

# Analysis Of Working Capital Management At Oho Solutions Zoho Premium Partner, Kochi

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**Abstract-** *This research study examine the effectiveness of compensation management in driving employee motivation, satisfaction, and performance .The research reveals that fair and equitable compensation structure, transparent communication and regular review of compensation package significantly impact employee outcomes. study specifically analyzing the working capital management at OHO Solutions, a Zoho premium partner based in Kochi, we can gain insights by examining their operational strategies through various case studies. These case studies demonstrate OHO Solutions' approach to enhancing operational efficiency, which can positively impact working capital management. While a specific study on OHO Solutions' working capital management is not available, their emphasis on operational efficiency through automation, centralized data management, and enhanced communication suggests a proactive approach to managing working capital. These strategies likely contribute to improved cash flow, reduced operational costs, and optimized inventory levels, all of which are critical components of effective working capital management.*

The IT and BPM sector has become a major a force behind India's economic growth, playing a crucial role in boosting the country's GDP and overall progress. As of FY24, the IT industry contributed 7% to India's GDP, highlighting its importance in shaping the nation's financial landscape.

With digital technology transforming every industry, India is now stepping into the next phase of its tech revolution. The country has one of the largest Internet user bases, with 760 million people online, and offers some of the lowest Internet costs in the world. This has helped lay a strong digital foundation, accelerating initiatives like the Digital India Programme, which focuses on expanding digital access and driving economic growth through technology.

India is also one of the fast growing digital economies, thanks to a blend of government support, private sector innovation, and rising tech investments. Digital tools and platforms are being integrated into various industries, improving productivity, creating new job opportunities, and making daily life easier for millions of people.

## I. INTRODUCTION

The success or failure of any business ultimately depends on cash flow. Even a company that is losing money can survive if it has enough cash. On the other hand, a profitable business can still fail if it doesn't have enough cash to cover its expenses. That's why efficient cash management is crucial. A well-planned and timely cash budget helps a business maintain the right amount of working capital, manage cash shortages, and invest surplus funds wisely for growth.

Many businesses focus on increasing profits but often overlook the importance of managing their working capital. Poor working capital management is one of the biggest reasons companies fail— not because they aren't making money, but because they can't pay their bills on time. Working capital management is all about balancing short-term assets (like cash, inventory, and receivables) with short-term liabilities (like payables and short-term debt).

## INDUSTRY PROFILE

## COMPANY PROFILE

OHO Solutions, founded in January 2018 and based in Kochi, Kerala, is a specialized consulting firm focused on the Zoho platform. Over the years, OHO has built a strong reputation for delivering smart, scalable solutions to a diverse range of clients, from small businesses to government organizations. Enhancing business operations with new features can be complex, time-intensive, and costly but OHO makes the process simple and efficient.

Their expert team provides end-to-end guidance for seamless Zoho integration, ensuring every solution is tailored to the specific needs of each client. Believing that one size never fits all, OHO goes the extra mile to develop customized, user-friendly systems that are both effective and budget-conscious. Their approach begins with in-depth analysis and ends with elegant, easy-to-use tools designed to drive real results.

## products

- Zoho one
- Zoho CRM
- Zoho creator
- Zoho mail

## II. REVIEW OF LITERATURE

- **Gábor HUNYA (2011)** Romania has a structured legal and regulatory framework, yet its execution remains complicated and inconsistent. Bureaucratic processes create significant administrative burdens for SMEs. Another key issue is corporate debt, particularly delayed government payments to private firms. Before seeking financial support, potential beneficiaries must analyze their actual needs and develop clear, coherent strategies for achieving their objectives
- **Ghanshyam Panda (2008)** Ghanshyam Panda explores difficulties in raising working capital. The study highlights small industries' dependence on bank credit, particularly in underdeveloped regions and priority sectors.
- **Harish B (2008)** Quality remains a key concern for SMEs, influencing both production and management. This issue intensifies as companies expand. As managerial levels increase, leaders must effectively delegate authority. However, 26 SMEs should first instill a quality-driven culture. Early adoption of ISO principles fosters professional management, enabling a seamless growth path.
- **Jayshri J Kadam (2011)** Small-scale entrepreneurs encounter challenges when obtaining loans from commercial banks and government agencies. Financial institutions require extensive documentation, and state financial corporations take months to approve term loans. Additionally, small-scale enterprises struggle to provide the guarantees demanded by banks.
- **Mathur Gautam (1997)** In his study *True Employment and Non-Employment*, Mathur highlights that low-mechanization techniques in the consumer goods sector create significant employment opportunities while minimizing capital investment

