China produced over 1,000 unicorns, whereas India has produced only 109. We have a long way to go. In other words, a huge opportunity awaits in India for new entrepreneurs.

An encouraging fact about startups in India is that there are 51 gazelles (experiencing rapid and sustained growth in terms of revenue, market share, or other key performance indicators.) and 96 cheetahs (exhibit rapid and impressive growth rates, often outpacing not only its competitors but also the general pace of growth in its industry) in 2023, against 51 gazelles and 71 cheetahs in 2022. Zepto, a quick-commerce delivery startup, has become the latest addition to the list of unicorns in India in 2023. Zepto has raised USD 200 million, becoming the first unicorn of 2023 ending the 11-month drought of unicorns in India.

In another positive development, raising a fund of ₹1,000 crore in India now takes only four months, whereas it used to take a year earlier.

"The best way to predict the future is to create it."

- Peter Drucker

"Winners never quit, and quitters never win."

- Vince Lombardi

Items in the Balance Sheet

Understanding Current Assets:

While not universally accepted, the standard practice is that the balance sheet should list the most liquid assets first. This means that assets are listed based on how quickly they can be converted into cash. For obvious reasons, cash and cash equivalents are listed first.

Following cash and cash equivalents are marketable securities that can be sold without much formalities, which encompass equity shares of other companies and debt securities (loans and advances provided by the company to others). These securities have a liquid market, facilitating their easy conversion into cash.

Accounts receivable arise when a company extends credit to customers, allowing them to defer payment. In essence, accounts receivables represent outstanding payments remaining with customers. While making sales, a company issues invoices alongside delivered goods, with buyers acknowledging the receipt and committing to pay by signing a copy of the invoice. While sellers call it an 'invoice,' buyers refer to it as a 'bill.' This document details the sold products or services and serves as a crucial record for both parties, particularly for audit.

Inventory comprises goods available for sale, valued at either their cost or the prevailing market price, taking the lower value. For trading companies, inventory reflects the purchase value of all goods held at any point in time in their shops and warehouses.

Prepaid expenses involve advance payments for services that will be availed in the future. Examples include insurance, advertising contracts, advance rent, and prepayment for goods to be delivered later, such as annual transportation or maintenance contracts. These expenses are categorized as assets on the balance sheet since the payment has been made upfront but the corresponding expense hasn't yet been recognized. Typically, prepaid expenses fall under current assets, except when the payment pertains to long-term assets, like those related to capital works in progress.

Long-term assets include the following:

Fixed assets, also referred to as capital assets or long-term assets, encompass a range of non-current items vital to business operations. These assets are not intended for resale and include land, machinery, equipment, buildings, transportation vehicles, factory infrastructure, roads, electrical installations, computers, telephones, and other durable assets procured to support the business. [The opposite of fixed assets are current assets which are procured either directly for selling as they are or for selling after converting into a finished product. Raw materials fall under this category.]

Additionally, long-term assets may encompass certain investments held for periods exceeding one year, contributing to the company's overall financial stability.

Another kind of long-term asset is known as an intangible asset having no physical form but representing significant investments made by the company (keep in mind that any utilization of funds leads to the creation of an asset). These assets include technologies protected by patents, copyrights, trademarks, and the elusive concept of goodwill. Notably, some intangible assets, like goodwill, are acquired through corporate takeovers or mergers and are not internally developed. The valuation of these assets may fluctuate, either overstated or understated, depending on their original book value and the purchase price during mergers or acquisitions.

Liabilities

Liabilities should be viewed as sources of funds for a company. These items represent all the avenues through which a company has acquired funds or received goods and services but has not yet fulfilled its financial obligations. They encompass:

Equity Capital: Funds contributed by the owners of the company, often representing their initial investment.

Banks: Both short-term and long-term loans obtained from financial institutions.

Payables: Amounts owed for goods or services purchased on credit.

Rent Payable: Outstanding rent payments for leased properties.

Utilities: Amounts due for utilities such as electricity, water, and gas.

Salaries: Payments owed to employees but not yet disbursed.

Current liabilities are those financial obligations expected to be settled within one year, and they are typically listed in order of their due dates. In contrast, long-term liabilities are financial commitments due for payment beyond the one-year mark.

