INTERNATIONAL JOURNAL
OF MULTIDISCIPLINARY RESEARCH

IN SCIENCE, ENGINEERING, TECHNOLOGY AND MANAGEMENT

ISSN

INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA

Impact Factor: 7.802

A Study on Cash Management With Reference to the Kerala Agro Industries Corporation Ltd

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ABSTRACT: Employee Cash management practices at The Kerala Agro Industries focuses on the importance of effective cash management for maintaining financial health and ensuring smooth daily operations. It emphasizes the role of corporate treasurers or business managers in overseeing cash collection, management, and short-term investments to sustain solvency .Maintenance of Cash Flow for Daily Operations ensuring adequate cash balance to meet daily needs and implementing effective cash budgeting and forecasting techniques to avoid shortages or surpluses. Cash Inflow and Outflow Analysis identifying primary sources of cash inflow (e.g., sales revenue, loans, investments). Examining main categories of cash outflow (e.g., operational expenses, capital expenditures, debt repayments). Trend Analysis examining historical data to identify patterns and forecast future cash flows. Ratio Analysis calculating and interpreting financial ratios to assess liquidity, efficiency, and financial health. The study aims to provide insights into the effectiveness of the company's cash management strategies through these analyses. These insights will help identify improvement areas and develop strategies to enhance cash flow management. The ultimate goal is to maintain optimal liquidity, ensure operational efficiency, reduce financial risk, and improve financial stability. Practical recommendations will be offered to support the long-term sustainability and growth of The Kerala Agro Industries.

KEYWORDS: Employee Welfare Measures, Organizational Performance, Mixed-Method Approach, Welfare Measures Evaluation, Financial well-being.

I. INTRODUCTION

Cash management involves the collection, management, and short-term investment of cash, crucial for a company's financial stability and solvency. Corporate treasurers or business managers handle this aspect, focusing on managing working capital, which includes cash, marketable securities, accounts receivable, and inventory. Effective cash management ensures the company maintains sufficient cash for operations without holding excess that could remain idle. Cash flow represents the movement of money into and out of a business, with inflows typically from customer payments and bank loans, and outflows from expenses like purchases, overhead, and loan repayments. Active cash flow management is essential for ensuring smooth financial operations. The project aims to provide an overview of the cash-flow management process, emphasizing the importance of preparing a cash flow statement. This statement classifies cash flows into operating, investing, and financing activities, offering insights into a company's liquidity and solvency. Show Inflow and Outflow of Cash Categorizes cash flows from operating, investing, and financing activities during a specific period.

II. OBJECTIVES OF THE STUDY

∟ To study the maintenance of Cash Flow of company to meet its day to day requirements. ∟ To know cash inflow and outflow of the company.
∟ To find out the liquidity position of the concern through ratio analysis.
∟ To study the growth of company in terms of cash flow statement.

III. SCOPE OF THE STUDY

The study was carried at The Kerala agro industries corporation ltd" in Trivandrum to analyses the financial performance of past 5 years from (2018-2019) to (2021-2022). The study aims to analyses the liquidity, profitability, solvency position of company. The study is based on financial position of company by using comparative statement, and ratio analysis to take financial decision on the organization.

IV. LIMITATION 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 3 months.
∟In depth analysis of data is not possible due to time constraint.
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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.

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.
∟Financing activities
∟Operating activities
∟Investing activities

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. 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.

IV. REVIEW OF LITERATURE

Francisco Salas-Molina1, Juan A. Rodríguez-Aguilar and Montserrat Guillen (2023) A summary and analysis of existing research on the cash management problem found in literature. Initially, the main dimensions of the cash management problem are identified. Subsequently, the most pertinent contributions in this field are reviewed, followed by a multidimensional analysis of these contributions based on the dimensions of the problem. Through this analysis, various unresolved research questions are underscored, indicating areas for further investigation and exploration.

Ehsan Badakhshan. Peter Ball. Ali Badakhshan (2022) The potential of a supply chain (SC) digital twin framework to help decision makers in managing inventory and cash flows throughout the SCs. The proposed SC digital twin framework integrates machine learning (ML) and simulation to identify the inventory replenishment policies that minimize the cash conversion cycle of an SC, currently absent from the literature. The results show that the upstream member of an SC plays a pivotal role mitigating in bullwhip effect and consequently minimizing the cash conversion cycle of SC.

