

A

Project Report On

**“A BRIEF DISCUSSION ON FUNDS FLOWS STATEMENT”**



Submitted to Department of commerce

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**Palamuru University**

**2021-2022**



**CERTIFICATE**

THIS IS TO CERTIFY THAT THE MAJOR PROJECT REPORT ENTITLED "A BRIEF DISCUSSION ON FUNDS FLOWS STATEMENT" IS THE BONAFIED WORK CARRIED OUT BY

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## ABSTRACT

Income statements of business reveal the net effect of the various transactions on the operational and financial position of the company. The balance sheet gives a summary of the assets and liabilities of an undertaking at a particular point of time. It reveals the financial status of the company. The assets side of a balance sheet shows the development of resources of an undertaking while the liabilities side indicates its obligation, i.e., the manner in which these resources were obtained. The profit and loss account reflects the results of the business operation for a period of time. It contains a summary of expenses incurred and the revenue realized in an accounting period. Both these statements provide the essential basic information on the financial activities of business, but their usefulness is limited for analysis and planning purposes.

The balance sheet gives a static view of the resources (liabilities) of business and used (assets) to which these resources have been put at a certain point of time. It does not disclose the causes for profit and loss accounts, in a general way, indicates the resources provided by undertaking and which do not operate through profit and loss accounts. Thus, another statement has to be prepared to show the change in the assets and liabilities from the end of one period of time to the end of another period of time. The state is called a statement of changes in financial position or a funds flow statement.

The funds flow statement is a statement, which shows the movement of funds and is a report of the financial operations of the business undertaking. It indicates various means by which funds were obtained during a particular period and the ways in which these funds were employed. In simple words, it is a statement of sources and application of funds.

## **ACKNOWLEDGEMENT**

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# **CHAPTER-I**

## **INTRODUCTION**



## INTRODUCTION

The basic financial statements i.e., the balance sheet and profit and loss account to The income statement of the business reveals the net effect of the various transactions on the operational and financial position of the company. The balance sheet gives a summary of the assets and liabilities of an undertaking at a particular point of time. It reveals the financial status of the company. The assets side of a balance sheet shows the development of resources of an undertaking while the liabilities side indicates its obligation, i.e., the manner in which these resources were obtained. The profit and loss account reflects the results of the business operation for a period of time. It contains a summary of expenses incurred and the revenue realized in an accounting period. Both these statements provide the essential basic information on the financial activities of business, but their usefulness is limited for analysis and planning purposes.

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## MEANING OF THE FINANCIAL STATEMENT

A financial statement is a collection of data organized according to a logical and consistent accounting process. Its purpose is to convey an understanding of some financial aspects of a business firm. It may show a position at a moment in time, as in the case of an income statement. Thus the term "Financial statements" generally refers to the statements.

- i) The position statement or the balance sheet and
- ii) The income statement or profit and loss account

These statements are used to convey to management and other interests outsiders the profitability and financial position of a firm.

### NATURE OF THE FINANCIAL STATEMENTS:

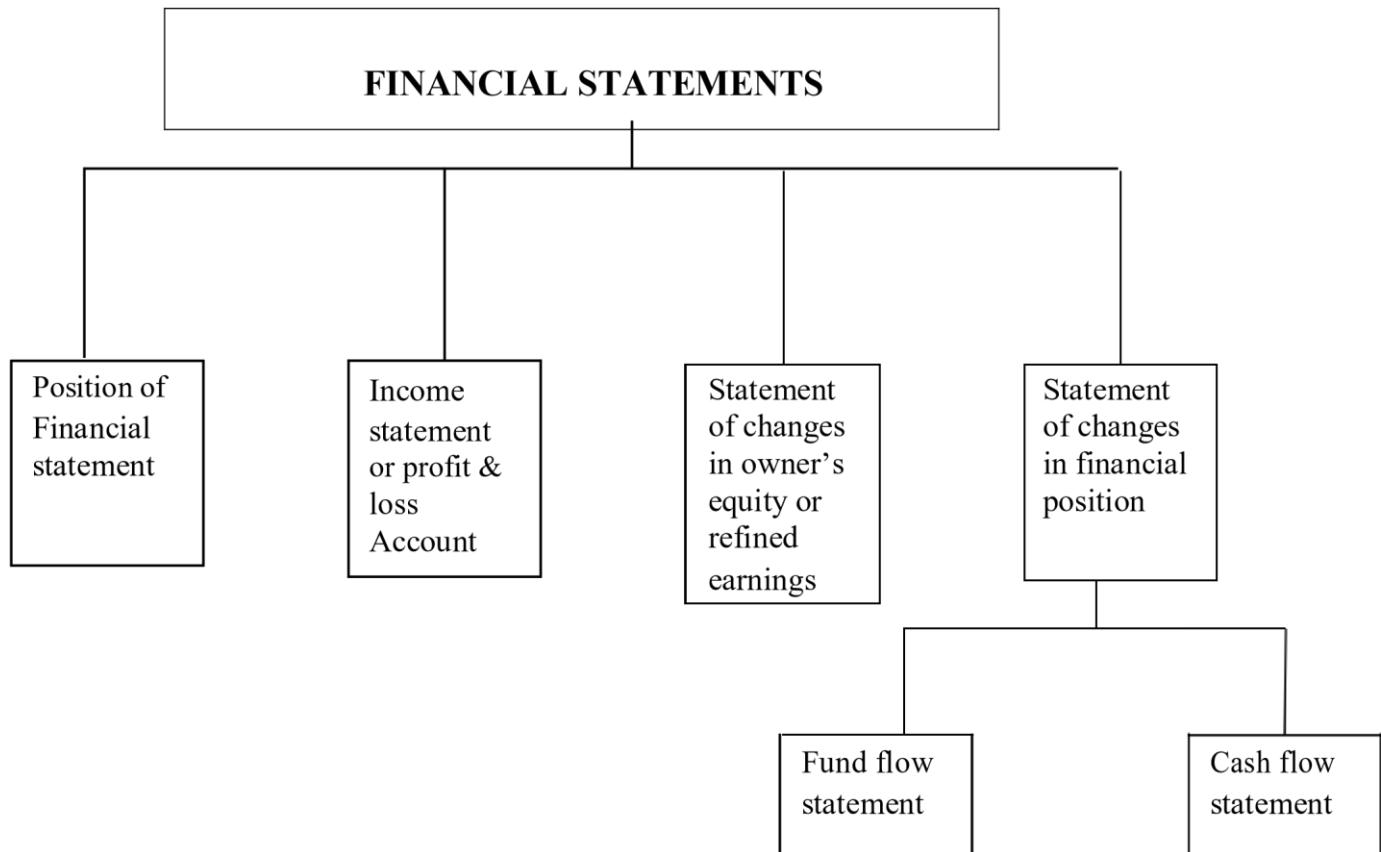
The financial statements are prepared on the basis of recorded facts. The recorded facts are those which can be expressed in monetary terms.