## OBJECTIVE OF THE STUDY

### Primary objective:

Study the working capital management in OHO solutions , Kochi

### Secondary objective:

- To examine the relationship between working capital management and financial performance.
- To study how the company has maintained its components of the working capital for the past 5 years
- To study the liquidity position of the company

## III. RESEARCH DESIGN

### DESCRIPTIVE RESEARCH DESIGN

Is a type of research method used to describe the characteristics of a population or phenomenon being studied. It does not answer questions about how/why things happen, but rather focuses on the "what," "where," "when," and "how often."

### SOURCES OF DATA

The data collected for the last 5 years financial statement

**Primary data** : refers to the original data collected firsthand by the researcher for a specific purpose or study. It is gathered directly from the source, meaning it has not been previously recorded or published. This type of data is highly reliable and relevant to the research objectives since it is collected with the specific needs of the study in mind. Common methods for collecting primary data include surveys, interviews, focus group discussions, observations, and experiments. The main advantage of primary data is that it provides current, specific, and detailed information.

**Secondary data** : refers to information that has already been collected, processed, and published by someone else for purposes other than the current research. It is obtained from existing sources such as books, journals, government reports, company records, newspapers, websites, and research articles. Secondary data is useful because it is easily accessible, less time-consuming, and cost-effective compared to primary data.

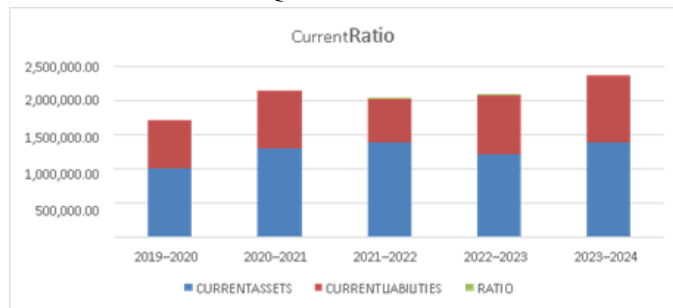
### CURRENT RATIO

Current ratio = current asset / current liability

### TABLE SHOWING LIQUIDITY RATIO

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	RATIO
2019–2020	10,16,233.03	6,91,933.03	1.46
2020–2021	12,96,300.00	8,36,400.00	1.54
2021–2022	13,80,600.00	6,43,500.00	2.14
2022–2023	12,13,400.00	8,67,400.00	1.39
2023–2024	13,88,800.00	9,76,000.00	1.42

CHART SHOWING LIQUIDITY RATIO

**Interpretation:**

The company's Current Ratio over the period from 2019 to 2024 highlights key changes in its short-term financial health and liquidity. The ratio of 1.46 indicated a stable liquidity position, meaning the company had sufficient current assets to cover its short-term liabilities. In 2020–2021, a slight improvement from the previous year, reflecting a stronger capacity to meet immediate financial obligations. In 2021–2022, a sharp increase in the ratio suggested a solid liquidity buffer. This could be due to a rise in current assets, a reduction in liabilities, or both. In 2022–2023, the ratio declined, pointing to reduced liquidity. This may have resulted from higher short-term liabilities or a dip in current asset levels. In 2023–2024, a minor recovery indicated slight improvement in liquidity management, though still below the high of 2021–2022.

