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"CAPITAL STRUCTURE'' WITH REFERENCE TO SCHAEFFLER INDIA LIMITED AT HOSUR.

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ABSTRACT

The study employs various analytical tools, including ratio analysis, trend analysis, and cash cycle calculations, to evaluate the company's financial performance. Key indicators such as working capital turnover, debtor turnover, and creditor turnover ratios have been assessed to determine the efficiency of cash utilization and the company's liquidity position. Findings reveal a declining trend in working capital turnover and profitability ratios, indicating challenges in operational efficiency and financial management.

In the conclusion of this study, this project underscores the importance of efficient cash management for sustaining business operations and achieving long-term financial goals. Effective implementation of the recommendations can help the company improve its cash flow stability and enhance its overall financial performance.

Key words: Cash Utilization, Company's Liquidity Position, firm's ability, long-term financial goals, indicating challenges, Credit policies, Cash flow forecasting, support financial stabilityg.

INTRODUCTION

Schaeffler india Ltd, established in 2003 and headquartered in Chennai with operations in Hosur, Tamil Nadu, is a manufacturer of automotive components and a provider of electrical solutions, including switchboards and control panels. With a reported revenue of ₹26.6 Crore as of March 2022, the company operates within both the automotive and electrical sectors in India. While specific details regarding their financial operations, particularly their cash flow management strategies, are not publicly disclosed, understanding the general principles of financial management can offer insights into how a company in their position likely approaches these critical aspects of their business. This study have crtain goals to execute that how to manage their flow of cash is moving on with high profitable manner than their investment.

RESEARCH BACKGROUND

The Finance is one of the most primary requisites of a business and the modern management obviously depends largely on the efficient management of the finance. Financial statements are prepared primarily for decision making. They play a dominant role in setting the framework of managerial decisions. The term financial analysis is also known as analysis and interpretation of financial statements refers to the process of determining financial strength and weakness of the firm by establishing strategic relationship between the items of the Balance Sheet, Profit and Loss account and other operative data. The purpose of financial analysis is to diagnose the information contained in financial statements.

IDENTIFIED PROBLEM

Cash management encompasses how a company manages its operations or business activities, financial investments, and financing activities.
A company has to generate adequate cash flow from its business in order to survive, meaning it is able to cover its expenses, repay investors, and expand the business.
In addition to generating cash from its activities, a business also needs to manage its cash situation so that it holds the right amount of cash to meet its immediate needs.

OBJECTIVES OF THE STUDY

- To Evaluate the Measure the Impact of Export

- Incentives and subsidies, tax breaks.
- To Analyze the impact of currency exchange rate volatility on financial performance.
- To Explore how exporting contributes to long-term financial stability through recurring revenue streams. To Study how exporting enables companies to leverage premium pricing strategies.

REVIEW OF LITERATURE

Pandey (2025) found that the firm may gain adequate profits, but may suffer from shortage of cash because its growing needs may be consuming cash very first so that management should look to ways of increasing cash inflows in the firm and minimizing cash outflows reducing operating expenses then the surplus cash may be managed into an investment portfolio.

Vaghela and Jhala (2025) attempted to study of performance evaluation through cash management (with special reference to commercial vehicle companies) with the industry. After applying tools and techniques, the researcher have found that, industry is at the top of the list when it comes to average performance based on cash management, researcher have observed a mix trend in the performance of all the sample companies.

Saleemi (2025) found that organizations that have ineffective cash management cannot achieve desired levels of profits and these firms unfortunately will end up because of failing to achieve the said main objective. Researcher further elaborated that if cash management is properly monitored, it becomes easier to estimate profits to be generated by these firms.

Kakuru (2024) indicated that SMEs in any period was both cash receipts and cash disbursement with the net balance either a surplus or a deficit and to ensure that if cash receipts and disbursement are synchronized the management should aim at a zero balance that is to say in investing the surplus cash for profitability. Researcher further explained that if, in case of a deficit, the firm aims at increasing the cash inflows in the firm that helps to settle debts in time, reduce period for payment from its clients that increases the availability of cash in the firm. Such surplus cash can finally be invested to maximize profit.

