

A STUDY ON ACCOUNTS RECEIVABLE MANAGEMENT IN ZOHOO CORPORATION PRIVATE LIMITED

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Abstract: Effective management of accounts receivable plays a vital role in sustaining the liquidity and financial stability of any business organization. When credit sales are collected promptly, it directly strengthens working capital and supports smoother day-to-day operations. The present study evaluates the efficiency of accounts receivable management with specific reference to Zoho Corporation Private Limited. Using secondary data drawn from the company's published financial statements for the five-year period from 2020–21 to 2024–25, the research analyses key performance indicators such as the Debtors Turnover Ratio and Average Collection Period. In addition, correlation analysis was performed to determine the strength of the relationship between receivable management practices and the firm's profitability indicators. The findings reveal that prudent management of receivables has a positive and significant influence on both liquidity and overall profitability.

Keywords: Accounts Receivable Management, Debtors Turnover Ratio, Average Collection Period, Working Capital, Profitability.

1. INTRODUCTION

1.1 Introduction:

Accounts receivable management refers to the process of effectively controlling and monitoring credit sales while ensuring timely collection of payments from customers. It forms a crucial part of working capital management since it directly influences the liquidity and financial stability of a business. Whenever a firm sells goods or services on credit, the amounts due from customers are recorded as accounts receivable. Efficient management of these receivables helps organizations maintain a steady cash flow, minimize the chances of bad debts, and strengthen overall financial performance.

Companies frequently extend credit to customers with the aim of increasing sales volume and building stronger long-term relationships. However, if receivables are not managed properly, it can lead to delayed collections and create serious financial strain. For this reason, organizations must put in place clear credit policies and effective collection procedures to achieve better receivable management.

In modern companies such as Zoho Corporation Private Limited, sound receivable management has become essential for maintaining adequate liquidity and operational stability. Key indicators like the Debtors Turnover Ratio and Average Collection Period are widely used to assess collection efficiency. Against this background, the present study examines the receivable management practices of Zoho Corporation and analyses their impact on the company's financial performance.

1.2 Review of Literature:

Afrifa and Padachi (2016)¹ The study explored the relationship between various working capital components and firm performance among small and medium enterprises. The findings revealed that excessive investment in receivables tends to negatively affect profitability. However, maintaining an optimal level of receivables enables firms to strike a proper balance

between liquidity needs and sales growth. The authors emphasized the importance of formulating careful credit policies along with efficient collection practices to enhance overall performance.

Baños-Caballero, García-Teruel, and Martínez-Solano (2018)² This research examined the effect of working capital management on firm profitability by applying panel data analysis. The results revealed that prolonged collection periods for receivables are often linked to reduced profitability levels. Researchers highlighted the importance of managing receivables efficiently to maintain a healthy cash conversion cycle. Furthermore, strong control over receivables was shown to enhance overall operational performance.

Enqvist, Graham, and Nikkinen (2018)³ investigated the impact of working capital management on firm profitability across varying economic conditions. The findings highlighted that effective receivable management gains greater importance during periods of economic downturn. Firms that maintained shorter collection periods were able to achieve stronger financial performance even in challenging times. Overall, the study concluded that efficient management of receivables plays a key role in supporting both liquidity and profitability.

Aktas, Croci, and Petmezas (2015)⁴ analyzed whether efficient working capital management could enhance firm value. The results suggested that companies can significantly improve their financial performance by minimizing excess investment in receivables and optimizing credit terms. Firms adopting efficient credit policies were found to achieve better operational outcomes. Overall, the research highlighted the strategic importance of receivable management in corporate finance.

1.3 Objective of the study:

The main objective of the study is to analyze the effectiveness of accounts receivable management with special reference to Zoho Corporation Private Limited. The study aims to examine how efficiently the company manages its receivables and how it influences the financial performance of the organization.

1.4 Research Methodology:

The present study relies on secondary data drawn from the published financial statements and annual reports of Zoho Corporation Private Limited. The analysis covers a five-year period spanning from 2020–21 to 2024–25. Ratio analysis and correlation analysis were employed as key financial tools to evaluate the efficiency of accounts receivable management. Important indicators such as the Debtors Turnover Ratio and Average Collection Period were examined to assess how effectively the company collects its receivables. In addition, the study investigates the relationship between receivable management practices and the company's overall profitability.

