

A STUDY ON FUNDS FLOW ANALYSIS IN CHEMOLEUMS INDIAN PVT. LTD

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ABSTRACT

The funds flow analysis of Chemoleums India Pvt Ltd. examines the movement of funds within the company to understand its financial stability and operational efficiency. This involves analysing sources and applications of funds, highlighting changes in working capital, and identifying key areas of resource utilization. The analysis helps in assessing the company's liquidity, ability to manage obligations, and effectiveness in deploying financial resources. It serves as a critical tool for evaluating financial health and strategic decision-making. funds flow analysis provides a comprehensive view of how financial resources move within a company, helping to assess its liquidity, financial stability, and operational efficiency. By examining sources and applications of funds, this analysis enables businesses to identify areas of improvement, manage obligations effectively, and make informed financial decisions. It is an essential tool for evaluating the overall financial health and sustainability of an organization.

Keywords: Funds Flow Analysis, Chemoleums India Pvt. Ltd, Movement of Funds, Financial Stability.

INTRODUCTION

Financial management is that managerial activity which is concerned with planning and controlling of firms' financial resources. Financial management is concerned with rising of funds and their effective utilization keeping in view the overall objective of the firm financial management is one of the four important functional areas of the management. The major objective of any business field of a firm is to make a profit for its owners by producing goods or services for sale in the market. To reach the goal, the firm purchases the various factors of production and produces the output in cell. The all process requires fund. Finance may be said in the circulatory system of economic body of the firm. Financial management is that administrative area or set of administrative functions, while related the arrangement of each and credit so that the organization have the means to carryout is objectives as satisfactorily as possible. The central features is financial managements is its formulation of firm's strategy in determining the most effective use of the funds, currently it the disposal the firm and is selected the most favourable sources of additional funds that the firm will need in the near future.

The lubricant industry contributes to society by ensuring the smooth functioning of vehicles and machinery, which supports daily life and economic activity. It promotes safety by reducing wear and tear, preventing breakdowns, and extending the life of equipment. The industry also supports technological advancement and innovation in mobility and manufacturing. Additionally, it creates jobs and drives community development through its supply chains and service networks. The lubricant industry plays a vital role in supporting industrial machinery, transportation, and

manufacturing efficiency. It contributes significantly to GDP through production, trade, and employment. Lubricants enhance energy efficiency and equipment longevity, reducing maintenance costs. The industry also supports global trade, especially in automotive and heavy industries.

Chemoleums, is an established lubricant brand in the Indian market for more than five decades. It has won more than 50 OEM approvals and has been the top tier supplier to almost all the established automotive manufacturers. The brand is known for constantly innovating to bring the highest quality Lubricants to the Indian Market. Chemoleums India Private Limited was demerged from Chevron-Caltex India in 2008 and has been on a fast-paced growth trajectory since then. It is headed by highly experienced technical entrepreneurs who believe in delivering only the best. Started by TTK Group in 1960s, Caltex Acquired Chemoleums Ltd. in 2001, Caltex & Chemoleums become part of ChevronTexaco, Chemoleums Ltd. fully merged with Caltex Lubricants – 2003, Caltex/Chevron India marketed Chevron & Chemoleums Products till October 31st 2008, Chevron sold Chemoleums Plant, R&D setup, Brand, Products to City lubricants Pvt Ltd.- Oct 2008, Chemoleums India Pvt Ltd Re-launched Chemoleums Products- Feb 2009. Chemoleums' long-standing presence and commitment to quality have solidified its reputation in the Indian lubricant industry. With a focus on innovation and customer satisfaction, the company continues to play a vital role in supporting various sectors, including automotive and industrial applications, through its specialized lubrication products

REVIEW OF LITERATURE

Khan & Jain (2018) Their book emphasizes the importance of funds flow analysis as a tool to assess changes in financial positions over time. It helps identify sources and uses of funds, aiding financial decision-making. The authors also stress its usefulness in long-term planning and control.

