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Email ID: [editor@ijmm.net](mailto:editor@ijmm.net) , [ijmm.editor9@gmail.com](mailto:ijmm.editor9@gmail.com)

**A STUDY ON CASH FLOW STATEMENT AT  
INDIABULLS SECURITIES LIMITED**

**Mr. S. VENKAT REDDY**

Assistant Professor

[Venkatreddy9753@gmail.com](mailto:Venkatreddy9753@gmail.com)

Department of Master of Business Administration  
J.B. Institute of Engineering & Technology, Moinabad,

**K. BHARGAVI**

Student

J.B. Institute of Engineering & Technology, Moinabad.

**Dr. P. SUBRAHMANYAM**

Associate Professor

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**ABSTRACT**

Cash flow statement is an important tool to analyze the cash position of a business firm. It can denote changes in cash position during two financial years. It also provides information about the cash receipts and the payments of a business for a given period. It provides notable information that complements the profit and loss account and balance sheet. Cash flow statement analysis is a statement which provides a complete explanation for the change in a firm's cash during a particular period by specifying the firm's sources and uses of cash during the period from operating, investing and financing activities. It provides convenient information about an entity's activities in generating cash from operations. It informs about programmes to repay debt, distributed dividends or reinvest to conserve or enlarge its operating capacity. It provides information about its financing activities, both debt and equity, and about its investment in both fixed assets or current assets other than cash. This article is based on the practice followed and instructions for its preparation contained in the various text books for the guidance of the students and accountants. It is hoped that the content of this article would help the readers to understand Cash-flow statement properly.

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**STATEMENT OF THE PROBLEM**

Cash flow statement is tracking and controlling how much money comes in and out of a business in order to accurately forecast cash flow needs. It's the day-to-day

process of monitoring, analyzing, and optimizing the net amount of cash receipts—minus the expenses.

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[subrmnyampudhkodu@gmail.com](mailto:subrmnyampudhkodu@gmail.com)

HOD, Department of Master of Business Administration  
J.B. Institute of Engineering & Technology, Moinabad,

Corresponding author: **Dr. Danda Udaya Shekhar**

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## **I. INTRODUCTION**

A cash flow analysis is one of the major financial analyses for the purpose of a planning or for the purpose of the business. The Analysis can be constructed in different ways. It may be constructed in an easy format of one page synthesis or may including various agendas to make centralized evidence. A cash flow analysis is nothing but maintaining of flow of cash inside the business and out of the business or a plan. We can see that the cash flows analysis are not only concentrated with the total sum amount of the flow of cash. Some cash flows are formatted with bigeminal period of time. This Analysis not only predicts the unexhausted scale of cash at the end of the year but also we can get cash proportion unexhausted for individual month.

Working capital plays a major role for the purpose of cash flows analysis. Working capital may be specified as the total sum of money desired by a firm to help a business in various operations and transaction. It can be computed by subtracting current liabilities from the current assets. The speedy investigation of a liquidity position of a firm for the upcoming accounting periods will be given by the calculation of total amount of working capital. If working capital of a firm is adequate to meet the day to day needs of a firm then constructing of cash plan will become easy.

But if the working capital of a firm seems to be inadequate to meet its needs a cash flows will spotlight liquidity issues that may occur in the upcoming future periods. Few cash flows plans are developed so that we can effortlessly supervise the quality of the future predictions. This plan will help us in predicting the flows of monthly cash for the coming future period and also get into a potential inflow and outflow as we move forward for the period of time. This process will finally helps to examine the predictions to potential cash flow and to make alterations to those prepared projections for the remaining period of the year.

In financial accounting, a cash flow Analysis, also known as Analysis of cash flows or funds flow Analysis, is a financial Analysis that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the

analysis down to operating, investing, and financing activities. Essentially, the cash flow Analysis is concerned with the flow of cash in and cash out of the business.

