

A STUDY ON WORKING CAPITAL MANAGEMENT OF SAKTHI PCUBE INNOVATORS.

Submitted in partial fulfillment of the requirements for the award of
Master of Business Administration

By
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**DEPARTMENT OF BUSINESS ADMINISTRATION SCHOOL OF
MANAGEMENT STUDIES**

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE
JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600119

MAY 2023



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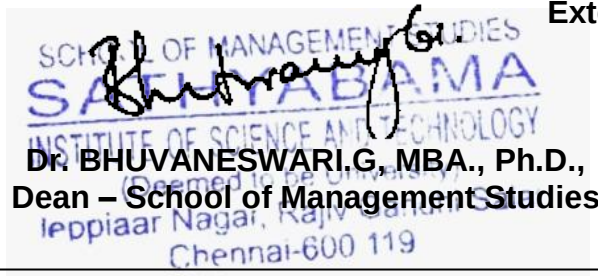
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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **LOKESWARI.A 41410184** who carried out the project entitled "**A STUDY ON WORKING CAPITAL MANAGEMENT OF SAKTHI PCUBE INNOVATORS**" under my supervision from January 2023 to March 2023.

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DECLARATION

LOKESWARI.A (41410184) hereby declare that the Project Report entitled “a study on working capital management of Sakthi Pcube Innovators” done by me under the guidance of Dr .M. SUDHA PAULIN, M.B.A., Ph.D., is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE: 05.05.2023

PLACE: CHENNAI



LOKESWARI.A

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I wish to express my thanks to my parents for their support and guidance throughout my education

LOKESWARI.A

TO WHOMSOEVER IT MAY CONCERN

We wish to confirm that **Ms. Lokeswari A** (REG NO: 41410184) **MBA – Finance and Hr**, Final Year Student of **Sathyabama Institute of Science and Technology, Chennai**, have completed the Finance project titled **“A STUDY ON WORKING CAPITAL MANAGEMENT OF SAKTHI PCUBE INNOVATORS”** in our company on **09.04.2023**.

We wish the student a successful career ahead.



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ABSTRACT

The study on working capital management of Construction industry has been a very good experience. Every Construction company faces the problem of working capital management in their day to day process. An organizations cost can be reduced and its profit can be increased only if it's able to manage working capital efficiently. At the same time the company can provide customer satisfaction and hence provide their overall productivity and profitability.

The study is mainly based on the secondary data. Ratios and statement of changes in working capital are the tools used for the study. The interpretations are summarized and suggestions are provided based on it. By adopting various calculation and analysis and then making interpretation with the solution of specific problem I put my efforts in giving appropriate suggestion to the company.

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CHAPTER-I

1.1 INTRODUCTION

Any firm, from time to time, employs its short-term assets as well as short-term financing sources to carry out its day to day business. It is this management of such assets as well as liabilities which is described as working capital management. Working capital management is a quintessential part of financial management as a subject. It can also be compared with long-term decision-making the process as both of the domains deal with the analysis of risk and profitability.

Definition of Working Capital

Working capital is formally arrived at by subtracting the current liabilities from current assets of a firm on the day the balance sheet is drawn up. Working capital is also represented by a firm's net investment in current assets necessary to support its everyday business. Working capital frequently changes its form and is sometimes also referred to as circulating capital.

Types of working capital

Working capital, as mentioned above, can take different forms. For example, it can take the form of cash and then change to inventories and/or receivables and back to cash.

- **Gross and Net Working Capital:** The total of current assets is known as gross working capital whereas the difference between the current assets and current liabilities is known as the net working capital.
- **Permanent Working Capital:** This type of working capital is the minimum amount of working capital that must always remain invested. In all cases, some amount of cash, stock and/or account receivables are always locked in. These assets are necessary for the firm to carry out its day to day business. Such funds are drawn from long term sources and are necessary for running and existence of the business.

- **Variable Working Capital:** Working capital requirements of a business firm might increase or decrease from time to time due to various factors. Such variable funds are drawn from short-term sources and are referred to as variable working capital.

Objectives of working capital management

The main objectives of working capital management are:

- Maintaining the working capital operating cycle and to ensure its smooth operation.
- Mitigating the cost of capital.
- Maximizing the return on current asset investments.

THE WORKING CAPITAL CYCLE

The working capital cycle refers to the minimum amount of time which is required to convert net current assets and net current liabilities into cash. From a more simplistic viewpoint, working capital cycle is the amount of time between the payment for goods supplied and the final receipt of cash accumulated from the sale of the same goods. There are mainly the following elements of which the working capital cycle is comprised of:

Cash

The cash refers to the funds available for the purchase of goods. Maintaining a healthy level of liquidity with some buffer is always a best practice. It is extremely important to maintain a reserve fund which can be utilized when:

- There is a shortage of cash inflow for some reason. In the absence of reserve cash, the day to day business will get hampered.
- Some new opportunity springs up. In such a case, the absence of reserve cash will pose a hindrance.

- In case of any contingency, absence of a reserve fund can cripple the company and poses a threat to the solvency of the firm.

Creditors and Debtors

- The creditors refer to the accounts payable. It refers to the amount that has to be paid to suppliers for the purchase of goods and /or services.
- Debtors refer to the accounts receivables. It refers to the amount that is collected for providing goods and/or services.

Inventory

Inventory refers to the stock in hand. Inventories are an integral component of working capital and careful planning, and proper investment is necessary to maintain the inventory in a healthy state of affairs. Management of inventory has two aspects and involves a trade-off between cost and risk factors. Maintaining a sizable inventory has its accompanying costs that include locking of funds, increased maintenance and documentation cost and increased cost of storage. Apart from these things, there is also a chance of damage to the stored goods. On the other hand, maintaining a small inventory can disrupt the business lifecycle and can have serious impacts on the delivery schedule. As a result, it is extremely important to maintain the inventory at optimum levels which can be arrived at after careful analysis and a bit of experimentation.

APPROACHES TO WORKING CAPITAL MANAGEMENT

The short-term interest rates are, in most cases, cheaper compared to their long-term counterparts. This is due to the amount of premium which is higher for short term loans. As a result, financing the working capital from long-term sources means more cost. However, the risk factor is higher in case of short term finances. In case of short-term sources, fluctuations in refinancing rates are a major cause for concern, and they pose a major threat to business.

There are mainly three strategies that can be employed in order to manage the working capital. Each of these strategies takes into consideration the risk and profitability factors and has its share of pros and cons. The three strategies are:

- **The Conservative Approach:** As the name suggests, the conservative strategy involves low risk and low profitability. In this strategy, apart from the permanent working capital, the variable working capital is also financed from the long-term sources. This means an increased cost capital. However, it also means that the risks of interest rate fluctuations are significantly lower.
- **The Aggressive Approach:** The main goal of this strategy is to maximize profits while taking higher risks. In this approach, the entire variable working capital, some parts or the entire permanent working capital and sometimes the fixed assets are funded from short-term sources. This results in significantly higher risks. The cost capital is significantly decreased in this approach that maximizes the profit.
- **The Moderate or the Hedging Approach:** This approach involves moderate risks along with moderate profitability. In this approach, the fixed assets and the permanent working capital are financed from long-term sources whereas the variable working capital is sourced from the short-term sources.

1.2 INDUSTRY PROFILE

Introduction

At SAKTHI PCUBE INNOVATORS, we specialize in residential and commercial projects. Our verticals of construction include individual, duplex, and commercial buildings. Our signature commercial projects include NSM Residencies for Deluxe Hardware's, Chennai, TPS Villa for Thanapushpam Steels Company and VN Complex in Tambaram, Chennai for VN Hospitals Market Size

Sakthi pcube innovators have always served the clients with utmost perfection through the experiences and expertise. We have reached excellence in terms of satisfying clients' needs and meeting their level of expectations.

From the smallest recreation of your space to the most extensive renovation and construction, Bricks Construction and Interiors, offers the very best services with a proven record of excellence. We create strong foundations in every project we build upon, so there is no compromise on quality and perfection. Through a process of mind mapping and pre-planning, we strive to understand your needs and then apply our experience to meet your expectations.

Sakthi pcube innovators in Chennai are a reliable name in the industry as they aim to deliver the best experience to their customers. This has helped them build up a loyal customer base. They started their journey in and ever since, they have ensured that the customer remains at the centre of their business operations and priority. As they are located in a favorable neighborhood, exactly at No:12/9, Ezhumalai street, Muthulingam St, Tambaram West, Chennai, Tamil Nadu 600045, it is easy to locate Bricks Construction and Interior on the map.

Their Projects:



INTERIOR



EXTERIOR

COMPANY PROFILE

SAKTHI P CUBE INNOVATORS, preowned by P CUBE CREATIONS LLP, is a brand with over an experience of 50+ years of focusing on enhancing & beautifying the Standard of Living in the modern world of infrastructure, delivering a feeling of “Building your dream home with your own hands.”

At SAKTHI PCUBE INNOVATORS, strive to serve you a one-stop solution to all your housing needs, from contracting, layout, and landscaping to interior and exterior designing. With our vast range of expertise and industrial experience, we assure to deliver exemplary services to all our customers at all times

They endeavor to deliver on strategic solutions that enhance business growth in alignment with the business objectives. They propose a blend of traditionally successful as well as innovative ways to achieve growth and steps to implement business strategy. IT and strategy solutions include suggestions to reduce costs by optimizing resource use and outsourcing non-core processes.

Our Vision

To be a pioneer and leader in the construction and interior design industry, and upgrade the lifestyle of customers with our innovative and economical solutions.

Our Mission

To provide first-class comprehensive solutions to our customers' all housing needs starting from the first phase of construction to the last phase of interior designing.

Our Core Values

We, at Sakthi PCube Innovators, give utmost priority to customer satisfaction. We endeavour to innovate and deliver top-notch solutions to our customers to turn their housing dreams into reality. Our company emphasises adopting the latest technology, machinery, and work practices to provide the best quality and most cost-efficient solutions to our clients.

We aim to upgrade the standard of living of our clients, with our unmatched work focused on quality, safety, and sustainability. We follow the finest business

practices and work processes to ensure supreme quality and high safety standards in all our projects. We adopt only safe and secure procedures for all our project executions.

Sustainability is an integral part of our work processes and business practices. From the first step of construction to the final step of interior design, we pledge to build responsible and sustainable infrastructure.

Quality: Sakthi PCube Innovators are dedicated to achieving the highest levels of quality in everything they do to delight customers, internal & external, every time.

Respect for the Individual: Sakthi PCube Innovators uphold the self esteem and dignity of each other by creating an open culture conducive for expression of views and ideas irrespective of hierarchy.

Innovation & Continuous Learning: Sakthi PCube Innovators create an environment of innovation and learning that fosters, in each one of us, a desire to excel and willingness to experiment.

Collaboration & Teamwork: Sakthi PCube Innovators seek opportunities to build relationships and leverage knowledge, expertise and resources to create greater value across functions, businesses and locations.

Harmony & Social Responsibility: Sakthi PCube Innovators take utmost care to protect the natural environment and serve the communities in which they live and work. Their business practices are guided by the highest ethical standards of truth, integrity and transparency.

Welfare Measures

At Sakthi PCube Innovators, the safety, health and physical well being of people represent an important driver of its sustainability. It guarantees an environment in which the intellectual capital is adequately protected at all times, serving as an inducement for others to join. This sets into motion a virtuous cycle of insight retention, driving sustainability in the process. This safety aspect has been captured in the incidence and frequency rates comprising a part of the Safety, Health and Environment report. As a forward-looking organization, they are also encouraging the reporting of near misses with a view to eliminate the root causes of accidents, representing the base of the safety pyramid. They have also implemented an internal guideline for contractor safety, a training manual for contract workers covering job safety, tool inspection and other initiatives.

