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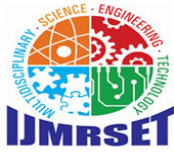
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International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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A Study on Cash Management with Reference to SRL International

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ABSTRACT: Effective cash management is a cornerstone of financial stability and operational efficiency for multinational corporations. This study delves into the cash management practices of SRL International, evaluating their strategies for optimizing cash flow, maintaining liquidity, and managing investments. Through a comprehensive analysis of SRL International's financial statements, management reports, and interviews with key financial personnel, this research identifies the methods that underpin the company's robust financial health.

KEYWORDS: Cash management, SRL International, Cash flow statement, Liquidity management, financial performance.

I. INTRODUCTION

Effective cash management is a critical component of financial management in any organization, playing a pivotal role in ensuring liquidity, optimizing profitability, and sustaining operational stability. This study focuses on cash management practices at SRL International, a global entity renowned for its innovative solutions and extensive market presence. The primary objective of this research is to analyse the cash management strategies employed by SRL International, examining how these practices contribute to the company's overall financial health and operational efficiency. By scrutinizing SRL International's approach, this study aims to highlight best practices, identify potential areas for improvement, and provide actionable insights that could be beneficial for similar organizations.

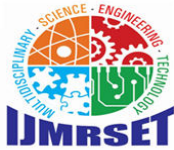
Cash management encompasses a range of activities including cash flow forecasting, liquidity management, investment of surplus funds, and the management of short-term financing. For multinational corporations like SRL International, these activities are further complicated by factors such as currency fluctuations, diverse regulatory environments, and the need to coordinate cash flows across multiple jurisdictions.

This research is significant for several reasons. Firstly, it offers a comprehensive understanding of how SRL International navigates the complexities of cash management in a global context. Secondly, it provides a framework for assessing the effectiveness of cash management practices in other organizations. Lastly, it contributes to the broader discourse on financial management by illustrating the interplay between strategic cash management and corporate success.

CASH MANAGEMENT IN INDIA:

The Reserve Bank of India (RBI) has placed an emphasis on upgrading technological infrastructure. Electronic banking, cheque imaging, enterprise resource planning (ERP), real time gross settlement (RTGS) is just few of the new initiatives. The evolution of payment systems such as RTGS has posed some tough challenges for cash management providers. It is important that bank snow look towards a shift to fees from float although all those cash management providers who have factored in float money in their product pricing might take a hit. But of course, there are opportunities also attached like collection and disbursement of payments on-line across the banks.

There are a number of regulatory and policy changes that have facilitated an efficient cash management system (CMS). For example, the Enactment of Information Technology Act gives legal recognition to electronic records and digital



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signatures. The establishment of the Clearing Corporation of India in order to establish a safe institutional structure for the clearing and settlement of trades in foreign exchange (FX), money and debt markets has indeed helped the development of financial infrastructure in terms of clearing and settlement.

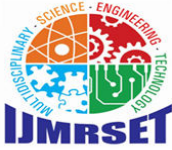
Other innovations that have supported in streamlining the process are:

- └ Introduction of the Centralized Funds Management Service to facilitate better management of fund flows.
- └ Structured Financial Messaging Solution, a communication protocol for intra-bank and interbank messages.

Today, treasurers need to ensure that they are equipped to make the best decisions. For this, it is imperative that the information they require to monitor risk and exposure is accurate, reliable and fast. A strong cash management solution can give corporates a business advantage and it is very important in executing the financial strategy of a company. The requirement of an efficient cash management solution in India is to execute payments, collect receivables and managing liquidity.

