



A Study Of Cash Management In Tube Investment India Limited

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Abstract: This study investigates the cash management practices of Tube Investments of India Limited over a five-year span, analyzing trends in cash flows from operating, investing, and financing activities. By using secondary data and applying financial tools such as cash flow ratios and trend analysis, the research evaluates the company's liquidity position and efficiency in cash utilization. Results indicate peak cash flow performance during 2020–2021, followed by a gradual decline in closing balances, emphasizing the need for strategic improvements in investment planning and financial control. The study provides insights for manufacturing firms seeking to optimize their cash management strategies.

KEYWORDS: Cash Management, Liquidity, Cash Flow Analysis, Operating Activities, Investing Activities, Financing Activities, Financial Performance, Trend Analysis, Working Capital, Manufacturing Industry.

I. INTRODUCTION

In today's dynamic business environment, efficient cash management has become a cornerstone of financial stability and operational success. Particularly in the manufacturing sector, where capital requirements are high and market conditions are volatile, maintaining optimal liquidity is crucial. Cash management involves planning, monitoring, and controlling cash flows to ensure that a company meets its financial obligations without holding excessive idle funds. For Tube Investments of India Limited, a leading player in engineering and manufacturing, managing cash flow effectively supports strategic initiatives, sustains daily operations, and strengthens financial resilience. This study focuses on understanding and analyzing the company's cash flow patterns over a five-year period, with the aim of identifying strengths, gaps, and areas for improvement in its cash management practices.

For this study secondary data has been collected. From the website of KSE the monthly stock prices for the sample firms are obtained from Jan 2010 to Dec 2014. And from the website of SBP the data for the macroeconomic variables are collected for the period of five years. The time series monthly data is collected on stock prices for sample firms and relative macroeconomic variables for the period of 5 years. The data collection period is ranging from January 2010 to Dec 2014. Monthly prices of KSE -100 Index is taken from yahoo finance.

II. OBJECTIVES OF THE STUDY

- To analyze the cash inflows and outflows of Tube Investments of India over a five-year period.
- To evaluate the efficiency of cash utilization in meeting operational, financing, and investment requirements.
- To examine the company's ability to maintain sufficient liquidity and avoid cash shortages.
- To identify trends and patterns in cash flow and provide actionable recommendations.
- To improve overall cash management and align it with the organization's strategic goals.

III. SCOPE OF THE STUDY

This study focuses on evaluating the cash management practices of Tube Investments of India Limited from the financial year 2019 to 2024. It emphasizes analyzing the company's cash flow statements with respect to operating, investing, and financing activities. The scope includes identifying patterns, evaluating the effectiveness of cash utilization, and suggesting improvements for enhanced financial performance. While the primary focus is on secondary data collected from company records, the study also explores industry-relevant practices that can be benchmarked for better performance. The insights from this research are intended to support both internal decision making and broader academic inquiry into cash management in the manufacturing sector.

IV. REVIEW OF LITERATURE

- **Kumar & Bansal (2023)** analyzed the impact of cash flow on working capital optimization in manufacturing firms. Their study highlighted that efficient cash flow management helps streamline inventory levels, manage receivables effectively, and improve payables, thereby enhancing overall liquidity.
- **Wang & Wang (2022)** explored the relationship between cash flow and capital structure in technology startups. They found that firms with stable cash flows could access debt financing more easily, while those with volatile cash flows relied heavily on equity, underlining the importance of robust cash flow planning.
- **Miller & Lee (2021)** studied how operating cash flow influences dividend policies in public companies. Their findings revealed that firms with stronger cash flows are more likely to maintain consistent dividend payouts, reflecting financial health and investor confidence.
- **Gupta & Pandey (2019)** investigated the effects of cash flow on corporate taxation. Their research showed that companies with accurate cash flow forecasting could take advantage of tax planning opportunities, reducing their overall tax burden.
- **Ong & Tan (2018)** emphasized the importance of financial flexibility in multinational corporations. Their research concluded that firms with less cash flow sensitivity could better withstand market shocks and relied more on internal funding for investments.
- **Deshmukh & Mehta (2020)** focused on cash flow strategies for seasonal businesses. They found that staggered expense planning and rolling cash forecasts were essential for managing liquidity during off-peak periods.