Kam C. Chan (2024) We study the effect of shareholding on corporate cash management in China. We document that for state-owned enterprises (SOEs) with some of their shares owned by screw industry, the market value of cash holdings is less, and the overinvestment of free cash flow is more than those SOEs without shareholding. For non-SOEs, we do not find such an adverse impact. We also find that the adverse impact of screw shareholding is confined to state-owned banks owning SOE shares and stronger for pyramidal structure than those of nonpyramidal structure SOEs. The Chinese environment offers lessons that can help other emerging markets to review their screw industry shareholding regulations.

Sanghani D. D. (2023) analyzed performance evaluation through cash management of the industry. In his research paper the findings of the study revealed that the industry. He has used the average cash more efficiently than the industry. Also, cash return on assets of both the companies was quite similar and both the companies are almost same in case of capacity to convert its sales into cash.

Maxwell Samuel amuzu (2023) attempted to study on cash flow ratio as a measure of performance of listed companies in emerging economics; It was also evident that Ghana is competitive when it comes to the industry. On the other hand, US evidently have a stronghold on the industry.

Wang, H., et al, (2023) studied Cash management is taken up with optimal costs of short-term cash policies of a company. Different optimization models have been projected in the literature whose absorption has been only placed on a single objective, namely, on minimizing costs. Nevertheless, cash managers may also be involved in risk connected to cash policies. In this study, we suggest a multi-objective cash management model based on cooperation programming that allows cash managers to choose the best policies, in terms of cost and risk, reported to their risk preferences. The model is illustrated through various examples using real data from an industrial company, alternative cost scenarios and two different measures of risk. As a result, we supply cash managers with a new tool to allow them determining on the level of risk to take in daily decisionmaking.

Agrawal, S., et al, (2022) studied that the industry is developing fast with the arrival of new technologies and product innovation across the world. Short product life cycle joined with the immense demand for electronics products, creating a pile of unwanted products results in waste generation. The industry is also facing the higher product returns due to the growth in online business and liberalistic policies offered to the consumers. Effective and efficient reverse supply chain execution may help in managing these returns along with the end of life product returns. Dislike a growing body of research in the area of reverse supply chain, industries are reluctant to accept best activity of the reverse supply chain. The planned study aims at investigating the key strategic issues and objections faced by the industry by using case study method.

Kwang-Sook Huh (2022) This study investigates the impact of acquisitions on the screw maker's performances including PER and technical efficiency in the world industry over the period. The study classifies

the acquiring firms into two types, screw makers and firms when financing costs are sufficiently high. We financial institutions, to capture the differences of the empirically test this prediction using a comprehensive effect of acquisitions depending on the type of acquirers. dataset of Chinese manufacturers and find that more In this context, the study examines whether acquisitions productive firms indeed hold less capital and more cash. by financial institutions result in bubbles in the screw

Pandey, M. (2021) studied that Cash flow management industry. Empirical results demonstrate that screw is the corporate procedure of assembling and managing makers acquired by financial institutions have achieved cash, as well as using it on (short term) investing. It is a relatively poor or insignificant operating performances, key element of insuring a company's financial although there is a statistically significant increase of stableness and solvency. In business anything done

PER. financially affect in any time, cash is the important for

Singh, K., & Misra, M. (2022) Studied on the every business, every company has to have cash on hand determining factor of cash holding levels for different or at least way to cash in order to be able to pay for the corporate. Even so, no such study has been observed so goods and services it uses and accordingly, to stay in far on the industry. In this study, we analyze the the business as it can be said that the company has to determinants of the cash-holding levels for the Indian be feasible of managing its day-to-day operation.

agrarian enterprises during the period 1995–2016. With

Owolabi and Adegbite (2025) investigated the impact the aid of weighted least squares (WLS) regression of effective cash management on the profitability of analysis, we insight evidence that the Indian small and medium-sized enterprises (SMEs). Their agro-enterprises with greater lucrative possibility findings revealed a significant positive correlation inclined to hold less cash. On the other side, we found between efficient cash management practices, such as that large agro-enterprises tend to grasp some other shorter cash conversion cycles and optimized cash mode of liquid assets rather than cash. The firms with holding levels, and improved profitability metrics in the high capital expenditure and distributing profits as a SME sector. The study emphasized the resource dividend were shown to hold on more cash. In our constraints faced by SMEs and how prudent cash analysis, we find subsidiary evidence of the static trade- management can be a key differentiator for success. off theory of cash holding. In general, transaction need **Chopra and Verma (2024)** examined the role of and preventive motives also play an essential role in technological advancements in enhancing cash justifying the determinants of cash holding levels for management efficiency. Their research highlighted the Indian agrarian enterprises. adoption of digital payment systems, sophisticated

