

A STUDY ON FUNDS FLOW STATEMENT IN DALMIA BHARATH CEMENT LIMITED

*C. V. Anjali¹, ** Dr. R. Uma Devi²,

E-Mail: - anjalicv460@gmail.com, umaramyadav@gmail.com

Mobile No: 8639839522, 9849387599

Corresponding Author: Dr. R. Uma Devi

1.Student, Department of MBA, Chaitanya Bharathi Institute of Technology (Autonomous),

Proddatur.

2.Associate Professor, Department of MBA, Chaitanya Bharathi Institute of Technology (Autonomous), Proddatur.

ABSTRACT

A Study on **FUNDS FLOW STATEMENT** at **DALMIA BHARATH CEMENT LIMITED** at **CHINNA KOMERLA**. **FUNDS FLOW STATEMENT** mainly explains about the changes in the financial position in the form of a document that tracks the movement of funds within an organization over a specific period. The main objective of the study is to analyse the financial position of the company and analyse the changes in the working capital. It is the process of identifying the financial strength and weakness of the firm properly establishing relationship between the item of balance sheet and profit and loss account. This abstract provides an overview of the key components and significance of the fund flow statement in analysing an entity's financial health and decision-making processes. It outlines the purpose, structure, and interpretation of the fund flow statement, highlighting its role in assessing liquidity, solvency, and operational efficiency. Additionally, it discusses the important aspects such as capital-intensive operations, raw material procurement, production cycles, and market dynamics for understanding the sources and uses of funds to make informed financial decisions and effectively manage resources. The details regarding the history and finance details of the company were collected through discussion with the company officers, secondary data are based on the annual reports 2018-2023.

KEY WORDS: Current Assets, Current Liabilities, Net Working Capital etc.

INTRODUCTION

An Asset stream proclamation, is a fiscal summary that shows changes in an organization's monetary situation over a particular period. It gives bits of knowledge into how assets were created and used during the period, zeroing in on incomes from working, effective money management, and funding exercises. This assertion assists partners with figuring out an organization's liquidity, dissolvability, and capacity to create future money flows.so, it is otherwise called an explanation of changes in monetary position. The essential fiscal summaries i.e., the Monetary record and Benefit and Shortfall A/c or Pay Proclamation of business uncovers the net impact of various exchanges on functional and monetary place of the business. The monetary record gives an outline of the resources and liabilities of an

endeavour at a specific mark of time. There are numerous exchanges that happen in an endeavour and which do not work Benefit and Misfortune A/c. Hence, one more articulation should be ready to show the adjustment of Resources and Liabilities from the finish of one period to the furthest limit of another period. The assertion is known as a proclamation of changes in monetary position or an Assets Stream Explanation.

PROCEDURE FOR PREPARING A FUNDS FLOW STATEMENT

Funds flow statement is a method by which we study changes in financial position of business enterprise between beginning and ending financial statement dates. Hence the funds flow statement is prepared by comparing two balance sheets and any of such other information derived from the Accounts as may be needed.

The preparation of funds flow statement consists of two parts.

- Statement or schedule of changes in working capital.
- Statement of sources and application of fund.

Net working capital = Current Assets – Current Liabilities

- An increase in current assets increases Working Capital
- A decrease in current assets decreases Working Capital
- An increase in current liabilities decreases Working Capital
- A decrease in current liabilities increases Working Capital

REVIEW OF LITERATURE

In 2016, S. Ramaswamy, studied on **ANALYSIS OF FINANCIAL STATEMENTS** in cement industry, and explained that the per capita consumption of cement in India is little more than 50 kg per annum compared to 167 kg in China, 543 kg in Japan and 180 kg in Brazil. This was primarily due to cutbacks in government spending on infrastructure because of the economic adjustment programme and increase in excise duty.

In 2015 Carslaw and Mills (2015) represented the concept of cash-based performance ratios is not a new system to accounting. What is new is the availability of cash flow data. The cash flow statement offers measures to evaluate performance. If cash flow information is useful but unused, the logical conclusion is that analysts are not analysing the available data properly. Carslaw and Mills found that cash flow ratios are based on the cash flow from operations CFO of the company.

In 2014, R. Ramesh Babu, studied on **CRITICAL ANALYSIS OF FUNDS MANAGEMENT** in cement industry, and explained that A financial statement is an organized collection of data according to logical and consistent accounting procedures. It includes balance sheet and profit and loss account and the analysis of financial statements is a process of evaluating the relationship between component parts of financial statements to obtain a better understanding of the firm's position and performance.