Yunisa, W. Harahap, D.R. (2023) Internal control involves measures taken within an organization to safeguard assets, ensure financial information accuracy, and enhance operational efficiency. At the Medan Mayor's Office, internal control is crucial for maintaining the integrity and reliability of cash management processes. The study identifies several issues: inadequate segregation of duties leading to errors and abuse, unclear policies hindering efficiency, insufficient oversight increasing the risk of inaccuracies, and poorly integrated information systems affecting data accessibility and reliability
.

G. TavitiNaidu , S. SandyaSneha Sri(2020) The significant role of small and medium-sized enterprises (SMEs) in driving economic growth through employment generation, GDP growth, innovation, and overall economic stimulation. Despite their importance, many SMEs face challenges, with a significant percentage ceasing operations within their first five years. The study aims to investigate the cash management practices of SMEs, recognizing that poor cash management might be a contributing factor to their struggles. The investigation involves a comprehensive analysis using a formal questionnaire surveying 360 enterprises, including 346 small and 14 medium-sized businesses in the Visakhapatnam and Vizianagaram districts.

Inah Egu UsangPh.D, Simeon Cletus, (2023) Cash management techniques impact the effectiveness of small-scale enterprises within public universities in Cross River State, Nigeria. Two hypotheses were formulated and tested using a survey research design, with 259 respondents participating. Data was collected via a structured questionnaire, validated by experts, and tested for reliability. Analysis involved simple linear and multiple regression statistical techniques, revealing that cash budgeting and liquidity management significantly influence small-scale enterprises' effectiveness. The study suggests that utilizing credit cards with suppliers and regularly reviewing expenses can help reduce costs and expedite capital recovery for businesses.

Alsou Zakirova (2021) The importance of internal control in business operations, especially concerning cash flow management. It highlights the need for effective internal control systems to optimize financial activities within an enterprise. The article aims to develop a methodological framework for internal control of funds at the enterprise level. It examines theoretical foundations and defines principles, objectives, and methods of internal control. The proposed methodological tools include working documents to systematize control measures, evaluate accounting system efficiency, and address any identified violations. Ultimately, the results of internal control inform management decisions aimed at enhancing cash utilization efficiency, potentially through the establishment of a liquidity management system.

Md. Ariful Hoque(2023) The significance of cash management for commercial banks in ensuring short-term solvency and manipulating financial performance. It focuses on a research aimed at investigating the impact of cash management on the financial performance of commercial banks in Bangladesh, using Tobin's Q as a measure. The study utilizes various cash flow ratios and variables such as size, age, and leverage of banks as control measures. E-views 12 is employed for data analysis. Results indicate that the explanatory variables explain around 39.83% of the variation in commercial bank performance. Specifically, cash flows from financing activities to total assets and year-end cash balance to total assets significantly impact bank performance, suggesting the importance of prudent cash management for improving financial performance.

Mugambi, M., B. (2021) The impact of Information and Communication Technology (ICT) adoption on financial management within the Meru County Government. The study aims to investigate if ICT adoption significantly affects financial management practices, considering the importance of effective public financial management for good governance and service delivery. The Technology Acceptance Model (TAM) theory is utilized to understand technology acceptance by users. The research employed a descriptive survey research design, with a sample size of 70 Meru county government staff, using questionnaires as the research tool. Mean and regression analysis were conducted to analyze the data. The findings suggest that cash management automation facilitated a better understanding of service costs, real-time transaction reconciliation, and improved access to credit during liquidity constraints, emphasizing the importance of successful cash management automation for institutions.

Vandana Dhingra (2020) The significance of cash management and the shift in alternative payment methods, particularly in light of the Covid-19 crisis. It suggests that due to the pandemic, there's a notable increase in the usage of non-cash payment methods like e-wallets, online banking, and debit/credit cards, as face-to-face transactions become less feasible. This shift is attributed to the necessity of finding alternative ways of shopping and making payments during the crisis. Even reluctant individuals are compelled to adopt non-traditional payment methods such as mobile wallets and online transfers. The Indian Income Tax Act also encourages non-cash payments. The paper aims to examine the impact of Covid-19 on payment patterns in India by comparing pre-pandemic and pandemic periods,

utilizing RBI statistics and statistical tests like Paired t-test analyzed with SPSS software. The findings suggest a significant impact of Covid-19 on the adoption of non-cash payment methods.

