

# **Financial Accounting**

## **Comprehensive Project**



**Singhaniya Stonex**

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# 1. Overview

Singhaniya Stonex was established by its sole proprietary owner Mr. Tushar Singhaniya on 11<sup>th</sup> September 2017 in Kishangarh, Rajasthan India. The main business objective is to process marble and granites blocks to produce premium quality marble and granite slabs. The marble and granite slabs are purchased by retailers to sell to consumers or direct customers for flooring and other purposes. The company has high quality gang-saws and polishing lines for marble and granite. The region is known for its stone industries and is also called as Asia's largest trading place for marble and granites. The company source its raw material from all over the country with majority from close proximities and sale the final product in the market.

## 2. Considerations & Assumptions

Following assumptions have been considered during the project.

- **Date of Commencement** – Requirement is to have date of commencement of business to be date of birth. So, date of commencement for Singhaniya Stonex is **11<sup>th</sup> September, 2017**.
- **Capital Contribution** - Capital contributed is dependent on last three digit of IIMK EPGP roll number. So, **initial capital contribution is Rs. 29,750.00** (Roll Number, EPGP-13C-119, so  $119 \times 250 = 29750$ ).
- **Long Term Loans** – Requirement is that Long term loans equal to maximum of 1.5 times the capital is available at the rate of 10% per annum. Long term loan has to be at least equal to capital. So **initial long-term loan considered is Rs. 44,000.00**
- **Fixed Assets and Depreciation** – Requirement is to have at least 30% of total assets invested in fixed assets. Depreciation on monthly basis is to be **computed using** the straight-line method of depreciation. Life of asset can vary between 3 to 15 years for different assets. So, for each accounting period, **Singhaniya Stonex will have at least 30% of total assets invested in fixed asset. All depreciable items are considered to have life of 10 years and has a straight-line depreciation.**
- **Gestation Period** - Assumed no gestation period. That is, the business starts operations from day one. Irrespective of your starting date of business – your first accounting period would end on 31st March of that year [with a condition of business running for at least 3 years]. So, **Singhaniya Stonex will have below mentioned accounting periods.**
  - **Accounting Period 1** – 11<sup>th</sup> September 2017 to 31<sup>st</sup> March 2018 (FY2018)
  - **Accounting Period 2** – 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 (FY2019)
  - **Accounting Period 3** – 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 (FY2020)

Apart from above mentioned considerations and assumptions, **Singhaniya Stonex will follow below mentioned assumptions as well in all three accounting periods.**

- **Credit Sales** – Credit sales can be eight times cash sales.
- **Credit Purchases** – Credit purchase can be eight times cash purchase.
- **Wage Cost** – Wage cost could be 10% to 30% of sales.
- **Cash Balance** - Cash balance at the end of any year is to be maximum of 5 months and minimum of 2-month cash expenses. Deployment of surplus cash on short term inter-corporate market at 5% per annum is possible.

- **Sale Volume, Sale Price and Purchase Price** - Sales volume will increase by 10% over the previous year, sale price will increase by 5% over the previous year and purchase price will increase by 5% every six-month-basis, all reckoned on a calendar basis.
- **Rest all Costs will Constant** - All other costs will remain stable over the period.
- **Number of Transactions** - At least 12 transactions per accounting period.

Other added assumptions will be:

- All values and calculations are in Rupees only.
- Income Tax calculation will not be done specifically and instead a fix income tax of Rs.15,000.00 will be paid for each accounting period. Tax will be paid in subsequent financial year and will be deferred in current financial year.
- Inventory is done through weighted average method as marble and granite blocks by keeping nature of industry and raw material in mind.

### 3. Project Working Sheet

The attached sheet contains all the working details. This sheet includes tabs containing:

1. One tab for each accounting period. Each accounting period will have transactions with transaction number AP<X>-<n>. So, for accounting period 1, it will be AP1-1, AP1-2 etc.
2. Purchase-Sale information
3. Balance sheets
4. Profit and Loss Statements
5. Cash Flow Statements
6. Ratio Analysis
7. Cash Flow Analysis



## 4. Accounting Period 1 – FY18 (11<sup>th</sup> Sep 2017 to 31<sup>st</sup> Mar 2018)

### 4.1 Transactions

The detailed transactions of this accounting period can be found in the project working sheet attached above. Total 43 transactions are involved. However, the highlights are: -

- Long-Term Loan from HDFC Bank
- Machinery purchase for the business
- Salary, general and administrative expenses
- Raw material purchases using cash and credit
- Sale transactions using cash and credit
- Accounts receivables and payables
- Short term borrowings
- Interest, Depreciation etc.

### 4.2 Transactions View – FY18

Txn. No	Date	Transaction	Transaction Amount	Asset								Liabilities				Equity			Revenues		Expenses							
				Current				Fixed (Non Current)				Current		Non Current		Equity Capital	Reserves	Surplus	Sales	Other Income	SG&A	COGS	Interest	Depreciation	Tax	Misc		
				Cash	Accounts Receivable	Inventory	Loans and Advance	Fixed Investment	Land and Building	Machinery	Computer and Printer	Others	Accounts Payables	Short Term Loans and Borrowings	Loans and Advance												Secured Loans	
API-1	11/9/17	Business Start: Cash Capital of Rs. 29750	29,750.00	29,750.00												29,750.00												
API-2	20/9/17	Long Term Loan: From HDFC bank of Rs. 44000	44,000.00	44,000.00										44,000.00														
API-3	25/9/17	Purchased and installed: 2 Gang-Saw units using cash for Rs. 25000	25,000.00	(25,000.00)						25,000.00																		
API-4	28/9/17	Purchased and installed: 2 Polishing Lines using cash for Rs. 10000	10,000.00	(10,000.00)						10,000.00																		
API-5	2/10/17	Purchased Raw Material: Granite Block worth Rs. 30000 (30 Blocks @1000 each) from Hira Granites on Credit	30,000.00			30,000.00							30,000.00															
API-6	6/10/17	Purchased Raw Material: Marble Block worth Rs. 20000 (40 Blocks @500 each) from Kamini Marbles on Credit	20,000.00			20,000.00							20,000.00															
API-7	10/10/17	Purchased Fixed Assets: Computer and Other office supplies using cash for Rs. 2000	2,000.00	(2,000.00)							2,000.00																	
API-8	20/10/17	Sale Ten 1: 100 slabs (Rs. 100 Each) of Granite to Adhunik Marbles and get cash Rs. 10000	10,000.00	10,000.00		(5,000.00)												5,000.00	10,000.00			5,000.00						
API-9	31/10/17	Salary Expense: Rs. 3000 paid for 20 workers for 1.5 months (Sep and Oct) using cash	3,000.00	(3,000.00)														(3,000.00)			3,000.00							
API-10	5/11/17	Sale Ten 2: 100 slabs (Rs. 50 Each) of Marble to Adhunik Marbles and get cash Rs. 5000	5,000.00	5,000.00		(2,500.00)												2,500.00	5,000.00			2,500.00						
API-11	10/11/17	Sale Ten 3: 200 slabs (Rs. 100 Each) of Granite to Taluka Marbles and get cash Rs. 10000 and credit sale Rs. 10000	20,000.00	10,000.00	10,000.00	(10,000.00)												10,000.00	20,000.00			10,000.00						
API-12	10/11/17	Sale Ten 4: 200 slabs (Rs. 50 Each) of Marble to Taluka Marbles and get cash Rs. 5000 and credit sale Rs. 5000	10,000.00	5,000.00	5,000.00	(5,000.00)												5,000.00	10,000.00			5,000.00						
API-13	15/11/17	Accounts Payable Paid: Hira Granites Rs. 15000 using cash	15,000.00	(15,000.00)									(15,000.00)															
API-14	15/11/17	Accounts Payable Paid: Kamini Marbles Rs. 15000 using cash	15,000.00	(15,000.00)									(15,000.00)															
API-15	30/11/17	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Nov) using cash	2,000.00	(2,000.00)														(2,000.00)			2,000.00							
API-16	5/12/17	Purchased Raw Material: Granite Block worth Rs. 10000 (10 Blocks @1000 each) from Hira Granites using cash	10,000.00	(10,000.00)		10,000.00																						
API-17	5/12/17	Purchased Raw Material: Marble Block worth Rs. 10000 (20 Blocks @500 each) from Kamini Marbles using cash	10,000.00	(10,000.00)		10,000.00																						
API-18	10/12/17	Sale Ten 5: 200 slabs (Rs. 100 Each) of Granite to Agarwal Marbles and get cash Rs. 10000 and credit sale Rs. 10000	20,000.00	10,000.00	10,000.00	(10,000.00)												10,000.00	20,000.00			10,000.00						
API-19	10/12/17	Sale Ten 6: 200 slabs (Rs. 50 Each) of Marble to Agarwal Marbles and get cash Rs. 5000 and credit sale Rs. 5000	10,000.00	5,000.00	5,000.00	(5,000.00)												5,000.00	10,000.00			5,000.00						
API-20	15/12/17	Accounts Receivable Received: Rs. 7000 from Taluka Marbles	7,000.00	7,000.00	(7,000.00)																							
API-21	25/12/17	Short Term Borrowings: Rs. 10000 for daily expenses	10,000.00	10,000.00									10,000.00															
API-22	31/12/17	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Dec) using cash	2,000.00	(2,000.00)														(2,000.00)			2,000.00							
API-23	10/1/18	Sale Ten 7: 100 slabs (Rs. 100 Each) of Granite to Adhunik Marbles on credit sale Rs. 10000	10,000.00		10,000.00	(5,000.00)												5,000.00	10,000.00			5,000.00						
API-24	10/1/18	Sale Ten 8: 200 slabs (Rs. 50 Each) of Marble to Adhunik Marbles on credit sale Rs. 10000	10,000.00		10,000.00	(5,000.00)												5,000.00	10,000.00			5,000.00						
API-25	25/1/18	Repaid Short Term Borrowings: Rs. 5000 using cash	5,000.00	(5,000.00)										(5,000.00)														
API-26	28/1/18	Accounts Receivable Received: Rs. 7000 from Agarwal Marbles	7,000.00	7,000.00	(7,000.00)																							
API-27	31/1/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Jan) using cash	2,000.00	(2,000.00)														(2,000.00)			2,000.00							
API-28	3/2/18	Purchased Raw Material: Granite Block worth Rs. 20000 (20 Blocks @1000 each) from Hira Granites on Credit	20,000.00			20,000.00							20,000.00															
API-29	5/2/18	Purchased Raw Material: Marble Block worth Rs. 10000 (20 Blocks @500 each) from Kamini Marbles on Credit	10,000.00			10,000.00								10,000.00														
API-30	10/2/18	Sale Ten 9: 400 slabs (Rs. 100 Each) of Granite to Adhunik Marbles and get cash Rs. 20000 and credit sale Rs. 20000	40,000.00	20,000.00	20,000.00	(20,000.00)												20,000.00	40,000.00			20,000.00						
API-31	10/2/18	Sale Ten 10: 400 slabs (Rs. 50 Each) of Marble to Adhunik Marbles and get cash Rs. 10000 and credit sale Rs. 10000	20,000.00	10,000.00	10,000.00	(10,000.00)												10,000.00	20,000.00			10,000.00						
API-32	15/2/18	Accounts Payable Paid: Hira Granites Rs. 15000 using cash	15,000.00	(15,000.00)									(15,000.00)															
API-33	15/2/18	Accounts Payable Paid: Kamini Marbles Rs. 15000 using cash	15,000.00	(15,000.00)									(15,000.00)															
API-34	20/2/18	Accounts Receivable Received: Rs. 10000 from Adhunik Marbles	10,000.00	10,000.00	(10,000.00)																							
API-35	21/2/18	Purchased Raw Material: Granite Block worth Rs. 10000 (10 Blocks @1000 each) from Hira Granites on Credit	10,000.00			10,000.00							10,000.00															
API-36	28/2/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Feb) using cash	2,000.00	(2,000.00)														(2,000.00)			2,000.00							
API-37	10/3/18	Accounts Receivable Received: Rs. 10000 from Adhunik Marbles	10,000.00	10,000.00	(10,000.00)																							
API-38	30/3/18	Expense: Electricity Bill Paid from Sep to Mar	1,000.00	(1,000.00)														(1,000.00)			1,000.00							
API-39	30/3/18	Expense: Lease/Rent Amount for Factory from Sep to Mar	5,000.00	(5,000.00)														(5,000.00)			5,000.00							
API-40	31/3/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Mar) using cash	2,000.00	(2,000.00)														(2,000.00)			2,000.00							
API-41	31/3/18	Deferred Tax: Rs. 15000	15,000.00	(15,000.00)								15,000.00																
API-42	31/3/18	Adjustments ending FY18: Depreciation @10%	3,700.00							(3,500.00)	(200.00)														3,700.00			
API-43	31/3/18	Adjustments ending FY18: Interest Paid @10% for 6 Months	2,200.00	(2,200.00)																			2,200.00					
Total			524,650.00	34,550.00	46,000.00	32,500.00	0.00	0.00	0.00	31,500.00	1,800.00	15,000.00	30,000.00	5,000.00	0.00	44,000.00	29,750.00	0.00	52,600.00	155,000.00	0.00	19,000.00	77,500.00	2,200.00	3,700.00	0.00	0.00	