In 2013 Neil et al Forecasting cash flow is a responsibility needed in different economic decision, because cash flow plays an important role of whole decision making of every party such as security analysts, creditors, and managers. Overall, financial managers and decision makers predict the demand cash flow of companies because they expect that current cash flow effect on future cash flows.

In 2011 Giaccotto Discussed in terms of Net Pretend Value (NPV), for example, the project is accepted if the pretend value of the cash flows for the operation exceeds the initial investment cost or the project provides a positive net pretend value of cash flow. However, the prediction cash flow is made very difficult because the future cash flows generated by the investment cannot be estimated perfectly and certainly at the time of initial outlays.

NEED FOR STUDY

A study of funds flow statement is very essential for internal and external analysis because it reflects the financial position of the organization. Excess or inadequate working capital and funds can result in the loss of the company or reduce the profits of the company, which it could earn otherwise. Both excessive and inadequate fund is dangerous from the company's point of view.

Therefore, it is equally important to know which financial resources are realized during the financial year as to know which assets and liabilities exist and which earns profit. It is because business involves the movement of money into fixed assets and from their back into finance.

OBJECTIVES OF THE STUDY

- To Analyse the changes in the firm's working capital.
- To Analyse & compare the funds flow statements in past 5 years.
- To Study the utilization of funds and sources in the company.
- To Analyse the inflow and outflow of funds.
- To Study the financial strength and weakness of the company.

COLLECTION OF DATA

Primary data

The Primary data is first-hand information also called as original data that is collected by using surveys, interviews, focus-groups, and experiments.

Secondary data

The Secondary data is collected from already existing published sources, such as annual reports, returns and internal records, newspapers, journals, annual reports of the company etc., it consists of information obtained from the analysis of ratios and analytical evaluations

of the other financial statements, files and some other important documents kept in the company are also helpful. Another source of information is the activity report published by DALMIA BHARATH CEMENT.

DATA ANALYSIS & INTERPRETATION

TABLE-1

SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2018-2019

(Rs. Crores)

Particulars	2019	2018	Increase	Decrease
Current assets				
Inventories	1032	779	253	-----
Current Investments	2315	3408	-----	1093
Trade Receivables	549	564	-----	15
Cash and Cash equivalents	469	354	115	-----
Short term Loans	63	85	-----	22
Other Current Assets	976	1000	-----	24
Total Current assets(A)	5404	6190		
Current Liabilities				
Provisions	90	69	-----	21
Other Current Liabilities	2307	2106	-----	201
Total Current Liabilities(B)	2397	2175		
Net Working Capital(A-B)	3007	4015		
Decrease in Working Capital	1008		1008	
	4015	4015	1376	1376

PROFIT AND LOSS APPROPRIATION A/C FOR THE YEAR 2018-2019

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To balance c/d	2480	By balance b/d	2112
To depreciation	1296	By funds from operations	1664
	3776		3776

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD 2018-2019

Sources	Amount (Rs)	Applications	Amount (Rs)
Funds from Operations	1664	Unsecured funds	560
secured funds	348	Work-in-progress	501
Deferred tax liability	1279	Purchase of manufacturing goods	6698
Sale of Manufacturing	3581	Fixed asset Purchased	121

Good			
Decreasing in working capital	1008		
	7880		7880

TABLE-2**SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2019-2020**

(Rs. Crores)

Particulars	2020	2019	Increase	Decrease
Current assets				
Inventories	974	1032	-----	58
Investments	2698	2315	383	-----
Trade Receivables	397	549	-----	152
Cash and Cash equivalents	403	469	-----	66
Loans	71	63	8	-----
Other Current Assets	1126	976	150	-----
Total Current assets(A)	5669	5404		
Current Liabilities				
Provisions	90	64	-----	26
Other Current Liabilities	2307	2683	376	-----
Total Current Liabilities(B)	2397	2747		
Net Working Capital(A-B)	3272	2657		
Increase in Working Capital		615		615
	3272	3272	917	917

PROFIT AND LOSS APPROPRIATION A/C FOR THE YEAR 2019-2020

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To balance c/d	2217	By balance b/d	2022
To depreciation	1332	By funds from operations	1527
	3549		3549

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD 2019-2020

Sources	Amount (Rs)	Applications	Amount (Rs)
Funds from Operations	1527	Unsecured funds	358
secured funds	3147	Work-in-progress	25
Deferred tax liability	2463	Purchase of manufacturing goods	1836
		Fixed asset Purchased	4303
		Increasing in working capital	615

	7137		7137
--	-------------	--	-------------

TABLE-3**SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2020-2021**

(Rs. Crores)

