

A STUDY ON CASH MANAGEMENT WITH REFERENCE TO AUTOKSHI ENGINEERS PVT LTD

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by
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Register No.40410150



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)

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

APRIL 2022



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of SAI KRISHNAN K.E. 40410150 who carried out the project entitled "A STUDY ON CASH MANAGEMENT WITH REFERENCE TO AUTOKSHI ENGINEERS PVT LTD " under my supervision from January 2022 to March 2022.

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Submitted for Viva voce Examination held on _____

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DECLARATION

I **SAI KRISHNAN K E (40410150)** hereby declare that the Project Report entitled “**A Study ON CASH MANAGEMENT WITH REFERENCE TO AUTOKSHI ENGINEERS PVT LTD** ” done by me under the guidance of **DR.S.THINESH KUMAR** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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ACKNOWLEDGEMENT

I am pleased to acknowledge my sincere thanks to Board of Management of **SATHYABAMA** for their kind encouragement in doing this project and for completing it successfully. I am grateful to them.

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SAI KRISHNAN K E



18/03/2022

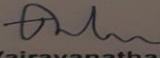
ACADEMIC PROJECT COMPLETION LETTER

We like to confirm the below student, who is doing MBA in Sathyabama Institute of Science And Technology, Chennai, has been offered to do the academic project in Finance Department in our concern titled "A STUDY ON CASH MANAGEMENT WITH REFERENCE TO AUTOKSHI ENGINEERS PVT LTD" from 18/12/2021 to 18/03/2022.

STUDENT NAME	REG. NO	SPECIALIZATION
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During this tenure with us, his conduct & behavior was observed to be good
We wish success in all the future endeavors.

For Autokshi Engineers [P] Ltd,


Vairavanathan,
Authorized Signatory



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ABSTRACT

The project titled “A Study on cash management for Autokshi Engineers Pvt Ltd” deals with the movement of money into or out of a business, project, or financial product. It is usually measured during a specified, finite period of time. The need for Cash to run the day-to-day business activities cannot be overemphasized. One can hardly find a business firm, which does not require any amount of Cash. Indeed, firms differ in their requirements of the Cash.

A firm should aim at maximizing the wealth of its shareholders. In its endeavor to do so, a firm should earn sufficient return from its operation. Earning a steady amount of profit requires successful sales activity. The firm has to invest enough funds in current asset for generating sales. Current asset are needed because sales do not convert into cash instantaneously. There is always an operating cycle involved in the conversion of sales into cash.

The objectives are to analyze the Cash management and to determine efficiency in cash, inventories, debtors and creditors. Further, to understand the liquidity and profitability position of the firm.

These objectives are achieved by using ratio analysis and then arriving at conclusions, which are important to understand the efficiency / inefficiency of Cash.

It was noticed in the study that the company had utilized its Cash efficiently and can also try to get more effective values by working on it. The cash required to meet out the current liabilities is maintained at a normal level that shows the company follows an average policy.

CHAPTER 1 – INTRODUCTION

Introduction:

Cash management is the corporate process of collecting and managing cash, as well as using it for short-term investing. It is a key component of a company's financial stability and [solvency](#). Corporate treasurers or business managers are frequently responsible for overall cash management and related responsibilities to remain solvent.

Cash flow is the movement of money in to and out of a business. Inflows—moneys coming in—typically arrive in the form of customer payments; bank loans are also inflows. Outflows—moneys leaving the business—are generally expenses, including payments on purchases, overhead, and loan payments.

To manage cash flow means to take an active approach in determining how this process of money moving in and out of the business plays out. The purpose of this project is to provide an overview of the cash-flow management process. Future articles will discuss specific aspects in greater detail.

A cash flow statement provides information about the changes in cash and cash equivalents of a business by classifying cash flows into operating, investing and financing activities. It is a key report to be prepared for each accounting period for which financial statements are presented by an enterprise.

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

Objectives of preparing Cash Flow Statement

- Cash flow statement shows inflow and outflow of cash and cash equivalents from various activities of a company during a specific period under the main heads i.e., operating activities, investing activities and financing activities.
- Information through the Cash Flow statement is useful in assessing the ability of any enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows.
- Taking economic decisions requires an evaluation of the ability of an enterprise to generate cash and cash equivalents, which is provided by the cash flow statement

Cash and cash equivalents generally consist of the following:

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

CLASSIFICATION OF ACTIVITIES:

Cash flow activities are to be [classified into three categories](#) :

This is done to show separately the cash flows generated / used by these activities, thereby helping to assess the impact of these activities on the financial position and cash and cash equivalents of an enterprise.

- Operating activities
- Investing activities
- Financing activities

Cash from Operating Activities:

Operating activities are the activities that comprise of the primary / main activities of an enterprise during an accounting period. For example, for a garment manufacturing company, operating activities include procurement of raw material, sale of garments, incurrance of manufacturing expenses, etc. These are the principal revenue generating activities of the enterprise.

Profit before tax as presented in the income statement could be used as a starting point to calculate the cash flows from operating activities.

Cash Inflows from operating activities:

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

Cash Outflows from operating activities:

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

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

- Elimination of non cash expenses (e.g. depreciation, amortization, impairment losses, bad debts written off, etc)
- Removal of expenses to be classified elsewhere in the cash flow statement (e.g. interest expense should be classified under financing activities)
- Removal of income to be presented elsewhere in the cash flow statement (e.g. dividend income and interest income should be classified under investing activities unless in case of for example an investment bank)
- Elimination of non cash income (e.g. gain on revaluation of investments)
- The amount of cash from operations indicates the internal solvency level of the company. It is a key indicator of the extent to which the operations of the enterprise have generated sufficient cash flows to maintain its operating potential.

Cash from Investing Activities:

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

Cash Outflows from investing activities

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

Cash Inflows from investing activities

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

Cash from Financing Activities:

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

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

Cash Inflows from financing activities

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

Cash Outflows from financing activities:

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

Methods of preparing the Cash Flow Statements

- Operating activities are the main source of revenues and expenditures, thereby cash flow from the same needs to be ascertained. The cash flow can be reported through two ways:
- Direct method that discloses the major classes of gross cash receipts and cash payments and
- Indirect method that has the net profit or loss adjusted for effects of

(1) transactions of a non-cash nature,

(2) any deferrals or accruals of past/future operating cash receipts and

(3) items of income or expenses associated with investing or financing cash flows.

DIRECT METHOD:

In the direct method, the major heads of cash inflows and outflows (such as cash received from trade receivables, employee benefits, expenses paid, etc.) are to be considered. As the different line items are recorded on accrual basis in statement of profit and loss, certain adjustments are to be made to convert them into cash basis such as the following:

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

INDIRECT METHOD:

Indirect method of ascertaining cash flow from operating activities begins with the amount of net profit/loss. This is so because statement of profit and loss incorporates the effects of all operating activities of an enterprise. However, Statement of Profit and Loss is prepared on accrual basis (and not on cash basis). Moreover, it also includes certain non-operating items such as interest paid, profit/loss on sale of fixed assets, etc.) and non-cash items (such as depreciation, goodwill to be written-off, etc. Therefore, it becomes necessary to adjust the amount of net

profit/loss as shown by Statement of Profit and Loss for arriving at cash flows from operating activities.

Purpose & Importance of Cash Flow Statements:

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

Advantages of Cash Flow Statement

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

Disadvantages of Cash Flow Statement:

- Through the cash flow statement alone, it is not possible to arrive at actual P&L of the company as it shows only the cash position. It has limited usage and in isolation

it is of no use and requires BL, P&L for its projections. Cash flow statement does not disclose net income from operations. Therefore, it cannot be a substitute for income statement

- The cash balance as shown by the cash flow statement may not represent the real liquidity position of the business because it can be easily influenced by postponing the purchases and other payments
- Cash flow statement cannot replace the funds flow statement. Each of the two has a separate function to perform.

CHAPTER 2 – COMPANY PROFILE

1.1 INDUSTRY PROFILE

The Indian auto-components industry has experienced healthy growth over the last few years. Some of the factors attributable to this include: a buoyant end-user market, improved consumer sentiment and return of adequate liquidity in the financial system.

The auto-components industry accounts for almost seven per cent of India's Gross Domestic Product (GDP) and employs as many as 19 million people, both directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favourable destination for investment.

Market Size

The Indian auto-components industry can be broadly classified into the organised and unorganised sectors. The organised sector caters to the Original Equipment Manufacturers (OEMs) and consists of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category.

Over the last decade, the automotive components industry has scaled three times to US\$ 39 billion in 2015-16 while exports have grown even faster to US\$ 10.8 billion. This has been driven by strong growth in the domestic market and increasing globalisation (including exports) of several Indian suppliers.

The Indian Auto Component industry is expected to grow by 8-10 per cent in FY 2017-18, based on higher localisation by Original Equipment Manufacturers (OEM), higher component content per vehicle, and rising exports from India, as per ICRA Limited. According to the Automotive Component Manufacturers Association of India (ACMA), the Indian auto-components industry is expected to register a turnover of US\$ 100 billion by 2020 backed by strong exports ranging between US\$ 80- US\$ 100 billion by 2026, from the current US\$ 11.2 billion.

