

A Study on Cash Flow Statement in Sri Varsha Food Products PVT LTD.Tirupati

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Abstract

A cash flow statement is an important financial statement that shows the movement of cash inflows and outflows from operating, investing, and financing activities during a specific period. The present study is conducted at Sri Varsha Food Products India Pvt. Ltd., Tirupati. The study is based on secondary data sources, mainly collected from the annual reports of the company. Sri Varsha Food Products India Pvt. Ltd. is a food processing company located in Renigunta/Tirupati, Andhra Pradesh, engaged in the manufacture and export of fruit pulps, concentrates, and IQF fruits and vegetables for the food and beverage industry. The study helps in understanding the company's cash management, liquidity position, and financial performance during the study period.

Keywords: Cash Flow Statement, Cash Inflows, Cash Outflows, Operating Activities, Financing Activities

INTRODUCTION:

A cash flow statement is a financial statement that shows the inflow and outflow of cash and cash equivalents in a business during a specific accounting period. The statement demonstrates to users which methods the company employs to generate cash and which methods it uses to spend cash through its three main business activities. The statement helps users of the organization assess its ability to meet short-term debts and its capacity to operate business activities through complete financial assessment. The statement provides financial information which helps management and investors and creditors evaluate the company's ability to meet its immediate financial responsibilities while sustaining business operations and developing its future financial plans.

REVIEW OF LITREATURE:

- 1.) (Singh, 2021) has written a research paper to determine the trend of operating, investing and financing activities of HUL and ITC Ltd. The researcher has collected data from secondary sources only for the three consecutive years from 2018-19. Statistical tools of dispersion-mean and central tendency, standard deviation and co-efficient of variation have been applied by the researcher. The researcher concluded that the ITC Ltd. is performing better than HUL. Moreover, it is also concluded that ITC Ltd has better consistency than HUL in generating cash flows.
- 2.) (Nidhi Varshney, 2016) In this paper, a comparative study of cash flow statement of two banks: Bank of Baroda and Syndicate Bank has been carried out by the researcher. The researcher has collected data of period from 2011-12 to 2015-16. The statistical tools like mean, standard deviation and Co- variance have been used by the researcher. With the analysis of data, it is concluded that the performance of BOB is better than Syndicate Bank.
- 3.) (Ajay Paliwal, Mukesh Ahirrao and Rana, (2015)6 "According to him, the term cash flow statement is an important tool to analyse the financial performance of a firm and the cash flow changes can be identified only by comparing the financial position of a firm for two years. The study found the net changes in net cash in cash and its distribution in three business activities and also found the strength and weakness in cash flow statement
- 4) (Kalpesh Gelda, 2014) written a paper of comparative study of cash flow statements of Meghmani Chemicals Limited and Clariant Chemicals Limited. The researcher has collected data from 2011-12 to 2016-17. Based on overall consistency, the researcher concluded by analysing the data that the Clariant Chemicals Ltd performed better than Meghmani Chemicals Ltd. (htt25) (htt26)

- 5) Aghdas Jafari Motlagh, (2013)⁴ "According to him in his study he studies about how statement of cash flow is prepared and how it is differentiated from funds flow statement. The study used the secondary data collected from various websites, journals, etc. The found that funds flow statement is not useful in short term financial planning like cash flow statement because the cash is more important for execute the plan in short run as compared to working capital.
- 6) Jeffrey Hales and Steven Orpurt, (2013)⁷ "According to them they analysed that though many financial statement users have given more importance to direct method, some of the financial statement users have given importance to indirect method of cash flow statement. They found that the direct method information is economically significant and that the recurring benefits that many firms derive from providing direct method information likely exceed recurring cost.
- 7) Thomas Zeeker and Brian Stanko, (1990's)⁵ "This research paper studies about whether the cash flow ratio is useful for the financial ratio analysis of retail sellers. The study used the primary data to conduct this research. The study found that the cash flow statement for retail sellers is useful to find out the financial ratios and it is also found that not only based the accrual basis of accounting, the new and traditional accounting methods should be implemented to assess the economic status or financial position of retail firm.

OBJECTIVES FOR THE STUDY:

- 1.To analyse Operational Activities of the company
- 2.To know Investment Activities of the company
- 3.To study Financial Activities of the company
4. To analyse the cash flow management and suggest improvements.

NEED FOR THE STUDY:

The need for this study arises from the necessity to understand how efficiently the company generates and utilizes cash from its operations, investments, and financing activities. Analysing the cash flow statement helps management to plan better, improve liquidity, and make informed decisions regarding expansion, debt repayment, and working capital management.