**I) RECORDED FACTS:** The terms and 'recorded facts' refers to the data taken out from the accounting records. The records are maintained on the basis of actual cost data.

**II) ACCOUNTING CONVENTIONS:** certain accounting conventions are followed while preparing financial statements. The conventions of valuing inventory at cost or market price, whichever is lower, is followed.

**III) POSTULATES:** The accounting makes certain assumptions while making accounting records. One of these assumptions is that the enterprise is making accounting records. One of these assumptions is that enterprise is treated as a going concern. The other alternative to this postulate is that the concern is to be liquidated. Another important assumption is to presume that the value of money will remain the same in different periods. While they remain the same in different periods. While preparing profit and loss account the revenue is treated in the year in

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## 1. BALANCE SHEET:

The American institute of certified public contents defines balance sheet as” A tabular statement of summary of (Debits and Credits) carried forward after an actual and constructive closing or books of account and kept accounting to principles of accounting”.

## 2. INCOME OF STATEMENT (PROFIT AND LOSS)

Income statement is prepared to determine the operational p  
position of the concern. It is a statement of revenue earned and expenses incurred for earning that revenue.

### **3. STATEMENT OF CHANGES IN OWNERS EQUITY**

#### **(RETAINED EARNINGS):**

The term 'owners equity' refers to the claims of the owners' of the business (share holders) against the assets of the firm. It consists of two elements 1) paid up share capital,2) retained earnings or reserves and surplus.

### **4. STATEMENT OF FINANCIAL POSITION:**

The basic financial position i.e.The balance sheet and the profit and loss account are income statements of a business reveals the net effect of the various transactions operational and financial position of the company.

#### **A) FUNDS FLOW STATEMENTS:**

The Funds flow statement is designed to analyze the changes in the financial condition of business for two periods. The word "Fund" is used to denote working capital. This statement will show the sources from each the funds are received and the uses to which these have been put.

#### **B) CASH FLOW STATEMENTS:**

A statement of changes in the financial position of a firm on a cash basis is called cash flow statements. It summarizes the causes of changes in cash position of a business enterprises between dates of two balance sheets This statement is very much similar to the statement of changes in working capital i.e. Funds flow statements.

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## **SCOPE OF THE STUDY**

The magnitude and scope of a project is generally defined by its objectives. Constraints and methodology that have adapted to analyze the information. However the scope of the present project is at macro level i.e., the overall performance of the Religare Securities Limited.

## **OBJECTIVES OF THE STUDY**

The following are the basic objectives of the present study.

- \* To identify the application of Funds of the Company.
- \* To know how the funds are being utilized.
- \* To know the liquidity position of the Company.
- \* To find out the reasons behind the losses/ profits of the Company
- \* To suggest a good method of fund allocation

## **IMPORTANCE OF THE STUDY:**

The Main Important of the study is to know that 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 the working capital concept of funds the term "Flow of Funds" refers to movement of funds in working capital.

If any transaction results in an 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".

## **METHODOLOGY OF THE STUDY**

- ▶ The period selected for the study is five years from 2006-2007 to 2010-2011. The methodology adopted for this study includes Primary data and Secondary Data.
- ▶ More than this, personal interviews are conducted with the Finance Manager and other officials to elicit the necessary information. Interviews are very effective and they have provided needed information particularly to complete this report discussions are held to verify the data obtained from secondary sources.

## **PRIMARY DATA**

Primary data will be through regular interaction with the officials of RELIGARE. Ration relationships will be established basing on the theoretical literature available from the “Finance” textbooks and RELIGARE balance sheets and Profit and Loss A/c’s.

## **SECONDARY DATA**

- \* Annual reports of the RELIGARE 2005- 2006 to 2010-2011
- \* Financial statements of the RELIGARE.
- \* Collectively the relevant information for the standard text books and Financial magazines
- \* Required information is collected from lecturers, friends.

## **LIMITATIONS OF THE STUDY**

- ▶ The present study is only for 5 years of the Companies financial years  
From 2005- 2006 to 2010-2011.
  - ▶ The analysis is based on the data which is provided by the Companies i.e.  
Annual reports of the Company.
-

- ▶ The study is based on funds flow statement; liquidity ratios; C-D ratios And spread analysis for a period of 5 years only.
- ▶ Classification of the current and fixed assets / liabilities is based on the Volatility of the funds.
- ▶ Provisions of the Company are treated as current liability.

# CHAPTER-II

## CONCEPTUAL FRAMEWORK:

**FUNDS MANAGEMENT**

**SOURCES AND APPLICATION OF FUNDS**

**APPROACHES TO FUNDS MANAGEMENT**



# **FUNDS MANAGEMENT**

## **Theoretical Concepts:**

Management may be defined as optimum utilization of available resources keeping in view the overall objectives of the firm. Here fund management is nothing but, utilization of available funds at optimum level with a view to achieve the overall objectives of the organization. This includes mobilizing or raising funds from different available sources and investing or allocating these funds in an efficient way, which yields the optimum returns, so that the firm can achieve its overall objectives.

## **MEANING OF FUNDS**

According to the international Accounting standard No. 7, the term Fund generally refers to cash and cash equivalents, or to working capital, of these, the last definition of the term (i.e., working capital) is by far the most common definition of fund.

There are also two concepts of working capital – Gross concept and Net concept. Gross working capital refers to the firm's investment in current assets. Net working capital means, excess of current assets over current liabilities. It is in the latter sense in which the term funds is generally used.

