A Study On Cash Flow Statement With Special Reference To Neycer India Ltd, Vadalur

Abstract

This project is on based on A STUDY ON CASH FLOW STATEMENT IN NEYCER INDIA , LIMITDED VADALUR As in sight view of the project will encompass what it is all about, what is purpose and scope used for collection dada and their sources. Cash is considered as heard of entire business process. Cash is one of the basic foundations of all kind of economic activities. Cash flow statement is done by the researcher to find out the inflow and out flows strength and weakness of the neycer company. This project report included in the success and survival of any organization depends upon have efficiently it is able to raise cash secondary data collection.

I.Introduction

Cash flow statement indicates the amount of cash receipts and the amount of cash payments or disbursements during a specified time. It outlines from where cash was generated and to where it was expensed. In other words, it reports the cash inflows and cash outflows, during a time period.

A cash flow statement counters the' ambiguity regarding a company solvency that various accrual accounting measures create. It also categorizes the sources and uses of cash to provide the reader with an understanding of the amount of cash a company generates and uses in its operations, as opposed to the amount of cash provided by sources outside the company ,such as borrowed funds or funds 'from stockholders . the cash flow statement also tells the reader how much money was spend for items that do not appear on the income statement, such as loan repayments, long-term asset purchases, and purchases, and payment of cash dividends[Ryan2007]'

The cash flow statement the net increase or decrease in cash and explains the causes for the changes in the cash balance', during a certain time period. The major business activities that result in either net cash 'inflow or cash outflow are operating, financing and investing activities. a cash flow statement is an important indicator of financial health because it is possible for a company to show profits while not having enough cash to sustain operations. It is a financial report that show's to the user the sources of company cash and how it was spend over a specific period of time

It also provides that under core concepts, cash is stated as" cash and cash equivalents" while cash is the most liquid assets portion of a company balance sheet including currency and bank deposit, in the other hand cash equivalents are asset that ready to be converted into cash such as money marked holding, short term government bonds, bills, marketable securities and commercial paper. Other sources of investments such as stock, bonds, futures contracts, and so forth are not considered cash .

Company Profile

India is large, highly populated country of around one billion people, with an economy which is steadily growing. In 1991, approximated 64% of urban householders had some kind of toiled facility compared with9% of the rural areas. There is a winding difference in income between regions, the rich and poor. Sanitation is a must for every individual of our society

According to the government estimates, more than 50% of the urban population does not access to sanitation facility

Industry Over View:

The unorganized sectors have adopted local India technology to manufacture the basic sanitary ware products. Since the availability of raw material is in abundance and also very cheap in the state of Gujarat& Rajasthan various companies have established their factory in these areas. They are producing the basic sanitary ware in various brands.

Unorganized sanitary ware manufactures comes under small sectors and hence enjoy the benefits of nil excise duty and sales tax hence they sell their products in the domestic market approximately 70% cheaper than the organized sectors products. Government of policy on housing loan to boost the housing sectors.

As per DGTD survey report there is a shortage of about 20 million houses in the country by the end of 8th five year plan.

The housing has become a basic necessity as people in India are looking forward for improved sanitary condition

Demand Estimation:

The total demand for sanitary ware in India for the organized manufacturers is at present approximately 80000 M.T.per annum. The region wise demand pattern can be estimated as follows.

- NORTH - 18000
- SOUTH - 32000
- EAST - 15000
- WEST - 15000
- TOTAL - 80000

Every year the above demand is expected to grow by 15to17%

Current market size

The India sanitary ware market is worth around 500 cores in the year2001-2002 with an annual market size of around 8 million pieces. This represents a yearly growth rate of about 3-4 %64

Major Players:

Until the mid-1940 the sanitary ware available in India was imported mainly from UK and was used only in upper class residence in major cities. The first sanitary ware was manufactured in India was by m/s. Parasuram pottery works. In the 1960 companies like EID parry in collaborate with twofold of UK production of vitreous china sanitary ware.

Sanitary Ware Demand:

Sanitary ware industries in India for the last6to 7 years have shown very dramatic growth with major players doubling their production capacity. These companies have also upgraded their quality and have introduced high value range in the market, which has been accepted and appreciated. The demand for high value sanitary ware in India is growing very fast. The companies are trying to meet the demand as the realization per metric ton for high value product is very good which ultimately result in good profitability.

Outlook Sanitory Ware Inustry In India:

In the next decade, India is expected to be one of the world fastest growing countries for consumption. The sanitization penetration has more than trebled from 8% in 1994 and 29%in 1999

It estimated that there is currently a demand for 20 million housing units in India further of the million housing units across the country will need reconstruction for improvement.

