

A STUDY ON ASSET LIABILITY MANAGEMENT IN ARAVIND CERAMICS PRIVATE LIMITED, CHENNAI

Submitted in partial fulfillment of the requirements for the award of Degree in

MASTER OF BUSINESS ADMINISTRATION

BY

SANTHOSH .C

Register No.41410273



DEPARTMENT OF BUSINESS ADMINISTRATION

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

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MAY 2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **SANTHOSH.C 41410273** who carried out the project entitled "**A Study on Asset Liability management in Aravind ceramics private limited, Chennai**" under my supervision from January 2023 to March 2023.

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DECLARATION

I **SANTHOSH.C (41410273)** hereby declare that the Project Report entitled “**A study on Asset Liability management in Aravind ceramics private limited, Chennai**” done by me under the guidance of **DR .SHEEBA.T** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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Santhosh

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ABSTRACT

Asset Liability Management is a comprehensive and dynamic framework for measuring, monitoring and managing the market risk of a company. The ALM functions extend to liquidity risk management, management of market risk, trading risk management, funding and capital planning and profit planning and growth projection. The main objective of the present study is to identify the individual ratios which are affecting the assets and liability of the concern. This paper examines management of asset-liability in Aravind Ceramics Private Limited, Chennai during from 2017-18 to 2021-22. The main objective is, to understand the problems involved in maintaining and managing assets and liabilities. The present study has been conducted on the basis of secondary data and is descriptive in its nature. The study period was confined to a period of five financial years from 2017-18 to 2021-2022. The required secondary data for the study was collected through different websites, annual reports of Aravind Ceramics Private Limited and different journals. To make the analysis meaningful advanced statistical tools like – Ratios and percentages were applied. The major findings are: Capital turnover ratio of the company was satisfactory. The cash ratio has not been maintained according to the standard, the cash has been maintained less than the standard which indicates that company should maintain more cash balance. The net profit has been maintained in the increasing rate which shows that the company has performing well during the study period. From the study it is clear that the company looks forward to generate a more favorable service in the near future.

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CHAPTER I

INTRODUCTION

1.1 INTRODUCTION OF THE STUDY

Asset Liability Management (ALM)

Asset Liability Management is managing infrastructure asset to minimize the total cost of owning and operating them while continuously delivering the service levels customer's desire. It is a comprehensive and structured approach to the long term management of asset. It refers to a systematic process of effectively maintaining, upgrading and operating assets, combining engineering principles with sound business practice and economic rational and providing the tools to facilitate a more organized and flexible approach for making decision necessary to achieve expectations of stake holders and the public.

It involves the management of assets, such as investments or property. Liability management is the flip side of the coin the management of debts, loans and mortgages. For example:- Most people and indeed companies have a mixture of asset and liabilities in order to maximize their returns or wealth.

In its simplest form, your balance sheet can be divided into two categories: assets and liabilities. Assets are the items your company owns that can provide future economic benefit. Liabilities are what you owe other parties. In short, assets put money in your pocket, and liabilities take money out. Asset Liability Management in practical terms amounts to management of total balance sheet items, its size and quality. It involves conscious decisions with regard to asset liability structure in order to maximize interest earnings within the frame work of perceived risk with quantification of risk.

ALM encompasses the process of managing Net interest Margin (NIM), within the overall risk. It calls for an integrated approach to decision making with regard to type (demand/time maturities) and size (portfolios) of financial assets and liabilities and their mix and volumes (turnover). The success of ALM hinges on matching of assets and liabilities in terms of Rate and maturity to optimize the yield and maintain/improve the NIM.

Assets in Accounting

Assets are defined as resources that help generate profit in your business. You have some control over it. To make your famous cream cake, you need your oven. These two things are examples of assets.

To be an asset it has to satisfy three requirements:

- It's something you have control over
- You have control as a result of a past event
- It has a future economic benefit

Liabilities in Accounting

Liability is defined as obligations that your business needs to fulfill. In simple words, Liability means credit. A liability, in general, is an obligation to, or something that you owe somebody else. Liabilities are defined as a company's legal financial debts or obligations that arise during the course of business operations. They can be limited, or unlimited liability. Liabilities are settled over time through the transfer of economic benefits including money, goods, or services. Recorded on the right side of the balance sheet, liabilities include loans, accounts payable, mortgages, deferred revenues, earned premiums, unearned premiums, and accrued expenses. Even marriages can change your liability.

A liability requires three things:

- Presents the business with an obligation
- The Obligation is a result of past events
- Settling the obligation will require an outflow of valuable resources

Assets vs. Liabilities

Assets add value to your company and increase your company's equity, while liabilities decrease your company's value and equity. The more your assets outweigh your liabilities, the stronger the financial health of your business. But if you find yourself with more liabilities than assets, you may be on the cusp of going out of business.

Examples of assets are -

- Cash
- Investments
- Inventory
- Office equipment
- Machinery
- Real estate
- Company-owned vehicles

Examples of liabilities are -

- Bank debt
- Mortgage debt
- Money owed to suppliers (accounts payable)
- Wages owed
- Taxes owed

Liquidity

Assets are often grouped based on their liquidity or how quickly the asset can be turned into cash. The most liquid asset on your balance sheet is cash since it can be used immediately to pay a liability. The opposite is an illiquid asset like a factory, because the selling process (converting the property to cash) will likely be lengthy. The most liquid assets are called current assets. These assets can be converted to cash in less than a year and include cash, marketable securities, inventory, and accounts receivable. These assets generate revenue for your company.

Non-liquid assets are grouped together into the category of fixed assets. These include real estate, vehicles, and machinery. Fixed assets are owned by your company and contribute to the income but are not consumed in the income generating process and are not held for cash conversion purposes. Fixed assets are tangible items usually requiring significant cash outlay and lasting for an extended period of time.

Classification of Assets and Liabilities

Difference between assets and liabilities is assets gives you future financial benefit, and on the other hand, liabilities will give you a future obligation. The proportion of assets to liabilities should always be higher. The difference between assets and liabilities is your equity in the company. We classify these assets and liabilities into different parts. This classification of assets and liabilities helps in arranging assets and liabilities in a proper manner in the balance sheet.

Classification Of Assets:

1. Fixed Assets
2. Current Assets
3. Liquid Assets
4. Wasting Assets
5. Intangible Assets
6. Fictitious Assets

1.Fixed Assets:

Fixed Assets are those assets which are not to be sold by the firm and to be used for a long period of time, such types of assets are also known as Long-term Assets. For example, land and building, plant and machinery, vehicles, equipment, patents, trademarks etc, are examples of Fixed Assets.

Browse more Topics under Preparation Of Final Accounts Of Sole Proprietor

- Trading and Profit and Loss Account
- Balance Sheet
- Adjustment Entries
- Closing Entries

- Manufacturing Account
- Limitations of Financial Statements

2. Current assets:

Current assets are those assets which can be converted into cash easily from the market. Generally within a year. For example cash in hand, cash at bank, trade receivables, inventory, etc.

3. Liquid Assets:

Liquid Assets are those which are already in the form of cash or can easily be convertible into cash and has a negligible effect on the price available in the market. For example marketable securities, government bonds, certificates of deposits etc.

4. Wasting Assets:

Wasting Assets are the assets that have a useful life and as we use it depreciates with the time and after some time or years, it becomes useless. For example Natural resources such as gas, timber, coal. The value of these assets goes down as we take out the contents. And when we take out these completely, it will become useless.

5. Intangible assets:

Intangible Assets are the assets which cannot be seen or touched. These are not necessarily useless. For example goodwill, patents, copyrights, etc.

6. Fictitious Assets:

The assets which are valueless but are shown in the financial statements or the expenses which are treated as assets are known as Fictitious Assets. For example, preliminary expenses which incur at the time of establishment of the company.

Classification of Liabilities:

We can classify the liabilities into three parts. These are:

1. Long-term liabilities
2. Fixed Liabilities
3. Current Liabilities
4. Contingent Liabilities

1. Long-term liabilities:

Long-term liabilities are those which exist for one or more than one year. For example a long-term loan from the bank.

2. Fixed Liabilities:

Liabilities which are paid at the time of termination of the business are known as Fixed Liabilities. For example proprietor's capital.

3. Current liabilities:

Current liabilities or short-term liabilities are those which are to be settled within a year. For example trade payables, creditors, outstanding expenses, etc.

4. Contingent Liabilities:

Liabilities which are not actual liabilities but these can become the actual liability and it depends on the happening of certain events.

Advantages of Liabilities

- A company's liabilities are critical factors in any industry in which it is involved to assess the viability of any company.
- Economists, creditors, investors, etc all regard a business entity's current liabilities as an important indicator of its fiscal health.

- One aspect of liabilities are associated with working capital. Working capital refers to the dollar difference between total current liabilities and total current assets.
- Long-term liabilities show long term solvency of the organization i.e its ability to pay off his long term debt.
- A small business owner must not eliminate all liabilities. It can be one of the most important tools for building a small business thus increases the value of the company. Liability can be used for purchasing necessary equipment or buying computer systems.
- Some liabilities have low-interest rates or have no interest rates associated with them. Some of a company's accounts payable may allow payment in 30 days, so, it is better to have the liability and to keep cash in the bank until those credits become due.
- Liabilities help us to upgrade our living standards. Houses of many middle-class people are purchased with a down payment and mortgage loan. This mortgage loan liability is a good thing.

Disadvantages of Liabilities

- Repayment: The sole obligation to the lender is to make payments, even if the business fails.
- High rates: Some liability have a high-interest rate. Some macroeconomic conditions, history with the banks, business credit rating and personal credit history may be responsible for such high rates.
- Impacts on your credit rating: A practice called “levering up” is bringing on debt when the firm needs money, such loan gets noted on credit report and affects credit rating.
- Cash and collateral: Business has to generate sufficient cash flow by the time repayment of the loan is scheduled to begin. In most cases, collateral is taken to protect the lender in the event of defaulter of payment.

- Financial Crisis: Too much dependency on liability can be harmful to the financials of the organization. Even, they can cause financial hardships.
- Fundamental investors prefer companies with lesser liabilities as compared to assets. Usually, companies that owe more money than they bring in business are in trouble situations and are not considered by investors. So, excess liabilities can be harmful in this sense also.

1.2 INDUSTRY PROFILE

Tiles & Ceramics Industry

Apart from their decorative looks, Ceramic Tiles are primarily hygiene products and that is how our broad spectrum of consumers view the product. This is fairly evident from its varied usage from bathrooms and kitchens in average Indian households to medical centers, labs, milk booths, schools, public conveniences, shopping malls and numerous other centers; which dot our day to day life. A ceramic tile is basically a "utility product" and that remains our promotional slogan. Popular housing projects are increasingly switching over to Ceramic Tiles moving away from the traditional use mosaic and even granite or marble, owing to several factors viz. ease in laying ability, versatility, low price and hygiene.

Nevertheless, this decorative aspect of a Ceramic Tiles has forever been in the forefront. Heavy churning out of bolder and colorful designs by the industry are testament to the fact that most households regard a ceramic tile as an "adornment" for an otherwise "drab look" of their age-old floorings or an unfurnished wall.

Ceramic tiles as a product segment has grown to a sizeable chunk today at approximately 680 Millions Square meters production per annum. However, the potential seems to be great, particularly as the housing sector, retail, IT & BPO sectors have been witnessing an unprecedented boom in recent times.

The key drivers for the ceramic tiles in India are the boom in housing sector coupled by government policies fuelling strong growth in housing sector. The retail boom in the Indian economy has also influenced the demand for higher end products.

Overall the bullish growth estimates in the Indian economy has significantly influenced the growth of the Indian Ceramic tile industry.

The main product segments are the Wall tile, Floor tile, Vitrified tile and Industrial tile segments. The market shares (in value terms) are 20%, 23% 50%, and 7% respectively for Wall, Floor, Vitrified, and Industrial tiles. The tiles are available in a wide variety of designs, textures and surface effects. They cater to tastes as varied from rustics to contemporary marble designs in super glossy mirror finishes.

Both, traditional methods of manufacturing (tunnel) and the latest single fast firing methods are deployed in manufacturing. Some of the latest trends in manufacturing methods can be seen in India. The industry also enjoys the unique distinction of being highly indigenous with an abundance of raw materials, technical skills, infrastructural facilities despite being fairly capital intensive. A total of over 5,50,000 people are employed in the sector. Out of this, 50,000 people are directly employed and 5,00,000 are indirectly associated. The potential is huge considering the per capita consumption of ceramic tiles in India. Currently it is at 0.50 square meters per person in comparison to over 2 square meters per person for like countries like China, Brazil and Malaysia

As a foreign exchange earner or a global player, Indian Tile industry has captured the attention of the world in the ceramic tiles segment. To compete internationally, our plants must be geared up to large units currently operating in China and Turkey are driven by economies of scale. These will also help us in lowering our cost of production significantly. Also, infrastructural support is a key factor that determines the speed of growth. Better infrastructure will bring in better growth in terms of consistency and sustenance. Freight, supply of power and gas remains the key cost-related issues impacting the industry. Availability, consistent supply and reasonable rates are extremely important for the growth of the ceramic tile industry.

Also, the prevailing anomalies pertaining to Basic Customs Duty on import of ceramic tiles from China and raw materials imported from abroad need to be corrected to prevent dumping of tiles from China. Rural thrust should be enhanced by favorable excise duty and MRP structure.