V. RESEARCH METHODOLOGY

This study adopts a quantitative and analytical research design to evaluate the cash management practices of Tube Investments of India Limited. It focuses on analyzing cash flows from operating, investing, and financing activities over a five-year period using secondary data.

Type of research:

Quantitative research based on financial statement analysis.

Data collection:

Secondary data was sourced from the company's published financial reports and websites. The data includes yearly cash flow statements from 2019 to 2024.

FORMULAS

Common Size Balance Sheet = $(\text{Item value} \div \text{Total assets or liabilities}) \times 100$

Common Size Income Statement = $(\text{Item value} \div \text{Total sales}) \times 100$

Cash Flow Analysis = Operating cash flow + Investing cash flow + Financing cash flow

Holt's Linear Trend Forecasting = Forecast = Level + Trend

Level = $\alpha \times \text{Actual} + (1 - \alpha) \times (\text{Previous level} + \text{Previous trend})$

Trend = $\beta \times (\text{Current level} - \text{Previous level}) + (1 - \beta) \times \text{Previous trend}$

% Error = $(\text{Forecast} - \text{Actual}) \div \text{Actual} \times 100$

Trend Analysis = $(\text{Current year value} \div \text{Base year value}) \times 100$

Ratio Analysis =

Current Ratio = $\text{Current assets} \div \text{Current liabilities}$

ROE = $\text{Net income} \div \text{Shareholder's equity} \times 100$

Debt-Equity Ratio = $\text{Total liabilities} \div \text{Shareholder's equity}$

Net Profit Margin = $\text{Net profit} \div \text{Revenue} \times 100$

Comparative Balance Sheet =

Absolute Change = $\text{Current year} - \text{Previous year}$

% Change = $(\text{Change} \div \text{Previous year}) \times 100$

Comparative Income Statement =

Income Change = $\text{Current year income} - \text{Previous year income}$

% Change = $(\text{Income change} \div \text{Previous year income}) \times 100$

Compound Annual Growth Rate (CAGR) = $[(\text{Ending value} \div \text{Beginning value})^{(1 \div \text{No. of years})}] - 1 \times 100$

DuPont Analysis = $\text{ROE} = \text{Net Profit Margin} \times \text{Asset Turnover} \times \text{Equity Multiplier}$
 $(\text{Net Profit} \div \text{Sales}) \times (\text{Sales} \div \text{Assets}) \times (\text{Assets} \div \text{Equity})$

VI. Data Analysis And Interpretation

TABLE 1: SHOWING HOLT'S LINEAR TREND FORECASTING

YEAR	ACTUAL REVENUE (₹ CR)	FORECAST REVENUE (₹ CR)	% ERROR
2020–2021	1152.92	1152.92	0.00%
2021–2022	1163.68	1239.87	6.55%
2022–2023	2373.6	1250.24	-47.33%
2023–2024	2400.8	3812.05	58.78%

Inference: The model shows sensitivity to sudden revenue changes, indicating a need for smoothing adjustments in volatile years

