

A Study on Cashflow Analysis At Siemen's Ltd

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Abstract- Cash flow analysis plays a critical role in evaluating operational efficiency, liquidity, and financial strength of a company. This study examines Siemens Ltd.'s cash flow performance from 2019–2024 using ratio analysis, trend analysis, and comparative techniques. The study highlights fluctuations in investing and financing activities, steady improvement in operating cash flows, and insights into liquidity and asset utilization. Findings show strong operational stability but signal improvement areas in cash conversion efficiency.

Keywords- Cash Flow, Ratio Analysis, Operating Cash Flow, Siemens Ltd., Trend Analysis

I. INTRODUCTION

Cash flow analysis is one of the most crucial financial evaluation tools used to understand the actual liquidity position of an organization. Unlike profitability measures, which indicate accounting-based performance, cash flow statements provide insights into the real flow of funds within the business. Siemens Ltd., a global leader in technology, engineering solutions, and industrial automation, generates revenue through multiple business verticals such as energy, mobility, digital industries, and smart infrastructure. These diverse operations make cash flow evaluation highly significant for understanding its operational efficiency, investment strength, and financial resilience .

II. OBJECTIVES OF THE STUDY

- To study the cash inflow and outflow of Siemens Ltd.
- To assess liquidity position using cash flow ratios.
- To analyze five-year cash flow trends.
- To provide suggestions for improving cash flow management.

III. REVIEW OF LITERATURE

The importance of cash flow analysis has been highlighted by numerous researchers across financial management and accounting domains. According to Peterson & Rajan (2012), operating cash flow is a strong indicator of a

firm's ability to sustain its operations and meet short-term obligations. They argue that firms with strong, consistent operating cash flows exhibit higher financial stability regardless of fluctuations in net profit. Similarly, Jury (2012) emphasizes that cash-based performance measures are more reliable than accrual-based measures when evaluating firm performance during periods of economic uncertainty.

Studies by Dekhili & Rangau (2013) discuss the role of investment decisions in influencing long-term cash flows. They highlight that companies with continuous investment in fixed assets and research activities often experience negative investing cash flows but benefit in terms of long-term growth. This is relevant for large technology-driven companies like Siemens Ltd. Furthermore, Amuzu (2010) focuses on the relationship between cash flow ratios and financial health, stating that liquidity and solvency can be more accurately measured using cash-based indicators than traditional financial ratios.

IV. RESEARCH METHODOLOGY

Research Design: Descriptive research design.

Data Collection:

Secondary data sourced from previously recorded and published information.

Tools Used

- Ratio analysis
- Trend analysis
- Comparative analysis
- Growth rate calculation

V. DATA ANALYSIS AND INTERPRETATION

5.1 TREND ANALYSIS OF CASHFLOW FROM FINANCIAL ACTIVITIES

5.2 CASHFLOW TO SALES RATIO OF SIEMENS LTD

TABLE 1:TREND ANALYSIS (2020–21 TO 2024–25)

Year	Base Year	Net Cash Used in Financing Activities (₹ Cr.)	Trend %
2020	2020	-384.7	100.00%
2021	2020	-320.5	83.31%
2022	2020	-382.7	99.48%
2023	2020	-440.2	114.43%
2024	2020	-510.9	132.82%

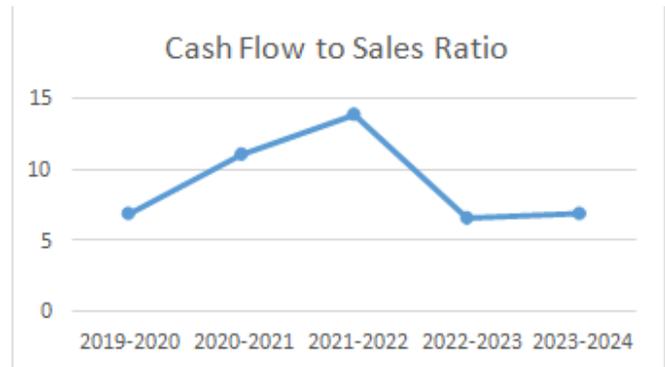


CHART 2: OPERATING CASHFLOW ANALYSIS

INTERPRETATION

Financing cash outflows at Siemens Ltd. rose steadily from 2020 to 2024. After a brief dip in 2021, outflows increased each year, reaching 132.82% in 2024. The cumulative 530.04% trend shows growing use of cash for repayments, dividends, or share buybacks, indicating active financial management.

