

## CASH FLOW STATEMENT KOTACK

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### ABSTRACT

This project was started with a view of understanding cash flow statement of kotak mahindra. The cash flow statement reflects a firm's liquidity. The balance sheet is a snapshot of a firm's financial resources and obligations at a single point in time, and the income statement summarizes a firm's financial transactions over an interval of time. These two financial statements reflect the accrual basis accounting used by firms to match revenues with the expenses associated with generating those revenues. The cash flow statement includes only inflows and outflows of cash and cash equivalents. It excludes transactions that do not directly affect cash receipts and payments. These noncash transactions include depreciation or write-offs on bad debts or credit losses to name a few. Provide additional information for evaluating changes in assets, liabilities and equity. Improve the comparability of different firms' operating performance by eliminating the effects of different methods. Many business owners disregard the importance of cash flow statements because they unwittingly believe that their current financial standing can be construed from other financial reports and projections. To easy to understand the flow of cash in the organization kotak mahindra group.

### INTRODUCTION

In financial accounting, a cash flow statement, also known as statement of cash flows or funds flow statement, is a financial statement 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 statement is concerned with the flow of cash in and cash out of the business. The statement captures both the current operating results and the accompanying changes in the balance sheet as an analytical tool, the statement of cash flows is useful in determining the short-term viability of a company, particularly its ability to pay bills. International accounting standard 7 (ias 7) is the international accounting standard that deals with cash flow statements.

People and groups interested in cash flow statements include:

- Accounting personnel, who need to know whether the organization will be able to cover payroll and other immediate expenses
- Potential lenders or creditors, who want a clear picture of a company's ability to repay

- Potential investors, who need to judge whether the company is financially sound
- Potential employees or contractors, who need to know whether the company will be able to afford compensation
- shareholders of the business.

### **Purpose**

The cash flow statement was previously known as the flow of funds statement. The cash flow statement reflects a firm's liquidity.

The balance sheet is a snapshot of a firm's financial resources and obligations at a single point in time, and the income statement summarizes a firm's financial transactions over an interval of time. These two financial statements reflect the accrual basis accounting used by firms to match revenues with the expenses associated with generating those revenues. The cash flow statement includes only inflows and outflows of cash and cash equivalents; it excludes transactions that do not directly affect cash receipts and payments. These noncash transactions include depreciation or write-offs on bad debts or credit losses to name a few. The cash flow statement is a cash basis report on three types of financial activities: operating activities, investing activities, and financing activities. Noncash activities are usually reported in footnotes.

### **NEED OF THE STUDY**

Many business owners disregard the importance of cash flow statements because they unwittingly believe that their current financial standing can be construed from other financial reports and projections. Unfortunately, however, a cash flow statement 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 statements shows more economic solvency, and is more attractive to investors.

A cash flow statement 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 statement, 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.

This will allow a business owner to compare past periods with the current financial standing and determine whether your receivables have increased or decreased.

This can also help to track your investments next to your receivables and payables. Are your investments increasing or decreasing in value? And has your inventory moved at a steady pace? New or expanding businesses

can expect to see a decrease in cash flow, but this doesn't mean that the business is going under. More stable businesses should see a steadily increase in cash flow over a period of several months or years.

There are typically five different sections in a cash flow statement, though large businesses might have more complex cash flow systems as required.

#### **METHODOLOGY OF STUDY:**

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.

- 1) management information system published by kotak
- 2) status report on kotak
- 3) journals, books and other published reports.

the present study is mainly based on primary and secondary sources of data collection. The primary data was directly collected by observations, interviews questionnaire etc.

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 kotak mahindra bank hyderabad.

#### **LIMITATIONS OF THE STUDY:**

The limitations of present study are as follows:

1. The study cover a period of five years from 2020-2023.
2. The study is based mainly on secondary information.
3. The study does not touch all the units of kotak mahindra bank.
4. The present study cannot be used for inter firm comparison.
5. Limited span of time is a major limitation for this project.

