

A STUDY ON CASH MANAGEMENT WITH REFERENCE TO UNIDOT

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by

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SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE
JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119**

APRIL 2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **HARISH P (41410116)** who carried out the project entitled "**A Study on Cash Management with Reference to Unidot**" under my supervision from January 2022 to March 2022.

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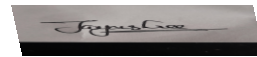
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DECLARATION

I **HARISH P (41410116)** hereby declare that the Project Report entitled “**A Study on Cash Management with Reference to Unidot**” done by me under the guidance of **DR.T.R. KALAI LAKSHMI, M.A., MBA., M.Phil., Ph.D.** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE:05/05/2023

PLACE:Chennai



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ABSTRACT

The "A Study on Cash Management for Unidot" study examines the flow of cash into and out of a company, project, or financial asset. It is often measured over a predetermined, limited time frame. It is impossible to overstate the importance of cash for maintaining daily company operations. Hardly any businesses exist that don't demand cash payments. The cash requirements for different businesses vary.

A company should strive to increase its shareholders' wealth. A company should achieve this goal by realizing enough profit to fund its operations. Successful sales activities are required to generate a consistent quantity of profit. For successful sales, the company must spend enough money on its present assets. Sales don't immediately turn into cash, so current assets are necessary. The process of turning revenues into cash always involves an operational cycle.

The goals are to assess the effectiveness of cash, inventory, debtors, and creditors while also analyzing cash management. to further comprehend the firm's status in terms of profitability and liquidity. By employing ratio analysis to get findings that are crucial to understanding the efficiency or inefficiency of cash, these goals are accomplished. The analysis found that the corporation has used its cash well, and by working on it, it may aim to obtain superior outcomes. The fact that the amount of cash needed to cover current obligations is kept at a typical level demonstrates that the business has a standard operating procedure.

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CHAPTER I

INTRODUCTION

1.1 INTRODUCTION:

The corporate process of gathering and handling cash, as well as employing it for short-term investing, is referred to as cash management. It is crucial to the financial health and stability of a corporation. Corporate administrators or business managers are frequently in charge of the comprehensive handling of cash and associated obligations for a firm to remain stable. The circulation of money into and out of a firm is referred to as cash flow. Consumer payments are the most common source of inflows; however, bank loans are also sources of inflows. General expenses such as purchase payments, overhead, and loan payments are examples of outflows (money leaving the organization's account).

Managing cash flow entails taking an active role in determining how the process of money flowing in and out of the firm works. This project's goal is to provide you with a summary of the cash-flow management process. Specific areas will be discussed in greater depth in subsequent publications.

A cash flow statement summarizes a company's movements in cash and cash equivalents by dividing cash flows as operating, investing, or financing. It is a critical report that must be prepared for each accounting period in which an enterprise's financial statements are presented.

Monitoring the cash situation of any business is the key. The income statement would reflect the profits but does not give any indication of the cash components. The important information about what the business has been doing with the cash is provided by the cash flow statement. Like the other financial statements, the cash flow statement is also usually drawn up annually but can be drawn up more often. It is noteworthy that the cash flow statement covers the flows of cash over some time (unlike the balance sheet which provides a snapshot of the business at a particular date). Also, the cash flow statement can be drawn up in a budget form and later compared to actual figures.

Objectives of Preparing Cash Flow Statement

- The cash flow statement displays the input and outflow of cash and cash equivalents from a company's various activities within a certain period, classified as operating activities, investing activities, and financing activities.
- Data from the cash flow statement may be used to examine a company's ability to create cash and cash equivalents, as well as its need to consume those cash flows
- Making economic decisions necessitates an assessment of an enterprise's ability to create cash and cash equivalents, which the cash flow statement provides.

Cash and cash equivalents generally consist of the following:

- Cash in hand
- Cash at bank
- Short-term, highly liquid investments
- Bank overdrafts comprise an integral element of the organization's treasury management

CLASSIFICATION OF ACTIVITIES:

Three sorts of cash flow activities are to be used: This is done to highlight the cash flows produced or used individually by different operations, assisting in determining how these activities affect an enterprise's financial situation and cash and cash equivalents.

- Operating activities
- Investing activities
- Financing activities

Cash from Operating Activities:

Operating activities are those that make up an enterprise's principal or major activity within a certain accounting period. For a corporation that manufactures clothing, for instance, operating operations can include buying raw materials, selling clothing, paying production costs, etc. These are the main business operations that generate

money. To determine the cash flows from operational operations, one may start with the profit before tax reported on the income statement.

Cash Inflows from operating activities:

- Cash receipts from the sale of goods and rendering services.
- Cash receipts from fees, royalties, commissions, and other revenues.

Cash Outflows from operating activities:

- Cash payments to suppliers for goods and services.
- Cash payments of income taxes can be specifically identified with financing and investing activities.

Following adjustments are required to be made to the profit before tax to arrive at the cash flow from operations:

- Elimination of non-cash expenses (e.g., depreciation, amortization, impairment losses, bad debts written off, etc.)
- Removal of expenses to be classified elsewhere in the cash flow statement (e.g., interest expense should be classified under financing activities)
- Removal of income to be presented elsewhere in the cash flow statement (e.g., dividend income and interest income should be classified under investing activities unless in the case of for example an investment bank)
- Elimination of non-cash income (e.g., gain on revaluation of investments)

The amount of cash from operations indicates the internal solvency level of the company. It is a key indicator of the extent to which the operations of the enterprise have generated sufficient cash flows to maintain its operating potential.

Cash from Investing Activities:

Cash flow from investing activities includes the movement in cash flows owing to the purchase and sale of assets. It relates to the purchase and sale of long-term assets or fixed assets such as machinery, furniture, land, building, etc.

Cash Outflows from investing activities

- Cash payments to acquire fixed assets including intangibles and capitalized R&D.
- Cash advances and loans made to a third party (other than advances and loans made by a financial enterprise wherein it is operating activities).
- Cash payments to acquire shares, warrants, or debt instruments of other enterprises other than the instruments held for trading purposes.

Cash Inflows from investing activities

- Cash receipt from the disposal of fixed assets including intangibles.
- Cash receipt from the repayment of advances or loans made to third parties (except in the case of a financial enterprise).
- Dividends received from investments in other enterprises.
- Cash receipt from the disposal of shares, warrants, or debt instruments of other enterprises except those held for trading purposes.

Cash from Financing Activities:

It includes financing activities related to long-term funds or capital of an enterprise. Financing activities are activities that result in changes in the size and composition of the owners' capital and borrowings of the enterprise.

e.g., cash proceeds from the issue of equity shares, debentures, raising long-term loans, repayment of bank loans, etc.

Cash Inflows from financing activities

- Cash proceeds from issuing shares (equity/preference).
- Cash proceeds from issuing debentures, loans, bonds, and other short/long-term borrowings.

Cash Outflows from financing activities:

- Cash repayments of amounts borrowed.
- Interest paid on debentures and long-term loans and advances.
- Dividends are paid on equity and preference capital.

Methods of Preparing the Cash Flow Statements

Operating activities are the main source of revenues and expenditures, thereby cash flow from the same needs to be ascertained. The cash flow can be reported in two ways:

The direct method discloses the major classes of gross cash receipts and cash payments and

An indirect method that has the net profit or loss adjusted for effects of (1) transactions of a non-cash nature, (2) any deferrals or accruals of past/future operating cash receipts, and (3) items of income or expenses associated with investing or financing cash flows.

DIRECT METHOD:

In the direct method, the major heads of cash inflows and outflows (such as cash received from trade receivables, employee benefits, expenses paid, etc.) are to be considered.

As the different line items are recorded on an accrual basis in the statement of profit and loss, certain adjustments are to be made to convert them into cash basis such as the following:

1. Cash receipts from customers = Revenue from operations + Trade receivables in the beginning – Trade receivables in the end.
2. Cash payments to suppliers = Purchases + Trade Payables in the beginning – Trade Payables in the end.
3. Purchases = Cost of Revenue from Operations – Opening Inventory + Closing Inventory.
4. Cash expenses = Expenses on an accrual basis + Prepaid expenses in the beginning and Outstanding expenses in the end – Prepaid expenses in the end and Outstanding expenses in the beginning.

INDIRECT METHOD:

An indirect method of ascertaining cash flow from operating activities begins with the amount of net profit/loss. This is so because the statement of profit and loss incorporates the effects of all operating activities of an enterprise. However, the Statement of Profit and Loss is prepared on an accrual basis (and not on a cash

basis). Moreover, it also includes certain non-operating items such as interest paid, profit/loss on sale of fixed assets, etc.) and non-cash items (such as depreciation, goodwill to be written-off, etc. Therefore, it becomes necessary to adjust the amount of net profit/loss as shown by the Statement of Profit and Loss for arriving at cash flows from operating activities.

Purpose & Importance of Cash Flow Statements

- Statement of cash flows provides important insights into the liquidity and solvency of a company which is vital for the survival and growth of any organization.
- It enables analysts to use the information about historic cash flows for projections of future cash flows of an entity on which to base their economic decisions.
- By summarizing key changes in financial position during a period, the cash flow statement serves to highlight the priorities of management.
- Comparison of cash flows of different entities helps reveal the relative quality of their earnings since cash flow information is more objective as opposed to the financial performance reflected in the income statement.

Advantages of Cash Flow Statement

- Cash Flow Statements help in knowing the liquidity / actual cash position of the company which funds flow and P&L are unable to specify.
- As the liquidity position is known, any shortfalls can be arranged for or excess can be used for the growth of the business
- Any discrepancy in the financial reporting can be gauged through the cash flow statement by comparing the cash position of both.
- Cash is the basis of all financial operations. Therefore, a projected cash flow statement will enable the management to plan and control the financial operations properly.
- Cash Flow analysis together with ratio analysis helps measure the profitability and financial position of a business.

- Cash flow statement helps in internal financial management as it is useful in the formulation of financial plans.

Disadvantages of Cash Flow Statement

- Through the cash flow statement alone, it is not possible to arrive at the actual P&L of the company as it shows only the cash position. It has limited usage and in isolation, it is of no use and requires BL and P&L for its projections. The cash flow statement does not disclose net income from operations. Therefore, it cannot be a substitute for an income statement
- The cash balance as shown by the cash flow statement may not represent the real liquidity position of the business because it can be easily influenced by postponing the purchases and other payments
- A cash flow statement cannot replace a funds flow statement. Each of the two has a separate function to perform.

1.2 INDUSTRY PROFILE

The Indian polymer industry made a promising beginning in 1957 with the production of polystyrene. Significant progress has been made thereafter, and the industry has grown and diversified rapidly. The industry spans the country and hosts more than 2,000 exporters. It employs about 4 million people and comprises more than 30,000 processing units, 85–90% of which are small and medium-sized enterprises.

- In FY21, plastic and linoleum export from India stood at US\$ 7.55 billion.
- From April 2020–January 2022, plastic export stood at US\$ 7.045 billion with the highest contribution from plastic raw materials at US\$ 2.91 billion, plastic sheets, films, and plates at US\$ 1.22 billion, and packaging materials at US\$ 722.47 million.
- India exported plastics worth US\$ 838 million in August 2022, and the export from April–August 2022 was US\$ 3.91 billion.
- The total plastic and linoleum export during April–August 2022 was US\$ 3.15 billion and for the month of August 2022, it was US\$ 648.07 million.
- The Indian plastics industry produces and exports a wide range of raw materials, plastic-molded extruded goods, polyester films, molded/ soft

luggage items, writing instruments, plastic woven sacks and bags, polyvinyl chloride (PVC), leather cloth and sheeting, packaging, consumer goods, sanitary fittings, electrical accessories, laboratory/ medical surgical ware, tarpaulins, laminates, fishnets, travel ware, and others.