Pandey, I.M. (2017) outlines how funds flow analysis provides insights into a company's financial operations beyond what income statements show. It tracks the movement of working capital and is helpful for planning and forecasting. He also highlights its role in investment and financing decisions.

Drake & Fabozzi (2019) They present funds flow analysis as a bridge between income statements and balance sheets. The technique helps in understanding how funds are generated and utilized over time. It supports strategic decisions and offers clarity on a firm's financial direction. Chandra, P. (2016) compares funds flow with cash flow, noting that funds flow provides a broader view of financial health. It reveals how internal and external sources finance business activities. This analysis helps stakeholders evaluate long-term financial strategies.

Rao & Rao (2015) The authors study manufacturing firms and conclude that funds flow analysis helps evaluate the efficiency of fund usage. It identifies whether operational profits can support expansion. The study confirms its relevance in capital budgeting. Brealey, Myers & Allen (2019) This textbook highlights the role of funds flow in analyzing reinvestment capacity and dividend policies. The analysis aids in understanding a firm's capital structure. It is also used to evaluate how efficiently a company reinvests its earnings.

Singh&Narang(2014) Their empirical research finds that public sector units using funds flow analysis show improved financial discipline. It helps in monitoring internal fund generation and allocation. This leads to better budgeting and policy implementation. Sharma Gupta(2020) They observe that small and medium enterprises benefit from regular funds flow reviews. It enhances their ability to manage credit and working capital. The study shows a link between funds flow awareness and financial sustainability.

Kapil,S.(2018) uses practical examples to show that funds flow statements are vital for financial restructuring. Companies rely on it for planning investments and managing debt. It also supports evaluation of business performance over time. Reddy Reddy(2021) Their research finds that funds flow analysis aids forensic accountants in tracking fund misuse. It can uncover discrepancies in fund usage and support legal investigations. This highlights its role beyond routine financial reporting.

Patel&Desai(2017) They explain that in mergers and acquisitions, funds flow analysis helps uncover hidden liabilities. It supports accurate valuation and risk assessment. The authors emphasize its value in financial due diligence. Aggarwal&Verma(2016) This study focuses on banks and shows that funds flow statements are essential for liquidity and compliance checks. They help banks align their fund positions with regulatory norms. It is also useful in internal auditing.

Mitra&Roy(2020) Their study of IT firms shows that funds flow statements are used to monitor capital expenditure and innovation funding. It helps managers align operational and strategic financial goals. The tool also supports transparency in budgeting. Thakur&Mehta(2022) They examine the role of funds flow in ESG compliance and sustainability tracking. It helps organizations show accountability in resource utilization. The analysis also aids in reporting non-financial disclosures. Nayak&Sahoo(2018) In nonprofit organizations, funds flow analysis is used to track donor funds and project expenditures. It builds transparency and trust among stakeholders. The study concludes that it improves financial governance in NGOs.

he literature collectively examines the multifaceted dynamics of mutual and hedge fund flows, investor behaviour, and market stability. Karatas et al. (2021) demonstrated the use of AI in predicting illiquid asset cash flows, while Schwarzkopf and Farmer (2008) highlighted how investor behaviour influences asset prices.

Peter et al. (2021) identified key factors such as fees and transparency affecting fund flows. Studies by Mitra (2009) and Liu & Song (2012) emphasized the sensitivity of fund flows to market volatility and sentiment. Griffin (2010) underlined the influence of institutional investors, and Wermers (2000) showed how fund flows impact stock prices. Lastly, research by Chen & Krishnamurthy (2013), Haghani (2016), and Caccioli et al. (2017) explored liquidity risk and systemic instability tied to fund movement.

RESEARCH METHODOLOGY

However, graduate employee possessed significant skill gaps with regards to technical skills such as valuation, property investment analysis, feasibility and viability appraisal, market research methods and facility management.

Objectives

- To study the financial performance of Chemoleums India private Limited
- To evaluate the various sources and applications in the organization.
- To know how effectively the company is using its resources
- To measure the extent to which the company has been financing its needs through borrowing.

