using financial models is a critical process that influences investment decisions, mergers, and financial planning. By applying the right valuation techniques, businesses can determine their true worth and make informed strategic choices.

As financial markets evolve, the integration of technology and data analytics will play a pivotal role in enhancing valuation accuracy. Despite the challenges, business valuation remains an essential practice for investors, entrepreneurs, and financial analysts.

With continuous advancements in valuation methodologies, businesses can navigate financial complexities and achieve long-term success. Understanding and applying financial models effectively is key to making informed business decisions that drive sustainable growth.

CHAPTER 2

* 1. INDUSTRY PROFILE
  2. COMPANY PROFILE

### INTRODUCTION

The metal fabrication industry is a vital sector that provides essential components for construction, automotive, aerospace, energy, and manufacturing industries. Metal fabrication involves various processes such as cutting, welding, bending, assembling, and finishing to create metal structures and products.

With the increasing demand for customized and precision-engineered components, the industry has seen significant advancements, including the use of automation, robotics, and AI-driven manufacturing. This report explores the current state, challenges, and future prospects of the metal fabrication industry.

### INDUSTRY OVERVIEW

#### Definition of Metal Fabrication

Metal fabrication is the process of transforming raw metal materials (such as **steel, aluminium, and copper**) into finished products. The industry includes small-scale workshops, mid-sized fabricators, and large-scale manufacturing companies.

#### Types of Fabrication Processes:

|  |  |
| --- | --- |
| PROCESS | DESCRIPTION |
| **Cutting** | Laser, plasma, and water jet cutting for shaping metal. |
| **Bending** | Using press brakes or rollers to shape the metal. |
| **Machining** | Removing material using CNC machines, lathes, and drills. |
| **Welding** | Fusing metal parts using various welding techniques. |
| **Assembling** | Joining components using fasteners, welding, or adhesives. |
| **Finishing** | Applying coatings such as painting, powder coating, or  galvanization. |

**Industries Served:**

* **Construction & Infrastructure:** Metal beams, pipelines, and roofing materials.
* **Automotive & Aerospace:** Car frames, aircraft components, and engine parts.
* **Energy & Power:** Wind turbine parts, solar panel frames, and transmission towers.
* **Manufacturing & Heavy Machinery:** Industrial equipment, storage tanks, and robotic components.

### MARKET SIZE AND GROWTH TRENDS IN METAL FABRICATION

The metal fabrication industry is experiencing steady growth both in India and globally, driven by increasing demand across various sectors.

* **India:** The Indian metal fabrication market is projected to grow at a Compound Annual Growth Rate (CAGR) of **6.38%** during the forecast period.
* **Global:** The global metal fabrication market size is estimated to grow at a CAGR of

**4.7%**, reaching USD 29.63 billion by 2030.

Projected growth trends of the metal fabrication industry in India over a five-year period, including market size figures and the Compound Annual Growth Rate (CAGR):

|  |  |
| --- | --- |
| **Year** | **Market Size (USD Billion)** |
| 2024 | 3.38 |
| 2025 | 3.53 |
| 2026 | 3.68 |
| 2027 | 3.84 |
| 2028 | 4.01 |
| 2029 | 4.18 |
| 2030 | 4.36 |

**Source:** Yahoo finance

#### Key Insights:

* **Market Size Growth:** The Indian metal fabrication market is projected to grow from USD 3.38 billion in 2024 to USD 4.35 billion by 2030.
* **Compound Annual Growth Rate (CAGR):** The market is expected to experience a CAGR of 4.37% during the forecast period of 2025 to 2030.

#### Key Market Drivers:

* + 1. **Growing Infrastructure Projects** – Increased investment in bridges, railways, and highways.
    2. **Rise in Automation & Industry 4.0** – Adoption of **robotic welding and AI-driven production.**
    3. **Booming Automotive and Aerospace Sectors** – Demand for lightweight and durable

metal parts.

* + 1. **Shift Toward Sustainable Manufacturing** – Use of **recycled metals and energy-efficient production methods.**

### KEY PLAYERS IN THE INDUSTRY

Some of the major global players in the metal fabrication industry include:

* + - * O’Neal Manufacturing Services (USA)
      * Mayville Engineering Company (USA)
      * Kapco Metal Stamping (USA)
      * Bohler-Uddeholm (Austria)
      * Metalsa (Mexico)

These companies specialize in custom fabrication, sheet metal processing, CNC machining, and structural metal production.

### VALUE CHAIN ANALYSIS

#### Raw Material Procurement:

* + - * Iron ore, steel, aluminium, and copper sourced from global suppliers.
      * Price fluctuations due to supply chain disruptions affect production costs.

#### Processing & Fabrication:

* + - * Involves CNC machining, robotic welding, and precision cutting.
      * High demand for customization and just-in-time production.

#### Distribution & Supply Chain:

* + - * Products delivered to construction firms, automotive plants, and equipment manufacturers.
      * Increasing use of digital supply chain platforms to optimize logistics.

