

A STUDY ON CASH MANAGEMENT AT ULTRATECH CEMENT, HYDERABAD.

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ABSTRACT

Effective cash management is critical for the financial health and operational efficiency of any organization. This study focuses on the cash management practices of a selected company, analyzing its ability to maintain liquidity, meet short-term obligations, and optimize cash flow. The research explores key components such as cash inflows and outflows, cash budgeting, and working capital management. It also evaluates the role of cash forecasting and investment of surplus cash in improving financial performance. Using secondary data over a five-year period, the study examines trends and assesses how cash management strategies impact overall financial stability. The findings highlight the importance of strategic planning, timely cash flow analysis, and internal controls in enhancing cash utilization. The study concludes by suggesting measures for better cash optimization to support sustainable business growth.

Key words: Cash Management, Liquidity, Cash Flow Optimization, Working Capital Management, Cash Budgeting

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INTRODUCTION

Cash management involves the efficient handling of a company's cash inflows and outflows to ensure liquidity and optimize short-term investments. It includes managing cash flow, maintaining sufficient cash for operations, and investing surplus funds in instruments like treasury bills and money market funds. Effective cash management prevents both cash shortages and idle cash, supporting smooth operations and profitability. With technological progress and market changes, businesses increasingly rely on advanced tools and strategies for forecasting, fund transfers, and short-term investments. The goal is to reduce costs and improve returns while maintaining financial stability.

REVIEW OF LITERATURE

Francisco Salas-Molina and Montserrat Guillen (2023) explored cash management from multiple angles, highlighting the use of AI and machine learning for accurate forecasting and cost efficiency.

Sam Sundar Chintha and Kollipara Vamsi Prasad (2021) showed a strong link between efficient cash management and better financial performance in Oman's manufacturing firms.

Mustapher Faque (2021) reviewed global cash strategies and stressed the need for region-specific research and the role of technology.

Xiaoyue Yan, Li Chen, and Xiaobo Ding (2024) studied supply chain finance tools like reverse factoring to improve working capital efficiency.

Boubker Mouline (2021) connected cash practices with financial theories, explaining firm behavior.

Vijay Singh Chauhan (2016) discussed India's government cash systems and suggested reforms.

Joel G. Siegel (2003) provided practical CFO tools for managing cash in his book.

Richard A. Brealey (2022) emphasized the role of cash management in corporate finance, while Eugene F. Brigham (1988) detailed the importance of cash budgeting and liquidity for business efficiency.

NEED AND IMPORTANCE

The importance of Cash management in any industrial concern cannot be over stressed and under the present inflationary condition, management of Cash is perhaps more important than even management of profit. This requires greatest attention and efforts of the finance manager and it needs vigilant attention as each of its components require different types of treatment and it throws constant attention on exercise of skill and judgment, awareness of economic trend etc, due to urgency and complicity. The anti-inflationary measure taken up by the Government, creating a tight money condition has placed working capital in the most challenging zone of management and it requires a unique skill for its management. Today, the problem of managing cash has got there cognition of separate entity, so its study and management is of major importance to both internal and external analyst to judge the current position of the business concerns.

SCOPE OF THE STUDY

The scope of this study on cash management is centered on understanding and evaluating the methods and practices organizations use to effectively handle their cash resources. It includes an in-depth analysis of cash flow management, focusing on both cash inflows and outflows to ensure sufficient liquidity for day-to-day operations. The study covers key aspects such as cash budgeting, collection and disbursement processes, and the use of banking services and short-term investment options to optimize idle funds. It also explores the implementation of technological tools and software solutions that enhance the efficiency of cash management systems to a defined period and may pertain to specific industries or companies, depending on the objectives of the research.

OBJECTIVES OF THE STUDY

To study the cash management of ultratech cement. To analyze the liquidity position of the concern through ratio analysis. To understand the growth of ultratech cement in terms of cash flow statement.

To make suggestion and recommendation to improve the cash position of ultratech cement.

RESEARCH METHODOLOGY

Research is a process in which the researchers wish to find out the end result for a given problem and thus the solution helps in future course of action. There search has been defined as—A careful investigation or enquiry specially through search for new facts in branch of knowledge.

DATA COLLECTION

Secondary data:-

- Cash flow statement and balance sheets
- Journals, research papers, and industry reports
- Reports from financial data bases (e.g., Money control, etc)

SAMPLE DESIGN

Sample size: Sample size depends on access, typically 45-50 people for interviews.

Research Period: 45 days

DATA COLLECTION TOOLS

Cash Flow Analysis: Studying cash flow from operations, investing, and financing activities to evaluate liquidity and cash position.

Ratio Analysis: Current Ratio, Quick Ratio, Cash Ratio, and Working Capital Turnover Ratio.

