Owned or borrowed funds? Why companies borrow

For the teacher. Every number comes from the filing named next to it.

Part A. Your guess

Any guess counts. Good guesses mention what each business needs to buy: power stations cost far more than soap factories.

Part B. A made-up school canteen

B1: the owners' ₹2 lakh is owners' funds; the bank's ₹3 lakh and the supplier's 30 days of credit are borrowed funds. B2: the kitchen is fixed capital; the stock is working capital. B3 counts the bank loan only, as the company cards count borrowings only: ₹3 lakh ÷ ₹5 lakh × 100 = 60%. Students who add the supplier's ₹40,000 get ₹3.4 lakh ÷ ₹5.4 lakh × 100 = 63.0%; accept it if they say so. The canteen is made up.

Part C. Match the cards

HUL: little or no borrowing. NTPC: build long-lasting assets. JSW Energy: buy other businesses (building assets also counts if the student cites capex). Britannia: day-to-day needs (working capital). Airtel: a government licence over years.

Part D. Do the maths

D1: NTPC ₹2,75,634 crore ÷ (₹2,75,634 crore + ₹2,13,471 crore) × 100 = 56.4%. D2: Britannia ₹2,595 crore ÷ (₹2,595 crore + ₹4,249 crore) × 100 = 37.9%. D3: HUL 0%.

Where: NTPC and Britannia Q2 FY27 results, consolidated statements of assets and liabilities; HUL FY26 annual report

Part E. What decides the mix?

Any textbook factor tied to a fact counts. Examples: cash flow position and the size of the project (NTPC's power stations); control and the cost of each source (JSW Energy used both shares and loans); the nature of the business (Britannia's day-to-day stock, ₹975 crore more in H1 FY27). Never award marks for saying a mix is good or bad.

Exit ticket

1: owners' funds come from shareholders and kept profits and need not be repaid; borrowed funds must be repaid, usually with interest. 2: any reason from Part C with a company. 3: fixed capital, because the power station is used for many years.

Notes

- Borrowed share of total funds is a teaching measure for this lesson, not a ratio in the Accountancy syllabus. Lesson 2 uses the syllabus's debt-equity ratio. Answers within 0.1 percentage point of the key count as right.

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- Airtel's equity of ₹1,95,963 crore includes minority shareholders of its subsidiaries, so its borrowed share (38.3%) is not worked out on quite the same base as the others.
- Britannia's equity fell between March and September 2026 because it paid ₹2,172 crore of dividends in the half year. That is one reason its borrowed share rose so fast.
- Every number uses the consolidated statements. Dates differ: HUL and Airtel are from 31 Mar 2026, the others from 30 Sep 2026.

Sources

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9. S9: Integrated Report and Annual Financial Statements FY26 (2025-26), incl. consolidated financial statements and BRSR, Bharti Airtel Limited, filed with NSE, 11 Jul 2026. https://nsearchives.nseindia.com/annual_reports/AR_29749_BHARTIARTL_2025_2026_A_22716516_11072026235841.pdf
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Credit and licence

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