

FUND FLOW STATEMENTS IN LARGE CORPORATES AT TATA COMMUNICATIONS

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ABSTRACT: The cash flow statement is a crucial instrument for assessing the financial performance of large corporations such as Tata Communications and evaluating their strategic alternatives. It illustrates the efficacy with which the business utilizes and allocates its financial resources by delineating the sources and destinations of funds over a specified timeframe. The statement illustrates the equilibrium between internal accruals and external financing of Tata Communications, reflecting trends in capital allocation towards operational efficiency, expansion efforts, or debt repayment. The fund flow analysis enables stakeholders to assess the sustainability of growth, the efficacy of capital management, and the company's capacity to generate future value by examining variations in working capital, long-term investments, and financing strategies. The fund flow statement serves as a diagnostic instrument for a global entity such as Tata Communications. It examines historical performance and identifies potential risks and opportunities in financial planning.

Keywords: *Fund Flow Analysis, Sources and Uses of Funds, Working Capital Changes, Financial Statement Analysis, Long-term Financing, Capital Expenditure*

I. INTRODUCTION

The purpose of the Funds Flow Statement is to confirm the movement of money from one fiscal year to another by reviewing the balance sheet of the company for the two years up to the present. This research compares the cash that came into and went out of a company during the relevant accounting period in order to determine the effect of working capital.

Expenditure on this item is significantly indicated by it. Financial analysts can use this statement to better understand a company's expected cash flow. Because it shows how money has gone from different places and what it has been used for, this document is called the Application of Funds and Statement of Sources. It is common practice to undertake a funds flow research after such announcements. It is a measure of financial performance that

helps businesses keep tabs on their money and come up with better ways to increase their revenue. The flow of money into and out of a company over a specified period of time can be seen in a funds flow statement. Funds and their distribution (capital expenditures) are shown.

Three financial statements show how money is coming in and going out: the funds flow statement, the balance sheet, and the profit and loss statement. It breaks down the changes in working capital, which is the gap between a company's current assets and liabilities, across two dates and explains why and how they happened. As in paying off debts or buying more things, when money is "utilized," it means it has been spent. When funds are "generated," it means that working capital has been freed up, for example, by acquiring extra funds or

making receivables more difficult to collect.

Noncash transactions and structural reconfigurations in the organization's funding of its activities are examples of changes that cannot be explained by other accounts. These changes will be tracked by the funds flow statement. Even if a balance sheet shows that inventory has increased and cash has decreased, it doesn't explain why, like how the cash was used to buy the inventory. It is a part of a cash flow statement.

Despite its lesser visibility, the funds flow statement is an essential tool for keeping tabs on your company's cash flow. The funds flow statement shows how your organization gets its money, where it spends it, and what those decisions mean for your business. A funds flow statement is a useful tool for financial decision-making, and we'll go over how to understand and write one.

II. LITERATURE SURVEY

Suciani, T. Y., & Setyawan, S. (2025) The financial health of PT Astra International Tbk is examined in this research, which covers many fiscal quarters by looking at the cash flow statements. Whereas traditional profit-centric analyses mostly center on income and balance sheets, this research highlights cash flow statements as a crucial tool for evaluating a company's liquidity, operational efficiency, and long-term solvency. The writers use a descriptive quantitative approach to draw on secondary data found in publicly available yearly reports. A company's ability to generate, manage, and allocate cash is measured by key performance indicators like operating cash flow, investing cash flow, and financing cash

flow. Findings from this research show that net profit statistics often conceal operational or financial issues that may be revealed by analyzing cash flow patterns.

Jensen, M. C. (2025) Jensen revisits and expands upon his groundbreaking 1986 thesis about agency costs and free cash flow in big companies. Managers can access free cash flow once all company expenses have been paid and all necessary investments have been made. The extra capital gives managers more leeway to make their own decisions, but it also raises the possibility of agency costs—decreased shareholder value—due to overinvestment or self-serving actions. Better corporate governance, stock buybacks, and structured dividend programs are some of the methods analyzed in this article as potential means of lowering these costs. Using theoretical frameworks and empirical examples, Jensen explains why it's crucial to strike a balance between management's and shareholders' needs in allocating capital.

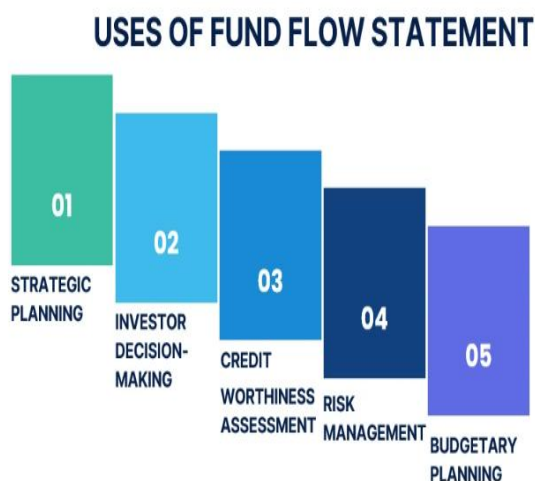
Zhao, X., & Zhang, X. (2025) The connection between ESG practices and corporate cash management strategies is the focus of this research. Using panel data from Chinese A-share listed companies from 2018 to 2023, Zhao and Zhang examine whether enterprises with better ESG performance have bigger cash reserves to support sustainable operations. Firms with more robust ESG strategies tend to have bigger cash reserves, according to the report. This is to protect themselves against investment opportunities that align with sustainability goals, regulatory requirements, and potential future dangers. The authors show that good governance increases the beneficial effect of ESG performance on cash holdings by analyzing the role of

internal control and governance systems as intermediaries.