Kolos Cs. Ágoston (2021) Improving the cash forecasting tools, and integrated treasury management management techniques has already received significant software in streamlining cash inflows and outflows, attention in the literature as a separate optimisation reducing operational costs, and improving overall problem for banks and the independent firms that supply liquidity management within large corporations. The cash. This article concentrates instead on a further study suggested that embracing technology is becoming possibility of cost reduction: optimising the cash increasingly crucial for maintaining a competitive edge management problem as one single problem. Doing so, in cash management. contractual prices between banks and the cash in transit

Silva et al. (2024) explored the relationship between firms can be in general modified allowing for further corporate governance practices and cash holding cost reduction relative to individual optimisations. In policies. Their study across a sample of publicly listed order to show the pertinence of this procedure, we have firms indicated that companies with stronger determined possible Pareto-improvement re-contracting governance structures, characterized by independent schemes based on a Baumol-type cash demand forecast boards and active audit committees, tend to hold less for a Hungarian commercial bank resulting in precautionary cash. This suggests that robust substantial cost reduction. governance mechanisms provide greater confidence in

Jing Wang (2021) We explore theoretically and managing unexpected financial challenges, thus empirically the relationship between firm productivity reducing the need for large cash reserves. and liquidity management in the presence of financial

Nguyen (2023) analyzed the impact of macroeconomic frictions. We build a dynamic investment model and factors, such as interest rate volatility and inflation, on show that, counter to basic economic intuition, more corporate cash management decisions. The research productive firms could demand *less* capital assets and found that firms operating in environments with higher hold more liquid assets compared to less productive

interest rate volatility tend to hold more cash to mitigate the increased uncertainty and potential financing costs. Similarly, higher inflation rates prompted companies to optimize their cash conversion cycles to preserve the real value of their liquid assets.

Khan and Tanveer (2023) focused on the specific challenges of cash management in seasonal businesses. Their study highlighted the cyclical nature of cash flows in such industries and the importance of accurate forecasting and flexible financing arrangements to navigate periods of low inflows and high outflows. The research emphasized the need for tailored cash management strategies that account for the unique operational characteristics of seasonal businesses.

Dubey (2022) investigated the influence of firm size and age on cash holding behavior. The study observed that smaller and younger firms typically hold higher levels of cash due to greater information asymmetry and limited access to external financing compared to larger, more established companies. As firms mature, they tend to develop more sophisticated cash management practices and may reduce their cash reserves.

Lee (2022) examined the impact of supply chain management efficiency on a firm's cash conversion cycle. The research demonstrated that companies with more integrated and efficient supply chains experience shorter inventory holding periods and faster collection.

RESEARCH GAP

A significant research gap in cash management exists regarding the application of advanced technologies and data analytics in optimizing cash flow for small and medium sized enterprises (SMEs). While large corporations leverage technology for proactive cash management, SMEs often rely on traditional methods, leading to inefficient cash flow practices and a high risk of liquidity issues.

RESEARCH METHODOLOGY

Financial Analysis / Case Study: The project revolves around analyzing the financial statements (Balance Sheet, Profit and Loss account, etc.) of a single company (Stallform Tecknic Pvt Ltd.). This in-depth examination to understand the company's financial health, performance, and trends aligns with a case study approach within the broader field of financial analysis.

Analysis of Financial Statements for a Specific Company: The core activity involves using financial tools and techniques (like ratio analysis, trend analysis, etc.) to interpret the data presented in the company's financial reports. The goal is to derive meaningful insights about the company's liquidity, profitability, solvency, and efficiency.

Applied Research: The research aims to solve a practical problem or provide insights that can be directly applied to improve the financial management practices of Stallform Tecknic Pvt Ltd. It's not purely theoretical; it has a practical application in the real world.

Ratio Analysis: Ratio is a relationship between two figures expressed mathematically. Financial ratio provides numerical relation between two relevant financial data. Financial ratios are calculated from the Balance sheet and Profit & Loss A/c. The relationship can be either expressed as a Ratio on as a quotient. Ratios summarize the data for easy understanding, comparison and interpretation. The Ratio Analysis is the financial statement. It provides a yardstick to measure the relationships between the variable of figures. In work the Financial Analysis is necessary to know different angles.