OBJECTIVES OF THE STUDY

➤ PRIMARY OBJECTIVE

A study on growth of working capital management in Sakthi Pcube innovator

➤ **SECONDARY OBJECTIVES**

- To evaluate efficiency in managing working capital.
- To estimate the working capital requirements.
- To know about the practices in current asset and current liability.
- To identify the issues related with the working capital management
- To determine the structure and effective utilization of working capital.

NEED FOR THE STUDY

The study furnishes the management of idea about the performance of working capital of the company. Management of working capital refers to management of current assets, current liabilities and relationship between them. The basic goal of working capital is to maintain the satisfactory level of working capital. A sound working capital policy ensures higher profitability and proper liquidity of a firm. Every business needs funds for two purposes: for its establishment and to carry out its day to day operations. Working capital is quite essential for the working of any business.

SCOPE OF THE STUDY

- ⇒ The scope of the study defined below in terms of concept adopted and period under focus.
- ⇒ The study based on annual report of the company for five years
- ⇒ The whole purpose of the project is to analyze the past and present performance of the company on various financial area like cash, inventories and receivables.
- ⇒ Past performance data essential for predicting future planning process.

LIMITATIONS OF THE STUDY

- ♣ Since the study mostly on secondary data related to the selected unit, any generalization requires an in depth analysis.
- ♣ The study as contained a period of 5 years (2019-2023)
- ♣ The projections based on assumptions on present business environment.

CHAPTER-II

2. REVIEW OF LITERATURE

Research work in working capital management gives us an outstanding view about the exploration of the topic in different dimensions by different authors. The authors have emphasized that working capital management has to be effectively utilized for generating fund from sales. They have examined the effectiveness of working capital management in different aspects.

- **Mohammad Neab and Noriza BMS (2017)** worked on creating the relationship between Working Capital Management (WCM) and performance of firms. For their analysis they chose the Malaysian listed companies. They administered the perspective of market valuation and profitability. They used total of 172 listed companies from the databases of Bloomberg. They randomly selected five year data (2004-2008). This research likewise the researches quoted before studied the impact of the dimensions of working capital component i.e. C.C.C., current ratio (C.R.), current asset to total asset ratio (C.A.T.A.R), current liabilities to total asset ratio (C.L.T.A.R.), and debt to asset ratio (D.T.A.R.) in effect to the firm's performance whereby firm's value dimension was taken as Tobin Q (T.Q.).

- **Dong (2017)** reported that the firms' profitability and liquidity are affected by working capital management in his analysis. Pooled data are selected for carrying out the research for the era of 2007-2015 for assessing the companies listed in stock market of Vietnam. He focused on the variables that include profitability, conversion cycle and its related elements and the relationship that exists between them. From his research it was found that the relationships among these variables are strongly negative. This denotes that decrease in the profitability occurs due to increase in cash conversion cycle. It is also found that if the number of days of account receivable and inventories are diminished then

the profitability will increase numbers of days of accounts receivable and inventories.

- **Saswata Chatterjee (2017)** focused on the importance of the fixed and current assets in the successful running of any organization. He poses direct impacts on the profitability liquidity. There have been a phenomenon observed in the business that most of the companies increase the margin for the profits and losses because this act shrinks the size of working capital relative to sales. But if the companies want to increase or improve its liquidity, organization has to lower down its sales and hence the profitability will be affected due to this action. For this purpose 30 United Kingdom based companies were selected which were listed in the London Stock exchange. The data were taken of three years 2007-2015. He analyzed the impact of the working capital on the profitability. The dimensions of working capital management included in this research which is quick ratios, current ratios C.C.C, average days of payment, Inventory turnover, and A.C.P (average collection period. on the net operating profitability of the UK companies.
- **Adina Elena Danuletiu (2010)**, the purpose of this study to analyze the efficiency of working capital management of companies or firms or industries from Alba country, The researcher also study the relation between the efficiency of the working capital management and profitability. The conclusion of the study says that there is a negative relationship between working capital management and profitability.
- **Akinwande (2010)**, in his text explained about the working capital management and its impact in liquidity, investment portfolio, and profitability, all above three factors are decisive in the growth or failure of business. Hence good performance of working capital management affects these decisive factors in favor of small scale industries and helps in development of growth and success of the business. His work is mainly on the theory that efficient management of working capital is very crucial for business survival. If you too much attention

towards working capital management this also not give you positive result, researcher work evaluated on various working capital management strategies and their effective application by small medium enterprises. Most small business do not managed their short term finance or fund effectively.

- According to **Anusha Agrawal (2011)**, The Working Capital Management approach to liquidity management has long been the prominent technique to plan and control liquidity. Efficient liquidity profitability management involves planning and controlling current assets and current liabilities in such a manner that eliminates the risk of the inability to meet due inability to meet due short term obligation on the one hand and avoids excessive investment in these assets on the other. The Working Capital includes all the items shown on a company's balance sheet as short term or current assets while net working capital excludes current liabilities this research paper measures the profitability liquidity and risk trade

- **Ashok Sharma and Kumar (2011)**, the main aim of this article is to examine the effect of Working Capital on profitability of Indian firms. The finding of researcher shows significantly depart from the various international markets. The result show that Working Capital & Management and profitability in positively correlated in Indian companies Research also shows that the inventory of number of day and number of days account. Payment is negativelywhereas number of days accounts receivable and cash conversion period a positive relationship with corporate profitability

- **David Mathuva (2010)**, the study focuses the impact of Working Capital Management components of corporate profitability. There exists a highly significant negative relationship between the times taken by the firms to collectcash from their costumers secondly there exists a highly significance positive relationship between the period taken to convert inventories into sales.

- **Islam Uddin khan (2011)**, Liquidity management of crucial importance in financial management decision, the optimal of liquidity management could be achieved by company that manages the trade-off between profitability and liquidity management. A descriptive statistic discloses that liquidity and solvency position is very satisfactory and relatively efficient liquidity management is found. Multiple regression tests confirm association between the liquidity management and profitability. Working Capital always being ignored financial decision making since it involves investment and financial in short term period.

- **Jaiswal Vikas Kumar and Pandey, Shishir (2011)**, The research also makes an attempt to study the correlation between liquidity and profitability of NALCO. Study is based on totally secondary data and period covered for the study between 1995 to 2008. Management of Working Capital is essential; it has direct impact on profitability and liquidity. An attempt has been made in this paper to study Working Capital components and impact of Working Capital Management on profitability.

- **Jayshri Kadam (2011)**, Small Scale Industries encompass a vast scope covering manufacturing, servicing, financing, construction, infrastructure etc. Small Scale Industries is an importance for economic growth in any country. It is more significant to developing country like India. It contributes its increasing share to be national production, employment and export. Small Scale Industries is also infected by the problems of raw materials, finance, marketing, underutilization of capacity and ignorance of management of working capital. Lack of finance has driven many small business units into bankruptcy.

- **Mathur and Suraj Narain (2010)**, the researcher aims to relate to the working capital management even though Working Capital is an important ingredient in smooth functioning of business entities. It has not attracted much attention of scholars. They have also conducted studies on various aspects of Working capital.

- **Mohamad Alipur (2011)**, the main objective of the researcher is studying the relationship between Working Capital Management and profitability cash conversion cycle is one of the important measuring tools to calculate the efficiency of Working Capital Management. The time take by research was 2001-2006 there is significance relation between Working Capital Management has great effect on the profitability of the companies.

- **Mohammad Talha (2010)**, Working Capital Management almost determines the ability of a firm to earn profit efficiency with which a firm handles working capital ensures prosperity while neglect would spell dangers for the very survivals of the firm. The study focuses on the impact of working capital management on profitability of selected Indian corporate hospital. The result of regression analysis point out that the current ratio, Cash turnover 13 ratio, proportion of current ratio to operating income and leverage have a negative influence on profitability while current ratio has the least direct effect.

- **Sayeda Talmina Quayyum (2011)**, this study is an attempt to investigate, If there is any relationship between Working Capital Management and profitability of manufacturing corporations. The purpose of this there is to figure out if there is statically significant relationship the profitability and Working Capital Management and researcher also explained management taking active part to maximum their liquidity and profitability and various Working Capital Components. This paper also shows that the significance level of relationship differ firm industry to industry.

- **Sari Vishan Milla Prittila and Timo karri (2011)**, Working Capital Management an essential element in short-term financing and cash flows. Old research also shows the impact of working capital management on relative profitability of a company. Present paper study the effect of the management of working capital

components like inventories, accounts receivables and accounts and accountspayable on profitability in the content of the value chain, result shows that thereis positive relation between components of working capital and profitability of the firm.

- **Sanjiv Mittal, Mohinder Kumar and Bhavet (2011)** a strong significant relationship between working capital and profitability has been found in previous research work. Best uses of working capital management in small scale industryincreased the liquidity, profitability, and operational efficiency. It indicates that working capital management is of particular importance to the small businessman.

- **Sari Vishan Milla Prittila and Timo karri (2011)**, Working Capital Management an essential element in short-term financing and cash flows. Old research also shows the impact of working capital management on relative profitability of a company. Present paper study the effect of the management of working capital components like inventories, accounts receivables and accounts and accountspayable on profitability in the content of the value chain, result shows that there is positive relation between components of working capital and profitability of the firm.

CHAPTER-III

3. RESEARCH METHODOLOGY

Research is the systematic process of collecting and analyzing data in order to increase our understanding of the phenomenon about which we are concerned or interested. It is the in-depth search for knowledge. It is a careful investigation or inquiry especially through search for new facts in any branch of knowledge. The study exhibits both descriptive and analytical character. Regarding the theoretical concept it is descriptive since it interprets and analysis the secondary data in order to arrive at appropriate conclusion, it is also analytical in character. The interpretation of data is done based on ratio and percentage.

RESEARCH DESIGN

Research Design is the strategy for the study and the plan by which the strategy is to be carried out. It is the set of decisions that make up the master plan specifying the methods and procedures for the collection, measurement and analysis of data.

Research has used descriptive research. Descriptive studies are fact finding investigation with adequate interpretation. It focuses on particular aspects of in the study. It is designed to gather descriptive information and provides information for formulating more sophisticated studies.

DATA SOURCE

Types of data collection:

- Primary Data Collection Technique
- Secondary Data Collection Technique

SECONDARY DATA

Secondary data's has been obtained from published reports like the annual reports of the company, balance sheets, and profit and loss account, booklets, records such as files, reports maintained by the company. Mainly the annual report consists of two parts;

- 1) Profit and Loss Account
- 2) Balance Sheet Profit and loss account reveals the income and expenditure of the company. Balance Sheet reveals the financial position of the organization. Those two statements are prepared by the highly qualified and experts with the help of available information or data.

TOOLS USED FOR ANALYSIS:

- ❖ Working capital finance
- ❖ Liquidity Ratios
- ❖ Turnover Ratios
- ❖ Profitability Ratios
- ❖ Solvency Ratios.

1) LIQUIDITY RATIOS

The importance of adequate liquidity in the sense of the ability of a firm to meet current/short-term obligations when they become due for payment can hardly be overstressed. In fact, liquidity is a prerequisite for the very survival of a firm. The short-term creditors of the firm are interested in the short-term solvency or liquidity of a firm. The short-term creditors of the firm are interested in the short-term solvency or liquidity of a firm. But liquidity implies from the viewpoint of utilization of the funds of the firm that funds are idle or they earn very little.

CURRENT RATIO

The current ratio is the ratio of total current assets to total current liabilities. It is calculated by dividing current assets by current liabilities:

$$\text{CURRENT RATIO} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$$

The current assets of a firm, as already stated, represent those assets which can be, in the ordinary course of business, converted into cash within a short period of time, normally not exceeding one year and include cash and bank balances, marketable securities, inventory of raw materials, semi-finished (work-in-progress) and finished goods, debtors net of provision for bad and doubtful debts, bills receivable and prepaid expenses.

