

A person is standing in a room with a wall covered in a grid of circular lights. The person is silhouetted against the lights. The text is overlaid on the image.

# Preparation of Dynamic & Multipurpose Project Financials in few minutes

Session by CA. S.B ASSAWA

• SECTION 1

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# Designing of loans

# Suggestions & Tips



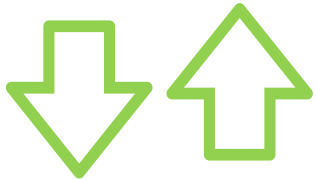
- **If you have imports**

Always use buyer's credit @ Libor+1% i.e. approx. 3-4 %. (If no exports, go for hedging also)



- **If you have exports**

Use PCFC/ FBN / FBP / FCNR(B) facilities. (Even SME's can take sub-limit with CC limit)



- **If you are importer - exporter**

Always deal with a forex branch of bank to avail better Rs. \$ rates. Pls look into document charges, negotiate with bank. Generally PSU banks go for killing by charging in % terms



# Suggestions & Tips



- **If you have good collateral**

Always ask for best CC rates or convert part of CC in to WCDL / FCNR(B) Loan



- **If you are supplier to biggies like HUL, ITC, PFIZER, ONGC etc.....**

Never take spot payment against cash discount. It costs you 18% to 24% p.a. instead take bill discounting from banks @ 10%-12% p.a



- **If you have Good collateral for your CC limit**

Better convert your part CC to mortgage loan/ OD at much better rates



# Suggestions & Tips



- **Do not use Suppliers Credit as far as possible**  
It will cost you on and average 2% PM.



- **Avoid mismatch of Long Term / Short Term Funds**  
Never use your working capital money for capex. Take TL from Bank / FI



- **Negotiate with Bank before accepting sanction letter**  
Prepayment penalty, Bank Charges



• SECTION 2

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# Project Report Demo

**Remember...you don't get  
what you have...but you get  
what you negotiate....**

# Steps for Preparation of Project Financials

# 1

- Complete the cost of Project table **except margin money for working capital**, Means of Finance and Contingency Table

**ESTIMATED COST OF THE PROJECT**

		(Rs. in Crores)
Sr. No.	Particulars	Total Project Cost
1	Land & Site Development	4.00
2	Building & Civil Work	6.00
3	Plant & Machinery	10.00
4	Miscellaneous Fixed Assets	2.00
5	Working Capital Margin	7.64
6	Provision for Contingency	1.00
7	Preoperative Expenses	1.00
		31.64

**MEANS OF FINANCE**

		(Rs. in Crores)
Sr. No.	Particulars	Total Amount
1	Share Capital	10.89
2	Unsecured Loan (Quasi Equity)	5.00
3	Term Loan	15.75
		31.64

Promoters Contribution to Total Project

50%

**CALCULATION OF CONTINGENCY**

						(Rs. in Crores)
Sr. No.	Particulars	Firm Cost	Non-Firm Cost	Contingency %	Amount	Remarks
1	Land	3.00	1.00	5.00%	0.05	
2	Building & Civil Work	-	6.00	5.00%	0.30	
3	Plant & Machinery					
	- Imported	-	0.00	5.00%	0.00	
	- Indigenous	-	10.00	5.00%	0.50	
4	Misc. Fixed Assets	-	2.00	5.00%	0.10	
5	Preliminary & Preoperative Exp	-	1.00	5.00%	0.05	
		3.00	20.00		1.00	



# Steps for Preparation of Project Financials

## 2

- Complete the Production and Sales Statement, You arrive at Sales Figure, which will go working results sheet

### ESTIMATION OF PRODUCTION & SALES

Sr. No.	Particulars	Units	2021-22	2022-23	2023-24
1	<b>Installed Capacity</b>	-			
	Product A	Ltrs	1500000	1500000	1500000
	Product B	Ltrs	2100000	2100000	2100000
2	No. of Working Days		300	300	300
3	No. of Shifts		3	3	3
4	<b>Estimated production per day</b>				
	Product A	Ltrs	2500.00	3500.00	4000.00
	Product B	Ltrs	3500.00	4900.00	5600.00
5	<b>Estimated Annual Production</b>				
	Product A	Ltrs	750000	1050000	1200000
	Product B	Ltrs	1050000	1470000	1680000
6	Estimated output (%)		60%	70%	80%
7	<b>Sales Price (Avg.)</b>	<b>per</b>			
	Product A	Ltrs	500.00	500.00	500.00
	Product B	Ltrs	600.00	600.00	600.00
8	<b>Estimated Sales</b>				
	Product A		37.50	52.50	60.00
	Product B		63.00	88.20	100.80
	<b>Total (Rs. in Crores) ::</b>		<b>100.50</b>	<b>140.70</b>	<b>160.80</b>