Current status of the Industry

The ceramic tiles industry in India has followed similar trends internationally which have been characterized by excess capacities and falling margins. Countries like Malaysia, Thailand, Indonesia, Sri Lanka and Vietnam are setting up their own plants. China has emerged as a major competitor. Producers from Spain and Italy have the advantage of lower transportation costs while exporting to USA and Germany. In India, the per capita consumption is as low as 0.50 square meters per person compared to China (2.6 square meters per person), Europe (5 to 6 square meters per person) or Brazil (3.4 square meters per person). Rising disposable incomes of the growing middle class and 40 million units of housing shortage hold out a great potential.

A major change that took over the ceramic tiles industry, was the introduction of vitrified and porcelain tiles. These new entrant product types are said to be the tiles of the future. Internationally these tiles are already the major sellers. These category of products account for almost 50% of total tile sales by value in this industry. These new products and the conventional wall & floor tiles have together made the organized industry grow to a formidable Rs. 7,200 crores industry. This coupled with a spate of expansions by many players make the industry look very promising in the future.

The Indian Industry has developed an export market although at the lower end. In volume it constitutes less than half a percent of the global market. (Presently India does not figure in the list of major exporting countries). But this reality could change as Indian exports are rising at an accelerating growth annually. The top-end of the global export market is presently dominated by China (36.8%) and Italy (15.1%)

Sector importance

Ceramic Industry in India is about 100 years old and has played a major role in the progress of humankind. It comprises mainly ceramic tiles; sanitary ware & tableware. Ceramic products are manufactured both in organized and unorganized sector with wide variation in type, size, quality and standard. As on 2012, India's share of world production is 600 MSM and ranks at 3rd position in the world in terms of production. Global industry growth rate is 11% and growth rate in India domestic market is 15% as on 2012. A total of over 5, 50, 000 people are employed in the sector.

Ceramic sector makes an important contribution to the economy, housing sector, export earnings and employment of India. With the growth in the housing sector the demand of ceramics is expected to increase considering the competitiveness of Indian tiles in the international market. The potential is huge considering the present per capita consumption (0.50 square meters per person) of ceramic tiles in India in comparison to over 2 square meters per person for countries like China, Brazil and Malaysia.

Global tile industry

During the period from 2001 to 2011, total ceramics trade grew at a CAGR of 7.56%, from US\$ 39.6 billion to US\$ 87.9 billion. During the period exports increased from US\$ 19.8 billion to US\$ 44.6 billion (CAGR of 7.74%), while imports increased from US\$ 19.9 billion to US\$ 43.2 billion (CAGR of 7.38%). China is the largest trader of ceramics in the world, with total trade of US\$ 14.7 billion during 2011, followed by US and Germany, Italy with total trade of US\$ 7.4 billion, US\$ 7.0 billion and US\$ 6.18 billion, respectively.

Present scenario

Over the years, the industry has been modernizing through new innovations in product profile, quality and design to emerge as a modern, world -class industry, to take on global competition. The Indian Ceramic Industry ranks at 3rd position in the world and produces around 6.3 % of global output as on 2013.

Growth in past and future prospective

Global tiles market has witnessed ups and downs in the last few years due to 2009 crisis. However, the global tiles market has shown an upward trend since 2010 with the major demand coming from emerging economies. The growing real estate market in countries such as Brazil, India, China and Indonesia has led to the demand for tiles. During 2011, India was the 20th largest ceramic trading nation in the world and accounted for a share of around 1% in total ceramics trade. During the period, from 2001 to 2011, India's ceramics trade increased from US\$ 143 million to US\$ 984 million at a CAGR of 23.4%. The increase in trade was led by rise in imports, which increased, from US\$ 68.7 million in 2001 to US\$ 750.9 million in 2011, at a CAGR of

26.3%. India's ceramic exports on the other hand increased at a CAGR of 11.6%, from US\$ 82.3 million to US\$ 233.3 million.

1.3 COMPANY PROFILE

Establishment

Aravind Ceramics partnership firm was born in the year of 1996 and transformed to Aravind Ceramics Private Ltd. by the year 2012. Aravind Ceramic Industries Ltd. was established in the year of 2006 for Manufacturing Vitrified Tiles under the brand ANUJ. Within a short span of time, it has become the preferred brand to be reckoned in the tile industry with an overwhelming response across the market. At Aravind Ceramic Industries, it focuses highly on support, service, quality and trust.



The brand- Anuj Tiles

Anuj Tiles is the only brand in South India to market 100% of its production entirely to the existing Market and has become a brand synonymous to the Tile Industry. Apart from the initially installed capacity of 6000 square meters, we have successfully increase our production capacity to 1500 square meters and are planning

to the upcoming years. At Aravind Ceramic Industries Ltd., quality comes first, followed by trust.

ANUJ has some of the finest infrastructure in the country for manufacturing a wide and exclusive range of tile products. Fully automatic, State of the Art, German block making plant with automated material handling systems, Sophisticated Batching and Imported mixing plants. Quality equipment's for moisture control Varied Manufacturing lines include Vibropresses, Hermetic Presses, Wet Cast, Dry cast etc. Several processing and finishing lines are erected for finishing and secondary processing like grinding, shot-blasting, sealing etc. are to concrete pavings and tiles completion. In-house Testing Laboratory for Compressive, Transverse, Water Absorption and Abrasion Resistance Tests, etc. with company owned fleet of transportation vehicles.

Mission and Vision

Business Mission

- Attain leadership position
- Create wealth
- Be the best in business

Business Vision

- Center of technological excellence
- Market leadership for electromechanical components in the industry.

Objectives

The main objective of Aravind Ceramics Company is to capture the major market share. Its motto is to satisfy the customers. Satisfying the customers or corporate client leads to capture major market share. It aims to provide customer care.

Further it aims to promote export to several areas. It wants to be a leading company in the industry.

Business Goal

- To attain a respected presence in the industry.
- To build progressive relationships.
- To improve organizational strength.
- To offer unique services.
- To understand customerizing of products.
- To fine tune competitive advantage.

VALUE

Aravind Ceramics offers great freight rates and in-stock shipping within three business days, as well as competitive pricing and fast turnaround on custom items.

EXPORTS:

A 100% Export Oriented Unit, it has been successfully catering to a loyal clientele across the globe. More than 100 containers are exported to UK, Europe and USA on a yearly basis, with a growing ambition to mark its presence in other countries as well. It believes that it is its performance, consistent quality, unerring delivery schedule, trained and skilled personnel, highly sophisticated machinery and a capable Management that has been instrumental in making its a globally recognized name.

At Aravind Ceramics s, it specializes in the production and export of carved stone products for memorials, finished granite slabs, granite blocks and other products. Its products come in all Indian premium colours as well as shades that conform to international standards.

- German
- France & Belgium
- UK
- USA & Canada
- Others

ISO

Complimenting its state-of-the-art equipment, is the ingrained obsession for quality, which has got the ISO 9001-2000 certification from "TUV NORD", Germany for Quality Management Systems.

Awards:

- KSPC: Productivity award -1983, 1989.
- Indian Institute of Materials Management – 2nd price in the store management competition..
- National Institute of Quality and Reliability – 1991.
- KSIDC – Award for excellence in Kerala Chapter – 1999.
- National Safety Council of India – Industry Safety Awards – 2003, 2004.

Infrastructure

It has a well-established infrastructure that includes all the advanced machineries and equipment's, those required in manufacturing. Its state-of-the-art plant for cutting and polishing improves the quality of products. Its processing units are equipped with various machineries like gang saw, dressing machine, edge polishing machines, polishing machines, and edge cutting machines to provide top-notch products to its customers. Its distribution network and headquarters are located in the city of Chennai.

Growth

Aravind Ceramics is poised for continuous growth and market dominance because of the vibrant leadership qualities from the top management. The management has taken significant steps to renew and refresh the core business of tile production for future, and innovative patterns for current market.

Plan

The Company's immediate plan is "To provide consistent quality service to our valuable customers". The strength of the company lies in its strong inattentiveness. It endeavors to achieve customer satisfaction through continuous innovation and by delivering current trends to the customers, cost effectively.

With a wide and deep penetration on tile market, backed with more than two decades of experience in the tile industry and with the support of all its endless list of clients and dealers, it is certain that in the near future Anuj Tiles shall set standards to the Indian tiles industry and take the industry to new heights.

Distribution network

Its distribution network is one of the largest in the region comprising of 1500+ dealers spread across South India. It also have depots and showrooms in major towns across the state. Its manufacturing unit is located at Uthiramerur, near Chennai. Our plant is ISO compliant with 9001: 2008 & 9001:2015 certifications, which are granted for our excellency in quality, service & safety standards.

Its Services

An external communication network links the organization to the world full of customers and suppliers representatives. Sometimes these external links are orchestrated carefully, specially during a crisis. At Anuj Tiles, it follows these Communication Channels to maintain a healthy relationship with our Customers, Consumers and Suppliers.

1996

- Birth of Aravind Ceramics partnership firm, specialized tiles & sanitary ware product trading company.
- Growth over the chennai city and neighboring towns.
- Expansion over various cities, towns and villages around Tamil Nadu.

2001

- Aravind ceramics(AC) grew up to be the leader in Tamil Nadu, with dealer sales, by volume.

2006

- AC established a new brand – Anuj Tiles and laid foundation for new company – Aravind Ceramic Industries Limited(ACIL).

2008

- Started manufacturing and turned out to be the first manufacturer in the state of Tamil Nadu.

2012

- The AC trading company partnership changed, and created the new Aravind Ceramics Private Ltd(ACPL).

2013

- ACIL initiated to manufacturing of Parking Tiles and, accommodated a new line for the 2nd KILN.

2015

- ACIL added Digital printing machines, housed a new line for 3rd KILN and produced the new PGVT/GVT.

2016

- ACIL added a digital machine and started manufacturing Digital Parking Tiles.

2017

- Holding the only manufacturing facility in the state of Tamil Nadu and producing a leading product Anuj Tiles, specially for South Indian market.

2018

- ACIL, Factory at Uthiramerur. ACPL, Corporate office in Porur, procurement office in Morbi – Gujarat. Depots at Coimbatore, Tirunelveli, & Oonamalai. Showrooms around Tamil Nadu and customers globally.

BOARD OF DIRECTORS

The directors of Aravind Ceramics are,

- 1. Aravindbabu Kumar – Director**
- 2. Anujbabu Kumar – Director**
- 3. Ramanuja Reddiar Kumar - Managing Director**
- 4. Gayathri Kumar - Director**

1.4 STATEMENT OF THE PROBLEM

Asset and liability management is a new technique to build a framework to perform better and to take best decisions. Asset and liabilities management become essential tools to evaluate the risk facing by the company in maintaining asset and liability to ensure profitability of the business. Assessing the quality of assets play a vital role in progress and development of performance of the company, which may make a study of asset and liability management, is essential and significant.

1.5 OBJECTIVES OF THE STUDY

Primary objective:

To study on the Asset Liability Management in Aravind Ceramics Private Limited, Chennai during from 2017-18 to 2021-22.

Secondary objective:

- To compare the Asset and Liability variance.
- To study the impact of ALM on the profitability of the company.
- To identify the Asset Liability performance of the company.

1.6 NEED FOR THE STUDY

The success of any company depends upon the fact that how efficiently it uses its assets and maintains sound solvency position. This is possible only with help of effective Asset and Liability Management (ALM). In financial statements, assets and liabilities can describe the financial position of an organization or company. Assets and liabilities that are well-managed can boost the profits of a company. By raising net interest revenue, an effective asset management policy framework can help companies increase their profitability. Therefore, the company needs to understand a good asset-liability management to be able to mitigate the risk. For this reason, the organization or company must be able to optimally manage its assets and liabilities through the determination of a reliable strategy to achieve business performance based on its scale and complexity.

1.7 SCOPE OF THE STUDY

- The study is conducted in Aravind Ceramics Private Limited , Chennai.
- This study will be helpful to know in managing the asset liability management & the profitability of management.
- This study also suggests the ways and means for improving the asset management in the company.
- It also helps to know the proper management of asset & liability management.
- This study is helpful to know the financial performance of the company.
- The secondary data is used in this study that is last five years balance sheet and profit loss accounts of the company during from 2017-18 to 2021-22.
- The prime importance of the study is to analyze the maintenance of asset and liability.
- To have practical knowledge of asset and liability management in the company.

1.8 PRODUCT PROFILE

Floor tiles

- Digital Parking
- Nano Collection
- Bathroom Floor Collection
- Ceramic Collection

Digital Wall Tiles

- Bathroom Collection
- Elevation Collection
- Kitchen Collection

Glass Bowl Collection

Glass Picture Collection

Poster Collection

- Digital Glossy Collection
- Digital Matt Collection

Step Tile Collection

Rangoli Collection

CHAPTER II

REVIEW OF LITERATURE

Taimur(2014) Examined the asset and liability management of 8 Ethiopian Banks from 2005-2010 by adopting the Statistical Cost Accounting (SCA) model. It is found that the asset and liability management and customer deposit management showed a positive and significant impact on profitability. Growth in GDP had a negative impact on profitability. The study recommended increase in public awareness to mobilize more savings. The present study focused on determining the extent of association between asset liability management and profitability of select Indian commercial banks .To study the relationship, select variables from Camel model have been selected to assess the relative financial strength of banks . In India, RBI adopted this approach in 1996 followed on the recommendations of Padmanabham Working Group (1995) committee.