### TECHNOLOGICAL ADVANCEMENTS

The industry is evolving with new automation and smart manufacturing solutions**:**

* + - * **CNC Machines & Robotics** – Improving precision and reducing labour costs.
      * **3D Metal Printing** – Revolutionizing custom metal parts production.
      * **IoT & Industry 4.0** – Smart sensors for real-time monitoring of production.
      * **AI & Machine Learning** – Predictive maintenance for machinery efficiency.

### CHALLENGES AND OPPORTUNITIES

#### Challenges:

1. **Rising Raw Material Costs** – Steel and aluminium prices fluctuate.
2. **Skilled Labour Shortage** – Need for qualified welders and machine operators.
3. **Stringent Environmental Regulations** – Strict compliance for waste disposal and emissions.
4. **Competition from Low-Cost Manufacturers** – Countries like China and India offer cheaper production costs.

#### Opportunities:

* + **Adoption of Green Technologies** – Increased use of recyclable materials and energy- efficient production.
  + **Expansion in Emerging Markets** – Growth in Asia-Pacific and Latin America.
  + **Advanced Materials Development** – High-strength alloys and lightweight composites.

### SUSTAINABILITY AND ENVIRONMENTAL IMPACT IN METAL FABRICATION

Sustainability is becoming essential in metal fabrication to reduce environmental harm. Traditional processes contribute to high energy consumption, carbon emissions, and material waste. Companies are adopting eco-friendly practices like using recycled metals and energy- efficient machinery. Governments are enforcing regulations and providing incentives for cleaner manufacturing methods.

#### Eco-Friendly Fabrication Practices Use of Recycled Metals

Recycling metals reduces the need for mining, conserving natural resources and energy. It significantly cuts greenhouse gas emissions compared to producing new raw materials. Many industries are incorporating recycled aluminium, steel, and alloys into manufacturing. This shift helps lower costs and supports global sustainability goals.

#### Energy-Efficient Machinery

Modern CNC machines and automated welding systems consume less energy while improving precision. These machines lower carbon footprints and reduce overall operational costs. Smart technology optimizes energy use, minimizing waste during metal fabrication. Investing in sustainable machinery enhances productivity while promoting environmental responsibility.

#### Waste Management & Recycling

Efficient waste management reduces material wastage and landfill accumulation. Scrap metal is repurposed or recycled into new products, lowering production costs. Advanced sorting techniques ensure better reuse of leftover materials. Recycling initiatives help industries meet sustainability standards while reducing pollution.

#### Government Regulations & Compliance Stricter Emission Norms

Governments are imposing strict regulations on metal processing to reduce industrial emissions. Companies must adopt cleaner technologies to lower carbon and pollutant release. Compliance helps protect air quality and prevents environmental damage. Failure to meet these standards can result in heavy fines and operational restrictions.

#### Incentives for Sustainable Manufacturing

Governments offer tax benefits, subsidies, and grants to encourage eco-friendly manufacturing. Companies investing in clean energy and sustainable machinery receive financial support. These incentives make green practices more cost-effective and accessible. Sustainable businesses gain long-term advantages while helping meet global climate goals.

### FUTURE OUTLOOK

The metal fabrication industry is set for significant growth, driven by digitalization, automation, and sustainability. Emerging technologies will enhance efficiency, reduce waste, and improve precision in manufacturing. AI-driven analytics, smart factories, and eco-friendly production methods will redefine industry standards. Companies that embrace innovation and sustainability will lead the market by 2030.

#### Increased AI-Driven Manufacturing with Predictive Analytics

Artificial intelligence (AI) will revolutionize metal fabrication by optimizing processes and predicting maintenance needs. AI-driven analytics will improve efficiency by analysing large datasets and reducing production errors. Machine learning algorithms will enhance quality control and automate complex manufacturing tasks. These advancements will lower costs and increase productivity across the industry.

#### Integration of Smart Factories with Real-Time Monitoring

Smart factories will use IoT-enabled sensors and cloud computing to monitor production in real time. These systems will optimize workflow, detect inefficiencies, and reduce downtime through predictive maintenance. Automation will enable seamless coordination between machines and human operators. Real-time monitoring will enhance productivity while ensuring consistent quality standards.

#### Stronger Emphasis on Circular Economy with Zero-Waste Production

Sustainability will play a crucial role in the industry's future, with a shift toward zero-waste manufacturing. Companies will adopt closed-loop systems to recycle scrap metal and minimize resource consumption. Eco-friendly production techniques will reduce environmental impact

and meet regulatory requirements. A circular economy approach will make metal fabrication more cost-effective and environmentally responsible.

#### Market Leadership through Innovation and Sustainability

Companies investing in digital transformation and green manufacturing will gain a competitive edge. Automation, AI, and sustainable practices will drive profitability and long-term growth. Governments and investors will favour businesses that prioritize energy efficiency and reduced emissions. Future industry leaders will be those who integrate cutting-edge technology with sustainable operations.

### CONCLUSION

The **metal fabrication industry** is a crucial part of global manufacturing, supporting infrastructure, transportation, and energy sectors. While it faces challenges such as raw material price volatility and labour shortages, technological advancements like automation, AI, and smart manufacturing present vast opportunities.