According to the American Institute of Certified public Accounts (AICPA), the meaning of two terms current assets and current assets and current liabilities are as follows;

## **CURRENT ASSETS:**

The term current asset's includes assets, which acquired with the intention of converting them into cash during the normal business operations of the firm.



## **CURRENT LIABILITIES:**

The term current liabilities is used principally to designate such obligations whose liquidation is reasonably expected to require the use of assets classified as current assets in the same balance sheet or creation of other current liabilities or those expected to be satisfied within a relatively short period of time usually one year (AICPA).

## **FUNDS FLOW:**

The term flow means change, and therefore, the term Flow of funds means change in Funds or change in working capital. In other words, any increase or decrease in working capital means Flow of funds.

In business several transactions take place. Some of these transactions increase the fund while others decrease the funds. Some may not take any change in funds position. In case a transaction results in increase of funds, it will be termed as a source of funds In the same way, decrease of funds would result as an application or use of funds.

## **THERE WILL BE FLOW OF FUNDS OF A TRANSACTION INVOLVES:**

- Current assets and fixed assets (e.g. Purchase of building for cash).
  - Current assets and capital (e.g. Issue of shares for cash )
  - Current assets and fixed liabilities (e.g. Redemption of long term borrowings in cash).
  - Current Liabilities and fixed liabilities (e.g. Creditors paid off in debentures)
  - Current Liabilities and fixed liabilities (e.g. Creditors paid off in debentures)
  - Current Liabilities and capital (eg.Creditors paid off in shares).
  - Current Liabilities and fixed assets (e.g. Buildings transferred to creditors in satisfaction of their claims).
-

## **SOURCES AND APPLICATION OF FUNDS**

### **SOURCES OF FUNDS:**

The sources of funds can be both internal as well as external.

### **INTERNAL SOURCES**

Funds from business operations are the only internal sources of funds. This can be arrived by deducting the non – operating expenses (e.g. Depreciation) and adding the non - operating incomes (e.g. are Profit from sale of fixed asset

### **EXTERNAL SOURCES**

#### **FUNDS FROM LONG-TERM LOANS:**

Long term loans such as debentures, borrowing from financial institutions will increase the working capital and therefore there will be flow of funds. However, if the dentures have been issued in consideration of some fixed assets, there will be no flow.

## **Sale OF FIXED ASSETS:**

Sale of land, buildings, and long-term investments will result in generation of funds.

## **INCREASE IN SHARE CAPITAL:**

Issue of shares for cash or for any other current asset result in increase in working capital is hence there will be flow of funds.

## **SOURCES AND EMPLOYMENT OF COMPANY FUNDS PAID – UP**

### **CAPITAL AND RESERVES**

The paid – capital and cash reserves of a Company constitute by far the most dependable source of Company liquidity. The paid-up capital comprises the cash amount contributed in cash by the public on their shares to the Company. The paid – up capital is less than authorized capital and it is either equal to or less than the subscribed capital. Authorized capital is the maximum, which a Company can issue for public subscription under its Memorandum of Association. Generally, the board of Directors of a Company does not issue the entire authorized capital for subscribed by the public. If the entire subscribed capital is not paid-up capital. A part of the subscribed capital may be paid subsequently, when asked by the board of Directors. The amount which is subject to call is known as the Reserve Liability.

For the sake of safety, a Company keeps a reserves fund, which is created out of the undistributed profits every year. The Company draws upon the resources of its reserved funds in periods of losses. In India, every Financial Institution is legally required to set a part of its profit for the reserve fund, until the fund becomes equal to its paid-up capital. Besides, companies also maintain secret reserves, for bad and doubtful debts and depositor equalization funds created out of profits.

The paid-up capital and reserves of a company provide protection to the Investors of a company, when it faces the danger of liquidation. To the extent, these funds represent the owned funds of the investors, it is this source of company liquidity upon which the company

fails in times of financial crises when its capacity to meet its financial commitments toward its depositors is impaired. Infected, the ability of a company to withstand successfully any crisis of confidence of its depositors in its creditworthiness depends largely upon the size of its paid-up capital and cash reserves that are available to it as a cushion to absorb any shock it might receive at the hands of its scared depositors.

### **FUNDS:**

Next to the paid – up capital and cash reserves, the other most important sources of supply of company liquidity is the Funds which companies receive from their depositors consisting of individuals, corporate form of business enterprise, firms and others including educational institutions, local bodies and government. But for the large funds, which companies receive as Funds their investment and lending activities would have been on considerably smaller scale than these, in fact, are.

Bulk of the total earnings of company is derived in the form of interest income derived from loans and advances made by the company to trade, industry and other borrowers and the interest earned from investments made in the government and other securities.

### **OTHER LIABILITIES:**

A part from the paid up capital, cash reserves and Funds, the other principal components of the liabilities portfolio of companies are the borrowings, which the company make from the Head Office is barometer of the degree of the borrower – lender relationship which exists between the companies and the Head Office and consequently of the dependence of the former upon the latter in the country. This relationship is very significant in the matter of enabling then

Head Office to exercise an effective control over the credit creation activities of the companies in the economy. The degree to which the member companies depend for financial accommodation on the Head Office is a measure of the degree of effectiveness of the latter in influencing the lending or credit – creating activities of the former and consequently of the effectiveness of Head Offices monetary and credit policy in achieving the desired economic

goals. In India, the companies borrow from the Reserve company of India and the sum borrowed varies depending upon the busy season and the liquidity position of the companies.

## **ASSET PORTFOLIO**

Having briefly discussed the main sources of supply of funds of companies. Let us now very briefly discuss the uses to which these funds are by the companies. The most profitable activity of companies consists of lending surplus cash either by way of making loans or granting overdraft facilities to their customers. While companies are anxious to utilize their funds in such a manner so as to optimize their net income from the use of these Responsible company personnel company manager and other), Who look after the manner of utilization of the surplus funds have always to remember the hard fact that the ownership of such funds as they have acquired (barring paid up capital and reserves ) vests in the depositors whose autonomous decision to withdraw their Funds as and when they please(subject to certain company rules which they have agreed to abide by) have to be scrupulously respected by refunding them their Funds promptly on demand the acquired funds to their owners or persons named by them.

