

A  
PROJECT REPORT  
ON  
FUNDS FLOW STATEMENT  
AT  
HERITAGE FOODS LIMITED

BY

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Under the Guidance of

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**GOVERNMENT DEGREE COLLEGE**

(Affiliated to Palamuru University, Nagarkurnool (DIST), Telangana)

ATMAKUR, WANAPARTHY (DIST), TELANGANA

## DECLARATION

We undersigned, hereby declare that the project report entitled "A STUDY ON FUNDS FLOW STATEMENT" carried out "HERITAGE FOODS LIMITED" is Our original work written and submitted by us in partial fulfillment of Bachelor Of Commerce of GOVERNMENT DEGREE COLLEGE, ATMAKUR, WANAPARTHY(DIST), TELANGANA. We also declare are that this project has not been submitted earlier in any other university or institution.

Place: Atmakur

Date: 28/06/2022

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Our sincere thanks to **Mr. C.G.LAKSHMI PRASAD (Principal)** and Our project guide **Mr. V.SRINIVASULU** for their kind encouragement and constant support extended in completion of this project work. From the bottom of my heart

We are also thankful to all those who have incidentally helped me, through their valued guidance, co-operation and unstinted support during the course of our project.

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Heritage  
FOODS (INDIA) LIMITED

## TO WHOM SO EVER IT MAY CONCERN

This is to certify that Mrs/Ms **AT ARUNA** bearing Hall ticket no : **19033013405001** Student of **GOVERNMENT DEGREE COLLEGE ATHMAKUR, WANAPARTHY** Dist. Telangana has successfully completed his project on "**FUNDS FLOW STATEMENT**" as part of the Academic Course circular in our organization.

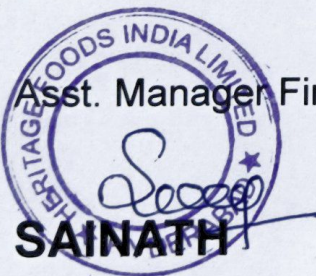
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He/She has completed the assigned project well within the time frame. He/She is sincere, Hard working and his conduct during the period is commendable.

We wish all the best in his future endeavors.

For Heritage Foods (India) Limited,

Asst. Manager Finance







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He/She has completed the assigned project well within the time frame. He/She  
is sincere, Hard working and his conduct during the period is commendable.

We wish all the best in his future endeavors.

For Heritage Foods (India) Limited,

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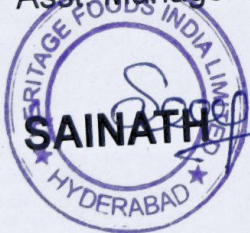
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## **ABSTRACT**

*Fund Flow Statements summarize a firm's inflow and outflow of funds. Simply put, it tells investors where funds have come from and where funds have gone. The statements are often used to determine whether companies efficiently source and utilize funds available to them.*

*Fund flow statements are prepared by taking the balance sheets for two dates representing the coverage period. The increases and decreases must then be calculated for each item. Finally, the changes are classified under four categories: (1) Long-term sources, (2) long-term uses, (3) short-term sources, (4) short-term uses.*

*It is also important to zero out the non-fund based adjustments in order to capture only the changes that are accompanied by flow of funds. However, income accrued but received and expenses incurred but not received reckoned in the profit and loss statement should not be excluded from the profit figure for the fund flow statement.*

*Fund flow statements can be used to identify a variety of problems in the way a company operates. For example, companies that are using short-term money to finance long-term investments may run into liquidity problems in the future. Meanwhile, a company that is using long-term money to finance short-term investments may not be efficiently utilizing its capital.*



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**CHAPTER - I**  
**INTRODUCTION**

## **1.1 INTRODUCTION**

### **Meaning of Funds Flow Statement:**

Funds flow statement is a statement which discloses the analytical information about the different sources of a fund and the application of the same in an accounting cycle. It deals with the transactions which change either the amount of current assets and current liabilities (in the form of decrease or increase in working capital) or fixed assets, long-term loans including ownership fund.

It gives a clear picture about the movement of funds between the opening and closing dates of the Balance Sheet. It is also called the Statement of Sources and Applications of Funds, Movement of Funds Statement; Where Got—Where Gone Statement; Inflow and Outflow of Fund Statement, etc. No doubt, Funds Flow Statement is an important indicator of financial analysis and control. It is valuable and also helps to determine how the funds are financed. The financial analyst can evaluate the future flows of a firm on the basis of past data.

**This statement supplies an efficient method for the financial manager in order to assess the:**

- (a) Growth of the firm,
- (b) Its resulting financial needs, and
- (c) To determine the best way to finance those needs.

In particular, funds flow statements are very useful in planning intermediate and long-term financing.

### **Objective of Preparing a Fund Flow Statement:**



The main purpose of preparing a Funds Flow Statement is that it reveals clearly the important items relating to sources and applications of funds of fixed assets, long-term loans including capital. It also informs how far the assets derived from normal activities of business are being utilized properly with adequate consideration.

Secondly, it also reveals how much out of the total funds is being collected by disposing of fixed assets, how much from issuing shares or debentures, how much from long-term or short-term loans, and how much from normal operational activities of the business.

Thirdly, it also provides the information about the specific utilization of such funds, i.e. how much has been applied for acquiring fixed assets, how much for repayment of long-term or short-term loans as well as for payment of tax and dividend etc.

Lastly, it helps the management to prepare budgets and formulate the policies that will be adopted for future operational activities.

### **Significance and Importance of Funds Flow Statement:**

Since traditional reports (i.e. Income Statement/Profit and Loss Account, and Balance Sheet) are not very informative, a financial analyst has to depend on some other report—Funds Flow Statement. In other words, along with the traditional sources of information, some other sources of information are absolutely required in order to take the challenge offered by modern business.

Funds Flow Statement, no doubt, caters to the needs of management. This is because a Funds Flow Statement not only presents the Balance Sheet values for consecutive two years, it also ascertains the changes of working capital—which is a very important indicator.

It not only reveals the source from which additional working capital has been financed but also, at the same time, the use of such funds. Moreover, from a projected funds flow statement the management can easily ascertain the adequacy or inadequacy of working capital, i.e., it helps in decision-making in a number of ways.

**The significance and importance of Funds Flow Statements may be summarized as:**

**(a) Analysis of Financial Statement:**

The traditional financial statements, viz. Profit and Loss Account and Balance Sheet, exhibit the result of the operation and financial position of a firm. Balance Sheet presents a static view about the resources and how the said resources have been utilized at a particular date with recording the changes in financial activities. But Funds Flow Statement can do so, i.e., it explains the causes of changes so made and effect of such change in the firm accordingly.

**(b) Highlighting Answers to Various Perplexing Questions:**

Funds Flow Statement highlights answers of the following questions:

- (i) Causes of changes in Working Capital;
- (ii) Whether the firm sells any Non-Current Asset; if sold, how were the proceeds utilized?
- (iii) Why smaller amount of dividend is paid in spite of sufficient profit?
- (iv) Where did the net profit go?
- (v) Was it possible to pay more dividend than the present one?
- (vi) Did the firm pay-off its scheduled debts? If so, how, and from what sources?
- (vii) Sources of increased Working Capital, etc.

**(c) Realistic Dividend Policy:**

Sometimes it may so happen that a firm, instead of having sufficient profit, cannot pay dividend due to lack of liquid sources, viz. cash. In such a circumstance, Funds Flow Statement helps the firm to take decision about a sound dividend policy which is very helpful to the management.

**(d) Proper Allocation of Resources:**

Resources are always limited. So, it is the duty of the management to make its proper use. A projected Funds Flow Statement helps the management to take proper decision about the proper allocation of business resources in a best possible manner since it highlights the future.

**(e) As a Future Guide:**

A projected Funds Flow Statement acts as a business guide. It helps the management to make provision for the future for the necessary funds to be required on the basis of the problem faced. In other words, the future needs of the fund for various purposes can be known well in advance



which is a very helpful guide to the management. In short, a firm may arrange funds on the basis of this statement in order to avoid the financial problem that may arise in future.

**(f) Appraising of the Working Capital:**

A projected Funds Flow Statement, no doubt, helps the management to know about how the working capital has been efficiently used and, at the same time, also suggests how to improve the working capital position for the future on the basis of the present problem faced by it, if any.

## **1.2 NEED OF THE STUDY**

Funds Flow Statement is an important financial tool, which analyze the changes in financial position of a firm showing the sources and applications of its funds. It provides useful information about the firm's operating, financing and investing activities during a particular period. The following points highlight the importance of Funds Flow Statement.

- Funds Flow Statement helps in identifying the change in level of current assets investment and current liabilities financing.
- Funds Flow Statement helps in analyzing the changes in working capital level of a firm.
- Funds Flow Statement shows the relationship of net income to the changes in funds from business operation.
- Funds Flow Statement report about past fund flow as an aid to predict future funds flow.
- Funds Flow Statement helps in determining the firm's ability to pay interest and dividend, and pay debt when they become due.
- Funds Flow Statement shows the firm's ability to generate long term financing to satisfy the investment in long term assets.
- Funds Flow Statement helps in identifying the factor responsible for changes in assets, liabilities and owner's equity at two balance sheet date.

### **1.3 SCOPE OF THE STUDY**

Funds Flow Statement is a Technical Device to analyze the changes in the financial condition of the business enterprise between two dates. This funds flow statement is a statement which indicates various means by which the funds have been obtained during a certain period and the ways to which these funds have been used during the period.

The term funds used here means working capital that is the excess of current assets over current liabilities. It is an essential tool for the financial analysts and is of primary importance to the financial management.

- The present study focuses as sources of funds and applications of funds for a period of time.
- The study is confirmed to find out the changes in the financial position of the Heritage Foods Limited between the beginning and the ending financial date.
- This Funds Flow Statement is a statement which indicates various means by which the funds have been obtained during a certain period.
- The basic purpose of funds flow statement is to reveal the changes in the working capital on the two balancing dates.
- It helps in the analysis of financial operations.
- It helps in the formation of realistic dividend policy.



## **1.4 OBJECTIVES OF THE STUDY**

- To know the Cash Management Performance of the Heritage Foods Limited.
- To analyze the Working Capital Management of Heritage Foods Limited.
- To analyze the cash flow cycle of selected samples of Heritage Foods Limited
- To evaluate the cash flow from operating activity, financing activity and investing activity of selected samples of Heritage Foods Limited.
- To analyze the relationship between availability of cash and profitability performance of Heritage Foods Limited.
- To analyze the cash conversion cycle of Heritage Foods Limited.
- To make suggestions for improvement of cash management for selected samples of Heritage Foods Limited.

## **1.5 RESEARCH METHODOLOGY**

### **SOURCES OF DATA:**

#### **Research**

Research is a process in which the researcher wishes to find out the end result for a given problem and thus the solution helps in the future course of action. Redman and Mory defines research as a “systematized effort to gain new knowledge”.

#### **Research Design**

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with company in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blue print for the collection, measurement and analysis of data.

#### **Sources of Data:**

The data was collected through primary and secondary sources.

#### **Primary Data:**

- First hand information was collected using the direct personal interview.
- Interaction with guide to understand the general & specific aspects regarding utilization of resources.

#### **Secondary Data:**

Annual reports collected from the Heritage Foods Limited.

**Period of study:**

The analyze presented in the study are “Annual Reports” of Heritage Foods Limited Company from 2016-2017 to 2020-2021.

**1.6 LIMITATIONS OF THE STUDY**

- The period of study is of 5 years i.e. 2017-2021 and the performance evaluation is also limited to 5 years.
- The study is purely based on the data available the form of annual reports...
- Analysis is only means and not an end itself; different people interpret the same analysis in different ways.
- The overall financial performance is taken into consideration without taking into account the minute values or individual values.
- This study is conducted within a short period.
- The time factor is also a limitation.



**CHAPTER - II**  
**REVIEW OF LITERATURE**  
**&**  
**THEORETICAL FRAMEWORK**

## **2.1 REVIEW OF LITERATURE**

### **LITERATURE REVIEW - 1**

**TITLE:** A Study on Cash Flow Statement Analysis With Special Reference To Jet Airways

**AUTHOR:** B. Padma Sri

**ABSTRACT:** In the developing world there are many firms which have been opened but there are only a few firms which are able to withstand. Few firms have more assets and less cash and vice versa (i.e., the working capital will be in a good position) but they will not be able to pay the tax, repay the debt and so on, due to the fact that the cash at hand or liquid assets will not be available for that firm. So, to avoid this situation the cash flow system is introduced which gives the idea of how to use the working capital in such a way so that the firm will not meet with the inadequacy of the cash. Based on the cash flow statement a firm can forecast its profit for the forthcoming periods (days, months and next year). This research paper concludes that the cash flow statement is not similar to the income statement but it can be used as a source for computing the cash flow statement.

