Expansionary Plan and Loan Proposal of Company MGP

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MBA Finance

BY

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Date: 28th April 2023

Examined by:

Seal of the School

DECLARATION

I hereby declare that the data presented in this Internship report entitled, **"Expansionary Plan and Loan Proposal ofCompany MGP"**is based on the results of investigations carried out by me in the **MBA in Finance** at the **Goa Business School**, Goa University under the Mentorship of **Prof. Nilesh A. Borde**and the same has not been submitted elsewhere for the award of a degree or diploma by me. Further, I understand that Goa University or its authorities will not be responsible for the correctness of observations / experimental or other findings given the dissertation.

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Habbisha S.

Date: 28/04/2023

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MBA Finance

Goa Business School, Goa University

COMPLETION CERTIFICATE

This is to certify that the internship report **"Expansionary Plan and Loan Proposal of Company MGP"** is a bonafide work carried out by **Miss. Habbisha Sivabalan** under my mentorship in partial fulfilment of the requirements for the award of the degree of Master of Business Administration in the Finance at the Goa Business School, Goa University.

Date: 28/04/2023

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INTERNSHIP CERTIFICATE

This is to certify that Ms. Habbisha Sivabalan, student of the Goa Business School, undergoing Master's of Business Administration (MBA) in Finance has successfully completed Internship between 1st March 2023 to 26th April 2023 at Mangal Analytics and Research Consulting Private Limited. She actively participated in the project execution during the period of internship and learned the skills needed for Projects in Market Research Feasibility, Financial Analysis, Loan Proposal, Articles and Survey Design.

A. Kharangate.

Mr. Ashutosh Kharangate
(Managing Director)
Mangal Analytics and Research
Consulting Private Limited

MANGAL ANALYTICS AND RESEARCH CONSULTING PVT. LTD. ★ MARC

Seal

Place: Panjim – Goa

Date: 26th April 2023

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Company Profile - MARC

Mangal Analytics and Research Consulting (MARC) was established in 2010. The company is a business consulting firm. MARC engages in the business of Mergers and Acquisitions Advisory, Business Analytics and Research, Internationalization, and Growth Strategy. The company keenly focuses on offering customized and timebound solutions to complex business problems through effective research and analytical insights. MARC plays a vital role in helping clients identify and acknowledge the importance of combining market research and data analytics to achieve significant efficiency improvements and achieve scale. This in return has resulted in enabling the clients to seize opportunities and make informed decisions for expansion and growth.

MARC has a PAN India presence through partners and a global presence in countries like US, and UK, and Australia through affiliates. The major clients of MARC are Marriott, Royal Orchids, Tito's, Taj, Borkars, Pivot Capital LLC, Astra, Magsons, de Souza group, and Kamat group.

Vision Statement

"We aim to create an ecosystem of financial awareness and sound fundamental business management knowledge, the resultant effect of which shall be an improved economy."

Mission Statement

"To partner with our clients, at all stages of business, to deliver excellence by helping to start wisely, grow strappingly, and achieve unprecedented levels of profitability."

Areas of Proficiency

1. Market research solutions and Data Analytics.
2. Growth Strategy.
3. Mergers and Acquisitions.
4. Internationalization.
5. Global Business Analytics and Research.

Executive Summary

Company MGP is a Partnership firm that has been in business for the past twenty-five years. Company MGP is involved in the business of manufacturing Corrugated Boxes. The plant of the entity is located in the southern part of the State of Goa, India. The current factory size is 800 sqm of operational area and 400 sqm. of storage area.

The business constantly endeavors to improve the technical process and to increase manufacturing activities to optimize the utilization of resources. Company MGP has invested significant resources. And intends to further invest in various activities to develop the capacity of the systems and the efficiency of the processes. It is to ensure effective management control and regularly analyze existing policies to be carried out for technical and manufacturing processes which enables to identify of the areas of bottlenecks and correct the same and also explore the market opportunities to maximize revenue and profits.

The project is solely focused on creating a loan proposal for Company MGP. The loan is required by the firm as they are looking forward to expanding. They are intending to utilize the two adjoining plots of 200 sqm. each by realigning the land to build a shed for the purpose of supporting advanced automatic machinery. Also, a loan is required by the company to purchase new machinery to increase the production quantity. This expansion is expected to increase their production capacity from 150 metric tons per month to 420 metric tons per month.

Different analyses based on industry and company were done to understand the effectiveness and efficiency of the company as a part of the industry and as a standalone entity in the competitive market. Industry analysis includes PESTEL and Porter’s five force model, whereas company analysis includes SWOT analysis and VRIN analysis.

Finally, the actual financials of Company MGP were analyzed and a projection in revenues and cashflows was done. The cashflows were used to create a discounting cashflow model and understand if the expansionary project is feasible and profitable to obtain a loan for the same.

Literature Review

(Ahmad Khamees et al.,2010) Studied to provide additional evidence about capital budgeting practices in an emerging economy. The findings stated that Jordanian industrial corporations (JIC) give almost equal importance to the discounted and undiscounted cash flow methods in evaluating capital investment projects. In addition, it was found that the most frequently used technique is the profitability index followed by the payback period.

(Ghiyasi, 2017) Examined and proposed two performance-based capital budgeting (PBCB) approaches that aim to assign limited capital within different firms based on their performance. The study derived the finding that the budget allocation of the previous year has been found to be non-optimal in terms of budget consumption and it is vital to reconsider the budget allotment.

(Nurullah and Kengatharan, 2015) Investigated the prevailing capital budgeting practices in Sri Lankan listed companies. The findings revealed that net present value (NPV) was the most preferred capital budgeting method, followed closely by payback (PB) and internal rate of return (IRR).

(Mubashar and Tariq, 2019) Examined the current trends of capital budgeting practices among Pakistani listed firms and analyzed the responses conditional on firms' demographics and executive characteristics. The findings stated that the theory–practice gap is low as Pakistani-listed firms are employing discounted cash flow methods of capital budgeting and prefer NPV over IRR.

(Yusuf and Srithongrung, 2017) Examined the key aspects of capital management, including capital planning, capital budgeting, capital financing, decision-making, and capital spending outcomes.

Research Question

1. Is engaging in expansionary activity feasible and is the Indian corrugated boxes industry supporting the same?
2. Is Company MGP's revenue generation, liquidity position, and financial position favorable to obtain a loan for the expansion?
3. Does the company qualify to obtain a loan for the expansionary activity?
4. Is engaging in expansionary activity feasible and profitable for Company MGP in the long run?

Project Objectives

1. To analyze the profitability position, financial position, and liquidity position of the company.
2. To analyze the status of the existing loans of Company MGP and their ability to manage debt.
3. To construct a discounting cash flow model.
4. To determine whether the Net present value (NPV) and Internal Rate of return (IRR) of the project are favorable for expansion.
5. To find whether Company MGP is eligible to obtain a term loan for the expansionary project.

Project Methodology

<u>Research Design</u>

This project employs a quantitative method along with the utilization of secondary data to understand the current performance, feasibility, and eligibility of the company in obtaining the loan for the expansionary activity.

<u>Source of Data and Period of Study</u>

The study focuses on understanding the current financial performance of the company and understanding whether Company MGP is eligible to obtain a loan for expansionary activity. The study employs an industry analysis followed by a company analysis to determine the feasibility of the company's requirements of expansionary.

