AN ANALYSIS OF CASH MANAGEMENT IN ASHOK LEYLAND LIMITED

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Abstract
The need for Cash to run the day-to-day business activities cannot be overemphasized. One can hardly find a business firm, which does not require any amount of Cash. Indeed, firms differ in their requirements of the Cash. A firm should aim at maximizing the wealth of its shareholders. In its endeavor to do so, a firm should earn sufficient return from its operation. Earning a steady amount of profit requires successful sales activity. The firm has to invest enough funds in current asset for generating sales. Current asset are needed because sales do not convert into cash instantaneously. There is always an operating cycle involved in the conversion of sales into cash.

The objectives are to analyze the Cash management and to determine efficiency in cash, inventories, debtors and creditors. Further, to understand the liquidity and profitability position of the firm. These objectives are achieved by using ratio analysis and then arriving at conclusions, which are important to understand the efficiency / inefficiency of Cash. It was noticed in the study that the company had utilized its Cash efficiently and can also try to get more effective values by working on it. The cash required to meet out the current liabilities is maintained at a normal level that shows the company follows an average policy.

Keywords: Cash Management, Working Capital, Cash to Sales and Cash Distribution Based on Profit.

Introduction
Cash management is one of the key areas of working capital management. A part from the fact that it is the most liquid current assets, cash is the common denomination to which all current assets can be reduced because the other major assets are receivables and inventory gets eventually converted into cash. Cash management is also important because it is difficult to predict cash flows accurately, particularly the inflows, and there is no perfect coincidence between the inflows and outflows of cash. During some periods, cash outflows will exceed cash inflows, because payment for taxes, dividends, or seasonal inventory build ups. At other times, cash inflows will be more than cash payments because there may be large cash sales and debtors may be realized in large sums promptly. Further, cash management is significant because cash constitutes the smallest portion of the total assets, yet management's considerable time is devoted in managing it. In recent past, a number of innovations have been done in cash management techniques. An obvious aim of the firm these days is to manage its cash affairs in such a way as to keep cash balance at a minimum level and to invest the surplus cash in profitable investment opportunities.

Objectives of the Study
1. To evaluate the overall performance of cash in Ashok Leyland.
2. To assess the liquidity position of the company.
3. To find out the relationship maintained with the trade creditors and debtors.

Need for the Study
Ashok Leyland Limited is a leading manufacturer of automobiles parts for the 52 years. They are growing day by day and known as one of the established company in India. For the smooth functioning of an organization cash is an inevitable requirement. The management of inflow and outflow of cash is essential for smooth business operating cycle. Hence the researcher is interested to "analysis of cash management of Ashok Leyland Ltd" in the following terms,
➢ Determining the appropriate cash balance.
➢ Calculating the variation is liquidity position of the company.
➢ Evaluate the relationship maintained with trade creditors and debtors.

The Most Important Elements are
1. The efficient utilization of current assets and current liabilities of a firm throughout each phase of the business operating cycle.
2. The systematic planning, monitoring and management of the company's collections, disbursement and account balance.
3. The gathering and management of information to use available funds effectively and identify risk.

Research Methodology
Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it we study the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them.

Research Design
Research design is the arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

Data Analysis and Interpretation
The analysis and interpretation of financial statement are an attempt to determine the significance and meaning of financial statement data so that a forecast may be on the prospect for future earnings, ability to pay interest and debit upon maturity and probability of a sound dividend policy. The analysis and interpretation of financial statement require a comprehensive, intelligent understanding of their nature and limitations.

As well as the determination of the monetary valuation of the item, at the time of analysis, the analysis must understand what represents sound as well as unsound relationship among the items of interest include in the financial statement.The process of analyzing financial statement involves the completion and study of financial and operation data and the preparation and interpretation of measuring devices such as ratio, trend analysis.

