

A STUDY ON CASH MANAGEMENT**AT****SWASTIK VISHAKA STEEL PVT LTD****Mr. FASI UR REHMAN**

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Corresponding author: **Dr. DANDA UDAYA SHEKHAR****I. ABSTRACT**

Cash management means the management of liquidity in order to meet their day-to-day commitment. The result of poor focus on cash management often means that the financial assets are bound. The management of liquidity is not something new but cash management is a modern way of doing that. Cash management is a very broad subject which involves many factors, this paper will focus on examine how the liquidity is managed in Swastik Vishaka Steel, in order to improve the liquidity through cash management thinking. This paper will examine the firm's liquidity with focus on payment/payout routines, liquidity management, short-term financing and the connection between accounts receivables and payables.

II. STATEMENT OF THE PROBLEM**1. Controlling the Level of Cash**

The basic objective of cash management is to minimize the level of cash balance within the organization. This can be achieved by preparing a **cash budget**.

2. Controlling Cash Inflows

Once the cash budget is prepared, the financial manager should ensure that a gap does not exist between actual cash inflows and outflows. Due importance must be given to cash collection techniques.

3. Controlling Cash Outflows

Fast collection and slow disbursement of cash are helpful to control cash outflows. Cash collection should be accelerated, while cash disbursement must be as slow as possible.

4. Optimum Investment of Surplus Cash

Excess cash is the surplus cash available with the finance manager after meeting all outflows. Surplus cash is the excess cash available over the minimum cash balance.

III. INTRODUCTION

Cash is the important current asset for the operations of the business. Cash is the basic input needed to keep the business running on a continuous basis; it is also the ultimate output expected to be realized by selling the service or product manufactured by the firm. The firm should keep sufficient cash, neither more nor less. Cash shortage will disrupt the firm's manufacturing operations while excessive cash will simply remain idle, without contributing anything towards the firm's profitability. Thus, a major function of the financial manager is to maintain a sound cash position.

Cash is the money which a firm can disburse immediately without any restriction. The term cash includes coins, currency and cheques held by the firm, and balances in its bank accounts. Sometimes near-cash items, such as marketable securities or bank deposits, are also included in cash. The basic characteristic of near-cash assets is that they can readily be converted into cash. Generally, when a firm has excess cash, it invests it in marketable securities. This kind of investment contributes some profit to the firm.

Cash management is a broad term that refers to the collection, concentration, and disbursement of cash. The goal is to manage the cash balances of an enterprise in such a way as to maximize the availability of cash not invested in fixed assets or inventories and to do so in such a way as to avoid the risk of insolvency. Factors monitored as a part of cash management include a company's level of liquidity, its management of cash balances, and its short-term investment strategies.

IV. NEED OF THE STUDY

The importance of Cash management in any industrial concern cannot be overstressed. Under the present inflationary condition, management of Cash is perhaps more important than even management of profit and this requires greatest attention and efforts of the finance manager. It needs vigilant attention as each of its components require different types of treatment and it throws constant attention on exercise of skill and judgment, awareness of economic trend etc, due to urgency and complicity the vital importance of Cash.

The anti-inflationary measure taken up by the Government, creating a tight money condition has placed working capital in the most challenging zone of management and it requires a unique skill for its management. Today, the problem of managing Cash has got the recognition of separate entity, so its study and management is of major importance to both internal and external analyst to judge the current position of the business concerns. Hence, the present study entitled "A Cash Management" has been taken up.

V. OBJECTIVE OF THE STUDY

1. To study about the cash management of SWASTIK VISHAKA STEEL PVT. LTD.
2. To find the best utilization of investment process by using limited cash resource.
3. To analyze the cash flows and net income for future investment.
4. To analyze the growth in terms of management of cash flows.
5. To find out the liquidity position of the company.

VI. SCOPE OF THE STUDY

The scope of cash management has undergone changes over the year. Until the middle of this century. Its scope was limited to procurement of funds under major events in the life of such a promotion. To ensure maximum return, funds flowing in and out of the firm should be constantly monitored to assure that they are safeguarded and properly utilized. Determining the composition of assets of the enterprise. The study was carried for a period of 45 days. The result of the analysis are obtained based on the data obtained through P/L a/c and Balance Sheet for 5 years (2018-2022)

VII. RESEARCH METHODOLOGY

The research has been performed using Primary & Secondary data sources.

The research design used in this project is Analytical in nature the procedure using, which researcher has to use facts or information already available, and analyze these to make a critical evaluation of the performance.

DATA COLLECTION

Primary Sources

Primary data is one, which is collected by the investigator him/herself for the purpose of a specific inquiry or study.

1. Data are collected through personal interviews and discussion with Finance Executive.
2. Data are collected through personal interviews and discussion with the Deputy Manager.