To initiate the financial analysis, the actuals of the financial statements like the Profit & Loss account, Balance sheet, and Cash flow statement were obtained directly from the company. The data sample obtained was for FY22 and FY23. Also, the data on the existing loans were also obtained from Company MGP.

Data Analysis Methodology

The Discounted cash flow- financial modeling method is used for the analysis purpose. Also, capital budgeting techniques like Net present value (NPV) and internal rate of return (IRR) are employed to understand the favorability of obtaining a loan for the project. The loan schedules were prepared to understand the current repayment patterns of the company. In addition, ratio analysis was also done to understand the financial stability and debt, and profitability of the entity.

Industry Analysis

Introduction to the Packaging and Paper industry in India

Packaging Industry is of paramount importance and plays a vital role in the international and domestic trade of goods. Packaging is used across sectors in a wide range of industries. That is food and beverages, healthcare, cosmetics, and other consumer goods. The packaging industry can be segregated on the basis of the types of materials used. A wide range of materials is used to manufacture packaging, which includes flexible plastics, rigid plastic, glass, metal, paper and paperboard, and wood. Some of the common packaging products include boxes, cartons, cans, bottles, bags, envelopes, wrappers, and containers.

Paper is the fastest-growing substrate segment. The India Paper and Paperboard Packaging Market was valued at INR 800.76 billion in FY21 and is expected to reach INR 1176.75 billion by FY27, registering a CAGR of 6.63%. Also, the per capita packaging consumption in India, in terms of volume, is 10.5 kg which is comparatively lower. But this low consumption level indicates the untapped potential in the packaging sector.

Introduction to the corrugated boxes industry in India

The Indian industrial sector comprises corrugated box production for more than 80% of the packing. It is due to the sturdy cushioning, lightweight, and environmental friendliness quality possessed by the corrugated boxes. Indian Corrugated Case Manufacturers' Association (ICCMA) estimates that the industry manufactures 7.5 million tons of corrugated boxes in India.

The market size of the Indian corrugated boxes industry was INR 531 billion. The Compounded Annual Growth Rate (CAGR) of the Indian corrugated boxes industry is estimated to be 10.8% and by the year FY28, the industry is expected to generate a return of INR 1,004 billion.

Porter's five forces

Porter's five force model is a vital strategic model used to understand an industry's competition levels. The primary use of Porter's five force model is to understand and analyze the five competitive forces that enable an industry filled with firms to identify the weakness and strengths of the industry as a whole.

A summary of five forces concerning the corrugated boxes industry is presented below followed by detailed descriptions.

ELEMENTS	**INTENSITY**
RIVALRY AMONG THE EXISTING FIRMS	High
THREAT OF NEW ENTRANTS	High
BARGAINING POWER OF SUPPLIERS	High
BARGAINING POWER OF BUYERS	High
THREAT OF SUBSTITUTES	Moderate

i. Rivalry among the existing firms

There are 10,000 corrugator box producers in India. Currently, there are roughly 17 companies that produce corrugated boxes in Goa, India. As there are considerably too many companies the rivalry that exist among them is very intense. The switching cost that exists in the corrugated boxes industry is observed to be very low. Thus, the rivalry among existing firms is high.

ii. Threat of new entrants

The setup cost is comparatively lower than the other industries at present in the Indian market. The growth of the industry is also seen to be high and stable. Also, corrugated box production and dealing are considered a more profitable business and industry due to the evolving sustainable packaging needs and growth in e-commerce deliveries requiring corrugated boxes. Thus, the threat of new entrants into the industry is seen to be high.

iii. Bargaining power of suppliers

The main raw materials used in corrugated box manufacturing are Kraft paper, adhesives, and stitching wire. And the selling price of the box is determined by the cost of raw materials if the raw materials cost arises the manufacturing and production costs increase. So, suppliers have more bargaining power.

iv. Bargaining power of buyers

The number of corrugated box manufacturers is high. So, from a customer perspective, the switching cost is very less due to the massive availability of the product. Thus, the bargaining power of buyers is high.

v. Threat of substitutes

Plastic wrappers and crates are a major substitute for corrugated boxes. But there is a steep increase in the preference for economical, eco-friendly, and lightweight packaging by end-users. Thus, the threat of substitutes is moderate.

PESTLE Analysis

PESTLE is the abbreviated form for Political, Economic, Social, Technological, Environmental, and Legal forces. PESTLE analysis is used to study all the external environmental forces or the macro-environmental forces to ensure the uninterrupted functioning of the organizations. This analysis exhibits the impact of the forces on the corrugated boxes industry in India.

POLITICAL	TECHNOLOGICAL
▪ Changing government policies could increase the prices of raw materials increasing production costs. ▪ Formulation of Taxation policies like IGST, CGST, and SGST.	▪ Continuous innovations and the availability of machinery can reduce the cost of production. ▪ The advancements in e-commerce platforms and online ordering feasibilities.
ECONOMICAL	**LEGAL**
▪ Prospective growth of the other industries and the demand requiring packaging as raw materials. ▪ Increased demand is leading to the emergence of new corrugated producers increasing employment levels. ▪ The increase in GST imposition on the industry by 6%. ▪ Effect of inflation causing an increase in raw material prices.	▪ The legal requirement of the boxes to have a standard quality. ▪ The mandatory requirement of an eco-mark on the boxes. ▪ Taxes on using environmentally hazardous elements in the production of the boxes.

SOCIAL	ENVIRONMENTAL
▪ Promotion of sustainable living practices. ▪ Increasing working population.	▪ Bio-degradable. ▪ Environment sustainable. ▪ Decrease in landfills.

Company Analysis

Introduction to Company MGP

Company MGP is an ISO 9001:2015 certified Partnership firm. Company MGP is involved in the business of manufacturing Corrugated Boxes. The entity currently owns a factory with 800 sqm of operational and 400 sqm. of storage area and has been in the business for the past 25 years.

Currently, the entity owns 10 different types of production equipment, 35 skilled and semi-skilled laborers, and a production capacity of 150 metric tons per month. The company manufactures 3-ply 5-ply, 7-ply, and 9-ply corrugated boxes. Company MGP is an active part of the Indian Institute of Packaging and Western Indian Corrugation Manufacturing Association for the design and quality upgradation of Boxes.

SWOT Analysis

SWOT analysis is the abbreviation form for Strengths, Weakness, Opportunity, and Threats analysis of a particular firm in the marketplace. This analysis aids the company to understand the internal environment of the organization and also the external environment that can impact the operations of the business entity. The below table analyses the internal environment of Company MGP.

STRENGTHS	WEAKNESSES
▪ Quality checking machines and equipment. ▪ The variety of boxes ranges from 3-ply 5-ply, 7-ply, and 9-ply.	▪ The corrugated boxes market is perfect competition. ▪ The rainy season causes the carton boxes to take extra time than normal to harden.
OPPORTUNITIES	**THREATS**
▪ Growth in the corrugated boxes production industry in India with a CAGR of 10.8%. ▪ Increasing volume of e-commodity delivery channels. ▪ The popularity of eco-friendly packaging options.	▪ Availability of cheap plastic alternative packaging materials. ▪ High competition as the setup is comparatively easy.

VRIN Analysis

VRIN is the abbreviated form for Valuable, Rare, Inimitable, and Non -Substitutable. VRIN analysis is done to evaluate the resource availability of a firm. This analysis also aids in viewing the value addition of the firm from the market competition perspective.