Trend Analysis: Time series or trend analysis of ratios indicates the direction of change this kind of analysis is particularly applicable to the items of profits and loss account. It is advisable that trends of sales and net income may be studied in the light of two factors: the rate of fixed expansion or secular trend in the growth of the business and the general price level.

Cash Cycle: Flow of cash those beings with payment for raw materials and ends with receipt of cash on goods sold. Shorter the number of days in the cycle, more the amount of available cash and lesser the need to borrow
Also called as cash conversion cycle or cash flow cycle.

LIMITATION OF THE STUDY

- The study is made for certain period only i.e. 2020 – 2024.
- Difficulty of getting access to some important data due to its sensitivity and secretive nature.
- The non- uniformity in the accounting periods of the years under study made it difficult to interpret the data concisely.
- It took time to collect data from the finance departments.
- The ratios are only financial indicators; they cannot be taken as final regarding financial position of the firm.
- The data was approximated where ever necessary.

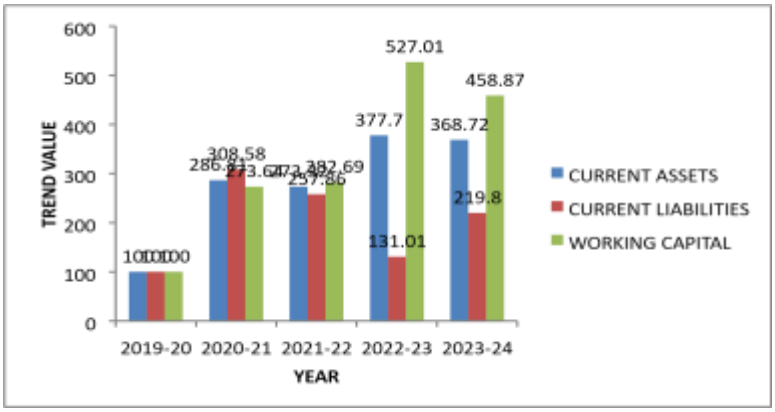
DATA ANALYSIS AND INTERPRETATION

TABLE NO: 1 TREND ANALYSIS

	CURRENT ASSETS		CURRENT LIABILITIES		WORKING CAPITAL	
YEAR	**AMOUNT**	**TREND%**	**AMOUNT**	**TREND%**	**AMOUNT**	**TREND%**
2019-20	57.48	**100**	21.67	**100**	35.81	**100**
2020-21	164.86	**286.81**	66.87	**308.58**	97.99	**273.64**
2021-22	157.11	**273.32**	55.88	**257.86**	101.23	**282.69**
2022-23	217.11	**377.70**	28.39	**131.01**	188.72	**527.01**
2023-24	211.95	**368.72**	47.63	**219.80**	164.31	**458.87**

Sources: Secondary Data

CHART NO: 1 TREND ANALYSIS



INTERPRETATION

The Current assets have increased 368.72% over the Five years period while the current liabilities have increased 219.80 and the working capital have 458.87. These trend percentages reflect an unfavorable impact on net income because costs increased at a faster rate than sales.

TABLE NO: 2 CASH CYCLE FOR THE YEAR 2020-2024

YEAR	Inventory Conversion Period (A)	Debtor Conversion Period (B)	Creditor Conversion Period (C)	CASH CYCLE (A+B+C)
2019-2020	23	75	42	140
2020-2021	14	50	27	91
2021-2022	13	61	29	103
2022-2023	12	66	20	98
2023-2024	26	90	24	140

FORMULA

Cash Cycle = Inventory Conversion Period + Debtor Conversion Period + Creditor Conversion Period **Turnover =** No. of Working Days / Cash Cycle

2019-2020= 365 / 140 = 2.61 times 2020-2021= 365 / 91 = 4.01 times
2021-2022= 365 / 103 = 3.54 times
2022-2023= 365 / 98 = 3.72 times
2023-2024= 365 / 140 = 2.61 times
Average Turnover = 2.61 + 4.01 + 3.54 + 3.72 + 2.61 = 16.49 / 5 = 3.30 TIMES

