

A Study of Financial Operations with reference to Selected Automobile Sector in Pune City.

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Abstract:

In today's business process standardization is essential for the smooth flow of corporate processes. The ability to obtain information with a single click demonstrates the organization's transparency, standardization, accuracy, and punctuality. In today's digital age, thinking about business development isn't enough; the integration component is crucial. We need to focus on time management in today's extremely competitive business climate by employing various tools, strategies, and software such as ERP SAP, Oracle, Tally, KSRM, and so on. Working capital is one of the most significant aspects of a company's financial operations. Organizations must look at more effective ways to handle working capital, which includes accounts receivable, payables, and inventories. and standardize the procedures for the same. The procedures of procurement to payment, order to cash, and record to report serve to improve productivity, integrity, and reporting.

Keywords: Procurement to pay, Order to Cash, Record to Report, Financial Operational Process, Integration Business Process Management, ERP, SAP.

I Introduction

Each company must have departments that correspond to its procedures. Every department in the business has a critical role to play in achieving the organization's goals. The financial operational essential procedures are procurement to payment, order to cash, and record to report. Which aids an organization's ability to conduct business properly and with a seamless flow of operations. The Procurement to pay is a process of linking purchasing and accounts payable systems to increase efficiency is known as procure-to-pay. It is part of a wider procurement management process that has four stages: selecting products and service.

enforcing compliance and order, receiving and reconciliation, and invoicing and payment. Procure-to-pay software solutions can help you improve compliance and control among vendors, contracts, regulations, buyers, and accounts payable by digitizing your procurement process. Going ahead the Order to Cash(OTC or O2C) is a set of business procedures that involves receiving and fulfilling consumer orders for goods and services.

Businesses must optimize the O2C cycle in order to keep their operations running smoothly. O2C activities can affect supply chain management (SCM), inventory management, and labor requirements. As a result, if a bottleneck emerges in one of the O2C phases, operations may be harmed or disrupted. The O2C function also determines a company's cash inflow and working capital. Any corporate procedures that need profit spending, such as payroll, might be halted by a delay in invoicing or payment collection.

The Record to Report R2R is a finance and accounting management process that entails the collection, processing, and presentation of accurate financial data. R2R gives management and other stakeholders strategic, financial, and operational feedback of the organization's performance.

II Review of Literature

1. Batuhan Kocaoglu, A. Zafer Acar,2016, in their paper Process development in customer order information systems to gain competitive advantage a SME case study states that The goal of the study was to enhance ERP-enabled order processing technology in order to better comprehend the role emphasized in the literature in terms of effective corporate performance. Based on the case study, they also created a framework for identifying important areas and determining remedies.

2. Dmitriy S Shaltayev and Robert B Hasbrouck,2019, in their paper From order-to-cash to wall-to-wall: Four SAP implementations at Smithfield Foods states that, the purpose of this paper is to Assist corporate executives with project planning, prioritization, and execution. Ensure that projects are adequately staffed with both internal and external resources. Create common project reporting formats and procedures that may be used to report progress by project teams all around the world. Maintain strict adherence to all project rules, including timely reporting and cost tracking. further to collaborate with operations analysis and IT administration to build an annual plan that is aligned with the business and the application support function. Create and implement data retention policies for the firm based on laws and regulations.

3. Karolin Knutsen- Öy ,2015, Transparency in public procurement processes (ppp) – a case study of a Swedish public procurement process in the consultancy market stressed that, The goal of this thesis is to assess the public procurement procedure in the consulting industry. In comparison to other markets, such as administrative systems, the government has a large number of FAs in this market. According to Kammar kollegiet (2013), the FAs made between 62 - 350 million SEK in revenue. This demonstrates that the FAs in this area are among the most widely utilized in Sweden. The perceptions of the procurement process's efficiency of both the firms participating in the process and the government agency in charge of the procurement will be examined.