VALUABLE	INIMITABLE
▪ Customized boxes. ▪ Skilled and semi-skilled labor availability.	▪ The Corrugated production process is highly imitable ▪ The high-grade quality sets Company MGP’s product from being inimitable in quality terms.

RARE	NON-SUBSTITUTABLE
▪ The marketing team of the company is very skillful and sources the best customers who are market leaders in the FMCG market in Goa. ▪ Timely fulfillment of orders and no records of delivery delays.	▪ The quality standard maintained throughout the production of the corrugated boxes.

Data Analysis and Discussion

Expansionary Project

The Expansionary Project part of data discussion and analysis examines whether Company MGP can enter into the expansionary plan and whether it is beneficial and feasible in the long run.

A. Project Cost

The expansionary project consists of two different asset requirements. They are Building & electrical requirements and Machinery. The cost of the building & electrical requirements is INR 9,713,100 and for Machinery cost is INR 41,779,179. The total cost of the project is INR 53,492,279.

Project cost	**In INR**
Particulars	Amount
Building & electrical installations requirements	9,713,100
Machineries	41,779,179
Working capital Requirement	2,000,000
Total Project Cost	**53,492,279**

***The building and electrical requirements cost was provided by Company MGP.*

The Machinery cost was computed and is available in Table 1 in the Annexure for reference.

B. Source of Funds

The main sources of fund for this expansionary plan are owners' equity and a term loan. The owners are contributing to 25% of the Project cost and the 75% is expected to be sourced through a term loan.

The amount that is expected by Company MGP to be sourced through a term loan is INR 40,119.209. The bifurcation of the amounts contributed by the owners' and the term loan amounts are presented in the table below,

Sources of Funds	**In INR**
Sources of Funds	Amount
Owner's equity	13,373,070
Term Loan	40,119,209
Total Project Cost	**53,492,279**

C. Cost of Capital

Cost of capital is a company's calculation of the minimum return that would be necessary in order to justify the undertaking a capital budgeting project. For Company MGP to engage in the expansionary project owner's equity and debt capital is required.

- The risk-free rate of return is 7.3% for owners' equity which could have been locked in a fixed deposit.
- The interest rate of Term loan is 10.5%. The tax rate is 30%. The cost of debt was computed as,

$$\text{Cost of Debt } (K_d) = \text{Interest expense} \times (1 - T)$$

Cost of Capital				
Particulars	Amount (In INR)	Weight	Interest	Cost
Owners' Equity	13,373,070	0.25	7.3%	1.8%
Term Loan	40,119,209	0.75	10.5%	5.5%
Discounting Factor				**7%**

Thus, according to the computation of cost of capital, the discounting factor that will be used for capital budgeting for Company MGP is 7%.

D. Discounting Cashflow Model

Discounting Cash Flow Model						
Particulars	**Year 0**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Initial Outflows	(53,492,279)	-	-	-	-	-
EBT	-	9,864,805	16,188,868	20,424,520	18,267,882	19,883,841
Add:Depriciation	-	8,255,529	7,164,222	6,130,205	5,503,406	4,955,060
Cash Flows	-	18,120,334	23,353,090	26,554,724	23,771,288	24,838,902
Changes in Net Working Capital	-	(4,550,564)	(6,099,697)	(6,177,988)	(8,702,400)	(3,088,714)
Discounting Factor @ 7%	-	0.9346	0.8734	0.8163	0.7629	0.7130
Present Value	(53,492,279)	16,935,264	20,396,589	21,676,622	18,135,116	17,710,137

The discounting cash flow model is built to estimate the present value of an investment plan by using the projected future cash flows. The cashflows of Company MGP was obtained by adding the non-cash item- depreciation to the Earnings before Tax amount (EBT) obtained from the Profit and Loss statement.

The Changes in working capital were computed by first deriving the working capital for all years and then finding the incremental need of working capital each year. The computation is as follows,

Net Working capital requirment							
Particulars	**Mar-22**	**Mar-23**	**Mar-24**	**Mar-25**	**Mar-26**	**Mar-27**	**Mar-28**
Working Capital	20,167,047	25,947,923	30,498,487	36,598,184	42,776,171	51,478,571	54,567,286
Chaange in WC	6,872,945	5,780,876	4,550,564	6,099,697	6,177,988	8,702,400	3,088,714

E. Net Present Value (NPV)

NPV Computation	
Particulars	Amount (In INR)
Present Value	94,853,727
Less: Initial Investment	(53,492,279)
NPV	**41,361,448**

Net Present Value (NPV) is a capital budgeting technique that is used in investment planning to analyze the profitability of an investment decision or a project. Positive NPV is considered to be favorable. And also, a positive NPV reveals that the project has a rate of return that is higher than the discounting rate.

According to the discounting cash flow model computation, Company MGP has a positive NPV of INR 41,361,448. Thus, the expansionary project is favorable for Company MGP to be taken up.

F. Internal Rate of Return (IRR)

Internal Rate of Return (IRR) is a capital budgeting technique and tool used to find that the project is profitable. IRR indicates the annual growth rate the project is expected to provide to the firm. A favorable IRR indicates that the project attains break even or when NPV is 0.

IRR Computation
23%

The IRR of the project is 23% which is above the discounting rate of 7%. This shows that the project is a favorable step ahead for Company MGP.

G. Return on Investment (ROI)

Return on Investment (ROI) is the ratio between the net earnings of a firm and their initial investment amount. Higher the ROI higher the initial cost yields from the investment initiated.

ROI Computation
22%

ROI of Company MGP's expansionary project stands at 22%. This signifies that the profits (PAT) of the entity are yielding 22% on the investment made for the expansion within the period of FY24 to FY28.

Loan Proposal

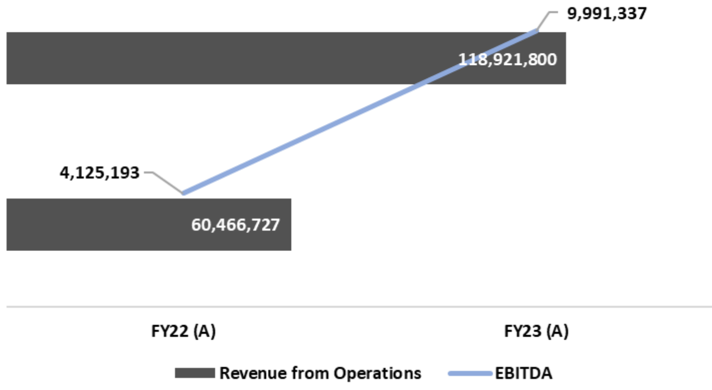
A. Promoter's Profile

Company MGP is a partnership between Partner A and Partner B. The entity has operated in the corrugated industry for 25 years.

Partner A	***Partner B***
○ *Immense experience of 20+ years in the Corrugation industry.* ○ *Started his career as an Entrepreneur in the Paper industry.* ○ Qualification: Bachelor of Engineering in Mechanical.	○ 17 years of experience as a passionate Entrepreneur. ○ Started his career in a renowned printing press. ○ Qualification: Diploma in Mechanical Engineering.

B. Key Insights

- Product Profile: The company manufactures 3-ply 5-ply, 7-ply and 9-ply Corrugated Boxes.
- Employees: 35 skilled and semi-skilled laborers.
- Equipment: 10 pieces of machinery.
- Production capacity: 150 tons Per month.
- Financial Performance



C. Market Potential

The growth drivers in the corrugated boxes industry

- Development of new materials.
- Increasing environmental awareness.
- Increasing awareness regarding health
- Changing lifestyle and brand awareness
- Increasing demand for convenience packaging.