II. REVIEW OF LITERATURE

- **Faulkender, M. (2017) Studied the effectiveness of “corporate cash management: A critical review and future prospects”.** This paper critically reviews the theories and empirical evidence on corporate cash management practices. The study found, that firms hold cash for various reasons including operational needs, uncertainty management, and tax optimization. Companies with higher growth opportunities and those facing greater uncertainty end to hold more cash. The study suggests future research could explore the role of technology in cash management, and the impact of global financial trend son cash holdings. It identifies gaps in the literature and provides a roadmap for future research directions, particularly focusing on how firms’ cash management strategies evolve in response to external economic conditions and internal operational efficiencies.
- **Kumar, A., & Rathi, P. (2017) Studied "Cash Management Practices in SMEs: A Comparative Study".** The study analyses cash management practices in small and medium-sized enterprises (SMEs). It found that, SMEs face significant challenges in maintaining optimal cash flow due to lack of formal cash management systems and suggests the firm to implement robust cash forecasting and monitoring tools.
- **Mansoor, A., & Afzal, M. (2017) examined the "Impact of Effective Cash Management on the Financial Performance of Banks".** It Investigates, the relationship between cash management and financial performance in banking and find’s the effective cash management positively influences banks' profitability and liquidity. Further, it suggested the banks to adopt advanced cash management technologies.
- **Brick, I. E., & Liao, R. C. (2017) Studied "The role of cash holdings in reducing investment distortions".** This paper investigates how cash holdings can mitigate investment distortions caused by financial constraints. It explores the role of cash in enabling firms to invest optimally, highlighting the benefits of liquidity in reducing underinvestment problems. The study found that adequate cash reserves help firms undertake value-enhancing investments without external financing pressures. It also suggested to maintain sufficient cash to support investment opportunities of the firm.
- **Johnson, R. & Davis, E. (2017) Studied, "Cash Flow Forecasting Accuracy in Multinational Corporations".** This study assesses the accuracy of cashflow forecasting in multinational corporations and its impact on cash management efficiency. Johnson and Davis' research provides a comprehensive analysis of the complexities involved in cash flow forecasting for multinational corporations, offering strategies to enhance forecasting accuracy. It assessed multinational corporations face significant challenges in achieving accurate cash flow forecasts due to currency fluctuations, diverse regulatory environments, and complex operational structures.
- **KhalidZ. And AliH. (2017) Studied "Effective Cash Management in SMEs: Practices and Challenges".** This study explores cash management practices in small and medium enterprises (SMEs). It finds SMEs often face challenges in maintaining optimal cash balances due to inadequate financial planning and market unpredictability and suggested to implement robust forecasting tools and regular financial reviews to improve cash management.
- **Jensen, M. C. (2017) Involved study on "Agency costs of free cash flow, corporate finance, and takeovers".** This classic paper revisited discusses the agency costs associated with free cash flow. It examines how free cash flow can lead to agency problems and suggests mechanisms to mitigate these issues through effective cash management and also finds that excessive free cash flow can lead to inefficient spending by managers.



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III. RESEARCH METHODOLOGY

RESEARCH DESIGN:

In this study the researcher is going to analyse the financial performance by using relevant tools and techniques, analytical research design is used.

DATA COLLECTION:

SECONDARY DATA

Secondary data are those which have already been collected by someone and which are passed through the statistical machine at least once. Mainly the secondary data are used for the study i.e. Annual report, audited financial statement and other relevant documents. The study also used the literature provided by the organization. In addition, another source of the data was through reference to the library and review of different articles and relevant previous studies and from company website.

The major source of secondary data is:

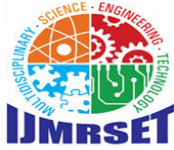
- Balance sheet of the company for the last 5years
- Profit and loss account of the company for the last5years
- Website of the company.

RATIO ANALYSIS USED FOR THIS RESEARCH

- 1.Current ratio
- 2.Quick ratio
- 3.Net profit ratio
- 4.Return on investment
- 5.Cash position ratio
- 6.Creditors turnover ratio
- 7.Return on total assets
- 8.Receivable to current assets
- 9.Debtors' turnover ratio/receivable turnover ratio.

IV. DISCUSSION

- The sundry debtors should be efficiently managed so that the outstanding are to be cleared at short intervals. The company can appoint on different areas on a success fees basis to collect the debtors.
- The current assets should be managed more effectively so as to avoid unnecessary blocking of capital that could be used for other purposes.
- The company has to make new joint venture with other companies in order to reduce the losses.
- The company needs better liquidity to ensure that liquidity needs are properly met.
- The company should balance the use of debt and equity to minimize the cost of capital and to increase the net profit of the firm.
- The company can accelerate receivables collection and increase sales revenue to enhance the cash Inflows.
- The company should also maintain adequate reserves to improve the cash management efficiently



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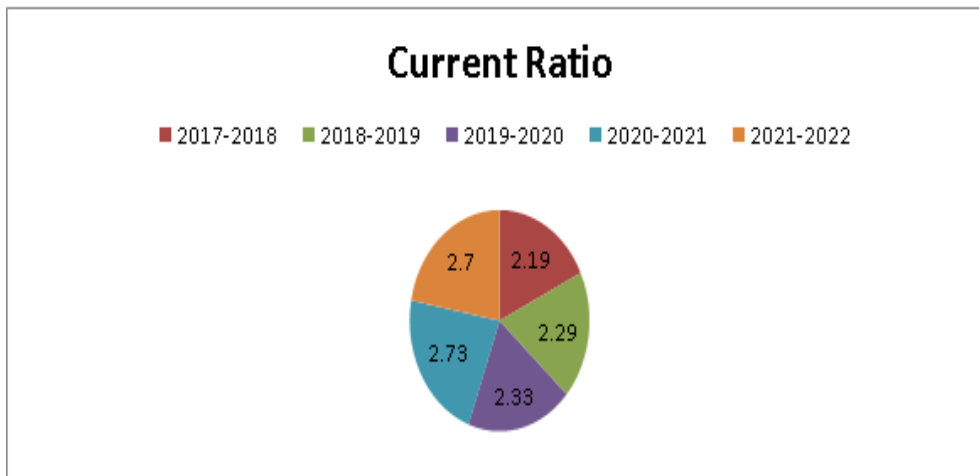
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V. RESULTS