QUICK RATIO

The acid-test ratio is the ratio between quick assets and current liabilities and is calculated by dividing the quick assets by the current liabilities.

$$\text{QUICK RATIO} = \frac{\text{QUICK ASSETS}}{\text{CURRENT LIABILITIES}}$$

The term quick assets refers to current assets which can be converted into cash immediately or at a short notice without diminution of value. Included in this category of current assets are (i) cash and bank balance; (ii) short-term marketable securities and (iii) debtors/receivables.

ABSOLUTE LIQUID RATIO:

Absolute liquid ratio is also called as cash position ratio (or) overdue liability Ratio. This ratio established the relationship between the absolute liquid assets and current absolute liquid assets include cash in hand, cash at bank and marketable securities or temporary investments. If the ratio is considerably more than one, the absolute liquid ratio represents enough funds in the form of cash to meet its short term.

$$\text{ABSOLUTE LIQUID RATIO} = \frac{\text{ABSOLUTE LIQUID ASSETS}}{\text{CURRENT LIABILITIES}}$$

2) TURNOVER RATIOS

A measure of the number of times a company's inventory is replaced during a given time period. Turnover ratio is calculated as cost of goods sold divided by average inventory during the time period. A high turnover ratio is sign that the company is producing and selling its goods or services very quickly.

AVERAGE COLLECTION PERIOD:

In order t know the rate at which cash is generated by turnover of receivables, the debtors turnover ratio is supplemented by another ratio viz., average collection period. The average collection period states unambiguously the number of days' average credit sales tied up in the amount owed by the buyers. The ratio indicates the extent to which the debts have been collected in time. In other words, it gives the average collection period. Prompt collection of book debts will release such funds which may, then, put to some other use. The ratio may be calculate by

$$\text{AVERAGE COLLECTION PERIOD} = \frac{360 \text{ DAYS}}{\text{DEBTOR'S TURNOVER RATIO}}$$

INVENTORY TURNOVER RATIO

This ratio indicates the number of times inventory is replaced during the year. It measures the relationship between the cost of goods sold and the inventory level. The ratio can be computed in

$$\text{INVENTORY TURNOVER RATIO} = \frac{\text{COST OF GOODS SOLD}}{\text{AVERAGE INVENTORY}}$$

The average inventory figure may be of two types. In the first place, it may be the monthly inventory average. The monthly average can be found by adding the opening inventory of each month from, in case of the accounting year being a calendaryear, January through January an dividing the total by thirteen. If the firm's accounting year is other than a calendar year, say a financial year, (April and March), the average level of inventory can be computed by adding the opening inventory of each month

from April through April and dividing the total by thirteen. This approach has the advantage of being free from bias as it smoothens out the fluctuations in inventory level at different periods.

WORKING CAPITAL TURNOVER RATIO

This ratio, should the number of times the working capital results in sales. In other words, this ratio indicates the efficiency or otherwise in the utilization of short term funds in making sales. Working capital means the excess of current over the current liabilities. In fact, in the short run, it is the current liabilities which play a major role. A careful handling of the short term assets and funds will mean a reduction in the amount of capital employed, thereby improving turnover. The following formula is used to measure this ratio:

$$\text{WORKING CAPITAL TURNOVER RATIO} = \frac{\text{SALES}}{\text{NET WORKING CAPITAL}}$$

FIXED ASSETS TURNOVER RATIO

As the organization employs capital on fixed assets for the purpose of equipping itself with the required manufacturing facilities to produce goods and services which are saleable to the customers to earn revenue, it is necessary to measure the degree of success achieved in this bearing. This ratio expresses the relationship between cost of goods sold or sales and fixed assets. The following is used for measurement of the ratio.

$$\text{FIXED ASSETS TURNOVER} = \frac{\text{SALES}}{\text{NET FIXED ASSETS}}$$

In computing fixed assets turnover ratio, fixed assets are generally taken at written down value at the end of the year.

2) PROFITABILITY RATIOS

The main object of a business concern is to earn profit. A company should earn profits to survive and to grow over a long period. The operating efficiency of a business concern is ultimately adjudged by the profits earned by it. Profitability should

distinguish from profits. Profits refer to the absolute quantum of profit, In other words, an ability to earn the maximum from the maximum use of available resources by the business concern is known as profitability. Profitability reflects the final result of a business operation.

GROSS PROFIT MARGIN

The gross profit margin is also known as gross margin. It is calculated by dividing gross profit by sales. Thus,

$$\text{GROSS PROFIT MARGIN} = \frac{\text{GROSS PROFIT}}{\text{SALES}} \times 100$$

Gross profit is the result of the relationship between prices, sales volume and cost. A change in the gross margin can be brought about by changes in any of these factors. The gross margin represents the limit beyond which fall in sales price are outside the tolerance limit. Further, the gross profit ratio/margin can also be used in determining the extent of loss caused by theft, spoilage, damage, and so on in the case of those firms which follow the policy of fixed gross profit margin in pricing their products.

NET PROFIT MARGIN

It is also known as net margin. This measures the relationship between net profits and sales of a firm.

$$\text{NET PROFIT MARGIN} = \frac{\text{EARNINGS AFTER INTEREST AND TAXES}}{\text{NET SALES}} \times 100$$

A high net profit margin would ensure adequate return to the owners as well as enable a firm to withstand adverse economic conditions when selling price is declining, cost of production is rising and demand for the product is falling.

The profit margin should, therefore, be evaluated in relation to the turnover ratio. In other words, the overall rate of return is the product of the net profit margin and the investment turnover ratio. Similarly, the gross profit margin and the net profit margin should be jointly evaluated.

RETURN ON INVESTMENT

The basic objective of making investments in any business is to obtain satisfactory return on capital invested. The nature of this return will be influenced by factors such as, the type of the industry, the risk involved, the risk of inflation, the comparative rate of return on gilt-edged securities and fluctuations in external economic conditions. The return on “capital employed” may be based on gross capital employed or net capital employed. The formula for this ratio may be written as follows.

$$\text{RETURN ON INVESTMENT} = \frac{\text{OPERATING PROFIT}}{\text{CAPITAL EMPLOYED}}$$

RETURN ON EQUITY (ROE)

This is also known as return on net worth or return on proprietors' fund. The preference shareholders get the dividend on their holdings at a fixed rate and before dividend to equity shareholders, the real risk remains with the equity shareholders. Moreover, they are the owners of total profits earned by the firms after paying dividend on preference shares. Therefore this ratio attempts to measure the firm's profitability in terms of return to equity shareholders. This ratio is calculated by dividing the profit after taxes and preference dividend by the equity capital. Thus

$$\text{DIVIDEND RETURN ON EQUITY} = \frac{\text{NET PROFIT AFTER TAXES AND PREFERENCE}}{\text{EQUITY CAPITAL}}$$

RETURN ON TOTAL ASSETS

This ratio is also known as the profit-to-assets ratio. This ratio establishes the relationship between net profits and assets. As these two terms have conceptual differences, the ratio may be calculated taking the meaning of the terms according to the purpose and intent of analysis. Usually, the following formula is used to determine the return on total assets ratio.

$$\text{NET PROFIT AFTER TAXES AND INTEREST} = \frac{\text{RETURN O TOTAL ASSESTS}}{\text{TOTAL_ASSETS}} * 100$$

3) SOLVENCY RATIO:

Solvency ratio measures financial soundness of business and how well the company can satisfy its short, and long term obligations. D&B uses six key financial business ratios to measure company's solvency.

DEBT TO EQUITY RATIO

The relationship between borrowed funds and owner's capital is a popular measure of the long-term financial solvency of a firm. The relationship is shown by the debt-equity ratios. This ratio reflects the relative claims of creditors and shareholders against the assets of the firm. The relationship between outsiders' claims and owner's capital can be shown in different ways and, accordingly, there are many variants of the debt-equity ratio.

$$\text{DEBT TO EQUITY RATIO} = \frac{\text{TOTAL DEBT}}{\text{TOTAL EQUITY}}$$

CURRENT LIABILITIES TO INVENTORY RATIO:

This ratio shows, as a percentage the reliance on available inventory for payment of debt (how much a company relies on funds from disposal of unsold inventories to meet its current debt.)

This ratio is calculated using the following formula

$\text{CURRENT LIABILITIE S TO INVENTORY RATIO} = \frac{\text{CURRENT LIABILITIES}}{\text{INVENTORY}}$
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CHAPTER-IV

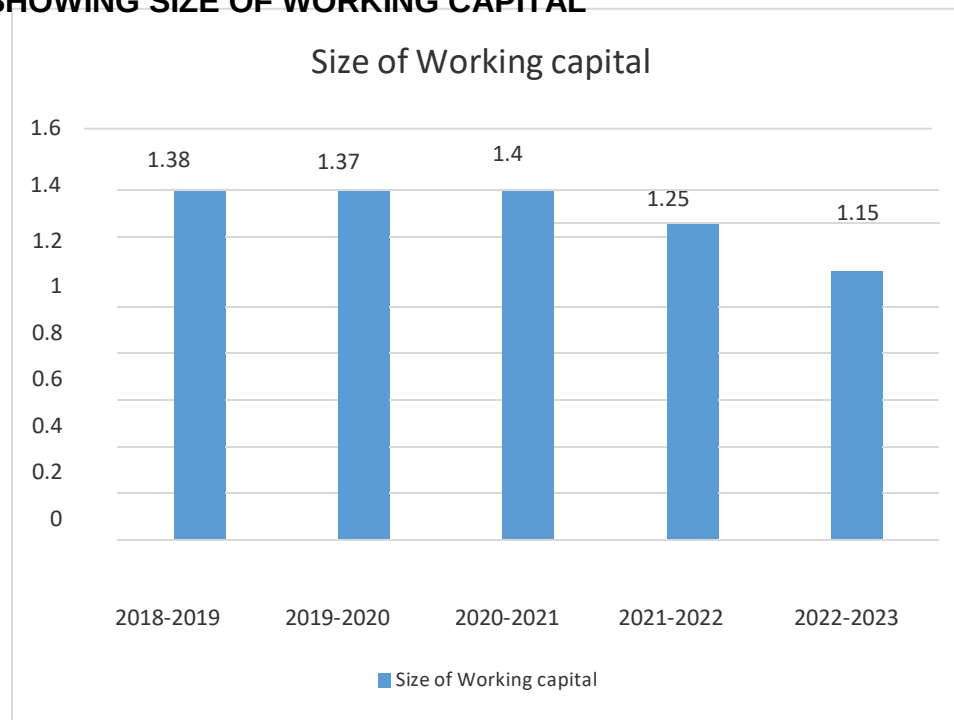
4. ANALYSIS AND INTERPRETATION

4.1 TABLE SHOWING SIZE OF WORKING CAPITAL

Year	Amount
2018-2019	1.38
2019-2020	1.37
2020-2021	1.40
2021-2022	1.25
2022-2023	1.15
AVERAGE	0.28

(Source: Secondary data)

CHART SHOWING SIZE OF WORKING CAPITAL



INTERPRETATION:

From the above chart shows working capital of the company has considerably increased from (2020-2021) 1.408450704. The average working capital over the study period amount to (Rs in lakhs) 0.263292399