LIMITATIONS OF THE STUDY

The study takes into account only the quantitative data and the qualitative aspects were not taken into account. The study is based on the secondary data which is available from various sources. The time taken to undertake the project work is very short, hence only four sectors were chosen for the study. Accurately predicting cash inflows and outflows is difficult due to market uncertainties and variables.

DATA ANALYSIS & INTERPRETATION

TREND ANALYSIS

Over the past few years, UltraTech Cement has demonstrated strong and consistent cash management, as evidenced by a steady increase in net cash flow from operating activities, reflecting its robust core business performance. Despite significant cash outflows in investing activities—largely due to ongoing capital expenditures and strategic expansions—the company has maintained a healthy free cash flow position.

TABLE 1: Table showing Current Ratio for the previous 5 years

YEA R	Current Assets (A)	Current Liabilities (B)	Current Ratio (A/B)
2020 – 2021	37,65,89 3	25,65,567	1.46
2021 – 2022	41,48,92 1	57,45,442	0.72
2022 – 2023	59,74,93 3	38,56,338	1.54
2023 – 2024	1,85,09, 842	1,44,73,102	1.27
2024 – 2025	2,03,50, 240	1,25,88,203	1.61

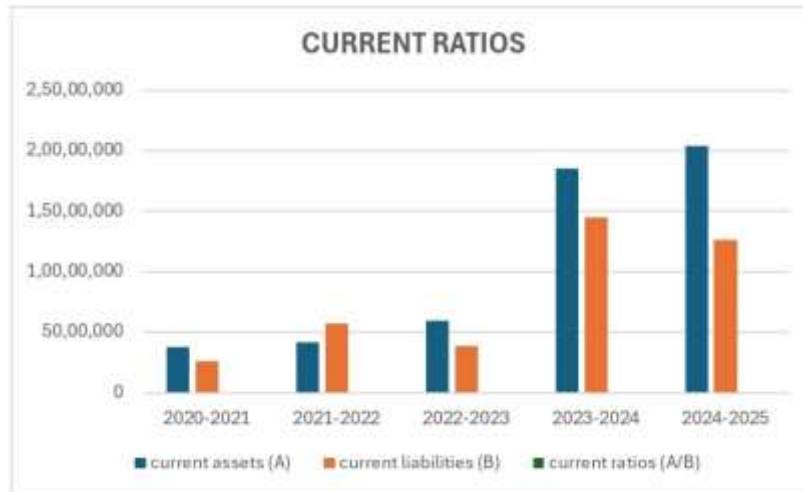


Figure 1:Figure showing Current Ratio for the previous 5 years

Interpretation:

This ratio is an indicator of the firm's commitment to meet its short – term liabilities. From the table it is clear that the Current Ratio of ULTRATECH CEMENT has been fluctuating from the starting of the study period, later for last year it has been increasing; hence the Current Ratio is quite satisfactory. Thus, the Current Ratio shows that the company has sufficient funds to meet its short- term obligations.

Table 2: Table Showing Current Liabilities for the previous 5 years

YEAR	X	X 2	Current Liabilities (Rs)Y	XY (Rs)
2020– 2021	- 2	4	25,65,567	- 5,131,13 4
2021– 2022	- 1	1	57,45,442	- 57,45,44 2
2022– 2023	0	0	38,56,338	0
2023– 2024	1	1	1,44,73,102	1,44,73, 102
2024– 2025	2	4	1,25,88,203	2,51,76, 406

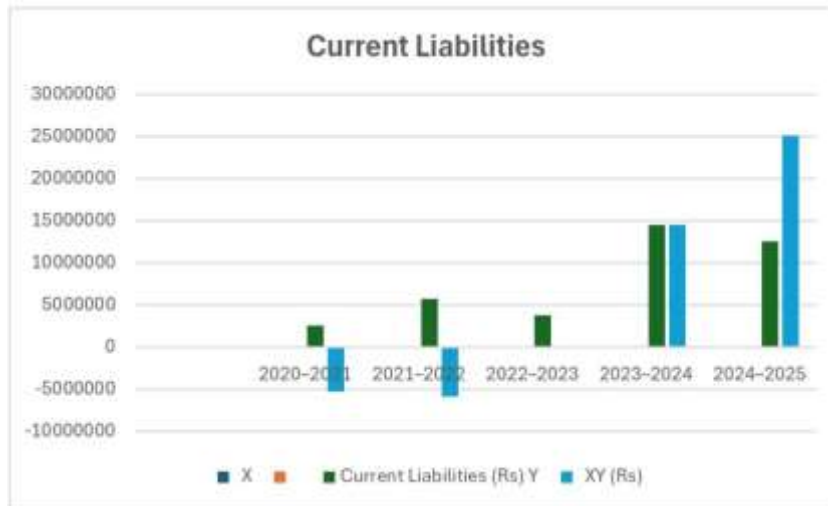


Figure 2: Figure Showing Current Liabilities for the previous 5 years

Interpretation:

- The company experienced a significant buildup of current liabilities over the first few years.
- The peak in 2023–24 followed by a decline in 2024–25 may reflect:
- Strategic efforts to reduce short-term debt
- Possible early signs of strengthening financial health
- A response to prior over-leveraging

Table 3: Table Showing Current Liabilities for the previous 5 years

YEAR	X	X ²	Current Liabilities (Rs)Y	XY (Rs)
2020–2021	-2	4	25,65,567	-5,131,134
2021–2022	-1	1	57,45,442	-57,45,442
2022–2023	0	0	38,56,338	0
2023–2024	1	1	1,44,73,102	1,44,73,102
2024–2025	2	4	1,25,88,203	2,51,76,406

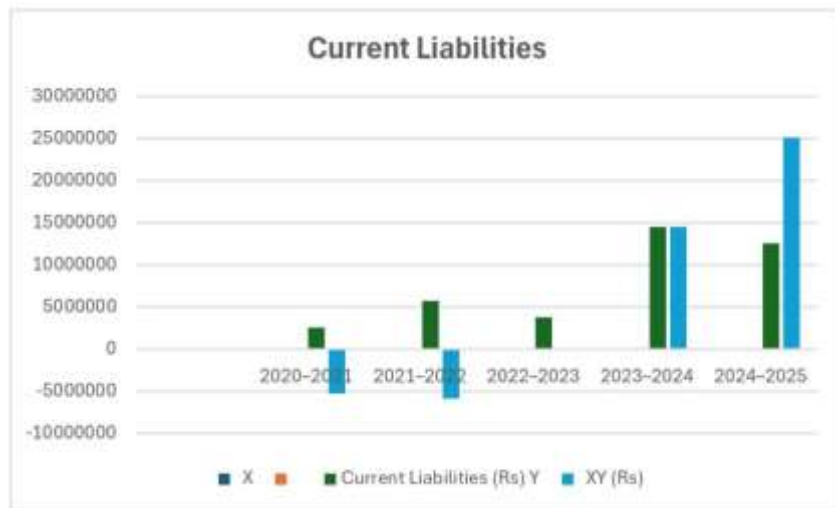


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Table 4: Table Showing Current Assets for the previous 5 years

YEAR	X	X ²	Current asset (Rs)	XY (Rs)
2020–2021	-2	4	37,65,893	7,531,786
2021–2022	-1	1	41,48,921	-41,48,921
2022–2023	0	0	59,74,933	0
2023–2024	1	1	1,85,09,842	1,85,09,842
2024–2025	2	4	2,03,50,240	4,07,00,480

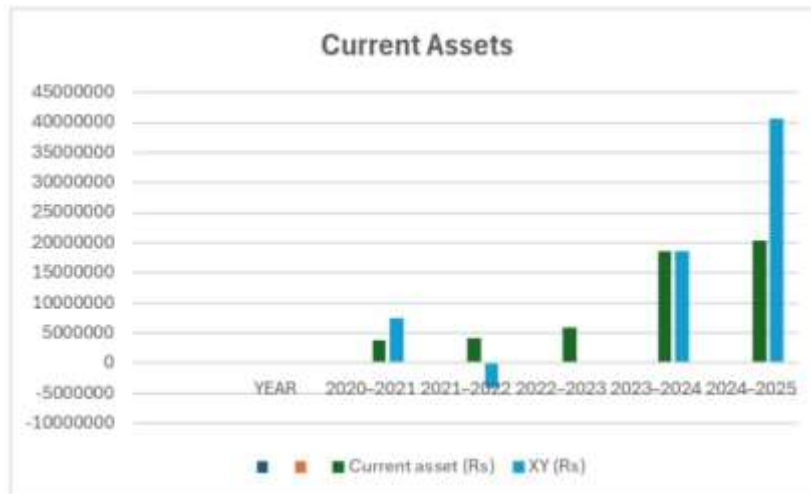


Figure 4: Figure Showing Current Assets for the previous 5 years

Interpretation:

This table shows that the current asset of the company will be grown at 9 times. When compared to the beginning of the period of study its must be increased. Current Asset value in 2024 will be about 2,54,64,326.7.