# Steps for Preparation of Project Financials

## 3

- Complete the Cost of Production Sheet

### ESTIMATES OF COST OF PRODUCTION

		(Rs. in Crores)		
Sr. No.	Particulars	2021-22	2022-23	2023-24
	Capacity Utilisation	60%	70%	80%
1	Raw Material & Components			
	i) Raw Materials - Chemicals	73.50	102.90	117.60
	ii) Stores, spares & Consumable	9.00	12.60	14.40
	iii) Packing Material	1.80	2.52	2.88
	Total (1) ::	84.30	118.02	134.88
2	Utilities			
	Power, Fuel & Water	1.20	1.32	1.45
	Total (2) ::	1.20	1.32	1.45
3	Labor Overheads			
	Workers	0.60	0.66	0.73
	Factory Staff	0.18	0.20	0.22
	Total (3) ::	0.78	0.86	0.94
4	Factory Overheads			
	i) Insurance & Taxes	0.08	0.08	0.08
	ii) Other Factory Overheads	0.84	0.96	1.08
	Total (4)	0.92	1.04	1.16
	<b>COST OF PRODUCTION (1+2+3+4)</b>	<b>87.20</b>	<b>121.24</b>	<b>138.44</b>

# Steps for Preparation of Project Financials

## 4

- Complete the Working Results – Page – 1 - Sheet till Sales

ESTIMATES OF WORKING RESULTS									
(Rs. in Crores)									
Sr. No.	Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
A.	Cost of Production as per Form XI	87.20	121.24	138.44	145.36	152.63	160.26	168.27	176.68
B.	<b>Administrative Expenses</b>								
	Salaries	0.60	0.66	0.73	0.80	0.88	0.97	1.06	1.17
	Director's Remuneration	0.48	0.53	0.58	0.64	0.70	0.77	0.85	0.94
	Telephone & Office Supplies etc.	0.36	0.40	0.44	0.48	0.53	0.58	0.64	0.70
	Total Administrative Expenses:	1.44	1.58	1.74	1.92	2.11	2.32	2.55	2.81
C	Selling & Distribution Expenses	5.03	7.04	8.04	8.44	8.86	9.31	9.77	10.26
D	Total Cost of Sales (A+B+C+D)	93.67	129.86	148.22	155.72	163.60	171.88	180.59	189.75
E	Estimated Sales - Sales	100.50	140.70	160.80	168.84	177.28	186.15	195.45	205.23
		100.50	140.70	160.80	168.84	177.28	186.15	195.45	205.23

# 5

- Complete TL Chart to arrive at Interest & Repayment

**INTEREST & REPAYMENT OF TERM LOAN**  
(Rupee Term Loan for 1+6 years)

(Rs. in Crores)

Year	Installment	Principal Amount	Interest @ 10.00%	Principal Repayment	Principal Balance
2021-22	I	15.75	0.39	0.00	15.75
	II	15.75	0.39	0.00	15.75
	III	15.75	0.39	0.00	15.75
	IV	15.75	0.39	0.00	15.75
			1.58	0.00	
2022-23	I	15.75	0.39	0.79	14.96
	II	14.96	0.37	0.79	14.18
	III	14.18	0.35	0.79	13.39
	IV	13.39	0.33	0.79	12.60
			1.46	3.15	
2023-24	I	12.60	0.32	0.79	11.81
	II	11.81	0.30	0.79	11.03
	III	11.03	0.28	0.79	10.24
	IV	10.24	0.26	0.79	9.45
			1.14	3.15	
2024-25	I	9.45	0.24	0.79	8.66
	II	8.66	0.22	0.79	7.88
	III	7.88	0.20	0.79	7.09
	IV	7.09	0.18	0.79	6.30
			0.83	3.15	
2025-26	I	6.30	0.16	0.79	5.51
	II	5.51	0.14	0.79	4.73
	III	4.73	0.12	0.79	3.94
	IV	3.94	0.10	0.79	3.15
			0.51	3.15	

# 6

- Complete the Working Capital Margin Money Sheet, Margin Money will part of Project Cost – Take into Cost of Project, arrive at working capital limit requirements.

