

A Study On Asset Liability Management In Chengalrayan Co-Operative Sugar Mills Limited

Kavitha A¹, N.Indumathin²

¹Dept of MBA

²Assistant professor, Dept of MBA

^{1,2} IFET COLLEGE OF ENGINEERING

Abstract- *The project report was related to “A Study on Asset Liability Management with Special Reference to Chengalrayan Co-Operative Sugar Mills Ltd.” The first chapter explains the concepts of Asset Liability Management, industry profile, company profile, company products, objectives, scope, need, and limitations of the study. The second chapter presents the review of literature related to Asset Liability Management and financial performance. The third chapter covers research methodology, data collection, research design, and financial tools used for the study. The fourth chapter deals with data analysis and interpretation using Ratio Analysis, Comparative Balance Sheet, and Common Size Balance Sheet to evaluate the financial position of the company. The findings revealed the company's liquidity position, working capital efficiency, asset utilization, and debt management practices. The findings, suggestions, and conclusion of the study are presented in the final chapter.*

liabilities plays a significant role in ensuring financial stability and sustainable growth.

Sudirman Yudih and Asyraf Mustamin (2024) examined the impact of asset and liability management on firm value and dividend policy among listed banking companies. The findings indicated that effective asset management positively influences firm value and dividend policy, while liability management showed a relatively weaker impact. The study emphasized the importance of balanced ALM practices for improving organizational performance.

R.K. Singhal (2023) analyzed the effect of Asset Liability Management on the profitability of private sector banks using gap analysis and ratio analysis techniques. The findings showed that banks face liquidity risks due to mismatches in assets and liabilities. The study concluded that effective ALM frameworks help improve profitability and financial efficiency.

I. INTRODUCTION

Asset Liability Management (ALM) is a strategic financial management technique that focuses on balancing assets and liabilities to ensure liquidity, reduce financial risks, and maximize profitability. Effective ALM helps organizations manage cash flows, maturity mismatches, and financial obligations efficiently. In today's competitive business environment, ALM plays a crucial role in maintaining financial stability and supporting sustainable growth. Chengalrayan Co-Operative Sugar Mills Ltd. utilizes ALM practices to improve financial performance and ensure efficient utilization of resources.

Md. Salim and Anamul Haque (2016) investigated the relationship between Asset Liability Management variables and bank profitability. The study revealed a positive relationship between loans and advances and profitability. The researchers emphasized that proper asset allocation and liability management are essential for improving financial performance and ensuring long-term organizational successful.

II. REVIEW OF LITERATURE

Dr. Janet Jyothi Dsouza, Dr. Deeja S, Dr. Amardeep Bajpai, Dr. Bhadrappa Haralayya, Dr. Prashant Mishra and Mr. Anil Yadav (2024) studied the effects of Asset Liability Management on the profitability and liquidity of selected Indian commercial banks. The study revealed that effective ALM practices help banks maintain adequate liquidity, improve profitability, and reduce financial risks. The researchers concluded that proper management of assets and

III. RESEARCH METHODOLOGY

Research Design: Analytical Research Design

Financial Tools Used: Ratio Analysis, Comparative Balance Sheet

IV. DATA ANALYSIS AND INTERPRETATION

Ratio Analysis

Cash Ratio

Particular	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Cash	1147.85	772.91	409.70	727.63	283.30
Current Liabilities	17198.26	14747.74	15497.17	18609.74	17304.55
Ratio	0.07	0.05	0.03	0.04	0.02

Inference:

The Cash Ratio decreased from 0.07 in 2020-2021 to 0.02 in 2024-2025, indicating a decline in the company's liquidity position. This shows that the company has limited cash available to meet its short-term liabilities.

