PROJECT REPORT (17MBAPR407)
on
A Study on
"Cash Management at Mysore Electrical Industries Limited"

BY

PAVITHRA.N
1IA17MBA41

Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI

In partial fulfillment of the requirements for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION
Under the guidance of

INTERNAL GUIDE
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ACHARYA

Department of MBA
Acharya Institute of technology, Soldevanahalli,
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March 2019

ದಿ ಮೈಸೂರ್ ಎಲೆಕ್ಟ್ರಿಕಲ್ ಇಂಡಸ್ಟ್ರೀಸ್ ಲಿಮಿಟೆಡ್
(ಕರ್ನಾಟಕ ರಾಜ್ಯ ಸರ್ಕಾರದ ಉದ್ಯಮ)
CIN No. U85110KA1945PLC000367
ISO 9001 : 2015 COMPANY
THE MYSORE ELECTRICAL INDUSTRIES LIMITED
(Government of Karnataka Undertaking)

REF: MEI/PER/02/F-154/2019 DATE:18.02.2019

CERTIFICATE

This is to certify that **Ms. PAVITHRA N** student of final year **MBA** bearing **USN No:1IA17MBA41,** student of **Acharya Institute of Technology, Bengaluru,** affiliated to Visvesvaraya Technological University, Belagavi, she has successfully completed her internship project titled **"A Study on Cash Management in The Mysore Electrical Industries Limited"** starting from **03-01-2019 to 16-02-2019** at **The Mysore Electrical Industries Limited, Bengaluru**. During the period of her Project program with us she was found punctual, hardworking and her character was satisfactory.

This project on evaluation fulfills all the stated criteria and the student's findings are her original work. We wish her all the best for her future endeavors.

for the Mysore Electrical Industries Limited.,

Manager (P & IR)
C.H. MALLIKARJUNA
Manager (P&IR)
MEI LTD. Bengaluru-560 022

THE MYSORE ELECTRICAL INDUSTRIES LTD. BANGALORE-19

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ACHARYA INSTITUTE
OF TECHNOLOGY
(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

Date: 25/03/2019

CERTIFICATE

This is to certify that **Ms. Pavithra N** bearing USN **1IA17MBA41** is a bonafide student of Master of Business Administration course of the Institute 2017-19 batch, affiliated to Visvesvaraya Technological University, Belagavi. Project report on **"A Study on Cash Management at Mysore Electrical Industries Ltd, Bengaluru"** is prepared by her under the guidance of **Prof. Shashi Kumar C R.** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

Shashi Kumar C R
25/3/19

Signature of Internal Guide

3/4/19

Signature of HOD

Head of the Department
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Signature of Principal/Dean Academics

Dr. Devarajaiah R.M.
Dean-Academics
ACHARYA INSTITUTE OF TECHNOLOGY
Bengaluru-107.

DECLARATION

I, **Pavithra.N,** hereby declare that the Project report entitled "Cash Management" with reference to "Mysore Electrical Industries Ltd, Bengaluru" prepared by me under the guidance of Prof. ShashiKumar C R, Assistant Professor, Department of M.B.A, Acharya Institute of Technology, Bengaluru and external assistance by **Mr. C.H Mallikarjuna, Personnel Manager, Mysore Electrical Industries Ltd, Bengaluru.** I also declare that this Project work is towards the partial fulfilment of the university regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of six weeks. I further declare that this Project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University / Institution.

Place: Bengaluru **Signature of the student**

Date: 05/04/2019

ACKNOWLEDGEMENTS

I wish to express my sincere thanks to our respected Principal, **Dr. Prakash M R,** beloved Dean-Academics**, Dr. Devarajaiah R M**, and deep sense of gratitude to **Dr. M M Bagali**, HOD, Acharya Institute of Technology, Bengaluru for their kind support and encouragement in completion of the project Report.

I would like to thank **Prof. ShashiKumar C R,** Asst. Professor, Department of MBA, Acharya Institute of Technology, Bengaluru and external guide **Mr. C.H Mallikarjuna,** Personnel Manager, Mysore Electrical Industries Ltd**,** Bengaluru who gave me golden opportunity to do this wonderful Project in the esteemed organization, which helped me to learn various concepts.

Finally, I express my sincere thanks to my parents, friends and all the Staff of MBA department of AIT for their valuable suggestions in completing this Project Report.

Place: Bengaluru Pavithra.N

Date: **05/04/2019** 1IA17MBA41

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Executive summary

The title of this project is "Cash Management Study of Mysore Electrical Industries Ltd". The main objective is to confirm the cash position of M.E.I. The study is based on secondary data. The need for money to do daily activities can not be overstated. There are few commercial companies that do not need money.

The business should aim to maximize wealth. The company must invest sufficient funds in its current assets for sale. Your assets are needed because your sales are not immediately converted to cash. There is always a sales cycle to convert sales into cash.

The goal is to analyze cash management and determine the effectiveness of cash, inventory, debtor and creditor. To better understand the liquidity and profitability of the company. This goal is achieved by using ratio analysis and drawing important conclusions to understand the effectiveness / inefficiency of money.

The society has been inadequate for five years. The company is taking steps to improve performance and focus on the region. The company has a weak financial capacity and lends money from the government and from outside. This creates a responsibility for the company. Working capital decreases each year. They must therefore take the necessary measures to increase working capital resources.

CHAPTER: 1 INTRODUCTION

INDUSTRY AND COMPANY PROFILE

Chapter: 1:-Introduction

1.1 Introduction:

The project program is designed to give students involved in the field experience an opportunity to share my knowledge, to explore the connection between academic preparation and field learning and to help those involved in development. and the implementation of the program. A major research project that complements my project experience.
The six-week project was deployed with a dual purpose, providing students with an important business vision as well as an industry for high-level graduates between the third and fourth semesters of the MBA program. From the first day of the world.

Projects are individualized and tailored to the needs and interests of each student in the program. As part of their internship experience, students should be actively involved in finding suitable internships.

1.2 Industry profile:

The electricity sector is responsible for the generation, transmission, distribution and sale of electricity to the general public and industry. The commercial distribution of electricity began in 1882, when electricity was produced for electric lighting. In the 1880s and 1890s, economic and security problems arose and industry regulations became more and more commonplace. When expensive and unusual events occur in densely populated areas, a stable and economical diet is essential for all elements of the developed world to function normally.

The electricity sector in India has been developed to offer a wide range of opportunities to respectful, supervisory and deregulated organizations. India is the world's third largest producer and the largest consumer of electricity. It is a collaboration with countries that share funds with the Indian government and create global economic growth.

Until the mid-twentieth century, electricity was considered a "natural monopoly", which was effective only when a limited number of organizations participated in the market. In some regions, vertically integrated companies provide all the stages, from production to retail, and governments regulate only the return and cost structure.

Since the 1990s, electricity production and distribution has been opened in many regions, offering a more competitive electricity market.

History and Evolution of Indian electricity sector:

1910: Electricity Act of 1910 states that the licensee regulates the supply to consumers

1948: Electricity Supply Act, 1948 (ES Act) - Composition of the National Electricity Commission with full powers to control the production, distribution and use of electricity for the purposes of planning and development of the electrical systems of each country and the central authority

1964: Five Regional Electricity Committees (RECs) established by the Indian Government with the consent of the State Government to ensure the integrated functioning of the network and regional cooperation in this network.

1975: Creation of a central power generation company for the development of super-thermal power plants in coal mines and large hydropower plants, with a view to the creation of NTPC, NHPC and NEEPCO

1991: The European law of 1948 opens the way to the creation of a private development company. The CEA has authorized all power generation companies to change their pricing rules. RBI has allowed 100% foreign investment in the electric power sector

1992: Notice to the first notification of the criteria allowing the electricity company to fix the tariffs of sale of electricity to SEB or to other agencies

1998: The Electricity Regulatory Commission Act (1998) lays the foundation for the establishment of the Central Electricity Regulatory Commission (CERC) and the State Electricity Regulatory Commission (SERC). Regulatory authority of the state transferred to the SERC. As a result, the CEA's customs regulatory function is the CERC

1998: Amendments to the provisions of Central Transport Services (CTU) and Public Transport Services (STU).

1999: Privatization of the Odyssey distribution

2000: Indian Electrical Network Code (IEGC)

2002: Privatization in Delhi 5 History and development of the electricity sector in India (background) 2002 - Rates based on availability

2003: Electricity Act 2003 established by Parliament. This law is governed by the law IE 1910, the law ES 1948, the law ERC 1998 and the regulation of 2004 on the free access.

2006: pricing policy, award of electricity supply, ultra-mega project,

2007-08 - Guidelines and Electricity Trading.

Growth scenario of electricity industry:

The development of the electric power sector is the key to economic development. The electricity sector has been given appropriate priority since the start of the planning development process in 1950. The electricity sector accounted for 18.20% of total personal expenditures during the initial planning period. With remarkable growth and progress, the plan has been widely used in all economic sectors for five consecutive years. For many years (after 1950), the installed capacity of the power station (utilities) increased from 1,713 MW, which was low in 1950, to 8,9090 MW (31,3,98). It has multiplied by 52 in 48 years. Similarly, electricity production increased 82 times from around 5.1 billion units to 420 billion units. It went from 15 kWh in 1950 to 338 kWh in 1997-1998. It is around 11 pm Define power supply in local areas of electricity and pumps. The country has made tremendous progress. About 85% of cities have electricity except in remote areas of the Northeast. Where it is difficult to expand the network's offer.

1.3 Company Profile:

Company Name	**: Mysore Electrical Industries Ltd**
Head Quarters	**:Bangalore**
Establishment	**: 1945**
Corporate Head Quarters	**: Bangalore**
Managing Director	**: Abdul Bari Nawab**
Company Category	**: Electronics**
Corporate Identification	
Number	**: (Cin) U85110ka1945plc000367**
Email Address	**: Mei@Vsnl.Com**
Registered Address	**: Tumkur Road P.B.No.2221,**
	Bangalore 560022

Nature of Business:

The Mysore electrical industries limited has gained immense expertise in manufacturing and supplying and trading of electrical switch gears-circuit breaker, vacuum circuit breaker, motor control gear etc. the supplier company is located in Bangalore, Karnataka and is one of the leading sellers of listed products. Buy electrical switch gear circuit breaker, vacuum circuit breaker, motor control gear in bulk from the best quality product and service.

Manufacture electronics item like

1. Porcelain clad VCB

2. Metal Clad VCB

3. Circuit Breaker

4. Switchgear

5. Indoor Panel

1.4 VISION, MISSION AND QUALITY POLICY

Vision:

"To become a world leader in electronic manufacturing by providing the complete solution needed to turn ideas into successful products and services"

Mission:

• Maximize the value of all stakeholders, including employees, shareholders and customer service providers, by providing superior products and services via TEMS.

• Increase customer satisfaction with flexibility.

• The need for individual customers by the main systems.

• Develop people inside and outside the organization by encouraging employees to work with different teams, trainings and delegations.

• Respect the highest ethical standards in all transactions.

• Serve the community and be respectful of the environment.