- The Indian plastics industry offers excellent potential in terms of capacity, infrastructure, and skilled manpower. It is supported by many polymer producers, plastic process machinery, and mold manufacturers in the country.
- Among the industry's major strengths is the availability of raw materials in the country. Thus, plastic processors do not have to depend on imports. These raw materials, including polypropylene, high-density polyethylene, low-density polyethylene, and PVC, are manufactured domestically.

Recent Developments

The Department of Chemicals and Petrochemicals has approved 10 Plastic Parks in the country, out of which 6 parks have been given final approval in the below states:

- Assam (1 no.)
- Madhya Pradesh (2 nos.)
- Odisha (1 no.)
- Tamil Nadu (1 no.)
- Jharkhand (1 no.)

The Detailed Project Reports are under evaluation for two Plastic parks in Uttarakhand and Chhattisgarh respectively and the proposal for setting up two new Plastic Parks is under process.

These Plastic Parks will help to achieve environmentally sustainable growth and increase employment.

Plastics Export Promotion Council

The Plastics Export Promotion Council (PLEXCONCIL) is the apex Government body responsible for the promotion of plastic export. PLEXCONCIL members comprise large-/medium-/small-scale manufacturers and exporters. The council supports exporters by participating in international trade fairs, exploring new

markets, organizing buyer-seller meets both in India and overseas, and engaging in various other promotion and need-based activities.

Market Share by Applications & Geography

Based on application, the packaging industry had the largest market share of 54.1% in 2020. The increasing share of organized retail and adaptation of technology-oriented initiatives is driving the growing packaging industry. This growth has opened the doors for the sustainable polymers market by using green chemistry initiatives.

Geographically, tier-1 cities account for larger sustainable environment initiatives opening up space for adapting sustainable polymers. Tier-1 cities have a 44.3% market share in the use of sustainable polymer-made products. Tier-2 cities being rich in the availability of resources such as raw material and labor attracts the setting up of sustainable polymer manufacturing plants. Tier-2 cities have a 59.7% market share in the manufacturing of sustainable polymers.

India Sustainable Polymers - Market Trends, Drivers, and Challenges

Biopolymers are in trend making polymers entirely from tapioca and vegetable starches. These innovations have also made edible plastic cutlery made from rice, wheat, and sorghum as the primary ingredient. This has reduced the use of plastic cutlery and henceforth decreased pollution from its disposal and contributed to ecological balance.

The sustainable polymers market is witnessing growth driven by the application of green chemistry to produce green and natural polymers and the new methods for producing various polymers. Green chemistry designs products and processes them in a manner that minimizes the use of harmful substances and thus opens areas for the development of sustainable polymers such as green chemistry that can eliminate the use of Bisphenol A, an important raw material, for the production of polycarbonates. Cows in India are the holy animal but due to the non-degradation of synthetic polymers around 30 kg of plastics have been found in the guts of cows in the country.

Further, the major challenge for the sustainable polymers market is the physical properties such as toughness, color, melting temperature, and elasticity. These

physical properties are far better in existing traditional polymers with the advantage of being cost-effective.

Covered In This Global Sustainable Polymers Market Report

The report covers the present ground scenario and the future growth prospects of the India sustainable polymers market for 2018-2030 along with the import and export data of sustainable polymers. We calculated the market size and revenue share based on revenue generated from major players and sales of sustainable polymers across the region.

The sustainable polymers market outlook for 2018-2030, has been prepared based on in-depth market analysis from industry experts. The report covers the competitive landscape and the current position of major players in the sustainable polymers market. The report also includes Porter's five force model, SWOT analysis, company profiling, business strategies of market players, and their business models. India sustainable polymers market report also recognizes value chain analysis to understand the cost differentiation to provide a competitive advantage to the existing and new entry players.

COVID-19 Impact on "India Sustainable Polymers Market"

The report analyzes and includes a complete detailed chapter of 50-70 pages about the short-term & long terms impact of the COVID-19 outbreak on each segment of the "India Sustainable Polymers Market" along with government measures to support the sector. It also showcases the current market landscape during COVID, the impact of the virus on leading companies, the expected demand schedule and supply chain in the industry, and other various major factors. This will help you identify those companies that may benefit from this pandemic as well as those that will lose out.

India's plastics and polymer industry was on strong growth from 2017 to 2018 reaching 1.7 lakh crore from 1.02 lakh crore in 2017. With the increasing concerns over a sustainable environment, there is a shift towards using sustainable polymers. Till 2017 bio plastics constituted only 1% of the total plastic but it is growing at the rate of 7.3% annually. Per capita, plastic consumption in 2018 was 11 kg and the same for the US was 109 kg, showing the growth prospects of the plastics sector in

India owing to the huge share of the packaging industry followed by the rebounding construction industry in India after the RERA, an act was passed by Indian Parliament in 2018.

The Indian sub-continent has established itself as the most exciting and dynamic emerging market in the world and is one full of potential and investment opportunities. With a population greater than China but with a polymer demand of less than 20%, the region is expected to enjoy the fastest growth in polymer demand anywhere in the world over the next five years; outstripping China and other emerging economies. According to a recently published study by Applied Market Information Ltd (AMI Consulting), there is now massive investment occurring in the region's petrochemical, polymer production, and downstream plastic processing industries, driving strong growth in polymer demand. AMI forecasts that at the region's current rate of growth, its thermoplastics market will surpass 20 million tons by 2024. The market in the region is dominated by India on account of its huge population and high GDP. However, growth in the region, on the whole, is driven by its increasingly globally-minded governments that are introducing policies to encourage foreign direct investment and facilitate closer integration with the worldwide economy, helping to drive investment in petrochemicals, polymer production, and downstream plastic processing. Growth in the region is not only fueled by such policy relaxations but also by the rising urbanization of a large, youthful, population, leading to greater consumer spending for items that require plastics - from packaged goods to mobile phones and automobiles. While many of these products are still imported, there is now considerable investment taking place in plastics processing operations to support manufacturing investments, driving growth in polymer demand.

1.2 COMPANY PROFILE

UNIDOT PVT LTD, established in 1997, in Chennai, India, is a pioneer in the business of processing photopolymer plates. Unidot has in-house facilities for color separations and graphic manipulation and is a complete pre-press house providing services to Flexo printers. It has also been engaged in the production and processing of pre-press products required for all types of printing like, photopolymer plates from the thinnest for computer stationery and label printers to the thicker grades for plastic bags, and the thickest for corrugated board printing.

Some of the products and services that are offered by unidot Pvt ltd company are: -

PHOTOPOLYMER PLATES

A type of printing plate used in offset lithography that works on the same principles as diazo plates. Aluminum plates are coated with a light-sensitive material, which is then exposed to light using a photographic positive or negative. When exposed using a photographic negative, the coating hardens in image areas and remains soluble in non-image areas. The coating in the non-image sections is removed by a chemical process after exposure, turning those parts of the plate water-receptive while leaving the tough, long-lasting image areas ink-receptive. Compared to diazo coatings, photopolymer plates use coatings that give more enduring and abrasion-resistant image regions, allowing for longer print runs (up to 250,000 impressions).

DOUBLE-SIDE ADHESIVE TAPES

Any pressure-sensitive tape that has an adhesive coating on both sides is referred to as double-sided tape. Since it is placed between the items rather than on top of them, it is intended to adhere two surfaces together, frequently in a way that is not evident in the finished product. This enables projects to seem cleaner and the craftsmanship to be greater. There are two types of double-sided tape: thin and dimensional. The heavier dimensional tape is very useful for retail and signage applications where it may be used to make signs or displays stand out with a 3-D look, these are used for printing purposes.

GRAPHIC ART FILMS

Graphic art is a subcategory of fine art that includes a wide spectrum of two-dimensional, or generated on a flat surface, visual aesthetic expression. It is sometimes understood to specifically refer to printmaking techniques like line

engraving, aquatint, dry point, etching, mezzotint, monotype, lithography, and screen printing (silk-screen, serigraphy). The term is typically used to describe the arts that rely more on line, color, or tone, particularly drawing and the various forms of engraving. Calligraphy, photography, painting, typography, computer graphics, and binding are the main forms of graphic art. Plans and layouts for interior and architectural projects are also included.

Graphic art software includes applications such as:

Adobe Dreamweaver –An algorithm that makes it easier to create dynamic online content and webpages

Adobe Illustrator – a software that enables artists to work with vector graphics

Adobe InDesign – desktop publishing applications for manipulating layout and design

Adobe Photoshop – durable graphics editing tools that offer a wide range of editing capabilities are included in bitmap graphics software.

CorelDRAW – It is another vector graphic manipulation programme comparable to Adobe Illustrator.

Photo Impact – a digital image editor

QuarkXPress – It is simply another piece of computer publishing software that is comparable to Adobe InDesign.**FLEXO**

PLATE-MAKING MACHINE

1). TRADITIONAL METHOD

Using a laser imagesetter, the necessary picture is first exposed onto a film negative. A vacuum cover holds it in place when it is put directly on the material of the unexposed plate surface. The picture is then fixed into the polymer substance by exposing the plate and film to UV light.

2). DIGITAL METHOD

Direct "computer-to-plate" technology (CTP) is used to expose the majority of flexo plates in use today. In this instance, the photopolymer sheet and the unexposed film negative is delivered pre-laminated, allowing for simultaneous exposure of both layers.

3). Thermal Flexo Plate Processing

The etching process does not require water or a solvent even if the exposure is a CTP process, as mentioned above. With the use of heat treatment and several revolving rollers, the photopolymer's unexposed regions are effectively "melted" and eliminated. When compared to traditional plate washout processing, this technology is believed to be more ecologically friendly.

QUALITY POLYMER PLATE PROCESSOR

Solvent plate processing technologies have been used for the longest in the flexographic printing business. When compared to other different methods of processing photopolymer plates, it requires the least amount of care and maintenance, which is the source of its appeal. It uses chemical solvents for the washout procedure and offers its users a high degree of productivity. There have been several recent advancements in ecologically benign and non-hazardous washout solvents, even if solvent plate processing is less environmentally favorable than other methods of processing, such as water-wash and thermal. The danger to the environment and operators is greatly decreased by these new solvents' reduced odors, HAPs, and VOC levels compared to those of the past.

PHOTOPOLYMER PLATES

A polymer sheet having a light-sensitive side is called a photopolymer plate. On top of the polymer sheet, a picture negative is covered with the digitally produced design. It is then placed in a controlled exposing unit and subjected to light. While the rest remains soft and malleable, the exposed regions stiffen. The plate is next placed in water and scrubbed with a soft brush (this can also be done by hand; it is often done in a special washout unit). The brush removes the soft, exposed material, leaving just the exposed portions. The plate material is entirely prepared to endure the extreme pressure of a letterpress after a last baking time to properly harden it. Everything that has to be printed in the letterpress world requires ink. A universal height of .918" is employed to achieve this. The magic number is .918 and it applies to both tiny hand-fed tabletop presses and massive fully automated presses. Since photopolymer plates are considerably thinner than this, they need to be attached to a unique aluminum base that lifts them to the right height (referred to as "type high"). In place of locking up metal or wood type for printing, the base is secured into the press bed. Our plates include an adhesive backing that makes it easy for them to adhere to the foundation.

1.3 OBJECTIVE OF THE STUDY

PRIMARY OBJECTIVE

To study Cash Management with reference to Unidot.

