

# Financial Modelling

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# Why Financial Modelling is Important?

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- Compliance and Reporting
- Optimizing Capital Structure
- Scenario Analysis
- Business Planning
- Profitability Analysis
- Resource Management
- Helps in Communication with Stakeholders
- Strategic Planning
- Forecasting and Budgeting
- Investment Decisions
- Risk Management
- Capital Raising
- Valuation
- Performance Analysis

# Where can you use Financial Modelling?

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- Forecasting Models
- Different Business & Financial Scenario Analysis
- Sensitivity Analysis
- Leveraged Buyout (LBO) Modelling
- Option Pricing Models
- Valuation Modelling

# Steps of Financial Modelling

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1. Define Objective

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2. Data Gathering

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3. Data Analysis

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4. Key Drivers & Assumptions

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5. Scenarios & sensitivity Analysis

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6. Final Statements

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7. Conclusion

# Steps Of Financial Modelling

## Define Objective

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Merger &  
Acquisition



Investment  
decision



Raising  
Funds



Legal  
Compliance



For  
Shareholders



Strategic  
Purpose

# Steps of Financial Modelling

## Data Gathering

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Company  
Details



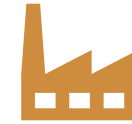
Historical  
Financials



MIS



Cash Flows



Industry  
Analysis

# Steps of Financial Modelling

## Key Drivers & Assumptions

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Growth Rate



Discount Rate



Revenue & Cost  
Drivers



Assets &  
Liabilities Drivers

# Steps Of Financial Modelling

## Financial Data Analysis

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Calculation of  
Financial Ratios



Historical trend  
analysis



Justification of  
future trends



# Steps of Financial Modelling

## Final Statements

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Projected  
Profit & Loss  
Statements



Projected  
Balance Sheet



Projected  
Cash Flow  
Statements



Ratio Analysis



Sensitivity Analysis



Drivers



Scenario Analysis



Other reports

# Steps of Financial Modelling

## Scenarios, Sensitivity Analysis And Final Conclusion

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- Different Performance Scenarios
- Sensitivity analysis to analyse different financial situations
- Impact Study of Sensitivity
- Advisory Report
- Performance Graphical Analysis

# Requirements of Financial Modelling

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Company Profile

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Financial Statements

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MIS

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Cash Flow Statements

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Operational Information

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Industry & Trends of Industry

# Conclusion

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- 1. Financial Modelling is a powerful tool for decision – making.**
- 2. Understanding of business and key drivers in very essentials for modelling.**
- 3. Business can take an informed decisions using financial modelling.**

# Contact us

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Valuationindia.co.in

Email: [info@valuationindia.co.in](mailto:info@valuationindia.co.in)

Cell: +91-8484048948

