

A STUDY ON CASHFLOW TREND ANALYSIS OF NIVA BUPA (HEALTH INSURANCE PV LTD)

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ABSTRACT

This study examines the cash flow and overall financial performance of Niva Bupa Health Insurance Company Limited based on secondary data collected over the past five years. The main aim is to understand how the company generates and uses cash through its Operating, Investing, and Financing activities, as profit alone does not always reflect the true financial condition of a business. To support this analysis, important liquidity and profitability ratios such as Current Ratio, Quick Ratio, Gross Profit Ratio, and Net Profit Ratio are calculated along with cash flow statements. The results are presented using tables and graphs for better clarity and understanding. The study highlights the company's liquidity position, stability of operations, and effectiveness in managing funds. It also provides practical insights and suggestions, making it useful for students and researchers who wish to gain a clear understanding of cash flow analysis and financial performance evaluation.

Keywords: Cash Flow Analysis, Liquidity Ratios, Profitability Ratios, Financial Performance, Trend Analysis, Operating Investing and Financing Activities

INTRODUCTION

In today's competitive environment, effective financial management is essential for the growth and survival of any organisation. Cash flow analysis is important because it shows the actual movement of cash, while profit alone may not reflect the true financial position.

Cash flow analysis helps in understanding cash generated and used under Operating, Investing, and Financing activities. It shows the company's ability to meet obligations and manage funds efficiently.

OBJECTIVES OF THE STUDY

1. To study the cash flow trends of Niva Bupa Health Insurance over the past five years.

2. To identify the major sources and uses of cash.
3. To evaluate the effectiveness of cash management practices.
4. To assess the liquidity and profitability position of the company.
5. To compare cash flow trends with liquidity and profitability ratios.

NEED OF THE STUDY

Every business needs sufficient cash to meet its daily expenses and future plans. Even if a company earns profit, it may face problems if its cash position is weak. Therefore, studying the Cash Flow Statement helps in understanding how cash is generated and used.

This study is conducted to analyse the company's cash inflows and outflows and to evaluate its liquidity position. It also helps management, investors, and students understand how effectively the company manages its operating, investing, and financing activities.

SCOPE OF THE STUDY

This study focuses on analysing the cash flow position of Niva Bupa using the Balance Sheet and Profit & Loss Statement for the last five years. It examines cash movements under operating, investing, and financing activities.

The study is based only on secondary data from publicly available sources. It is limited to financial analysis and does not cover non-financial aspects. The findings are meant for academic purposes.

LIMITATIONS OF THE STUDY

- The study is based only on the financial information of the past five years.
- The project duration was only 45 days, which is too short to study the entire organization in depth.
- The study mainly depends on secondary data collected from financial reports and documents.
- The study is restricted to a single organization and does not include comparisons with other companies or industries.
- Some internal and confidential financial details were not accessible to the researcher.

REVIEW OF LITERATURE

1. Dalin Wang (2024)

The study states that effective cash flow management helps maintain financial stability and reduces business risk. Proper analysis of cash inflows and outflows supports better planning.

2. Tariq Jassim Mohammad (2024)

The study explains that the cash flow statement provides important insights into liquidity and solvency and helps in evaluating financial performance.

3. Samirah Dunakhir (2023)

The study found that strong operating cash flows improve profitability and increase investor confidence.

4. Okan Karaaslan (2023)

The study highlights that proper cash flow control improves business performance and supports long-term growth.

5. Brigham & Houston (2022)

They stated that cash flow analysis is more reliable than net income in measuring financial strength.

6. K. Susmitha & Y.V. Naga Kumari (2021)

The study explains that the cash flow statement shows actual cash movements and helps in financial decision-making.

RESEARCH METHODOLOGY

Research methodology refers to the systematic method used to collect and analyse data to achieve the objectives of the study. It ensures clarity and reliability in research.

This study uses a descriptive and analytical approach to examine the cash flow and financial performance of Niva Bupa Health Insurance Company Limited based on financial statements over four years.

Research Type: Descriptive And Analytical.

Period Of Study: During the financial year of 2021-2025.

Tools Of Analysis: Cash Flow Analysis – Indirect method.

Sample Size: 5 Years of Financial Statements.

DATA COLLECTION

Data collection is an important part of research, as the accuracy of results depends on reliable data. This study uses both primary and secondary data.