The key trends in the corrugated boxes industry

- **E-Commerce**: The market continues to rise as customers are purchasing more things online which is primarily driving the India corrugated boxes market.
- **Sustainability and recycling**: Corrugated boxes are proving popular in packaging as sustainability becomes a more important issue across the value chain as it is easy to recycle.
- **Increase in large corporates and bulk users of corrugated boxes**: Larger manufacturing entities looking for single-source/multiple alternative vendors who are capable of meeting stringent specifications, offering alternative designs, and just-in-time deliveries at optimum cost.

D. Competitors

1. Santhoshi Packagers.
2. Desai Packaging Private Limited.
3. Sahil Packaging.
4. Ganesh Packaging.
5. Borkar Color Packagers.

E. Customers

1. Nerolac.
2. BaassFx.
3. IndoTech.
4. Quality Foods.
5. IFB.

F. Marketing Plan

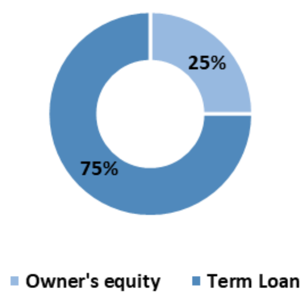
- Company MGP plans to leverage its relationships and further enhance customer satisfaction by providing superior quality products, by switching to more advanced automatic machines.
- Company MGP plans to increase its customer base through tie-ups and improving its relationships with existing buyers.
- Company MGP intends to cater to the additional Air Conditioner plant set up by one of their leading customers- Company ABC in Goa.
- Company MGP supplies only 30% of the required product to one of Company ABC's plants and aims to increase the same to 50%.

G. Building and Machinery Requirement

Machinery requirement			
Particulars	**Amount (In INR)**	**GST**	**Total**
Automatic Corrugated Box Making Line On Steam Heating	22,729,653	4,091,337	26,820,990
Freight Charges[China to India Port]	483,096	86,957	570,053
Gas Heating System	1,159,430	208,697	1,368,127
Double Color Printer Slotter Machine Lead edge Feed Model	4,927,576	886,964	5,814,540
Auto Stacker Machine [Hydraulic Type]	917,882	165,219	1,083,101
Rotary Die Cutter Machine	1,690,835	304,350	1,995,185
Semi Automatic Stitching Machine	1,541,075	277,394	1,818,469
Die Cutting Punching Machine	1,497,597	269,567	1,767,164
Air Compressor	217,393	39,131	256,524
Gum Tank	241,548	43,479	285,026
Total	**35,406,084**	**6,373,095**	**41,779,179**

Building & electrical installations requirements	**9,713,100**

H. Sources of Funds



I. Projected Profit & Loss account

Profit and loss account							In INR
Particulars	**FY22 (A)**	**FY23 (A)**	**FY24 (P)**	**FY25 (P)**	**FY26 (P)**	**FY27 (P)**	**FY28 (P)**
Revenue From Operations	60,466,727	118,921,800	178,382,700	214,059,240	235,465,164	249,593,074	264,568,658
Total Revenue From Operations	**60,466,727**	**118,921,800**	**178,382,700**	**214,059,240**	**235,465,164**	**249,593,074**	**264,568,658**
Expenses							
Material Consumption	46,559,380	96,086,928	137,354,679	164,825,615	181,308,176	192,186,667	203,717,867
Employee Benefit Expenses	2,878,187	3,040,757	4,184,833	6,403,316	7,427,847	8,616,302	9,994,910
Admin and Other Expenses	3,989,288	4,307,620	4,547,788	4,910,687	5,598,183	6,381,929	7,275,399
Power and Fuel	526,796	790,194	1,783,827	2,140,592	2,354,652	2,495,931	2,645,687
Renumeration to Partners	1,400,000	1,800,000	3,210,889	3,853,066	4,238,373	8,735,758	9,259,903
Repairs and Maintenance	987,883	2,904,964	3,195,460	3,515,006	3,866,507	4,253,158	4,678,474
Total Expense	**56,341,534**	**108,930,463**	**154,277,476**	**185,648,283**	**204,793,737**	**222,669,744**	**237,572,239**
EBITDA	**4,125,193**	**9,991,337**	**24,105,224**	**28,410,957**	**30,671,427**	**26,923,330**	**26,996,419**
Depreciation	1,339,242	1,173,146	8,255,529	7,164,222	6,130,205	5,503,406	4,955,060
EBIT	**2,785,951**	**8,818,191**	**15,849,695**	**21,246,735**	**24,541,222**	**21,419,924**	**22,041,359**
Finance cost	2,388,353	4,038,554	5,984,890	5,057,867	4,116,702	3,152,042	2,157,517
EBT	**397,598**	**4,779,637**	**9,864,805**	**16,188,868**	**20,424,520**	**18,267,882**	**19,883,841**
Other Income	62,024	68,226	75,049	82,553	90,809	99,890	109,879
EBT	**459,622**	**4,847,863**	**9,939,853**	**16,271,421**	**20,515,328**	**18,367,772**	**19,993,720**
Provision for Tax		510,000	2,981,956	4,881,426	6,154,599	5,510,331	5,998,116
PAT	**459,622**	**4,337,863**	**6,957,897**	**11,389,995**	**14,360,730**	**12,857,440**	**13,995,604**

***The Revenue computation, Depreciation calculation and interest calculation are available in Table 2, 3, and 4 in the annexure for further reference.*

Assumptions

- Revenue is computed with the assumption that sales will grow on an average of 18%.
- Materials consumption and Power and fuel expenses are 77% and 1% of revenue respectively (Material consumption based on the company's past financial data and Power and fuel is an industry standard value).
- Remuneration to partners is considered to be 1.8% of the revenue till FY25 and is projected to increase to 3.5% of the revenue from FY26.
- Administration and Other expenses, Employee benefit expenses, and repairs and maintenance are projected with an average growth rate of 145, 16% and 10% respectively.
- Provision for Tax is 30%.

J. Projected Balance Sheet

Balance sheet							In INR
Particulars	**Mar-22**	**Mar-23**	**Mar-24**	**Mar-25**	**Mar-26**	**Mar-27**	**Mar-28**
Liabilities							
Partners Capital	9,934,445	12,562,232	32,893,199	44,283,194	58,643,924	71,501,364	85,496,968
Loans	24,644,200	25,135,291	56,107,750	46,667,728	37,508,744	27,817,184	17,778,860
Bank OD A/c	13,759,926	16,500,000	16,500,000	16,500,000	16,500,000	16,500,000	16,500,000
Secured term loan	8,326,554	6,077,571	37,305,802	28,121,552	19,218,340	9,782,552	
Unsecured loan	2,557,720	2,557,720	2,301,948	2,046,176	1,790,404	1,534,632	1,278,860
Current Liabilities	7,183,851	26,874,727	14,278,392	17,306,760	16,567,292	18,184,563	19,383,341
Provisions	1,021,020	4,931,530	924,465	1,282,048	1,458,277	2,169,007	2,406,852
Sundry Creditors	6,162,831	21,943,197	13,353,927	16,024,713	15,109,015	16,015,556	16,976,489
TOTAL	**41,762,496**	**64,572,250**	**103,279,341**	**108,257,683**	**112,719,960**	**117,503,111**	**122,659,169**
Assets							
Fixed Assets	12,159,450	10,986,304	54,223,054	47,258,832	41,128,627	37,625,221	33,870,160
Current Assets	29,603,046	53,585,946	27,997,218	35,133,359	43,139,292	46,356,153	53,255,967
Deposits	1,594,059	2,673,761	1,982,030	2,973,045	3,270,350	4,159,885	4,409,478
Stock in Hand	7,558,840	24,897,100	19,077,039	22,892,447	25,181,691	29,361,852	31,123,563
Sundry Debtors	18,771,038	22,994,020	24,775,375	29,730,450	32,703,495	38,132,275	40,420,212
Loans & Advances	1,114,276	2,825,704	2,973,045	3,567,654	4,578,489	4,853,199	5,144,391
Cash & Bank	564,833	195,361	248,798	1,835,255	5,857,308	3,370,680	7,691,365
TOTAL	**41,762,496**	**64,572,250**	**103,279,341**	**108,257,682**	**112,719,960**	**117,503,111**	**122,659,168**

