

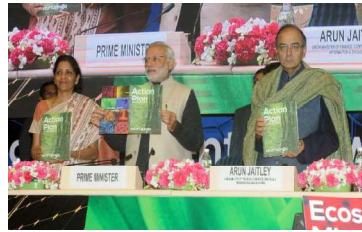


CA Mayur Zanwar
Amravati
9422855595
cazanwar@gmail.com



India needs more Entrepreneur for growth

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Mob No : 9422855595

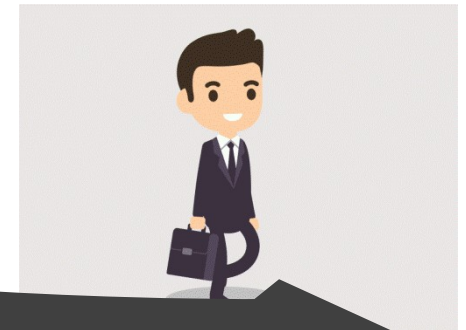


**Before
Start-ups**

**Launching
Start up**

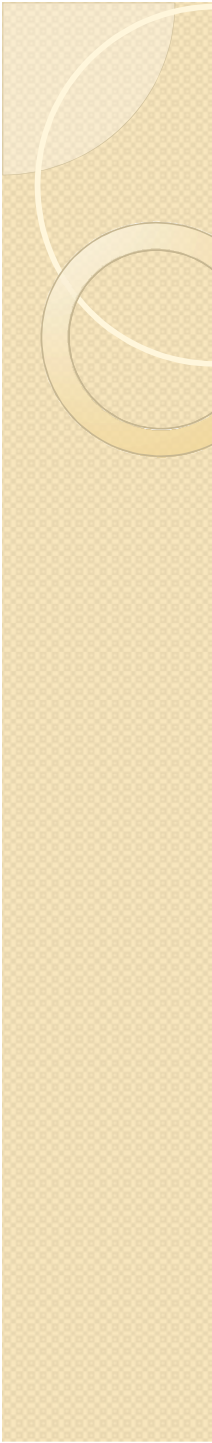
**Key Points
of Start-Ups**

**Registration
Process of
Start Ups**



Opportunity

Success



INTRODUCTION

Start-up India is a revolution scheme that has been started to help the people, who start their own business.

These people have ideas and capability so government will give them support to make sure they can implement their idea & grow.

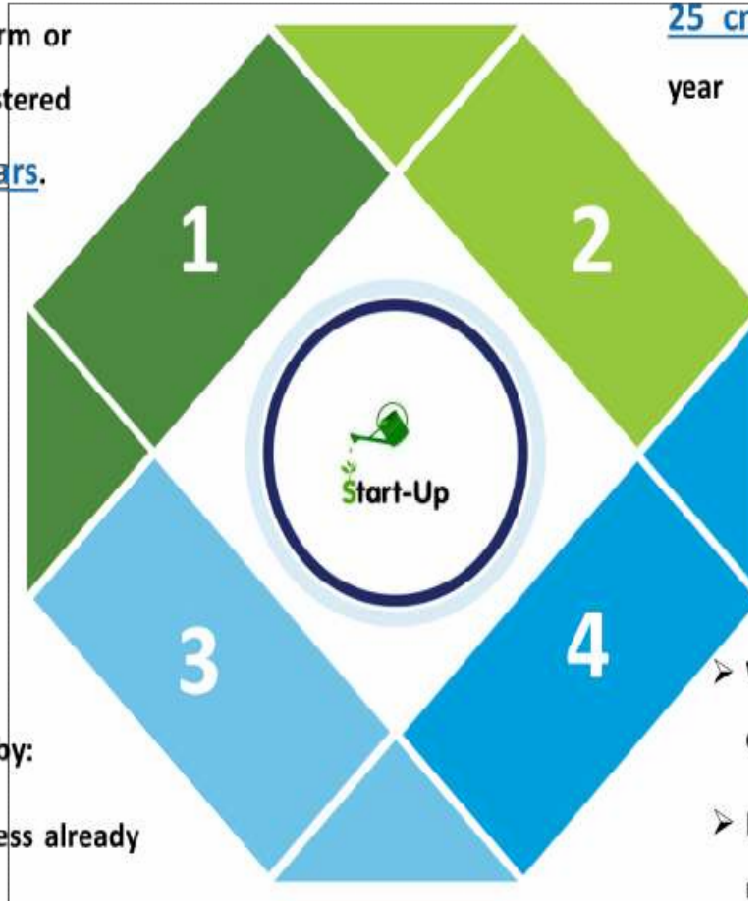
Start-ups and entrepreneurship are critical to India's efforts to restart private investment into the economy.

Success of this scheme will eventually make India, a better economy and a strong nation.

WHAT STARTUPS MEANS

Private Limited Company or a registered Partnership Firm or LLP incorporated or registered in India not prior to 5 years.

Annual turnover not exceeding INR 25 crore in any preceding financial year

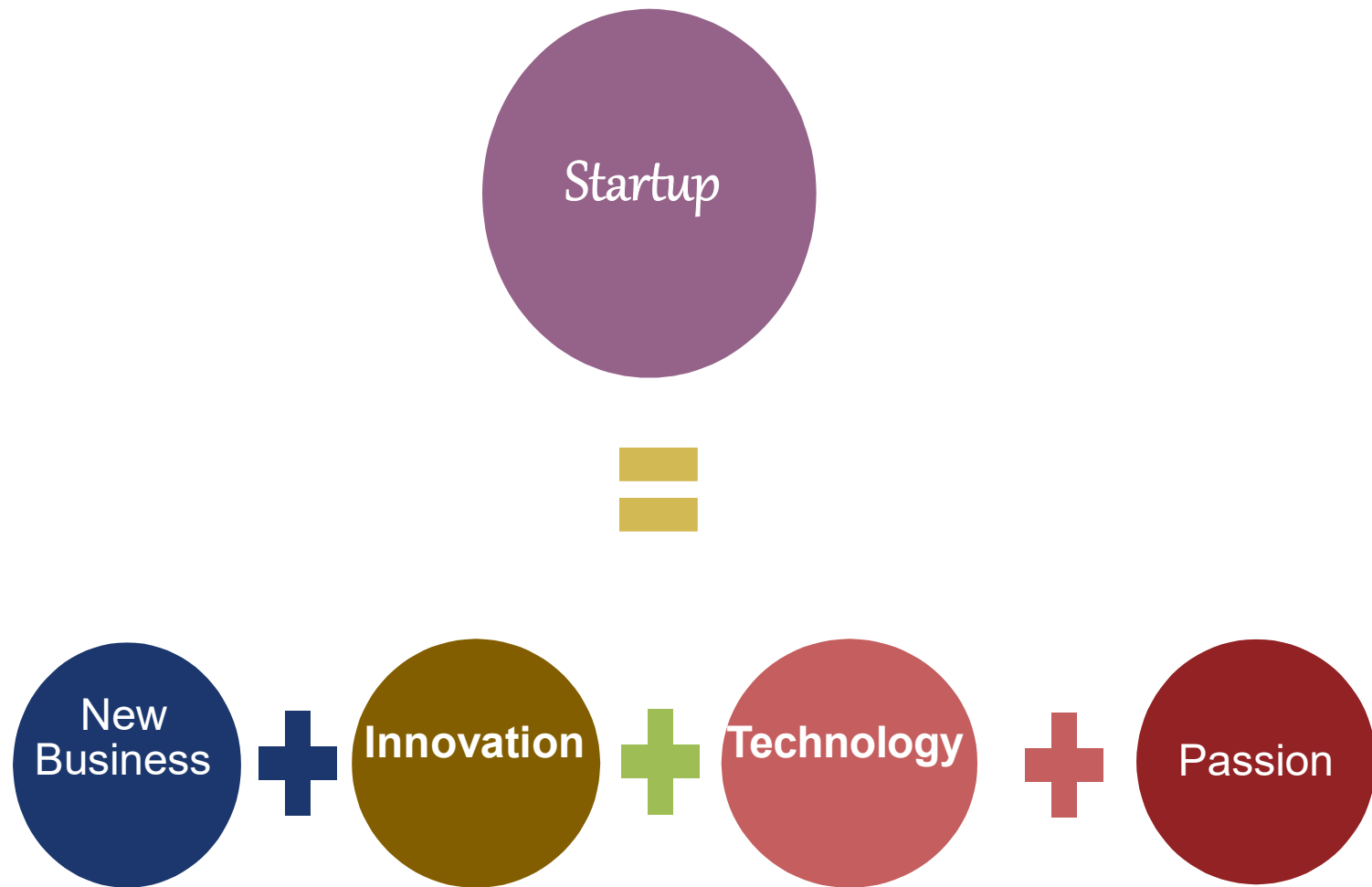


Such entity is not formed by:

- Splitting up of a business already in existence
- Reconstruction of a business already in existence

- Working towards innovation, development,
- Deployment or commercialization of new products,
- Processes or services driven by technology or intellectual property

EQUATION OF A STARTUP



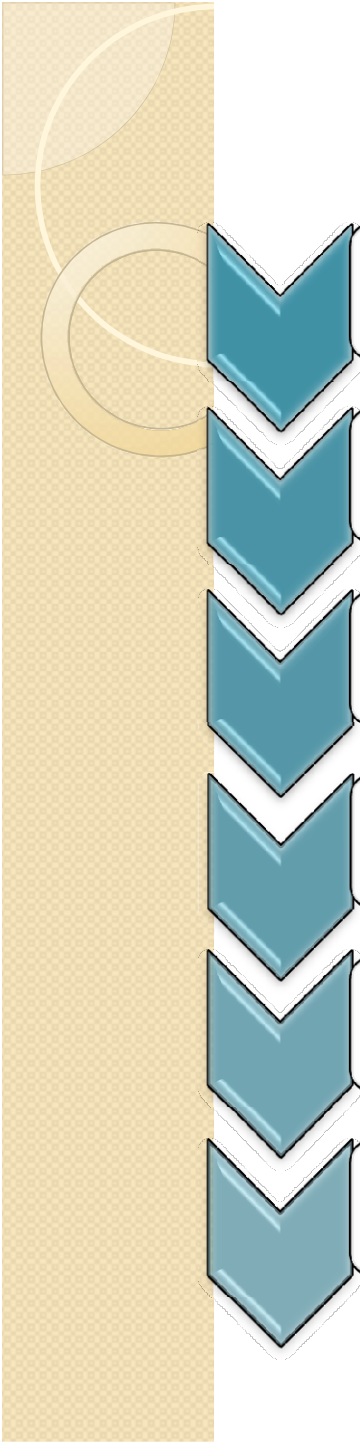


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Why Start-up India?

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Why Start-up India?

- 
- To Boost up/promote Start-up/Entrepreneurship
 - To Boost up Banking Sector/Finance
 - To Limit State Policy Dependency for New Businesses
 - To promote Women Entrepreneurship
 - Core objective is to generate maximum Employment
 - Encourage the people who have the potential to innovate and start their own business.

Upgradation Due To Start - ups

Then



Now



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Then



Now





Startup India

Single Window Clearance even with the help of a mobile application.