Companies focusing on sustainability, process optimization, and digital transformation will lead the industry in the coming decade.

2.2 COMPANY PROFILE

### INTRODUCTION

Yesses Anodizing Industries Pvt. Ltd. is a distinguished entity in the metal finishing sector, renowned for its specialized anodizing services. Established in 1971, the company has garnered over five decades of experience, cementing its reputation for delivering high-quality and reliable solutions. With a steadfast commitment to innovation and customer satisfaction, Yesses Anodizing has become a trusted partner across various industries that demand superior metal finishing.

Anodizing, the company's core service, is an electrochemical process that enhances the natural oxide layer on metal surfaces, particularly aluminium. This process not only augments the metal's aesthetic appeal but also significantly improves its corrosion resistance and durability. Yesses Anodizing's expertise in this domain has positioned it as a leader in providing tailored solutions to meet the specific needs of its diverse clientele.

Over the years, the company has embraced technological advancements to refine its processes, ensuring that it remains at the forefront of the industry. By integrating state-of-the-art equipment and adhering to stringent quality control measures, Yesses Anodizing consistently delivers products that meet international standards.

The company's dedication to excellence is evident in its long-standing relationships with clients from various sectors, including automotive, aerospace, electronics, and construction. These partnerships underscore Yesses Anodizing's ability to adapt to evolving market demands while maintaining the highest levels of service quality.

### COMPANY OVERVIEW

Yesses Anodizing Industries Pvt. Ltd. operates as a private limited company under the corporate identification number (CIN) U28113AP1971PTC001419. Incorporated on June 5, 1971, the company is headquartered in Anantapur, Andhra Pradesh, India. Its registered office is strategically located on Engineering College Road, providing accessibility to key industrial hubs in the region.

The company's authorized share capital stands at ₹1,200,000, with a paid-up capital of

₹1,060,000. This financial structure reflects Yesses Anodizing's stable foundation and its capacity to invest in advanced technologies and skilled personnel.

Operating within the manufacturing sector, specifically focusing on metals, chemicals, and related products, Yesses Anodizing has carved a niche for itself in the anodizing industry. The company's specialization in enhancing metal surfaces through anodizing processes has made it a preferred choice for clients seeking durability and aesthetic enhancement in metal products.

Yesses Anodizing's commitment to compliance and transparency is evident in its regular filing of annual returns and financial statements. As of March 31, 2023, the company has maintained an active status, demonstrating its adherence to regulatory requirements and its ongoing operational viability.

Yesses Anodizing Industries Pvt. Ltd. operates as a private limited company under the Corporate Identification Number (CIN) U28113AP1971PTC001419. The company is headquartered in Anantapur, Andhra Pradesh, India, strategically located to serve industrial hubs across the region.

#### Key Corporate Details:

* **Incorporation Date :** June 5, 1971
* **Headquarters :** Engineering College Road, Anantapur, Andhra Pradesh,
* **Authorized Share Capital :** ₹1,200,000
* **Paid-up Capital :** ₹1,060,000
* **Industry :** Metal Finishing and Manufacturing

The company specializes in metal anodizing services, catering to a diverse clientele seeking high-performance, corrosion-resistant solutions.

### HISTORICAL BACKGROUND

The inception of Yesses Anodizing Industries Pvt. Ltd. dates back to June 5, 1971, marking the beginning of a journey characterized by growth, innovation, and unwavering dedication to quality. Founded in Anantapur, Andhra Pradesh, the company was established to address the burgeoning demand for superior metal finishing services in India.

In its early years, Yesses Anodizing focused on providing basic anodizing services to local industries. Recognizing the evolving needs of the market, the company embarked on a path of

diversification and technological advancement. Investments were made in state-of-the-art equipment, and efforts were directed towards adopting best practices in anodizing processes.

Throughout its history, Yesses Anodizing has demonstrated resilience and adaptability. The company navigated various economic cycles, industry shifts, and technological changes, each time emerging stronger and more committed to its core values. This adaptability has been a cornerstone of its sustained success and longevity in the industry.

Today, with over five decades of experience, Yesses Anodizing stands as a testament to the vision of its founders and the dedication of its workforce. The company's rich history is not just a chronicle of its past achievements but also a foundation upon which it builds its future endeavours.

### PRODUCTS AND SERVICES

Yesses Anodizing Industries Pvt. Ltd. specializes in the anodizing of metals, primarily aluminium. The company offers a range of anodizing solutions tailored to meet the needs of different industries.





#### Key Services:

* + 1. **Sulphuric Acid Anodizing:** A widely used process that enhances corrosion resistance and provides a smooth finish.
    2. **Hard Anodizing:** A process that produces a thicker and more wear-resistant anodic layer, suitable for high-performance applications.
    3. **Colored Anodizing:** Offers aesthetic customization by adding color to the anodized metal surfaces.
    4. **Custom Anodizing Solutions:** Tailored to meet the unique requirements of clients across different industries.

Each process is carried out with strict quality control measures to ensure durability and precision.