### 4.3 Balance Sheet – FY18

SINGHANIYA STONEX	
Balance Sheet (in Rs.)	
	FY2018
<b>Assets</b>	
<b>Current Assets</b>	
Cash	34,550.00
Accounts Receivables	46,000.00
Inventory	32,500.00
Loans and Advance	0.00
Fixed Investment	0.00
<b>Total</b>	<b>113,050.00</b>
<b>Non-Current Assets</b>	
Land and Building	0.00
Machinery	31,500.00
Computer and Printer	1,800.00
Others	15,000.00
<b>Total</b>	<b>48,300.00</b>
<b>Total Assets</b>	<b>161,350.00</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payables	30,000.00
Short Term Loans and Borrowings	5,000.00
Loans and Advance	0.00
<b>Total</b>	<b>35,000.00</b>
<b>Non-Current Liabilities</b>	
Secured Loans	44,000.00
Others	0.00
<b>Total</b>	<b>44,000.00</b>
<b>Total Liabilities</b>	<b>79,000.00</b>
<b>Equity</b>	
Equity Capital	29,750.00
Reserves	0.00
Surplus	52,600.00
<b>Total Equity</b>	<b>82,350.00</b>

- More than 30% of total assets invested in fixed asset.
- All depreciable items are considered to have life of 10 years and has a straight-line depreciation.

#### 4.4 Profit and Loss Statement – FY18

SINGHANIYA STONEX	
Profit and Loss Statement (in Rs.)	
	FY2018
<b>Income Statement</b>	
<b>Total Revenue</b>	<b>155,000.00</b>
Add: Other Income + OCI	0.00
Less: Cost of Goods Sold	77,500.00
<b>Gross Profit</b>	<b>77,500.00</b>
Less: Operating Expenses	19,000.00
Less: Other Expenses	0.00
<b>EBITDA</b>	<b>58,500.00</b>
Less: Interest	2,200.00
Less: Depreciation & Amortization	3,700.00
<b>Profit Before Tax</b>	<b>52,600.00</b>
Less: Tax	0.00
<b>Net Income</b>	<b>52,600.00</b>

- The wage is constant @ Rs. 2,000.00 per month.
- Lease / Rent amount is constant @ Rs. 10,000.00 per year
- Electricity cost remain constant @ Rs.2,000.00 per year

## 4.5 Cash Flow Statement – FY18

SINGHANIYA STONEX		
Cash Flow Statement (in Rs.)		
FY2018		
Type of Activity	Description	Amount
<b>A. Operating Activities</b>		
	Cash Received from Sales	75,000.00
	Cash Paid for Electricity, Salaries and Rent	(19,000.00)
	Accounts Payables: Cash Paid to Suppliers for Purchases	(60,000.00)
	Purchase Raw Material Using Cash	(20,000.00)
	Accounts Receivables: Cash Paid by Customers	34,000.00
	Short Term Borrowings	10,000.00
	Advance to Customer	0.00
	Cash Paid for Marketing	0.00
	Repayment of Short-Term Borrowings	(5,000.00)
<b>Total A</b>		<b>15,000.00</b>
<b>B. Investing Activities</b>		
	Purchased Fixed Assets (Machinery, Land etc.)	(35,000.00)
	Purchased Computer and Office Supplies	(2,000.00)
	Investment in Inter Corporate Market	0.00
	Interest Received	0.00
<b>Total B</b>		<b>(37,000.00)</b>
<b>C. Financing Activities</b>		
	Long-Term Loan	44,000.00
	Equity Invested	29,750.00
	Interest Paid on Loan	(2,200.00)
	Deferred Tax	(15,000.00)
<b>Total C</b>		<b>56,550.00</b>
<b>Starting Cash Balance</b>		<b>0.00</b>
<b>Change In Cash During Year Based On Above Activities (A+B+C)</b>		<b>34,550.00</b>
<b>Year Ending Cash Balance</b>		<b>34,550.00</b>

- Total wage cost is between 10% to 30% of sales.
- Total cash balance at the end of year is under 5 months and more than 2-month cash expenses



## 4.6 Purchase Sale – FY18

Singhaniya Stonex						
Raw Material Purchase Price (5% increment every 6 months)						
Material	Block	Oct'17 - Mar'18	Apr'18 - Sep'18	Oct'18-Mar'19	Apr'19 - Sep'19	Oct'19-Mar'20
Granite	1	1,000.00	1,050.00	1,102.50	1,157.63	1,215.51
Marble	1	500.00	525.00	551.25	578.81	607.75
Sale Price (5% Increment every year)						
Material	Slab	Oct'17 - Mar'18	Apr'18 - Sep'18	Oct'18-Mar'19	Apr'19 - Sep'19	Oct'19-Mar'20
Granite	1	100.00	105.00	105.00	110.25	110.25
Marble	1	50.00	52.50	52.50	55.13	55.13

Inventory Position						
	Opening	Purchase	Sale	Closing	Price / Block	Total Price @ Closing
Granite Blocks	0	70	50	20	1,000.00	20,000.00
Marble Blocks	0	80	55	25	500.00	12,500.00

### Purchases

Granite								
S. No	Transaction Code	Purchase Units in Blocks	Purchase Price Per Block	Total Purchase Price	Purchase Units in Slabs (1 Block = 20 Slabs)	Purchase Price per Slab	Cash Purchase	Credit Purchase
1	AP1-5	30	1,000.00	30,000.00	600	50.00	0.00	30,000.00
2	AP1-16	10	1,000.00	10,000.00	200	50.00	10,000.00	0.00
3	AP1-28	20	1,000.00	20,000.00	400	50.00	0.00	20,000.00
4	AP1-35	10	1,000.00	10,000.00	200	50.00	0.00	10,000.00
Total Purchase		70.00		70,000.00	1,400.00		10,000.00	60,000.00

Marble								
S. No	Transaction Code	Purchase Units in Blocks	Purchase Price Per Block	Total Purchase Price	Purchase Units in Slabs (1 Block = 20 Slabs)	Purchase Price per Slab	Cash Purchase	Credit Purchase
1	AP1-6	40	500.00	20,000.00	800	25.00	0.00	20,000.00
2	AP1-17	20	500.00	10,000.00	400	25.00	10,000.00	0.00
3	AP1-29	20	500.00	10,000.00	400	25.00	0.00	10,000.00
Total Purchase		80.00	1,500.00	40,000.00	1,600.00		10,000.00	30,000.00

COGS of 1 Granite Slab	50
COGS of 1 Marble Slab	25

- Total Cash Purchase is Rs. 20,000 and Total Credit Purchase is Rs.90,000. This followed our assumption and Credit Purchase is within 8 times the cash purchase