Taimur Belete, (2014), “ Asset Liability Management and Commercial Banks Profitability in Ethiopia”,Research Journal of Finance and Accounting, Volume:4, No:10, 2014

Amit Kumar Meena and JoydipDhar (2014) research focused on the analysis and comparison of liquidity ratios and asset liability management practiced in top three banks from public, private and foreign sector in India. The analysis was based upon the liquidity ratios calculation and the determination of maturity gap profiles for the banks under study. The results of this study suggested that overall banks in India have very good short term liquidity position and all banks were financing their short term liabilities by their long term assets.

Amit Kumar Meena and JoydipDhar(2014), “An Empirical Analysis and Comparative Study of Liquidity Ratios and Asset-Liability Management of Banks Operating in India”, International Journal of Social, Human Science and Engineering, Volume:8, pp-358-363

Anurag B Singh (2014) study indicates that Asset-Liability Management (ALM) was a comprehensive and dynamic framework for measuring, monitoring and managing the market risk of a bank. The study attempted to evaluate the changing

perspectives of the banks in identifying and facing the risks and maintaining Asset Quality so as to ensure profitability with the help of ALM techniques.

Anurag B Singh and PriyankaTandon (2012), “Asset - Liability Management in Indian Banking Industry” Asia Pacific Journal of Marketing & Management Review,Vol.1, No. 3, pp.121-132.

Vaidya, P (2014) examined the profitability indicators of 22 public and private commercial banks of Pakistan explored in 2006-2009. The return on assets (ROA) and return on equity (ROE) are used as profitability measures to determine the affect of bank-specific and macroeconomic indicators on profitability using descriptive, correlation and regression analysis. It was observed that efficient asset management and economic growth establish positive and significant relation with profitability in both models (measured by ROA & ROE). The high credit risk and capitalization lead to lower profitability measured by return on assets (ROA). The operating efficiency exhibited higher profitability level as measured by return on equity.

Vaidya, P and Shahi, A (2014), “Asset Liability Management in Indian Banks,”, Engineering and Technology International Journal of Economics and Management Engineering Vol:8, No:1, 2014 348 International Scholarly

Sheela (2014) examined the effect of ALM on commercial banks profitability taking into consideration two public sector banks. The multivariate statistical technique and ratio analysis was used to study the nature and strength of relationship between assets and liabilities. It is found that the two banks have a good ALM framework in practice. The study also indicated a strong relationship between fixed assets and net worth for the select banks.

Sheela.P,Tejaswini. B, (2015), “ Asset Liability Management - A Comparative Study of a Public and Private Sector Bank”, International Research Journal of Business and Management,Volume:8, Issue :1,2015.

Amit Kumar Meena, Joydip Dhar(2014) investigated the impact of ALM policy on the profitability of banks working in Bangladesh. The study applied the Statistical Cost Accounting Model to examine the degree of relationship between select asset and liability variable with profitability using time series data for the period 2003-

2014. The study found that loans and advances have a significant positive relationship with banks profitability. It was opined that an optimum asset liability portfolio mix is essential to overcome the mismanagement in the banking sector of Bangladesh.

Amit Kumar Meena, Joydip Dhar(2014) An Empirical Analysis and Comparative Study of Liquidity Ratios and AssetLiability Management of Banks Operating In India , World Academy of Science, Engineering and Technology International Journal of Economics and Management Engineering, Vol:8, No:1, 2014.

Kanhaiya Singh (2014) analyzed the impact of measures and strategies banks undertook to manage the composition of asset-liability and its impact on their performance in general and profitability in particular. There are serious attempts by banks to minimize the asset liability mismatch since the implementation of RBI guidelines in 1997. The study suggested much scope for banks to improve profitability by monitoring and reducing short term liquidity.

Kavitha (2012) “Asset and Liability Management of Scheduled Commercial Banks”, IJMT, Volume 2, Issue 4, pp. 20-44.

Prathap B N (2014) as their research indicated ALM in Indian banking system was concerned, it is still in a nascent stage. Against this backdrop, the objective of the research was to study and analyze the status of ALM approach in the Indian banking system. The study also indicates a strong relationship between fixed assets and net worth for all groups of banks.

Prathap B N (2014) “An Empirical Study of Asset Liability Management by Indian Banks”, Asia Pacific Journal, Volume No: 2, Issue: 4, pp.1-10. 3. Amit Kumar Meena and JoydipDhar(2014), “An Empirical Analysis

Md. Salim Uddin, & Anamul Haque (2016) There is no underlying fact to ignore the importance of asset-liability management policy to ensure profitability and long-run sustainability of financial institutions in any economy. The study has been conducted to investigate the impacts of ALM policy on the profitability of sample banks working in Bangladesh. The rationality of this study is to observe the degree of relationship of different assets and liability variables with profitability through applying Statistical Cost Accounting (SCA) model using time series data from 2003 to 2014. To identify the

relationship among the variables. After analysis, Loans & Advances is found to have a significant positive relationship with banks' profitability.

Dr. Md. Salim Uddin & Anamul Haque (2016) The Cost and Management ISSN 1817-5090, vol-44, no-4, July.

This paper considers a continuous-time mean-variance asset-liability management problem with incompletely observable information. An investor can only observe the prices of the asset and liability and the dynamics of the unobservable states of the underlying financial market is described by a hidden Markovian chain. The price of the risky asset is assumed to be governed by a hidden Markovian regime switching geometric Brownian motion and the liability is assumed to follow a hidden Markovian regime switching Brownian motion with drift, respectively. The appreciation rates of the risky asset and the liability are modulated by the hidden Markovian chain. By using the separation principle, the filtering-estimation problem and the mean-variance asset-liability management problem are discussed. The explicit expressions for the optimal asset-liability management strategy and the mean-variance efficient frontier are determined by using the stochastic maximum principle. The main feature of the regime switching models is that the states (or regimes) of the financial market are modeled by a Markovian chain and various parameters, such as the bank interest rate, the appreciation rates, and the volatilities of the underlying assets and liabilities, will be assigned different values under different market states.

Ling Zhang(2014) ,“Continuous-Time Mean-Variance Asset-Liability Management with Hidden Markovian Regime Switching”, Research Article, Volume 2014 |Article ID 140140

Mr. Chetan Shetty¹ Ms. Pooja Patel ², Ms. Nandini³ (2016) Assets and Liability Management (ALM) is a systematic and dynamic process of planning, organising, coordinating and controlling the assets and liabilities or in the sense management of balance sheet structure in such a way the net earnings from interest are maximised within the overall risk preference of the banks. This study examined the effect of ALM on the Five Private Sector Banks profitability in Indian financial market by using Gap Analysis and Ratio Analysis Technique. The finding from the study revealed that banks have been exposed to liquidity risk.

Mr. Chetan Shetty¹ Ms. Pooja Patel ², Ms. Nandini (2016) International Journal of Research in IT and Management (IJRIM) Vol. 6, Issue 10, October - 2016, pp. 92~98.

Prabhakar ¹, Dr. S. Mathivannan ², J. Ashok kumar ³(2017) In India asset liability of the banks' balance sheet of commercial banks posed serious challenges as the banks, which have direct impact on their operations, profitability and efficiency to compete with. The RBI of the country focused and advised banks for taking concrete steps in minimizing the mismatch in the asset-liability management. There had been many positive impacts of various strategies followed by banks in the last one decade.

Prabhakar ¹, Dr. S. Mathivannan ², J. Ashok kumar ³(2017), Imperial journal of interdisciplinary research Vol-3, Issue-6, 2017 ISSN: 2454-1362, <http://www.onlinejournal.in>

S. P. Joshi¹ & Dr. R. V. Sontakay (2017) Asset and Liability Management (ALM) plays key role in banking and finance industries. Any bank or financial industry will collapse without the use of ALM tactics. Therefore, to survive in the market, the ALM analysis is carried out timely by these industries to measure the value of risk factors involved. ALM analysis not only minimizes the risk but also it helps to achieve the financial goals of the industry. In this paper, we present a survey of various ALM techniques reported in the literature, aiming to financial stability. The survey helps for emerging banks to decide the different ALM process used by the banking industries and to select the efficient process out of the reported techniques.

S. P. Joshi¹ & Dr. R. V. Sontakay (2017) Bank Asset and Liability Management: Strategy, Trading Analysis.

Asset Liability Management is one of the vital tool for risk management in banks. The banks have to work properly with regard to the Asset Liability Management so as to increase their performance. Moreover, the function of asset liability management is not just protection from risk. The safety achieved through asset liability management also opens up opportunities for enhancing the net worth. To study the assets and liabilities in banks and evaluate the impact of Asset Liability Management on profitability of banks were using Ratio Analysis. The analysis of Asset Liability Management in Indian bank will be carried out for the sample period from 2014 to

2018. It provides the necessary framework to define, measures, monitor, modify and manage these risks. It has become the prime focus in the banking industry, with every bank trying to maximise yield and reduce their risk exposure. Asset Liability Management is one of the vital tool for risk management in banks. The banks have to work properly with regard to the Asset Liability Management so as to increase their performance. Managing the Asset and Liabilities is crucial for every bank.

Dr. K. Prince Paul Antony “A Study on Asset Liability Management in Indian Bank”, International Journal of Business Administration and Management, Volume 8, Number 1 (2018), pp. 1-9

Priyanshu Rapari (2017) Asset-liability management is concerned with the strategic management of assets and liabilities aimed to optimize bank profitability, while ensuring liquidity, and protecting the bank against interest rate risk, exchange rate risk, liquidity risk, credit risk, and contingency risk. According to Liner Model proposed by Dash and Pathak (2011) it was found that public sector banks have best asset-liability management positions. In their turn, Dash et al. (2011) found that public sector banks had a strong short-term liquidity position, but with lower profitability, while private sector banks had a comfortable short-term liquidity position, balancing profitability. Most of the literature emphasizes the strategic aspects of asset-liability management, and very few studies have considered the impact of asset-liability management on the performance of banks.

Priyanshu Rapari IOSR Journal of Business and Management, Impact of Asset-Liability Management on the Profitability of Banks, Volume 19, Issue 7. Ver. VI. (July 2017), PP 72-76

Asset Liability Management (ALM) is key to the financial success of any corporation. The goal is to develop a comprehensive understanding of the nature of corporate balance sheet and off-balance sheet positions and related profits and losses, including identification and mitigation of undue risks taken. This course is geared towards preparing students to apply these concepts in practical settings. The main learning objectives of this course are:

- develop a comprehensive understanding of the nature of corporate balance sheet and off-balance sheet positions and their respective contribution to profits and losses

- measure and assess exposures to risk factors such as interest and FX rates, equity and commodity prices, as well as liquidity events - trading and hedging to mitigate undue risks incurred.

P. Mangold, M. Eichhorn ,“Asset Liability Management and Treasury Risks”, yearly recurring course, 2017

Yao et al. explore the effect of the endogenous liabilities in a financial market with only risky asset. The key assumption of the above mentioned papers is that the market parameters, such as the bank interest rate, the appreciation rate, and the volatility of the underlying assets and liabilities, are constants in the continuous-time setting and are an identical independent distribution in the discrete-time setting. However, from an economic practice perspective, it is more beneficial to develop an asset-liability management model that incorporates the stochastic evolution of the economic environment. To catch the stochastic feature of the financial market, regime switching models have become prevalent in finance and economics over the last few years. The main feature of the regime switching models is that the states (or regimes) of the financial market are modeled by a Markovian chain and various parameters, such as the bank interest rate, the appreciation rates, and the volatilities of the underlying assets and liabilities, will be assigned different values under different market states.

H. Yao, Y. Lai, and Y. Li, “Continuous-time mean-variance asset-liability management with endogenous liabilities,” Insurance: Mathematics and Economics, vol. 52, no. 1, pp. 6–17, 2014.

Chen et al. extend the model of Xie et al. by adding an independent Brownian motion in the evolution of the liability. They examine the feasibility of the asset-liability management problem in a continuous-time setting and derive the analytical optimal asset-liability management strategy by using the LQ control. By incorporating liability into the continuous-time mean-variance portfolio optimization problem in a Markovian regime switching market, Xie derives the optimal asset-liability management strategy by using the LQ technique and Lagrange multiplier technique. Chen and Yang consider a multiperiod asset-liability management problem in the Markovian regime switching market and derive the analytical optimal investment strategy. Wei et al

explore the time consistent optimal strategy of the mean-variance asset-liability management problem.

P. Chen, H. Yang, and G. Yin, “Markowitz’s mean-variance asset-liability management with regime switching: a continuous-time model,” *Insurance: Mathematics and Economics*, vol. 43, no. 3, pp. 456–465, 2008.

Asset liability management policy ensures profitability and long-run sustainability of banks as assets generate income and liabilities bear cost. The study focused on determining the extent of association between asset liability management and profitability of select Indian commercial banks .To study the relationship, variables from Camel model have been selected to assess the relative financial strength of banks. The banks in India have been categorized into Public sector, Private sector, and Foreign banks. The analysis used panel data for the year 2007-2016. Financial indicators and different statistical tools like, Regression analysis, Pearson correlation, Anova and descriptive analysis have been performed to find the relationship among variables. Secured Advances to Total Advances ratio is found to have significant positive relationship with banks profitability. Stratified sampling technique is used considering the total population of banks functioning in India. There are 146 scheduled commercial banks in the country, of which 56 are RRBs, 27 public sector banks, 23 private sector banks, 44 foreign banks as per RBI data(RBI report) .It is proposed to use a sample of 55 banks from the total population.