SECONDARY OBJECTIVE

- To know how to manage receivables, inventory, and cash.
- To study the different sources of financing capital.
- To study the operating cycle of the company.
- To study the liquidity position of the company.
- To look at possible remedial measures if any based on which tied-up funds in working capital could be used effectively and efficiently.
- To suggest, if possible, based on the conclusion some modifications to meet the situation.

1.4 NEED FOR THE STUDY:

- To understand that an ongoing approach to the problem is essential and that short-term responses may have negligible effect.
- Data such as savings ratio, debt-to-income ratio, self-evaluation of productivity, performance rating, and absenteeism are difficult to gather as individuals may not know the exact figures of each category or may not want to reveal this information

1.5 SCOPE OF STUDY

- The study covers all the components of current assets and current liabilities for the year 2018-2022
- The study also deals with the various ratios imparted in the organization.
- Working capital is one of the dynamic and vital aspects of business operation.

CHAPTER II

REVIEW OF LITERATURE

2.1 REVIEW OF LITERATURE

Shin & Soenen, (2014) discovered the relationship between efficient capital management and a firm's profitability using the net-trade cycle (NTC) as a measure of working capital management. NTC is essentially the same as CCC in that all three components are stated as a percentage of sales. The reason for utilizing NTC is that it is a simple tool for estimating extra financing needs for working capital stated as a function of predicted sales growth. Correlation and regression analysis are used to investigate this connection between industry and working capital intensity. Using a Commutate sample of 58,985 business years from 1994 to 2018, they discovered a substantial negative relationship between the length of the firm's net-trade cycle and its profitability. Furthermore, shorter NTC is linked to greater risk-adjusted stock returns.

Deloof, (2014) The study was consistent with a later study on the same objective done by using a sample of 1009 large Belgian non-financial firms between 2003 and 2007. However, he used trade credit policy and inventory policy are measured by the number of days accounts receivable, accounts payable, and inventories, and the cash conversion cycle as a comprehensive measure of working capital management. He founds a significant negative relation between gross operating income and the number of days accounts receivable, inventories, and accounts payable. Thus, he suggests that managers can create value for their shareholders by reducing the number of days accounts receivable and inventories to a reasonable minimum. He also suggests that less profitable firms wait longer to pay their bills.

Lyrودي & Lazaridis, (2015) used the food industry Greek to examine the cash conversion cycle (CCC) as a liquidity indicator of the firms and tries to determine its relationship with the current and the quick ratios, with its component variables, and investigates the implications of the CCC in terms of profitability, indebtedness, and firm size. The results of their study indicate that there is a significant positive relationship between the cash conversion cycle and the

traditional liquidity measures of current and quick ratios. The cash conversion cycle was also positively related to the return on assets and the net profit margin but had no linear relationship with the leverage ratios. Conversely, the current and quick ratios had a negative relationship with the debt-to-equity ratio and a positive one with the time's interest earned ratio. Finally, there is no difference between the liquidity ratios of large and small firms.

Peterson and Rajan, (2016) Discovered how Working capital policy refers to the firm's policies regarding **1)** target levels for each category of current operating assets and liabilities, and **2)** how current assets will be financed. Generally good working capital policy (i.e., under conditions of certainty) is considered to be one in which holdings of cash, securities, inventories, fixed assets, and accounts payables are minimized. The level of accounts receivables should be used as a means of stimulating sales and other income. Previous literature on working capital management has found a negative association, overall, between the level of working capital and operating performance as measured by operating returns and operating margins Under conditions of certainty (i.e., sales, costs, lead times, payment periods, and so on, are known), firms have little reason to hold more working capital than a minimum level. Larger amounts would increase the level of operating assets, and increase the need for external funding, resulting in a lower return on assets and a lower return on equity, without any increase in profit.

Brigham and Houston,(2018) the picture changes when uncertainty (i.e., uncertain growth) is introduced larger amounts of cash, securities, accounts receivables, marketable securities, inventories, and fixed assets will be needed to support increased sales Required levels will be based on expected sales levels, and expected order lead times. Additional holdings may be needed to enable the firm to deal with departures from the expected values. Further, firms will also attempt to increase their accounts payable balances as a means of financing increased levels of current operating assets. Firms that are in high growth stages will face the challenge of maintaining the necessary level of operating assets to support subsequent growth, while at the same time attempting to maintain adequate performance indicators.

This study focuses on understanding how IPO companies manage their working capital and other balance sheet items to support subsequent growth. This study supports the existing literature on working capital and contributes to the

existing literature by examining a sample of firms (i.e., recent IPO firms) that have a wider range of growth levels than non-IPO firms. Our study examines the impact of working capital management on the operating performance and growth of newly public companies. The study also examines these relationships under three categories of growth (i.e., negative growth, moderate growth, and high growth). The study also examines other selected firm characteristics in light of working capital management: firm operating and financial risk, amount of debt, firm size, and industry.

Tülay YÜCEL and Gülüzar KURT, (2019) In this study, the link between profitability, liquidity, and debt structure is examined in the cash conversion cycle, a working capital management tool. The information on 167 companies whose stocks were listed on the Istanbul Stock Exchange (ISE) during the years 1995 to 2000. This study compared the cash conversion cycle, profitability, liquidity, and debt structure based on time, industry, and business size. These factors' linkages as well as the effects of the company's debt structure, liquidity, and cash conversion cycle on profitability were evaluated.

Erkki K. Laitinen and Teija Laitinen, (2019) This study's objective is to assess the data from static and dynamic inventory cash management models to forecast failure in a sample of 41 small and middle-sized Finnish bankruptcy-affiliated businesses and their no bankruptcy-affiliated counterparts. The findings show that for failing businesses, estimates of the scale elasticity of cash balance about transaction volume (approximately represented by net sales) are much lower. In addition, it indicates that only the scale elasticity, and only in the year just before the bankruptcy, is a statistically significant distinguishing variable. This estimate significantly improved the categorization accuracy that Lachenbruch evaluated using conventional financial factors.

Zhasck and Celine, (2020) An underlying theme of this study is that high growth certainly does not ensure high operating performance. Consistent with prior research this study provides further evidence that good working capital management is positively associated with better operating performance. Higher levels of accounts receivable are associated with higher operating performance, in all three of the growth rate categories. The study also finds that maintaining control

over levels of cash, securities, inventory, fixed assets, and accounts payables is associated with higher operating performance. We find that firms that are experiencing very high growth will hold higher levels of cash, securities, inventory, fixed assets, and accounts payable to support the high growth. The study suggests that these firms are sacrificing operating performance (accepting lower operating returns) to support high growth. This, in turn, increases the financial and operating risk for these firms. Perhaps IPO firms should stay more focused on their operating performance while maintaining more moderate growth levels.

Mr. Ian Lienert, (2020) The goals of contemporary cash management are outlined in this technical statement. The memo emphasizes that there are inadequacies between the schedule of payments and the funds available that require cash management. The temporal value of government money is emphasized in every definition of cash management. This note describes the key components of the framework for short-term financial planning as well as excellent cash management practices in industrialized nations. Also covered are difficulties in enhancing cash management in low- and middle-income nations.

Olubukola Ranti Uwuigbe and Ben-Caleb Egbide, (2021) To gain further insight into how cash management affects profitability in Nigeria's listed industrial enterprises, this paper conducts an empirical investigation. The cash management process as it is practiced is measured by the cash conversion cycle. Control variables were the current ratio, debt ratio, and sales growth. This study makes use of secondary data, and the data for a sample of 15 listed manufacturing businesses in Nigeria between 2005 and 2009 were analyzed using Pearson's correlation and regression analysis.

Brahmin DANJUMA and Mohammed Sangiru UMAR, (2021) This study aims to determine the connections between capital structure, cash flow management, and liquidity in a sample of Adamawa State's small and medium-sized businesses in Jimeta. Additionally, it establishes how cash management influences the relationship between capital structure and liquidity. 366 small and medium-sized businesses received a total of 365 copies of questionnaires; however, only 310 of those copies were returned completely and correctly filled. Both primary and

secondary approaches were used in the study to gather data. The units of analysis for each cluster were selected using purposive selection in addition to the cluster sampling technique used in this study.

Fernando Alvarez and David Argente, (2021) The prevalence of COVID-19 has gradually reduced the usage of cash in families for payments as well as the typical amount and frequency of cash withdrawals. We contend that the Baumol-Tobin type inventory theoretical models' structure and their extensions can be used to distinguish between the size and frequency of cash withdrawals and confounding factors like the desired level of consumption and the choice of the portion of consumption paid in cash. We claim that the observed cash management is compatible with COVID-19, raising the fixed cost of cash withdrawals using this information. To determine how much the pandemic has altered the cost of spending cash, we analyzed comprehensive data on ATM cash disbursements in Argentina, Chile, and the US. This calculation demonstrates that the cost of cash transactions rises by around 2% with every doubling of viral intensity in a county. The findings from Chile, Argentina, and the US are strikingly comparable and resistant to various types of measurement error and endogeneity.

T. Olowa, E. Witt & I. Lill (2021) This study investigates the practical feasibility and usefulness of BIM-enabled education in educating construction management students about project financial flows. A BIM-enabled cash flow exercise was devised, carried out, and revised in a construction investment course using participatory action research methods to mimic integrated practice. The implementation findings show that BIM-enabled education may encourage and integrate BIM collaboration as well as professional practice experiences inside an architectural, engineering, construction, and facilities management (AEC-FM) curriculum.

Yen-Yu Liu, Chih-Hao Yang, and Min Hua Lee (2021) The objective of this study is to ascertain if issuing dividends in the form of cash from existing capital enhances an organization's capacity to keep up its dividend rate when it has surpluses. It also takes into account whether such issuance will hinder their ability to manage their earnings. In this research, the Taiwanese are used as a prime instance of a country that has set an international standard for permitting businesses

with surpluses to distribute cash dividends from reserve funds globally. The empirical findings demonstrate that (1) cash dividends may be maintained at a specific level when the firm pays cash dividends using capital reserves, and (2) when the ratio of capital reserves to cash dividends is large, accrual-based earnings management is minimal.

Sompong Pornupatham, Hun-Tong Tan, Thanyaluk Vichitsarawong, and G-Song Yoo (2022) The beneficial effect of a cash flow statement's direct vs indirect reporting approach has long been a source of contention in both practice and accounting research. We give insights into how investors interpret the information included in different presentation styles to create cash flow estimates, particularly in the context of various types of nonrecurring events, by concentrating on the comparative benefits of experimental methodologies. We expect and discover that when nonrecurring accrued expenditures are present, the indirect technique reduces prediction errors by activating investors' underlying knowledge structures of operational cash flows on an accrual (versus cash) basis. In the case of non-recurring cash or accumulated revenues, we find no difference in prediction errors between the indirect and direct approaches.

Lucy C. Mmadubuobi, (2022) In this study, the Nigeria Exchange Group's listed oil and gas companies' share price volatility is evaluated regarding cash flow management. The particular goal was to determine how the target companies' share price volatility was impacted by operating cash flow, financing cash flow, investment cash flow, and cash and cash equivalents. Ex-post facto research was used, and panel data from the sampled six firms' annual reports from 2012 to 2021 was studied utilizing a panel methodological technique. The optimum panel estimate technique for the investigation was initially determined using the Hausman specification test and B-P Lagrange multiplier tests.