<b>MARGIN MONEY FOR WORKING CAPITAL</b>											
											(Rs. in Crores)
Particulars	No. of Month's requirements	Margin Required (%)	2021-22			2022-23			2023-24		
			Amount	Amount of Bank Finance	Margin Money required	Amount	Amount of Bank Finance	Margin Money required	Amount	Amount of Bank Finance	Margin Money required
Raw Materials - Indigenous	1.00	25%	6.13	4.59	1.53	8.58	6.43	2.14	9.80	7.35	2.45
Stock of Finished Goods	0.50	25%	3.63	2.73	0.91	5.05	3.79	1.26	5.77	4.33	1.44
Stock of Goods in Process	0.25	25%	1.82	1.36	0.45	2.53	1.89	0.63	2.88	2.16	0.72
Outstanding Debtors - Local	3.00	25%	25.13	18.84	6.28	35.18	26.38	8.79	40.20	30.15	10.05
			36.70	27.53	9.18	51.33	38.50	12.83	58.65	43.99	14.66
Less: Trade Creditors Indigenous	1.00	25%	6.13	4.59	1.53	8.58	6.43	2.14	9.80	7.35	2.45
<b>Net Working Capital</b>			<b>30.58</b>	<b>22.93</b>	<b>7.64</b>	<b>42.75</b>	<b>32.06</b>	<b>10.69</b>	<b>48.85</b>	<b>36.64</b>	<b>12.21</b>

## 7

- Complete Interest workings in Working results sheet.

## ESTIMATES OF WORKING RESULTS

(Rs. in Crores)

Sr. No.	Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
A.	Cost of Production as per Form XI	87.20	121.24	138.44	145.36	152.63	160.26	168.27	176.68
B.	<b>Administrative Expenses</b>								
	Salaries	0.60	0.66	0.73	0.80	0.88	0.97	1.06	1.17
	Director's Remuneration	0.48	0.53	0.58	0.64	0.70	0.77	0.85	0.94
	Telephone & Office Supplies etc.	0.36	0.40	0.44	0.48	0.53	0.58	0.64	0.70
	Total Administrative Expenses:	1.44	1.58	1.74	1.92	2.11	2.32	2.55	2.81
C	Selling & Distribution Expenses	5.03	7.04	8.04	8.44	8.86	9.31	9.77	10.26
D	Total Cost of Sales (A+B+C+D)	93.67	129.86	148.22	155.72	163.60	171.88	180.59	189.75
E	Estimated Sales - Sales	100.50	140.70	160.80	168.84	177.28	186.15	195.45	205.23
		100.50	140.70	160.80	168.84	177.28	186.15	195.45	205.23
F	Operating Profit	6.83	10.84	12.58	13.12	13.68	14.26	14.86	15.48
G	Financial Expenses								
	Interest								
	- Term Loan	1.58	1.46	1.14	0.83	0.51	0.20	-0.12	0.00
	- Working Capital Loan	2.06	2.89	3.30	3.30	3.30	3.30	3.30	3.30
H	Depreciation	1.43	1.36	1.29	1.23	1.16	1.11	1.05	1.00
I	Profit Before Tax	1.78	5.14	6.85	7.77	8.71	9.66	10.63	11.18
J	Preliminary Expenses W/off	0.20	0.20	0.20	0.20	0.20	0.00	0.00	0.00
K	Profit before Tax	1.58	4.94	6.65	7.57	8.51	9.66	10.63	11.18

- Complete Depreciation as per Companies Act.

