

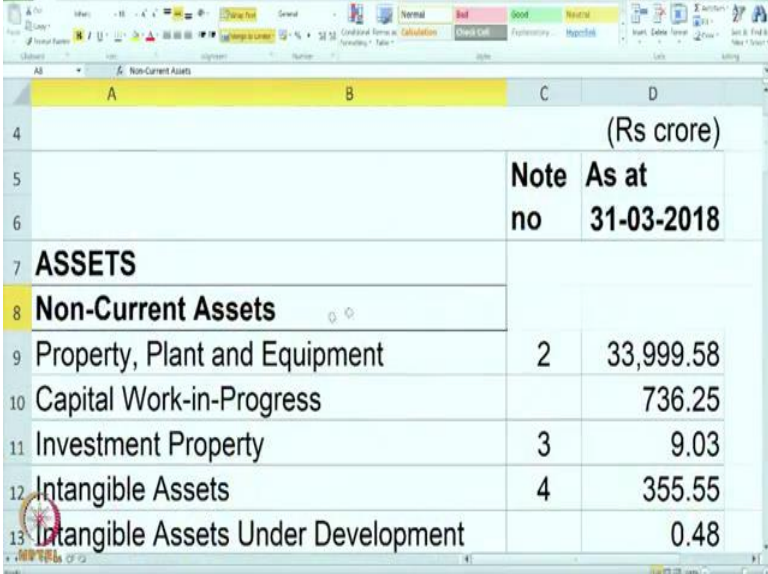
Financial Accounting
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Indian Institute of Technology, Bombay

Lecture - 28
Hindalco Case: Balance Sheet and Cash Flow Statement

Namaste. In our last session we had started a detailed case on Hindalco limited, we have already prepared their profit and loss account. And, if you remember in the last session we had done a discussion on balance sheet and you were to prepare a complete balance sheet and we were to discuss the solution today. Those of who have missed the session, once again I will request you to download that case take that problem try to complete it, and then have a look at the solution because today we will be discussing the solution of balance sheet. Are you prepared let us go there? Ok.

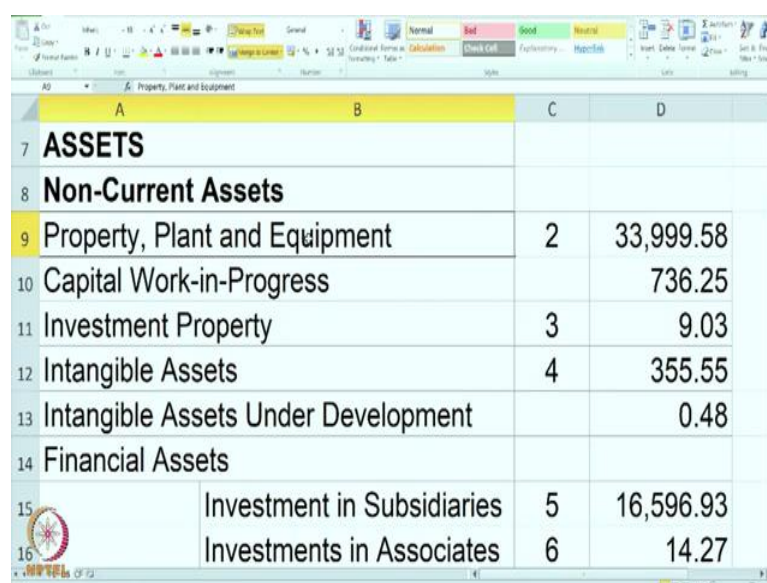
So, now the marks items which were marked under NCA or CA you have to put in the proper format and have a look at the solution.

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	Note no	As at 31-03-2018
(Rs crore)		
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	2	33,999.58
Capital Work-in-Progress		736.25
Investment Property	3	9.03
Intangible Assets	4	355.55
Intangible Assets Under Development		0.48

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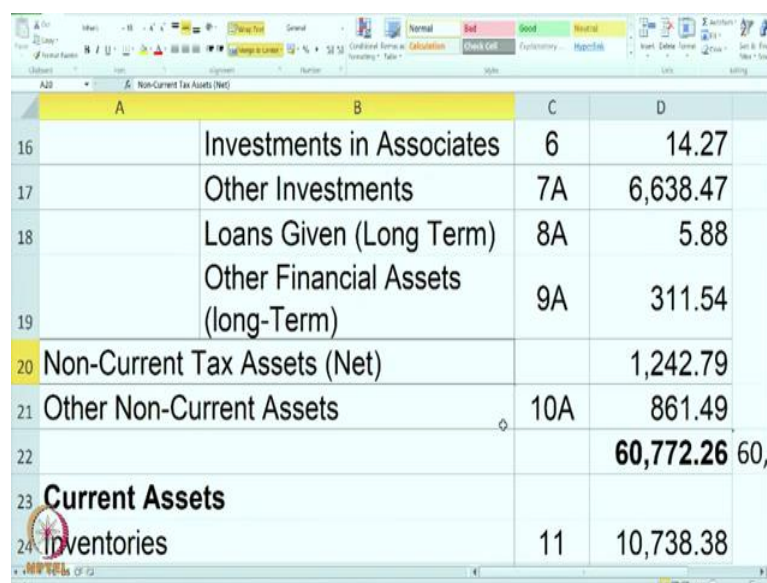


	A	B	C	D
7	ASSETS			
8	Non-Current Assets			
9	Property, Plant and Equipment		2	33,999.58
10	Capital Work-in-Progress			736.25
11	Investment Property		3	9.03
12	Intangible Assets		4	355.55
13	Intangible Assets Under Development			0.48
14	Financial Assets			
15		Investment in Subsidiaries	5	16,596.93
16		Investments in Associates	6	14.27

So, under assets NCA non- current assets, first fixed assets are shown. So, we always follow the order of permanence. So, most permanent asset is perhaps property, plant and equipment and this is the note number those of who really want to know more details, you can go to Hindalco annual report shake the note number 2 for more details. The total amount is also very big, it is 39,999 crore.

Next is capital work in progress they have not given any note for it, the total amount is also relatively small it is 736. Investment property perhaps in our earlier balance sheets this was not there that is 9. Then intangible assets there are also intangible assets under development. So, these items together actually formed the fixed assets of the company.

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	A	B	C	D
16		Investments in Associates	6	14.27
17		Other Investments	7A	6,638.47
18		Loans Given (Long Term)	8A	5.88
19		Other Financial Assets (long-Term)	9A	311.54
20		Non-Current Tax Assets (Net)		1,242.79
21		Other Non-Current Assets	10A	861.49
22				60,772.26 60,
23		Current Assets		
24		Inventories	11	10,738.38

Then under NCA the next category is financial assets. So, these are long term financial assets mainly the investments. So, investment in subsidiary you can say see is the biggest amount 16,000 crores investment in associates other investments. Then loans given and other financial asset; this is more refined and more latest terminology used in by the bigger companies.

So, have a look at this balance sheet carefully; then non-current tax assets. So, these are mainly deferred tax assets for which they have not given any note, but the total amount is given and then other non-current assets which is 861. So, at this stage you get the total of total NCAs.

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	A	B	C	D
22				60,772.26
23	Current Assets			
24		Inventories	11	10,738.38
25	Financial Assets			
26		Other Investments (Short Term)	7B	3,775.59
27		Trade Receivables	12	1,737.25
28		Cash and Cash Equivalents	13	1,809.45
		Bank Balances other than		

Now, let us go to current assets, inventory after inventory other assets have been nomenclature use for them is financial assets. So, you have got other investments short term which is also a substantial amount 3700 crores, trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent see this is also a current asset this is also a current asset then why it is classified separately?

It is classified because it will make difference in the cash flow statement, that is why you have to note that all bank balances may not be C and CEs. Normally, we say that bank balance is the cash equivalent which is true, but if there is some exception it needs be to separately shown that is how they have shown it.