1.4.1 Sources of Data

For the purpose of the study, the researcher mainly relied on secondary data to analyze the accounts receivable management practices of the company.

1.4.2 Secondary Data

Secondary data were collected from the annual reports and financial statements of Zoho Corporation Private Limited, company websites, research journals, books, and other published financial sources relevant to the study.

2. DATA ANALYSIS AND INTERPRETATION

TABLE I Debtors Turnover Ratio (in crores)

Year	Debtor Turnover Ratio (Times)
2020–21	5.69
2021–22	5.77
2022–23	5.92
2023–24	6.02
2024–25	6.15

Source: Company financial statements (2020–2025)

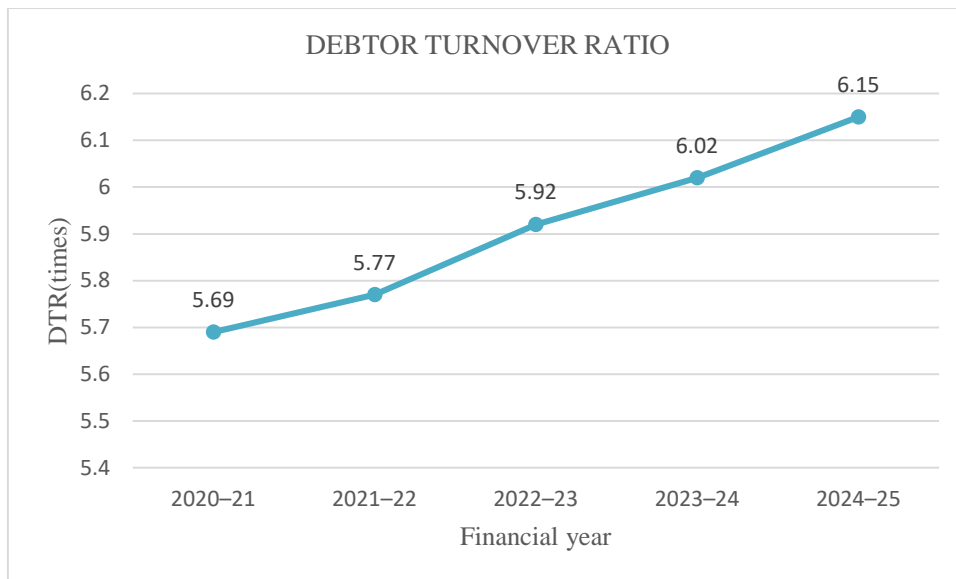


Fig.1 Trend of Debtors Turnover Ratio (2020–2025)

Interpretation

The above figure shows the trend of the Debtors Turnover Ratio of Zoho Corporation from 2020–21 to 2024–25. It can be observed that the ratio has increased steadily over the years, rising from 5.69 times in 2020–21 to 6.15 times in 2024–25. This improvement indicates that the company has become more efficient in collecting its receivables from customers. Generally, a higher Debtors Turnover Ratio reflects quicker recovery of dues and better working capital management.

TABLE II Average Collection Period

Year	Average Collection Period (Days)
2020–21	64
2021–22	63
2022–23	62
2023–24	61
2024–25	59

Source: Company financial statements (2020–2025)