Quality policy:

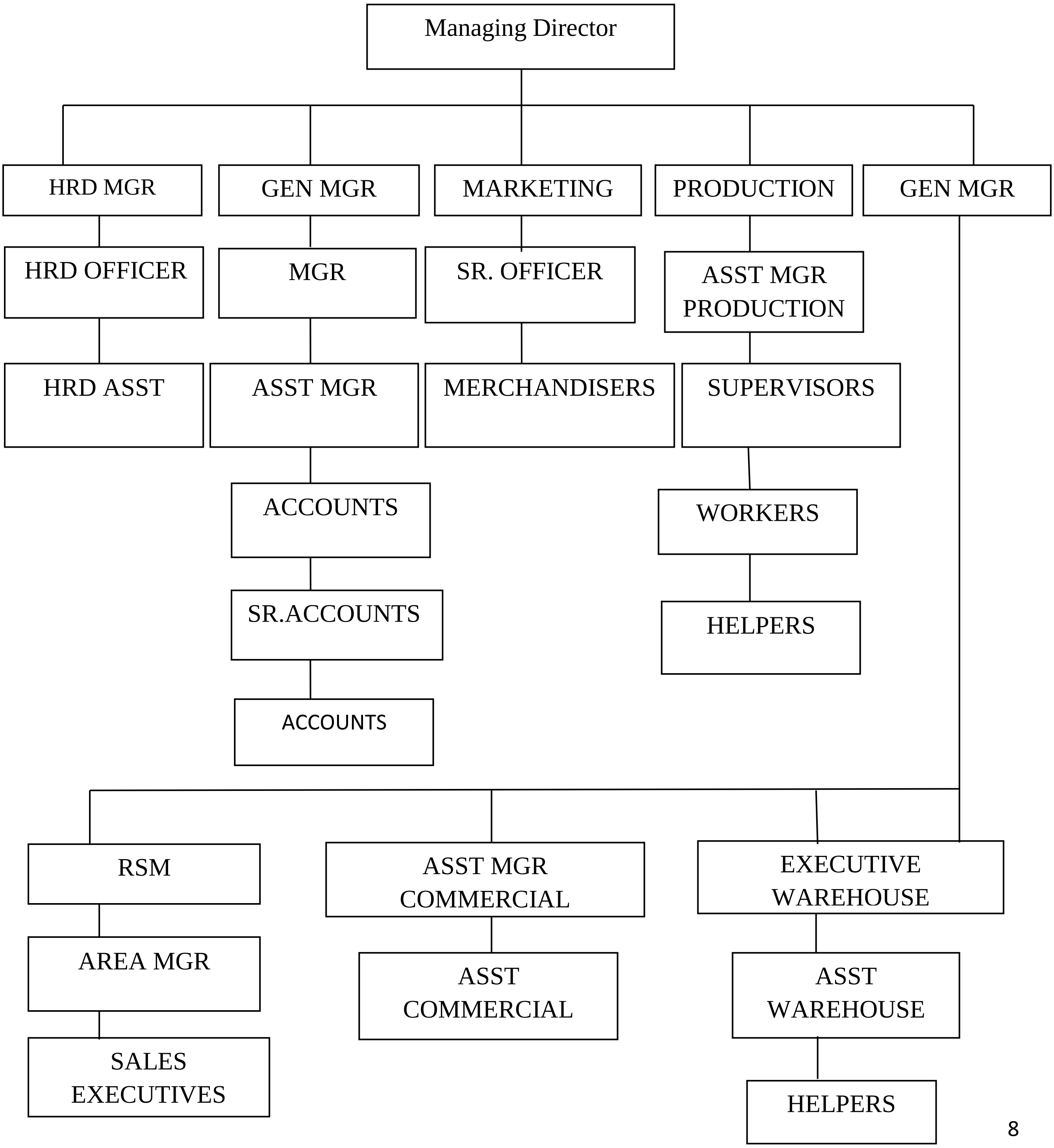
The Mysore Electronics group in the electronics sector is doing its best to:

• "Provide electronic manufacturing services to your customers by actively participating in all your interests.

• Maximize competition from all interests to provide high quality products and services every hour.

• Identify, meet and proactively exceed the needs of all stakeholders, including clients. Employees and suppliers

Organization Chart



1.5 Product Profiles:

1. **Porcelain clad VCB**

2. **Metal Clad VCB**

3. **Circuit Breaker**

4. **Switchgear**

5. **Indoor Panel**

1.6 Area of Operation:

The company is operating in South India region the place is Bangalore. (Government of Karnataka Undertaking) P.B No.2221, Tumkur Road, Yashwanthpur, Bangalore 560022, India.

1.7 Infrastructure Facilities:

Manufacturing facility

In the current market where flexibility is often the key to their success, their infrastructure is:

- It is planned to manage a combination of returns for various components or product mixes.
- Design automated processes that enable large-scale, medium-volume execution, as well as rapid transformation and flexibility.
- Flexible to install facilities that meet your specific needs.
- Perform capacity planning, including increasing production
- Increase productivity with high-tech operations
- Some of the attributes that can be highlighted
- Control environment of temperature and humidity.
- Customer specific test chamber.
- Temperature cycling
- Dedicated proto assembly line

1.8 Competitor's Information:

1. Havells India Ltd.
2. Arman Electronics.
3. Bajaj Electronics.
4. Midas Communication Technologies.
5. The Kirloskar Electric Company Limited.
6. Jabil Circuits.
7. Bharat Electronics limited.

1.9 SWOT Analysis

Strength:

- An expertise on all latest technology with respect to electronic manufacturing services
- There is strong technology knowledge in the organization.
- Quick decision making within the department and inter department
- Timely delivery to the customers.
- State of the art flow line assembly system a versatile manufacturing facilities delivering top class products on time.
- Strong engineering team.
- High quality products.

Weakness

- Low Research and Development capability.
- Holding too much stock.
- Rising costs of electric grids.
- Dependence on suppliers of raw materials.

Opportunities

- There is a great opportunity to deal with international client and handle high end projects.
- Several multimillion dollar contract signed with international companies to give the experience of dealing with international project guaranteed portfolio enhance.
- Expanding into the Global Market
- New and Innovative Products

Threats

- Low price availability of different branded products.
- Frequent changed in market conditions.
- Competitors have a similar service.
- Government rules and regulations

1.10 Future Growth and Prospects:

- Improve quality and accreditation
- Standardization across multiple units
- Corporate governance
- Operation management
- Project management

1.11 Financial Statement

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1-04-2015 TO 31-03-2018

Particular	**Schedule no**	**31-3-2018**	**31-3-2017**	**31-3- 2016**
Income				
Revenue from operation	**14**	549624853	412914451	691669227
Other income	**15**	38129685	40161853	44506925
Total income		**587754538**	**453076304**	**736176202**
Expenses				
Cost of raw material consumed	**16**	369156982	226338122	413477533
Finished goods	**17**	4953689	335095	7853533
employee benefit exp	**18**	101582697	107862291	120121760
Financial cost	**19**	19256692	19670433	19715644
Depreciation	**8**	1034762	1835700	1161115

Other expense	**20**	35628740	36709155	36100425
Finance costs	**30**	16062	18019	17795
Total expenses		**531629624**	**392750797**	**598884893**
Profit before tax		**115236347**	**60325507**	**137291309**
Tax expenses				
Previous year			6,354,329	
Current year		30159337	24,112,278	50,183,881
Deferred tax			21,016,837	
Profit (loss) for the year		**85077010**	**50875737**	**87107428**
Earning per equity share	**21**			
1. Basic 2. Diluted		**8.52** **NA**	**5.09** **NA**	**8.72** **NA**

Balance sheet as at 31 March 2018 and 2017 and 2016.

PARTICULAR	**NOTES**	**31ST MARCH 2018**	**31STMARCH 2017**	**1ST0APRIL 2016**
(A)EQUITY AND LIABLITIES				
1.SHARE HOLDER FUND				
1. SHARE CAPITAL	**1**	99,860,000	99,860,000	99,860,00
2. RESERVE AND SURPLUS	**2**	396,868,419	345,992,682	260,542,856
2.NON CURENT LIABILITIES				
Other financial assets	**3**	350,000	350,000	350,000
Long term provision	**4**	56,955297	57,737,976	53,454,176
CURENT LIABILITES				
1.trade payable	**5**	46,960,953	79.657.387	55.971.240
2.other Current liabilities	**6**	680,192,864	650,130,001	609,867,827

3.short term provision	**7**	33,589,796	56,248,412	31,412,721
TOTAL		**1,314,777,329**	**1,289,976,458**	**1,111,458,820**
(B) ASSETS				
NON CURENT ASSET				
1. (a) F/A				
Tangible assets	**8**	364,338,445	365,397,881	364,122,039
2.CURRENT ASSET				
(a) Inventories	**9**	101,381,068	116,834,240	94,968,295
(b) Trade receivable	**10**	168,608,030	284,395,461	184,576,546
(c) Cash	**11**	633,730,285	464,940,271	418,195,734
(d) Loan and advance	**12**	13,339,379	43,542,583	33,225,967
(E) other c/a	**13**	12,363,285	14866,022	16,370,239
Equ0ity share ca0pital		-	111.54	111.54
Other equity		-	5,187.16	3,971.66
TOTAL		**1.314.777.329**	**1,289,976,458**	**1,111,458,820**

RATIO ANALYSIS:

1. Calculation of Current ratio:

Current ratio = current assets/current liability

Particular	**2018**	**2017**	**2016**
Current assets	929,422,047	924,578,577	807,336,781
Current liabilities	760,743,613	786,035,800	697,251,788
Ratio	**1.2217**	**1.1762**	**1.1578**

Analysis:

The current assets to current liability is 929,422,047/760,743,613 =1.2217 924,578,577/786,035,800 = 1.1762 in 2017 and 807,336,781/697,251,788 = 1.1578 in 2016.

Interpretation:

When we compare the current assets to current liability we can understand the company has good position in their current assets compare to its current liability and ratio is in 1.2217 in 2018 1.1762 in 2017 and 1.1578 in 2016. In the above statement it is increase to year to year.

2. Calculation of Quick ratio:

$$\textbf{Quick Assets} = \frac{\textbf{Current Assets – Inventory}}{\textbf{Current liability}}$$

Particular	**2018**	**2017**	**2016**
Current asset	828,040,979	807,744,337	712,368,486
Quick liabilities	760,743,613	786,035,800	697,251,788
Ratio	**1.0884**	**1.0276**	**1.0216**

Analysis:

2018**=** 929,422,047- 101,381,068/760,743,613

=828,040,979/760,743,613

=1.0884

2017 = 924,578,577– 116,834,240/786,035,800

= 807,744,337/786,035,800

= 1.0276

2016 = 807,336,781– 697,251,788/697,251,788

= 712,368,486/697,251,788

= 1.0216

Interpretation:

When we compare the liquid asset and liquid liability of the company, we can find out it have a good assets proportion in 1.0884 in 2018 1.0276 in 2017 compare to 1.0216 in 2016 to its liquid liabilities that is term assets can easily convert into cash flows are stable and predictable, companies would seek to keep liquid at relatively lower level.

3. Calculation of Inventory to working capital:

$$\textbf{Inventory to working capital} = \frac{\textbf{Inventory}}{\textbf{Working capital}}$$

Working capital = Current Assets - Current Liability

Particular	**2018**	**2017**	**2016**
Inventory	101,381,068	116,834,240	94,968,295
Working capital	168,678,434	138542777	110084993
Ratio	**0.6010**	**1.759**	**2.23**

2018**= 101,381,068**/168,678,434

= 0.6010

2017 = 116,834,240/138542777

= 1.759

2016 = 94,968,295/110084993

= 2.23

Interpretation:

Above the calculation of inventory to working capital turnover ratio it shows the day to day expenses going on the production. When the production expenses are less the profit will be increased and also the sales are increased in less waste in the population place. In 2016-2017 the ratio is high compared to the all years. The ratio can fluctuate the less value of ratio 2018-2017 after it take proper step to increase the value of the ratio yearly.

4. Profit Margin Ratio:

Net Profit = Profit after Tax/ Sales*100

Analysis:

2017= 87.107.428/691.669.227*100

= 0.1259*100

2017 = 12.59 %

2018= 50.875.737/412.914.451*100

= 0.1232*100

2018 = 12.32%

Interpretation:

The above the table shows that the profit after tax ratio in the year 2017 is 12.59 and in 2018 is 12.32.