The researcher had attempt to carry out the above process in the analysis of cash management in Ashok Leyland Limit

Table – 1 Working Capital   *(Rs in crore)*

YEAR	CURRENT ASSETS	CURRENT LIABILITY	WORKING CAPITAL
2007-2008	1644.3	2196.49	-552.19
2008-2009	2374.91	2207.29	167.62
2009-2010	2849.22	3002.68	-152.46
2010-2011	3573.64	3505.26	68.38
2011-2012	3493.56	4837.41	-1343.85

Table -2 Working Capital Turnover Ratio   *(Rs in crore)*

YEAR	SALES	WORKING CAPITALL	RATIO
2007-2008	7972.52	-552.19	-14.43
2008-2009	6168.99	167.62	36.80
2009-2010	7436.18	-152.46	-48.77
2010-2011	11407.15	68.38	166.81
2011-2012	13309.59	-1343.85	-9.90

Chart – 1 Working Capital Turnover Ratio
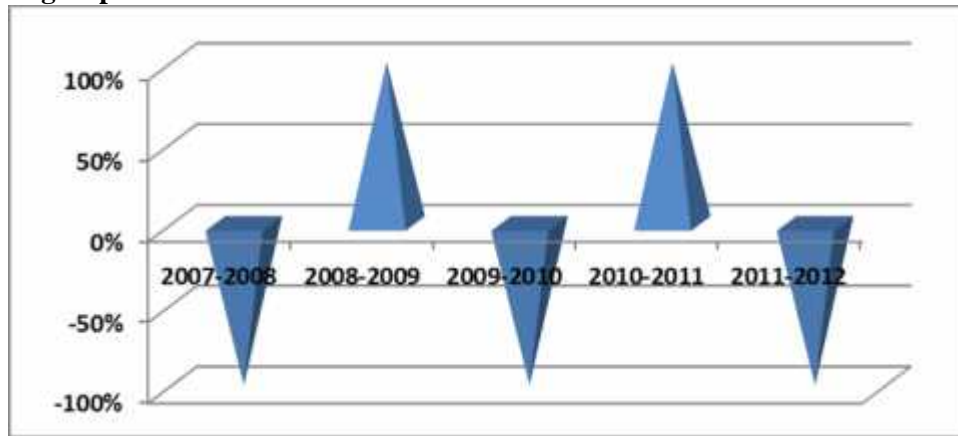
Table -3   Cash to Working Capital Ratio   *(Rs in crore)*

YEAR	CASH	WORKING CAPITAL	RATIO
2007-2008	44.55	-55.19	-0.80
2008-2009	86.93	167.62	0.51
2009-2010	188.92	-152.46	-1.23
2010-2011	179.53	68.38	2.62
2011-2012	32.56	-1343.85	-0.02

Chart -2 Cash to Working Capital Ratio
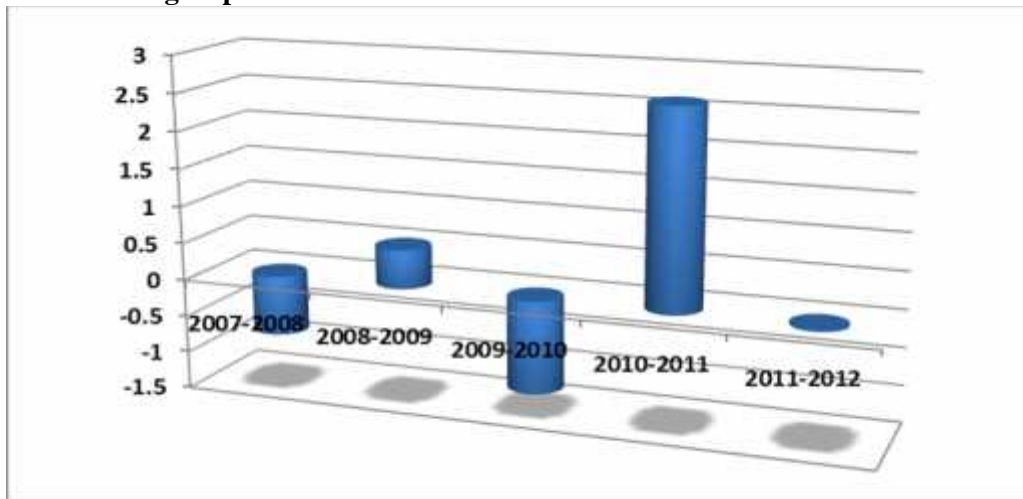
Table – 4: Cash to Sales Ratio   *(Rs in crore)*