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	A	B	C	D
28		Cash and Cash Equivalents	13	1,809.45
29		Bank Balances other than Cash and Cash Equivalents	14	11.9
30		Loans Given (Short Term)	8B	54.57
31		Other Financial Assets	9B	1,373.24
32		Current Tax Assets		316.55
33		Other Current Assets	10B	2,064.73
34				21,881.66

Then loans given short term other financial assets. So, this is the total of financial assets from 7 from this item to this item. Then next you get current tax assets and other current assets.

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	A	B	C	D
31		Other Financial Assets	9B	1,373.24
32		Current Tax Assets		316.55
33		Other Current Assets	10B	2,064.73
34				21,881.66
35		Disposal Group Asset Classified as Held for Sale or as Held for Distribution to Owners	15A	74.99
36				21,956.65
37				82,728.91
38		EQUITY AND LIABILITIES		
39		Equity		

So, this is the total of CAs and 8,2000 crore is a total of both 60 plus 21 that is non-current plus current getting it.

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	A	B	C	D
40	Equity			
41	Authorised Share Capital			235.00
42		Equity Share Capital (Paid Up)(FV Rs. 1)	16	222.89
43		Other Equity	17	49,227.85
44				49,450.74
45	Liabilities			
46	Non-Current Liabilities			

So, this is the asset side now, let us go to the liability side. In liability side the first item return is authorised share capital although keep in mind that this is not to be taken in the total. It is just written their by way of a note, do not mistake it to take it in the total; it is the breakup of it is given like this. Share capital which is paid up 222.89 which should be taken in total and other equity which is 49.227. So, you get 49450 as the total of equity. So, other equity the note is given which mainly consists of reserves and surplus, but they have used a different nomenclature.

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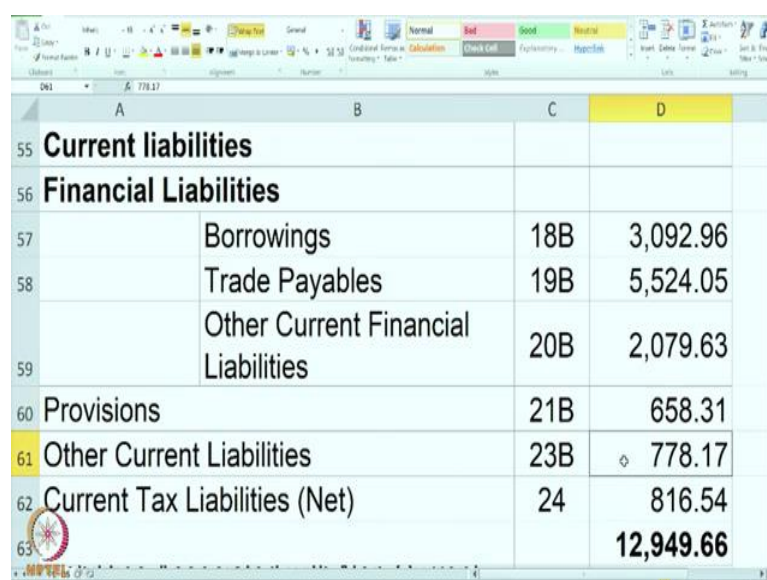
	A	B	C	D
46	Non-Current Liabilities			
47	Financial Liabilities			
48		Borrowings	18A	17,198.94
49		Trade Payables	19A	24.04
50		Other Financial Liabilities	20A	134.34
51		Long-Term Provision	21A	404.1
52		Deferred Tax Liabilities (Net)	22	1,922.18
53		Other Non-current Liabilities	23A	644.88
54				20,328.48
55	Current liabilities			

The next is liabilities, within liabilities you have got non-current liabilities in that again financial liabilities. So, financial liabilities you can see the liabilities how they are separated here, within NCL financial liabilities are given separately and provisions and tax liabilities are given separately. Because they arise from business whereas, financial liabilities are in the nature of raising of funds now we have learned cash flow statement.

So, something coming from financial liability will go in the cash flow statement as a which item? As not as a operating item it will be treated as a financing item that is how it has been properly classified. For smaller companies often you may not see this classification, but since is a very big company it has used more latest format.

So, borrowings that is the loans is the biggest amount note number 18A, trade payables which is relatively very small; that means, they do not have much of credit purchases got it because their purchases are big, but trade payables are very small. If you go for comparison with assets, they have got substantial amount of trade receivables, but trade payables are very small. Are you getting it? Please note this because these are non-current in nature that is very small. Regular trade payables are is a very big amount ok, but we will come to it.

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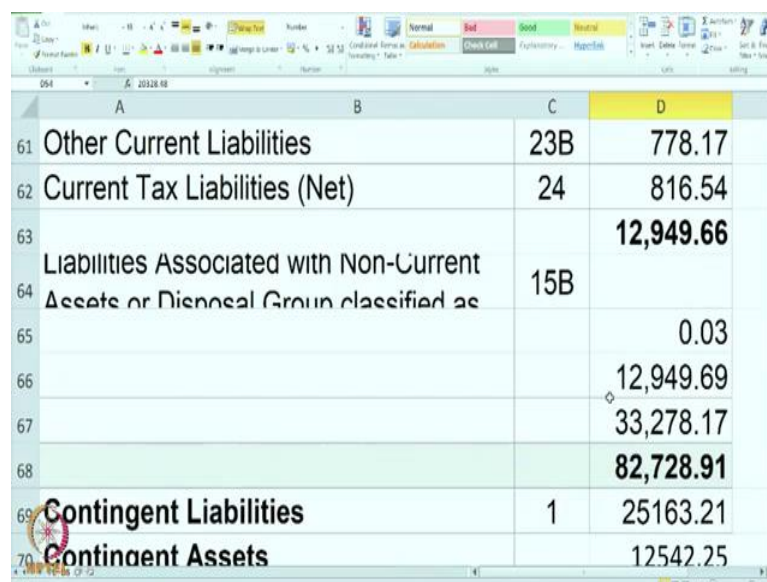


	A	B	C	D
55	Current liabilities			
56	Financial Liabilities			
57		Borrowings	18B	3,092.96
58		Trade Payables	19B	5,524.05
59		Other Current Financial Liabilities	20B	2,079.63
60	Provisions		21B	658.31
61	Other Current Liabilities		23B	778.17
62	Current Tax Liabilities (Net)		24	816.54
63				12,949.66

But so, this is a non-current trade payables which is a small amount, then other financial liabilities, then we go to long term provisions deferred tax liabilities and other current other non- current liabilities. So, total NCL is 2328.

Then we will go to current liabilities borrowings current liabilities in that financial liabilities; borrowings trade payables and other current financial liabilities; now provisions and other current liabilities current tax liabilities.

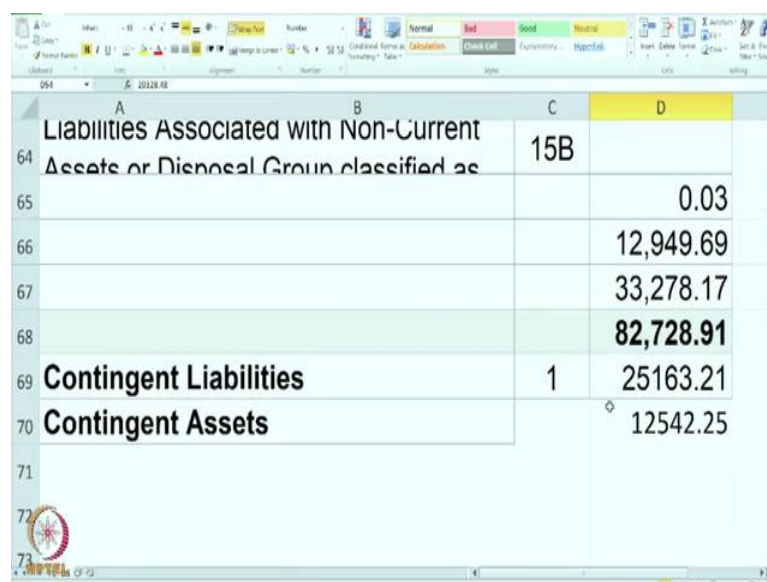
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	A	B	C	D
61	Other Current Liabilities	23B		778.17
62	Current Tax Liabilities (Net)	24		816.54
63				12,949.66
64	Liabilities Associated with Non-Current Assets or Disposal Group classified as	15B		
65				0.03
66				12,949.69
67				33,278.17
68				82,728.91
69	Contingent Liabilities	1		25163.21
70	Contingent Assets			12542.25

So, total CLs are 12 whereas, total NCL was 20 plus equity.