Secondary Sources

From the annual reports maintained by the company. Data are collected from the company's website. Books and journals pertaining to the topic. For the present study on Balance Sheet and Profit/Loss account

TOOLS USED IN THE ANALYSIS

Cash flow statement

- A. Operating activities
- B. Investing activities
- C. Financing activities

Ratio analysis

1. Liquidity ratio $= (\text{Current assets} - \text{Inventory}) / \text{Current Laibilities}$
2. Profitability Ratio $= \text{NetIncome} / \text{Net Sales}$
3. Working capital ratio $= \text{Current assets} - \text{Current liabilities}$

Sampling technique:

Sampling technique is adopted in multi stages.Stage 1:

Company is selected from a particular region only.Stage 2:

A Sample of 100 is selected through convenient random sampling.Sample Size: 100

Population Size: 225944

RESEARCH GAP

As observed from the above studies, most of the works have been done on trends, policies and their framework but researchers was not focused on mergers and acquisitions in the bank's share price sector. The present paper will focus on the rise of share price of banks after M&A with the help of technical analysis. The study will also discuss the pre and the post merger performance of banks with help of different financial parameters.

STATISTICAL TOOLS

As the questions generate direct information the data were analyzed using Statistical tools such as,

Simple percentage, Weighted average and MS-excel are used to analyze the data.

VIII. LIMITATIONS OF THE STUDY

- The study does not take into account the inflation.
- The study takes into account only the quantitative data and the qualitative aspects were not taken into account
- Cash management refers to the practice of dealing with all financial transactions from a single location, rather than leaving financial transactions in the hands of individual location

IX. REVIEW OF LITERATURE

ARTICLE: 1

TITLE: A STUDY ON THE EFFECTIVENESS OF CASH MANAGEMENT

AUTHOR: S. Praveen Kumar, J. Pavithra

JOURNAL: International Journal of Pure and Applied Mathematics Volume 116 No. 19 2017, 467-471

ABSTRACT:

A study on "EFFECTIVENESS OF CASH MANAGEMENT is one of the leading port Services companies, offering a wide range of portal services such as cargo handling services and also provide containers for importing and exporting the goods. The main objective of the study is to study about the cash management, which will prove essential for ascertaining past and present financial position of the study.

ARTICLE: 2

TITLE: Improvements of the cash-flow statement control function in financial reporting

AUTHOR: Metka Duhovnik

JOURNAL: ISOR, Journal of Business and Management, 2008.

ABSTRACT:

On the basis of deductive consideration applying professional judgment, the article focuses on the additional value of accounting information that can be given to the users of financial statements by a properly prepared statement of cash flows. It is based on the finding that the professional literature is inconsistent in distinguishing between the ratios calculated on that basis. It therefore stimulates an improvement in the quality of accounting information with a direct statement of cash flows, based on tracing instead of calculating the actual cash flows; the ratio analysis of financial statements should be approached from both aspects of profitability and cash return. The cash flow ratios would serve as a control mechanism over the assumptions used when preparing the balance sheet and income statement within the chosen financial reporting framework.

ARTICLE: 3

TITLE: Effects of Intellectual Capital and Free Cash Flow on Cost Stickiness

AUTHOR: Mohammad Namazi , Akram Fathali

JOURNAL: Article 10, Volume 8, Issue 2 - Serial Number 30, winter 2019,

ABSTRACT:

Journal of "Empirical Research in Accounting" The purpose of this study is to investigate the effect of intellectual capital and free cash flow on cost stickiness of listed firms in Tehran Stock Exchange. This study, reviewing the theory, represents a complex pattern of asymmetric behavior of costs using free cash flow and intellectual capital. The statistical sample consists of 111 firms listed in Tehran Stock Exchange during the period from 2005 to 2015.

ARTICLE: 4**TITLE:** The latest trends in north America cash management”**AUTHOR:** Steve Wider**JOURNAL:** The latest trends in north America cash management”**ABSTRACT:**

A fragmentation is a key driven of corporate inefficiency. This has long been the case in the movement of paper check and related remittance document within the U.S payment system and the flow of goods, trades related documents and funds with the broader global supply chain.

ARTICLE: 5**TITLE:** Cash management**AUTHOR:** Ms. Katherine , M. Landman ,**JOURNAL:** “A journals on cash management scarecrow”**ABSTRACT:**

It is a financial overview for school administration is a success overview of public school finance presenting concept of importance to both site-based and central office leader. A pragmatic blend of theoretical concept and factual information provide reader with an excellent synopsis on public school finance.

X. DATA ANALYSIS AND INTERPRETATION**Data Analysis****TABLE NO: 1**

COMPARISON OF TWO YEARS CASH FLOW ANALYSIS		
	FY 2020(In Lakhs)	FY 2021(in Lakhs)
Cash from Operating activities	1951.02	-25527.57
Cash from Investing activities	-541.91	-16224.47
Cash from Financing activities	-1769.54	43435.24
Net Increase/(Decrease) in cash and cash equivalents	-360.43	1683.2
Cash and cash equivalents at the end of the year	172.5	1885.7

Interpretation:

The Net cash and cash equivalents from the year 2020 to 2021 were increased. The Net cash available at the end of the year 2020 was (360.43), after considering the cash at the beginning of the year it was 172.5 And cash available at the end of the year 2021 was 1,683.20, after considering the beginning cash equivalents it was 1,855.70.