Shirisha, V., & Latha, K. P. (2025). One of India's most illustrious public sector banks, State Bank of India (SBI), has its cash flow statement analysed in this piece. The primary purpose of the research is to examine SBI's management of financial resources over a given time frame and the efficacy of its cash distribution across various investment and operational activities. Through an examination of the bank's cash inflows and outflows, the writers present a thorough synopsis of its liquidity, financial soundness, and operational effectiveness. The research highlights the value of cash flow statements for understanding expansion, growth, and debt repayment, in addition to internal and external financing sources. Management may optimise resource use, gain greater transparency with stakeholders like investors and regulators, and make better strategic decisions with the help of the funds flow statement data, as discussed in the text.

III. USES OF FUND FLOW STATEMENT

A fund flow statement has several important uses and benefits, some of which are listed below.



1. Strategic planning

The declaration sheds light on how the funds were distributed among several projects. The data is useful for management in coordinating the goals of the business with its financial plans.

2. Investor decision-making

The statement is used by investors to determine the probability of a company's growth and financial stability. A company's profitability and capacity to meet its obligations can be understood by investors by analyzing its capital flow.

3. Creditworthiness assessment

A company's capacity to pay its bills can be determined by taking a close look at its income and spending habits.

4. Risk management

The statement is useful for seeing possible financial dangers and coming up with plans to lessen their impact. It helps businesses deal with unknowns and difficulties better.

5. Budgetary planning

Organizations use the fund flow statement to plan their finances and budgets because it shows how much money is going in and how much is going out.

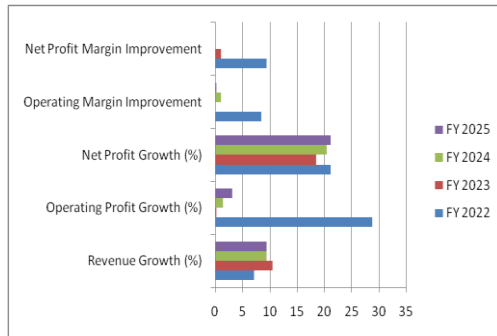
IV. DATA ANALYSIS AND RESULTS

TATA COMMUNICATIONS – FUND FLOW STATEMENT (₹ IN LAKHS)

Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Sources of Funds					
Funds from Operations	3,263	4,202	4,216	4,276	4,316
Other Income	96	216	343	406	266
Long-term Borrowings	533.87	6.22	1,776.33	1,762.82	1,776.33
Total Sources	3,892.87	4,424.22	6,335.33	6,445.82	6,358.33
Applications of Funds					
Purchase of Fixed Assets	2,358	2,314	2,205	2,262	2,205
Repayment of Borrowings	471	420	360	432	360
Dividend Paid	70	50	40	30	50
Increase in Working Capital	1,017.40	861.84	948.39	1,017.40	948.39
Total Applications	3,916.40	3,645.24	3,553.23	3,741.40	3,563.39
Net Increase in Funds	-23.53	778.98	2,782.10	2,704.42	2,794.94

TREND ANALYSIS (YEAR-OVER-YEAR % CHANGE)

Metric	FY 2022	FY 2023	FY 2024	FY 2025
Revenue Growth (%)	7.2	10.5	9.5	9.5
Operating Profit Growth (%)	28.8	0.3	1.4	3.2
Net Profit Growth (%)	21.2	18.5	20.5	21.2
Operating Margin Improvement	8.5	0	1.1	0.3
Net Profit Margin Improvement	9.4	1.1	0	0



Tata Communications has routinely put aside around ₹2,200-2,300 Cr for fixed assets, according to the Applications of Funds statement. This shows that building infrastructure and expanding the business are top priorities. The firm was clearly managing its finances well, as there was a constant decrease in loan repayments and almost no dividend payouts. Despite a high need for working capital, the net available funds have grown significantly, reaching around ₹2,795 Cr, between FY 2022 and FY 2025. This bodes well for the company's financial health and liquidity.

V. CONCLUSION

An integral part of financial analysis, the fund flow statement offers vital information on the cash flow and general financial health of a company. By understanding its significance and making use of its insights, businesses and investors can skillfully navigate the complexities of the financial world and make informed conclusions.

An organized fund flow statement makes it easy to track how a business's working

capital changes between two dates on the balance sheet. In this way, upper-level management can examine money-related patterns and make calculated choices. You should use it in conjunction with other financial statements to get a full picture of the company's financial health, since it only covers fund-related activities. When compared to basic accounting records, a Fund Flow Statement gives a clearer picture of how a business is handling its money. Since it shows where money is coming in and where it's going out, this statement is vital for gauging how well a company handles its finances.

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