



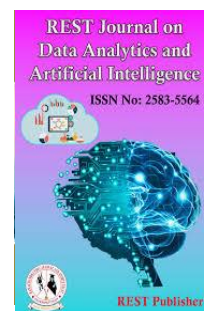
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# A Study on Technical Analysis of Fund flow Statement Analysis Using R.S Index with Reference to Hero Motors Crop Ltd

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**Abstract:** Many business owners disregard the importance of Funds flow statements because they unwittingly believe that their current financial standing can be construed from other financial reports and projections. Unfortunately, however, a Funds flow statement is necessary to adequately assess the incoming and outgoing flow of Funds and other resources in a business. Not only will a business owner with a Funds 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 Funds flow statements shows more economic solvency, and is more attractive to investors. A Funds flow statement documents the incoming and outgoing Funds in plain terms. Future sales and sales made for credit (unless they have been paid off) are not included in the Funds 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 decrease

**Keywords:** Funds flow statement, financial Reports, payables & receivables

## 1. INTRODUCTION

The financial statements provide some extremely useful information to the extent that the balance sheet mirrors the financial position on a particular date in terms of the structure of assets, liabilities and owners' equity, and so on and the profit and loss account shows the results of operations during a certain period of time in terms of the revenues obtained and the cost incurred during the year. Thus, the financial statements provide a summarized view of the financial position and operations of a firm. The focus of financial analysis is on key figures in the financial statements and the significant relationship that exists between them. The analysis of financial statements is a process of evaluating the relationship between component parts of financial statements to obtain a better understanding of the firm's position and performance. There are 3 steps in this process and it includes:

## 2. REVIEW OF LITERATURE

### ARTICLE: 1

**Title:** A Study on Fund Flow Management with Reference to Integrated Support

**Author:** Tanya Gupta and Magdalene Peter

**Source:** Indian Journal of Science and Technology

management practices and their ability to ensure profitability in their business. This recommends that businesses should

The net of all cash inflows and outflows in and out of various financial assets. Fund flow is usually measured on a monthly or quarterly basis. The performance of an asset or fund is not taken into account, only share redemptions (outflows) and share purchases (inflows). Net inflows create excess cash for managers to invest, which theoretically creates demand for securities such as stocks and bonds. Investors and market analysts watch fund flows to gauge investor sentiment within specific asset classes, sectors, or for the market as a whole. For instance,

if net fund flows for bonds funds during a given month is negative by a large amount, this would signal broad-based pessimism over the fixed-income markets. Financial analysis consists of ratio analysis and funds flow analysis. To know funds flow from one to one, as the time available is very limited and the subjects are very vast, the study is continued to overall financial condition of a firm. This study is to know working capital increase or decrease funds from operation, sources and application of funds of M/S Hero Moto Corp Ltd.

### 3. OBJECTIVES OF THE STUDY

- To know the operational efficiency of **Hero Moto Corp Ltd.**
- To study & prepare Funds Flow Statements.
- To analyze the movement of funds between the dates of two balance sheets in period of study 2019-2023.
- To identify the changes in the elements of focus and uses of working capital in between above mentioned year.
- To improve the financial performance of the company.

### 4. METHODOLOGY OF THE STUDY

#### Primary Data

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.

#### Secondary Data

The secondary data was collected form already published sources such as annual reports, returns and internal records.

### 5. THE DATA COLLECTION INCLUDES

- Data collected from annual reports of Hero Moto Corp Ltd.
- Reference form textbooks relating to financial management.

#### Research tools:

Funds Flow Statement

#### Tools of Analysis

Various statistical tools such as percentages averages were used to process the date, of effectiveness of funds flow in organization & management in Hero Moto Corp Ltd.

Research Design: Analytical Study

Data Sources : Secondary Data

### 6. LIMITATIONS OF THE STUDY

The fund flow statement has a number of uses; however, it has certain limitations also, which are listed below:

- It provides only some additional information as regards changes in working capital.
- It should be remembered that a funds flow statements is not a substitute of an income statement or a balance sheet.
- One has to concentrate on the cash management rather the than financial management.
- It is essentially historical in nature and projected funds flow statement cannot be prepared with much accuracy.

One has to concentrate on the cash management rather than the financial management.