Assoc. Prof. Dr.Huseyin Yilmaz(2020) The study aimed to determine the adoption and usage level of the "Yılmaz cash management model" and its reception within financial theory. The methodology involved conducting an investigation on scholar.google.com to identify articles citing "Another Perspective to Corporate Cash Management: A New Model and Definition". Citations from relevant articles were examined, and selected articles were utilized for the study, while others were excluded. The results indicate that the Yılmaz Cash Management Model has been partially accepted within financial theory, as evidenced by the investigation into sources in financial science.

Type of research:
Research design is specification of methods and procedures for acquiring the information needed to structure or to solve problem. Analytical research is the type of research being used in this study. This research uses facts and information available already, and analyses them to make a critical evaluation of the material. A research is the arrangement of condition for collecting and analysis of data in a manner that aims combine relevance 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.

Sources of data:
Data collection is very important task for the researcher because the result of the research depends ultimately on the data of that research. For different research different type of data are used like primary data which is collected by the researcher first time and for that research only and other type is secondary data which is not collected first time by the researcher but it is used by the researcher which is prepared by some other parties for their own purpose. This study is based on secondary data.

Secondary data:
The main sources through which data collected is 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 15 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 gathered through journals, books and websites. Here, the company's 5 years financial statement of balance sheet from 2019-2023 is used in this study.

Period Of The Study
The study was done from 23/03/2024 to 27/05/2024.

V. DATA ANALYSIS & INTERPRETATION:
5.1 RATIO ANALYSIS
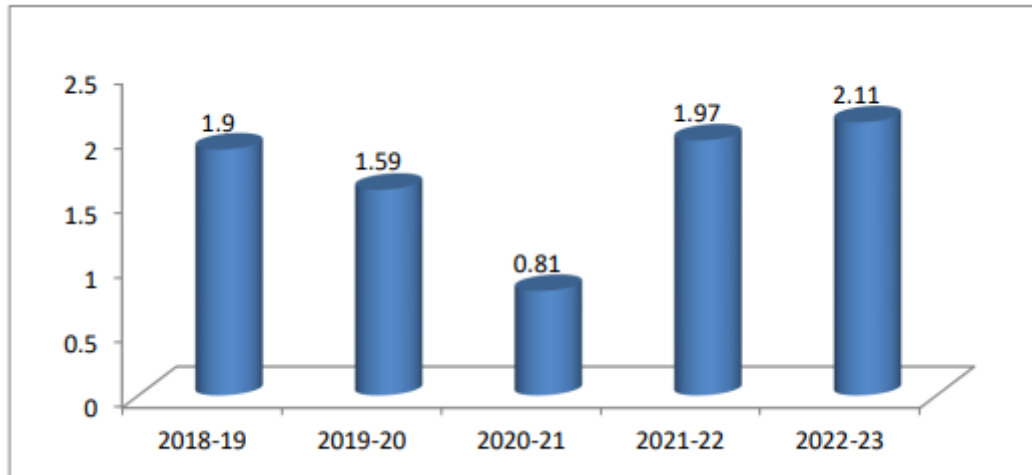
5.1.1 Current Ratio
        Current ratio may be defined as the relationship between current assets and current liabilities. It is the most common ratio for measuring liquidity. It is calculated by dividing current assets by current liabilities.
 Current ratio = Current assets/ Current Liabilities

Table No: 5.1.1 Current ratio

Years	Current Assets	Current liabilities	Ratio
2018-19	48910239.06	25715072.62	1.9
2019-20	59544555.78	37377530.73	1.59
2020-21	30466123.90	37790119.46	0.81
2021-22	69432174.01	35154012.33	1.97
2022-23	68188126.44	32292160.21	2.11

Chart 5.1.1 Current Ratio

Interpretation:

The standard norm for current ratio is 2:1. During the year 2023 the ratio is 1.9 and it has increased to 1.59 during the year 2020 and decreased to 0.81 in 2021and it is increased to 1.97 in 2022 and it has increased to 2.11 in the year 2023. So the current ratio is satisfaction level.
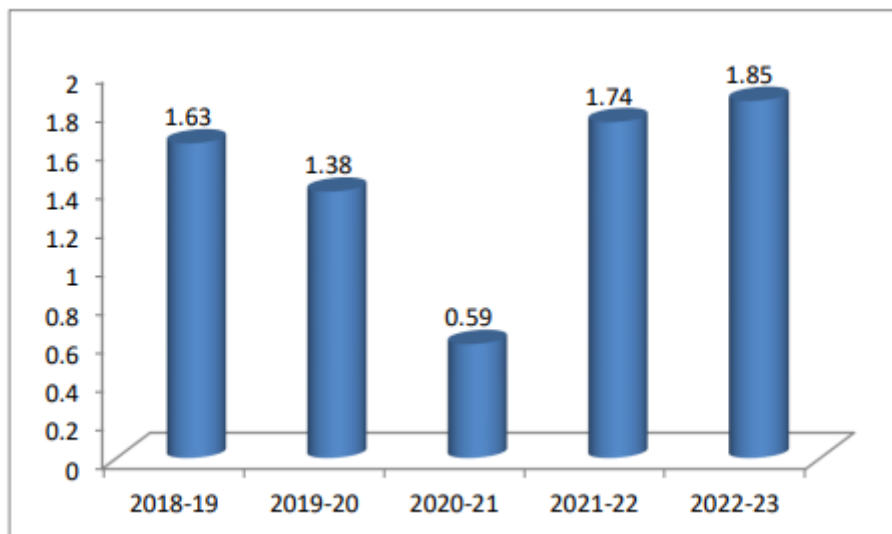
5.1.2 Liquid ratio

Liquidity ratios are a class of financial metrics used to determine a company's ability to pay off its short-termsdebts obligations. Generally, the higher the value of the ratio, the larger the margin of safety that the companypossesses to cover short-term debts.

Liquid ratio = liquid assets / current liabilities

Table No: 5.1.2 Liquid ratio

Years	Liquid assets	Current liabilities	Ratio
2018-19	42028757.04	25715072.62	1.63
2019-20	51482625.66	37377530.73	1.38
2020-21	22269090.38	37790119.46	0.59
2021-22	61199323.79	35154012.33	1.74
2022-23	59870714.86	32292160.21	1.85

Chart No: 5.1.2 Liquid Ratio

Interpretation:

The standard norm for liquid ratio is 1:1. During the year 2019 the ratio is 1.63 and it has decreased to 1.38 during the year 2020 and decreased to 0.59 in 2021 and it is increased to 1.74 in 2022and it has increased to 1.85 in the year 2023. So the liquid ratio is satisfaction level.

5.1.3 Gross Profit Ratio

Gross profit ratio measures the relationship of gross profit ratio to net sales and is usually represented as a percentage. This ratio plays an important role in two management areas in the area of financial management the ratio ser.
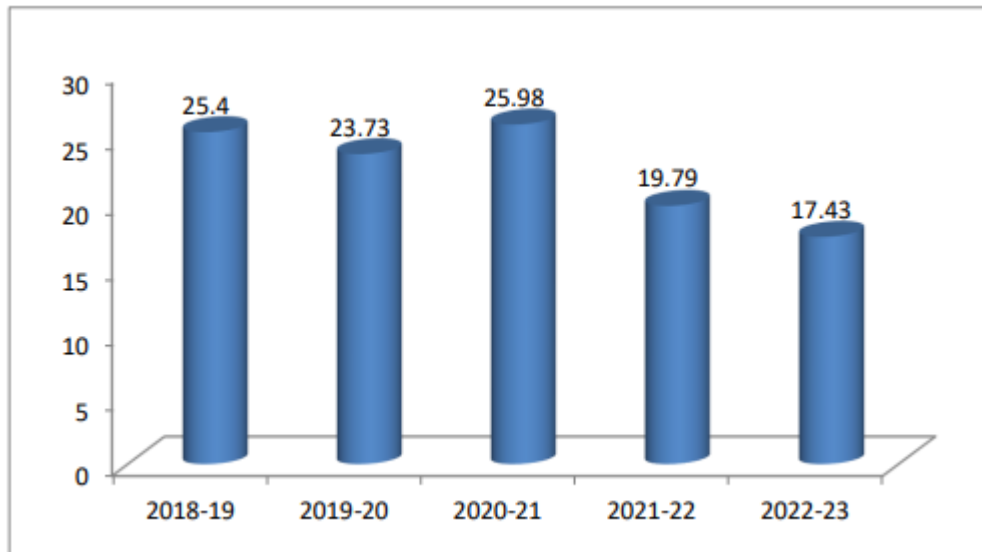
Gross Profit Ratio = Gross Profit **/** Net Sales *100