Primary data: The data is collected through visits to the organisation and interaction with staff.

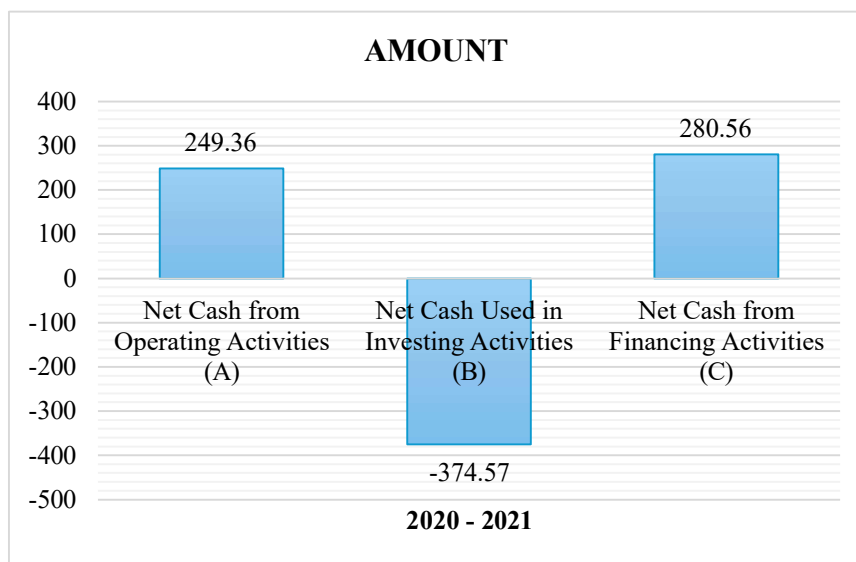
Secondary data: It includes financial statements and other information taken from the company's official website, Moneycontrol, annual reports, and other financial sources.

DATA ANALYSIS AND INTERPRETATION

TABLE 1) CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2021

(₹ in Crores – Indirect Method)

YEARS	PARTICULARS	AMOUNT
2020 - 2021	Net Cash from Operating Activities (A)	249.36
	Net Cash Used in Investing Activities (B)	-374.57
	Net Cash from Financing Activities (C)	280.56

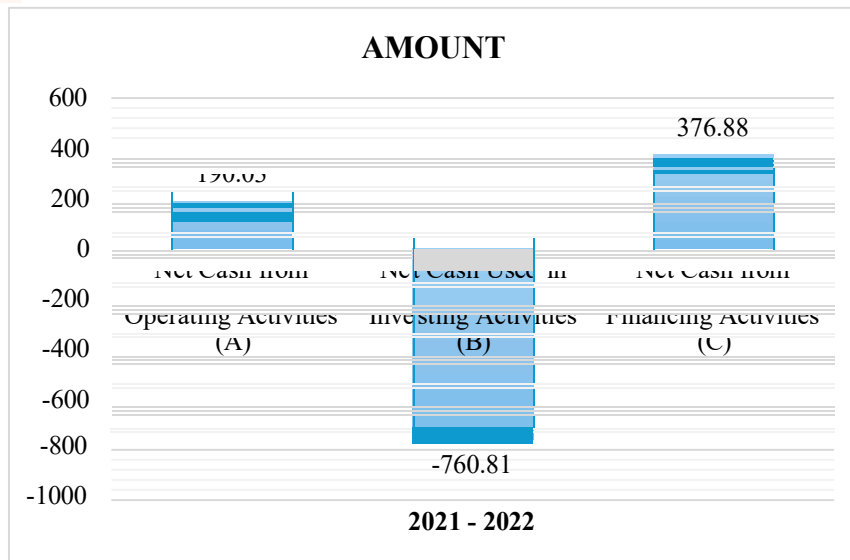


INTERPRETATION

In FY 2020–21, the company generated ₹249.36 crores from operating activities, showing stable core operations. Investing activities showed a cash outflow of –₹374.57 crores, indicating significant investments. Financing activities generated ₹280.56 crores, helping to support these investments. Overall, due to higher investment outflow, the company experienced a slight decrease in net cash during the year.