Yesses Anodizing Industries Pvt. Ltd. specializes in anodizing services, offering a range of solutions designed to enhance the performance and appearance of metal components. Anodizing is an electrochemical process that increases the thickness of the natural oxide layer on metal surfaces, particularly aluminium, resulting in improved corrosion resistance, wear resistance, and aesthetic appeal.

The company's service portfolio includes various types of anodizing, such as sulphuric acid anodizing, hard anodizing, and colored anodizing. Each type serves specific applications and industries, allowing Yesses Anodizing to cater to a diverse clientele with unique requirements.

In addition to standard anodizing services, Yesses Anodizing offers customized solutions tailored to meet specific client needs. This includes varying anodic film thicknesses, specialized coloring options, and precise masking techniques to protect certain areas during the anodizing process. The company's ability to provide bespoke services has been a significant factor in its success and client retention.

Quality assurance is a critical component of Yesses Anodizing's service delivery. The company employs rigorous testing and inspection protocols to ensure that all anodized products meet or exceed industry standards. This commitment to quality has earned Yesses Anodizing a reputation for reliability and excellence in the metal finishing industry.

### MARKET PRESENCE

Yesses Anodizing serves a broad range of industries, including:

* **Automotive:** Providing anodized components that enhance vehicle durability.
* **Aerospace:** Supplying lightweight and corrosion-resistant parts.
* **Electronics:** Offering protective coatings for circuit boards and electronic enclosures.
* **Construction:** Producing anodized metals used in architectural designs and building materials.

The company has established long-term relationships with clients across India, demonstrating its ability to meet high industry standards.

### FINANCIAL PERFORMANCE

Yesses Anodizing Industries Pvt. Ltd. has maintained a stable financial position over the years. The company's revenue streams are driven by its diverse service offerings and long-term contracts with industrial clients.

#### Financial Highlights:

* Consistent revenue growth due to increased demand for anodized products.
* Strong investment in technology and infrastructure.
* Positive cash flow and profitability, ensuring sustainable operations.

The company continues to focus on financial stability while expanding its market reach.

### MANAGEMENT TEAM

The leadership team at Yesses Anodizing is composed of industry experts with extensive experience in metal finishing and business operations. The management’s strategic vision has been instrumental in the company's growth and success.

The leadership is committed to innovation, quality assurance, and customer-centric service, ensuring that Yesses Anodizing remains a preferred choice in the industry.

### OPERATIONAL FACILITIES

The company operates a state-of-the-art manufacturing facility equipped with advanced anodizing technology.

#### Key Features of the Facility:

* Automated anodizing lines for precision processing.
* Strict quality control measures to meet international standards.
* Eco-friendly and sustainable manufacturing processes.

By continuously upgrading its infrastructure, Yesses Anodizing ensures high efficiency and consistent quality in its services.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Yesses Anodizing is dedicated to sustainable business practices and community engagement. The company actively participates in CSR initiatives, including:

* **Environmental Sustainability:** Implementing eco-friendly anodizing processes.
* **Workforce Development:** Providing training and skill development programs.
* **Community Support:** Engaging in local community projects and charitable activities.

Through these efforts, the company aims to create a positive impact beyond its business operations.

### FUTURE OUTLOOK

Yesses Anodizing Industries Pvt. Ltd. is focused on continuous growth and innovation. The company aims to expand its market presence, invest in advanced technologies, and explore new business opportunities.

#### Strategic Goals:

* Adoption of automated anodizing techniques.
* Expansion into international markets.
* Strengthening research and development initiatives.

With a forward-looking approach, Yesses Anodizing is well-positioned to achieve sustained success in the coming years.

### JYOTHI GROUP:

Established in 1971, Jyoti Group today symbolizes immense trust, confidence, and reliability with the vision of creating world-class architectural hardware under the brand JYOTI. The company is renowned for manufacturing high end aluminium and brass hardware, with nearly five decades (50 years) of a strong customer-focused approach, continuous quest for world- class quality, and compliance with international standards for the excellent outcome have reposed trust and confidence in Jyoti by our customers which enabled us to sustain leadership.

As pioneers in the hardware industry, we pride our knowledge and expertise on quality products of recognized artistic, technical, and stylistic excellence, thereby enhancing our customer's environment both aesthetically and functionally.

We have established state-of-the-art technology in making our products highly durable with ISI standards since the dawn of the industry. Jyoti remains committed to supplying only the

highest quality products, Selection of the best quality raw materials combined with stringent manufacturing controls assures you of reliable products. The company is entirely committed to building a strong and long-term relationship with our customers. We are always one step ahead in bringing innovative technology like Powder coat, Electro-phoretic lacquering, Gold anodizing, and PVD Coatings.

Door and Window hardware are the unsung heroes of home décor. Not only do they adorn your doors and windows, but they function for you every day. They are one of the few fittings in the home that we touch many times in a day! A door or window without the right hardware is simply a plank of wood. Hinges, handles, tower bolts, Latches, AL drops, etc., when installed, provide the actual functionality of assembling, operating, convenience, security, and elevate the look of your home. Choose Jyoti hardware and let your doors and windows make the statement your home deserves.



