

# A Project Work on “A Study on Cash Flow Statement Analysis” at Penna Cement Industries Ltd

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## ABSTRACT

Digital payments are gradually replacing physical cash transactions. In other words, e-payment systems or cashless transactions make up digital payments in the online platform, and online payments are widely used as they are perceived to be easy, quick, and comfortable. Digitalization is the key for future growth of the Indian economy. In order to make this into reality, the Indian government and e-payment service providers (banks) are establishing numerous awareness programs to bring e-payment systems into the hands of the people in India.

**KEYWORDS:** CASHFLOW ANALYSIS, TREND ANALYSIS

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## INTRODUCTION

A cash flow statement that present information about the cash flow with the organisations main activity and those associated with its investing and financing activities of the period. It shows both inflow and cash flow of the cash during the period of time.

## NEED OF THE STUDY:

By studying the cash flows of penna cement industries ltd. we can determine the reserves of cash to be maintained for the regular activities of Penna cement industries ltd. To analyze the current liquidity position of the firm.

## OBJECTIVES OF THE STUDY:

- To study the operating activities of the Penna cement industries ltd.
- To analyze the investing the activities of the Penna cement industries ltd.
- To know the financial activities of Penna cement industries ltd.

## SCOPE OF THE STUDY:

- Cash flow is a financial statement that present information about the company.
- The study covers in cash inflow and cash out flows of the Penna cements industries ltd, Talaricheruvu for the period of 5 years.

## RESEARCH METHODOLOGY:

### Sources of data:

- The Study is based on secondary data.

### Secondary data:

- The data was collected from annual reports of the Penna cement industries ltd. Talaricheruvu, Tadipatri.
- financial Reports.
- company website ([www.pennacement.in](http://www.pennacement.in)).

H1: There is significant difference between performance of cash flow statement of penna cement industries ltd, Tadipatri.

**TOOLS AND TECHNIQUES:**

- Cash flow analysis.
- Trends analysis
- Charts

**LIMITATIONS OF THE STUDY:**

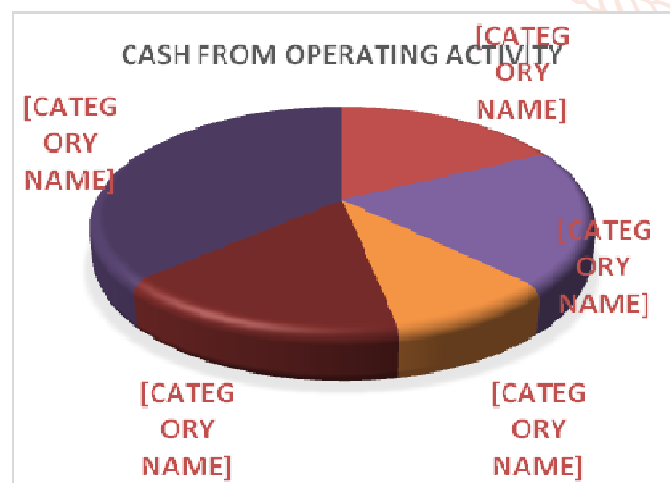
- The study is restricted for a period of five years i.e., from 2015-20
- The study is limited to Penna cement industries ltd. Talaricheruvu, Tadipatri

**DATA ANALYSIS AND INTERPRETATION:**

**TABLE:1 CASHFLOW STATEMENT FOR THE OPERATING ACTIVITY (2015-21)**

Particular	2015-16	2016-17	2017-18	2018-19	2019-20
A. cash flow from the operating the activity					239.4
Profit/loss before tax adjustment	153.63	378.19	213.39	69.6	1
ADD: non cash expenses					
Depreciation, provisions for the retirement benefits, interest expenses	132.96	139.2	134.24	141.57	147.43
LESS: non cash incomes					
interest income & profit on sale of current investments					
divided income	-3	-140.07	-6.9	-13.47	-5.96
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND ADJUSTMENTS	129.96	-0.87	127.34	128.1	141.47
working capital changes					
Increase /decrease in inventories	-28.31	-24.54	-10.55	99.83	60.96
Increase /decrease in trade and other receivable	73.82	-2.1	71.62	21.51	-52
Increase /decrease in loans and advances	-43.32	-36.81	-186.71	48.1	77.27
Increase /decrease in trade and other payables	-39.09	19.29	-59.05	39.88	17.79
		-36.9	-44.16	-184.69	9.66
Cash generated from operations	246.69	333.25	156.04	246.69	484.9
LESS: Income tax paid (i.e., cash deducted at source)	33	-87.24	-42	-15	-41.98
Extraordinary items	0.76	-4.11	-0.12	8.19	-0.05
Net cash generated from operating activities	33.76	-91.35	42.12	-6.81	42.09
	212.93	241.9	113.92	200.6	442.87

