

# A Study On cash flow statement analysis in APSPDCL, Tirupati

\* P Sajid, \*\* Dr .K. Haritha

*\*Student, II MBA, Department of MBA, Annamacharya Institute of Technology & Sciences: Tirupati (Autonomous)*

*\*\*Associate Professor & HOD, Department of MBA, Annamacharya Institute of Technology & Sciences: Tirupati (Autonomous)*

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## Abstract:

This study analyzes the cash flow statement of APSPDCL, Tirupati, to evaluate its financial performance and liquidity position over the period from 2020–2021 to 2024–2025. The cash flow statement is an essential financial tool that shows the inflow and outflow of cash under operating, investing, and financing activities. The study is based on a descriptive research design using secondary data collected from annual reports and financial statements. The analysis reveals that the company experienced fluctuations in cash flows, particularly in operating activities, with negative trends in some years followed by recovery in later periods. Investing and financing activities also showed varying patterns, indicating active investment decisions and reliance on external funds. Overall, the study concludes that APSPDCL has improved its cash position and is moving towards better financial stability, though it needs to strengthen operational efficiency and manage cash flows more effectively.

**Keywords:** Operating activities, investing activities, financing activities

## I. Introduction:

In financial accounting, a cash flow statement or statement of cash flows is a financial statement that shows a company's incoming and outgoing cash during a time period. All three statements are arranged from the same accounting information, but each statement serves its individual function. The statement of cash flow reports the movement of cash into and out of your business in a given year. Cash is the lifeblood of your company. The cash flow statement reports your business' sources and uses of cash and the beginning and ending values for cash and cash equivalents each year. It also includes the combined total change in cash and cash equivalents from all sources and uses of cash.

Cash flow statements format planning involves forecasting and tabulating all significant

cash inflows and analyzing the timing of expected payments in detail. We have highly skilled cash flow financing professionals prepare comprehensive periodic cash flow projections that can assist you in tasks such as budgeting, business planning and fund raising.

## II. Review Of Literature:

### Khan (2019)

Found that a bank with the highest capital, deposits, or assets doesn't always have the highest profitability. Dr. M. Ravichandran suggests using alternative financial tools like profitability and solvency ratios for deeper analysis. Findings show the company can meet its obligations and has reported steady sales in its income statement.

### Gopinathan Thachappilly: (2018)

Highlights that liquidity ratios help identify financial issues even in profitable businesses. Companies may face cash flow problems due to low cash reserves, high short-term debt, or assets tied up in inventory and receivables. Poor liquidity can harm credit reputation and potentially lead to bankruptcy.

### Nazir (2011)

under the title "Working Capital Management Efficiency of Cement Sector of Pakistan", the aim of this paper is to test the speed of achieving the target level of efficiency by an individual firm during the period of study using industry norms as the target level of efficiency. Findings of the study indicate that the cement sector as a whole did perform well during the study period.

### Mukesh (2013)

According to them they analyzed that though many financial statement users have given more importance to direct method, some of the financial statement users have given importance to indirect method of cash flow statement. They found that the direct method information is economically significant and that the recurring benefits that many

firms derive from providing direct method information likely exceed recurring cost. 4Accounting-Cash Flow Statement, IOSR-JBM, Vol.7, Issues 4, 2013

**In 2020, M. Ganga**

studied the financial performance of Equitas Micro Finance Pvt. Ltd. in Chennai. The research highlighted that financial analysis is key for effective planning and control of a company’s resources. Various methods were used to evaluate the organization's financial health. The study suggested that managers should focus on uncertain or weak areas to support the company’s future growth.

**Ajay and Rana, (2015)**

"According to him, the term cash flow statement is an important tool to analyse the financial performance of a firm and the cash flow changes can be identified only by comparing the financial position of a firm for two years. The study found the net changes in net cash in cash and it's distribution in three business activities and also found the strength and weakness in cash flow statement.

**Objectives:**

- ▶ To Analyse the Operating activities of APSPDCL
- ▶ To Assess the investing activities of APSPDCL
- ▶ To Analyse the financing activities of APSPDCL
- ▶ To study the changes in cash position from one period to another period of APSPDCL

**Need for the study:**

To study the operating activities, investing activities and financing activities. I t helps determine if the organization has enough liquid cash to meet immediate obligations, such as the short-term borrowings. It explains the difference between the Net profit before tax and the actual Net cash from operating activities, accounting for non-cash items like Depreciation.

**Scope of the study:**

The Study changes in current assets and liabilities, such as Inventories, Trade receivables, and Trade payables, to understand operational liquidity. It covers the outflow of cash for long-term investments, specifically the acquisition of Fixed Assets. It extends to reconciling the Net Increase or Decrease with the cash balances at the beginning and end of the year to ensure mathematical accuracy.