### CALCULATION OF DEPRECIATION

(as per WDV basis of Schedule XIV of the Companies Act, 1956)

(Rs. in Crores)

Sr. No.	Particulars	Value	Rate (%)	Depre- ciation
1	Land	4.05	-	-
2	Building	6.30	3.34%	0.21
3	Plant & Machinery	10.50	10.34%	1.09
4	Misc. Fixed Assets	2.10	6.33%	0.13
		22.95		1.43

## 9

- Complete Depreciation as per Income Tax Act

**CALCULATION OF DEPRECIATION**

(as per Income Tax Act)

(Rs. in Crores)

Particulars		Building	Plant & Machinery	Misc. Fixed Assets	Total
Rate of Depreciation		10%	15%	15%	-
Cost		6.30	10.50	2.10	18.90
Depreciation -	2021-22	0.63	1.58	0.32	2.53
W D V		5.67	8.92	1.78	16.37
Depreciation -	2022-23	0.57	1.34	0.27	2.18
W D V		5.10	7.58	1.51	14.19
Depreciation -	2023-24	0.51	1.14	0.23	1.88
W D V		4.59	6.44	1.28	12.31
Depreciation -	2024-25	0.46	0.97	0.19	1.62
W D V		4.13	5.47	1.09	10.69
Depreciation -	2025-26	0.41	0.82	0.16	1.39
W D V		3.72	4.65	0.93	9.30
Depreciation -	2026-27	0.37	0.7	0.14	1.21
W D V		3.35	3.95	0.79	8.09
Depreciation -	2027-28	0.34	0.59	0.12	1.05
W D V		3.01	3.36	0.67	7.04
Depreciation -	2028-29	0.3	0.5	0.1	0.9
W D V		2.71	2.86	0.57	6.14



# 10

- Complete Income Tax Workings

## COMPUTATION OF INCOME TAX

Particulars	(Rs. in Crores)							
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Net Profit as per Profitability Statement	1.58	4.94	6.65	7.57	8.51	9.66	10.63	11.18
Add: Depreciation (Companies Act)	1.43	1.36	1.29	1.23	1.16	1.11	1.05	1.00
	3.01	6.30	7.94	8.80	9.67	10.77	11.68	12.18
Less: Depreciation (Income Tax Act)	2.53	2.18	1.88	1.62	1.39	1.21	1.05	0.90
	0.48	4.12	6.06	7.18	8.28	9.56	10.63	11.28
Brought forward losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Carry forward losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Income	0.48	4.12	6.06	7.18	8.28	9.56	10.63	11.28
Taxable Income	0.48	4.12	6.06	7.18	8.28	9.56	10.63	11.28
Tax	0.12	1.06	1.56	1.85	2.13	2.46	2.74	2.90

# 11

- Complete the Cash Flow Statement – Take Source of Funds from Means of Finance, Profit before Taxation with interest added back, Depreciation & PP Expenses from Working Results, Working Capital borrowing from working capital margin sheet

## CASH FLOW STATEMENT

(Rs. in Crores)

Sr. No.	Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<b>SOURCES OF FUNDS:</b>									
1	Share Capital	10.89	-	-	-	-	-	-	-
2	Term Loan	15.75	-	-	-	-	-	-	-
3	Quasi Equity	5.00	-	-	-	-	-	-	-
4	Profit before taxation with interest added back	5.21	9.28	11.09	11.70	12.32	13.16	13.81	14.48
5	Increase in bank borrowings for working capital	22.93	9.13	4.57	-	-	-	-	-
6	Depreciation	1.43	1.36	1.29	1.23	1.16	1.11	1.05	1.00
7	P & P Expenses W/off	0.20	0.20	0.20	0.20	0.20	0.00	0.00	0.00
		61.42	19.98	17.16	13.12	13.68	14.26	14.86	15.48
<b>DISPOSITION OF FUNDS:</b>									
1	Fixed Assets	22.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Preliminary Expenses	1.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Increase in Net Current Assets	30.58	12.18	6.10	0.00	0.00	0.00	0.00	0.00
4	Decrease in Term Loan	0.00	3.15	3.15	3.15	3.15	3.15	3.15	0.00
5	Interest								
	- Term Loan	1.58	1.46	1.14	0.83	0.51	0.20	-0.12	0.00
	- Working Capital Loan	2.06	2.89	3.30	3.30	3.30	3.30	3.30	3.30
6	Taxes	0.12	1.06	1.56	1.85	2.13	2.46	2.74	2.90
7	Dividend (Equity)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		58.34	20.73	15.25	9.12	9.09	9.11	9.07	6.20
	Opening Balance	0.00	3.08	2.33	4.23	8.24	12.83	17.98	23.78
	Net Surplus(Deficit)	3.08	-0.75	1.91	4.00	4.59	5.16	5.79	9.27
	Closing Balance	3.08	2.33	4.23	8.24	12.83	17.98	23.78	33.05

# 12

- Complete the B. Sheet .

