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An Analytical Study on Liquidity Management at the Corporate Office of Switch Mobility Automotive Limited

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ABSTRACT: Liquidity management is a crucial aspect of financial management that ensures a company has sufficient cash flow to meet its short-term obligations without affecting its operational efficiency. In manufacturing industries especially in sectors like electrical switch production efficient liquidity management is essential due to high working capital requirements, inventory holding, and credit sales. This study focuses on Analytical Study on Liquidity Management at the Corporate Office of a Switch Mobility Automotive Limited. The objective of the study is to Analytical Study on Liquidity Management at the Corporate Office of a Switch Mobility Automotive Limited. The sample period study is 2020-21 and 2024-25. Descriptive research design and convenience sampling method has been used. Financial statement of the company has sed as secondary data. Ratio analysis have been applied as statistical tool to reach the findings of the study. It is found that Fixed assets Turnover Ratio have a fluctuating trend the highest Fixed Assets Turnover Ratio has as recorded in the year 2020 at 10.23% where as the Fixed Assets Turnover Ratio was the lowest 8.34% in the year 2023. It is suggested that the use of modern financial management software will enable real-time monitoring of cash positions and improve decision-making. Regular analysis of liquidity ratios such as the current ratio and quick ratio is also essential to identify potential issues and take corrective actions promptly. It is concluded that between dependent variable and independent variable on valuation of the firm is very crucial to a financial manager. A financially desirable structure can be assessed under specific assumptions and by understanding investors' perception and interpretation as well as their reactions to certain degree of changes in the financial risk.

KEYWORDS: Liquidity Management, Corporate Finance, Financial Performance, Liquidity Control, Liquidity Performance, Financial Liquidity.

I. INTRODUCTION

Liquidity management is a crucial aspect of financial management that ensures a company has sufficient cash flow to meet its short-term obligations without affecting its operational efficiency. In manufacturing industries especially in sectors like electrical switch production efficient liquidity management is essential due to high working capital requirements, inventory holding, and credit sales. This study focuses on analyzing the liquidity position of a switch manufacturing company located in Guindy. It evaluates how effectively the company manages its current assets and liabilities, maintains cash flow, and ensures financial stability. The analysis is based on financial ratios, working capital components, and cash management practices. Liquidity management is a critical element of financial strategy that involves the systematic control and optimization of an entity's liquid assets. It helps ensure that the business can meet its short-term financial obligations while maximizing operational efficiency and capital utilization. This technique comprises maintaining cash and other convertible assets to maintain an equilibrium between liquidity and profitability. This management strategy involves continuous monitoring of cash flows, forecasting future liquidity needs, and judiciously allocating resources. It aims to ensure that an organization has sufficient liquidity to cover its immediate liabilities, like payroll, vendor payments, and other short-term financial commitments. Additionally, the process aids in avoiding excessive idle cash that can be employed for investment with returns. Effective management contributes to financial stability by providing a safety net during economic downtrends. It enables businesses to tap into opportunities for growth, innovation, and strategic investments by having the necessary resources readily available. This management strategy is a dynamic process that aligns the financial resources with organizational goals to strengthen a business's financial health and sustainability.

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Objectives of the Study

The objectives of the study are as follows.

- To find out the liquidity position of the company.
- To analyze the profitability of the company.
- To ascertain the earning level of the company.
- To analyze the solvency position.
- To suggest suitable measures for improving earnings and the financial position of the company.

II. REVIEW OF LITERATURE

R Judith Priya and V Sukithangam (2025) "A comparative study on performance of Tata consultancy services and infosys for the period 2013-2017 by using Valuation ratioss". The main objectives of the study is to analyse investment potential of both Caliber Limited business support services private limiteds and Infosys using valuation ratios. The study is based on secondary data. Data pertaining to valuation ratios were collected from the balance sheet and profit and loss account of Infosys and Caliber Limited business support services private limiteds. Different ratios have been calculated to analyze the data. They find that the value of the Caliber Limited is relatively high when comparing with Infosys. Thus these valuation ratios attracts the investors who are interested in regular returns.By the study Caliber Limited has positive impact for greater investment opportunities.