SCOPE OF THE STUDY:

The scope of this study defines the boundaries and extent of the research on the cash flow statement analysis of Sri Varsha Food Products India Ltd., Tirupati. The study focuses on evaluating the company's cash management and liquidity position by analyzing its cash flows over a selected period.

RESEARCH METHODOLOGY:

Research design: Descriptive

Data Collection: The data collection is based on secondary sources

Tools: Cash flow statement Tables & graphs

LIMITATIONS OF THE STUDY:

1. Being a vast topic, it is not possible to cover all the matters and aspects related to analysing of financial statements.
2. The information used is primarily from historical reports available to the public and the same doesn't indicate the current situation of the firm.
3. Detailed analysis could not be carried for the project work because of the limited span of time.

DATA ANALYSIS & INTERPRETATION:

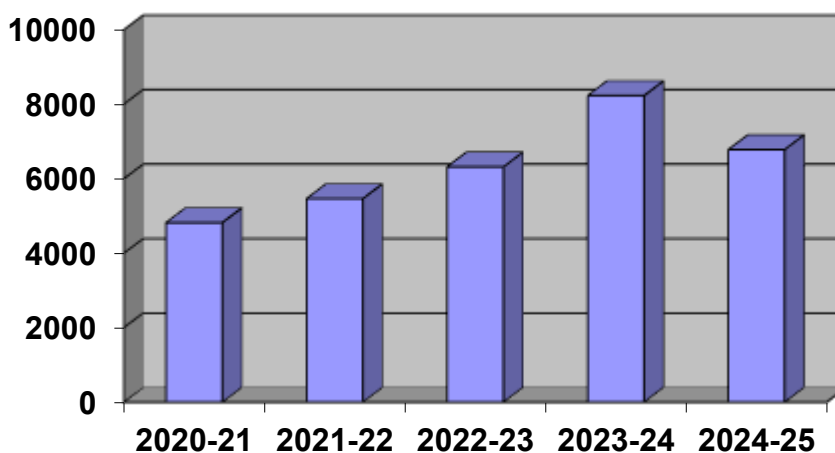
CASH FLOW STATEMENT OF FIVE YEARS

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
1.Operating activities:					
Cash receipts	47,84,34,813	45,22,19,500	51,44,36,178	57,09,80,742	58,74,48,529
Cash payments	44,70,89,779	39,08,79,896	47,04,46,138	48,85,29,857	47,36,97,130

Cash generated(A-B)	3,13,45,034	6,13,39,604	4,39,90,040	8,24,50,885	11,37,51,399
Net cash flows	2,88,96,094	6,12,77,241	4,39,66,908	8,23,89,740	11,12,23,009
2. Investing activities					
Cash inflows	8,00,000	-	50,00,000	65,00,000	1,00,00,000
Cash outflows	3,81,11,424	4,32,18,281	9,26,54,579	9,31,36,200	9,32,40,620
Net cash flows	(3,73,11,424)	(4,32,18,281)	(8,76,54,579)	(8,13,44,886)	(8,32,40,620)
3. Financing activities					
Cash inflows	26,16,60,000	4,00,09,000	4,73,27,290	11,75,77,000	7,91,16,000
Cash outflows	50,97,943	09,64,911	27,71,302	20,93,096	25,28,390
Net cash flows	25,65,62,057	3,90,44,089	4,45,55,988	11,54,83,904	7,65,87,610
4. Net increase or decrease in cash & cash equivalents (1+2+3)					
	44,45,21,276	3,10,66,144	8,68,317	9,07,92,950	10,45,69,999
5. Cash & Cash-equivalents (Closing Balance)	47,45,21,276	5,60,66,144	6,08,68,317	15,07,92,590	15,45,69,999

NET CASHFLOW FROM OPERATING ACTIVITY (rupees in lakhs)

YEAR	2020-21	2021-22	2022-23	2023-24	2024-25
Cash flows	4819.4	5462.7	6316.77	8229.92	6779.54