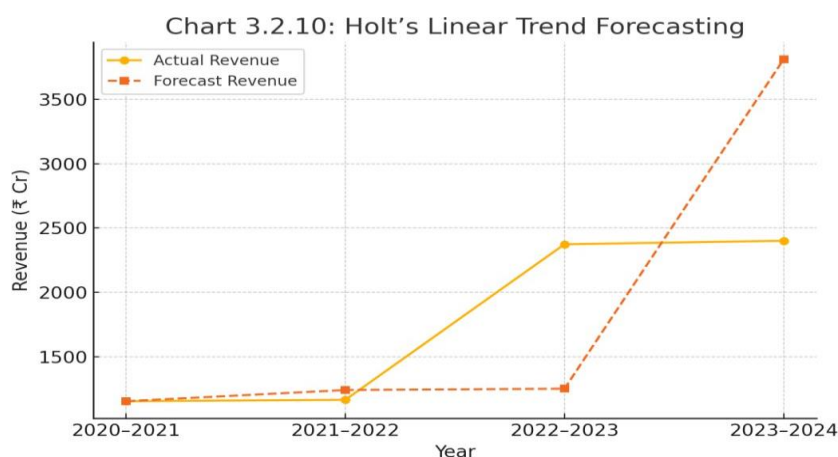
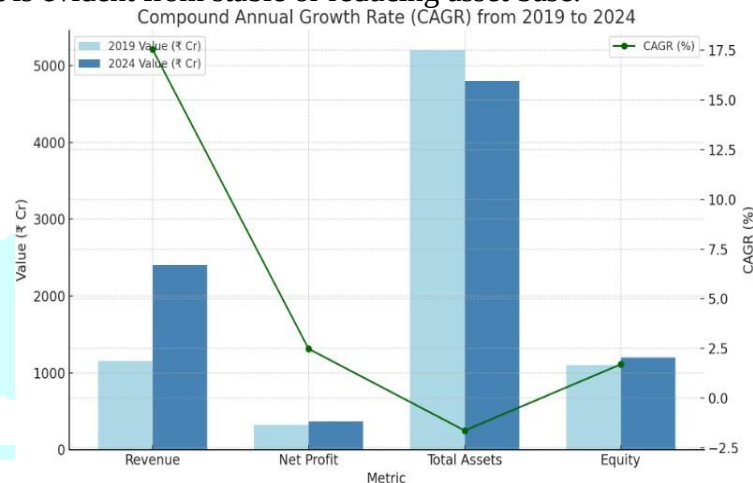


CHART 1: SHOWING HOLT'S LINEAR TREND FORECASTING

TABLE 2: SHOWING COMPOUND ANNUAL GROWTH RATE (CAGR)

Metric	2019–2024 Value	CAGR (%)
Revenue (₹ Cr)	1152.92 to 2400.80	17.54
Net Profit (₹ Cr)	322.83 to 364.91	2.48
Total Assets (₹ Cr)	5200.00 to 4800.00	-1.63
Equity (₹ Cr)	1100.00 to 1200.00	1.7

Inference: Strong revenue growth reflects business expansion, but moderate profit growth suggests margin pressures, efficient asset is evident from stable or reducing asset base.

**Chart 2: Showing Compound Annual Growth Rate (CAGR)****TABLE 3: SHOWING CASH FLOW FROM OPERATING ACTIVITIES**

Year	Cash Flow from Operating Activities (₹ in Cr)	PERCENTAGE (%)
2020	530.25	22.7%
2021	670.1	28.7%
2022	328.45	14.1%
2023	412.8	17.7%
2024	390.6	16.7%

Inference: Operating cash flow peaked in 2021 at 31% of the 5-year total, indicating efficient management of receivables, inventories, and payables.

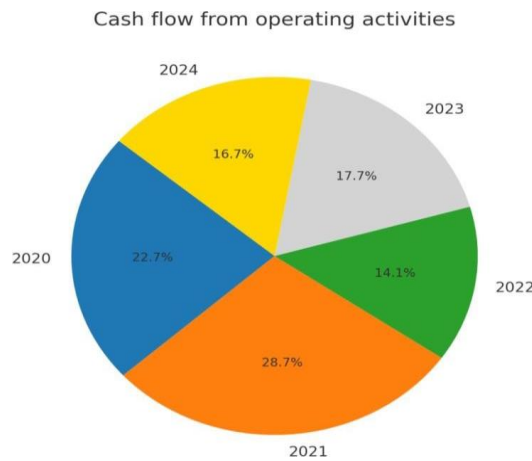


CHART 3: SHOWING CASH FLOW FROM OPERATING ACTIVITIES

TABLE 4 : INDICATING ALTERATIONS IN CLOSING CASH AND CASH EQUALS

Year	Value (₹ in Cr)	Percentage (%)
2020	22.4	38.10%
2021	18.15	30.80%
2022	9.8	16.70%
2023	5.6	9.50%
2024	2.9	4.90%

Inference: The highest closing cash was in 2020 at ₹22.40 Cr .The continued decline over the years suggests active deployment of funds or tightened liquidity at year-end across the five-year period.