TABLE NO: 2

COMPARISON OF TWO YEARS CASH FLOW ANALYSIS		
	FY 2019(In Lakhs)	FY 2020(In Lakhs)
Cash from Operating activities	11283.86	1951.02
Cash from Investing activities	-11142.01	-541.91
Cash from financing activities	124.45	-1769.54
Net Increase/(Decrease) in cash and cash equivalents	266.3	-360.43
Cash and cash equivalents at the end of the year	532.93	172.5

Interpretation:

The Net cash and cash equivalents from the year 2019 to 2020 were decreased. The Net cash and cash equivalents available at the end of the year 2019 was 266.30, that was the liquidable cash available after all the activities of the company. The Net cash available at the end of the year 2020 was (360.43), it means there is no available cash after completion of all the activities of cash.

TABLE NO:3

COMPARISON OF TWO YEARS CASH FLOW ANALYSIS		
	FY 2018(In Lakhs)	FY 2019(In Lakhs)
Cash from Operating activities	-33767.86	11283.86
Cash from Investing activities	53220.06	-11142.01
Cash from financing activities	-19577.69	124.45
Net Increase/(Decrease) in cash and cash equivalents	-125.49	266.3
Cash and cash equivalents at the end of the year	266.63	532.93

Interpretation:

Net cash and cash equivalents from the year 2018 to 2019 were increased. Net cash available at the end of the year 2018 was (125.49), it means the company does not have liquid in their cash account. The Net cash available at the end year 2019 was 266.3, means the cash and cash equivalents are increased.

TABLE NO: 4

Net Increase/(decrease) in cash and cash equivalents from the year 2018-2022	
Year	Amount (lakhs)
2018	-125.49
2019	266.3
2020	-360.43
2021	1683.2
2022	-1204.01

Interpretation:

The above chart representing the Net increase/ (decrease) in cash flows of Swastik Vishaka Steel are fluctuating from year 2018-2022. But in the year 2021 Net cash flows are very high, in the year 2022 it is very less compare to other years.

TABLE NO: 5

Cash flows from Operating activities from the year 2018-2022	
Year	Amount (lakhs)
2018	-33767.86
2019	11283.86
2020	1951.02
2021	-25,527.57
2022	32345.45

Interpretation:

The above chart representing that the cash flows from operating activities of Swastik Vishaka Steels from year 2018-2022 are fluctuating. In the 2022 cash from operating activities is high, where as in 2018 it is very low compare to other years.

XI. FINDINGS

- The Net cash and cash equivalents from the year 2021 to 2022 were decreased. Cash available at the end of the year 2021 was 1,683.20, after considering the beginning cash balance it was 1,855.70. The net cash available at the end of the year 2022 before considering the beginnings was (1,204.01), after considering beginnings it was increased to 651.69, but the increase is less than the year 2022.

- The Net cash and cash equivalents from the year 2020 to 2021 were increased. The Net cash available at the end of the year 2020 was (360.43), after considering the cash at the beginning of the year it was 172.5 and cash available at the end of the year 2021 was 1,683.20, after considering the beginning cash equivalents it was 1,855.70.
- The Net cash and cash equivalents from the year 2019 to 2020 were decreased. The Net cash and cash equivalents available at the end of the year 2019 was 266.30, that was the liquidable cash available after all the activities of the company. The Net cash available at the end of the year 2020 was (360.43), it means there is no available cash after completion of all the activities of cash.
- Net cash and cash equivalents from the year 2018 to 2019 were increased. Net cash available at the end of the year 2018 was (125.49), it means the company does not have liquid in their cash account. The Net cash available at the end year 2019 was 266.3, means the cash and cash equivalents are increased.

XII. SUGGESTIONS

For the improving the financial performance of the company the following suggestions are made.

- Net cash and cash equivalents were decreased from the year 2021-2022. In order to improve and increase the cash availability in the business you need to maintain the liquidity by anticipating and planning for the future needs.
- In the year 2020-2021 company's Operating & Financing activity is in negative. It is suggested them to maintain adequate fund.
- Net cash and cash equivalents were decreased from the year 2019-2020 and there was no cash available after the completion of all activities of cash, in order to maintain increase the cash and cash equivalents they need to increase and improve the liquidity in their business.
- Net cash and cash equivalents increased from the year 2018 to 2019. The Net cash available at the end of the year 2018 was 125.49 and there were no liquid in their cash account. Therefore, they need to maintain adequate funds.

XII. CONCLUSION

The steel industry has been emerged as a major focus area given the dependence of a diverse range of sectors on its output as India works to become a manufacturing powerhouse through policy initiatives like make in India. With the industry accounting for about 2% of the nations GDP, India ranks as the world's second largest producer of steel and is poised to overtake China as the world's largest consumer of steel. Both the industry and the nations export manufacturing capacity have the potential to help India regain its favorable steel trade balance. Swastik Vishaka steel ltd. is playing major role in the development, Net cash and cash equivalents were decreased from the year 2021-2022. In order to improve and increase

the cash availability in the business company need to maintain the liquidity by anticipating and planning for the future needs. In the year 2020-2021 net cash and cash equivalents were increased but operating and financing activity is negative, to increase the financing and operating activity they need to maintain adequate fund .

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