TABLE 2) CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2022
(₹ in Crores – Indirect Method)

YEARS	PARTICULARS	AMOUNT
2021 - 2022	Net Cash from Operating Activities (A)	190.03
	Net Cash Used in Investing Activities (B)	-760.81
	Net Cash from Financing Activities (C)	376.88



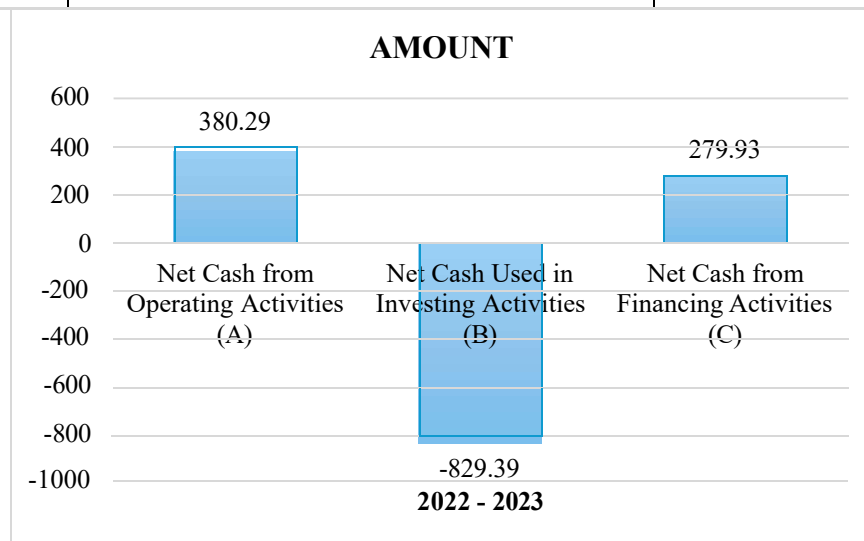
INTERPRETATION

In FY 2021–22, the company generated ₹190.03 crores from operating activities, indicating that the core business continued to produce positive cash flows. Investing activities recorded a higher cash outflow of –₹760.81 crores, showing significant investment during the year. Financing activities contributed ₹376.88 crores, suggesting that the company raised funds to support these investments. Overall, due to heavy investment outflow, the company experienced a net decrease in cash during the year.

TABLE 3) CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2023

(₹ in Crores – Indirect Method)

YEARS	PARTICULARS	AMOUNT
2022 - 2023	Net Cash from Operating Activities (A)	380.29
	Net Cash Used in Investing Activities (B)	-829.39
	Net Cash from Financing Activities (C)	279.93

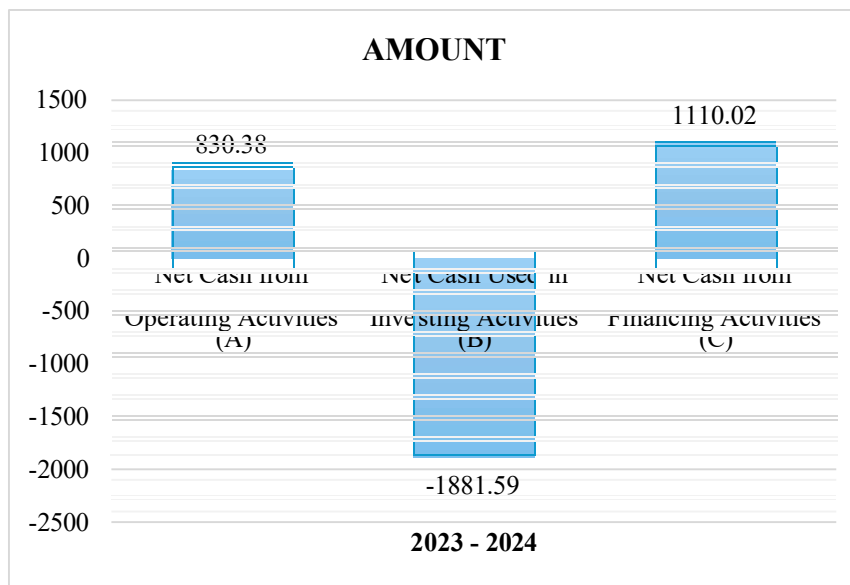


INTERPRETATION

In FY 2022–23, the company generated ₹380.29 crores from operating activities, showing strong cash flow from its core business. Investing activities recorded a cash outflow of – ₹829.39 crores, indicating heavy investment during the year. Financing activities brought in ₹279.93 crores, helping to support these investments. However, due to the large investing outflow, the company faced an overall decrease in net cash during the year.

