

FUNDS FLOW STATEMENT WITH RESPECT TO CHAITANYA CHEMICALSDr.C.Vindya Vasini¹, Ajay Kumar M²¹Asst Prof, Dept of MBA, Santhiram Engineering College, Nandyal, India.²Student of MBA, Santhiram Engineering College, Nandyal, India.**ABSTRACT**

A Funds Flow Statement is a vital financial tool used to analyze the movement of funds within a company over a specific accounting period. This study aims to examine the **funds flow statement of Chaitanya Chemicals**, focusing on the sources and applications of funds and how they reflect the company's financial strategy and operational efficiency. The funds flow analysis helps in identifying changes in working capital, the impact of financing and investing decisions, and the financial health of the company. Using data from balance sheets and income statements for two consecutive years, this report tracks how internal and external funds were generated and utilized. The findings indicate that Chaitanya Chemicals effectively mobilizes internal funds and utilizes them towards business expansion, fixed asset acquisition, and operational needs. However, the company faces challenges related to short-term liabilities and inventory management. The study concludes that a funds flow statement is not only a historical financial record but also a strategic tool for future financial planning and decision-making. It is recommended that Chaitanya Chemicals enhance its working capital management and reduce dependence on external borrowings to strengthen financial stability.

Keywords:Funds Flow Statement, Chaitanya Chemicals, Working Capital, Financial Analysis, Sources and Uses of Funds, Liquidity, Financial Planning, Operational Efficiency.

1. INTRODUCTION

A Funds Flow Statement is a crucial financial tool that tracks the movement of funds within a company over a specific period. It provides insights into the sources of funds, such as revenue, loans, and capital investments, and their applications, including asset purchases, debt repayments, and operational expenses. By analyzing the inflow and outflow of funds, businesses can assess their financial health, plan for future investments, and ensure efficient capital management.

This statement is particularly useful for understanding changes in a company's financial position beyond what the profit and loss statement or balance sheet reveals. It helps management identify surplus or shortage of funds, enabling better decision-making for expansion, debt restructuring, or liquidity management. By maintaining a well-structured funds flow statement, businesses can enhance financial transparency and optimize resource allocation for sustainable growth.

2. RESEARCH METHODOLOGY**SOURCES OF DATA**

There are two types of data collection methods available

- 1.Primary data collection
2. Secondary data collection

1. Primary Data Collection:

The primary data is that data which is collected fresh hand, and for first time which in nature. Primary data can collect through personal interview, questionnaire etc., to support the secondary data.

2.Secondary Data collection:

The secondary data are those which have already collected and stored. Secondary data easily get those secondary data from records, journals, annuals reports of the company etc., it will save the time, money and efforts to collect the data. Secondary data also made available through trade magazine, balance sheets, books etc.,

Secondary data comprises of information obtained from ratio analysis and ratio analysis estimates of other financial statements files and some other important documents maintained by the organization are also the helpful. The administration report published by company is another source of data.

RESEARCH METHODOLOGY

This project may be a study applied by primary and secondary sources.

- Primary knowledge associated with the study is collected through surveys in firms and thru questionnaires.
- The sample size is or so a hundred investors.
- The sampling space is that the Produttur space.
- Secondary knowledge is collected through websites and from numerous books, journals and journals.

3. DATA ANALYSIS

1. Statement on changes in Net Working Capital as on 31st March 2021

Particulars	2021	2020	Changes in Working Capital	
			Increase	Decrease
Current Assets:				
Closing Stock	15706000.00	16058200.00	352200	
Deposits (Assets)	1867853.970	1948353.970	80500	-
Sundry Debtors	23863179.65	27752333.33	3889153.680	-
Cash in Hand	373276.54	69708.83	-	303567.710
Bank Accounts	135837.48	3404106.26	3268268.780	-
Total Current Assets	41946147.64	49232702.39		
Current Liabilities:				
Sundry Creditors	39658944.85	49976080.88	10317136.03	
G.Lalitha	618011.40	613817.40		4194.000
G.V.Chandra Mouli	314958.10	304994.10	-	9964.000
S.Gnana Prasunamba	1364174.00	1364174.00	-	
S.Rama Laxmi	726148.60	1022609.60	296461.000	-
S.V.Rama Murthy	5277.00	588636.20	583359.200	-
Total Current Liabilities	42687513.95	53870312.18		
Working capital	741366.310	4637609.790		
Increase in NWC	3896243.480			18469352.98
	4637609.970	4637609.790	18787078.69	18787078.69

2.1. Funds from Operation (2021)

Particulars	Amount
To Net Profit	843657.72
Add. Depreciation	
	3223449.50
Funds from Operation	4067107.22