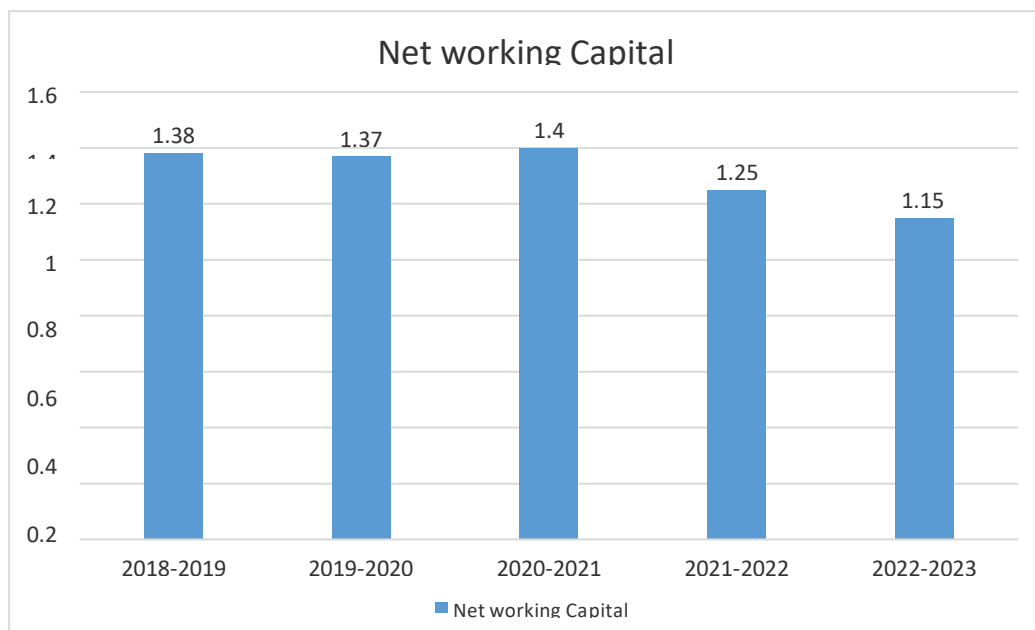
GROWTH OF WORKING CAPITAL

4.2TABLE SHOWING PERCENTAGE GROWTH OF WORKING CAPITAL

Percentage Growth of Working Capital				
Rs.Lakhs				
Year	Current Assets	Current Liabilities	Net working Capital	Growth %
2018-2019	151	109	1.38	100
2019-2020	147	107	1.37	99.17
2020-2021	134	95.14	1.40	102.51
2021-2022	109.08	86.78	1.25	89.24
2022-2023	102.83	88.82	1.15	92.10

(Source: Secondary data)

CHART SHOWING PERCENTAGE GROWTH OF WORKING CAPITAL



INTERPRETATION

The chart shows working capital represents the relationship between the current assets and current liabilities. From the above chart there is a continuous growth in working capital. This indicates that there are enough current assets in relation to current liabilities.

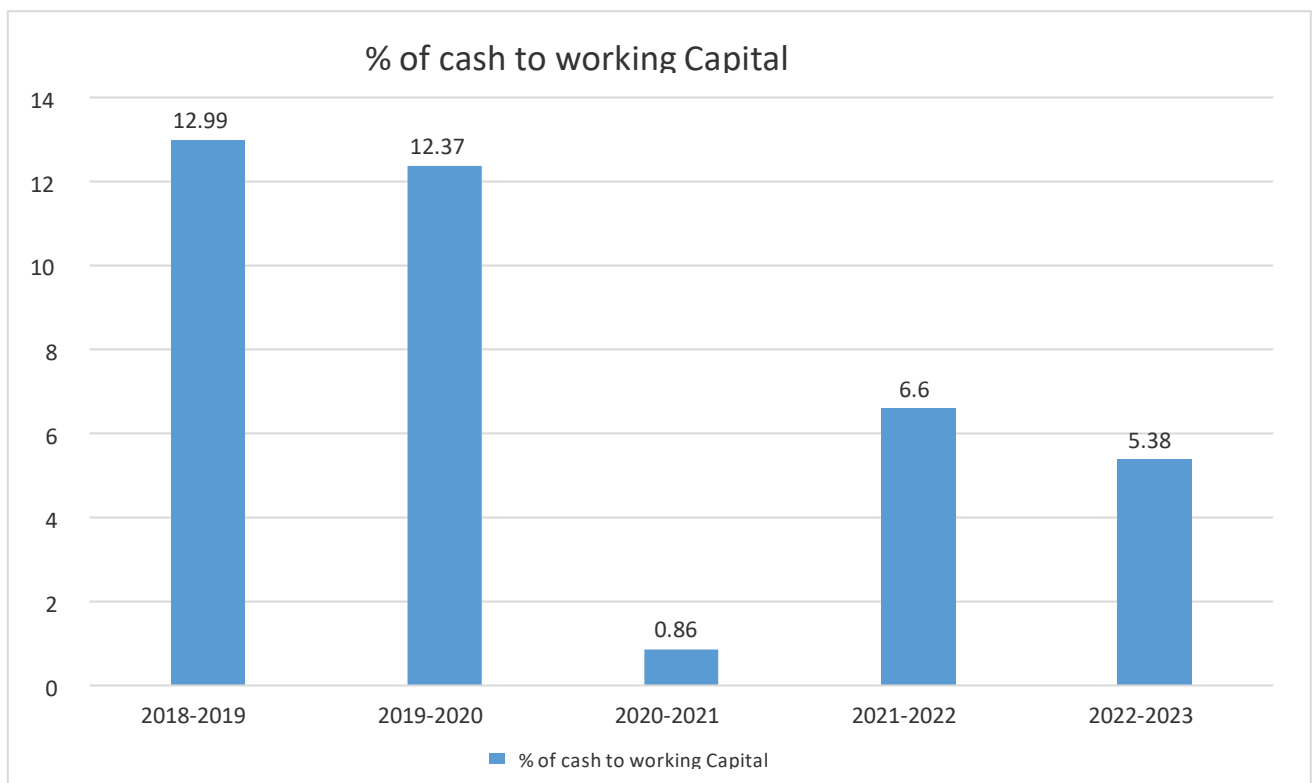
CASH TO WORKING CAPITAL

4.3 TABLE SHOWING PERCENTAGE OF CASH TO WORKING CAPITAL

Percentage of cash to Working Capital			
Rs.Lakhs			
Year	Current Assets	WorkingCapital	% of cash to working Capital
2018-2019	18	1.38	12.99
2019-2020	17	1.37	12.37
2020-2021	1.22	1.40	0.86
2021-2022	8.3	1.25	6.60
2022-2023	6.24	1.15	5.38

(Source: Secondary data)

CHART SHOWING PERCENTAGE OF CASH TO WORKING CAPITAL



INTERPRETATION:

From the above chart it can be seen that the percentage of cash and bank balance to working capital was 12.99% in the year 2018-2019, but it is decreasing to 0.8% during 2020-2021. Then it is settled around 5.3% this is because of more fluctuation in cash and bank balance.

LIQUIDITY RATIOS:

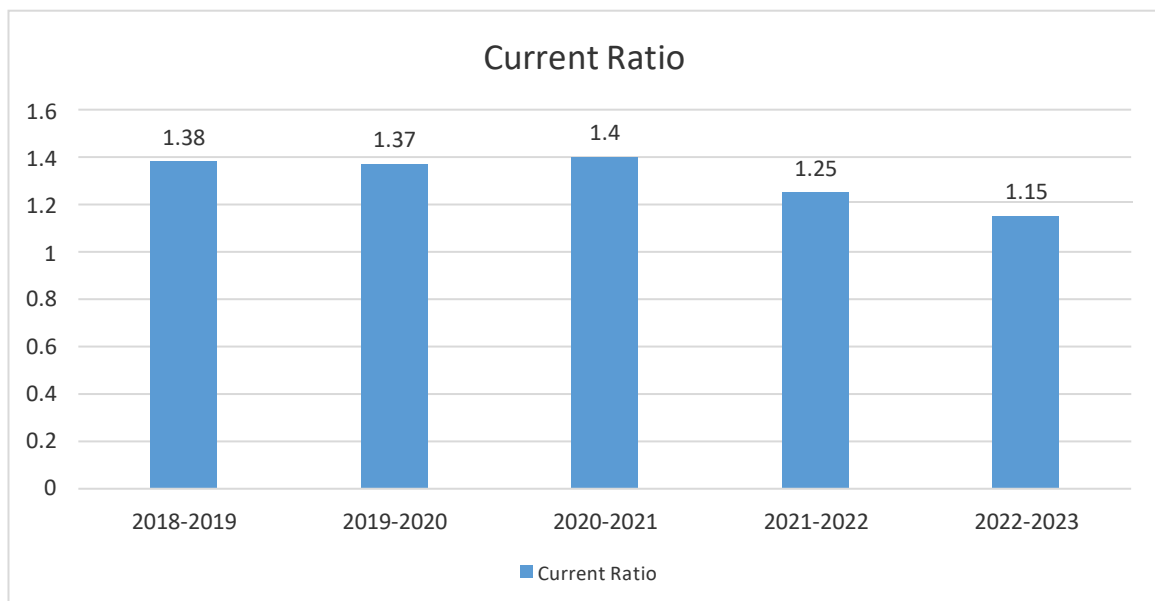
CURRENT RATIO

4.4 TABLE SHOWING CURRENT RATIO

CURRENT RATIO			
Rs.Lakhs			
Year	Current Assets	Current Liabilities	Current Ratio
2018-2019	151	109	1.38
2019-2020	147	107	1.37
2020-2021	134	95.14	1.40
2021-2022	109.08	86.78	1.25
2022-2023	102.83	88.82	1.15

(Source: Secondary data)

CHART SHOWING CURRENT RATIO:



INTERPRETATION

From the above chart showing Current Ratio is increasing third year over the period of study, in (2020-2021) its current ratio was 1.40 % and but from the period of 2021 and 2022 it started decreasing. But the company is over the standard norms. It would affect the profitability of the company.

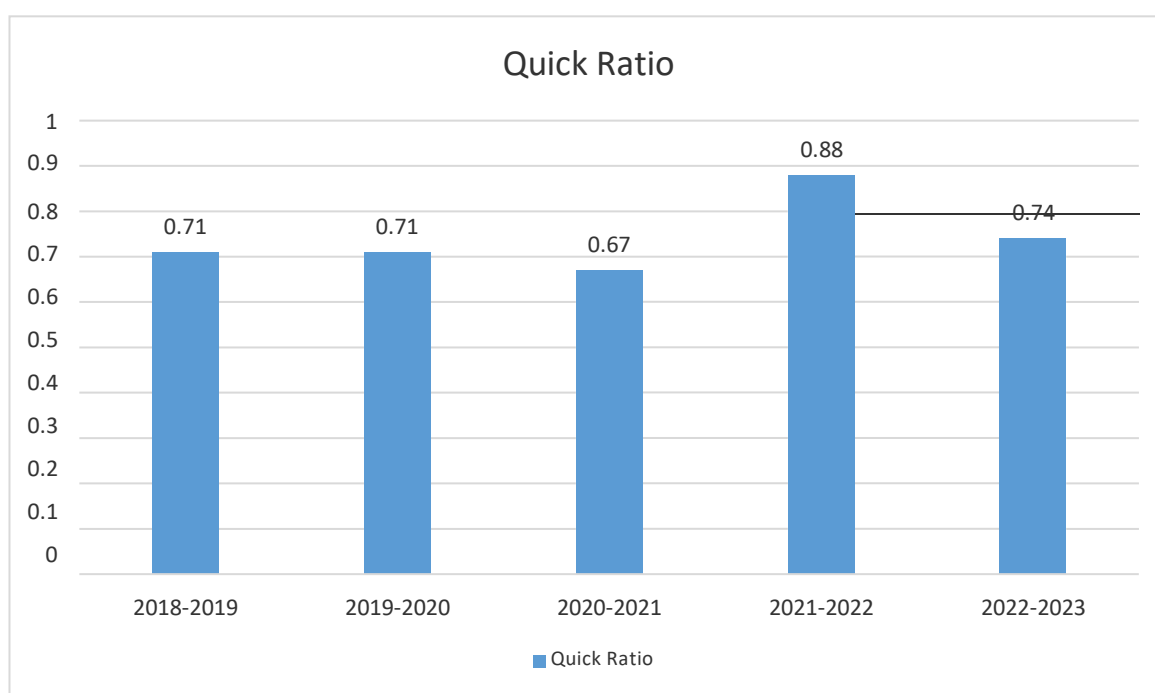
LIQUID RATIO

4.5 TABLE SHOWING LIQUID RATIO

Quick Ratio			
Rs.Lakhs			
Year	Quick Assets	Current Liabilities	Quick Ratio
2018-2019	78	109	0.71
2019-2020	77	107	0.71
2020-2021	64.11	95.14	0.67
2021-2022	76.69	86.78	0.88
2022-2023	66.45	88.82	0.74

(Source: Secondary data)

CHART SHOWING LIQUID RATIO:



INTERPRETATION:

As a quick ratio of 1:1 is considered satisfactory as a firm can easily meet all current claims. It is a more rigorous and penetrating test of the liquidity position of a firm. From the above chart, it is clear that the liquidity position of the Sakthi Pcube Innovators is satisfactory. Because the entire five years liquid ratio is not below the standard ratio of 1:1.