P. Rekha (2018) “A Study on Asset Liability Management and Profitability of select Indian Commercial Banks”, *International Journal of Enhanced Research in Management & Computer Applications*, Volume 7 Issue 3, March-2018

CHAPTER III

RESEARCH METHODOLOGY

3.1 RESEARCH METHODOLOGY

The research methodology adopted for the present study has been systematic and was done in accordance to the objectives set, which has been discussed in the earlier pages.

Research methodology is the way to systematically research to solve the problem. Research methodology as many dimension and research method constitute the part of it thus when we talk of research method we use and explain why we use the particular method or technique and evaluation of results.

3.2 RESEARCH DESIGN

Research design is the arrangement of condition for collection and analysis of data in a manner that aim to combine research purpose with economy in procedure. It is the conceptual structure within which research is conducted.

The research design is the blue print for fulfilling objectives and answering questions of specific research problem. A research design is purely and simply the framework a plan for a study that guides the collection and analysis of the data. In fact, the research design is the conceptual structure with in which research is conducted; it constitutes the blue print for the collection, measurement and analysis of data, the research design utilized in this study is analytical research.

3.3 DATA COLLECTION

The main sources through which data is collected are:

Primary Data

The primary data are those which are collected afresh and for the first time, and thus happen to be in original in character. In this study, primary data are collected through questionnaires.

Secondary Data

Secondary data refers to information gathered from sources already existing. Some sources of secondary data are data available from previous research,

information available from any published or unpublished sources available either within or outside the organization, library records, online data, websites and the internet. The secondary data of information of this study were obtained through web sites, books, annual report, and internet

Secondary data marks the beginning of the research process. Information gathered from both internal and external sources. Secondary data is required to analyze the primary data. Secondary data gathered through journals, books and websites. Here, the company's 5 years (ie) 2016-17 to 2020-21 balance sheets is used in this study.

3.4 SAMPLING METHODS

Sampling procedure:

The approach where only a few unit of population under study a concluded for analysis is called sampling method.

Sample Unit

Here the study is conducted in Aravind Ceramics Private Limited, Chennai.

Sample Size:

This refers to the number of items to be selected from the universe to constitute a sample. This is a major problem before a researcher. The size of sample should neither be excessively large, nor too small. It should be optimum. An optimum sample is one, that fulfils the requirements of efficiency, reliability and flexibility. While deciding the size of sample researcher must determine the desired precision as also an acceptable confidence level for the estimate. In finance, here last five years financial statements during from 2016-17 to 2020-21 balance sheet and profit and loss accounts are used.

3.5 TOOLS USED

1. Ratio Analysis

Ratio is a simple arithmetical expression of the relationship of one number to another .It may be defined as the indicated quotient of two mathematical expressions.

According to Accountants Handbook by Wixom, Kelly and Bedford, a ratio “is an expression of the quantitative relationship between two numbers.”

Ratio Analysis is a technique of analysis and interpretation of financial statements. It is the process of establishing and interpreting various ratios for helping in making certain decisions. However, Ratio Analysis is not an end in itself. Ratio Analysis is the technique of interpretation of financial statements with the help of various meaningful ratios doesn't add to any information that is already available, but they show the relationship between two items in a more meaningful way which help us to draw certain conclusions. Comparison with related facts is the basic of Ratio Analysis.

The following Ratio Analysis are used in this study.

- Fixed Assets Turnover Ratio
- Assets Turnover Ratio
- Cash to Current Assets Ratio
- Total Debtors to Current Liabilities
- Cash to Current Liabilities Ratio
- Retained Earnings Ratio
- Capital Structure Analysis
- Cash Ratio
- Debtors Turnover Ratio
- Debt Ratio
- Capital Turnover Ratio
- Working Capital Ratio
- Receivables to Working Capital
- Trend Percentage of Debtors

2. Common-size balance sheet

A common-size balance sheet is a balance sheet in which each line item is expressed as a percentage of assets. A common size balance sheet includes in a separate column the relative percentages of total assets, total liabilities, and shareholders' equity. This format is useful for comparing the proportions of assets, liabilities, and equity between different companies, particularly as part of an industry analysis or an acquisition analysis. It is extremely useful to construct a common size balance sheet that itemizes the results as of the end of multiple time periods, in order to construct trend lines to ascertain changes over longer time periods.

3. Comparative balance sheet

A comparative balance sheet analysis is a method of analyzing a company's balance sheet over time to identify changes and trends. Public companies are required to include the information needed for a comparative balance sheet analysis in their quarterly and annual reports to the SEC, though it can be useful to pull together more data on your own for a longer-term analysis.

CHAPTER IV

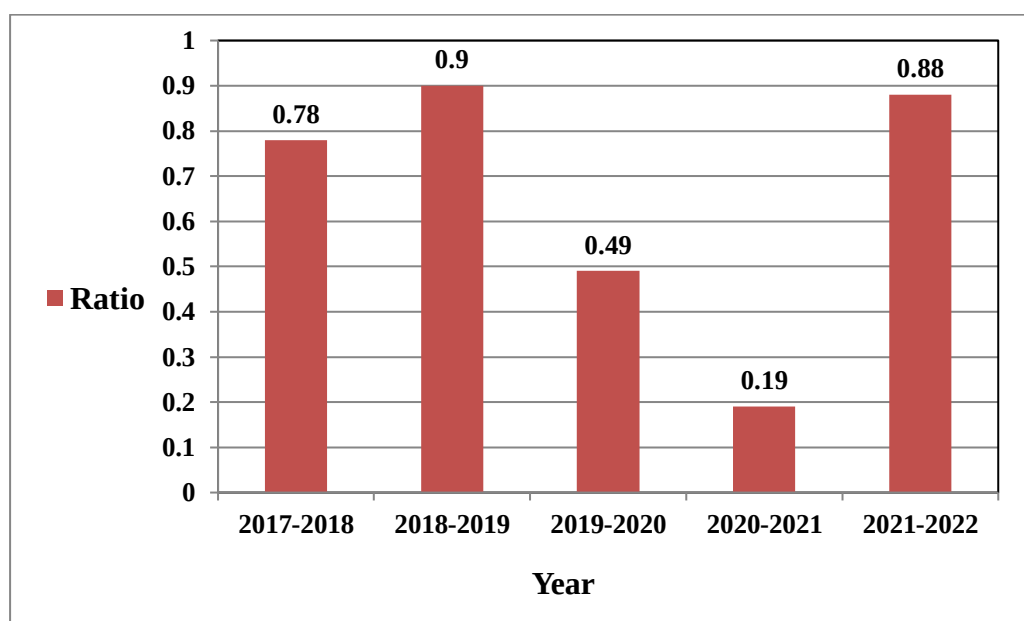
DATA ANALYSIS AND INTERPETATION

TABLE NO: 4.1			
CASH RATIO			
Year	Cash	Current Liabilities	Ratio
2017-2018	38.07	48.65	0.78
2018-2019	45.15	50.13	0.90
2019-2020	27.36	56.36	0.49
2020-2021	12.82	66.91	0.19
2021-2022	57.10	64.79	0.88

Source : Annual report

CHART NO: 4.1

CASH RATIO



Interpretation

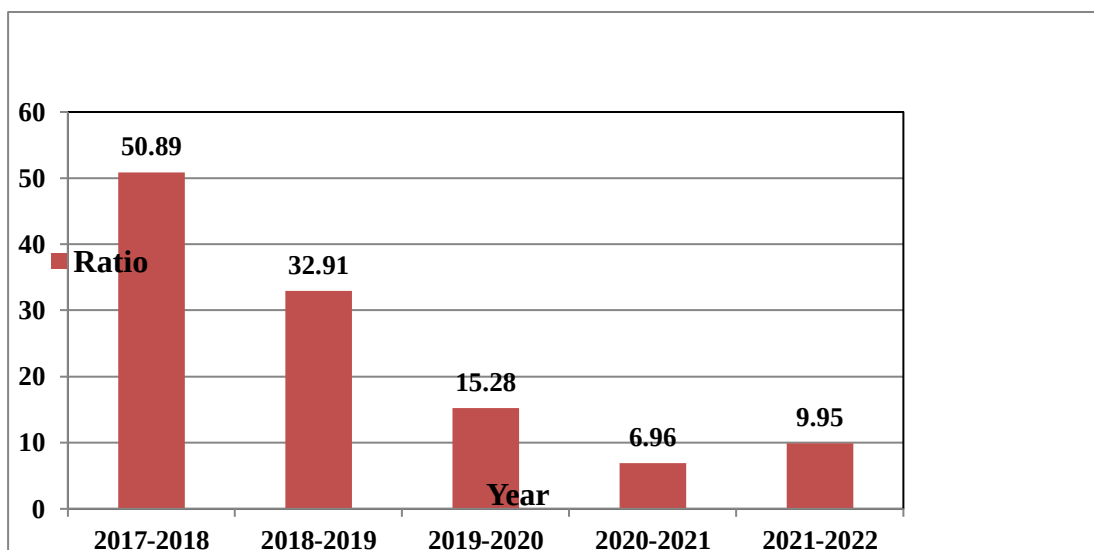
From the above table conveys that cash ratio was 0.78 in the year of 2017-18. It has increased to 0.90 in the year of 2018-19. It has decreased to 0.49 and 0.19 in the year of 2019-20 and 2020-21 respectively. It has increased to 0.88 in the year of 2021-22.

TABLE NO: 4.2			
DEBTORS TURNOVER RATIO			
Year	Sales	Debtors	Ratio
2017-2018	363.84	7.15	50.89
2018-2019	430.13	13.07	32.91
2019-2020	492.80	32.25	15.28
2020-2021	531.04	76.35	6.96
2021-2022	475.32	47.77	9.95

Source : Annual report

CHART NO: 4.2

DEBTORS TURNOVER RATIO



Interpretation

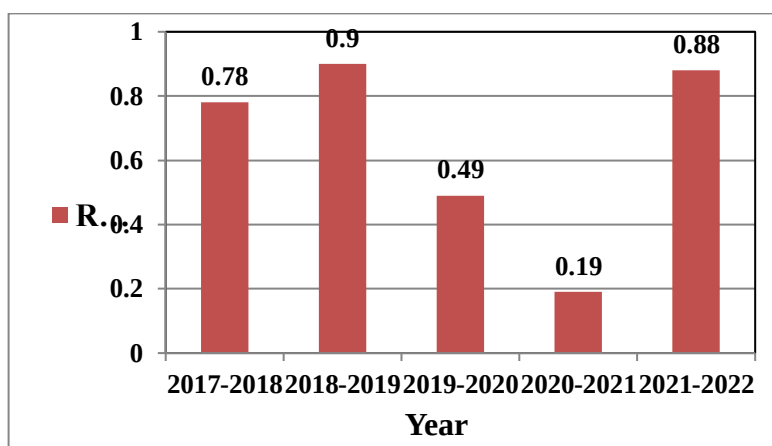
From the above table conveys that debtors turnover ratio was 50.89 in the year of 2017-18. It has decreased to 32.91 in the year of 2018-19. It has decreased to 15.28 and 6.96 in the year of 2019-20 and 2020-21 respectively. It has increased to 9.95 in the year of 2021-2022.

TABLE NO: 4.3			
FIXED ASSETS TURNOVER RATIO			
Year	Sales	Fixed assets	Ratio
2017-2018	363.84	44.30	8.21
2018-2019	430.13	53.93	7.98
2019-2020	492.80	80.43	6.13
2020-2021	531.04	85.59	6.20
2021-2022	475.32	94.96	5.01

Source : Annual report

CHART NO.4.3

FIXED ASSETS TURNOVER RATIO



Interpretation

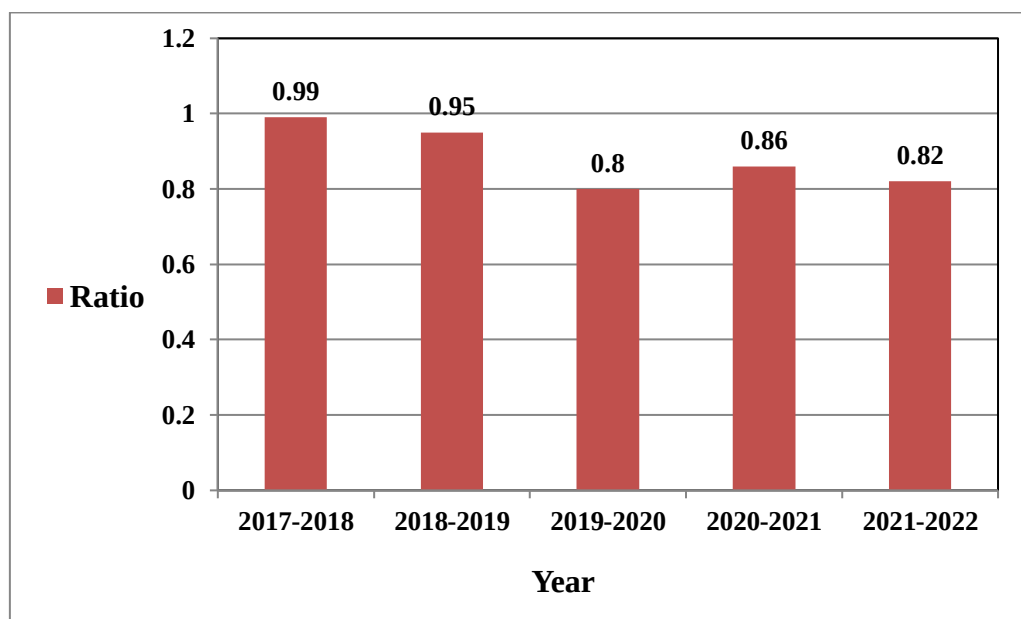
From the above table conveys that Fixed assets turnover ratio was 8.21 in the year of 2017-18. It has decreased to 7.98 in the year of 2018-19. It has decreased to 6.13 and 6.20 in the year of 2019-20 and 2020-21 respectively. It has decreased to 5.01 in the year of 2021-2022.