INTERPRETATION

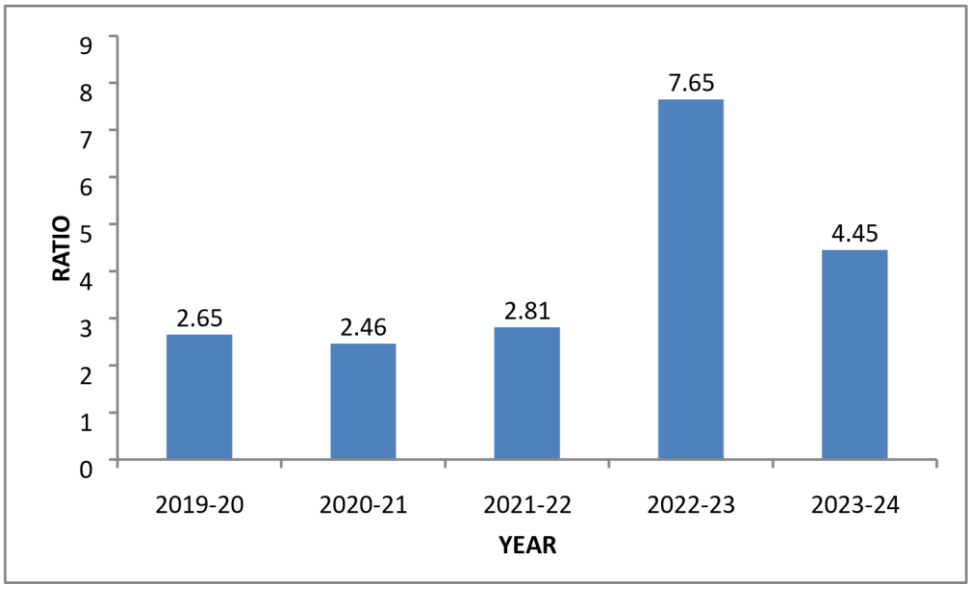
The cash position in the year 2020 and 2024 is low and it is upward process on during the year 2021 to 2023. In 2024 the cash position is 3.30 times.

TABLE NO: 3 CURRENT RATIO

Year	Current Assets	Current liabilities	Ratio
2019-20	57.48	21.67	2.65
2020-21	164.86	66.87	2.46
2021-22	157.11	55.88	2.81
2022-23	217.11	28.39	7.65
2023-24	211.95	47.63	4.45

Sources: Secondary Data

CHART NO: 2 CURRENT RATIO



INTERPRETATION

The above table shows that the current ratio is an indicator of the firm's ability to meet its current obligations. The lowest ratio 2.46 was obtained during the period 2020-21 and the highest ratio 7.65 values obtained during the period 2022-23. The current asset ratio is above than the fluctuated in year by year. Therefore the current ratio is considered not satisfactory.

SUMMARY OF FINDINGS

1. The working capital turnover ratio is 8.82 in 2019-20 and decreased to 6.05 in 2020-21 and then increased to 7.64 in 2021-22 then last year decreased to 3.98. This shows working capital turnover ratio is decrease level.
2. The debtors turnover ratio lays within its lower limit. The ratio shows lowest as 4.05 at 2023-24 and shows highest as 7.35 at 2020-21 and there is no standard norm for debtor's turnover ratio. Debtors turnover ratio is decreasing trend.
3. Debtor collection period, the higher and shorter collection period, better the liquidity of the debtors. In other words higher and shorter collection period convey quick collection debtors. In the above financial year 2019-20 and 2023-24 was collection period is increased.
4. The gross profit ratio is an indicator of the firm's ability to meet its current obligations. The lowest ratio -1.23 was obtained during the period 2023-24 and the highest ratio 0.66 value obtained during the period 2022-23. The gross profit ratio is decreasing trend.
5. The net profit ratio from 2019-20 to 2023-24 the ratio shows that 0.32 at 2019-20 and increased to 0.34 at 2021-22 and then it was increased to 0.43 in 2022-23 and then decrease to -1.27 in 202324. So the net profit ratio is fluctuated trend and decreasing trend.