## Sales

Granite								
S. No	Transaction Code	Sale Unit in Slabs	Sale Price Per Slab	Total Sale Price	Sale Unit in Blocks (1 Block = 20 Slabs)	Sale Price Per Block	Cash Sale	Credit Sales
1	AP1-8	100	100.00	10,000.00	5	2,000.00	10,000.00	0.00
2	AP1-11	200	100.00	20,000.00	10	2,000.00	10,000.00	10,000.00
3	AP1-18	200	100.00	20,000.00	10	2,000.00	10,000.00	10,000.00
4	AP1-23	100	100.00	10,000.00	5	2,000.00	0.00	10,000.00
5	AP1-30	400	100.00	40,000.00	20	2,000.00	20,000.00	20,000.00
Total Sales		1,000.00		100,000.00	50.00		50,000.00	50,000.00

Marble								
S. No	Transaction Code	Sale Unit in Slabs	Sale Price Per Slab	Total Purchase Price	Sale Unit in Blocks (1 Block = 20 Slabs)	Sale Price Per Block	Cash Sale	Credit Sales
1	AP1-10	100	50.00	5,000.00	5	1,000.00	5,000.00	0.00
2	AP1-12	200	50.00	10,000.00	10	1,000.00	5,000.00	5,000.00
3	AP1-19	200	50.00	10,000.00	10	1,000.00	5,000.00	5,000.00
4	AP1-24	200	50.00	10,000.00	10	1,000.00	0.00	10,000.00
5	AP1-31	400	50.00	20,000.00	20	1,000.00	10,000.00	10,000.00
Total Sales		1,100.00		55,000.00	55.00		25,000.00	30,000.00

- Total Cash Sale is Rs. 75,000 and Total Credit Sale is Rs.80,000. This followed our assumption and Credit sale is within 8 times the cash sale
- Sales volume increased by more than 10% over the previous year

## 5. Accounting Period 2 – FY19 (1<sup>st</sup> Apr 2018 to 31<sup>st</sup> Mar 2019)

### 5.1 Transactions

The detailed transactions of this accounting period can be found in the project working sheet attached above. Total 50 transactions are involved. However, the highlights are: -

- Warehouse purchase for the business
- Investment of surplus cash into inter corporate market
- Salary, general and administrative expenses
- Raw material purchases using cash and credit
- Sale transactions using cash and credit
- Accounts receivables and payables
- Short term borrowings Repayments
- Interest, Depreciation etc.

### 5.2 Transactions View – FY19

Tsn. No	Date	Transaction	Transaction Amount	Assets								Liabilities				Equity			Revenues		Expenses							
				Current					Fixed (Non-Current)			Current		Non Current				Sales	Other Income	SG&A	COGS	Interest	Depreciation	Tax	Misc			
				Cash	Accounts Receivable	Inventory	Loans and Advances	Fixed Investment	Land and Building	Machinery	Computer and Printer	Others	Accounts Payables	Short-Term Loans and Borrowings	Loans and Advances	Secured Loans	Equity Capital									Reserves	Surplus	
AP2-1	1/4/18	Starting Balances		34,550.00	46,000.00	32,500.00	0.00	0.00	0.00	31,500.00	1,800.00	15,000.00	30,000.00	5,000.00	0.00	44,000.00	29,750.00	52,800.00										
AP2-2	10/4/18	Sale Ten 1: 200 slabs (Rs. 105 Each) of Granite to Adhunik Marbles and get cash Rs. 21000	21,000.00	21,000.00		(10,636.00)												10,364.00	21,000.00							10,636.00		
AP2-3	10/4/18	Sale Ten 2: 200 slabs (Rs. 52.50 Each) of Marble to Adhunik Marbles and get cash Rs. 10500	10,500.00	10,500.00		(5,306.00)												5,194.00	10,500.00							5,306.00		
AP2-4	25/4/18	Purchased Raw Material: Granite Block worth Rs. 52000 (50 Blocks @1040 each) from Hira Granites on Credit	52,000.00		52,000.00								52,000.00															
AP2-5	26/4/18	Purchased Raw Material: Marble Block worth Rs. 26250 (50 Blocks @525 each) from Kamini Marbles on Credit	26,250.00		26,250.00								26,250.00															
AP2-6	30/4/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Apr) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-7	5/5/18	Repaid Short-Term Borrowings: Rs. 5000 using cash	5,000.00	(5,000.00)										(5,000.00)														
AP2-8	10/5/18	Accounts Receivable Received: Rs. 10000 from Adhunik Marbles	10,000.00	10,000.00		(10,000.00)																						
AP2-9	31/5/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (May) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-10	10/6/18	Accounts Receivable Received: Rs. 8000 from Taluka Marbles	8,000.00	8,000.00		(8,000.00)																						
AP2-11	25/6/18	Sale Ten 3: 200 slabs (Rs. 105 Each) of Granite to Agarwal Marbles and get cash Rs. 10500 and credit sale Rs. 10500	21,000.00	10,500.00	10,500.00		(10,636.00)											10,364.00	21,000.00							10,636.00		
AP2-12	25/6/18	Sale Ten 4: 200 slabs (Rs. 52.50 Each) of Marble to Agarwal Marbles and get cash Rs. 5250 and credit sale Rs. 5250	10,500.00	5,250.00	5,250.00		(5,306.00)											5,194.00	10,500.00							5,306.00		
AP2-13	30/6/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Jun) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-14	9/7/18	Accounts Receivable Received: Rs. 8000 from Agarwal Marbles	8,000.00	8,000.00		(8,000.00)																						
AP2-15	31/7/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (July) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-16	25/8/18	Investment: Rs.10000 invested from Cash Reserves in Inter Corporate Market @5% every six months	10,000.00		(10,000.00)				10,000.00																			
AP2-17	29/8/18	Accounts Payable Paid: Hira Granites Rs. 10000 using cash	10,000.00		(10,000.00)								(10,000.00)															
AP2-18	29/8/18	Accounts Payable Paid: Kamini Marbles Rs. 10000 using cash	10,000.00		(10,000.00)								(10,000.00)															
AP2-19	30/8/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Aug) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-20	10/9/18	Sale Ten 5: 200 slabs (Rs. 105 Each) of Granite to Taluka Marbles and get cash Rs. 21000	21,000.00	21,000.00		(10,636.00)												10,364.00	21,000.00							10,636.00		
AP2-21	10/9/18	Sale Ten 6: 200 slabs (Rs. 52.50 Each) of Marble to Taluka Marbles and get cash Rs. 10500	10,500.00	10,500.00		(5,306.00)												5,194.00	10,500.00							5,306.00		
AP2-22	20/9/18	Accounts Receivable Received: Rs. 10000 from Adhunik Marbles	10,000.00	10,000.00		(10,000.00)																						
AP2-23	30/9/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Sep) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-24	10/10/18	Expense: Marketing for Hearings, Ads etc using cash 1000	1,000.00	(1,000.00)														(1,000.00)									1,000.00	
AP2-25	10/10/18	Purchased: Warehouse for storage using cash Rs.55000 (50000 for Land and 5000 for Building)	55,000.00		(55,500.00)				35,500.00																			
AP2-26	28/10/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Oct) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-27	28/10/18	Accounts Receivable Received: Rs. 10000 from Adhunik Marbles	10,000.00	10,000.00		(10,000.00)																						
AP2-28	31/10/18	Accounts Receivable Received: Rs. 5000 from Taluka Marbles	5,000.00	5,000.00		(5,000.00)																						
AP2-29	10/11/18	Accounts Receivable Received: Rs. 5000 from Agarwal Marbles	5,000.00	5,000.00		(5,000.00)																						
AP2-30	29/11/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Nov) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-31	29/11/18	Purchased Raw Material: Granite Block worth Rs. 55125 (50 Blocks @1102.5 each) from Hira Granites on Credit	55,125.00		(55,125.00)	55,125.00							40,125.00															
AP2-32	30/11/18	Purchased Raw Material: Marble Block worth Rs. 27562.50 (50 Blocks @551.25 each) from Kamini Marbles on Credit	27,562.50		(27,562.50)	27,562.50							18,562.50															
AP2-33	30/11/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Nov) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-34	10/12/18	Sale Ten 7: 200 slabs (Rs. 105 Each) of Granite to Adhunik Marbles and get cash Rs. 10500 and credit sale Rs. 10500	21,000.00	10,500.00	10,500.00		(10,636.00)											10,364.00	21,000.00							10,636.00		
AP2-35	10/12/18	Sale Ten 8: 200 slabs (Rs. 52.50 Each) of Marble to Adhunik Marbles and get cash Rs. 5250 and credit sale Rs. 5250	10,500.00	5,250.00	5,250.00		(5,306.00)											5,194.00	10,500.00							5,306.00		
AP2-36	31/12/18	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Dec) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-37	1/1/19	Tax Paid: Rs. 15000 paid as Tax for FY18	15,000.00										(15,000.00)													15,000.00		
AP2-38	20/1/19	Sale Ten 7: 400 slabs (Rs. 105 Each) of Granite to Adhunik Marbles and get cash Rs. 42000	42,000.00	42,000.00		(21,772.00)												20,728.00	42,000.00						21,772.00			
AP2-39	20/1/19	Sale Ten 8: 400 slabs (Rs. 52.50 Each) of Marble to Adhunik Marbles and get cash Rs. 21000	21,000.00	21,000.00		(10,612.00)												10,388.00	21,000.00						10,612.00			
AP2-40	31/1/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Jan) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-41	3/2/19	Accounts Payable Paid: Hira Granites Rs. 25000 using cash	25,000.00		(25,000.00)								(25,000.00)															
AP2-42	3/2/19	Accounts Payable Paid: Kamini Marbles Rs. 25000 using cash	25,000.00		(25,000.00)								(25,000.00)															
AP2-43	28/2/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Feb) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-44	31/03/19	Expense: Electricity Bill Paid from Apr to Mar	2,000.00		(2,000.00)													(2,000.00)						2,000.00				
AP2-45	31/03/19	Expense: Lease/Rent Amount for Factory from Apr to Mar	10,000.00		(10,000.00)													(10,000.00)						10,000.00				
AP2-46	31/03/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Mar) using cash	2,000.00	(2,000.00)														(2,000.00)						2,000.00				
AP2-47	31/03/19	Deferred Tax: Rs. 15000	15,000.00		(15,000.00)							15,000.00																
AP2-48	31/03/19	Adjustments ending FY18: Depreciation @10% (Only Building, Machinery and Computer)	4,250.00						(500.00)	(3,500.00)	(200.00)							(4,250.00)								4,250.00		
AP2-49	31/03/19	Adjustments ending FY18: Interest Received @5% for every 6 Months	500.00	500.00														500.00		500.00								
AP2-50	31/03/19	Adjustments ending FY18: Interest Paid @10% for 12 Months	4,400.00		(4,400.00)													(4,400.00)						4,400.00				
Total			605,087.50	14,150.00	53,000.00	98,285.50	0.00	10,000.00	34,950.00	28,000.00	1,600.00	15,000.00	97,437.50	6.00	0.00	44,000.00	29,750.00	52,800.00	31,198.00	189,000.00	500.00		38,000.00	95,652.00	4,400.00	4,250.00	15,000.00	1,000.00