80% reduction in **Patent Registration** fee

Modified and more **friendly Bankruptcy Code** to ensure 90-day exit window



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Startup India

No Government
Inspection for 3
Years



Freedom from
Capital Gain Tax
for 3 years

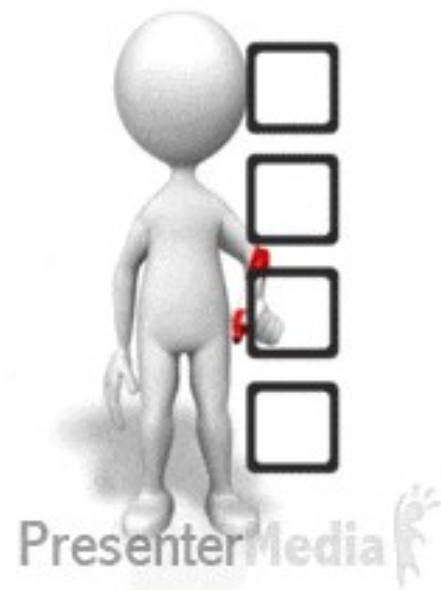
Freedom from
Tax in Profits for
3 years



IMPACT OF STARTUP INDIA ON INDIAN ECONOMY

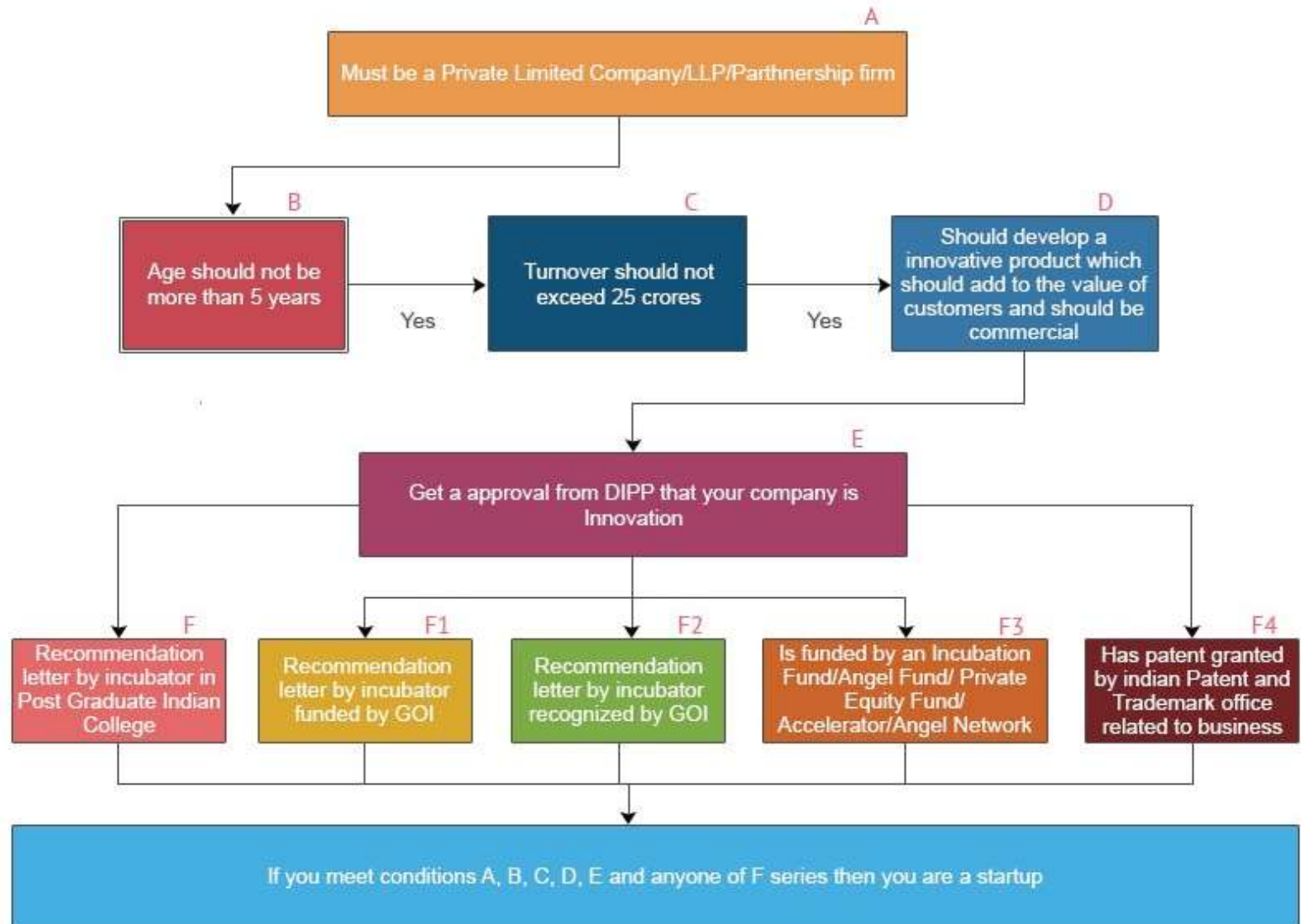


**Are You
Eligible?**



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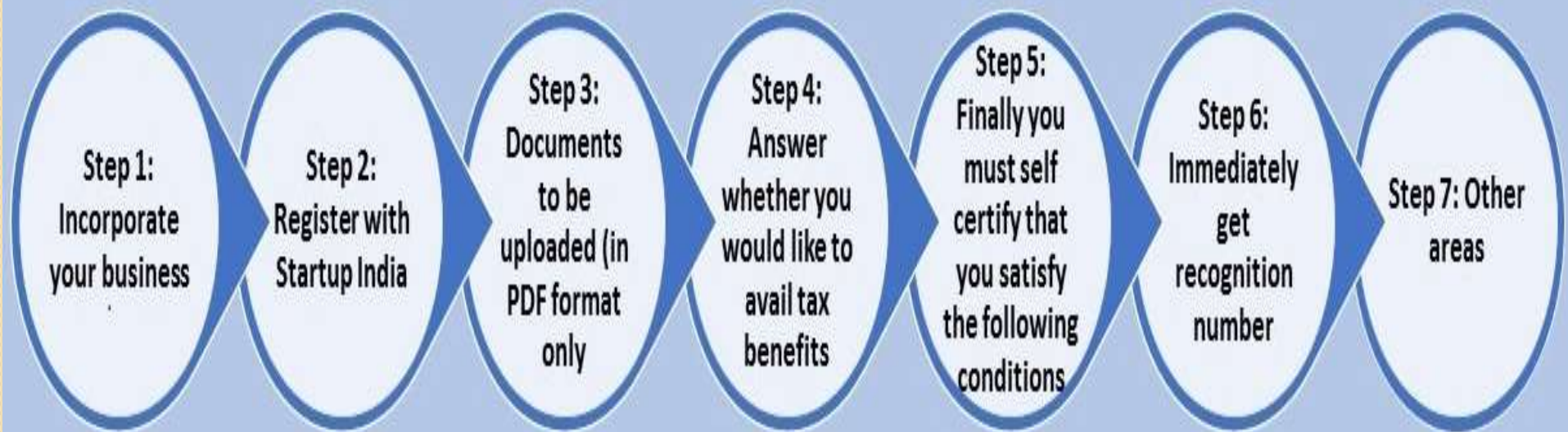
Quick analysis of the eligibility criteria



Recognition



To get the “Startup” recognition under Startup India you just have to follow these 7 steps-



Application For Start-up Registration

Step I-Entry Details

ition.php

APPLICATION FOR STARTUP RECOGNITION

Entity Details



Nature of the Entity *

Industry *

Sector *

Categories *

Incorporation / Registration No. *

Name of the Entity *

Incorporation / Registration Date *

PAN

Save

Save & Next

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Application For Start-up Registration

Step II-Full Address (Office)

APPLICATION FOR STARTUP RECOGNITION

Entity Details



Full Address (Office)



Address Line 1 *

Address Line 2 *

Address Line 3

City/ Village *

State/ Union Territory *

Select State / Union Territory ▼

Pin Code *

Save

Save & Next

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Application For Start-up Registration

Step III- Authorized Representative Details

APPLICATION FOR STARTUP RECOGNITION

Entity Details



Full Address (Office)



Authorized Representative Details



Name of Authorized Representative *

Designation of Authorized Representative *

Mobile No. of Authorized Representative *

Email ID of Authorized Representative *

Save

Save & Next

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Mob No : 9422855595

Application For Start-up Registration

Step IV- Director(s)/Partner(s) Details

Director(s) / Partner(s) Details

Number of Director(s) / Partner(s) *

Select

Details of the Director(s) / Partner(s) *

S No.	Name of Director / Partner	Gender	Mobile Number		Postal Address	Email ID
1	<input type="text" value="Name"/>	<input type="text" value="Male"/>	<input type="text" value="+91"/>	<input type="text" value="Mobile Number"/>	<input type="text" value="Postal Address"/>	<input type="text" value="Email ID"/>

Save


Save & Next

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Application For Start-up Registration

Step V- Information Required.

Information Required

Current number of employees (including founders) * 

What is the current stage of development of your product / service? *

☐ Ideation  ☐ Validation  ☐ Early Traction  ☐ Scaling 

Has your startup applied for any IPR (Intellectual Property Right) ? *

☐ Yes ☒ No

Is the startup creating an innovative product / service / process or improving an existing product / service / process ? *

☐ Yes ☒ No

Is the startup creating a scalable business model with high potential of employment generation or wealth creation? *

☐ Yes ☒ No

Save

Save & Next

Step VI-Tax Benefit.

We regret to inform you that your startup does not match the criteria.Hence your startup is not eligible for consideration for tax exemption

In order to obtain tax benefits, a Startup should -

- Be a private limited company (as defined in the Companies Act, 2013) or a limited liability partnership (as defined under the Limited Liability Partnership Act, 2008) which is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2019, and
- Be working towards innovation, development or improvement of products or processes or services, or should be a scalable business model with a high potential of employment generation or wealth creation, and
- Obtain a certificate of an eligible business from the Inter-Ministerial Board of Certification as constituted by Department of Industrial Policy and Promotion from time to time.

Please note that the mere act of developing:

- Products or services or processes which do not have potential for commercialization, or
- Undifferentiated products or services or processes, or
- Products or services or processes with no or limited incremental value for customers or workflow.

Would not make a Startup eligible for tax benefits.

Would you like to avail Tax benefits? *

No ▼

[Note: In case the response is marked as "Yes" the application would be shared with the Inter-Ministerial Board for evaluation. The entity would be able to avail the Tax benefits only on certification from the Inter-Ministerial Board (IMB). Start-ups recognized by DIPP, Govt. of India can now directly avail IPR related benefits without requiring any certification from IMB.]

Save

Save & Next

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Step VII- Self Certifications.

Self-Certification

Incorporation/ Registration Certificate *

No file chosen

(Please upload company incorporation certificate issued by the Ministry of Corporate Affairs. The Certificate must be pdf, png, jpg format with file size not exceeding 5 MB.)

Please provide links or upload additional document to support your application. (eg. Website link, Videos, Pitch Deck, Patents, etc.)

--Select-- 

I certify that our entity

☐

- has not been incorporated for more than 7 years, (10 years for Startups in the biotechnology sector); and
- is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation; and
- has not formed the entity by splitting up or reconstruction of a business already in existence;

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Documents to be uploaded.

A) A letter of recommendation/support

A letter of recommendation must be submitted along with the registration form. **Any** of the following will be valid-

- (i) A recommendation (regarding innovative nature of business) from an Incubator established in a post-graduate college in India , in a format specified by the Department of Industrial Policy and Promotion (DIPP); OR
- (ii) A letter of support by an incubator, which is funded (in relation to the project) by Government of India as part of any specified scheme to promote innovation; OR
- (iii) A letter of recommendation (regarding innovative nature of business), from an Incubator, recognized by the Government of India in DIPP specified format; OR
- (iv) A letter of funding of not less than 20% in equity, by any Incubation Fund/Angel Fund/Private Equity Fund/Accelerator/Angel Network, duly registered with SEBI that endorses innovative nature of the business; OR
- (v) A letter of funding by Government of India or any State Government as part of a any specified scheme to promote innovation; OR
- (vi) A patent filed and published in the Journal by the Indian Patent Office in areas affiliated with the nature of the business being promoted.

Documents to be uploaded.