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	A	B	C	D
64	Liabilities Associated with Non-Current Assets or Disposal Group classified as	15B		
65				0.03
66				12,949.69
67				33,278.17
68				82,728.91
69	Contingent Liabilities	1		25163.21
70	Contingent Assets			12542.25

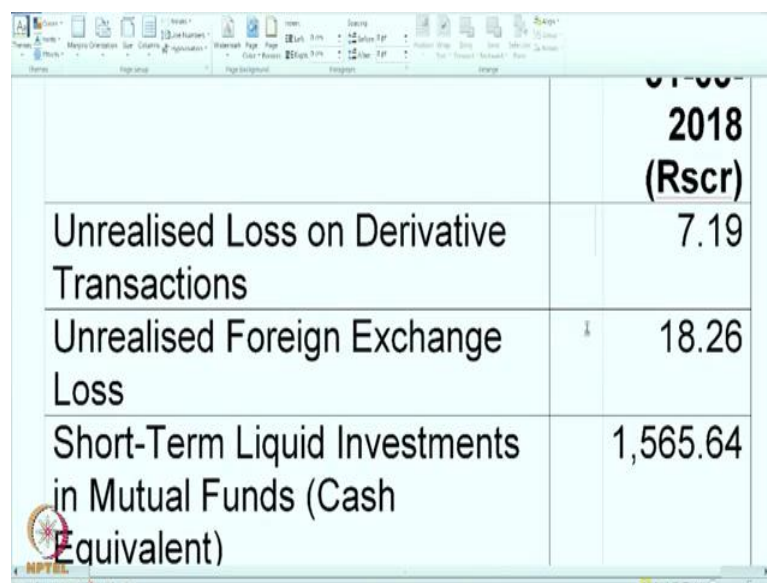
So, both the liabilities taken together first is taken total and then the total is 82728, at this stage they are disclosing the current liabilities contingent liabilities as well as contingent asset. Note number 1 is a note for contingent liabilities are you getting me? Ok. So, this

is about the balance sheet, it looks very simple here, but compare it with the answer which you have made if you are able to solve it correctly that is very good.

Now, let us go to the third part of the case, that is for preparation of cash flow statement ok. So, take your sheet once again and we will go for discussion of cash flow statement. It is a very long statement so, be very attentive, we know that there are three sections in cash flow what are the three sections? First is operating, investing and financing in that also operating is complicated because we have to go in a; how why because we have to go in which method do we use direct or indirect?

We use indirect method starting from profit we do adjustments. Anyway right now the figures are given to you, you have to just arrange them properly. And there are several items which do not form part of cash flow they also you have to be careful. Then unrealised loss on derivative transactions where will it go? Next is unrealised for its loss.

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The image is a screenshot of a presentation slide. It features a table with two columns. The first column lists financial items, and the second column shows their values for the year 2018. The table is titled '2018 (Rscr)' in the top right corner. The items listed are 'Unrealised Loss on Derivative Transactions' with a value of 7.19, 'Unrealised Foreign Exchange Loss' with a value of 18.26, and 'Short-Term Liquid Investments in Mutual Funds (Cash Equivalent)' with a value of 1,565.64. The NPTEL logo is visible in the bottom left corner of the slide.

	2018 (Rscr)
Unrealised Loss on Derivative Transactions	7.19
Unrealised Foreign Exchange Loss	18.26
Short-Term Liquid Investments in Mutual Funds (Cash Equivalent)	1,565.64

These are unrealised items. So, they have no impact. So, we will not consider them short term liquid investment in mutual fund its already given that it is cash equivalent. So, we will mark it as C; C is the marking we make here for cash equivalent.

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	I	-
Sale of Shares in Subsidiaries	I	-
Sale of Property Plant Equipment and Intangible Assets	I	33.79
Return of Capital from Subsidiary	I	-
Repayment of Non-Current Borrowings		-
Repayment of Loans and Deposits	I	269.91

Sale of shares in subsidiaries for this here it is dash, but where will it go? Sale of shares; so, it is an investment which have been sold. So, we will write it as I. Sale of property plant equipment and intangible assets again it is I, return of capital from subsidiary it is I its dash, but earlier years there was some figure. So, what is meant by this return of capital? We have invested in capital in subsidiary, the subsidiary company might have return the same, but it is a investment coming back.

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	F	-
Repayment of Non-Current Borrowings	F	-
Repayment of Loans and Deposits	F	269.91
Repayment of Finance Lease Liability	I	8.05
Realised Gain of Cash Flow Hedges in OCI	I	361.74
Sale of Investments - Others	I	5,577.36

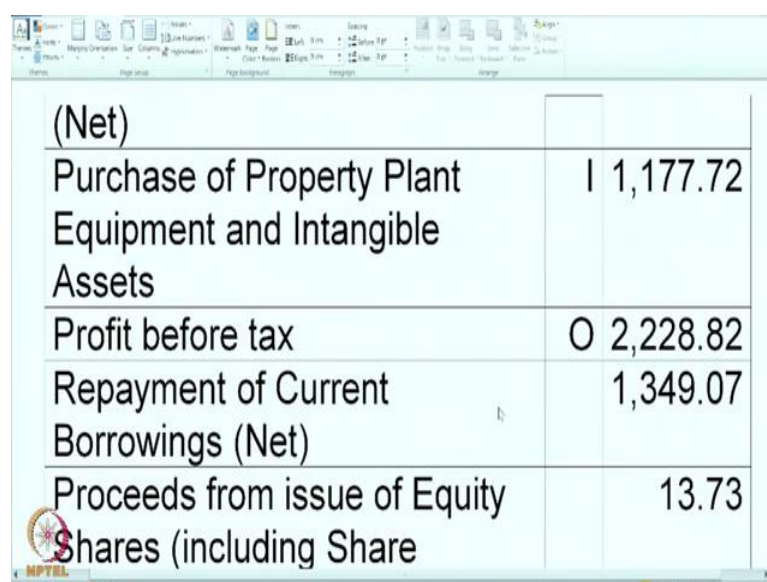
Repayment of non-current borrowings; so, loans we have taken and we have repaid. So,

it is a F type of transaction. Repayment of loans and deposits: where will it go? So, perhaps we have taken loans and deposits and we are repaying it. So, we will treat it as F.

Repayment of financial lease liability; financial lease is one of the its a type of loan, its one of the way of financing the company. So, it is F. Realised gain of cash flow on hedges in OCI, this is other comprehensive income related item and it is related to cash flow hedges so, we will not consider it right now.

Sale of investment others as the name suggests it is related to sale of investments. So, I you can see here the amount is substantial 5000 crores.