2.2. Capital A/c

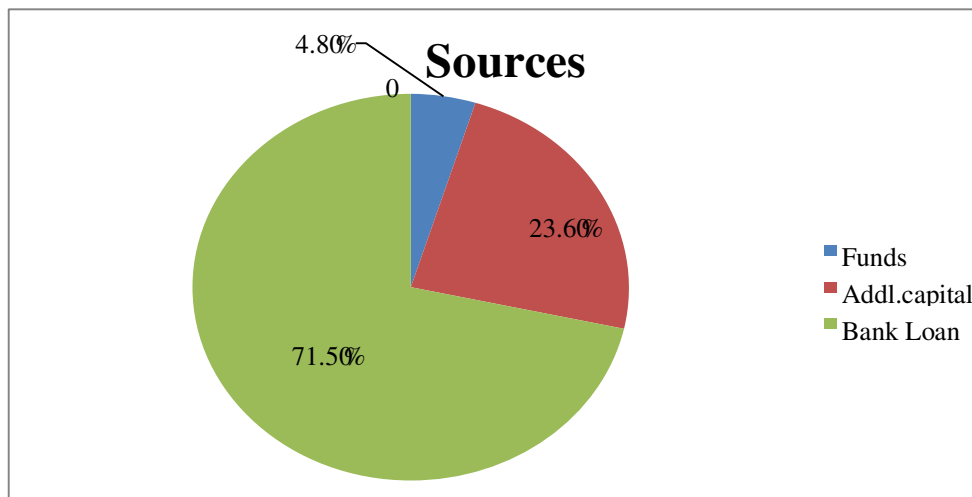
Dr		Cr	
Particulars	Amount	Particulars	Amount
		By Balance B/d	12563177.18
		By Net Profit	843657.72
		By Additional Capital	19647375.08
To Balance C/d	33054209.98		
	33054209.98		33054209.98

2.3. Fixed Assets A/c

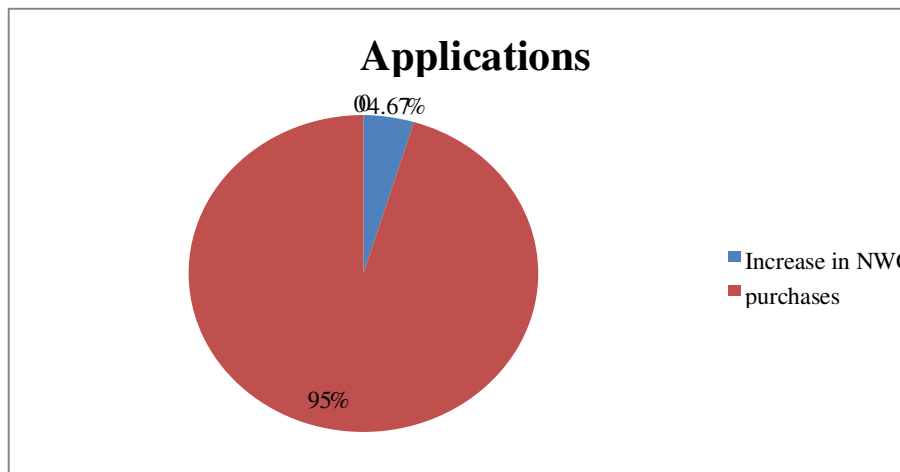
Dr		Cr	
Particulars	Amount	Particulars	Amount
To Balance B/d	73390405.25	By Depreciation	3223449.50
To Cash (Purchases)	79391718.05	To Balance C/d	149558673.8
	152782123.3		152782123.3

2.4.STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD 2022

Sources	Amount	Applications	Amount
Funds from Operation	4067107.22	Increase in NWC	3896243.480
Additional Capital	19647375.08	Purchases	79391718.05
Bank Loan	59573479.23		
	83287961.53		83287961.53



Graph 2.1a



INTERPRETATION:

- ❖ During the Year 2020– 2021 the net working capital increased by **Rs.3896243.480**
- ❖ During the Current Year the Funds from Operation shows a Positive balance of **Rs.4067107.22**
- ❖ During the Current Year the business Organization Purchase a Fixed Assets of **Rs.79391718.05**
- ❖ During the Current Year the amount withdrawn by partners from the Business Organization is **Rs.19647375.08**
- ❖ Net Profit earned by the Organization during the current year is **Rs.843657.72**

The total Funds Flow shows a positive balance of **Rs.83287961.53** during the current year.

4.CONCLUSION

The Funds Flow Statement of Chaitanya Chemicals provides valuable insights into the financial movements and operational efficiency of the company during the analyzed period. It highlights the sources from which funds were generated—such as operating profits, issuance of shares or borrowings—and the areas where these funds were utilized, including asset purchases, debt repayments, and working capital requirements.

From the analysis, it is evident that Chaitanya Chemicals has strategically managed its financial resources to support its business growth. The inflow of funds has been efficiently allocated toward strengthening its infrastructure and maintaining liquidity. However, continuous monitoring and improved planning are essential to ensure long-term financial stability and to avoid overdependence on external sources of finance.

Overall, the Funds Flow Statement reflects a balanced and purposeful financial approach, aiding stakeholders in understanding the company's financial discipline and direction.

5.REFERENCES

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