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Table No: 5.1.3 Gross Profit Ratio

Years	Gross Profit	Net Sales	Ratio
2018-19	38471788.12	151419842.61	25.40
2019-20	33785529.16	142345570.82	23.73
2020-21	46560985.22	179191854.24	25.98
2021-22	40720021.22	205725958.78	19.79
2022-23	38667116.51	221790318.69	17.43

Chart No: 5.1.3 Gross Profit Ratio

Interpretation:

The researcher inferred that the gross profit ratio is 25.41 in the year 2019 it decreased to 23.73 in the year 2020 and it is increased to 25.98 in the year 2021 and again decreased to 19.79 in the year 2021 and it has decreased 17.43 in the year 2023.

5.1.4 Net Profit Ratio

The net profit percentage is the ratio of after-tax profits to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized.
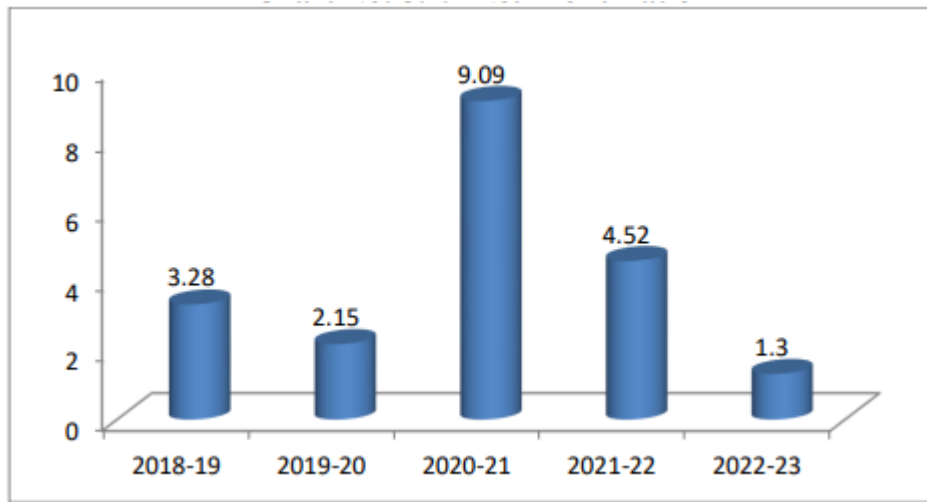
Net profit Ratio = Net Profit / Net Sales * 100

Table No: 5.1.4 Net Profit Ratio

Years	Net Profit	Net Sales	Ratio
2018-19	4968179.08	151419842.62	3.28
2019-20	3061371.58	142345570.82	2.15
2020-21	16280802.19	179191854.24	9.09
2021-22	9296111.40	205725958.78	4.52
2022-23	2888084.02	221790318.68	1.30

Chart No: 5.1.4 Net Profit Ratio

Interpretation:

The researcher inferred that the net profit ratio is 3.28 in the year 2019 and it is decreased to 2.15 in 2020 and it is again increased to 9.09 in the year 2021 and it is again decreased to 4.52 in 2022 and again decreased to 1.30 in the year 2023.
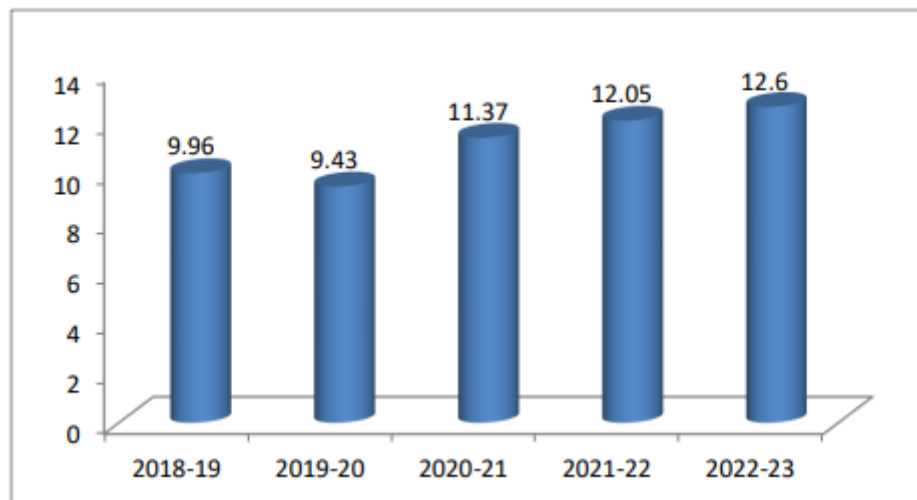
5.1.5 Fixed Asset Turnover Ratio