TABLE 4) CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2024
(₹ in Crores – Indirect Method)

YEARS	PARTICULARS	AMOUNT
2023 - 2024	Net Cash from Operating Activities (A)	830.38
	Net Cash Used in Investing Activities (B)	-1881.59
	Net Cash from Financing Activities (C)	1110.02

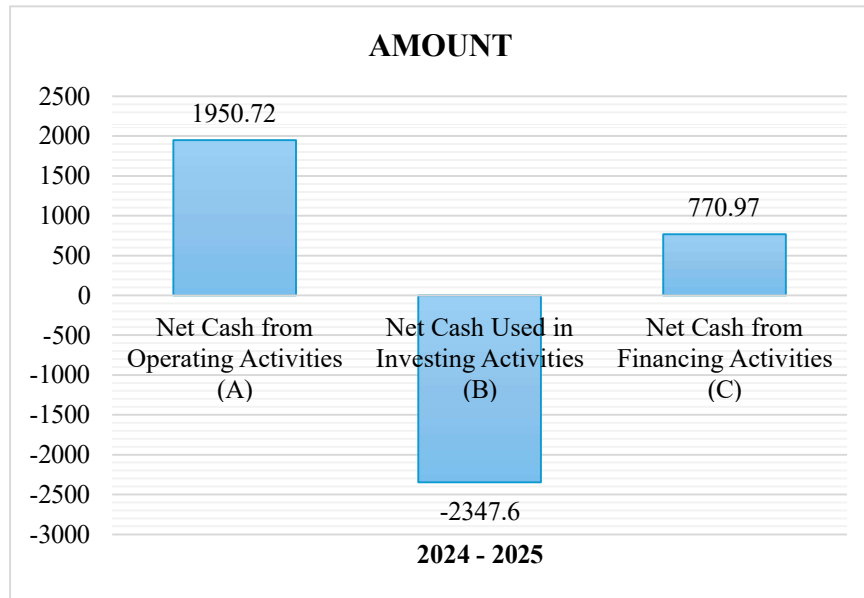


INTERPRETATION

In FY 2023–24, the company generated ₹830.38 crores from operating activities, indicating strong performance from its core business. Investing activities showed a cash outflow of – ₹1,881.59 crores, reflecting heavy investments during the year. Financing activities provided ₹1,110.02 crores, supporting these investment activities. However, due to the high investing outflow, the company experienced a slight decrease in overall net cash during the year.

TABLE 5) CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2025
(₹ in Crores – Indirect Method)

YEARS	PARTICULARS	AMOUNT
2024 - 2025	Net Cash from Operating Activities (A)	1950.72
	Net Cash Used in Investing Activities (B)	-2347.60
	Net Cash from Financing Activities (C)	770.97



INTERPRETATION

In FY 2024–25, the company generated a strong ₹1,950.72 crores from operating activities, showing significant improvement in core business performance.

Investing activities recorded a cash outflow of –₹2,347.60 crores, indicating heavy investments during the year. Financing activities contributed ₹770.97 crores, helping to support these investments. However, due to the large investing outflow, the company experienced an overall decrease in net cash during the year.