Chih-Wei Wang, Chien-Chiang Lee, Lin-Tan Wu (2022) This study looks at the connection between cash flow unpredictability and the probability of a stock price fall. Using a large sample of enterprises from 22 countries, we conclude that increasing cash flow uncertainty increases company collapse risk. The empirical findings also show that cash flow uncertainty raises crash risk in the majority of regions, industries, and other subsamples. Furthermore, the positive relationship

between cash flow unpredictability and the risk of bankruptcy is greater for firms in highly competitive sectors and countries with greater economic policy uncertainty. To address endogenous problems, we employ simultaneous equation and two-stage least squares regression approaches. In general, our findings have policy implications for investors, businesses, and regulators.

Jean-Paul Decamps, and Stéphane Villeneuve, (2023) investigate a dynamic model of a company whose investors must pay for storing cash and external funding as well as learn about the profitability of the company. The shareholders' problem entails a solitary stochastic control problem with a two-dimensional degenerate diffusion process, which is notoriously difficult. We solve by explicitly constructing the value function of the problem and derive a corporate life cycle with two stages: a "probation stage" in which it is never advantageous for the business to issue fresh shares and a "mature stage" in which the firm turns to the market whenever necessary. In terms of profitability, the cash goal level is non-monotonic and achieves its maximum value at the boundary between the two stages.

Henny Wirianata, Virginia Ignatius, and Flora de Mayo (2023) To fulfill the demands of capital and cash holdings, manufacturing businesses require good cash management. To identify suitable cash holdings, effective cash management must be backed by excellent governance. Cash flow, cash conversion cycle, capital expenditure, net working capital, and board of commissioner's activities were all examined as independent variables in this study. Moderation is also determined by the activity of the board of commissioners. Evaluation 10 was used to process and analyze the data in this study from 2017 to 2020. The data regression findings from the panel indicate that the cash conversion cycle and net working capital hurt cash holdings. Cash flow, capital spending, and the operations of the governing board of commissioners have no consequence.

Alabass, Hussein, and Hasan Subhi (2023) This study aims to demonstrate the significance of creating a list of cash flows and recognizing their impact on financial decisions, as well as the significance of using a list of cash flows associated with specific elements of financial statements that relate to the absolute cash flow number. Cash flow has an essential and statistically significant influence. Over the period (2011–2020), the financial decision factors and the research sample were

represented by a group of companies listed on the Iraqi Stock Exchange, represented by 15 businesses from different sectors (industry, services, agriculture), and the data was compiled from: The legal entity is governed by the governmental announcement boards of the Iraqi Stock Exchange and the Central Bank of Iraq. To accomplish outcomes, the Excel statistical program was utilized to analyze and construct raw data into financial indicators, while the Eviews10 statistical program was also employed for practical aspects and hypothesis testing. The study is demonstrated to have a beneficial influence on industrial investment decisions, with a positive impact on cash flow as an indication of the flow of investment decisions. The research suggests paying close attention to the information in the statement of cash flows, which is provided as a flow of operating, financing, and investment activities.

CHAPTER III

RESEARCH METHODOLOGY

3.1 RESEARCH

A Research project is an organized, methodical, database, critical, objective, scientific, inquiry or investigation into a specific subject to find an answer or solutions to it. Emory defines research as "any organized inquiry designed and carried out to provide information for solving a problem."

3.2 RESEARCH DESIGN

Research design is a specification of methods and procedures for acquiring the information needed to structure or solve a problem.

Research design is defined as, "the arrangement of conditions for collection and analysis of the data in a manner that aims to combine relevance to the research purpose with economy in procedure"

Analytical research technique was adopted in this project. The researcher used an analytical type of research to analyze the past data based on which certain future decisions can be made.

3.3 SOURCE OF DATA

SECONDARY DATA

These data, which have already been collected, compiled, and presented earlier by any agency, may be used for investigation. Such data may be called secondary data. Secondary data may earlier be published data or unpublished data. Usually published data are available in annual reports.

3.4 ANNUAL REPORT

It provides all the information about the company for the accounting period. This enables us to understand the existing performance of the company.

3.4.1 TOOLS USED FOR THE STUDY

- i) Ratio analysis.
- ii) Cash flow Statement.

3.4.2 RATIO ANALYSIS

The following ratios are used to calculate liquidity.

$$\text{a) Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$\text{b) Cash position ratio} = \frac{\text{Cash \& bank}}{\text{Current liabilities}}$$

3.4.3 WORKING CAPITAL

Working capital = current assets – current liabilities

Working capital refers to the cash a business requires for day-to-day operations. It is the number of funds necessary to cover the cost of operating the enterprise. It is also known as revolving or circulating capital or short-term capital.

3.5 WORKING PROCEDURE FOR THE CASH MANAGEMENT

The Cash Flow Statement deals with the flow of cash which includes cash equivalents as well as cash. This statement is additional information to the users of Financial Statements. The statement shows the incoming and outgoing cash. The statement assesses the capability of the enterprise to generate cash and utilize it. Thus, a Cash-Flow statement may be defined as a summary of receipts and disbursements of cash for a particular period. It also explains the reasons for the changes in the cash position of the firm. Cash flows are cash inflows and outflows. Transactions that increase the cash position of the entity are called inflows of cash and those which decrease the cash position as outflows of cash.

PROCEDURE:

(i) Operating Activities

Cash flow from operating activities is primarily derived from the principal revenue-generating activities of the enterprise. A few items of cash flows from operating activities are:

- (i) Cash receipt from the sale of goods and rendering services.
- (ii) Cash receipts from royalties, fees, Commissions, and other revenue.
- (iii) Cash payments to suppliers for goods and services.
- (iv) Cash payment to employees
- (vi) Cash payment or refund of Income tax.

Determination of cash flow from operating activities

There are two stages for arriving at the cash flow from operating activities

Stage-1

Calculation of operating profit before working capital changes can be calculated in the following manner.

Net profit before Tax and extraordinary Items

xxx

Add Non-cash and non-operating Items which have already been debited to the profit and Loss Account i.e.

Depreciation

xxx

Amortization of intangible assets

xxx

Loss on the sale of Fixed assets.

xxx

Loss on the sale of Long-term Investments

xxx

Provision for tax

xxx

Dividend paid

xxx

Less: Non-cash and Non-operating Items that have already been credited to Profit and Loss Account i.e.

Profit on sale of fixed assets

xxx

Profit on sale of Long term investment

xxx

Operating profit before working Capital changes

xxx

Stage-II

After getting operating profit before working capital changes as per stage I, adjust the increase or decrease in the current assets and current liabilities.

The following general rules may be applied at the time of adjusting current assets and current liabilities.

A. Current assets

- (i) An increase in an item of current assets causes a decrease in cash inflow because cash is blocked in current assets.
- (ii) A decrease in an item of current assets causes an increase in cash inflow because cash is released from the sale of current assets.

B. Current liabilities

- (i) An increase in an item of current liability causes a decrease in cash outflow because cash is saved.
- (ii) A decrease in an item of current liability causes an increase in cash outflow because of payment of the liability.

Investing Activities

Investing Activities refer to transactions that affect the purchase and sale of fixed or long-term assets and investments.

Examples of cash flow arising from Investing activities are

1. Cash payments to acquire fixed Assets
2. Cash receipts from disposal of fixed assets
3. Cash payments to acquire shares or debenture investment.
4. Cash receipts from the repayment of advances and loans made to third parties.

Thus, Cash inflow from investing activities are

- Cash sale of plant and machinery, land and Building, furniture, goodwill, etc.
- Cash sale of investments made in the shares and debentures of other companies
- Cash receipts from collecting the principal amount of loans made to third parties.

Cash outflow from investing activities are:

- Purchase of fixed assets i.e., land, Building, furniture, machinery, etc.
- Purchase of Intangible assets i.e., goodwill, trademark, etc.
- Purchase of shares and debentures
- Purchase of Government Bonds
- Loan made to third parties

Step- III

Financing Activities

The third section of the cash flow statement reports the cash paid and received from activities with non-current or long-term liabilities and shareholder's Capital.

Examples of cash flow arising from financing activities are

- Cash proceeds from the issue of shares or other similar instruments.

- Cash proceeds from the issue of debentures, loans, notes, bonds, and other short-term borrowings
- Cash repayment of the amount borrowed Cash Inflow from financing activities are
- Issue of Equity and preference share capital for cash only.
- Issue of Debentures, Bonds, and long-term notes for cash only

Cash outflow from financing activities are:

- Payment of dividends to shareholders
- Redemption or repayment of loans i.e., debentures and bonds
- Redemption of preference share capital and Buyback of equity shares.

CHAPTER IV

DATA ANALYSIS

1. CURRENT RATIO:

The current ratio is defined as the relationship between current assets and current liabilities. This is the most widely used ratio. The standard ratio is 2:1; the current asset is twice the current liabilities. If the ratio is less than 2 then difficulty may be experienced in payment of current liability and day-to-day operations of the business may suffer. If the ratio is higher than 2, it is very comfortable for creditors but for the concern, the funds would be locked up in this, which may be unproductive or idle.

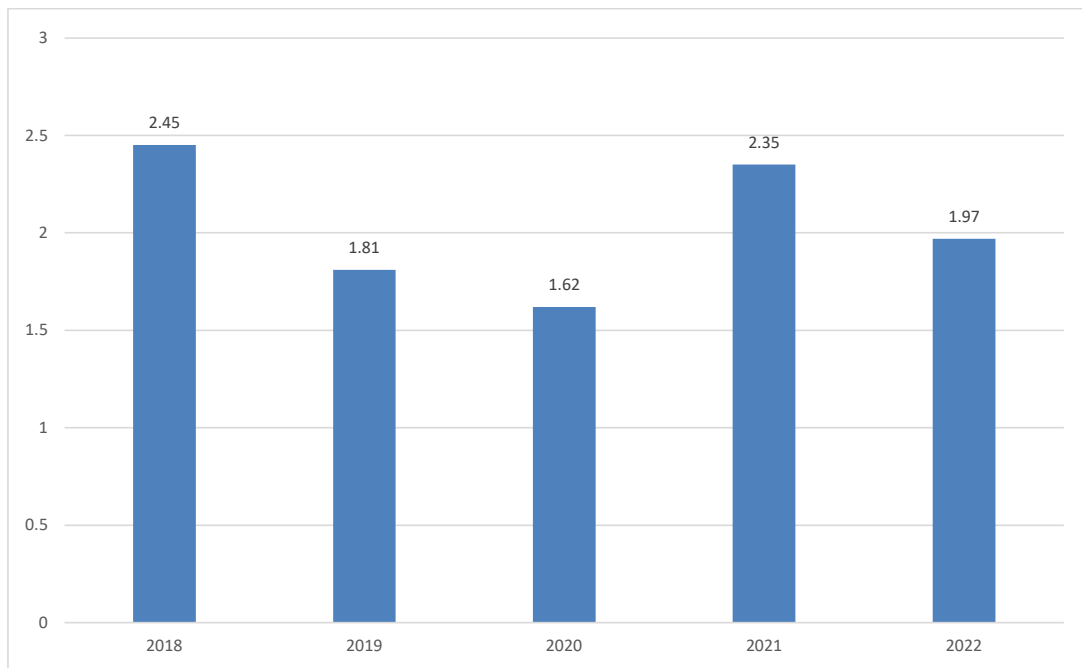
FORMULA: -

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

TABLE 4.1

S.NO	YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
1	2018	19,89,000	8,11,000	2.45
2	2019	18,81,000	10,40,000	1.81
3	2020	23,39,000	11,63,000	1.62
4	2021	25,50,000	10,84,000	2.35
5	2022	32,54,000	16,48,000	1.97

CHART 4.1:



INTERPRETATIONS:

The ideal current ratio is 2:1 here the current ratio declines over a while according to time series analysis. Since the healthy current ratio is 2:1 UNIDOT reaches the healthy ratio in the year 2018 and 2021. Higher the current ratio, the higher the short-term liquidity. Here the position of the company is good when compared to the previous year. This shows the positive position of the company.