Investments

The cumulative Foreign Direct Investment (FDI) inflows into the Indian automobile industry during the period April 2000 – September 2016 were recorded at US\$ 15.80 billion, as per data by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments made into the Indian auto components sector are as follows:

- Gestamp, a Spanish automobile component manufacturing company, has invested Rs 260 crore (US\$ 38.63 million) in a new hot stamping plant in Pune, in order to cater to the increasing demand for lighter vehicles in India.
- Exide Industries, India's biggest automotive battery maker, plans to invest around Rs 300 crore (US\$ 45 million) in West Bengal to expand its capacity for advanced motorcycle batteries over a period of 18 months.
- Motherson Sumi Systems Ltd, an automobile components manufacturer, has acquired Finland-based truck wire maker PKC Group Pic for € 571 million (US\$ 609.57 million), which will help the company expand its presence in the global wiring harness business for commercial vehicles.
- Sundaram Clayton, part of the TVS group, plans to invest US\$ 50 million in US and Rs 400 crore (US\$ 59.76 million) in India over the next three years.
- Mercedes Benz India Private Limited has set up India's largest spare parts warehouse in Pune, with an area of 16,500 square meters which can stock up to 44,000 parts. It will also include a vehicle preparation centre that can stock up to 5,700 cars to customise them before delivery.
- JK Tyre and Industries Ltd, India's leading tyre manufacturer, has acquired Cavendish Industries Ltd (CIL) for Rs 2,200 crore (US\$ 329.2 million), which will enable JK's entry into the fast-growing two-wheeler and three-wheeler tyre market.
- Japanese auto major Honda is planning to step up supply and target exporting of auto components worth Rs 1,500 crore (US\$ 224.45 million) from India to its various international operations.
- Auto components maker Bharat Forge Ltd (BFL), the flagship company of the US\$ 3 billion Kalyani Group, has formalised agreement with Rolls-Royce Plc which will supply BFL with critical and high integrity forged and machined components
- Canada's Magna International Incorporated has started production at two facilities in Gujarat's Sanand, which will supply auto parts to Ford Motor Co in India
- Everstone Capital, a Singapore-based private equity (PE) firm, has purchased 51 per cent in Indian auto components maker SJS Enterprises for an estimated Rs 350 crore (US\$ 51.35 million).

- ArcelorMittal signed a joint venture agreement with Steel Authority of India Ltd (SAIL) to establish an automotive steel manufacturing facility in India.
- German auto components maker Bosch Ltd opened its new factory at Bidadi, near Bengaluru, which is its fifth manufacturing plant in Karnataka. The company has also signed a memorandum of understanding (MoU) with Indian Institute of Science (IISc), Bengaluru with a view to strengthen Bosch's research and development in areas including mobility and healthcare thereby driving innovation for India-centric requirements.
- French tyre manufacturer Michelin announced plans to produce 16,000 tonnes of truck and bus tyres from its Indian facility this year, a 45 per cent rise from last year.
- Amtek Auto Ltd acquired Germany-based Scholz Edelstahl GmbH through its 100 per cent Singapore-based subsidiary Amtek Precision Engineering Pte Ltd.
- MRF Ltd plans to invest Rs 4,500 crore (US\$ 660.231 million) in its two factories in Tamil Nadu as part of its expansion plan.
- Hero MotoCorp is investing Rs 5,000 crore (US\$ 733.59 million) in five manufacturing facilities across India, Colombia and Bangladesh, to increase its annual production capacity to 12 million units by 2020.

Government Initiatives

The Government of India's Automotive Mission Plan (AMP) 2006–2016 has come a long way in ensuring growth for the sector. It is expected that this sector's contribution to the GDP will reach US\$ 145 billion in 2016 due to the government's special focus on exports of small cars, multi-utility vehicles (MUVs), two and three-wheelers and auto components. Separately, the deregulation of FDI in this sector has also helped foreign companies to make large investments in India. The Government of India's Automotive Mission Plan (AMP) 2016–2026 envisages creation of an additional 50 million jobs along with an ambitious target of increasing the value of the output of the sector to up to Rs 1,889,000 crore (US\$ 282.65 billion).

Road Ahead

The rapidly globalising world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to

newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic research and development.

The Indian auto-components industry is set to become the third largest in the world by 2025.

Indian auto-component makers are well positioned to benefit from the globalisation of the sector as exports potential could be increased by up to four times to US\$ 40 billion by 2022.

2.2 COMPANY PROFILE

Established in the 1997, Autokshi Engineers Pvt Ltd is into the manufacturing of auto parts for two wheeler and other commercial vehicles in India. India being the one among the low cost countries, yet which is fast developing, benefits the clients through minimum investment and maximum output. The wide range of our products includes commercial vehicle components, main stand and side stand, backing plates, gear shift lever, heavy duty stamp and tubular components and more. All the product developments are done using latest technology and high quality materials.

Being ISO/TS 16949-2009 certified company, Autokshi Engineers Pvt Ltd follows the latest and advanced technology that helps in the faster product development while also providing better support for our clients. A combination over 2 decades of experience and expertise in the industry enables us to deliver superior quality customized products as per the customer requirements.

We have the state of the art infrastructure and cutting edge technology with which the product development is made faster and accurate. We have manufacturing unit in Tamilnadu that comprise of separate design office for offering customized designing of components for the clients, with a separate lab where all the products are tested. The team follows the next generation technology and techniques for testing the manufactured products; with this we ensure superior quality of all our products.

Most of our product development processes and even the administration processes are automated to ensure maximum accuracy, perfection and productivity. We have implemented SAP for the administration process. For the successful and accurate completion of product development process, we have implemented the well-known TPM. This concept ensures maximum

productivity through cost saving and time saving throughout the production line. Our implementation of robotic line for various manufacturing processes assures faster and perfect product outputs. Robotic lines are used for pick and place of sheets, so that there is only a minimum human interference in such difficult processes which avoids accidents and human errors. Through automation of product development, we can ascertain predictable quality as well as quantity of products.

Autokshi Engineers Pvt Ltd not only concentrates on its own growth, but also contributes to developing the capabilities of the region. With the association of various organisations, we strive in creating a better development of the company as well as the region and with this motto in mind contribute towards the cause continuously.

With the cutting edge infrastructure and manufacturing capacity, we can cater to the needs and requirements of larger companies as well as smaller companies. Our components are supplied to various companies. We take pride in our association with these leading auto manufacturers and look towards associating with more esteemed names from all over the world.

Development Capabilities

The ISO/TS 16949:2009 certified company, Autokshi Engineers Pvt Ltd is one of the foremost sheet metal & fabricated auto parts and press tools manufacturers in India. The stringent methods used in the quality assurance and production of various auto parts for two wheelers and three wheeler commercial vehicles, ensures that they are of the best quality.

We deploy the cutting edge technology for the product development and designing process; internationally acclaimed machinery is deployed for the manufacturing purposes. A constant enhancement of the technology and processes is the part of our work-culture as a leading sheet metal parts & tools manufacturer in India. Our team attends periodic and adequate training programs so as to keep themselves well-conversant with the new technologies and skills.

We have robotic lines for welding and pick & place mechanism of steel sheets and other heavy works and thereby reducing errors for such tasks. We process more than 80 tons of steel per day and have automated most of the processes to minimize the mistakes caused. We have sharp focus on TPM which reduces wastage of resources and reduces cost of production. Additionally, our

business processes are automated with the implementation of SAP enterprise business solutions for faster business.

Autokshi Engineers Pvt Ltd manufactures and supplies auto parts for various companies including small, medium and big scale organizations; our forte is not restricted just to auto parts. Our specialty as a press tools manufacturer and sheet metal parts manufacturing in India lies in our futuristic approach towards technology and overall business which enables creation of flawless auto parts for three wheeler commercial vehicles and motorcycles. Our development activities are monitored through Team Centre software.

Stamping Capabilities

With more than 4 manufacturing units in Tamilnadu, Autokshi Engineers Pvt Ltd is one of the foremost companies who specialize in precision stamping. With our high quality and efficient precision metal stamping, we have set a benchmark among the companies offering precision stamping. We employ the latest cutting edge technology for the designing and manufacturing of all our precision metal stampings.

At Autokshi Engineers Pvt Ltd, we have a stamping facility of over 10,000 square metres with facilities for hydraulic shearing and bending. We offer precision stamping in various ranges. Our precision metal stamping in mechanical press ranges from 10 ton to 500 ton with a bed size of 2500X 1500 mm. The hydraulic press ranges from 30 ton to 500 tons with a maximum bed size of 3200 X 2000 mm.

Autokshi Engineers Pvt Ltd is preferred by most of the automotive manufacturers for our expertise and years of experience in precision metal stamping; we process 80 tons of steel per day. We have transfer press at our 6 stations and produce up to 1250 tons. We make use of technologies like Tandem line, Auto blanking and Pneumatic pick and place for precision stamping process. Prompt and customized services and support are offered by our team as per the client's requirements.

With the vast experience and expertise in the field of precision stamping, we are capable of offering superior quality products and futuristic designs for our customers. We also use advanced technologies and concepts to maintain perfection and accurateness in precision metal stamping.



Welding Capabilities

Autokshi Engineers Pvt Ltd has been offering auto parts manufacturing facility for commercial vehicles and two wheeler vehicles since year 1997. Integrated welding assembly systems have been implemented all 4 manufacturing plants. Specially designed robotic lines have been placed targeting maximum accuracy and augmented productivity. Our welding capabilities include robotic welding assemblies, mig welding assembly so as to ensure enhanced accuracy and productivity.

At Autokshi Engineers Pvt Ltd, we believe in delivering predictable quality and quantity which can be achieved if optimum automation is used in these processes. Therefore to avoid complexity, reduce manual error and accidents caused due to manual interference mig welding assembly and robotic welding assemblies are used.

Our robotic lines are capable of taking care of the spot weld assembly. We use pick and place arrangements for sheet metal pressing. It minimizes manual intervention. Additionally, automation assists in accelerating the manufacturing processes remarkably.

We are the OEM manufacturer of Body-in-white for 3 wheeler automotives. Spot welding is used in the manufacturing of tray for goods carrier vehicles. The robotic welding used for faster production of passenger body component required for commercial vehicles.

With the help of spot welding, we manufacture deep drawn front mud guards and also dashboard metal skeleton. Almost 50 goods carriers tray are delivered by our manufacturing capacity on daily basis. The entire repair procedures are seamlessly completed using mig welding assembly.