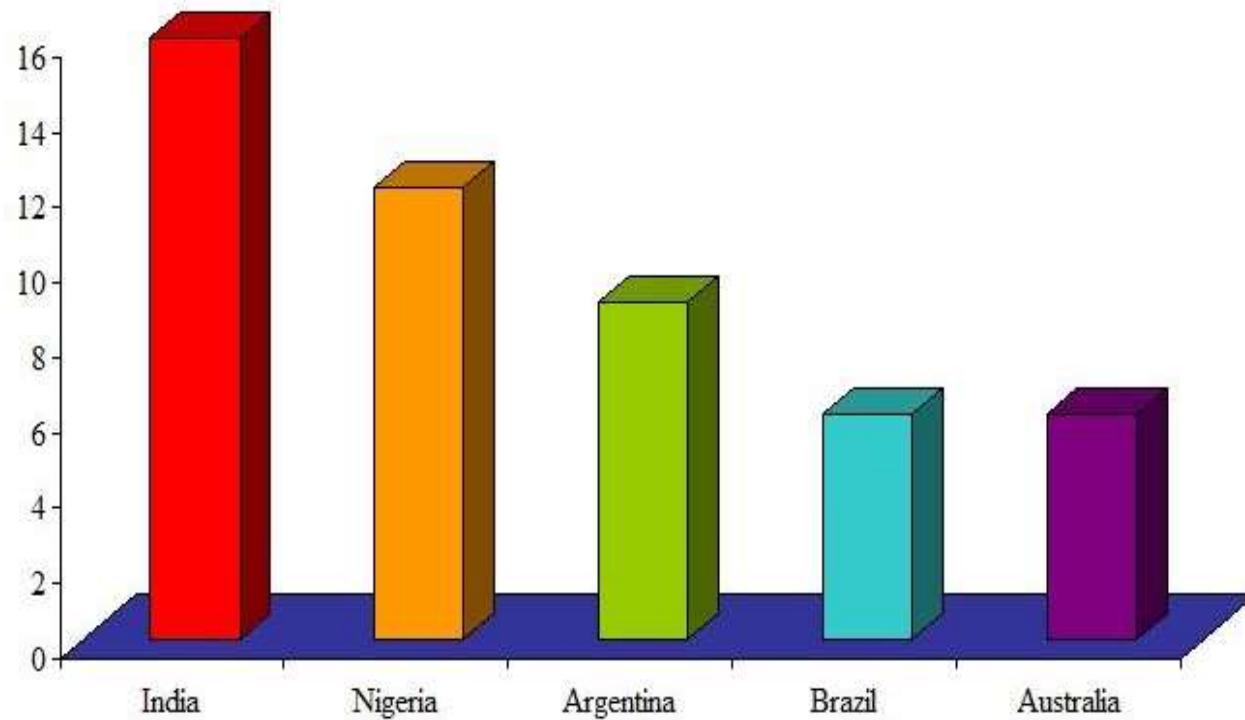
B) Incorporation/Registration Certificate

You need to upload the certificate of incorporation of your company/LLP
(Registration Certificate in case of partnership)

C) Description of your business in brief

A brief description of the innovative nature of your products/services

Top 5 Countries for Startup Registration



OPPORTUNITIES

DEPENDENCE ON IMPORTS

Start-up can take this opportunity to develop those products locally

INDUSTRY WISE OPPORTUNITY

Start-up can take this opportunity to develop those products locally.

FAVOURABLE ENVIRONMENT

Presently every department of Government is Favouring and encouraging the start ups with various incentives and opportunities

LARGE MARKET

India with over a billion people , present a very large home market for any goods and services.



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Biggest Question facing Start-ups



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What are the relevant sources of finance for me?



- ❑ **Self-funding** also known as Bootstrapping, is an effective way of start-up financing, especially when you are just starting your business.



- ❑ It is , “the **practice of funding** a project or venture by raising many small amounts of money from a large number of people, typically via the Internet.”
- ❑ Some of the popular crowdfunding sites in India are Indiegogo, Wishberry, Ketto, Fundlined and Catapooolt.

What are the relevant sources of finance for me?

ANGEL INVESTOR



- ❑ **Angel investors** are individuals with surplus cash and a keen interest to invest in upcoming start-ups. They also work in groups or networks to collectively screen the proposals before investing. They can also offer mentoring or advice alongside capital.
- ❑ **Angel Investors in India** – Indian Angel Network, Mumbai Angels, Hyderabad Angels.



- ❑ **Venture capitals** are professionally managed funds who invest in companies that have huge potential. They usually invest in a business against equity and exit when there is an IPO or an acquisition.
- ❑ **Venture Capitalists in India** are – Nexus Venture Partners, Helion Ventures, Kalaari Capital

What are the relevant sources of finance for me?

- ❑ Normally, banks are the first place that entrepreneurs go when thinking about funding.

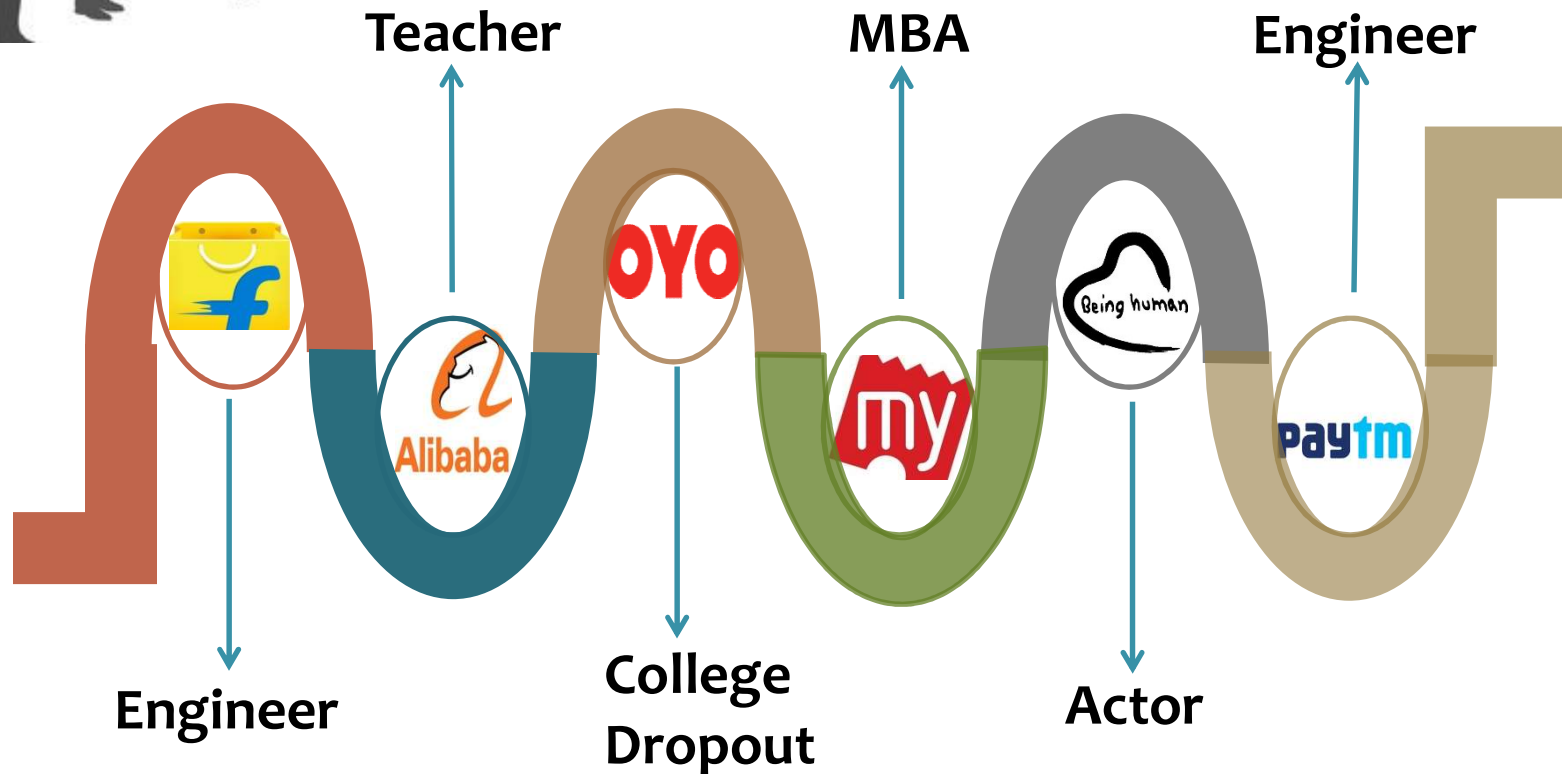
LOANS



- ❑ The bank provides two kinds of financing for businesses. One is working capital loan and other is funding.
- ❑ Funding from bank would involve the usual process of sharing the business plan and the valuation details, along with the project report, based on which the loan is sanctioned.



Some took the initiative to work outside their domain



Best Startups in India –They are young

paytm

flipkart.com

snapdeal



Vijay Shekhar
Sharma

Age : 37

Binny Bansal

Age : 35

Kunal Bahl

Age : 31

Bhavish Agarwal

Age : 28

Ritesh Agarwal

Age : 21



Skill India

CA MAYUR ZANWAR
Mob No : 9422855595



**“I call upon the nation to take a
pledge to make India the skill Capital
of the World” –**

P.M. Narendra Modi

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Mob No : 9422855595



SKILL- Ability to do something that comes from training, experience and practice etc.

YOUTH – Person between adolescence and maturity.

JOB – The work that person does regularly in order to earn money.

LOGO – Skill India logo suggest that both Skill and General Education are at parity and aspirational for India's youth.

KAUSHAL BHARAT, KUSHAL BHARAT – Happy, Healthy, Prosperous and strong nation through skilling India.

After '**Digital India**', '**Startup India**' and '**Make in India**', the NaMo Government is to launch yet another programme. This one is a revised version of programmes launched earlier under the skill development policy. This new programme, called '**Skill India**', is supposed to be a multi-skill programme. It will be launched in March 2015. Like all other programmes, '**Skill India**' too is a dream project of Narendra Modi and the work to launch this programme has already been initiated.

**कौशलता के साथ करे उन्नत
राष्ट्र का निर्माण.**

Introduction

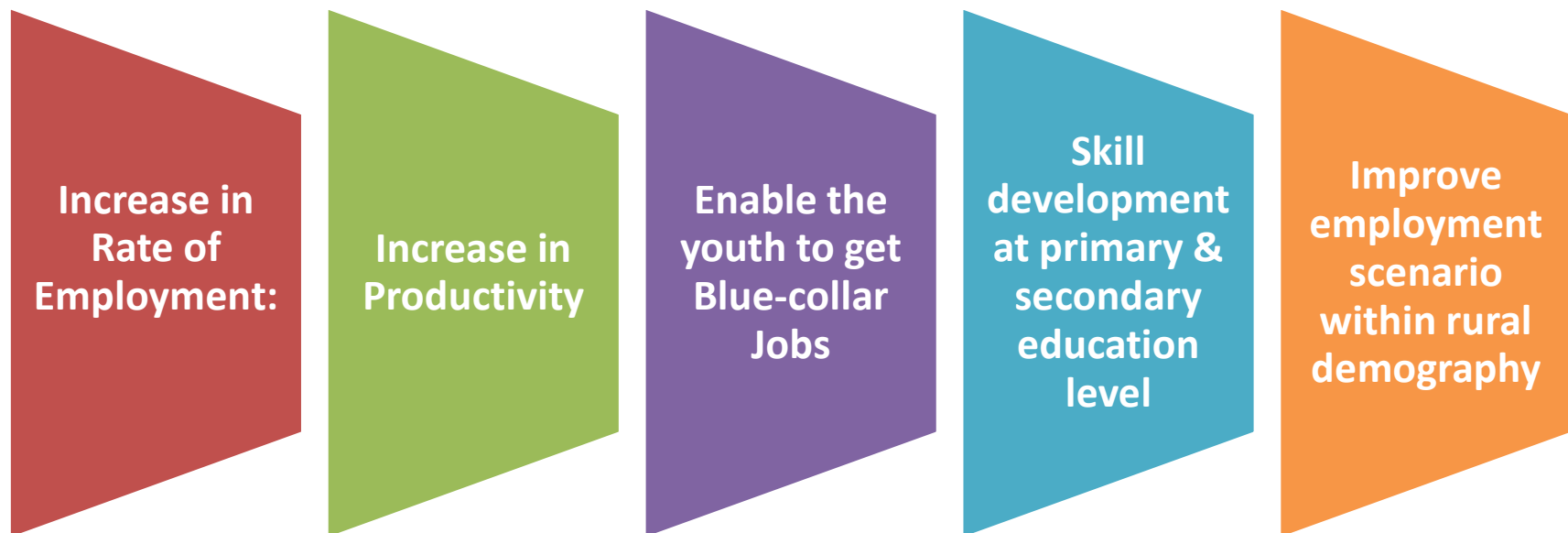
Skill India is an initiative of the Government of India It was launched by Prime Minister Narendra Modi on 15th July 2015 with an aim to train over 40 crore people in India in different skills by 2022

The initiatives include National Skill Development Mission, National Policy for Skill Development and Entrepreneurship 2015, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme and the Skill Loan scheme.