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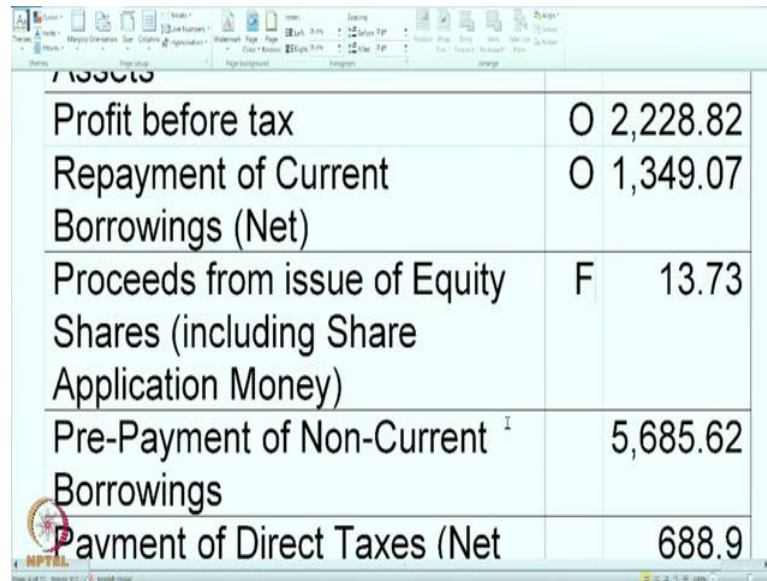


The image is a screenshot of a presentation slide. It features a table with cash flow statement items. The table has two columns: the first column contains the description of the transaction, and the second column contains the amount and its classification (I for Investing, O for Operating). The items listed are: (Net), Purchase of Property Plant Equipment and Intangible Assets (classified as I), Profit before tax (classified as O), Repayment of Current Borrowings (Net), and Proceeds from issue of Equity Shares (including Share). The table is displayed within a software window that has a menu bar at the top and a status bar at the bottom. The status bar includes the NPTEL logo and some text.

(Net)	
Purchase of Property Plant Equipment and Intangible Assets	I 1,177.72
Profit before tax	O 2,228.82
Repayment of Current Borrowings (Net)	1,349.07
Proceeds from issue of Equity Shares (including Share	13.73

Purchase of property plant equipment and intangible assets, this is the purchase of investments. So, it is I. Profit before tax do we require it? Yes because in cash flow statement we are going to start with PBT and making the adjustments. So, we will go it and mark it as O.

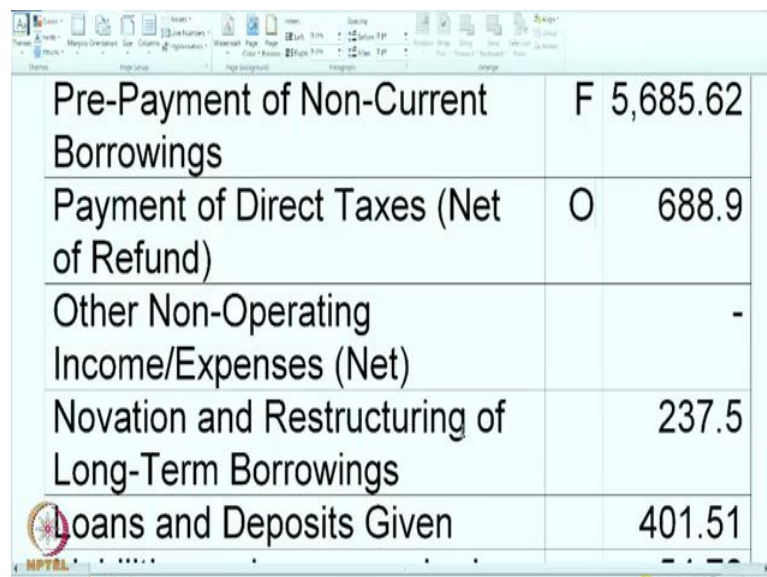
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Assets		
Profit before tax	O	2,228.82
Repayment of Current Borrowings (Net)	O	1,349.07
Proceeds from issue of Equity Shares (including Share Application Money)	F	13.73
Pre-Payment of Non-Current Borrowings		5,685.62
Payment of Direct Taxes (Net)		688.9

Payment of current borrowings, repayment of current borrowings; normally borrowings we treat as F, but since these are current borrowings we will treat it as O. Then proceeds from issue of equity shares, it is F type of transaction it is a financing transaction tree you can just read it full including share application money. So, share application money received or return both will be also part of financing transaction.

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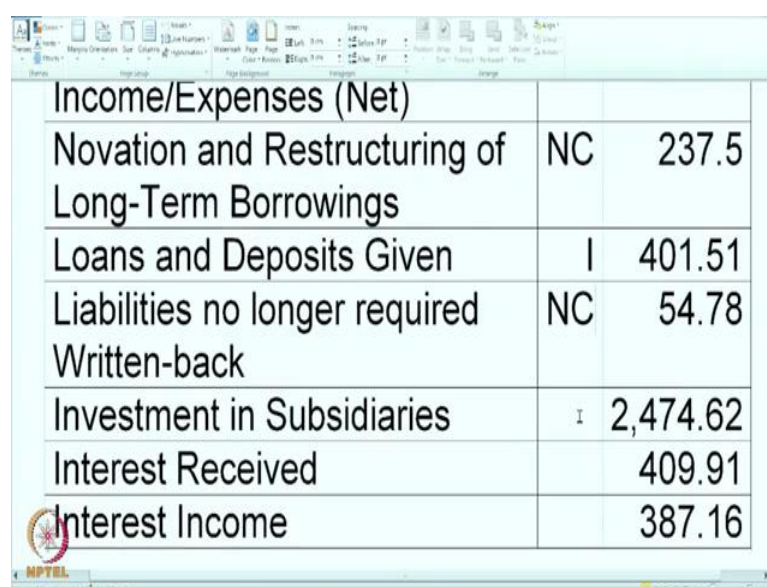
Pre-Payment of Non-Current Borrowings	F	5,685.62
Payment of Direct Taxes (Net of Refund)	O	688.9
Other Non-Operating Income/Expenses (Net)		-
Novation and Restructuring of Long-Term Borrowings		237.5
Loans and Deposits Given		401.51

Pre payment of non- current borrowings, this is a big amount company had taken some loan, but it is non- current in nature it has been prepaid; that means, if the loan is taken

for 10 years they have repaid it within 8 years. Still since it is non- current in nature it is for raising of funds. So, we will mark it as F. Payment of direct taxes net of refund this is O because taxes is treated as a operating item. If you remember the format we will calculate first all items and at the end we write the payment of taxes.

Non other non-operating income or expenses where will it go? Since it is non-operating many times we feel that it may not be O, but since it is income or expense it should be treated as O right now since it is dash we can ignore it.

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Income/Expenses (Net)		
Novation and Restructuring of Long-Term Borrowings	NC	237.5
Loans and Deposits Given	I	401.51
Liabilities no longer required	NC	54.78
Written-back		
Investment in Subsidiaries	I	2,474.62
Interest Received		409.91
Interest Income		387.16

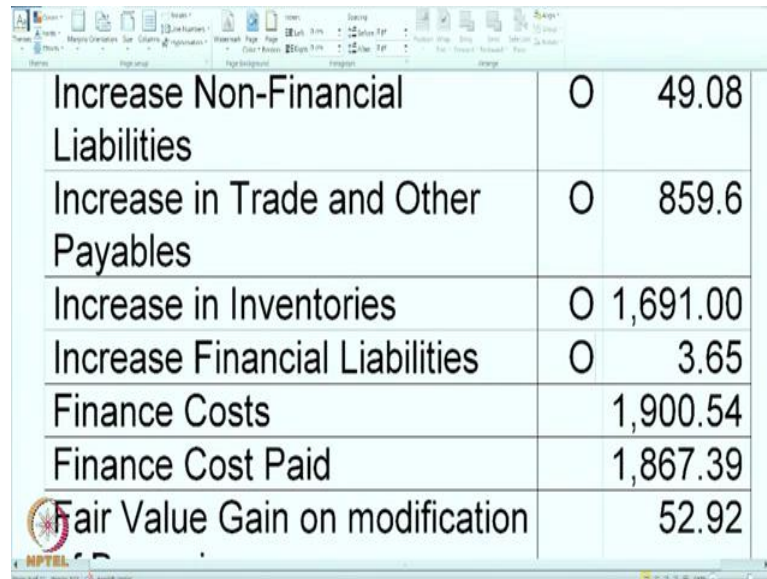
Novation and restructuring of long term borrowings: where will it go? What is meant by novation first of all? That means, existing loans the terms of loan are changed. Suppose the loan is taken for 5 years maybe it is changed to 8 years, some type of obligation or some mortgage under it might have change, the loan terms have changed that is called as novation and restructuring of long term loans where will it be marked as? Should it be an F item? There is neither any repayment nor any new loan taken. So, this is a non-cash item it should not come in the cash flow statement. So, we will mark it as NC.