### 5.3 Balance Sheet – FY19

SINGHANIYA STONEX	
Balance Sheet (in Rs.)	
	FY2019
<b>Assets</b>	
<b>Current Assets</b>	
Cash	14,650.00
Accounts Receivables	53,000.00
Inventory	98,285.50
Loans and Advance	0.00
Fixed Investment	10,000.00
<b>Total</b>	<b>175,935.50</b>
<b>Non Current Assets</b>	
Land and Building	34,950.00
Machinery	28,000.00
Computer and Printer	1,600.00
Others	15,000.00
<b>Total</b>	<b>79,550.00</b>
<b>Total Assets</b>	<b>255,485.50</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payables	97,437.50
Short Term Loans and Borrowings	0.00
Loans and Advance	0.00
<b>Total</b>	<b>97,437.50</b>
<b>Non Current Liabilities</b>	
Secured Loans	44,000.00
Others	0.00
<b>Total</b>	<b>44,000.00</b>
<b>Total Liabilities</b>	<b>141,437.50</b>
<b>Equity</b>	
Equity Capital	29,750.00
Reserves	52,600.00
Surplus	31,698.00
<b>Total Equity</b>	<b>114,048.00</b>

- More than 30% of total assets invested in fixed asset.
- All depreciable items are considered to have life of 10 years and has a straight-line depreciation.

## 5.4 Profit and Loss Statement – FY19

SINGHANIYA STONEX	
Profit and Loss Statement (in Rs.)	
	FY2019
<b>Income Statement</b>	
<b>Total Revenue</b>	<b>189,000.00</b>
Add: Other Income + OCI	500.00
Less: Cost of Goods Sold	95,652.00
<b>Gross Profit</b>	<b>93,848.00</b>
Less: Operating Expenses	38,000.00
Less: Other Expenses	1,000.00
<b>EBITDA</b>	<b>54,848.00</b>
Less: Interest	4,400.00
Less: Depreciation & Amortization	4,250.00
<b>Profit Before Tax</b>	<b>46,198.00</b>
Less: Tax	15,000.00
<b>Net Income</b>	<b>31,198.00</b>

- The wage is constant @ Rs. 2,000.00 per month.
- Lease / Rent amount is constant @ Rs. 10,000.00 per year
- Electricity cost remain constant @ Rs.2,000.00 per year

## 5.5 Cash Flow Statement – FY19

SINGHANIYA STONEX		
Cash Flow Statement (in Rs.)		
FY2019		
Type of Activity	Description	Amount
<b>A. Operating Activities</b>		
	Cash Received from Sales	126,000.00
	Cash Paid for Electricity, Salaries and Rent	(38,000.00)
	Accounts Payables: Cash Paid to Suppliers for Purchases	(70,000.00)
	Purchase Raw Material Using Cash	(24,000.00)
	Accounts Receivables: Cash Paid by Customers	56,000.00
	Short Term Borrowings	0.00
	Advance to Customer	0.00
	Cash Paid for Marketing	(1,000.00)
	Repayment of Short-Term Borrowings	(5,000.00)
<b>Total A</b>		<b>44,000.00</b>
<b>B. Investing Activities</b>		
	Purchased Fixed Assets (Machinery, Land etc.)	(35,500.00)
	Purchased Computer and Office Supplies	0.00
	Investment in Inter Corporate Market	(10,000.00)
	Interest Received	500.00
<b>Total B</b>		<b>(45,000.00)</b>
<b>C. Financing Activities</b>		
	Long-Term Loan	0.00
	Equity Invested	0.00
	Interest Paid on Loan	(4,400.00)
	Deferred Tax	(15,000.00)
<b>Total C</b>		<b>(19,400.00)</b>
<b>Starting Cash Balance</b>		<b>34,550.00</b>
<b>Change In Cash During Year Based On Above Activities (A+B+C)</b>		<b>(20,400.00)</b>
<b>Year Ending Cash Balance</b>		<b>14,150.00</b>

- Total wage cost is between 10% to 30% of sales.
- Total cash balance at the end of year is under 5 months and more than 2-month cash expenses

## 5.6 Purchase Sale – FY19

Singhaniya Stonex						
Raw Material Purchase Price (5% increment every 6 months)						
Material	Block	Oct'17 - Mar'18	Apr'18 - Sep'18	Oct'18-Mar'19	Apr'19 - Sep'19	Oct'19-Mar'20
Granite	1	1,000.00	1,050.00	1,102.50	1,157.63	1,215.51
Marble	1	500.00	525.00	551.25	578.81	607.75
Sale Price (5% Increment every year)						
Material	Slab	Oct'17 - Mar'18	Apr'18 - Sep'18	Oct'18-Mar'19	Apr'19 - Sep'19	Oct'19-Mar'20
Granite	1	100.00	105.00	105.00	110.25	110.25
Marble	1	50.00	52.50	52.50	55.13	55.13

Inventory Position						
	Opening	Purchase	Sale	Closing	Price / Block	Total Price @ Closing
Granite Blocks	20	100	60	60	1,063.54	63,812.40
Marble Blocks	25	100	60	65	530.50	34,482.50

### Purchases

Granite								
S. No	Transaction Code	Purchase Units in Blocks	Purchase Price Per Block	Total Purchase Price	Purchase Units in Slabs (1 Block = 20 Slabs)	Purchase Price per Slab	Cash Purchase	Credit Purchase
1	AP2-4	50	1,050.00	52,500.00	1,000	52.50		52,500.00
2	AP2-31	50	1,102.50	55,125.00	1,000	55.13	15,000.00	40,125.00
Total Purchase		100.00		107,625.00	2,000.00		15,000.00	92,625.00

	Block	Slab
Purchased Inventory of FY18 - Leftover	20 Blocks @ 20000 Rs	
Purchased Inventory of FY19	100 Blocks @ 107625 Rs	
Total Inventory	120 Blocks @127625 Rs	
COGS using Weighted Average Method	1063.54	53.18

Marble								
S. No	Transaction Code	Purchase Units in Blocks	Purchase Price Per Block	Total Purchase Price	Purchase Units in Slabs (1 Block = 20 Slabs)	Purchase Price per Slab	Cash Purchase	Credit Purchase
1	AP2-5	50	525.00	26,250.00	1,000	26.25	0.00	26,250.00
2	AP2-32	50	551.25	27,562.50	1,000	27.56	9,000.00	18,562.50
Total Purchase		100.00		53,812.50	2,000.00		9,000.00	44,812.50

	Block	Slab
Purchased Inventory of FY18 - Leftover	25 Blocks @ 12500 Rs	
Purchased Inventory of FY19	100 Blocks @ 53812.5 Rs	
Total Inventory	125 Blocks @66312.5 Rs	
COGS using Weighted Average Method	530.50	26.53

- Total Cash Purchase and Total Credit Purchase followed assumption where Credit Purchase is within 8 times the cash purchase

## Sales

Granite								
S. No	Transaction Code	Sale Unit in Slabs	Sale Price Per Slab	Total Sale Price	Sale Unit in Blocks (1 Block = 20 Slabs)	Sale Price Per Block	Cash Sale	Credit Sales
1	AP2-2	200	105.00	21,000.00	10	2,100.00	21,000.00	
2	AP2-11	200	105.00	21,000.00	10	2,100.00	10,500.00	10,500.00
3	AP2-20	200	105.00	21,000.00	10	2,100.00	0.00	21,000.00
4	AP2-34	200	105.00	21,000.00	10	2,100.00	10,500.00	10,500.00
5	AP2-38	400	105.00	42,000.00	20	2,100.00	42,000.00	
Total Sales		1,200.00		126,000.00	60.00		84,000.00	42,000.00

Marble								
S. No	Transaction Code	Sale Unit in Slabs	Sale Price Per Slab	Total Purchase Price	Sale Unit in Blocks (1 Block = 20 Slabs)	Sale Price Per Block	Cash Sale	Credit Sales
1	AP2-3	200	52.50	10,500.00	10	1,050.00	10,500.00	0.00
2	AP2-12	200	52.50	10,500.00	10	1,050.00	5,250.00	5,250.00
3	AP2-21	200	52.50	10,500.00	10	1,050.00	0.00	10,500.00
4	AP2-35	200	52.50	10,500.00	10	1,050.00	5,250.00	5,250.00
5	AP2-39	400	52.50	21,000.00	20	1,050.00	21,000.00	0.00
Total Sales		1,200.00		63,000.00	60.00		42,000.00	21,000.00

- Total Cash Sale and Total Credit Sale followed our assumption and Credit sale is within 8 times the cash sale
- Sales volume increased by more than 10% over the previous year



## 6. Accounting Period 3 – FY20 (1<sup>st</sup> Apr 2019 to 31<sup>st</sup> Mar 2020)

### 6.1 Transactions

The detailed transactions of this accounting period can be found in the project working sheet attached above. Total 45 transactions are involved. However, the highlights are: -

- Land purchase for future expansion of the business
- Investment of surplus cash into inter corporate market
- Salary, general and administrative expenses
- Raw material purchases using cash and credit
- Sale transactions using cash and credit
- Accounts receivables and payables
- Short term borrowings and Repayments
- Interest, Depreciation etc.