Nafeesathul Thansila Beevi K. M and K P Muraleedharan (2024) "Corporate Reporting Practices and Corporate Governance: A Case Study of Tata Consultancy Services Limited". Aims to find out matters not disclosed and analyze reasons thereof. The study based on secondary data. Ratio analysis have been used to analyze the data. To conclude, Caliber Limited, being an Indian IT giant, has good disclosure practices with regard to corporate matters. Its disclosures are up to date with regard to legal and regulatory requirements of the land.The annual reports or website does not mention anything about measures taken by the company to ensure employee participation in corporate governance decisions.

Vinodkumar P Pathade (2022), "Equity research: Fundamental analysis for long term investment". Aims to explain how the basic tools of fundamental and technical analysis may be applied to arrive at investment decisions.The study covers the period of 5 years i.e. from 2011-12 to 2015-16. Financial ratios have been calculated to analyze the data. He recommended that Caliber Limited have performed well on the basis of return on capital employed as compared to Infosys and Caliber Limited has more consistency in return on capital employed than Infosys and the Caliber Limited has resulted well in view earning per share as compared to Infosys.

III. RESEARCH METHODOLOGY

Descriptive research design is used in this study. Secondary data are adopted in this study. Analytical sampling technique is used in this study. Ratio analysis are used in the study. The sample period of the study is 2021 - 2025.

Data Analysis and Interpretation

TABLE NO:1 CURRENT RATIO

Year	Current Asset	Current Liabilities	Ratios (%)
2021	7330	3592	2.04
2022	9139.32	4842.85	1.88
2023	10784	7239.2	1.48
2024	15428	6353.15	2.42
2025	15997.55	8835.48	1.81
		Average	1.93
		SD	0.34
		CV	17.83

Source: Secondary Data

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INTERPRETATION

The table explains the Current Ratio of the Switch Mobility Automotive Limited Company. From the above table it can be concluded that during the study period Current Ratio have a fluctuating trend the highest Current Ratio has as recorded in the year 2024 at 2.42% where as the Current Ratio was the lowest 1.81% in the year 2025. So it shows that Switch Mobility Automotive Limited has the average ratio 1.94%. The respective Co-efficient of variation and Standard deviation is 17.83% to 0.34%. It could be inferred from the table that the Current Ratio of the company during the study period is not satisfactory.

TABLE NO: 2 QUICK RATIO

Year	Quick Asset	Current Liabilities	Ratios (%)
2021	7330	3592	2.04
2022	9139.32	4842.85	1.88
2023	10784	7239.2	1.48
2024	15420	6353.15	2.42
2025	15997.55	8835.48	1.81
		Average	1.93
		SD	0.34
		CV	17.83

Source: Secondary Data

INTERPRETATION

The table explains the Quick Ratio of the Switch Mobility Automotive Limited Company. From the above table it can be concluded that during the study period Quick Ratio have a fluctuating trend the highest Quick Ratio has as recorded in the year 2024 at 2.42% where as the Quick Ratio was the lowest 1.81% in the year 2025. So it shows that Switch Mobility Automotive Limited has the average ratio 1.94%. The respective Co-efficient of variation and Standard deviation is 17.83% to 0.34%. It could be inferred from the table that the Quick Ratio of the company during the study period is not satisfactory.

TABLE NO: 3 WORKING CAPITAL TO TOTAL ASSETS RATIO

Year	Working Capital	Total Assets	Ratios (%)
2021	3738	11023.06	0.33
2022	4296.5	13487.3	0.31
2023	3544.8	15152	0.23
2024	9074.85	19620.6	0.46
2025	7162.07	25305.23	0.28
		Average	0.32
		SD	0.09
		CV	26.66

Source: Secondary Data

INTERPRETATION

The table explains the Working capital To Total Assets Ratio of the Switch Mobility Automotive Limited Company. From the above table it can be concluded that during the study period Working capital To Total Assets Ratio have a fluctuating trend the highest Working capital To Total Assets Ratio has as recorded in the year 2024 at 0.46% where as the Working capital To Total Assets Ratio was the lowest 0.28% in the year 2025. So it shows that Switch Mobility Automotive Limited has the average ratio 0.32%. The respective Co-efficient of variation and Standard deviation is 26.66% to 0.09%.