Skill India won't be just a programme but a movement. Here, youth who are jobless, college and schools dropouts, along with the educated ones, from rural and urban areas, all will be given value addition

Why 'Skill India'??

The main goal is to create opportunities, space and scope for the development of the talents of the Indian youth and to develop more of those sectors which have already been put under skill development for the last so many years and also to identify new sectors for skill development. The new programme aims at providing training and skill development to 500 million youth of our country by 2020, covering each and every village. Various schemes are also proposed to achieve this objective.



Advantages of Skill India

The idea is to raise confidence, improve productivity and give direction through proper skill development.

Skill development will enable the youths to get blue-collar jobs.


Development of skills, at a young age, right at the school level, is very essential to channelise them for proper job opportunities.

There should be a balanced growth in all the sectors and all jobs should be given equal importance.


Every job aspirant would be given training in soft skills to lead a proper and decent life.

Skill development would reach the rural and remote areas also. Corporate educational institutions, non-government organizations, Government, academic institutions, and society would help in the development of skills of the youths so that better results are achieved in the shortest time possible.


Reform after introduction of Skill India




It also Creates opportunities for those who are disabled person, widow women and also for older people.



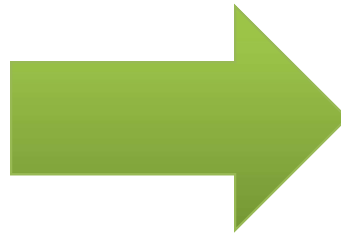
The objective is to provide skills and provide skill employment.



It emphasis to build self confidence , any person from India can do employment in any part of the world.

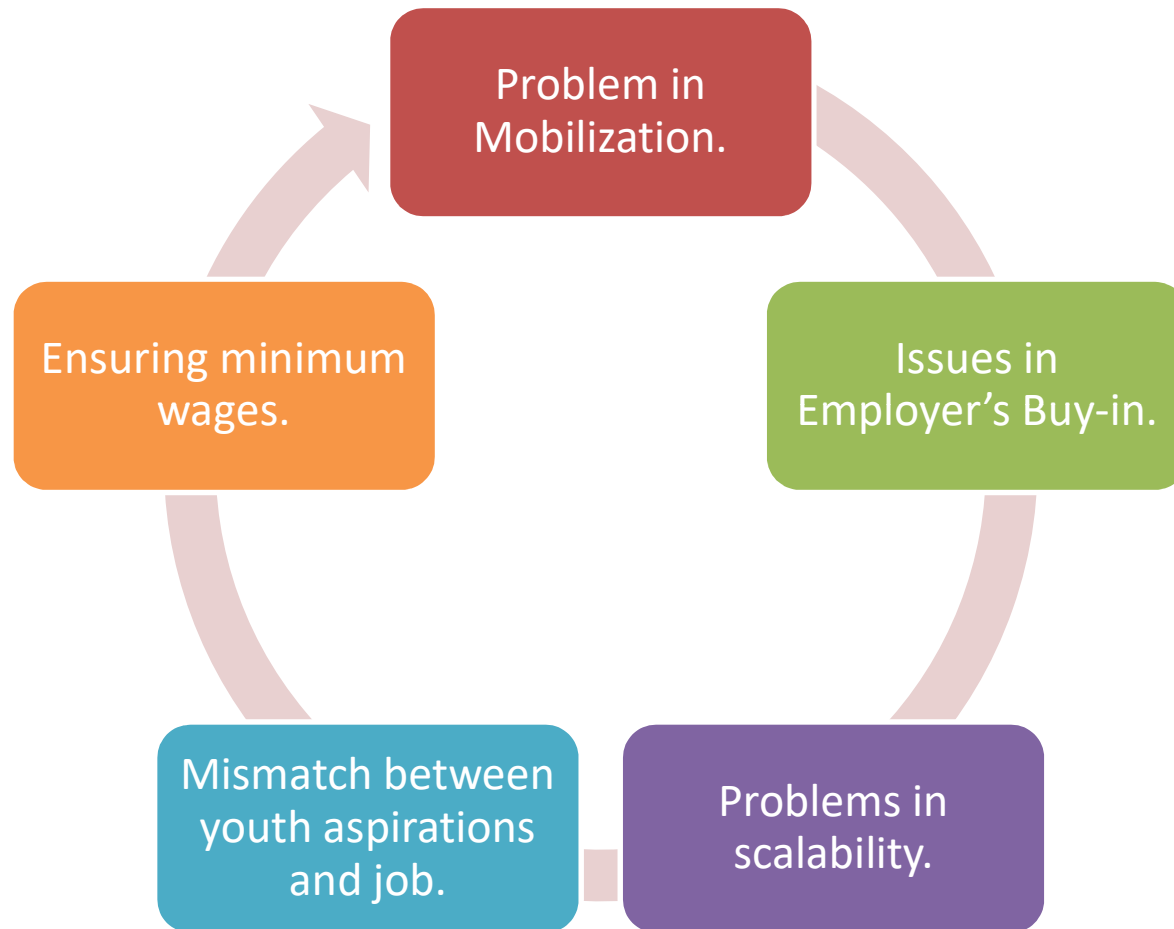


That's the reason where Skill India and start up India is introduced

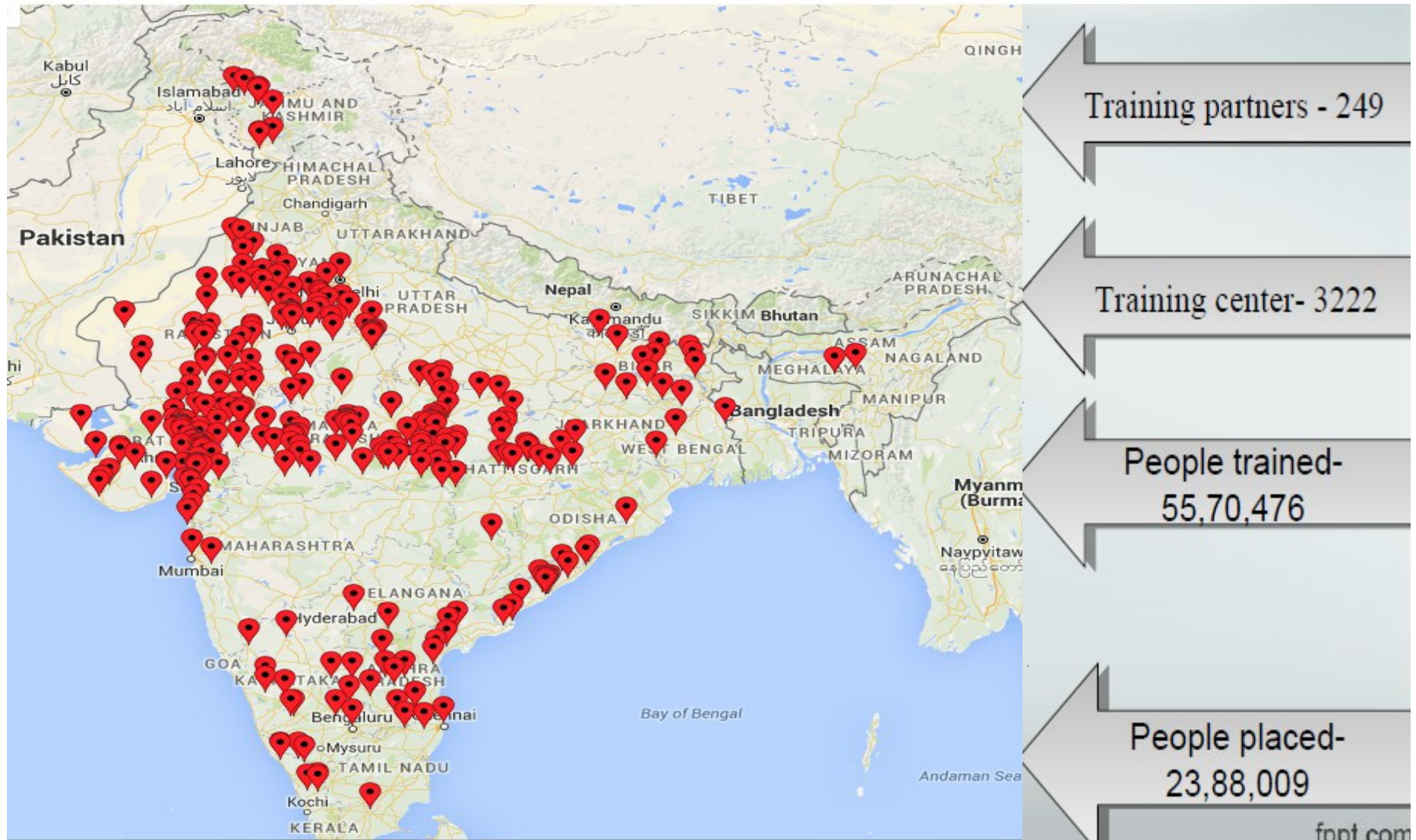


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Challenges in Skill India :-



Training Center In India Of Skill India Program



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Departments

National Skill Development Corporation

The National Skill Development Corporation India (NSDC) was setup as a one of its kind, Public Private Partnership Company with the primary mandate of catalysing the skills landscape in India

Achievements

Over 5.2 million students trained

235 private sector partnerships for training and capacity building, each to train at least 50,000 persons over a 10-year period.

38 Sector Skill Councils (SSC) approved in services, manufacturing, agriculture & allied services, and informal sectors.

1386 Qualification Packs with 6,744 unique National Occupational Standards (NOS). These have been validated by over 1000 companies.

Departments

National Skill Development Agency (NSDA)

The National Skill Development Agency, an autonomous body, was created with the mandate to co-ordinate and harmonise the skill development activities in the country, is part of the Ministry of Skill Development & Entrepreneurship (MSDE).

National Skill Development Fund

The National Skill Development Fund was set up in 2009 by the Government of India for raising funds both from Government and Non- Government sectors for skill development in the country.

PROJECT FINANCE





Definition of Project Financing

International Project Finance Association (IPFA) defined project financing as:

"The financing of long-term infrastructure, industrial projects and public services based upon a non-recourse or limited recourse financial structure where project debt and equity used to finance the project are paid back from the cash flows generated by the project."

A project finance transaction involves the mobilization of debt, equity, contingent equity, hedges & a variety of limited guarantees through a newly organized company, partnership or contractual joint venture for the purpose of building a capital intensive facility and operating a discrete business activity.

Advantages of Project Financing



1. Maximize the leverage of the project.

2. Obtain better financial conditions when the credit risk of the project is better than the credit standing of the sponsor.

3. Avoid any negative impact of a project on the credit standing of the sponsors.

Preparation of Project Report



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Preparation of Project Report

- It is very first stage of the project financing after deciding the project.
- It is an important document for seeking any type of assistance from financial institution.
- Proper presentation and detailed analysis is necessary while preparing the project report.