A part from cash in hand, cash balances held with the Head Office and balances held with the other companies which constitute the first defense for companies as these can be acquired immediately without any cost, the other asset ranking next to cash money at call and short –notice consisting of short-term loans callable at very short notice. As money is convertible into cash without notice, it commands the attribute of high liquidity ranking next to cash. It earns a very low rate of interest for the company. So also is the case with money callable at short notice. However, since compared with money at call it is relatively less liquid the yield is slightly higher. Money at call and short notice constitutes a larger money market compared with those countries which have developed money markets compared with those whose money markets are either not developed or not properly functioning. Such is the situation in most developing countries.

A part from cash in hand and balances with the Head Office balances with the Head Office, balances with other companies and call and short notice, the two principal items of the asset portfolio of companies are the advances or company credit and investment made in government securities includes the treasury bills, which have of 91 days, in India, companies make investments both in the central government and state governments securities of differing maturities.

## **APPROACHES TO FUNDS MANAGEMENT OF COMPANIES**

There are now two broad or general approaches to the company fund utilization.

These are the pooled- funds approach and the asset allocation approach.

The pooled – funds approach is based upon the belief that the companies employ their funds in creating different types of assets assorted assets comprising different land, securities, of supply of their funds .For instance, in the past when bulk of the company funds constitutes the demand Funds it was need less of differentiate between the different sources of supply of investor funds .But now a days, it is argued by the critics off this approach, when the deposit –mix of companies has radically changed and keeps in continuously changing under the impact of dynamics of growth, the pooled funds approach is absolute and is detrimental to the realization of optimum yield from company funds as it ties liquidity to total Funds among which can do without maintaining the same high ratio of liquidity which they might consider essential to maintain against the demand Funds deposit. Consequently, the pooled- funds approaches, which take no notice of the changing pattern of the total deposit – mix of companies, are faulty and lead to inefficient conduct of companies asset portfolio management. The Asset – allocation approach to which has been developed in recent years, stresses that the investments made in different types of Assets have to be directly related to the different sources.

From which funds are derived by the company thus, the fundamental criteria which must be followed in allocated funds for acquiring different sources of applying funds determining the appropriate maturity of the assets acquired through funds utilizations. For instance, while relatively stable funds, Like fixed Funds and paid – up capital, could be used to

buy along dated high-yield for giving securities, demand Funds, saving Funds, which are most volatile, could be used to acquire relatively liquid assets like cash or money at all call and short notice on which little or of no return is made by the companies

# CHAPTER-III

## INDUSTRY PROFILE

### INTRODUCTION:

The basic need of human beings is food, clothing and shelter. Love and affection /possession is a never ending process for a human being.

As the time passes on human beings their wants and wishes also changed from ancient times to modern times and among them the living pattern and construction works also have been changed from temporary construction of houses to permanent construction and the basic material used in construction is "Cement".

Cement, the word derived from a latin word 'CEMENTTUM' means stone chipping such as we used in roman.

Cement the word as per oxford, it is commonly used is any substance applied for soft stocking things. But cement is the most vital and important material for modern constructions. It is a material which sets and hardness when mixed with water. Cement is basically used in construction as a building agent. In ancient times clay bricks and stones have been used for construction works.

The Romans were using a binding or a cementing material that would harden and water. The first systematic effort was made by "SMEATON" who undertook the execution of a new light house in 1756. He observed that

production obtained during limestone was the best cementing material for work under water.

The construction in lost centuries was with Lime that was the main equipment used for construction work. The ancient constructions like Tajmahal, Qutubminar, Mysore Palace, Red fort, Charminar etc., the evidence of lime construction.



## **THE INDIAN CEMENT INDUSTRY:**

By starting production in 1914 the story of the India cement industry is a stage of continuous growth.

India is the fourth largest cement producer after China, Japan and the U.S.A. So far annual production and demand has been growing at a pace of roughly 68 million tons with an installed capacity of 82 millions tons.

In 1914 the foundation of the stable cement Industry was laid as sun above. It was an Indian Cement Company at Porbandar in Gujarat. In 1920, the cement marketing corporation was formed to promote the sale and distribution of cement. A significant development was made in 1930 when all manufacturers merged together to form the Associated Cement Company Limited.

Cement Industry is the major Industry it has taken rapid strides for a modest beginning at porbandar in 1914 to the 1980's with over understanding out of the 60 units, 14 units are in the public sectors remaining units are in the private sector.

India is endowed with cement grade limestone (90 Billion tons ) and coal (190 Billion tons ). The basic raw material required for cement manufacture and self-sufficient in manufacturing cement making machineries. During the nineties it had a particularly impressive expansion with a growth rate of 10%.

The strength and vitality of the cement Industry can be gauged by the interest shown and support given by the World Bank, considering the excellent performance of the industry in utilizing loans and achieving the objectives and targets. The World Bank is examining the feasibility of providing a third line of credit for further upgrading Industry in varying areas, which will make it global.

Therefore, India today totally installed capacity of over 30 million tons, employing over a  
100 thousand people directly and contributing an amount of rupees 8 billion to India's GDP.

## **TECHNOLOGY:**

Cement may be manufactured employing three alternative technologies.

1. The largely out molded well process technology.
2. The more modern dry process requires only 19% coal utilization.
3. The latest percallinator technology through which optimum utilization may be achieved. Here the calcinator or raw.

Material is partly or completely carried out before the feud enters the rotator kin besides saving power, the adoption of this technology enables an increase in installed capacity by 30-35%, the 30,000 tons per day plants being setup in the country use this technology.

## **TECHNOLOGICAL CHANGES:**

Continuous technological upgrading and assimilation of the latest technology has been going on in the cement industry. Presently 93% of the total capacity in the industry is based on modern and environment friendly dry process technology and only 7% of the capacity is based on old wet and semi-dry process technology.

There is tremendous scope for waste heat recovery in cement plants and there by reduction in emission level. One project for co-generation of power utilizing waste heat in an Insian cement plant is being implemented with Japanese assistance under the Green Aid Plan. The induction of advanced technology has helped the industry immensely to conserve energy and fuel and to save materials substantially.

India is also producing different varieties of cement like Ordinary Portland Cement (OPC), Portland Puzzling Cement (PPC), Portland Blast Furnace Slag Cement (PBFS), Oil Well Cement, Rapid Hardening Portland Cement, Sulfate Resisting Portland Cement, White Cement etc. production of these varieties of cement conform to the BIS Specifications. Also, some cement plants have set up dedicated jetties for promoting bulk transportation and export.