**BASIC INFORMATION**

|  |  |
| --- | --- |
| CIN | U28113AP1971PTC001419 |
| NAME | YESSES ANODIZING INDUSTRIES PRIVATE KIMITED |
| LISTED ON STOCK EXCHANGE | UNLISTED |
| COMPANY STATUS | ACTIVE |
| ROC | ROC VIJAYAWADA |
| REGISTRATION NUMBER | 1419 |
| COMPANY CATEGORY | COMPANY LIMITED BY SHARES |
| COMPANY SUB CATEGORY | NON-GOVERNMENT COMPANY |
| CLASS OF COMPANY | PRIVATE |
| DATE OF INCORPORATION | 1971-06-05 |

CHAPTER 3 REVIEW OF LITERATURE

### REVIEW OF LITERATURE:

Business valuation is a critical process that determines the economic worth of a company, influencing investment decisions, mergers and acquisitions, financial reporting, and strategic planning. Various financial models are used to assess business value, incorporating fundamental and market-based approaches.

#### Theoretical Foundations of Business Valuation

Smith and Brown (2010) emphasize that business valuation relies on principles of corporate finance, financial modelling, and economic forecasting. They argue that a company’s intrinsic value is based on its ability to generate future cash flows, which must be adjusted for risk and time value of money.

According to Brealey, Myers, and Allen (2017), valuation models are categorized into three main approaches: income-based, market-based, and asset-based. Each approach has its own strengths and limitations depending on the industry, business model, and economic conditions.

#### Income-Based Valuation Methods

The Discounted Cash Flow (DCF) model is one of the most widely used valuation techniques. According to Damodaran (2012), DCF valuation depends on forecasting future free cash flows and discounting them using the Weighted Average Cost of Capital (WACC). Studies have shown that companies with stable earnings and predictable growth patterns benefit most from DCF valuation (Kaplan & Ruback, 1995).

For Yesses Anodizing Industries Pvt Ltd., the DCF model is particularly relevant due to the company’s stable revenue generation and growth projections. This approach allows for an in- depth analysis of expected financial performance, providing a robust valuation framework.

Additionally, variations of the DCF method, such as Adjusted Present Value (APV) and Economic Value Added (EVA), are explored in financial literature. APV is particularly useful for firms with changing capital structures, while EVA focuses on value creation over and above the required return on capital (Stewart, 1991).

#### Market-Based Valuation Methods

Comparable Company Analysis (CCA) and Precedent Transactions are widely adopted market- based valuation methods. Studies by Liu et al. (2002) indicate that CCA is effective in industries with numerous publicly traded companies, as it derives valuation multiples from peer firms.

However, since Yesses Anodizing Industries operates in a niche market with limited direct comparables, an adjusted approach using industry-specific transaction data is required. Previous research (Baker & Ruback, 2007) suggests that hybrid valuation techniques incorporating both market trends and company-specific financials provide a more reliable estimate.

Precedent transaction analysis is another widely used market-based approach. This method evaluates past acquisitions of similar businesses to determine a reasonable valuation range. Studies by Officer (2007) suggest that acquisition premiums and deal structures influence transaction-based valuation models significantly.

#### Asset-Based Valuation Approaches

Penman (2013) highlights that asset-based valuation methods, such as the Net Asset Value (NAV) approach, are useful for capital-intensive industries. For Yesses Anodizing Industries Pvt Ltd., which owns significant tangible assets, this method ensures that the company’s book value is accurately represented in its valuation.

Studies (Barth, Beaver, & Landsman, 2001) indicate that while asset-based approaches provide a conservative estimate, they may underestimate future earnings potential. Therefore, integrating asset valuation with income-based methods enhances valuation accuracy.

Variations of the asset-based approach include the Replacement Cost Method and Liquidation Value Method. The Replacement Cost Method estimates the cost to replace an asset with an equivalent asset at current market prices, while the Liquidation Value Method determines the amount a company could realize if it were to liquidate all its assets immediately (Damodaran, 2005).

#### Recent Advances in Business Valuation

With technological advancements, modern valuation models incorporate machine learning and big data analytics. Research by Fernald et al. (2019) suggests that AI-driven valuation models improve predictive accuracy by analysing historical financial data and market trends. These developments could enhance the precision of valuations for Yesses Anodizing Industries Pvt Ltd., especially in forecasting demand and cost trends.

Block chain technology is also being explored as a tool for valuation. According to Peters and Panayi (2016), block chain-based valuation models enhance transparency and reduce information asymmetry in transactions, particularly in private company valuations.

Another emerging trend is the use of Monte Carlo simulations in valuation models. As highlighted by Glasserman (2004), Monte Carlo simulations provide probabilistic valuation outcomes by modelling various financial scenarios, making them particularly useful for high- risk industries.

#### Challenges in Business Valuation

Although financial models provide structured methodologies, business valuation faces several challenges. Variability in assumptions regarding growth rates, discount rates, and market conditions can lead to significantly different valuation outcomes (Pratt & Grabowski, 2014).

Furthermore, subjective factors such as brand value, customer loyalty, and management quality are difficult to quantify, leading to discrepancies in valuation results (Reilly & Schweihs, 2001). For Yesses Anodizing Industries Pvt Ltd., balancing quantitative and qualitative factors is crucial for obtaining a comprehensive business valuation.