TABLE NO: 4.4			
DEBT RATIO			
Year	Total debt	Total debt + Net worth	Ratio
2017-2018	73.66	74.30	0.99
2018-2019	90.05	94.47	0.95
2019-2020	96.53	121.06	0.80
2020-2021	133.05	154.60	0.86
2021-2022	147.37	180.69	0.82

Source : Annual report

CHART NO: 4.4

DEBT RATIO



Interpretation

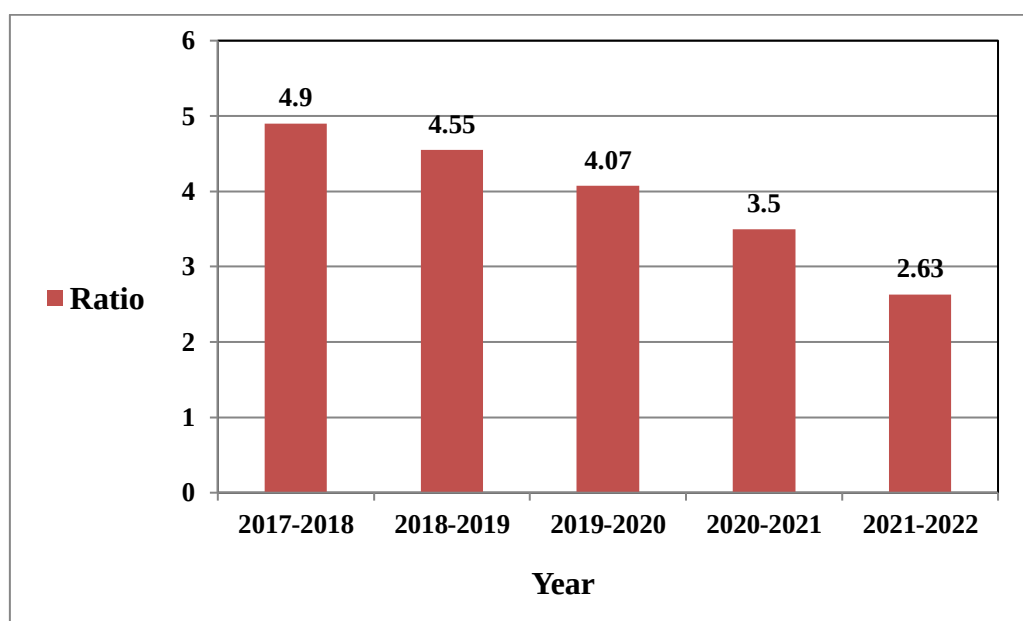
From the above table conveys that debt ratio was 0.99 in the year of 2017-18. It has decreased to 0.95 in the year of 2018-19. It has increased to 0.80 and 0.86 in the year of 2019-20 and 2020-21 respectively. It has decreased to 0.82 in the year of 2021-2022.

TABLE NO: 4.5			
ASSETS TURNOVER RATIO			
Year	Sales	Total assets	Ratio
2017-2018	363.84	74.31	4.90
2018-2019	430.13	94.48	4.55
2019-2020	492.80	121.08	4.07
2020-2021	531.04	151.73	3.50
2021-2022	475.32	180.70	2.63

Source : Annual report

CHART NO: 4.5

ASSETS TURNOVER RATIO



Interpretation

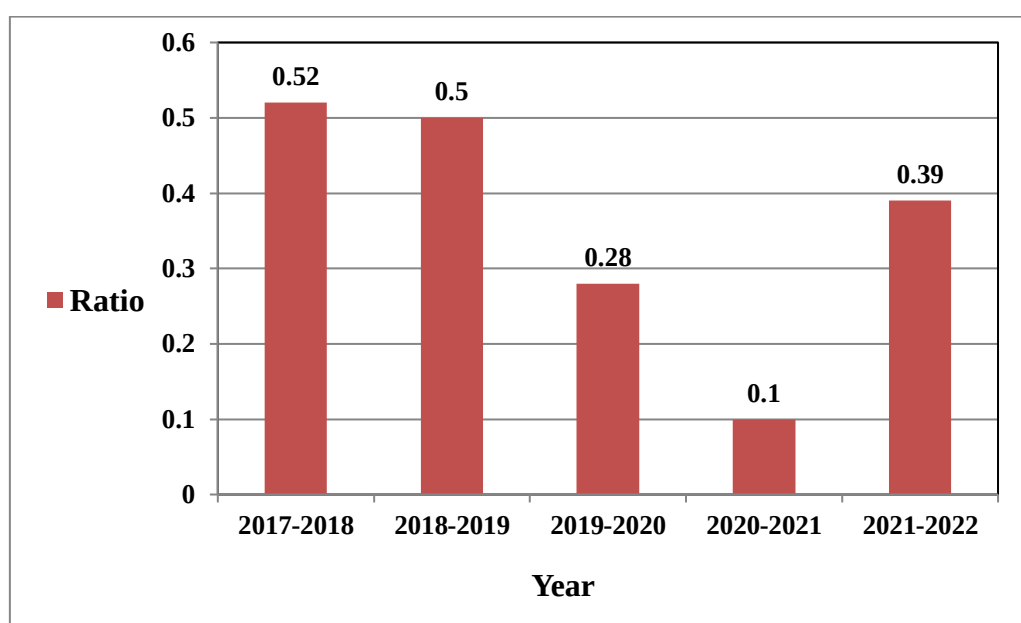
From the above table conveys that Assets turnover ratio was 4.90 in the year of 2017-18. It has decreased to 4.55 and 4.07 in the year of 2018-19 and 2019-2020. It has further decreased to 3.50 and 2.63 in the year of 2020-21 and 2021-22.

TABLE NO: 4.6			
CASH TO CURRENT ASSETS RATIO			
Year	Cash	Current assets	Ratio
2017-2018	38.07	73.66	0.52
2018-2019	45.15	90.05	0.50
2019-2020	27.36	96.53	0.28
2020-2021	12.82	133.05	0.10
2021-2022	57.10	147.37	0.39

Source : Annual report

CHART NO: 4.6

CASH TO CURRENT ASSETS RATIO



Interpretation

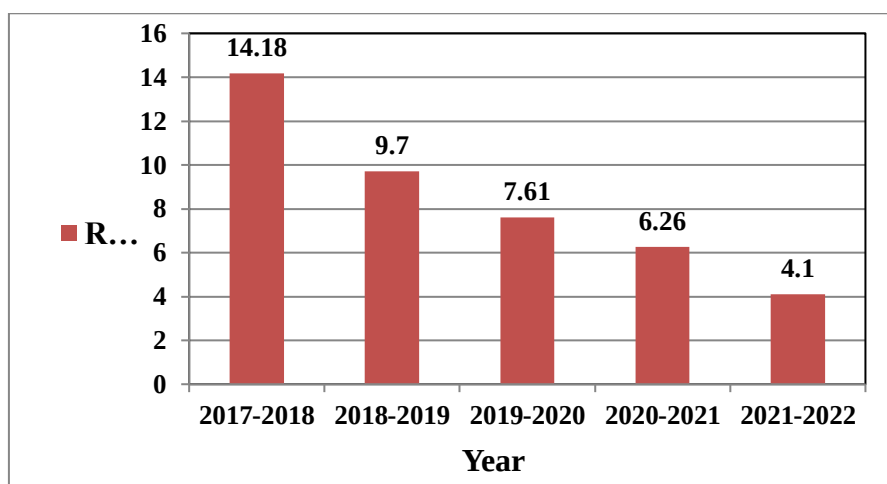
From the above table conveys that Cash to current assets ratio was 0.52 in the year of 2017-18. It has decreased to 0.52 in the year of 2018-19. It has increased to 0.80 and 0.86 in the year of 2019-20 and 2020-21 respectively. It has decreased to 0.82 in the year of 2021-2022.

TABLE NO: 4.7			
CAPITAL TURNOVER RATIO			
Year	Net sales	Capital employed	Ratio
2017-2018	363.84	25.66	14.18
2018-2019	430.13	44.35	9.70
2019-2020	492.80	64.72	7.61
2020-2021	531.04	84.82	6.26
2021-2022	475.32	115.91	4.10

Source : Annual report

CHART NO: 4.7

CAPITAL TURNOVER RATIO



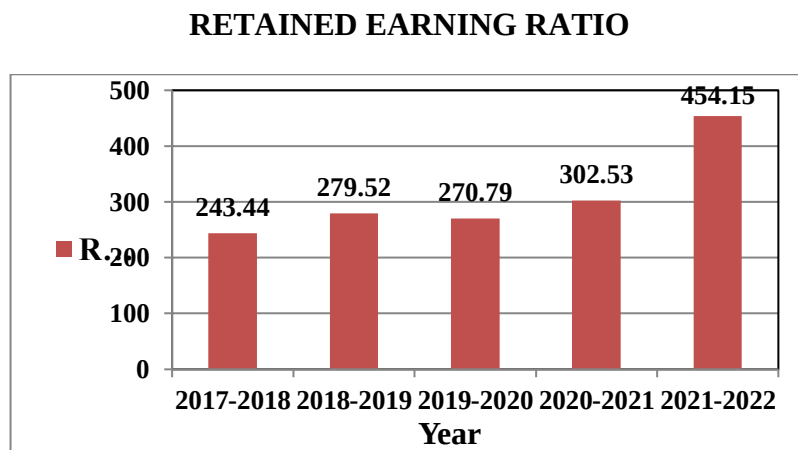
Interpretation

From the above table conveys that Capital turnover ratio was 14.18 in the year of 2017-18. It has decreased to 9.70 in the year of 2018-19. It has decreased to 7.61 and 6.26 in the year of 2019-20 and 2020-21 respectively. It has decreased to 4.10 in the year of 2021-22.

TABLE NO: 4.8			
RETAINED EARNING RATIO			
Year	Retained earnings	Net profit after tax	Ratio
2017-2018	63.10	25.92	243.44
2018-2019	83.27	29.79	279.52
2019-2020	109.86	40.57	270.79
2020-2021	143.40	47.40	302.53
2021-2022	169.49	37.32	454.15

Source : Annual report

CHART NO: 4.8

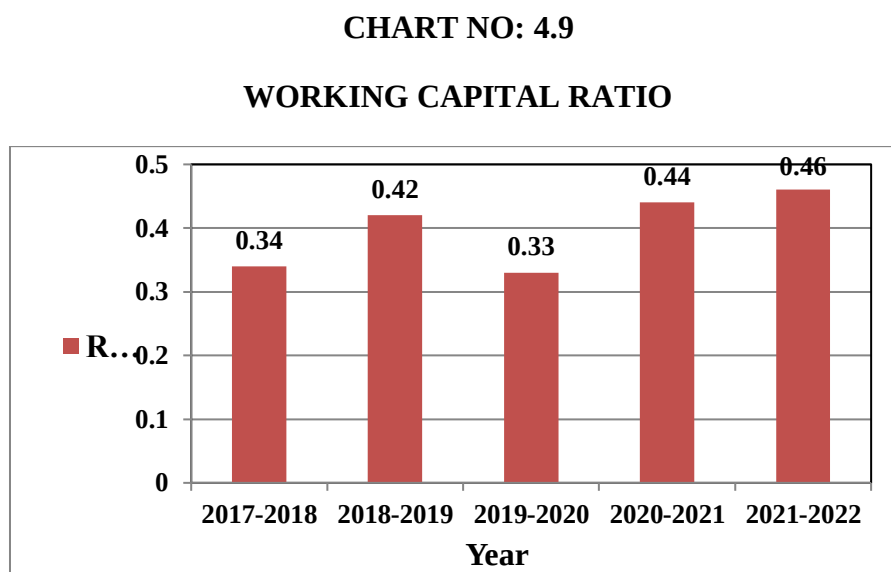


Interpretation

From the above table conveys that Retained earning ratio was 243.44 in the year of 2017-18. It has increased to 279.52 in the year of 2018-19. It has decreased to 270.79 in the year of 2019-2020 respectively. It has increased to 302.53 and 454.15 in the year of 2020-21 and 2021-22.

