



A Study On Effective Cash Management System Performance In Abc Techno Labs India Private Limited

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ABSTRACT

This is a study conducted to focus on the effective cash management. Cash which used to meet out the emergency purpose for the future period. Flow of cash from operating activities which sometimes used to meet investing and financing activities of the company. This research study is analytical research in nature. In first chapter the objectives are to analyze the Cash management and to determine efficiency in cash, inventories, debtors and creditors. Further, to understand the liquidity and profitability position of the firm. These objectives are achieved by using ratio analysis and then arriving at conclusions, which are important to understand the efficiency / inefficiency of Cash. The samples are collected from company annual report and website. Financial viability structure of effective cash management in the company is analyzed for five years from 2016 – 2020 this study is mainly based on the secondary data.

In second chapter the Statements are ratios, changes in working capital, cash flow statement, and trend analysis helps to know how much cash are utilized financial performance of company. Cash flow which helps to know total inflow and total outflow of cash from a company. Cash flow analysis used to know recover the company debts. In third chapter the liquidity position of the company is not quite satisfactory. They must be improved further for the purpose of proper utilization of the liquid asset of the company. The suggestions are suggested to the company.

INTRODUCTION TO THE STUDY

Cash management also known as treasury management is the process that involves collecting and managing cash flows from the operating investing and financing activities of a company. Cash management is essential to perform finance roles such as business and financial strategy risk management value creation cost control management of operating model budgetary control and performance management negotiation and decision support among others. Effective cash management allows the company to control its cash and manage its business economically efficiently and effectively. In this way the company can reduce business disruptions operate in a smooth and efficient manner and provide for its ongoing growth and

profitability. Cash is the money which a firm can disburse immediately without any restriction. The term cash includes coins currency and cheques held by the firm and balances in its bank accounts. Sometimes near- cash items such as marketable securities or bank time deposits are also included in cash. The basic characteristic of near-cash assets is that they can readily be converted into cash.

MOTIVES FOR HOLDING CASH The firms need to hold cash may be attributed to the following the motives: The transactions motive, The precautionary motive, The speculative motive.

REVIEW OF LITERATURE

Kalpes Hgelda (2015) A cash flow statement is required as part of a complete set of financial statements prepared in conformity with Indian Accounting Standards. AS-3 lays down a formal structure for the cash flow statement. Cash flows should be classified under the following three standard headings: "Operating activities" "Investing activities" "Financing activities". The classification of cash flows among operating investing and financing activities is essential to the analysis of cash flow data. Net cash flow (the change in cash and equivalents during the period) has little informational content by itself; it is the classification and individual components that are informative. Although the classification of cash flows into the three main categories is important it should be mentioned that classification guidelines are arbitrary.

Milojevic (2016) Modern management in companies assumed and cash flow management as one of the most important instruments for monitoring and controlling the normal functioning of the business. Adequate cash flow management is based on the proper compiling cash flow statement and its interpretation. To determine the adequacy of the use of this report and the importance attached to managing cash flows as universally applicable knowledge and skills research was performed in local companies through a survey. The influence of different profiles cash needs of companies in relation to different aspects of the analysis of the cash flows. The results indicate that respondents with continuous and seasonal profiles cash needs have satisfactory knowledge of the subject research and the views that are completely or partially affirmative with respect to: future cash flows as a major determinant of the value of the enterprise the positions of complementarily statements of cash flows in compared to the income statement and balance sheet. Companies that are not profiled your cash needs in the questionnaire stated disagreement with the above paragraphs which represents a statement of their insufficient level of knowledge of the cash basis of financial reporting. Illiquidity of the domestic economy and the existing situation dictate the necessity of raising the quality of knowledge and skills in managing cash flows based on quality statements of cash flow.

Ovidiu Megan(2017) Financial statements aim is to assure an efficient dialogue between the company and the external operators interested in having a good perspective of the entity .information about the cash flows as component of financial statements is useful in providing users of financial statements with a basis to assess the ability of the entity to generate cash and

cash equivalents and the needs of the entity to utilize those cash flows the objective of our paper is to present the main informational valences of cash-flow statement for investors and also to show the potential “make-up actions” made to give wrong information about a company for the decision makers for this purpose we will use a research methodology based on a search study by questionnaire on a sample of small and medium enterprises.

