## Enterprise Value:

Enterprise Value (EV) measures the value of a Company as on a particular date. It is calculated by making adjustments to the market capitalization of a Company. The formula for measuring Enterprise Value is :

Enterprise Value (EV) = Market capitalization + Total Debt – Cash Balance

With the Enterprise Value as a measure, the companies can be compared easily irrespective of their capital structure. Moreover, Enterprise value is used to calculate the ratio of EV to EBIDTA multiple.

EBIDTA stands for Earnings before Interest, Depreciation, Tax and other appropriations. Hence, it can be calculated by adding back the figures of interest, depreciation and other appropriations to the amount of Profit Before Tax (PBT). It indicates that the value of enterprise is equal to number of times of the Company's earnings. As the figures of Interest, depreciation and tax are added back, it makes the comparison between two enterprises easier by eliminating all the accounting and tax differences.

The above measure for GRUH for a period of five years is as follows: -

(Rs. in Crores)

| Particulars | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|---|---|---|---|---|---|
| Number of Equity Shares (Crores) | 3.47 | 3.46 | 3.46 | 2.65 | 2.65 |
| Market Price (Rs.) | 93.70 | 154.35 | 135.94 | 93.30 | 45.05 |
| Market Capitalisation | 324.69 | 534.05 | 470.35 | 247.25 | 119.38 |
| Total Debt | 2245.15 | 1773.04 | 1305.25 | 1079.80 | 806.49 |
| Cash | 71.24 | 157.66 | 82.93 | 66.92 | 48.86 |
| Enterprise Value (EV) | 2498.60 | 2149.43 | 1692.67 | 1260.13 | 877.01 |
| EBIDTA | 271.72 | 182.01 | 123.89 | 88.53 | 71.64 |
| EV/ EBIDTA(Times) | 9.20 | 11.81 | 13.66 | 14.25 | 12.24 |
| TOTAL INCOME | 295.28 | 203.43 | 146.63 | 104.46 | 85.54 |
| EV/TOTAL INCOME (Times) | 8.46 | 10.57 | 11.54 | 12.06 | 10.25 |