Cash To Current Assets Ratio

Particular	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Cash	1147.85	772.91	409.70	727.63	283.30
Current assets	19628.86	19654.87	21636.43	24931.95	22095.52
Ratio	0.058	0.039	0.019	0.029	0.013

Inference:

The Cash to Current Assets Ratio decreased from 0.058 in 2020-2021 to 0.013 in 2024-2025, indicating a decline in the company's cash position and liquidity during the study period. A slight improvement was seen in 2023-2024, but overall liquidity remained weak.

Working Capital Ratio

Particular	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Current assets	19628.86	19654.87	21636.43	24931.95	22095.52
Current Liabilities	17198.26	14747.74	15497.17	18609.74	17304.55
Ratio	1.14	1.33	1.40	1.34	1.28

Inference:

The Working Capital Ratio increased from 1.14 to 1.40 during 2020-2023 and later decreased to 1.28 in 2024-2025. However, the ratio remained above 1, indicating adequate liquidity to meet current liabilities.

Debtors Turnover Ratio

Particulars	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Sales	8735.33	11395.46	13742.50	16540.50	12288.81
Debtors	6367.17	7480.73	9051.65	11148.76	1322.75
Ratio	1.37	1.52	1.52	1.48	9.28

Inference:

The Debtors Turnover Ratio remained stable from 2020-2021 to 2023-2024 and increased to 9.28 in 2024-2025, indicating improved debt collection efficiency and better receivables management.

Total Debtors To Current Liabilities

Particular	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Sundry Debtors	6786.54	8174.98	9928.40	12369.13	14085.94
Current Liabilities	17198.26	14747.74	15497.17	18609.74	17304.55
Ratio	0.39	0.55	0.64	0.66	0.81

Inference:

The Total Debtors to Current Liabilities Ratio increased from 0.39 to 0.81, indicating improved liquidity and better short-term financial stability during the study period.

Receivables To Working Capital Ratio

Particular	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Sundry Debtors	6786.54	8174.98	9928.40	12369.13	14085.94
Working Capital	2414.31	4907.13	6139.26	6322.21	4790.97
Ratio	2.81	1.67	1.62	1.96	2.94

Inference:

The Receivables to Working Capital Ratio fluctuated during the study period, indicating variations in working capital management efficiency.

Debt Ratio

Particular	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Total Debt	6312.40	8576.02	9782.70	10623.35	11431.15
Total Assets	26611.88	29189.01	30417.65	30346.61	31184.27
Ratio	0.24	0.29	0.29	0.35	0.37

Inference :

The Debt Ratio increased from 0.24 to 0.37 during the study period, indicating greater dependence on borrowed funds for financing assets.

Fixed Assets Turnover Ratio

Particular	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Sales	8735.33	11395.46	13742.50	16540.50	12288.81
Fixed Assets	253.39	249.97	380.95	535.16	576.15
Ratio	34.47	45.65	36.07	30.88	21.30

Inference:

The Fixed Assets Turnover Ratio increased to 45.65 in 2021-2022 and then declined from 36.07 in 2022-2023 to 21.30 in 2024-2025, indicating reduced efficiency in utilizing fixed assets for generating sales.

Asset Turnover Ratio

Particular	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Sales	8735.33	11395.46	13742.50	16540.50	12288.81
Total Assets	26611.88	29189.01	30417.65	30346.61	31184.27
Ratio	0.32	0.39	0.45	0.52	0.39

Inference:

The Asset Turnover Ratio increased from 0.32 in 2020-2021 to 0.52 in 2023-2024 and then decreased to 0.39 in 2024-2025, indicating fluctuations in the efficiency of utilizing total assets for generating sales.