TABLE SHOWING CURRENT RATIO (In Lakhs)

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2017-2018	7,885.65	3,593.75	2.19
2018-2019	8,879.50	3,877.84	2.29
2019-2020	8,167.50	3,509.59	2.33
2020-2021	10,725.94	3,922.48	2.73
2021-2022	11,125.94	4,122.48	2.7

CHART SHOWING CURRENT RATIO

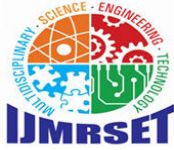


INTERPRETATION:

The above table shows that there is increasing trend. It has increased from the year 2017-2018 to 2020-2021. And it has slightly decreased to 2.70 in the year 2021-2022. It shows the maximum ratio 2.73 in the year 2020-2021.

TABLE SHOWING QUICK RATIO (In Lakhs)

YEAR	QUICK ASSET	CURRENT LIABILITIES	QUICK RATIO
2017-2018	5192.19	3,593.75	1.44
2018-2019	6597.58	3,877.84	1.7
2019-2020	5664.3	3,509.59	1.61

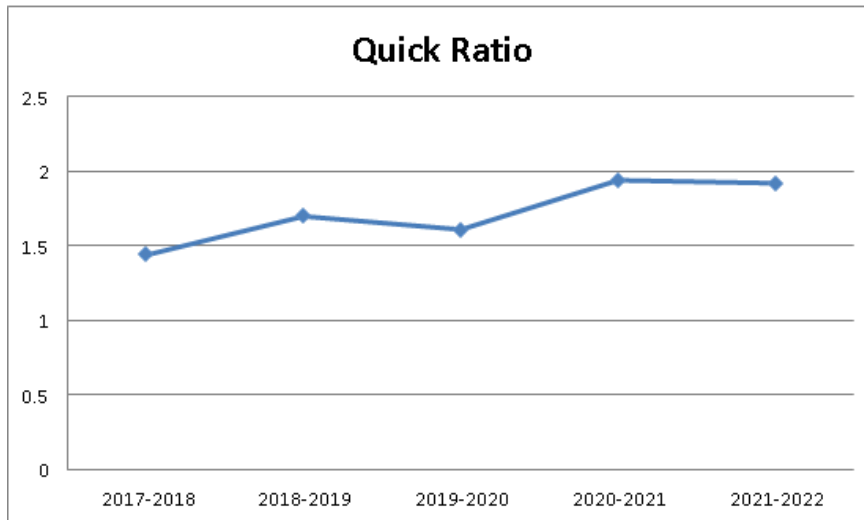


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2020-2021	7611.37	3,922.48	1.94
2021-2022	7911.37	4,122.48	1.92

CHART SHOWING QUICK RATIO

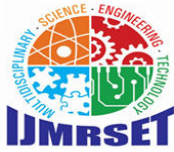


INTERPRETATION:

The above table shows that there is fluctuation in quick ratio. It has increased from 2017-2018 to 2018-2019. It has decreased from 2018-2019 to 2019-2020. And it has increased to 1.94 in the year 2020-2021. And slightly it has decreased to 1.92 in the year 2021-2022.

TABLE SHOWING NET PROFIT RATIO(In Lakhs)