4. Maria Creuza Borges de Araújo, Luciana Hazin Alencar, Caroline Maria de Miranda Mota, 2017, In their paper Project procurement management: A structured of literature review focused on the goal of this article is to determine which criteria and procedures are most commonly employed in the procurement process in project situations. As a result, the papers are divided into two categories: procurement process phases and project type.

5. Diana COZMIUC,2020, in his paper INTEGRATED SUPPLY CHAIN MANAGEMENT PROCESS BENCHMARKS FOR GLOBAL BUSINESS SERVICES IN ROMANI stressed to explore integrated supply chain management, the flow of business process management, benchmarking, a review of Hackett standards, a detailed examination of global business service, and information on advanced automation.

6. Tobias Schoenherr, V. M. Rao Tummala,2007, in their paper E-Procurement: A Structured Literature Review and Directions for Future Research states that; whereas web-based ERP is concerned with product-related items E-sourcing is the process of locating new suppliers for a certain category of purchasing needs through the use of Internet technologies. e-tendering: the process of acquiring and disseminating purchase information via the Internet to both internal and external parties.

III Objectives of the Study

- 1) To comprehend the company's cash flow
- 2) To investigate how the procurement-to-pay process, order-to-cash process, and record-to-report process actually work.
- 3) To comprehend the phases of end-to-end financial procedures in the automotive sectors.
- 4) To investigate how software plays an important role in organization's & different type of software's to ensure the smooth flow of operations.

IV. Research Methodology

- Research Design- Descriptive research design is used for this research.
- Sample Design - The samples were selected using Simple Random and convenient Sampling method was used for this study.
- Data Collection - Secondary data is used for collecting the data, which was already available.

1.1 Data Analysis and Interpretation -

Table 1 : Current ratio

Year	Bajaj Auto Ltd.	Tata Motors Ltd.	Maruti Suzuki India Ltd.
2012	1.12	0.62	1.69
2013	1.50	0.11	1.60
2014	1.19	0.08	1.74
2015	2.13	0.42	0.93
2016	1.70	0.60	0.71
2017	2.92	0.59	0.65

The current ratios for the five years ending March 31, 2012 to March 31, 2017. For manufacturing heavy industries, the usual current ratio is 1.33:1. When we analyse the ratios for the three firms, we see that the present ratio situation for the two largest car businesses, Tata Motors Ltd. and Maruti Suzuki India Ltd., is not up to the norm for the research period. Bajaj Auto Ltd., Tata Motors Ltd., and Maruti Suzuki India Ltd. had average current ratios of 1.76, 0.40, and 1.22, respectively. Furthermore, the current ratio for Tata Motors Ltd. and Maruti Suzuki Ltd. has decreased, indicating that the two firms have a major liquidity problem.

Table 2: Inventory ratio

Year	Bajaj Auto Ltd.	Tata Motors Ltd.	Maruti Suzuki India Ltd.
2012	3.62	0.59	22.16
2013	29.75	0.60	23.97
2014	31.37	0.42	24.70
2015	29.70	0.08	22.76
2016	29.46	0.11	19.78
2017	30.08	0.62	21.28

The inventory turnover ratios of the three organisations are shown in Table 2. During the research period, Bajaj Auto Ltd and Maruti Suzuki Ltd. both maintained a constant and regulated inventory ratio, with the highest being in the year 2014 for both firms, however Tata Motors Ltd's inventory turnover ratio demonstrates a consistent bad performance. Furthermore, sales have been declining over the research period, which has resulted in greater average inventory for Tata Motors Ltd., as seen by the turnover ratio.

Table 3 : NET CASH FLOWS OF BAJAJ AUTO LTD.

Particulars/Year	2012	2013	2014	2015	2016	2017
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Cash From Operating Activities	3,246	2218	3502	2114	3690	3267
Cash From Investing Activities	-850	-1394	-2072	-380	-68	-3610
Cash From Financing Activities	-1,462	-1445	-1496	-1644	-3384	-190
Net Cash Flow	934	-621	-66	90	238	-532

Table 4 : NET CASH FLOWS OF TATA MOTORS LTD.