Points to be Incorporated in Project Report



Points to be Incorporated in Project Report

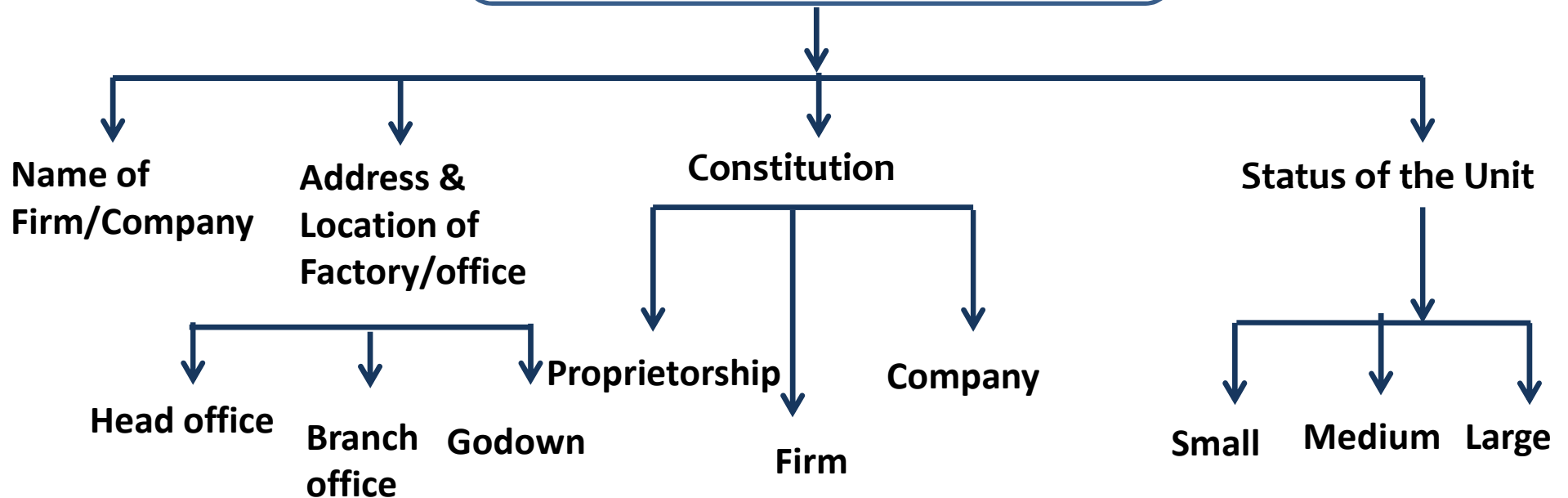


A. General Information

- A project report must provide information about the details of the industry to which the project belongs to. It must give information about the past experience, present status, problems and future prospects of the industry.
- It must give information about the product to be manufactured and the reasons for selecting the product if the proposed business is a manufacturing unit.
- It must spell out the demand for the product in the local, national and the global market. It should clearly identify the alternatives of business and should clarify the reasons for starting the business.

Points to be Incorporated in Project Report

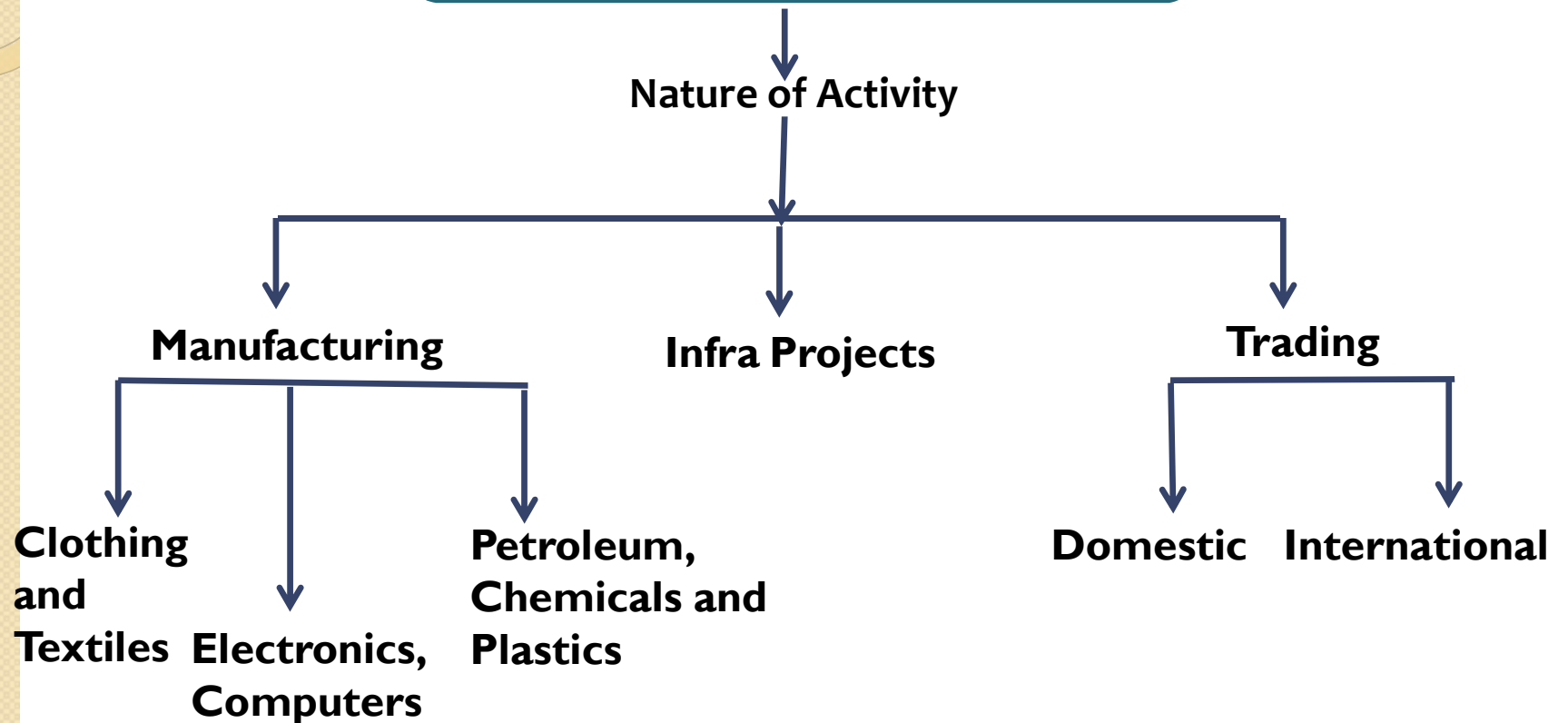
A. General Information



Continue on next
slide.....

Points to be Incorporated in Project Report

A. General Information



B. Information About Promoter

- ❑ It is one of the most important part of the project report.
- ❑ As the sanctioning of the financial assistance largely depends on the credit worthiness of the promoter.
- ❑ Hence due care and attention should be given while drafting this part of the Project Report
- ❑ Background of promoters/directors and their experience.
- ❑ Detailed bio-data of each inter-alia name, Father's / Husband's name, age, qualifications and experience in the proposed line of activity and other fields.

B. Information About Promoter

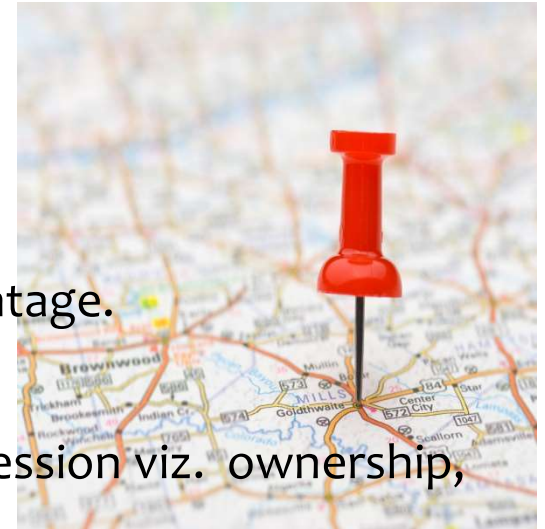
- ❑ Promoters' place of residence, permanent and temporary and address for communication, telephone numbers and e-mail id.
- ❑ Detail experience of the Promoter, particularly in business management of present activity.
- ❑ Proposed shareholding pattern and definite source of meeting the commitment of promoters' contribution.
- .
- ❑ Details of Associated business along with the balance sheet and profit & loss account for the last three years.

C. Technical Details of the Project

- ❑ Technical detail is a important and necessary part of the project report.
- ❑ It includes following details:

1. Location of the Proposed Unit

- Proposed location of the project and advantage.
- Details of land such as area, nature of possession viz. ownership, leasehold. Non-encumbrance certificate etc.
- Description on the proposed location and site of the project. Distance from the main market, and reasons/advantages thereof i.e. distance from the raw material source, distance from the market from finish goods, availability of labour, power, water, infrastructure, communication/transport and other factors related to the proposal.
- Status of the land allotted , whether it is industrial or agricultural land.
- NOC from concerned Authorities such Local/Village authorities with non-encumbrances certificate.



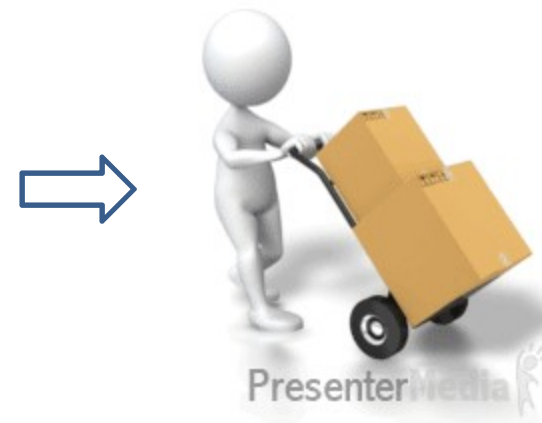
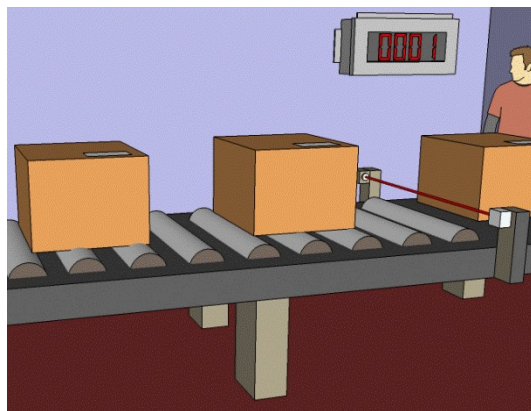
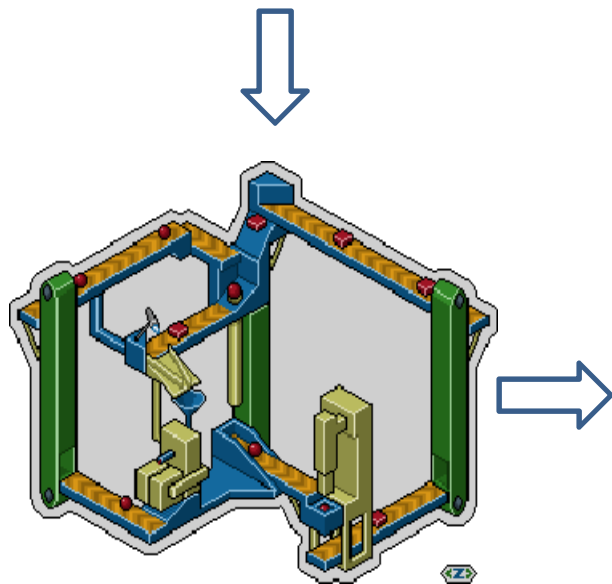
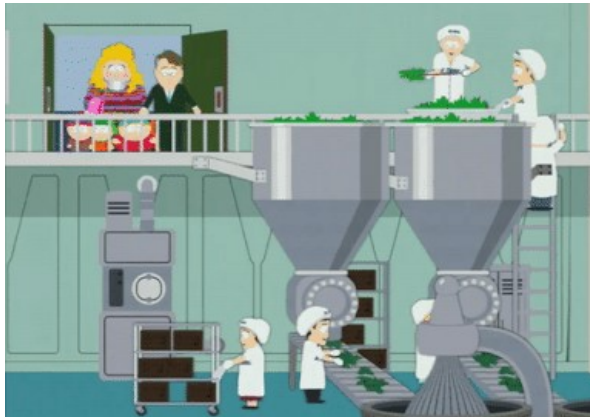


C. Technical Details of the Project

2. Manufacturing Process

- Detailed description of the process involved in manufacture of the product.
- Process flow-chart/Block diagram of the process.(Next Slide)
- Salient features of the process with justification.
- Quality control measures.
- Arrangement made for effluent treatment.

Process flow-chart/Block diagram of the process



C. Technical Details of the Project

3. Raw material requirement/source:

- Details of Requirement of raw material.
- Details of Supplier of Raw material.
- Location wise availability of raw material.
- Shipping and storage information.