**Keywords:** cash flow, liquid assets, forecasting the profit.

## **LITERATURE REVIEW – 2**

**TITLE:** Analytical Study of Fund Flow Statements in an Organization using Data Analysis Method

**AUTHOR :** Amit Agrawal

**ABSTRACT:** Fund Flow Statements abridge a firm's arrival and address of funds. Simply put, it tells investors area funds accept appear from and area funds accept gone. The statements are generally acclimated to actuate whether companies calmly antecedent and advance funds accessible to them. Fund flow statements are able by demography the antithesis bedding for two dates apery the advantage period. The increases and decreases have to again be affected for anniversary item. Finally, the changes are classified beneath four categories: (1) Abiding sources, (2) abiding uses, (3) concise sources, (4) concise uses. It is as well important to aught out the non-fund-based adjustments in adjustment to abduction alone the changes that are accompanies by flow of funds. However, assets accrued but accustomed and costs incurred but not accustomed reckoned in the accumulation and accident account should not be afar from the accumulation amount for the fund flow statement. Fund flow statements can be acclimated to analyze a array of problems in the way a aggregation operates. For example, companies that are application concise money to accounts abiding investments may run into clamminess problems in the future. Meanwhile, a aggregation that is application abiding money to accounts concise investments may not be calmly utilizing its capital

**Keywords:** Funds, Funds flow, data analysis, diplomacy



### **LITERATURE REVIEW – 3**

**TITLE:** The Funds Statement: An Inquest

**AUTHOR:** Gabriel D. Donleavy

#### **ABSTRACT**

In 1985 Canada became the first country to replace its funds flow statement by a cash flow statement. By mid 1991, South Africa, the USA and New Zealand had done the same. Britain, Australia and the IASC all issued statements announcing their intention to follow suit. Thus we have the first example in accounting history of the replacement of one of the three final accounts by an entirely new report. The new report, the cash flow statement, when compiled under the direct method, is a receipts and payment account rearranged under the three headings of operations, financing and investment. A receipts and payments account is the earliest and simplest form of final account, long predating the profit & loss account and balance sheet, and long predating Pacioli's "De Summa Arithmetica" in 1492. The statement which the Cash Flow Statement replaces is less than 120 years old (Rosen & De Coster 1969) and was only mandatory in published British accounts since SSAP 10 came into force in 1975. The purpose of this article is to hold an inquest into the death of the funds statement to determine the cause of death.

## **LITERATURE REVIEW – 4**

**TITLE:** A Study On Funds Flow Statement On Hyundai Motors Ltd

**AUTHORS:** G.SRIKANTH, O. AYEESHA, Dr. K. VEERAI AH

### **ABSTRACT**

In each trouble, the accounts coast in structure exceptional things and further value go are put resources into a few property of venture. It is constant procedure. The gander at and oversee of this accounts float strategy (i.e. the utilizes and assets of spending plan) is the statute reason for fiscal control to assess the consistent quality and the dissolvability of the business office. The value go together with the float proclamation is a record on financial activities changes, stream or moves in some vague time later on the duration. It is an description which establishes the assets a uses of rate range or it shows how the games and trainings of a business suggestion are financed in a particulate period. In unique terms, this kind of declaration shows how the financial assets have been utilized eventually of a particular timeframe. It is, in this way, a chronicled affirmation showing resources and sharpness of value assortment limit of the 2 dates structured particularly to break down the changes in the currency related states of an association. In terms of Fouke, it's far-"An confirmation of Sources and Application of Funds is a specialized gadget intended to examine the adjustments in the money linked situation of a business office bunches among dates.

**Key words:** Financial, Float, Currency, Asset, Business.

## **LITERATURE REVIEW – 5**

**TITLE:** Funds Flow Reporting in Kuwait

**AUTHORS:** Al-Rashed, Wael E.

### **ABSTRACT**

The usefulness of cash flow statement is widely recognized despite some contradictory results in empirical studies of the relative usage of its data. This article gives an insight into the significance of cash flow statement and cash flow reporting in Kuwait, both past and present. Scholars have highlighted cash flow importance from different perspectives. Their findings have implications for accounting standard setting, regulation of financial information and financial statement analysis. Although the evolution of International Accounting and the activities of many standard setters, the presentation of Statements of Changes in Financial Position (SCFP) is not yet mandatory in many developing countries. The empirical survey covers 52 Kuwaiti companies listed in Kuwait Stock Exchange and engaged in banking, investment, manufacturing, real estate, and service industries. Out of these, the sample contained (39) companies, which adhered to International Accounting Standards (IAS). Further examination was conducted on three variables that are most likely to influence the disclosure of companies, namely the legal form, size, and scope of international activities. This survey shows that the presentation of funds flow statements has increased significantly. Also, the lack of standard or legal requirement has led to a proliferation not only in the form of the statements but also in terminology. Large Kuwaiti companies have awakened to the need-not only in the context of funds flow statements,



but also in other fields of accounting and disclosure, to be sufficiently prepared to meet the accounting challenges in the future, which will be of international standard.

## **2.2 THEORETICAL FRAMEWORK**

### **Funds Flow Statement:**

In every concern, the funds flow in form different sources and similarly funds are invested in various sources of investment. It is continuous process. The study and control of this funds-flow process (i.e., the uses and sources of funds) is the main objective of financial management to assess the soundness and the solvency of the enterprise.

The funds-flow-statement is a report on financial operations changes, flow or movements during the period. It is a statement which shows the sources an application of funds or it shows how the activities of a business are financed in a particulate period. In other words, such a statement shows how the financial resources have been used during a particular period of time. It is, thus, a historical statement showing sources and application of funds between the two dates designed especially to analyse the changes in the financial conditions of an enterprise. In the words of Foulke, it is-

“A statement of Sources and Application of Funds is a technical device designed to analyse the changes in the financial condition of a business enterprises between two dates.”

Funds Flow Statement is not an income statement . Income statement shows the items of income and expenditure of a particular period, but the Funds flow statement is an operating statement as it summaries the financial activities for a period of time. It covers all movements that involve an actual exchange of assets.

Various titles are used for this statement such as 'Statement of sources and Application of Funds', 'Summary of Financial operations,' 'Changes in Financial Position', 'Fund received and Disbursed', 'Funds Generated and Expended', 'Changes in Working Capital', "Statement of Fund" etc. Title of Funds Flow Statement has been modified from time to time. Really it is very difficult to find a short time for such statement which carries much to the readers regarding its contents and functions.

A new interpretation of the term 'funds', has now been adopted as to include assets or financial resourceful which do not flow through the working capital accounts. It seems to be the most suitable meaning for the term 'funds' but the most commonly used interpretation of the term 'funds' is 'working capital'.

### **Distinction Between funds Flow Statement and Balance Sheet:**

There is also a difference between meaning, purpose and importance of Funds Flow Statement and Balance Sheet although both are prepared with the same accounting data.

A summary of main points of differences between these two is given below:-

1. Balance sheet is a statement showing the financial position of the concern on a particular date. The asset side portrays the development of resources in various types of properties and liabilities side indicates the manner in which these resources are obtained. It shows all assets and liabilities whether current or fixed, tangible or intangible etc., while Funds Flow Statement shows the changes in current assets and current liabilities during a particular period of time.
2. Balance Sheet shows the total financial position on a particular date and in this way, it is of a historical nature and therefore, its utility is very limited for the management. On the other hand, Funds Flow Statement is a comparative statement of assets and liabilities and depicts the changes in working capital during the period of two Balance sheets.
3. Funds Flow Statement is an analysis and control device for the management. Management can ensure the long term and the short term solvency of the firm by studying the internal funds flow cycles. It is a modern technique of knowing the

- inflows and outflows of funds during a particular period. Balance Sheet represents the balance of various assets and liabilities and does not present analysis of any kind.
4. There are two views of the financial position of the firm-long term and short-term. Short-term financial position means the technical solvency of the firm in the near future while on the other hand, long-term financial position means future financial structure of the firm. Both are inter-related but there are differences in their analysis. The short-term view of the financial position of the firm cannot be had from the Balance Sheet.

### **Distinction between funds flow statement and cash flow statement:**

We have fully explained the meaning and importance of both the statements-Funds Flow and Cash Flow statements.

#### **A distinction between these two statements may be briefed as under:-**

1. Funds Flow Statement is concerned with all items constituting funds (Working Capital) for the business while Cash Flow Statement deals only with cash transactions. In other words, a transaction affecting working capital other than cash will affect Funds statement, and not the Cash Flow Statement.
2. In Funds Flow Statement, net increase or decrease in working capital is recorded while in Cash Flow Statement; individual item involving cash is taken into account.
3. Funds Flow statement is started with the opening cash balance and closed with the closing cash balance records only cash transactions.
4. Cash Flow Statement is started with the opening cash balance and closed with the closing cash balance while there are no opening or closing balances in Funds Flow Statement.

A fund flow statement, better known as a cash flow statement, is an important document in the accounting world. A fund flow statement shows a company's inflows and outflows of funds. It is used to show investors, stakeholders or owners where the company's money came from and where it went.

## **MEANING & CONCEPT OF FLOW OF FUNDS:**

The term flow means movement & includes both ‘inflow’ & ‘outflow’. The term flow of funds means transfer of economic values from one asset of equity to another. Flow of funds is said to have taken place when any transaction makes changes in amount of funds available before happening of transactions. If the effect of transaction results in increase of funds. It is called a “source of funds” and if it results in decrease of funds, it is known as an application of funds.

### **RULE:**

The flow of funds occurs when a transaction changes on one hand a non-current A/c and on the other a current A/c and Vice-versa. According to working capital concept of funds the term “Flow of Funds” return to movement of funds in working capital.

If any transaction results in increase in working capital. It is said to be a “source” or “inflow of funds” and if it results in decrease of working capital, it is said to be “application” or “out flow of funds”.

## **CURRENT ASSETS:**

Current Assets are those assets, which in the ordinary course of business can be or will be converted into cash within a short period of normally one accounting year.

## **CURRENT LIABILITIES:**

Current liabilities are those liabilities which are intended to be paid in ordinary course of business within a short period of normally one accounting year out of the current assets or the income of the business.

### **Differences between current liabilities & current assets**

<b>CURRENT LIABILITIES</b>	<b>CURRENT ASSETS</b>
1. Bills Payable	1. Cash in Hand
2. Sundry Creditors	2. Cash at Bank
3. Accrued or O/s Expenses	3. Bills Receivable
4. Dividends Payable	4. Sundry Debtors or A/c's receivable
5. Bank Overdraft	5. Short term loans & advances
6. Short term loans, advances & deposits	6. Short term investment

- 7. Provision for taxation.
- 8. Proposed Dividend

- 7. Inventories or stock
- 8. Prepaid Expenses
- 9. Accrued incomes.