**III. Research Methodology:**

**Research Design: Descriptive research Design**

**Date Collection:**

**1. Primary data:**

Primary data is collected through from the discussions from the personal contact from the financial offices in the APSPDCL.

**2. Secondary data:**

Information of the theoretical part was taken from reference book  
 Profit/loss and balance sheets are taken from company’s annual report.

**TOOLS&TECHNIQUES:**

- ▶ Cashflow statement preparation
- ▶ Graphical representation

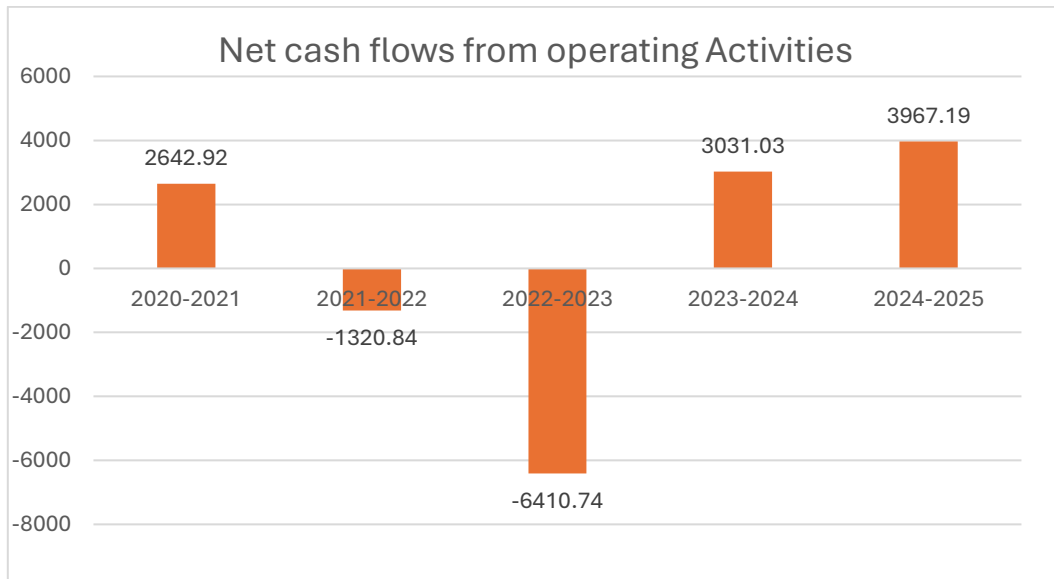
**Limitations of the study:**

- ▶ The statement requires adding back non-cash charges like Depreciation
- ▶ The statement may show a Net Increase in cash even during years of massive operational failure, such as 2021-2022 when there was a Net profit before tax loss of (2054.24) Crores.
- ▶ It reports past data and may not always accurately predict future market volatility.
- ▶ It does not record significant non-cash exchanges, such as issuing shares for assets, which can misrepresent the total scale of investing activities.

**IV. Data analysis & interpretation:**

**Net cashflow from operating Activities from 2020-21to2024-25**

Year	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Net cash flows from operating Activities	2642.92	-1320.84	-6410.74	3031.03	3967.19