### **NEED OF THE STUDY:**

Many business owners disregard the importance of cash flow analysis because they unwittingly believe that their current financial standing can be construed from other financial reports and projections. Unfortunately, however, a cash flow Analysis is necessary to adequately assess the incoming and outgoing flow of cash and other resources in a business. Not only will a business owner with a cash flow system be more aware of his or her financial standing, but it will also help investors to make educated decisions on future investments. A business with regular and reliable cash flow analysis shows more economic solvency, and is more attractive to investors.

A cash flow Analysis documents the incoming and outgoing cash in plain terms. Future sales and sales made for credit (unless they have been paid off) are not included in the cash flow Analysis, and most of the data will come from core operations. Payables and receivables should be expressly defined, as should depreciation of product value and inventory that has not yet been moved.

### **II. OBJECTIVE OF THE STUDY:**

- To know the flow of cash in the organization INDIABULLS SECURITIES
- To access the efficiency with sources and uses of cash were made by the coordination from the year 2018-2022.
- To identify the changes in the elements of focus and uses of working capital in between above mentioned years.
- To improve the financial performance of the company.
- To know the cash earning capacity of the firm.
- To know the different sources from which cash had been collected and various purposes for which cash been utilized during the year.

### **III. SCOPE OF THE STUDY:**

A study that involves an examination of

long term as well as short term sources that a company taps in order to meet its requirements of finance. The scope of the study is confined to the sources that INDIABULLS SECURITIES tapped over the years under study i.e. 2018- 2022.

#### RESEARCH METHODOLOGY:

The following are the main sources of data used for this study which are Collected and compiled from published and unpublished sources of the Company data. The published sources are as follows.

- Management information system published by INDIABULLS SECURITIES
- Status Report on INDIABULLS SECURITIES.
- Journals, books and other published reports.

The present study is based on primary and secondary sources of data collection.

#### **Primary data:**

The primary purpose of the Analysis of cash flows is to provide information about cash receipts, cash payments, and the net change in cash resulting from the operating, investing, and financing activities of a company during the period. It was directly collected by observations, Interviews questionnaire.

#### **Secondary data:**

The secondary data was collected from the literature available in libraries and Research studies and annual reports are related to the present study. It includes published and unpublished literature like books, reports and generally articles of the INDIABULLS SECURITIES.

#### IV. LIMITATIONS OF THE STUDY:

The limitations of present study are as follows:

- Cash Flow Analysis actually fails to present the net income of a firm for a period since it does not consider non-cash items which can easily be ascertained by an Income Analysis.

- Cash flow Analysis does not help to assess liquidity or solvency position of a firm.
- Cash Flow Analysis is neither a substitute of Funds Flow Analysis nor a substitute of income Analysis.
- The provisions which are made by the Companies Act is in conformity with Profit and Loss Account and Balance Sheet are not in conformity with Cash Flow Analysis which is prepared as per AS 3 Does not Conform with the Companies Act Cash Flow Analysis is prepared on the basis of historical cost and, as such, it does not help to know the future/projected cash flows. Inter-Industry Comparison not Possible.

#### REVIEW OF LITERATURE ARTICLE:1

**Title: Importance of the Cash Flows Statement Authors: Jarrah Kulkarni, & O'Connor Publication year : 2007**

#### **Abstract:**

Collected actual cash flow data in form of monthly account summary reports for various projects under Texas Department of Transportation. The sample consisted of different category of projects such as construction and replacement of bridges, new no freeways, road overlay and rehabilitation of existing roads, landscape scenic enhancements, widening of freeways etc. Projects were further classified in different cost ranges. Based on the scatter chart of payments against time for different projects in a given category, a fourth degree polynomial regression analysis was used to obtain the cash flow curves that turned out to be characteristic 'S' shaped for most of the projects. Although statistical significance could not be proved due to availability of limited data, a feasible approach for cash flow prediction was established. Since the data was related to payments to the contractor, only the cash

inflow curves could be established. Extending the same methodology to data for contractor's cash outflows, there appears to be a possibility of working out net working capital gap.