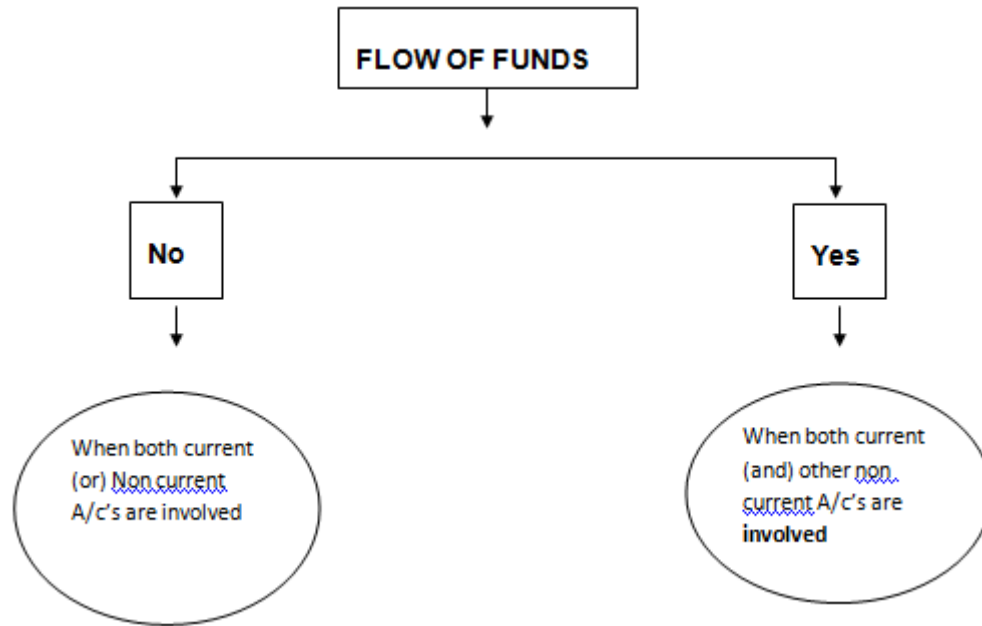
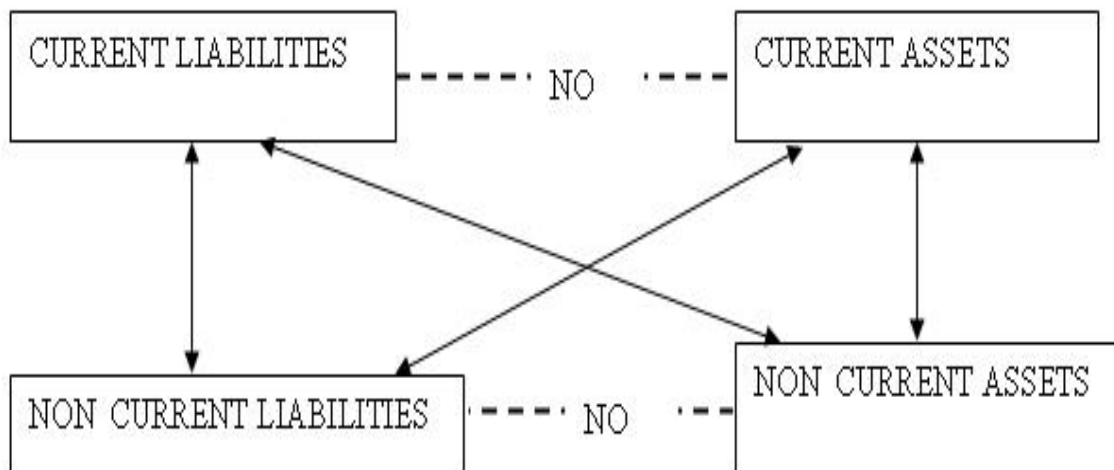


FIGURE SHOWING FLOW OF FUND





## **MEANING & DEFINITION OF FUNDS FLOW STATEMENT:**

Funds Flow Statement is a method by which we study changes in the financial position of business enterprise beginning & ending financial statement dates. It is a statement showing sources & uses of funds for a period of time.

### **FOUIKE DEFINES:**

“A statement of sources & application of funds is technical devices designed to analyses the changes in the financial condition of business enterprise between two date’

### **ANTHONY DEFINES:**

“The Funds Flow Statement describes the sources from which additional funds were derived and the use to which these sources were put.

## **I.C.W.A IN GLOSSARY OF MANAGEMENT ACCOUNTING :**

### **TERMS DEFINES FUNDS FLOW STATEMENT:**

- Funds Flow Statement as “a statement either prospective or retrospective setting out of sources & application of the funds of an enterprise.
- The purpose of statement is to indicate clearly the requirement of funds and how they are proposed to be raised and efficient utilization & application of the same.
- Funds Flow statement is called by various names such as sources and application of funds, statement of changes in financial position, sources and uses of funds, summary of financial operations, movement of working capital, movement of funds statement, sources of increase and application of decrease etc...

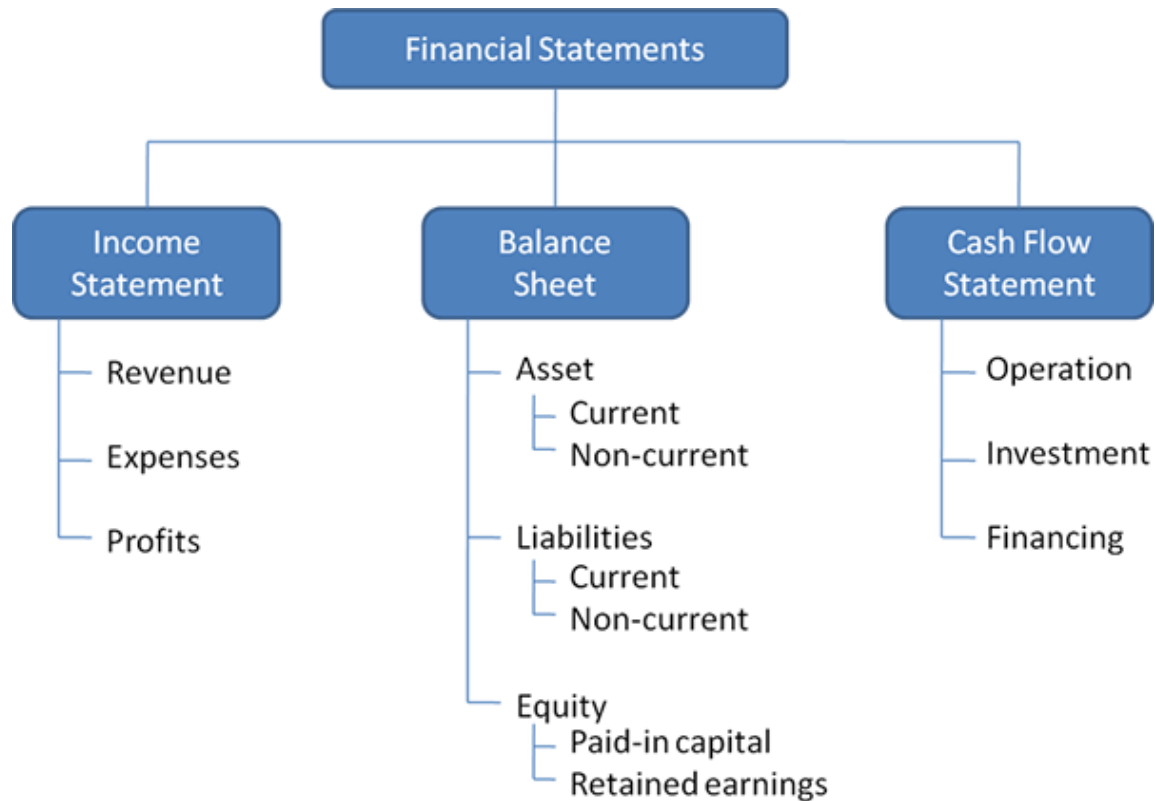
## **USES, SIGNIFICANCE AND IMPORTANCE OF FUNDS FLOW STATEMENT**

A Funds Flow Statement is an essential too for the financial analysis and is of primary importance to financial management. Now a day it is being widening used by the financial analysis.

The basic purpose of funds flow statement is to reveal the changes in working capital on 2 balance sheets

## Difference Between Funds Flow Statement & Cash Flow Statement:

BASIS OF DIFFERENCE	FUNDS FLOW STATEMENT	CASH FLOW STATEMENT
1. Basis of concept	It is based on a wider concept of funds, i.e., working capital.	It is based on a narrower concept of funds, i.e., cash.
2. Basis of Accounting	It is based on accrual basis of accounting	It is based on cash basis of accounting.
3. Schedule of changes in working capital	Schedule of changes in working capital is prepared to show the changes in current assets and current liabilities.	No such Schedule of changes in working Capital is prepared.
4. Method of preparing	Funds flow statement reveals the sources and applications of funds. The net difference between sources and applications of funds represent net increase or decrease in working capital.	It is prepared by classifying all cash inflows and outflows in terms of operating, investing and financing activities. The net difference represents the net Increase or decrease in Cash and cash equivalents.
A5. Basis of usefulness.	It is useful in planning intermediate and long term financing.	It is more useful for short-term analysis and cash planning of the business.



### **Limitations Of Funds Flow Statement:**

The funds flow statement has a number of uses, however, it has certain limitations also, which are listed below.

1. It should be remembered that a funds flow statement is not a substitute of an income statement or a balance sheet. It provides only some additions information as regards charges in working capital.
2. Cannot reveal continuous changes.
3. It is not an original statement but simply is arrangement of data given in financial statements.
4. It is essentially historic in nature and projected funds flow statement cannot be prepared with much accuracy.

5. Change in cash is more important & relevant for financial management than the working capital.

### **Procedure For Preparing A Funds Flow Statement**

Funds flow Statement is a method by which we study changes in financial position of business enterprise between beginning & ending financial statement dates. Hence the funds flow statement is prepared by comparing two balance sheets and any of such other information derived from the Accounts as may be needed

#### **The preparation of funds flow statement consists of two parts:**

- A. Statement or schedule of changes in working capital.
- B. Statement of sources & application of fund.

#### **A) Statement Or Schedule Of Changes In W.C.**

- Working Capital means the excess of current assets over current liabilities.
- Statement of changes in working capital is prepared to show the changes in working capital between two balance sheet dates.
- This statement is prepared with help of current assets and current liabilities derived from two balance sheets.

#### **Working capital = Current Assets – Current Liabilities**

- An increase in current assets increases W.C.
- A decrease in current assets decreases W.C.
- An increase in current liabilities decreased W.C.
- A decrease in current liabilities increases W.C.

**STATEMENT OF SCHEDULE OF CHANGES IN WORKING CAPITAL**

Particulars	Previous Year	Current Year	Effect of W.C.	
			Increase	Decrease
<b>Current Assets :</b>				
Cash in Hand	xx	xx	xx	
Cash at Bank	xx	xx	xx	
Bills Receivable	xx	xx		Xx
Sundry Debtors	xx	xx		Xx
Temporary investments	xx	xx	xx	
Stock / Inventions	xx	xx	xx	
Prepaid Expenses	xx	xx	xx	
Accrued Incomes	xx	xx		Xx
<b>Total Current Assets</b>	<b>xxx</b>	<b>xxx</b>		
<b>Current Liabilities :</b>				
Bills Payable	xx	xx	xx	
Sundry Creditors	xx	xx		Xx
Outstanding Expenses	xx	xx		Xx
Bank Overdraft	xx	xx	xx	
Short term Advances	xx	xx	xx	
Dividend Payable	xx	xx		Xx
Proposed Dividend	xx	xx		Xx
Provision for Taxation	xx	xx		Xx
<b>Total Current Liabilities</b>	<b>xxx</b>	<b>xxx</b>		
Working Capital (C.A. – C.L.)	<b>xxx</b>	<b>xxx</b>		
Net increase or decrease in W.C	xxx			Xxx



	xxxx	xxxx	xxxx	Xxxx
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## STATEMENT OF SOURCES & APPLICATION OF FUNDS:

Funds flow statement is a statement, which indicates various sources from which funds (W.C.) have been obtained during a certain period and uses or applications to which these funds have been put during that period.

Generally this statement is prepared in two formats.

- a) T Form (or) An A/c Form (or) Self Balancing Type
- b) Report Form.

### a) T FORMS AN ACCOUNT FORM

#### FUNDS FLOW STATEMENT

(For the year ended)

Sources	Rs.	Applications	Rs.
Funds from operations	xx	Funds lost in operations	Xx
Issue of share capital	xx	Redemption of preference share	Xx
Issue of Debentures	xx	Capital	Xx
Raising of long term loans	xx	Redemption of debentures	Xx
Sale of non current (fixed) assets	xx	Repayment of long term loan	Xx
Non-trading receipts such as dividends	xx	Purchase of long term investments	Xx
Scale of long term investments	xx	Non-trading payments	Xx
Net decrease in working capital	xx	Payment of Dividends	Xx
	xx	Payment of Tax	Xx

	xx	Net increase in working capital	Xx
	xxx		Xxx

## REPORT FORM OF FUNDS FLOW STATEMENT

<b>SOURCES OF FUNDS</b>	
Funds from Operation	Xx
Issue of Share Capital	Xx
Raising of long term loans	Xx
Receipts from partly paid shares	Xx
Sale of non-current (fixed) assets	Xx
Non trading receipts, such as dividends	Xx
Sale of investment (long term)	Xx
Decrease in working capital	Xx
<b>Total</b>	<b>Xxx</b>
<b>APPLICATION OR USES OF FUNDS :</b>	
Funds lost in operations	Xx
Redemption of preference share capital	Xx
Redemption of debentures	Xx
Repayment of long term loans	Xx
Purchase of non current (fixed) assets	Xx
Purchase of long term investments	Xx
Non-trading payment	Xx
Payment of dividends	Xx
Payment of tax	Xx
Increase in working capital	Xx
<b>Total</b>	<b>Xxx</b>

There are **two** methods of calculating funds from operation.

