A STUDY ON CASHFLOW AT JIVA INNOVATIVE AUTOMATIONSPRIVATE LIMITED BANGALORE

Mr. Madhusudhan.N,
Prof. Shreelatha H R,
PG Research Scholar, Department of Management Studies, Global Academyof Technology, Bengaluru – 560 098
Assistant Professor, Department of Management Studies, Global Academyof Technology, Bengaluru – 560 098

ABSTRACT
This study aims to conduct a look into how a certain sample of companies' cash flow and financial performance relate to one another. Both practitioners and researchers agree on the significance of cash flow as a crucial sign of a company's financial health. However, further research is required to fully understand the unique dynamics and effects of cash flow on financial performance. A thorough study of financial statements, including cash flow statements, balance sheets, and income statements, will be carried out for a wide range of businesses across various industries to meet this goal. To evaluate the effect of cash flow on these indicators, the study will concentrate on several important financial performance criteria, such as profitability, liquidity, and solvency.

Keywords: Cash flow statement, operating activities, investing activities, financing activities, ratio analysis.

1. INTRODUCTION

Cash flow management is the act of controlling and improving cash flow to meet financial commitments. Cash flow is a key sign of a company's health, as it indicates the relationship between the company's earnings and savings. It involves forecasting, positioning, and perfecting cash flow, and finding ways to improve it. It also improves financial security, reduces risk of financial trouble, and helps a corporation make informed choices on investments, acquisitions, and other strategic actions. Cash management can help a corporation maximize its ROI (return on investment) and get closer to its long-term goals by keeping close tabs on cash input and outflow and using solid cash management practices.

To run the firm towards a good profit range, it is necessary to efficiently manage the cash flow and other significant financial issues. In other words, cash flow is the money that comes in as an inflow and is known as profit, operating money, and money that goes out of business such as rent, salary, maintenance charges, and so on, whereas cash management is the act of controlling and improving cash flow to meet financial commitments. The amount of money a company makes and spends is a critical indicator of its health. The cash flow sign illustrates the link between the company's earnings and its savings. Positive cash flow indicates that the company's expenditure is less than its earnings, whilst negative cash flow indicates that the earnings are less than the expenditure. Another example is when a corporation has many accounts receivable or inventory yet has a negative cash flow.

1.1 STATEMENT OF THE PROBLEM

Since money is the most in-demand resource in India, it must be used wisely. The efficient use of cash, cash flow management, and distribution are essential to the organization’s success. Any business that does not use good capital structure principles and does not accept the scientifictools of distribution and investment in fund management will not continue over the long term. The corporation needs to look at the operational management of funds, which is the root of theissue.

1.2 OBJECTIVES

1. To critically analyze the pattern of cash inflows and outflows from operating activities.
2. To assess the optimum level of cash requirement of the company.
3. To examine the effect of cash management on the performance of Jiva Innovative Automation Private Limited.

2. REVIEW OF LITERATURE

(Hu Chenyao, 2023) The Impact of Economic Uncertainty on the Cash Flow of Listed Real Estate Companies in China In this study, 72 real estate A-share listed businesses are used as research objects, with quarterly data selected from 2003 to June 2021, for a total of5,328 sample data. The following research conclusions are achieved by using Eviews7.0 software to test the unit root, establish the appropriate lag order, and Matlab mathematical tools to estimate model parameters and analyze the impulse response.

(UKWUEZE, 2023) Effects of Cash Management Techniques on Financial Performance and Firm Value of Selected Manufacturing Firms in Nigeria, For the relevant period (2008 - 2020), it was examined how cash management strategies affected the financial performance and firm value of manufacturing firms in Nigeria. In this period of chronic liquidity constraints and harsher loan covenants/conditions, the study used structural equation model estimate and hypothesized that manufacturing firms with appropriate liquid resources (sound cash flow management) and high liquidity ratios do better than others do. However, in practice, manufacturing companies keep enough cash on hand to stave off the wrath of trade creditors and debenture holders. The findings show that several cash management strategies, including the cash conversion cycle, cash and cash equivalents, cash flow adequacy ratio, and financial leverage, have favorable impact on firm value via the mediation of return on assets.

(MOSES MURIUKI KITHINJI, 2023) Cash Management and Financial Performance of Public Universities in Kenya, the study's goal was to determine how cash management affected the financial performance of institutions in Kenya. The study was supported by the following specific goals: to determine the impact of cash budget management on the financial performance of public universities in Kenya; to establish the moderating effect of student enrolment on the relationship; to ascertain the impact of operational cash flow management on the financial performance of public universities in Kenya; and to ascertain.

(Yaşar KÖSE, 2023) Cash Management of Multinational Airlines: A Case Study on A Turkish Airline, like other industries, cash is essential for international airlines. Airlines must keep an ideal quantity of cash on hand to carry out daily operations and take advantage of fresh investment opportunities. The company's activity level, alternative rate of return, the current situation, and global markets are only a few of the variables that affect the cashlevel's size.