**ARTICLE: 2**

Title: Terms in the Cash Flows Statement

Authors: Gorog

Publication year : 2009 Abstract:

Suggested a set of new measurements and indicators in line with the 'earned value' measurements and indicators for possible integration of both systems. Therefore similar to the earned value measurements such as Budgeted Cost of Work Scheduled (BCWS), Budgeted Cost of Work Performed (BCWP) and the Actual Cost of Work Performed (ACWP) for working out the Cost Performance and Schedule Performance Indices (CPI and SPI); the new set of measurements and indicators was based on the 'Price Value' and 'Invoice Value' of the contracted work. This could therefore forecast the difference between price to be received by the contractor from client and the cost to be expended by the contractor for the amount of work carried out at any point of time. Hence the differential indicated expected margin based on project status.

**ARTICLE: 3**

Title: An Analysis of the Cash Flows Statement

Authors: Maniar

Publication year : 2007 Abstract:

A model for finding the Least Working Capital (LWC) which is the maximum cumulative negative cash flow during a project was proposed and validated on the basis of a sample of Indian infrastructure projects. It considered different cost parameters such as labour, material, overheads, subcontracting charges, machinery and equipment expenses, etc. Assuming uniform rate of expenditure during contracting period the model using a multiple regression analysis on the sample data estimated the LWC as the total of project expenses till the receipt of the first payment from the client.

Cash is the most liquid asset, is of vital importance to daily operations of business firms. While the proportion of corporate assets held in the form of cash is very small, often between 1

and 3 percent, its efficient management is crucial to the solvency of the business because in a very important sense cash is the focal point of funds flows in a business.

ARTICLE: 4

Title: A Logical Approach To The Statement Of Cash Flows Authors: Fred Petro, Farrell Gean, Publication year :2016 Abstract:

Of the three financial statements in financial reporting, the Statement of Cash Flows (SCF) is perhaps the most challenging. The most difficult aspect of the SCF is in developing an understanding of how previous transactions are finalized in this document. That is, the SCF is very much the culmination point for most all of financial accounting. A knowledge of how to prepare the document or learning the mechanics is not highly complex. With the use of a basic worksheet and matrix, (later presented), the preparation of the operating activities section, the most difficult of the three areas included in the SCF, can be completed quite easily. That is, this section can be completed, for the most part, without having full comprehension or understanding of how initial transactions finally reach the SCF

ARTICLE: 5

**Title: Improvements of the cash-flow statement control function in financial reporting Authors: Metka Duhovnik**

Publication year :2008 Abstract:

On the basis of deductive considerations applying professional judgment, the article focuses on the additional value of accounting information that can be given to the users of financial statements by a properly prepared statement of cash flows. It is based on the finding that the professional literature is inconsistent in distinguishing liquidity and profitability information, and consequently also in distinguishing between the ratios calculated on that basis. It therefore stimulates an improvement in the quality of accounting information with a direct statement of cash flows, based on tracing instead of calculating the actual cash flow. On the basis of financial statements, including a direct statement

<b>Sundry Debtors</b>	<b>55192.04</b>	<b>72039.39</b>
<b>Cash and Balances with RBI</b>	<b>2018.49</b>	<b>2207.90</b>
<b>Balance with Bank</b>	<b>620.06</b>	<b>2081.26</b>
<b>Advances</b>	<b>39079.23</b>	<b>48468.98</b>
<b>Total</b>	<b>96909.82</b>	<b>124797.53</b>
<b>Total Current Liabilities</b>		
<b>Borrowings</b>	<b>18595.52</b>	<b>20416.62</b>
<b>Other Liabilities</b>	<b>2553.67</b>	<b>2789.81</b>
<b>Contingent Liabilities</b>	<b>19320.52</b>	<b>42177.47</b>
<b>Total</b>	<b>36468.71</b>	<b>65319.90</b>
<b>Net working capital</b>	<b>60441.11</b>	<b>59477.63</b>
<b>Increase\decrease in net working capital</b>	<b>963.48</b>	

of cash flows, the ratio analysis of financial statements should be approached from both aspects of profitability and cash return. The cash flow ratios would serve as a control mechanism over the assumptions used when preparing the balance sheet and income statement within the chosen financial reporting framework.