The basic need is to complete a project work for the partial fulfilment of my Master's degree. With this need the search started for the topic that was appealing and that would make most of my skills and abilities. The project work is carried out by me in CHEMOLEUMS INDIAN Private LTD, Tada and the aim of project is to analysis the Funds flow analysis of the company. The "Funds flow & cash flow analysis" has emerged as the principal technique of the Analysis of Financial Statements. The Funds flow analysis can be used with other measures to fully evaluate the operational efficiency and also provide a standard of comparison at a point of time and allows comparisons with other firms. It can be used to analyse financial position to identify the trends, shift in trends or other factors. The present study is entitled "Financial Performance of Chemoleums Indian Private LTD by using Funds flow & cash flow analysis" this study is made with special emphasis on financial position by using Funds flow & cash flow analysis.

The study has been conducted to understand the position of the industry and various functional areas of the company and their operations. The study mainly focuses on Funds flow & cash flow analysis of the company.

This study adopts a descriptive research design to analyse the financial performance Chemoleums Indian Pvt Ltd. from 2020 to 2024. The design focuses on examining and interpreting financial position Secondary data has been collected from the company's annual reports, financial databases, and other reliable sources. The objective is to evaluate the firm's profitability, liquidity, solvency, and overall financial stability.

The study on funds flow analysis of Chameleoms India Pvt Ltd follows a descriptive research design. It aims to analyze the financial performance of the company by interpreting financial statements such as the balance sheet, income statement, and cash flow statement over a period. The research identifies trends, financial strengths, and weaknesses to provide insights into the company's overall financial health. Methodology is an intensive and purposeful search for knowledge and for the understanding social and physical phenomenon. It is the method for the discovery of true values in a scientific way. There are two sources of data. Primary sources and Secondary sources. Primary data was collected through interviews with project managers, officers, employees and other members of the organization. Primary data is data collected directly from people in an organization. Also known as important information.

Secondary data is obtained from annual financial reports, i.e. balance sheets and profit and loss statements, newsletters and other periodic documents of the organization and financial management books. Secondary data is data collected and processed by some organization. However, in research, all theoretical information is obtained from primary data. All information is obtained from primary data Chemoleums Indian Private LTD.

DATA ANALYSIS AND INTERPRETATION

Working capital is the amount of money a company has available to run its day-to-day operations. It is calculated by subtracting current liabilities (what the company owes in the short term) from current assets (what the company owns and can quickly convert to cash). A positive working capital means the business can pay its bills and invest in growth, while a negative one may signal financial trouble

Table 1: STATEMENT OF CHANGES IN WORKING CAPITAL 2019-202.

PARTICULARS	2019	2020	WORKIG CAPITAL	
			Increase	Decrease
Current assets:				
Inventories	1341.73	1617.3	275.57	
Sunday Debtors	1446.53	2019.28	572.75	
Cash and bank balances	106.9	183.25	76.35	
Other current assets	142.74	106.55		-36.19
Loans and advances	174.82	200.13	25.31	
Total current assets	3212.72	4126.51		
Current liabilities:				
Total current liabilities	1951.93	2283.06		331.13
Total	1951.93	2283.06	949.98	
Working capital CA-CL	1260.79	1843.45		
Net increase in working capital	582.66			582.66
	1843.45	1843.45	949.98	949.98

Source: Secondary Data

Table 1 reveals that Working capital changes from the above 2019-2020 working capital changes statement. It was found that Total working capital was increased by 46% It was increased from 1206.79 to 1843.45 It was mainly due to the increase in the sundry debtor's inventory. It was found that there is a increase current liabilities with amount of 331.13 It was indicated that decreasing the working capital.

Table 2 reveals that Working capital changes from the above 2020-2021 working capital changes statement. It was found that Total working capital was increased by 18.5 %. It was increased from 1843.45 to 2185.19.