## **TOTAL PRODUCTION:**

The cement industry comprises 125 large cement plants with an installed capacity of 148.28 million tons and more than 300 mini cement plants with an estimated capacity of 11.10 million tons per annum. The Cement Corporation of India, which is a Central Public Sector Undertaking, has 10 units. There are 10 large cement plants owned by various state Governments. The total installed capacity in the country as a whole is 159.38 million tons.

Actual cement production in 2005-06 was 116.35 million tons as against a production of 107.90 million tons in 2004-05, registering a growth rate of 8.84%. Major players in cement production are Ambuja cement, Aditya cement, J K Cement and L & T cement.

Apart from meeting the entire domestic demand, the industry is also exporting cement and clinker. The export of cement during 2004-05 and 2006-07 was 5.14 million tons and 6.92million tons respectively. Export during April-May, 2005 was 1.35 million tons. Major exporters were Gujarat Ambuja Cements Ltd. and L & T Ltd.

The planning commission for the formulation of X Five Year Plan constituted a 'Working Group on Cement Industry' for the development of the cement industry. The Working Group has identified following thrust areas for improving demand for cement;

1. Further push to housing developments programs;
2. Promotion of concrete Highways and roads, and
3. Use of ready-mix concrete in large infrastructure projects.

Cement industry has been decontrolled from price and distribution on 1<sup>st</sup> march 1989 and delicensed on 25<sup>th</sup> July 1991. However, the performance of the industry and prices of cement

are monitored regularly. Being a key infrastructure industry, the constraints faced by the

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### **DISTRIBUTION SYSTEM:**

Distribution of cement was entirely under Government control until 1982. At present the Industry has to make an agreement towards the levy quota which is to be sold compulsorily to the Government the rest of the output or open market quota may be sold in the open market evolved prices the output lifted by the Government is allocated state wise.

### **NEED AND IMPORTANCE:**

In India we see rapid industrial development in the last few centuries. Indian industry is growing at a considerable ratio which reveals India is a developing country. And there are different industrial sectors that are playing a vital role for the economy's development. They are steel cement SOF. Information Technology, Medical Science etc.

One among them was "CEMENT INDUSTRY" which plays a vital role for the country's development. In India cement industry is growing rationally and marketing is the kingpin of all activities particularly to the business because of these changes in the external environment i.e., social, political, legal, technical and international environment and changes in marketing. There is an increase in the salaries in almost every market leading to competition in aspects of price, promotion etc., which help to increase the standard of living of people.

The manufacturers of Cement like Kesoram cement, India limited, Orient limited, Ultratech etc. are providing cement and they are distributing cement through a wide network of dealers.

Kesoram Cements has been doing its business for decades and it is continuously contributing to the national economy. In Industries nowadays there is no special interest for particular departments like production or manufacturing but nowadays total quality management plays a vital role for the company's success.

Distribution channel which plays a vital role for the company's success. Distribution channels are links between the company and consumers.

## **COMPANY PROFILE**

Religare is one of the leading integrated financial services institutions of India, backed by a blue chip promoter pedigree and a proven track record. Religare's businesses are broadly clubbed across 3 key verticals, the retail, institutional and the wealth spectrum, catering to a diverse and wide base of clients spread across the length and breadth of the

country. Structurally, all businesses are operated through various subsidiaries held through the holding company Religare Enterprises Limited.

The company offers a diverse bouquet of services and through its consolidated network reach, Religare is present in more than 1300 locations across more than 400 cities and towns.

As part of its recent initiatives the group has also started expanding globally. Religare has also successfully partnered with Aegon, one of the global leaders to launch Life Insurance, Mutual Fund and Pension products in India and with Macquarie Company, for a wealth management joint venture.

The vision of the company is to build Religare as a globally trusted brand in the financial services domain and present it as the 'Investment Gateway of India'. All employees of the group relentlessly strive to provide financial care, driven by the core values of diligence and transparency

**Mission** -To provide financial care driven by the core values of diligence & transparency

**Brand Essence** –The company Core essence is diligence and ethical and dynamic processes for wealth creation drive it

### **Brand Identity**

**Name:** Religare is a Latin word that translates as 'to bind together'. This name has been chosen to reflect the integrated nature of the financial services the company offers. The name is intended to unite and bring together the phenomenon of money and wealth to co-exist and serve the interest of individuals and institutions alike.

### **Symbol**

The Religare name is paired with the symbol of a four-leaf clover. The four-leaf clover is used to define the rare quality of good fortune that is the aim of every financial plan. It has traditionally been considered good fortune to find a single four leaf clover considering that statistically one may need to search through over 10,000 three-leaf clovers to even find one four leaf clover.

Each leaf of the four-leaf clover has a special meaning in the sphere of Religare.

- The first leaf of the clover represents **Hope**. The aspirations to succeed. The dream of becoming. Of new possibilities. It is the beginning of every step and the foundations on which a person reaches for the stars.
- The second leaf of the clover represents **Trust**. The ability to place one's own faith in another. To have a relationship as partners in a team. To accomplish a given goal with the balance that brings satisfaction to all not in the binding but in the bond that is built.
- The third leaf of the clover represents **Care**. The secret ingredient is the cement in every relationship. The truth of feeling that underlines sincerity and the triumph of diligence in every aspect. From it springs true warmth of service and the ability to adapt to evolving environments with consideration to all.
- The fourth and final leaf of the clover represents **Good Fortune**. Signifying that rare ability to meld opportunity and planning with circumstance to generate those often looked for remunerative moments of success.
- **Hope. Trust. Care. Good fortune.** All elements perfectly combine in the emblematic and rare, four-leaf clover to visually symbolize the values that bind together and form the core of the Religare vision

**Top Management Team**

‰ **Mr. Sunil Godhwani - CEO & Managing Director, Religare Enterprises Limited**

‰ **Mr. Shachindra Nath** - Group Chief Operating Officer, Religare Enterprises Limited