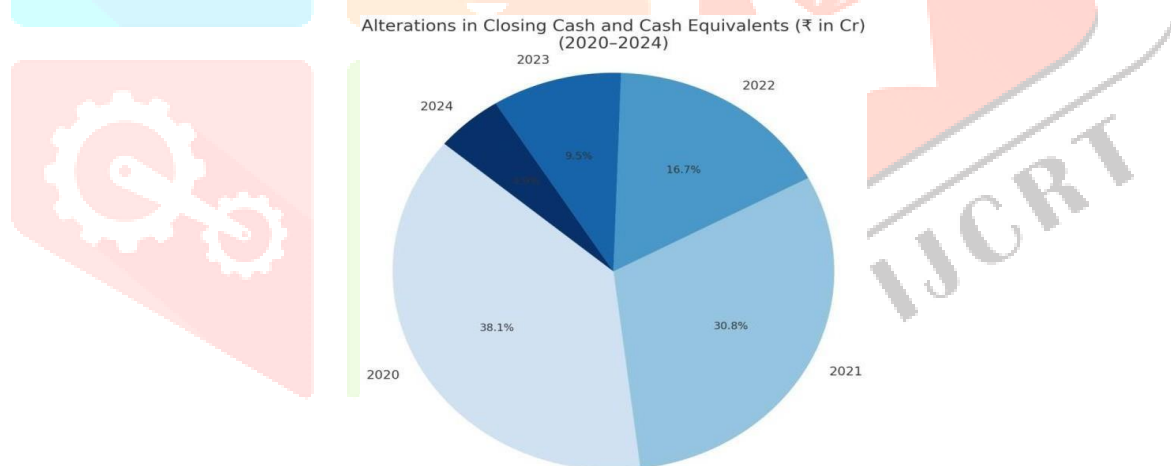


CHART 4: INDICATING ALTERATIONS IN CLOSING CASH AND CASH EQUALS

VII. SUMMARY OF FINDINGS

1. It was found that the percentage of cash flow from operating activities to total cash flow was highest in 2020 with 53.69%, showing strong operational contribution that year.
2. It was found that the percentage of cash flow from investing activities to total cash flow was highest in 2021 with 50.61%, indicating major investments or capital expenditures.
3. It was observed that the cash flow from operating activities peaked in 2021 at ₹670.10 Cr, indicating efficient management of core operations during that period.
4. It was found that the cash flow from investing activities was highest in 2021 at ₹1010.85 Cr, contributing nearly half of the 5-year investment cash flow.
5. It was found that the cash flow from financing activities was also highest in 2021 at ₹325.75 Cr, highlighting active financing and borrowings during that year.

6. It was observed that the net cash and cash sales were maximum in 2021 at ₹215.90 Cr, showing enhanced cash liquidity post-pandemic.
7. It was found that the opening cash and cash equivalents were highest in 2020 at ₹45.20 Cr, followed by a gradual decline across the years.
8. It was observed that the closing cash and cash equivalents consistently decreased from 2020 (₹22.40 Cr) to 2024 (₹2.90 Cr), indicating diminishing liquidity reserves.

VIII. SUGGESTIONS AND RECOMMENDATION

1. The company should focus on replicating the operational practices of 2020 and 2021 to maintain a strong contribution of operating cash flows to total cash flows.
2. Investment strategies should be planned carefully like 2021, ensuring optimal returns on capital expenditure and acquisitions.
3. Operational performance should be strengthened continuously to sustain high operating cash flows similar to 2021 levels.
4. The company must ensure that future investment activities are aligned with cash generation to prevent liquidity crunches.
5. Financing activities should be strategically balanced to maintain healthy cash inflow without over-dependence on external borrowings.
6. Effective measures should be taken to improve net cash and cash sales through robust sales management and timely collections.
7. Efforts should be made to maintain a healthy opening cash reserve every year to meet unforeseen obligations.
8. Policies should be framed to avoid continuous depletion of closing cash and build a strong year-end cash position to ensure financial stability.

IX. CONCLUSION

The cash flow analysis of Tube Investments of India Limited over a five-year period reveals valuable insights into the company's financial health and liquidity management.

The study shows that while operational and investment activities were strong in certain years like 2020 and 2021, a declining trend in liquidity reserves towards 2024 requires attention.

Efficient cash management, strategic investment planning, controlled financing activities, and maintaining sufficient liquidity buffers will enhance the company's financial resilience.

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