Loans and deposits given we have given loans, we are not sure whether as investment or as a borrowing, but since the word given is used we will treat it as I. Liabilities no longer required written back; that means, some liabilities existed those liabilities have exhausted now. So, we will have to write it back; that means, they would be taken back to P and L account they are no longer existing as a liability. So, under which head we will put it as?

It is a non- cash item. So, we will put it as NC.

See we have not repaid the loan it is just written back. Investment in subsidiary it is I, interest received its a simple it is when we make in investment we receive income as in. So, we will put it as I, interest income that is also I.

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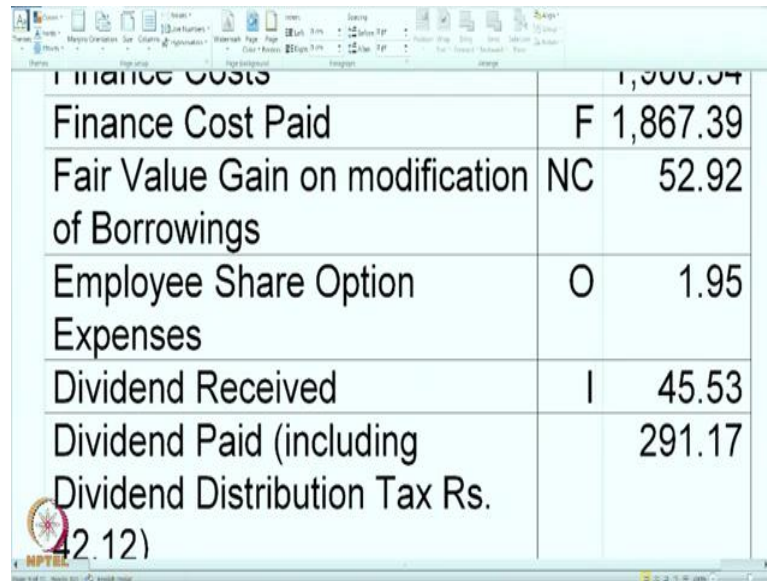
The image is a screenshot of a presentation slide. It features a table with two columns. The first column lists various financial items, and the second column shows their corresponding values. The items are: Increase Non-Financial Liabilities, Increase in Trade and Other Payables, Increase in Inventories, Increase Financial Liabilities, Finance Costs, Finance Cost Paid, and Fair Value Gain on modification. The values are: 49.08, 859.6, 1,691.00, 3.65, 1,900.54, 1,867.39, and 52.92 respectively. The table is set against a light blue background with a grid. The presentation software's interface is visible at the top and bottom of the slide.

Increase Non-Financial Liabilities	O 49.08
Increase in Trade and Other Payables	O 859.6
Increase in Inventories	O 1,691.00
Increase Financial Liabilities	O 3.65
Finance Costs	1,900.54
Finance Cost Paid	1,867.39
Fair Value Gain on modification	52.92

Increase in non- financial liabilities, this is only increase in liability. So, should we ignore it or we should take it? Increase in trade and other payables increase in inventory should we take it? We should because it is a part of operating item we know we start with PBT do adjustments for non-operating items then do adjustments for working capital items.

So, working capital items like trade, debtors and creditors they should be considered under O either you mark it as working capital or you can mark it as O right now I am just marking it as O. Increase in inventory also is O increase in financial liabilities also is O finance costs.

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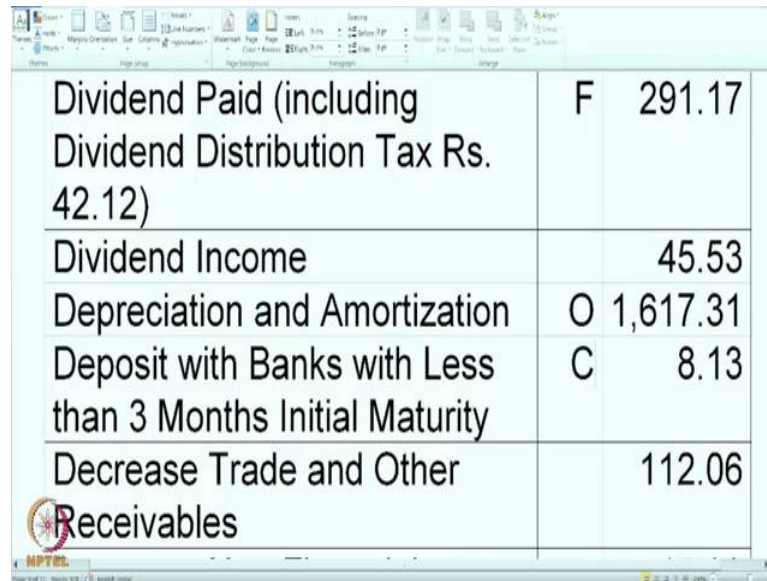
The image is a screenshot of a presentation slide. It features a table titled 'Finance Costs' with three columns: the first column lists the cost item, the second column shows a classification code (F, NC, O, I), and the third column shows the amount. The table is displayed within a software window that has a menu bar at the top with options like 'File', 'Edit', 'Format', 'Tools', 'Window', and 'Help'. The table data is as follows:

Finance Costs		
Finance Cost Paid	F	1,867.39
Fair Value Gain on modification of Borrowings	NC	52.92
Employee Share Option Expenses	O	1.95
Dividend Received	I	45.53
Dividend Paid (including Dividend Distribution Tax Rs. 42.12)		291.17

Finance costs is of course, F item, but this is again tricky; you can see finance costs finance cost paid. So, we will consider basically the finance cost paid not just the finance cost. Now, fair value gain on modification of borrowings; so, they have obtained some loans, those loans have been restructured and there is some fair value go gain on it, it is a non-cash transaction. So, we will not take it we will just mark it as NC.

Employee share option expenses what is employee share option? Employes are issued shares either as free or at a discount which they can convert into equity shares. This is to incentivise the employees, but for us right now it is a finance item or it is a O type of item it can go either way, but we will mark it as O. Dividend received we have received dividend. So, it is a investment income we will mark it as I.

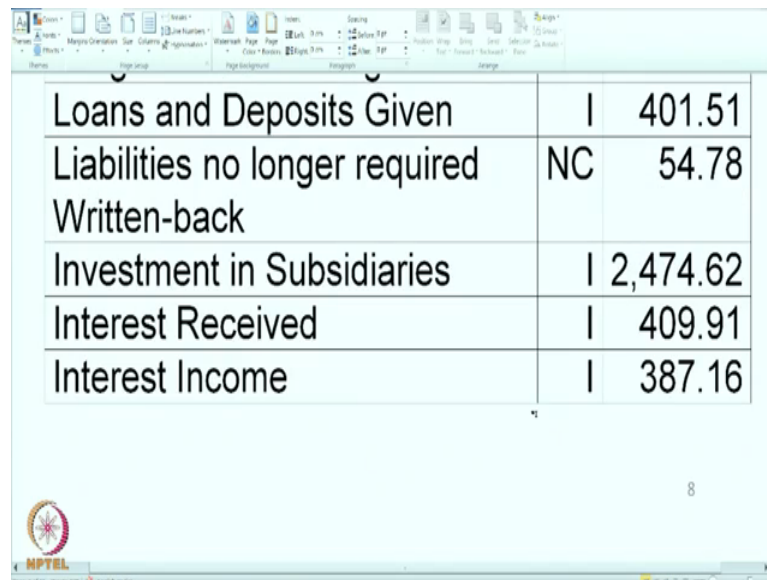
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Dividend Paid (including Dividend Distribution Tax Rs. 42.12)	F	291.17
Dividend Income		45.53
Depreciation and Amortization	O	1,617.31
Deposit with Banks with Less than 3 Months Initial Maturity	C	8.13
Decrease Trade and Other Receivables		112.06

Dividend paid including dividend distribution taxes, this is a F. Dividend income we have received the dividend. So, we will mark it as I, you can see the amount is coming two types dividend received dividend income. So, do not take it twice we should only take the amount which is actually received. So, I will just cut it to avoid the confusion.

