
CASH FLOW ANALYSIS AS A BUSINESS TOOL AT BRITANNIA INDUSTRIES

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ABSTRACT: Cash flow studies are one of the best ways to assess a company's financial health, efficiency, and longevity. Britannia Industries, a large Indian company that makes fast-moving consumer goods, is examined using cash flow analysis. Britannia controls working capital, protects shareholder value, and finances development through operating, investment, and financing actions, according to paper. The findings show that strong operating cash flows are essential for funding growth without external debt and ensuring everyday operations. By showing the company's financial strengths, weaknesses, and investment opportunities, cash flow analysis helps management make decisions.

Keywords: *Cash Flow Analysis, Liquidity, Operational Efficiency, Financial Sustainability, Britannia Industries, Working Capital Management, Operating Activities.*

1. INTRODUCTION

The cash flow of a firm is the total amount of cash and cash substitutes that enter and leave the company over a certain period. A business with a lower cash loss rate and more cash on hand is more flexible. This limits the company's runway, increasing its value.

However, your organization must complete cash flow studies periodically, regardless of performance.

Business profitability depends on its capacity to pay expenses and complete transactions on schedule. A cash flow paper can help you track your market. Given this information, we can foresee funding shortages and prudently use surplus funds.

Cash flow analysis is essential for business health, flexibility, and liquidity. Cash flow is money entering and leaving a firm. Accounting methods and nonmonetary variables affect profitability. Cash flow analysis examines a company's activities, investments, and financing to determine how much cash it can create to meet expenses, invest in growth, and satisfy shareholders.

Cash flow analysis is essential for decision-making and planning in today's competitive economy. It shows the company's capacity to adapt to financial issues, plan for expansion, and work efficiently. Creditors, managers, and investors use this paper to assess a company's solvency, detect risks, and guarantee its cash flow supports profitability.

2. LITERATURE SURVEY

Sage. (2025): This paper highlights cash flow analysis's importance in firm financial evaluation. A detailed cash flow analysis can reveal corporate efficiency, cash flow, and long-term viability. The paper covers cash flow monitoring methods, including trends and

ratios. Thus, accurate estimates are essential when allocating cash for investments, growth, and expenses.

Seretidou, D. (2025): This paper compares traditional financial measurements versus cash flow-based indicators for business success prediction. Financial assessments often use debt-to-equity and ROA rates. Cash flow rates are increasingly used to assess financial asset stability and liquidity. This paper organized existing studies using PRISMA.

Rehmann. (2024): This paper explores how cash flow statements affect a business's health and future. It underlines that these claims may reveal the company's profitability, stock growth, and value. The source states that cash flow statements must follow accounting rules, including U.S. GAAP must be followed consistently. Cash flow monitoring helps managers cut costs and boost efficiency.

Palomero, L. (2024): This paper compares forecasting methods to find the best way to predict self-employed people's financial flows. Fuzzy inference algorithms and parametric methods are compared to see which is better for managing uncertain and changing financial data. The paper tests the concept using cash flow time series from three companies. Applicability is determined by prediction accuracy and calculation speed. Results show no clear model winner. Each method depends on the cash flow dataset's specific properties.

Trovata. (2023): These cash flow management optimization solutions will benefit your company's finances. Effective solutions include lowering operational costs, enhancing payment terms, and simplifying invoicing. The paper emphasizes real-time cash flow monitoring with automated cash management systems and forecasting tools. All of the strategies aim to stabilize and control cash flow, making long-term investments and daily operations easier.

Laghari, F. (2023): This paper analyzed Chinese non-financial enterprises' financial performance after cash flow factors were changed. GEEs are used to examine longitudinal data from 20,288 organizations from 2018 to 2020. Accounting turnover days (ARTD), inventory turnover days (ITD), and accounts payable turnover days (APTD) are strongly correlated with financial performance metrics like the operating cash cycle. Accounts payable turnover days (APTD) and cash flow metrics like the cash conversion cycle are also linked. Industrial sectors with little debt have stronger relationships. That could mean companies with less debt are better at managing their finances.

3. METHODS OF CASH FLOW STATEMENT

Direct Method:

This method makes a complete inventory of all real money transactions during the reporting period.

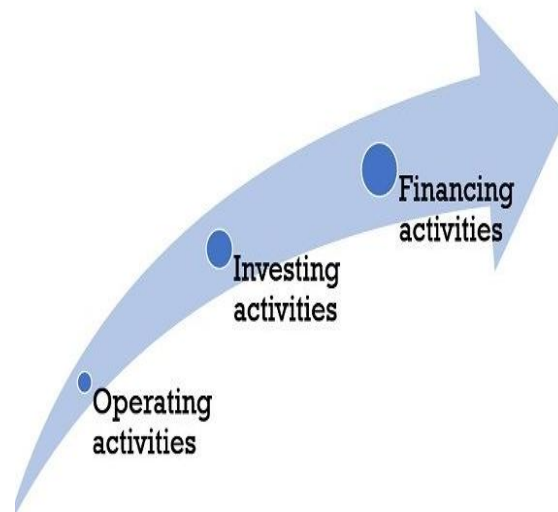
Cash inflows include sales, client payments, and interest.