4. Power and water

- Electrification Of The Unit
- Consent from Maharashtra Industrial Development Corporation
- Water Arrangement System puc



C. Technical Details of the Project

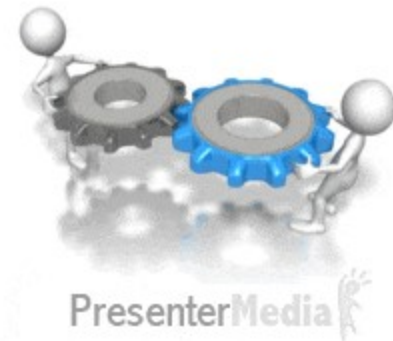
5. Labour

- Requirement of Labour and other staff will be met from the available manpower.
- Is Manpower is easily available.?
- Details of Wage rate.
- Type of Labour like Skilled , Unskilled , Semiskilled.



6. Technological arrangement

- Details about technology Used.
- Capacity Utilization of machinery.
- Year wise number of Units Produced from Machinery .



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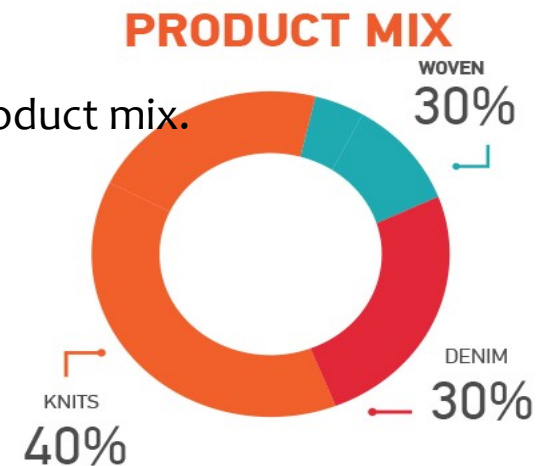
C. Technical Details of the Project

7. Pollution Control Equipment

- Hazardous waste in unit, which is harmful to the life..
- Is there any garden in factory area which gives peace to the mind of worker and helps in keeping the environment decent ?
- Alternative source of waste water.

8. Product Mix

- Total number of product lines that a company offers to its customers.
- Total number of products or items in a company's product mix.
- Total number of variations for each product.
- Product mix consistency





D. Marketing and Selling Arrangements

- Things which are included in Marketing Feasibility are:-
 - Description of the Industry
 - Current Market Analysis
 - Competitor
 - Anticipated Future Market Potential
 - Potential Buyers and sources of revenue
 - Distribution System
 - Demand Supply Gap
 - Sales projection



E. Financial Feasibility

- ❑ Financial feasibility is the **study** of whether a project is viable after taking into consideration its total cost and probable revenues.
- ❑ A financial feasibility **study projects** how much start-up capital is needed, sources of capital, returns on investment, and other financial considerations. It looks at how much cash is needed, where it will come from, and how it will be spent.
- ❑ A financial feasibility study is **an assessment** of the financial aspects of something. In this case, for starting and running a business.

Things which are included in Financial Feasibility Study are:

Determination of cost of project

Finalization of sources of Finance

Profitability estimates

Projected Balance Sheet

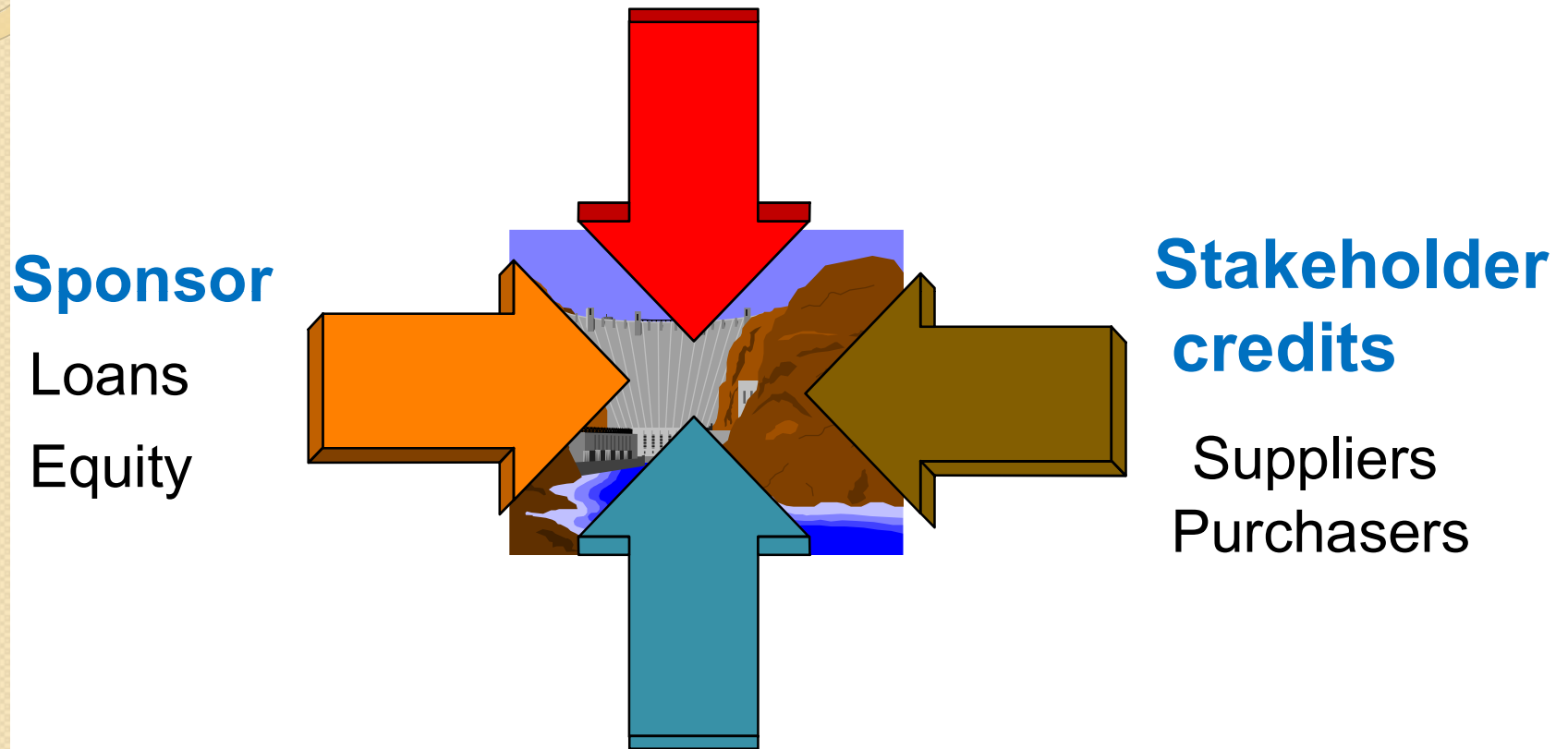
Cash flow Statement

1. Determination of Project Cost

- One very important component of the project is to correctly estimate the cost of the proposed project.
- Generally cost of the project include:
 - Land and its development
 - Construction expenses
 - Plant and Machinery required for production
 - Electrical installation
 - Other manufacturing assets
 - Preliminary expenses
 - Contingencies
 - Margin of Working Capital

2.Financing Sources

Banks, Institutional Investors, Leasing Companies



Gov't Development Financing, IBRD/IFC

EX:-Fund Requirement and Sources of Finance

Total Project Cost		Amount (Rs in Lakhs)
1.	Land & Site Development	4.79
2.	Plant & Machinery	150.74
3.	Office Equipments	2.43
4.	Preliminary Expenses	2.16
5.	Net Working Capital	55.07
	Total:-	215.19
Means of Finance		Amount (Rs in Lakhs)
1.	Capital	57.37
2.	Quasi Equity	32.82
3.	Term Loan	95.00
4.	Working Capital Finance	30.00
	Total:-	215.19

3. Profitability Estimates

- Profitability is the primary goal of all the business ventures. So projecting profit is very important.
- Our profitability depends on different aspects like:-
 - Market conditions
 - Potential customers
 - Our routine expenditure like Cost of production, cost of sales etc.
 - Interest on term loan and working capital finance

TRADING ACCOUNT

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
A) Working Days	300	300	300	300	300
B) Total Capacity (units)	350000	350000	350000	350000	350000
C) Capacity Utilized (%)	40.00	60.00	63.00	66.00	70.00
D) Sale Price (Unit Price)	145.00	145.00	145.00	145.00	145.00
Sales (Rs.) (A*B*C*D)	203.00	304.50	319.73	334.95	355.25
Raw Material Consumption					
E) Purchase Price	102.00	102.00	102.00	102.00	102.00
Total (B*C*E)	142.80	214.20	224.91	235.62	249.90
F) Salary (Refer Next Slide)	6.40	7.36	8.47	9.74	11.20
G) Other Factory Overhead*	18.54	26.83	30.52	32.25	34.41
*(Above Expenses Depends on Production Level)					
Total Cost of Production	167.74	248.39	263.90	277.61	295.51
Gross Profit	35.26	56.11	55.83	57.34	59.74

SALARY SHEET

STAFF & LABOUR REQUIREMENTS AND ANNUAL SALARIES / WAGES BILL:

Sr. No.	Designation	No. of Employee	Rate P.M.	Annual Bill (Rs. In Lacs)
A.	Supervisory Staff			
1.	Supervisor	1	8000	0.96
B.	Factory Labour			
1.	Skilled Workers	3	7500	2.70
2.	Semi Skilled Workers	3	6000	2.16
	Total			4.86
	Total Salary (A+B)			5.82
	Add: Benefits (10%)			0.58
	Total			6.40

PROFIT & LOSS ACCOUNT

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Profit	35.26	56.11	55.83	57.34	59.74
Less: Selling & Admin. Exp. (Refer Selling & Admin. Sheet)	5.39	7.96	8.47	8.95	9.72
Net Profit before Int., Dep.	29.87	48.15	47.36	48.39	50.03
Interest on Term Loan	2.97	10.89	8.91	6.93	4.95
Interest on Working Capital	3.75	3.75	3.75	3.75	3.75
Profit Before Depreciation	23.15	33.51	34.70	37.71	41.33
Less: Depreciation	15.31	23.54	20.01	17.01	14.47
Net Profit	7.84	9.97	14.69	20.70	26.86

SELLING AND ADMINISTRATIVE EXPENSES

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Insurance	0.04	0.05	0.05	0.06	0.06
Misc. Office Expenses	0.33	0.36	0.39	0.43	0.48
Printing And Stationery	0.03	0.03	0.03	0.03	0.03
Legal & Professional Expenses	0.49	0.56	0.64	0.74	0.85
Postage & Telephone	0.02	0.02	0.02	0.02	0.02
Bank Charges & Commission	0.33	0.36	0.39	0.43	0.48
Travelling & Vehicle Expenses	0.13	0.15	0.17	0.20	0.23
Rates & Taxes	0.04	0.04	0.05	0.05	0.06
Repairs & Maintenance	0.95	1.60	1.69	1.73	1.95
Other Selling Overhead	3.05	4.57	4.80	5.02	5.33
Total	5.39	7.73	8.24	8.72	9.49
Misc. Expenses W/off	0.23	0.23	0.23	0.23	0.24
Total	5.62	7.96	8.47	8.95	9.73

4. Projected Balance Sheet

- ❑ Projected Balance Sheet helps in understanding various financial **parameters** like:
 - Debt Equity Ratio
 - Current Ratio
 - Composition of various assets and liabilities
 - Financial Leverage

- ❑ A projected balance sheet, also referred to as **pro forma balance sheet**, lists specific account balances on a business' assets, liabilities and equity for a specified future time.