2. CASH POSITION RATIO:

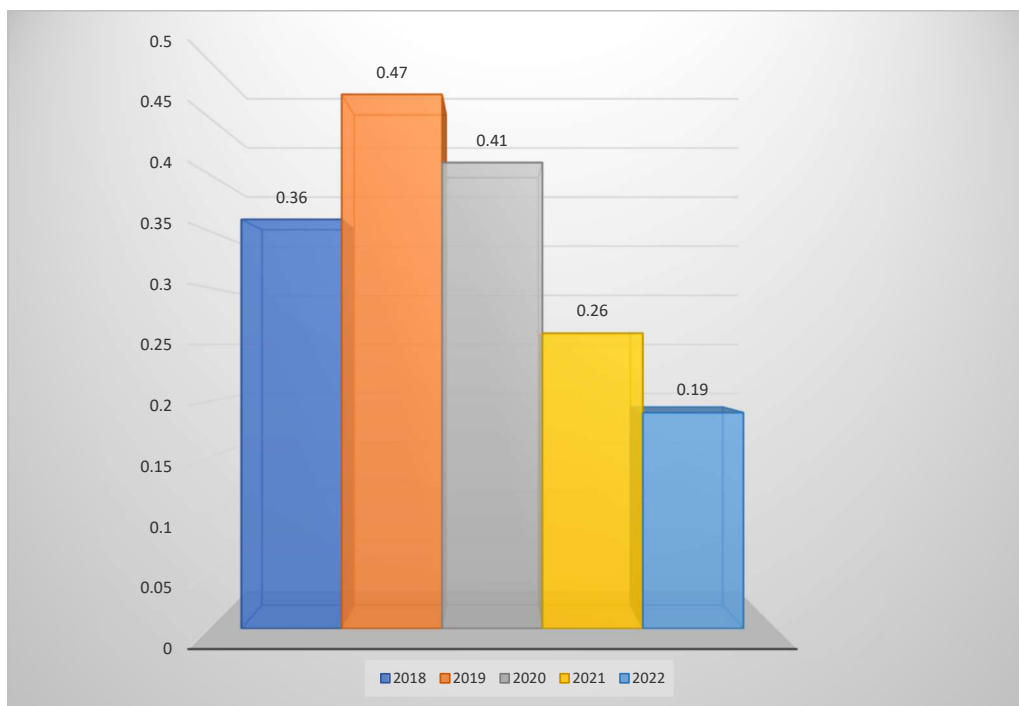
This ratio is also called the 'absolute liquidity ratio' or 'super quick ratio'. This is a variation of the quick ratio. This ratio is calculated when liquidity is highly restricted in terms of cash and cash equivalents. This ratio measures liquidity in terms of cash and near cash items and short-term current liabilities. The cash position ratio is calculated with the help of the following formula.

Formula:

$$\text{Cash position ratio} = \frac{\text{Cash and bank balance + marketable securities}}{\text{Current Liabilities}}$$

TABLE 4.2

S.NO	YEAR	CASH BALANCE +SECURITIES	CURRENT LIABILITIES	CASH POSITION RATIO
1	2018	2,92,000	8,11,000	0.36
2	2019	4,99,000	10,40,000	0.47
3	2020	4,79,000	11,63,000	0.41
4	2021	2,80,000	10,84,000	0.26
5	2022	3,05,000	16,48,000	0.19

CHART 4.2:**INTERPRETATION:**

Since the cash position ratio shows that the organization's financial position is at the moderate stage. The result that I got is the type of oscillating manner which implies that the company should more concentrate on its cash position.

3. ABSOLUTE LIQUID RATIO:

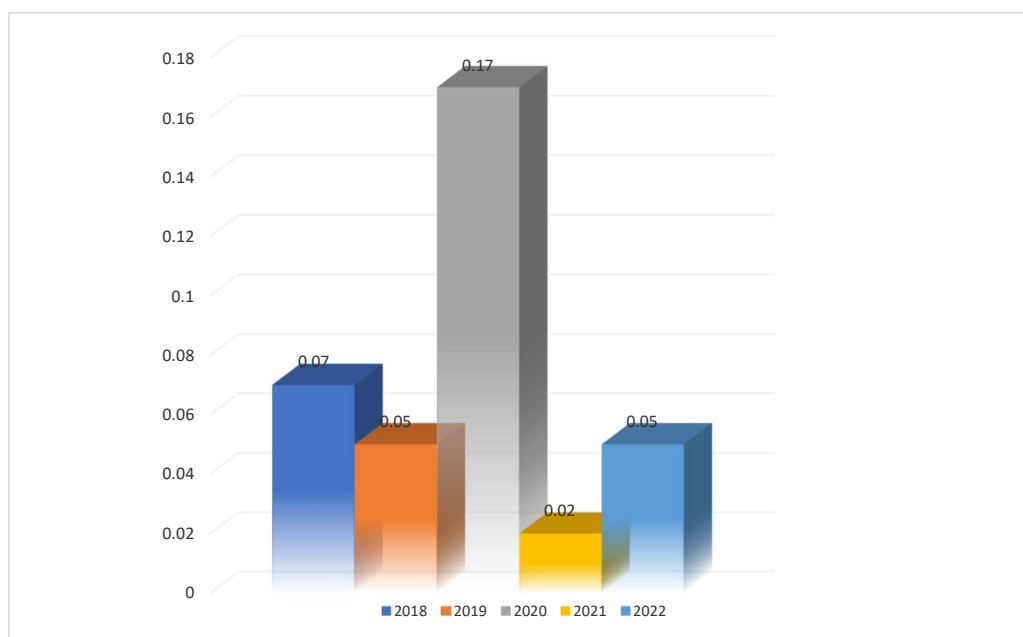
Therefore, the absolute liquidity ratio relates to cash, bank, and marketable securities to the current liabilities

ABSOLUTE LIQUID RATIO = (ABSOLUTE LIQUID ASSET/CURRENT LIABILITIES)

TABLE 4.3:

S.NO	YEAR	ABSOLUTE LIQUID ASSET	CURRENT LIABILITIES	ABSOLUTE LIQUID RATIO
1	2018	53,000	8,11,000	0.07
2	2019	52,000	10,40,000	0.05
3	2020	2,02,000	11,63,000	0.17
4	2021	21,000	10,84,000	0.02
5	2022	74,000	16,48,000	0.05

CHART 4.3:



INTERPRETATION:

From the above chart, it is seen that the company has a very low liquid asset when compared with the liabilities. The company has to take corrective measures to overcome this situation

4. FIXED ASSETS RATIO:

This ratio establishes the relationship between fixed assets and long-term funds. The objective of calculating this ratio is to ascertain the proportion of long-term funds invested in fixed assets. The ratio is calculated as given below.

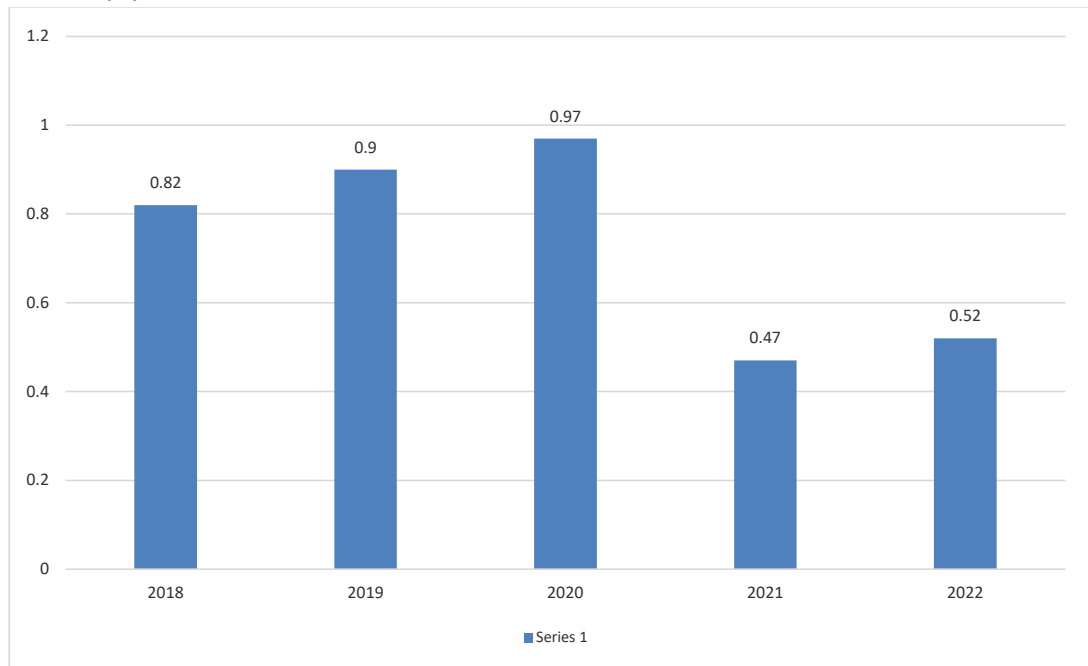
FORMULA:

$$\text{FIXED ASSET RATIO} = \frac{\text{FIXED ASSET}}{\text{LONG TERM FUND}}$$

TABLE 4.4:

Sl. No.	Year	Fixed assets	Long term funds	Fixed assets ratio
1	2018	6,13,000	7,51,000	0.82
2	2019	6,13,000	6,83,000	0.90
3	2020	5,69,000	5,84,000	0.97
4	2021	5,33,000	11,22,000	0.47
5	2022	4,48,000	8,63,000	0.52

CHART 4.4:



INTERPRETATION:

The study clears that the concern has started employing leverages for better profitability. The rising percentage of this ratio shows that the company has made a good proportion of long-term funds in fixed assets.

5. CAPITAL TURNOVER RATIO:

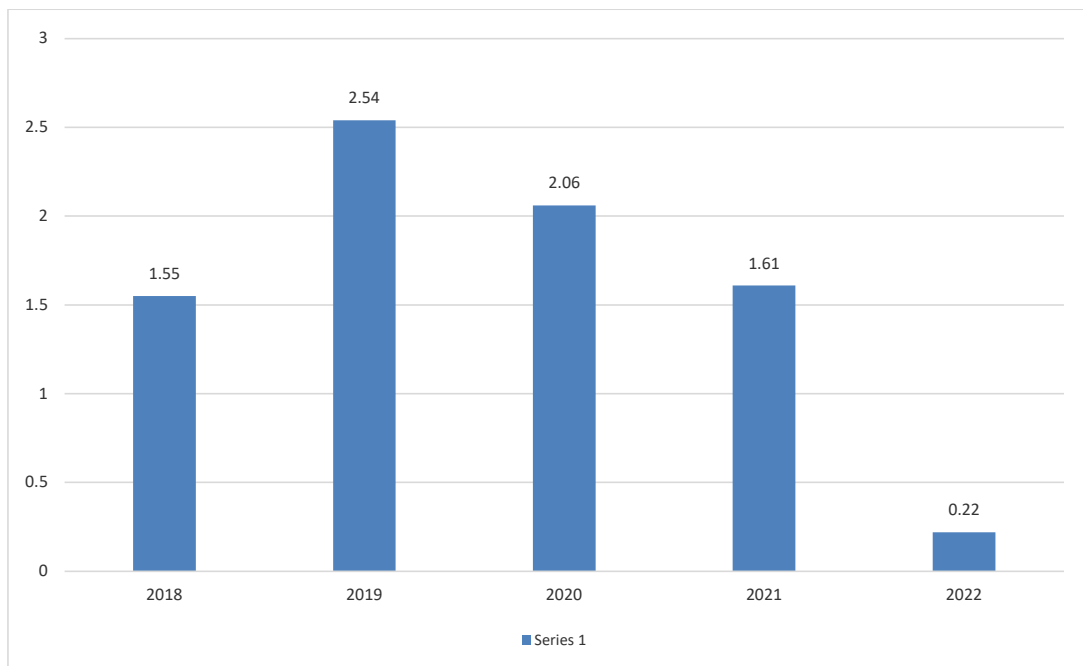
Managerial efficiency is also calculated by establishing the relationship between the cost of sales or sales with the amount of capital invested in the business. The capital turnover ratio is calculated with the help of the following formula.