The analysis of the working capital is taken five years

#### **REVIEW OF LITERATURE**

1. Trotman and gibbins (2019) questions about the property, plant, and use of food, what is the cost basis for the guidelines. Changes to the computer program are the source of the money and the things money. This idea allowed us to sell non-cash or non-cash assets. Is defined as the income and expenses and labor costs.

2. Roger hussey & andra ong (2019) in general, the flow of funds for the development of the amount of money used for economic and.
  
3. Adhikari and duru (2020) it has no way to reduce operating costs, suggesting a lower pay rate. They have funds to help them not be able to produce the product, given the level of investment rate needed to calculate this amount. They pay on investments and credit to reduce the amount of money needed for a post-lease payment, while at the same time choosing the options for understanding the remaining free cash flow will be linked to the free cash flow.
  
1. Phd. Prof. Ioan batrancea (2021) financial reporting is crucial for the development of future cash flow in a newsletter. But it is important in analyzing future cash flow data that cannot be elucidated. But researchers have been trying to figure out how it feels like in the future and the value of money.
  
2. Ortpurt & zang (2021) pay-per-view predictions start to happen, especially in indirect ways.
  
3. Charles, e. Jordan and marilyn a. Waldron(2022) based on payout interference for future wearable shoes, which is believed to be a good fit. As such, some basis completes financial statements, financial managers and other users would be better off.
  
4. Melik serhat(2022) this is part of the construction industry because the cash flow of construction projects is at the highest risk level, the most important network, and it plays an important role. As such, it is important to consider changes in payment planning conditions for construction projects and the risk of uncertainty about cost control and methodology. The purpose of the study was to understand the nature of cost-effectiveness and planning, as well as of course the involvement and surprise of some theoretical models and applications of real-time optimization models.
  
5. (jones, 2010) fundamental analysis at the company level involves analyzing basic financial variables in order to estimate the company intrinsic value. These variables include sales, profit margins, depreciation, the tax rate, sources of financing, asset utilization, and other factors. Additional analysis could involve the firm's competitive position in its industry, labor relations, technological changes, management, foreign competition, and so on. The end result of fundamental analysis at the company level is a good understanding of the company's financial variables and an assessment of the estimated value and potential of the company.

## **DATA ANALYSIS AND INTERPRETATION**

**Calculation of operating profit  
For the period (2020-21)**

Particulars	Amount (Rs)	Amount <u>(Rs)</u>
Net profit		18,58,689
Add: depreciation		2,06,18,020
Gross cash generated		<u>2,20,70,705</u>
Less: taxation for the year		----
Net cash generated		2,20,70,705

**STATEMENT OF SOURCES AND APPLICATION OF CASH  
FOR THE PERIOD (2020-21)**

SOURCES	AMOUNT	APPLICATIONS	AMOUNT
SECURED LOANS	4,72,908	SALES UNSECURED-LOANS	20,34,480
SECURED LOAN VEHICLE	1,86,16,566	GROSS BLOCK	3,32,36,937
CASH FROM OPERATION	2,20,70,705	INCREASE IN WORKING WORKING CAPITAL	60,82,762
	<u>4,11,54,209</u>		<u>4,11,54,209</u>

**Interpretation:**

From the above table it is observed that the net working capital of the company shows increased from rs. 9, 00, 07,439 to rs. 16, 85, 93,203 in 2020-21. The rs. 6, 68, 89,330 in 2020-21. The net working capital of the company stood rs. 3, 56, 22,073 in 2019-2020. And it is increased to rs. 4, 20, 03,833. The increasing working capital is recorded as rs. 60, 82,761.

It is evident from the above table the total cash flow during the period from 2020-21. Amount rs 4, 11, 54,209. In the total cash flow 53.40% was received from cash operation and 45.44% was received from unsecured loans (vehicles) and 1.20% was received from secured loans.

**Conclusion:**

it is concluded that during the period 2020-21 more than 53.4% of the cash came trading activities 1.20% used in secured loans, 45 the application of cash around 81.20% of the cash utilized for investing in fixed assets. And 3.99% used for repayment of unsecured loans.