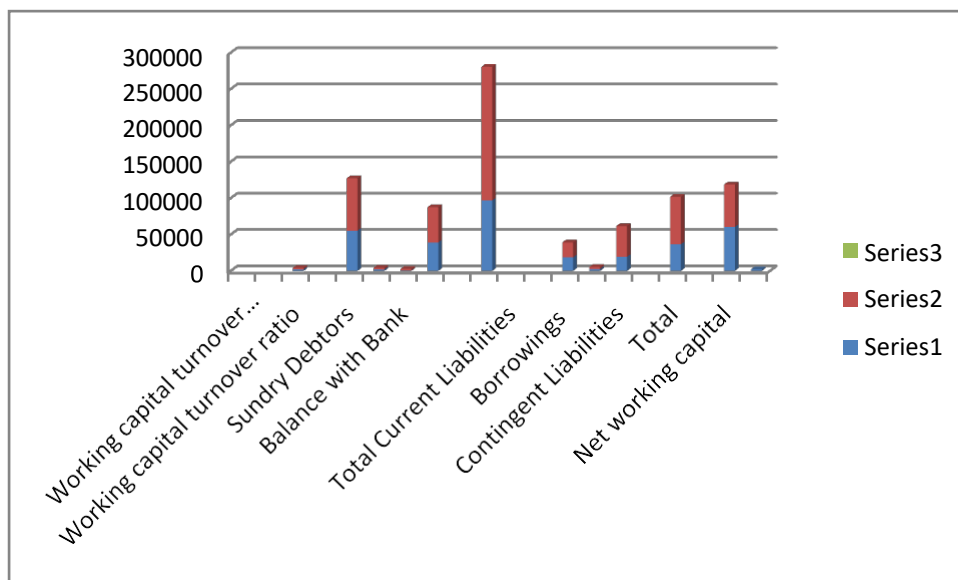
table it is observed that the net working capital of the company shows increasing trend. The current assets of the company have increased from Rs.53027.63 to Rs.48468.98 in 2021-2022. The liability of the company showing increasing trend from Rs.87585.35 in 2021-2022. The net capital company stood at Rs.385.18 in 2021-2022. And it is increased to. The increasing working capital is recorded as Rs.9562.8

Working capital Of Indian Bulls Securities

#### V. DATA ANALYSIS AND INTERPRETATION

From the above

<b>Working capital turnover ratio 2020 -2021</b>		
<b>Working capital turnover ratio</b>	<b>2020</b>	<b>2021</b>
<b>Total current Assets</b>		



**Interpretation:**

The networking capital of Biological limited. has been decreased to 2147.48 Cr the financial position

i.e. the performance of Biological limited has increased and the current assets defects its current liability.

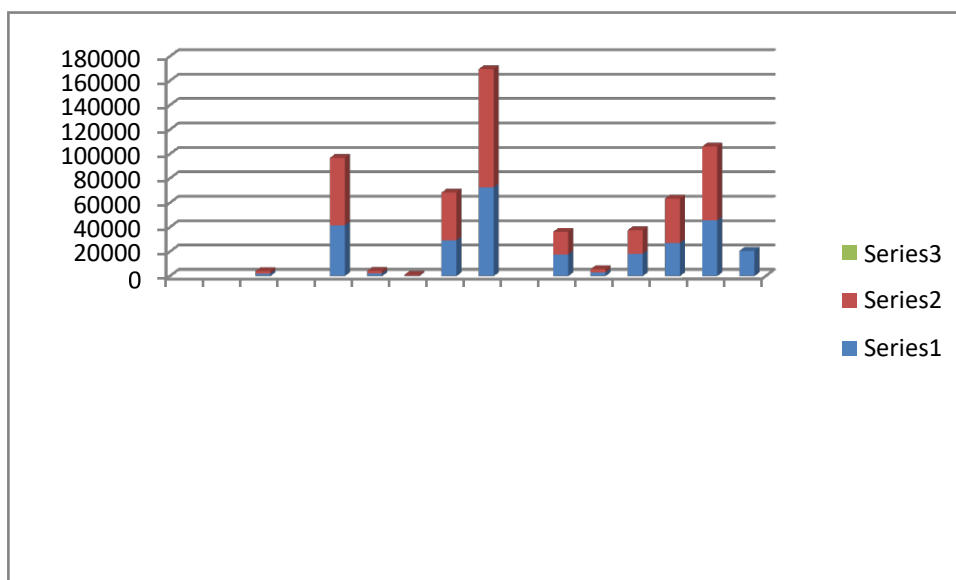
STATEMENT OF SOURCES AND APPLICATION OF CASH			
For the period (2020-21)			
Sources	Rs	Applications	Rs
Secured loans	1528.77	Increase in Gross Block	2018.49
Unsecured loans	2041.62	Secured loans paid	39144.15
Cash from operation	2081.26	Net increases in Working Capital	2147.48
	43208.07		43208.07