## Liability Side

- A. Take Equity Capital, Quasi Capital from Cash Flow
- B. Reserve & Surplus from working results i.e. Retained Profit.
- C. Term Loan – from TL Chart or Cash Flow
- D. W.Cap Loan – From Working Capital Margin Sheet or Cash Flow
- E. Trade Creditors – Working Capital Margin Money Sheet

## Asset side

- A. Fixed Assets – From Cash Flow or Project Cost Sheet
- B. Inventory & Debtors – Working Capital Margin Money Sheet
- C. Cash & Bank Balance – Cash Flow Sheet
- D. Preliminary Expenses – Net Figure from Cash Flow

- Complete the B. Sheet .

**PROJECTED BALANCE SHEET**

		(Rs. in Crores)							
Sr. No.	Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<b>I</b>	<b>SOURCES OF FUNDS :</b>								
1	Share Capital	10.89	10.89	10.89	10.89	10.89	10.89	10.89	10.89
2	Unsecured Loan (Quasi Equity)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3	Reserves & Surplus	1.45	5.33	10.43	16.15	22.53	29.73	37.62	45.89
		17.35	21.23	26.32	32.04	38.42	45.62	53.51	61.79
4	Loan Funds								
a.	Term Loan	15.75	12.60	9.45	6.30	3.15	0.00	-3.15	-3.15
b.	Working Capital Loan	22.93	32.06	36.64	36.64	36.64	36.64	36.64	36.64
		38.68	44.66	46.09	42.94	39.79	36.64	33.49	33.49
5	Sundry Creditors	6.13	8.58	9.80	9.80	9.80	9.80	9.80	9.80
		62.15	74.47	82.21	84.78	88.01	92.06	96.80	105.08
<b>II</b>	<b>APPLICATION OF FUNDS:</b>								
1	Fixed Assets	22.95	22.95	22.95	22.95	22.95	22.95	22.95	22.95
	Less: Depreciation	1.43	2.79	4.08	5.31	6.47	7.58	8.63	9.63
	Net Fixed Assets ::	21.52	20.16	18.87	17.64	16.48	15.37	14.32	13.32
2	Current Assets :								
	- Inventory	11.58	16.15	18.45	18.45	18.45	18.45	18.45	18.45
	- Sundry Debtors	25.13	35.18	40.20	40.20	40.20	40.20	40.20	40.20
	- Cash & Bank Balances	3.08	2.33	4.23	8.24	12.83	17.98	23.78	33.05
		39.78	53.66	62.89	66.89	71.48	76.64	82.43	91.70
3	Preliminary Expenses	0.85	0.65	0.45	0.25	0.05	0.05	0.05	0.05
		62.15	74.47	82.21	84.78	88.01	92.06	96.80	105.08

# 13

- Complete the DSCR Sheet
  - Cash Accruals, Interest on TL from Working Results sheet
  - Repayment from Cash Flow sheet

## DEBT SERVICE COVERAGE RATIO

(Rs. in Crores)

Sr. No.	Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
1	Net Cash Accruals	3.08	5.44	6.58	7.15	7.74	8.31	8.94	9.27
2	Interest on Term Loan	1.58	1.46	1.14	0.83	0.51	0.20	-0.12	0.00
	Total (a)	4.66	6.90	7.72	7.98	8.25	8.50	8.83	9.27
3	Repayment of Term Loan	0.00	3.15	3.15	3.15	3.15	3.15	3.15	0.00
4	Interest on Term Loan	1.58	1.46	1.14	0.83	0.51	0.20	-0.12	0.00
	Total (b)	1.58	4.61	4.29	3.98	3.66	3.35	3.03	0.00
	D.S.C.R. (a/b)	2.96	1.50	1.80	2.01	2.25	2.54	2.91	#DIV/0!
	:Average D.S.C.R.	<b>2.28</b>							



- You are Good to Go.



Thank You

[assawa.ca@gmail.com](mailto:assawa.ca@gmail.com) in case of any queries