CHAPTER- 2

CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

Chapter- 2:- Conceptual background and literature review

2.1 Theoretical background of the study

Cash:

Cash is money in the form of real money, such as banknotes and coins. In accounting and financing, cash is the current asset of money or money equivalents that can be easily or almost accessed.

What is cash management?

Cash management is a process that collects and manages cash and uses it for short-term investments. This is a key factor in financial stability and the ability of the company to pay. The CFO or the company assumes overall cash management and related responsibilities.

Cash management is an effective resource for planning, managing and monitoring cash and cash equivalents that can minimize costs, maximize profits and control cash flow and risk.

Definition

Cash management refers to a wide range of financial sectors related to the collection, processing and use of cash. This includes assessments of market liquidity, cash flow and investments.

Benefits of cash management:

- Reduce / remove internal species
- Reduction of labour costs
- Optimization of cash flows
- Improved security for employees and customers
- Reduce the cost of armoured vehicles
- Improve operational efficiency and accuracy
- Detection of counterfeit goods

Cash management:

Meaning and definition

Cash management is a process that collects and manages cash and uses it for short-term investments. This is a key factor in financial stability and the ability of the company to pay. CFOs or companies are responsible for overall cash management and related responsibilities.

Cash Management Services:

Cash management services offer a total solution to improve cash flow. Standard Chartered is well known as a provider of cash management solutions in emerging markets. Cash management services provide local and cross-border payments, cash receipts, information management, account services and liquidity management for commercial, institutional and individual clients. With standard cash management services, customers always know where their money is. They have access to CBS 'excellent payment, collection, liquidity and investment services and receive detailed reports on when and where the funds were transferred.

Cash management facilities:

- Effective management of fund availability
- Monitor and control remittance.
- Pay quickly and cheaply suppliers.
- Increase your income by seizing all investment opportunities.

Motivation for the conservation of money:

• Motivation of the transaction

• Preventive motivation and

• Speculative reason

The transactional motivation:

Cash is required for payments made on normal sales. These payments include purchases, raw materials and suppliers, labour compensation, office expenses, selling costs, taxes and dividends.

Preventive motivation:

It is necessary to have money to face future emergencies, in order to preserve cash or to amortize the unforeseen. You can easily predict the cash flow of your business. The solvency of the company is sufficient to meet emergency cash requirements and the amount required to maintain the cash balance is low.

Speculative motive:

This reason tells you that you need money to keep the various benefits expected from the security price. This reason implies to conserve cash if the interest rate should increase. It is silly that money is invested in liquid and long-term assets.

Nature

• **Credit standard:** Criterion determining the type of customer to whom a product can be sold on credit. Slower customers who pay customers will increase their investments in trade receivables. The company will also have a high risk of default.

• **Credit conditions:** If the customer is able to pay in the long term, The duration of the credit and its investment conditions will be higher for the receivables.

• **Collection Effort:** Determines the actual collection period. The shorter the payback period, the lower the investment in the receivables, and vice versa.

Factors of cash management

Cash management

Cash flows in and out of a business. Increase cash flow and internal deficit or invest a cash surplus to increase the cash balance of the business. You need to generate cash through sales. You have to invest the excess cash while the deficit has to borrow. Cash management carries out this cycle with minimal cost and seeks liquidity and control.

Debt Management / Creditor

Creditors are a key element of effective cash management and need to be carefully managed to improve cash flow. Purchases can lead to cash outflows and excessive buying capacity can lead to liquidity problems. Consider the following:

Is the person who gives us the right to buy strictly controlled or distributed between people?

• Does your purchase meet demand forecasts?

• Do you use ordered quantities for inventory and purchase costs?

• Do you know the cost of inventory of your company?

• Are there alternative sources?

• Can price increases accelerate cost growth?

Cash Management Objectives:

1. Cash Control and Cost Reduction

2. Confirmation of costs

3. Trade Policy Guide

4. Price

5. Maximum gain

6. Preparation of financial statements

The importance of cash management

• The income statement helps you prepare your books.

• The expense account is a government report

• Protect the interests of investors

• To help compare the performance of other standards

• Define the revision standard

Cash Settlement Tool

Appropriate cash flow control is only possible if there is a treasury planning and control officer who must consider government policies and business strategies and plan cash management.

The following tools are typically used to control the cash position.

1. Cash budget report

Cash budgets are also excellent tool control tools, which are offered in addition to cash budgets. This is a comparison between real money, revenue and cash withdrawals. Management can identify resignations and take the necessary actions.

2. Cash inflows and outflows

He is ready to confirm the repayment on the statement of cash flow. This allows you to control the inflow and outflow of funds.

3. Ratio analysis

Cash ratios are also an important tool in controlling cash flow. Various cash ratios are used to illustrate the effectiveness of cash management.

Current ratio

Rate fast rate

Ratio of the gross margin

Net profit ratio

Determine the best cash balance:

One of the main responsibilities of a financial manager is to maintain a healthy liquidity situation for the company and to make contributions. Not only does the company buy raw materials and pay wages, but it also pays cash in the form of dividends, interest taxes and many other activities. The liquidity test is the availability of cash that actually fulfills the obligations of the company when the company's debt expires.

The operating cash balance is retained for the transaction and the additional amount can be held as a buffer stock or a safe stock. The financial manager must determine the appropriate cash balance. This decision is influenced by the balance between risk and return if the company maintains a cash and cash balance of lower rank, as well as funds for payment.

Cash flows Statement:-

In financial accounting, a statement of cash flows is also called cash flow statement. It presents the impact of changes in the balance sheet and income statement on cash and cash equivalents and divides the analysis into activities, investments and financing activities.

Cash flow statement: -

The cash flow statement is a statement of changes in financial position based on funds defined as cash or cash equivalents. The free cash flow statement summarizes the company's cash inflows and outflows over a period of time.

Characteristics of the cash flow statement:

Important features include:

• The cash flow statement is very dynamic as it records cash investments from the beginning to the end of the period.

• Periodicals covering specific periods.

• This statement does not recognize a principle of correspondence.

• This statement helps you calculate the cash flow / cash flow related to your operational activities.

• Represents changes in analysts' financial position with respect to operational activities, investing activities and financial activities, from which conclusions can be drawn.

State of usefulness or importance of the cash flow:

Cash flow tables are particularly useful for short-term planning. To fulfil various obligations, the business needs a sufficient amount of cash (for example, to pay the cost, purchase property, plant and equipment, pay dividends and pay taxes).

Helps financial managers prepare cash flow forecasts so you can immediately import cash data from historical records. It is therefore easy to see the cash position that may appear as a surplus or a deficit. However, the cash flow statement is an important financial tool that can be estimated relative to cash in the near future.

Significance of cash flow statement:

1. Help to predict money:

The cash flow statement undoubtedly helps executives prepare cash forecasts in the near future. The projected cash flow table assists senior management in determining the cash position on which all work is based. Executives thus see the day associated with the Treasury. How much money is needed for specific goals, internal and external issues

2. Help with internal management:

Internal management provides information on financing, which allows it to decide on the financial policies that will be adopted in the future. Decision on replacement of capital assets or repayment of long-term debt

3. Identify your cash position.

This is an important indicator of cash flow, an increase or decrease in cash flow, and whether the reason is useful or not for management. This also explains why the cash balance is insufficient, even if the profits are sufficient, or vice versa. In addition, executives can compare their initial forecasts with actual forecasts to identify trends and volatility in cash flow.

4. Describe the results of cash flow planning.

The cash flow statement analysis shows the success of the cash flow plan. The statement of cash flows / statement of expected cash flows and the statement of actual cash flows can be compared and the same action can be taken accordingly.

Benefits of cash flow statement:

The benefits of the cash flow statement include:

1. Determination of liquidity and profitability:

Cash Flow Statement helps executives identify the cash flow and profitability of the business. Liquidity means the ability to pay when the bond expires. The cash flow statement is a direct aid to identify the liquidity position by presenting the cash position of the company at the time of payment, and the same goes for profitability. In the cash flow statement, you can understand how effectively a company fulfils its obligations in various forms of costs and responsibilities. At the same time, the ranking of profitability depends on the ability to accumulate cash, as the ability of the company to earn cash can be identified from this statement.

2. Determine the optimal cash balance:

The cash flow table also helps you determine the optimal cash balance for your business. Optimal cash balance can be determined, the entity can identify the inactive status and / or in excess and / or cash shortage. After confirming the cash flow statement, management can borrow funds from external sources to invest in cash surpluses, if any, or to address cash shortfalls.

3. Cash management:

The cash flow statement is clearly prepared. Management has been very helpful in planning large inflows and outflows.

4. Decision of acceptance:

In capital letters, long-term expenses and excessive expenses are important.

5. For calculation measures:

In case of doubt, there are more technical adjustments and more controls. Errors due to spills.

6. Planning and coordination:

The oil price flow chart means you have to pay more than what management requires. Preparation is also required in other languages. If you write a statement of behaviour at that time and accept the help of the statement, you can perform the activity.

7. Movement of funds:

The cash flow statement is intended to prepare cash flows for future objectives.

8. Evaluation of the performance:

Compare the cash flow statement with the note flow diagram. Deviations occur when uncertain deviations are detected.

Fund flow statement:

Complete the preparation by analysing the reasons why the financial position of the two financial statements is appropriate. For inflows and outflows, submit the immigration examination and the application form.

Advantages of the Capital Flows Table:

The following items on the invoice.

(a) Capacity of the fund:

The cash flow statement allows you to finance your business through sales and cash flow activities.

(b) Change in working capital:

In the statement of cash flows, "working capital status of the exchange" indicates an increase in working capital or an increase in working capital. The same is true for other reasons.

c) Late organization chart:

The company uses the effluent to prepare the effluent and prepare the effluent.

d) Impact of change:

The statement of cash flows indicates that the liquidity and supply of a business is important for driving in two accounting periods.

e) Evaluation of Credit-Worthiness:

The credit granting agency assesses the needs of the company to help them understand the location of their fluids.

Limits of significant flows:

Emirates Funds Flow Statement.

An important stumbling block ensues.

• Changes in the progress flow will help keep the change of conduct.

• A phase change device based on an income statement and a balance sheet.

• The flowchart of the predicted starting point always provides accurate estimates for entry.

• It is a substitute for a steel mill. Answer, income statement and balance sheet. If the display of the shortcut information is presented, the driving information may be changed.

• Statement of cash flows, changes to the current cash flow statement are more important than the operating system in which the original operating system is presented.

2.2 LITERATURE REVIEW:

According to Davidson et al (1999)

Money is an exchangeable medium. It must be unlimited for commercial purposes. Cash must meet the main requirements of acceptance and availability for immediate use when buying or paying debts. Bank deposits are common tests that apply to cash items. This is the process of planning, managing and calculating cash transactions and cash balances. We improve productivity by converting available cash directly or indirectly into expenses.

Davidson et al., (1999)

Cash can also be used for banking or commercial purposes. It's not an inventory, it's not a debt (it has to be), it's not a property. These can be converted into cash at any time, but you will need cash or money to pay the bank. Pay your rent and pay your salary. Increasing profits does not necessarily mean more money.

Pandey, (2007)

Cash is an important current asset for commercial operations. Money is the main source of information necessary for the smooth running of your business. This is the expected end result of selling services or products manufactured by the company. The company must have enough money and nothing more. The lack of liquidity will hamper the company's production activities and excessive liquidity will simply remain unused. Without contributing to the profitability of Hue. Therefore, the main function of the financial manager is to maintain a healthy cash flow.

Hampton, (2001)

Cash is the amount that the company can pay immediately without any restrictions. The term cash includes the amount of coins, currency, checks and bank accounts held by the company. Cash is also included in cash, such as securities and time deposits. The fundamental nature of short-term cash assets is that they can be easily converted into cash. Companies with excess liquidity typically invest in investments with commercial benefits.