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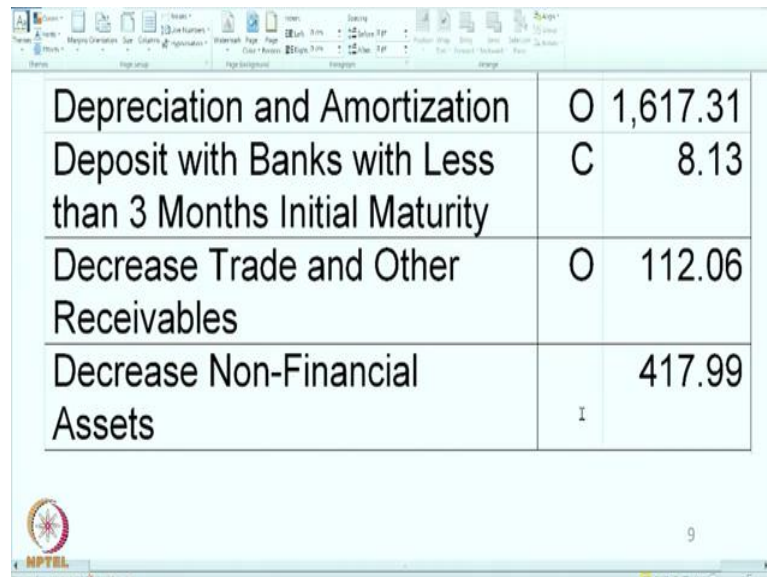


Loans and Deposits Given	I	401.51
Liabilities no longer required	NC	54.78
Written-back		
Investment in Subsidiaries	I	2,474.62
Interest Received	I	409.91
Interest Income	I	387.16

Same way here we had interest income and interest received. So, we should go for interest received. So, I will just cut it otherwise later on there will be a confusion then dividend income. So, we have then depreciation and amortisation should it be

considered? Yes because it is a non-cash expense we add it to PBT. So, mark it as O. Deposit with bank with less than 3 months of initial maturity this is a deposit with bank. So, insignificant risk the maturity is also very small so, we can consider it as a cash equivalent. So, we have marking it as C.

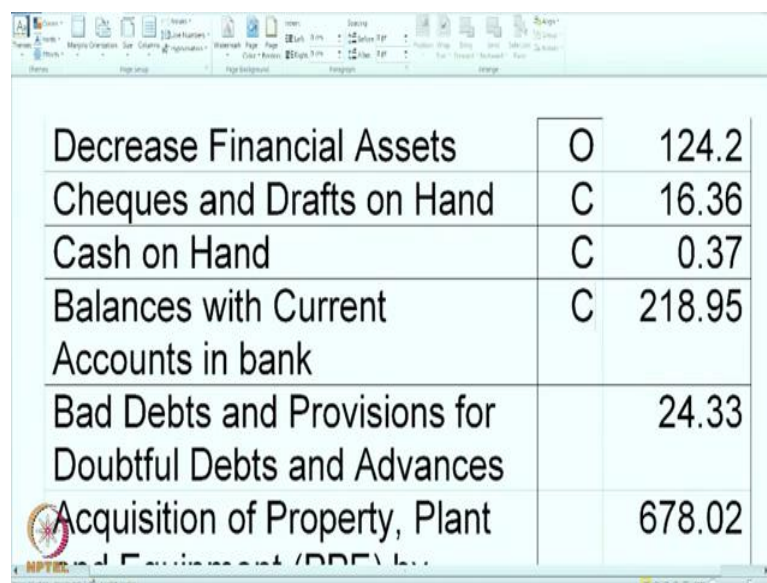
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Depreciation and Amortization	O	1,617.31
Deposit with Banks with Less than 3 Months Initial Maturity	C	8.13
Decrease Trade and Other Receivables	O	112.06
Decrease Non-Financial Assets	I	417.99

Decrease in trade and other receivables, this is a working capital item let us mark it as O. Decrease in non-financial assets again let us mark it as O.

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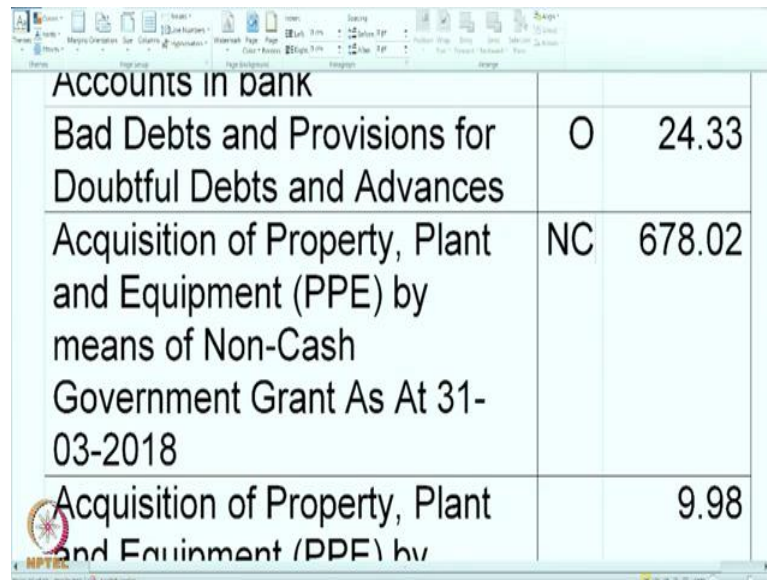


Decrease Financial Assets	O	124.2
Cheques and Drafts on Hand	C	16.36
Cash on Hand	C	0.37
Balances with Current Accounts in bank	C	218.95
Bad Debts and Provisions for Doubtful Debts and Advances		24.33
Acquisition of Property, Plant and Equipment (PPE)		678.02

Decrease in financial assets this is also O, cheques and drafts in hand. Cheques and drafts

being a day to day item as a part of bank balance this is a cash and cash equivalent. So, we will mark it as C. Cash on hand again it is C balances with current accounts in banks again it is C. Bad debts and provisions for doubtful debts should we consider it?

(Refer Slide Time: 21:59)



Accounts in bank		
Bad Debts and Provisions for Doubtful Debts and Advances	O	24.33
Acquisition of Property, Plant and Equipment (PPE) by means of Non-Cash Government Grant As At 31-03-2018	NC	678.02
Acquisition of Property, Plant and Equipment (PPE) by		9.98

It is a non-cash item, but it will have impact on P and L. So, we will mark it as O. Acquisition of property plant and equipment by means of a non-cash government grant. This is the acquisition of property so, it looks like I, but it is since it is by means of non-cash government grants, we will not consider it as a cash flow item we are marking it as NC.

(Refer Slide Time: 22:41)

Acquisition of Property, Plant and Equipment (PPE) by means of Finance Lease As At 31-03-2018	I	9.98
Loss on PPE and Intangibles Sold/Discarded	I	16.42
Gain on Investments measured at FVTPL		409.54
Loss on Assets held for Sale		1.08

Acquisition of property by means of financial lease; acquisition is being made by lease, but still it is a acquisition in cash terms so, we will mark it as I. Loss of PPE; PPE refers to property plant and equipment and intangible sold or discarded; that means, old fixed assets are being sold or discarded we have received some small amount of cash. So, it is a I.