‰ **Mr. Anil Saxena**- Group Chief Finance Officer, Religare Enterprises Limited

**Board of Directors - Religare Enterprises Limited**

- Mr. Malvinder Mohan Singh - Chairman (Non Executive)
- Mr. Sunil Godhwani - CEO & Managing Director
- Mr. Shivinder Mohan Singh - Non Executive Director
- Mr. Harpal Singh - Non Executive Director
- Mr. Deepak Ramchand Sabnani - Independent Director
- Mr. Padam Bahl - Independent Director
- Mr. Baldev Singh Johal - Independent Director
- Mr. R. K. Shetty - Alternate to Mr. J. W. Balani
- Capt. G. P. S. Bhalla - Alternate to Mr. Deepak Sabnani

**RELIGARE'S SPECTRUMS**

**1. Retail Spectrum**

- **Equity Trading • Commodities Trading • Online Investment Portal •  
Personal Financial Services • Personal Credit**



## **2. Wealth Spectrum**

- **Wealth Advisory • Portfolio Management Services • Arts Initiative • Priority Client Equity Services**

## **3. Institutional Spectrum**

- **Institutional Broking Services**
- **Investment Companying • Corporate Finance • Insurance Advisory**

## **RETAIL SPECTRUM**

### **Equity Trading**

Trading in Equities with Religare truly empowers you for your investment needs. A highly process driven, diligent approach backed by powerful Research & Analytics and one of the “best in class” dealing rooms ensures that you have a superlative experience.

Further, Religare also has one of the largest retail networks, with its presence in more than 1,217 locations across more than 392 towns & cities. This means, you can walk into any of these

branches and connect to religare's highly skilled and dedicated relationship managers to get the best services. You could also choose to enjoy the freedom to execute your own trades through Religare's online mechanism

### **Commodities Trading**

Religare Commodities Limited (RCL) was initiated to spearhead Exchange based Commodity Trading. As a member of NCDEX, MCX and NMCE, RCL is a trade facilitator providing the platform to trade in commodities. Grounded in the Religare philosophy, highly skilled and dedicated professionals strive to offer the client best investment solutions across the country.

### ***Online Investment***

Investing online will never be the same again with religare's 360 degree portal

[www.religareonline.com](http://www.religareonline.com) Now you can not just invest online in Equities, IPOs, Mutual

Funds, Commodities and much more but, also get **TRADE REWARDS** each time you invest.

### **Personal Financial Services**

Religare has recently entered into personal financial advisory services. It caters to the financial needs of individuals by advising them on various financial plans. Religare's Personal financial advisors, also called financial planners or financial consultants, use their knowledge of investments, tax laws, and insurance to recommend financial options to individuals in accordance with the individual's short-term and long-term goals. Some of the issues that planners address are general investments, retirement and tax planning.

### **Product offerings**

- Mutual Funds

- Insurance - Life & Non - Life
- Bonds
- Funds
- IPOs
- Small Savings Instruments

## **PHILOSOPHY**

**Define... Refine...Achieve**

At Religare The Company believes “Our clients are people, not accounts” hence a successful investment management relationship begins with a clear understanding of each client’s specific needs, concerns and long term objectives. Religare’s investment philosophy applies a disciplined approach to building a customized strategy designed to meet your individual financial goals and tolerance for risk.

## **PROCESS**



The

Religare Edge

¾ Pan India footprint

¾ Dedicated team of trained and skilled advisors

¾ Strong pedigree driven by diligent processes and ethical business practices

¾ Wide & varied platter of products & services to choose from

¾ Backed by strong & Credible research

### Our Process



### WEALTH SPECTRUM

## **Wealth Management @ Religare**

- To provide investment advisory and execution services
- To work hand in hand with clients to identify and analyze their long-term goals, risk tolerance and existing asset base
- To Utilize Religare's full-suite platform with an open architecture along with a fully focused client centric approach to offer customized solutions for clients
- Supported by a dedicated team of highly skilled and qualified wealth managers and research professionals.

## **Critical Steps in Religare's Client Centric Operating Process**

- Risk Profiling
- Research & Asset Allocation
- Product Recommendations
- Review & Rebalancing

**International Advisory Fund Management Services (AFMS)** - A new horizon for international investments Religare's wealthy clients is an opportunity to invest in international financial instruments (currently limited to the US). Equities, Mutual Funds and Debts are some of the key instruments available and the clients have the option to choose from various asset allocation modules.

## **Portfolio Management Service**

Religare offers PMS to address varying investment preferences. As a focused service, PMS pays attention to details, and portfolios are customized to suit the unique requirements of investors.

Religare PMS currently extends five portfolio management schemes - Panther, Tortoise, Elephant, Caterpillar and Leo. Each scheme is designed keeping in mind the varying tastes, objectives and risk tolerance of Religare's investors

### **Investment Philosophy**

We believe that Religare's investors are better served by a disciplined investment approach, which combines an understanding of the goals and objectives of the investor with a fine tuned strategy backed by research.

- Stock specific selection procedure based on fundamental research for making sound investment decisions.
- Focus on minimizing investment risk by following rigorous valuation disciplines.
- Capital preservation.
- Selling discipline and use of Derivatives to control volatility.
- Overall to enhance absolute return for investors.

### **Schemes**

#### **Panther**

The Panther portfolio aims to achieve higher returns by taking aggressive positions across sectors and market capitalization. It is suitable for the "High Risk High Return" investor with a strategy to invest across sectors and take advantage of various market conditions.

#### **Tortoise**

The Tortoise portfolio aims to achieve growth in the portfolio value over a period of time by way of careful and judicious investment in fundamentally sound companies having good prospects.

The scheme is suitable for the “Medium Risk Medium Return” investor with a strategy to invest in companies, which have consistency in earnings, growth and financial performance.

### **Elephant**

The Elephant portfolio aims to generate steady returns over a longer period by investing in Securities selected only from BSE 100 and NSE 100 index. This plan is suitable for the “Low Risk Low Return” investor with a strategy to invest in blue chip companies, as these companies have steady performance and reduce liquidity risk in the market.

### **Caterpillar**

The Caterpillar portfolio aims to achieve capital appreciation over a long period of time by investing in a diversified portfolio. This scheme is suitable for investors with a high-risk appetite. The investment strategy would be to invest in scrips which are poised to get a re-rating either because of change in business, potential fancy for a particular sector in the coming years/months, business diversification leading to a better operating performance, stocks in their early stages of an upturn or for those which are in sectors currently ignored by the market.