Quality & Systems

The leading manufacturer of auto parts for commercial vehicles and two wheelers, Autokshi Engineers Pvt Ltd, has a meticulously designed set of policies and systems in place to check the quality of products developed. We have a strong engineering and development team along well-equipped tool room and lab.

We received ISO 9001:2000 certification in 2001 and ISO/TS 16949:2009 in 2007. Various

internationally approved systems are in place at Autokshi Engineers Pvt Ltd for enhancing quality and quantity of products developed. A successful implementation of TPM for superior quality product development is also effectively supported by the implementation of SAP enterprise software solution for various business processes. Our cost-efficient and energy saving robotic lines help us in reducing errors caused by human interference while boosting qualitative and increased product development.

With robotic assembly and robotic welding lines, we ensure that all the manufactured products are perfect and of predictable quality as well as quantity.

Content is not available



Commercial Vehicle Components/ parts

Autokshi Engineers Pvt Ltd offers customized three wheeler commercial vehicle parts to India's top most commercial vehicle manufacturers. We have been in the field since 1997 and supply more than 200 three wheeler commercial vehicle and two wheelers components per day.

Autokshi Engineers Pvt Ltd is an ISO/TS 16949:2009 certified company; we design, develop and manufacture the complete range of two & three wheeler commercial vehicle parts as per the different requirements of the customers.

We ensure that all the three wheelers commercial vehicle components developed comply with the needs and requirements of the modern commercial vehicles. Excellent safety, finest quality and highest efficiency are the qualities of the commercial vehicles parts produced at our units. We are the OEM manufacturer of Body in White (BIW) for three wheeler commercial vehicles. We manufacture up to 900 units of commercial vehicle passenger body per day and also 120 units of large commercial vehicle passenger bodies per day. We are also the manufacturer of superior quality deep drawn mud guard which we manufacture and supply up to 2500 quantity per day. All commercial vehicle components developed by us are done using advanced technology and robotic lines for better and accurate designs and products. Our years of experience and expertise in developing commercial vehicle parts help in the timely delivery and perfection of products developed.

CHAPTER 3 – REVIEW OF LITERATURE

3.1 REVIEW OF LITERATURE

In intention to discover the relationship between efficient capital management and firm's profitability (Shin & Soenen, 2004) used net-trade cycle (NTC) as a measure of working capital management. NTC is basically equal to the CCC whereby all three components are expressed as a percentage of sales. The reason by using NTC because it can be an easy device to estimate for additional financing needs with regard to working capital expressed as a function of the projected

sales growth. This relationship is examined using correlation and regression analysis, by industry and working capital intensity. Using a Commutate sample of 58,985 firm years covering the period 1994-2016, in all cash, they found, a strong negative relation between the length of the firm's net-trade cycle and its profitability. In addition, shorter NTC are associated with higher risk-adjusted stock returns. In other word, (Shin & Soenen, 2004) suggest that one possible way the firm to create shareholder value is by reducing firm's NTC.

The study of (Shin & Soenen, 2004) consistent with later study on the same objective that done by (Deloof, 2004) by using sample of 1009 large Belgian non-financial firms for the period of 2003-2007. However, (Deloof, 2004) used trade credit policy and inventory policy are measured by number of days accounts receivable, accounts payable and inventories, and the cash conversion cycle as a comprehensive measure of working capital management. He finds a significant negative relation between gross operating income and the number of days accounts receivable, inventories and accounts payable. Thus, he suggests that managers can create value for their shareholders by reducing the number of day's accounts receivable and inventories to a reasonable minimum. He also suggests that less profitable firms wait longer to pay their bills.

In other study, (Lyroudi & Lazaridis, 2011) use food industry Greek to examined the cash conversion cycle (CCC) as a liquidity indicator of the firms and tries to determine its relationship with the current and the quick ratios, with its component variables, and investigates the implications of the CCC in terms of profitability, indebttness and firm size. The results of their study indicate that there is a significant positive relationship between the cash conversion cycle and the traditional liquidity measures of current and quick ratios. The cash conversion cycle also positively related to the return on assets and the net profit margin but had no linear relationship with the leverage ratios. Conversely, the current and quick ratios had negative relationship with the debt to equity ratio, and a positive one with the times interest earned ratio. Finally, there is no difference between the liquidity ratios of large and small firms.

Working capital policy refers to the firm's policies regarding 1) target levels for each category of current operating assets and liabilities, and 2) how current assets will be financed. Generally good working capital policy (i.e. under conditions of certainty) is considered to be one in which holdings of cash, securities, inventories, fixed assets, and accounts payables are minimized. The level of accounts receivables should be used as a means of stimulating sales and other income. Previous literature on working capital management has found a negative

association, overall, between level of working capital and operating performance as measured by operating returns and operating margins (Peterson and Rajan, 2005). Under conditions of certainty (i.e. sales, costs, lead times, payment periods, and so on, are known), firms have little reason to hold more working capital than a minimum level. Larger amounts would increase the level of operating assets, increase the need for external funding, resulting in lower return on assets and a lower return on equity, without any increase in profit.

However the picture changes when uncertainty (i.e. uncertain growth) is introduced (Brigham and Houston, 2001). Larger amounts of cash, securities, accounts receivables, marketable securities, inventories, and fixed assets will be needed to support increased sales. Required levels will be based on expected sales levels and expected order lead times. Additional holdings may be needed to enable the firm to deal with departures from the expected values. Further, firms will also attempt to increase their accounts payable balances as a means of financing increased levels of current operating assets. Firms which are in high growth stages will face the challenge of maintaining the necessary level of operating assets to support subsequent growth, while at the same time attempting to maintain adequate performance indicators.

This study focuses on understanding how IPO companies manage their working capital and other balance sheet items to support subsequent growth. This study supports the existing literature on working capital and contributes to the existing literature by examining a sample of firms (i.e. recent IPO firms) which have a wider range of growth levels than non-IPO firms. Our study examines the impact of working capital management on the operating performance and growth of new public companies. The study also examines these relationships under three categories of growth (i.e. negative growth, moderate growth, and high growth). The study also examines other selected firm characteristics in light of working capital management: firm operating and financial risk, amount of debt, firm size, and industry.

An underlying theme of this study is that high growth certainly does not ensure high operating performance. Consistent with prior research (Peterson and Rajan, 2002) this study provides further evidence that good working capital management is positively associated with better operating performance. Higher levels of accounts receivable are associated with higher operating performance, in all three of the growth rate categories. The study also finds that maintaining control over levels of cash, securities, inventory, fixed assets, and accounts payables

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

CHAPTER 4 – RESEARCH METHODOLOGY

4.1 NEED FOR THE STUDY:

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

4.2 OBJECTIVE OF STUDY

PRIMARY OBJECTIVE

To study on Cash Management with reference to Autokshi Engineers Pvt Ltd .

SECONDARY OBJECTIVE

- To study the inventory and cash of Autokshi Engineers Pvt Ltd.
- To analysis the liquidity position of Autokshi Engineers Pvt Ltd.
- To analysis the inventory position of Autokshi Engineers Pvt Ltd.
- To give remedial measures for cash management in Autokshi Engineers Pvt Ltd.

4.3 SCOPE OF STUDY

- The study covers all the components of current assets and current liabilities for the year 2016-2020
- The study also deals with the various ratios imparted in the organization.
- The working capital is one of the dynamic and vital aspects of the business operation.

LIMITATIONS OF THE STUDY

- The study mainly depends on the secondary data taken from annual report and internal records of the company.
- The figures taken from the financial statement for analysis were historical in nature.
- The study is confined to a short period of 4 months. This would not picture the exact position of company
- In depth analysis of data is not possible due to time constraint.

➤ Some of the data has not given by the company due to maintenance of financial secrecy.

4.4 RESEARCH

Research is an organized, systematic, database, critical, objective, scientific, inquiry or investigation into a specific problem, undertaken with the purpose of finding answer or solutions to it. Emory defines research as, “any organized inquiry designed and carried out to provide information for solving a problem”

4.4.1 RESEARCH DESIGN

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

Research design is defined as, “the arrangement of condition for collection and analysis of the data in a manner that aims to combined relevant to the research purpose with economy in procedure”

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

4.4.2 SOURCE OF DATA

SECONDARY DATA

These data, which have already been collected, compiled and presented earlier by any agency, may be used for the purpose of investigation The date has been collected from Autokshi Engineers Pvt Ltd. annual report from 2016-2020.

ANNUAL REPORT

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

4.4.3 TOOLS USED FOR THE STUDY

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

RATIO ANALYSIS

The following ratios are used to calculate the liquidity.

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

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

WORKING CAPITAL

Working capital = current assets – current liabilities

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

4.5 WORKING PROCEDURE FOR THE CASH MANAGEMENT

Cash Flow Statement deals with flow of cash which includes cash equivalents as well as cash.

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

PROCEDURE:

(i) Operating Activities

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

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

Determination of cash flow from operating activities

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

Stage-1

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

Net profit before Tax and extra ordinary Items	xxx
--	-----

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

Depreciation	xxx
--------------	-----

Amortisation of intangible assets	xxx
-----------------------------------	-----

Loss on the sale of Fixed assets.

xxx

Loss on the sale of Long term Investments	xxx
---	-----

Provision for tax

xxx

Dividend paid	xxx
---------------	-----

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

Profit on sale of fixed assets	xxx
Profit on sale of Long term investment	xxx
Operating profit before working Capital changes	xxx

Stage-II

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

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

A. Current assets

(i) An increase in an item of current assets causes a decrease in cash inflow because cash is blocked in current assets.

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

B. Current liabilities

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

(ii) A decrease in an item of current liability causes increase in cash out flow because of payment of liability.