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TABLE NO: 4 WORKING CAPITAL TURNOVER RATIO

Year	Net Sales	Working Capital	Ratios (%)
2021	18293	3738	4.89
2022	22406.08	4296.5	5.21
2023	23044.84	3544.8	6.5
2024	29275.68	9074.85	3.22
2025	38858.54	7162.07	5.42
		Average	5.05
		SD	1.19
		CV	23.52

Source: Secondary Data

INTERPRETATION

From the above table it can be concluded that during the study period Working Capital Turnover Ratio have a fluctuating trend the highest Working Capital Turnover Ratio has as recorded in the year 2023 at 6.50% where as the Working Capital Turnover Ratio was the lowest 3.22% in the year 2024. So it shows that Switch Mobility Automotive Limited has the average ratio 5.05%. The respective Co-efficient of variation and Standard deviation is 23.52% to 1.19%.

TABLE NO: 5 CURRENT ASSETS TURNOVER RATIO

Year	Net Sales	Current Assets	Ratios (%)
2021	18293	7330	2.49
2022	22406.08	9139.32	2.45
2023	23044.84	10784	2.13
2024	29275.68	15428	1.89
2025	38858.54	15997.55	2.42
		Average	2.28
		SD	0.26
		CV	11.35

Source: Secondary Data

INTERPRETATION

The table explains the Total Assets Turnover Ratio of the Switch Mobility Automotive Limited Company. From the above table it can be concluded that during the study period Total Assets Turnover Ratio have a fluctuating trend the highest Total Assets Turnover Ratio has as recorded in the year 2020 at 2.86% where as the Total Assets Turnover Ratio was the lowest 1.89% in the year 2024. So it shows that Switch Mobility Automotive Limited has the average ratio 2.28%. The respective Co-efficient of variation and Standard deviation is 11.35% to 0.26%.

IV. SUGGESTION

Effective liquidity management can be improved by adopting a systematic approach toward managing working capital components. The company should strengthen its receivables management by implementing strict credit policies and ensuring timely collection of dues from customers to reduce delays in cash inflow. Proper inventory control techniques such as Economic Order Quantity (EOQ) and Just-In-Time (JIT) should be adopted to avoid excess stock and minimize holding costs. Additionally, the company needs to prepare accurate cash flow forecasts to anticipate future cash requirements and maintain adequate cash reserves for smooth day-to-day operations. Efficient management of payables by negotiating favorable credit terms with suppliers can further help in maintaining liquidity without affecting business relationships. The use of modern financial management software will enable real-time monitoring of cash positions and

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improve decision-making. Regular analysis of liquidity ratios such as the current ratio and quick ratio is also essential to identify potential issues and take corrective actions promptly. Overall, maintaining a proper balance between liquidity and profitability will ensure financial stability and support the long-term growth of the organization.

V. CONCLUSION

Liquidity management plays a significant role in maintaining the financial health and operational efficiency of a manufacturing company. The study highlights that while maintaining sufficient liquidity is essential, excessive liquidity can reduce profitability. The analysis of the switch manufacturing company in Guindy indicates that proper management of receivables, inventory, and cash flows is necessary to achieve an optimal balance between liquidity and profitability. By implementing effective financial strategies and continuous monitoring, the company can enhance its liquidity position and ensure long-term sustainability. Assessing the relationship between dependent variable and independent variable on valuation of the firm is very crucial to a financial manager. A financially desirable capital structure can be assessed under specific assumptions and by understanding investors' perception and interpretation as well as their reactions to certain degree of changes in the financial risk. Throughout the study objective was to find out the impact of capital structure on the value of firm in the context of or industrial sector. In order to achieve the goal this paper gathered secondary data of publicly listed for selected companies in automobile industry used some statistical tools to analyze all the financial information. To see the relationship between capital structure and firm value in selected company in automobile industry considered share price as proxy for value and different ratios for capital structure decision. The interesting finding of this automobile suggests that maximizing the wealth of shareholders requires a perfect combination of debt and equity, whereas cost of capital has a negative correlation in this decision and it has to be as minimum as possible. This is also seen that by changing the capital structure composition a firm can increase its value in the market. Nonetheless, this could be a significant policy implication for finance managers, because they can utilize debt to form optimal capital structure to maximize the wealth of shareholders.

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