- a. Funds from operation.
- b. Adjusted Profit & Loss A/c

**FUNDS FROM OPERATION**

<b>Closing Balance of Profit &amp; Loss A/c</b>	<b>Xxx</b>
<b>Add:</b> Non-fund or Non-operating items	Xx
Depreciation	Xx
Loss on sale of fixed assets	Xx
Under Writing Commission	Xx
Discount on issue of shares & debentures	Xx
Preliminary exp. Written off	Xx
Deferred revenue expenses	Xx
Goodwill Written off	Xx
Patent or trade mark	Xx
Provision for taxes	Xx
Proposed Dividend	Xx
Transfer to resure	Xx
Provision for doubtful debts.	Xx
<b>Less:</b> Non-operating Income	Xx
Profit / Gain on sale of fixed assets	Xx
Dividend Received	Xx
Dividend Received	Xx
Interest Received on Investments	Xx
Profit on revaluation of assets	Xx
<b>Fund from operations</b>	<b>Xxx</b>

**CHAPTER – III**

**INDUSTRY PROFILE**

**&**

**COMPANY PROFILE**

## **3.1 INDUSTRY PROFILE**

### **INTRODUCTION**

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry.

Accounting for about 32 per cent of the country's total food market, The Government of India has been instrumental in the growth and development of the food processing industry. The government through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the business. It has approved proposals for joint ventures (JV), foreign collaborations, industrial licenses, and 100 per cent export oriented units.

### **Market Size**

The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales. The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 8.80 and 8.39 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India's exports and six per cent of total industrial investment. The Indian gourmet food market is currently valued at US\$ 1.3 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20 per cent. India's organic food market is expected to increase by three times by 2020#.

The online food ordering business in India is in its nascent stage, but witnessing exponential growth. With online food delivery players like FoodPanda, Zomato, TinyOwl and Swiggy building scale through partnerships, the organised food business has a huge potential and a



promising future. The online food delivery industry grew at 150 per cent year-on-year with an estimated Gross Merchandise Value (GMV) of US\$ 300 million in 2016.

## **Investments**

According to the data provided by the Department of Industrial Policies and Promotion (DIPP), the food processing sector in India has received around US\$ 7.54 billion worth of Foreign Direct Investment (FDI) during the period April 2000-March 2017. The Confederation of Indian Industry (CII) estimates that the food processing sectors have the potential to attract as much as US\$ 33 billion of investment over the next 10 years and also to generate employment of nine million person-days.

### **Some of the major investments in this sector in the recent past are:**

- Global e-commerce giant, Amazon is planning to enter the Indian food retailing sector by investing US\$ 515 million in the next five years, as per Mr Harsimrat Kaur Badal, Minister of Food Processing Industries, Government of India.
- Parle Agro Pvt Ltd is launching Frooti Fizz, a succession of the original Mango Frooti, which will be retailed across 1.2 million outlets in the country as it targets increasing its annual revenue from Rs 2800 crore (US\$ 0.42 billion) to Rs 5000 crore (US\$ 0.75 billion) by 2018.
- US-based food company Cargill Inc, aims to double its branded consumer business in India by 2020, by doubling its retail reach to about 800,000 outlets and increase market share to become national leader in the sunflower oil category which will help the company be among the top three leading brands in India.
- Mad Over Donuts (MoD), outlined plans of expanding its operations in India by opening nine new MOD stores by March 2017.

- Danone SA plans to focus on nutrition business in India, its fastest growing market in South Asia, by launching 10 new products in 2017, and aiming to double its revenue in India by 2020.
- Uber Technologies Inc plans to launch UberEATS, its food delivery service to India, with investments made across multiple cities and regions.

## **Government Initiatives**

Some of the major initiatives taken by the Government of India to improve the food processing sector in India are as follows:

- The Government of India aims to boost growth in the food processing sector by leveraging reforms such as 100 per cent Foreign direct investment (FDI) in marketing of food products and various incentives at central and state government level along with a strong focus on supply chain infrastructure.
- In Union Budget 2017-18, the Government of India has set up a dairy processing infra fund worth Rs 8,000 crore (US\$ 1.2 billion).
- The Government of India has relaxed foreign direct investment (FDI) norms for the sector, allowing up to 100 per cent FDI in food product e-commerce through automatic route.
- The Food Safety and Standards Authority of India (FSSAI) plans to invest around Rs 482 crore (US\$ 72.3 million) to strengthen the food testing infrastructure in India, by upgrading 59 existing food testing laboratories and setting up 62 new mobile testing labs across the country.
- The Indian Council for Fertilizer and Nutrient Research (ICFNR) will adopt international best practices for research in fertiliser sector, which will enable farmers to get good quality fertilisers at affordable rates and thereby achieve food security for the common man.

The Ministry of Food Processing Industries announced a scheme for Human Resource Development (HRD) in the food processing sector. The HRD scheme is being implemented through State Governments under the National Mission on Food Processing. The scheme has the following four components:

- Creation of infrastructure facilities for degree/diploma courses in food processing sector
- Entrepreneurship Development Programme (EDP)
- Food Processing Training Centres (FPTC)
- Training at recognised institutions at State/National level

## **Road Ahead**

Going forward, the adoption of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP) by the food processing industry offers several benefits. It would enable adherence to stringent quality and hygiene norms and thereby protect consumer health, prepare the industry to face global competition, enhance product acceptance by overseas buyers and keep the industry technologically abreast of international best practices.

## **3.2 COMPANY PROFILE**

### **Heritage Foods Limited**

The Heritage Foods Limited was founded by Mr. Nara Chandrababu Naidu in the year 1992, which is one of the fastest growing Public Listed Companies in India, with two business divisions - Dairy and Renewable Energy. The annual turnover of Heritage Foods stood at INR 24,070 million in the financial year 2020-21.

Currently, Heritage's milk and milk products have a market presence in Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Rajasthan, Uttarakhand & Uttar Pradesh.

In the year 1994, HFL went public and was oversubscribed 54 times. HFL shares are listed on BSE (Stock Code: 519552) and NSE (Stock Code: HERITGFOOD).

### **Vision**

Delighting every home with Fresh & Healthy products and empowering the Farmer.

### **Mission**

- To be a nationally recognized brand for Healthy and Fresh products with a revenue of INR 6000 Crore by 2024
- To anticipate, understand and respond to our Customers' needs by creating high-quality products and making them available through innovative and convenient channels
- To embrace the right technology to delight our Customers
- Advocating the balancing of economic, social and environmental aspects to create a better tomorrow
- Empowering the farmer community through our unique 'Relationship Farming' Model

Be the Employer of Choice by nurturing entrepreneurship and promoting empowerment, alongside transparency

## CORPORATE MANAGEMENT TEAM



**Mrs. Bhuvaneswari Nara**

**Vice-Chairperson & Managing Director**

A B.A. Graduate and a Director for several companies. Is a dynamic leader who has extensive experience in business and has been successfully steering Heritage Foods Limited towards growth and better prospects. Joined Heritage in 1994 as whole-time Director and is now serving as Vice Chairperson & Managing Director. Is guiding and monitoring the overall workflow of the organization.



**Mrs. Brahmani Nara**

**Executive Director**

Holds a Master's in Business Administration from Stanford University, Bachelor's in Electrical Engineering from Santa Clara University, California, USA and Communication Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad, India. Investment Associate in Vertex Venture Management Pvt Ltd between 2009-2011 in Singapore. Joined Heritage in 2011 as Vice President Business Development and is now serving as Executive Director. Takes care of such vital functions as design, development and

implementation of strategic plans for the organization in a cost-effective and time-efficient manner.



**Dr. M. Sambasiva Rao**

**President,**

Post Graduate and Doctorate in Zoology. Served the state and central governments for about two decades as a member of the Indian Administrative Services (IAS). Dr Rao was the Joint Secretary in the Department of Commerce under the Ministry of Commerce and

Industry, Government of India.



**CA A. Prabhakara Naidu**

**Vice President - Finance & Accounts,**

Fellow Member of the Institute of Chartered Accountants of India and graduated from Sri Venkateswara University with a university rank in science. Has 26 years of experience in finance and accounts. Has been associated with the Heritage group since its inception.



**Mr. Umakanta Barik**

**Company Secretary,**

Has a Master's in Economics, LLB, FCS, and LIII. Is a Fellow Member of the Institute of Company Secretaries of India, New Delhi and a Licentiate from Insurance Institute of India, Mumbai. Has over 19 years of experience in the domains of Secretarial, Legal,

Insurance & Intellectual Property Rights.



**Mr. J. Samba Murthy**

**Head - Dairy Division,**

Holds an MBA in Marketing and a Bachelor's in Science. Is the Senior Vice President at Heritage and has been associated with the

Company since 2007. Has worked previously in APDDCF Limited, Visakha Dairy NDDDB, and Reliance in various positions in the field of Sales & Marketing.

## **Heritage Commitments**

### **Milk Producers**

- Effecting change in the standard of living for dairy farmers in terms of:
- Regular income through co-operative efforts
- Women's participation in income generation
- Protecting farmers from price exploitation by the un-organized sector
- Providing remunerative prices for milk
- Increasing milk productivity through input and extension activities
- Credit facilitation for purchase and insuring of cattle
- Cattle healthcare activities
- Supplying high-quality cattle feed at reasonable prices

### **Customers**

- Timely supply of pure & fresh products
- Supply of high-quality milk and milk products at affordable prices
- More than 15 lakh happy customers
- High customer satisfaction
- Customer care centre
- Supply of products through multiple channels like MRF, e-Commerce & Parlours

### **Employees**

- Enhancing the technical and managerial skills of employees through continuous training and development
- Instituting the best appraisal systems to motivate employees
- Fostering incentive, bonus and reward systems to encourage employees
- Providing fair opportunities to all for career development

### **Shareholders**

#### **Returns**

- Dividend Payment since Public Issue (January 1995)



## **Service**

- Highest importance to investor service; no notice from any regulatory authority since 2001 in respect of investor service
- Very transparent disclosures

## **Suppliers**

- Prompt payments to all suppliers
- Associated with high-quality equipment / ingredient suppliers

## **Society**

- Potential Employment Generation
  - More than 3,100 employees are working with Heritage
  - More than 12,020 procurement representatives have found self-employment in rural areas
  - More than 6900 sales representatives are associated with the company
- More than 1,033 franchisees operating Heritage Parlours

## **Awards & Recognitions**

Heritage Foods is proud to have been recognized by some of the most important and influential publications and organizations around the world.

### **2021**

- Certificate of Appreciation - GOVT of India, Ministry of Finance, Punjab
- Certificate of Appreciation - GOVT of India, Ministry of Finance, Haryana
- Certificate of Appreciation - GOVT of India, Ministry of Finance, Rajasthan
- Certificate of Appreciation - GOVT of India, Ministry of Finance, Maharashtra
- Certificate of Appreciation - GOVT of India, Ministry of Finance, Karnataka
- Certificate of Appreciation - GOVT of India, Ministry of Finance, Telangana

### **2018**

- India's 100 Best CFO's Awards
- ICAI Awards
- 100 Top HR Mind in India Award

## 2017

- Telangana Best Employer Brand Award 2017
- Hyderabad CFO Leadership Award
- Most Innovative 50 CIOs/CTOs of India
- The Great Indian Ice-Cream & FD Contest
- “National Energy Conservation Award”
- Golden Peacock Award for Excellence in Corporate Governance

## 2016

- Excellence Awards in Corporate Social Responsibility
- Most Innovative 100 CIOs/CTOs of India
- 100 Most Influential CFO’s in India
- “National Energy Conservation Award”
- Golden Peacock Award for Excellence in Corporate Governance
- Great Indian Ice Cream Contest 2016 Season-5
- COCA COLA Golden Spoon Award 2016

## 2015

- “National Energy Conservation Award”

## 2014

- “National Energy Conservation Award”
- ‘Most Admired Retailer of the Year 2014’
- COCA COLA Golden Spoon Award
- Economics Times

## 2013

- Fortune-50 Most Powerful Business Women

## CSR ACTIVITIES



### **Rebuilding cyclone-affected lives**

Donated Rs.48.50 lakhs from the CSR funds and Rs.17.67 lakhs from the Heritage Employee Welfare

funds to SMART Andhra Pradesh Foundation in support of Cyclone Titli that affected families in Srikakulam, AP.