Waltson and Head (2007)

Cash management has described the concept of optimizing free cash flow, optimizing interest generated by reserve funds that are not immediately needed, and reducing losses from late transfers.

According to Zimmerer et al (2008)

Cash management is the process of forecasting, collecting, spending, investing and planning a fund that a business must manage smoothly. Cash management is also needed because it is the most important but unproductive asset of SMEs. The company must have enough cash to fulfill its obligations. Otherwise, he is sentenced to bankruptcy. Creditors, employees, and lenders will have to pay over time, and cash is a vital means of exchange.

Chimeras and others (2008)

However, in the unpredictable, some companies have excessive cash. This inactive fund has income potential that landlords do not know, which limits the growth of the business and reduces profitability. Investing in cash for a short time can increase the income of your business. With proper cash management, homeowners can properly manage the cash flow required for their business, avoid unnecessarily high cash balances, and increase revenues per dollar in the business.

Jeffrey P. Davidson et al., 1992)

Cash management is especially important for new and growing businesses. Cash flow also pointed out that SMEs can be a problem if they have a large number of customers, provide excellent products to their customers and gain a reputation in the sector. Companies with cash flow problems can not afford unexpected costs. You may have difficulty finding funds for innovation or expansion. Lastly, difficult cash flows make it difficult to hire and retain good employees.

Westerfield et al., (1999)

He emphasized the importance of distinguishing cash management and liquidity management issues. The distinction is confusing because the word money is actually used in two different ways.

Kasilo, (1997)

Cash flow from operating activities generates cash when the company determines. Various methods are used to determine the amount of operating cash flow. A common method is to use a statement of work and a balance sheet to create a statement of cash flows (source and financial statements).

Kasilo op cit: 30, Vause 30, Woodward: (1999)

A positive cash flow represents the amount of cash generated by an organization during the year. Negative cash flow indicates that additional cash was used to support operations during the same period. Generally, companies with negative cash flow from operations can not raise operating funds. In fact, we do not create cash flow, but we consume. This can lead to bankruptcy due to technical problems of bankruptcy.

Vause and Woodward, (2001)

Cash flow accounting includes a final cash flow categorization list and a set of expected cash flows that support the analysis of the historical categorization of cash flows and the difference between actual cash flows. This avoids accounting time allocations based on the most fundamental events of commercial activity, internal and external cash flows, the separation of future estimates and past events (in terms of cash flows) and estimates. of consumption.

Arnold and the port (1988)

Treasury critics, however, believe that the cash report is not an estimate, such as delaying payment to creditors and ignoring non-financial changes in assets and liabilities, including profits and losses. Indicates the degree of wealth gained by the consumption of the asset. Operating cash flow is also not a default predictor.

Kasilo, op cit: 31, Vause and Woodward, op cit: 95

The Company's cash flow statement indicates whether the Company increased or decreased its liquidity during its period. A conservative reduction can indicate the degree of dissatisfaction of a company during a year and vice versa. Because profits are not cash, companies can make profits but remain technically inadequate.

Davidson et al., (1992)

The minimum cash balance is defined taking into account the required basic security reserve, minimum bank balance requirements, and daily cash withdrawal rates and costs. The cash balance must remain at the lowest practical level because it will not buy anything and will lose purchasing power at higher prices.

According to Davidson (1992: 13-12)

The minimum cash balance is based on the required basic safety cushion, minimum balance requirements, cash withdrawal rate and daily costs. The cash balance must be kept at the lowest real level because the excess cash is not profitable and the purchasing power is lost at a higher price.

The minimum cash balance should be the default liquidity buffer needed to account for daily cash withdrawals and cost ratios. The average cash balance determined on an interim basis (the amount of the deposit required) can be tested in accordance with industry standards using the percentage of the average cash balance for the total operating expenses for the year. If the activity is seasonal, the desired cash flow depends on the peak and the trough of activity. These companies calculate the average cash balance each month as the best estimate of the total cost.

According to Gallagher and Andrew (2003)

Financial theorists have developed a mathematical model that allows companies to find the optimal "target" cash balance between the minimum and maximum limits, between liquidity and profitability. The following section describes one of these models, the Miller-Orr model.

Davidson et al., (1992)

The minimum cash balance must be the default liquidity buffer required to take into account the daily cash withdrawal and the expense ratio. The average cash balance determined on an interim basis (required deposit size) can be tested in accordance with industry standards using the percentage of the average cash balance for the total operating expenses for the year.Cash management has four main functions. Effective leverage, favorable investment in cash surplus and acceleration of cash flow.

Soliman, 2008). Blessings and Onoya (2015)

We agree that profitability, assets, liabilities and capital are important ways to evaluate an organization's performance reports and make investment decisions. They note the general view that published financial statements do not need to provide reliable information to investors and other users of financial statements.

Deogun et al., 1997, Dubes and Jains, 1988, Eom, (1999).

Wang (2008) emphasizes the division of airlines into four categories according to their structure. Wang examines financial ratios of subcategories such as the financial structure, solvency, income and profitability of Taiwan's domestic airlines. Feng and Wang (2000) develop a model for evaluating the performance of Taiwanese airlines, including revising financial ratios. This combines the total performance of an airline into three categories of production, marketing and fulfilment.

CHAPTER - 3

RESEARCH DESIGN

3.1 Problem statement:

Finance has a vitality of every business. An important feature of your business. Since the finances must carry out various activities, cash is a current asset essential to the activities of the company. This is the main input you need to keep your business running. It is also the end result expected by selling services or products manufactured by the company. The company must have enough money. Although there is no longer any shortage of cash or cash to hinder the company's production activities, aggressive cash flow will not contribute to the profitability of the company and will not be used. Therefore, the management function of the financial manager is to maintain the cash position.

3.2 Research needs:

• This study was conducted to gain a working knowledge of the cash management and operations of Mysore Electricals Industries Ltd.

• Cash forecast.

• Concentration of funds collected.

• Effective collection of inflows and outflows.

3.3 Research objectives

• Investigate cash management techniques and the impact on the income statements.

• Evaluate the effectiveness of the cash management of the MEL.

• Evaluate the cash flow of the industry.

• Identify revenue and payments for the industry.

• Determine the link between bond management and profitability.

3.4 Scope of the search

This research is primarily focused on cash management of the electronics industry in Bangalore. Cash management is primarily an observation of the electronics industry and various procedures can improve the profitability and availability of liquidity in the industry. The industry retains liquidity and controls liquidity across the sector.

3.5 Research Methodology:

3.5.1 Research design

The collection of data is carried out using data assistance and information from the financial management of the company via cash management, a financial management tool.

3.5.2 Sources of data acquisition

Auxiliary data

This study is based on secondary data. The following is auxiliary data.

1. Financial Statements

2. Reference works

3. Articles

4. Newspaper

5. Web

3.6 Limitation of research

This study has several limitations:

1. Data is collected for 3 years only.

2. Most financial data are kept secret.

3. The duration is limited to 6 weeks.

4. Management did not allow researchers in each department.

3.7 Chapter Scheme:-

Chapter 1 Introduction: -

Presentations, industry profiles and company profile: Promoters, vision, mission and quality policy. The product / administration provides a profile territory for operations, fundamentals, strength, data, SWOT analysis, growth and prospects and monetary statements

Chapter 2: Conceptual Context and Review of the Literature: -

Theoretical background of the research, review of the literature with gaps in the research (at least 20 journals)

Chapter 3: Research Design: -

A research methodology on problem statement, need for research, purpose, research method, hypothesis, limit, chapter summary.

Chapter 4: Analysis and Interpretation: -

Analysis and interpretation, with appropriate charts and graphs. The results you can achieve using arithmetic tools must be integrated

Chapter 5: Results, conclusions and suggestions: -

Conclusions, conclusions and recommendations / recommendations.

CHAPTER -4

ANALYSIS AND INTERPRITATION

Data Analysis And Interpretation

1. The Cash Management Techniques of Mysore Electrical Industries ltd.

Cash Management Techniques

Budgeting

The budget is the cornerstone of sound financial planning. Budgeting is simply a process that tracks your monthly expenses and determines how you spend money. By creating monthly costs for spouses, you can find areas in which you can reduce or eliminate costs while preparing your budget.

Monitor Cash Flow Regularly

Maintain cash flow from the first and most important aspect of cash management. To help with this, create a cash budget that presents your finances in the short and long term. It tells you when and where you need it.

Bill Promptly and Accurately

The faster an invoice is sent by mail, the faster the invoice will be paid. If company's shipments or services do not automatically issue invoices, set up weekly billing schedules to track them. In addition, we have always included payment due dates to encourage customers to pay quickly.

Payment Delays to Supplier

To keep cash in your account for long as possible, wait for a payment to your providers as long as possible (without risking late fees). The only time it is an earlier payment option is if there is an incentive worthwhile, otherwise, stay with the wait.

Use the Available Technology

There are other professional accounting software solutions allow your finances to be cash flow worksheets from sites such as drop boxes or a reader. The advantage of these powerful keys is that you can access your finances anytime, anywhere.

4.1 Cash Ratio

The cash ratio is the ratio of cash and cash equivalents to short-term liabilities of the Company. This is an extremely high liquidity ratio as it only compares cash and cash equivalents with current liabilities. Measure ability to repay your current debt using only cash and cash equivalents.

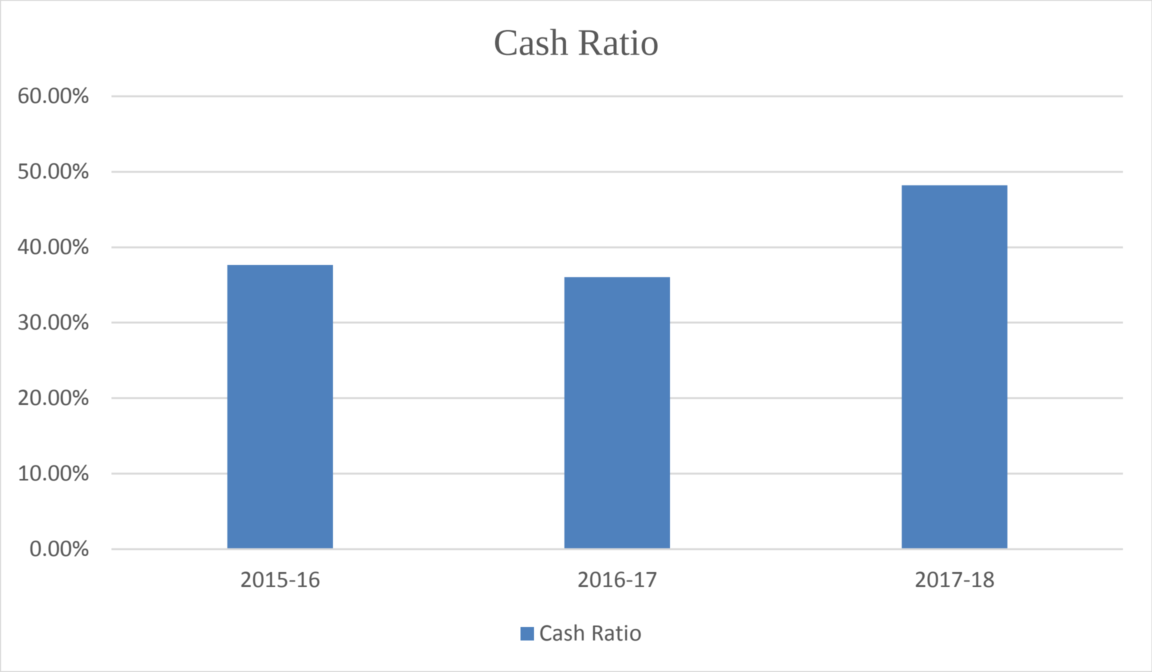
CASH RATIO = CASH/CURRENT LIABILITY*100

4.1 TABLE SHOWING CASH RATIO

(Amt in lakhs)

YEAR	CASH	CURRENT LIABILITY	CASH RATIO
2015-16	4181.96	11114.59	37.63%
2016-17	4649.40	12899.76	36.04%
2017-18	6337.30	13147.77	48.20%

4.1 Graph showing the Cash Ratio in financial years 2015-16 to 2017-18.



Analysis and Interpretation:

As you can see in the chart above, the liquidity ratio in 2015-16 was 37.63 in 2016-17, 36.04 in 2017-1848 and the year-over-year fluctuation of 48.20. The cash ratio in 2017 is very low at 36.04%.