***The current assets, current liability, and loan amount computations are provided in Table 5 the annexure for further reference.*

K. Projected Cash Flow Statement

Cash Flow Statement						In INR
Particulars	**FY23 (A)**	**FY24 (P)**	**FY25 (P)**	**FY26 (P)**	**FY27 (P)**	**FY28 (P)**
Sources of funds						
Cash accruals						
Depreciation and Amortization	1,173,146	8,255,529	7,164,222	6,130,205	5,503,406	4,955,060
Add: Income Tax Adjustment						
Total	**1,173,146**	**8,255,529**	**7,164,222**	**6,130,205**	**5,503,406**	**4,955,060**
Operational Activities						
Increase/(decrease) in Current Liabilities						
Sundry Creditors	15,780,366	-8,589,270	2,670,785	-915,698	906,541	960,933
Short Term Provisions	3,910,510	-4,007,065	357,583	176,230	710,730	237,844
(Increase)/decrease in Current Assets						
Inventories	-17,338,260	5,820,061	-3,815,408	-2,289,245	-4,180,161	-1,761,711
Sundry Debtors	-4,222,982	-1,781,355	-4,955,075	-2,973,045	-5,428,780	-2,287,937
Deposits	-1,079,702	691,731	-991,015	-297,305	-889,535	-249,593
Short Term Loans and Advances	-1,711,428	-147,341	-594,609	-1,010,835	-274,709	-291,192
Operating cash flows	**-3,488,351**	**242,291**	**-163,517**	**-1,179,693**	**-3,652,508**	**1,563,405**
Investment Activities						
(Increase)/decrease in Fixed Assets	-	-51,492,279	-200,000	-	-2,000,000	-1,200,000
Investing cash flows	**-**	**-51,492,279**	**-200,000**	**-**	**-2,000,000**	**-1,200,000**
Finance Activities						
Increase/(decrease) in Net Worth						
Increase/(decrease) in Non Current liability	491,091	30,972,459	-9,440,021	-9,158,984	-9,691,560	-10,038,324
Increase/(decrease) in Share Capital	2,627,787	20,330,967	11,389,995	14,360,730	12,857,440	13,995,604
Financing cash flows	**3,118,878**	**51,303,426**	**1,949,974**	**5,201,746**	**3,165,880**	**3,957,280**
Total cash flows	**-369,473**	**53,438**	**1,586,457**	**4,022,053**	**-2,486,629**	**4,320,685**
Opening Balance	564,833	195,361	248,798	1,835,255	5,857,308	3,370,680
Net - Surplus (A+B+C)	-369,473	53,438	1,586,457	4,022,053	-2,486,629	4,320,685
Closing Balance	**195,361**	**248,798**	**1,835,255**	**5,857,308**	**3,370,680**	**7,691,365**

L. Ratio Analysis

Ratios							
Year	**FY22 (A)**	**FY23 (A)**	**FY24 (P)**	**FY25 (P)**	**FY26 (P)**	**FY27 (P)**	**FY28 (P)**
Interest Service Coverage Ratio (ISCR)	**1.6**	**1.3**	**3.5**	**4.7**	**6.0**	**6.8**	**9.8**
Debt Service Coverage Ratio (DSCR)			**1.5**	**1.8**	**1.9**	**1.7**	**1.8**
Debt Equity Ratio	**3.2**	**4.1**	**2.1**	**1.4**	**0.9**	**0.6**	**0.4**
Working Capital Ratio	**4.1**	**2.0**	**2.0**	**2.0**	**2.6**	**2.5**	**2.7**
Quick Ratio	**3.1**	**1.1**	**0.6**	**0.7**	**1.1**	**0.9**	**1.1**

Average Ratios	
Interest Service Coverage Ratio (ISCR)	**6.2**
Debt Service Coverage Ratio (DSCR)	**1.7**
Debt Equity Ratio	**1.1**
Working Capital Ratio	**2.4**
Quick Ratio	**0.9**

I. Interest Coverage Ratio

Interest coverage ratio measures a firms' ability to pay the interest on an outstanding debt. Interest coverage ratio is computed as follows,

Interest Coverage Ratio = (EBIT) / Interest Expenses

A higher interest coverage ratio indicates that the firm is very much capable in covering its interest expenses and on the other hand a lower ratio suggests that the company may have difficulty meeting its debt obligations.

The interest coverage ratio on an average is at 6.2 times for Company MGP for the period of analysis. This shows that the company is at greater position to pay its interests on the debts.

II. Debt Service Coverage Ratio

Debt Service Coverage Ratio is used to measure the cashflow that is available for the firm to pay the existing debt obligations. That is, the ability of the firm to handle the principal obligations. Debt Service Coverage Ratio is computed as follows,

Debt Service Coverage Ratio = Net Operating Income / Total debt service

The Debt Service Coverage Ratio is expected to be above 1. The higher the ratio the higher the ability of the firm to meet its principal obligations. On the other hand, if the ratio is equal to 1 it means that the firm has barely minimum operating income to cover the debt obligations. Less than 1 signifies that the company might have possible solvency issues.

The average Debt Service Coverage Ratio of Company MGP is 1.7. This states that the company has enough net operating income to meet its debt obligations.

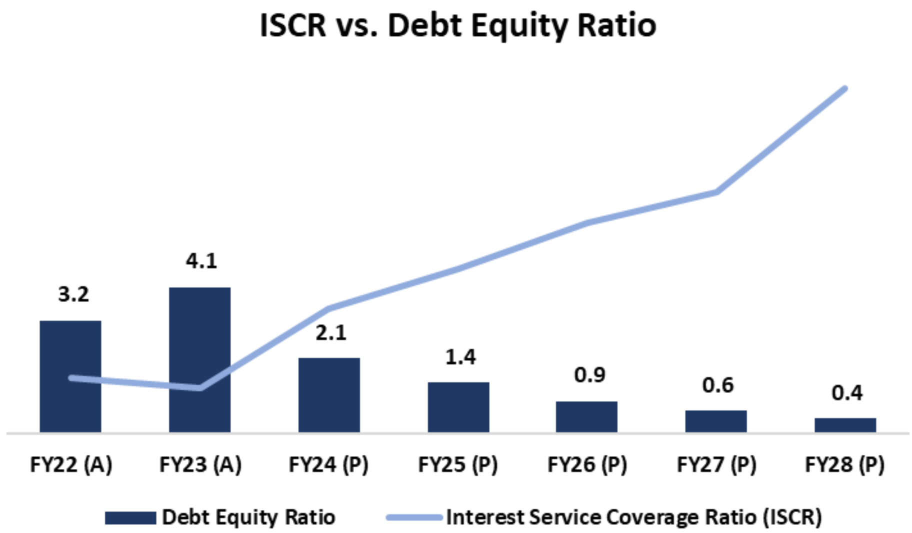
III. Debt Equity Ratio

The financing composition of a company states the mix of the debt and equity capital that has been used for financing the operations of the firm. The debt-to-equity ratio is computed as follows,

Debt-Equity Ratio = Debt Capital / Equity Capital

The higher the Debt-Equity Ratio the higher the risk associated to the company. And on the other hand, is the ratio is lower it indicates that the firm does not take advantage of debt financing.