### 6.2 Transactions View – FY20

Txn. No.	Date	Transaction	Transaction Amount	Assets									Liabilities				Equity			Revenues		Expenses								
				Current					Fixed (Non-Current)				Current		Non-Current		Equity Capital	Reserves	Surplus	Sales	Other Income	SG&A	COGS	Interest	Depreciation	Tax	Misc			
				Cash	Accounts Receivable	Inventory	Loans and Advance	Fixed Investment	Land and Building	Machinery	Computer and Printer	Others	Accounts Payables	Short-Term Loans and Borrowings	Loans and Advance	Secured Loans														
AP3-1	1/4/19	Starting Balances		14,120.00	53,000.00	98,285.50	0.00	10,000.00	34,950.00	28,000.00	1,600.00	15,000.00	97,437.50	0.00	0.00	44,000.00		29,750.00	83,798.00											
AP3-2	10/4/19	Sale Ten 1: 200 slabs (Rs. 110.25 Each) of Granite to Adhunik Marbles and get cash Rs. 22050	22,050.00	22,050.00		(11,298.00)													10,752.00	22,050.00				11,298.00						
AP3-3	10/4/19	Sale Ten 2: 200 slabs (Rs. 55.13 Each) of Marble to Adhunik Marbles and get cash Rs. 11026	11,026.00	11,026.00		(5,630.00)													5,396.00	11,026.00				5,630.00						
AP3-4	30/4/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Apr) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-5	30/4/19	Loan Repayment Loan using Cash for Rs20000	20,000.00		(20,000.00)											(20,000.00)														
AP3-6	10/5/19	Short-Term Borrowings: Rs. 10000 for daily expenses	10,000.00	10,000.00									10,000.00																	
AP3-7	31/5/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (May) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-8	6/6/19	Purchased Raw Material: Granite Block worth Rs. 40517.05 (35 Blocks @1157.63 each) from Hira Granites	40,517.05	(40,517.05)									40,517.05																	
AP3-9	7/6/19	Purchased Raw Material: Marble Block worth Rs. 20258.35 (35 Blocks @578.81 each) from Kamini Marbles	20,258.35	(8,000.00)			20,258.35						12,258.35																	
AP3-10	30/6/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Jun) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-11	10/7/19	Sale Ten 3: 400 slabs (Rs. 110.25 Each) of Granite to Taluka Marbles and get cash Rs. 44100	44,100.00	44,100.00		(22,596.00)													21,504.00	44,100.00				22,596.00						
AP3-12	10/7/19	Sale Ten 4: 400 slabs (Rs. 55.13 Each) of Marble to Taluka Marbles and get cash Rs. 22052	22,052.00	22,052.00		(11,260.00)													10,792.00	22,052.00				11,260.00						
AP3-13	31/7/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (July) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-14	10/8/19	Accounts Receivable Received: Rs. 5000 from Taluka Marbles	10,000.00	10,000.00	(10,000.00)																									
AP3-15	30/8/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Aug) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-16	11/9/19	Sale Ten 5: 200 slabs (Rs. 110.25 Each) of Granite to Agarwal Marbles and get cash Rs. 22050	22,050.00	22,050.00		(11,298.00)													10,752.00	22,050.00				11,298.00						
AP3-17	11/9/19	Sale Ten 6: 200 slabs (Rs. 55.13 Each) of Marble to Agarwal Marbles and get cash Rs. 11026	11,026.00	11,026.00		(5,630.00)													5,396.00	11,026.00				5,630.00						
AP3-18	28/9/19	Expense: Marketing for Hearings, Ads etc using cash 1000	1,000.00	(1,000.00)																(1,000.00)										1,000.00
AP3-19	29/9/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Sep) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-20	8/10/19	Purchased Raw Material: Granite Block worth Rs. 42542.85 (35 Blocks @1215.51 each) from Hira Granites using cash	42,542.85		(42,542.85)								42,542.85																	
AP3-21	8/10/19	Purchased Raw Material: Marble Block worth Rs. 21271.25 (35 Blocks @607.75 each) from Kamini Marbles using cash	21,271.25				21,271.25						21,271.25																	
AP3-22	31/10/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Oct) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-23	4/11/19	Accounts Payable Paid: Hira Granites Rs. 5000 using cash	5,000.00	(5,000.00)									(5,000.00)																	
AP3-24	4/11/19	Accounts Payable Paid: Kamini Marbles Rs. 15000 using cash	15,000.00	(15,000.00)									(15,000.00)																	
AP3-25	15/11/19	Sale Ten 7: 400 slabs (Rs. 110.25 Each) of Granite to Adhunik Marbles and get cash Rs. 44100	44,100.00	44,100.00		(22,596.00)													21,504.00	44,100.00				22,596.00						
AP3-26	15/11/19	Sale Ten 8: 400 slabs (Rs. 55.13 Each) of Marble to Adhunik Marbles and get cash Rs. 22052	22,052.00	22,052.00		(11,260.00)													10,792.00	22,052.00				11,260.00						
AP3-27	30/11/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Nov) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-28	3/12/19	Accounts Payable Paid: Kamini Marbles Rs. 28342.10 using cash	28,342.10	(28,342.10)									(28,342.10)																	
AP3-29	3/12/19	Accounts Payable Paid: Hira Granites Rs. 45000 using cash	25,000.00	(25,000.00)									(25,000.00)																	
AP3-30	29/12/19	Investment: Rs.30000 invested from Cash Reserves in Inter Corporate Market @5% every six months	30,000.00	(30,000.00)			30,000.00																							
AP3-31	31/12/19	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Dec) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-32	2/1/20	Advance Paid: Kamini Marbles Rs. 20000 using cash	20,000.00	(20,000.00)			20,000.00																							
AP3-33	10/1/20	Sale Ten 9: 300 slabs (Rs. 110.25 Each) of Granite to Adhunik Marbles and get cash Rs. 33075	33,075.00	33,075.00		(16,347.00)													16,728.00	33,075.00				16,347.00						
AP3-34	10/1/20	Sale Ten 10: 300 slabs (Rs. 55.13 Each) of Marble to Adhunik Marbles and get cash Rs. 16539	16,539.00	16,539.00		(8,445.00)													8,094.00	16,539.00				8,445.00						
AP3-35	10/1/20	Purchased Land for 2nd Factory for storage using cash Rs. 50000	50,000.00	(50,000.00)			50,000.00																							
AP3-36	15/1/20	Tax Paid: Rs. 15000 paid as Tax for FY19	15,000.00										(15,000.00)							(15,000.00)								15,000.00		
AP3-37	31/1/20	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Jan) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-38	28/02/20	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Feb) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-39	31/03/20	Expense: Electricity Bill Paid from Apr to Mar	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-40	31/03/20	Expense: Lease/Rent Amount for Factory from Apr to Mar	10,000.00	(10,000.00)																(10,000.00)			10,000.00							
AP3-41	31/03/20	Salary Expense: Rs. 2000 paid for 20 workers for 1 month (Mar) using cash	2,000.00	(2,000.00)																(2,000.00)			2,000.00							
AP3-42	31/03/20	Deferred Tax: Rs. 15000	15,000.00	(15,000.00)								15,000.00																		
AP3-43	31/03/20	Adjustments ending FY18: Depreciation @10% (Only Building, Machinery and Computer)	4,250.00						(510.00)	(1,500.00)	(200.00)									(4,250.00)					4,250.00					
AP3-44	31/03/20	Adjustments ending FY18: Interest Received for 3 months and 12 months @5% for every 6 Months on investments	1,750.00	1,750.00																		1,750.00								
AP3-45	31/03/20	Adjustments ending FY18: Interest Paid @10% for 12 Months for remaining loan	2,400.00	(2,400.00)																	(2,400.00)				2,400.00					
Total			661,491.60	18,227.90	43,000.00	95,915.00	20,000.00	40,000.00	84,400.00	24,500.00	1,400.00	15,000.00	130,484.90	10,000.00	0.00	24,000.00		29,750.00	83,798.00	64,210.00	248,070.00	1,750.00	36,000.00	126,960.00	2,400.00	4,250.00	15,000.00	1,000.00		

### 6.3 Balance Sheet – FY20

SINGHANIYA STONEX	
Balance Sheet (in Rs.)	
	FY2020
<b>Assets</b>	
<b>Current Assets</b>	
Cash	18,227.90
Accounts Receivables	43,000.00
Inventory	95,915.00
Loans and Advance	20,000.00
Fixed Investment	40,000.00
<b>Total</b>	<b>217,142.90</b>
<b>Non Current Assets</b>	
Land and Building	84,400.00
Machinery	24,500.00
Computer and Printer	1,400.00
Others	15,000.00
<b>Total</b>	<b>125,300.00</b>
<b>Total Assets</b>	<b>342,442.90</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payables	130,684.90
Short Term Loans and Borrowings	10,000.00
Loans and Advance	0.00
<b>Total</b>	<b>140,684.90</b>
<b>Non Current Liabilities</b>	
Secured Loans	24,000.00
Others	0.00
<b>Total</b>	<b>24,000.00</b>
<b>Total Liabilities</b>	<b>164,684.90</b>
<b>Equity</b>	
Equity Capital	29,750.00
Reserves	83,798.00
Surplus	64,210.00
<b>Total Equity</b>	<b>177,758.00</b>

- More than 30% of total assets invested in fixed asset.
- All depreciable items are considered to have life of 10 years and has a straight-line depreciation.