YEAR	CASH	SALES	RATIO
2007-2008	44.55	7972.52	0.0055
2008-2009	86.93	6168.99	0.014
2009-2010	188.92	7436.18	0.025
2010-2011	179.53	11407.15	0.015
2011-2012	32.56	13309.59	0.0024

Chart -3: Cash to Sales Ratio
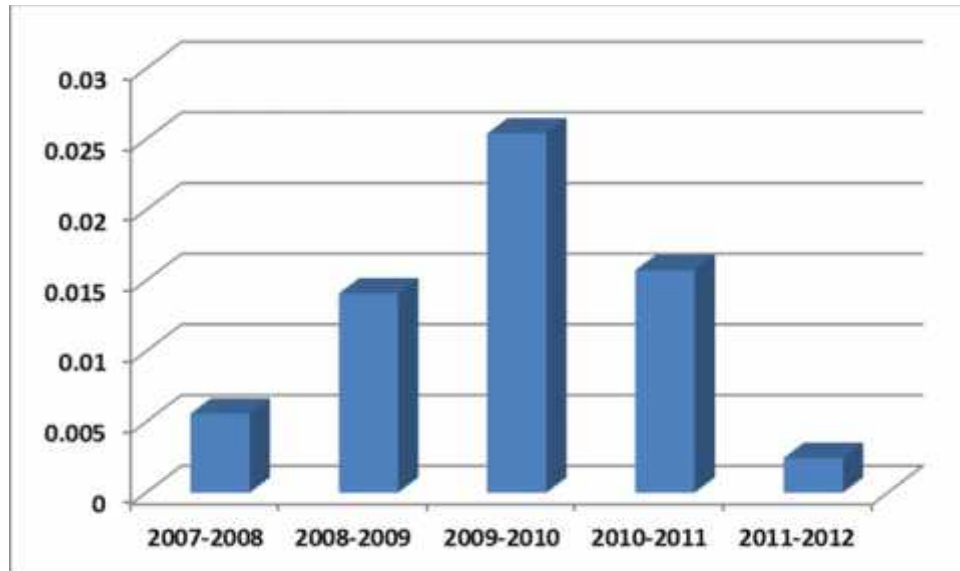
Table -5: Cash Ratio *(Rs in crore)*

YEAR	CASH /BANK BALANCE	CURRENT INVESTMENT	CURRENT LIABILITY	RATIO
2007-2008	44.55	609.9	2196.49	0.29
2008-2009	86.93	263.56	2207.29	0.15
2009-2010	188.92	326.15	3002.68	0.17
2010-2011	179.53	1230	3505.26	0.40
2011-2012	32.56	1534.48	4837.41	0.32