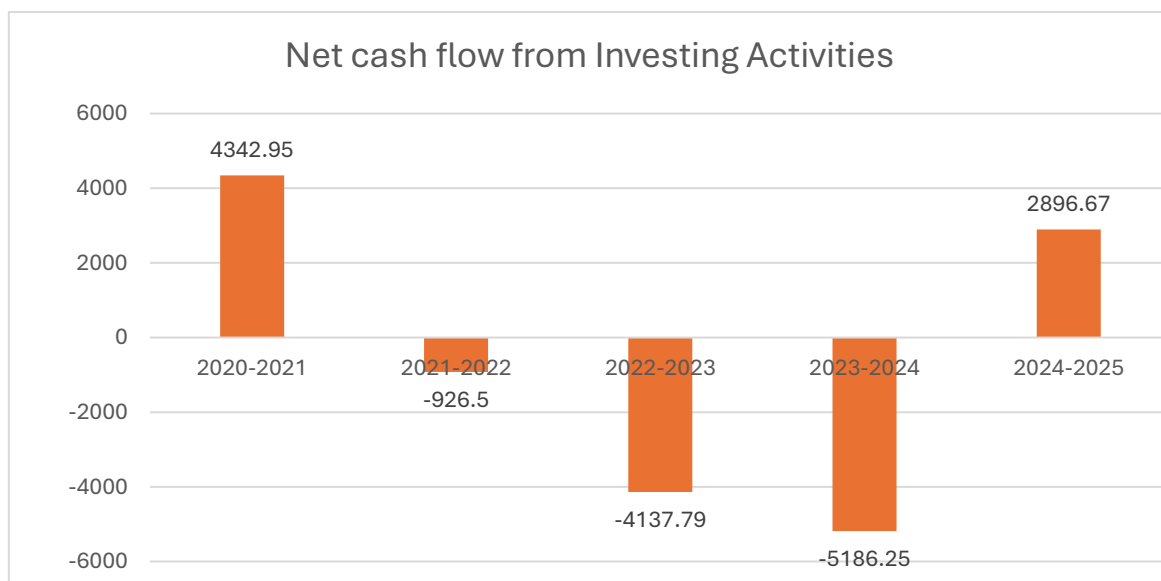


**Interpretation:**

The net cash flow from operating activities during the period 2020–2021 to 2024–2025 shows a fluctuating trend. The company started with a positive cash flow in 2020–2021, but it declined and became negative in 2021–2022 and further decreased in 2022–2023, indicating weak operational performance during those years. However, the company showed a strong recovery in 2023–2024 and continued to improve in 2024–2025 with positive cash flows.

**Net cashflows from Investing Activities From 2020-2021 to 2024-2025**

Year	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Net cash flow from Investing Activities	4342.95	-926.5	-4137.79	-5186.25	2896.67



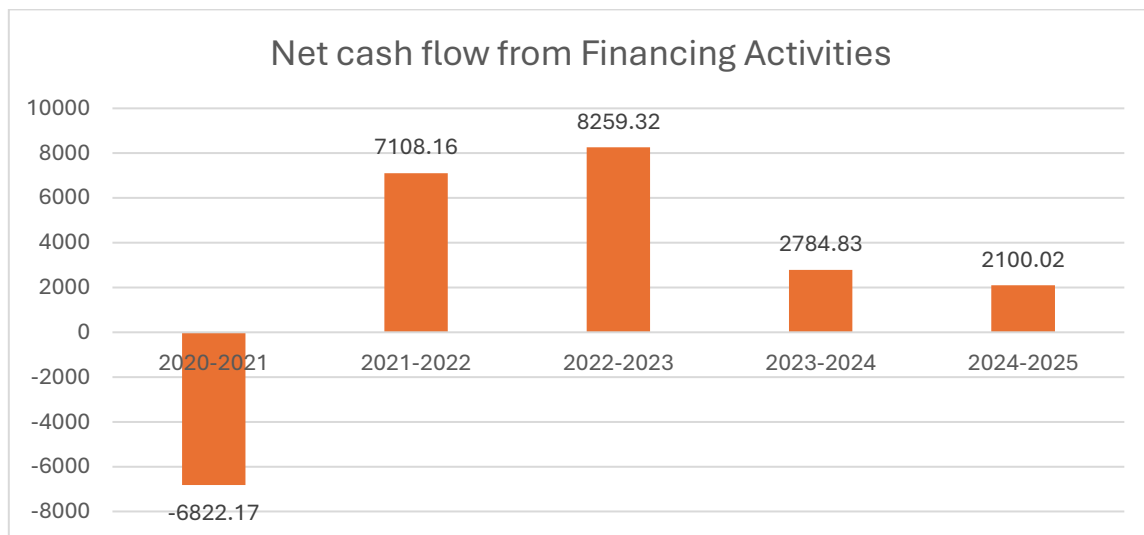
**Interpretation:**

The net cash flow from investing activities during the period 2020–2021 to 2024–2025 shows a mixed and fluctuating trend. In 2020–2021, the company recorded a positive cash flow of 4342.95, indicating cash inflow from investing activities. In 2021–2022, the cash flow turned negative to -926.5, suggesting that the company spent more on investments such as purchasing assets.

In 2022–2023 and 2023–2024, the cash flows improved significantly to 4137.79 and 5186.25, showing higher inflows from investing activities. However, in 2024–2025, the cash flow slightly decreased to 2896.67, though it still remained positive.

**Net cashflows from Financing Activities From 2020-2021 to 2024-2025**

Year	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Net cash flow from Financing Activities	-6822.17	7108.16	8259.32	2784.83	2100.02

