

# A Study on Funds Flow Statement in Hayath Foods (PVT) LTD. At Chittoor. Andhra Pradesh

\* G. GOKUL ,\*\*MR Dr.K. TIRUMALAI AH

\* Student , MBA II YEAR, Annamacharya Institute of Technology & Sciences (Autonomous) Tirupati,  
gokulgudella@gmail.com

\*\*Assistant professor, Department of MBA, Annamacharya Institute of Technology & Sciences  
(Autonomous), Tirupati, tirumalaiahk2002@gmail.com

## Abstract:

This study is about the Funds Flow Analysis of Hayath Foods Pvt. Ltd. for the period from 2020–2021 to 2024–2025. The main purpose of the study is to understand how the company generated and used its funds during the years and to analyze the changes in working capital. The study is based on the company's annual reports and shows that the working capital increased from 2020 to 2024, which indicates growth and better financial performance, but it decreased in 2024–2025, showing some liquidity problems. The company mainly used loans, reserves, and funds from operations as sources of funds, while the funds were mainly used for purchase of fixed assets, repayment of loans, and working capital needs. The study concludes that the company has a stable financial position overall, but it should improve cash management, reduce dependence on loans, and control debtors and inventory for better financial stability in the future.

**Key words:** working capital, Sources of funds.

## INTRODUCTION:

Funds Flow Statement is one of the important tools of financial analysis used to understand the changes in the financial position of a business between two accounting periods. It explains the sources and applications of funds and shows how the company has generated and utilized its working capital. Unlike the balance sheet and income statement, the funds flow statement gives a clearer picture of the movement of funds and the increase or decrease in working capital over a period of time. It helps management, investors, creditors, and financial institutions to evaluate the company's financial strength, plan future fund requirements, analyze working capital efficiency, and understand the financial consequences of business operations. In simple words, a funds flow statement is a statement of changes in financial position that highlights the movement of funds, supports financial planning and decision-making, and acts as an important tool for effective financial management.

## REVIEW OF LITREATURE:

**1.V. Shirisha & Dr. K. Pushpa Latha (2025):** Analyzes State Bank of India's funds flow statements using annual reports; identifies sources and applications of funds. Focuses on working capital changes and liquidity patterns. Highlights SBI's efficiency in generating surplus funds from operations vs external borrowings. Useful for analyzing fund management in Indian banking. ([IJERST](#))

**2.C. Vindya Vasini & Ajay Kumar M (2025):** Detailed funds flow analysis of Chaitanya Chemicals using balance sheets data of two years. Explores changes in working capital and fund utilization. Highlights trends in financing and investing decisions. Assesses financial health and sources of funds in Indian manufacturing. ([ijsred.com](#))

**3.S. Priyanka & Botla Sushmitha (2025):** Examines Hero Motorcorp funds flow for financial planning insights. Shows sources and uses of funds over accounting cycles. Helps identify liquidity problems or inefficient capital use. Useful for long-term planning and funds management in Indian automotive sector. ([IJERST](#))

**4.Dr. Ashish B. Joshi & S. Ramapati (2025):** Examines both funds & cash flow practices in select Indian FMCG firms. Shows how working capital and funds flow differences impact firm performance. Highlights operational vs financial decision influences. Useful for comparative analysis in Indian industries. ([researchersworld.com](#))

**5.Multiple authors (2024):** Analyses funds flow statement methodology emphasizing sources and uses of funds in a mid-size Indian pharma firm. Outlines basic concepts of fund definitions and working capital impacts. Discusses how funds movements signal financial health changes. Relevant for financial analysts and managers in India. ([ResearchGate](#))

## OBJECTIVES FOR THE STUDY:

- To understand the concept and significance of Funds Flow Analysis.
- To analyse the changes in working capital of the organization during the study period.

- To identify the major sources of funds.
- To examine the major applications or uses of funds.
- To evaluate the efficiency of fund utilization by the management.

**NEED FOR THE STUDY:**

This study helps bridge that gap by providing a clear picture of sources and applications of funds. Further, the study assists management in evaluating the effectiveness of financial planning, capital budgeting, and financing decisions. It helps identify financial strengths and weaknesses, detect improper use of funds, and support corrective managerial actions.

**SCOPE OF THE STUDY:**

It focuses on examining changes in working capital, identifying major sources and applications of funds, and evaluating the firm’s financial management practices. the Statement of Changes in Working Capital and the Funds Flow Statement using secondary data from published financial statements.