(Davide Pettenuzzo, 2023) Dividend suspensions and cash flows during the Covid-19 pandemic: A dynamic econometric model, we create a multivariate dynamic econometric model and an associated MCMC sampling strategy to extract estimates of the jump, stochastic volatility, and persistent mean components, which are salient aspects of the daily dividend growth process and were crucial during the Covid-19 pandemic. Our empirical results indicate that during the pandemic, dividend suspensions had a significant impact on the distribution of dividend increases in sectors like consumer goods and manufacturing but had less of an impact on sectors like high tech and healthcare.

3.3 DATA AND METHODOLOGY

3.1 Type of research: This research is descriptive. This research uses analytical methodologies, unlike companystudies, which involve minimal critical thinking or fact-checking.
3.2 Input data from: A company's financial report is a reliable source of secondary data that can beused to get insight into the company's financial health.
3.3 Sample size: Data collected over 5 years.
3.4 Period of the study: April 2017 - March 2022 is the time limit for the research.
3.5 Tools and Techniques: Cash ratio analysis and cash flow statements are useful methods.
3.6 Limitations

1. The study is confined to single company only
2. The study was limited to only five years of financial data (2019-2023).
3. The study is purely based on secondary data.

4. **DATA ANALYSIS AND FINDINGS**

Table1: Forecast of cash flows for 2022

PARTICULAR	31-Mar-22	31-Mar-21
Cash Flow from Operating Activities		
Operating profit before working capital changes	18,19,601	5,77,192
Adjustment for:		
Depreciation	1,74,619	79,381
Deferred tax	Nil	-87,800
Trade and other receivables		-43,21,759
Trade and other payables		20,54,666
Cash Flow from Operating Activities	29,50,890	-16,98,319
Cash flow from before extraordinary itemsextraordinary items		-16,98,319 Nil
Net cash flow from operating activities (A)	**29,50,890**	**-16,98,319**
Cash flow from investing activities:Investment in fixed assets		-1,39,368
Investment in mutual fund		Nil
Redemption of mutual fund		15,00,000
Cash flow from investing activities (B)	**2,08,037**	**13,60,632**
Cash flow from financing activities		
Increase in equity share capitalRepayment of loan		Nil
Net cash from financing activities C	**Nil**	**Nil**
Net increase /decrease in cash and cash equivalents (A+B+C)	27,42,853	-3,37,687
opening cash and cash equivalents as of 1st April	8,78,513	12,16,200
Closing cash and cash equivalents as at 31st march	**36,21,366**	**8,78,513**

Source: Financial reports and results drawn from MS Excel

Explicitly detailing the sources and uses of funds

Cash flow from Operating activities	2950890
Cash flow from Investment activities	208037
Cash flow from Financing activities	zero

From operating activities: Normal company actions, such as selling things and paying expenses, generate income. Operating cash flow is $2,950,890. Daily activities generated cash.
From investment activities: This phrase is used to describe the monetary gains or losses incurred during the investing in or selling of long-term assets. Purchasing and selling stocks and bonds, as well as getting and selling subsidiaries and other businesses, are all instances of commercial transactions. The present case tells that the investment activities generate $208,037in cash flow.
From financing activities: Cash flows from long-term investments and assets are what this word describes. Purchasing and selling stocks and bonds, as well as getting and selling subsidiaries and other businesses, are all instances of commercial transactions. Investments bring in $208,037. Investments or asset sales can boost this cash flow part.

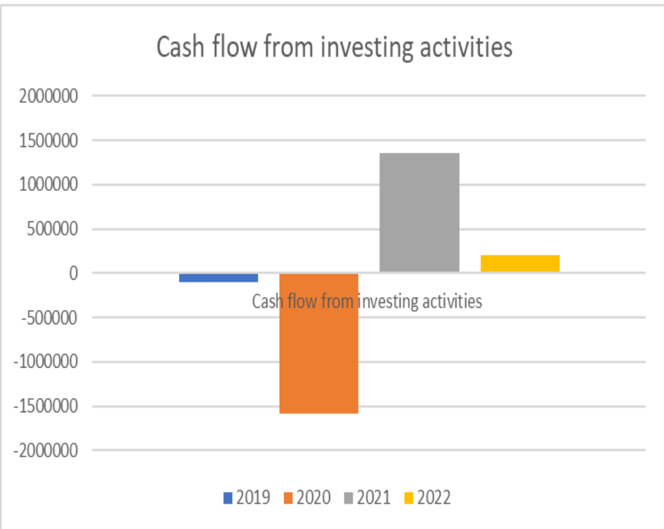
Table 2: Cash Flow from investing Activities of Jiva Innovative Automations Private Limited from the year 2018 to 2022

Year	**Cash flow from investing activities**
2018	zero
2019	-106500
2020	-1588472
2021	1360632
2022	208037

Source: Financial reports and results drawn from MS Excel

Interpretation: The investing options are considered, and a cash flow is generated for Jiva Automations Private Limited is shown in the table below for the years 2018 through 2022.

