



A Study on Funds Flow Analysis in Electrosteel Casting Limited, Srikalahasti.

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ABSTRACT

Fund flow analysis well-known shows the electricity and weak point in utilization of available funds for business operations. This is a try and pick out and analyze the elements with reference to ELECTROSTEEL CASTING LIMITED, SRIKALAHASTI. The objective of this observe is to discover the power and weak spot in fund float analysis in each quick term and long term. This look at is based totally on secondary statistics, economic assertion of business enterprise for five years viz., 2016-17, 2017-18, 2018-19, 2019- 20, 2020-21 annual reports for these five years facts. This have a look at will offer critical factors concerning how its fund is utilized for the operations. It will offer treasured experience on its performance resulted from its operation. From this analysis, I have concluded that fund management at ELECTRO STEEL CASTINGS LIMITED (both short time period & long term) is un favourable.

INTRODUCTION

Funds Flow Analysis is a declaration of assets and application of funds. In short, it is a technical device designed to spotlight the trade in the economic circumstance of a enterprise corporation between two balance sheets. Funds Flow Analysis is widely utilized by the financial managers in overall performance in their jobs. It has come to be a beneficial device of their analytical package. Finance is one of the fundamental foundations of all kinds of economic activities. It is the master key, which provides access to all of the assets for being hired in production. Hence it is rightly said that finance is lifeblood of any agency, except being the scarcest elements, it is also the most quintessential requirement. Without finance neither any commercial enterprise may be commenced nor efficaciously run. Provision of sufficient price range at the required time is the key to achievement of difficulty.

REVIEW OF LITERATURE

Deloof Marc. (2003)

Presents a photo of how working capital administration influences the gainfulness of Belgium firms. The essayist has made utilization of exact investigation for the example firms. It was watched that the greater part of the organizations have an expansive measure of trade contributed out working capital. It can, in this way, be derived that the path in which working capital is overseen will significantly affect the benefit of the organizations.

Filbeck Greg and Krueger Thomas M. (2005)

Construct their review with respect to the evaluations of working capital administration distributed in CFO magazines. The discoveries of the examine gives knowledge into working capital execution and working capital administration, which is clarified by full scale financial elements, loan fees, rivalry, and so on., and their effect on working capital administration.

COMPANY PROFILE

Electro steel Castings Limited

Electro steel Castings Limited is India's ideal manufacturer and exporter of Ductile Iron Steel and Fittings having its centers in Khardah, Haldia and Bansberia in West Bengal and Elavur in Tamil Nadu.

The Company has a strong logo presence around the globe and has one triumphing goal - to stay the first preference inside the market segment. Electrosteel Castings Limited (ECL) is a pioneer inside the manufacturing of Ductile Iron Steel, Flange Pipe in India, with a strong presence in over 70 nations throughout the globe.

What began off as a Cast Iron Pipe manufacturing facility 60 years back, has metamorphosed into a true Indian multinational, spanning five continents and ninety+ countries throughout the globe. Touching lives with #technologythatcares, our pipelines carry easy consuming water and have been a lifeline

to hundreds of thousands. Steadfast on our venture of "Carrying lifestyles to people, safe consuming water for all" – through the years, we had been developing industry benchmarks by using handing over internationally permitted superior excellent Ductile Iron Steel and Fittings.

Electro steel Castings is pushed by means of a team of dedicated experts equipped with the right knowledge and experience to understand and evaluate the Consumer's priorities, uphold exact governance, characteristic as consistent with aligned strategies and ensure continuous all round improvement of the organization.

OBJECTIVES

The application of the assertion may be measured on the basis of its contribution on the premise of its contribution to the economic management. It typically serves the following reason:

- To analyze the changes in working capital of the firm from 2016 - 2017 to 2020 - 2021.
- To know the funds from operations.
- To identify the sources and application of funds from 2016 - 2017 to 2020 - 2021.
- To provide suggestions for better working capital position of the company.

NEED FOR THE STUDY

- The finances waft well-knowns how sincerely the reasons for the monetary difficulties of the company.
- To recognise about the want of the finances for the growth of the firm.
- To realize the operating capital position of the corporation.
- With the help of the finances flow statements we will estimate the cash balance of the agency.
- To find out the out glide and inflow of the funds.

LIMITATIONS

- The study based totally at the information given through the officials and reviews of the agency, the confidentiality of a few records and figures also are one problem.
- Financial statement evaluation is based on stability sheet, profit & loss account prepared as in step with accounting practice. The exercise in some instances may additionally cause window dressing to cowl up mattress financial position.
- This take a look at is primarily based on beyond 5 years of financial facts from 2016 to 2021.
- The project duration restrained duration this is one month most effective.
- The observe is based totally on the facts and figures provided by the company and obtained from the organization annual reviews.

RESEARCH METHODOLOGY

The method hired for doing the prevailing take a look at is that the records is accumulated from secondary assets. The facts become used to calculate the finances flows on the idea of these evaluation interpretations have been made.

DATA SOURCES

Secondary Data

The data which was collected from the published sources of journals, books, magazines and annual financial reports.