years	cash from operating activity
2015-16	212.93
2016-17	241.92
2017-18	113.92
2018-19	200.6
2019-20	442.84



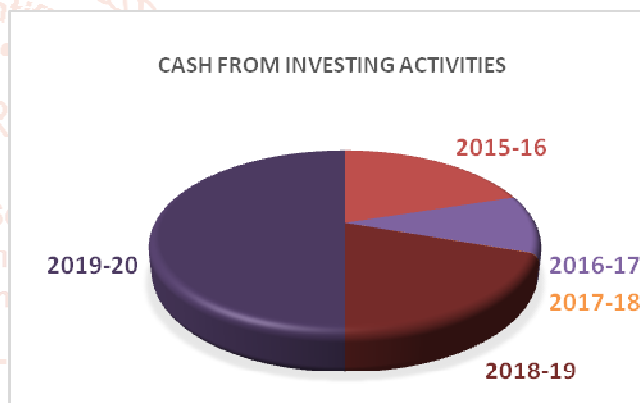
**INTERPRETATION**

From the above table in the 2015-16. The company has 212.93 crores cash from the operating activity and in the year 2017-18, it is decreased to 113.92 crores. In the last year i.e., 2019-20 the cash from operating activity is 442.84 crores.

**TABLE 2 CASHFLOW STATEMENT FOR THE INVESTING ACTIVITIES (2015-2020)**

particular	2015-16	2016-17	2017-18	2018-19	2019-20
B. CASH FLOW FROM THE INVESTING ACTIVITIES					
cash inflow					
sale of fixed assets	1.83	0.17	8.57	0.14	0.06
sale of current investment	15.65	25.95	13.98	20.02	0.01
Interest received and dividend	2.98	20.46	140.06	166.18	6.73
			29.28	5.8	25.96
				5.94	6.01
CASH OUTFLOW					
purchased of fixed assets	-157.49	-90.74	-29.6	-72.08	-95.46
purchased of fixed investment	-30.01	-187.5	-162.82	253.56	-29.6
				-2.32	-160.29
advances for capital goods				-115.4	-189.8
				-168.92	-424.67
Net cash used in investing activities (B)	167.04	-87.38	-0.32	-163.84	-418.66

years	cash from investing activities
2015-16	-167.04
2016-17	-87.38
2017-18	-0.32
2018-19	-163.84
2019-20	-418.66



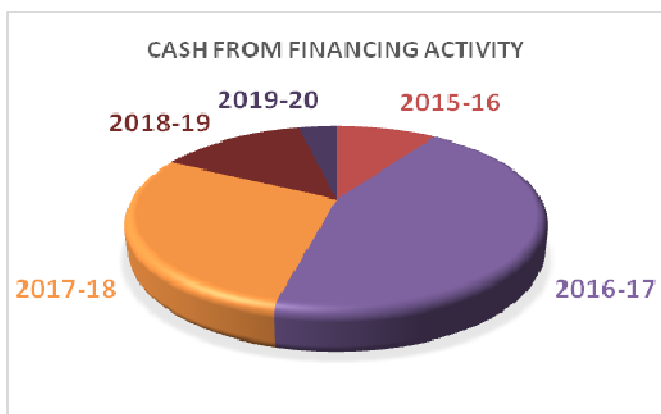
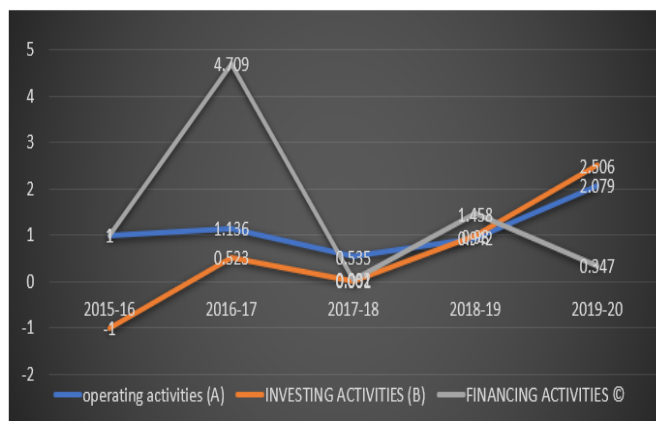
**INTERPRETATION**