Particulars	2021	2020	Increase	Decrease
Current assets				
Inventories	924	974	-----	50
Investments	3293	2698	595	-----
Trade Receivables	688	397	291	-----
Cash and Cash equivalents	311	403	-----	92
Loans	92	71	21	-----
Other Current Assets	1175	1126	49	-----
Total Current assets(A)	6483	5669		
Current Liabilities				
Provisions	116	64	-----	52
Other Current Liabilities	2951	2683	-----	268
Total Current Liabilities(B)	3067	2747		
Net Working Capital(A-B)	3416	2922		
Increase in Working Capital		494		494
	3416	3416	956	956

PROFIT AND LOSS APPROPRIATION A/C FOR THE YEAR 2020-2021

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To balance c/d	3363	By balance b/d	2217
To depreciation	1059	By funds from operations	2205
	4422		4422

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD 2020-2021

Sources	Amount (Rs)	Applications	Amount (Rs)
Funds from Operations	2205	Unsecured funds	200
secured funds	1889	Work-in-progress	63
Deferred tax liability	2060	Purchase of manufacturing goods	7756
Sale of manufacturing goods	2359	Fixed asset Purchased	
		Increasing in working capital	494
	8513		8513

TABLE-4**SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2021-2022**

(Rs. Crores)

Particulars	2022	2021	Increase	Decrease
Current assets				
Inventories	945	924	21	-----
Investments	4399	3293	1106	-----
Trade Receivables	673	688	-----	15
Cash and Cash equivalents	160	311	-----	151
Short term Loans	10	92	-----	82
Other Current Assets	1325	1175	150	-----
Total Current assets(A)	7512	6483		
Current Liabilities				
Provisions	88	116	28	-----
Other Current Liabilities	2641	2951	310	-----
Total Current Liabilities(B)	2729	3067		
Net Working Capital(A-B)	4783	3416		
Increase in Working Capital		1367		1367
	4783	4783	1615	1615

PROFIT AND LOSS APPROPRIATION A/C FOR THE YEAR 2021-2022

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To balance c/d	3915	By balance b/d	3386
To depreciation	1043	By funds from operations	1572
	4958		4958

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD 2021-2022

Sources	Amount (Rs)	Applications	Amount (Rs)
Funds from Operations	1572	Unsecured funds	454
secured funds	1917	Capital Work-in-progress	1037
Deferred tax liability	1392	Purchase of manufacturing goods	7530
Sale of manufacturing goods	11036	Fixed asset Purchased	5529
		Increasing in working capital	1367
	15917		15917

TABLE-5**SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2022-2023****(in crores)**

Particulars	2023	2022	Increase	Decrease
Current assets				
Inventories	1316	945	-----	1464
Current Investments	2935	4399	371	-----
Cash and cash equivalents	285	160	27	-----
Loans and advances	8	10	125	-----
Trade Receivables	700	673	-----	2
Other Current assets	2106	1325	781	-----
Total Current assets(A)	7350	7512		
Current Liabilities				
Current Liabilities	2709	2641	-----	68
Short term Provisions	84	88	4	-----
Total Current Liabilities(B)	2793	2729		
Net Working Capital(A-B)	4557	4783		
Decrease in Working Capital	226		226	
	4783	4783	1534	1534

PROFIT AND LOSS APPROPRIATION A/C FOR THE YEAR 2022-2023

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To balance c/d	4365	By balance b/d	3998
To depreciation	1163	By funds from operations	1530
	5528		5528