**RESEARCH METHODOLOGY:**

Research design: Descriptive

Data Collection: The data collection is based on secondary data sources

Tools: Funds flow statement Tables & graphs

**DATA ANALYSIS & INTERPRETATION:**

**FUNDS FLOW STATEMENT OF FIVE YEARS**

**TABLE:1 Scheduled of changes in Working Capital of Hayath Foods Pvt. Ltd. During the 2020 to 2021**

Particulars	2020	2021	Changes in working capital	
			Increase	Decrease
<b>Current Assets (CA)</b>				
Inventories	7,075.18	9,194.08	2118.90	-
Sundry debtors	7,197.89	6,706.59	-	491.30
Cash and bank balances	247.72	350.67	102.95	-
Loans and advances	1,616.75	2,070.42	453.67	-
<b>Total current assets</b>	<b>16,137.54</b>	<b>18,321.76</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities (CL)</b>				
Current liabilities	8,090.45	9,202.11	-	1111.66
Provisions	586.14	354.42	231.72	-
Total current liabilities	8,676.59	9,556.53		
Net working capital	7,460.95	8,765.23	-	-
Increasing working capital	1,304.28	-	-	1,304.28
<b>Total</b>	<b>8,765.23</b>	<b>8,765.23</b>	<b>2,907.24</b>	<b>2,907.24</b>

Source: Annual Reports of the Hayath Foods Pvt. Ltd. 2019 to 2020.

**Interpretation:**

From the above table is observed that the net working capital of the company shows increasing trend. The current assets of the company increased form Rs. 16,137.54 to Rs. 18,321.76 in 2021. The current liability of the company increased from Rs. 8,676.59 to Rs. 9,556.53 in 2021. The net working capital of the company stood at Rs. 7,460.95 in 2020. And it is increased to Rs. 8,765.23. The increasing in working capital is recorded as Rs. 1,304.28.

**TABLE:2 Statement of sources and applications of Funds for the year ended 31<sup>st</sup> March 2021**

Sources	Amount	Applications	Amount
Unsecured loan	5,480.37	Purchase of fixed assets Secured	3,921.37
Reserves & surplus	188.32	loans(paid)	1,641.55
Funds from operation	1,198.57	Net increase in working capital	1,304.28
	<b>6,867.20</b>		<b>6,867.20</b>

**Interpretation:**

It is evident from the above table that the total sources were Rs. 6,867.20 during 2020. This fund was raised by getting unsecured loans Rs. 5,480.37 (79.8%), Rs.188.32 (2.7%) of funds received through reserves and surplus and funds from operation were Rs. 1,198.57 (17.5%). Regarding the application of funds Rs. 3921.37 (57.1%) used for purchase of fixed assets, and Rs. 1,641.55 (23.9%) used for repayment of secured loans and funds for working capital constitution Rs. 1,304.28 (19%) respectively.

**TABLE:3 Scheduled of changes in Working Capital of Hayath Foods Pvt.Ltd. during the 2021 to 2022**

Particulars	2021	2022	Changes in working capital	
			Increase	Decrease
<b>Current Assets (CA)</b>				
Inventories	9,194.08	10,636.86	1,442.78	-
Sundry debtors	6,706.59	7,667.92	961.33	-
Cash and bank balances	350.67	2,650.37	2,299.7	-
Loans and advances	2,070.42	5,241.68	3,171.26	-
<b>Total Current Assets</b>	<b>18,321.76</b>	<b>26,196.83</b>		
<b>Current Liabilities (CL)</b>				
Current liabilities	9,202.11	10,188.34	-	986.23
Provisions	354.42	538.25	-	183.83
<b>Total Current Liabilities</b>	<b>9,556.53</b>	<b>10,726.59</b>		
<b>Net Working Capital</b>	<b>8,765.23</b>	<b>15,470.24</b>	-	-
<b>Increasing working capital</b>	<b>6,705.01</b>	-	-	<b>6,705.01</b>
<b>Total</b>	<b>15,470.24</b>	<b>15,470.24</b>	<b>7,875.07</b>	<b>7,875.07</b>

Source: Annual reports of the Hayath Foods Pvt. Ltd. 2021 to 2022

**Interpretation:**

From the above table is observed that the net working capital of the company shows increasing trend. The current assets of the company increased form Rs.18, 321.76 to Rs. 26,196.83 in 2022. The current liability of the company increased from Rs. 9,556.53 to Rs. 10,726.59 in 2021. The net working capital of the company stood at Rs. 8,765.23 in 2020. And it is increased to Rs. 15,470.24. The increasing in working capital is recorded as Rs. 6,705.01.