PROJECTED BALANCE SHEET

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Partners Capital	57.37	57.37	57.37	57.37	57.37
Quasi Equity	32.82	32.82	32.82	32.82	32.82
Reserve & Surplus	7.84	17.81	32.50	53.20	80.06
Term Loan From Bank	95.00	79.17	63.34	47.51	31.68
Working Capital Finance	30.00	30.00	30.00	30.00	30.00
Total Liabilities	223.03	217.17	216.03	220.90	231.93
Fixed Assets	172.73	172.73	172.73	172.73	172.73
Less: Accumulated Depreciation	15.31	38.86	58.87	75.88	90.34
Net Block	157.42	133.88	113.87	96.85	82.39
Net Current Assets	55.07	78.74	82.95	87.01	92.38
Misc. Expenses (Not W/off)	0.93	0.70	0.47	0.24	
Cash & Bank Balance	9.38	3.62	18.50	36.57	56.92
Total Assets	223.03	217.17	216.03	220.90	231.93

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5. Cash Flow Statement

- Cash flow helps in ascertaining whether sufficient funds shall be available at different point of time to service the debts.
- It provides aggregate data regarding all cash inflows a company receives from both its outgoing operations and external investment sources as well as all cash outflows that are paid for business activities and investments

F. Economic Benefits

- ❑ Economic benefits includes following analysis:-
 - Whether helpful for development of ancillary units.
 - Employment Generation
 - Foreign Exchange
 - Eco – Friendly products



- * **Pre Financing Stage**
 - * Project identification
 - * Risk identification & minimizing
 - * Technical and financial feasibility
- * **Financing Stage**
 - * Equity arrangement
 - * Negotiation and syndication
 - * Commitments and documentation
 - * Cash disbursement.
- * **Post Financing Stage**
 - * Monitoring and review
 - * Financial Closure / Project Closure
 - * Repayments & Subsequent monitoring.

* **Stages in Project Financing**

A.1. Project Identification



A.2. Risk Identification and Minimizing

Risk	Solution
Completion Risk	Contractual guarantees from contractors, manufacturer, etc.
Price Risk	Hedging
Resource Risk	Keeping adequate cushion in assessment
Operating Risk	Making provisions, insurance
Environmental Risk	Insurance
Technology Risk	Expert evaluation and retention accounts
Interest Rate Risk	Swap and hedging
Insolvency Risk	Credit strength of sponsor, competence of management, good corporate governance.

A.3. Technical and Financial Feasibility

□ Technical Feasibility

- Location
- Design
- Equipment
- Operations/Process

□ Financial Feasibility

- Business plan/Process
- Projected Financial Statements
- Financing structure
- Pay-back, IRR, NPV, etc

B.1. Equity Arrangements

❑ Sponsors

- Lead Sponsors
- Co-Sponsors



❑ Private Equity Participation

- Angel Investors – Private Equity Funding
- Financial Institution
- Non Financial Institution

B.2. Negotiation and Syndication

❑ Lenders

- Banks
- NBFC
- International lending Institution

❑ Syndications

- Lead Arranger
- Co - arrangers

❑ Negotiations

- Pricing
- Documentation
- Disbursement

NEGOTIATION





B.3. Documentation

- ❑ Commitment letter / MOUs
 - Commitment letters from sponsors and investors
 - MOUs signing with financiers
- ❑ Documents
 - Offer Letters
 - Lending agreements
 - Security Documents
 - Disbursement Plans
- ❑ Contracts
 - Management/shareholder agency relationship
 - Government/corporate agency relationship
 - Bondholder stockholder relationship

B.4. Cash Disbursement

- Loan Disbursement
 - Sponsor loans
 - Advance payments
 - Progress payments



C.1. Monitoring and Review

□ To see :-

- whether project is running on schedule
- Whether project is running within planned cost
- Whether Project is receiving adequate cost





C.2. Financial Closure or Project Closure

- Financial closure is the process of completing all project-related financial transactions, finalizing and closing the project financial accounts, disposing of project assets and releasing the work site.
- Project closure and commencement takes place after financial closure.

C.3. Repayment and Subsequent Monitoring

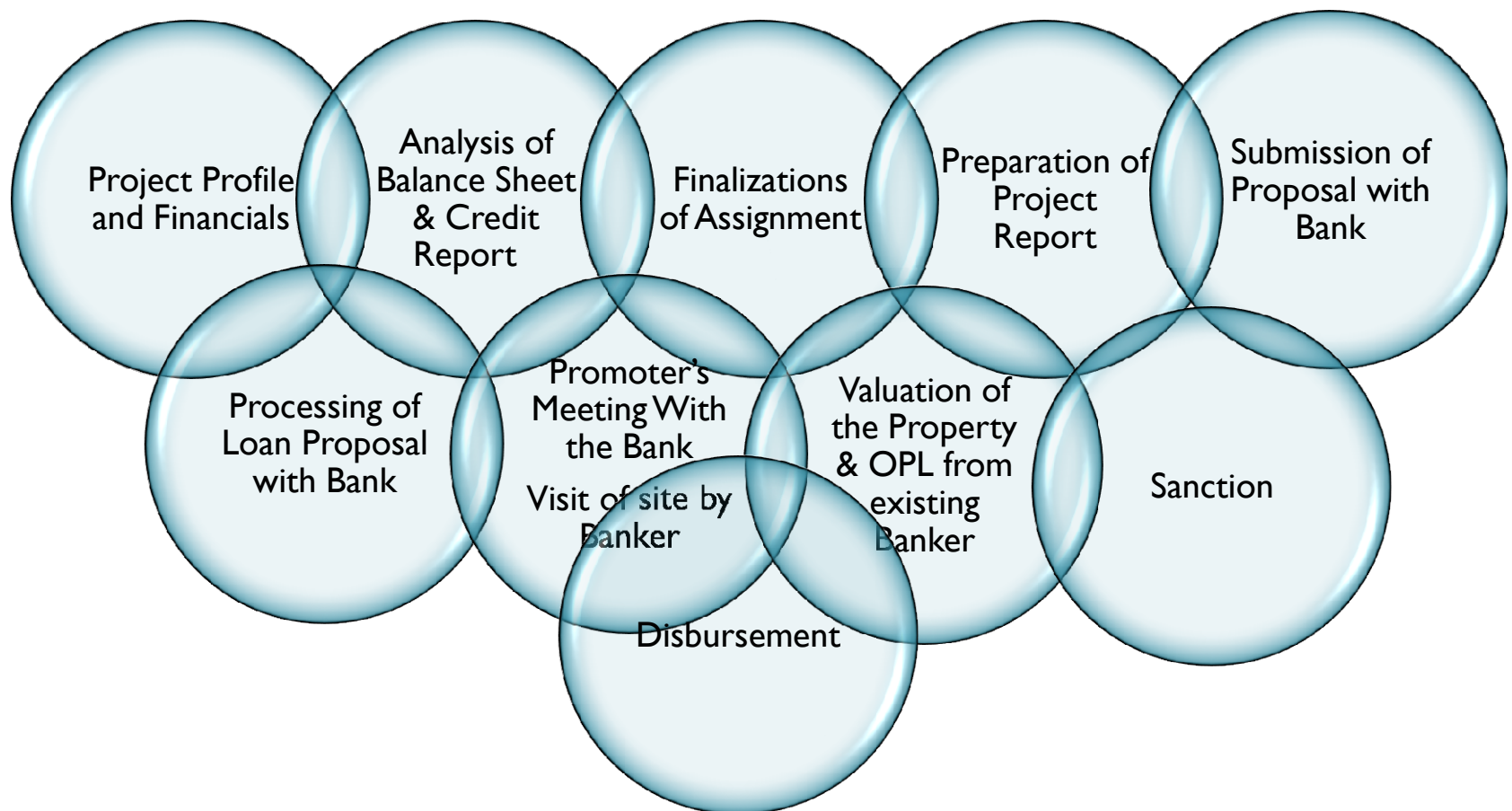
□ Repayments:-

- Grace Period.
- Monthly or Quarterly or Yearly Installments.
- Dividends.

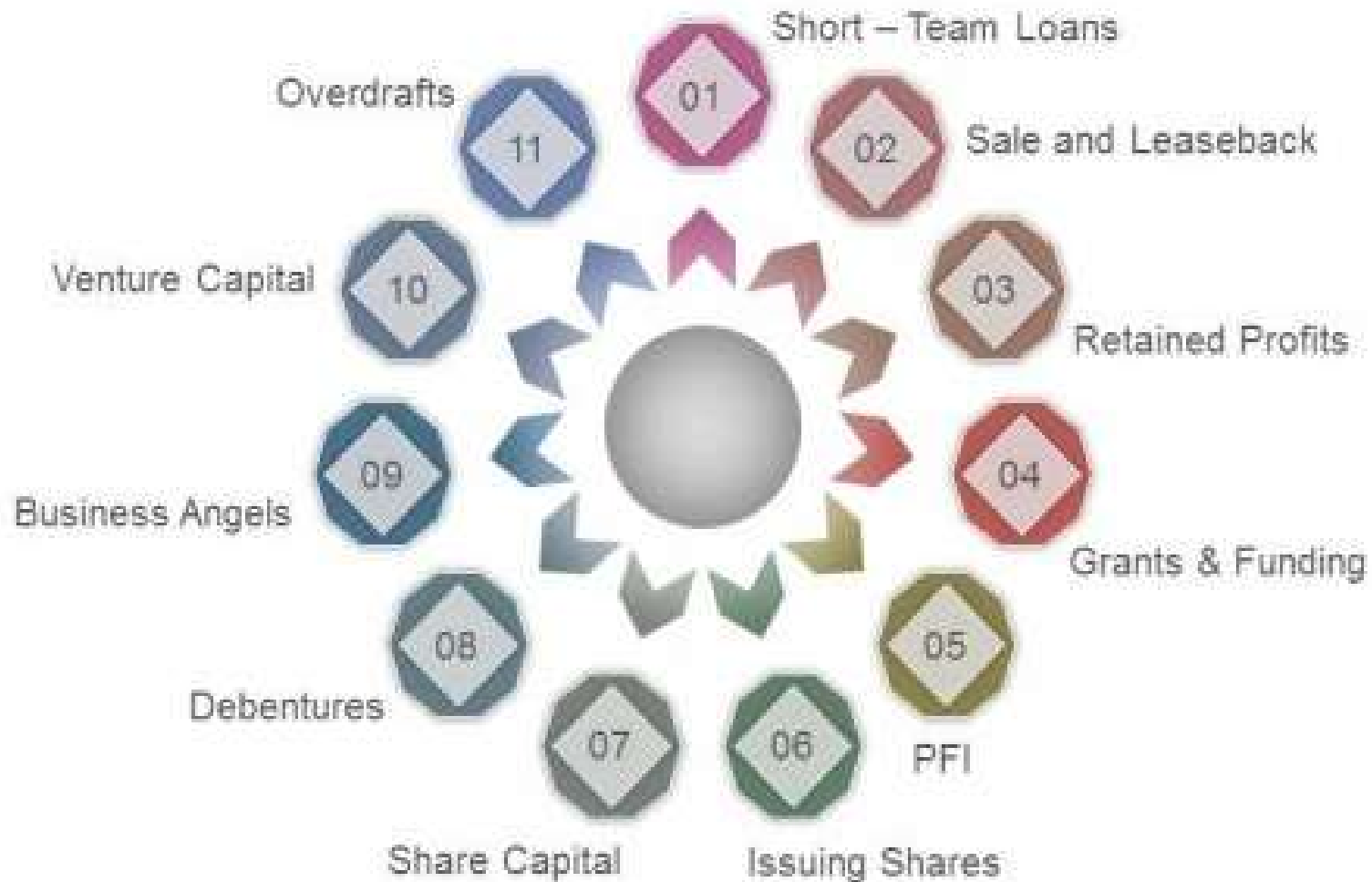
□ Monitoring:-

- Appointments of directors and managers.
- Management meetings.
- Board meetings.

Stages at a glance:



Types of Financing





Term Loan

- A term loan is a Monetary Loan that is repaid in regular payments over a set period of time. Term loans usually last between one and ten years, but may last as long as 30 years in some cases.
- A term loan usually involves an unfixed Interest rate that will add additional balance to be repaid.
- Term loans can be given on an individual basis, but are often used for small business loans.