Sanitary ware industry statistics:

1. World production 187 million pieces.
2. India’s share 6.7 million Pieces.
3. World ranking (In Production) Not in the top 10 (India A/C for 3.30%
4. Global industry growth rate 5-7%

Manufacturing:

- Glazing by reports to improve the consistency.
- Fast firing kilns to improve the flexibility.
- Since the manufacturing of sanitary ware involves a high degree of manual labour. There is a noticeable trend of movement of manufacturing costs.

Industry Dynamics:

Internationally, the trend of merger, acquisition and collaboration are being noticed. These give the international players in terms of cost and manufacturing flexibility

Law And Citizens:

In order to improve conditions, governments in various countries also resorted to legal measures. Dirt by definition as considered as disorder, because it disrupts order of maintaining

the environment

In 1519 the provincial government of Normandy in France made of toilet compulsory in each house the French government also passed a parliamentary decree to make cesspools in each house compulsory.

Sanitaryware Industry In India:

India is a large, highly population country of around one billion people, with an economy which is steadily growing. As per the study, there was an estimated 125 million dwelling in India (1995), but 200 million households. This reveals an acute housing shortage. The U.N. predicts an increase in the population of 1.6% per annum. There is a gradual migrant shift from rural to urban areas and 27% of the population no live in urban population and the rural. 1994, 70% of the urban population had access to adequate sanitation, where as is rural community only 14% had access.

In 1991, approximately 64 % of urban households had some kind of toilet facility coppered with 9% of the rural areas. There is a widening difference in income between different regions, the government estimates, more than 50% of the urban population does not access to sanitation are covered by sanitation.

Trends In Sanitaryware Industry:

Products:

- Designs of closets: Introduction of designs to suit handicapped people, closets which are the height of an average chair and therefore more comfortable, lavatories with interesting shapes and designs.
- Designs of washbasins: The trend of people wanting to express themselves particularly, with the wash basin is being seen. So a trend of introduction of variety of new colours and shades and also in use of different materials like glass is being seen.
- Environment friendly products: Major manufactures are applying technology to offer confirm to the tough laws in most countries.
- Technology let products: Major manufacturers are applying technology to offer production, which offer consumer benefit in the areas of hygiene improvement and comfort of usage.

History Of NEYCER:

Neycer India limited formerly known as naively ceramics and refractory limited as promoted by south madras industrial development company private limited, a close affiliate of sashasayee brothers (PVT) limited. The company was established with a licensed capacity to manufacture 1800 tones of sanitary ware provided by MS. Elemental baykermik vestries GMBH (KERAMAG) of West Germany. The project was completed and the commercial production commences in October 1965.

Neycer has the capability to develop new patterns, products as the exclusive requirement to customer and has skilled man power developed over a period of more than decades. Neycer

products are famous for the wide range of patterns and glassy colours with different size in each under regular manufacture. It has been continuously updating its manufacturing technique to product superior quality products.

Company Vision:

The vision statement announced by the management in 1999 is given below:

- To provide home interior production of global standards to make the home into a place one wants to be in.
- To be the market leader in all product delivered and with a growing presence in international markets.
- To achieve exception enhancement from the stake holder to the best in the industry through as in innovation, dynamic, transparent and ethical organization.

Quality Policy Of Neycer India Limited:

- Compliance with document quality system.
- encoring innovation
- Technology updating
- Optimizing costs.
- Improving productivity.
- Continuous improvement all around including customer service levels
- Empowering work force

Duties And Responsibilities Of Departmental Heads:

(1) Finance manager:

He is responsible for financial matter in the organization. He prepares financial plan. He assesses the financial needs of the organization and sources of the finance. He should be expert in the field of management. He should know different tools used in the field of financial management fund flow analysis, cash flow analysis, budgeting etc.all these are necessary to prepare a sound financial policy for the organization.

(2) Account manager:

He is responsible for keeping the details of day book, ledger and P.F registers. Moreover, he should record and maintain all the details of sales tax calculation and related documents and produce them on demand.

(3) Marketing manager:

He is charge of the marketing department of the organization. The marketing department aims to increase the turnover of the organization, market share, and profitability of the organization.

(4) Production manager:

He is responsible for the production of good services in the organization. He looks after the purchasing function and manager the production design and process. He is called in different names such as production engineer, plant engineer, operation engineer etc.

They are responsible for plant layout, inventory management, production control and quality control.

(5)Human resource management:

A human resource manager occupies a very important position is an organization .the duty of the human resource managers to recruit and develop personnel required by the organization

RAW MATERIAL:

RAW MATERIALS	CHINA CLAY	FELDSPAR	QUARTZ	WOLLASTONIC	CALCITC	ZIRCON	ASING DEPARTMENT
S.NO	1	2	3	4	5	6	7

- Ball clay
- China clay
- Feldspar
- Quartz
- Calctic
- Silica sand
- Chemicals
- Zinc oxide
- Colour stains
- Wollastonic

Marketing Department:

There are survival approaches to in neycer India limited. The duty may lie with a single member of the team or it is responsibility. The great thing about a small team is the ability in still a marketing led ethos which can become the operational soul of your business.