FORMULA:

$$\text{CAPITAL TURNOVER RATIO} = \frac{\text{COST OF SALES}}{\text{CAPITAL EMPLOYED}}$$

TABLE 4.5

S.NO	YEAR	COST OF SALES	CAPITAL EMPLOYED	CAPITAL TURNOVER RATIO CS/CE
1	2018	27,72,200	17,91,000	1.55
2	2019	36,98,000	14,54,000	2.54
3	2020	35,93,000	17,45,000	2.06
4	2021	32,10,000	19,99,000	1.61
5	2022	4,56,500	20,54,000	0.22

CHART 4.5:**INTERPRETATION:**

The percentage of this ratio is in the increasing position which shows a positive sign for the company. Since the cost of sales has increased the company is in a safe position.

6. WORKING CAPITAL TURNOVER RATIO:

The working capital ratio measures the effective utilization of working Capital. It also measures the smooth running of the business. The ratio establishes a relationship between sales/cost of sales and working capital.

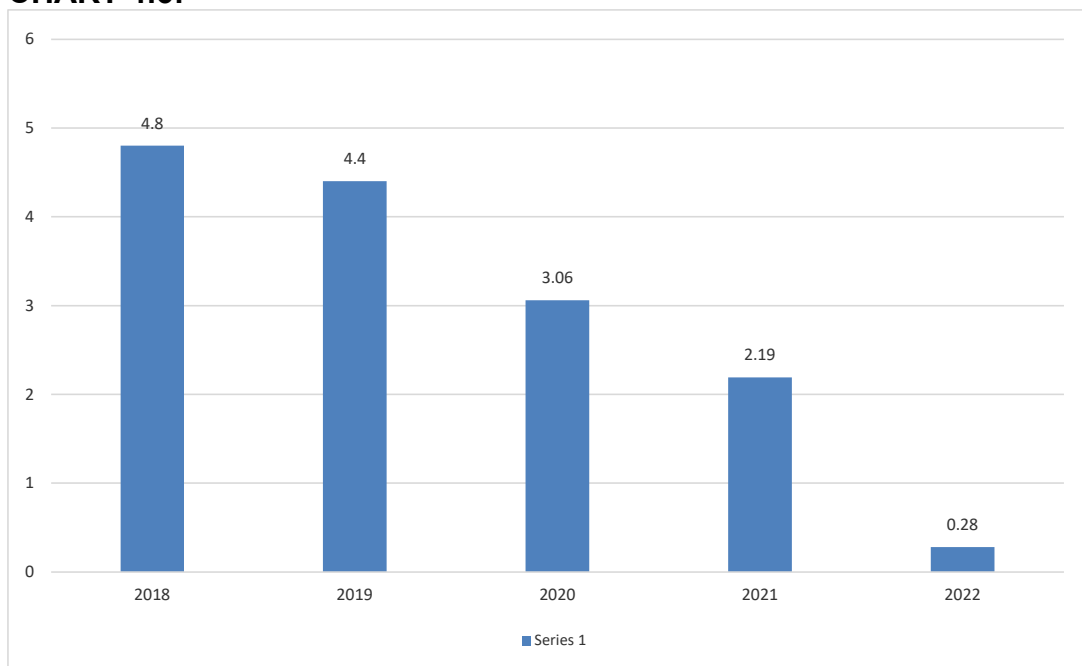
FORMULA

$$\text{Working capital turnover ratio} = \frac{\text{Sales}}{\text{Net working capital}}$$

TABLE 4.6

S.NO	YEAR	SALES	NET WORKING CAPITAL	WORKING CAPITAL TURNOVER RATIO
1	2018	27,72,200	5,78,000	4.80
2	2019	36,98,000	8,41,000	4.40
3	2020	35,93,000	11,76,000	3.06
4	2021	32,10,000	14,66,000	2.19
5	2022	4,56,500	16,06,000	0.28

CHART 4.6:



INTERPRETATION

The working capital ratio is decreasing every year, this shows that the company has not used the working capital effectively. Therefore, it shows that the company is in an unsafe zone. Therefore, the company should take corrective actions to get into the safer zone.

7. NET PROFIT RATIO:

This ratio is called the net profit to sales ratio. It is a measure of management's efficiency in operating the business successfully from the owner's point of view. It indicates the return on shareholders' investments.

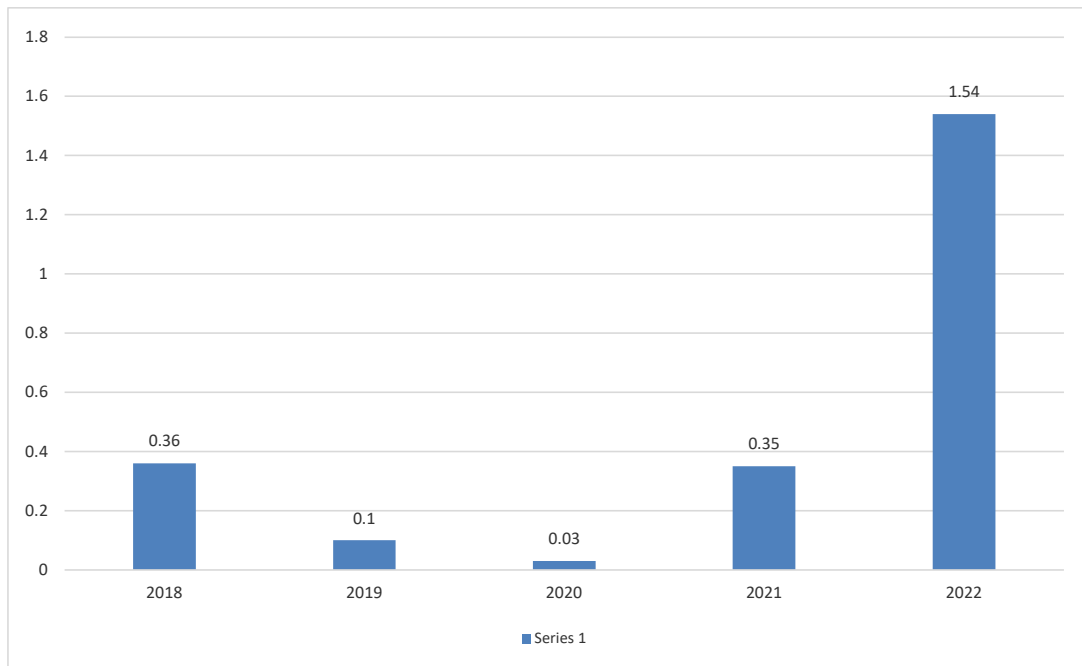
FORMULA

$$\text{NET PROFIT RATIO} = \frac{\text{NET PROFIT AFTER TAX} * 100}{\text{NET SALES}}$$

TABLE 4.7

S.NO	YEAR	NET PROFIT AFTER TAX	NET SALES	NET PROFIT RATIO =NPAT/NS
1	2018	9,86,600	27,72,200	0.36
2	2019	3,53,000	36,98,000	0.10
3	2020	1,20,600	35,93,000	0.03
4	2021	11,09,900	32,10,000	0.35
5	2022	7,03,800	4,56,500	1.54

CHART 4.7:



INTERPRETATION:

This chart shows that the management's efficiency for the year 2022 has increased to a higher extent when compared to the previous years.

8. EXPENSES RATIO:

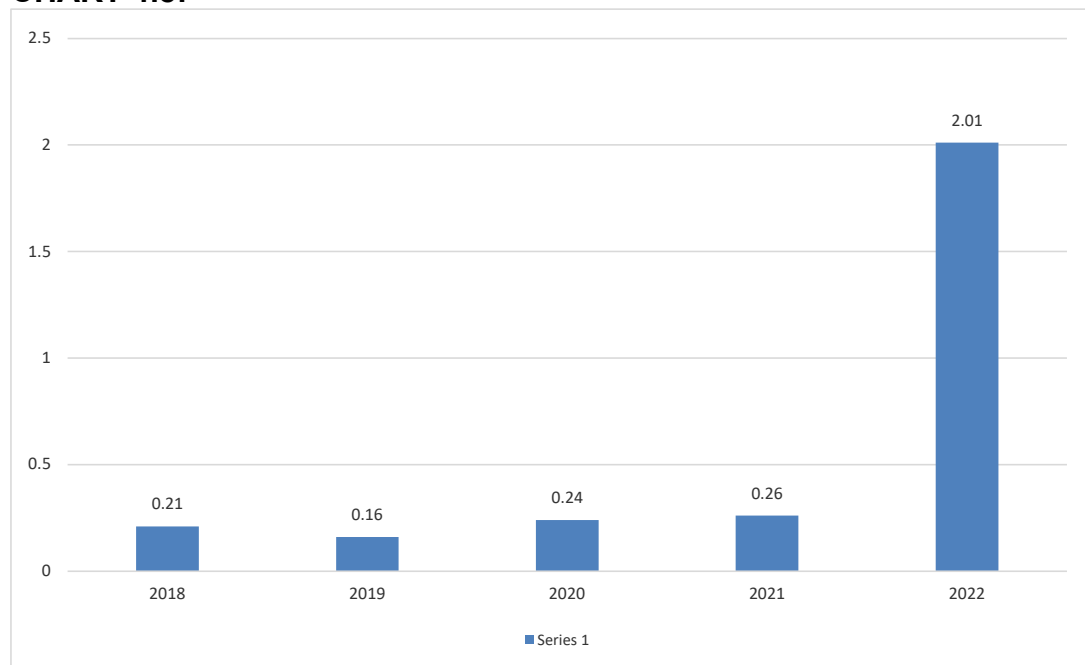
This ratio is also known as supporting ratios to Operating ratios. They indicate the efficiency with which the business as a whole function. The concern should know how it can save or waste over expenditure in respect of different items of expenses.

FORMULA:

$$\text{EXPENSES RATIO} = \frac{\text{ADMINISTRATION EXPENSES} * 100}{\text{NET SALES}}$$

TABLE 4.8

S.NO	YEAR	ADMINISTRATION EXPENSES	NET SALES	EXPENSES RATIO = AE/NS
1	2018	5,90,000	27,72,200	0.21
2	2019	6,00,000	36,98,000	0.16
3	2020	8,97,000	35,93,000	0.24
4	2021	8,48,100	32,10,000	0.26
5	2022	9,17,000	4,56,500	2.01

CHART 4.8:**INTERPRETATION**

It shows that the concern should know how it can save or waste over expenditure in respect of different items of expenses. The expenses of the company have increased at a higher rate in 2022.

RECEIVABLES MANAGEMENT

DEBTORS TURNOVER RATIO:

Debtors constitute an important constituent of current assets & their fore the quality of debtor to a great extent determines the firm liquidity of a firm using two ratios. They are the debtor's turnover ratio & debt collection period ratio. This ratio indicates the speed with which debtors' receivables are being collected there it is indicative of the efficiency of trade credit management. The higher the turnover ratio the better the trade credit management & the better the liquidity of debtors.