### **Leo**

Leo is aimed at retail customers and structured to provide medium to long-term capital appreciation by investing in stocks across the market capitalization range. This scheme is a mix of moderate and aggressive investment strategies. Its aim is to have a balanced portfolio comprising selected investments from both Tortoise and Panther. Exposure to Derivatives is taken within permissible regulatory limits.

## **The Religare Edge**

We serve you with a diligent, transparent & process driven approach and ensure that your money gets the care it deserves.

**No experts, only expertise.** PMS brought to you by Religare with its solid reputation of an ethical and scientific approach to financial management. While The Company offers you the services of a Dedicated Relationship Manager who is at your service 24x7, The Company does not depend on individual expertise alone. For you, this means lower risk, higher dependability and unhindered continuity. Moreover, you are not limited by a particular individual's investment style.

**No hidden profits.** The company ensures that a part of the broken at Religare PortfolioManagement Services is through external broking houses. This means that your portfolio is not churned needlessly. Using more broking firms gives us access to a larger number of reports and

41  
analysis, enabling us to make better, more informed decisions. Furthermore, your portfolio is customized to suit your investment objectives.

**Daily disclosures.** Religare Portfolio Management Services gives you daily updates on your investment. You can pinpoint where your money is being invested, 24x7, instead of waiting till the end of the month to keep track.

**No charge till you profit\*.** So sure are The company of religare approach to PortfolioManagement that The company do not charge you for Religare's services, until your investments start showing profit. With customized investment options Religare Portfolio Management Services invites you to invest across five broad portfolios to suit your investment needs



## **INSTITUTIONAL SPECTRUM**

### **Institutional Broking Services**

The mission of this division is to institutionalize and implement a process driven approach to cater to the needs of leading corporate houses and institutions.

The division would like to be seen as a one-stop investment gateway and knowledge repository for its clients servicing their unique and sophisticated needs.

The division is structured as a separate SBU and is housed out of Mumbai, manned by a small yet fleet footed and extremely skilled group of top-notch professionals drawn from the best in the industry.

The key highlights of Religare's service platter are:

- Highly skilled, dedicated dealing, research and sales teams
- Dealing capabilities on the NSE, BSE and in the cash and derivatives segment
- In-depth, detailed and insightful coverage of more than 60 stocks across diverse sectors. The sectors covered are FMCG, Hotels, Media, Pharma, Auto, Cement, Steel pipes, Logistics, Telecom, Construction and much more.

Company's Current clientele includes some major domestic mutual funds, insurance companies, companies and FIIs. We provide innovative, integrated and best-fit solutions to Religare's corporate customers. It is Religare's continuous endeavor to provide value enhancement through diverse financial solutions on an on-going basis, through offerings like corporate debt, private equity, IPO, ECB, FCCB, GDR/ADR etc.

### **Religare's Investment Companying Division offers the following services:**

#### **Corporate Finance**

It focuses on finding partners for Religare's clients, who not only help in adding value, but also improve the future valuation of the organization. The company specialize in structured

financing and in providing advisory services related to financial planning, modeling and advising on financial requirements.

**Religare's wide range of Corporate Finance solutions to Religare's clients:**

- **Placement of Debt**

- f Syndication of Domestic Loan / Foreign Currency Loan
- f Securitisation
- f Debt Swap & Loan Restructuring
- f Short Term Corporate Debt
- f Working Capital (Cash Credit & Short term Loan)
- f Capital Market Instruments
- f Overseas Acquisition

- **Placement of Equity (Private Equity)**

- f Both for listed and unlisted companies

**Merchant Companying**

- IPO/FPO/RIGHTS
- Mergers & Acquisitions
- Corporate Advisory Services
- R/GDR/FCCB
- Buyback Of Shares

Value Proposition	
<b>Presence</b>	Pan India footprint
<b>Strong Domain Expertise</b>	Rich domain knowledge and Industry experts
<b>Comprehensive Risk Portfolio Management</b>	Expertise to meet all your Insurance needs
<b>Flexibility</b>	Market understanding, proactive and customer centric
<b>Stability</b>	Part of a US\$ 1.4 Billion Ranbaxy Group
<b>Infrastructure</b>	Human, technical, physical presence, CRM



## Research Services

We at Religare believe in providing independent research for clients to make investment decisions, with strict emphasis on self-regulation, avoiding possible conflict of interest in objectivity.

Varied research reports are prepared on different categories of Equities like

- Fundamental research
- Technical research
- Daily reports
- Intraday trading tech calls
- Intraday Derivative call
- Directional F&O calls
- Structured products
- Index Arbitrage
  - Arbitraging between Index (NIFTY) Futures and its constituents  
(Underlying Stock Futures).
- Volatility Trading
  - Arbitrage between volatilities i.e. between implied volatility of options  
and forecasted volatility of underlying stock futures.

# CHAPTER-IV

## **DATA ANALYSIS AND INTERPRETATION:**

### **STATEMENT OF SOURCE AND APPLICATION OF FUNDS**

<b>Particular</b>	<b>Amount (laks)</b>
<b>SOURCES OF FUNDS</b>	
Long term Funds	675.12
Increase in share capital	9
Sale of fixed assets	7
Funds from business	25.01
<b>TOTAL</b>	<b>716.1</b>
<b>APPLICATIONS OF FUNDS</b>	
Long-term advances	201.06
Increase in Investment	435.02
Purchase of assets	2.34
<b>TOTAL</b>	<b>638.4</b>
Increase in working capital	77.71
(Total sourceTotal application)	

*(Source: Annual reports of RELIGARE)*

## INTERPRETATION:

The above table shows the sources and use of the funds .It shows the total source of the funds during the year were Rs.716.13 Lac. The funds are mainly from the long term Funds Rs.675.12Lac and increase in share capital that Rs.9.00 Lac.

The application of funds in this year was Rs.638.42 Lac. They are mainly from long term advances Rs. 201.06 Lac and investment in bonds Rs.435.02 Lac. During these the company acquired from its business Rs. 25.01 Lac.

## ADJUSTED PROFIT AND LOSS ACCOUNT

(Rs. In lakhs)

Dr.