The business pays interest, taxes, and operating costs.

Due to the need for exact data, the direct technique is less popular yet provides a complete knowledge of capital flows.

Indirect Method:

This method estimates net cash flow from business using net income from the income statement and non-cash components and working capital movements.



Net income includes non-cash amortization and depreciation.

Working capital adjustments reflect asset, payable, and receivable variations on money.

The total cash change for the period is the net cash flows from operational operations plus financing and investing cash flows.

Steps for Indirect Method:

Operating Activities:

Examine non-cash flow items like interest and depreciation.

Working capital can be affected by current assets or debts.

Investing Activities:

Total monies received and disbursed to buy and sell residences, machines, and investments.

We can see the company's investment fund distribution here.

Financing Activities:

When evaluating financial flows, debt and ownership changes must be included.

This area includes buying and selling stocks, paying rewards, and borrowing money.

Net Change in Cash:

Aggregating the business's operations, purchases, and expenditures yields the net cash change.

Cash at the Beginning and End:

Add up the funds at the beginning and end.

Financial analysts and decision-makers use cash flow statements to show how much a company makes and spends. It can use direct or indirect methods.

4. IMPACT OF CASH FLOW ANALYSIS ON BUSINESS SUCCESS

Cash flow analysis improves your understanding of a business's financial health, operational efficiency, and strategic direction, which helps it succeed. Cash flow analysis is important for corporate growth for many reasons:

Improved liquidity management

Cash flow analysis is crucial for assessing a company's short-term liquidity and flexibility. Organizations should track cash flow to manage cash reserves. This will help them predict and prevent surpluses and shortages.

Enhanced decision-making

Understanding the company's cash flow is crucial to making educated decisions. To assess funds, a cash flow analysis is essential before starting new projects, buying equipment, or growing businesses. Cash flows help management allocate resources, capital, and start projects to cut expenses.

Increased creditworthiness

Investors and lenders like companies with strong cash flows since they're more creditworthy. Finding funding requires showing continuous and positive cash flows to prove your organization is financially solid and efficient. Investors and lenders favour businesses that earn income and manage their finances well.

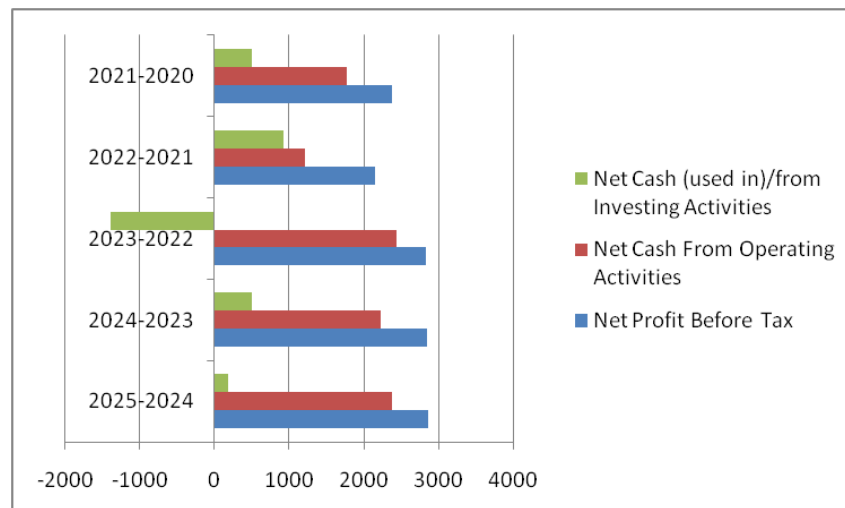
Operational efficiency

Cash flow can indicate a company's commodity, debt, and payable management performance. This allows monitoring and efficiency improvement. Cash flow data analysis can help businesses improve efficiency by spotting issues like overstock and late payments. Effective cash management decreases company expenses and boosts profits by maximizing resource use and cash flow.