**Interpretation**

From the above table it is observed that the net working capital of the company shows increasing trend. The current assets of the company have increased from Rs.4846

to Rs.39079.23 in 2020-2021. The

current liability of the company showing increasing trend from Rs.9389.75 in 2020-2021. The net capital company stood at Rs.449.96 in 2020-2021. And it is increased to. The increasing working capital is recorded as Rs.2147.48.



**Interpretation:**

The networking capital of Biological e limited has been increased to 60377.17 Cr

the financial position i.e. the performance of Biological e limited has increased and the current assets defects its current liability.

**Calculation of operating profit for the period (2019-2020)**

Particulars	Amount (Dr) 2020	Amount (Cr) 2019
Net profit	7028.66	4817.18
Add: depreciation	176.76	98.27
Gross cash generated	7205.42	4915.45
Less: taxation for the year	7.22	4.37
Net cash generated	7198.2	4911.08

**Interpretation**

From the above table it is observed that the net working capital of the company shows increasing trend. The current assets of the company have increased from Rs.21766.80 to Rs.19218.44 in 2019-2020. The current liability of the company showing decreasing trend

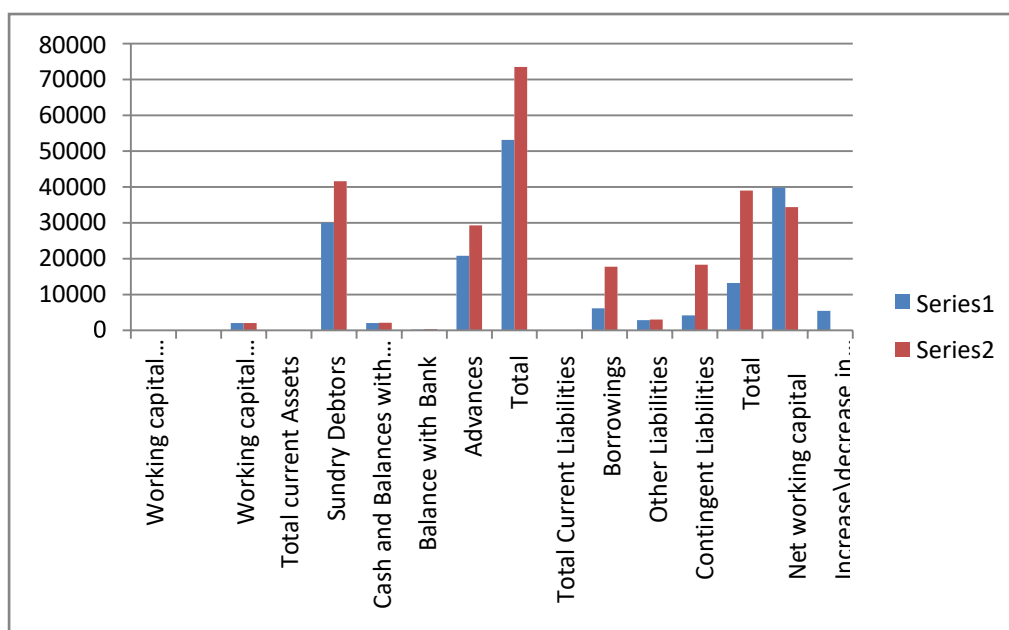
from Rs.29329.31 in 2019-2020. The net capital company stood at Rs.449.96 in 2019-2020. And it is increased to. The increasing working capital is recorded as Rs.20639.65.