Fixed-asset turnover is the ratio of sales (on the profit and loss account) to the value of fixed assets (on the balance sheet). It indicates how well the business is using its fixed assets to net sales.

Fixed Assets Turnover Ratio = Net Sales **/** Net Total Fixed Assets

Table No: 5.1.5 Fixed Asset Turnover Ratio

Years	Net Sales	Net Total Fixed Assets	Ratio
2018-19	151419842.62	15205842.34	9.96
2019-20	142345570.82	15093229.59	9.43
2020-21	179191854.24	15758168.59	11.37
2021-22	205725958.78	17070716.59	12.05
2022-23	221790318.68	17603780.59	12.60

Chart No: 5.1.5 Fixed Asset Turnover Ratio

The researcher inferred that the fixed asset turnover ratio is 9.96 during the year 2019 and it is decreased to 9.43 in the year 2020 and it increased to 11.37 during the year 2021 and it is increased to 12.05 in 2022 and again it has increased to 12.60 in the year 2023.

5.2 TREND ANALYSIS

A trend analysis is an aspect of technical analysis that tries to predict the future movement of a stock based on past data. Trend analysis is based on the idea that what has happened in the past gives traders an idea of what will happen in the future.

5.2.1 SALES:

Table No: 5.2.1 Sales

Year	X	X2	Sales (Y)	XY
2018-19	-2	4	151419842.62	-302839685.20
2019-20	-1	2	142345570.82	-142345570.82
2020-21	0	0	179191854.24	0
2021-22	1	2	205725958.78	205725958.78
2022-23	2	4	221790318.69	443580637.40
	0	**10**	**900473545.20**	**204121340.20**

$X = 0, \sum x^2 = 10,$ $\sum y = 900473545.20,$ $\sum xy = 204121340.20$

5.2.2 PURCHASE

Table No: 5.2.2 Purchase

Year	X	X2	purchase (Y)	XY
2019	-2	4	99230309.27	-198460618.5
2020	-1	2	92013774.14	-92013774.14
2021	0	0	111234135.80	0
2022	1	2	141491399.44	141491399.44
2023	2	4	158903927.97	317807855.9
	0	**10**	**602873546.6**	**168824862.7**

$\sum x = 0$, $\sum x2 = 10$, $\sum y = 602873546.6$, $\sum xy = 168824862.7$

Trend **Y = a + bx**

A.$\sum y = Na + b \sum x$

B.$\sum yx = a \sum x + b \sum x2$

$\sum y = Na + b \sum x$

602873546.6 = 5a+ b (0)

602873546.6 = 5a+0

        A = 602873546.6

        5

        = 120574709.3

$\sum yx = a \sum x + b \sum x2$

        168824862.7 = 120574709.3 * 0 + b * 10

        168824862.7 = b (10)

        b = 168824862.7

        10

        =16882486.27

        Trend **Y = a + bx**

Y1 = 120574709.3 + 16882486.27 * 3

        = 171222168.1

Y2 = 120574709.3 + 16882486.27 * 4

        = 188104654.4

Y3 = 120574709.3 + 16882486.27 * 5

        = 204987140.7

Y4 = 120574709.3 + 16882486.27 * 6

        = 221869626.9

Y5 = 120574709.3 + 16882486.27 * 7

        = 238752113.

sheet helped in this study to find out the financial soundness of the company. The present study of "CASH MANAGEMENT" was conducted with the help of annual report. Various financial tools are used in the study to extent possible the study has achieved its stated objectives. It is on the part of the company to accept the suggestions. This project was very useful for the judgement of the financial status of the company from the management point of view. This evaluation proved a great deal to the management to make a decision on the regulation of the funds to increase the sales and bring profit to the company.

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