Comparative Balance Sheet**Comparative Balance Sheet 2020 – 2021**

Particulars	2020	2021	Increase (+) Or Decrease (-)	
			Amount	Percentage
Current Assets				
Inventories	8824.54	10466.29	1641.75	18.60
Sundry Debtors	5947.78	6786.54	838.76	14.10
Cash & Bank Balance	123.33	1147.85	1024.52	830.75
Loans & Advances	1455.68	1211.88	-243.80	-16.75
Total Current Assets (A)	16356.33	19612.56	3256.23	19.91
Fixed Assets				
Net Block	241.46	253.39	11.93	4.94
Capital Work in Progress	2718.72	2718.72	0.00	0.00
Investments	134.23	34.99	-99.24	-73.93
Total Fixed Assets (B)	3094.41	3007.1	-87.31	-2.82
Total Assets (A+B)	19450.74	22619.66	3168.92	16.29
Liabilities & Capital				
Current Liabilities & Provisions	14004.45	17198.26	3193.81	22.81
Long Term Liabilities (A)	14004.45	17198.26	3193.81	22.81
Secured Loans	0.00	0.00	0.00	0.00
Unsecured Loans	5829.81	6312.40	482.59	8.28
Total Long Term Liabilities(B)	5829.81	6312.40	482.59	8.28
Capital & Reserves				
Shareholders Fund	20294.97	20299.48	4.51	0.02
Profit & Loss A/c	-20678.48	-21174.19	-495.71	-2.40%
Total Capital (c)	-383.51	-874.71	-491.20	-128.08
Total Liabilities (A+B+C)	19450.74	22619.66	3168.92	16.29

Inference

Total Assets increased by ₹3,168.92 Cr (16.29%) in 2021 compared to 2020. Current Assets and Cash Balance improved, indicating better liquidity. However, liabilities and accumulated losses also increased, showing continued financial pressure on the company.

Comparative Balance Sheet 2021 - 2022

Particulars	2021	2022	Increase (+) Or Decrease (-)	
			Amount	Percentage
Current Assets				
Inventories	10466.29	9096.98	-1369.31	-13.08
Sundry Debtors	6786.54	8174.98	1388.44	20.46
Cash & Bank Balance	1147.85	772.91	-374.94	-32.66
Loans & Advances	1211.88	1610.00	398.12	32.85
Total Current Assets (A)	19612.56	19654.87	42.31	0.22
Fixed Assets				
Net Block	253.39	249.97	-3.42	-1.35
Capital Work in Progress	2718.72	2718.72	0.00	0.00
Investments	34.99	36.09	1.10	3.14
Total Fixed Assets (B)	3007.1	3004.78	-2.32	-0.08
Total Assets (A+B)	22619.66	22659.65	39.99	0.18
Liabilities & Capital				
Current Liabilities & Provisions	17198.26	14747.75	-2450.51	-14.25
Long Term Liabilities (A)	17198.26	14747.75	2450.51	-14.25
Secured Loans	0.00	0.00	0.00	0.00
Unsecured Loans	6312.40	8576.02	2263.62	35.86
Total Long Term Liabilities (B)	6312.40	8576.02	2263.62	35.86
Capital & Reserves				
Shareholders Fund	20299.48	20612.99	313.51	1.54
Profit & Loss A/c	-21174.19	-21277.10	-102.91	-0.49
Total Capital (c)	-874.71	-664.12	210.59	24.08
Total Liabilities (A+B+C)	22619.66	22659.65	39.99	0.18

Inference

The Comparative Balance Sheet shows that Total Assets increased slightly by ₹39.99 Cr (0.18%) in 2022 compared to 2021. Current Assets remained almost stable, while Current Liabilities decreased significantly. Unsecured Loans increased, and Total Capital improved during the year. Overall, the company maintained a stable financial position with marginal growth.

