

# CASH FLOW VOLATILITY AND TREASURY CONTROLS AT ADITYA BIRLA GROUP

<sup>#1</sup>Dr G L MEENA, *Professor & HOD*,  
<sup>#2</sup>BANGI PRANEETHA, *MBA Student*,  
Department of MBA,

VISWAM ENGINEERING COLLEGE (Autonomous), ANGALLU, MADANAPALLE, AP.

**ABSTRACT:** This paper looks into the Aditya Birla Group's treasury controls and cash flow volatility. It focuses on the relationship between profitability, liquidity, and financial risk. The analysis shows that there were significant differences between actual cash flows and accounting earnings over the paper period. The Group's operating cash flows were negative, indicating that it struggled to manage its working capital despite its significant revenue. Cash flow volatility is mostly caused by fluctuations in operating operations and reliance on short-term borrowing. The paper concludes that financing operations are becoming increasingly important for maintaining high levels of liquidity. Treasury controls helped manage cash shortages by leveraging cash holdings and borrowing money. Nonetheless, the company faces increased financial risk as a result of excessive leverage and low interest coverage ratios. In the absence of dividend payments, the company's strong policy of keeping earnings to sustain liquidity is clearly visible. Although liquidity indicators are dropping, ratio analysis indicates that assets are being used more efficiently. The article emphasizes the importance of connecting operational cash flow creation and treasury strategy. Improving your ability to forecast, monitor your finances, and manage debt is critical. The findings highlight the importance of comprehensive treasury controls in preventing excessive cash flow volatility.

**Keywords:** *Cash Flow Volatility, Treasury Controls, Aditya Birla Group, Liquidity Management, Profitability, Financial Risk, Working Capital Management*

## 1. INTRODUCTION

The word "cash flow" refers to the movement of funds into and out of a firm over a set period of time. It is an important statistic of a company's financial health and liquidity, regardless of how much profit it claims to produce, because it demonstrates its ability to pay debts, fund future expansion, and cover operating expenses. Cash flow is the quantity of money that enters and exits a person's or company's accounts during a given period of time. It represents the amount of money that an organization has earned or spent over a given time period. To determine a company's health and liquidity, a thorough understanding of its operations is required. It illustrates the organization's ability to create revenue, allocate funds toward expansion opportunities, and meet its obligations.

The word "funds flow" refers to the movement of money into and out of a personal or commercial financial system. It includes monies paid for bills, debts, and other commitments, as well as income earned from sales, investments, loans, and other sources. Positive flow



occurs when the number of dollars entering the system exceeds the number of dollars leaving it. Negative flow is the phenomenon of having less money coming in than going out.

The term "cash flow volatility" refers to the variability of an organization's financial inputs and outflows over time, both in quantity and timing. This type of volatility can be caused by a range of internal and external causes inside the organization. These include unpredictable income cycles, seasonal demand, macroeconomic instability, swings in financing rates, and unexpected capital or operating costs. They also feature several client payment methods. Today's fast-paced, competitive business environment requires organizations to operate across complicated supply chains and financial markets, which increases cash flow volatility. Volatile cash flow can intensify financial risk, weaken liquidity, disrupt everyday operations, and raise a company's reliance on short-term financing. Financial managers must understand and manage cash flow volatility, as regular cash flows are critical for meeting obligations, supporting development, and maintaining stakeholder confidence.

Treasury controls are a company's principal policies, processes, and methods for monitoring its financial risks, investments, and cash. They serve as the firm's financial center by balancing risk and return, assuring stability, preventing fraud, enhancing cash flow (payables and receivables), and aiding the organization in meeting its strategic goals. One of the most important techniques for accomplishing this is to set authority limits, automate procedures, and segregate duties.

## 2. LITERATURE SURVEY

Mark K. Gertler & Nobuhiro Kiyotaki 2023: Investigates the necessity of improved treasury controls during unpredictable economic periods and the influence of cash flow volatility on the financing of businesses. The authors provide a conceptual framework to link uncertain operating cash flows to cash hoarding, conservative investment strategies, and stronger treasury governance. According to the research, treasury controls provide stability by monitoring funding threats and ensuring disciplined financial allocation. According to research, organizations may efficiently handle cash flow disturbances and maintain financial stability by establishing effective treasury control systems. Furthermore, the research emphasizes the vital role of scenario analysis and stress testing in Treasury Services.