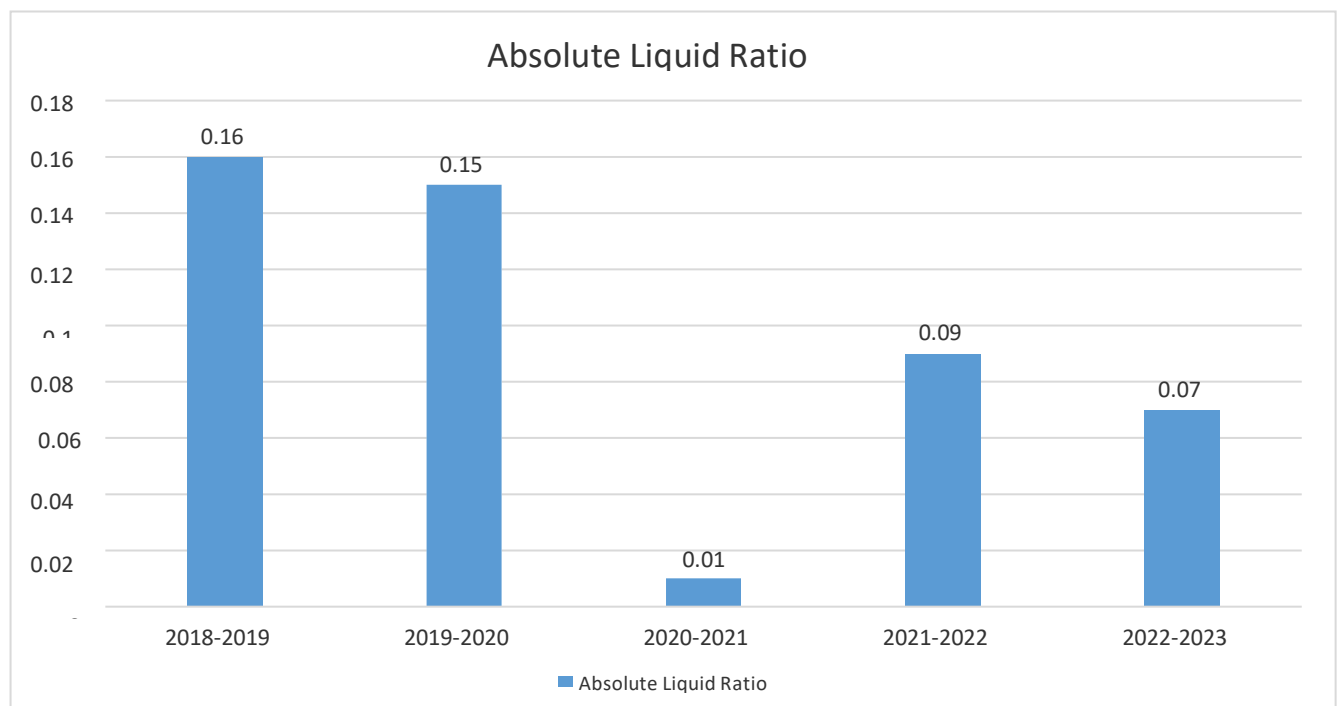
ABSOLUTE LIQUID RATIO

4.6 TABLE SHOWING ABSOLUTE LIQUID RATIO

Absolute Liquid Ratio			
Rs.Lakhs			
Year	Absolute Liquid Assets	Current Liabilities	Absolute Liquid Ratio
2018-2019	18	109	0.16
2019-2020	17	107	0.15
2020-2021	1.22	95.14	0.01
2021-2022	8.3	86.78	0.09
2022-2023	6.24	88.72	0.07

(Source: Secondary data)

CHART SHOWING ABSOLUTE LIQUID RATIO:



INTERPRETATION

From the above chart shows standard ratio 0.5:1. So compared to this absolute liquid ratio are exceptionally good till 2019-2020. but later in 2021-2022 it is decreased into 0.01%. Absolute liquid asset are considered adequate to pay with current liabilities in time as all creditors are not expected to demand cash at same time and then cash may be realized from debtors and inventories.

TURNOVER RATIOS

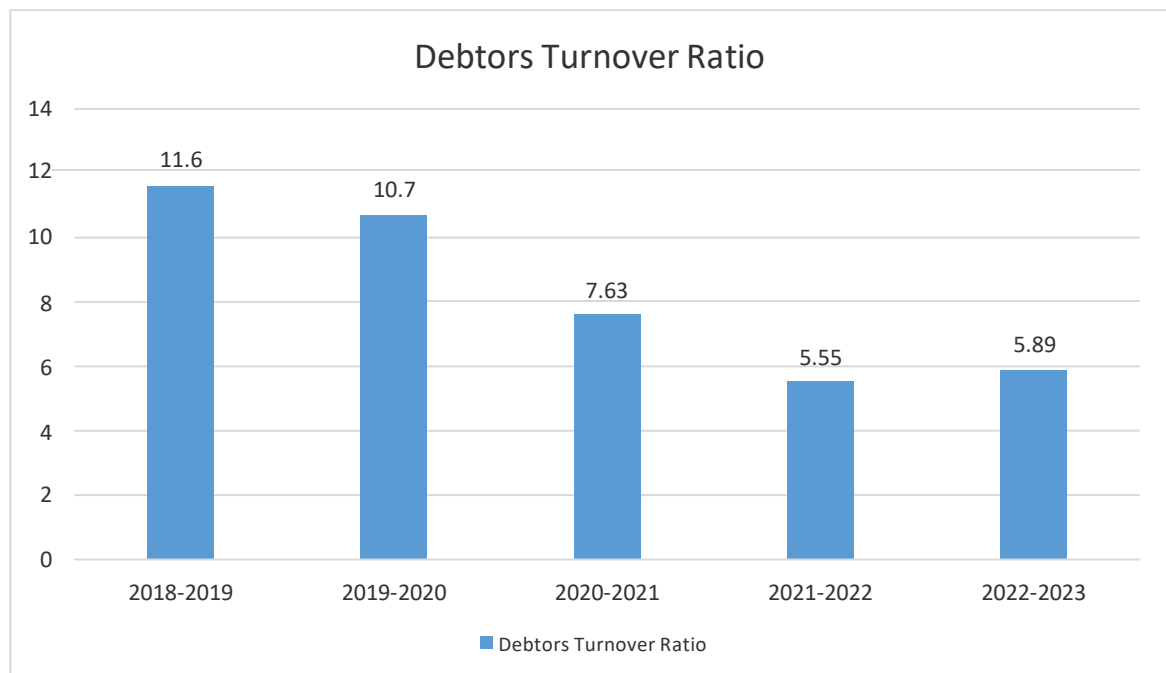
A. Debtors Turnover ratio

4.7 TABLE SHOWING DEBTORS TURN OVER RATIO

Debtors Turnover Ratio			
Rs.Lakhs			
Year	Total Sales	Debtors	Debtors Turnover Ratio
2018-2019	580	50	11.6
2019-2020	535	50	10.7
2020-2021	480.29	62.89	7.63
2021-2022	379.82	68.39	5.55
2022-2023	354.79	60.21	5.89

(Source: Secondary data)

CHART SHOWING DEBTOR TURNOVER RATIO:



INTERPRETATION

From the above chart shows in the year 2018-2019 the ratio is 11.6%. Also the ratio was increasing gradually debtor turnover ratio is higher in the end of the study period. And it is higher than Standard '6' it reflects the efficient debt management.

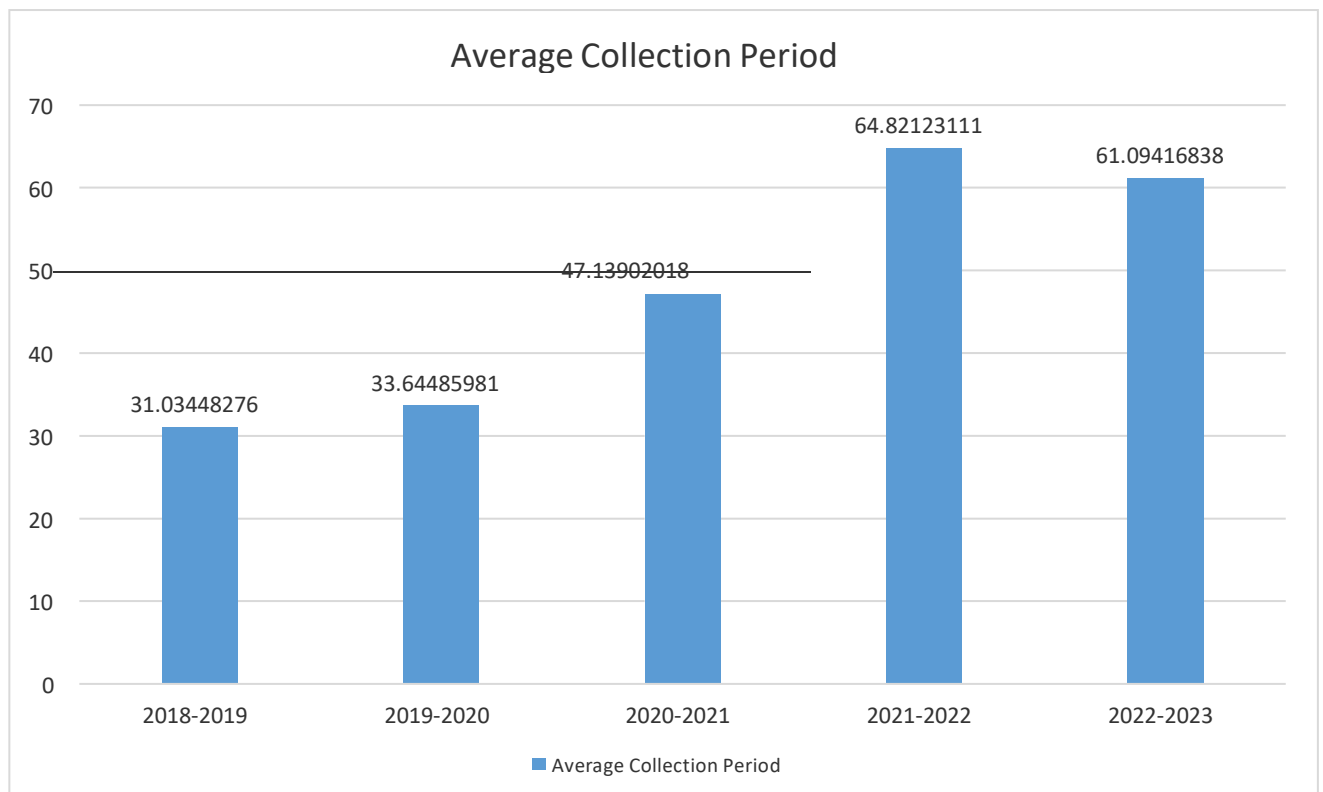
AVERAGE COLLECTION PERIOD

4.8 TABLE SHOWING AVERAGE COLLECTION PERIOD

Average Collection Period			
Rs.Lakhs			
Year	Days In A	Debtors Turnover Ratio	Average Collection Period
2018-2019	360	11.6	31.03448276
2019-2020	360	10.7	33.64485981
2020-2021	360	7.636985212	47.13902021
2021-2022	360	5.553735926	64.82123111
2022-2023	360	5.892542767	61.09416838

(Source: Secondary data)

CHART SHOWING AVERAGE COLLECTION PERIOD



INTERPRETATION

From the above chart shows that above ratio is decreasing continuously and reached to 61.09. It implies the different debt management.