Graph 4.2. Investing Cash Flow, 2018–2022



Source: Financial reports and results drawn from MS Excel

Interpretation: A negative cash flow from investing activities in 2019 and 2020 writes down that the company is spending more money on investments and is therefore relying more on debt, while a positive cash flow in 2021 and 2022 writes down that the company is making investments that will contribute to its future growth and profitability

Cash ratio analysis of Jiva Innovative Automation Private Limited

Current liability coverage ratio	Cash flow coverage ratio	Cash interest coverage ratio	Operating cash flow ratio	Cash flow to net income
0.384144	0.833105	0.322629	0.456237	0.230778
-0.30172	-5.17797	0.414839	-0.3309	-0.07204
0.398618	7.659249	0.406767	0.403595	0.073164
-0.27293	-0.68338	0.377434	-0.23425	-0.08858
0.374664	0.696105	0.358268	0.339717	0.091072

Interpretation: Jiva Innovative Automation Private Limited has a cash flow from operational operations and net income ratio, which requires looking at five years of data. In 2018, the business had a positive cash flow, indicating that its liquid assets exceeded its obligations. This trend continued through 2020 and 2022, when the cash flow was positive, and the net income was negative. In 2019, the cash flow ratio was negative, indicating that operating cash flow fell short of debt service needs in those years. Jiva Innovative Automation Private Limited's average current liabilities and cash flow from operating activities are shown above. Current Liability Coverage must be determined from positive to negative cash flow ratios during the last five years. In 2018, the company produced enough cash to satisfy its immediate commitments in 2018, 2020, and 2021, but not in 2019 and 2021. Earnings before interest and taxes and interest paid of Jiva Innovative Automation Private Limited are shown above. Cash Interest Coverage ratios are needed, and these five years have good cash flow ratios.

FINDINGS OF THE STUDY:

❖ The graph shows mixed cash flow patterns throughout time. Examine these cash flow fluctuations' reasons to fully understand the company's financial performance and health.

❖ The cash interest coverage ratio shows the company's debt grew in 2018. The company's debt and obligation interest payments peak in 2019 and decline through 2018. Cash flow from investment activities was positive for the company in both 2021 and 2022. The firm has a positive cash flow because it has made investments that are expected to contribute to its development and profitability in the future.

❖ For the cash flow associated with financing activities, the table displays a "nil" balance. According to this, the corporation did not engage in any financing-related activity throughout those years. The term "financing activities" refers to actions like issuing or repurchasing stocks, issuing, or repaying debt, or disbursing dividends.

❖ The company's cash flow from profits has fluctuated throughout time, both positively and negatively. Additional financial data analysis may illuminate the company's cash flow patterns and overall financial performance.

❖ According to the financial accounts, the company's cash flow fluctuated throughout time. To meet financial responsibilities, the organization requires a flow of the cash management.

❖ The following table shows that in 2018, the company had more cash than needed to cover its short-term obligations and operational expenditures. 2020 and 2022 have negative cash flow ratios, indicating they may not be able to meet short-term obligations.

❖ In 2018, the business's cash flow was minimal, which suggests it is in good financial standing. However, it had negative cash flow in 2019 and 2021, writing down challenges with producing enough cash to satisfy its immediate liabilities.

A robust financial condition was clear in 2020, which stood out with a favorable high cash flow. These results show that the company's cash flow varied across the years that were studied.

❖ The cash interest coverage ratio suggests the firm will satisfy its 2018 interest payment commitments. You are true that a high ratio might suggest heavy debt. Having more cash on hand to fulfil interest obligations indicates a better capacity to service debt, hence a higher cash interest coverage ratio is desirable.

5. CONCLUSIONS

The cash flow chart shows both positive and negative trends. If you want to know how well or poorly a firm is doing financially, you need to look at its cash flow. The cash flow generated from the investment activities is expected to be negative in 2019 and 2020 for the firm. Investments backed by debt rose during this period for the corporation. Investment operations, on the other hand, resulted in a positive cash flow for the corporation in both 2021 and 2022. The company has a solid cash flow, which bodes well for the future growth and profitability of its initiatives. As can be seen in the table, financing activities did not result in any positive cash flow. There was no evidence of any financial activity on the part of the corporation throughout that time. The word "financing activities" is used to describe a wide range of acts, including the issuing of stock, the repayment of debt, and the distribution of dividends. The company's cash flow, as measured by its profitability, has shown both positive and negative patterns throughout the years. It would be beneficial to do more analysis of financial data to get insight into the company's financial performance and the variables influencing its cash flow patterns. The results demonstrate that the company's cash flow has fluctuated over time, with some years exhibiting positive cash flow and others displaying negative cash flow. To reliably meet its financial commitments, the company must carefully monitor and track its cash flow. As can be seen in the accompanying table, the firm had a positive cash flow in 2018, meaning it had more cash on hand than was necessary to meet its immediate obligations. As was the case with 2020 and 2022, 2019 and 2021 now have negative cash flow ratios, indicating that they lack the resources necessary to meet their short-term obligations.

SUGGESTIONS:

To comprehend a company's cash flow, it is required to examine the company's financial statements within the context of its industry and wider economic challenges. Taking the suggestions here to heart will help you get a better knowledge of the company's cash flow patterns and make more informed decisions. Analyzing the company's cash flow statement, which details operating, investment, and financing cash inflows and outflows.

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