INTERPRETATION

The Cash Flow to Sales Ratio of Siemens Ltd shows fluctuations over the five-year period. It rose from 6.86% in 2019–20 to a strong 13.82% in 2021–22, indicating improved cash generation. The sharp drop to 6.56% in 2022–23 reflects reduced cash efficiency, followed by a mild recovery to 6.88% in 2023–24. Overall, despite a strong peak in 2021–22, the company needs to maintain more stable cash flow performance relative to sales.

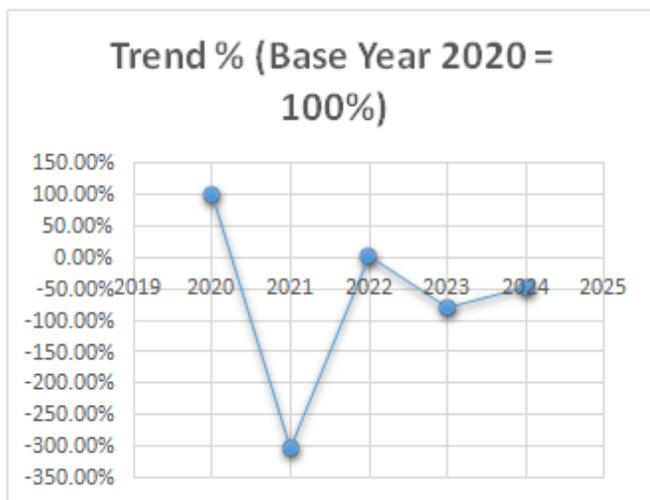


CHART 1: FINANCIAL ACTIVITIES TREND ANALYSIS

TABLE 2: CASHFLOW TO SALES RATIO OF SIEMENS LTD (2019-20 TO 2023–24)

Years	Operating Cash Flow	Net Sales	Cash Flow to Sales Ratio
2019-2020	676.50	9,869.40	6.85
2020-2021	1,430.60	12,963.10	11.03
2021-2022	2,050.20	14,831.50	13.82
2022-2023	1,179.40	17,965.10	6.56
2023-2024	1,411.40	20,496.60	6.88

5.3 PERCENTAGE ANALAYSIS

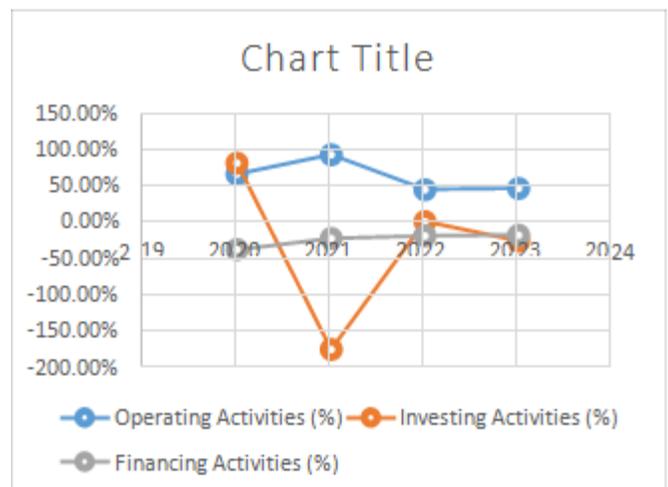


CHART 3: PERCENTAGE ANALYSIS OF THE YEAR 2019-2024

INTERPRETATION

Siemens Ltd. showed strong liquidity in 2020–21, but heavy investing outflows in 2021 and consistent financing outflows affected overall cash balance. After 2021, declining operating ratios indicate higher working capital needs or reduced cash conversion efficiency.

VI. FINDINGS

- Operating cash flow showed overall improvement.
- Investing activities fluctuated heavily due to capital expenditure.
- Financing activities showed consistent outflows.
- Cash conversion efficiency needs improvement.

VII. SUGGESTIONS

- Improve receivable collection.
- Enhance cash conversion cycle management.
- Optimize investment planning.
- Strengthen liquidity monitoring systems.

VIII. CONCLUSION

The cash flow analysis of Siemens Ltd. over the five-year period shows that the company maintains strong operational performance supported by consistent cash generation from its core activities. Although investing cash flows displayed fluctuations due to continuous capital expenditure and modernization efforts, these outflows reflect the company's long-term growth strategy. Financing activities were managed steadily, demonstrating controlled debt utilization and planned financial structuring. Overall, Siemens Ltd. exhibits solid financial stability, with opportunities to further improve cash conversion efficiency and optimize working-capital management to enhance liquidity and support future expansion.