Company MGP has an average debt-equity ratio during the analysis period of 1.1 which is favorable. Despite the fact that the company has 4 term loans and an unsecured loan.



The graph above depicts that the debt-equity ratio even though shows a spike rise in FY23 eventually drops to 0.4 in FY28. And interest coverage ratio is constantly increasing over the years which indicates that the company is in a better position to pay off interest in the future.

IV. Working Capital Ratio

The liquidity position is a very vital factor for any kind of firm. The liquidity position of the firm determines the ability of the entity to convert the assets into cash and meet the short-term liabilities effectively. The working capital ratio or the current ratio is the prominent tool that helps one understand the liquidity position of a company. The current ratio is calculated as follows,

Current Ratio/Working Capital Ratio = Current Assets / Current Liabilities

An ideal working capital Ratio is 2:1. This indicates that the firm has two times more of current assets to manage its current liabilities.

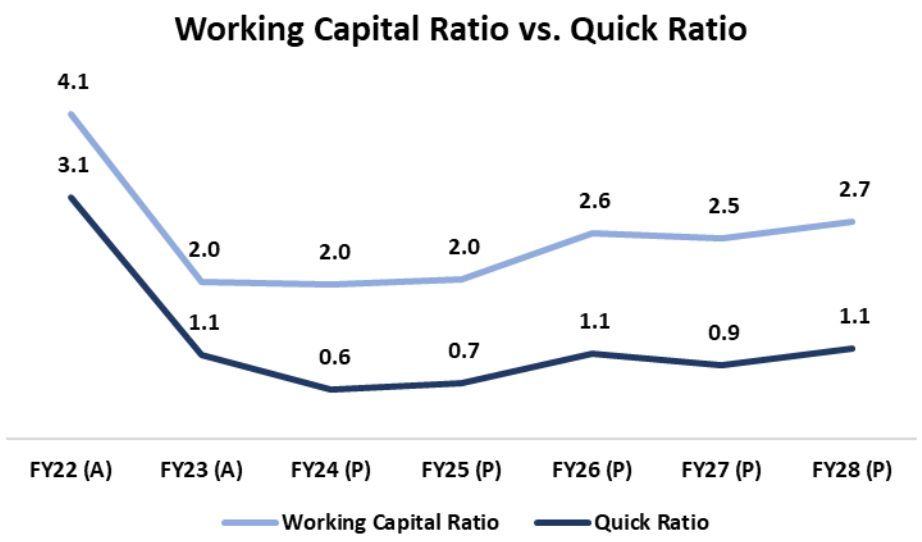
Company MGP holds an average working capital ratio of 2.4. this indicates that the entity has a good position in meeting its current liabilities.

V. Quick Ratio

The quick ratio is a prominent indicator of a firm's short-term liquidity position. This ratio measures a company's ability to meet its short-term obligations with its most liquid assets. This ratio does not include inventory in the current assets. The quick ratio is computed as follows,

Quick Ratio = (Current Assets – Inventory) / Current Liabilities

A favorable quick ratio is equal to 1 or more. Company MGP has an average quick ratio of 0.9. This indicates that the company possesses the most liquid assets to meet its short-term liabilities.



The graph above depicts that the Working capital ratio and the Quick ratio has been in spike in FY22 as 4.1 and 3.1 respectively. From FY23 it has been dropped to 2 and 1.1. But still maintains the ratios that are preferred by the industry and are favorable for the company for performance sustenance.

M. Common Size Profit and Loss Statement

Common size - Profit and Loss							
Particulars	**FY22 (A)**	**FY23(A)**	**FY24 (P)**	**FY25 (P)**	**FY26 (P)**	**FY27 (P)**	**FY28 (P)**
Revenue From Operations	100%	100%	100%	100%	100%	100%	100%
Total Revenue From Operations	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Expenses							
Material Consumption	77%	81%	77%	77%	77%	77%	77%
Employee Benefit Expenses	5%	3%	2%	3%	3%	3%	4%
Admin and Other Expenses	7%	4%	3%	2%	2%	3%	3%
Power and Fuel	1%	1%	1%	1%	1%	1%	1%
Renumeration to Partners	2%	2%	2%	2%	2%	4%	4%
Repairs and Maintenance	2%	2%	2%	2%	2%	2%	2%
Total Expense	**93%**	**92%**	**86%**	**87%**	**87%**	**89%**	**90%**
EBITDA	**7%**	**8%**	**14%**	**13%**	**13%**	**11%**	**10%**
Depreciation	2%	1%	5%	3%	3%	2%	2%
EBIT	**5%**	**7%**	**9%**	**10%**	**10%**	**9%**	**8%**
Finance cost	4%	3%	3%	2%	2%	1%	1%
EBT	**1%**	**4%**	**6%**	**8%**	**9%**	**7%**	**8%**
Other Income	0%	0%	0%	0%	0%	0%	0%
EBT	**1%**	**4%**	**6%**	**8%**	**9%**	**7%**	**8%**
Provision for Tax	0%	0%	2%	2%	3%	2%	2%
PAT	**1%**	**4%**	**4%**	**5%**	**6%**	**5%**	**5%**

Company MGP's larger portion of expense lies within the material consumption expense. Material consumption is at 77% throughout the analysis period. The profits of the company could be improved if the company can source raw materials for production from suppliers who provide at a cheaper price.

N. Common Size Balance Sheet

Common size - Balance Sheet							
Particulars	**FY22 (A)**	**FY23(A)**	**FY24 (P)**	**FY25 (P)**	**FY26 (P)**	**FY27 (P)**	**FY28 (P)**
Liabilities							
Partners Capital	24%	19%	32%	41%	52%	61%	70%
Loans	59%	39%	54%	43%	33%	24%	14%
Bank OD A/c	33%	26%	16%	15%	15%	14%	13%
Secured term loan	28%	9%	36%	80%	45%	21%	-
Unsecured loan	6%	4%	2%	2%	2%	1%	1%
Current Liabilities	17%	42%	14%	16%	15%	15%	16%
Provisions	2%	8%	1%	1%	1%	2%	2%
Sundry Creditors	15%	34%	13%	15%	13%	14%	14%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Assets							
Fixed Assets	29%	17%	53%	44%	36%	32%	28%
Current Assets	71%	83%	47%	56%	64%	68%	72%
Deposits	4%	4%	2%	3%	3%	4%	4%
Stock in Hand	18%	39%	18%	21%	22%	25%	25%
Sundry Debtors	45%	36%	24%	27%	29%	32%	33%
Loans & Advances	3%	4%	3%	3%	4%	4%	4%
Cash & Bank	1%	0%	0%	2%	5%	3%	6%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Initially the loans of Company MGP are holding a greater percentage of the total liabilities. Eventually, as the principals of the loan are paid over time the proportion of loans to total liabilities is reduced from 59% in FY22 to 14% in FY28.