## 6.4 Profit and Loss Statement – FY20

SINGHANIYA STONEX	
Profit and Loss Statement (in Rs.)	
	FY2020
<b>Income Statement</b>	
<b>Total Revenue</b>	<b>248,070.00</b>
Add: Other Income + OCI	1,750.00
Less: Cost of Goods Sold	126,960.00
<b>Gross Profit</b>	<b>122,860.00</b>
Less: Operating Expenses	36,000.00
Less: Other Expenses	1,000.00
<b>EBITDA</b>	<b>85,860.00</b>
Less: Interest	2,400.00
Less: Depreciation & Amortization	4,250.00
<b>Profit Before Tax</b>	<b>79,210.00</b>
Less: Tax	15,000.00
<b>Net Income</b>	<b>64,210.00</b>

- The wage is constant @ Rs. 2,000.00 per month.
- Lease / Rent amount is constant @ Rs. 10,000.00 per year
- Electricity cost remain constant @ Rs.2,000.00 per year

## 6.5 Cash Flow Statement – FY20

SINGHANIYA STONEX		
Cash Flow Statement (in Rs.)		
FY2020		
Type of Activity	Description	Amount
<b>A. Operating Activities</b>		
	Cash Received from Sales	248,070.00
	Cash Paid for Electricity, Salaries and Rent	(36,000.00)
	Accounts Payables: Cash Paid to Suppliers for Purchases	(73,342.10)
	Purchase Raw Material Using Cash	(18,000.00)
	Accounts Receivables: Cash Paid by Customers	10,000.00
	Short Term Borrowings	10,000.00
	Advance to Customer	(20,000.00)
	Cash Paid for Marketing	(1,000.00)
	Repayment of Short-Term Borrowings	0.00
<b>Total A</b>		<b>119,727.90</b>
<b>B. Investing Activities</b>		
	Purchased Fixed Assets (Machinery, Land etc.)	(50,000.00)
	Purchased Computer and Office Supplies	0.00
	Investment in Inter Corporate Market	(30,000.00)
	Interest Received	1,750.00
<b>Total B</b>		<b>(78,250.00)</b>
<b>C. Financing Activities</b>		
	Long-Term Loan	(20,000.00)
	Equity Invested	0.00
	Interest Paid on Loan	(2,400.00)
	Deferred Tax	(15,000.00)
<b>Total C</b>		<b>(37,400.00)</b>
<b>Starting Cash Balance</b>		<b>14,150.00</b>
<b>Change In Cash During Year Based On Above Activities (A+B+C)</b>		<b>4,077.90</b>
<b>Year Ending Cash Balance</b>		<b>18,227.90</b>

- Total wage cost is between 10% to 30% of sales.
- Total cash balance at the end of year is under 5 months and more than 2-month cash expenses

## 6.6 Purchase Sale – FY20

Singhaniya Stonex						
Raw Material Purchase Price (5% increment every 6 months)						
Material	Block	Oct'17 - Mar'18	Apr'18 - Sep'18	Oct'18-Mar'19	Apr'19 - Sep'19	Oct'19-Mar'20
Granite	1	1,000.00	1,050.00	1,102.50	1,157.63	1,215.51
Marble	1	500.00	525.00	551.25	578.81	607.75
Sale Price (5% Increment every year)						
Material	Slab	Oct'17 - Mar'18	Apr'18 - Sep'18	Oct'18-Mar'19	Apr'19 - Sep'19	Oct'19-Mar'20
Granite	1	100.00	105.00	105.00	110.25	110.25
Marble	1	50.00	52.50	52.50	55.13	55.13

Inventory Position						
	Opening	Purchase	Sale	Closing	Price / Block	Total Price @ Closing
Granite Blocks	60	70	75	55	1,129.79	62,138.45
Marble Blocks	65	70	75	60	563.05	33,783.00

### Purchases

Granite								
S. No	Transaction Code	Purchase Units in Blocks	Purchase Price Per Block	Total Purchase Price	Purchase Units in Slabs (1 Block = 20 Slabs)	Purchase Price per Slab	Cash Purchase	Credit Purchase
1	AP3-8	35	1,157.63	40,517.05	700	57.88	10,000.00	30,517.05
2	AP3-20	35	1,215.51	42,542.85	700	60.78		42,542.85
Total Purchase		70.00		83,059.90	1,400.00		10,000.00	73,059.90

	Block	Slab
Purchased Inventory of FY19 - Leftover	60 Blocks @ 63812.4 Rs	
Purchased Inventory of FY19	70 Blocks @ 83059.90 Rs	
Total Inventory	130 Blocks @ 146872.3 Rs	
COGS using Weighted Average Method	1129.79	56.49

Marble								
S. No	Transaction Code	Purchase Units in Blocks	Purchase Price Per Block	Total Purchase Price	Purchase Units in Slabs (1 Block = 20 Slabs)	Purchase Price per Slab	Cash Purchase	Credit Purchase
1	AP3-9	35	578.81	20,258.35	700	28.94	8,000.00	12,258.35
2	AP3-21	35	607.75	21,271.25	700	30.39		21,271.25
Total Purchase		70.00		41,529.60	1,400.00		8,000.00	33,529.60

	Block	Slab
Purchased Inventory of FY18 - Leftover	65 Blocks @ 34482.5 Rs	
Purchased Inventory of FY19	70 Blocks @ 41529.60 Rs	
Total Inventory	135 Blocks @76012.1 Rs	
COGS using Weighted Average Method	563.05	28.15

- Total Cash Purchase and Total Credit Purchase followed assumption where Credit Purchase is within 8 times the cash purchase

### Sales

Granite								
S. No	Transaction Code	Sale Unit in Slabs	Sale Price Per Slab	Total Sale Price	Sale Unit in Blocks (1 Block = 20 Slabs)	Sale Price Per Block	Cash Sale	Credit Sales
1	AP3-2	200	110.25	22,050.00	10	2,205.00	22,050.00	0.00
2	AP3-11	400	110.25	44,100.00	20	2,205.00	44,100.00	0.00
3	AP3-16	200	110.25	22,050.00	10	2,205.00	22,050.00	0.00
4	AP3-25	400	110.25	44,100.00	20	2,205.00	44,100.00	0.00
5	AP3-33	300	110.25	33,075.00	15	2,205.00	33,075.00	0.00
Total Sales		1,500.00		165,375.00	75.00		165,375.00	0.00

Marble								
S. No	Transaction Code	Sale Unit in Slabs	Sale Price Per Slab	Total Purchase Price	Sale Unit in Blocks (1 Block = 20 Slabs)	Sale Price Per Block	Cash Sale	Credit Sales
1	AP3-3	200	55.13	11,026.00	10	1,102.60	11,026.00	0.00
1	AP3-12	400	55.13	22,052.00	20	22,052.00	22,052.00	0.00
1	AP3-17	200	55.13	11,026.00	10	1,102.60	11,026.00	0.00
1	AP3-26	400	55.13	22,052.00	20	1,102.60	22,052.00	0.00
1	AP3-34	300	55.13	16,539.00	15	1,102.60	16,539.00	0.00
Total Sales		1,500.00		82,695.00	75.00		82,695.00	0.00

- Total Cash Sale and Total Credit Sale followed our assumption and Credit sale is within 8 times the cash sale
- Sales volume increased by more than 10% over the previous year

## 7. Financial Analysis

### 7.1 Summary Data

SINGHANIYA STONEX				
Financial Year	2020	2019	2018	Madhav Marbles and Granites Ltd
<b>Balance Sheet - Assets Side</b>				
Cash and Bank Balances	18,227.90	14,650.00	34,550.00	78,889.31
Accounts Receivables	43,000.00	53,000.00	46,000.00	256,940.33
Loans and Advances	20,000.00	0.00	0.00	320,338.70
Inventories	95,915.00	98,285.50	32,500.00	251,644.02
Other Current Assets	40,000.00	10,000.00	0.00	142,170.21
<b>Total Current Assets</b>	<b>217,142.90</b>	<b>175,935.50</b>	<b>113,050.00</b>	<b>1,049,982.57</b>
Non-Current Tangible Assets	110,300.00	64,550.00	33,300.00	368,471.78
Other Non-Current Assets	15,000.00	15,000.00	15,000.00	111,180.12
<b>Total Assets</b>	<b>342,442.90</b>	<b>255,485.50</b>	<b>161,350.00</b>	<b>1,529,634.47</b>
<b>Balance Sheet - Liabilities Side</b>				
Accounts Payables	130,684.90	97,437.50	30,000.00	85,915.53
Other Current Liabilities and Provisions	10,000.00	0.00	5,000.00	58,088.16
Long Term Liabilities	24,000.00	44,000.00	44,000.00	80,815.40
Net Worth	177,758.00	114,048.00	82,350.00	1,304,815.38
<b>Total Liabilities</b>	<b>342,442.90</b>	<b>255,485.50</b>	<b>161,350.00</b>	<b>1,529,634.47</b>
<b>Profit and Loss Statement</b>				
<b>Total Revenue</b>	<b>248,070.00</b>	<b>189,000.00</b>	155,000.00	602,848.01
Add: Other Income + OCI	1,750.00	500.00	0.00	67,246.04
Less: Cost of Goods Sold	126,960.00	95,652.00	77,500.00	233,428.57
<b>Gross Profit</b>	<b>122,860.00</b>	<b>93,848.00</b>	<b>77,500.00</b>	<b>436,665.48</b>
Less: Operating/Other Expenses	37,000.00	39,000.00	19,000.00	344,873.10
<b>EBITDA</b>	<b>85,860.00</b>	<b>54,848.00</b>	<b>58,500.00</b>	<b>91,792.38</b>
Less: Interest	2,400.00	4,400.00	2,200.00	11,008.81
Less: Depreciation & Amortization	4,250.00	4,250.00	3,700.00	48,947.31
Less: Tax	15,000.00	15,000.00	0.00	10,017.28
<b>Net Income</b>	<b>64,210.00</b>	<b>31,198.00</b>	<b>52,600.00</b>	<b>21,818.98</b>
<b>Total Shares</b>	<b>2970</b>	<b>2970</b>	<b>2970</b>	
<b>Dividends Paid + Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Share Price</b>	<b>0</b>	<b>0</b>	<b>0</b>	