#### Data Analysis & Interpretation

#### Composition of current Assets

(All the amounts are in Cr)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	Avg.
<b>Inventory</b>	939.75	683.24	901.86	924.97	954.27	4404.09
<b>Sundry Debtors</b>	224.60	152.20	128.18	240.85	296.64	1042.47
<b>Cash and Bank</b>	123.73	116.64	198.40	175.43	209.64	823.84
<b>Loans &amp; Advances</b>	351.82	292.65	422.61	674.03	711.34	2452.45
<b>Other current Assets</b>	728.11	764.04	1549.77	1895.80	1987.51	6925.23
<b>Total</b>	<b>2368.01</b>	<b>2008.77</b>	<b>3200.82</b>	<b>3911.08</b>	<b>4159.40</b>	

### Interpretation

The income statement is also called as income statement, it is considered to be the most useful of all financial statements. It prepared by a business concern in order to know the profit earned and loss sustained during a specified period. It explains what has happened to a business as a result of operations between two balance sheet dates. For this purpose it matches the revenues and cost incurred in the process of earning revenues and shows the net profit earned or loss suffered during a particular period. The nature of Income which is a focus of the income statement can be well understood if business is taken as an organization that uses “Input” to produce “Output”. The output of the goods and services that the business provides to its customers. The values of these outputs are the goods and services that the business provides to its customers. The values of these outputs art the amounts paid by the customers for them. These amounts are called “revenues” in the accounting. The inputs are the economic resources used by the business in providing these goods and services. These are termed “expenses” in accounting.

**TABLE 1.** Statement Of Changes In Working Capital  
**Rs in Crores**

<b>Working capital turnover ratio 2023</b>		
	<b>2023</b>	<b>2022</b>
Working capital turnover ratio		
Total current Assets		
Inventories	954.27	924.97
Sundry Debtors	296.64	240.85
Cash and Bank Balances	209.64	175.43
Other Current Assets	1987.51	1895.80
Loans and Advances	711.34	674.03
Total	4159.40	3911.08
Total Current Liabilities		
Current Liabilities	2451.88	2314.49
Provisions	1365.21	1106.11
Total	3817.09	3420.60
Net working capital	342.31	490.48
Increase\decrease in net working capital	<b>-148.17</b>	

**Interpretation:**

The networking capital of Hero Moto Corp Ltd has been increased to 342.31 Cr the financial position i.e. the performance of Hero Moto Corp Ltd has increased and the current assets exceeds its current liability.

**TABLE 1.** Statement Of Sources And Application Of Funds For The Period (2022-23)**Rs in cr**

Source	Rs.	Application	Rs.
Issue of share capital	315.54	Funds lost in operation	0.00
Raising of long term loans	0.00	Repayment of long term loan loans	3658.87
Sale of non-current (fixed) assets	358.64	Purchase of long term investments	-1868.98
Non-trading receipts	0.00		
Sale of investment	967.54		
Decrease in working capital	148.17		
	<b>1789.89</b>		<b>1789.89</b>

**Interpretation**

From the table it is observed that the working capital of company shows increased trend. The current Asset of the company has increased Rs 3658.89 in 2017-2018. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2017-2018. In the net working capital of company stood 1789.89 It is decreased in 2021-22. The decreasing net working capital. Regarding the application of funds 35.68 % used for investment in fixed assets and funds used for working capital purpose. Constitute 32.67 % respectively. It is concluded that during the period 2022-23 Increasing gross block and net increasing in working capital.

**TABLE 2.** Statement Of Changes in Working Capital**Rs in Crores**

<b>Working capital turnover ratio 2021</b>		
Working capital turnover ratio	2022	2021
Total current Assets		
Inventories	924.97	901.86
Sundry Debtors	240.85	128.18
Cash and Bank Balances	175.43	198.40
Other Current Assets	1895.80	1549.77
Loans and Advances	674.03	422.61
Total	3911.08	3200.82
Total Current Liabilities		
Current Liabilities	2314.49	1893.98
Provisions	1106.11	1096.57
Total	3420.60	2990.55
Net working capital	490.48	210.32
Increase\decrease in net working capital	<b>280.16</b>	

**Interpretation:**

The networking capital of Hero Moto Corp Ltd has been increased to 280.16 Cr the financial position i.e. the performance of Hero Moto Corp Ltd has increased and the current assets exceeds its current liability.

**TABLE 3.** Statement Of Sources And Application Of Funds For The Period (2021-22)  
**Rs in cr**

Source	Rs.	Application	Rs.
Issue of share capital	306.87	Funds lost in operation	0.00
Raising of long term loans	0.00	Repayment of long term loan loans	3515.83
Sale of non-current (fixed) assets	347.46	Purchase of long term investments	-1506.71
Non-trading receipts	0.00		
Sale of investment	864.31		
Decrease in working capital	490.48		
	<b>2009.12</b>		<b>2009.12</b>

**Interpretation**

From the table it is observed that the working capital of company shows increased trend. The current Asset of the company has increased Rs 3911.08 in 2021-2022 is 3200.82. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2021-2022. In the net working capital of company stood 3420.60 It is decreased in 2021-22.