STATEMENT TO CHANGES IN WORKING CAPITAL				
CAPITAL PARTICULARS	1-4-2021	31-3-2022	CHANGES IN WORKING	
			INCREASE	DECREASE
Current assets:				
Inventories:				
Raw material	43,81,922	7,485		43,74,437
Consumable stores	28,20,817	4,64,492		23,50,320
Finished goods	41,40,688	8,02,858		
33,37,830				
Sundry debtors	4,62,98,356	4,48,74,766		20,23,590
Cash in hand	3,92,459	2,48,205		1,44,294
Balance with bank	2,46,419	28,82,845	26,36,432	
Other current assets:				
Deposits	75,36,186	78,64,198	3,28,018	
Income tax(advance tax)	28,20,390	29,29,216	1,17,820	
Sales tax	3,99,65,000	4,59,65,553	60,00,553	
<b>Total current assets</b>	<b>16,85,93,205</b>	<b>16,60,39,507</b>		
Current liabilities:				
Trade creditors	6,43,85,730	5,99,89,566	43,96,204	
Expenses payable	24,93,600	36,74,600		1
Auditor fee	16,000	16,000		
<b>Total current Liabilities</b>	<b>6,68,89,330</b>	<b>6,36,74,206</b>		
Working capital (current assets -current liabilities)	4,20,03,835	4,23,65,340		
<b>Net increase in working capital</b>	<b>6,61,506</b>			6,61,506
	4,23,65,341	4,23,65,341	1,34,72,976	1,34,72,976

**Calculation of operating profit**

For the period(2021-22)

Particulars	Amount (Rs)	Amount (Rs)
Net profit		22,49,368
Add: depreciation		2,06,99,674
Gross cash generated		2,28,49,042
Less: taxation for the year		---
Net cash generated		2,28,49,042

**STATEMENT OF SOURCES AND APPLICATION OF CASH For the period (2021-22)**

Sources	Rs	Applications	Rs
Increase in Secured loans	1,16,42,798	Increase in Gross Block	92,42,544
Net increase in		Working capital	6,61,506
Cash from operation	2,28,49,042	Secured loans paid	1,84,70,442
		Sale unsecured loans	55,20,348
	3,38,91,840		3,38,91,840

**Interpretation:**

from the above table it is observed that the net working capital of the company shows increased from rs. 16,85,93,205 to rs. 16,60,39,507 in 2020-21. The rs. 6,36,74,206 in 2021-22. The net working capital of the company stood rs. 4,20,03,835 in 2020-21. And it is increased to rs. 4,23,65,340. The increasing working capital is recorded as rs. 6,61,506.

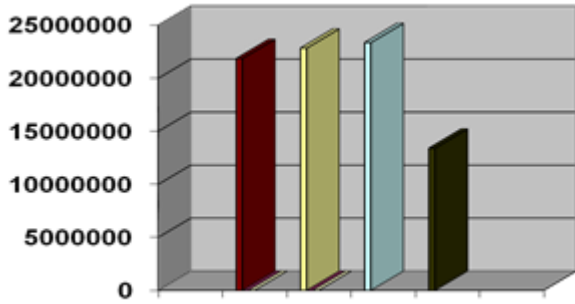
It is evident from the above table the total cash flow during the period from 2020-21. Amount rs 2,28,49,042. In the total cash flow 67.42% was received and 32.58% was received from secured loans.

**Conclusion:**

it is concluded that during the period 2021-22 more than 67.42% of the cash came trading activities .32.58% increase in secured loans in the application of cash around 27.27% of the cash utilized for investing in fixed assets. 54.49% used for repayment of secured loans and 20.28% used for repayment of unsecured loans.1.95% net working capital.