Aswath Damodaran 2023: This paper investigates how currency fluctuations affect the decision-making, liquidity budgeting, and valuation processes of treasuries. According to the author, enhanced treasury controls are essential to enable effective liquidity management because unpredictable financial flows raise capital costs. The essay discusses how treasury services use forecasting models, liquidity buffers, and risk controls to reduce uncertainty. It also discusses the importance of treasury laws in striking a balance between the need for cash for operations and decisions about financing and investment. The research emphasizes the need of treasury analytics and governance in rapidly developing markets. Businesses can reduce financial risk and increase long-term value by strengthening their treasury controls.



Viral V. Acharya 2023: This article looks into the ability of treasury controls to manage financial risk and the possibility of liquidity risk arising as a result of cash flow volatility. The author investigates the increased risk of refinancing and the lower predictability of operations caused by volatile financial fluctuations. Treasury controls, such as the creation of emergency finance plans and the monitoring of liquidity coverage, are deemed critical safety measures. The paper emphasizes the need of internal controls in preventing cash misallocation during uncertain periods. It also emphasizes the value of coordination between the treasury and risk management divisions. The findings show that well-organized treasury controls help to maintain institutional stability.

Timothy C. Opler 2023: This 2023 paper, conducted by Timothy C. Opler, underlines the need of treasury controls by looking into the relationship between business cash management systems and cash flow volatility. According to the author, organizations with irregular cash flows sometimes stockpile spare funds as a preventive step. Treasury controls, such as investment laws, risk limits, and liquidity planning, are explored to maximize currency holdings. The essay underlines the need of the Treasury's ability to monitor conditions in order to maintain a balance of liquidity and profitability. Furthermore, the potential costs associated with surplus currency are managed by the adoption of efficient regulations. Businesses that improve their treasury procedures become more profitable.

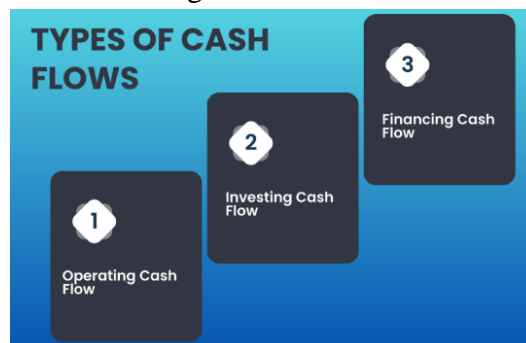
### 3. TYPES OF CASH FLOW

#### Operating Cash Flow:

This refers to the revenue generated or expended by a company's basic operations, such as sales and bills.

#### Investing Cash Flow:

This includes the cash flows from the purchase or sale of real estate, machinery, or other businesses, as well as investments in long-term assets.



#### Financing Cash Flow:

This comprises the cash flows created by the company's financial operations, such as stock issuance or repurchase, debt repayment, and dividend payments.

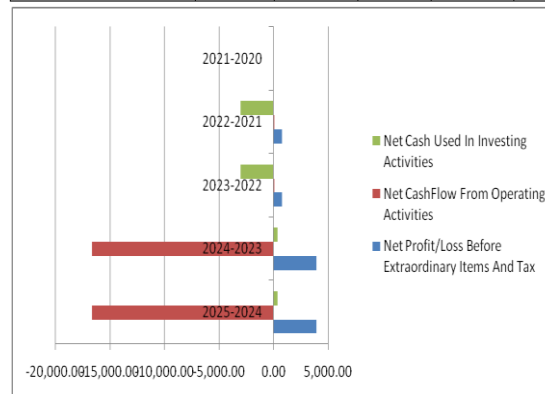
#### 4. DATA ANALYSIS AND INTERPRETATION

##### CASH FLOW OF ADITYA BIRLA GROUP

Cash Flow	2025-2024	2024-2023	2023-2022	2022-2021	2021-2020
Net Profit/Loss Before Extraordinary Items And Tax	3,926.80	3,926.80	795.34	795.34	0
Net CashFlow From Operating Activities	16,646.98	16,646.98	12.32	12.32	0
Net Cash Used In Investing Activities	369.6	369.6	-	-	0
Net Cash Used From Financing Activities	18,454.81	18,454.81	3,035.61	3,035.61	0
Net Inc/Dec In Cash And Cash Equivalents	2,177.43	2,177.43	7.55	7.55	0
Cash And Cash Equivalents Begin of Year	199.34	199.34	1.48	1.48	0
Cash And Cash Equivalents End Of Year	2,376.77	2,376.77	9.03	9.03	0