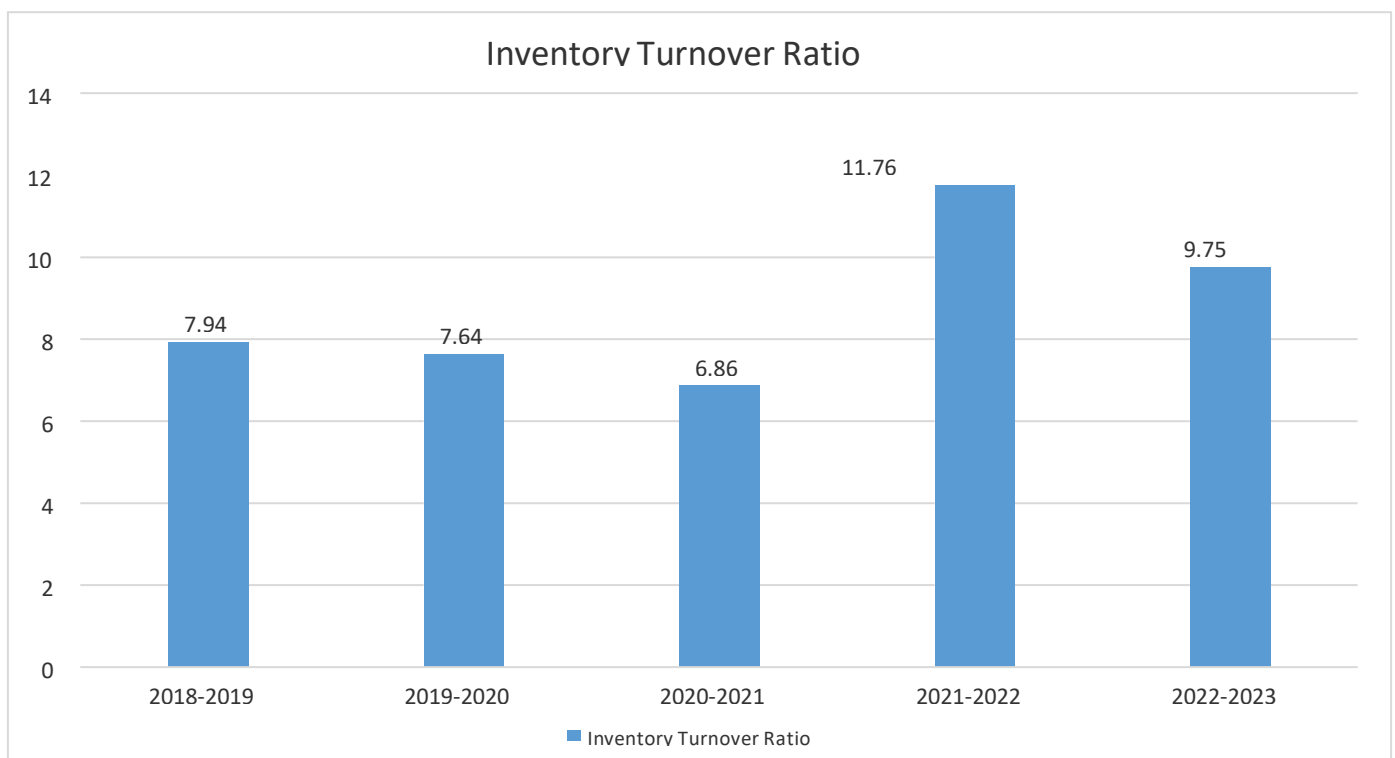
INVENTORY TURNOVER RATIO

4.9 TABLE SHOWING INVENTORY TURNOVER RATIO

Inventory Turnover Ratio			
RS.LAKHS			
Year	Net Sales	Average Inventory	Inventory Turnover Ratio
2018-2019	580	73	7.94
2019-2020	535	70	7.64
2020-2021	480.29	69.95	6.86
2021-2022	379.82	32.29	11.76
2022-2023	354.79	36.38	9.75

(Source: Secondary data)

CHART SHOWING INVENTORY TURNOVER RATIO



INTERPRETATION

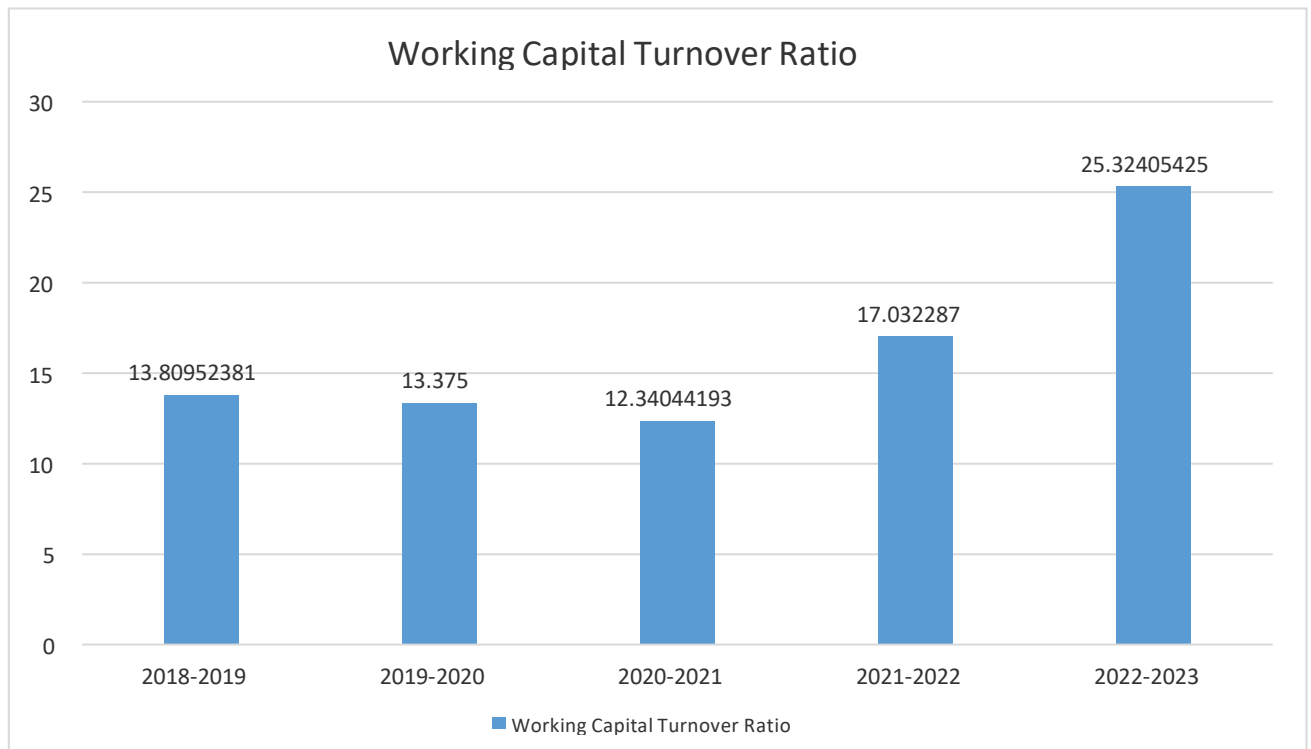
From the above chart shows a higher turnover ratio brisk sales. The above chart shows that is an inventory trend in the ratio. In the year 2021-2022, inventory ratio is high 11.76 when compared to other years. In the year 2022-2023, inventory turnover ratio is 9.75.

WORKING CAPITAL TURNOVER RATIO **4.10 TABLE SHOWING WORKING CAPITAL TURNOVER RATIO**

Working Capital Turnover Ratio			
Rs.Lakhs			
Year	Net Sales	Net Working Capital	Working Capital Turnover Ratio
2018-2019	580	42	13.80952381
2019-2020	535	40	13.375
2020-2021	480.29	38.92	12.34044193
2021-2022	379.82	22.3	17.032287
2022-2023	354.79	14.01	25.32405425

(Source: Secondary data)

CHART SHOWING WORKING CAPITAL TURNOVER RATIO



INTERPRETATION

From the above chart shows working capital turnover ratio has considerably increased from 2021-2023. But from the period of 2019-2021 start decreasing. The higher ratio indicates efficient utilization of the working capital. In the year of 2022- 2023 the ratio was 25.32, so the utilization of working capital is satisfactory than the years. And in the year of 2018-2019 the ratio is 12.34 and there is more working capital seen in the year.

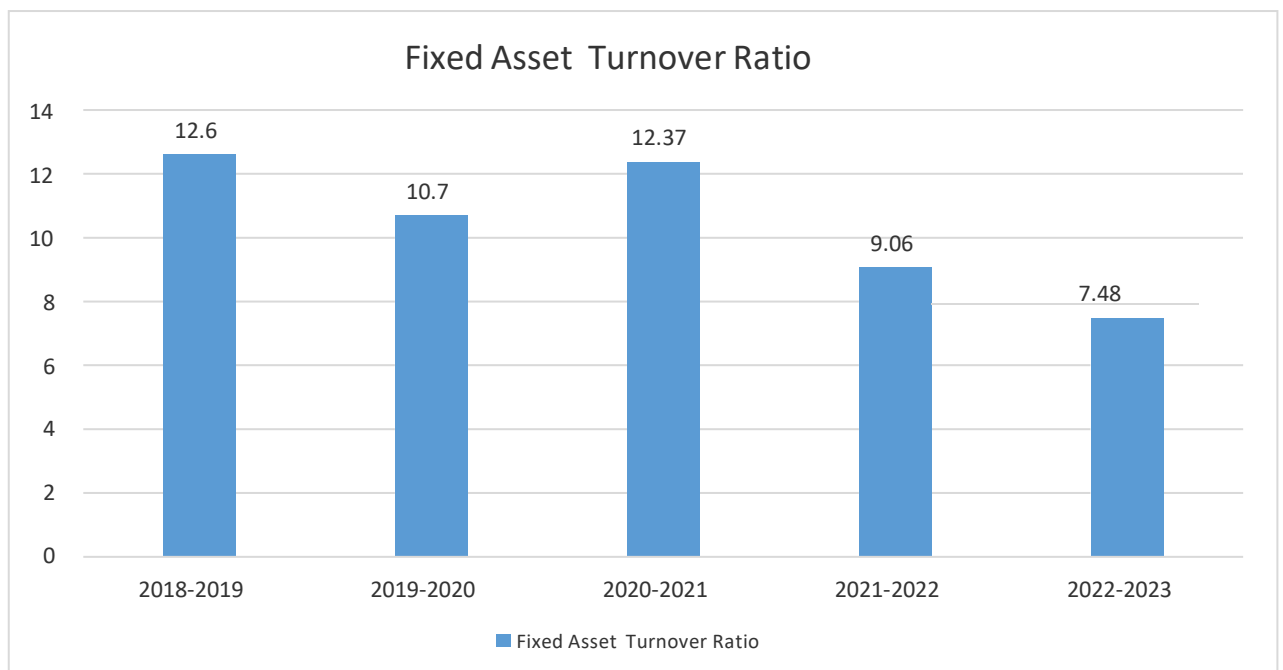
FIXED ASSETS TURNOVER RATIO

4.11 TABLE SHOWING FIXED ASSETS TURNOVER RATIO

Fixed Asset Turnover Ratio					
Rs.Lakhs					
Year	Net Sales	Net Fixed Asset	Fixed Ratio	Asset	Turnover
2018-2019	580	46		12.60	
2019-2020	535	50		10.7	
2020-2021	480.29	38.82		12.37	
2021-2022	379.82	41.89		9.06	
2022-2023	354.79	47.42		7.48	

(Source: Secondary data)

CHART SHOWING FIXED ASSET TURNOVER RATIO



INTERPRETATION:

From the above chart shows fixed asset turnover ratio has considerably increased from 2021-1014. But from the period of 2019-2020 start decreasing. Thus the fixed assets turnover ratio for the Five years are satisfactory as such there is 2022 and 2023 underutilization of the fixed assets.