TABLE NO: 4.9			
WORKING CAPITAL RATIO			
Year	Net working capital	Net assets	Ratio
2017-2018	25.01	74.31	0.34
2018-2019	39.92	94.48	0.42
2019-2020	40.17	121.08	0.33
2020-2021	66.14	151.73	0.44
2021-2022	82.58	180.70	0.46

Source : Annual report



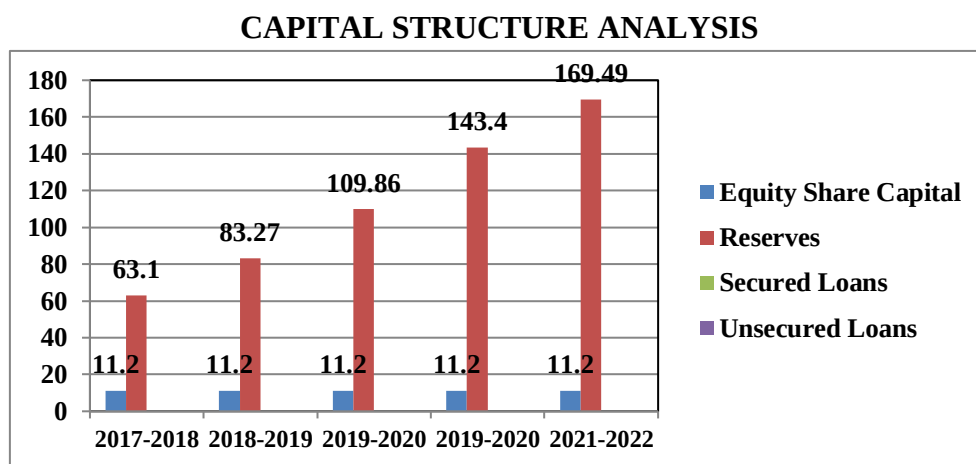
Interpretation

From the above table conveys that Capital turnover ratio was 0.34 in the year of 2017-18. It has increased to 0.42 in the year of 2018-19. It has decreased to 0.33 in the year of 2019-20 respectively. It has increased to 0.44 and 0.46 in the year of 2020-21 and 2021-22.

TABLE NO: 4.10						
CAPITAL STRUCTURE ANALYSIS						
S. No	Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
1	Equity Share Capital	11.2	11.2	11.2	11.2	11.2
2	Reserves	63.1	83.27	109.86	143.4	169.49
3	Secured Loans	0	0	0	0	0
4	Unsecured Loans	0	0	0	0	0

Source : Annual report

CHART NO: 4.10



Interpretation

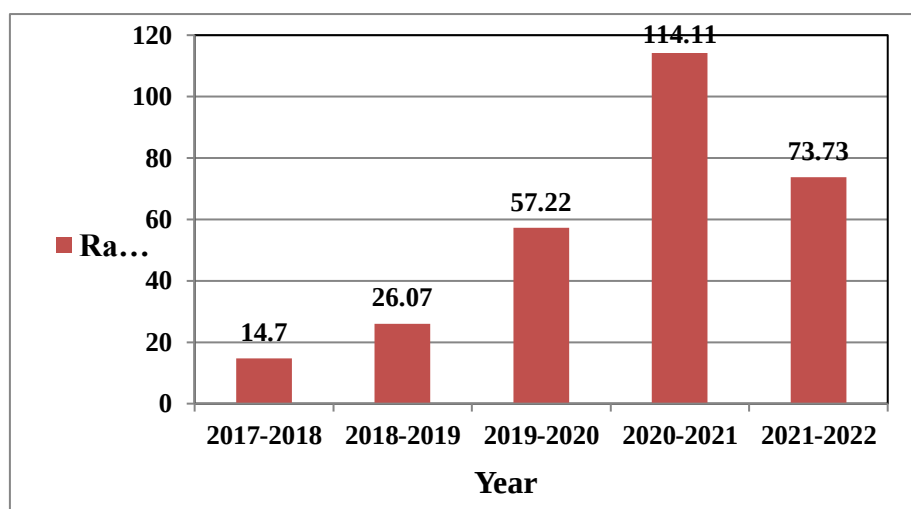
From the above table conveys that capital structure which includes equity share capital, reserves, secured loans and unsecured loans. The equity share capital shows 11.2 crores for the five financial years i.e., from 2017-2018 to 2018- 2019. The reserves is 63.1 crores in the year of 2017-2018. It has increased to 83.27 and 109.86 crores in the year of 2017-2018 and 2019-2020 respectively. Again it has increased to 143.4 crores and 169.49 crores in the year of 2020-2021 and 2021-2022 respectively. The secured and unsecured loan is 0 for the five years .

TABLE NO: 4.11			
TOTAL DEBTORS TO CURRENT LIABILITIES			
Year	Debtors	Current liabilities	Ratio
2017-2018	7.15	48.65	14.70
2018-2019	13.07	50.13	26.07
2019-2020	32.25	56.36	57.22
2020-2021	76.35	66.91	114.11
2021-2022	47.77	64.79	73.73

Source : Annual report

CHART NO: 4.11

TOTAL DEBTORS TO CURRENT LIABILITIES



Interpretation

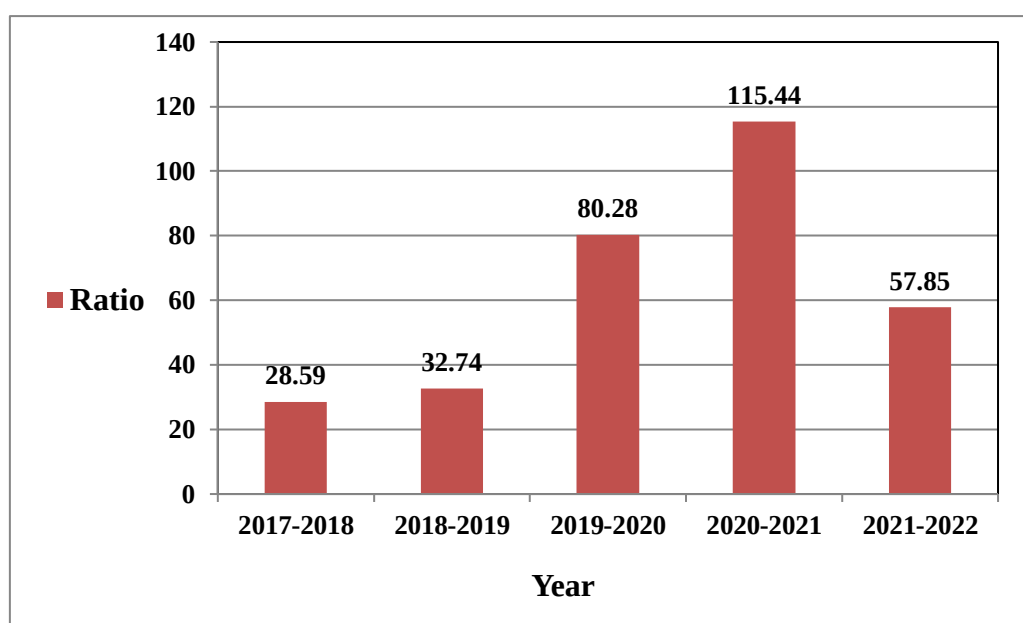
From the above table conveys that Total debtors to current liabilities ratio was 14.70 in the year of 2017-18. It has increased to 26.07 in the year of 2018-19. It has further increased to 57.22 in the year of 2019-2020. And it has again increased 114.11 in the year of 2020-21. It decreased to 73.73 in the year of 2021-22.

TABLE NO: 4.12			
RECEIVABLES TO WORKING CAPITAL			
Year	Receivables	Working capital	Ratio
2017-2018	7.15	25.01	28.59
2018-2019	13.07	39.92	32.74
2019-2020	32.25	40.17	80.28
2020-2021	76.35	66.14	115.44
2021-2022	47.77	82.58	57.85

Source: Annual report

TABLE NO: 4.12

RECEIVABLES TO WORKING CAPITAL



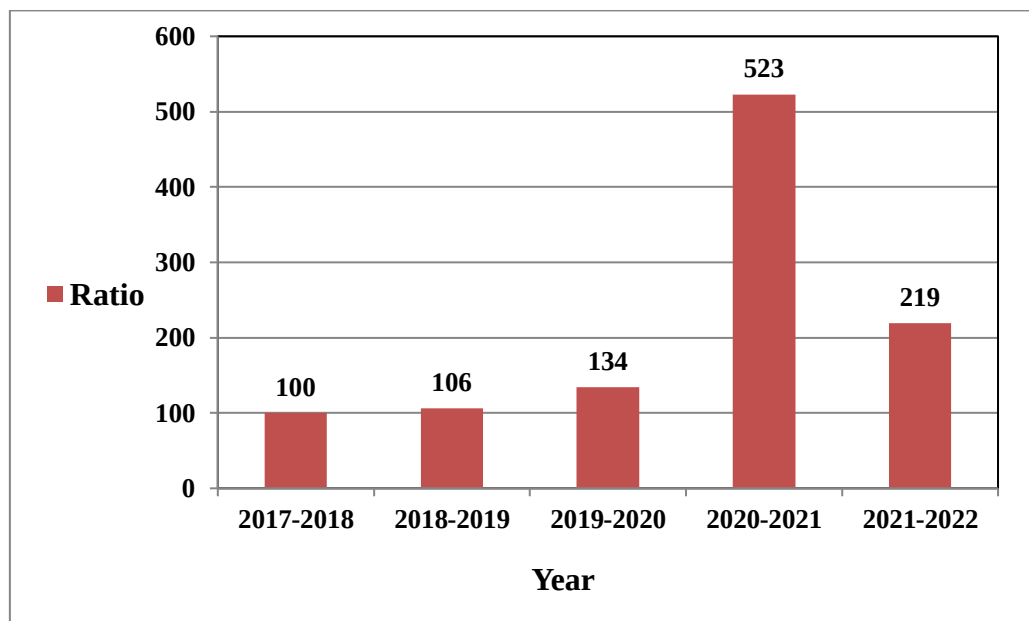
Interpretation

From the above table conveys that receivables to working capital was 28.59 in the year of 2017-18. It has increased to 32.74 in the year of 2018-19. It has further increased to 80.28 in the year of 2019-2020. And it has again increased 115.44 in the year of 2020-21. It has decreased to 57.85 in the year of 2021-22.

TABLE NO: 4.13		
TREND PERCENTAGE OF DEBTORS		
Year	Debtors	Trend
2017-2018	253500	100
2018-2019	267500	106
2019-2020	339250	134
2020-2021	1326130	523
2021-2022	555168.95	219

Source : Annual report

TABLE NO: 4.13
TREND PERCENTAGE OF DEBTORS



Interpretation

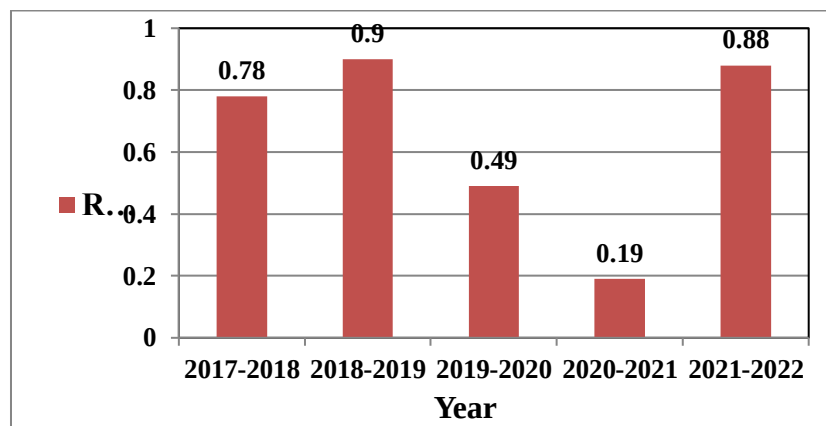
From the above table conveys Trend percentage of debtors ratio was 100 in the year of 2017-18. It has increased to 106 and 134 in the year of 2018-19 and 2019-20. It has further increased to 523 in the year of 2019-2020 respectively. It has decreased 219 in the year of 2021-22.

TABLE NO: 4.14			
CASH TO CURRENT LIABILITIES RATIO			
Year	Cash	Current liabilities	Ratio
2017-2018	38.07	48.65	0.78
2018-2019	45.15	50.13	0.90
2019-2020	27.36	56.36	0.49
2020-2021	12.82	66.91	0.19
2021-2022	57.10	64.79	0.88

Source : Annual report

TABLE NO: 4.14

CASH TO CURRENT LIABILITIES RATIO



Interpretation

From the above table conveys that Cash to current liabilities ratio was 0.78 in the year of 2017-18. It has increased to 0.90 in the year of 2018-19. It has decreased to 0.49 and 0.19 in the year of 2019-20 and 2020-21 respectively. It has increased to 0.88 in the year of 2021-22.

