

GTU INNOVATION COUNCIL

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GTU INNOVATION
and
Startup Center

Mentoring Session on Financial Modelling

Date:- 15th May 2019

Session Expert:

Mr. Mayank Patel, CFA , CEO - CrAdLE, EDII

Venue : GTU Innovation Council, Ahmedabad

Annexure

1. Financial Modelling
2. Balance Sheet
3. Asset and liabilities
4. Profit And Loss



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GTU Innovation Council at a glance:

GTU Innovation Council (GIC) has been designed to establish close bonding between industries, entrepreneurs, faculty members and students to make research and development at the University, relevant to the needs of industries at national and international levels. It helps to create a culture of design, new and products augmentation and processes in the arena of industries. GTU Innovation Council as an innovation campaign has started strategic steps to establish a close and continuing inter-action for the students in all the undergraduate and postgraduate courses. GTU Innovation Council is one of the elite organizations of the nation for cultivating multilayer innovation ecosystem. Through the efforts for creating culture of innovation and entrepreneurship in 7 years, an aura of developing the ecosystem across the state was conceptualized. The pilot projects and efforts have ideated many policies which have helped to change and shape up innovation and entrepreneurial mind-set of students. Pioneering more than 12 initiatives in 8 sectors of the council.

Startup Policies

1. Nodal Institute Startup Gujarat
2. Student Startup and Innovation policy (SSIP)

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About the Session:

GTU Innovation and Startup Center has organized Mentoring Session for incubated Startups at Ahmedabad region. GIC invited Mr. Mayank Patel (CFA) as an expert for guiding Entrepreneurs and Startups on “Financial Modelling” for their venture.

Mr. Mayank is the CEO of Cradle at EDII Gandhinagar. He has wide expertise in Finance and economics to guide early stage startups. He has more than ten years of experience in banking and financial services and has completed seven years as an academician. He has received CFA charter from CFA Institute, USA. His academic interests include financial markets, asset pricing, behavioral finance, risk management and quantitative methods. He specializes in the areas of investment research, corporate finance and financial derivatives. Has presented papers during various conferences and also attended workshops on econometrics and computational finance. He is a keen follower of political economy, and developments in the field of education.

11 GISC Incubated Startup have attended the Mentoring Session to get insights in Financial Modelling.

Key Points Covered in the session:

The Mentoring session started with brief introduction about the expert and his experience in Finance and Economics. Mr. Mayank Patel initiated the session with Basic introduction of why the financial Modelling is important for any company or startup to maintain its financial report.

He started the discussion by taking example of one case study to give practical knowledge to all the startups.

The Case study was on Taxi Service business like any ride sharing startups. He explained the scenario based on provided data and the cost involved in this example like purchasing price of Car, owners’ equity, loan with interest rate , Revenue, expenses, Depreciation rate, repair expenses, Salary, Tax rate, credit involve in business.

Based on the above data he explained the financial model of the company and how to prepare the balance sheet.

Following are the terms Involved in the financial Modelling

1. Asset and liabilities
2. Tax rate
3. Equity Sharing
4. Profit and Loss
5. Cash Flow
6. Income statement

Based on the available data we can create balance sheet and P and Loss statement for any company.

Basic formula:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

#Assets

Assets are the resources possessed or controlled by company to generate income in the future is known as an asset. Assets are classified into current assets, fixed assets, and intangible assets.

Assets Involves

Current Assets: Cash , Inventory , accounts receivable , Supplies

Fixed Assets : Land, Building, equipment , Furniture

Intangible Assets : Goodwill , Patents , copyrights Franchise

#Liabilities

Liabilities are contractual agreements made by a company to pay certain amount to suppliers, lenders, or any organizations which arise due to operations of business. Liabilities are classified into current liabilities and long-term liabilities

Current liabilities: Accounts Payable, Salary Payable, Sales Tax,

Long Term Liabilities: Notes payable, Mortgage Payable

Owner's Equity – along with liabilities – can be thought of as a source of the company's assets. Owner's equity is sometimes referred to as the book value of the company, because owner's equity is equal to the reported asset amounts *minus* the reported liability amounts.

Major Highlights

1. Corporate Social Responsibility (CSR) : Big Corporate with net profit more than 100 Cr are spending 2% of 3 years average profit revenue to CSR activities.
2. Depreciation Rate : The reduction in value of an asset due to normal usage, wear and tear, new technology or unfavorable market conditions is called depreciation.
3. Net Profit = Gross Profit – Expenses
4. Direct and Indirect expenses calculation
5. Calculation of equity capital
6. Grants are included under Total capital
7. Return on Investment is increased by taking some loan.
8. Ownership rights of the business
9. Company is Artificial Person or Entity created and it has to be registered under MCA (Ministry of Corporate Affairs)
10. Company will issue equity shares as ownership rights on transfer of moneys.
11. Employee stock ownership plan issued by company to give small amount of share to the existing share.

Full session webcast :

<https://www.facebook.com/gtu.innovationcouncil/videos/433678357191748/>

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Picture Gallery :



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FEEDBACK :

1. The Insights from Mr. Mayank Patel will Help our startup to evaluate financial term sheet. - QTO Education
2. In this session I have learned about the equity and ownership rights of the founders. - Brook and Blooms
3. During the session we have discussed points like Assets, liabilities, cash flow, balance sheet which will help our startup to prepare financial statement. - Care n Pair

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