**Helping Kerala**  
Donated  
Milk Powder  
one day's salary  
floods.



**stand up after the floods**

Rs.44,23,129/- worth of Skimmed  
from the CSR funds and employees'  
to the needy people in Kerala's tragic



**Uplifting women through education**

Inauguration of the Heritage Foods Academic Block at NTR Junior College for Girls, Gandipet by Mr D. Seetharamaiah, Chairperson, HFL. This Block was built from CSR funds of Heritage Foods Limited.

## **BUSINESS VERTICALS**

- Dairy
- Renewable Energy

## **DAIRY**

### **Heritage Dairy**

We are one of the Leading Private Dairy Players in India with a Chilling Capacity of 1.95 million litres per day, Processing Capacity of 2.57 million litres per day and Packaging Capacity of 1.71 million litres per day. By deeply committing ourselves to innovation and to providing authentic, high-quality milk products, we have grown multifold to occupy a sizeable share in India's Dairy Market.

We process and market a full line of dairy products including fresh milk, curd, buttermilk, lassi, ice-cream, paneer, ghee, table butter, cooking butter, milk powder, flavored milk, UHT milk and

dairy whitener. Headquartered in Hyderabad, we have a significant presence in the states of Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Rajasthan, Punjab, Uttarakhand, Himachal Pradesh, Uttar Pradesh & Madhya Pradesh.

## **EXPORTS**

The Heritage dairy plant, Gokul at Kasipentla in Chittoor District, Andhra Pradesh is certified and approved for export of ghee and butter manufactured in this plant by the Exports Inspection Agency, India. Our products are exported to Europe, the Gulf and several countries in Asia.

### **Our major exports are:**

- Heritage Pure Ghee in Bulk and Consumer Packs
- Heritage Butter in Bulk and Consumer Packs
- Heritage SMP (Skimmed Milk Powder) in Bulk & Consumer Packs

## **HERITAGE PARLOUR**

Heritage Parlours are exclusive outlets selling the whole range of Heritage products including Heritage milk, milk products, ice cream and also products supplied/approved by Heritage Foods Ltd.

It is a franchisee-based business model that provides excellent business opportunities for new entrepreneurs as well as existing business owners.

With a well-established network of over 1,033 Parlours in Hyderabad, Vishkapatnam, Rajahmundry, Vijayawada, Tirupati and Chennai, Heritage Parlours play a vital role in ensuring that Heritage products are available to customers at their doorstep. We consider every parlour a brand ambassador of Heritage, and HFL along with the Franchisee ensures that every Heritage Parlour delivers the right message to customers.

### **You need to fulfill these criteria to become a Heritage Parlour franchisee owner:**

- Visibility – The shop should be in a residential or semi-commercial location.
- Shop Area: 100 square feet.
- Exclusive Heritage outlet- Selling only Heritage products and items supplied/approved by Heritage Foods Limited.

- Will need to obtain the Shops and Establishment License and other required statutory licenses/permissions.
- The Franchisee has to renovate/modify the shop as per the HFL design.
- The Franchisee would be required to furnish an interest-free refundable security deposit of Rs.10,000/-.
- The delivery of products will be done through the regular channel of the company on a cash and carry basis. (We do not have a policy of supply on credit.)
- The franchisee will have to invest in a deep freezer (300/400 ltrs capacity) for Ice-creams and a Chest Cooler/Glass door refrigerator for milk and milk products.
- Franchisee should possess a bank account and will be required to submit residential and identity proofs.
- The agreement with HFL has to be executed by the Franchisee for a period of three years.
- Product sale depends on the season: For example, Butter-milk, Lassi and Ice creams will have higher sales in summer and less in winter. The Franchisee should make efforts to sell more quantities based on the season and should also cater to the milk and milk products requirements of the nearby consumers/households on a regular basis.

### **Heritage Distribution Centre**

The Heritage Distribution Centre (HDC) is an exclusive distribution wing for Heritage Foods Ltd., selling the whole range of Heritage products including Heritage Milk, milk products, ice-cream, and private label products and also products supplied/authorized by Heritage Foods Ltd.

We consider the HDC to be a brand ambassador of the Heritage brand and, HFL along with the Franchisee, ensures that every Heritage Distribution Center delivers the right service to customers.

### **To become a Heritage Distribution Center franchisee owner:**

- It must be an exclusive Heritage Outlet – selling only Heritage brand of products or products/brands authorized by HFL.
- Should have at least 5 years of experience in selling Dairy/FMCG distribution.
- Should possess sound knowledge of distribution and should know the retailers and the general business environment of the assigned market.
- Would obtain all the requisite licenses and permissions to run a distribution set-up.

- Should have requisite manpower and vehicles to conduct the distribution business.
- The franchisee needs to meet the laid down sales targets to ensure the overall viability of the HDC.
- The franchisee would be required to furnish an interest free refundable security deposit of Rs.75000/-.
- The franchisee would incur a fixed investment of Rs.5 lacs and a monthly expense of approximately Rs.40500/-.
- The delivery of products will be done on a cash and carry basis.
- HFL would assist the franchisee in terms of milk coolers & freezers required for storage of dairy products and conditional and part reimbursement of distribution expenses.
- The Franchisee should possess a bank account and needs to furnish proof of identity and residence.
- The agreement with HFL has to be executed by the franchisee for a period of three years.
- Product sale depends on the season: For example, buttermilk, lassi and ice-creams will have higher sales in summers and less in winters. The franchisee should make effort to sell more quantities based on the season and should also cater to the milk & milk products requirements of consumers/households of the nearby residential colonies on a regular basis.

## **HERITAGE RENEWABLE ENERGY**

We at Heritage have recognized our responsibilities to protect the environment. With this, we are dedicated to expand our green footprint and thus we have started our clean energy journey by entering into renewable energy projects for captive consumption. We have commissioned and been distributing energy through our captive solar & wind power plants at 11 different plants and locations, namely, Bangalore packing station in Karnataka, Battiprolu packing station in Andhra Pradesh, Bobbili packing station in Andhra Pradesh, Kalluru packing station in Telangana, Madanapalli in Andhra Pradesh, Mulugu in Teangana, Sangvi packing station in Maharashtra & Vadamadurai packing station in Tamil Nadu. Wind power plants are located in Chinahothur, Vajrakarur & Beluguppa, Ananthapur District in Andhra Pradesh.

## **PRODUCTS**

### **MILK**

## TONED MILK



Fresh & Pure milk is produced from our farmers and processed, pasteurized, homogenized and packed at state of the art processing plants utmost care to ensure goodness. Homogenized tone milk nurtures a healthy body, and in turn, a healthy mind. Milk us available in poly packs of

various sizes.

## DOUBLE TONED MILK

Double Toned Milk is low in fat, yet retains milk's other benefits. Especially, for those that want to say away from fat yet seek calcium, Double-Toned Homogenized Milk is best suited. Milk is available in poly packs of various sizes.



## FULL CREAM MILK



FULL Cream Milk is rich in fat, so it is suitable for those with a low BMI. What's more, it is at its purest and best because it is processed at our state-of-the-art processing plants. Milk is available in poly pack of various sizes.

## STANDARDIZED MILK

Fresh & Pure milk is procured from our farmers and processed, pasteurized, homogenized and packed at state-of-the-art processing plants with utmost to ensure goodness. Our Standardized milk is available in poly packs.



## GOLDEN COW MILK





Golden Cow Milk Is The Culmination Of A Series Of Step Such A Procurement, Processing, Pasteurization, Homogenization And Packing At State-Of-The-Art Processing Plants With Utmost Care To Ensure Goodness. Our Golden Cow Milk Is Available In Poly Packs.

## SLIM MILK

Skimmed Milk Contains The Least Fat And Is Thus Ideally Most Suitable For People Of All Ages And Types Of Fat Requirements. Milk Is Processed To Separate Fat, Pasteurized, And Packed At State-Of-The-Art Processing Plants With Utmost Care To Ensure The Goodness.



## UHT MILK



Fresh & pure milk is procured form our farmers, processed, and pasteurized at ultra-high temperature to ensure each and every particle of milk is free from bacteria and packed diligently at state-of-the-art processing plants to ensure

goodness. Heritage Special Milk (UHT MILK) is available in multilayered oxygen barrier poly packs.

## CURD

Fresh & pure milk procured form our farmers is processed, homogenized, pasteurized and packed in state of the art of processing plants with utmost care to ensure goodness.



Heritage Curd is one of the flagship value-added products from the house of Heritage. Heritage Curd is prepared with a selected culture having beneficial bacteria. The culture is selected after research by a team of experts to impart a thick, creamy, rich and glossy texture. Available in poly packs, cups, tubs, buckets/matkas.

## BUTTERMILK



Buttermilk is prepared from fresh and pure curd in state-of-the-art processing plants with utmost care to ensure goodness. Different variants of buttermilk are available like plain, salted, spicy, jeera, etc.

## LASSI

### SWEET LASSI

Sweet Lassi is made with pasteurized homogenized curd. Lassi is a fermented drink that contains many healthy bacteria. Lassi is thick and rich mouth feel and it comes with a natural elaichi flavor.



### RAGI LASSI



Heritage Ragi Lassi is a very healthy and nutritious fermented drink, It is made by mixing Ragi millet flour and fresh curd together and by smoothening the mixture.

### SABJA LASSI

Heritage Sabja Lassi is a very healthy and nutritious fermented drink; It is made by mixing Sabja seeds and fresh curd together and by smoothening the mixture.



## ICE-CREAMS

## TUBS



Alpenvie Ice-creams made with nuts/fruits and with your favorite flavours (Chocolate, pineapple, Fruit Fusion, Pistachio, Butterscotch, Vanilla and Rajbhog)

## BARS



Everyone likes a good ice-cream bar. Well, with our range we have something different for everybody.(Almond Crunch, Black Current, Chocolate, Overload, Classic Vanilla, Mango Lychee and Melon Rush).

## KULFI



Classic Kulfi : The coolest traditional ice-cream to be ever made.

Kohinoor Kulfi: Kohinoor Kulfi made with Real Kesar, Almond and Cashew nut powder.

## FROZEN DESSERTS

## CONES



A range of crunchy biscuits with a blend of delightful flavours and colours.(Strawberry, Butterscotch, Banana caramel, Black current, Rajbhog, Double chocolate, Vanilla and Chocochips).

## CUPS



Everyone loves this new found delicacy of Heritage ice-cream Cup. ( Vanilla, Strawberry, Butterscotch, Chocolate and Orange tango).

## JUICY BARS



Get more joy with less price and different flavours of (Grape Jelly, Raspberry Twin, Mango Twin, Orange Juice and Mango Juice).

## FAMILY PACKS



The range of packs gives family enjoyment with delicious flavors of Vanilla, Strawberry, Butter Scotch, Anjeer Badam, Badam Pista Kesar, Orange Tango, Mango, Chocolate & Lychee Caramel.

## FLAVOURED MILK



Prepared from fresh & pure Heritage Double Toned Milk with different Food-grade nature identical flavours & colours. We provide different variants of Heritage Flavoured Milk in glass bottles and PP bottles. It is a delicious and refreshing milk-based drink.

**Available Flavours :** Badam, Strawberry, Pineapple, Vanilla, Elachi, Pista, Chocolate, Rose, mango & Banana.

## PANEER



Fresh & pure milk procured from our farmers is processed, homogenized and packed in state-of-the-art processing plants with utmost care to ensure goodness. Heritage Fresh Paneer is uniform and has a pleasing white appearance. It has a mild acidic flavor with a soft, cohesive and compact texture. Vacuum packed in a multiayered film to maintain freshness.

## SWEETS

### DOODH PEDA



Heritage Doodh Peda is made from pure and fresh milk. With the right amount of sucrose addition, it is rich in taste and granular with better chewiness. You can never stop with one bite.

### MILK CAKE



Heritage Milk Cakes are made from highest quality skimmed milk powder and pure ghee. It is ready to melt in your mouth, with its smooth texture and richness in taste.

## GHEE



Prepared from pure butter in State-of-the-art processing plants with utmost care to ensure goodness. Three variants are available from the House of Heritage.