6. The current ratio is an indicator of the firm's ability to meet its current obligations. The lowest ratio 2.46 was obtained during the period 2020-21 and the highest ratio 7.65 values obtained during the period 2022-23. The current asset ratio is above than the fluctuated in year by year. Therefore the current ratio is considered not satisfactory.
7. Higher payable turnover ratio may indicates less period of credit enjoyed by the business and the business has a better liquidity position.
8. In the financial year 2022-23 creditor turnover ratio is high when compared to other years. Then the creditor turnover ratio is decreased in the year 2019-20. Currently, the company has 15.42 of creditor turnover ratio and is ratio level is decreased when compared to previous years**.**
9. The lower turnover ratio and the shorter average payment period, which shows the better liquidity position. In 2022-23 the company has lower payment period compare to other financial year.
10. There is a decreasing in current assets turnover ratio throughout the study period range between 5.50, 3.60, 4.92, 3.89 and 3.09, even though the fund contributed in the current assets turnover shows a decreasing trend.
11. The financial years the fixed asset turnover ratio is 2019-20 is 0.003 and the next year ratio is decreased to 0.002. The next year of 2021-22 is 0.001 and the last two year was to 0.001. So the fixed asset turnover ratio is fluctuating and decreasing trend.
12. The fixed assets ratio during the period 2019-20 to 2023-24. The table indicates that the company has 0.00 in the year of 2019-20. Then next year increased to 0.06 in 2020-21. The last year decreased 0.03 in the year of 2023-24. The fixed asset ratio is fluctuating trend.

SUGGESTIONS AND RECOMMENDATIONS

SUGGESTIONS

1. Sharpen Research Gap/Objectives: Clearly state the *specific* cash management problem at Stallform Tecknic Pvt Ltd. due to technology limitations, and make objectives directly address this (e.g., "impact of technology on receivables collection").
2. Deepen Data Interpretation: Explain *why* ratios/trends change, linking them to company operations, industry, or the economy. Discuss implications (e.g., increased cash cycle = working capital issues).
3. Actionable Recommendations: Provide *specific, practical* recommendations tied to findings (e.g., "Implement automated invoicing to reduce collection time by X days").
4. Acknowledge Limitations/Future Research: Briefly mention study limitations and suggest further research areas (e.g., "Future study: cost-benefit of cash management software").
5. Add Executive Summary: Include a short summary at the start with the study's purpose, key findings, and main recommendations.

RECOMMENDATIONS

1. Improve Working Capital Management: Given fluctuations in the cash conversion cycle, the company should focus on optimizing inventory management (reducing holding periods) and accounts receivable collection (shortening collection periods) to improve liquidity.
2. Manage Debt Levels: With significant unsecured loans, Stallform Tecknic Pvt Ltd. should strategically manage its debt. Evaluate the cost of this debt and explore options for restructuring or reducing it to decrease financial risk and interest expenses.
3. Enhance Profitability: Despite revenue growth, profitability (as seen in the profit margin) has fluctuated. The company needs to analyze its cost structure and pricing strategies to identify areas for improvement and ensure sustainable profitability.
4. Strengthen Equity and Reserves: The analysis shows variations in reserves. The company should focus on building stronger equity and reserves to enhance its financial stability and resilience against financial downturns.
5. Focus on Long-Term Solvency: While short-term liquidity is important, the company must also prioritize long-term solvency. This includes
6. careful capital expenditure planning

CONCLUSION

This shows that the firm needs to further streamlined its cash management system and also needs to frame better cash management policies. Mere cash balance in excess of requirement will not add anything to the concern. If it is not being put to use in proper manner, it definitely have an adverse effects in its profitability.

The surplus cash which is at the disposal of the firm should be invested in various financial instruments or it can be utilized in other purpose. If the firm takes proper care about its cash management system and manage its excess liquidity (i.e. over the optimum cash balance level) by having proper investment policies, it will definitely enhance its profitability and also help in enriching its capital base. Cash management practice is relatively better in the halls of residence, although the researcher is of the opinion that much improvement could be made if Bursars are challenged and well-motivated by the appropriate authorities.

In conclusion, Stahllform Technik pvt ltd has showcased commendable financial stability and growth. While the company has achieved significant milestones, there remains room for improvement, particularly in optimizing liquidity and working capital utilization. With strategic enhancements, Stahllform Technik pvt ltd is poised for sustained growth and continued success in the competitive landscape.

DIRECTIONS FOR FUTURE RESEARCH

1. For the purpose of managing cash and achieving adequate liquidity position following suggestions. Industry having almost two months which can be decrease if industry manage its inventory, receivable and payable in better manner.
2. The liquidity ratio of this industry also has a scope of improvement and manage the cash components in better way.
3. The Descriptive Statistics, Pearson Correlation and Multiple Regression is used by the researcher as the statistical techniques of the data analysis.
4. Researcher found that, out of all selected samples, some companies have efficient cash management practices, whereas some companies need to improve its cash management practice by taking corrective steps and formulating suitable cash management policy for the company.

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