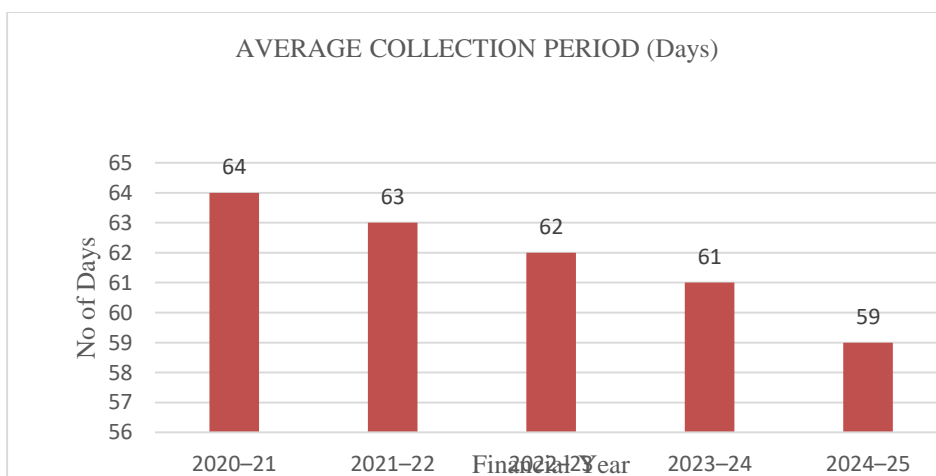


Fig.2 Average Collection Period (2020–2025)

Interpretation

The above figure shows the trend of the Average Collection Period of Zoho Corporation from 2020–21 to 2024–25. It can be seen that the collection period has gradually declined from 64 days in 2020–21 to 59 days in 2024–25. This reduction indicates that the company has improved its efficiency in recovering receivables from customers. Generally, a lower Average Collection Period reflects faster recovery of credit sales and stronger receivable management.

TABLE III Trend of Net Profit (in crores)

Year	Net Profit
2020–21	412.8
2021–22	468.25
2022–23	535.9
2023–24	612.45
2024–25	698.8

Source: Company financial statements (2020–2025)

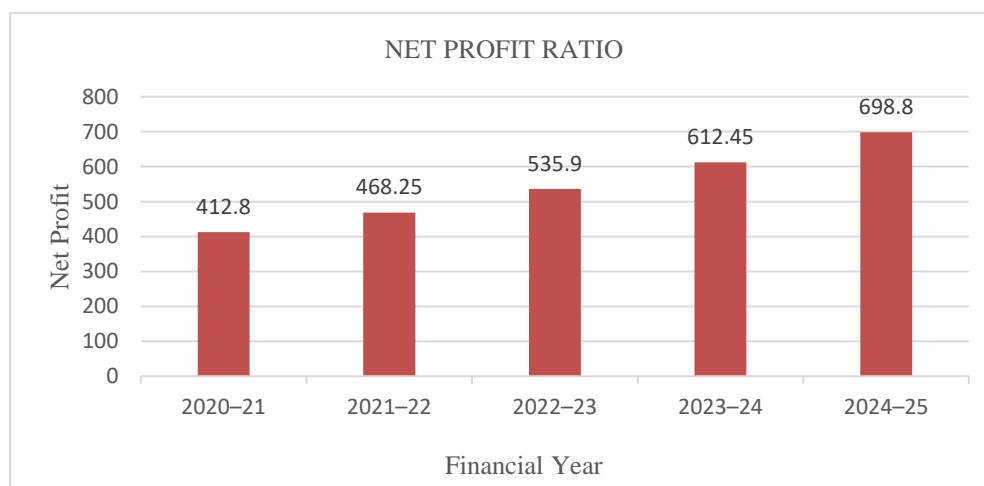


Fig. 3. Trend of Net Profit (2020–2025)

Interpretation

The above table and figure present the trend of net profit of Zoho Corporation from 2020–21 to 2024–25. As can be seen, the net profit has shown a steady increase over the five-year period, rising from ₹412.8 crores in 2020–21 to ₹698.8 crores in 2024–25. This consistent upward trend indicates continuous improvement in the company’s financial performance. The growing profitability reflects better operational efficiency and sound financial management. Overall, the company demonstrated a strong positive growth in profitability throughout the study period.

TABLE IV Correlation Between Average Collection Period and Net Profit

Year	ACP (Days)	Net Profit (₹ Cr)
2020–21	64	412.8
2021–22	63	468.25
2022–23	62	535.9
2023–24	61	612.45
2024–25	59	698.8

r = -0.99432

Source: Company financial statements (2020–2025)