**TABLE:4 Statement of Sources and Applications of Funds for the year ended 31<sup>st</sup> March 2022**

Sources	Amount	Applications	Amount
Reserves & surplus	1,115.58	Purchase of fixed assets	5,632.38
Secured loans	7,138.11	Unsecured loans	1,335.46
Funds from operation	5,419.16	Net increase in working capital	6,705.01
	<b>13,672.85</b>		<b>13,672.85</b>

**Interpretation:**

It is evident from the above table that the total sources were Rs. 13,672.85 during 2022. This fund was raised by getting secured loans Rs. 7,138.11 (52%), Rs. 1,115.58 (8%) of funds received through reserves and surplus and funds from operation were Rs. 5,419.16(40%).

Regarding the application of funds Rs. 5,632.38 (41%) used for purchase of fixed assets, and Rs. 1,335.46 (10%) used for repayment of unsecured loans and funds for working capital constitution Rs.6,705 (49%) respectively.

**TABLE:6 Scheduled of changes in Working Capital of Hayath Foods Pvt. Ltd. during the 2022 to 2023**

Particulars	2022	2023	Changes in working capital	
			Increase	Decrease
<b>Current Assets (CA)</b>				
Inventories	10,636.86	12,092.91	1,456.05	-
Sundry debtors	7,667.92	8,814.31	1,146.39	-
Cash and bank balances	2,650.37	420.10	-	2,230.27
Loans and advances	5,241.68	5,289.66	47.98	-
<b>Total Current Assets</b>	<b>26,196.83</b>	<b>26,616.98</b>		
<b>Current Liabilities (CL)</b>				
Current liabilities	10,188.34	9,319.38	868.96	-
Provisions	538.25	711.30	-	173.05
<b>Total Current Liabilities</b>	<b>10,726.59</b>	<b>10,030.68</b>		
<b>Net Working Capital</b>	<b>15,470.24</b>	<b>16,586.30</b>	-	-
<b>Increasing Working Capital</b>	<b>1,116.06</b>	-	-	<b>1,116.06</b>
<b>Total</b>	<b>16,586.30</b>	<b>16,586.30</b>	<b>3,519.38</b>	<b>3,519.38</b>

Source: Annual reports of the Hayath Foods Pvt. Ltd. 2022 to 2023.

**Interpretation:**

From the above table is observed that the net working capital of the company shows increasing trend. The current assets of the company increased form Rs. 26,196.83 to Rs. 26,616.98 in 2023. The current liability of the company decreased from Rs. 10,726.59 to Rs. 10,030.68 in 2023. The net working capital of the company stood at Rs. 15,470.24 in 2022. And it is increased to Rs. 16,586.30. The increasing in working capital is recorded as Rs. 1,116.06.

**TABLE:7 Statement of sources and applications of Funds for the year ended 31<sup>st</sup> March 2023.**

Sources	Amount	Applications	Amount
Reserves & surplus	2,071.06	Capital work in progress	107.56
Secured loan	1,449.41	Purchase of fixed assets	2,230.27
Funds from operation	1,395.75	Unsecured loan	1,462.33
		Net increasing in working capita	1,116.06
	<b>4,912.22</b>		<b>4,912.22</b>

**Interpretation:**

It is evident from the above table that the total sources were Rs. 4,912.22 during 2023. This fund was raised by getting secured loans Rs. 1,449.41 (30%), Rs.2,071.06 (42%) of funds received through reserves and surplus and funds from operation were Rs. 1,395.75 (28%). Regarding the application of funds Rs. 2,230.27 (45%) used for purchase of fixed assets, and Rs. 1,462.33 (32%) used for repayment of unsecured loans and funds for working capital constitution Rs. 1,116.06 (23%) respectively.

**TABLE:8 Scheduled of changes in Working Capital of Hayath Foods Pvt. Ltd. during the 2023 to 2024**

Particulars	2023	2024	Changes in working capital	
			Increase	Decrease
<b>Current assts (CA)</b>				
Inventories	12,092.91	14,436.48	2,343.57	-
Sundry debtors	8,814.31	11,966.16	3,151.85	-
Cash and bank balances	420.10	3,550.27	3,043.56	-

Loans and advances	5,289.66	6,020.93	817.88	-
<b>Total Current Assets</b>	<b>26,616.98</b>	<b>35,973.84</b>		
<b>Current liabilities (CL)</b>				
Current liabilities	9,319.38	10,108.38	-	789.00
Provisions	711.30	774.95	-	63.65
<b>Total current liabilities</b>	<b>10,030.68</b>	<b>10,883.33</b>		-
<b>Net working capital</b>	<b>16,586.30</b>	<b>25,090.51</b>	-	-
<b>Increased working capital</b>	<b>8,504.21</b>	-	-	<b>8,504.21</b>
<b>Total</b>	<b>25,090.51</b>	<b>25,090.51</b>	<b>9,356.86</b>	<b>9,356.86</b>

Source: Annual reports of the Hayath Foods Pvt. Ltd. 2023 to 2024.