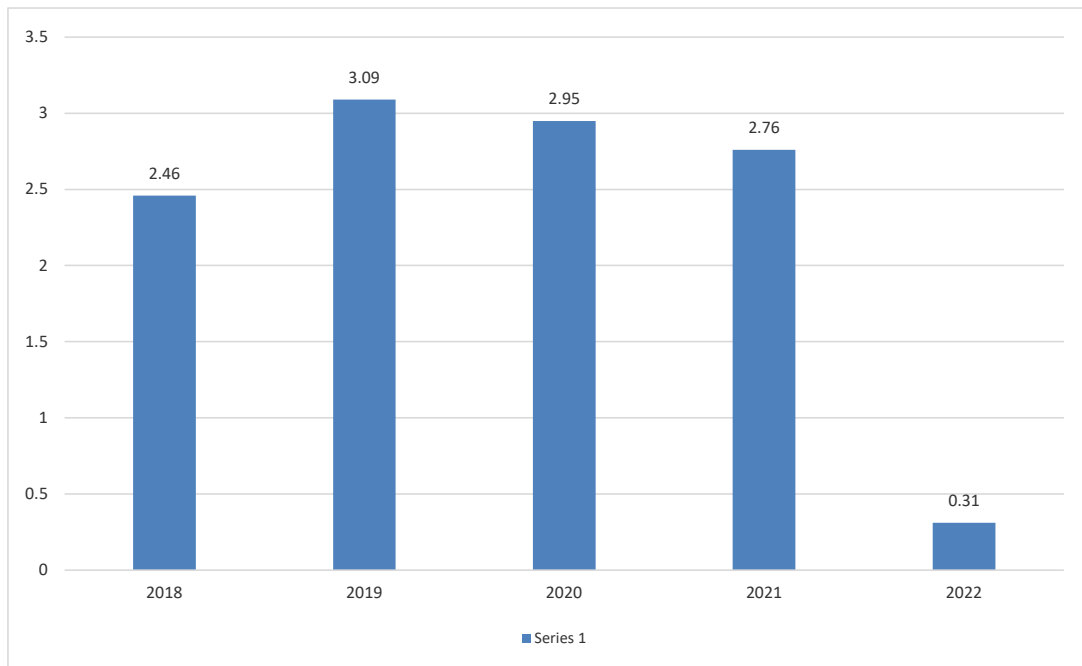
TABLE-4.9

DEBTORS TURNOVER RATIO

(In Lakhs)

Year	Total Sales	Account Receivables	Debtors Turnover Ratio
2018	27,72,200	11,28,000	2.46
2019	36,98,000	11,95,000	3.09
2020	35,93,000	12,19,000	2.95
2021	32,10,000	11,62,000	2.76
2022	4,56,500	14,87,000	0.31

CHART-4.9
DEBTORS TURNOVER RATIO



INTERPRETATION:

From the date of interpretation, it is observed that both the rates & accounts receivable increased in the year 2019 and the division was in a very good portion regarding the collection but in the following year due to an increase in the number of average payables the ratio has come down drastically.

4.10. DEBITORS COLLECTION PERIOD:

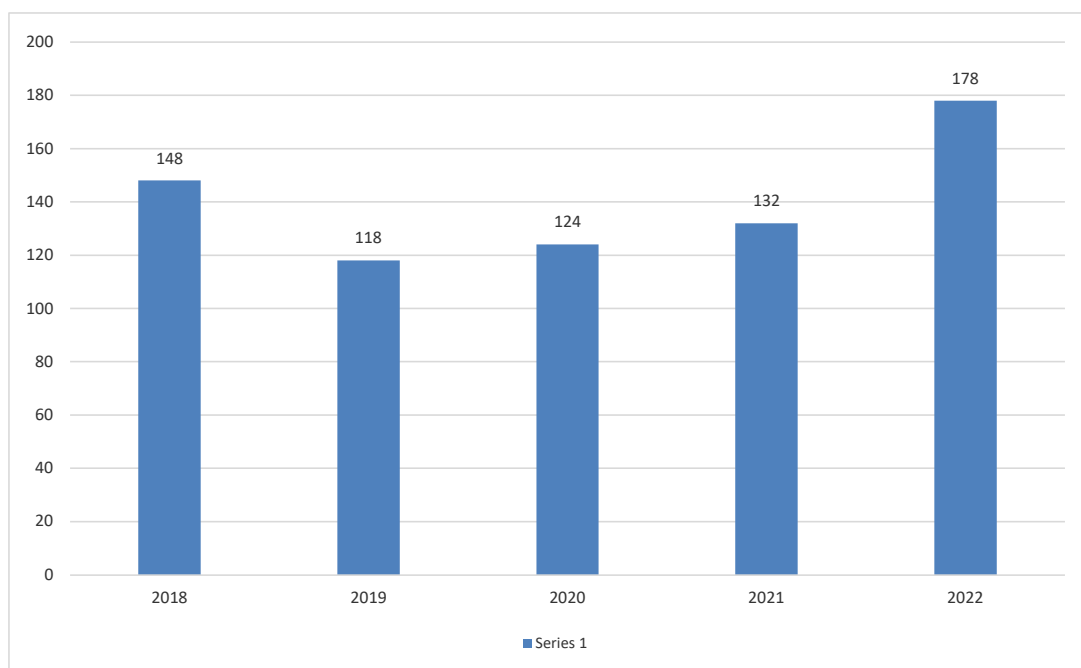
Their ratio indicates the extent to which the debts have been collected in time it gives the average debt collection period the ratio is very helpful to the lenders because it explains to them whether borrowers are collating money in a reasonable time an increase in the period reflects greater blockage of funds in debtors a very long collection period would imply either power credit selection or and inadequate collection effort.

TABLE-4.10
DEBTORS COLLECTION PERIOD

(In Lakhs)

Year	No of Days	Debtors Turnover Ratio	Debtors Collection Period in Days
2018	364	2.46	148
2019	365	3.09	118
2020	365	2.95	124
2021	365	2.76	132
2022	365	2.05	178

CHART-4.10
DEBTORS COLLECTION PERIOD



INTERPRETATION

During the year 2018-2019, the average collection period is very low which indicates the better quality of debtors as the quick payments by them within a short period

During the year 2019-2022, the average collection period is very high which indicates the inefficient performance of the debtor as by late payments.

4.11 CASH FLOW STATEMENT OF UNIDOT FOR THE YEAR 2019

PARTICULARS	AMOUNT
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit/Loss Before Taxation	10,02,600
ADD: Depreciation	85,000
ADD: Finance Cost	9,17,600
ADD: Decrease in inventories	1,58,000
LESS: Increase in Debtors	10,75,600
Cash generated from operations	3,82,000
LESS: Tax	(67,000)
NET CASH FLOW FROM OPERATING ACTIVITIES	
Cash flow from investing activities:	13,90,600
LESS: Purchase of assets	22,000

	13,68,600
LESS: Cash receipts from loans and advances	
	(1,08,000)
Cash flow from investing activities	
	12,60,600
CASH FLOW FROM INVESTING ACTIVITIES:	
Proceeds from the issue of shares	(68,000)
	11,92,600
NET INCREASE IN CASH	
CASH AND CASH EQUIVALENT IN THE BEGINNING	
	2,69,000
CASH AND CASH EQUIVALENT AT THE END	
	9,22,600
	53,000
	8,69,600

4.12 CASH FLOW STATEMENT OF UNIDOT FOR THE YEAR 2020

PARTICULARS	AMOUNT
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit/Loss Before Taxation	1,50,600
ADD: Depreciation	71,000
ADD: Finance Cost	2,21,600
LESS: Increase in inventories	83,000
LESS: Increase in Debtors	
Add: Decrease in Bank	3,04,600
Cash generated from operations	(4,54,000)
LESS: Tax	(24,000)
	1,70,000
NET CASH FLOW FROM OPERATING ACTIVITIES	(3,400)
Cash flow from investing activities:	(13,000)
ADD: Sale of assets	
LESS: Cash receipts from loans and advances	(16,400)
Cash flow from investing activities	4,14,000
CASH FLOW FROM INVESTING ACTIVITIES:	
Proceeds from the issue of shares	3,97,600
	(99,000)

NET INCREASE IN CASH	2,98,600
CASH AND CASH EQUIVALENT IN THE BEGINNING	
CASH AND CASH EQUIVALENT AT THE END	3,90,000
	(91,400)
	1,50,000
	58,600

4.13 CASH FLOW STATEMENT OF UNIDOT FOR THE YEAR 2021

PARTICULARS	AMOUNT
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit/Loss Before Taxation	11,31,900
ADD: Depreciation	79,000
ADD: Finance Cost	12,10,000
Add: Decrease in inventories	82,000

Add: Decrease in Debtors	12,92,000
Add: Decrease in cash	4,67,000
Cash generated from operations	57,000
LESS: Tax	1,81,000
NET CASH FLOW FROM OPERATING ACTIVITIES	
Cash flow from investing activities:	19,97,000
	(4000)
Add: Sale of assets	
LESS: Cash receipts from loans and advances	19,93,000
Cash flow from investing activities	
	1,75,000
Proceeds from the issue of shares	(5,38,000)
	(3,63,000)
NET INCREASE IN CASH	2,84,000
CASH AND CASH EQUIVALENT IN THE BEGINNING	
CASH AND CASH EQUIVALENT AT THE END	(79,000)
	(79,000)
	1,81,000
	1,02,000

4.3. CALCULATION OF ACTUAL LIABILITY AND SOLVENCY POSITION

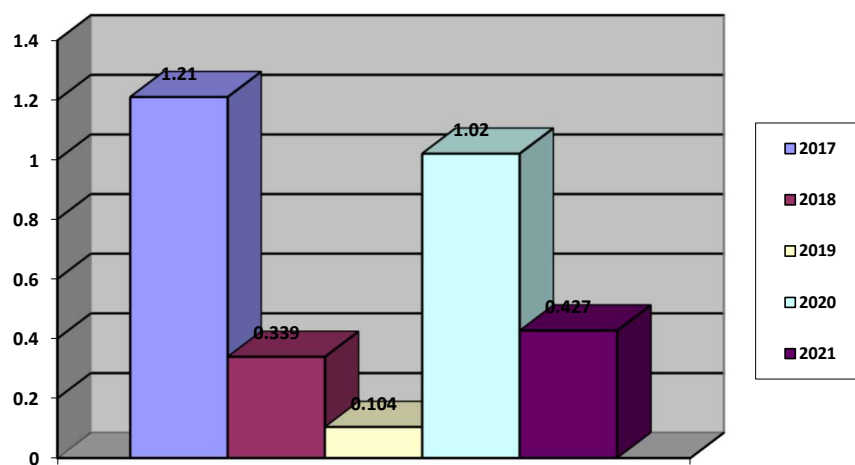
4.3.1. NET CASH FLOW TO CURRENT LIABILITY:

$$\text{NET CASH FLOW TO CURRENT LIABILITIES} = \frac{\text{NET PROFIT + NON-CASH EXP}}{\text{CURRENT LIABILITIES}}$$

TABLE 4.3.1:

S.NO	YEAR	NET PROFIT + NON-CASH EXP	CURRENT LIABILITIES	NET CASH FLOW TO CURRENT LIABILITIES
1	2018	9,86,600	8,11,000	1.21
2	2019	3,53,000	10,40,000	0.339
3	2020	1,20,600	11,63,000	0.104
4	2021	11,09,900	10,84,000	1.02
5	2022	7,03,800	16,48,000	0.427

CHART 4.3.1:



INFERENCE:

The higher the ratio, the greater the degree of liquidity and solvency of a firm and vice-versa. The company has shown a good position in the year 2018 and started declining in the following years. In the year 2022, the company has a lower degree of liquidity and solvency because of a decrease in net profit and non-cash expenses.