SINGHANIYA STONEX				
Cash Flow Statement (in Rs.)				
		FY2020	FY2019	FY2018
Type of Activity	Description	Amount		
<b>A. Operating Activities</b>				
	Cash Received from Sales	248,070.00	126,000.00	75,000.00
	Cash Paid for Electricity, Salaries and Rent	(36,000.00)	(38,000.00)	(19,000.00)
	Accounts Payables: Cash Paid to Suppliers for Purchases	(73,342.10)	(70,000.00)	(60,000.00)
	Purchase Raw Material Using Cash	(18,000.00)	(24,000.00)	(20,000.00)
	Accounts Receivables: Cash Paid by Customers	10,000.00	56,000.00	34,000.00
	Short Term Borrowings	10,000.00	0.00	10,000.00
	Advance to Customer	(20,000.00)	0.00	0.00
	Cash Paid for Marketing	(1,000.00)	(1,000.00)	0.00
	Repayment of Short-Term Borrowings	0.00	(5,000.00)	(5,000.00)
<b>Total A</b>		<b>119,727.90</b>	<b>44,000.00</b>	<b>15,000.00</b>
<b>B. Investing Activities</b>				
	Purchased Fixed Assets (Machinery, Land etc.)	(50,000.00)	(35,500.00)	(35,000.00)
	Purchased Computer and Office Supplies	0.00	0.00	(2,000.00)
	Investment in Inter Corporate Market	(30,000.00)	(10,000.00)	0.00
	Interest Received	1,750.00	500.00	0.00
<b>Total B</b>		<b>(78,250.00)</b>	<b>(45,000.00)</b>	<b>(37,000.00)</b>
<b>C. Financing Activities</b>				
	Long-Term Loan	(20,000.00)	0.00	44,000.00
	Equity Invested	0.00	0.00	29,750.00
	Interest Paid on Loan	(2,400.00)	(4,400.00)	(2,200.00)
	Deferred Tax	(15,000.00)	(15,000.00)	(15,000.00)
<b>Total C</b>		<b>(37,400.00)</b>	<b>(19,400.00)</b>	<b>56,550.00</b>
<b>Starting Cash Balance</b>		<b>14,150.00</b>	<b>34,550.00</b>	<b>0.00</b>
<b>Change In Cash During Year Based On Above Activities (A+B+C)</b>		<b>4,077.90</b>	<b>(20,400.00)</b>	<b>34,550.00</b>
<b>Year Ending Cash Balance</b>		<b>18,227.90</b>	<b>14,150.00</b>	<b>34,550.00</b>



## 7.2 Indexed Based Analysis

SINGHANIYA STONEX - Indexed Based Analysis			
Financial Year	FY2020	FY2019	FY2018
<b>Balance Sheet - Assets Side</b>			
Cash and Bank Balances	100.00	80.37	189.54
Accounts Receivables	100.00	123.26	106.98
Loans and Advances	100.00	0.00	0.00
Inventories	100.00	102.47	33.88
Other Current Assets	100.00	25.00	0.00
<b>Total Current Assets</b>	<b>100.00</b>	<b>81.02</b>	<b>52.06</b>
Non-Current Tangible Assets	100.00	58.52	30.19
Other Non-Current Assets	100.00	100.00	100.00
<b>Total Assets</b>	<b>100.00</b>	<b>74.61</b>	<b>47.12</b>
<b>Balance Sheet - Liabilities Side</b>			
Accounts Payables	100.00	74.56	22.96
Other Current Liabilities and Provisions	100.00	0.00	50.00
Long Term Liabilities	100.00	183.33	183.33
Net Worth	100.00	64.16	46.33
<b>Total Liabilities</b>	<b>100.00</b>	<b>74.61</b>	<b>47.12</b>
<b>Profit and Loss Statement</b>			
<b>Total Revenue</b>	<b>100.00</b>	<b>76.19</b>	<b>62.48</b>
Add: Other Income + OCI	100.00	28.57	0.00
Less: Cost of Goods Sold	100.00	75.34	61.04
<b>Gross Profit</b>	<b>100.00</b>	<b>76.39</b>	<b>63.08</b>
Less: Operating/Other Expenses	100.00	105.41	51.35
<b>EBITDA</b>	<b>100.00</b>	<b>63.88</b>	<b>68.13</b>
Less: Interest	100.00	183.33	91.67
Less: Depreciation & Amortization	100.00	100.00	87.06
Less: Tax	100.00	100.00	0.00
<b>Net Income</b>	<b>100.00</b>	<b>48.59</b>	<b>81.92</b>

- Singhaniya Stonex is maintain a steady cash balance which is also high and is generating the other income for company
- Inventory levels are increasing on yearly basis as the operations of the company is growing and company is now maintaining a good level of inventories.
- Account payables are increased every year which shows that company is now stable and using its power to now dictate the terms with suppliers.
- Long term liabilities are being adjusted and are getting rid of as company is earning more revenues.
- COGS is increased every year as company is increasing its revenues and selling more merchandise.

### 7.3 Common-Sized Analysis

SINGHANIYA STONEX - Common-Sized Analysis				
Financial Year	FY2020	FY2019	FY2018	Madhav Marbles and Granites Ltd
<b>Balance Sheet - Assets Side</b>				
Cash and Bank Balances	5.32	5.73	21.41	5.16
Accounts Receivables	12.56	20.74	28.51	16.80
Loans and Advances	5.84	0.00	0.00	20.94
Inventories	28.01	38.47	20.14	16.45
Other Current Assets	11.68	3.91	0.00	9.29
<b>Total Current Assets</b>	<b>63.41</b>	<b>68.86</b>	<b>70.07</b>	<b>68.64</b>
Non-Current Tangible Assets	32.21	25.27	20.64	24.09
Other Non-Current Assets	4.38	5.87	9.30	7.27
<b>Total Assets</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Balance Sheet - Liabilities Side</b>				
Accounts Payables	38.16	38.14	18.59	5.62
Other Current Liabilities and Provisions	2.92	0.00	3.10	3.80
Long Term Liabilities	7.01	17.22	27.27	5.28
Net Worth	51.91	44.64	51.04	85.30
<b>Total Liabilities</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Profit and Loss Statement</b>				
<b>Total Revenue</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Add: Other Income + OCI	0.71	0.26	0.00	11.15
Less: Cost of Goods Sold	51.18	50.61	50.00	38.72
<b>Gross Profit</b>	<b>49.53</b>	<b>49.66</b>	<b>50.00</b>	<b>72.43</b>
Less: Operating/Other Expenses	14.92	20.63	12.26	57.21
<b>EBITDA</b>	<b>34.61</b>	<b>29.02</b>	<b>37.74</b>	<b>15.23</b>
Less: Interest	0.97	2.33	1.42	1.83
Less: Depreciation & Amortization	1.71	2.25	2.39	8.12
Less: Tax	6.05	7.94	0.00	1.66
<b>Net Income</b>	<b>25.88</b>	<b>16.51</b>	<b>33.94</b>	<b>3.62</b>

- All the numbers of Singhaniya Stonex looks stable and are comparable to its industry peers.
- COGS is stable but is high compared to Madhav Marbles. This can be because of the fact that Singhaniya Stonex is new. But company needs to work on this aspect.
- Net Income is high for Singhaniya Stonex as compared to Madhav Marbles. This shows company is managing its expenses pretty well.

## 7.4 Financial Ratios

Type	Ratios	Values FY 2020	Values FY 2019	Values FY 2018
Solvency	<b>Short term solvency</b>			
	Net Working Capital	76,458.00	78,498.00	78,050.00
	Current Ratio	1.54	1.81	3.23
	Quick Ratio	0.86	0.80	2.30
	Average Daily Expenses	444.14	369.32	260.27
	Cash Cover for Daily Expenses (days)	41.04	39.67	132.74
	Quick Assets Cover for Daily Expenses (days)	272.95	210.25	309.48
	Current Assets Cover for Daily Expenses (days)	488.91	476.38	434.35
	Current Liabilities Cover for Daily Expenses (days)	316.76	263.83	134.47
	Accounts Receivable Turnover	5.17	3.82	3.37
	Average Collection Period (days)	70.63	95.60	108.32
	Inventory Turnover	1.31	1.46	2.38
	Inventory Conversion Period (days)	279.16	249.53	153.06
	Average Payables Period (days)	327.92	243.15	141.29
	<b>Long Term Solvency</b>			
	Total Debt to Total Capital	0.93	1.24	0.96
	Long-term Debt to Total Capital	0.14	0.39	0.53
	Long-term Debt to Fixed Assets	0.22	0.68	1.32
	Times Interest Covered	34.00	11.50	24.91
	Times Fixed Charges Covered	4.33	2.73	5.43
	Net Gain from Borrowed Funds (INR)	33177.77	14697.66	36522.72
	Gearing	21.68	13.33	46.23
	Equity Multiplier	1.93	2.24	1.96
	Debt-to-EBITDA Ratio	0.52	0.39	0.74
Profitability	<b>Margin on Sales</b>			
	Gross Profit Margin %	48.82	49.39	50.00
	Operating Profit Margin (%)	32.19	26.51	35.35
	Net Profit Margin (%)	25.88	16.51	33.94
	<b>Return on Investment</b>			
	Operating Profit to Operating Assets (%)	29.85	29.68	49.02
	Return on Total Assets (%)	21.48	14.97	32.60
	Return on Capital Employed (%)	82.88	39.86	67.39
	Return on Equity (%)	44.01	31.77	63.87
	<b>Efficiency</b>			
	Total Asset Turnover	0.83	0.91	0.18
	Operating Asset Turnover	0.93	1.12	1.39
	Working Capital Turnover	3.20	2.41	1.99
	Shareholder Equity Turnover	1.70	1.92	1.88