4.2 Cash to Working Capital

The cash generating capital ratio measures the extent to which current liabilities can be hedged using cash and cash equivalents and current assets such as securities. This includes situations in which the company does not spend too much money on inventory and moves quickly to sales.

CASH TO WORKING CAPITAL =

Cash and Cash Equivalents / Total Current Assets — Total Current Liabilities

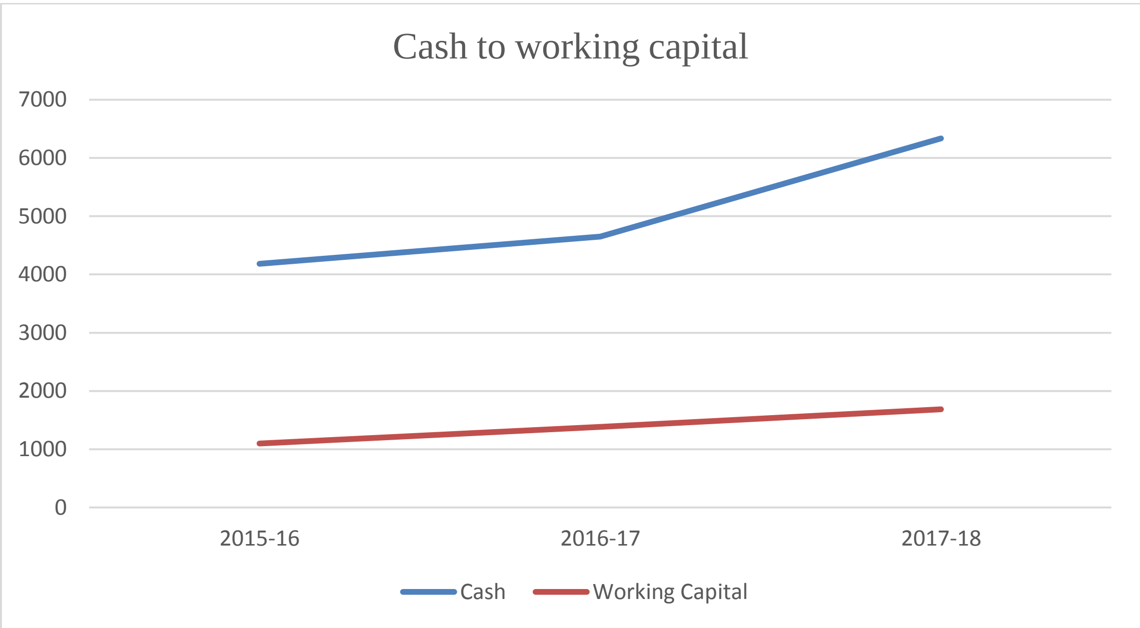
Working capital = Current Assets - Current Liability

4.2 TABLE SHOWING CASH TO WORKING CAPITAL

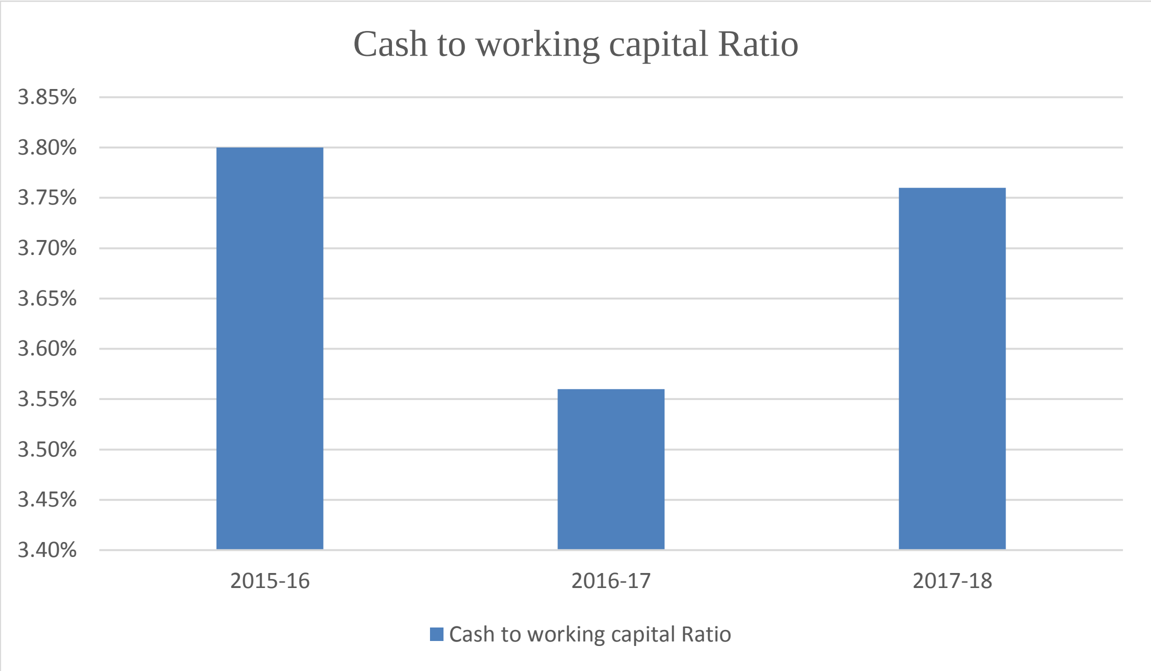
(Amt in lakhs)

YEAR	CASH	WORKING CAPITAL	RATIO
2015-16	4181.96	1100.85	3.80%
2016-17	4649.40	1385.43	3.56%
2017-18	6337.30	1686.78	3.76%

4.2.1 Graph showing the cash and working capital relation in financial years 2015-16 to 2017-18.



4.2.2 The following graph shows the ratio of cash and working capital



Analysis and Interpretation:

The graph above shows that the cash / working capital ratio for 2015-2016 was 3.80 in 2016-2017. In 2017-18, it decreased to 3.56 and increased to 3.76A, the higher the ratio.

4.3 Debt Equity Ratio

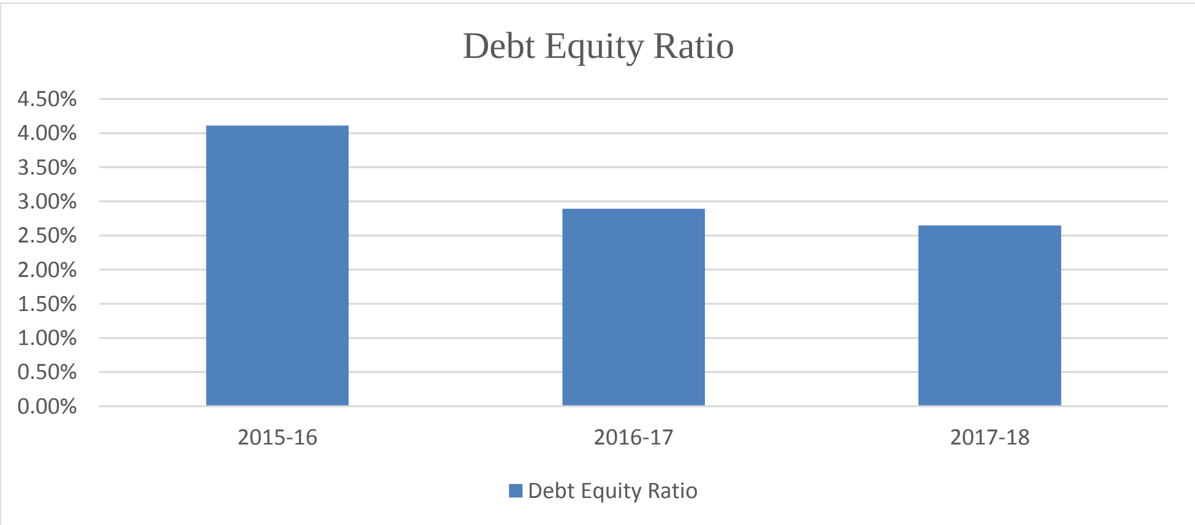
Debt Equity Ratio = Total Liabilities / Shareholders Funds

4.3 Table showing Debt Equity Ratio

(Amt in Lakhs)

Year	Total Liabilities	Shareholders' Funds	Debt Equity Ratio
2015-16	11114.59	2705.29	4.11%
2016-17	12899.76	4458.53	2.89%
2017-18	13147.77	4967.28	2.65%

4.3 Graph showing the cash and Debt equity ratio min financial years 2015-16 to 2017-18.



Analysis and Interpretation:

Mysore electrical industries Debt Equity Ratio for the year 2015-16 is 4.11, 2016-17 is 2.89 and in the year 2018 is 2.65. From the graph it is evident that debt equity turnover ratio of MEIL is decreasing. The decreasing in debt equity ratio of MEIL means lower the debt ratio less the company has to worry in meeting its fixed obligations and also less dependent on shareholders and outsiders.