Comparative Balance Sheet 2022 – 2023

Particulars	2022	2023	Increase (+) Or Decrease (-)	
			Amount	Percentage
Current Assets				
Inventories	9096.98	9738.29	641.31	7.05
Sundry Debtors	8174.98	9928.40	1753.42	21.45
Cash & Bank Balance	772.91	409.70	-363.21	-47.00
Loans & Advances	1610.00	1660.04	50.04	3.11
Total Current Assets (A)	19654.87	21636.42	2081.55	10.59
Fixed Assets				
Net Block	249.97	380.96	130.99	52.40
Capital Work in Progress	2718.72	2718.72	0.00	0.00
Investments	36.09	84.33	48.24	133.67
Total Fixed Assets (B)	3004.78	31.84	179.23	5.97
Total Assets (A+B)	22659.65	24820.42	2160.78	9.98
Liabilities & Capital				
Current Liabilities & Provisions	14747.75	15497.16	749.41	5.08
Long Term Liabilities (A)	14747.75	15497.16	749.41	5.08
Secured Loans	0.00	0.00	0.00	0.00
Unsecured Loans	8576.02	9782.69	1206.67	14.07
Total Long Term Liabilities(B)	8576.02	9782.69	1206.67	14.07
Capital & Reserves				
Shareholders Fund	20612.99	20634.96	21.97	0.11
Profit & Loss A/c	-21277.10	-21094.39	182.71	0.86
Total Capital (c)	-664.12	-459.43	204.69	30.82
Total Liabilities (A+B+C)	22659.65	24820.42	2160.78	9.98

Inference

The company's financial position improved in 2023, with total assets increasing by 9.98%. Current and fixed assets increased, while cash balance decreased. Unsecured loans increased, indicating higher borrowing. Overall, the reduction in accumulated losses and improvement in capital position reflect better financial performance during the year.

Comparative Balance Sheet 2023 – 2024

Particulars	2023	2024	Increase (+) Or Decrease (-)	
			Amount	Percentage
Current Assets				
Inventories	9738.29	10165.40	427.11	4.39
Sundry Debtors	9928.40	12369.13	2440.73	24.58
Cash & Bank Balance	409.70	727.63	317.93	77.60
Loans & Advances	1660.04	1669.79	9.75	0.59
Total Current Assets (A)	21636.42	24931.94	3295.52	15.23
Fixed Assets				
Net Block	380.96	535.16	154.20	40.48
Capital Work in Progress	2718.72	2718.72	0.00	0.00
Investments	84.33	86.14	1.81	2.15
Total Fixed Assets (B)	31.84	3340.02	156.01	4.90
Total Assets (A+B)	24820.42	28271.96	3451.54	13.91

Particulars	2024	2025	Increase (+) Or Decrease (-)	
			Amount	Percentage
Liabilities & Capital				
Current Liabilities & Provisions	15497.16	18609.74	3112.58	20.08
Long Term Liabilities (A)	15497.16	18609.74	3112.58	20.08
Secured Loans	0.00	0.00	0.00	0.00
Unsecured Loans	9782.69	10623.35	840.66	840.66
Total Long Term Liabilities (B)	9782.69	10623.35	840.66	840.66
Capital & Reserves				
Shareholders Fund	20634.96	19723.26	-911.70	-4.42
Profit & Loss A/c	-21094.39	-20684.38	410.01	-1.94
Total Capital (c)	-459.43	-961.12	-501.69	109.20
Total Liabilities (A+B+C)	24820.42	28271.96	3451.54	13.91

Inference

The comparative balance sheet shows that total assets increased by 13.91% during 2023–2024, indicating business growth. Current assets and fixed assets increased, while liabilities also rose. Overall, the company expanded its asset base during the year.

