

# **"A Study On Receivables Management With Special Reference To Indsys Infotech Services India Private Limited, Coimbatore"**

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## **ABSTRACT**

The project examined the impact of the management of accounts receivable of INDSYS Infotech Services India private limited To accomplish this research objective, data have been collected from the financial reports for the period from 2018-2019 to 2022-2023. The study used ratio analysis and trend analysis as tools to find out that the efficiency of receivables management during the study period. The tools were Trends of Debtors Debt collection period Debt position ratio Current ratio Competition of each assets comparing with total asset Sales per day ,Interest ratio, Receivable outstanding have been computed to show the impact on working capital. Data was analyzed using descriptive research to give results. Charts, tables and graphs were used to report findings . The study concluded that, accounts receivable management as practiced in VKS Fabrics was adequate . Recommendations were made to better enhance accounts receivable management in VKS Fabrics.

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## **I. INTRODUCTION**

The management of receivables is a crucial aspect of financial management for businesses, including Indsys Infotech Services India Private Limited, Coimbatore. Receivables, also known as accounts receivable or trade receivables, represent the amounts owed to a company by its customers for goods sold or services rendered on credit. Efficient receivables management is vital for maintaining a healthy cash flow, optimizing working capital, and ensuring the financial stability and profitability of the organization. Indsys Infotech Services India Private Limited is a Coimbatore-based company operating in the information technology (IT) and services sector. As an IT company, it likely engages in providing software solutions, technology services, and other IT-related products to its clients. Given the nature of the industry and the nature of services provided, managing receivables effectively becomes critical for the company's financial performance and sustainability. The study on receivables management with special reference to Indsys Infotech Services India Private Limited aims to investigate and analyze the company's current receivables management practices. It seeks to understand how the company handles credit sales, manages its receivables, and implements policies and procedures to ensure timely collections from customers.

## **II. INDUSTRY PROFILE**

The identity of India's Information Technology (IT) industry has been firmly established as a beacon of the knowledge economy, primarily due to its robust IT and ITES sector. This sector encompasses two pivotal components: IT Services and business process outsourcing (BPO). The surge in India's service sector has been predominantly spearheaded by the IT-ITES industry, making a significant contribution to the augmentation of GDP, job opportunities, and export activities. Over the years, this sector's share in India's GDP has escalated from a modest 1.2% in FY1998 to a noteworthy 7.5% in FY2012. According to NASSCOM, during FY2012, the IT-BPO sector in India achieved a remarkable aggregate revenue of US\$100 billion, with exports amounting to US\$69.1 billion and domestic revenue reaching US\$31.7 billion. This remarkable growth signified a remarkable expansion of more than 9%. The primary urban centers responsible for nearly 90% of exports in these sectors encompass Bangalore, Delhi, Mumbai, Chennai, Hyderabad, Pune, Kolkata, and Coimbatore.

### **III. COMPANY PROFILE**

Company Date Of Incorporation : 29 April 2008  
ROC : Coimbatore  
Company Category : Private Limited Indian Non-Government Company  
Registration Number : 014431  
Company Sub Category : Non-Government  
Class Of Company : Private  
Director Board Member : Wellsway Ganesan  
Number of employees : 200  
Service : Networking

### **IV. REVIEW OF LITERATURE**

#### **Sustainability and Accounts Receivable Management: A Mini-Review**

Maha Al-Mahmoud, Haitham Nonane (Available at SSRN 3538711, 2020)

This is a mini-review conducted to observe in the different industries, how sustainability is applied in accounting and finance management of receivables. The objective is to investigate the application of the sustainability concept and its associated negatives/benefits for management. Qualitative data collection and descriptive analysis is carried out through tabular arrangement and categorizing the journal articles, respective objectives, findings, and recommendations. The findings of this mini-review mainly include: (i) sustainability concepts applied in the accounting and finance filed is lagging in comparison to other fields in business management; (ii) if the negative incident is discussed, this can negatively impact on the investors who judge based on non-financial information; (iii) perception of managers when dealing with property management and capacity; and (iv) characteristic of the owner affected the management payment of properties and sustainability gave advantage for better position.

#### **Accounts receivable management policy: theory and evidence**

Shehzad L Mian, Clifford W Smith Jr

(The journal of finance 47 (1), 169-200, 1992)

This research paper formulates and empirically examines hypotheses that aim to elucidate the decisions surrounding accounts receivable management policies. The study delves into both cross-sectional factors influencing policy choices and the motivations behind establishing captive finance entities. Through our investigations, we identify several key determinants that play a role in shaping these policies.

#### **Accounts receivable management best practices**

John G Salek

(John Wiley & Sons, 2005)

Praise for Accounts Receivable Management Best Practices" An excellent reference tool on how to manage the accounts receivable process for any company. The use of real-life examples makes the concepts easy to understand. I recommend the book to anyone who wants to improve cash flow and reduce bad debt loss."—Michael E. Beaulieu, Senior Vice President, Finance Cardinal Health" Rather than simply explaining how to get the greatest return from an investment in accounts receivable, John G.