**Working capital turnover ratio 2019**



<b>Working capital turnover ratio 2017</b>		
<b>Working capital turnover ratio</b>	<b>2018</b>	<b>2019</b>
<b>Total current Assets</b>		
<b>Sundry Debtors</b>	<b>30026.98</b>	<b>41584.92</b>
<b>Cash and Balances with RBI</b>	<b>2085.67</b>	<b>2167.72</b>
<b>Balance with Bank</b>	<b>220.59</b>	<b>363.26</b>
<b>Advances</b>	<b>20775.05</b>	<b>29329.31</b>
<b>Total</b>	<b>53108.29</b>	<b>73445.21</b>
<b>Total Current Liabilities</b>		
<b>Borrowings</b>	<b>6200.51</b>	<b>17723.95</b>

<b>Other Liabilities</b>	<b>2869.42</b>	<b>3032.36</b>
<b>Contingent Liabilities</b>	<b>4176.17</b>	<b>18291.30</b>
<b>Total</b>	<b>13246.1</b>	<b>39047.61</b>
<b>Net working capital</b>	<b>39862.19</b>	<b>34397.6</b>
<b>Increase\decrease in net working capital</b>	<b>5464.59</b>	

**Interpretation:**

The networking capital of Biological e limited has been increased to 45737.60 Cr the financial position i.e. the performance of Biological e limited has increased and the current assets defects its current liability.

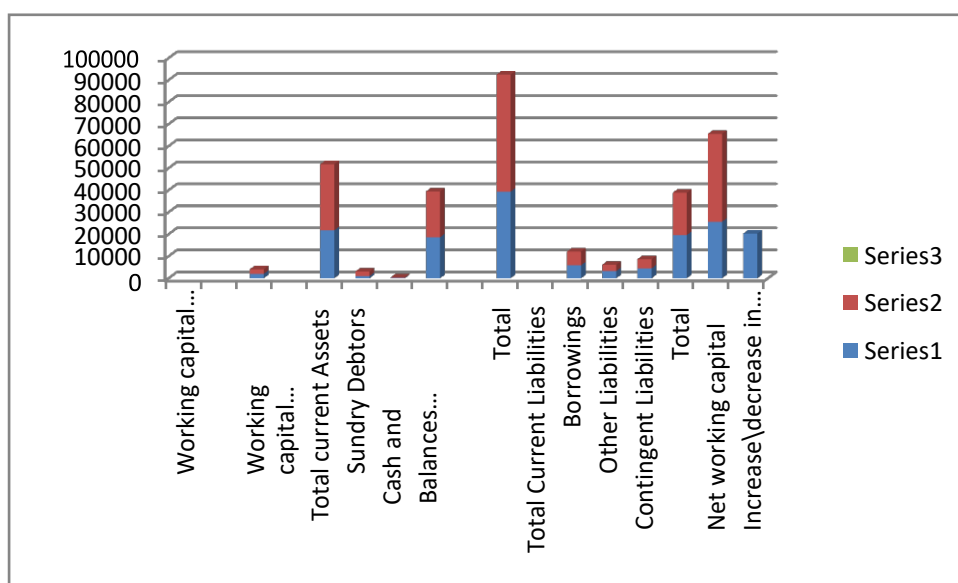
**Calculation of operating profit for the period (2018-2019)**

Particulars	Amount (Cr) 2018	Amount (Cr) 2019
Net profit	4817.18	3676.59
Add: depreciation	98.27	90.00
Gross cash generated	4915.45	3766.59
Less: taxation for the year	4.37	
Net cash generated	4911.08	3760.59

**Interpretation**

From the above table it is observed that the net working capital of the company shows increasing trend. The current assets of the company have increased at Rs.4879.65 in 2018-2019. And it is increased to. The

from Rs.17723.95 to Rs.2926.147 in 2018-2019. The current liability of the company showing decreasing trend from Rs.5875.67 in 2018-2019. The net capital company stood decreasing working capital is recorded as Rs.6369.6



**Interpretation:**

The networking capital of Biological e limited has been increased to 39936.21Cr the financial position i.e. the performance of

Biological e limited has increased and the current assets defects its current liability.