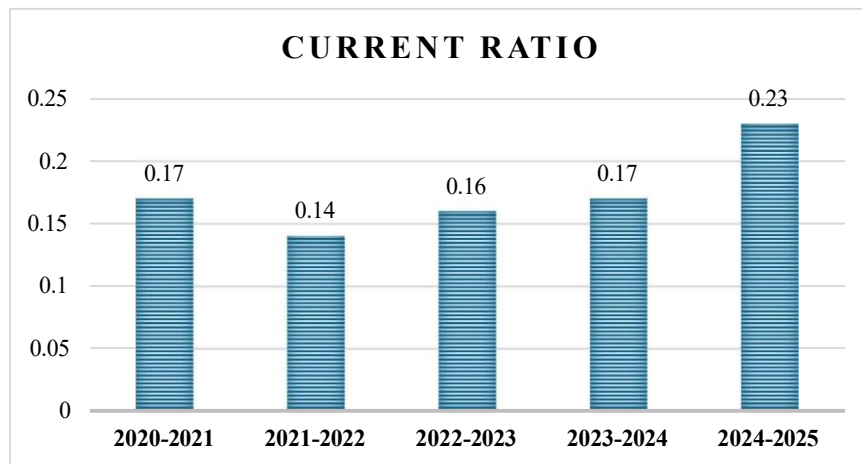
CALCULATION OF RATIOS

1. CURRENT RATIO
2. QUICK RATIO
3. GROSS PROFIT RATIO
4. NET PROFIT RATIO

1. CURRENT RATIO

Calculation of current ratio for 5 years

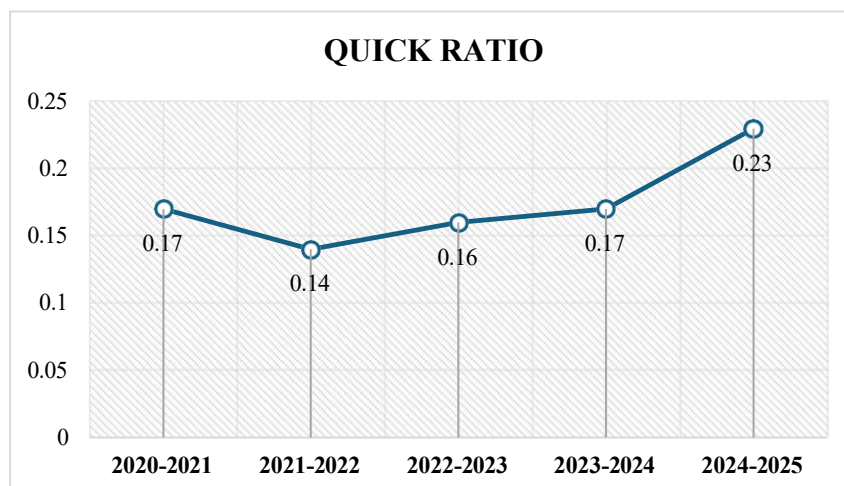
YEARS	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2020-2021	229.96	1,322.23	0.17
2021-2022	287.44	1,982.78	0.14
2022-2023	454.89	2,798.49	0.16
2023-2024	674.83	3,891.22	0.17
2024-2025	1,509.83	6,452.39	0.23



2. QUICK RATIO

Calculation of quick ratio of 5 years

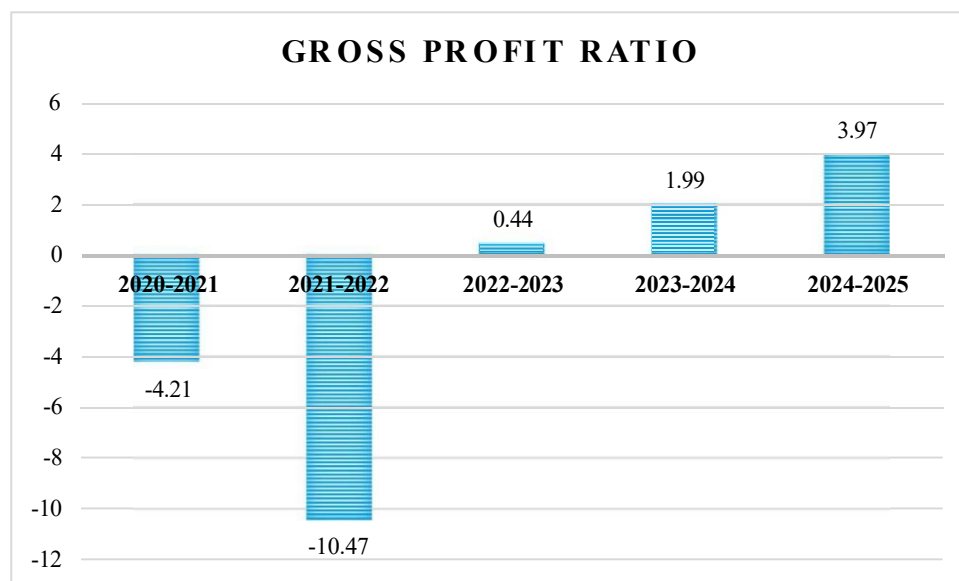
YEARS	QUICK ASSETS	CURRENT LIABILITIES	QUICK RATIO
2020-2021	229.96	1,322.23	0.17
2021-2022	287.44	1,982.78	0.14
2022-2023	454.89	2,798.49	0.16
2023-2024	674.83	3,891.22	0.17
2024-2025	1,509.83	6,452.39	0.23