The decreasing net working capital. Regarding the application of funds 32.65 % used for investment in fixed assets and funds used for working capital purpose. Constitute 29.64 % respectively. It is concluded that during the period 2021-22 Increasing gross block and net increasing in working capital.

**TABLE 4.** Statement Of Changes In Working Capital  
**Rs in Crores**

Working capital turnover ratio 2021		
Working capital turnover ratio	2021	2020
Total current Assets		
Inventories	901.86	683.24
Sundry Debtors	128.18	152.20
Cash and Bank Balances	198.40	116.64
Other Current Assets	1549.77	764.04
Loans and Advances	422.61	292.65
Total	3200.82	2008.77
Total Current Liabilities		
Current Liabilities	1893.98	1582.32
Provisions	1096.57	674.04
Total	2990.55	2256.36
Net working capital	210.32	-247.59
Increase\decrease in net working capital	<b>-37.27</b>	

**Interpretation:**

The networking capital of Zuari cements has been decreased to 37.27 Cr the financial position i.e. the performance of Hero Moto Corp Ltd has increased and the current assets defects its current liability.

**TABLE 5.** Statement Of Sources And Application Of Funds For The Period (2020-21)  
**Rs in cr**

Source	Rs.	Application	Rs.
Issue of share capital	305.97	Funds lost in operation	0.00
Raising of long term loans	0.00	Repayment of long term loan loans	3151.07
Sale of non-current (fixed) assets	238.27	Purchase of long term investments	-2018.15
Non-trading receipts	0.00		
Sale of investment	625.95		
Decrease in working capital	-37.27		
	<b>1132.92</b>		<b>1132.92</b>

**Interpretation**

From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has increased Rs 3200.82 in 2020-2021 is 2008.77. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2020-2021. In the net working capital of company stood -2019.15. It is decreased in 2020-21. The decreasing net working capital is Rs 37.27.

Regarding the application of funds 33.71% used for investment in fixed assets and funds used for working capital purpose. Constitute 30.77% respectively. It is concluded that during the period 2020-21 Increasing gross block and net Decreasing in working capital.

**TABLE 6.** Statement Of Changes in Working Capital  
**Rs in Crores**

<b>Working capital turnover ratio 2020</b>		
Working capital turnover ratio	2020	2019
Total current Assets		
Inventories	<b>683.24</b>	<b>939.75</b>
Sundry Debtors	<b>152.20</b>	<b>224.60</b>
Cash and Bank Balances	<b>116.64</b>	<b>123.73</b>
Other Current Assets	<b>764.04</b>	<b>728.11</b>
Loans and Advances	<b>292.65</b>	<b>351.82</b>
Total	<b>2008.77</b>	<b>2368.01</b>
Total Current Liabilities		
Current Liabilities	<b>1582.32</b>	<b>1412.55</b>
Provisions	<b>674.04</b>	<b>470.56</b>
Total	<b>2256.36</b>	<b>1883.11</b>
Net working capital	<b>-247.59</b>	<b>484.90</b>
Increase\decrease in net working capital	<b>237.31</b>	

**Interpretation:**

The networking capital of Hero Moto Corp Ltd has been decreased to 237.31 Cr the financial position i.e. the performance of Hero Moto Corp Ltd has increased and the current assets exceeds its current liability.

**TABLE 7.** Statement Of Sources And Application Of Funds For The Period (2019-20)  
**Rs in cr**

Source	Rs.	Application	Rs.
Issue of share capital	304.74	Funds lost in operation	0.00
Raising of long term loans	100.00	Repayment of long term loan loans	2784.09
Sale of non-current (fixed) assets	290.69	Purchase of long term investments	-1124.34

Non-trading receipts	0.00		
Sale of investment	727.01		
Decrease in working capital	237.31		
	<b>1659.75</b>		<b>1659.75</b>

### Interpretation

From the table it is observed that the working capital of company shows increased trend. The current Asset of the company has increased Rs 237.51 in 2019-2020 is 2368.01. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2019. In the net working capital of company stood -1124.34 It is increased in 2019-20. The increasing net working capital.

Regarding the application of funds 21.54 % used for investment in fixed assets and funds used for working capital purpose. Constitute 28.67 % respectively

It is concluded that during the period 2019-20 Increasing gross block and net increasing in working capital.