### **V. OBJECTIVES OF THE STUDY**

#### **PRIMARY OBJECTIVE**

- To study effectiveness of receivables management of Infotech Services India Private Limited.

#### **SECONDARY OBJECTIVES**

- To determine the factors affecting receivables management
- To study the impact of receivables management in the organization.
- To analyse the average collection period of Infotech Services India Private Limited.
- To study effectiveness of training and development of employees in the organization.

### **VI. RESEARCH METHODOLOGY**

Research format is the orderly making plans of considers, which regularly comprises of defining an approach to bargain with a chosen address; arrangement and assurance of prove; handling and assessment and elucidation of this records; and book of impacts. A think about format may be a ponders arrange, structure, and approach planned to answer thinks about questions and control variance.

#### **RESEARCH DESIGN**

Research design is the framework of research methods and techniques chosen by a researcher to conduct a study. The design allows researchers to sharpen the research methods suitable for the subject matter and set up the studies for success.

**DESCRIPTIVE RESEARCH :**

The research is undertaken as descriptive research as it was concerned with specific predictions, with narration of facts and characteristics concerning a study on job satisfaction of employees working in the organization.

**VII. DATA ANALYSIS**

**DATA ANALYSIS AND INTERPRETATION OF DATA TRENDS OF SALES**

**TABLE 5.1: TRENDS OF SALES**

YEAR	SALES
2018-19	21216909
2019-20	25571992
2020-21	28253637
2021-22	31788059
2022-23	36675695

**FIGURE 5.1 TRENDS OF SALES**



**INTERPRETATION:**

The sales over the last 5 years have been continuously increasing. This is a good sign for the company that there is an upward trend of sales over the last 5 years.

**TREND OF DEBTORS:**

**TABLE -5.2: TRENDS OF DEBTORS**

YEAR	DEBTORS
2018-2019	1490627
2019-2020	2103562
2020-2021	2320255
2021-2022	2031480
2022-2023	2522605

**INTERPRETATION**

There is a rise in debtors from the year 2018-19 to 2020-21. It decreases in the next year. This could be due to various internal or external purposes. Also increases in the next year. Hence, the company has more receivables to manage as the debtors increase

**DEBT COLLECTION PERIOD**

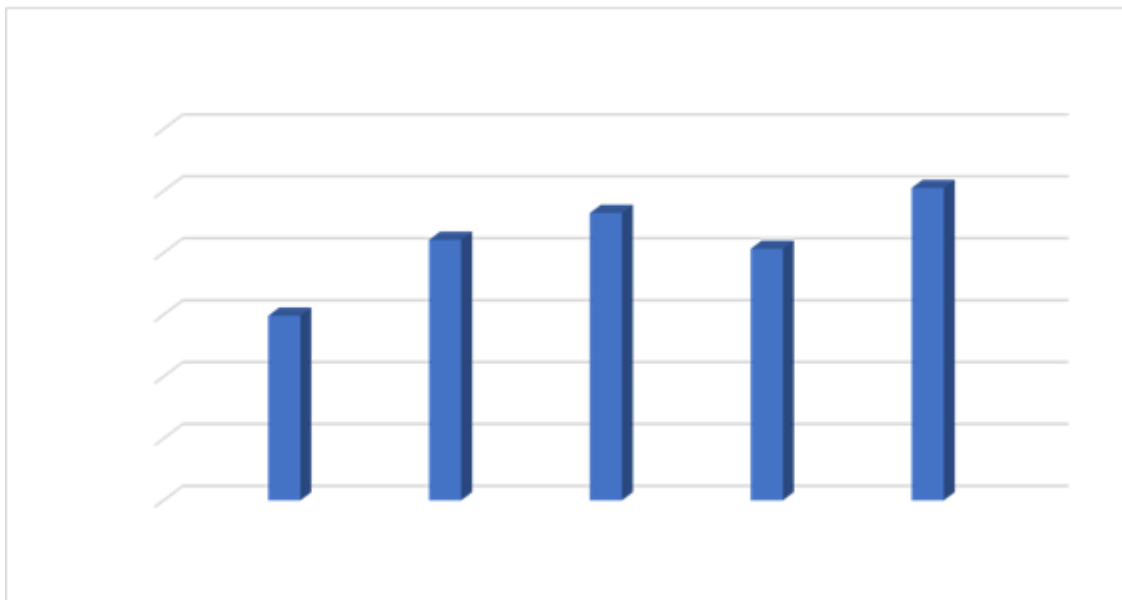
**TABLE -5.3: DEBT COLLECTION PERIOD**

Year	Debtors	Sales	Period
2018-19	1490627	21184385	26 days
2019-20	2103562	25517673	30 days
2020-21	2320255	31543671	27days
2021-22	2031480	35682919	21 days
2022-23	2522605	41183913	22 days