5. DATA ANALYSIS AND INTERPRETATION

CASH FLOW I

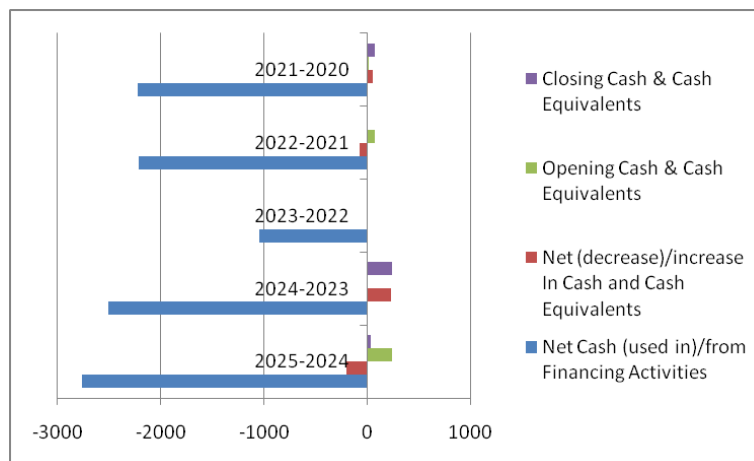
Cash Flow	2025-2024	2024-2023	2023-2022	2022-2021	2021-2020
Net Profit Before Tax	2867.77	2855.44	2840.07	2145.12	2379.44
Net Cash From Operating Activities	2373.15	2233.73	2442.05	1206.09	1778.27
Net Cash (used in)/from Investing Activities	183.5	506.76	-1386.4	930.63	500.64



INTERPRETATION: The fiscal year 2024-2025 net profit before taxes was ₹2,867.77 crore, somewhat higher than the previous year, according to the cash flow research. The main firms generate ₹2,373.15 crore in net cash from operating activities. Since a substantial loss in 2022–2023, investing revenue has fluctuated. Prudent investment management and fluctuating liquidity led to a positive inflow of ₹183.5 crore in 2024-2025.

CASH FLOW II

Cash Flow	2025-2024	2024-2023	2023-2022	2022-2021	2021-2020
Net Cash (used in)/from Financing Activities	-2759.3	-2508.7	1047.8	2211.7	2222.8
Net (decrease)/increase In Cash and Cash Equivalents	-202.66	231.76	7.79	-74.99	56.07
Opening Cash & Cash Equivalents	240.85	9.09	1.3	76.29	20.22
Closing Cash & Cash Equivalents	38.19	240.85	9.09	1.3	76.29



INTERPRETATION: In 2025-2024, the firm committed ₹2,759.3 crore for financial obligations, dividends, and debt settlement. This shows steady finance spending. Net cash fell 202.66 crore to 38.19 crore at the end of the year. Despite strong operating cash flow, the quarter ended with a large loss in cash on hand due to financing withdrawals.

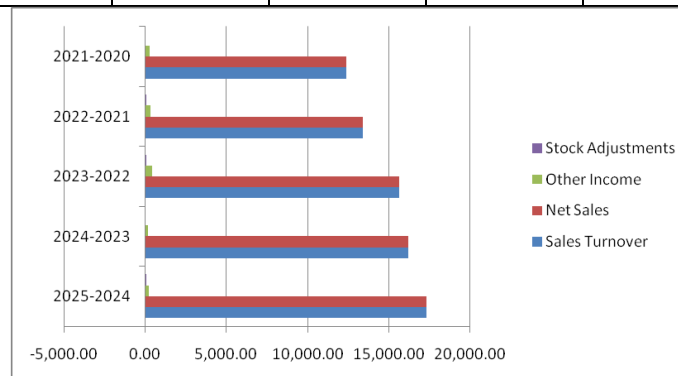
PROFIT & LOSS ACCOUNT

Profit & Loss account	2025-2024	2024-2023	2023-2022	2022-2021	2021-2020
Income					
Sales Turnover	17,295.92	16,186.08	15,618.42	13,371.62	12,378.83
Net Sales	17,295.92	16,186.08	15,618.42	13,371.62	12,378.83
Other Income	224.58	205.78	443.91	359.43	292.7
Stock Adjustments	67.96	-0.01	82.13	73.96	43.22
Total Income	17,588.46	16,391.85	16,144.46	13,805.01	12,714.75
Expenditure					
Raw Materials	10,660.06	9,474.80	9,578.46	8,582.43	7,450.92

Power & Fuel Cost	286.77	259.1	198.92	157.2	129.42
Employee Cost	554.7	565.28	520.55	413.56	402.85
Selling and Admin Expenses	476.44	619.37	594.26	361.42	381.21
Miscellaneous Expenses	2,322.26	2,196.70	2,066.57	1,841.81	1,706.33
Total Expenses	14,300.23	13,115.25	12,958.76	11,356.42	10,070.73