Comparative Balance Sheet 2024 - 2025

Particulars	2024	2025	Increase (+) Or Decrease (-)	
			Amount	Percentage
Current Assets				
Inventories	10165.40	6476.68	-3688.72	-36.29
Sundry Debtors	12369.13	14085.94	1716.81	13.88
Cash & Bank Balance	727.63	283.29	-444.34	-61.07
Loans & Advances	1669.79	1249.61	-420.18	-25.16
Total Current Assets (A)	24931.94	22095.52	-2836.42	-11.38
Fixed Assets				
Net Block	535.16	576.15	40.99	7.66
Capital Work in Progress	2718.72	2718.72	0.00	0.00
Investments	86.14	100.58	14.44	16.76
Total Fixed Assets (B)	3340.02	3395.45	55.43	1.66
Total Assets (A+B)	28271.96	25490.97	-2780.99	-9.84
Liabilities & Capital				
Current Liabilities & Provisions	18609.74	17304.55	-1305.19	-7.01
Long Term Liabilities (A)	18609.74	17304.55	-1305.19	-7.01
Secured Loans	0.00	0.00	0.00	0.00
Unsecured Loans	10623.35	11431.15	807.80	7.60
Total Long Term Liabilities(B)	10623.35	11431.15	807.80	7.60
Capital & Reserves				
Shareholders Fund	19723.26	19753.13	29.87	0.15
Profit & Loss A/c	-20684.38	-22997.86	-2313.48	-11.18
Total Capital (c)	-961.12	-3244.73	-2283.61	-237.59
Total Liabilities (A+B+C)	28271.96	25490.97	-2780.99	-9.84

Inference

The total assets of the company decreased by ₹2,780.99 Cr (9.84%) in 2025. Current assets declined, while fixed assets increased slightly. Unsecured loans increased and accumulated losses rose, resulting in a weaker financial position compared to 2024.

V. RATIO ANALYSIS

- Cash Ratio decreased from 0.07 to 0.02.
- Cash to Current Assets Ratio decreased from 0.058 to 0.013.
- Working Capital Ratio remained above 1.
- Debtors Turnover Ratio increased to 9.28.
- Total Debtors to Current Liabilities Ratio increased from 0.39 to 0.81.
- Receivables to Working Capital Ratio reached 2.94.
- Debt Ratio increased from 0.24 to 0.37.
- Fixed Assets Turnover Ratio declined from 45.65 to 21.30.
- Assets Turnover Ratio fluctuated between 0.32 and 0.52.
- Trend Percentage of Debtors increased from 100 to 207.

Comparative Balance Sheet

- 2020-2021: Total assets increased.
- 2021-2022: Current liabilities decreased.
- 2022-2023: Assets increased.
- 2023-2024: Total assets showed growth.
- 2024-2025: Assets increased, but liabilities also increased.

VI. SUGGESTIONS

- Improve cash management.
- Strengthen debtor collection.
- Reduce dependence on debt.
- Utilize assets efficiently.
- Maintain adequate working capital.
- Adopt better financial planning.
- Conduct regular performance reviews.
- Follow effective ALM practices.

VII. CONCLUSION

The study concludes that Asset Liability Management plays a crucial role in maintaining the financial stability and operational efficiency of Chengalrayan Co-operative Sugar Mills Limited. The analysis revealed that the company maintained a satisfactory financial position during

the study period, although improvements are needed in liquidity management, debtor collection, and financial risk control. The study found that working capital was adequate, asset utilization showed improvement, and the company has the potential to enhance profitability through better management practices. Comparative and common size balance sheet analyses provided valuable insights into the company's financial structure and performance. Effective utilization of assets, proper financial planning, efficient recovery of receivables, and control of financial risks can help the company strengthen its financial performance, improve liquidity, and achieve long-term growth and sustainability in the future.

REFERENCES

- [1] <https://www.anekantprakashan.com/sugar-factory/chengalrayan-co-op-sugar-mills-ltd-periyasevalai-tamil-nadu/485>
- [2] <https://www.indiansugar.com/>
- [3] Dr. Janet Jyothi Dsouza et al. (2024) – Effective ALM improves liquidity, profitability, and reduces financial risks.
- [4] Sudirman Yudih & Asyraf Mustamin (2024) – Efficient asset management increases firm value and dividend performance.
- [5] Oyetayo Oluwatosin Juliana et al. (2024) – Proper asset and liability management enhances profitability and risk control.
- [6] Gregory G. Kaufinger & Chris Neuenschwander (2024) – Good governance strengthens ALM practices and risk management.
- [7] A. Manjula & Dr. R. Kavitha (2025) – Effective ALM helps maintain financial stability and minimize liquidity risks.