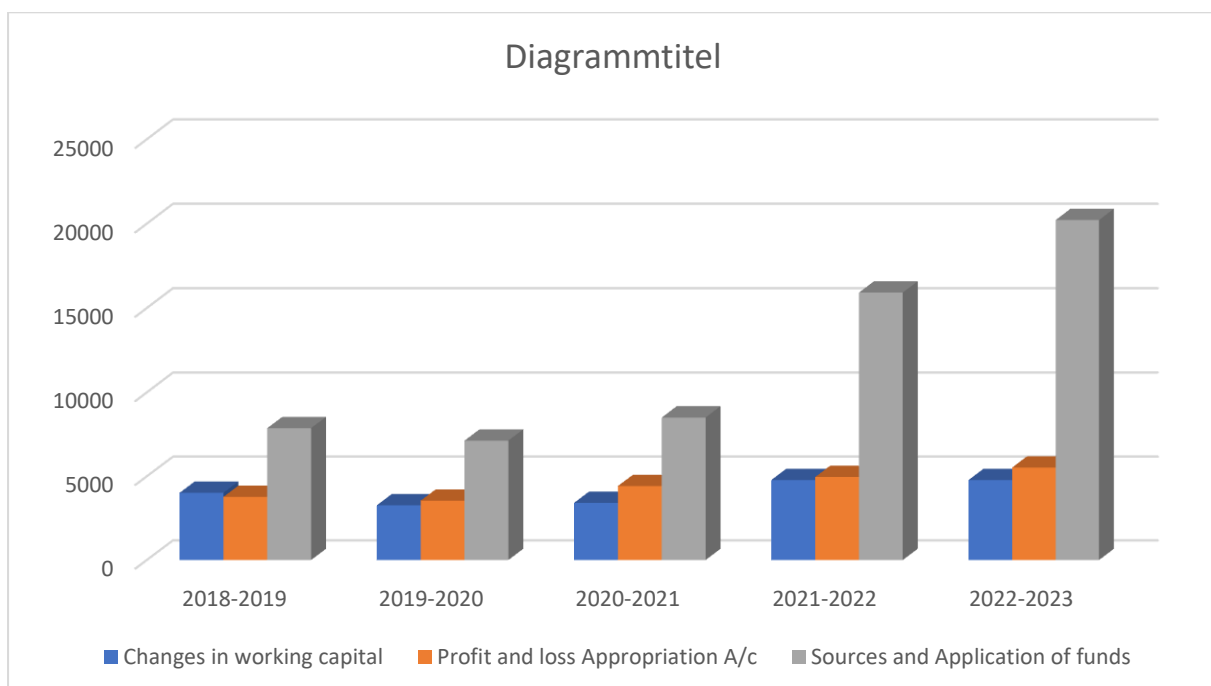
STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD 2022-2023

Sources	Amount (Rs)	Applications	Amount (Rs)
Funds from Operations	1530	Unsecured funds	778
secured funds	3210	Capital Work-in-progress	1861
Deferred tax liability	204	Purchase of manufacturing goods	12830
Sale of manufacturing goods	13223	Fixed asset Purchased	4744
Decreasing in working capital	226		
	20213		20213

SOURCE: Secondary data

Interpretation: Here the changes in working capital in between 2018-2019 decreased and then in 2020-2023 it increased. The profit and loss Appropriation A/c decreased in between 2018-2019 and then increased. The sources and application of funds of Dalmia cements decreased in between 2018-2019 and then increased.

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Changes in working capital	4015	3272	3416	4783	4783
Profit and loss Appropriation A/c	3776	3549	4422	4958	5528
Sources and Application of funds	7880	7137	8513	15917	20213



FINDINGS:

1. Net working capital has decreased (1008.00) in the year 2019 when compared to 2018.
2. Net working capital has increased (615.00) in the year 2019 when compared to 2020.
3. Net working capital has increased (494.00) in the year 2020 when compared to 2021.
4. Net working capital has increased (1367.00) in the year 2021 when compared to 2022.
5. Net working capital has decreased (226.00) in the year 2023 when compared to 2022.

CONCLUSION:

This project of fund flow analysis in the production concern is not merely a work of the project. But a brief knowledge and experience of that how to analyse the financial performance of the firm. The study undertaken has brought in to the light of the following conclusions. According to this project I came to know that financial position of the company is in fluctuation. So, the firm should focus on getting of profits in the coming years by taking care internal as well as external factors. And regarding resources, the firm should utilise the assets properly.

REFERENCES

M. Y. Khan, P. K. Jain - Financial Management 2001, (3rd Edition), Tata McGraw – Hill, Publishing Company Ltd., New Delhi-110092.

Dr. P. C. Tulsian – Financial Management, 2009, First Edition, S. Chand & Co. Ltd., Ram Nagar, New Delhi – 110 055.

S.N. Maheshwari and S.K. Maheshwari – A Textbook of Accounting for Management 2006 (1st edition), Vikas Publishing House Pvt. Ltd., New Delhi 110014.

Sheela S. Christina (2011) “A Study on Financial Performance of Wheels India Limited Chennai” Feb2011, Vol. 2 Issue 10, p231.

Ried Edwardj and Srinivasan Suraj, (Spring 2010), “Signalling Firm performance through financial Statement Presentation, An Analysis Using Special Items”, Contemporary Accounting Research, Vol. 27, Issue 1, pp.289-332.

L.G. Burange and ShrutiYamini, (April 2008), “Performance of Indian Cement Industry: The Competitive Landscape”, the Journal of Finance, Vol.39, No.1, pp.127-145.