**Interpretation:**

From the above table is observed that the net working capital of the company shows increasing trend. The current assets of the company increased form Rs. 26,616.98 to Rs. 35,973.8 In 2024. The current liability of the company decreased from Rs. 10,030.68 to Rs. 10,883.33 in 2023. The net working capital of the company stood at Rs. 16,586.30 in 2024. And it is increased to Rs. 25,090.51. The increasing in working capital is recorded as Rs. 8,504.21.

**TABLE:9 Statement of sources and applications of Funds for the year ended 31<sup>st</sup> Mar 2024.**

Sources	Amount	Applications	Amount
Reserves & surplus	1,370.07	Purchase of fixed assets	1,851.63
Secured loans	4,813.21	Net increasing in working capital	8,504.21
Unsecured loans	3,189.14		
Funds from operation	983.42		
	<b>10,355.84</b>		<b>10,355.84</b>

**Interpretation:**

It is evident from the above table that the total sources were Rs. 10,355.84 during 2023-20234. This fund was raised by getting secured loans Rs. 4,813.21 (47%), Rs. 1,370.07 (13%) of funds received through reserves and surplus and funds from operation were Rs.983.42 (9%) and Rs. 3,189.14 (31%) of funds received through unsecured loans. Regarding the application of funds Rs. 1,851.63 (18%) used for purchase of fixed assets, and funds for working capital constitution Rs. 8,504.21 (82%) respectively.

**TABLE:10 Scheduled of changes in Working Capital of Hayath Foods Pvt. Ltd. during the 2024 to 2025**

Particulars	2024	2025	Changes in working capital	
			Increase	Decrease
<b>Current Assets (CA)</b>				
Inventories	14,436.48	11,519.49	-	2,916.99
Sundry debtors	11,966.16	11,845.80	-	120.36
Cash and bank balances	3,550.27	1,516.42	-	2,033.85
Loans and advances	6,020.93	5,581.47	-	439.46
<b>Total Current Assets</b>	<b>35,973.84</b>	<b>30,463.18</b>		
<b>Current Liabilities (CL)</b>				
Current liabilities	10,108.38	6,853.94	3,254.44	
Provisions	774.95	1,066.74	-	291.79
<b>Total Current Liabilities</b>	<b>10,883.33</b>	<b>7,920.68</b>	-	-
<b>Net working capital</b>	<b>25090.51</b>	<b>22,542.50</b>	-	-
<b>Decrease working capital</b>	-	2,548.01	2,548.01	-
<b>TOTAL</b>	<b>25,090.51</b>	<b>25,090.51</b>	<b>5,802.45</b>	<b>5,802.45</b>

Source: Annual reports of the Hayath Foods Pvt. Ltd. 2024 to 2025.

**Interpretation**

From the above table is observed that the net working capital of the company shows decreasing trend. The current assets of the company decreased form Rs. 35,973.84 to Rs. 30,463.18 in 2025. The current liability of the company decreased from Rs. 10,883.33 to Rs. 7,920.68 in 2025. The net working capital of the company stood at Rs. 25,090.51 in 2024. And it is decreased to Rs. 22,542.50. The decrease in working capital is recorded as Rs. 2,548.01.

**TABLE :11 Statement of Sources and Applications of Funds for the year ended 31<sup>st</sup> March 2025**

Sources	Amount	Applications	Amount
Reserves & surplus	5,164.14	Purchase of fixed assets Secured loans (paid)	3,015.84
Unsecured loans	1,251.75 792.90		6,740.96
Funds from operation	2,548.01		
Net decreasing in working capital	<b>9,756.80</b>		<b>9,756.80</b>