COMPARATIVE BALANCE SHEET AS ON 31st MARCH 2017-2018				
Current assets	2017	2018	Increase (+) or Decrease (-)	
			Amount	Percentage
Inventories	22.95	23.37	0.42	1.83
Sundry debtors	7.15	13.07	5.92	82.80
Cash & bank balance	38.07	45.15	7.08	18.60
Rent advance				
Sundry debtors				
Total current Assets(A)	68.17	81.59	13.42	19.69
Fixed Assets				
Net block	43.07	52.7	9.63	22.36
Capital work in progress	5	0.63	-4.37	-87.40
Investments	1.23	1.23	0	0.00
Loans & advances	5.49	8.46	2.97	54.10
Total Fixed Assets (B)	54.79	63.02	8.23	15.02
Total Assets (A+B)	122.96	144.61	21.65	17.61
Liabilities & Capital				
Current Liabilities				
Current liabilities	35.66	42.06	6.4	17.95
Provisions	12.99	8.07	-4.92	-37.88
VAT provision				
Advances				
Total Current Liabilities (A)	48.65	50.13	1.48	3.04
Long term liabilities				
Secured loans	0	0	0	0.00
Unsecured loan	0	0	0	0.00
Total Long term liabilities (B)	0	0	0	0.00
Capital & reserves				
Capital account	74.3	94.47	20.17	27.15
Total Capital (C)				
Total liabilities (A+B+C)	122.95	144.61	21.65	17.61

COMPARATIVE BALANCE SHEET AS ON 31st MARCH 2018-2019				
Current assets	2018	2019	Increase (+) or Decrease (-)	
			Amount	Percentage
Inventories	187.54	250.13	62.59	33.37
Sundry debtors	97.25	128.9	31.65	32.54
Cash & bank balance	26.11	28.08	1.97	7.55
Rent advance				
Sundry debtors				
Total current Assets(A)	310.9	407.11	96.21	30.95
Fixed Assets				
Net block	334.45	312.09	-22.36	-6.69
Capital work in progress	20.99	0.47	-20.52	-97.76
Investments	15.07	14.58	-0.49	-3.25
Loans & advances	47.02	55.98	8.96	19.06
Total Fixed Assets (B)	417.53	383.12	0.00	0.00
Total Assets (A+B)	728.43	790.23	61.80	8.48
Liabilities & Capital				
Current Liabilities				
Current liabilities	143.37	160.36	16.99	11.85
Provisions	5.52	11.7	6.18	0.00
VAT provision				
Advances				
Total Current Liabilities (A)	148.89	172.06	23.17	15.56
Long term liabilities				
Secured loans	150.2	168.46	18.26	-150.20
Unsecured loan	95.96	117.53	21.57	22.48
Total Long term liabilities (B)	246.16	285.99	39.83	16.18
Capital & reserves				
Capital account	333.37	332.18	-1.19	-0.36
Total Capital (C)	333.37	332.18	-1.19	-0.36
Total liabilities (A+B+C)	728.43	790.23	61.80	8.48

COMPARATIVE BALANCE SHEET AS ON 31st MARCH 2019-2020				
Current assets	2019	2020	Increase (+) or Decrease (-)	
			Amount	Percentage
Inventories	250.13	10.09	-240.04	-95.97
Sundry debtors	128.9	232.04	103.14	80.02
Cash & bank balance	28.08	146.99	118.91	423.47
Rent advance				
Sundry debtors				
Total current Assets(A)	407.11	389.12	-17.99	-4.42
Fixed Assets				
Net block	312.09	294.1	-17.99	-5.76
Capital work in progress	0.47	0	-0.47	-100.00
Investments	14.58	10.09	-4.49	-30.80
Loans & advances	55.98	55.39	-0.59	-1.05
Total Fixed Assets (B)	383.12	359.58	-23.54	-6.14
Total Assets (A+B)	790.23	748.7	-41.53	-5.26
Liabilities & Capital				
Current Liabilities				
Current liabilities	160.36	165.99	5.63	3.51
Provisions	11.7	5.21	-6.49	-55.47
VAT provision				
Advances				
Total Current Liabilities (A)	172.06	171.2	-0.86	-0.50
Long term liabilities				
Secured loans	168.46	155.19	-13.27	-7.88
Unsecured loan	117.53	144.26	26.73	22.74
Total Long term liabilities (B)	285.99	299.45	13.46	4.71
Capital & reserves				
Capital account	332.18	347.06	14.88	4.48
Total Capital (C)	332.18	347.06	14.88	4.48
Total liabilities (A+B+C)	790.23	748.7	-41.53	-5.26

COMPARATIVE BALANCE SHEET AS ON 31st MARCH 2020-2021				
Current assets	2020	2021	Increase (+) or Decrease (-)	
			Amount	Percentage
Inventories	10.09	196.02	185.93	1842.72
Sundry debtors	232.04	156.22	-75.82	-32.68
Cash & bank balance	146.99	38.3	-108.69	-73.94
Rent advance				
Sundry debtors				
Total current Assets(A)	389.12	390.54	1.42	0.36
Fixed Assets				
Net block	294.1	326.83	32.73	11.13
Capital work in progress	0	0		
Investments	10.09	0	-10.09	-100.00
Loans & advances	55.39	40	-15.39	-27.78
Total Fixed Assets (B)	359.58	366.83	7.25	2.02
Total Assets (A+B)	748.7	757.37	8.67	1.16
Liabilities & Capital				
Current Liabilities				
Current liabilities	165.99	190.79	24.8	14.94
Provisions	5.21	6	0.79	15.16
VAT provision				
Advances				
Total Current Liabilities (A)	171.2	196.79	25.59	14.95
Long term liabilities				
Secured loans	155.19	127.9	-27.29	-17.58
Unsecured loan	144.26	56.54	-87.72	-60.81
Total Long term liabilities (B)	299.45	184.44	-115.01	-38.41
Capital & reserves				
Capital account	347.06	347.06	0	0.00
Total Capital (C)	347.06	347.06	0	0.00
Total liabilities (A+B+C)	748.7	757.37	8.67	1.16

COMMON SIZE BALANCE SHEET AS ON 31st MAR 2018 AND 2019				
	2018		2019	
PARTICULARS	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
CURRENT ASSETS				
Net current assets	25.01	33.7	39.92	6.89
Total (a)	25.01	33.7	39.92	6.89
FIXED ASSETS				
Net block	43.07	58.0	52.7	55.78
Capital work in progress	5	6.7	0.63	0.67
Investments	1.23	1.7	1.23	1.30
Total (b)	49.30	66.3	54.56	57.75
TOTAL ASSETS (a+b)	74.31	100.0	94.48	100.00
LIABILITIES				
Networth	74.3	100.0	94.47	99.99
Total (a)	74.30	100.0	94.47	99.99
TOTAL DEBT				
Secured Loan	0	0.0	0	0.00
Unsecured Loans	0	0.0	0	0.00
Total (b)	0.00	0.0	0.00	0.00
TOTAL LIABILITIES (a+b)	74.31	100.0	94.48	100.00

COMMON SIZE BALANCE SHEET AS ON 31 st DEC 2018 AND 2019				
	2018		2019	
PARTICULARS	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
CURRENT ASSETS				
Net current assets	39.92	6.89	40.17	33.18
Total (a)	39.92	6.89	40.17	33.18
FIXED ASSETS				
Net block	52.7	55.78	79.44	65.62
Capital work in progress	0.63	0.67	0.48	0.40
Investments	1.23	1.30	0.99	0.82
Total (b)	54.56	57.75	80.91	66.83
TOTAL ASSETS (a+b)	94.48	100.00	121.06	100.00
LIABILITIES				
Networth	94.47	99.99	121.06	100.00
Total (a)	94.47	99.99	121.06	100.00
TOTAL DEBT				
Secured Loan	0	0.00	0	0.00
Unsecured Loans	0	0.00	0	0.00
Total (b)	0.00	0.00	0.00	0.00
TOTAL LIABILITIES (a+b)	94.48	100.00	121.06	100.00

COMMON SIZE BALANCE SHEET AS ON 31st DEC 2019 AND 2020				
	2019		2020	
PARTICULARS	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
CURRENT ASSETS				
Net current assets	40.17	33.18	66.14	42.78
Total (a)	40.17	33.18	66.14	42.78
FIXED ASSETS				
Net block	79.44	65.62	84.6	54.72
Capital work in progress	0.48	0.40	0	0.00
Investments	0.99	0.82	0.99	0.64
Total (b)	80.91	66.83	85.59	55.36
TOTAL ASSETS (a+b)	121.06	100.00	154.60	100.00
LIABILITIES				
Networth	121.06	100.00	154.6	100.00
Total (a)	121.06	100.00	154.60	100.00
TOTAL DEBT				
Secured Loan	0	0.00	0.00	0.00
Unsecured Loans	0	0.00	0.00	0.00
Total (b)	0.00	0.00	0.00	0.00
TOTAL LIABILITIES (a+b)	121.06	100.00	154.60	100.00

COMMON SIZE BALANCE SHEET AS ON 31st DEC 2020 AND 2021				
	2020		2021	
PARTICULARS	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
CURRENT ASSETS				
Net current assets	66.14	42.78	82.58	45.70
Total (a)	66.14	42.78	82.58	45.70
FIXED ASSETS				
Net block	84.6	54.72	87.15	48.23
Capital work in progress	0	0.00	3.16	1.75
Investments	0.99	0.64	7.81	4.32
Total (b)	85.59	55.36	98.12	54.30
TOTAL ASSETS (a+b)	154.60	100.00	180.70	100.00
LIABILITIES				
Networth	154.6	100.00	180.69	99.99
Total (a)	154.60	100.00	180.69	99.99
TOTAL DEBT				
Secured Loan	0.00	0.00	0.00	0.00
Unsecured Loans	0.00	0.00	0.00	0.00
Total (b)	0.00	0.00	0.00	0.00
TOTAL LIABILITIES (a+b)	154.60	100.00	180.70	100.00

CHAPTER V

5.1 FINDINGS

- Cash ratio was 0.78 in the year of 2017-18. It has increased to 0.90 in the year of 2018-19. It has decreased to 0.49 and 0.19 in the year of 2019-20 and 2020-21 respectively.
- Debtors turnover ratio was has decreased to 15.28 and 6.96 in the year of 2018-19 and 2020-21 respectively. It has increased to 9.95 in the year of 2021-2022.
- Fixed assets turnover ratio was 8.21 in the year of 2017-18. It has decreased to 7.98 in the year of 2018-19.
- Dept ratio has increased to 0.80 and 0.86 in the year of 2018-19 and 2019-20 respectively. It has decreased to 0.82 in the year of 2021-2022.
- Assets ratio has further decreased to 3.50 and 2.63 in the year of 2020-21 and 2021-22.
- Cash to current assets ratio was 0.52 in the year of 2017-18. It has decreased to 0.52 in the year of 2018-19. It has increased to 0.80 and 0.86 in the year of 2019-20 and 2020-21 respectively.
- A current assets is increased to 0.80 and 0.86 in the year of 2018-19 and 2019-20 respectively. It has decreased to 0.82 in the year of 2021-2022
- Capital turnover ratio was 14.18 in the year of 2017-18. It has decreased to 9.70 in the year of 2017-18. It has decreased to 7.61 and 6.26 in the year of 2018-19 and 2019-20 respectively.
- A capital turnover is decreased to 7.61 and 6.26 in the year of 2019-20 and 2020-21 respectively. It has decreased to 4.10 in the year of 2021-22.
- Retained earning ratio was decreased to 270.79 in the year of 2019-2020 respectively. It has increased to 302.53 and 454.15 in the year of 2020-21 and 2021-22.
- Capital turnover ratio was 0.34 in the year of 2017-18. It has increased to 0.42 in the year of 2018-19.
- Retained earning ratio was decreased to 270.79 in the year of 2019-2020 respectively.
- Trend percentage of debtors ratio was 100 in the year of 2017-18. It has increased to 106 and 134 in the year of 2018-19 and 2019-20.

- Cash to current liabilities ratio was decreased to 0.49 and 0.19 in the year of 2019-20 and 2020-21 respectively. It has increased to 0.88 in the year of 2021-22.

5.2 SUGGESTIONS

- The net working capital has been decreasing year by year. The management has to take proper steps to maintain the adequate level of working capital.
- The average inventory has ups and down for the consecutive five years. The needed inventory level must be maintained by the production manager.
- The credit sales must be reduced one up to certain limit. There must be strict credit policy but not to affect sales volume and lots of customers.
- The average collection period must be reduced and monitored by concerned authority. The days must be reduced and speed up the collection amount.
- The net profit must be improved by the management. The firm must look up the sales to generate the revenue. The higher the net profit ratio will lead to long survive in the business.
- The return on total asset must be monitored by the finance manager. The net profit must be in appropriate proportion as the total assets utilized in the business.
- The return is essential one to the concern. The firm must take all the efforts to increase the return on investments.
- The return on share holders' funds should not be reduced. The shareholders wealth is important. In order to retain the share holders and raise the additional capital the share holder's return must be maintained.
- The solvency ratio indicates the firm capability to repay its debts. Hence the firm ensures to increase the solvency ratio further.
- The gross profit ratio shows the profitability of the business. It should be high in the upcoming years.
- The current assets should be increased the company should maintain its debt position.

- It should increase sales volume as well as gross profit, further it can improve if the company concentrates on its operating, Administrative and selling expenses and by reducing expenses.

5.3 LIMITATIONS OF THE STUDY

- The published information used in the study may not be accurate and unbiased.
- Not much information of the company was revealed as the executive personal wanted certain information to be confidential.
- Only monetary aspects of the company have been taken into consideration.
- The study is restricted to use last five years financial statements during from 2017-18 to 2021-22.

5.4 CONCLUSION

Asset Liability Management is a comprehensive and dynamic framework for measuring, monitoring and managing the market risk of a company. The ALM functions extend to liquidity risk management, management of market risk, trading risk management, funding and capital planning and profit planning and growth projection. The main objective of the present study is to identify the individual ratios which are affecting the assets and liability of the concern. The return on assets and payable against liability must be enabling to the concern. The concern's return on assets is moderate one. It has to keep monitor on current assets and fixed assets in order to get fair return. The concern's payable against liability is also comfortable to the concern. It should keep monitor in the forthcoming years on current liability and long term liabilities. Capital turnover ratio of the company was satisfactory. The cash ratio has not been maintained according to the standard, the cash has been maintained less than the standard which indicates that company should maintain more cash balance. The net profit has been maintained in the increasing rate which shows that the company has performing well during the study period. From the study it is clear that the company looks forward to generate a more favorable service in the near future.