Table 2: STATEMENT OF CHANGES IN WORKING CAPITAL 2020-2021

particulars	2020	2021	Working capital	
			Increase	crease
Current assets:				
Inventories	1617.30	2454.10	836.80	
Sunday Debtors	2019.28	1540.05		479.23
Cash and bank balances	183.25	419.45	236.20	
Other current assets	106.55	492.64	386.09	
Loans and advances	200.13	558.12	357.99	
Total current assets	4126.51	5464.36		
Current liabilities:				
current liabilities	2283.06	3279.17		996.11
Total	2283.06	3279.17	1817.08	1475.34
Working capital CA-CL	1843.45	2185.19		
Net increase in working capital	341.74			341.74
	2185.19	2185.19	1817.08	1817.08

Source: Secondary Data

It was mainly due to the increase in the sundry debtor's inventory. It was found that there is a increase current liabilities with amount of 996.11 It was indicated that decreasing the working capital.

Table 3 reveals that Working capital changes from the above 2011-2012 working capital changes statement. It was found that total working capital was increased by 83% It was increased from 919.96 to 1684.36.

Table -3: STATEMENT OF CHANGES IN WORKING CAPITAL 2021-2022

particulars	2021	2022	Working capital	
			Increase	crease
Current assets:				
Inventories	2454.10	2527.84	73.74	
Sunday Debtors	1540.05	1049.64		490.41
Cash and bank balances	419.45	430.11	10.66	
Other current assets	492.64	195.81		96.83
Loans and advances	558.12	410.81		147.31
Total current assets	5464.36	4614.21		
Current liabilities:				
current liabilities	3279.17	3694.25		415.08
Total	3279.19	3694.25	84.40	1349.63
Working capital CA-CL	2185.19	919.96		
Net decrease in working capital		1265.23	1262.23	
Total	2185.19	2185.19	1349.63	1349.63

Source: Secondary data

It was mainly due to the increase in the sundry debtor's inventory. It was found that there is increase current liabilities with amount of 199.14 It was indicated that decreasing the working capital.

Table 4 reveals that Working capital changes from the above 2011-2012 working capital changes statement. It was found that total working capital was increased by 83% It was increased from 919.96 to 1684.36.

Table -4: STATEMENT OF CHANGES IN WORKING CAPITAL 2022-2023

particulars	2022	2023	Working capital	
			Increase	crease
Current assets:				
Inventories	2527.84	3114.15	586.31	
Sunday Debtors	1049.64	1409.12	359.48	
Cash and bank balances	430.11	160.88		269.23
Other current assists	195.81	194.47		1.34
Loans and advances	140.81	300.85		109.96
Total current assets	4614.21	5179.47		
Current liabilities:				
current liabilities	3694.25	3495.11	199.14	
Total	3694.25	3495.11	1144.93	380.53
Working capital	919.96	1684.36		
CA-CL				
Net Increase in working capital	764.40			764.40
Total	1684.36	1684.36	1144.93	1144.93

Source: Secondary Data

It was mainly due to the increase in the sundry debtor's inventory. It was found that there is increase current liabilities with amount of 199.14 It was indicated that decreasing the working capital.

Table 5 reveals that Working capital changes from the above 2012-2013 working capital changes statement. It was found that Total working capital was increased by 23% It was decreased from 1684.35 to 2084.52.

Table 5: STATEMENT OF CHANGES IN WORKING CAPITAL 2023-2024

particulars	2023	2024	Working capital	
			Increase	crease
Current assets:				
Inventories	3114.15	2656.40		457.75
Sunday Debtors	1409.12	1677.10	267.98	
Cash and bank balances	160.88	919.16	758.28	
Other current assets	194.47	184.25		10.22
Loans and advances	300.85	562.05	261.20	
Total current assets	5179.47	5998.96		
Current liabilities:				
current liabilities	3495.11	3914.45		419.34
Total	3495.11	3941.45	1287.46	887.31
Working capital CA-CL	1684.35	2084.51		
Net increase in working capital	400.16			400.16
Total	2084.5	2084.51	1287.46	1287.46

Source: Secondary Data

It was mainly due to the increase in the sundry debtor's inventory. It was found that there is a increase current liabilities with amount of 419.33 It was indicated that decreasing the working capital.