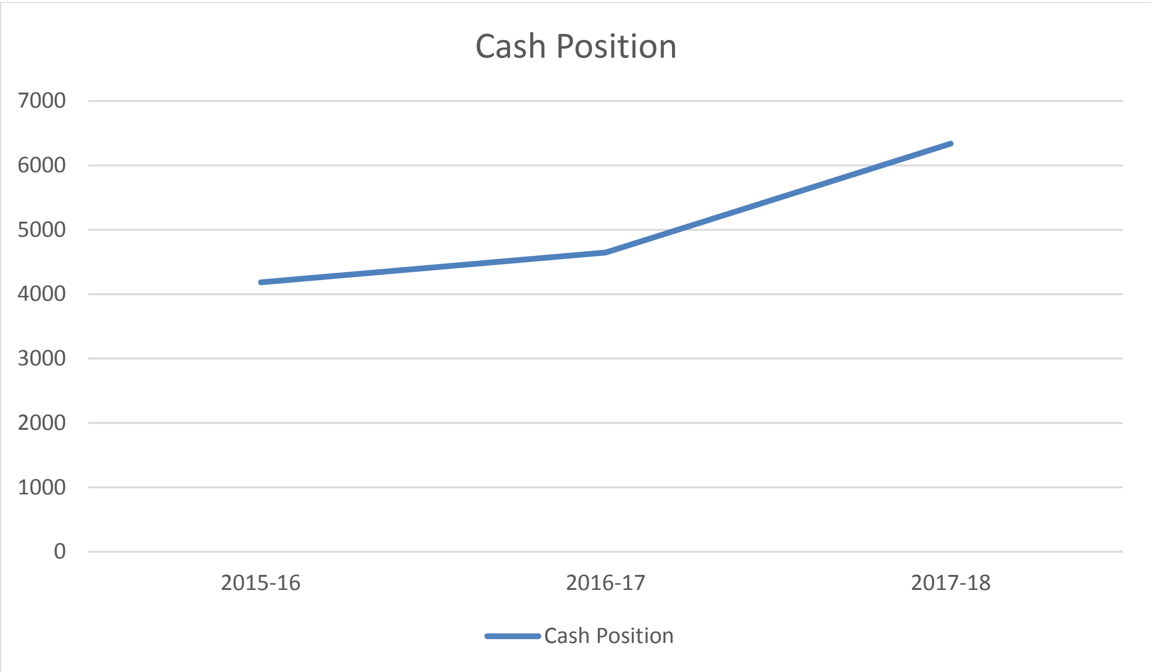
4.4 Growth of Cash Position

4.4 Table Showing Growth of Cash Position

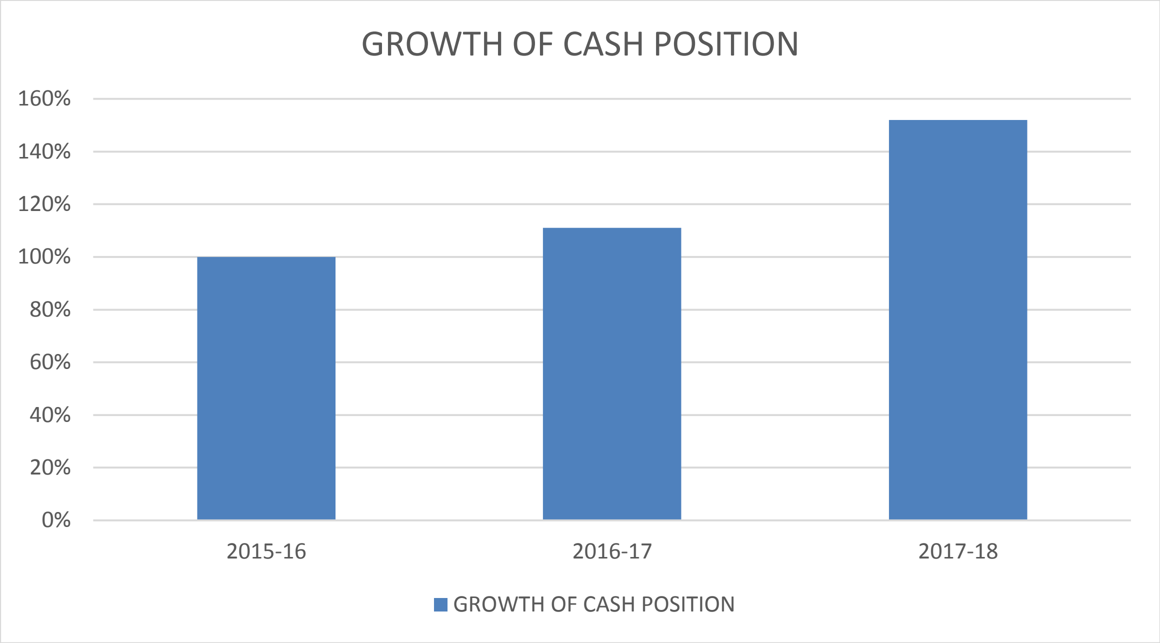
(Amt in lakhs)

YEAR	Amount	Growth rate in (%)
2015-16	4181.96	100
2016-17	4649.40	111.18
2017-18	6337.30	151.54

4.4.1 Graph showing the Cash position in financial years 2015-16 to 2017-18.



4.4.2 Graph showing the Cash position in financial years 2015-16 to 2017-18.



Analysis and Interpretation:

As shown in the chart above and the graph above, the increase in cash holdings tends to increase expectations for 2016-17 compared to 2015-16. The growth rate for 2017-18 rose to 151.54. In addition, it can be said that the increase in cash is favorable for the company

4.5 Cash to Current Assets

The cash rate represents the portion of total current assets, including the most current assets, cash and cash equivalents, and securities of the Company.

The ratio of cash and cash equals the present value of the securities and cash divided by the current liabilities of the Company. Cash ratios (also known as cash ratios) compare the amount of highly liquid assets (such as cash and securities) to the amount of current liabilities.

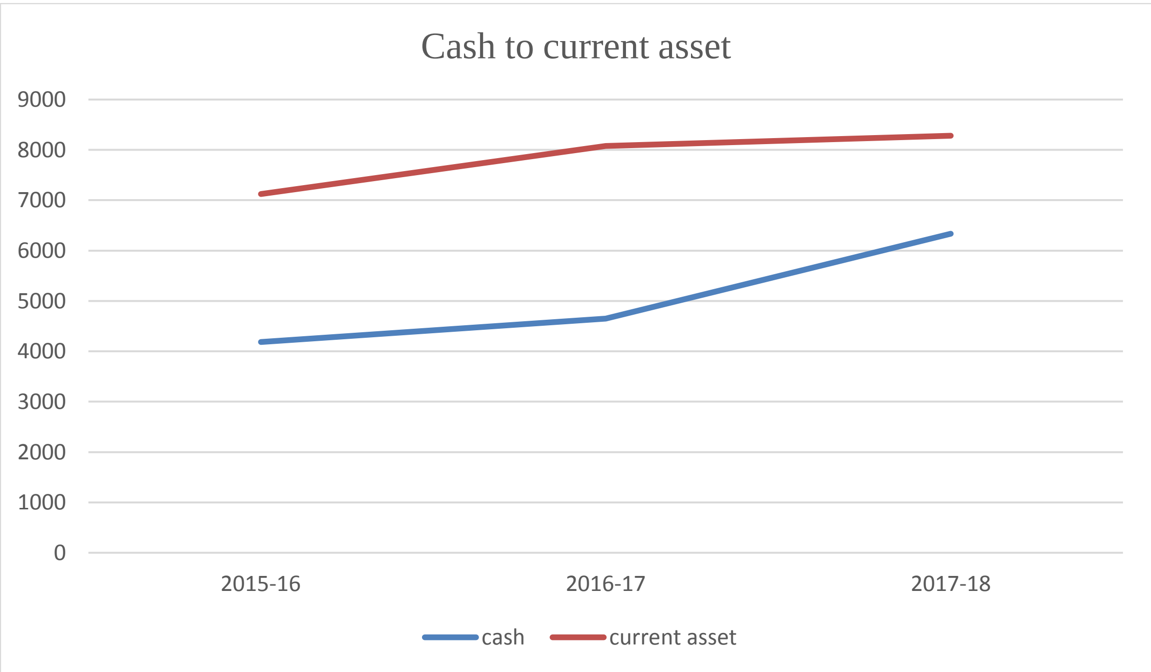
Cash to Current Assets = Cash/Current Assets*100

4.5 Table showing Cash to Current Assets

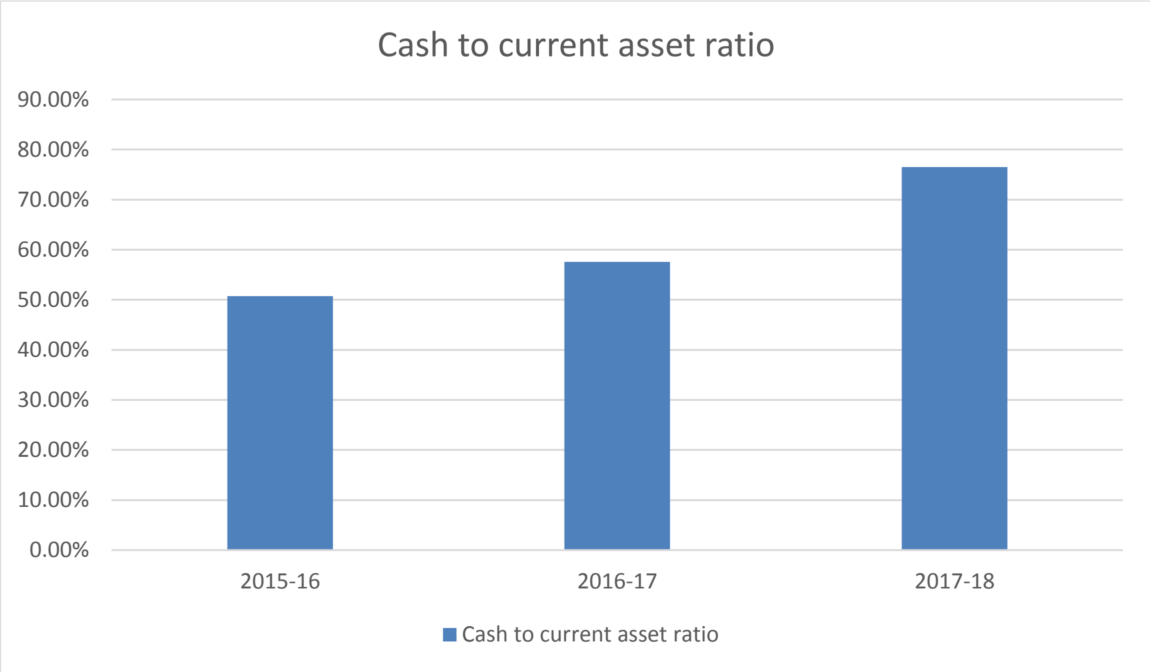
(Amt in lakhs)

YEAR	CASH	CURRENT ASSET	RATIO
2015-16	4181.96	7123.68	50.71%
2016-17	4649.40	8077.44	57.56%
2017-18	6337.30	8280.41	76.53%

4.5.1 Graph showing the Cash to current asset in financial years 2015-16 to 2017-18.



4.5.2 Graph showing the Cash to current asset Ratio in financial years 2015-16 to 2017-18.



Analysis and Interpretation:

In the chart above, the ratio of liquid assets to liquid assets in 2015-16 was 50.71 in 2016-17, but increased to 57.56 in 2017-18, to reach 76.53. The above data show that the company's cash / present ratio fluctuates over time. The figure for 2015-16 is 50.71%, which is very low compared to 2017 and 2018.

4.6 Net profit ratio

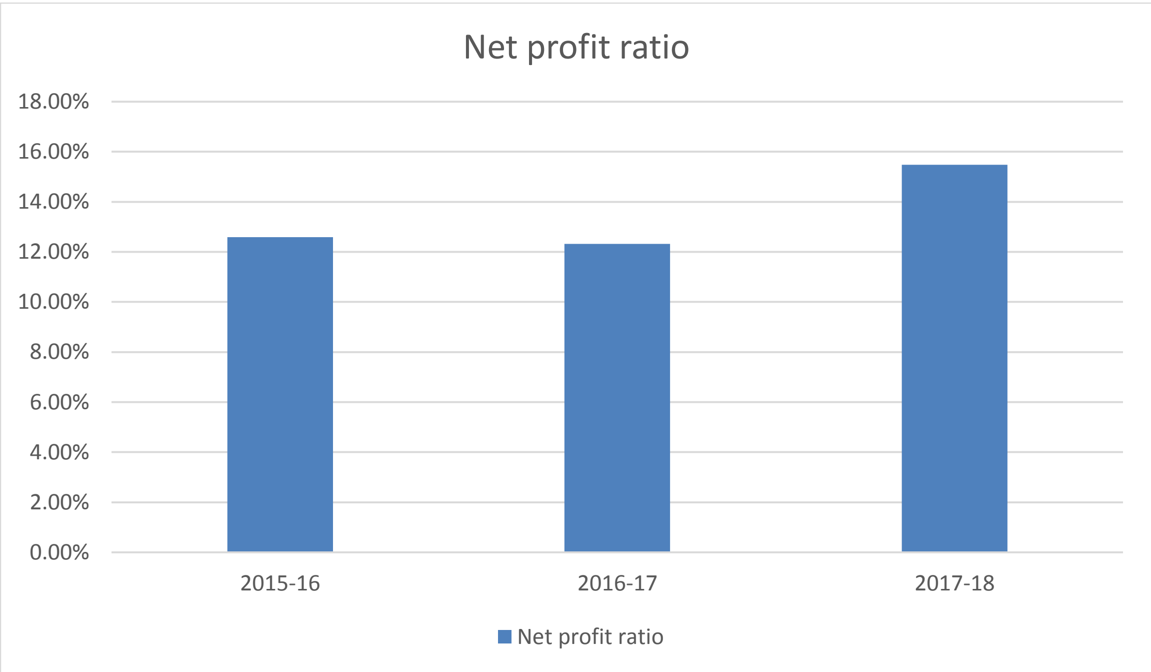
Net income ratio = Net income after net sales / net sales * 100

4.6 Table showing Net Profit Ratio

(Amt in lakhs)

Year	Net Profit After Tax	Net Sales	Net Profit Ratio
2015-16	871.07	6916.69	12.59%
2016-17	508.76	4129.14	12.32%
2017-18	850.77	5496.25	15.48%

4.6 Graph showing the Net Profit Ratio of the financial years 2015-16 to 2017-18.



Analysis and Interpretation:

Mysore electrical industries Net Profit ratio for the year 2015-16 is 12.59, in 2015-16 Net profit 508.76 and net profit ratio is 12.32, 2017-18 profit is from the graph it is evident that net profit ratio of Mysore electrical industries increasing. The increasing in net profit ratio of the Mysore electrical industries indicates that the company's profitability position is Flexible.