Investing Activities

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

Examples of cash flow arising from Investing activities are

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

Thus, Cash inflow from investing activities are

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

Cash outflow from investing activities are :

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

Step- III

Financing Activities

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

Examples of cash flow arising from financing activities are

- Cash proceeds from issue of shares or other similar instruments.
- Cash proceeds from issue of debentures, loans, notes, bonds, and other short-term borrowings

- Cash repayment of amount borrowed Cash Inflow from financing activities are
- Issue of Equity and preference share capital for cash only.
- Issue of Debentures, Bonds and long-term note for cash only

Cash outflow from financing activities are :

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

CHAPTER 5– DATA ANALYSIS AND INTERPRETATION

1. CURRENT RATIO:

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

FORMULA:-

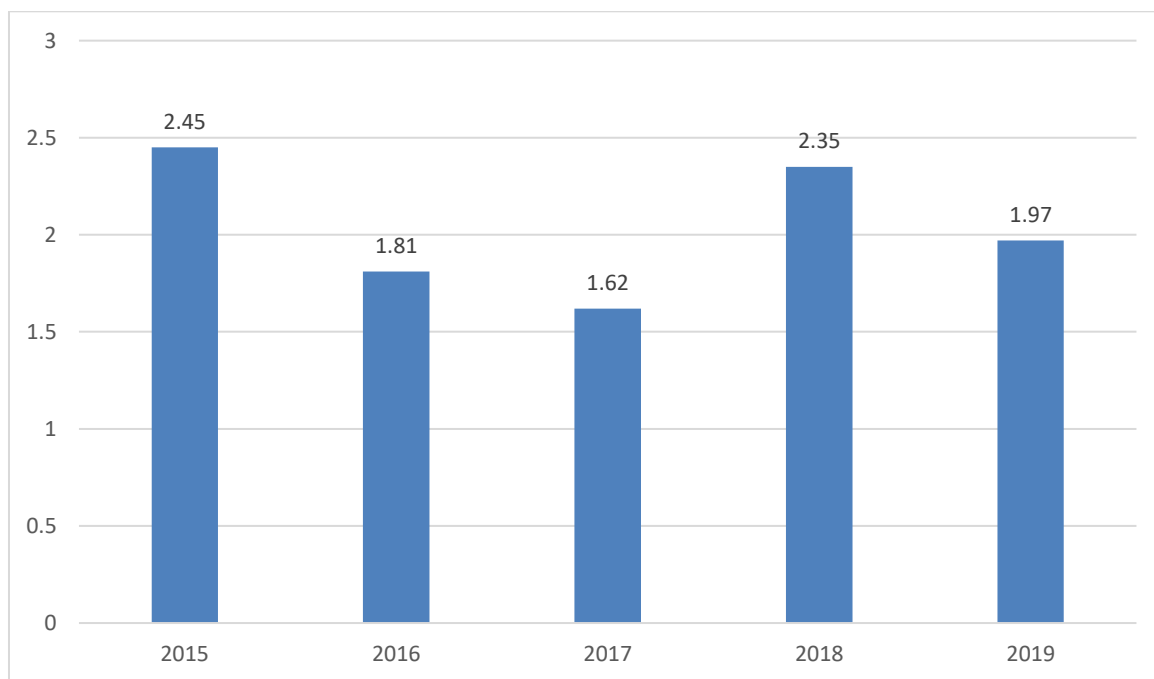
Current Assets

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

TABLE 5.1

S.NO	YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
1	2016	19,89,000	8,11,000	2.45
2	2017	18,81,000	10,40,000	1.81
3	2018	23,39,000	11,63,000	1.62
4	2019	25,50,000	10,84,000	2.35
5	2020	32,54,000	16,48,000	1.97

CHART 5.1:



INTERPRETATIONS:

- The ideal current ratio is 2:1. here the current ratio declining over a period of time according to time series analysis. Since the healthy current ratio is 2:1 AUTOKSHI ENGINEERS PVT LTD reaches the healthy ratio in the year 2016 and 2019. Higher

the current ratio, higher the short term liquidity. Here the position of the company is good when compared to previous year. This shows the positive position of the company.

2. CASH POSITION RATIO:

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

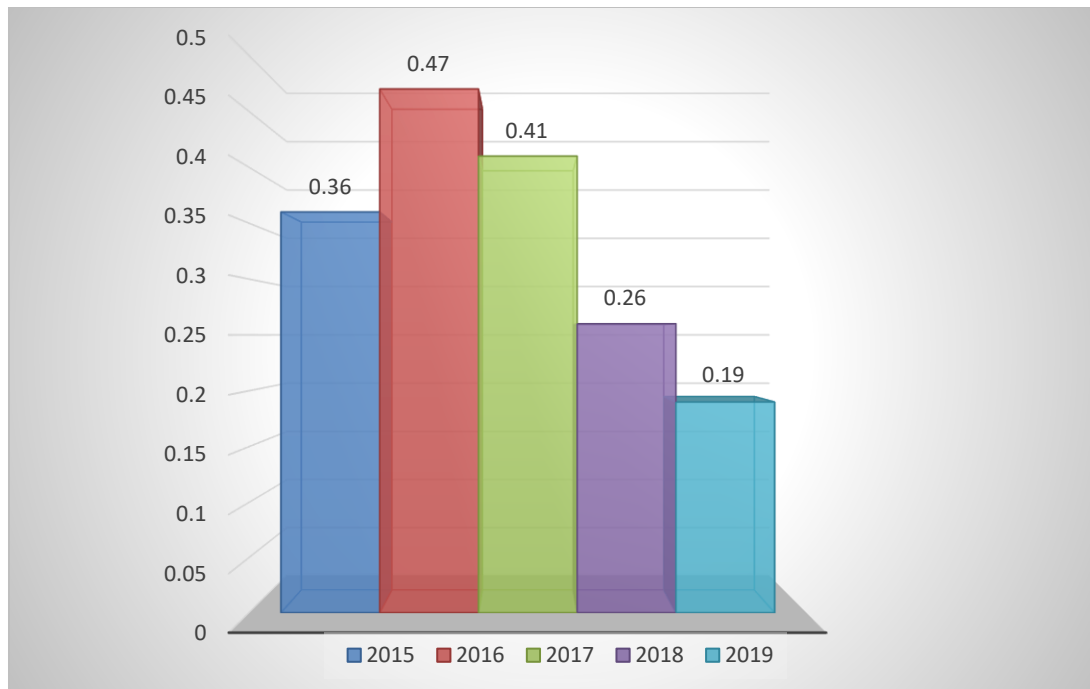
Formula:

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

TABLE 5.2

S.NO	YEAR	CASH BALANCE +SECURITIES	CURRENT LIABILITIES	CASH POSITION RATIO
1	2016	2,92,000	8,11,000	0.36
2	2017	4,99,000	10,40,000	0.47
3	2018	4,79,000	11,63,000	0.41
4	2019	2,80,000	10,84,000	0.26
5	2020	3,05,000	16,48,000	0.19

CHART 5.2:



INTERPRETATION:

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

3. ABSOLUTE LIQUID RATIO:

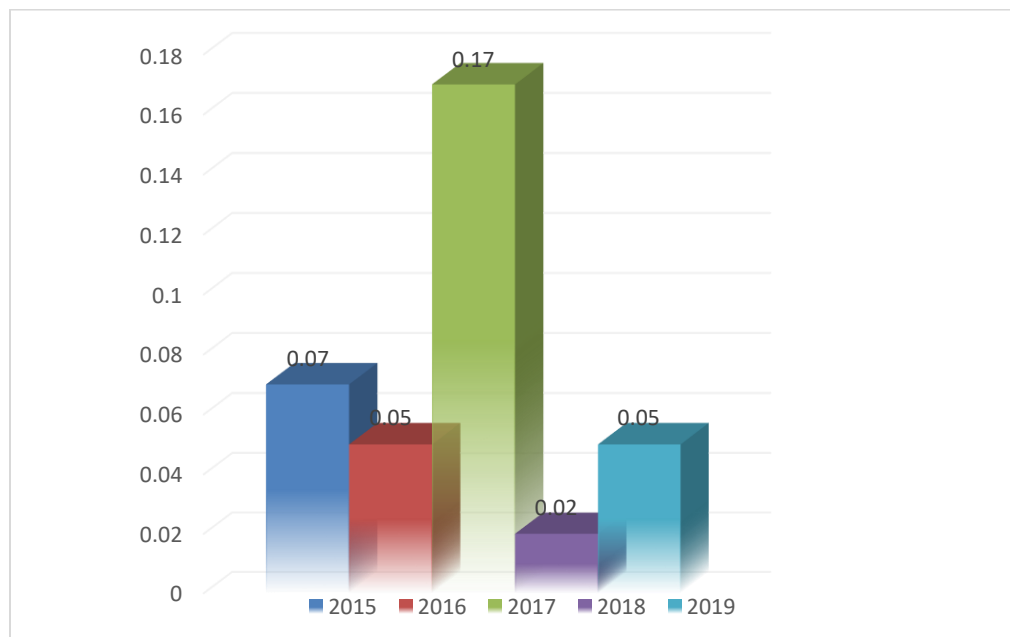
Therefore, absolute liquidity ratio relates cash, bank and marketable securities to the current liabilities.

$$= (\text{ABSOLUTE LIQUID ASSET} / \text{CURRENT LIABILITIES})$$

TABLE 5.3:

S.NO	YEAR	ABSOLUTE LIQUID ASSET	CURRENT LIABILITIES	ABSOLUTE LIQUID RATIO
1	2016	53,000	8,11,000	0.07
2	2017	52,000	10,40,000	0.05
3	2018	2,02,000	11,63,000	0.17
4	2019	21,000	10,84,000	0.02
5	2020	74,000	16,48,000	0.05

CHART 5.3:



INTERPRETATION:

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

4. FIXED ASSETS RATIO:

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

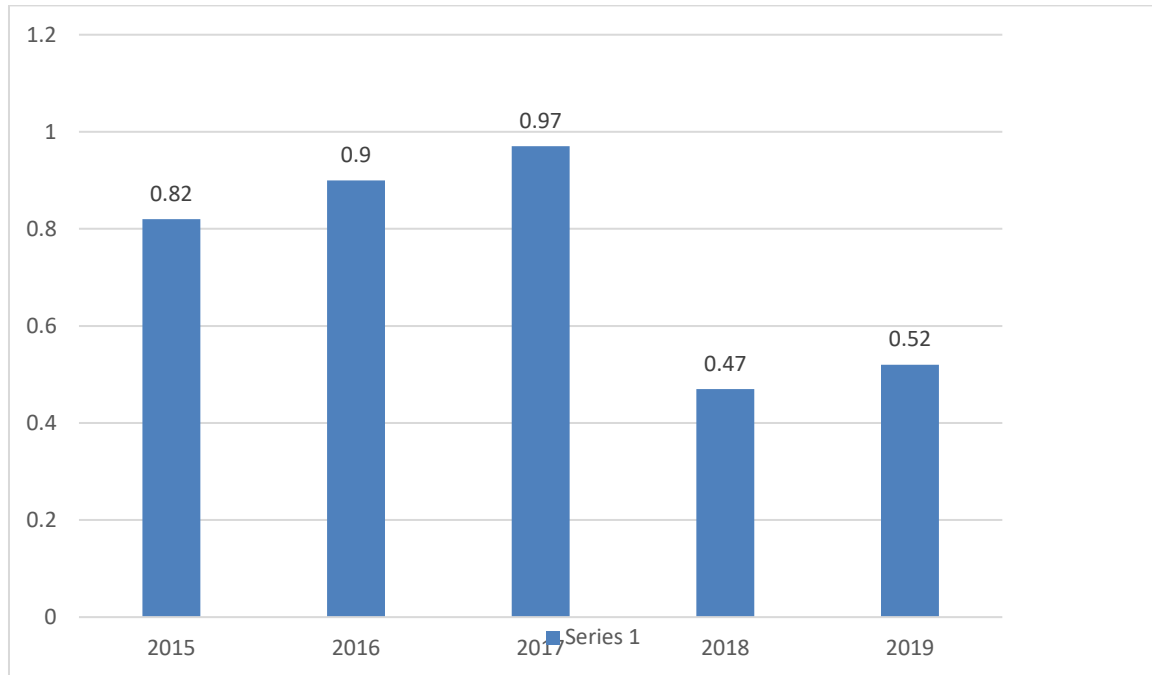
FORMULA:

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

TABLE 5.4:

Sl. No.	Year	Fixed assets	Long term funds	Fixed assets ratio
1	2016	6,13,000	7,51,000	0.82
2	2017	6,13,000	6,83,000	0.90
3	2018	5,69,000	5,84,000	0.97
4	2019	5,33,000	11,22,000	0.47
5	2020	4,48,000	8,63,000	0.52

CHART 5.4:



INTERPRETATION:

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

5. CAPITAL TURNOVER RATIO:

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

FORMULA:

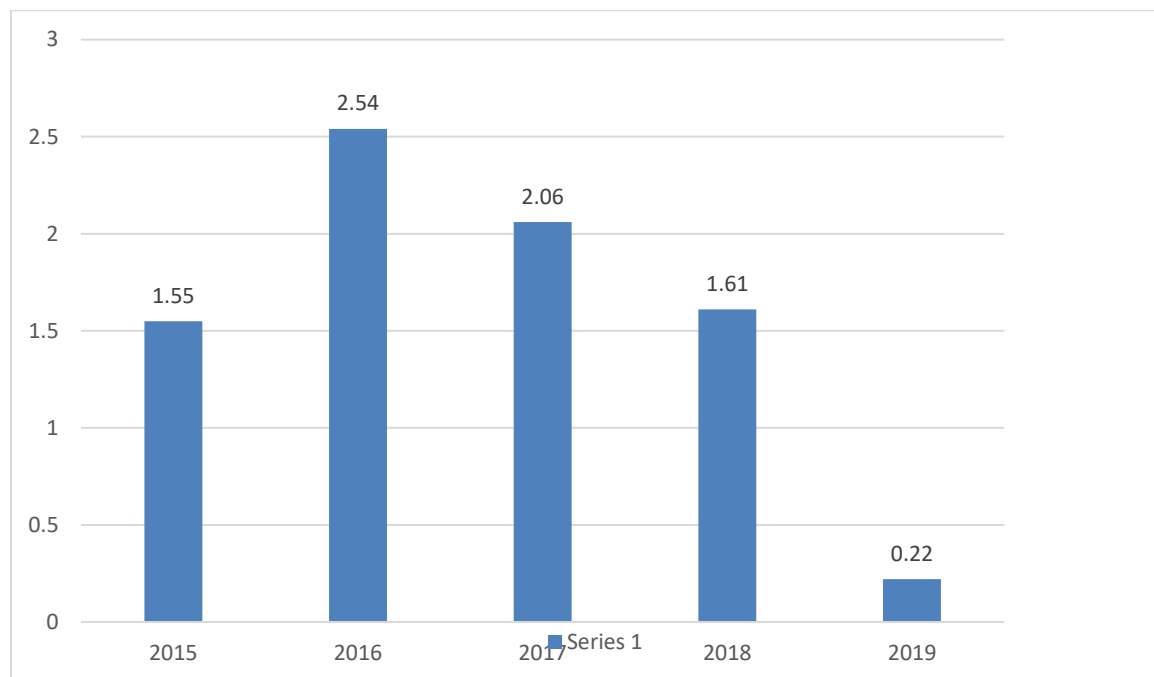
COST OF SALES

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

TABLE 5.5

S.NO	YEAR	COST OF SALES	CAPITAL EMPLOYED	CAPITAL TURNOVER RATIO CS/CE
1	2016	27,72,200	17,91,000	1.55
2	2017	36,98,000	14,54,000	2.54
3	2018	35,93,000	17,45,000	2.06
4	2019	32,10,000	19,99,000	1.61
5	2020	4,56,500	20,54,000	0.22

CHART 5.5:



INTERPRETATION:

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

6. WORKING CAPITAL TURNOVER RATIO:

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

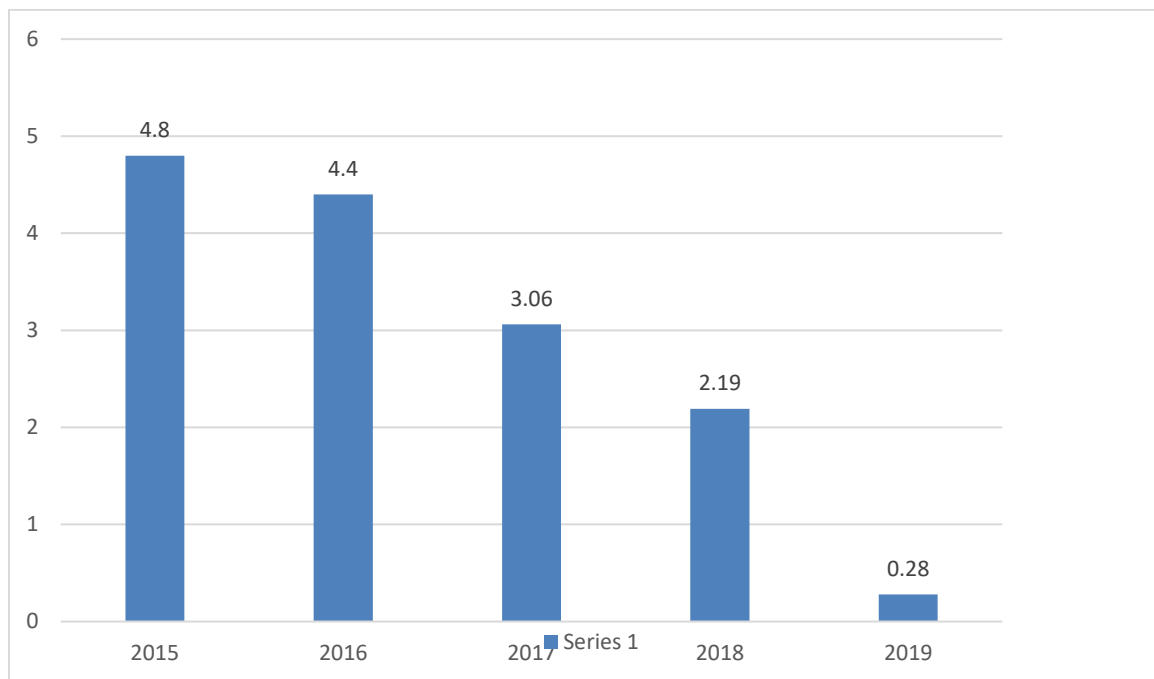
FORMULA

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

TABLE 5.6

S.NO	YEAR	SALES	NET WORKING CAPITAL	WORKING CAPITAL TURNOVER RATIO
1	2016	27,72,200	5,78,000	4.80
2	2017	36,98,000	8,41,000	4.40
3	2018	35,93,000	11,76,000	3.06
4	2019	32,10,000	14,66,000	2.19
5	2020	4,56,500	16,06,000	0.28

CHART 5.6:



INTERPRETATION

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

7. NET PROFIT RATIO:

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

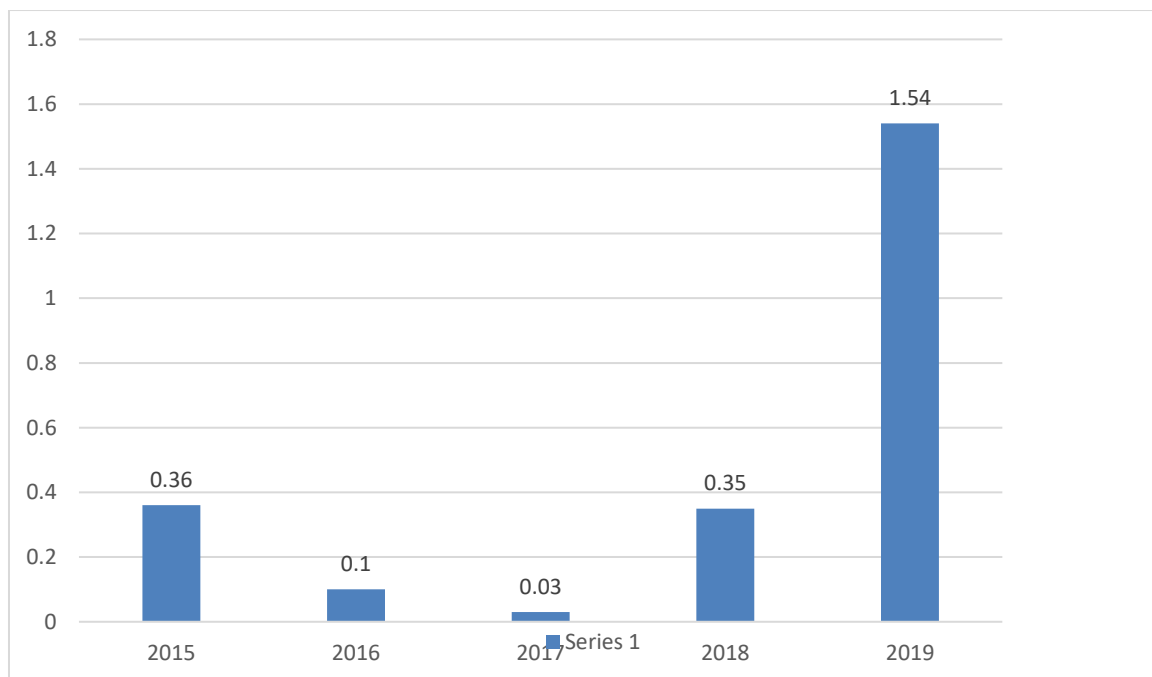
FORMULA

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

TABLE 5.7

S.NO	YEAR	NET PROFIT AFTER TAX	NET SALES	NET PROFIT RATIO =NPAT/NS
1	2016	9,86,600	27,72,200	0.36
2	2017	3,53,000	36,98,000	0.10
3	2018	1,20,600	35,93,000	0.03
4	2019	11,09,900	32,10,000	0.35
5	2020	7,03,800	4,56,500	1.54

CHART 5.7:



INTERPRETATION:

This chart shows that the management's efficiency for the year 2020 has been increased in a higher extend when compared to the previous years.

8. EXPENSES RATIO

This ratio is also known as supporting ratios to Operating ratio. They indicate the efficiency with which business as a Whole functions. It is better for the concern to know how it is able to save or waste over expenditure in respect of different items of expenses.

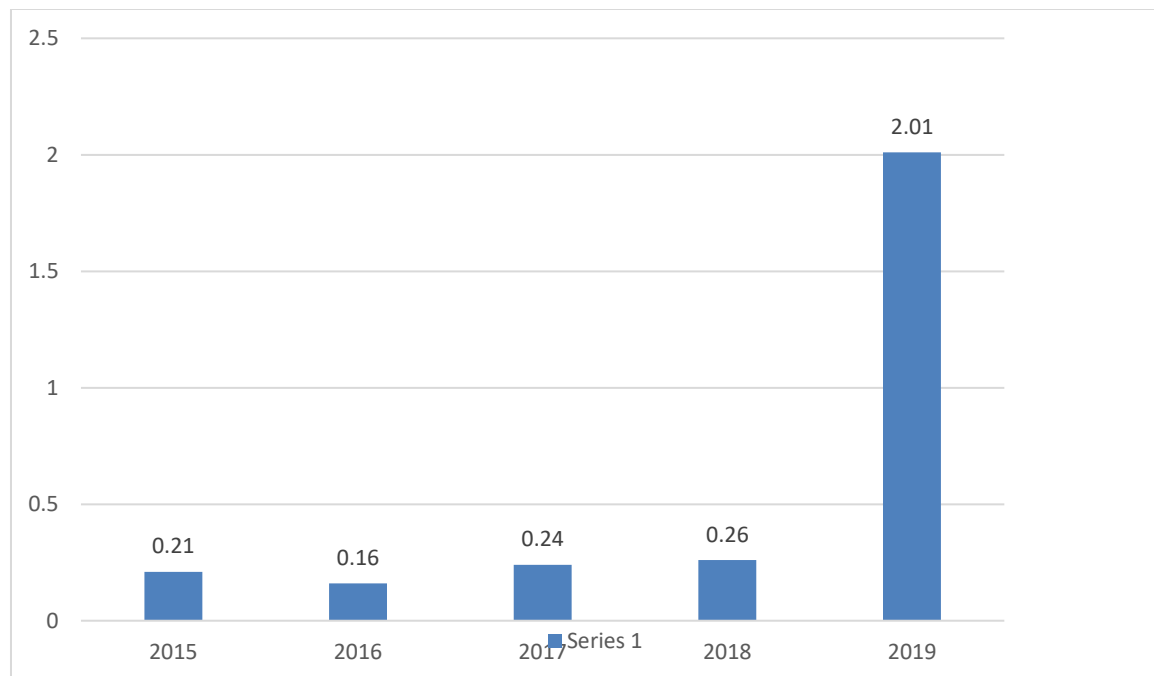
FORMULA:

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

TABLE 5.8

S.NO	YEAR	ADMINISTRATION EXPENSES	NET SALES	EXPENSES RATIO = AE/NS
1	2016	5,90,000	27,72,200	0.21
2	2017	6,00,000	36,98,000	0.16
3	2018	8,97,000	35,93,000	0.24
4	2019	8,48,100	32,10,000	0.26
5	2020	9,17,000	4,56,500	2.01

CHART 5.8:



INTERPRETATION

It shows that it is better for the concern to know how it is able to save or waste over expenditure in respect of different items of expenses. The expenses of the company have been increased in a higher rate in 2020.

RECEIVABLES MANAGEMENT

5.9. DEBTORS TURNOVER RATIO:

Debtor constitute an important constitute of current assets & their fore the quality of debtor to great extent determines a firm liquidity of a firm use two ratio. They are debtor's turnover ratio & debt collection period ratio. This ratio indication the speed with which debtors receivable are being collected there it is indicative of the efficiency of trade credit management.

The higher the turnover ratio the better the trade credit management & the better the liquidity of debtors.

TABLE-5.9

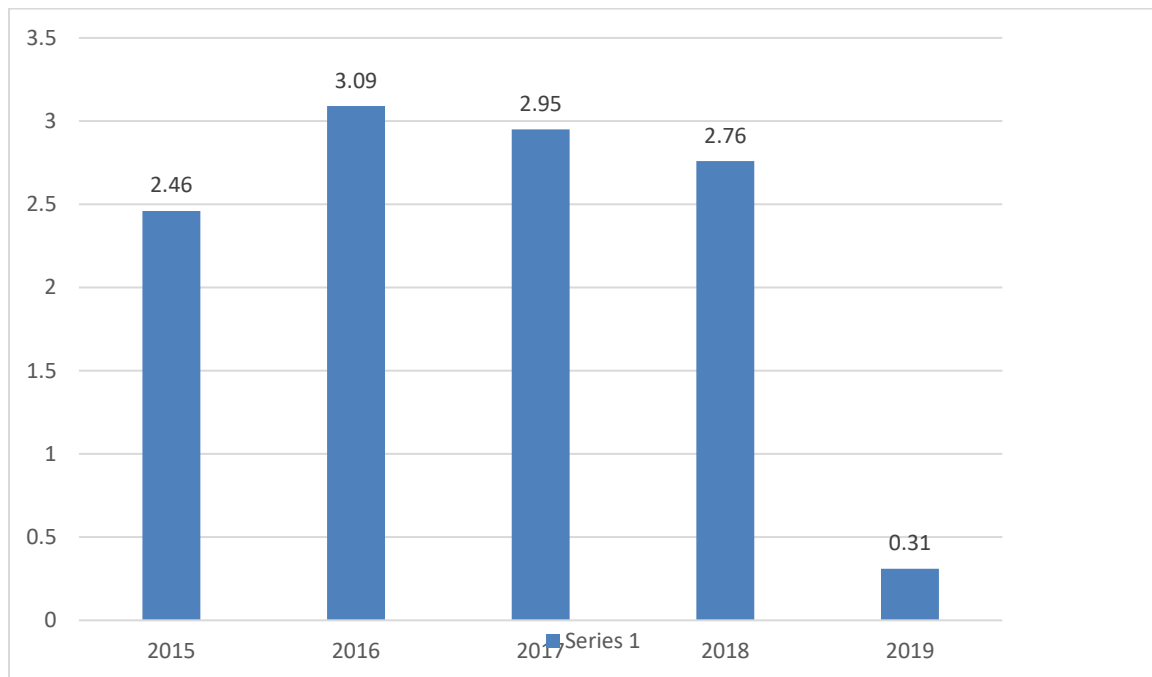
DEBTORS TURNOVER RATIO

(In Lakhs)

Year	Total Sales	Account Receivables	Debtors Turnover Ratio
2016	27,72,200	11,28,000	2.46
2017	36,98,000	11,95,000	3.09
2018	35,93,000	12,19,000	2.95
2019	32,10,000	11,62,000	2.76
2020	4,56,500	14,87,000	0.31

CHART-5.9

DEBTORS TURNOVER RATIO



INTERPRETATION:

From the date of interpretation it is observed that both the rates & account receivable are increased in the year 2017 and the division was in a very good portion regarding the collection but in the following year due to increase in the amount of average payables the ratio has come down drastically.