**Calculation of operating profit  
For the period  
(2017-18)**

Particulars	Amount(Dr)	Amount(Cr)
Net profit	3676.59	3222.70
Add: depreciation	90.00	69.56
Gross cash generated	3766.59	3292.26
Less: taxation for the year		1.86
Net cash generated	3766.59	3290.43

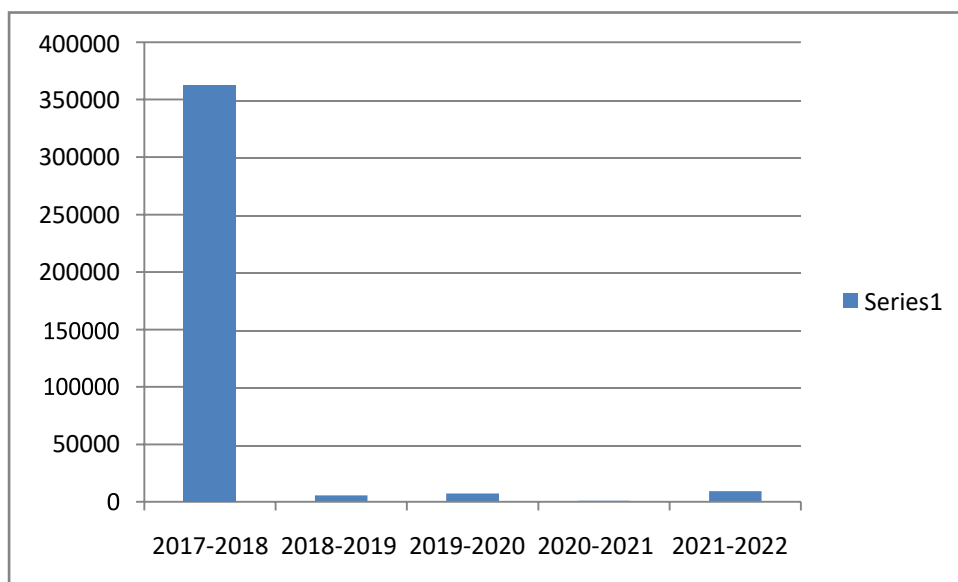
**INTERPRETATION:**

From the above table it is observed that the net working capital of the company shows increased From Rs. 483.96 to Rs. 453.44 in 2017-.18.The net working

capital of the company Rs. 83.96 in 2017-2018. And it is increased. The increasing Working capital is recorded as Rs. 657.43.

**NET INCREASES IN WORKING CAPITAL**

YEAR	INCREASE / DECREASE	AMOUNT
2017-2018	INCREASE	362540.2
2018-2019	DECREASE	5464.59
2019-2020	INCREASE	7351.87
2020-2021	INCREASE	963.48
2021-2022	INCREASE	9256.12