Kayode O. Bankole 2018 The Rationale for Entity Cash Management: An Empirical Study The study was conducted to examine the rationale for entity cash management in Nigeria. We examined 50 companies quoted in the Nigerian Stock Exchange over 22 years from 1995 through 2016. The analysis was done by the use of Ordinary Least Square Method From the correlation matrix, cash holding level is positively related to cash flow variability, company size, growth opportunity, investment in fixed assets, leverage, return on assets and net working capital Cash holding depends on leverage and net working capital. Companies maintain much cash to be able to reduce the debt ratio or meet urgent demand for repayment of debts. Corporation should strive to maintain an appropriate level of cash holding as dictated by company size, leverage, net working capital and return on total assets.

Maren Michelle Haavig 2019 Cash Management Strategies to Improve the Sustainability of Small Tavern Businesses. Small business operations play a significant economic role in developed economies, yet in the United States, approximately 50% of small businesses fail within the first 5 years of operation. Three themes emerged from data analysis: cash management capabilities, internal controls and employee accountability, and cash management opportunities. The findings of this study may contribute to positive social change by improving the ability of leaders of small businesses to increase job availability and contribute to economic stability in communities, thereby improving local and regional economies and enhancing the standard of living for individuals and households.

Mustapher Faque 2020 Cash management strategies and firm financial performance Cash (liquidity) management is at the heart of a firm’s financial management. It is a silver lining between the bankruptcy and the success story of a company. Management practices such as stochastic cash management model, speeding up cash collections, centralization & decentralization of management, asset portfolio diversification, and cash disbursement are discussed. The study suggests that a sound financial performance can be achieved through a hybrid approach and through adaptation and embracing innovations in cash management systems.

PROBLEM STATEMENT

Cash management is analyzed to project and review the strength and weakness in the aspect of operational and financial performance of the company. The organization may have some fluctuations in terms of financial aspects. The essence of the financial soundness of a company lies in balancing its goals, commercial strategy and resultant financial needs. The company should have financial capability and flexibility to pursue its commercial strategy. Cash
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management in any industrial concern cannot be overstressed. Under the present inflationary condition, management of Cash is perhaps more important than even management of profit and this requires greatest attention and efforts of the finance manager. 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 vital importance of Cash. Today, the problem of managing Cash has got the recognition 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. The need for cash to run the day-to-day business cannot be overemphasis. Preventing unnecessary expenditure from interest, late payment and debt cost is considered as major need. The level of regular business income without relying outside investment of cash borrowing is ensured. The timely investment and cash available for investment opportunities to maintain the cash flow for exports and imports have been ensured.

OBJECTIVES OF THE STUDY

To study the effective cash management system performance in ABC Techno Lab India Private Limited.

To find out the liquidity position of the concern through ratio analysis.

RESEARCH OF METHODOLOGY

A research project conducted scientifically has a specific frame of research from the problem identification to the presentation of the research project. This framework of conducting research is known as the research design. A research design is the arrangement of the conditions for the collection & analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It is a blue print followed in the completion of the study. This research study is analytical research design.

Secondary data has been used for the purpose of study. 5 years balance sheets have taken for the purpose of analysis.