Depending on budget availability and the skill of you may choose to out sources certain elements of the marketing process or diced to do these jobs in house .responsibility of the marketing manager vary according to the business but can include.

Customer Relationship And Management

It is the process of communicating with customer throughout the various stages of the purchasing process and this includes people who have already bought from you it is significantly easier to hilt on to an existing customer than it is to fine new ones, but this requires all elements of the marketing mix to be run well.

Development Of Marketing Strategy & Plans:

Marketing planning should be as the core to any business and is usually presented in the form of a written marketing plan. A consultant called Paul smith first development a process known as SOSTAC which is useful model used to structure a marketing plan.

Maintenance Department

The maintains department is responsible for the smooth and proper working of all machines. This ensures that all the machine properly which is necessary department performs mainly 3 type's maintenance works namely:

- Preventive maintenance
- Periodic maintenance
- Break down maintenance

Preventive maintenance:

The maintenance works done for the prevention of machine break down is known as preventive maintenance, lubrication, oiling, greasing, etc.,

Periodic maintenance:

It is done monthly or weekly and it is a part of preventive maintenance. Examples of periodic maintenance are clearing and over hauling.

II. Review Of Literature

Thornton (2010) Indicated that FASB 95 requires a statement of cash flow to classify cash receipts and cash payments in accordance with the prescribe format they start from operating activities, investing activities, or financing activities . It provides that the cash flows statement should be prepared under either direct or indirect method and provides examples of how to use each method when preparing statement. It also provides that under the core concept, cash is stated as cash and cash equivalents. While cash is the most liquid assets within the asset portion of a company balance sheet including currency and bank deposit, in the other hand cash, bonds, futures, contracts, contracts, and so forth are not considered cash.

Choong Yule (2011) Understood, analysts, cash flow forecasts have become widely available through financial services. Cash flow information enables practitioners to have a better understand the real operating performance and financial stability of a company, practically when earning information is noisy and of low quality.

Redman – (2012)Studied the impact of the different variables of working capital management Including average collection period, inventory turnovers in days , average payments and concluded cash conversion cycle on the net operating probability of rims and concluded ratio and profitability of firms .

Jeniscormier (2012) mentioned that the finance manager may use the received funds management to voluntary receives funds forecasting. Put on document of the range3 of earning management guarantee with Canadian Initial Public Offerings (IPOs) and study the scope to

which firms with best corporate control systems are less likely to use achieving funds management to obtain their achieving funds estimates forecasting IPOs prospectus

Faezin rezaei and zahra safari (2013) Reported determining the effective factors on market value of equity can help shareholders to make an appropriate decision and allocate economic resources efficiently. Profitability of companies is one of the most important criteria for investors to assess companies, but relying on net profit regardless of its constituent items will lead to loss of important and effective information on decision making and therefore making and therefore making improper decision) Measured cash flow ratios could be a better `measurement for the firms performance than financial ratio from income statement and balance sheet. Because cash flows from operations as a main component of the ratios excluding the effect of non cash flow items such as depreciation expenses and gain or loss on the sale of operating assets.

Jay rajand lingo – (2014) Examined the determinants of textile exports in India during the period from 1981-81to2001-0S2. The study concluded that the trade openness was the major factors than raw materials, power, obsolete machines, technology up- gradation and demand in exports textile goods.

III. Reserch Methodology

OBJECTIVES OF THE STUDY

- To find out the cash inflow and cash out flow of the cash position
- To know how to manage receivable, inventory and cash.
- To study the liquidity position of the company.
- A prospective investor consults the cash flow statement to ensure that his investment gets regular returns in future.
- To show the operating, financing and investing activities on cash resource.
- To explain the causes for cash balance changes.
- To help in forecasting the future cash flows.

LIMITATION OF THE STUDY:

- Have to collect in secondary data. Using and process of cash flow statement
- Time and cost are the major constrain.
- Since cash flow statement does not consider non-cash items, it reveals the actual net income of the business.

Research

A search for knowledge collection method and a statistical analysis plan. Research design is the frame work that has been created to seek answer research questions.

Research is careful and detailed study into specific problem, concern, or issue using the scientific method. It the careful study and investigation for the purpose of discovering and explain new knowledge.

Research Design

Research design is the document of the study is one which information is collected without changing the environment

The section includes all practical details followed for research. After reading this any interested party should be able to replicate the research used for data collection how many people tool was used for data collection.