PROFITABILITY RATIOS:
A. GROSS PROFIT MARGIN:

4.12 TABLE SHOWING GROSS PROFIT MARGIN

Gross Profit Ratio			
Rs.Lakhs			
Year	Gross Profit	Total Sales	Gross Profit Ratio
2018-2019	26	580	4.48
2019-2020	20.05	535	3.74
2020-2021	12.88	480.29	2.68
2021-2022	20.17	379.82	5.31
2022-2023	30.94	354.79	8.72

(Source: Secondary data)

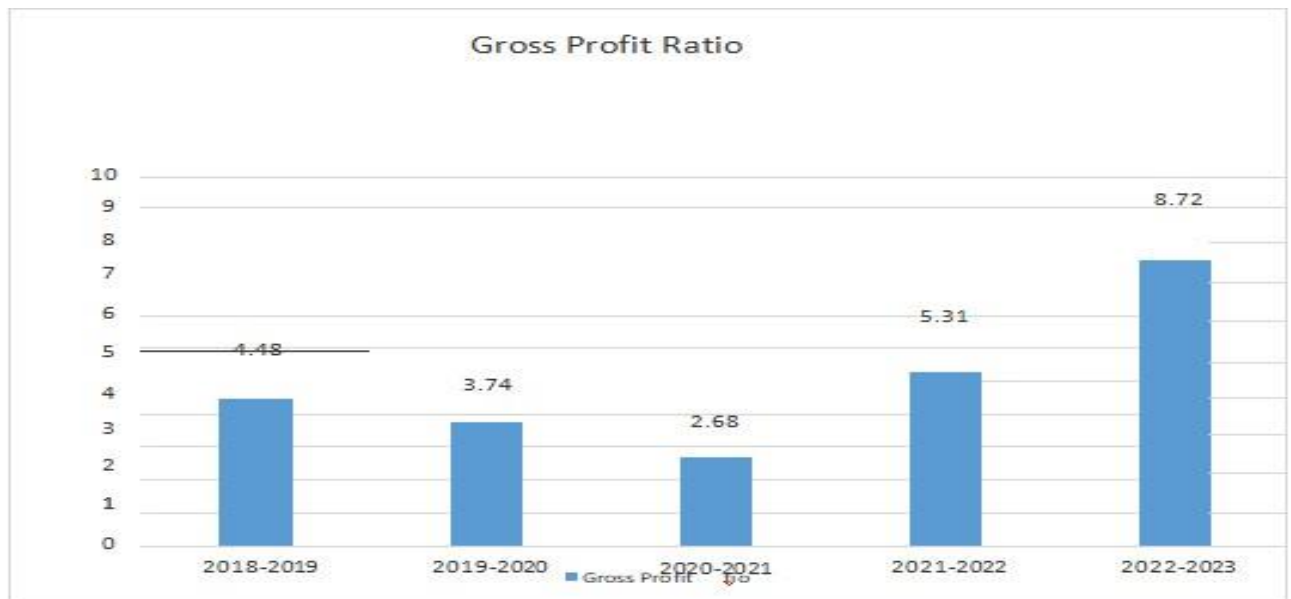


CHART SHOWING GROSS PROFIT RATIO

INTERPRETATION

From the above chart shows the gross profit ratio of the firm. However the company is being able to maintain a gross profit of 5% and above. It also increases over the years. But first three years lightly decreased in the year of 2019, 2020, 2021. This indicates that the management is taking measures to reducing cost of production and improves the profit.

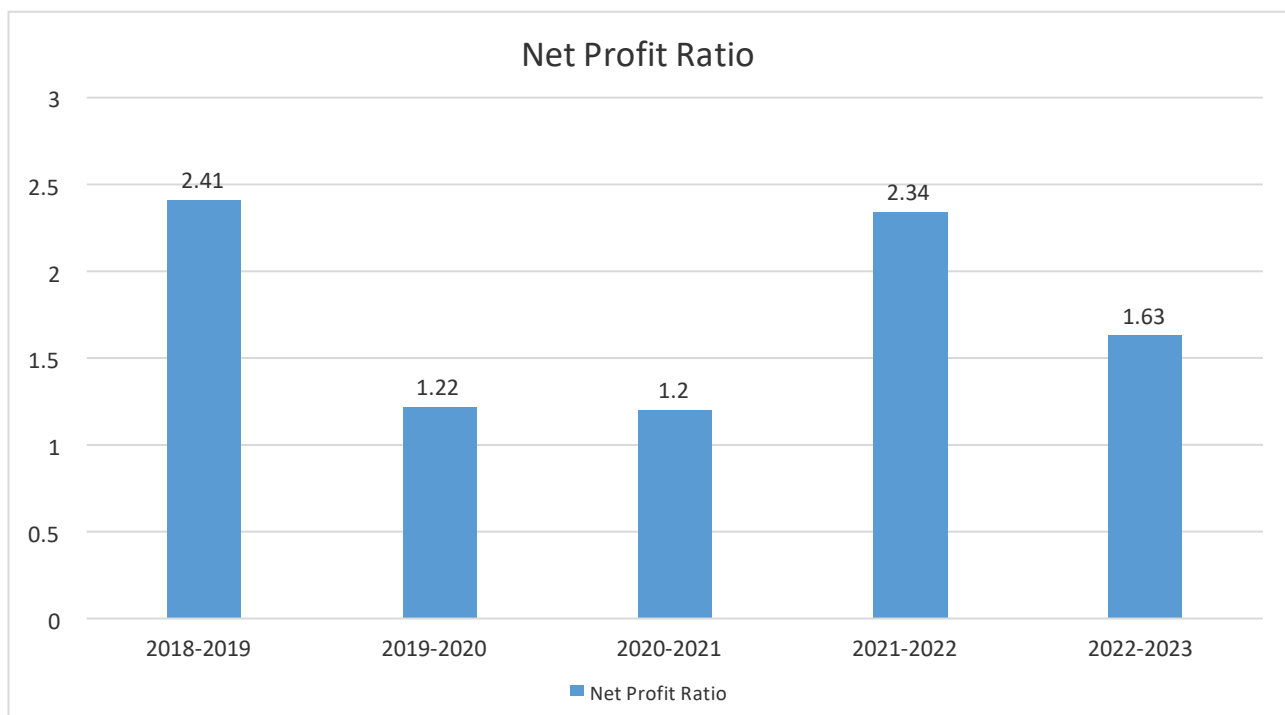
NET PROFIT MARGIN

4.13 TABLE SHOWING NET PROFIT RATIO

Net Profit Ratio			
Rs.Lakhs			
Year	Net Profit	Net Sales	Net Profit Ratio
2018-2019	14	580	2.41
2019-2020	6.55	535	1.22
2020-2021	5.8	480.29	1.20
2021-2022	8.9	379.82	2.34
2022-2022	5.8	354.79	1.63

(Source: Secondary data)

CHART SHOWING NET PROFIT RATIO



INTERPRETATION

From the above chart shows that there is a consistent growth in net profit ratio from the year 2018-2019 the ratio is 2.41 and 2021-2022 the ratio is 2.34. But in the year 2020-2021 net profit has fallen 1.20 this is mainly because of the increase in the production which has brought down the net profit.

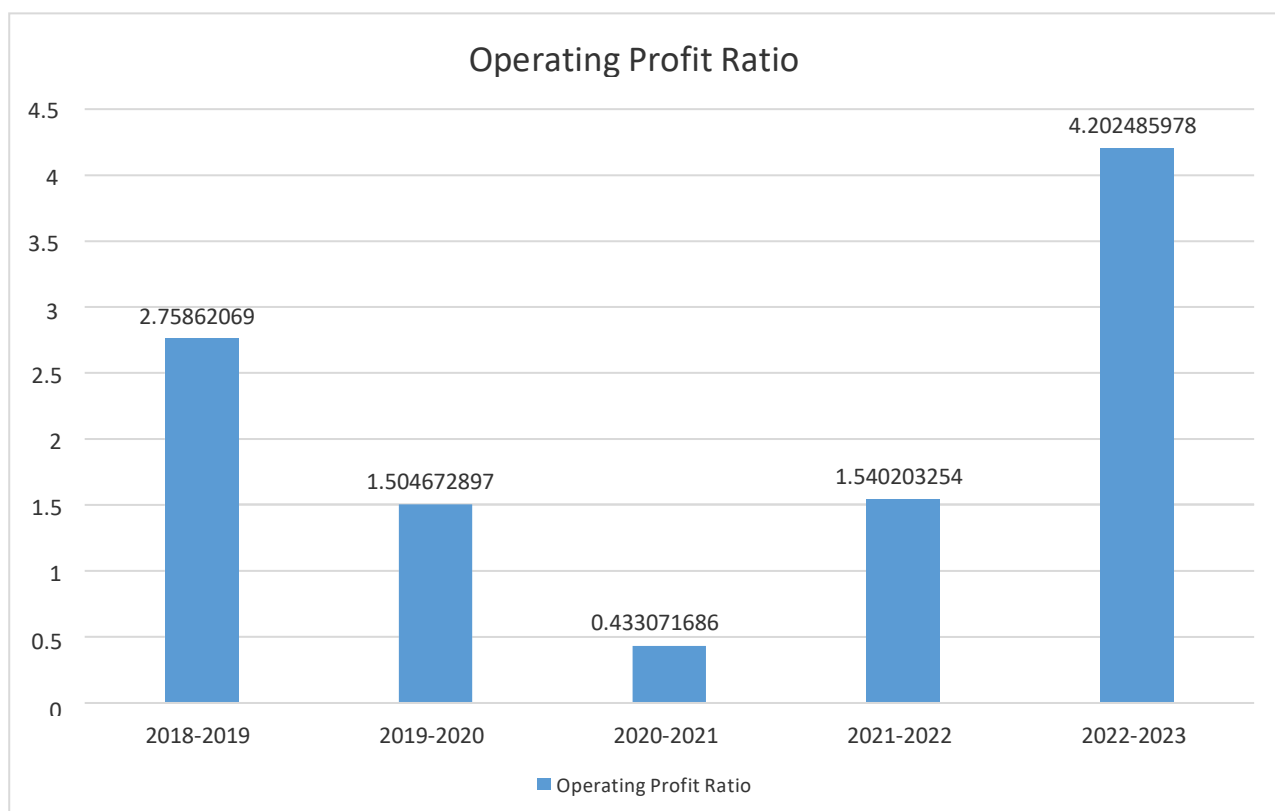
OPERATING PROFIT MARGIN

4.14TABLE SHOWING OPERATING PROFIT RATIO

Operating Profit Ratio			
Rs.Lakhs			
Year	Operating Profit	Net Sales	Operating Profit Ratio
2018-2019	16	580	2.75862069
2019-2020	8.05	535	1.504672897
2020-2021	2.08	480.29	0.433071686
2021-2022	5.85	379.82	1.540203254
2022-2023	14.91	354.79	4.202485978

(Source: Secondary data)

CHART SHOWING OPERATING PROFIT RATIO



INTERPRETATION

From the above chart shows that there is an operating profit trend in the ratio. In the year 2022-2023, the gross profit ratio is high 4.20; this indicates that the company has reduced its expenses or its sales.