(Refer Slide Time: 23:16)

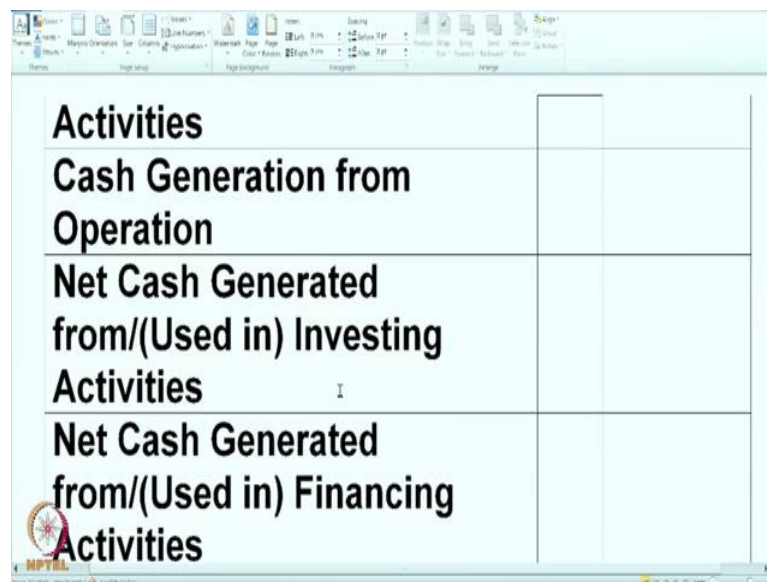
Loss on PPE and Intangibles Sold/Discarded	I	16.42
Gain on Investments measured at FVTPL		409.54
Loss on Assets held for Sale	O	1.08
Cash and Cash Equivalents on 31-03-2017		
Net Cash Generated From/(Used in) Operating		

Gain on investments measured at FVTPL that is by fair value calculation the investment show some gain, but not a cash can transaction because it is not a sale of investment. So,

we will ignore it. Cash on assets held for sale sorry loss on assets held for sale shall we consider or ignore it? We will need to consider it because we are following indirect method. So, this is a non-operating type of losses. So, we will mark it as O we will add it to PBT.

Now, cash and cash equivalents as at the beginning net cash generated or used in operation. So, you are required to calculate all this figures, opening cash, the cash generated from operating activities, then cash generated from investing activities, cash generated from financing activities, total decrease of cash operating profit before working capital changes and cash and cash equivalent at the end of the year.

(Refer Slide Time: 24:26)



The image is a screenshot of a presentation slide. It features a table with four rows and two columns. The first column contains text labels for different types of cash flow activities, and the second column is a grid for numerical data. The text labels are: 'Activities', 'Cash Generation from Operation', 'Net Cash Generated from/(Used in) Investing Activities', and 'Net Cash Generated from/(Used in) Financing Activities'. The table is presented in a light blue theme. At the bottom left of the slide, there is a small circular logo with the text 'NPTEL' inside it.

Activities	
Cash Generation from Operation	
Net Cash Generated from/(Used in) Investing Activities	
Net Cash Generated from/(Used in) Financing Activities	

(Refer Slide Time: 24:31)

Net Cash Generated from/(Used in) Financing Activities		
Net Increase/(Decrease) in Cash and Cash Equivalents		
Operating Profit Before Working Capital Changes		
Cash and Cash Equivalents on 31-03-2018		

Now, how will you do all the things? It is possible because cash at the end of the year is you can take it from balance sheet, then do all other calculations and by reverse working you can calculate the cash at the beginning of the year. So, are you ready now to prepare the cash flow statement? So, you can pause the video here complete the calculation and right away we will discuss, talk about the solution.

(Refer Time: 25:24).

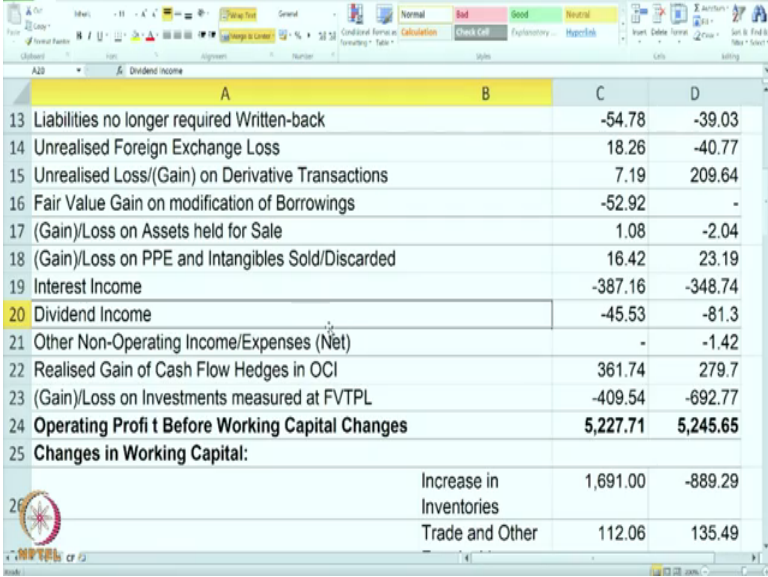
I hope you are ready with the solution. So, I will show the solution to you.

(Refer Slide Time: 25:39)

Cash Flow Standalone Statement			
(Rs. crore)			
	Year Ended	Year	
	31-03-2018	Ended	
		31-03-2017	
6 Cash flow from operating activities			
7 Profit before tax	2,228.82	2,153.24	
8 Adjustment for:			
9 Finance Costs	1,900.54	2,322.87	
10 Depreciation and Amortization	1,617.31	1,427.97	
11 Employee Share Option Expenses	1.95	5.54	
12 Bad Debts and Provisions for Doubtful Debts and Advances	24.33	29.57	
13 Liabilities no longer required Written-back	-54.78	-39.03	
14 Unrealised Foreign Exchange Loss	18.26	-40.77	

Just try to understand each and every term it is a very long cash flow statement. So, we start with PBT then adjust for lot of items.

(Refer Slide Time: 25:58)



	A	B	C	D
13	Liabilities no longer required Written-back		-54.78	-39.03
14	Unrealised Foreign Exchange Loss		18.26	-40.77
15	Unrealised Loss/(Gain) on Derivative Transactions		7.19	209.64
16	Fair Value Gain on modification of Borrowings		-52.92	-
17	(Gain)/Loss on Assets held for Sale		1.08	-2.04
18	(Gain)/Loss on PPE and Intangibles Sold/Discarded		16.42	23.19
19	Interest Income		-387.16	-348.74
20	Dividend Income		-45.53	-81.3
21	Other Non-Operating Income/Expenses (Net)		-	-1.42
22	Realised Gain of Cash Flow Hedges in OCI		361.74	279.7
23	(Gain)/Loss on Investments measured at FVTPL		-409.54	-692.77
24	Operating Profit Before Working Capital Changes		5,227.71	5,245.65
25	Changes in Working Capital:			
26		Increase in Inventories	1,691.00	-889.29
		Trade and Other	112.06	135.49

Remember we are going to adjust for non- cash and non-operating both types of items. So, we are adjusting for finance cost, depreciation, employee share option expenses mark this is a very peculiar item because its a share related item, but since it is a employee related item we show it under O not under F. Then bad debts, long term provisions no longer required written back see mark the sign also its a negative because it is a profit to us we are now reducing it.

Then unrealised FOREX losses, unrealised gains these are not directly cash flow items, but since they have an impact on P and L we are considering them here. Then fair value gain on modification of borrowings again it is a non-cash item, but since that gain was included in P and L we have included it here as a negative item Gain or loss on assets held for sale gain or loss on PPE interest income, dividend income, mark it the items were given two times earlier.

There was interest received which will be an investment item, but interest income it is a operating item. Then dividend income non-operating income or expenses realised gain on cash flow hedges in OCI. Now, this is again not directly impacting our cash, but it has a impact on our P and L and it is a gain. So, right now we are showing it here, then loss on investment held at FVTPL that is also in a way a non-cash item, but has an impact on

P and L. So, we are considering it under O.

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	A	B	C	D
25	Changes in Working Capital:			
26		Increase in Inventories	1,691.00	-889.29
27		Trade and Other Receivables	112.06	135.49
28		Financial Assets	124.2	-146.05
29		Non-Financial Assets	417.99	-86.94
30		Increase in Trade and Other Payables	859.6	1,430.99
31		Financial Liabilities	3.65	44.08
32		Non-Financial Liabilities	49.08	55.81
33	Cash Generation from Operation		5,103.29	5,789.74
34	Payment of Direct Taxes (Net of Refund)		-688.9	107.86

Now, after all these we get operating profit before working capital changes, then we will consider all the working capital changes like increasing inventory, trade another receivable, financial assets, non-financial assets increase in trade and other payables financial liabilities non-financial liabilities.