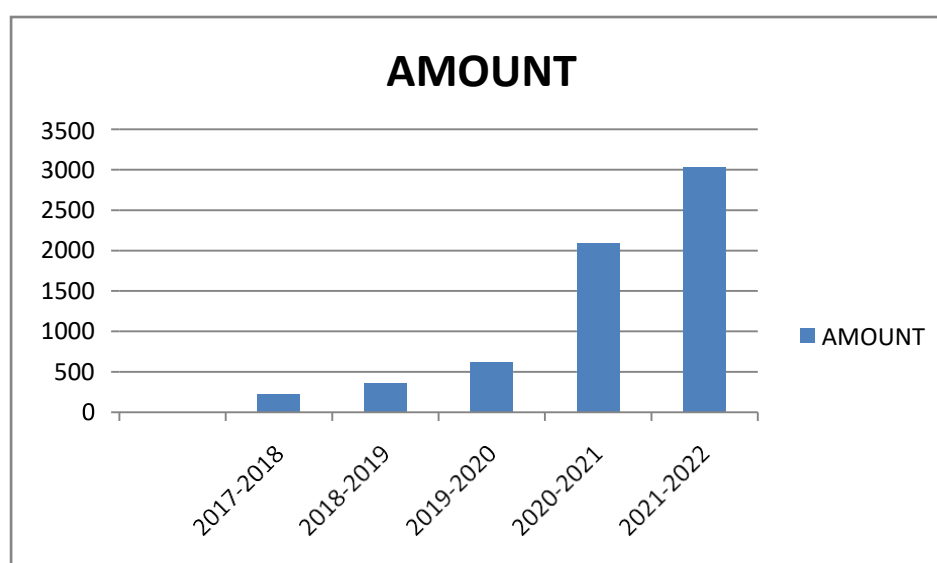


The above table observed that the working capital Increased. In year 2017 – 18 the working capital has been increased. In the year 2021-22 the working capital is

**Changes in cash from operations**

Rs.9562.86 Due to the decrease in current liabilities the net working capital is increased.

YEAR	AMOUNT
2017-2018	220.59
2018-2019	363.26
2019-2020	620.06
2020-2021	2081.26
2021-2022	3031.66



**Interpretation**

The above table explains that continuous fluctuations in flow of cash from operation. In the year 2017-18 the cash from operation is increased .The cash

from operation in the years & it has increased. In the year 2021-22. The cash from operation in the year 2021-22 is Rs. 3031.66.

**VI. FINDINGS**

- During the period 2017-2022 more than 74% of the cash came from trading activities. In the application of cash around 68% utilized for investing in fixed assets.
- During the period 2017-2018 to 2021-2022 more than 55.68% of the cash came from trading activities. In the application of the cash around 81.19% of the cash are utilized for investing in fixed assets

□ During the period 2017-2018 to 2021-2022 more than 69.54% of the cash came trading activities. In the application of the cash 32.32% of the cash are utilized for investing in fixed assets

□ During the period 2017-2018 to 2018-2019 more than 47.74% of the cash came trading activities. In the application of the cash 71.64% of the cash are utilized for investing in fixed assets.

□ During the period 2017-18 to 2018-19 more than 54.25% of the cash came trading activities. In the application of the cash 71.64% of the cash are utilize for the investing in fixed assets.

□ During the period 2017-2018 to 2021-2022 more than 58.96 % of the cash came trading activities. In the application of the cash 75.61 % of the cash are utilize for the investing in fixed assets.

## VII. SUGGESTIONS

For the improving the financial performance of the company the following suggestions are made.

□ In order to reduce the outside borrowings in the company has to acquire. The capital from equity sources. Keeping in view the debt equity the proportion as normal.

□ The liquidity of the company should be improved by maintaining the optimum current assets and liquid assets according to standard norms.

□ The quantum of the sales generated should be improved impressively in order to attain higher return on investment.

□ To improve the financial health of the company and maximizing the time between the source mobilization and utilization the management must introduce the new cost saving techniques.

## XII. CONCLUSION

□ The Biological limited Net Profit is showing negative profit in the year 2021-2022. These event is an expected one because since from the previous two years it is showing the decline stage in Net Profit.

□ Profit Margin of Biological limited is

decreasing and showing negative profit because there is increase in the price.

The Biological limited Net Working Capital Ratio is satisfactory.

The Biological limited return on Total Assets shows a negative sign in the year 2017-18

□ The Operating Ratio of Biological limited increase in the year 2017-18, in the year 2018-19 and reached in the year 2021-22 so the company has to reduce its operating costs.

□ The Operating cash of Biological limited satisfactory. Due to increase in cost of production, this ratio is decreasing. So the has to reduce its office administration expenses

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