

CASH FLOW STATEMENT IN MADHUCON SUGAR INDUSTRIES LIMITED

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ABSTRACT

The focusing on productivity and financial health analysis of madhucon sugar industries are playing a vital role in determining the financial viability of the sugar industries. The analysis of the financial statements is the process of evaluating the financial viability, profitability ratio, long term solvency ratio, current asset, liquidity ratio and efficiency in asset utilization of the sugar industries operating. The Sugar industries are basically depending upon the agricultural production, geographical and climate conditions of the State. Knowingly the researcher made an attempt to evaluate the sugar industries, whether the financial performance and the productivity level based on the season, climate conditions, geographical area wise they are physically powerful or not in the circumstances.

Keywords: Sugar Industry, Productivity, Financial Performance

1. INTRODUCTION

According to AS-3 (Revised), the cash flow statement should report cash flows during the period classified by operating, investing and financing activities. Thus, cash flows are classified in to three main categories.

- Cash flows from operating activities
- Cash flows from investing activities

Cash flows from financing activities.

Investing activities are the acquisition and disposal of long-term assets other investments not included in cash equivalents. The separate disclosure of cash flows have been made for resources intended to generate future income and cash flows.

A cash flow statement is useful for short-term planning. A business enterprise needs sufficient cash to meet its various obligations in the near future such as payment for purchase of fixed assets, payment of debts maturing in the near future, expenses of the business, etc.

A historical analysis of the different sources and applications of cash will enable the management to make reliable cash flow projections for the immediate future.

2. NEED FOR THE STUDY

The Financial Accounting Standard Board, U.S.A, has emphasized the need for cash flow statement as, "Financial reporting should provide information to help present and potential investors and creditors and other users in assessing the amounts, timing and uncertainty of prospective cash receipts from dividends or interest and proceeds from the sales, redemption or maturity of securities or loans. The prospects for those cash receipts are affected by an enterprise's ability to generate enough cash to meet the obligations when due and its other operating needs, to reinvest in operations and to pay cash dividends".

SCOPE OF THE STUDY

The study is totally confined to analysis of profitability of MADHUCON SUGAR & POWER INDUSTRY PVT LTD, Rajeswarapuram with profitability cash flow. As a tool of financial analysis the cash flow are of immense significance the importance of cash flow statement lies in fact that it presents facts on a comparative basis.

Cash flow are used in credit analysis to judge ability. Firm's liquidity or debt paying ability, which is very useful to the creditors.

OBJECTIVES OF THE STUDY

The following are some of the objectives that are set for the study, that is

1. To find out the ability of the firm to meet its current obligations.
2. To examine the Movement of Cash in Firm.
3. To know overall operation efficiency & financial performance of the company.
4. To compare the yearly performance.

5. To know the who are the debtors and creditors of the company.
6. To know profitability source in company.
7. To examine the financial position of the company.

3. RESEARCH METHODOLOGY

Methodologies are a systematic procedure of collecting information in order to analysis & verify a phenomenon. The collection is done through two principal sources viz.

1. Primary Data:

It is the information collected directly without any reference. In this study it was mainly interviews with concernment officers & staffs either individually or collectively some of the information has been verified or supplemented conducting personal with observations.

The data Includes:

Interviews with MADHUCON SUGAR & POWER INDUSTRY PVT LTD employees.

Organizations chart has been drawn through observation.

2. Secondary Data:

The secondary data was collecting from already published source such as payments annual reports returns & internal records.

The data Includes:

- Collection of required data from the annual reports of MADHUCON SUGAR & POWER INDUSTRY PVT LTD. In house magazines. Publications & websites.
- Reference from text books & journals relating financial management.

PERIOD OF STUDY:

A period of consecutive years is from 2019 to 2023 has been considerable for the purpose of the study.

4. LIMITATIONS OF THE STUDY

1. The analysis is made on the basis of secondary data.
2. Time is the main constraint in completing the study with in the stipulated periods allowed.
3. It is not possible to analysis that in detail all documents.
4. As there is more dependency in secondary data realistic conclusion may not be possible to be made.
5. This study is confined to 5 years period only which related to quantitative information base.

5. DATA ANALYSIS

During the year 2019-20 cash flow analysis of MADHUCON SUGAR & POWER INDUSTRY PVT LTD, shows the cash from operating negative balance of 16, 25,912, which is inflow of cash. The statement shows that the company does not maintained adequate cash balance. It shows the company has maintained adequate cash balance during the year of 2019-20.

During the year 2019-20 cash flow analysis MADHUCON SUGAR & POWER INDUSTRY PVT LTD, shows the cash from operating negative balance of 17, 92,563, which is outflow of cash. The statement shows that the company does not maintained adequate cash balance.

Compare with 2017-18 to 2018-19 the cash from operating value is increased.

FINDINGS

- 1) From the study it has been observed that the company has rehabilitated a sick unit into a prosperous one.
- 2) Cash Flow Statement has been prepared to know about the movement of cash during 2017-18 to 2021-22.
- 3) It has been find out that the company cash flow negative during the study period i.e., in 2022.

SUGGESTIONS

1. It can be recommended to the company that the company has to maintain sample cash balances.
2. The financial information obtained was analyzed using the appropriate techniques and it was found that the both operating cash flow and short term debt coverage ratio is in decreasing trend.
3. A part from this the company has to create contingents funds for meeting any kind of situation as the company.

6. CONCLUSION

1. A company can use a cash flow statement to predict future cash flow, which helps with matters in budgeting.

2. Madhucon Sugar financial health: basically, the more cash available for business operations, the better.
3. Finally 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.
4. 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 Madhucon Sugar.

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