3. GROSS PROFIT RATIO

Calculation of gross profit ratio of 4 years

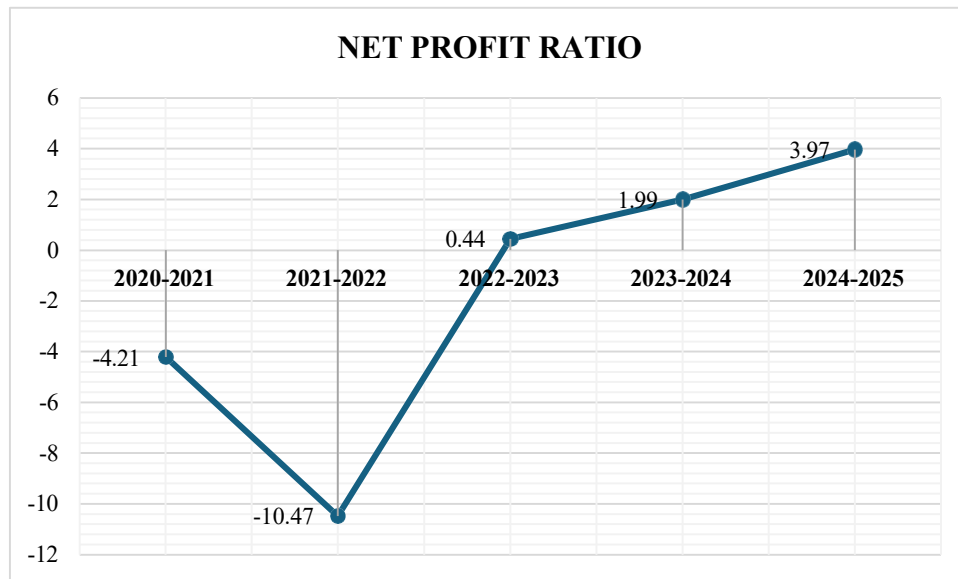
YEARS	GROSS PROFIT	NET SALES	GROSS PROFIT RATIO
2020-2021	-49.74	1,182.61	-4.21
2021-2022	-196.53	1,877.35	-10.47
2022-2023	12.54	2,853.07	0.44
2023-2024	81.85	4,115.47	1.99
2024-2025	213.52	5,374.28	3.97



4. NET PROFIT RATIO

Calculation of net profit ratio of 4 years

YEARS	NET PROFIT	NET SALES	NET PROFIT RATIO
2020-2021	-49.74	1,182.61	-4.21
2021-2022	-196.53	1,877.35	-10.47
2022-2023	12.54	2,853.07	0.44
2023-2024	81.85	4,115.47	1.99
2024-2025	213.52	5,374.28	3.97



FINDINGS

1. The company generated positive operating cash flow in all five years, and it increased significantly by 2024–25.
2. Investing activities showed heavy cash outflow every year, especially in the last two years.
3. Financing activities provided funds in all years, showing dependence on external sources to support investments.
4. The current ratio and quick ratio remained below 1 in all five years, indicating weak liquidity position.
5. Gross profit ratio and net profit ratio were negative in the first two years but improved steadily from 2022–23 onwards.

SUGGESTIONS

1. The company should continue improving operating performance to maintain strong and stable cash inflows.
2. Before making heavy investments, the company should plan properly to avoid continuous net cash decrease.
3. The company should try to reduce dependence on external financing by using more internal funds.
4. The company should improve liquidity by increasing current assets or reducing current liabilities.
5. The company should focus on cost control and efficiency to further improve profitability ratios in future years.

CONCLUSION

The study concludes that Niva Bupa Health Insurance Company has shown improvement in its overall financial performance over the last five years. The company maintained positive operating cash flows, which indicates strong core business operations. However, heavy

investment activities led to continuous cash outflows, and liquidity ratios remained below the ideal level. Profitability ratios were negative in the initial years but gradually improved, showing better performance in recent years. Overall, the company is growing steadily, but it needs to focus more on liquidity management and balanced investment decisions for long-term financial stability.

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