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CHAPTER 4

RESEARCH METHODOLOGY

### NEED OF THE STUDY:

The valuation of a business is crucial for making informed financial and strategic decisions. It helps determine the fair market value of a company, which is essential for mergers and acquisitions, securing investments, or raising capital. Accurate valuation is also critical for financial reporting, tax compliance, and resolving disputes. Additionally, it provides business owners and stakeholders with insights into the company’s performance and future potential, aiding in strategic planning and growth.

Hence the study is undertaken to analyze valuation of business models at yesses anodizing industries pvt limited.

### SCOPE OF THE STUDY:

* + - The study is on valuation of business models at yesses anodizing industries pvt limited.
    - It covers five years of financial data from 2019 -20 to 2023 -24

### OBJECTIVES OF THE STUDY:

* + - To study and analyze various methods used in Valuation of Business
    - To know the factors influencing Valuation of Business
    - To understand the challenges faced in Valuation of Business
    - To estimate Business Valuation under Discounted cash flow method and Book value method.

### RESEARCH METHODOLOGY:

**SECONDARY DATA:**

Data is collected through the annual reports, internet, articles and journals.

### TOOLS:

Tables

### TECHNIQUES:

Discounted cash flow method Book value method

### LIMITATIONS OF THE STUDY:

* + - The study is limited to yesses anodizing industries pvt limited.
    - The study is limited to 5 years of financial data from 2019 -20 to 2023 - 24.

CHAPTER 5 DATA ANALYSIS

AND INTERPRETATION

* 1. **DISCOUNTED CASH FLOW CALCULATION:**

The **Discounted Cash Flow (DCF) Method** is a valuation technique used to determine the present value of a company based on its expected future cash flows. The method discounts these future cash flows back to their present value using a discount rate, typically the **Weighted Average Cost of Capital (WACC)**.

#### Steps for DCF Valuation:

* + 1. **Gather Financial Data** (Revenue, Expenses, Depreciation, Taxes, etc.)
    2. **Calculate Free Cash Flow (FCF)** for 5 years

#### Determine the Discount Rate (WACC)

* + 1. **Estimate Terminal Value** using the **Gordon Growth Model**
    2. **Discount Future Cash Flows** to Present Value
    3. **Sum Up Discounted Cash Flows** to get the Enterprise Value

#### Adjust for Debt & Equity Value Calculation

This method is widely used in investment banking, corporate finance, and M&A to assess a company’s intrinsic value and investment potential.

#### TABLE-1: HISTORICAL FINANCIAL DATA (in rupees)

|  |  |  |  |
| --- | --- | --- | --- |
| **FINANCIAL YEAR** | **REVENUE** | **OPERATING EXPENSES** | **NET PROFIT** |
| 2019-2020 | 1,66,60,010 | 1,35,79,166 | 1,24,606 |
| 2020-2021 | 1,58,19,116 | 1,56,16,041 | 1,43,297 |
| 2021-2022 | 1,91,59,012 | 1,88,73,438 | 1,60,475 |
| 2022-2023 | 2,93,85,744 | 2,84,91,414 | 7,28,069 |
| 2023-2024 | 1,83,94,003 | 1,82,80,312 | 1,15,679 |

**PROJECTED FUTURE FREE CASH FLOWS (in rupees)**

Revenue growth rate: 10% Operating expenses growth rate: 9%

Depreciation & amortization: 2% of revenue Capital expenditure: 3% of revenue

Change in working capital: 2.5% of revenue rate: 30%

### TABLE-2: PROJECTED CHANGES IN NET WORKING CAPITAL

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **YEAR** | **REVENUE** | **OPERATING EXPENSE** | **EBIT** | **TAX (30%)** | **NOPAT** | **DEP & AMOR (2%)** | **CAPEX (2.5%)** | **CHANGE IN**  **NWC**  **(2%)** |
| 2024-  2025 | 1,83,94,003 | 1,82,80,312 | 1,13,691 | 34,107 | 79,584 | 3,67,880 | 5,51,820 | 4,59,850 |
| 2025-  2026 | 2,06,01,283 | 1,99,25,540 | 6,75,743 | 2,02,723 | 4,73,020 | 4,12,026 | 5,15,032 | 4,12,026 |
| 2026-  2027 | 2,30,73,437 | 2,17,18,839 | 13,54,599 | 4,06,380 | 9,48,219 | 4,61,469 | 5,76,836 | 4,61,469 |
| 2027-  2028 | 2,58,42,250 | 2,36,73,534 | 21,68,716 | 6,50,615 | 15,18,101 | 5,16,845 | 6,46,056 | 5,16,845 |
| 2028-  2029 | 2,89,43,320 | 2,58,04,152 | 31,39,168 | 9,41,750 | 21,97,417 | 5,78,866 | 7,23,583 | 5,78,866 |
| 2024-  2025 | 3,24,16,518 | 2,81,26,526 | 42,89,992 | 12,86,998 | 30,02,995 | 6,48,330 | 8,10,413 | 6,48,330 |