**TABLE 7.** Working capital turnover ratio 2019

Working capital turnover ratio 2019		
Working capital turnover ratio	2019	2018
Total current Assets		
Inventories	<b>939.75</b>	<b>581.60</b>
Sundry Debtors	<b>224.60</b>	<b>145.68</b>
Cash and Bank Balances	<b>123.73</b>	<b>114.94</b>
Other Current Assets	<b>728.11</b>	<b>535.85</b>
Loans and Advances	<b>351.82</b>	<b>237.04</b>
Total	<b>2368.01</b>	<b>1615.11</b>
Total Current Liabilities		
Current Liabilities	<b>1412.55</b>	<b>1081.70</b>
Provisions	<b>470.56</b>	<b>493.55</b>
Total	<b>1883.11</b>	<b>1575.25</b>
Net working capital	<b>484.90</b>	<b>39.86</b>
Increase\decrease in net working capital	<b>445.04</b>	

### Interpretation:

The networking capital of Hero Moto Corp Ltd has been increased to 445.04 Cr the financial position i.e. the performance of Hero Moto Corp Ltd has increased and the current assets exceeds its current liability.

**TABLE 8.** Statement Of Sources And Application Of Funds For The Period (2018-19)

**Rs in cr**

Source	Rs.	Application	Rs.
Issue of share capital	304.48	Funds lost in operation	0.00
Raising of long-term loans	100.00	Repayment of long term loan loans	2271.19
Sale of non-current (fixed) assets	216.30	Purchase of long term investments	83.57
Non-trading receipts	0.00		
Sale of investment	1288.94		
Decrease in working capital	445.04		
	<b>2354.76</b>		<b>2354.76</b>

### Interpretation

From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has increased Rs 445.04 in 2018-2019 is 1659.75. But the item cash balance showing increasing trend.

The current liabilities of company are decreased in 2018-2019. In the net working capital of company stood 83.57 It is increased in 2018-19. The increasing net working capital. Regarding the application of funds 15.64 % used for investment in fixed assets and funds used for working capital purpose. Constitute 18.67 % respectively. It is concluded that during the period 2018-19 Increasing gross block and net Decreasing in working capital.

**TABLE 9.** Net Decrease In Working Capital  
Rs in Lakhs

Year	Increase/Decrease	Amount
2018-19	Increase	484.90
2019-20	Decrease	-247.59
2020-21	Increase	210.32
2021-22	Increase	490.48
2022-23	Decrease	-148.17

### Interpretation

The above table we observed that 2018-19 would be increased by Rs. 48.49 .In the year 2019-20 the working capital has been decreased by Rs. -247.59. In the year 2019-20 the working capital is Rs. 210.32. In 2022-23 Rs.-148.17 has decreased the working capital.

### FINDINGS

- The networking capital of Hero Moto Corp Ltd has been increased to 296.64 Cr the financial position i.e. the performance of Hero Moto Corp Ltd has increased and the current assets exceeds its current liability.
- The networking capital of Zuari cements has been decreased to 45.54 Cr the financial position i.e. the performance of Hero Moto Corp Ltd has increased and the current assets exceeds its current liability.
- The networking capital of Hero Moto Corp Ltd has been decreased to 237.31 Cr the financial position i.e. the performance of Hero Moto Corp Ltd has increased and the current assets exceeds its current liability.
- The networking capital of Hero Moto Corp Ltd has been increased to 445.04 Cr the financial position i.e. the performance of Hero Moto Corp Ltd has increased and the current assets exceeds its current liability
- In the year 2018-19 the working capital has been decreased by Rs. -247.59. In the year 2019-20 the working capital is Rs. 210.32. In 2019-22 Rs.148.71 has decreased the working capital.

### SUGGESTIONS

- Net working capital is high; it is suggested to maintain sufficient net working capital.
- Effective inventory management is needed in the company
- The firm should increase investment in current assets to create sufficient securities for the current liabilities
- 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

## 6. CONCLUSION

The Hero Moto Corp Ltd net working capital is satisfactory between the years since it shows increasing trend; but after that it is in declining position Profit Margin of Hero Moto Corp Ltd is decreasing and showing negative profit because there is increase in the price of copper The Hero Moto Corp Ltd Net Working Capital Ratio is satisfactory. The Operating Ratio of Hero Moto Corp Ltd isn't satisfactory. Due to increase in cost



of production, this ratio is decreasing. So the has to reduce its office administration expenses Improve position funds should be utilized properly. Better Awareness to increase the sales is suggested. Cost cut down mechanics can be employed. Better production technique can be employed.

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