4.7 Cash to Sales

The cash flow / sales ratio represents the ability to generate cash flows in proportion to the volume of sales. Calculated by cash flow from operations divided by net sales. Ideally, the ratio should be about the same as revenue growth.

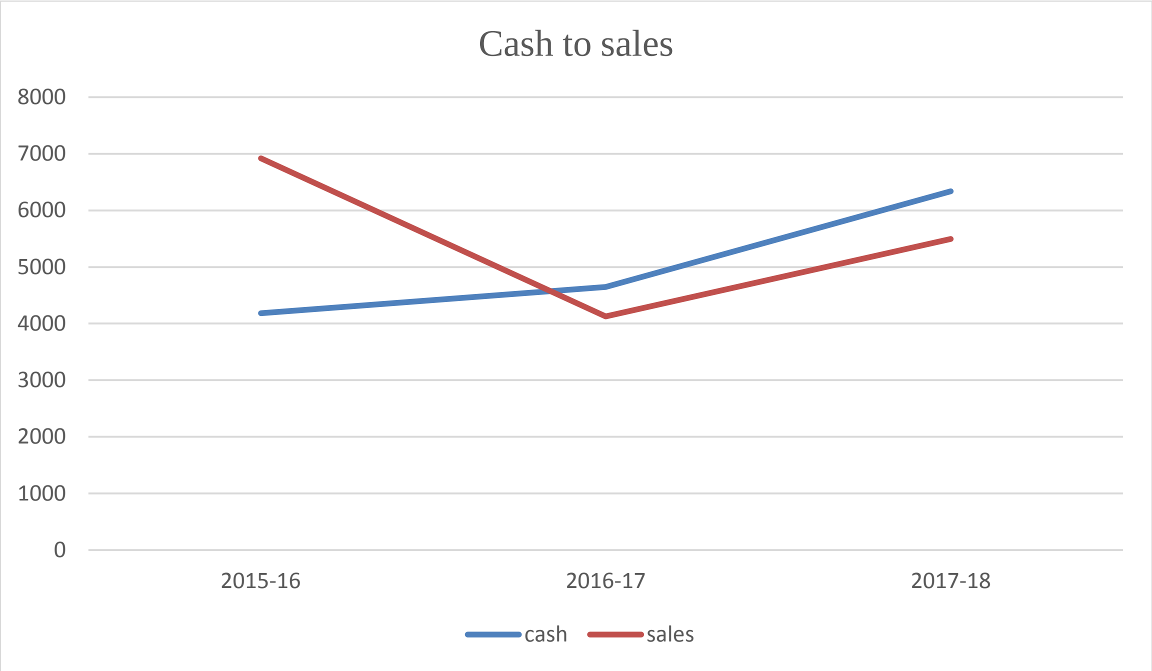
Cash to sales= cash / Net sales

4.7 Table showing Cash to Sales

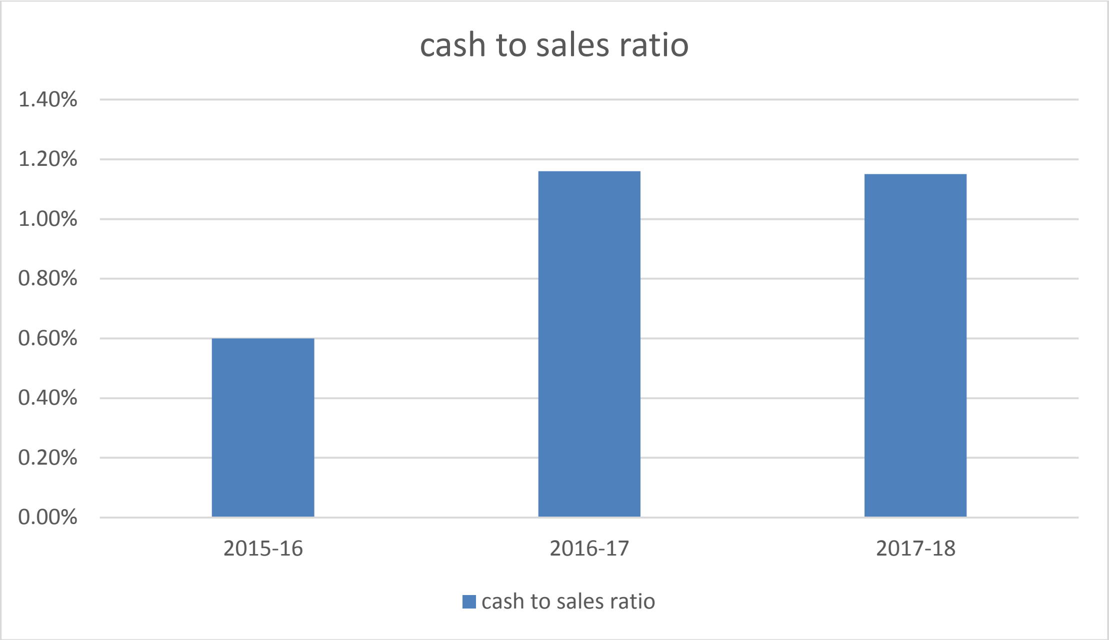
(Amt in lakhs)

YEAR	CASH	SALES	RATIO
2015-16	4181.96	6916.69	0.60%
2016-17	4649.40	4129.14	1.16%
2017-18	6337.30	5496.25	1.15%

4.7.1 Graph showing the Cash to sales in financial years 2015-16 to 2017-18.



4.7.2 The following chart shows the ratio of cash to sale



Analysis and Interpretation:

As noted above, the cash flow ratio for the 2015-16 period was 0.60 and the 2016-17 cash sales ratio was 1.06. In 2017-2018, you can see that the ratio of cash and sales is 000000. The above ratios indicate that, as sales increase, the cash position increases and the organization can achieve a better liquidity position .

4.8 CASH FLOW STATEMENT;

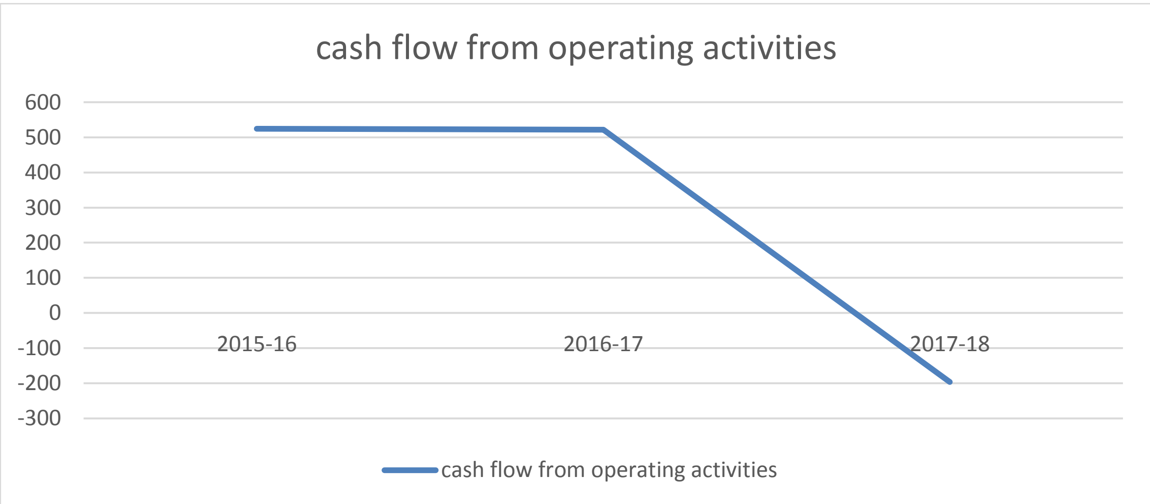
Particular	**2017**	**2016**	**2015**
(1) Cash flow from operating activities			
Net profit before tax	60,325,507	137,291,309	65016550
Add: Depreciation and amortization expenses	1.835.700	1.161.115	4620643
Provision for diminution value of investment	-	-	-
Interest Paid	-	-	-
Less: Loss on sale of fixed asset	-	-	-
Interest received	-	-	-
Dividend received	-	-	-
Operating profit before working capital changes	**62.161.207**	**138.452.424**	**69637193**
Working capital changes	-	-	-
Trade receivable	-	-	-
Trade payable current liabilities and provision	-	-	-
<u>Adjustment for other asset</u>			
Special tools & equipment	-	-	-
Differed revenue expenditure	(21.016.837)	-	-
Direct tax paid	(24.112.278)	(50.183.881)	(17144578)
Net cash provided by operating activities	**(19.677.023)**	**52.168.118**	**52.492.615**
(2) <u>Cash flow from investing activities</u>			
Sale of fixed asset	**40.161.853**	**44.506.925**	**52968774**
Intangible asset	**-**	**-**	**-**
Interest barrowed	**180.19**	**177.95**	**-**
Divided received	**-**	**-**	**-**
Net cash provided by investment activities	**220.351.853**	**222.456.925**	**70.113.352**
(3) Cash flow from financing activities			
Short term loans	-	-	-
Duration of shares	5.09	8.72	5.03
Repayment of differed liabilities	-	-	-

Interest paid	-	-	-
Dividend paid	-	-	-
Cash flow from Financing activities	**5.09**	**8.72**	**5.03**
Net cash provided by operating activity	19.677.023	52.168.118	52.492.615
Net cash provided by Investment activity	220.351.853	222.456.925	70.113.352
Net cash provided by financing activity	5.09	8.72	5.03
Increase/Decrease in cash equant during the year	**205.764.83**	**283.345.043**	**122.605.972**

4.8.1 CASHFLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities is included in a statement of cash flows that describes the source of cash and the use of on-going commercial activities during a given period. This generally includes changes in net income from income statement, adjustments to net income and working capital.