At the beginning of the year 2015-16 the company has 167.04 crores cash from the investing activity and the year 2017-18 it is decreased to 0.32 crores. In the last year 2019-20 the cash from investing activity is increased in 418.66 crores

**TABLE 3 CASH FLOW STATEMENT FOR THE FINANCING ACTIVITIES (2015-20)**

Particular	2015-16	2016-17	2017-18	2018-19	2019-20
C. CASH FLOW FROM FINANCING ACTIVITIES					
cash inflow					
long term liabilities and provisions				100	
proceeds from borrowings	225	225	95.44	95.44	200
			200	200	58.25
				158.25	235.38
				235.38	235.38
cash outflow					
repayments of borrowings	184.87	177.35	175.9		0.24
long term loans and advances	2.41	1.57	61.23	143.4	146.16
dividend and interest paid	71.81	259.09	77.05	255.97	66.24
			303.37	64.57	207.97
				76.12	222.52
net cash generated from financing activities (C)	-34.09	-160.53	-103.39	-49.72	12.86

years	cash from financing activity
2015-16	-34.09
2016-17	-160.53
2017-18	-103.39
2018-19	-49.72
2019-20	12.86



**FORMULA:**

Percentage Change = [(Current Year Amount – Base Year Amount) / Base Year Amount]

Change in Amount = Current Year Amount – Base Year Amount

**FINDINGS:**

- At the beginning of the 2015-16 the company has 212.93 crores cash from the operating activity and in the year 2017-18 it is decreased to 113.92 crores. In the last year i.e., 2019-20 the cash from operating activity is 442.87 crores increased.
- During the period of the year 2015-16 the company has 167.04 crores cash from the investing activity and the year 2018-19 it is decreased to 0.32 crores. In the last year 2019-20 the cash from investing activity is 418.66 crores increased.
- During the period of the year 2015-16 the company has 34.09 crores cash from the financing activity and year 2016-17 it is increased to 160.53 crores. In the last year 2019-20 the cash from financing activity is 12.86 crores decreased.

**SUGGESTIONS:**

- Net cash flow from of operating activities are maintained properly, these trend is advisable to followed in the future also.
- The organisation need to maintain the cash and cash equivalents up to the standard level consistently.
- To improve the short term assets.
- The Penna cement industries Ltd cash position should increased to reach the top position.
- The organisation tries to reduce the long term borrowings.

**INTERPRETATION:**

The table shows the opening cash balance of the year 2016-17 increased in 160.53 crores. In the last year 2019-20 the cash from financing activity is decreased in 12.86 crores.

**TABLE 4 OVERALL SOURCES OF THE CASH FLOW OF PENNA CEMENT INDUSTRY LTD**

CASH SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20
OPERATING ACTIVITIES (A)	212.93	241.92	113.92	200.6	442.87
INVESTING ACTIVITIES (B)	-167.04	-87.38	-0.32	-163.84	-418.66
FINANCIAL ACTIVITY (C)	-34.09	-160.53	-103.39	-49.72	-12.86
TOTAL NET CASH (A+B+C)	11.8	-5.99	10.21	-12.96	11.35

**TABLE 4.5 TREND ANALYSES**

CASH SOURCES	2015-16	2016-17	2017-18	2018-19	2019-20
operating activities (A)	1	1.136	0.535	0.942	2.079
INVESTING ACTIVITIES (B)	-1	0.523	0.001	0.98	2.506
FINANCING ACTIVITIES ©	1	4.709	0.032	1.458	0.347

**CONCLUSION:**

- From these study, the cash fluctuations i.e. increased in cash level from year to year has high variations. So, it is necessary to reduce these variations in the cash and there is a necessary to take action to avoid the high increases in cash and try to invest in more fixed assets to maintain the company in a better position for a long run.

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