The current assets of the company hold a greater proportion of the total assets of Company MGP. Under the current assets stock in hand and debtors hold the higher percentages of portions. Also, the company maintains minimum cash in hand and cash at bank percentage to avoid the loss of any potential earning possibility.

Project Findings

A. Expansionary Project

- Company MGP intending to engage in an expansionary activity possess a positive Net Present Value (NPV) of INR 41,361,448. This indicates that the present value of expected cash inflows from the expansionary project exceeds the present value of its expected cash outflows. That is, the expansionary project is expected to generate more cash than it initial costs. Thus, the expansionary project is editable for Company MGP to undertake.
- Company MGP has an Internal Rate of Return (IRR) of 23%. This indicates that the investment is expected to generate an annualized return of 23% on the initial investment. Also, the IRR is greater than the discounting factor of 7% that indicates that the investment is profitable and is a good investment opportunity.
- Company MGP has a Return on Investment (ROI) of 22%. In this case, an ROI of 22% suggests that the investment is generating a healthy profit relative to the initial cost of the investment. Also, a higher ROI indicates a more efficient use of the capital.

B. Loan Proposal

- The projected cashflow statement depicts that Company MGP has positive cashflows throughout the analysis period. This indicates that the entity can meet the operational expenses and also will be able to pay back the debt expenses like interest and principal amount.
- The average debt-to-equity ratio of Company MGP in the analysis period stands at 1.1. Normally, banks do prefer entities with a low debt-to-equity ratio as they have less debt and are less risky.
- The current ratio indicates an entity's ability to pay its short-term obligations. Banks generally look for a current ratio of at least 1.5:1, indicating that the company has sufficient current assets to cover its current liabilities. In Company MGP's case, the average current ratio during the analysis period stands at 2.4.

This indicates that the entity has the required working capital to meet its operational expenses.

- Profitability is one of the key components a bank takes note of while processing a loan. Company MGP's EBITDA and PAT for the analysis period has been profit after covering all the operating, investing, and financing expenses. This indicates that the entity can repay the interest and the debt expenses duly and also within the time frame without any delays.
- Creditworthiness is a prominent and primary factor of consideration for a bank while processing a loan for any entity. Company MGP holds 4 term loans currently and there is no evidence of defaults. Thus, the entity holds a better credit history.
- The Interest coverage ratio on average for the analysis period is at 6.2 times. This is a very favorable ISCR that would be desired by the bank while assessing Company MGP for the provision of loan.

Conclusion

The industry analysis indicates that the paper and packaging industry are favorable with a CAGR of 6.63% and the corrugated boxes industry in India is also aspiring a growth with a CAGR of 10.8%. Thus, the industry is in the growth phase and investments in the industry would be profitable for the entities.

The company analysis derives that Company MGP has better infrastructure and also a good client base with proper contracts that aid the company to expand. And also, Company MGP can make use of the opportunities in the markets like the expansion of online deliveries requiring corrugates boxes and the spike in the need for sustainable living.

The capital budgeting done for the expansionary activity provides a positive NPV of INR 41,361,448, IRR of 23%, and a ROI of 22%. This indicates that the expansionary project is favorable for Company MGP to venture into.

The financial analysis of the company states that Company MGP has good liquidity position with an average current ratio of 2.4 and an average quick ratio of 0.9 during the analysis period. The solvency of Company MGP is assessed using the ISCR and the debt-to-equity ratio that stands at 6.2 times and 1.1 during the forecasted period.

Thus, it can be concluded that Company MGP can enter into the expansionary project as it is favorable, feasible and also generates profitability for the firm in the long run too. Also, the liquidity position, solvency position, and the financial stability of Company MGP are effective to obtain the new loan for the expansionary project.

Recommendations to the Company

After a thorough analysis, it is recommended that Company MGP should pursue its expansionary plans. The Key Performance Indicators (KPIs) such as Net Present Value (NPV), Internal Rate of Return (IRR), and Return on Investment (ROI) indicate positive and favorable outcomes.

Moreover, with the constant evolution of the industry through technological advancements, it is advisable for Company MGP to install automatic machinery to replace its current semi-automatic machinery. This move will increase production quantity and improve time efficiency, positioning the company for growth and success.

In order to finance this expansion, Company MGP should make effective use of its loan proposal. The company's liquidity, solvency, and financial stability positions are strong and can provide a solid foundation for securing the necessary funds.

To further improve the profitability of the business, it is recommended that Company MGP negotiates with suppliers to secure raw materials at a lower cost or consider switching to alternative suppliers. This approach will increase gross profit and Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA).

Thus, it is concluded that based on the analysis of Company MGP's financial position, industry trends, and potential for growth, it is highly recommended that the company pursue its expansionary plans while taking steps to improve profitability and secure the necessary funding.

Learnings derived during the internship period

A. Project Specific Learnings

- Learnt the process of conducting an industry study. Conducting an industry study is important for companies looking to expand their operations. It involves analyzing market trends, competition, and potential costs and benefits.
- Learnt live capital budgeting. It is a process of evaluating and selecting investment opportunities by analyzing their cash flows and comparing them to the cost of capital. It is an important tool for making investment decisions.
- Learnt to create a loan proposal. It is essential for companies seeking funding for operations or expansion. A clear proposal that includes a risk assessment and contingency plan can increase the chances of securing funding.
- Learnt to build financial models in Excel. It is a valuable skill for analyzing and managing financial data. It involves creating models that can forecast sales growth, price growth, and other key elements of a company's financial performance.
- Learnt strategic planning. It is essential for building a successful loan proposal that aligns with the company's goals and manages risks effectively.
- Risk management is an important part of the loan proposal process, as it involves assessing potential risks and developing a plan to mitigate them.
- Forecasting sales growth, price growth, and other financial elements is an important part of understanding the industry and market the company operates in, and can help inform investment decisions.

B. General Learnings

- Research and analysis skills, which I have learned through conducting industry and market analyses. I now understand the importance of these studies to make informed business decisions.
- The importance of Social Return on Investment (SROI) in corporate social responsibility (CSR) related activities. I have learned how to measure and report the social impact of a company's CSR initiatives.

- How to create case-specific surveys and conduct stakeholder analysis. This has helped me gather relevant data to inform business decisions.
- The significance of effective communication skills in building strong long-term client relationships within the industry.
- How to build effective industry reports using secondary data research. This has helped me synthesize information and present key findings to support business decisions.
- I have acquired the skill of writing industry and country-specific blogs, which involves researching and analyzing specific industries and countries to provide insights and commentary on relevant topics.