CHART – 4: Cash Ratio
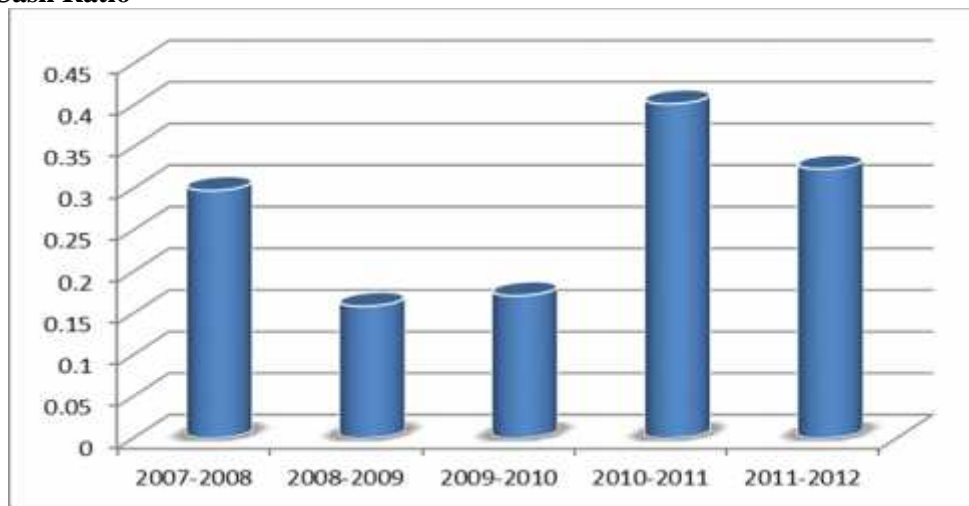
Table -6: Cash Distribution based on Profit   *(Rs in crore)*

Year	Income	Expenditure	Profit
2007-2008	8165.15	7265.51	899.64
2008-2009	6241.11	5696.95	544.16
2000-2010	7777.37	6926.63	850.74
2010-2011	11623.29	10365.13	1258.16
2011-2012	13526.3	12228.27	1298.03

CHART -5:Cash Distribution based on Profit
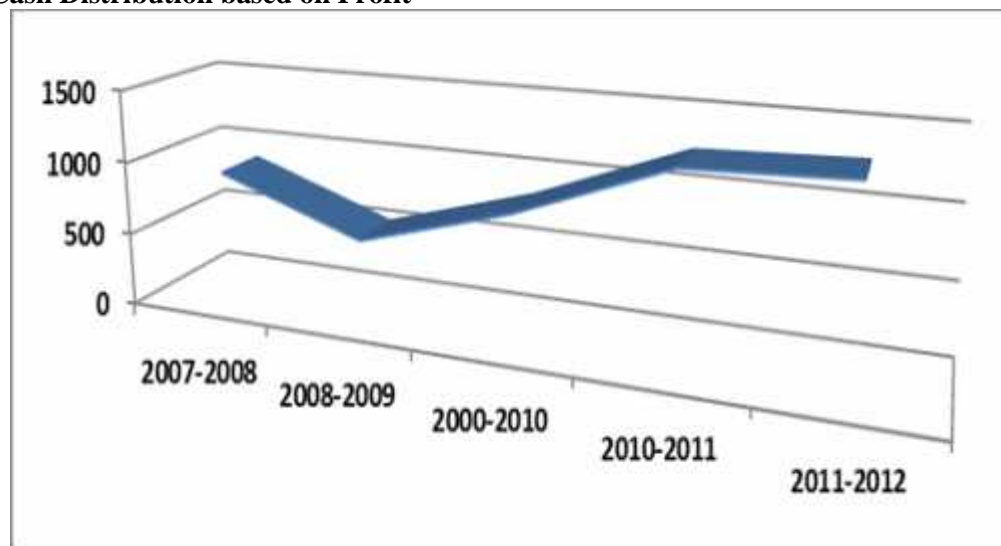
Findings

1. Working capital goes negative due to increase in current liability.
2. The company does not utilize the inventory in proper manner. The company should concentrate on sales.
3. The cash to sales has been decreased gradually from each year. It shows the inefficiency and performances of the firm.

Suggestions
1. The company may consider investing more since the investment amount remaining the same.
2. Replacing the old machinery will reduce the cost of goods produced, which helps to enter the global market.
3. The company's net worth is high, so company may also use bank loans as another source for further financial activity

Conclusion
The essence of doing the project is to find out the financial stability of Ashok Leyland which is carried out with the help of secondary data, which are various annual report magazines provided analysis by the organization for the past five years. After doing the extensive and exhaustive analysis of the financial reports it shows that the Ashok Leyland, income is expected increase more in the future. The profitability of Ashok Leyland Ltd is increasing trend which is sign for and organization.