5.10. DEBITORS COLLECTION PERIOD:

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

TABLE-5.10

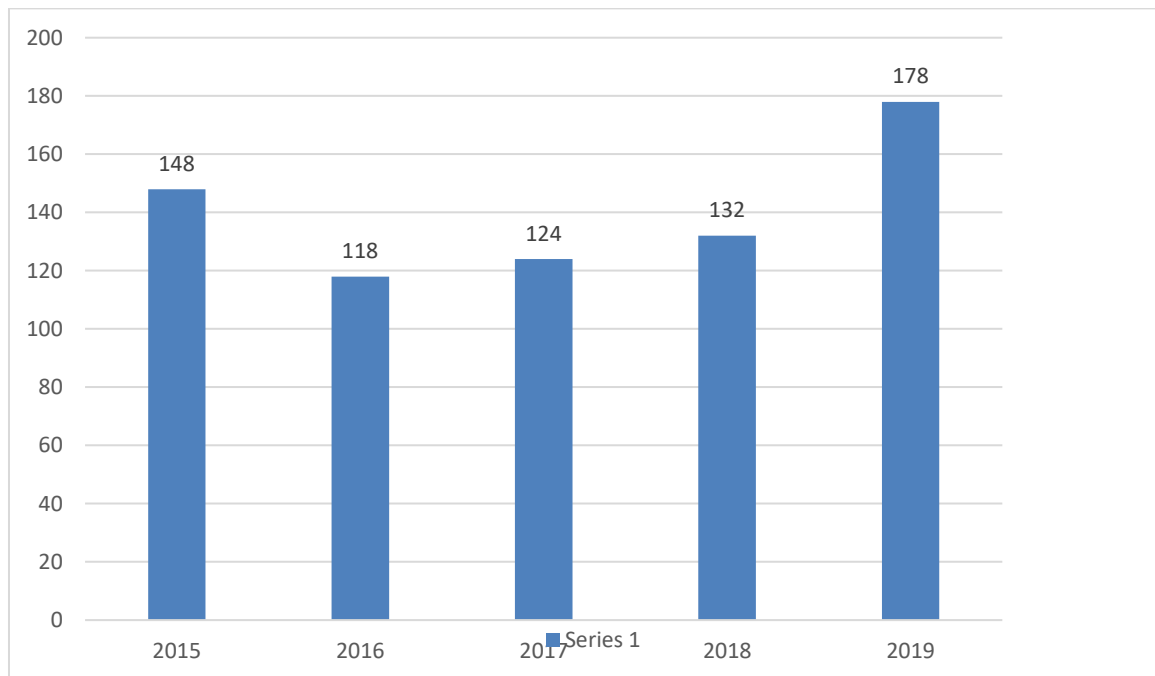
DEBTORS COLLECTION PERIOD

(In Lakhs)

Year	No of Days	Debtors Turnover Ratio	Debtors Collection Period in Days
2016	364	2.46	148
2017	365	3.09	118
2018	365	2.95	124
2019	365	2.76	132
2020	365	2.05	178

CHART-5.10

DEBTORS COLLECTION PERIOD



INTERPRETATION

During the year 2016-2017 the average collection period is very low which indicates the better quality of debtors as the quick payments by them within a short period

During the year 2017-2020 the average collection period is very high as which indicate that the inefficient performance of the debtor as by late payments.

5.11 CASH FLOW STATEMENT OF AUTOKSHI ENGINEERS PVT LTD FOR THE YEAR 2017

PARTICULARS	AMOUNT
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit/Loss before Taxation	10,02,600
ADD: Depreciation	85,000
ADD: Finance Cost	9,17,600
ADD: Decrease in inventories	1,58,000
LESS: Increase in Debtors	
	10,75,600
Cash generated from operations	3,82,000
LESS: Tax	(67,000)

NET CASH FLOW FROM OPERATING ACTIVITIES	
Cash flow from investing activities:	13,90,600
LESS: Purchase of assets	22,000
	13,68,600
LESS: Cash receipts from loans and advances	(1,08,000)
Cash flow from investing activities	12,60,600
CASH FLOW FROM INVESTING ACTIVITIES:	(68,000)
Proceeds from issue of shares	11,92,600
NET INCREASE IN CASH	2,69,000
CASH AND CASH EQUIVALENT IN THE BEGINNING	
CASH AND CASH EQUIVALENT AT THE END	
	9,22,600
	53,000
	8,69,600

5.12 CASH FLOW STATEMENT OF AUTOKSHI ENGINEERS PVT LTD FOR THE YEAR 2018

PARTICULARS	AMOUNT
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit/Loss before Taxation	1,50,600
ADD: Depreciation	71,000
ADD: Finance Cost	2,21,600
LESS: Increase in inventories	83,000
LESS: Increase in Debtors	3,04,600
Add: Decrease in Bank	(4,54,000)
Cash generated from operations	(24,000)
LESS: Tax	1,70,000
NET CASH FLOW FROM OPERATING ACTIVITIES	(3,400)
Cash flow from investing activities:	(13,000)
ADD: Sale of assets	

LESS: Cash receipts from loans and advances	(16,400)
Cash flow from investing activities	4,14,000
CASH FLOW FROM INVESTING ACTIVITIES:	
Proceeds from issue of shares	3,97,600 (99,000)
NET INCREASE IN CASH	2,98,600
CASH AND CASH EQUIVALENT IN THE BEGINNING	3,90,000
CASH AND CASH EQUIVALENT AT THE END	
	(91,400) 1,50,000
	58,600

5.13 CASH FLOW STATEMENT OF AUTOKSHI ENGINEERS PVT LTD FOR THE YEAR 2019

PARTICULARS	AMOUNT
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit/Loss before Taxation	11,31,900
ADD: Depreciation	79,000
ADD: Finance Cost	
	12,10,000
Add: Decrease in inventories	82,000
Add: Decrease in Debtors	
Add: Decrease in cash	12,92,000
Cash generated from operations	4,67,000
LESS: Tax	57,000
	1,81,000
NET CASH FLOW FROM OPERATING ACTIVITIES	
Cash flow from investing activities:	19,97,000
Add: Sale of assets	(4000)
LESS: Cash receipts from loans and advances	
Cash flow from investing activities	19,93,000
Proceeds from issue of shares	1,75,000
	(5,38,000)

	(3,63,000)
	2,84,000
NET INCREASE IN CASH	
CASH AND CASH EQUIVALENT IN THE BEGINNING	
	(79,000)
CASH AND CASH EQUIVALENT AT THE END	
	(79,000) 1,81,000
	1,02,000

CALCULATION OF ACTUAL LIABILITY AND SOLVENCY POSITION

1. NET CASH FLOW TO CURRENT LIABILITY:

NET PROFIT + NON-CASH EXP

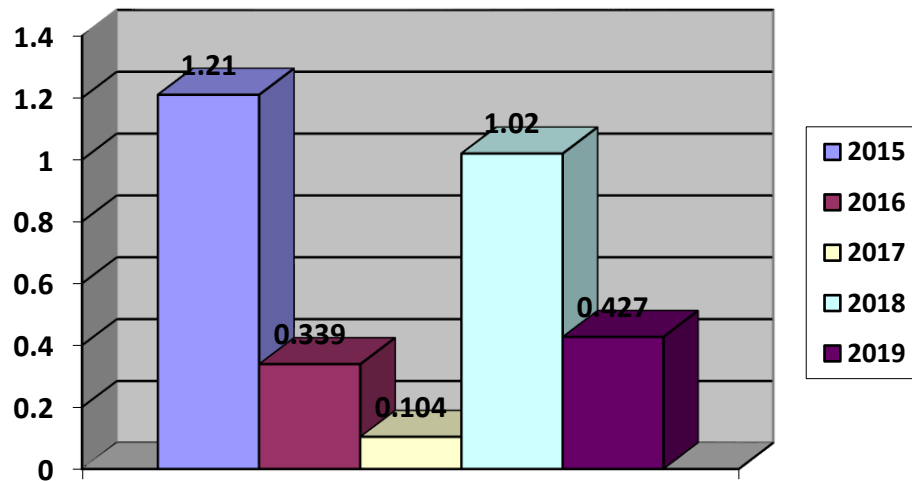
NET CASH FLOW TO

CURRENT LIABILITIES = -----

CURRENT LIABILITES

S.NO	YEAR	NET PROFIT + NON- CASH EXP	CURRENT LIABILITIES	NET CASH FLOW TO CURRENT LIABILITIES
1	2016	9,86,600	8,11,000	1.21
2	2017	3,53,000	10,40,000	0.339

3	2018	1,20,600	11,63,000	0.104
4	2019	11,09,900	10,84,000	1.02
5	2020	7,03,800	16,48,000	0.427



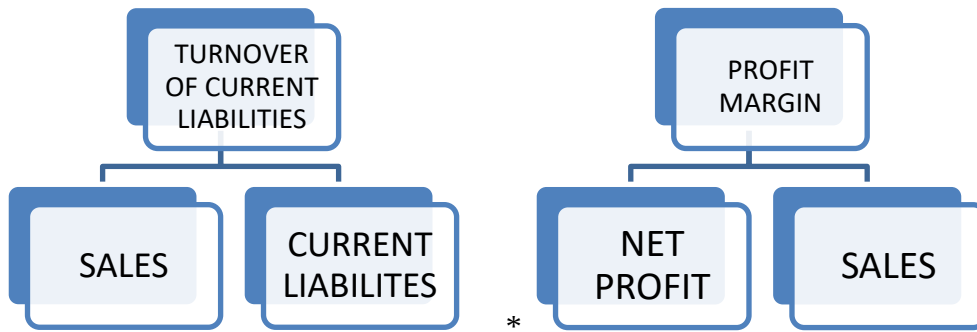
INFERENCE:

The higher the ratio, the greater the degree of liquidity and solvency of a firm and vice-versa. The company has shown a good position in the year 2016 and start declining for the following years. In the year 2020 the company has a lower degree of liquidity and solvency because of decrease in net profit and non-cash expenses.