(Refer Slide Time: 28:18)

	A	B	C	D
28		Financial Assets	124.2	-146.05
29		Non-Financial Assets	417.99	-86.94
30		Increase in Trade and Other Payables	859.6	1,430.99
31		Financial Liabilities	3.65	44.08
32		Non-Financial Liabilities	49.08	55.81
33	Cash Generation from Operation		5,103.29	5,789.74
34	Payment of Direct Taxes (Net of Refund)		-688.9	107.86
35	Net Cash Generated From/(Used in) Operating Activities		4,414.39	5,897.60
36	CASH FLOW FROM INVESTING ACTIVITIES			
37		Purchase of Property Plant Equipment and Intangible Assets	-1,177.72	-1,040.95
38		Sale of Property Plant Equipment and Intangible Assets	33.79	41.63
39		Investment in Subsidiaries	-2,474.62	-267.45

So, we at this stage get cash generation from operations, then payment of direct taxes net of refund. This is the actual tax paid, we get net cash generated or used in operating

activities. I know its bit longish, but read it 2-3 times so, that you understand how it is for a large company, if your own company is also large one compare it with the cash flow of your own company.

(Refer Slide Time: 28:57)

	A	B	C	D
31		Financial Liabilities	3.65	44.08
32		Non-Financial Liabilities	49.08	55.81
33		Cash Generation from Operation	5,103.29	5,789.74
34		Payment of Direct Taxes (Net of Refund)	-688.9	107.86
35		Net Cash Generated From/(Used in) Operating Activities	4,414.39	5,897.60
36		CASH FLOW FROM INVESTING ACTIVITIES		
37		Purchase of Property Plant Equipment and Intangible Assets	-1,177.72	-1,040.95
38		Sale of Property Plant Equipment and Intangible Assets	33.79	41.63
39		Investment in Subsidiaries	-2,474.62	-267.45
40		Sale of Shares in Subsidiaries	-	209.68
41		Return of Capital from Subsidiary	-	3.21
42		Purchase/Sale of Investments - Others (Net)	5,577.36	-569.04
43		Repayment of Loans and Deposits	269.91	165
44		Loans and Deposits Given	-401.51	-250.47

Next one is very simple now cash flow from investing activities but bit longish.

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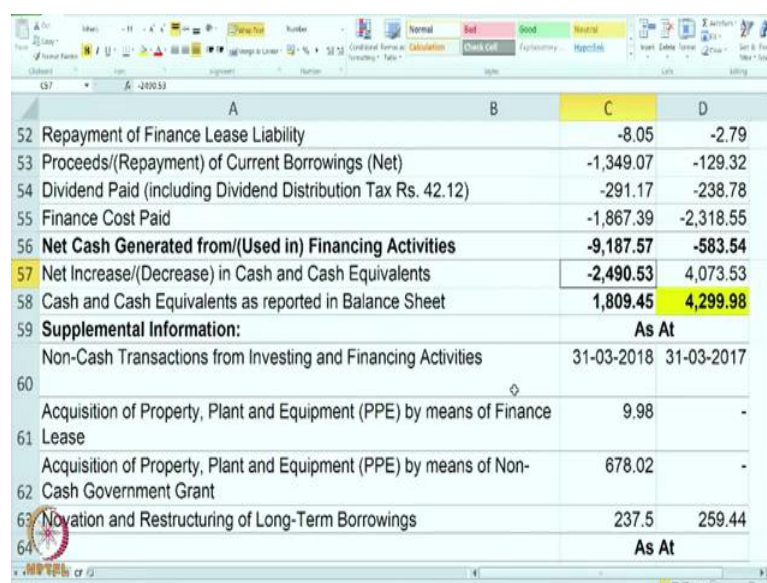
	A	B	C	D
43		Repayment of Loans and Deposits	269.91	165
44		Loans and Deposits Given	-401.51	-250.47
45		Interest Received	409.91	383.02
46		Dividend Received	45.53	84.84
47		Net Cash Generated from/(Used in) Investing Activities	2,282.65	-1,240.53
48		CASH FLOW FROM FINANCING ACTIVITIES		
49		Proceeds from issue of Equity Shares (including Share Application Money)	13.73	3,313.48
50		Pre-Payment of Non-Current Borrowings	-5,685.62	-1,037.82
51		Repayment of Non-Current Borrowings	-	-169.76
52		Repayment of Finance Lease Liability	-8.05	-2.79
53		Proceeds/(Repayment) of Current Borrowings (Net)	-1,349.07	-129.32
54		Dividend Paid (including Dividend Distribution Tax Rs. 42.12)	-291.17	-238.78
55		Finance Cost Paid	-1,867.39	-2,318.55
56		Net Cash Generated from/(Used in) Financing Activities	-9,187.57	-583.54
57		Net Increase/(Decrease) in Cash and Cash Equivalents	-2,490.53	4,073.53

Purchase of plant, sale of plant, investment in subsidiaries, sale of shares in subsidiary, return of capital from subsidiary, purchase on investments, purchase or sale of investment repayment of loan and deposits, loan and deposits given, interest and

received and dividend received mark here the term received here there it was interest income now it is interest actually received. So, we get net cash generated or used in investing activity. Next is financing activities proceeds from issue of shares pre payment of non- current borrowing this is the biggest amount.

Since company had lot of cash you can see here there good cash generation, they have used it for repaying their loans. Then repayment of non- current borrowings, repayment of finance lease, proceeds from current borrowings which is also negative because they have repaid it, then dividend paid finance cost paid. So, you get net cash generated or used in financial activities which is a substantial amount, it is a negative amount this company has repaid there old liabilities, a net increase in cash and cash equivalent which is 2490.

(Refer Slide Time: 30:32)



	A	B	C	D
52	Repayment of Finance Lease Liability		-8.05	-2.79
53	Proceeds/(Repayment) of Current Borrowings (Net)		-1,349.07	-129.32
54	Dividend Paid (including Dividend Distribution Tax Rs. 42.12)		-291.17	-238.78
55	Finance Cost Paid		-1,867.39	-2,318.55
56	Net Cash Generated from/(Used in) Financing Activities		-9,187.57	-583.54
57	Net Increase/(Decrease) in Cash and Cash Equivalents		-2,490.53	4,073.53
58	Cash and Cash Equivalents as reported in Balance Sheet		1,809.45	4,299.98
59	Supplemental Information:		As At	
	Non-Cash Transactions from Investing and Financing Activities		31-03-2018	31-03-2017
60				
61	Acquisition of Property, Plant and Equipment (PPE) by means of Finance Lease		9.98	-
62	Acquisition of Property, Plant and Equipment (PPE) by means of Non-Cash Government Grant		678.02	-
63	Novation and Restructuring of Long-Term Borrowings		237.5	259.44
64			As At	

Then you get net cash and cash flow as reported which is 1809, there is some supplementary information also regarding non- cash transactions. So, just noted acquisition of property by means of financial lease, acquisition of property of by means of non-cash government grants, novation and restructuring. So, these three are treated as non-cash transactions.

(Refer Slide Time: 31:04)

		As At	
		31-03-2018	31-03-2017
Cash and Cash Equivalents Comprise of:			
Cash on Hand		0.37	0.48
Cheques and Drafts on Hand		16.36	17.11
Balances with Bank			
	Current Accounts	218.95	127.56
	Deposit with Banks with Less than 3 Months Initial Maturity	8.13	0.05
Short-Term Liquid Investments in Mutual Funds (Cash Equivalent)		1,565.64	4,162.22
		1,809.45	4,307.42
Basis of Preparation and Significant Accounting Policies		1	

Then you get the reconciliation of cash and cash equivalent, which is cash in hand, cash and drafts in bank under bank there are two items, current account balances and short term deposits and short term investments in mutual funds. So, here you get total. So, are you getting it? It is big longish, but the study will be very much useful to you to understand the terminology particularly the cash flow statement.

So, we will stop here Namaste.