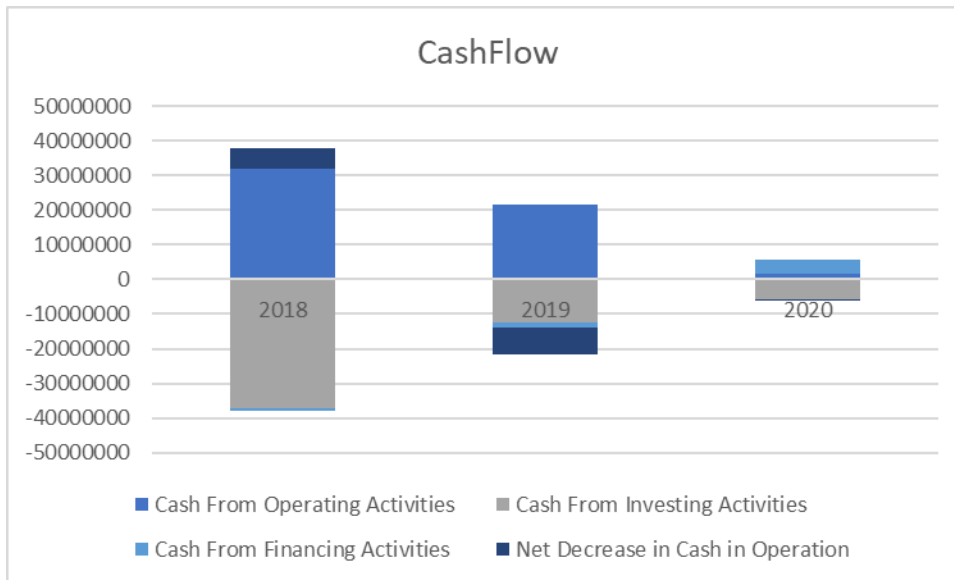
RESULTS AND DISCUSSION

TABLE SHOWING CASH ANALYSIS FROM THREE ACTIVITIES

YEAR	2018	2019	2020
Cash From Operating Activities	32091728	21808061	1812502
Cash From Investing Activities	-37314292	-12264060	-5706071
Cash From Financing Activities	-520432	-1521967	3745984

Net Decrease in Cash in Operation	5742996	-8022034	-147585
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Figure no 2.2.1 CASH ANALYSIS



INTERPRETATION:

It denotes Cash analysis of all the three activities net cash from operating activities in the year 2018 increased but decreased in the year of 2019 and 2020. The Investing and Financing Activities are decreased in first year and slowly increased in next two years. In the year 2018 the operating activities are generated more cash because of working capital is increased during the year

TREND ANALYSIS

Trend analysis in the study period in rupee (2016-2020)

Particular	2016	2017	2018	2019	2020
	Trend (Rs)	Trend (Rs)	Trend (Rs)	Trend (Rs)	Trend (Rs)
NON-CURRENT ASSETS	40689569	86357346	115764621	129478869	12444756
CURRENT ASSETS	46820153	58743261	51711122	36573967	46573967
TOTAL ASSETS	87509721	145100607	1674757431	165841063	171021527
EQUITY	28918228	34417152	38891928	47085957	53752072
NON-CURRENT LIABILITIES	24311098	54552149	58795134	62843502	55874778
CURRENT LIABILITIES	34280395	56131306	69788681	55911604	61394679
TOTAL LIABILITIES	87509721	145100607	167475743	165841063	171021528

Trend analysis in the study period in percentage (2016 to 2020)

Particular	2016	2017	2018	2019	2020
	Trend (%)	Trend (%)	Trend (%)	Trend (%)	Trend (%)
NON-CURRENT ASSETS	100	212.2	284.5	318.2	30.5
CURRENT ASSETS	100	125.4	110.4	78.11	99.4
TOTAL ASSETS	100	165.8	191.3	189.5	195.4
EQUITY	100	119	134.4	162.8	185.8
NON-CURRENT LIABILITIES	100	224.3	241.8	258.4	229.8

CURRENT LIABILITIES	100	163.7	203.5	163.1	179
TOTAL LIABILITIES	100	165.8	191.3	189.5	19.5

TREND ANALYSIS IN PERCENTAGE FOR THE YEAR 2016-2020

INTERPRETATION

Trend percentage of the balance sheet is done by taking 100 as base for all financial year 2016 to 2020. The current asset equity and current liabilities are ups and downs year by year. Therefore, the trend analysis may occur fluctuations.

CONCLUSION

The study reveals the effective cash management performance of ABC Techno Labs India private Limited. The company's liquidity and profitability position are not satisfactory; the overall financial performance is not satisfied. The company has a fluctuation more ups and downs are there. The company has to maintain and grow its market share to make strong margins in market, contribution to the strong financial position of the company. Lack of control over cash flows and inefficient cash management can be very harmful to business. More often than not, it is the improper management of cash that has caused businesses to fail. Effective cash management is therefore a necessity for businesses. Companies heavily rely on knowing their cash position to manage working capital requirements such as ordering inventory, raw material, or Acquisitions/expansion program, for which they need a clear idea of how much cash is required, and when. This is enabled by Effective Cash Management System. The suggestions provided through the study will help the company to improve the operational performance efficiently. Above all, the company follows the suggestions given by the researcher, which will definitely be more helpful to development of the organization.

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