DATA ANALYSIS TOOLS

Funds flow Analysis

1. Statement of changes in Working Capital
2. Funds From Operations
3. Statement of Sources and Applications of Funds

DATA ANALYSIS & INTERPRETATIONS**STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR ENDED 2016-2017**

(Rs in laksh)

Particulars	2016	2017	Increase (+)	Decrease (-)
A) Current Assets				
Inventories	3917.79	2752.56	-	1165.23
Sundry Debtors	3250.88	2619.99	-	630.89
Cash and Bank	454.47	1669.89	1215.42	-
Loan and advances	321.44	332.21	10.77	-
Total of Current Assets (A)	7944.58	7374.65		
B) Current Liabilities				
Current Liabilities	4327.75	3536.64	791.11	
Provisions	34.38	40.39	-	6.01
Total of Current Liabilities (B)	4362.13	3577.03		
Working Capital (A-B)	3582.45	3797.62		
Increase in Working Capital	215.17	-	-	215.17
Total	3797.62	3797.62	2017.30	2017.30

FUNDS FLOW ANALYSIS FOR THE YEAR ENDED 2016-2017

Sources	Rs. Lakhs	Applications	Rs. Lakhs
Issue of shares	2199.99	Payment of secured loans	695.15
Unsecured loans	680.29	Purchase of fixed assets	73.91
		Purchase of investments	3.45
		Increase in Working Capital	215.17
		Funds from operations(loss)	1892.60
Total	2880.28	Total	2880.28

Interpretation:

- From the above table 4.1, the net working capital is increased Rs 215.17 lakhs in the 2016-17 due to increase of cash and bank.
- From the above table 4.2, there is funds lost from operations due to increase in operating and nonoperating expenses.
- From the above table 4.3, sources of funds are more than application of funds so company have sufficient working capital.

STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR ENDED 2017-2018

(Rs in lakhs)

Particulars	2017	2018	Increase (+)	Decrease (-)
A) Current Assets				
Inventories	2752.56	1193.26		1559.30
Sundry Debtors	2619.99	2011.67		608.32
Cash and Bank	1669.88	629.04		1040.86
Loan and advances	332.21	338.81	6.60	
Total of Current Assets (A)	7374.65	4172.77		
B) Current Liabilities				
Current Liabilities	3536.64	2828.57	708.07	
Provisions	40.39	66.55		26.16
Total of Current Liabilities (B)	3597.62	1277.65		
Working Capital (A-B)	3797.62	1227.65		
Decreasing in Working Capital		2519.97	2519.95	
Total	3797.62	3797.62	3234.64	3234.64

FUNDS FLOW ANALYSIS FOR THE YEAR ENDED 2017-2018

Sources	Rs. Lakhs	Application	Rs. Lakhs
Decrease in Working Capital	2519.97	Purchase of Fixed Assets	29.48
		Capital work in progress	719.09
		Payment of secured loans	836.25
		Payment of unsecured loans	178.03
		Purchase of Investments	178.50
		Fund for operation	578.62
Total	2519.97	Total	2519.97

Interpretation:

- From the above table 4.4, the net working capital is decreased Rs 2519.97.17 lakhs in the 2017-18 due to decrease of inventories and cash & bank.
- From the above table 4.5, there is funds lost from operations due to increase in operating and nonoperating expenses.
- From the above table 4.6, application of funds are more than sources of funds so company have insufficient working capital.

FINDINGS

- In 2016 - 17 it is found that working capital has been increased by using 215.17 lakhs, funds lost in operations 1892.60 lakhs and sources of funds are more than application of funds.
- In 2017 - 18 it is found that working capital has been decreased by using 2519.95 lakhs, funds lost in operations 1892.60 lakhs and application of funds are more than sources of funds.
- In 2018 - 19 it is found that working capital has been increased by using 4400.02 lakhs, funds from operations are 7368.09 lakhs and sources of funds are more than application of funds.
- In 2019 - 20 it is found that working capital has been increased by using 1783.28 lakhs, funds from operations are 3524.86 lakhs and sources of funds are more than application of funds.
- In 2020 - 21 it is found that working capital has been increased by using 1304.24 lakhs, funds from operations are 1903.36 lakhs and sources of funds are more than application of funds.

SUGGESTIONS

- In 2017 - 18 it is found that working capital has been decreased so we would suggest that increasing the current assets and decreasing the current liabilities will give good results to the firm.
- In 2017 - 18 it is found that funds lost in operations for this we would suggest that decrease the operating and nonoperating expenses in the firm.
- Steps need to be initiated in order to cut down the expenses of the organization that are located to effect to the maximum in all of the years of have a look at.
- Efficient of asset utilization for revenue generation is recommended.

CONCLUSION

The conclusion arrived at based at the Observations made on the existing have a look at besides of the primary yr the observe length it's far discovered that the fund for operation is on loss. It generated the budget in software of overall funds. Except of the first yr of the take a look at of duration, budget had been applied for financing the working capital need. The observe found out a mixed fashion of application and assets of finances in respect of Secured and unsecured loans.

Reference

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