2. COVERAGE OF CURRENT LIABILITIES

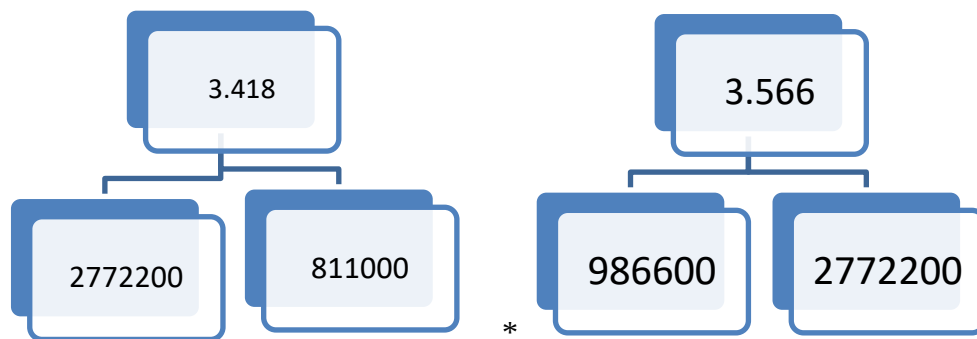
Coverage of current liabilities refers to the product of turnover of current liabilities and profit margin. The following formula is used to calculate coverage of current liabilities

COVERAGE OF CURRENT LIABILITIES=



CALCULATION FOR 5 YEARS:

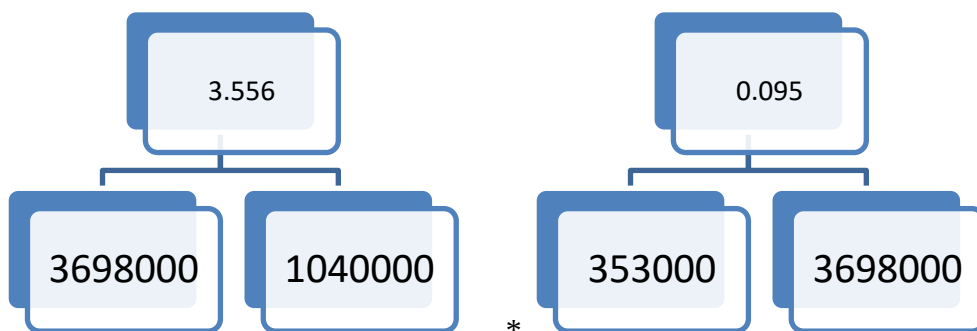
COVERAGE OF CURRENT LIABILITIES (2016)=



INFERENCE:

Coverage of current liabilities for the year 2016 is 12.190. This ratio refers to the product of turnover of current liabilities and profit margin.

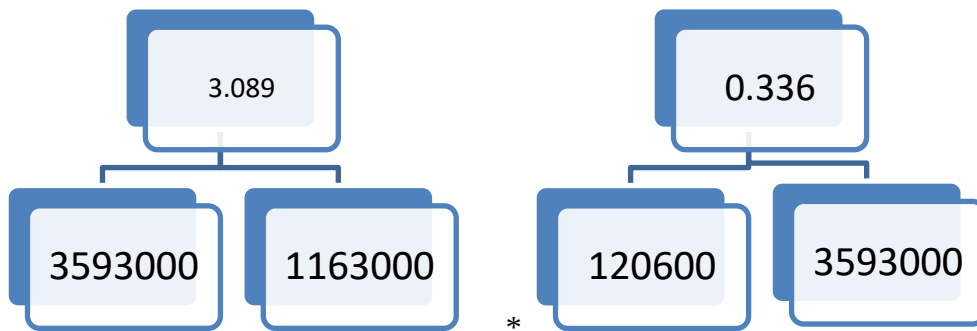
COVERAGE OF CURRENT LIABILITIES(2017)=



INFERENCE:

Coverage of current liabilities for the year 2017 is 0.339

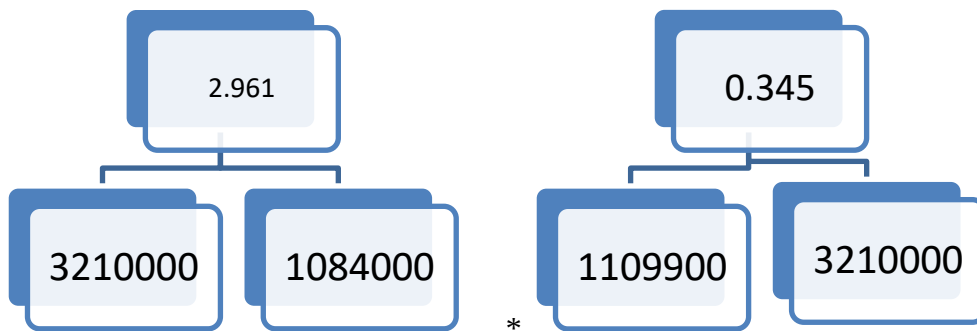
COVERAGE OF CURRENT LIABILITIES (2018)=



INFERENCE:

Coverage of current liabilities for the year 2018 is 1.0380

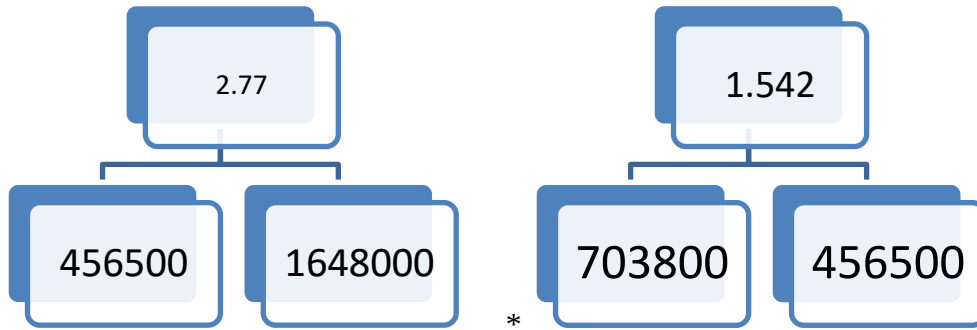
COVERAGE OF CURRENT LIABILITIES (2019)=



INFERENCE:

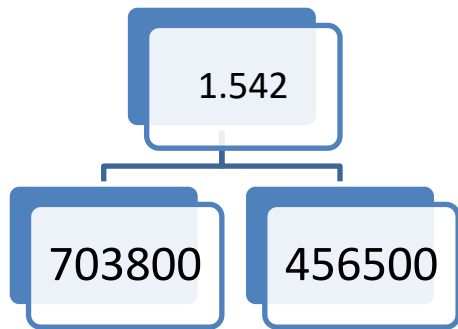
Coverage of current liabilities for the year 2019 is 1.022

COVERAGE OF CURRENT LIABILITIES (2020)=



INFERENCE:

Coverage of current liabilities for the year 2020 is 4.271



CHAPTER VI

SUGGESTIONS:-

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

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

CHAPTER VII

CONCLUSION

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

CONSOLIDATED BALNCE SHEET OF AUTOKSHI ENGINEERS PVT LTD

FISCAL YEAR	2016	2017	2018	2019	2020
ASSETS					
CURRENT ASSETS:					
CASH	53,000	52,000	2,02,000	21,000	74,000
CASH AT BANK	2,39,000	4,47,000	2,77,000	2,59,000	2,31,000
STOCK	5,69,000	1,87,000	6,41,000	11,08,000	14,62,000
SUNDRY DEBTORS	11,28,000	11,95,000	12,19,000	11,62,000	14,87,000
TOTAL CURRENT ASSETS	19,89,000	18,81,000	23,39,000	25,50,000	32,54,000
FIXED ASSETS:					
GROSS BLOCK-DEPRECIATION	6,13,000	6,13,000	5,69,000	5,33,000	4,48,000
TOTAL FIXED ASSETS	6,13,000	6,13,000	5,69,000	5,33,000	4,48,000
TOTAL ASSETS	26,02,000	24,94,000	29,08,000	30,83,000	37,02,000

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

PROFIT AND LOSS ACCOUNT IN AUTOKSHI ENGINEERS PVT LTD

PARTICULARS	2016	2017	2018	2019	2020
REVENUE:					
GROSS RECEIPTS	46,51,000	49,54,000	45,76,000	54,51,000	45,77,300
MISCELLANEOUS INCOME	-	-	400	-	-
TOTAL REVENUE	46,51,000	49,54,000	45,76,400	54,51,000	45,77,300
EXPENDITURE:					
Cost of Goods Sold	27,72,200	36,98,000	35,93,000	32,10,000	40,56,500
Administrative Expenses	5,90,000	6,00,000	8,97,000	8,48,100	9,17,000
Financial Charges	1,67,000	1,58,000	83,000	82,000	1,67,200
Selling Expenses	37,200	38,000	83,000	1,00,000	80,400
Depreciation	82,000	85,000	71,000	79,000	82,000
TOTAL EXPENDITURE	36,48,400	45,79,000	47,27,000	43,19,100	53,03,100
PROFIT/(LOSS)	10,02,600	3,75,000	1,50,600	11,31,900	7,25,800
LESS: Provision for Tax	11,000	7000	13,000	4000	15,000
Provision for fringe Benefit Tax	5000	15000	17,000	18,000	7000
PROFIT AFTER TAX	9,86,600	3,53,000	1,20,600	11,09,900	7,03,800

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