**Cow Ghee-** Prepared from pure cow butter, it is golden yellow in colour. It has a good aroma and is granular

**Buffalo Ghee -** Prepared from pure buffalo butter, it is white in colour. It has a good aroma and is granular.

## HI AROMA GHEE



Hi Aroma Ghee (Special ghee) - Prepared from pure ripened cream with the selected bacterial culture in state-of-the-art processing plants with utmost care to ensure goodness. Hi-Aroma Ghee is light brown in color with a naturally developed rich aroma and smooth granules.

## BUTTER

### TABLE BUTTER



Maghalai dishes.

The rich Heritage Salted Butter is made from best quality fresh cream and contains no added ingredients other than salt. Manufactured in state-of-the-art processing plants with utmost care to ensure goodness, it goes just anything from as basic as bread toasts to as diverse as

### COOKING BUTTER



The rich Heritage Unsalted Cooking Butter is made from best quality fresh cream in state-of-the-art processing plants with utmost care to ensure goodness.

## **SKIMMED MILK POWDER**

### **MILK POWDER**



Heritage Skimmed Milk Powder (Standard Grade, Spray Dried) is prepared from fresh pasteurized skimmed milk by the spray drying process.

**Product Features :** Heritage Skimmed Milk Powder ( Spray Dried) ensures health, provides essential vitamins and energy along with a smooth taste. No preservatives and chemicals are added during manufacture. Heritage Skimmed Milk Powder is 99% fat-free. Heritage SMP, a spray-dried skimmed milk powder, meets the requisite BIS and FSSAI standards.

# **CHAPTER - IV**

# **DATA ANALYSIS**

# & INTERPRETATION

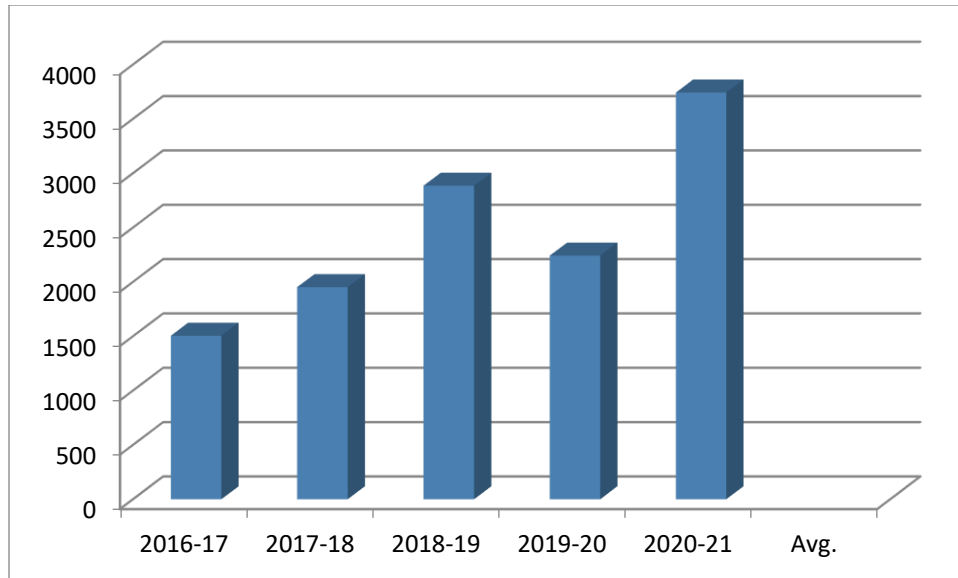
**TABLE – 4.1 Composition of current Assets:**

(All the amounts are in Cr)

<b>Particulars</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Avg.</b>
Inventory	524.93	675.57	636.76	669.55	815.49	3322.3
Sundry Debtors	130.59	272.31	665	920.58	1389.59	3378.07
Cash and Bank	71.52	56.1	181.04	117.5	159.25	585.41
Loans & Advances	728.66	926.99	1401.95	1203.54	1378.02	5639.16
Other current Assets	48.87	20.72	0	0	0	69.59
<b>Total</b>	<b>1504.57</b>	<b>1951.69</b>	<b>2884.75</b>	<b>2241.62</b>	<b>3742.35</b>	

**GRAPH-4.1**





**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.

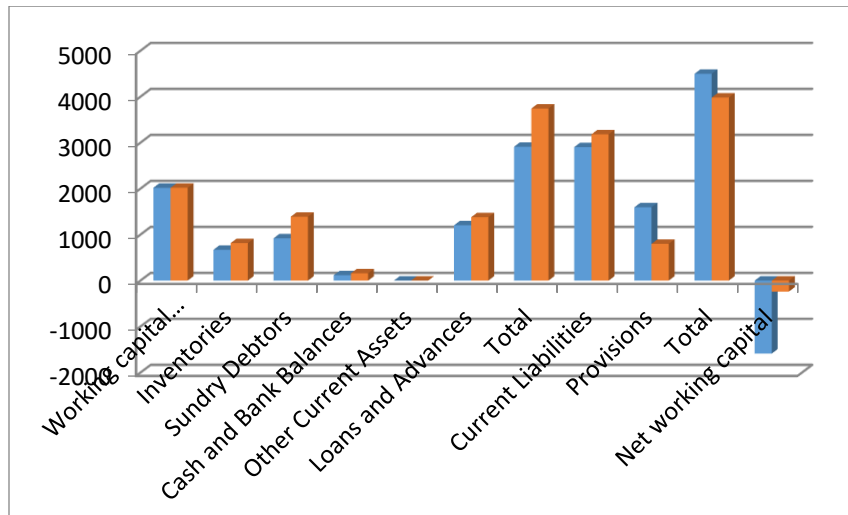
The nature of Income which is a focus of the income statement can be well understood if business is taken as an organization that uses “Input” to produce “Output”. The output of the goods and services that the business provides to its customers. The values of these outputs are the goods and services 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 – 4.2 STATEMENT OF CHANGES IN WORKING CAPITAL:****Rs in Crores**

<b>Working capital turnover ratio 2021</b>		
<b>Working capital turnover ratio</b>	<b>2020</b>	<b>2021</b>
<b>Total current Assets</b>		
Inventories	669.55	815.49
Sundry Debtors	920.58	1389.59
Cash and Bank Balances	117.5	159.25
Other Current Assets	0	0
Loans and Advances	1203.54	1378.02
Total	2911.17	3742.35
<b>Total Current Liabilities</b>		
Current Liabilities	2903.12	3180.69
Provisions	1594.31	799.68
Total	4497.43	3,980.37

Net working capital	-1586.26	-238.02
Increase\decrease in net working capital	-1348.24	

**GRAPH-4.2**



**Interpretation:**

The networking capital of Heritage Foods Limited has been decreased to 238.02 Cr the financial position i.e. the performance of Heritage Foods Limited has decreased and the current assets defects its current liability.

Note: financial position may depend on long term liabilities and also fixes assets.

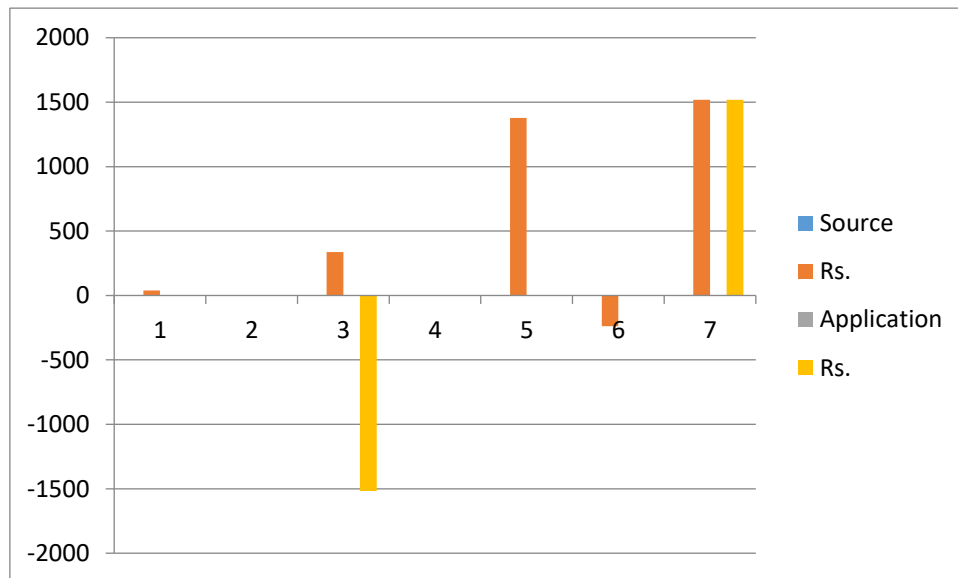
**TABLE – 4.3 STATEMENT OF SOURCES AND APPILICATION OF FUNDS FOR THE PERIOD (2020-21)**

**Rs in cr**

<b>Source</b>	<b>Rs.</b>	<b>Application</b>	<b>Rs.</b>
Issue of share capital	39.94	Funds lost in operation	0.00

Raising of long term loans	0.00	Repayment of long term loan loans	0.00
Sale of non-current (fixed) assets	337.70	Purchase of long term investments	-1517.64
Non-trading receipts	0.00		
Sale of investment	1,378.02		
Decrease in working capital	-238.02		
	<b>1517.64</b>		<b>1517.64</b>

**GRAPH-4.3**



### **Analysis:**

From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has increased Rs 3742.35 in 2020-2021. 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 -238.02 It is decreased in 2020-21. The decreasing net working capital.

Regarding the application of funds 45.27 % used for investment in fixed assets and funds used for working capital purpose. Constitute 35.57 % respectively.

**Interpretation:**

It is concluded that during the period 2020-21 Increasing gross block and net Decreasing in working capital.

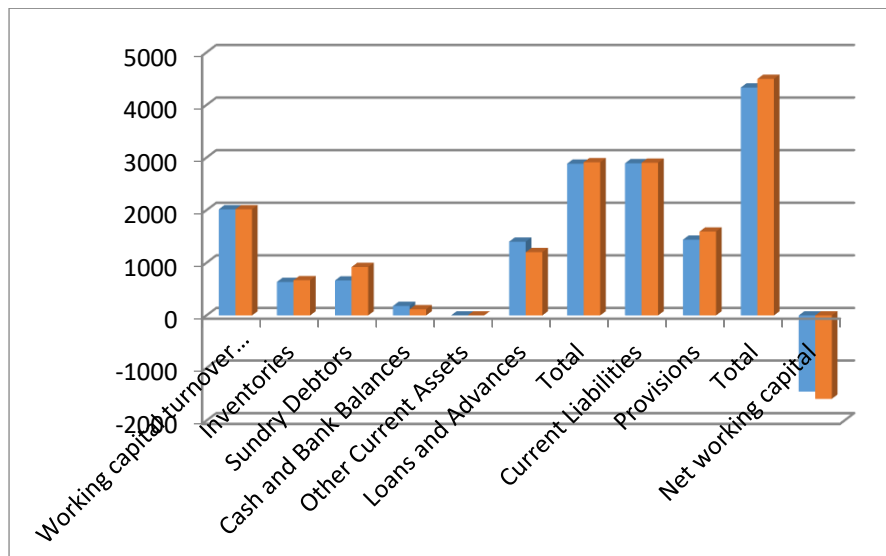
**TABLE – 4.4 STATEMENT OF CHANGES IN WORKING CAPITAL**

Rs in Crores

<b>Working capital turnover ratio 2020</b>		
<b>Working capital turnover ratio</b>	<b>2019</b>	<b>2020</b>
<b>Total current Assets</b>		
Inventories	636.76	669.55
Sundry Debtors	665	920.58
Cash and Bank Balances	181.04	117.5

Other Current Assets	0	0
Loans and Advances	1401.95	1203.54
Total	2884.75	2911.17
<b>Total Current Liabilities</b>		
Current Liabilities	2893.39	2903.12
Provisions	1439.86	1594.31
Total	4333.25	4497.43
Net working capital	-1448.5	-1586.26
Increase\decrease in net working capital	-137.76	

**GRAPH-4.4**



**Interpretation:**

The networking capital of **HERITAGE FOODS LIMITED** has been decreased to 137.76 Cr the financial position i.e. the performance of **HERITAGE FOODS LIMITED** has decreased and the current assets defects its current liability.