**Source:** Compiled from company’s Financial Statements

### FREE CAH FLOW CALCULATION:

Free Cash Flow is calculated as follows:

FCF = EBIT × (1−Tax Rate) + Depreciation & Amortization − Capital Expenditures − Change in Net Working Capital

Assuming a corporate tax rate of 30%, we first calculate the Earnings before Interest and Taxes (EBIT):

EBIT = Revenue − Operating Expenses

### TABLE-3: PRESENT VALUE OF FREE CASH FLOW

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **FCF** | **PRESENT**  **VALUE FACTOR** | **PRESENT VALUE** |
| 2024-2025 | -42,011.79 | 0.909090 | -38,192.50 |
| 2025-2026 | 3,71,383.14 | 0.826440 | 3,06,925.88 |
| 2026-2027 | 8,72,044.73 | 0.751310 | 6,55,175.92 |
| 2027-2028 | 14,73,834.31 | 0.683010 | 10,06,643.57 |
| 2028-2029 | 21,92,581.63 | 0.620920 | 13,61,417.78 |
| **Total present value of free cash flows** | | | **32,91,970.67** |

**Source:** Compiled from company’s financial statements

### TERMINAL VALUE:

Where:

* FCF 2029 = 21,925.82 (from previous calculations)
* g = Growth rate of free cash flows after 2029 (assumed **4%**)
* r = discount rate (10%)

Terminal Value = 𝐹𝐶𝐹2029∗(1+𝐺)

𝑊𝐴𝐶𝐶−𝐺

**=** 𝟐𝟏,𝟗𝟐,𝟓𝟖𝟐∗(𝟏+𝟎.𝟎𝟒)

𝟎.𝟏𝟎−𝟎.𝟎𝟒

**=** 𝟐𝟐,𝟖𝟎,𝟐𝟖𝟓

𝟎.𝟎𝟔

#### = Rs.3, 80, 04,748

PV OF TV = 𝑻𝑽

(𝟏+𝒓)𝒕

**=** 𝟑𝟖𝟎𝟎𝟒𝟕𝟒𝟖 (𝟏.𝟏𝟎)𝟓

**= Rs**.**2, 35, 97,959**

### CALCULATING THE ENTERPRISE VALUE;

The Enterprise Value (EV) is calculated as:

EV=∑ (Present Value of Free Cash Flows) +Present Value of Terminal Value From our previous calculations:

Total Present Value of Free Cash Flows (PV of FCFs) = 32, 91,970.67 Present Value of Terminal Value (PV of TV) = 2, 35, 97,958.55

EV= 32, 91,970.67 + 2, 35, 97,958.55

#### EV= Rs. 2, 68, 89,929.21

The Enterprise Value (EV) of **Rs. 2, 68, 89,929.21** represents the present value of the company's expected future free cash flows, discounted at 10%. A positive EV suggests strong cash flow growth, driven by increasing revenue and controlled expenses. Investors can use this value to assess the company's market worth and compare it with its current valuation. Further it helps investors to determine whether the stock is undervalued or overvalued. And it guides investment decisions.

Assess company worth for mergers, acquisitions, and expansion using DCF for growth potential and Book Value for asset strength. Decide between vertical (same industry) and horizontal (new industry) growth strategies.

Ensure accurate financial reporting and tax compliance by using Book Value to verify assets and Market Valuation to detect tax evasion. Investigate companies reporting low taxable profits despite high market valuation.

Resolve disputes in shareholder conflicts, divorces, and bankruptcies by using Fair Market Valuation for settlements and Book Value for liquidation cases. Determine company worth in fraud investigations or legal settlements.

Assess creditworthiness before approving loans using Debt-to-Equity Ratios, DCF projections, and Book Value to evaluate risk. Check if a company can repay loans through cash flows (DCF) or asset collateral (Book Value).

* 1. **BOOK VALUE METHOD:**

The book value method represents the difference between a company’s total assets and total liabilities, as recorded on its balance sheet. It’s calculated as;

#### Book value = total assets – total liabilities

This method is particularly useful for companies with significant tangible assets and provides a conservative estimate of a company’s intrinsic value.

#### TABLE- 4: YEAR WISE BOOK VALUE (Values In rupees)

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **TOTAL ASSETS** | **TOTAL**  **LIABILITIES** | **BOOK VALUE** |
| 2019-2020 | 1,84,23,504.00 | 1,45,01,534.00 | 39,21,970.00 |
| 2020-2021 | 1,95,97,592.00 | 1,55,32,326.00 | 40,65,266.00 |
| 2021-2022 | 1,78,26,193.00 | 1,36,00,451.00 | 42,25,742.00 |
| 2022-2023 | 1,91,66,350.00 | 1,42,12,837.00 | 49,53,513.00 |
| 2023-2024 | 1,73,34,148.00 | 1,22,64,957.00 | 50,69,191.00 |

**Enterprise Value (EV) Calculation;**

The Enterprise Value (EV) formula is:

#### EV = Book Value + Total Debt − Cash and Cash Equivalents Step 1: Identify Required Components

* + 1. **Total Debt**

Total Debt = Long-term Borrowings + Short-term Borrowings

#### Cash & Cash Equivalents

(This is taken directly from the balance sheet.)

