



A Study on Cash Flow Management on Montanhydraulik India Pvt Ltd

Somesh N

Sathyabama Institute of Science and Technology

ABSTRACT:

Efficient cash flow management is paramount for the success of any project, ensuring timely completion and sustainable growth. This abstract explores the significance of cash flow management within project frameworks, analyzing its impact on project viability, resource allocation, and stakeholder satisfaction. It delves into various strategies and tools available to project managers for optimizing cash flow, including budgeting, forecasting, risk mitigation, and financing options.

KEY WORDS: Time of completion, Resource Allocation, Montanhydraulik India pvt ltd, Cash flow statement, Stakeholder satisfaction.

INTRODUCTION:

Cash flow management is tracking and controlling how much money comes in and out of a business in order to accurately forecast cash flow needs. It's the day-to-day process of monitoring, analyzing, and optimizing the net amount of cash receipts—minus the expenses. It's all about managing your business finances responsibly, so there's enough cash to grow. Effective cash management strategies help to predict how much money will be available to cover things like debt, payroll, and vendor invoices.

OBJECTIVES OF THE STUDY:

PRIMARY OBJECTIVE:

- To study on cash flow management with reference to Montanhydraulik India private limited.

SECONDARY OBJECTIVE:

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

NEED FOR THE STUDY:

- It helps to check how much stuff (inventory) the company has and how much money (cash) it has.
- It gives the liquidity position whether the company pay its bills and debts on time.
- It focus to avoid having too much or too little stock, which can cost money or lead to shortages.
- To understand the better to handle the company's money and to ensure to have enough cash for daily needs and emergencies.

SCOPE OF THE STUDY:

- To increase in current trends by using past records with the enough stock and cash to keep going.
- To improve short debts on their bills that they own and owe within short period with quick money.
- To analyse and check how to buy, store, and sell goods with the right amount of stock and find ways to save money on inventory.
- To finalise any problems with how they handle money to bring more in cash in spend in less.

REVIEW OF LITERATURE:**Impact of Cash Flow Management on the Financial Performance of Small and Medium Enterprises: Empirical Evidence from Pakistan****Authors: Syed Zain Abbas, Ghulam Shabir, and Muhammad Sajjad****Year of Publication: 2021**

Focusing on small and medium enterprises (SMEs) in Pakistan, this study investigates the relationship between cash flow management and financial performance, offering empirical evidence and practical implications for SMEs in the region.

Cash Flow Management in Construction: A Review and Agenda for Future Research**Authors: Agne Matusinaite, Theo Haupt, and Erik Lerdahl****Year of Publication: 2020**

This review article provides an overview of cash flow management issues specific to the construction industry, highlighting challenges and opportunities for improving cash flow practices in construction projects.

Cash Flow Management and the Survival of Small Businesses in Nigeria**Authors: Ismaila O. Abdulsalam and Adegbite Tajudeen Olubodun****Year of Publication: 2019**

Focusing on the Nigerian business landscape, this study examines the impact of cash flow management practices on the survival and success of small businesses, offering insights relevant to the Nigerian SME sector.

The Impact of Cash Management on Firm Profitability: Evidence from Greece**Authors: Eleni Valsami-Jones and Nikolaos Chatzistamoulou****Year of Publication: 2018**

This research investigates the influence of cash management practices on firm profitability, drawing evidence from the Greek business context. It explores how efficient cash management contributes to overall financial performance.

Cash Flow Management and Small Business Survival: Evidence from Ghana**Authors: Nkechi Owoo and Akwasi Mensah-Bonsu****Year of Publication: 2017**

Information: This study focuses on the relationship between cash flow management practices and the survival of small businesses in Ghana, providing empirical evidence and insights into effective cash flow strategies for small enterprises.

RESEARCH METHODOLOGY:**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"

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.

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 Montanhydraulik India Private Limited Pvt Ltd. Annual report from 2018-2022.

TOOLS USED FOR THE STUDY:

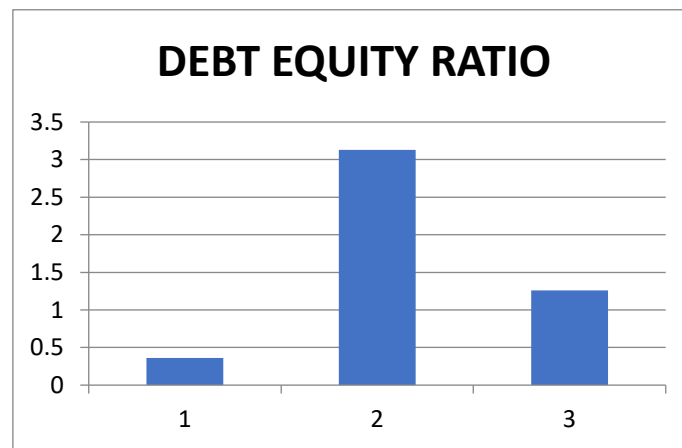
FINANCIAL TOOLS

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

RATIO ANALYSIS:

DEBT EQUITY RATIO:

S.NO	YEAR	DEBT EQUITY RATIO
1	2020-2021	0.36
2	2021-2022	3.13
3	2022-2023	1.26

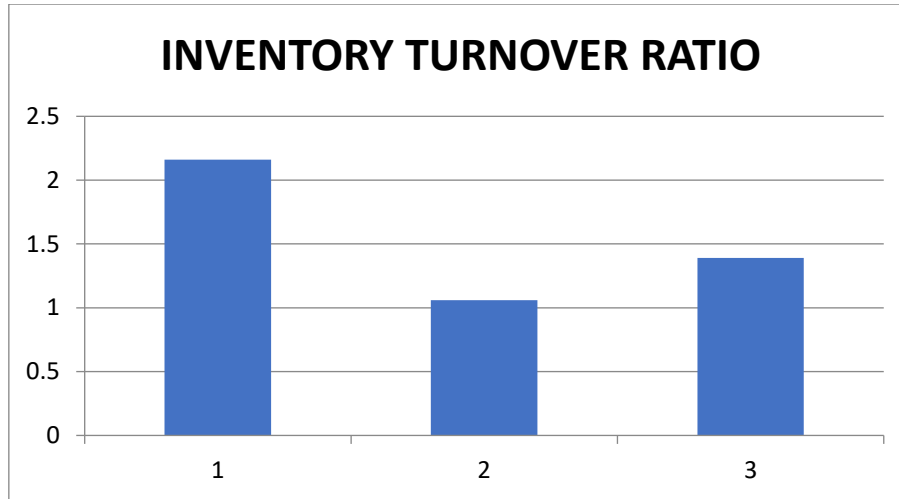


INTERPRETATION:

From the above table there will be increasing and decreasing in debt equity ratio as it follows; in the year 2021 it is 0.36, in the year 2022 it is 3.13, in the year 2023 it is 1.26. from this increase in short term borrowings from banks in the form of packing credit loan as compared to the previous years.

INVENTORY TURNOVER RATIO:

S.NO	YEAR	INVENTORY TURNOVER RATIO
1	2020-2021	2.16
2	2021-2022	1.06
3	2022-2023	1.39

**INTERPRETATION:**

From the above table there will be decrease and increases in inventory turnover in the year 2021 it is 2.16, in the year 2022 it is 1.06, in the year 2023 it is 1.39. it is because of the increase in the inventory was due to delays in dispatches and the consequent lower in turnover.

CASH FLOW STATEMENT OF MONTANHYDRAULIK LTD FOR THE YEAR ENDED 31.03.2023

PARTICULARS	AMOUNT	AMOUNT
A. Cash flow from operating activities		
Profit Before Tax as per Statement of Profit and Loss		-75728
Non Cash Adjustments:		
Depreciation	2727	
Impairment of fixed asset		
Amortization of FCMITDA		
Profit on sale of fixed asset		
Other adjustments		
Interest expenses, consider separately	5519	
Interest income, consider separately	-714	
		7533
Operating profit before working capital		-68196
Adjustments for working capital		
Inventories	2116	
Trade receivables	3181	
Short term loans and advances	2419	
Other current assets	19484	
Trade payables	11601	
Short term borrowings	0	

Other current liabilities	20010	
Other adjustments		
Long term deposits and advances		
Other non current assets	966	61576
Net cash from operating activities before income tax		-6620
Income tax paid/provision for income tax		
Net cash from operating activities		-6620
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, capital WIP	-1224	
Proceeds from sale of fixed assets		
Investments / maturities of deposits	11432	
Interest received	714	
Net cash used in investing activities		10922
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of share capital		
Repayment / proceeds of long term borrowings	1217	
Share premium received		
Interest paid	-5519	
Net cash from financing activities		-4302
Net increase / (decrease) in cash And cash equipment		0
Cash and cash equipment as at 1 st April (opening balance)		67
Cash and cash equipment as at 31 st march (closing balance)		67
Closing balance of cash and cash equipment		0

FINDINGS:

- ✓ From the above table current ratio will be decreasing by year by year in the year 2021 it is 1.05, in the year 2022 it is 0.74, in the year 2023 it is 0.54. It is because the decreases in trade receivables and in cash balances compared to previous year.
- ✓ From the above table there will be increasing and decreasing in debt equity ratio as it follows; in the year 2021 it is 0.36, in the year 2022 it is 3.13, in the year 2023 it is 1.26. from this increase in short term borrowings from banks in the form of packing credit loan as compared to the previous years.
- ✓ From the above table the return on equity ratio becomes negative it gets loss on equity in the year 2021 it is 233.38, in the year 2022 it is -1289.74, in the year 2023 it is -1243.36. the loss was due to logistical issues in getting the components in time.
- ✓ From the above table there will be decrease and increases in inventory turnover in the year 2021 it is 2.16, in the year 2022 it is 1.06, in the year 2023 it is 1.39. it is because of the increase in the inventory was due to delays in dispatches and the consequent lower in turnover.

SUGGESTIONS:

- ✓ Optimize the cash management to ensure effective utilization of assets and liabilities and implement strategies to accelerate accounts receivable collection to improve cash flow.
- ✓ There should be careful with borrowing money make sure it helps the company grow without becoming too risky. Look for ways to pay off or fine better borrowing deals.
- ✓ Predict the better sales and adjust how much inventory will be kept accordingly. Offer a variety of products and work closely with supplies to manage inventory effectively.

CONCLUSION:

The Montan Hydraulik company's success hinges on its ability to optimize production processes, streamline supply chain operations, and embrace innovation. By prioritizing efficiency, sustainability, and adaptation to market trends, the company can position itself for long-term growth and profitability in a competitive landscape. Additionally, fostering a culture of continuous improvement and investing in employee development can further enhance the company's capabilities and resilience.

REFERENCES:

1. "Project Cashflow: Principles, Practices, and Tools for Improving Cashflow in Projects" by Stephen M. Pryke (2015)
2. "Project Cash Management: Simple Steps to Win, Insights and Opportunities for Maxing Out Success" by Gerard Blokdiijk (2019)
3. "Cash Flow Analysis and Forecasting: The Definitive Guide to Understanding and Using Published Cash Flow Data" by Timothy Jury (2017)
4. "Project Finance in Theory and Practice" by Stefano Gatti (2018)
5. "The Entrepreneur's Guide to Financial Statements" by David Worrell (2016)