4.3.2. COVERAGE OF CURRENT LIABILITIES

Coverage of current liabilities refers to the product of turnover of current liabilities and profit margin. The following formula is used to calculate coverage of current liabilities

COVERAGE OF CURRENT LIABILITIES:

$$\text{TURNOVER OF CURRENT LIABILITIES} = \frac{\text{SALES}}{\text{CURRENT LIABILITIES}}$$

$$\text{PROFIT MARGIN} = \frac{\text{NET PROFIT}}{\text{SALES}}$$

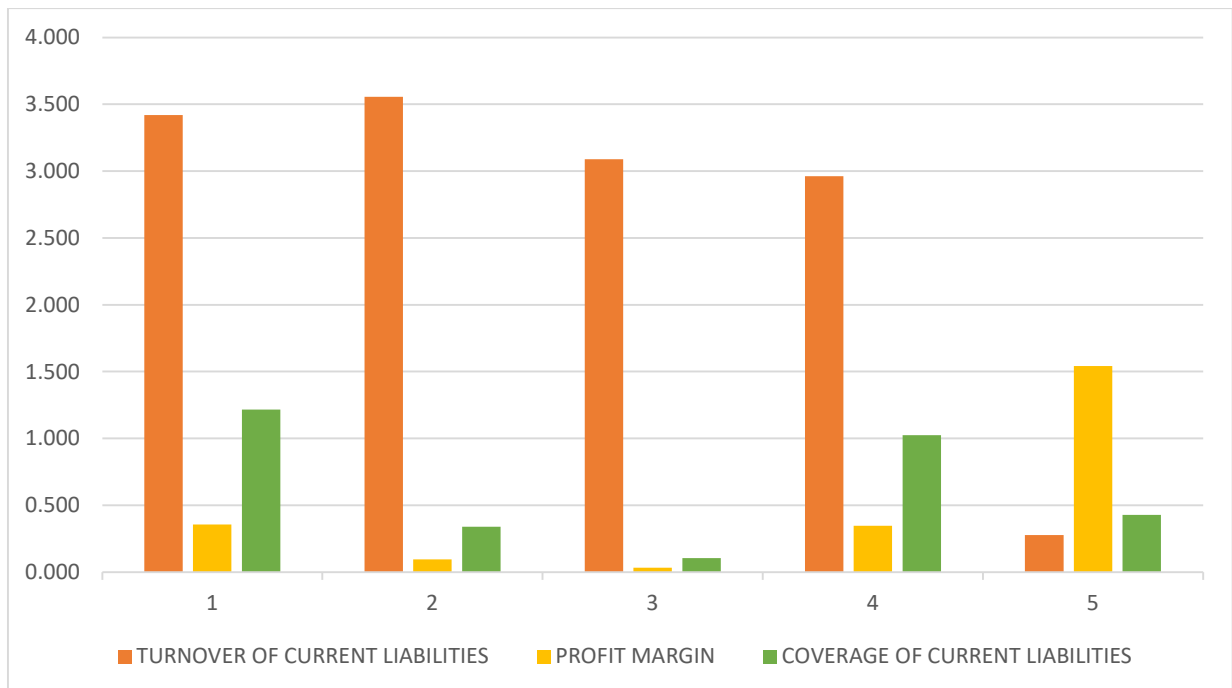
COVERAGE OF CURRENT LIABILITIES= TURNOVER OF CURRENT LIABILITY
* PROFIT MARGIN

CALCULATION FOR 5 YEARS:

TABLE 4.3.2:

S.NO	YEAR	TURNOVER OF CURRENT LIABILITIES	PROFIT MARGIN	COVERAGE OF CURRENT LIABILITIES
1	2018	3.418	0.356	1.2165
2	2019	3.556	0.095	0.3394
3	2020	3.089	0.034	0.1037
4	2021	2.961	0.346	1.0239
5	2022	0.277	1.542	0.4271

CHART 4.3.2:



INFERENCE:

Turnover of current liabilities has decreased consistently over the last five years, indicating that the company may be relying less on short-term debt to finance its operations. Overall, the company's financial performance has been somewhat inconsistent, with fluctuations in both profitability and the ability to cover its short-term debts.

CHAPTER V

FINDINGS, SUGGESTIONS, AND CONCLUSION

5.1 FINDINGS OF THE STUDY

1. The company is having sufficient cash management
2. Current Assets are in an increasing position.
3. Loans & Funds are decreases by year by year, which means that the company is in a profitable position
4. Current Assets are more than current Liabilities.
5. The working capital is negative working capital
6. Current liabilities are increased by every year.
7. Long-term liabilities increased by every year but in the Year 2021–2022 long-term liabilities decreased from 40,000 to 35,200.
8. The Quick Ratio > 1 shows the sound short-term solvency.
9. The suggested current ratio is 2:1. But it is not fixed as it varies. Here, in this case, the current ratio is more than 1 and it is enough to meet the current liability.
10. When Working capital is compared with net sales it is an increasing trend indicating the effective utilization of the net working capital.
11. The debtor's turnover ratio is high and it shows better trade credit management.
12. The debtor's collection period is very high which shows that there is a lack of trade credit management.
13. Debtor's collection is very high it showing the low betterment of collection of funds from debtors.
14. By creating the Profit and Loss statement it shows that the company has generated more revenue and its position is satisfactory.
15. It is understood that from the year 2018 to year 2019 there was a decrease in working capital position in the major circumstances this cleared that the company is trying to procure the funds all the time to compensate on wipe on the losses.
16. It is to be observed that the company's new worth is decreased considerably. Through this increase in procurement of secured loans.

17. The Increase in figures of sources and applications from the year 2020-2021 to the year 2021-2022 makes clear that the company is active in increasing or standardizing its operations

5.2 SUGGESTIONS AND RECOMMENDATIONS

1. The manpower needs to be assessed concerning production and sales. The excess of employees should be removed through various measures like VRS, retirement, and destructing the requirement of new employees.
2. Various global challenges are faced by every company in the present competitive environment and Unidot is not any exemption. To face the present global challenges the human resources department should be developed to improve various skills among the employees, especially motivational skills, and have regular training for the employees about various developments in the market.
3. The marketing department should be restructured on a profit center and product line basis. They should also make efforts to regain the defiance and railways and find new markets for expansion.
4. There is various development taking in the industry to change it the company should develop a full-fledged research and development department for bringing technological change and improvement in design and process.
5. The policy of developing new markets with the accreditation of ISO 9001 and C.E. making for certain products should be continuous as it will help in the development of the confidence of foreign buyers.
6. The sundry debtors should be efficiently managed so that the outstanding are to be cleared at short intervals. The company should appoint different areas on a success fee basis to collect the debtors.
7. The cost of holding inventory is too high so the inventory holding period is to be reduced and to build up inventory in anticipation of export orders from occasional clients.

8. The company has to make new joint ventures with other companies to reduce the losses.
9. The current assets should be managed more effectively to avoid unnecessary blocking of capital that could be used for other purposes.
10. The Working Capital requirement is to be assessed based on the norms circulated by RBI for the machine tools industry.
11. The company has maintained proper records showing full particulars, quantitative details, and solutions of fixed assets are indicated for major items in the register, management during the year has conducted a random verification in respect of fixed assets, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets.
12. The management has physically verified the stock of finished goods and works in progress at the end of the year.
13. In respect of service activities, there is a reasonable system for recording receipts issues and consumption of materials and stores and collection of

5.3 LIMITATIONS OF THE STUDY

- The study mainly depends on the secondary data taken from annual reports and internal records of the company.
- The figures taken from the financial statement for analysis were historical in nature.
- The study is confined to a short period of 4 months. This would not picture the exact position of the company
- In-depth, analysis of data is not possible due to time constraints.
- Some of the data has not been given by the company due to the maintenance of financial secrecy.

5.4 CONCLUSION

The company is performing exceptionally well due to the up wising in the global market followed by the domestic market. It is an upcoming one with good and innovative ideas and believed in improving all the areas of its operations. The company has a good liquidity position and does not delay its commitment in cash to both its creditors and debtors. The company is mostly dependent on the working capital facilities, it is maintaining a very good relationship with its banks and its working capital management is well balanced.

PROFIT AND LOSS ACCOUNT IN UNIDOT

PARTICULARS	2018	2019	2020	2021	2022
REVENUE:					
GROSS RECEIPTS	46,51,000	49,54,000	45,76,000	54,51,000	45,77,300
MISCELLANEOUS INCOME	-	-	400	-	-
TOTAL REVENUE	46,51,000	49,54,000	45,76,400	54,51,000	45,77,300
EXPENDITURE:					
Cost of Goods Sold	27,72,200	36,98,000	35,93,000	32,10,000	40,56,500
Administrative Expenses	5,90,000	6,00,000	8,97,000	8,48,100	9,17,000
Financial Charges	1,67,000	1,58,000	83,000	82,000	1,67,200
Selling Expenses	37,200	38,000	83,000	1,00,000	80,400
Depreciation	82,000	85,000	71,000	79,000	82,000
TOTAL EXPENDITURE	36,48,400	45,79,000	47,27,000	43,19,100	53,03,100
PROFIT/(LOSS)	10,02,600	3,75,000	1,50,600	11,31,900	7,25,800
LESS: Provision for Tax	11,000	7000	13,000	4000	15,000
Provision for fringe Benefit Tax	5000	15000	17,000	18,000	7000
PROFIT AFTER TAX	9,86,600	3,53,000	1,20,600	11,09,900	7,03,800

CONSOLIDATED BALANCE SHEET OF UNIDOT

FISCAL YEAR	2018	2019	2020	2021	2022
ASSETS					
CURRENT ASSETS:					
CASH	53,000	52,000	2,02,000	21,000	74,000
CASH AT BANK	2,39,000	4,47,000	2,77,000	2,59,000	2,31,000
STOCK	5,69,000	1,87,000	6,41,000	11,08,000	14,62,000
SUNDRY DEBTORS	11,28,000	11,95,000	12,19,000	11,62,000	14,87,000
TOTAL CURRENT ASSETS	19,89,000	18,81,000	23,39,000	25,50,000	32,54,000
FIXED ASSETS:					
GROSS BLOCK-DEPRECIATION	6,13,000	6,13,000	5,69,000	5,33,000	4,48,000
TOTAL FIXED ASSETS	6,13,000	6,13,000	5,69,000	5,33,000	4,48,000
TOTAL ASSETS	26,02,000	24,94,000	29,08,000	30,83,000	37,02,000
LIABILITIES					
CAPITAL:					
SHARE CAPITAL	1,40,000	1,40,000	1,40,000	1,40,000	9,50,000

SHARE APPLICATION					
AD.	9,00,000	6,31,000	10,21,000	7,37,000	71,000
RESERVES AND SURPLUS	-	-	-	-	1,40,000
CURRENT LIABILITIES:					
CREDITORS	7,61,000	9,60,000	3,63,000	10,41,000	11,53,000
PROVISIONS	50,000	80,000	8,00,000	43,000	3,61,000
OTHERS	-	-	-	-	1,34,000
LOAN FUND:					
SECURED LOAN	7,51,000	6,83,000	5,84,000	11,22,000	8,63,000
UNSECURED LOAN	-	-	-	-	30,000
TOTAL LIABILITIES	26,02,000	24,94,000	29,08,000	30,83,000	37,02,000

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