**Changes in cash from operations**

YEAR	AMOUNT
2019-2020	2,20,70,705
2020-2021	2,28,49,042
2021-2022	2,33,71,281
2021-2023	19,420545

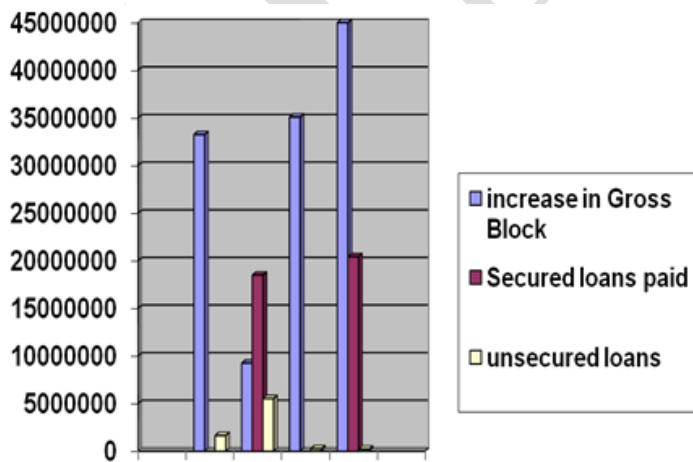


**Interpretation**

The above table explains that continuous fluctuations in flow of cash from operation. in the year 2020-21, the cash flow from operation in the year 2022-23 is 2,28,49,042 & it has increased to 18,2,55,71,201. in the year 2021-22. The cash from operation in the year 2022-23 is rs. 19420545-00.

**USES & APPLICATION OF CASH**

APPLICATION	2019-20	2020-21	2021-22	2022-23
Increase in Gross Block	3,32,36,937	92,42,544	3,50,70,720	44,95,83,69
Secured loans paid	-----	1,84,70,442	----	214205.70
Unsecured loans	20,34,480	55,20,348	2,43,206	216720



**Interpretation**



The above table shows that gross block has increased to rs. 5,04,88,853 in 2019-20. & rs. 3,32,36,937 in 2022-23. The secured loans paid rs.8,80,360 & rs.1,84,70,442 in 2022-23. The unsecured loans paid rs.20,34,481 in the year 2021-22. Next year rs.55,20,348. And the last year rs.2,43,206

## **FINDINGS**

## **SUGGESTIONS**

## **CONCLUSION**

### **FINDINGS**

- During the period 2019-2023 more than 28% of the cash came from trading activities. In the application of cash around 91% utilized for investing in fixed assets.
- During the period 2019-2023 more than 27% of the cash came from trading activities. The application of cash around 64% of the cash was utilized for investing in fixed assets.
- During the period 2019-2023 more than 53.41% of the cash came from trading activities. In the application of the cash around 81.20% of the cash are utilized for investing in fixed assets.
- During the period 2019-2023 more than 67.42% of the cash came trading activities. In the application of the cash 27.27% of the cash are utilized for investing in fixed assets.
- During the period 2019-2023 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.

### **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.

### **CONCLUSION**

the company is using a cash flow statement to predict future cash flow, which helps with matters in budgeting. For

investors, the cash flow reflects a company's financial health: basically, the more cash available for business operations, the better. However, this is not a hard and fast rule. Sometimes a negative cash flow results from a company's growth strategy in the form of expanding its operations.

By adjusting earnings, revenues, assets and liabilities, the investor can get a very clear picture of what some people consider the most important aspect of a company: how much cash it generates and, particularly, how much of that cash stems from core operations.

Changes in accounts receivable on the balance sheet from one accounting period to the next must also be reflected in cash flow. If accounts receivable decreases, this implies that more cash has entered the company from customers paying off their credit accounts - the amount by which ar has decreased is then added to net sales.

If accounts receivable increase from one accounting period to the next, the amount of the increase must be deducted from net sales because, although the amounts represented in ar are revenue, they are not cash.

An increase in inventory, on the other hand, signals that a company has spent more money to purchase more raw materials. If the inventory was paid with cash, the increase in the value of inventory is deducted from net sales.

A decrease in inventory would be added to net sales. If inventory was purchased on credit, an increase in accounts payable would occur on the balance sheet, and the amount of the increase from one year to the other would be added to net sales.

## REFERENCE

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1. The mindful investor, by maria gonzalez and graham bayron.
2. Understanding indian investors, by jawahar lal.



3. Security analysis and portfolio management by punithavathi pandian.
4. Investment analysis and portfolio management, by prasanna chandra.

**Websites**

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