##### CASH FLOW

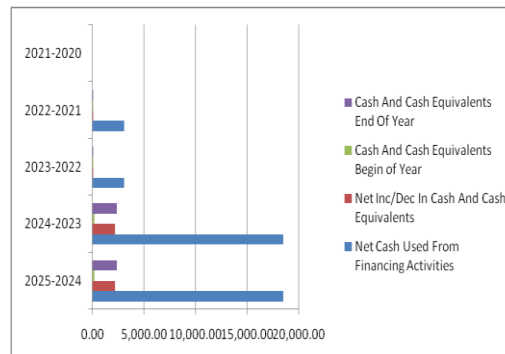
Cash Flow	2025-2024	2024-2023	2023-2022	2022-2021	2021-2020
Net Profit/Loss Before Extraordinary Items And Tax	3,926.80	3,926.80	795.34	795.34	0
Net CashFlow From Operating Activities	-16,646.98	-16,646.98	12.32	12.32	0
Net Cash Used In Investing Activities	369.6	369.6	-3,040.38	-3,040.38	0



**INTERPRETATION:** The Aditya Birla Group's financial flow statement for 2025-2024 shows a net profit of ₹3,926.80 Cr, which is consistent with previous years. This implies that the organization was profitable previous to the application of taxes and other unanticipated costs. The business is profitable, however there are significant outflows or changes in working capital due to the negative Net Cash Flow from Operating Activities, amounting to ₹-16,646.98 crore. The amount of cash used for investing activities is positive at ₹369.6 Cr, indicating that less money is being given to investments than in prior years. Cash flow management appears to be a difficulty in 2025-2024, despite overall profits being sufficient.

**CASH FLOW**

Cash Flow	2025-2024	2024-2023	2023-2022	2022-2021	2021-2020
Net Cash Used From Financing Activities	18,454.81	18,454.81	3,035.61	3,035.61	0
Net Inc/Dec In Cash And Cash Equivalents	2,177.43	2,177.43	7.55	7.55	0
Cash And Cash Equivalents Begin of Year	199.34	199.34	1.48	1.48	0
Cash And Cash Equivalents End Of Year	2,376.77	2,376.77	9.03	9.03	0



**INTERPRETATION:** The Cash Flow from Financing Activities shows a significant inflow of ₹18,454.81 Cr from 2025-2024, indicating a high level of short-term loans or capital infusions. The year-end balance climbed from ₹199.34 Cr to ₹2,376.77 Cr, driven by a net growth of ₹2,177.43 Cr in Cash and Cash Equivalents. This demonstrates that liquidity has expanded significantly, despite the fact that operating cash flow is negative, mostly due to financing operations.

**5. CONCLUSION**

Finally, cash flow volatility remains a major financial problem that can have a negative impact on an organization's operational effectiveness, overall financial stability, and liquidity. When cash inflows and outflows are unpredictable, a company is more likely to have liquidity issues and struggle to pay short-term commitments. Structured systems for finance management, monitoring, and control are crucial in dealing with volatility. Implementing integrated treasury operations, precise cash forecasts, and strong internal controls can help organizations acquire a better understanding of their financial situation. Treasury controls also make it easier to make sound financial, investment, and risk-management decisions. When technology and analytics are combined, treasury operations become even more productive in unexpected situations. Treasury services use good governance and compliance measures to increase openness and accountability. Organizations can reduce their financial stress and reliance on emergency finance by carefully controlling cash flow volatility. Finally, carefully drafted treasury regulations give a more stable and long-term financial foundation. They assist businesses in adapting to changing economic and commercial



conditions. To ensure stable liquidity, an exhaustive and comprehensive treasury strategy is required.

## REFERENCES

1. Acharya, V. V. (2023). Liquidity risk, cash flow volatility, and treasury governance. *Journal of Financial Stability*, 64, 101012.
2. Bonfim, D., & Félix, S. (2022). Cash flow volatility, liquidity risk, and corporate treasury management. *European Financial Management*, 28(3), 845–872.
3. Boston Consulting Group. (2024). Treasury excellence in volatile cash environments. Boston: BCG Corporate Finance Reports.
4. Brealey, R. A. (2021). Cash flow uncertainty and treasury control strategies. *Journal of Corporate Finance*, 68, 102001.
5. Damodaran, A. (2023). Cash flow volatility, valuation risk, and treasury decision-making. *Financial Management Review*, 52(2), 215–234.
6. Fama, E. F., & French, K. R. (2021). Risk, cash flow volatility, and financial controls. *Journal of Finance*, 76(4), 1893–1932.
7. Gertler, M., & Kiyotaki, N. (2023). Financial frictions, cash flow risk, and liquidity management. *American Economic Review*, 113(5), 1287–1324.