The following are some of the current liabilities:

- Installments of long-term debt due within next one year
- Outstanding in short-term bank loan.
- Interest accrued but not yet paid.
- Wages due but not paid.
- Goods purchased on credit and the payments are yet to be made (accounts or trade payables).
- Dividends payable (if declared but yet to be paid).

The following are some of the long-term liabilities:

- Long-term debt (usually availed for the creation of fixed assets)
- Outstanding payment against bonds issued.
- Pension fund liability (the money a company is required to pay into its employees' retirement accounts)
- Deferred tax liability: taxes that have been accrued but will not be paid in the next year.

Some liabilities are considered off-balance sheet items, meaning that they will not appear on the balance sheet. They include bank guarantees and letters of credits.

Shareholders' Equity

- Shareholders' equity consists of two items: i. the funds contributed by the owners (shareholders) and is known as equity share capital, ii. Other equity or reserves and surplus that arise in the process of ploughing back retained profit and share premiums. The total shareholders' equity belongs to the owners of the company and is also known as 'Net Assets'. The net asset is also estimated by deducting all outside liabilities (such as accounts payable, short-term and long-term loans, and other liabilities) from the total value of all the assets.
- Retained profit/earnings are that part of the profit which is reinvested in the business. Suppose the profit after tax (net profit) of a company is 100 and the company pays dividends of 40 out of this money. So, 60 (100 – 40) is regarded as retained earning that is added to the existing 'Retained Earnings' account in the balance sheet. Payment of dividends and the quantum thereof is purely the prerogative of the company management. They may decide to pay or not to pay any dividends.
- Preference Equity represents a unique form of capital with characteristics that blend elements of both equity and debt (loans). Some companies choose to issue preferred stock, while others do so based on their financial needs and available resources. Some investors prefer to invest in preference capital only. Funds received from the issuance of preference shares are repayable, similar to loans, with interest. The distinction is that the interest in this case is termed as dividends. The payment of dividends depends on the company's cash flow; they are made when there's sufficient liquidity, or they accumulate until payment is feasible.

Sample financial staments: Reliance Industries Ltd. i. Balance Sheet as of 31.03.2024

(₹ in crore)

	Notes	As at 31st March, 2024	As at 31st March, 2023
Assets			
Non-Current Assets			
Property, Plant and Equipment	1	6,06,084	5,70,503
Spectrum	1	69,852	75,351
Other Intangible Assets	1	89,060	63,681
Goodwill		14,989	15,270
Capital Work-in-Progress	1	1,52,382	1,17,259
Spectrum Under Development	1	1,29,602	1,22,357
Other Intangible Assets Under Development	1	56,871	54,136
Financial Assets			
Investments	2	1,19,502	1,17,087
Loans	3	899	1,525
Other Financial Assets	4	2,622	2,523
Deferred Tax Assets (Net)	5	938	1,549
Other Non-Current Assets	6	43,085	40,894
Total Non-Current Assets		**12,85,886**	**11,82,135**
Current Assets			
Inventories	7	1,52,770	1,40,008
Financial Assets			
Investments	8	1,06,170	1,18,473
Trade Receivables	9	31,628	28,448
Cash and Cash Equivalents	10	97,225	68,664
Loans		2,517	176
Other Financial Assets	11	23,965	19,696
Other Current Assets	12	55,825	49,831
Total Current Assets		**4,70,100**	**4,25,296**
Total Assets		**17,55,986**	**16,07,431**

Profit & Loss account for the year 2023-24

(₹ in crore)

	Notes	As at 31st March, 2024	As at 31st March, 2023
Equity and Liabilities			
Equity			
Equity Share Capital	14	6,766	6,766
Other Equity	15	7,86,715	7,09,106
Non-Controlling Interest		1,32,307	1,13,009
Total Equity		**9,25,788**	**8,28,881**
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	16	2,22,712	1,83,176
Lease Liabilities		17,415	16,230
Deferred Payment Liabilities	17	1,08,272	1,12,847
Other Financial Liabilities	18	5,667	7,704
Provisions	19	2,044	1,607
Deferred Tax Liabilities (Net)	5	72,241	60,324
Other Non-Current Liabilities		4,480	919
Total Non-Current Liabilities		**4,32,831**	**3,82,807**
Current Liabilities			
Financial Liabilities			
Borrowings	20	1,01,910	1,30,790
Lease Liabilities		4,105	4,196
Trade Payables	21	1,78,377	1,47,172
Other Financial Liabilities	22	55,602	68,501
Other Current Liabilities	23	55,198	42,906
Provisions	24	2,175	2,178
Total Current Liabilities		**3,97,367**	**3,95,743**
Total Liabilities		**8,30,198**	**7,78,550**
Total Equity and Liabilities		**17,55,986**	**16,07,431**
Material Accounting Policies	A-C		
See accompanying Notes to the Financial Statements	1 to 46		

