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The Project Evaluation for An Acquisition of a Synthetic Leather Manufacturing Plant: Case Study

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Thesis/Dissertation submitted in partial fulfillment of the requirements
for the degree Master of Science in Financial Mathematics

Department of Mathematics

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DECLARATION

“I declare that this is my own work and this thesis/dissertation2 does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text. Also, I hereby grant to University of Moratuwa the non-exclusive right to reproduce and distribute my thesis/dissertation, in whole or in part in print, electronic or other medium. I retain the right to use this content in whole or part in future works (such as articles or books).”

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The above candidate has carried out research for the Masters/MPhil/PhD thesis/
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Name of the supervisor: Dr. Venura Welagedara

Signature of the supervisor:

.....22/10/2024.....

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ABSTRACT

This case study is an applied research project which concerns on finding the financial viability of a company integration done by D Samson Industries (Pvt) Ltd. Company integrations are carried out with sensible and dubious reasons and identified variously based on the nature of the integration. This thesis explores the topic of company integrations and their financial implications by employing various financial evaluation techniques, namely Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period, Sensitivity Analysis and Synergy benefits. The work has carried out a comprehensive financial analysis of selected integration project, considering factors such as initial investment costs, projected cash flows, and the time value of money. NPV calculations are employed to determine the present value of future cash flows, while IRR is used to assess the project's potential return on investment. Additionally, the payback period is analyzed to ascertain the length of time required to recover the initial investment and sensitivity analysis to determine the changes in NPV with the changes in key input variables. Calculations and discussions are completed with final synergy benefit calculation to wrap up the financial understanding of the company integration. This applied research project serves as a valuable resource for professionals involved in corporate finance, mergers and acquisitions, and strategic management, providing them with a comprehensive understanding of the financial implications of integration projects and providing practical insight and guidance for financial evaluation and aiding in the decision-making process.

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