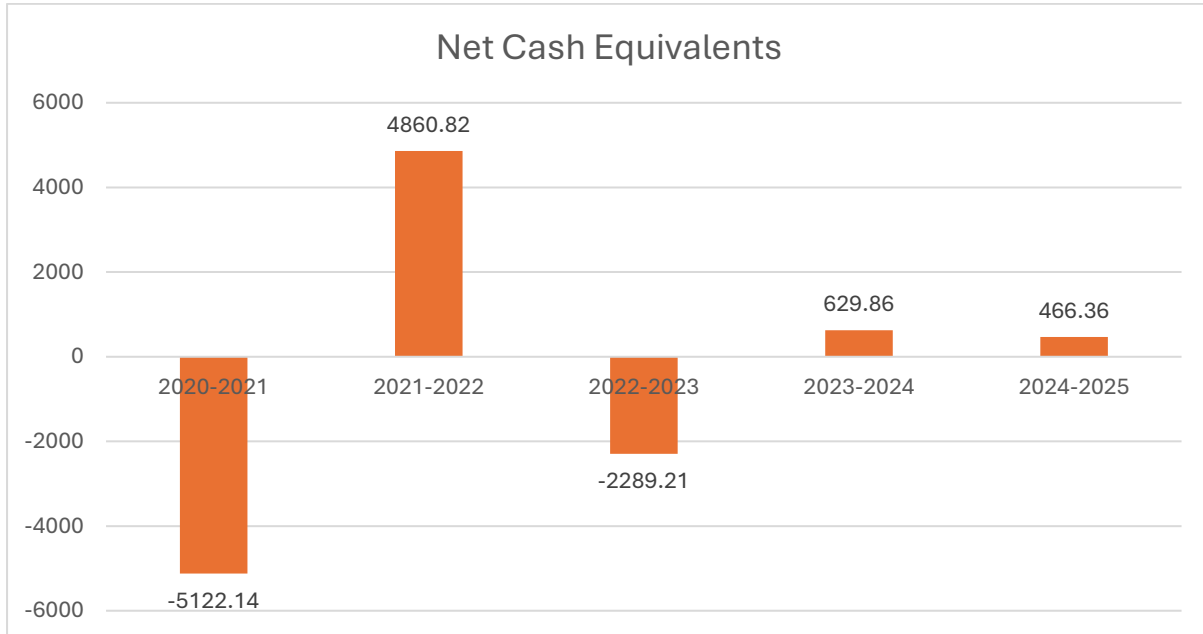


**Interpretation:**

The net cash flow from financing activities during the period 2020–2021 to 2024–2025 shows a fluctuating trend. In 2020–2021, the company recorded a negative cash flow of -6822.17, indicating repayment of loans or payment of dividends. However, in 2021–2022 and 2022–2023, the cash flow turned strongly positive at 7108.16 and 8259.32, showing that the company raised funds through borrowings or other financing sources. In 2023–2024 and 2024–2025, the cash inflow decreased to 2784.83 and 2100.02, but it still remained positive.

**Net Cash Equivalents From 2020-2021 to 2024-2025**

Year	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Net Cash Equivalents	-5122.14	4860.82	-2289.21	629.86	466.36



#### Interpretation:

The net cash equivalents of the organization show significant fluctuations during the period from 2020–2021 to 2024–2025. In 2020–2021, the company experienced a large negative cash balance (-5122.14), indicating higher cash outflows than inflows. However, in 2021–2022, the situation improved greatly with a strong positive cash equivalent (4860.82), reflecting better cash management or increased inflows. In 2022–2023, the value again turned negative (-2289.21), suggesting financial pressure or higher expenditures. The cash position improved slightly in 2023–2024 (629.86) and remained positive in 2024–2025 (466.36), although at a lower level.

#### V. Findings:

1. The cash flow from operating activities shows a fluctuating trend during the study period from 2020–2021 to 2024–2025. It was positive in 2020–2021, became negative in 2021–2022 and 2022–2023, and improved again in 2023–2024 and 2024–2025.
2. The company experienced negative operating cash flow in 2021–2022 and 2022–2023, which indicates weak operational efficiency and higher working capital requirements during those years.
3. The investing activities show both positive and negative cash flows, indicating that the company has been actively investing in fixed assets and other investments.
4. The financing activities show major inflows in 2021–2022 and 2022–2023, which suggests that

the company relied heavily on borrowings to support its operations and investments.

5. The cash and cash equivalents show overall growth from ₹515.81 crores in 2020–2021 to ₹531.58 crores in 2024–2025, indicating an improvement in liquidity position over the period.

#### VI. Suggestions:

1. The company should focus on improving cash flow from operating activities by increasing sales and controlling operating expenses.
2. Proper working capital management should be maintained to avoid negative operating cash flows in the future.
3. The company should reduce excessive dependence on borrowings and try to finance activities through internal funds.
4. Investments should be made carefully to ensure better returns and efficient utilization of funds.
5. The company should maintain adequate cash reserves to meet its short-term obligations and improve financial stability.

#### VII. Conclusion:

Despite fluctuations in different years, the company has been able to maintain a stable cash position by the end of the period. The improvement in operating cash flow and the increase in cash and cash equivalents indicate that the company is moving towards better financial stability and effective cash management.

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