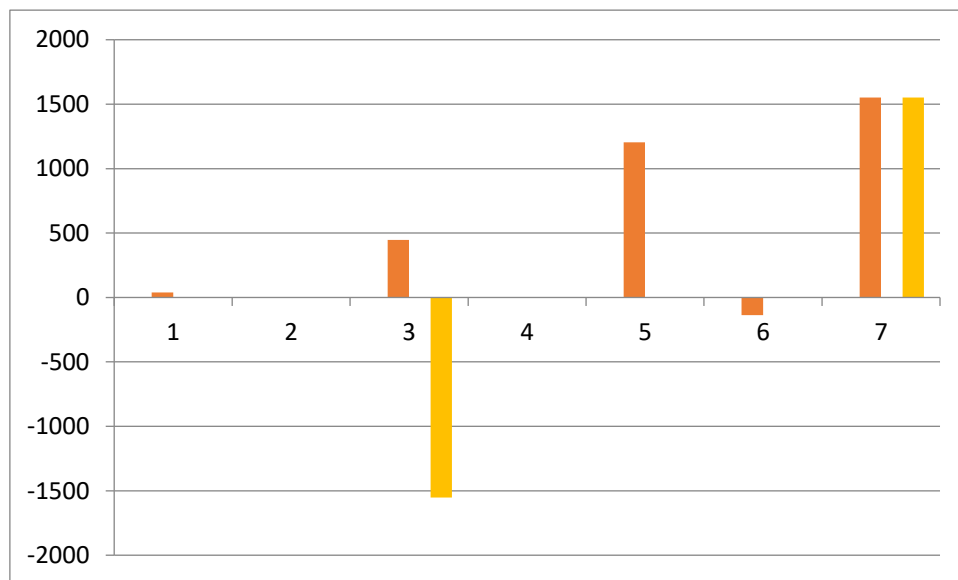
**TABLE – 4.5 Statement of Sources And Application Of Funds For The Period (2019-20)**

**Rs in cr**

Source	Rs.	Application	Rs.
Issue of share capital	39.94	Funds lost in operation	0.00

Raising of long term loans	0.00	Repayment of long term loan loans	0.00
Sale of non-current (fixed) assets	446.38	Purchase of long term investments	-1552.10
Non-trading receipts	0.00		
Sale of investment	1203.54		
Decrease in working capital	-137.76		
	<b>1552.10</b>		<b>1552.10</b>

**GRAPH-4.5**



**Analysis:**

From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has decreased Rs 137.76 in 2019-2020. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2019-2020. In the net working capital of company stood -137.76 It is decreased in 2019-20. The decreasing net working capital.



Regarding the application of funds 39.97 % used for investment in fixed assets and funds used for working capital purpose. Constitute 28.04 % respectively.

**Interpretation:**

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

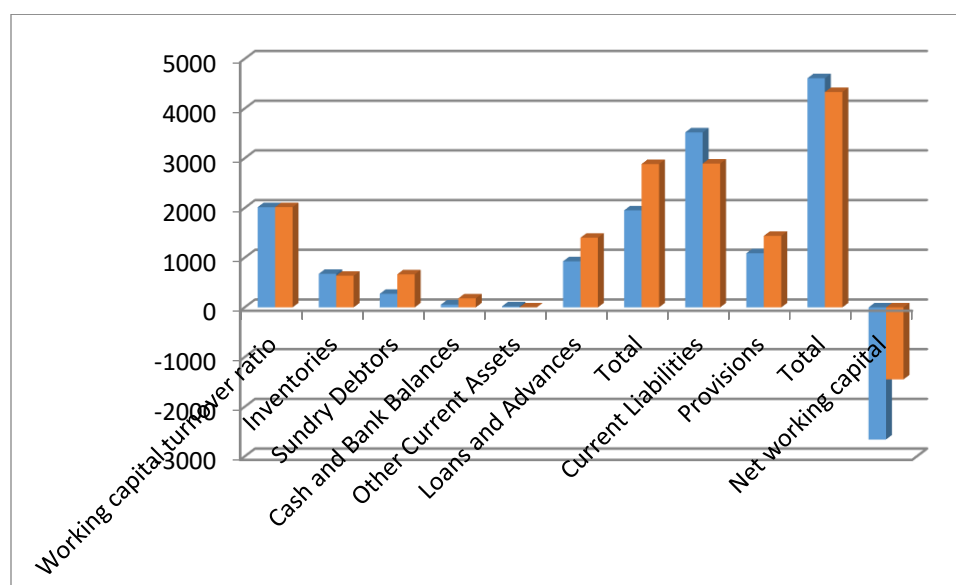
**TABLE – 4.6 STATEMENT OF CHANGES IN WORKING CAPITAL**

**Rs in Crores**

<b>Working capital turnover ratio 2019</b>		
<b>Working capital turnover ratio</b>	<b>2018</b>	<b>2019</b>
<b>Total current Assets</b>		
Inventories	675.57	636.76
Sundry Debtors	272.31	665
Cash and Bank Balances	56.1	181.04

Other Current Assets	20.72	0
Loans and Advances	926.99	1401.95
Total	1951.69	2884.75
<b>Total Current Liabilities</b>		
Current Liabilities	3520.66	2893.39
Provisions	1090.07	1439.86
Total	4610.73	4333.25
Net working capital	-2659	-1448.5
Increase\decrease in net working capital	-1210.54	

**GRAPH – 4.6**



**Interpretation:**

The networking capital of **HERITAGE FOODS LIMITED** has been decreased to 1210.54 Cr the financial position i.e. the performance of **HERITAGE FOODS LIMITED** has increased and the current assets defects its current liability.

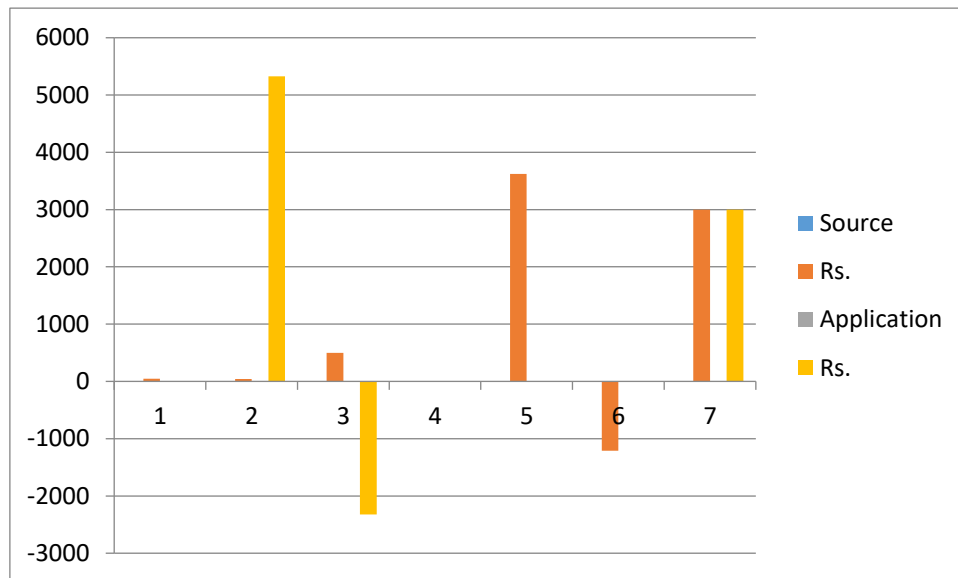
**TABLE – 4.7 STATEMENT OF SOURCES AND APPILICATION OF FUNDS FOR THE PERIOD (2018-19)**

**Rs in cr**

Source	Rs.	Application	Rs.
Issue of share capital	45.69	Funds lost in operation	0.00

Raising of long term loans	42.57	Repayment of long term loan loans	5324.51
Sale of non-current (fixed) assets	498.62	Purchase of long term investments	-2324.340
Non-trading receipts	0.00		
Sale of investment	3623.83		
Decrease in working capital	-1210.54		
	<b>3000.17</b>		<b>3000.17</b>

**GRAPH - 4.7**



**Analysis:**

From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has decreased Rs 1210.54 in 2018-2019. 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 -2324.34 It is decreased in 2018-19. The decreasing net working capital.

Regarding the application of funds 49.61 % used for investment in fixed assets and funds used for working capital purpose. Constitute 38.67 % respectively

### **Interpretation**

It is concluded that during the period 2018-19 Increasing gross block and net Decreasing in working capital.

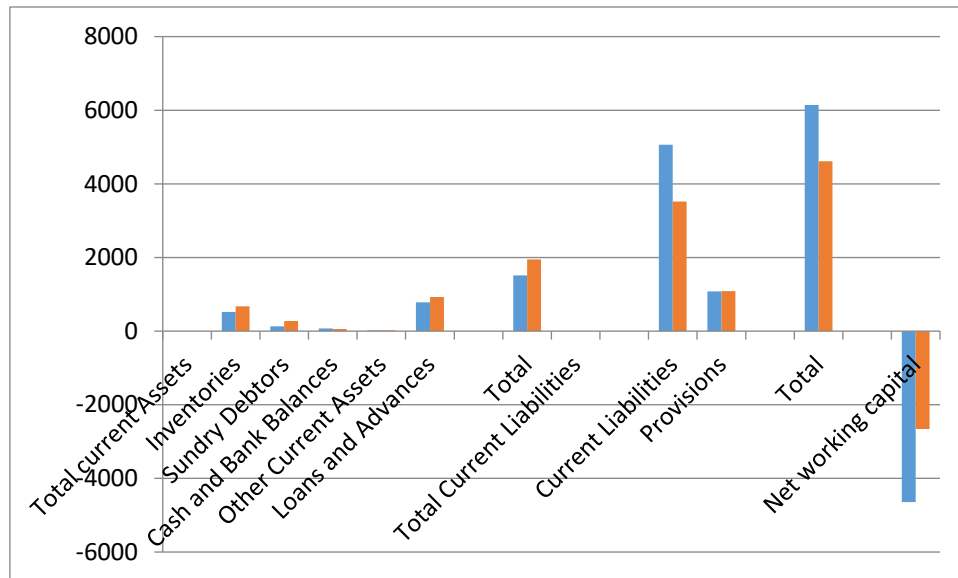
**TABLE – 4.8 STATEMENT OF CHANGES IN WORKING CAPITAL**

**Rs in Crores**

<b>Working capital turnover ratio 2018</b>		
<b>Working capital turnover ratio</b>	<b>2017</b>	<b>2018</b>
<b>Total current Assets</b>		
Inventories	524.93	675.57
Sundry Debtors	130.59	272.31
Cash and Bank Balances	71.52	56.1
Other Current Assets	23.77	20.72
Loans and Advances	783.48	926.99
<b>Total</b>	<b>1510.52</b>	<b>1951.69</b>

<b>Total Current Liabilities</b>		
Current Liabilities	5063.68	3520.66
Provisions	1081.07	1090.07
Total	6144.75	4610.73
Net working capital	-4640.2	-2659
Increase\decrease in net working capital	-1981.17	

**GRAPH – 4.8**



**Interpretation:**

The networking capital of **HERITAGE FOODS LIMITED** has been decreased to 2659.04 Cr the financial position i.e. the performance of **HERITAGE FOODS LIMITED** has increased and the current assets defects its current liability.