Annexures

Table 1: Machinery Requirement Cost Calculation

Machinery requirement			
Particulars	**Amount (In INR)**	**GST**	**Total**
Automatic Corrugated Box Making Line On Steam Heating	22,729,653	4,091,337	26,820,990
Freight Charges[China to India Port]	483,096	86,957	570,053
Gas Heating System	1,159,430	208,697	1,368,127
Double Color Printer Slotter Machine Lead edge Feed Model	4,927,576	886,964	5,814,540
Auto Stacker Machine [Hydraulic Type]	917,882	165,219	1,083,101
Rotary Die Cutter Machine	1,690,835	304,350	1,995,185
Semi Automatic Stitching Machine	1,541,075	277,394	1,818,469
Die Cutting Punching Machine	1,497,597	269,567	1,767,164
Air Compressor	217,393	39,131	256,524
Gum Tank	241,548	43,479	285,026
Total	**35,406,084**	**6,373,095**	**41,779,179**

Table 2: Revenue computation

Revenue Computation							
Particulars	**FY22 (A)**	**FY23 (A)**	**FY24 (P)**	**FY25 (P)**	**FY26 (P)**	**FY27 (P)**	**FY28 (P)**
Total Monthly capacity	150	150	420	420	420	420	420
Monthly Production (In Tons)	83	131	223	254	267	269	272
Yearly Production (In Tons)	996	1,572	2,671	3,053	3,198	3,229	3,259
Capacity Occupied	50%	88%	53%	61%	63%	64%	65%
Price Per Ton	60,710	75,650	66,781	70,120	73,626	77,307	81,172
Price growth rate			10%	5%	5%	5%	5%
Revenue Growth			50%	20%	10%	6%	6%
Total Revenue from operations	**60,466,727**	**118,921,800**	**178,382,700**	**214,059,240**	**235,465,164**	**249,593,074**	**264,568,658**

Table 3: Depreciation computation

Depreciation calculation							
Particulars	**FY22 (A)**	**FY23 (A)**	**FY24 (P)**	**FY25 (P)**	**FY26 (P)**	**FY27 (P)**	**FY28 (P)**
Land		2,924,000	2,924,000	2,924,000	2,924,000	2,924,000	2,924,000
Additions		-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
WDV	2,924,000	2,924,000	2,924,000	2,924,000	2,924,000	2,924,000	2,924,000
Building		4,320,723	3,888,651	12,241,576	11,017,418	9,915,676	9,824,109
Additions		-	9,713,100	-	-	1,000,000	
Depreciation		432,072	1,360,175	1,224,158	1,101,742	1,091,568	982,411
WDV	4,320,723	3,888,651	12,241,576	11,017,418	9,915,676	9,824,109	8,841,698
Computer & Software		16,442	9,865	5,919	123,551	74,131	44,479
Additions		-	-	200,000	-	-	200,000
Depreciation		6,577	3,946.08	82,367.65	49,420.59	29,652.35	97,791.41
WDV	16,442	9,865	5,919	123,551	74,131	44,479	146,687
Plant & Machinery		4,893,376	4,159,370	39,047,766	33,190,601	28,212,011	24,830,209
Additions		-	41,779,179	-	-	1,000,000	1,000,000
Depreciation	-	734,006	6,890,782	5,857,165	4,978,590	4,381,802	3,874,531
WDV	4,893,376	4,159,370	39,047,766	33,190,601	28,212,011	24,830,209	21,955,678
Furniture & Fixture		4,909	4,173	3,547	3,015	2,563	2,178
Additions		-	-	-	-	-	-
Depreciation		736	626	532.01	452.21	384.38	326.72
WDV	4,909	4,173	3,547	3,015	2,563	2,178	1,851
Total Depreciation	**-**	**1,173,392**	**8,255,529**	**7,164,222**	**6,130,205**	**5,503,406**	**4,955,060**
Total WDV	**12,159,450**	**10,986,058**	**54,222,808**	**47,258,586**	**41,128,381**	**37,624,975**	**33,869,914**

Table 4: Loan Principal and Interest Computation

Particulars	FY24	FY25	FY26	FY27	FY28
Interest	3,908,472	3,198,833	2,410,991	1,536,325	565,267
Interest (Loan 1)	66,910	37,059	6,647	-	
Interest (Loan 2)	136,033	22,832	-	-	-
Interest (Loan 3)	132,000	94,437	36,057	-	-
Interest (Loan 4)	149,225	112,457	70,758	23,468	-
Bank OD	1,592,250	1,592,250	1,592,250	1,592,250	1,592,250
Total	**5,984,890**	**5,057,867**	**4,116,702**	**3,152,042**	**2,157,517**
Principal (New Loan)	6,439,348	7,148,986	7,936,829	8,811,495	9,782,552
Principal (Loan 1)	295,896	325,747	204,990	-	
Principal (Loan 2)	742,250	196,739	-	-	-
Principal (Loan 3)	329,328	366,891	233,051	-	-
Principal (Loan 4)	274,187	310,956	352,654	364,660	-
Total	**8,081,009**	**8,349,318**	**8,727,524**	**9,176,155**	**9,782,552**
Instalments	**14,065,898**	**13,407,186**	**12,844,226**	**12,328,197**	**11,940,069**
Loan Balance	**37,305,802**	**28,121,552**	**19,218,340**	**9,782,552**	
Bank OD	**16,500,000**	**16,500,000**	**16,500,000**	**16,500,000**	**16,500,000**
Unsecured Loan	**255,772**	**255,772**	**255,772**	**255,772**	**255,772**

Table 5: Loan Schedules

Expansionary Loan	
Loan Amount	**40,119,209**
Total Loan	**40,119,209**
Interest rate	10.50%
Months	60

Loan 1	
Loan Amount	**1,200,000**
Total Loan	**1,200,000**
Interest rate	9.65%
Months	48

Loan 2	
Loan Amount	**3,489,000**
Total Loan	**3,489,000**
Interest rate	9.45%
Months	60

Loan 3	
Loan Amount	**2,460,000**
Total Loan	**2,460,000**
Interest rate	10.85%
Months	96

Loan 4	
Loan Amount	**1,960,000**
Total Loan	**1,960,000**
Interest rate	12.65%
Months	84

Unsecured Loan	
Loan Amount	**2,557,720**
Total Loan	**2,557,720**
Interest rate	0.00%
Months	120

Table 6: Computation of current assets, current liabilities and provisions

Balance Sheet Notes - Computation of Current Assets and Current Liabilities							
Particulars	**FY22(A)**	**FY23(A)**	**FY24 (P)**	**FY25 (P)**	**FY26 (P)**	**FY27 (P)**	**FY28 (P)**
Employee Benefits and Remuneration to Employees	4,278,187	4,840,757	7,395,721	10,256,382	11,666,219	17,352,060	19,254,813
Provision Days	86	90	45	45	45	45	45
Total Provisions	1,022,011	1,210,189	924,465	1,282,048	1,458,277	2,169,007	2,406,852
Particulars	**FY22(A)**	**FY23(A)**	**FY24 (P)**	**FY25 (P)**	**FY26 (P)**	**FY27 (P)**	**FY28 (P)**
Deposits Days	**9**	**8**	**4**	**5**	**5**	**6**	**6**
Deposits	1,594,059	2,673,761	1,982,030	2,973,045	3,270,350	4,159,885	4,409,478
Trade Receivable Days	**112**	**70**	**50**	**50**	**50**	**55**	**55**
Trade Receivable	18,771,038	22,994,020	24,775,375	29,730,450	32,703,495	38,132,275	40,420,212
Trade Payables Days	**37**	**66**	**35**	**35**	**30**	**30**	**30**
Trade Payables	6,162,831	21,943,197	13,353,927	16,024,713	15,109,015	16,015,556	16,976,489
Inventory Days	**45**	**75**	**50**	**50**	**50**	**55**	**55**
Inventory	7,558,840	24,897,100	19,077,039	22,892,447	25,181,691	29,361,852	31,123,563
Loans & advs. Days	**7**	**9**	**6**	**6**	**7**	**7**	**7**
Loans & advs.	1,114,276.0	2,825,704.0	2,973,045	3,567,654	4,578,489	4,853,199	5,144,391
WC Days	120	79	65	65	70	80	80