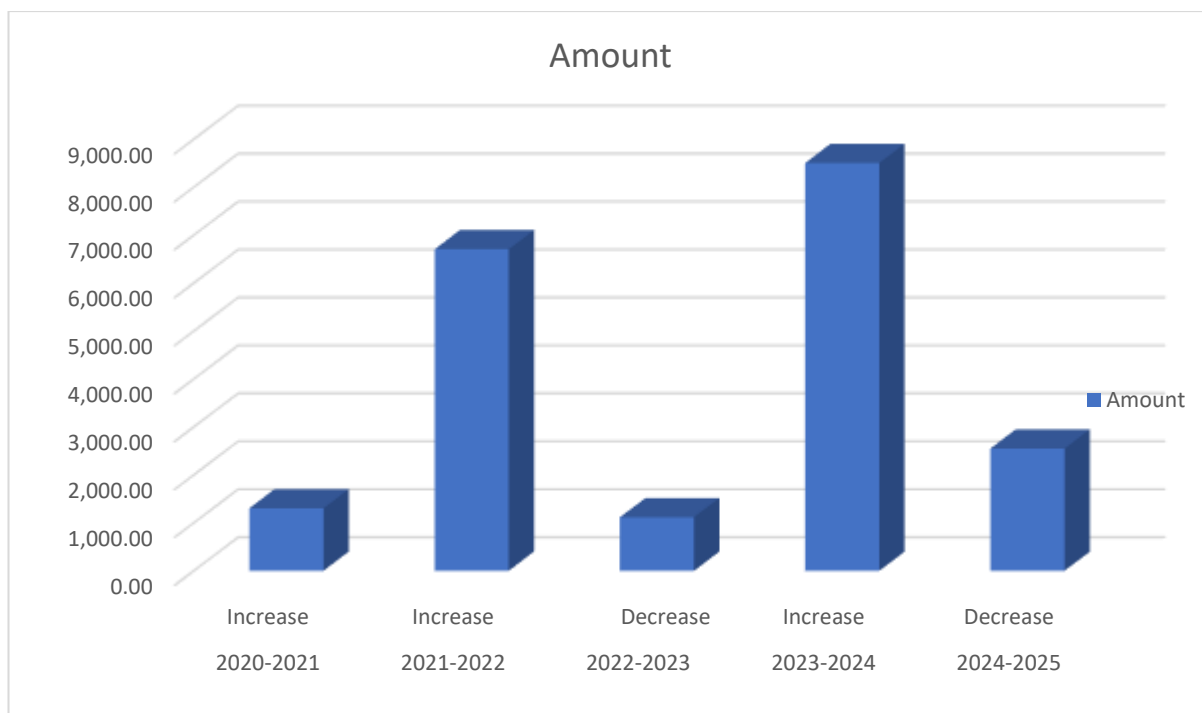
**Interpretation**

It is evident from the above table that the total sources were Rs. 9,756.80 during 2025. This fund was raised by getting unsecured loans Rs. 1,251.75 (13%), Rs. 5,164.14 (53%) of funds received through reserves and surplus and funds from operation were Rs. 792.90 (8%) and Rs. 2,548.01 (26%) of funds received through unsecured loans. Regarding the application of funds Rs. 3,015.84 (31%) used for purchase of fixed assets, and funds for repayment of secured loans Rs. 6,740.96 (69%) respectively.

**Net Increase / Decrease in Working Capital**

years	Increase/Decrease	Amount
2020-2021	Increase	1,304.23
2021-2022	Increase	6,705.01
2022-2023	Decrease	1,116.06
2023-2024	Increase	8,504.21
2024-2025	Decrease	2,548.01

**CHART - 1: Net Increase / Decrease in Working Capital in bar chart**



### **FINIDINGS:**

1. Company invested more money in fixed assets every year. This shows expansion and development of the business.
2. Loans are an important source of funds. The company depends on secured and unsecured loans, which may increase financial burden.
3. Debtors and inventories increased continuously up to 2024. This means money is blocked in stock and customer credit.
4. Cash balance fluctuated during the years, showing the need for better cash management.

### **SUGGESTIONS:**

1. It should reduce dependency on loans and try to use more internal funds.
2. The company should improve collection from debtors to increase cash flow.
3. Better inventory control methods should be followed to avoid excess stock.
4. The company should maintain stable cash reserves for smooth business operations.

### **CONCLUSION:**

1. The business focused on expansion through investment in fixed assets, showing long-term development plans.
2. The company depended considerably on secured and unsecured loans, which helped growth but increased financial risk.
3. In 2024–2025, there was a decline in working capital, indicating the need for better liquidity management.
4. Overall, the company has a stable financial position, but it needs better control over cash, debtors, and borrowings for sustained growth.

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### **Website:**

[www.hayathfoods.com](http://www.hayathfoods.com)

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