Table 5: Funds from Operations for the previous 5 years

Particulas	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Net Profit	621082	1183275	478738	400470	234876
Depreciation during the year	1260161	1440184	1620217	1800231	156782
FFO(FLO)	1881243	2623459	2098945	2202101	2347652
ADD:					
Sundry debtors	736292	293962			
Prepaid Expenses	43200				
Sundry creditors	4731130	1710210	10643203		1247321
Outstanding	100		918		546

Liabilities	953 4		41		71
CEMENT	295			108	134
O/D	046 4			013 53	545 67
LESS:					
Stock	147 963 4	5670 73	175 557 6	110 691 3	243 789
CEMENT		2950			
O/D		464			
Outstanding		7671		334	432
Liabilities		31		244	121
Sundry			956	910	
Debtors			239 3	746	
Sundry				169	216
Creditors				935 4	743 2
CFO(CLO)	985 422 9	3429 63	151 602 0	895 079 7	543 232 1

Interpretation:

The company maintained positive and improving funds from operations, with CFO showing recovery and growth after a dip in 2020–2021. This indicates better operational efficiency and stronger cash generation in recent years.

Table 6: Cash Flow Statement for the previous 5years

Inflow	202 0- 202 1	2 0 2 1 - 2 0 2 2	202 2- 202 3	202 3- 202 4	2024- 2025
Opening balance	125 63	1 4 5 6 4	646 78	104 545	6358 2
Cash from operation	285 412 2	9 8 5 4 2 2 9	342 963	151 602 0	8950 797
Increase in loan funds				241 079 8	
Sales of Asset			797 244		
Increase in share capital				280 000 0	
Total	716 872 1	9 8 6 8 7 9	120 488 5	683 136 3	9014 379

		3			
Outflows					
Cash outflow from operation					
Purchase of Asset	127 640 1	9 7 7 6 4 1 1		676 778 1	7004 825
Decrease in loan funds	173 04	2 7 7 0 4	900 340		1731 144
Decrease in share capital			200 000		
Closing balance	184 621	6 4 6 7 8	104 545	635 82	2784 10
Total	131 737 32	9 8 6 8 7 9 3	120 488 5	683 136 3	9014 379

Interpretation:

This table shows that the cash flow statements of ultratech cement are to be efficient. The cash inflow of the company is to be increased for year after year. The fund from operation

is also to differ from every year. The company should increase their share capital from 2023-2024 for Rs. 28, 00,000. Its must be used as efficient for the next year for decrease their loan amount.

FINDINGS

The cash management of ULTRATECH CEMENT has been working well in the organization.

- The Funds from operations of a company has been increased from year by year.
- The cash from operations has been find that it used as efficient.
- The cash inflow and outflow of cash flow statement have a cash balance will be increased, 4.2 times when compared to last year balance.
- Current Ratio shows that the company has sufficient funds to meet its short- term obligations.
- The company's Liquidity Ratio shows satisfactory trend.
- Super Quick Ratio shows that ULTRATE CHCEMENT is able to meet its current obligations (liabilities).
- The efficiency of inventory control in ULTRATECH CEMENT shows a satisfactory position.
- The Cash Ratio shows that the cash required to meet out the current liabilities is maintained at a normal level hence, it shows that ULTRATECH CEMENT follows an average policy.
- Interval Measure Ratio shows that the company can meet its operating cash requirements with in a period of 105 to 146 days without resorting to next year's income.
- The Current Assets to Total Assets Ratio implies that ULTRATECHCEMENT is maintaining a considerable level of Current Assets in proportion to Total Assets.
- The average Cash to Current Assets is maintained at 0.009 times. Hence, it is found that the company had maintained a moderate level of cash in proportion to Current Assets.
- The average ratio of Inventories to Current Assets is 0.46 times and thus it is found that the investment in inventories.
- The average ratio of Sundry Debtors to Current Assets is 0.67 times. Hence it implies that the credit policy followed by ULTRATECH CEMENT is mode.

SUGGESTIONS

- ULTRATECH CEMENT should try to match their cash with the sales. In case of surplus cash, it should be invested either in securities or should be used to repay borrowings.
- The company should try to prepare a proper ageing schedule of debtors. This will help them to reduce the bad debts and speed up collection efforts.
- The company should be prompt in making payments so as to enjoy cash discount opportunities.
- The company should determine the optimum cash balance to be kept.
- The company followed an aggressive policy of financing working capital should try to finance 50% of their working capital using long term source and improve their status.
- The current ratio of 2:1 is considered normally satisfactory. ULTRATECH CEMENT should try to improve the current ratio. So it should invest large amount in current ratio, in order to maintain liquidity and solvency position of the concern.
- The company should try to follow a matching policy for financing current Assets (i.e.) using both long term and short-term sources of finances.

CONCLUSION

The Cash Management Analysis done on the financial position of the company has provided a clear view on the activities of the company. The use of the ratio analysis, trend analysis, Cash Flow Statement and other accounting and financial management helped in this study to find out the financial soundness of the company. This project was very useful for the judgment of the financial status of the company from the management point of view. This evaluation proved a great deal to the management to make a decision on the regulation of the funds to increase the sales and bring profit to the company

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