4.8.1 Graph showing the cash from operating activities of the financial years 2015-16 to 2017-18.



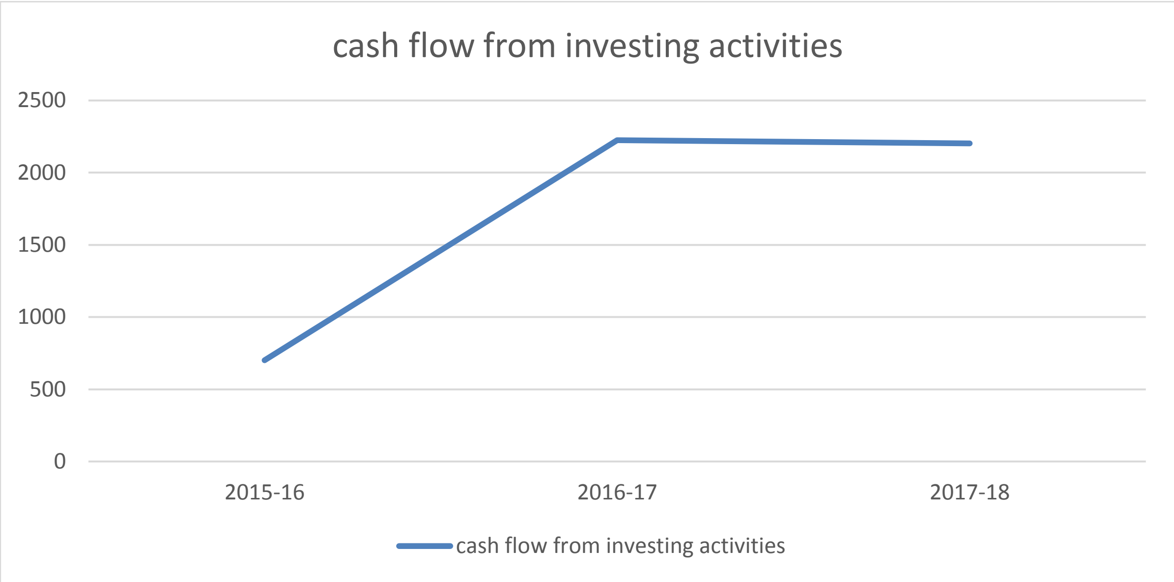
INTERPRETATION

From the above chart, cash flow from operating activities shows high rate of the fluctuations in the cash flows. It can be observed in the year 2015-16 was Rs 524.92 lakhs there is high cash from operating activities, but in the year 2016-17 is Rs 521.68 it come down later it shows decrease in the year 2017-18 was Rs -196.77.

4.8.2 CASHFLOW FROM INVESTING ACTIVITIES

Cash flows from investing activities are items in the statement of cash flows that reflect changes in the amount invested in capital gains, such as investment gains and losses and property, plant and equipment.

4.8.2 Graph showing the cash from investment activities of the financial years 2015-16 to 2017-18.

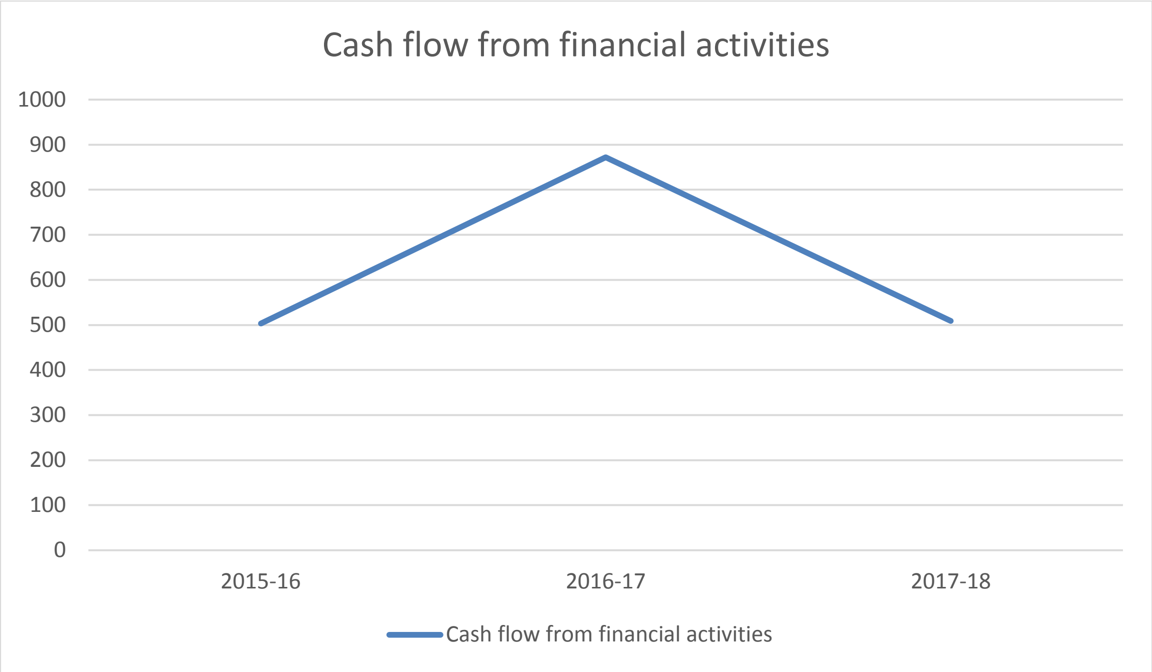


INTERPRETATION

From the above chart, cash flow from investing activities shows high rate of investment on fixed assets. It can be observed in the year 2015-16 was Rs 701.13 lakhs there is high cash from investing activities, but in the year 2016-17 is Rs 2224.56 it come down later it shows decreased its investment criteria on fixed assets in the year 2017-18 was Rs 2203.51.

4.8.3 CASHFLOW FROM FINANCING ACTIVITIES

4.8.3 Graph showing the cash from financial activities of the financial years 2015-16 to 2017-18.



INTERPRETATION

The cash and bank balance held by the company are fluctuating over the years as seen from the above chart the company cash and bank balance was high in the year 2016-17 Rs 872, low in the year 2015-16 Rs 503.

CHAPTER-5

FINDING AND SUGGESTION

5.1 Findings:

- It is observed that in 2015-16 the total cash is 8181.96 and the cash ratio was 37.63% in the base year, during the year 2016-17 it is decreased to 36.04% and in the year 2017-18 it is increases to 48.20%.

  Cash flow from working capital increased from 3.80% in the base year to 3.56% in 2015-16 and 3.76% in 2017-18. Fundamental working capital is generally useful if the company has more short-term debt than cash and other assets, but you can use healthy cash resources based on your business model.
- • The debt ratio was 4.11% for the base year, rising to 2.89% in 2015-2016 and 2.65% in 2017-2018. Lower debt ratios may also indicate that companies do not capitalize on gains that can be leveraged financially.
- • The growth rate of the total cash position in 2016-17 is 111.18% compared to the base year indicated in the table above, but the increase in the cash position in 2017-2018 is 151.54% in 2017-2018. Reinvest, return money to shareholders, pay for expenses and amortize future financial difficulties.
- It is observed that the cash to current asset ratio was 50.71% in the base year, during the year 2015-16 it is increased to 57.56% and in the year 2017-18 it is also increase to 76.53%.
- • The cash flow to cash flow ratio was 12.59% for the base year, decreased to 12.32% in 2015-16 and increased to 15.48 in 2017-18. The net profit ratio is a useful tool for misjudging the overall profitability of your business. A high percentage indicates an effective management advantage for your business. When we analyze the company's net earnings ratio, which we can understand, the net after-tax profit of the corporation is higher than that of this net sale.
- It is observed that the cash to sales ratio was 0.60%, in the base year, during the year 2015-16 it is increased to 1.16% and in the year 2017-18 it is also decrease to 1.15%.

Suggestion:

- The company must take steps to reduce operating expenses.
- Mysore Electricity should maintain its current assets and improve them.
- The Mysore electric needs to decrease the collection period because it is more than the required.
- Mysore Electricity must recover the debtor's payment within specific time
- The company needs better liquidity to ensure that liquidity needs are properly met.
- The company should be able to reduce downtime to improve productivity and save energy. Step to be taken to increase the working capital of the firm to meet short term obligation.
- Even though the firm is doing well but the bad debts are also increasing so the management needs to take necessary steps for reducing bad debts.

5.3 Conclusion:

In this study, the cash management effectiveness analysis was conducted at Mysore Electric Ltd. We analysed the effectiveness of liquidity based on data from Mysore Electric annual report. The effectiveness of Mysore electric cash management was analysed by analysing the relationship between cash flow and the balance of sales, investments and financing activities.

Since cash management can not control cash flow, inefficient liquidity management can hurt business. In most cases, poor cash management is due to the failure of the business. Effective cash management is therefore essential for the company.

The analysis of this project shows significant fluctuations in long-term credit for clients. The analysis shows that sales volume has increased and collections management has improved. Efficient receivables management can generate good revenue growth, healthy cash flow, profitability and a stable sales cycle.

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ANNEXTURE

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1-04-2016 TO 31-03-2018

Particular	**Schedule no**	**31-3-2018**	**31-3-2017**	**31-3- 2016**
Income				
Revenue from operation	**14**	549624853	412914451	691669227
Other income	**15**	38129685	40161853	44506925
Total income		**587754538**	**453076304**	**736176202**
Expenses				
Cost of raw material consumed	**16**	369156982	226338122	413477533
Finished goods	**17**	4953689	335095	7853533
employee benefit exp	**18**	101582697	107862291	120121760
Financial cost	**19**	19256692	19670433	19715644
Depreciation	**8**	1034762	1835700	1161115
Other expense	**20**	35628740	36709155	36100425
Finance c0sts	**30**	16062	18019	17795
Total expenses		**531629624**	**392750797**	**598884893**
Profit before tax		**115236347**	**60325507**	**137291309**
Tax expenses				
Previous year			6,354,329	
Current year		30159337	24,112,278	50,183,881
Deferred tax			21,016,837	
Profit (loss) for the year		**85077010**	**50875737**	**87107428**
Earning per equity share	**21**			
3. Basic 4. Diluted		**8.52** **NA**	**5.09** **NA**	**8.72** **NA**

Balance sheet as at 31 March 2018 and 2017 and 2016.

Particular	Notes	31st march 2018	31st March 2017	1st April 2016
(A)EQUITY AND LIABLITIES				
1.SHARE HOLDER FUND				
3. SHARE CAPITAL	**1**	99,860,000	99,860,000	99,860,00
4. RESERVE AND SERPLUSE	**2**	396,868,419	345,992,682	260,542,856
2.NON CURENT LIABILITIES				
Other financial assets	**3**	350,000	350,000	350,000
long term provision	**4**	56,955297	57,737,976	53,454,176
CURENT LIABILITES				
1.trade payable	**5**	46,960,953	79.657.387	55.971.240
2.other Current liabilities	**6**	680,192,864	650,130,001	609,867,827
3.short term provision	**7**	33,589,796	56,248,412	31,412,721
TOTAL		**1,314,777,329**	**1,289,976,458**	**1,111,458,820**
(B) ASSETS				
NON CURENT ASSET				
5. (a) F/A				
TANGIBLE ASSETS	**8**	364,338,445	365,397,881	364,122,039
2.CURRENT ASSET				
(e) Inventories	**9**	101,381,068	116,834,240	94,968,295
(f) Trade receivable	**10**	168,608,030	284,395,461	184,576,546
(g) Cash	**11**	633,730,285	464,940,27	418,195,73

			1	4
(h) Loan and advance	**12**	13,339,379	43,542,583	33,225,967
(E) other c/a	**13**	12,363,285	14866,022	16,370,239
Equity share capital		-	111.54	111.54
Other equity		-	5,187.16	3,971.66
Total		**1.314.777.329**	**1,289,976,458**	**1,111,458,820**

ACHARYA INSTITUTE OF TECHNOLOGY

DEPARTMENT OF MBA

PROJECT (17MBAPR407) -WEEKLY REPORT

NAME OF THE STUDENT: Pavithra N

INTERNAL GUIDE: Shashi Kumar

USN: 1IA17MBA41

COMPANY NAME: The Mysore Electrical Industries ltd

WEEK	WORK UNDERTAKEN	EXTERNAL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
3rd Jan 2019 – 9th Jan 2019	Industry Profile and Company Profile		
10th Jan 2019 – 17th Jan 2019	Preparation of Research instrument for data collection		
18th Jan 2019 – 25th Jan 2019	Data collection		
26th Jan 2019 – 2nd Feb 2019	Analysis and finalization of report		
3rd Feb 2019 – 9th Feb 2019	Findings and Suggestions		
10th Feb 2019 – 16th Feb 2019	Conclusion and Final Report		

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(A Government of Karnataka Undertaking)
P.B. No. 2221, Tumkur Road,
BANGALORE-560 022.

Company Seal   College Seal   HOD Signature

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