	<b>Return per Share of Equity</b>			
	Earnings per Share	21.62	10.50	17.71
	Dividends per Share (including Dividend Tax)	N/A	N/A	N/A
<b>Other Ratios</b>	<b>Other Ratios</b>			
	Book Value per Share	59.85	38.40	27.73
	Dividend Payout Ratio (%)	N/A	N/A	N/A
	Price-to-Book Value	N/A	N/A	N/A
	Price-to-Earnings	N/A	N/A	N/A
	Dividend Yield	N/A	N/A	N/A

- Overall the ratios are very good for Singhaniya Stonex and it shows that company has stable growth and is very strong in its future prospects.
- On profitability front, numbers are very promising and positive.
- Margin on Sales are strong and stable and are giving very high returns. Company has high profit, gross and net profit margins.
- Return on investments are high and is good news for investors and creditors. Company will easily get loans from bank.
- Singhaniya Stonex is very efficiently using its assets and working capital to make revenues.
- Return per share is very strong for Singhaniya Stonex and is almost doubled in last 2 years. This is a very good sign for investors to buy shares whenever Singhaniya Stonex launches its IPO.
- Long term solvency numbers are good for a new company. Net gain from borrowed funds and gearing is very high which means that company is effectively using the borrowed money to get gains in revenue.
- Equity multiplier is almost 2.0 which shows that equity invested is getting doubled every year.
- Cash cover for the company is good and almost more than 40 days which shows high cash and bank balance of the company.
- Inventory conversion period is very high which means company has to work more on the inventory management as inventory is lying for a long before it converts into final product.
- All other short term solvency numbers are pretty strong and are showing promising future for the company.

## 7.5 Cash Flow Statement Analysis

SINGHANIYA STONEX - Cash Flow Statement Analysis			
Financial Year	FY2020	FY2019	FY2018
<b>Major Source of Cash</b>	Net Operating Activities - 119,727.90 Interest Received - 1,750.00	Net Operating Activities - 44,000 Interest Received - 500.00 Cash Balance Down - 20,400.00	Net Operating Activities - 15,000 Long-Term Loan Up - 44,000.00 Equity Capital Up- 29,750.00
<b>Major Use of Cash</b>	CapEx Up - 50,000.00 Investments Up - 30,000.00 Long-Term Loan Down - 20,000.00 Interest Paid - 2,400.00 Tax - 15,000.00 Cash Balance Up - 4,077.90	CapEx Up - 35,500.00 Investments Up - 10,000.00 Interest Paid - 4,400.00 Tax - 15,000.00	CapEx Up - 37,000.00 Interest Paid - 2,200.00 Tax - 15,000.00 Cash Balance Up - 34,550.00
<b>Key Reasons behind the difference between profit figures and net cash flow from operations</b>	Net Operating Activities - 119,727.90 > Profit before tax (PBT) - 79,210.00  Source - Depreciation - 4,250.00 Interest Paid - 2,400.00 Accounts Receivables - (10,000.00) Inventory - (2,370.50) Accounts Payables - 33,247.40 Short Term Loans and Borrowings - 10,000.00  Use- Loans and Advance - 20,000.00 Investments - 20,000.00	Net Operating Activities - 44,000.00 < Profit before tax (PBT) - 46,198.00  Source - Depreciation - 4,250.00 Interest Paid - 4,400.00 Accounts Payables - 67,437.50  Use- Accounts Receivables - 7,000.00 Inventory - 65,785.50 Investments - 10,000.00 Short Term Loans and Borrowings - (5,000.00)	Net Operating Activities - 15,000.00 < Profit before tax (PBT) - 52,600.00  Source - Depreciation - 3,700.00 Interest Paid - 2,200.00 Accounts Payables - 30,000.00 Short Term Loans and Borrowings - 5,000.00  Use- Accounts Receivables - 46,000.00 Inventory - 32,500.00 Others - 15,000.00
<b>How does the net cash flow from operations compared with capital Expenditure</b>	Net Operating Activities - 119,727.90 > CapEx - 50,000.00	Net Operating Activities - 44,000 > CapEx - 35,500.00	Net Operating Activities - 15,000 < CapEx - 37,000.00
<b>Is CapEx &gt; Depreciations</b>	CapEx - 50,000.00 > Depreciation - 4,250.00	CapEx - 35,500.00 > Depreciation - 4,250.00	CapEx - 37,000.00 > Depreciation - 3,700.00
<b>Is Cash From Operations (Net Operating Activities) &gt; (Capex + Dividend + Interest)</b>	Net Operating Activities - 119,727.90 > CapEx - 50,000.00 + Dividend - 0 + Interest 2,400.00	Net Operating Activities - 44,000.00 > CapEx - 35,500.00 + Dividend - 0 + Interest 4,400.00	Net Operating Activities - 15,000.00 < CapEx - 37,000.00 + Dividend - 0 + Interest 2,200.00

<b>If Yes, Where is Excess Cash Invested</b>	Investments & Repaid Long Term Loan	Investments	
<b>If No, What were the additional sources</b>			Long Term Loan and Equity Capital
<b>Bankruptcy Rating</b>	8.0-9.0	7.0-8.0	5.0-6.0
<b>Comments</b>	Company is showing more promising future. Company's growth is positive and is again investing in capex which means company is dedicated to continue increasing its production. Also, company is investing its surplus profits in investments. Company is able to increase its revenues and operations. Also used the cash surplus to reduce liabilities.	Company is showing promising future. Company's growth is positive and is again investing in capex which means company is dedicated to increase its production. Also, company is investing its surplus profits in investments. Company is able to increase its revenues and operations	Since, this is company's first year, we have to wait and watch. Company shows promising future as we can see infusion of owner's capital and also an investment in capex. Along with that company gave good operating activities cashflow.

## 8. Costing Aspect

### 8.1 Fixed Cost

There are several fixed costs associated with the Singhaniya Stonex during the project.

- Lease / Rent – Lease / Rent amount for the factory is fixed at Rs.10,000.00 per year which business is paying at end of every financial year
- Employee Wages – Salary paid at each month to a fix 20 labor is also constant at Rs.2,000.00 per month which business is paying at end of every month.
- Electricity Cost – Although electricity cost comes under utilities which is variable in nature but for the project consideration, we assume this as fixed cost and business is paying Rs.2,000.00 per year at end of every financial year.
- Tax Cost – We assumed Tax as constant at Rs.15,000.00 at end of every financial year irrespective of amount of profit or amount of time business is in operations.
- Depreciation Cost – The depreciation is assumed as straight-line depreciation with 10% rate every end of financial year.
- Interest Paid and Received - Interest received @5% for every 6 months on investments in inter-corporate market and interest paid @10% for 12 months on long term loans

### 8.2 Variable Cost

There are several variable costs associated with the Singhaniya Stonex during the project.

- Marketing expenses – Marketing expenses are used for publicity and ads etc. costs incurred while promoting the business at several stages during a financial year. Singhaniya Stonex spend the money on marketing in FY20 and FY19.
- Purchase Cost – This is a variable cost incurred to purchase the raw material which business is paying to suppliers.

Singhaniya Stonex						
Raw Material Purchase Price (5% increment every 6 months)						
Material	Block	Oct'17 - Mar'18	Apr'18 - Sep'18	Oct'18-Mar'19	Apr'19 - Sep'19	Oct'19-Mar'20
Granite	1	1,000.00	1,050.00	1,102.50	1,157.63	1,215.51
Marble	1	500.00	525.00	551.25	578.81	607.75

- Cost of Goods Sold (COGS) – This is the cost associated with goods which business have sold. Singhaniya Stonex used average weighted method to calculate the COGS

The positive change in COGS in every year indicate that cost of manufacturing goods are increasing on year to year basis and it is very important for Singhaniya Stonex to maintain the sales price accordingly to combat the increase in COGS and remain steady revenues from operations.

Granite COGS			
	FY18	FY19	FY20
Inventory Leftover	0	20 Blocks @ Rs.20,000	60 Blocks @ Rs.63,812.40
Purchased Inventory	70 Blocks @ Rs.70,000	100 Blocks @ Rs.107,625	70 Blocks @ Rs.83,059.90
Total Inventory	70 Blocks @ Rs.70,000	120 Blocks @Rs.127,625	130 Blocks @Rs.146,872.30
COGS using Weighted Average Method	Rs.1,000 per block or Rs. 50 per slab	Rs.1,063.54 per block or Rs. 53.18 per slab	Rs.1,129.79 per block or Rs. 56.49 per slab

Marble COGS			
	FY18	FY19	FY20
<b>Inventory Leftover</b>	0	25 Blocks @ Rs.12,500	65 Blocks @ Rs.34,482.50
<b>Purchased Inventory</b>	80 Blocks @ Rs.40,000	100 Blocks @ Rs.53,812.50	70 Blocks @ Rs.41,529.60
<b>Total Inventory</b>	80 Blocks @ Rs.40,000	125 Blocks @Rs.66,312.50	135 Blocks @Rs.76,012.10
<b>COGS using Weighted Average Method</b>	Rs.500 per block or Rs. 25 per slab	Rs.530.50 per block or Rs. 26.53 per slab	Rs.563.05 per block or Rs.28.15 per slab

### 8.3 Observations

- Primary costing of Singhaniya Stonex is direct costs involved in purchase of raw material. The process is not that much labor intensive as company is using advanced machinery.
- Company is regularly investing in fixed assets which shows it has a vision to own rather than rent / lease. This will eventually reduce the fixed costs.
- Company is increasing its operations every year which results in increased value of COGS every year. It also results in increase income.
- Company is using its surplus cash into investments which is generating the fixed cost of interest. Company also uses its cash to reduce long term loan which will result in less interest paid.
- Company is regularly evaluating its inventory and using industry standard evaluation method.
- Company is getting more raw material on credit and selling more on cash which shows that company is using cash of others to run the business and is generating money from borrowed money.
- Company is regularly increasing its sale price to combat the cost price increase.