Cr.

Particular	Amount	Particular	Amount
To Balance B/F	46.56	By Balance C/F	33.47
To Depreciation	5.50	By funds from business	25.01
To Reserve	6.42		
	<b>58.48</b>		<b>58.48</b>

## SCHEDULE OF CHANGES IN WORKING CAPITAL

			Increase Working Capital	in	Decrease in working capital
Particular					
<b><u>CURRENT ASSETS</u></b>					
Cash in hand	65.01	69.56	-		4.55
Balance with COMPANY	70.27	36.76	33.51		-
Short term advances	90.26	202.68	-		112.42
Interest Receivables	25.11	24.12	0.99		-
Othercurrent assets	29.57	23.36	6.21		-
<b><u>CURRENT LIABILITIES</u></b>					
Short term Funds	220.87	120.21	-		100.66



<b>Interest payable</b>	<b>90.6</b>	<b>187.28</b>	<b>96.68</b>	<b>-</b>
<b>creditors</b>	<b>6.96</b>	<b>4.26</b>	<b>-</b>	<b>2.7</b>
<b>Other current liabilities</b>	<b>0.96</b>	<b>1.09</b>	<b>-</b>	<b>0.13</b>
<b>Decrease in working capital</b>			<b>83.07</b>	
			<b>220.46</b>	<b>220.46</b>

#### **INTERPRETATION:**

The above table shows the schedule of changes in working capital . It shows the working capital decreased Rs. 83.07 Lac. The current assets were somewhat increased Rs.6.21 Lac and short advances also decreased Rs. 112.42 Lac. The current liabilities the short term Funds increase Rs. 100.66 Lac and the creditors was increase Rs.2.7 Lac. The other current liabilities was increased Rs. 0.13 Lac.

### Statement of source and Application of Funds

particulars	Amount
<b><u>Sources of funds</u></b>	
Increase in share capital	5.23
Sale of fixed Assets	4.71
Funds from Business	45.62
<b>TOTAL</b>	<b>55.56</b>
<b><u>Application of funds</u></b>	
Increase in investment	
Long term Loans	42.77
Term Deposit	40.62
	39.9
<b>TOTAL</b>	
	<b>123.29</b>
Decrease in working capital	
(total sources – total Application)	67.73

*(Source: Annual report of RELIGARE)*

### Interpretation:-

The above table shows the sources and use of the funds .It shows the total sources of the funds during the year were Rs.55.56lac the funds are mainly from the share capital Rs.5.23 lac. Fixed assets Rs.4.71 lac. The application of the funds is 123.29lac. The funds are mainly coming in to Increase in Investment Rs.42.77Lac. Term loans Rs.40.62 and term Funds Rs.39.90 lac.

### ADJUSTED PROFIT AND LOSS

<b>Particulars</b>	<b>Amount</b>	<b>particulars</b>	<b>Amount</b>
To Balance B/F	81.40	<b>By</b> Balance	46.06
To Depreciation	10.78	<b>By</b> Funds from business	46.12
	<b>92.18</b>		<b>92.18</b>

## SCHEDULE OF CHANGES IN WORKING CAPITAL

			Increase In working capital	Decrease in working capital
Particular				
<b><u>CURRENT ASSETS</u></b>				
Cash in hand	81.84	65.01	16.83	-
Balance with Company	52.78	70.27	-	17.54
Short term advances	125.68	90.26	35.42	-
Interest receivable	20.09	25.11	-	5.02
Other current assets	24.06	29.57	-	5.51
<b><u>CURRENT LIABILITIES</u></b>				
Short term advances	225.06	220.87	-	4.19
Interest payable	50.1	90.6	40.5	-
Creditors	26.92	6.96	-	19.96
Other current liabilities	1.26	0.96	-	0.3
				40.23
( Increase in working capital)				
			<b>92.75</b>	<b>92.75</b>

**Interpretation:**

The above table shows that the schedule of changes in working capital It shows the working capital increase Rs.40.23lak, the current assets decrease 5.51lak, short term advances increase Rs.35.42. the interest receivable Rs.5.02lak.

The current liabilities of the short – term Funds increase is. 4.19lak, Interest payable decrease is.40.50lak, creditors increase Rs. 19.96 lack and other current liabilities increase Rs.0.3lak

**STATEMENT OF SOURCE AND APPLICATION**

Particulars	Amount
-------------	--------

<b><u>Sources of funds</u></b>	8.26
Increase in share capital	8.72
Sale of fixed assets	59.64
Funds from business	<b>59.64</b>
<b>TOTAL</b>	
<b><u>Total application of funds</u></b>	
Increase in investment	20.04
Long – term loans	70.06
Term – Funds	20.90
<b>TOTAL</b>	<b>111.00</b>
Decrease in working capital	
( Total source – total application)	<b>51.36</b>

(Source: annual report on RELIGARE)

**Interpretation:**

The above table shows the source and use of the funds It show the total source of the funds during was Rs.59.64. The funds are mainly from share capital Rs. 8.26lak ,the sale of field assets Rs. 8.72 lack and funds from business Rs. 42.66 lak.

The total Application of the funds isRs.111.00 lack . The funds are mainly coming in to increase investment Rs. 20.04lac. Long –term loans Rs.70.06lac and term – Funds are 20.90 lack,

## ADJUSTED THE PROFIT AND LOSS ACCOUNT

Dr

Cr

particulars	Rs/-	Particulars	Rs/-
<b>To</b> Balances B/F	86.97	<b>By</b> Balance C/F	81.4
<b>To</b> Reserves	38.09	<b>By</b> Depreciation	1.0
		<b>By</b> Funds from business	42.66
	<b>125.06</b>		<b>125.06</b>



## **INTERPRETATION:**

The above table shows the schedule of changes in working capital . It shows the working capital decrease Rs. 73.33lac.In the current assets cash in hand was somewhat increase Rs. 24.40lac.Balance with the Company increase Rs.77.54 lac, Interest Revisable on Rs. 10.81 lac, and the other current assets are Both years is same.

The current liabilities of the short term Funds are decreasing Rs.45.9 lac, Interest payable Increase Rs.4.44 lac.creditors decrease Rs. 4 lac other current liabilities are decreasing Rs.0.96 lac..