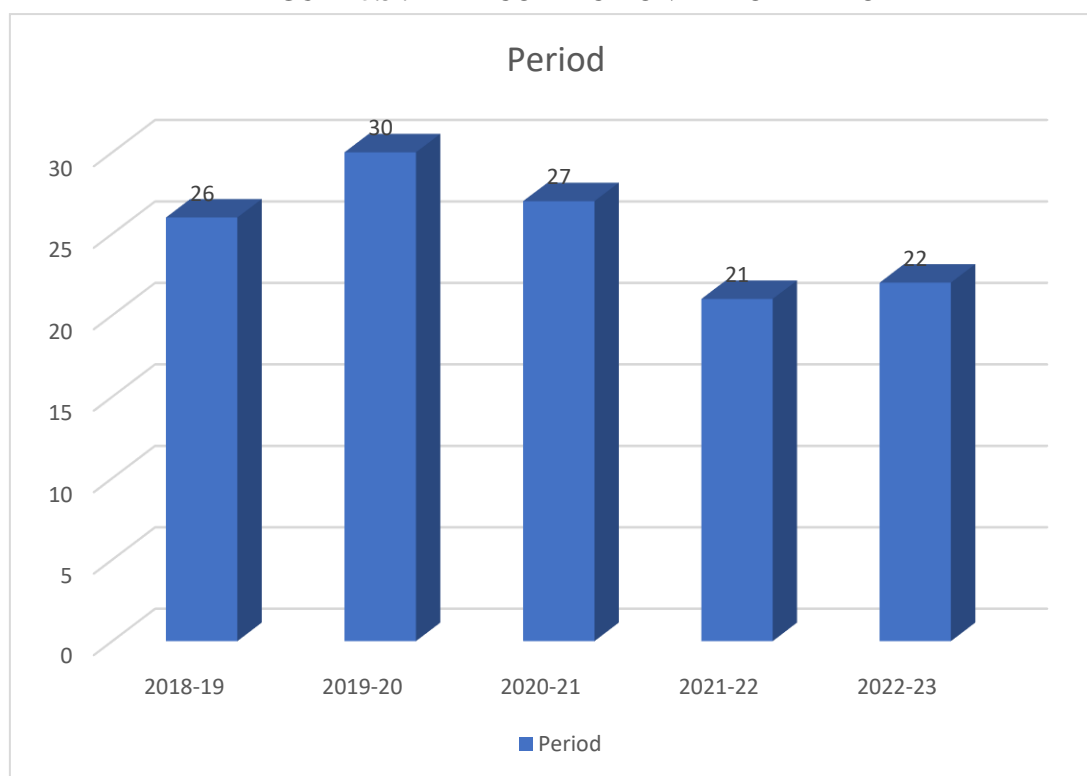
Debt collection period = Debt/sales

**ANALYSIS :**

The debt collection period in the year 2018-2019 was 26 days and in the year 2019- 2020 it increased to 30 days. After that it is showing a decreasing trend which is a good sign that the debtor's amount is collected early.



**FIGURE 5.3 : DEBT COLLECTION PERIOD RATIO**



**INTERPRETATION:**

From the above data which is analysed, it is understood that the debt collection period was decreased from 30 days to 22 days in the past four years which is a good sign for the company. So, we can say that the debtors have been efficiently managed by the company.

**VIII. FINDINGS**

- In the analysis of the growth of sales it is found that the sales of INDSYS Infotech Services India Private Limited is been increasing year by year which may result in good profit for the company.
- Debtor's turnover ratio is in the decreasing trend in which it is an indication of decreasing the credit sales. Henceforth, we can observe that the company is in a right way.
- The average collection period is been increased in 2019-20 & thereafter it is in decreasing trend
- The cash ratio is been decreased in 07-08 and been increased at a decreasing trend
- The quick assets are been more when compared to current liabilities & therefore in 2019- 20 the QR is been increased to 2.86 & gradually decreased in the following years.
- The cash & cash equivalents are less when compared to current liabilities & therefore current ratio is been decreasing trend.

**IX. SUGGESTIONS**

- Firstly, the company should set up some restrictive credit standards, credit terms and credit policy regarding the credit to its any type of customer.
- The management has to take initiative to collect the funds from the debtors without any interference.
- The company has to first analyse the credit worthiness of its customers before giving credit facilities.
- After providing the credit facilities to its customers, the company has to take corrective measures in realizing its debt, so the company profitability can be better improved.
- The company has to maintain the ideal cash ratio i.e., 1.5:1
- Companies have to undertake a green coin's control system in an effort to be capable of put money into profitable companies.

## **X. CONCLUSION**

Accounting is one of the vital functions of today's business world. Accounting, analysis and interpretation done through scientific way can enlighten the present uncertain business environment.

Account receivables analysis is one of the most widely used to control the debt blockings. It is also helpful in controlling of bad debts.

Accounts receivable is one of the devices which can be used to control the funds management and also to assign certain responsibilities to the management to control the funds that are misused and blocking of funds. The company is also advised to tighten its credit periods, so that the company's credit policy can be enhanced and can receive its debt amount easily.

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