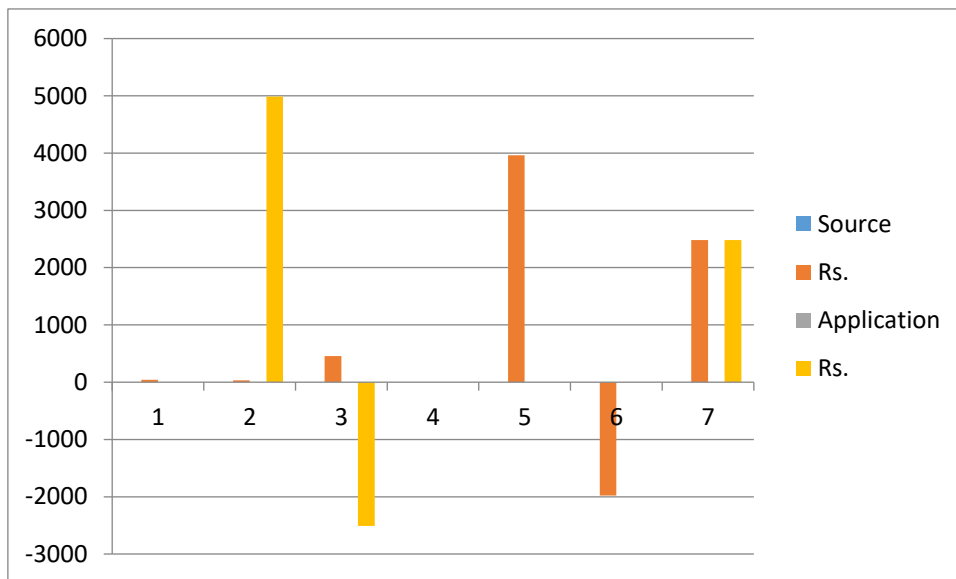
**TABLE – 4.9 STATEMENT OF SOURCES AND APPILICATION OF FUNDS FOR THE PERIOD (2017-18)**

**Rs in cr**

Source	Rs.	Application	Rs.
Issue of share capital	39.94	Funds lost in operation	0.00
Raising of long term loans	32.71	Repayment of long term loan	4987.36

		loans	
Sale of non-current (fixed) assets	456.37	Purchase of long term investments	-2507.91
Non-trading receipts	0.00		
Sale of investment	3964.26		
Decrease in working capital	-1981.17		
	<b>2479.45</b>		<b>2479.45</b>

**GRAPH – 4.9**



**Analysis:**

From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has decreased Rs 2659.04 in 2017-2018 is 1951.69. 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 -1981.17 It is decreased in 2017-18. The decreasing net working capital .

Regarding the application of funds 41.21 % used for investment in fixed assets and funds used for working capital purpose. Constitute 34.59 % respectively

## Interpretation

It is concluded that during the period 2017-18 Increasing gross block and net Decreasing in working capital.

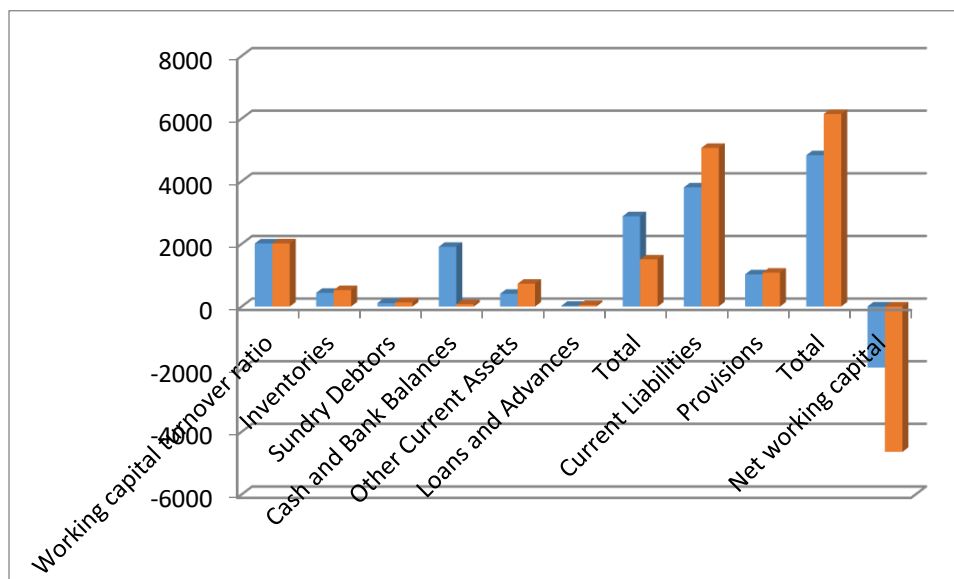
**TABLE – 4.10 STATEMENTS OF CHANGES IN WORKING CAPITAL**

**Rs in Crores**

<b>Working capital turnover ratio 2017</b>		
<b>Working capital turnover ratio</b>	<b>2016</b>	<b>2017</b>
Total current Assets		
Inventories	436.4	524.93
Sundry Debtors	108.39	130.59
Cash and Bank Balances	1907.21	71.52
Other Current Assets	405.76	728.66
Loans and Advances	24.82	48.84
Total	2882.58	1504.54

Total Current Liabilities		
Current Liabilities	3805.06	5063.68
Provisions	1026.35	1081.07
Total	4831.41	6144.75
Net working capital	-1948.8	-4640.2
Increase\decrease in net working capital	-2691.4	

**GRAPH – 4.10**



**Interpretation:**

The networking capital of **HERITAGE FOODS LIMITED** has been decreased to 2691 Cr the financial position i.e. the performance of **HERITAGE FOODS LIMITED** has increased and the current assets defects its current liability.

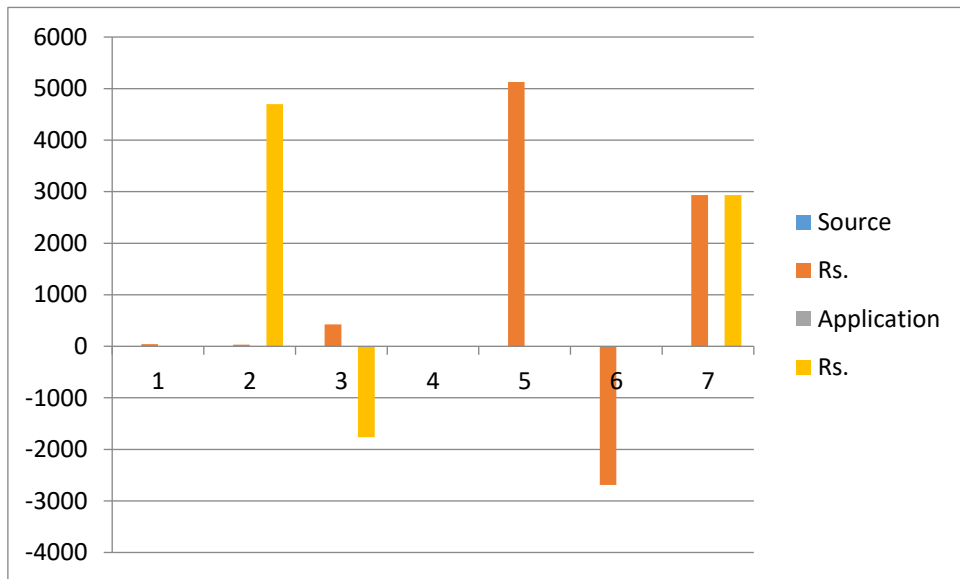
**TABLE – 4.11 STATEMENTS OF SOURCES AND APPILICATION OF FUNDS FOR THE PERIOD (2016-17)**

**Rs in cr**

Source	Rs.	Application	Rs.
Issue of share capital	39.94	Funds lost in operation	0.00
Raising of long term loans	32.71	Repayment of long term loan	4699.94



		loans	
Sale of non-current (fixed) assets	424.87	Purchase of long term investments	-1765.05
Non-trading receipts	0.00		
Sale of investment	5128.75		
Decrease in working capital	-2691.38		
	<b>2934.89</b>		<b>2934.89</b>



### Analysis

From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has decreased Rs 2882.58 in 2016-2017 is 1504.54. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2015 in the net working capital of company stood -2691.38. It is decreased in 2016-17. The decreasing net working capital is Rs 2691.38 Regarding the application of funds 33.71% used for investment in fixed assets and funds used for working capital purpose. Constitute 30.77% respectively

**Interpretation:**

It is concluded that during the period 2016-17 Increasing gross block and net Decreasing in working capital.

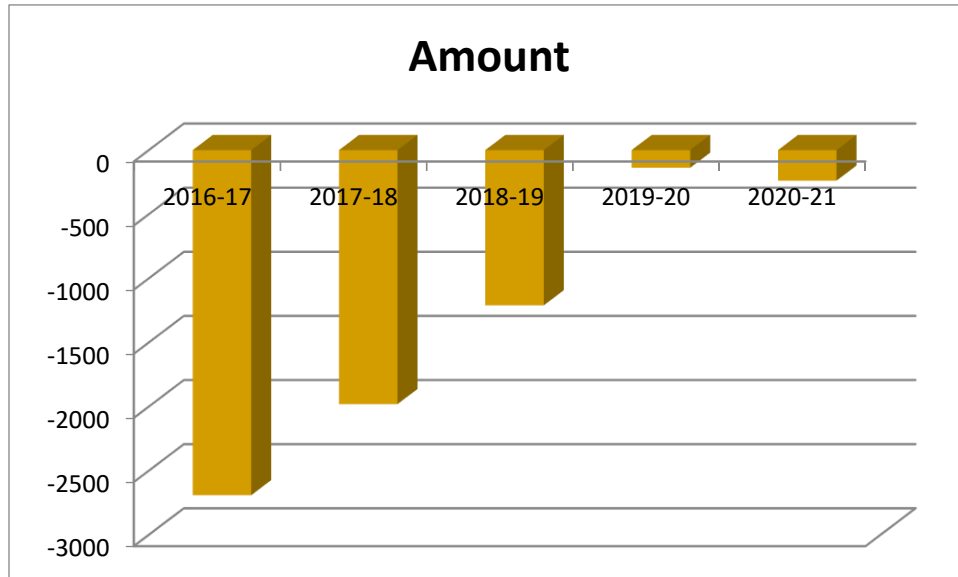
**TABLE – 4.12 NET DECREASE IN WORKING CAPITAL**

Rs in Lakhs

<b>Year</b>	<b>Increase/Decrease</b>	<b>Amount</b>
2016-17	Decrease	-2691.38
2017-18	Decrease	-1981.17
2018-19	Decrease	-1210.54
2019-20	Decrease	-137.76

2020-21	Decrease	-238.02
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**GRAPH – 4.12**



**Interpretation:**

The above table we observed that 2016-20 would be decreased. In the year 2016-17 the working capital is Rs. 2691.38. In 2017-18 Rs.1981.17 has decreased the working capital. In the year 2019-20 it was 137.76. current year it is -238.02.

# **CHAPTER - VI**

## **FINDINGS**

### **SUGGESTIONS**

#### **CONCLUSION**

#### **FINDINGS**

1. The Heritage Foods Limited net working capital is satisfactory between the years 2017-21 since it shows decreasing trend; but after that it is in declining position.
2. The current asset of Heritage Foods Limited is satisfactory during the period of study 2016-17 to 2020-21. It is increased but after that it is declining.

3. Fixed assets of Heritage Foods Limited the company has to maintain this.
4. Inventory turnover of Heritage Foods Limited is also increased gradually, without any fit falls up to 2017-21. But in the year 2020-21 it is declined, and again it has increased in the year 2019-20. Good inventory management is good sign for efficient management
5. Total Assets turnover of Heritage Foods Limited is not satisfactory because it is always below one, except in the year 2019-20 having a value of 1.58
6. Return on investment is not satisfactory. This indicates that the company's funds are not being utilized in a better way.
7. It is concluded that during the period 2018-19 Increasing gross block and net Decreasing in working capital
8. The networking capital of Heritage Foods Limited has been decreased to 2659.04 Cr the financial position i.e. the performance of Heritage Foods Limited has increased and the current assets defects its current liability
9. It is concluded that during the period 2017-18 Increasing gross block and net Decreasing in working capital
10. The networking capital of Heritage Foods Limited has been decreased to 2691 Cr the financial position i.e. the performance of Heritage Foods Limited has increased and the current assets defects its current liability
11. It is concluded that during the period 2016-17 Increasing gross block and net Decreasing in working capital.
12. The above table we observed that 2016-20 would be decreased. In the year 2016-17 the working capital is Rs. 2691.38. In 2017-18 Rs.1981.17 has decreased the working capital. In the year 2019-20 it was 137.76. Current year it is -238.02.

## **SUGGESTIONS**

1. Net working capital is very low; it is suggested to maintain sufficient net working capital.
2. Effective inventory management is needed in the company

3. The firm should increase investment in current assets to create sufficient securities for the current liabilities
4. For the improving the financial performance of the company the following suggestions are made.
5. 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.
6. The liquidity of the company should be improved by maintaining the optimum current assets and liquid assets according to standard norms.
7. The quantum of the sales generated should be improved impressively in order to attain higher return on investment.
8. 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**

1. The Heritage Foods Limited net working capital is satisfactory between the years since it shows increasing trend; but after that it is in declining position Profit Margin of Heritage

Foods Limited is decreasing and showing negative profit because there is increase in the price of copper The Heritage Foods Limited Net Working Capital Ratio is satisfactory.

2. The Operating Ratio of Heritage Foods Limited isn't satisfactory.
3. 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.
4. 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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