Working Capital Finance

- ❑ It is the type of Demand Loan. It is defined as the capital of a business that is used in its day to day trading operations.
- ❑ Working Capital Requirement can be assessed from following:-

$$\text{Working Capital} = \text{Current Asset} - \text{Current Liabilities}$$

Working Capital Finance

Particulars	Cycle	Year 1	Year 2	Year 3	Year 4	Year 5
A) Finished Goods (Days) (Including Raw Material And Work in Progress)	30	29.38 (Sales*Working Cycle/300)	43.78	46.24	48.55	51.59
B) Debtors	45	30.45 (Sales*Working Cycle/300)	45.68	47.96	50.24	53.29
C) Creditors	15	4.76	10.71	11.25	11.78	12.50
D) Total Working Capital		55.07 (A+B-C)	78.74	82.95	87.01	92.38

Alternative Source Of Working Capital Finance



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I. Factoring



- ❑ Factoring is a financial transaction whereby a business job sells its accounts receivable (i.e. invoices) to a third party (called a factor) at a discount in exchange for immediate money with which to finance continued business. Factoring differs from a bank loan in **three main ways**.
 1. The emphasis is on the value of the receivables (essentially a financial asset) and not on the firm's credit worthiness.
 2. Factoring is not a loan – it is the purchase of a financial asset
 3. A bank loan involves two parties whereas factoring involves three.

II. Forfeiting

- ❑ In trade finance, forfeiting involves the purchasing of receivables from exporters.
- ❑ The forfeiter takes on all risks involved with the receivables.
- ❑ The forfeiting operation is a transaction-based operation (involving Exporters) involving the sale of one of the firm's transactions.
- ❑ Factoring is also a financial transaction involving the purchase of financial assets, but Factoring involves the sale any portion of a firm's Receivables.

III. Securitization

- ❑ Securitization is the financial practice of pooling various types of contractual debt such as residential mortgages, commercial mortgages, auto loans or credit card debt obligations and selling said debt as bonds, pass-through securities, or Collateralized mortgage obligation (CMOs), to various investors.
- ❑ The principal and interest on the debt, underlying the security, is paid back to the various investors regularly.
- ❑ Securities backed by mortgage receivables are called mortgage-backed securities, while those backed by other types of receivables are asset-backed securities.

IV. Bank Guarantee

- ❑ A guarantee from a lending institution ensuring that the liabilities of a debtor will be met. In other words, if the debtor fails to settle a debt, the bank will cover it.
- ❑ A bank guarantee enables the customer (debtor) to acquire goods, buy equipment, or draw down loans, and thereby expand business activity.



Ratio Analysis Under Project Finance



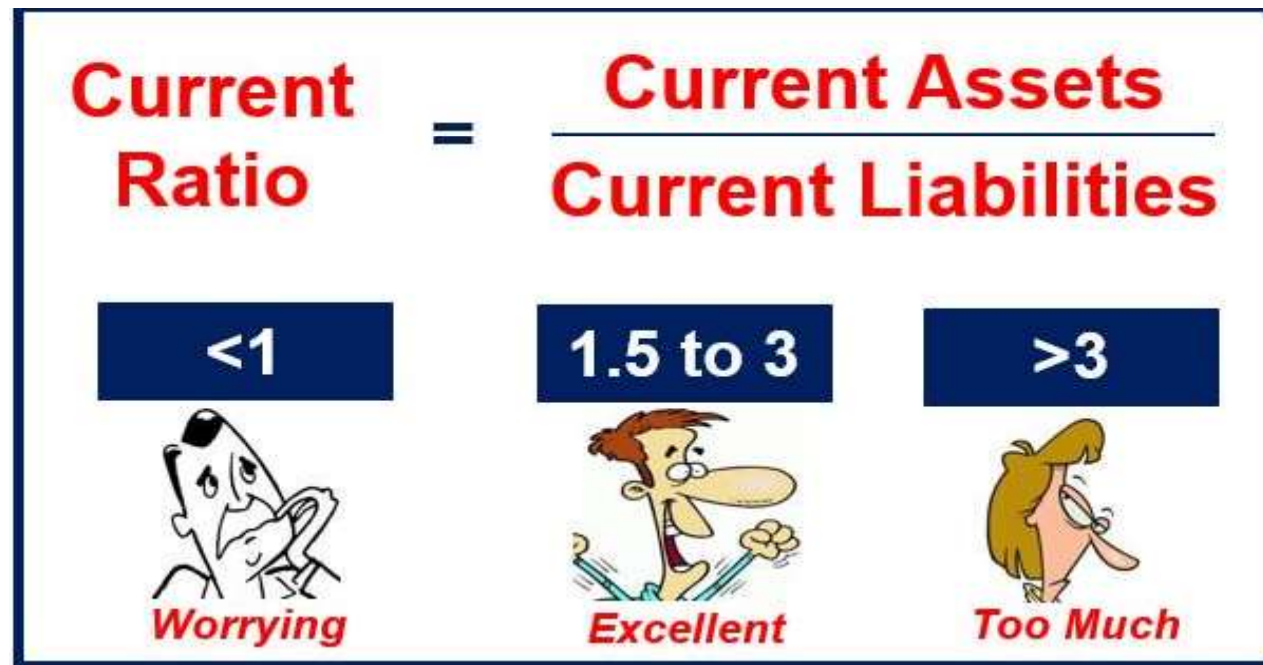


A. Internal Rate Of Return

- IRR of a Project is the discount rate which makes the NPV of inflow equal to NPV of outflow.
- It is useful for comparing the two alternative projects.
- It Pre-suppose the investment of inflow at the IRR Rate, which many time may not be easy.

B. Current Ratio

- It is useful for assessment of working capital loan.
- Normally accepted Ratio is 1.5 : 1.



C. Liquidity Ratio

- ❏ Liquidity ratios measure a company's ability to pay debt obligations and its margin of safety through the calculation of metrics including the current ratio, quick ratio and operating cash flow ratio.
- ❏ The most basic liquidity ratio or metric is the calculation of working capital. If a business has a positive working capital, this indicates it has more current assets than current liabilities and in the event of an emergency, the business can pay all of its short-term debts. A negative working capital indicates that a company is illiquid.



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D. Debt service coverage ratio

- The debt service coverage ratio (DSCR) is defined as net operating income divided by total debt service.
- In corporate finance, the Debt-Service Coverage Ratio (DSCR) is a measure of the cash flow available to pay current debt obligations.

$$\text{DSCR} = \frac{\text{Net Operating Income}}{\text{Annual Debt Obligation}}$$

D. Debt service coverage ratio

Ex:-.

Net Income (Pre-tax)	\$500,000
<i>Plus: Interest Expense</i>	\$200,000
<i>Plus: Depreciation</i>	\$50,000
<i>Plus: Amortization</i>	\$75,000
EBITDA	\$825,000
<i>Plus: Personal Income</i>	\$750,000
Global Income	\$1,575,000

Interest Expense	\$500,000
Principal Payments	\$300,000
Business Debt Service	\$800,000
<i>Plus: Personal Debt Service</i>	\$300,000
Global Debt Service	\$1,100,000

Global DSCR **1.43**

Documents to be Submitted Along With Project Report



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Documents to be Submitted Along With Project Report

- Attested Photographs.
- Detailed Bio-data of Promoters / Directors.
- List of associates companies
- In case of existing company Audited Financial statements for last 3 years.
- Assets\Liability Statement duly signed.
- If NRI, necessary permission from RBI.
- Copy of SSI registration\Industrial License.
- Copy of various permissions, approvals, licenses from Govt., Local Authorities as required.
- MPCB Clearance for Red and Orange category Industries.
- Copy of Sale Deed or Lease Deed.

Project Report Checklist ...

- Detailed estimates of the buildings to be constructed.
- Flowcharts showing sequence of mfg. process.
- Quotations for the machinery proposed to be purchased.
- List of Plant & Machinery.
- Market Survey Reports.
- Details of infrastructure availability, viz.
 - Power
 - Water
 - Efficient treatment
 - Approach Roads
 - Labour Availability
 - Fuel Availability



CHECKLIST



✓ _____

✓ _____

✓ _____

✓ _____

✓ _____



Project Report Checklist ...

- Copies of I. Tax Returns & Personal Financial Statements of Promoters for last 3 years.
- Arrangement made for Working Capital Finance and its detail assessment.
- Details of security provided – Primary and Collateral.
- Selling price evidence from customers.
- Copy of collaboration/tech. Know-how/turnkey agreement.
- If Partnership Firm:
 - Copy of Partnership Firm.
 - Registration Certificate from Registrar of Firms

Project Report Checklist ...

- If Private Limited Company
 - Memorandum of Association
 - Articles of Association
 - Certificate of Incorporation
 - Certificate of Commencement
- If co-operative society
 - Bye Laws of the society
- Associate concern details
 - Brief history of the concern
 - Banker's name & Address
 - Audited Balance sheet and P & L of last 3 years.
 - Details of financial Assistance availed if any

DIC schemes

A) PMEGP (IN MAHARASHTRA)

Coverage

- ❑ Industry projects upto Rs. 25 lakh investment and service/business projects upto Rs. 10 lakh investment are eligible under the scheme.
- ❑ Project cost will include fixed capital (excluding land cost) plus working capital.

Extent of assistance

- ❑ 90% loan for general group and 95% for special group will be available from public sector banks, Regional rural banks, IDBI.
- ❑ In urban areas, 15% margin money subsidy for general group and 25% for special group will be available through KVIC.
- ❑ In rural areas, the margin money subsidy will be 25% to 35%.

Eligibility

- ❑ Any individual, above 18 years of age
- ❑ For setting up of project costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakh in the business/service sector.
- ❑ Assistance under the Scheme is available only for new projects sanctioned specifically under the PMEGP. Institutions registered under Societies Registration Act,1860.
- ❑ The units that have already availed Government Subsidy under any other scheme of Government of India or State Government are not eligible.

B) Seed Money Scheme (SMS) (IN MAHARASHTRA)

Scope

- ❑ Project cost upto Rs. 25 lakhs for industry, service and business activity. under the scheme.
- ❑ Seed Money assistance at 15 per cent of the project cost approved by financial institutions is offered. In case of projects costing up to Rs. 10 lakhs, the quantum of assistance ranges upto 15 per cent for General category and 20% for SC/ST and OBC/NT/VT/Handicapped upto 20 per cent.
- ❑ Seed Money component up to 3.75 lakhs maximum.
- ❑ Bank loan 75% of the project cost.
- ❑ The rate of interest on seed money is 6% and if the borrower pays the repayment of installment regularly and within scheduled time, then the borrower will get rebate of 3% in interest.
- ❑ The repayment of loan starts after three years in four yearly installments for industry cases. In other cases repayment starts after six months of loan availment

Eligibility

- ❑ Local unemployed person or group of persons fulfilling:
 1. Age Group: 18 to 50 years
 2. Qualification: Std. VII pass
 3. Domiciled in the state of Maharashtra for the last 15 years.

C) District Industries Centre Loan Scheme For Tiny Business (IN MAHARASHTRA)

- ❑ The objective of the scheme is to generate employment opportunities including self-employment to tiny units located in towns and rural areas having population of less than ₹ 1 lakh (According to census 1981) and with investment in plant & machinery below ₹ 2 lakhs.
- ❑ Such identified tiny units falling within the purview of the Small Scale Industries Board and Village Industries, handicrafts, handlooms, Silk & Coir Industries are covered for financial assistance in the form of margin/seed money under the Scheme.
- ❑ In case of entrepreneur belonging to general category, the extent of Margin Money assistance is 20% of the total investment or ₹ 40,000/- whichever is less. Similarly in case of entrepreneur's belonging to scheduled caste & scheduled tribe Margin Money assistance of upto 30% of the total fixed capital investment or upto maximum of ₹ 60,000/- whichever is less is provided.

D) Credit Linked Capital Subsidy Scheme (CLCSS)- All Over India

Description	Extent of assistance	Eligibility
<p>❑ The objective of the Scheme is to facilitate technology up-gradation in MSEs by providing an upfront capital subsidy of 15 per cent (on institutional finance of upto Rs 1 crore availed by them) for induction of well-established and improved technology in the specified 51 subsectors/ products approved.</p>	<p>❑ The revised scheme aims at facilitating technology up-gradation by providing 15% up front capital subsidy to MSEs, including tiny, khadi, village and coir industrial units, on institutional finance availed by them for induction of well established and improved technologies in specified sub-sectors/products approved under the scheme.</p>	<p>❑ Micro and Small Enterprises (MSEs) having a valid UAM number.</p>



CA MAYUR ZANWAR
Mob No : 9422855595