**STATEMENT OF CHANGES IN WORKING CAPITAL  
WORKING CAPITAL (2020-2021)**

PARTICULARS	2020	2021	INCREASE IN WC	DECREASE IN WC
<b>CURRENT ASSETS(a)</b>				
Account receivables	2,99,986.00	3,87,439.86	87,453.86	
Cash and cash equivalents	1,36,510.00	2,64,000.00	1,27,490.00	

Other current assets	5,79,735.67	6,84,860.00	1,05,125.67	
<b>TOTAL</b>	<b>10,16,233.03</b>	<b>12,96,300.00</b>		
<b>CURRENT LIABILITIES(b)</b>				
Account payables	2,99,986.63	3,00,270.97	284.34	
Short-term provisions	1,36,510.73	56,679.43		79,831.30
Other current liabilities	5,79,735.63	4,79,451.00		1,00,284.63
<b>TOTAL</b>	<b>6,91,933.03</b>	<b>8,36,400.00</b>		
Net working capital(a-b)	3,24,300.00	3,79,900.00		
Net increase in working capital	55,600.00			

**Interpretation:**

The company significantly increased its current assets, especially cash and receivables, indicating improved liquidity and potential growth in operations or sales. There was a reduction in liabilities (especially short-term provisions and other current liabilities), which also contributed positively to the net working capital. There was a modest but positive increase in net working capital, which indicates the company had more short-term financial flexibility by the end of 2021. This suggests improved operational efficiency and liquidity. The company showed an overall healthy movement in working capital during 2020–2021. The increase in current assets and simultaneous reduction in some current liabilities led to a stronger short-term financial position, enhancing its ability to cover day-to-day operations.

**IV. FINDINGS**

- The Current Ratio peaked at 2.14 in 2021–2022, reflecting strong short-term liquidity. However, it declined to 1.39 in 2022–2023, indicating a slight increase in financial risk while still maintaining a manageable level.

- The Quick Ratio followed a similar trend, showing stable liquidity over the years but with a dip in 2022–2023 before making a modest recovery, suggesting slight pressure on immediate assets during that period.
- Net Working Capital rose steadily from ₹324,300 in 2020 to ₹412,800 in 2024, signaling an overall improvement in the company's short-term financial health.
- Except for a temporary decline in 2021–2022, working capital consistently improved, highlighting efficient use of current assets and liabilities.
- The Net Profit Ratio saw a significant drop to 20.99% in 2021–2022, likely due to increased costs or lower margins. However, it bounced back to 38.27% in 2023–2024, reflecting stronger cost control and revenue growth.
- The Operating Ratio increased to 73.85% in 2022–2023, indicating a rise in operating expenses. It later improved to 57.28% in 2024, suggesting enhanced operational efficiency.
- The Debtors' Turnover Ratio improved dramatically from 6.77 in 2019–2020 to 17.41 in 2023–2024, indicating the company became more efficient in collecting receivables.

## V. SUGGESTIONS

- Maintain a current ratio between 1.2 and 2.0 to ensure adequate short-term liquidity without underutilizing assets.
- Improve cash flow through faster receivables collection and a well-balanced credit policy.
- Build stronger cash reserves to enhance liquidity and buffer against unexpected financial pressures.
- Closely monitor working capital trends to detect and address potential shortfalls early.
- Benchmark performance regularly against industry standards to identify inefficiencies and areas for improvement.
- Seek guidance from financial experts to strengthen cash flow planning and management practices.
- Increase operational efficiency to reduce the operating ratio and enhance profitability.

## VI. CONCLUSION

OHO Solutions, a ZOHO Premium Partner, is a leading IT company located in Kochi, Kerala. This study was conducted using data collected from the company's Kochi operations. The main objective of the research is to evaluate

the working capital position and the efficiency of working capital management within the organization. Working capital is a critical component for the smooth operation of any business, ensuring liquidity and supporting day-to-day activities.

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