INCOME

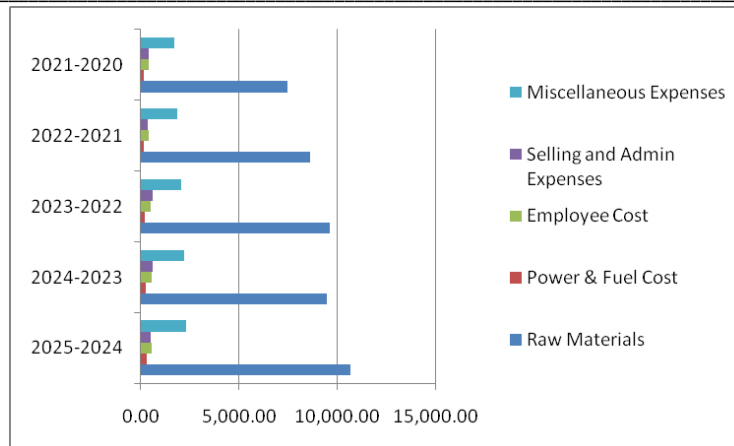
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INTERPRETATION: The company's total income has shown a consistent upward trend, reaching ₹17,588.46 crore in 2025-24, driven primarily by growth in sales turnover, which increased from ₹12,378.83 crore in 2021-20. Other income and stock adjustments have contributed moderately, with fluctuations over the years. Overall, the rising total income reflects strong market performance and effective revenue generation strategies.

EXPENDITURE

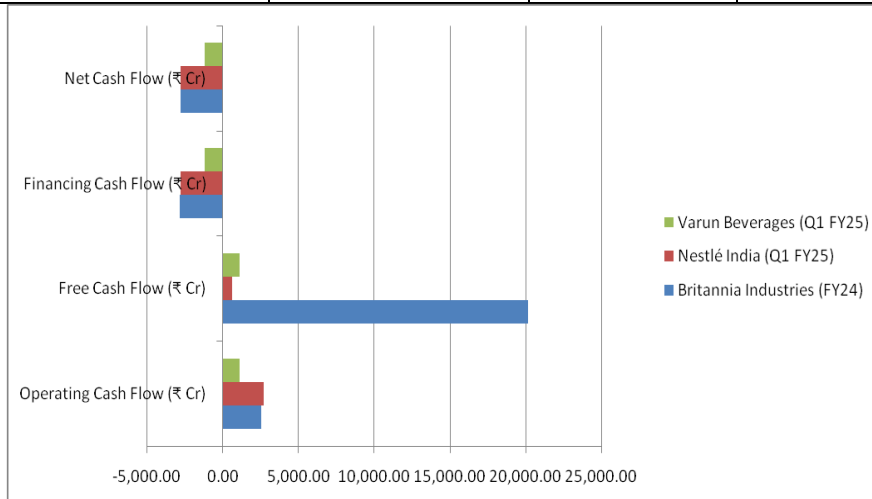
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Total Expenses	14,300.23	13,115.25	12,958.76	11,356.42	10,070.73



INTERPRETATION: The company's spending rose to ₹14,300.23 crore in 2025-2024, mostly due to rising raw material costs. Business expansion and inflation raise prices of vital commodities including oil, energy, and labor. Cost containment helps revenue growth when total costs rise at the same rate as income.

BRITANNIA INDUSTRIES Vs. INDUSTRY PEERS

Cash Flow Metric	Britannia Industries (FY25)	Nestlé India (Q1 FY25)	Varun Beverages (Q1 FY25)
Operating Cash Flow (₹ Cr)	2,572.98	2,732	1,160.16
Free Cash Flow (₹ Cr)	20,201	659.23	1,160.16
Financing Cash Flow (₹ Cr)	-2,830.48	-2,732	-1,160.16
Net Cash Flow (₹ Cr)	-2,761.86	-2,732	-1,160.16



INTERPRETATION: For fiscal year 2025, Britannia Industries generated ₹2,572.98 Cr in operating cash flow. This surpassed Varun Beverages' ₹1,160.16 Cr and was close to Nestlé India's ₹2,732 Cr. With a free cash flow of ₹20,201 Cr, the company has ample funds for investments and dividends. Financial operations such as loan returns and dividends consumed ₹2,830.48 Cr, resulting in a net cash loss of ₹2,761.86 Cr.

6. CONCLUSION

In conclusion, cash flow analysis serves as an indispensable business tool that provides a clear and realistic view of a company's financial health, beyond what profit and loss statements can reveal. By systematically tracking and categorizing cash inflows and outflows from operating, investing, and financing activities, businesses can monitor liquidity, anticipate future financial needs, and make informed strategic decisions. It enables effective working capital management, highlights potential cash shortages or surpluses, and supports investment planning by assessing the feasibility and impact of new projects. Moreover, cash flow analysis distinguishes between profitability and actual cash availability, ensuring that operational stability is maintained even during periods of fluctuating earnings. By integrating regular monitoring, forecasting, and strategic evaluation, organizations can optimize resource allocation, strengthen financial planning, and enhance overall business resilience, making cash flow analysis an essential component for sustainable growth and long-term success.

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