#### Relevant Data

From the balance sheets provided for **2020–2024**, we extract the following values (in rupees):

### TABLE-5: YEAR WISE SELECTED RELEVANT FACTORS

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **YEAR** | **BOOK**  **VALUE** | **SHARE**  **CAPITAL** | **LONG TERM**  **BORROWINGS** | **SHORT-TERM**  **BORROWINGS** | **TOTAL**  **DEBT** | **CASH & CASH**  **EQUIVALENTS** |
| 2019-  2020 | 39,21,970 | 5,30,000 | 26,43,321 | 70,32,603 | 96,75,924 | 12,04,510 |
| 2020-  2021 | 40,65,266 | 10,60,000 | 16,37,624 | 96,07,426 | 1,12,45,050 | 16,02,374 |
| 2021-  2022 | 42,25,742 | 10,60,000 | 15,38,673 | 95,22,723 | 1,10,61,396 | 14,22,319 |
| 2022-  2023 | 49,53,513 | 10,60,000 | 14,99,514 | 75,51,422 | 90,50,936 | 15,71,749 |
| 2023-  2024 | 50,69,191 | 10,60,000 | 10,29,992 | 79,22,558 | 89,52,550 | 1,84,892 |

**Step 4: Calculate Enterprise Value (EV)**

**EV = Book Value + Total Debt - Cash & Cash Equivalents (In rupees)**

### TABLE-6: ESTIMATED ENTERPRISE VALUE UNDER BOOK VALUE METHOD

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| YEAR | **BOOK VALUE** | **TOTAL DEBT** | **CASH & CASH EQUIVALENTS** | **EV** |
| 2019-2020 | 39,21,970 | 96,75,924 | 12,04,510 | 1,23,93,384 |
| 2020-2021 | 40,65,266 | 1,12,45,050 | 16,02,374 | 1,37,07,942 |
| 2021-2022 | 42,25,742 | 1,10,61,396 | 14,22,319 | 1,38,64,819 |
| 2022-2023 | 49,53,513 | 90,50,936 | 15,71,749 | 1,24,32,700 |
| 2023-2024 | 50,69,191 | 89,52,550 | 1,84,892 | 1,38,36,849 |
| **Total** | | | | **6,62,35,694** |
| **Average** | | | | **1,32,47,139** |

The enterprise value (EV) of the company has shown a steady increase from Rs. 1,23,93,384 in 2020 to Rs. 1,38,36,849 in 2024, indicating overall growth and financial stability. This rise is primarily driven by an increase in market capitalization, despite fluctuations in total debt and cash & cash equivalents. While total debt has shown some reduction in recent years, the overall financial position reflects an improving valuation. The company's ability to maintain a strong equity base and retain earnings contributes to investor confidence. A lower debt burden, combined with consistent growth in EV, suggests efficient financial management and potential for future expansion.

#### Comparison of Enterprise Value Using DCF and Book Value Methods

|  |  |
| --- | --- |
| **Method** | **Enterprise Value (EV) (Rs.)** |
| **Discounted Cash Flow (DCF) Method** | 2,68,89,929.21 |
| **Book Value Method** (Average) | 1,32,47,139 |

The DCF method values the company higher (Rs. 2,68,89,929.21**)** than the Book Value method **(**Rs. 1,32,47,139**)** because it factors in future cash flows and growth potential, while the book value reflects historical assets**.** This difference highlights the company's strong earnings potential and the limitations of asset-based valuation in capturing true market worth.

Further it reveals that minimum EV is not less than Rs. 1, 32, 47,139. Therefore, this may support very much to investors, owners, lenders, take effective decision.

CHAPTER 6

* 1. FINDINGS
  2. SUGGESTIONS
  3. CONCLUSION BIBLIOGRAPHY

### FINDINGS:

* + - Estimated enterprise value using the DCF method is Rs. 2, 68, 89,929.22 based on projected future free cash flows, discounted at 10%.
    - Enterprise value using the Book Value method is Rs. 1, 38, 36,849 in 2024, showing growth from Rs. 1, 23, 93,384 in 2020.
    - Total debt has declined over the years, reducing financial risk and improving valuation.
    - The Book Value method shows higher valuation, while the DCF method provides a future- oriented estimate, requiring a balanced approach.

### SUGGESTIONS:

* + - Improve working capital efficiency by reducing operational expenses and accelerating revenue collection.
    - Expand service offerings and explore new markets to ensure long-term growth.
    - Invest in automation and AI-driven valuation models for better financial forecasting.
    - Focus on repaying long-term borrowings to strengthen financial stability.
    - Improve transparency in financial reporting and engage with potential investors to boost market confidence.

### CONCLUSION:

The valuation of Yesses Anodizing Industries Pvt. Ltd. indicates steady financial growth, supported by increasing enterprise value, strong equity retention, and a declining debt burden. The company has shown resilience in managing its financial performance, but further optimization in cash flow management and expansion into new markets could enhance its valuation. Continued investment in technology and financial forecasting will ensure long-term sustainability and competitiveness in the industry.

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