Scope Of The Study

The study mainly attempts to analyze the cash flow statement of the company selected for the study. The financial authorities can use this for evaluating their performance in company properly for the development of the company and NEYCER employees to bring overall growth. This is to certify that main project A STUDY ON CASH FLOW STATEMENT IN NEYCER INDIA, LTD in future.

IV. Data Analysis

CASH FLOW STATEMENT FOR THE YEAR ENDED – 2017

INFLOW

R.S

OUT FLOW

R.S

Opening balance

26,16,948

long term borrowing

14,850,659

Share capital

NIL

Share capital

NIL

Increase in reserve and surplus

16,194,282

Long term liability

83,140,56

Long liability

50,000

Decrease in short term borrowing

7,982,678

Increase in trade payable

1,820,179

Fixed assets

8,429,341

Current liability

2,45,890,91

-

-

Increase in short term provision

7,500,949

-

-

Non – current investment

NIL

Non- current investment

NIL

tax assets

NIL

tax assets

NIL

Long term .loans and advances

1,25,787

Decrease in inventories

5,878,347

Increase short term loans

28,98,889

Trade receivable

22,478,16

-

-

Cash from operating

5,326,908

-

-

Closing balance

27,66,320

TOTAL

55,796,125

TOTAL

55,796,125

CASH FLOW STATEMENET FOR – 2017

Interpretation

2016-2017 compare with opening balance and closing balance. Opening balance better than closing balance very low so the company in future in maintains the cash position

CASH FLOW STATEMENT FOR THE ANNUAL YEAR- 2014

INFLOW

R.S

OUT FLOW

R.S

Opening balance

21,533,18

Decrease reserve and surplus

29,085,619

Increase in share capital

40,423,360

Long term borrowing

30,795,432

Increase in long – term liabilities

25,0000

Decrease in long- term provision

1,830,605

Increase in current liabilities

22,124,317

Short term borrowing

6,057,920

Short term borrowing

2,771,231

Decrease in trade payable

13,538,925

Capital work in progress

28,131,91

Tangible assets

11,674,030

Increase tax aspects

995,903

Non -current investment

-

Cash from operation

3,792,736

Decrease long term loan and advances

530,442

-

Inventories

6,49,878

.

-

Trade receivable

3,700,0788

-

Closing balance

2,525,864

TOTAL

9,78,629,29

TOTAL

9,78,629,29

5.2 CASH FLOW STATEMENT FOR – 2014

Interpretation

2013-2014 compare with opening balance and closing balance. Opening balance better than closing balance very low so the company in future in maintains the cash position

V. Findings

- The company is having sufficient cash flow management.
- It is to be observed that the company new worth is decreases considerably. through this increase in procurement of secured loans
- The cash flow statement as increase and decreases are stepping towards the growth in five years.
- To firm has considerable amount of cash to meet our inflows and out flows.
- The neycer India limited to declare the opening balance to increases the closing balance comparativeness.
- All the years balance sheet to declared the opening balance to increase the closing balance for the sheet

Suggestion

- The company liquidity is very high but borrowing and out flow of cash is very high so the companies in future to maintain the good financial position .they have to improve the cash position. There are various global challenges that are faced by every company the present competitive environment. And international is not any exemption. To face the present global challenges the human resources department should be develop to improve various skills among the employees specially the motivational skills and having the regular training for the employees about various developments in the market.
- There are various development taking in the industry to changes it the company should develop a fully fledged research and development for binging technological change and improvement in design and process.
- The company has it make new joint Venter with other companies in order to reduce the losses The company liquidity is very high but borrowing and outflow of cash is very high so the companies in future to maintain the good financial position .they have to improve the cash position.
- The company is having sufficient cash flow management
- Loans and funds are decrease by year by year, it means that the company is in profitable position
- The manpower needs to be assessed in relation to production and sales. The excess of employees should be removed through various measures like VRS, retirement and destruction the requirement of new employees
- There are various global challenges that are faced by every company the present competitive environment. And international is not any exemption. To face the present global challenges the human resources department should be develop to improve various skills among the employees specially the motivational skills and having the regular training for the employees about various developments in the market.
- There are various development taking in the industry to changes it the company should

develop a fully fledged research and development for binging technological change and improvement in design and process.
- The company has it make new joint Venter with other companies in order to reduce the losses

Conclusion

The company to improve the inflow cash and control the out flow of cash. Neycer company commonly Concentra in with the cash management. So in future the company successful function in a vadalur area. The company is performing exceptionally well due to the up wishing in the global market followed by the domestic market. It is an upcoming one with good and innovative ideas and believed in improving all the areas of its operations. The company has a good liquidity position and does not delay is commitment in cash of both its creditors and debtors, the company being mostly dependent on the working capital facilities, it is maintaining very good relationship with their banks and their working capital management is well balanced.

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