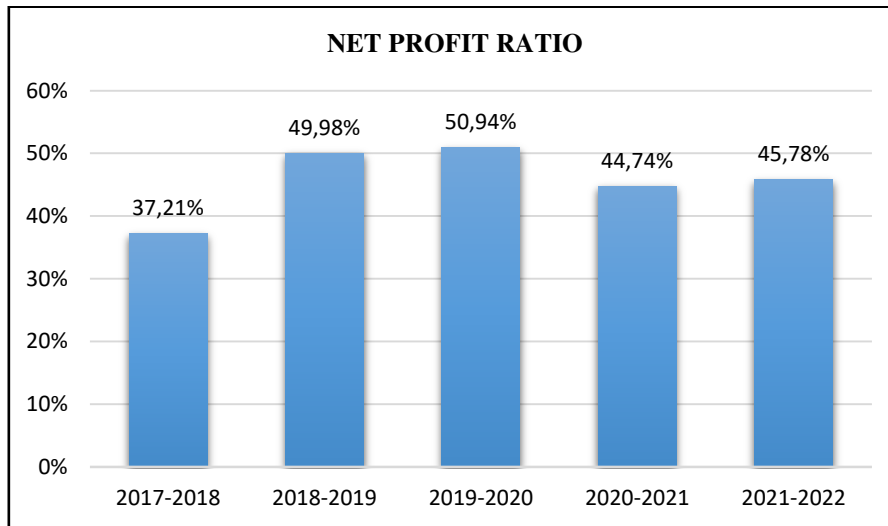
YEAR	NET PROFIT	NET SALES	RATIO
2017-2018	11,756.35	31,590.46	37.21%
2018-2019	14,504.26	29,021.15	49.98%
2019-2020	16,609.18	32,605.16	50.94%
2020-2021	17,768.27	39,689.62	44.74%
2021-2022	18,217.36	39,789.62	45.78%



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CHART SHOWING NET PROFIT RATIO

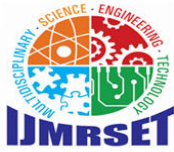


INTERPRETATION:

The above table shows that there is increasing net profit ratio from 2017-2018 to 2019-2020. And it has decreased to 44.74 and 45.78 in the year 2019-2020 and 2021-2022 respectively. It shows highest net profit ratio 50.94 in the year 2019-2020.

TABLE SHOWING RETURN ON INVESTMENT (In Lakhs)

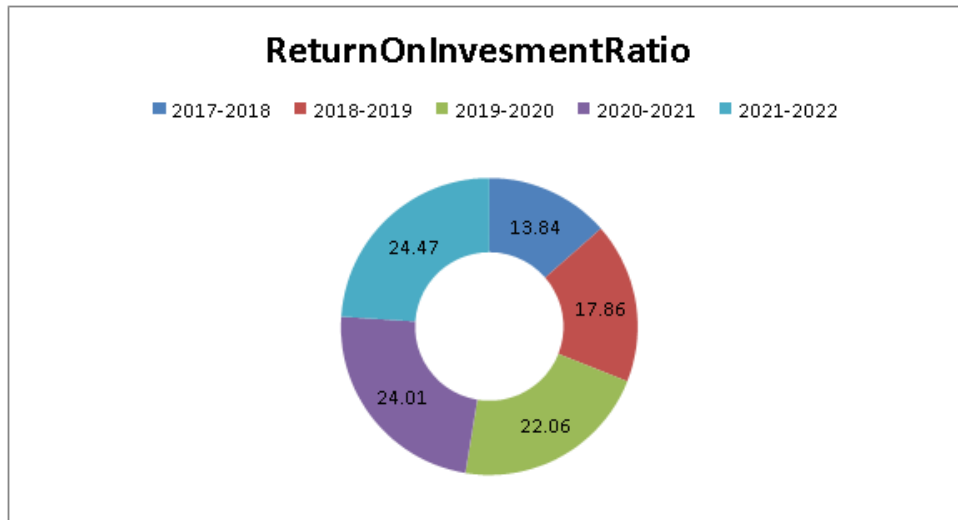
YEAR	OPERATING PROFIT	CAPITAL EMPLOYED	RATIO
2017-2018	6603.68	47698.07	13.84
2018-2019	11554.8	64698.07	17.86
2019-2020	14275.8	64698.07	22.06
2020-2021	15533.39	64698.07	24.01
2021-2022	15882.48	64898.07	24.47



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CHART SHOWING RETURN ON INVESTMENT



INTERPRETATION:

The above table shows that there is increasing trend in the return-on-investment ratio. Though the concern has debtors to collect the debt amount and bad debt losses, the company earn return on investment steadily. The highest percentage is 24.47 in the year 2021-2022. It shows the company is not going with very bad return.

VI. CONCLUSION

Lack of control over cash flows and inefficient cash management can be very harmful to business. More often than not, it is the improper management of cash that has caused businesses to fail. Effective cash management is therefore a necessity for businesses. Companies heavily rely on knowing their cash position to manage working capital requirements such as ordering inventory, raw material, or acquisitions/expansion program, for which they need a clear idea of how much cash is required, and when. This is enabled by the Efficient Cash Management System. Here are some areas with scope for improvement. Today, company is leveraging Cash Management System as a tool to build long- term trust with their customers, because these systems will empower them and manage companies and their position at any given time, thus building a trust and strengthening the relationship that goes beyond transaction banking.

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