Particulars/Year	2012	2013	2014	2015	2016	2017
Cash From Operating Activities	18384	22163	36151	35531	37900	30199
Cash From Investing Activities	-19464	-22696	-27991	-36232	-36694	-39571
Cash From Financing Activities	6567	-1692	-3883	5201	-3795	6205
Net Cash Flow	5488	-2499	4277	4500	-2589	-3167

NET CASH FLOWS OF MARUTI SUZUKI INDIA LTD.

Particulars/Year	2012	2013	2014	2015	2016	2017
Cash From Operating Activities	2,560	4,301	4,904	6,321	8,484	10,279
Cash From Investing Activities	-3,096	-3,386	-4,893	-4,410	-7,227	-9,178
Cash From Financing Activities	616	-966	-66	-1,962	-1,236	-1,129
Net Cash Flow	81	-51	-55	-51	21	-28

ABLE 5:

For five financial years, Table 3, 4, and 5 indicate the net cash flows computed from three primary operations of the cash flow statement of Bajaj Auto Ltd, Tata Motors Ltd, and Maruti Suzuki India Ltd. The operational activities of all the firms are good and represent an upswing in the case of Maruti Suzuki India Ltd, which represented an intact business from operations, as seen in the above tables. However, all of these firms made significant investments, resulting in a negative cash flow from investing operations for the fiscal year ended March 31/2017.

V Finding and Suggestions

Findings

Through different secondary data analysis, the report finds challenges connected to working capital management in the car industry as a whole. The results of the company-by-company investigation based on secondary data are detailed below.

- 1) According to the findings of the study, Tata Motors Ltd. is keeping an aggressive policy, as their current asset is significantly lower than the industry norm, as see.

by the current ratio, which will boost profitability while also boosting the company's risk appetite. As a result, the corporation should take steps to mitigate risk by transferring a portion of its present liabilities to another entity.

- 2) Managers may keep tighter control over the system and save money by decreasing people and closing down unnecessary and unproductive functions by outsourcing critical functions in the Procure to Pay process. As a result, handling the o2c cycle consumes a large percentage of the operational budget.
- 3) The more the cycle's inefficiencies, the higher the danger of possible losses. As a result, a growing number of businesses are turning to outsourcing for industry best practices in Order to Cash management. To help organizations to streamline and optimize the process, a professional supplier of Order to Cash Outsourcing Services will be able to manage sales order administration, finance and accounting, invoice data input and administration, and customer care for collections.
- 4) As a result of an efficient Record to Report cycle, the cost of finance may be reduced, and the value of the finance function to the business may be increased.

Suggestions

The outercourse company will be able to gain favorable business benefits and the required competitive advantage by selecting the correct Finance and Accounting Outsourcing Services provider with the expertise, people, and technology for optimum invoice and purchase order data processing. It is critical for the business to have a reliable and effective Record to Report procedure. By shortening and optimizing the cycle, precious financial resources may be directed toward mission-critical goals. Completing the cycle in fewer days will also make it easier to analyses and make decisions.

VI. Conclusion

Standardize procedures are crucial for the smooth flow of activities, and everything should be done according to the procedures alone. Financial processes, I realize, are quite crucial in company. Finance is essential to the success of any firm. In organizations, software is the most crucial item. It may take long time to follow the process without the use of software. SAP is excellent software that helps you.

organizations run more smoothly. The current study on working capital management is an attempt to examine working capital in order to analyse the company's liquidity situation, inventory management performance, accounts receivable collection, and cash flow statement of chosen car businesses in India. According to the findings, Tata Motors Ltd should place a greater emphasis on controlling and lowering accounts receivables and inventory turnover days in order to enhance profitability and weather the competitive market.

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