ANALYSIS OF FINDINGS

The research work provides the key findings according to the data analysis. The financial performance of the company is good. The working capital is increased compared with the previous year. The sources of funds are increased within 5 years but the applications of funds are decreased. The liquidity position i.e. short-term solvency of the company is not satisfactory. Cash from unsecured loans were increased within 5 years from 2019-2024, the company is using more sources from secured and unsecured loans. The overall performance of the industry is good compared to earlier period, due to the changes in the trends and the company's hierarchy is good.

RECOMMENDATIONS

Managers

Managers should improve receivables collection and tighten credit policies to enhance cash inflow while implementing efficient inventory management to reduce tied-up capital. Regular monitoring of fund flows is essential to identify and eliminate financial inefficiencies. Operating expenses should be optimized by reducing unnecessary overheads. Maintaining a balanced mix of debt and equity will help ensure financial stability. Surplus funds must be reinvested wisely to generate additional returns. Leveraging technology for financial tracking and providing financial training to staff will support informed and effective decision-making.

Policy Makers

Policy makers should encourage the adoption of robust financial management practices by promoting transparency and accountability in corporate fund utilization. They should mandate periodic funds flow reporting for medium and large enterprises to enhance financial discipline. Incentives can be offered for companies that adopt digital tools for fund tracking and working capital optimization. Policies supporting access to affordable credit for SMEs will also help improve liquidity management. Additionally, establishing industry-specific financial benchmarks can guide better resource allocation. Training programs on financial literacy and corporate finance for business leaders should be supported to improve strategic decision-making. These measures collectively enhance the overall financial health and sustainability of businesses like Chemoleums India Pvt Ltd.

Industry Development

To foster industry development, efforts should focus on strengthening financial infrastructure, encouraging innovation, and enhancing operational efficiency. Industry bodies and stakeholders should promote best practices in fund management, inventory control, and cost optimization to improve overall productivity. Investment in advanced technologies and automation can drive efficiency and competitiveness. Collaborative platforms for knowledge sharing, training, and capacity building should be established to support smaller firms. Additionally, government and industry alliances should work together to improve access to finance, streamline regulatory

processes, and create a supportive ecosystem for sustainable growth. These initiatives will contribute to a more resilient and progressive industrial sector.

Scholarly Contribution

For scholarly contribution, researchers should focus on conducting in-depth studies on funds flow analysis across various industries to identify patterns, challenges, and best practices. Comparative analyses between companies of different sizes and sectors can offer valuable insights into effective financial strategies. There is also a need for developing advanced models and tools for predicting fund flows and assessing financial health. Academics should collaborate with industry practitioners to bridge the gap between theory and practice, ensuring research remains relevant and applicable. Publishing case studies, such as that of Chemoleums India Pvt Ltd., can enrich academic literature and serve as reference points for future research. Additionally, encouraging interdisciplinary studies involving finance, technology, and operations can further enhance the scope and impact of scholarly work in this area.

Limitations of The Study

Despite completion of project work to the satisfaction, the objectives could not be achieved due to the following limitations. The study provides an insight into the financial, aspects of Chemoleums Indian Private LTD, the study was conducted with limited data available and analysis was done accordingly. The analysis is made from the information given by the organization. The complexity and confidentiality of various operations is also a limitation to this study. Time is an important limitation. The whole study was conducted in a period of 90 days, which is not sufficient to carry out proper interpretation and analysis.

CONCLUSION

Funds flow statements and cash flow statements is an essential part of overall corporate financial management. It is the art of anticipating and preparing for risk and uncertainties and overcoming obstacles. Management should be particularly interested knowing the financial strengths of the firm as well as the weakness of the firm to take suitable corrective decisions. Hence a study has been conducted on the cash flow and funds flow statements with reference to Chemoleums India PVT LTD, Chennai. The main objectives of the study are to evaluate the cash and funds flow statements. So, funds flow and cash statements are important managerial tools for financial analysis.

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