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ANNEXURE

PROFIT AND LOSS ACCOUNT OF ARAVIND CERAMICS PRIVATE LIMITED, CHENNAI AS ON MARCH 2017- 18 to 2021-22					
Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Income					
Sales Turnover	408.44	480.43	537.82	595.58	531.91
Excise Duty	44.6	50.3	45.02	64.54	56.59
Net Sales	363.84	430.13	492.8	531.04	475.32
Other Income	1.98	2.92	7.51	1.31	2.52
Stock Adjustments	-0.74	-1.26	1.38	3.21	0.86
Total Income	365.08	431.79	501.69	535.56	478.7
Expenditure					
Raw Materials	283.15	330.39	373.59	388.08	346.55
Power & Fuel Cost	1.82	2.7	2.9	3.14	2.78
Employee Cost	21.01	27.36	32.36	37.34	39.04
Other manufacturing expenses					
Selling and admin. expenses	0	0	0	8.77	6.83
Miscellaneous Expenses	17.03	23.03	27.41	20.63	21.14
Total Expenses	323.01	383.48	436.26	457.96	416.34
Operating Profit	40.09	45.39	57.92	76.29	59.84
PBDIT	42.07	48.31	65.43	77.6	62.36
Interest	0.4	0.35	0.59	0.78	0.58
PBDT	41.67	47.96	64.84	76.82	61.78
Depreciation	4.44	5.21	5.58	5.29	5.28
Profit Before Tax	37.23	42.75	59.26	71.53	56.5

Extra - ordinary items					
PBT (Post Extra-ord Items)	37.23	42.75	59.26	71.53	56.5
Tax	11.3	12.95	18.68	24.13	19.2
Reported Net Profit	25.92	29.79	40.57	47.4	37.32
Total Value Addition	39.86	53.1	62.67	69.89	69.78
Preference dividend	-	-	-	-	-
Equity dividend	6.58	8.23	10.97	11.52	9.33
Corporate dividend tax	1.12	1.4	2.21	2.35	1.9
Per share data (annualised)					
Shares in issue (lakhs)	109.72	109.72	219.43	219.43	219.43
Earning Per Share (Rs)	23.62	27.16	18.49	21.6	17.01
Equity dividend (%)	60	75	100	105	85
Book Value (Rs)	67.72	86.11	55.17	70.46	82.35

BALANCE SHEET OF ARAVIND CERAMICS PRIVATE LIMITED , CHENNAI AS ON MARCH 2017-18 to 2021-22					
Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Sources of funds					
Total Share Capital	11.2	11.2	11.2	11.2	11.2
Equity Share Capital	11.2	11.2	11.2	11.2	11.2
Reserves	63.1	83.27	109.86	143.4	169.49
Networth	74.3	94.47	121.06	154.6	180.69
Secured Loans	0	0	0	0	0
Unsecured Loans	0	0	0	0	0
Total Debt	0	0	0	0	0
Total Liabilities	74.3	94.47	121.06	154.6	180.69
Application Of Funds					
Gross Block	66.95	81.17	114.36	124.31	131.51
Less: Accum. Depreciation	23.88	28.47	34.92	39.71	44.36
Net Block	43.07	52.7	79.44	84.6	87.15
Capital Work in Progress	5	0.63	0.48	0	3.16
Investments	1.23	1.23	0.99	0.99	7.81
Inventories	22.95	23.37	26	34.72	36.23
Sundry Debtors	7.15	13.07	32.25	76.35	47.77
Cash and Bank Balance	38.07	45.15	27.36	12.82	57.1

Total Current Assets	68.17	81.59	85.61	123.89	141.1
Loans and Advances	5.49	8.46	10.92	9.16	6.27
Total CA, Loans & Advances	73.66	90.05	96.53	133.05	147.37
Current Liabilities	35.66	42.06	42.41	54.89	57.48
Provisions	12.99	8.07	13.95	12.02	7.31
Total CL & Provisions	48.65	50.13	56.36	66.91	64.79
Net Current Assets	25.01	39.92	40.17	66.14	82.58
Total Assets	74.31	94.48	121.08	151.73	180.7
Contingent Liabilities	15.43	14.3	4.35	17.55	66.93
Book Value (Rs)	67.72	86.11	55.17	70.46	82.35

A STUDY ON ASSET LIABILITY MANAGEMENT IN ARAVIND CERAMICS PRIVATE LIMITED, CHENNAI

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Abstract: - Asset Liability Management is a comprehensive and dynamic framework for measuring, monitoring and managing the market risk of a company. The ALM functions extend to liquidity risk management, management of market risk, trading risk management, funding and capital planning and profit planning and growth projection. The main objective of the present study is to identify the individual ratios which are affecting the assets and liability of the concern. This paper examines management of asset-liability in Aravind Ceramics Private Limited, Chennai during from 2017-18 to 2021-22. The main objective is, to understand the problems involved in maintaining and managing assets and liabilities. The present study has been conducted on the basis of secondary data and is descriptive in its nature. The study period was confined to a period of five financial years from 2017-18 to 2021-2022. The required secondary data for the study was collected through different websites, annual reports of Aravind Ceramics Private Limited and different journals. To make the analysis meaningful advanced statistical tools like – Ratios and percentages were applied. The major findings are: Capital turnover ratio of the company was satisfactory. The cash ratio has not been maintained according to the standard; the cash has been maintained less than the standard which indicates that company should maintain more cash balance. The net profit has been maintained in the increasing rate which shows that the company has performing well during the study period. From the study it is clear that the company looks forward to generate a more favourable service in the near future.

I. INTRODUCTION

Asset Liability Management is managing infrastructure asset to minimize the total cost of owning and operating them while continuously delivering the service levels customer's desire. It is a comprehensive and structured approach to the long-term management of asset. It refers to a systematic process of effectively maintaining, upgrading, and operating assets, combining engineering principles with sound business practice and economic rational and providing the tools to facilitate a more organized and flexible approach for making decision necessary to achieve expectations of stake holders and the public.

It involves the management of assets, such as investments or property. Liability management is the flip side of the coin the management of debts, loans and mortgages. For example:- Most people and indeed companies have a mixture of asset and liabilities in order to maximize their returns or wealth.

II. STATEMENT OF PROBLEM

Asset and liability management is a new technique to build a framework to perform better and to take best decisions. Asset and liabilities management become essential tools to evaluate the risk facing by the company in maintaining asset and liability to ensure profitability of the business. Assessing the quality of assets play a vital role in progress and development of performance of the company, which may make a study of asset and liability management, is essential and significant.

III .OBJECTIVES OF STUDY

- To study on the Asset Liability Management in Aravind Ceramics Private Limited, Chennai during from 2017-18 to 2021-22.
- To compare the Asset and Liability variance.
- To study the impact of ALM on the profitability of the company.

- To evaluate fixed assets turnover ratio, assets turnover ratio, cash to current assets ratio, total debtors to current liabilities, cash to current liabilities ratio etc.
- To identify the Asset Liability performance of the company.
- To analyze and evaluate the profitability position of the company.
- To evaluate the performance of profit and loss account and balance sheet ratios of the company
- To analyze the performance of debt coverage ratio of the company

IV .NEED FOR STUDY

The success of any company depends upon the fact that how efficiently it uses its assets and maintains sound solvency position. This is possible only with help of effective Asset and Liability Management (ALM). In financial statements, assets and liabilities can describe the financial position of an organization or company. Assets and liabilities that are well-managed can boost the profits of a company. By raising net interest revenue, an effective asset management policy framework can help companies increase their profitability. Therefore, the company needs to understand a good asset-liability management to be able to mitigate the risk. For this reason, the organization or company must be able to optimally manage its assets and liabilities through the determination of a reliable strategy to achieve business performance based on its scale and complexity.

V .SCOPE

- The study is conducted in Aravind Ceramics Private Limited , Chennai.
- This study will be helpful to know in managing the asset liability management & the profitability of management.
- This study also suggests the ways and means for improving the asset management in the company.
- It also helps to know the proper management of asset & liability management.
- This study is helpful to know the financial performance of the company.
- The secondary data is used in this study that is last five years balance sheet and profit loss accounts of the company during from 2017-18 to 2021-22.
- The prime importance of the study is to analyze the maintenance of asset and liability.
- To have practical knowledge of asset and liability management in the company.

RESEARCH METHODOLOGY:

I .METHODOLOGY:

The exact steps or methods used to find, pick, process, and analyse information on a subject are known as research methodology. The methodology section of a research paper gives the reader the chance to assess the general validity and dependability of a study. the method utilised to gather data and information in order to make business decisions. The methodology could contain material from both the present and the past and could involve published research, interviews, questionnaires, and other research techniques.

DATA ANALYSIS:

1.CASH RATIO:

TABLE NO: 4.1			
CASH RATIO			
Year	Cash	Current Liabilities	Ratio
2017-2018	38.07	48.65	0.78
2018-2019	45.15	50.13	0.90
2019-2020	27.36	56.36	0.49
2020-2021	12.82	66.91	0.19
2021-2022	57.10	64.79	0.88

Source : Annual report

Interpretation

From the above table conveys that cash ratio was 0.78 in the year of 2017-18. It has increased to 0.90 in the year of 2018-19. It has decreased to 0.49 and 0.19 in the year of 2019-20 and 2020-21 respectively. It has increased to 0.88 in the year of 2021-22.

2.DEBTORS TURNOVER RATIO

TABLE NO: 4.2			
DEBTORS TURNOVER RATIO			
Year	Sales	Debtors	Ratio
2017-2018	363.84	7.15	50.89
2018-2019	430.13	13.07	32.91
2019-2020	492.80	32.25	15.28
2020-2021	531.04	76.35	6.96
2021-2022	475.32	47.77	9.95

Source : Annual report

Interpretation

From the table conveys that debtors turnover ratio was 50.89 in the year of 2017-18. It has decreased to 32.91 in the year of 2018-19. It has decreased to 15.28 and 6.96 in the year of 2019-20 and 2020-21 respectively. It has increased to 9.95 in the year of 2021-2022.

3. RECEIVABLES TO WORKING CAPITAL:

TABLE NO: 4.12			
RECEIVABLES TO WORKING CAPITAL			
Year	Receivables	Working capital	Ratio
2017-2018	7.15	25.01	28.59
2018-2019	13.07	39.92	32.74
2019-2020	32.25	40.17	80.28
2020-2021	76.35	66.14	115.44
2021-2022	47.77	82.58	57.85

Interpretation

From the above table conveys that receivables to working capital was 28.59 in the year of 2017-18. It has increased to 32.74 in the year of 2018-19. It has further increased to 80.28 in the year of 2019-2020. And it has again increased 115.44 in the year of 2020-21. It has decreased to 57.85 in the year of 2021-22

4.TREND PERCENTAGE OF DEBTORS:

TABLE NO: 4.13		
TREND PERCENTAGE OF DEBTORS		
Year	Debtors	Trend
2017-2018	253500	100
2018-2019	267500	106
2019-2020	339250	134
2020-2021	1326130	523
2021-2022	555168.95	219

Source : Annual report

Interpretation

From the above table conveys Trend percentage of debtors ratio was 100 in the year of 2017-18. It has increased to 106 and 134 in the year of 2018-19 and 2019-20. It has further increased to 523 in the year of 2019-2020 respectively. It has decreased 219 in the year of 2021-22.

5.CASH TO CURRENT LIABILITIES RATIO:

TABLE NO: 4.14			
CASH TO CURRENT LIABILITIES RATIO			
Year	Cash	Current liabilities	Ratio
2017-2018	38.07	48.65	0.78
2018-2019	45.15	50.13	0.90
2019-2020	27.36	56.36	0.49

2020-2021	12.82	66.91	0.19
2021-2022	57.10	64.79	0.88

Source : Annual report

Interpretation

From the above table conveys that Cash to current liabilities ratio was 0.78 in the year of 2017-18. It has increased to 0.90 in the year of 2018-19. It has decreased to 0.49 and 0.19 in the year of 2019-20 and 2020-21 respectively. It has increased to 0.88 in the year of 2021-22.

FINDINGS:

- Cash ratio was 0.78 in the year of 2017-18. It has increased to 0.90 in the year of 2018-19. It has decreased to 0.49 and 0.19 in the year of 2019-20 and 2020-21 respectively.
- Debtors turnover ratio was has decreased to 15.28 and 6.96 in the year of 2018-19 and 2020-21 respectively. It has increased to 9.95 in the year of 2021-2022.
- Retained earning ratio was decreased to 270.79 in the year of 2019-2020 respectively.
- Trend percentage of debtors ratio was 100 in the year of 2017-18. It has increased to 106 and 134 in the year of 2018-19 and 2019-20.
- Cash to current liabilities ratio was decreased to 0.49 and 0.19 in the year of 2019-20 and 2020-21 respectively. It has increased to 0.88 in the year of 2021-22.

SUGGESTIONS:

- The net working capital has been decreasing year by year. The management has to take proper steps to maintain the adequate level of working capital.
- The average inventory has ups and down for the consecutive five years. The needed inventory level must be maintained by the production manager.
- The credit sales must be reduced one up to certain limit. There must be strict credit policy but not to affect sales volume and lots of customers.
- The average collection period must be reduced and monitored by concerned authority. The days must be reduced and speed up the collection amount

CONCLUSION:

Asset Liability Management is a comprehensive and dynamic framework for measuring, monitoring and managing the market risk of a company The ALM functions extend to liquidity risk management, management of market risk, trading risk management, funding and capital planning and profit planning and growth projection. The main objective of the present study is to identify the individual ratios which are affecting the assets and liability of the concern.

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