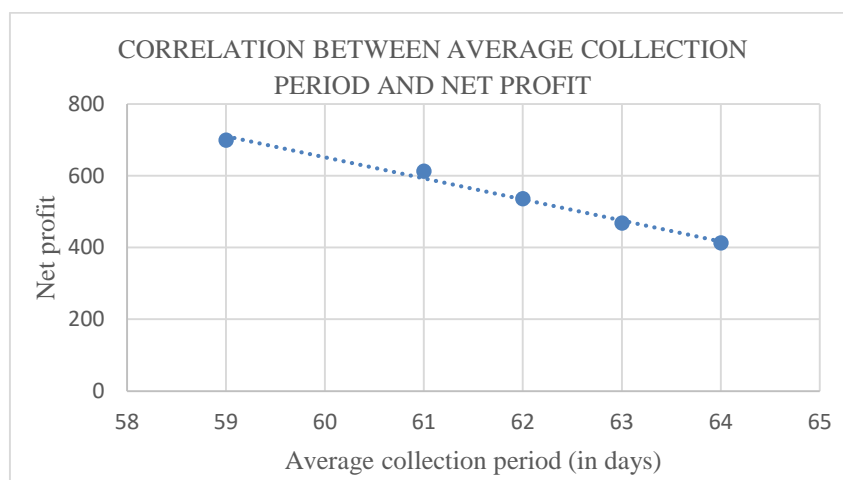


Fig. 4 Correlation Between Average Collection Period and Net Profit (2020–2025)

Interpretation

The data presented in the preceding table and figure delineate a clear inverse relationship between the Average Collection Period (ACP) and Net Profit over the five-year span from 2020–21 to 2024–25. Notably, the ACP saw a consistent contraction, moving from 64 days down to 59 days. Concurrently, Net Profits experienced a robust upward trajectory, climbing from ₹412.8 crores to ₹698.8 crores. This trend highlights a strong negative correlation ($r = -0.99432$), suggesting that as the organization tightened its credit collection cycles, profitability responded favorably. Such a high degree of correlation underscores how accelerating receivable turnovers directly bolsters both corporate liquidity and overall financial standing."

3. CONCLUSIONS

This study evaluates the efficacy of accounts receivable management strategies implemented between the fiscal years 2020–21 and 2024–25. Empirical analysis reveals a steady appreciation in the Debtors Turnover Ratio (DTR), rising from 5.69 to 6.15. This upward trend in DTR signifies a marked improvement in the efficiency of the organization's collection mechanisms. Correspondingly, the Average Collection Period (ACP) contracted from 64 days to 59 days, a shift that reflects an accelerated recovery of credit sales and suggests a tightening of receivable management protocols. Parallel to these operational gains, the company's net profit demonstrated a consistent upward trajectory, growing from ₹412.8 crores to ₹698.8 crores over the study period. Correlation analysis confirms a strong inverse relationship between the ACP and Net Profit, validating the premise that reducing collection lags directly bolsters profitability. Ultimately, these findings indicate that streamlined receivable management has been instrumental in enhancing liquidity and fiscal stability, underscoring its pivotal role in driving overall operational efficiency and financial performance.

4. RECOMMENDATIONS

Based on the empirical findings of this study, several strategic recommendations are proposed to enhance the efficacy of accounts receivable management. The company should prioritize the maintenance of robust credit monitoring frameworks to facilitate the consistent and timely collection of outstanding receivables.

The organization must also formalize comprehensive credit policies and standardized payment terms to mitigate the risk of settlement delays. Consistent oversight of the Debtors Turnover Ratio and Average Collection Period will serve as a critical early-warning system for identifying potential collection bottlenecks.

Implementing automated invoicing and digital reminder systems could significantly streamline collection workflows and minimize manual errors. Furthermore, the firm should adopt a balanced credit strategy that encourages sales expansion while effectively hedging against credit risk. Periodic audits of outstanding balances are essential to curbing the accumulation of non-performing assets and bad debts.

Enhanced cross-functional synergy between the finance and sales departments is vital for optimizing the entire receivables lifecycle. The company might also consider introducing early settlement incentives to motivate faster client payments. Simultaneously, rigorous follow-up protocols must be strictly enforced for all overdue accounts to maintain discipline.

Utilizing sophisticated receivable documentation and aging analysis will provide the granular data necessary for informed executive decision-making. Continuous refinement of these management practices will ultimately fortify the company's liquidity and solvency. On a broader scale, efficient accounts receivable management will remain a cornerstone of sustained financial performance and long-term organizational stability.

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