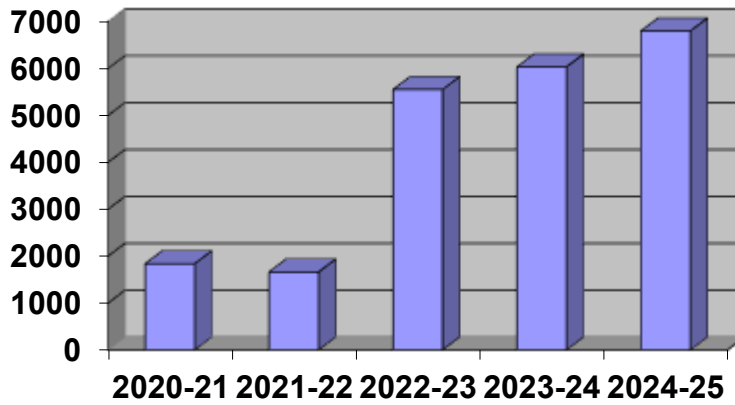


Interpretation

The company’s net cash flow from operating activities increased from Rs. 4819.40 lakhs in 2020–21 to Rs. 6316.77 lakhs in 2021–23, and further to Rs. 8229.92 lakhs in 2023–24. The financial records from 2024-25 show that the company had Rs. 6779.54 lakhs in net worth while all operating assets and liabilities as well as reserve accounts and pretax profit showed upward growth.

NET CASH FLOW FROM INVESTING ACTIVITY (rupees in lakhs)

year	2020-21	2021-22	2022-23	2023-24	2024-25
Cash flows	1838.84	1664.47	5551.46	6035.35	6800.69

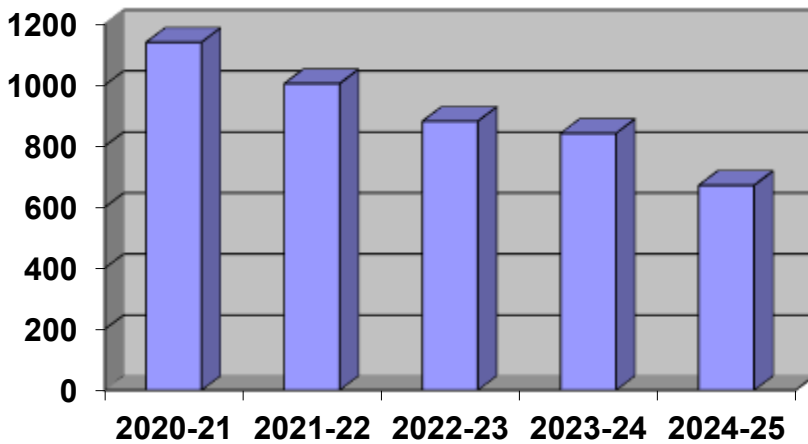


Interpretation

The net cash flow from investing activities reached Rs. 1838.84 lakhs in 2020-21 and showed an upward trend throughout the subsequent years. The amount rise to Rs. 6035.35 lakhs in 2023-24 and reached Rs. 6800.69 lakhs in 2024-25 while the company gradually expanded its fixed assets, but the net profit before tax dropped in 2024-25.

NET CASH FLOW FROM FINANCING ACTIVITY (rupees in lakhs)

year	2020-21	2021-22	2022-23	2023-24	2024-25
Cash flows	1140.6	1005.13	881.91	842.1	671.82



Interpretation

The net cash flows in the year 2020-2021,2021-2022,2022-2023,2023-2024,2024-2025 are 1140.6,1005.13,881.91,842.1,671.82 respectively. The net cash flows show the decreasing trend up to 2020-2021.The net cash flows from financing activates has been continuously reduced which indicates Abad sign

FINIDINGS:

- 1.The more cash inflows are from operating activities compared to the investing and financing activities.
- 2.The more cash outflows are from investing activities compared to the operating and financing activities.
- 3.The organization used more cash to purchase the fixed assets in every year without considering the sale proceeds.
- 4.The organization is more concentrated on purchasing of fixed assets rather than sale of investments.

SUGGESTIONS:

1. The organization needs to improve the cash inflows from investing activities.
2. The organization tries to reduce the more cash outflow from investing activities compared to operating activities and financing activities
3. The organization needs to concentrate on sale proceeds rather than unnecessary purchasing of fixed assets and investments.

CONCLUSION:

The more cash inflow comes from operating activities because of more cash sales and more cash received from suppliers and employees. The more cash inflow comes from financing activities also because of issuing shares and proceeds from long term borrowings. The more cash outflow goes out from investing activities because the organization invest more in purchasing of fixed assets and investments. The cash flow statement shows increasing trend in 1st year (2021), 2nd year (2022) decreases and further 3 years (2023, 2024 & 2025) shows increasing trend.

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