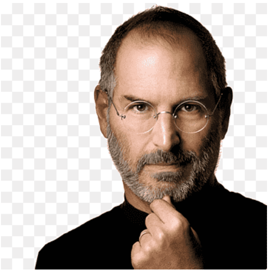
Income			
Value of Sales		8,83,646	8,56,770
Income from Services		1,16,476	1,18,094
Value of Sales & Services (Revenue)		**10,00,122**	**9,74,864**
Less: GST Recovered		85,650	83,553
Revenue from Operations	25	**9,14,472**	**8,91,311**
Other Income	26	16,057	11,734
Total Income		**9,30,529**	**9,03,045**
Expenses			
Cost of Materials Consumed		4,00,345	4,50,241
Purchase of Stock-in-Trade		1,89,881	1,68,505
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	27	(4,883)	(30,263)
Excise Duty		13,408	13,476
Employee Benefits Expense	28	25,679	24,872
Finance Costs	29	23,118	19,571
Depreciation / Amortisation and Depletion Expense	1	50,832	40,303
Other Expenses	30	1,27,809	1,22,318
Total Expenses		**8,26,189**	**8,09,023**
Profit Before Share of Profit / (Loss) of Associates / Joint Ventures and Tax		**1,04,340**	**94,022**
Share of Profit / (Loss) of Associates and Joint Ventures		387	24
Profit Before Tax		**1,04,727**	**94,046**
Tax Expenses			
Current Tax	13	13,590	8,398
Deferred Tax	13	12,117	11,978
Profit from Continuing Operations		**79,020**	**73,670**
Profit from Discontinued Operations (Net of Tax)		**-**	**418**
Profit for the Year		**79,020**	**74,088**
Other Comprehensive Income:			
Continuing Operations:			
i. Items that will not be reclassified to Profit or Loss	26.1	3,852	(39)
ii. Income Tax relating to items that will not be reclassified to Profit or Loss		(433)	(13)
iii. Items that will be reclassified to Profit or Loss	26.2	244	(9,503)
iv. Income Tax relating to items that will be reclassified to Profit or Loss		6	1,829
Total Other Comprehensive Income / (Loss) from Continuing Operations (Net of Tax)		**3,669**	**(7,726)**

(₹ in crore)

	Notes	2023-24	2022-23
Net Profit Attributable to:			
a) Owners of the Company		69,621	66,702
b) Non-Controlling Interest		9,399	7,386
Other Comprehensive Income Attributable to:			
a) Owners of the Company		3,567	(18,783)
b) Non-Controlling Interest		102	(29)
Total Comprehensive Income attributable to:			
a) Owners of the Company		73,188	47,919
b) Non-Controlling Interest		9,501	7,357
Earnings Per Equity Share of Face Value of ₹ 10 each			
Continuing Operations:			
Basic (in ₹)	32	102.90	97.97
Diluted (in ₹)	32	102.90	97.97
Discontinued Operations:			
Basic (in ₹)	32	-	0.62
Diluted (in ₹)	32	-	0.62
Continuing and Discontinued Operations:			
Basic (in ₹)	32	102.90	98.59
Diluted (in ₹)	32	102.90	98.59
Material Accounting Policies	A-C		
See accompanying Notes to the Financial Statements	1 to 46		

One critical distinction is that preference shareholders typically do not possess voting rights. Consequently, they are not involved in the company's decision-making

processes, including voting on important matters. This characteristic sets them apart from common shareholders who usually have voting rights and participate in corporate governance decisions.



"Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma – which is living with the results of other people's thinking. Don't let the noise of other's opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition. They somehow already know what you truly want to become. Everything else is secondary."

- Steve Jobs