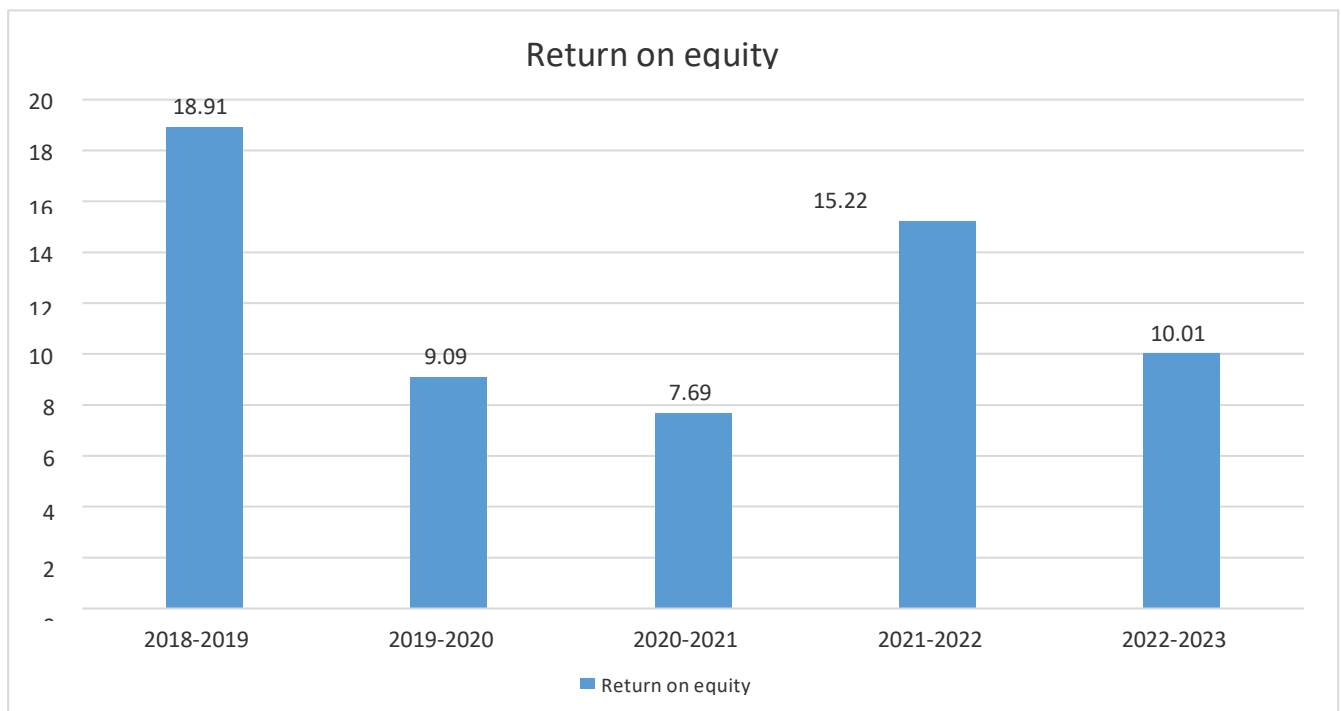
RETURN ON EQUITY (ROE)

4.15 TABLE SHOWING RETURN ON EQUITY

Return on equity			
Rs.Lakhs			
Year	Net profit after interest and tax	Equity capital	Return on equity
2018-2019	14	74	18.91
2019-2020	6.55	72	9.09
2020-2021	5.8	75.36	7.69
2021-2022	8.9	58.45	15.22
2022-2023	5.8	57.92	10.01

(Source: Secondary data)

CHART SHOWING RETURN ON EQUITY RATIO



INTERPRETATION

From the above chart shows Return on equity ratio shows an increasing trend except in the year 2018-2019. Therefore the return on equity ratio for the five years reveals a satisfactory condition of the business.

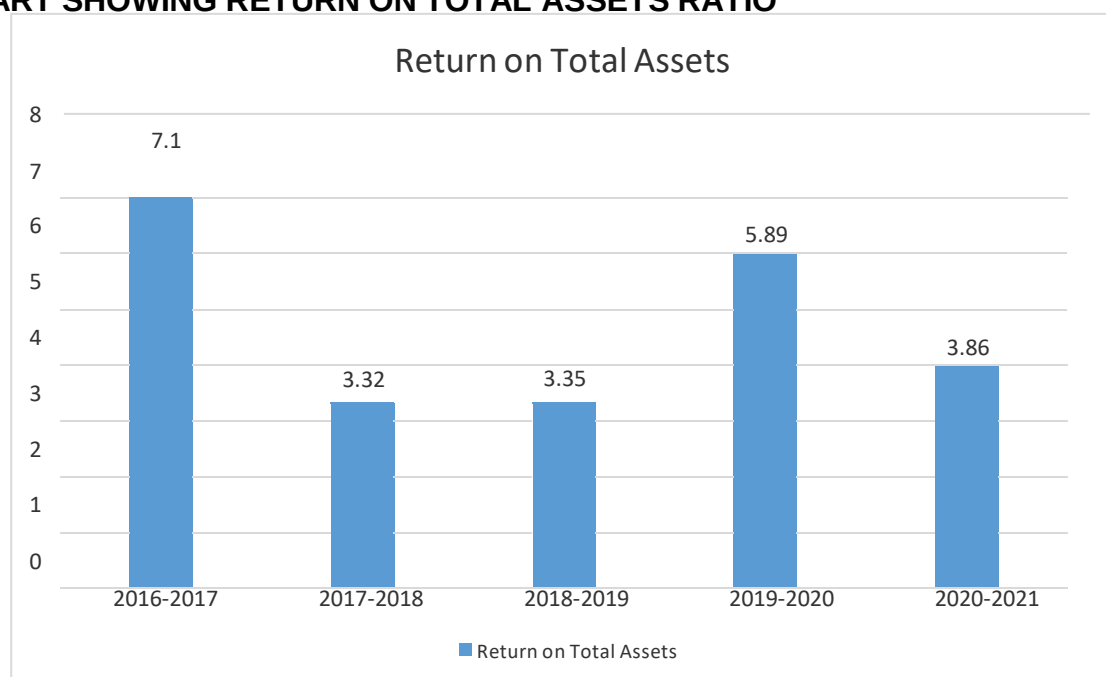
RETURN ON TOTAL ASSETS

4.16 TABLE SHOWING RETURN ON TOTAL AEESTS RATIO

Return on Total Assets			
Rs.Lakhs			
Year	Net profit after interest and tax	Total assets	Return on Total Assets
2018-2019	14	197	7.10
2019-2020	6.55	197	3.32
2020-2021	5.8	172.88	3.35
2021-2022	8.9	150.97	5.89
2022-2023	5.8	150.25	3.86

(Source: Secondary data)

CHART SHOWING RETURN ON TOTAL ASSETS RATIO



INTERPRETATION

From the above charts interprets that the return on total assets was fluctuating in the years (2019 to 2020) and (2020 to 2021), in 2018-2019 it was 7.1 and in 2021- 2022 it was 5.9. This due to more fluctuation in net profit.

SOLVENCY RATIOS

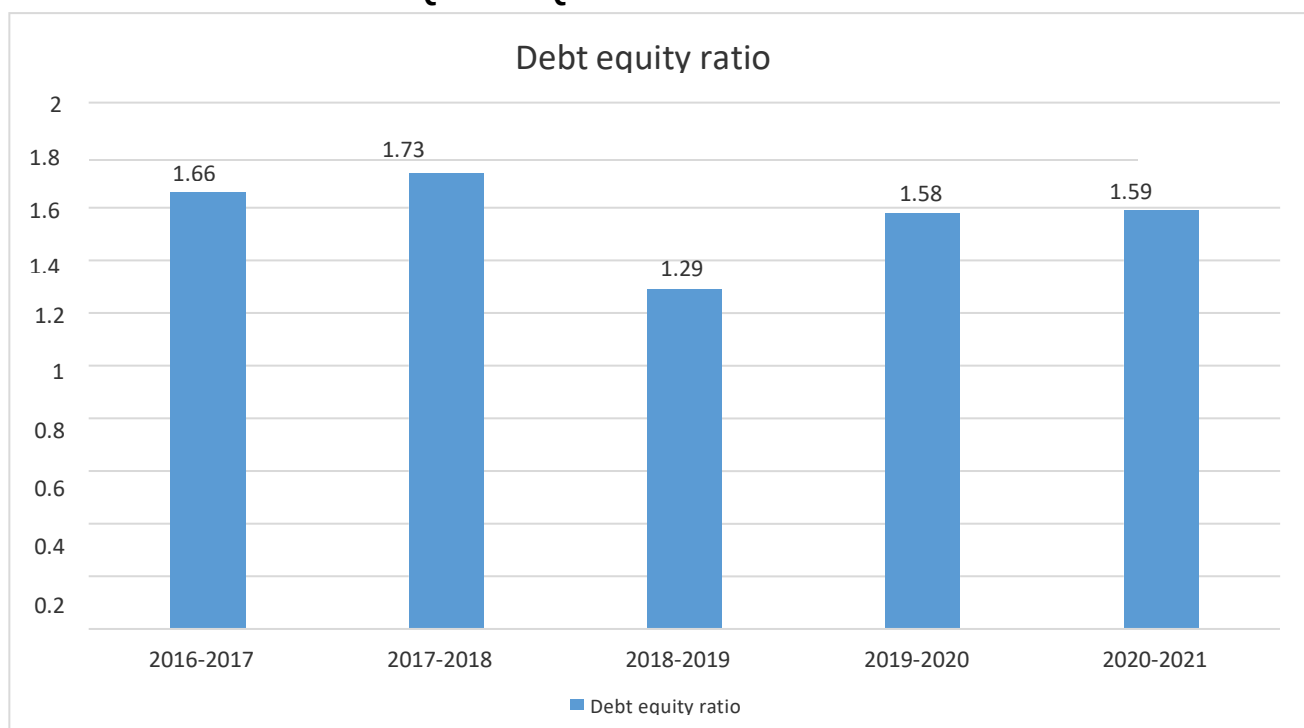
A. Debt to Equity ratio

4.17 TABLE SHOWING DEBT EQUITY RATIO

Debt equity ratio			
Rs.Lakhs			
Year	Total debt	Total Equity	Debt equity ratio
2018-2019	123	74	1.66
2019-2020	125	72	1.73
2020-2021	97.52	75.36	1.29
2021-2022	92.52	58.45	1.58
2022-2023	92.33	57.92	1.59

(Source: Secondary data)

CHART SHOWING DEBT EQUITY RQTIQ



INTERPRETATION

From the above chart shows debt equity ratio was relatively satisfactory in the year 2018-2019 and 2019-2020 compared to standard ratio 1:1 during 2020-2021 is satisfactory.

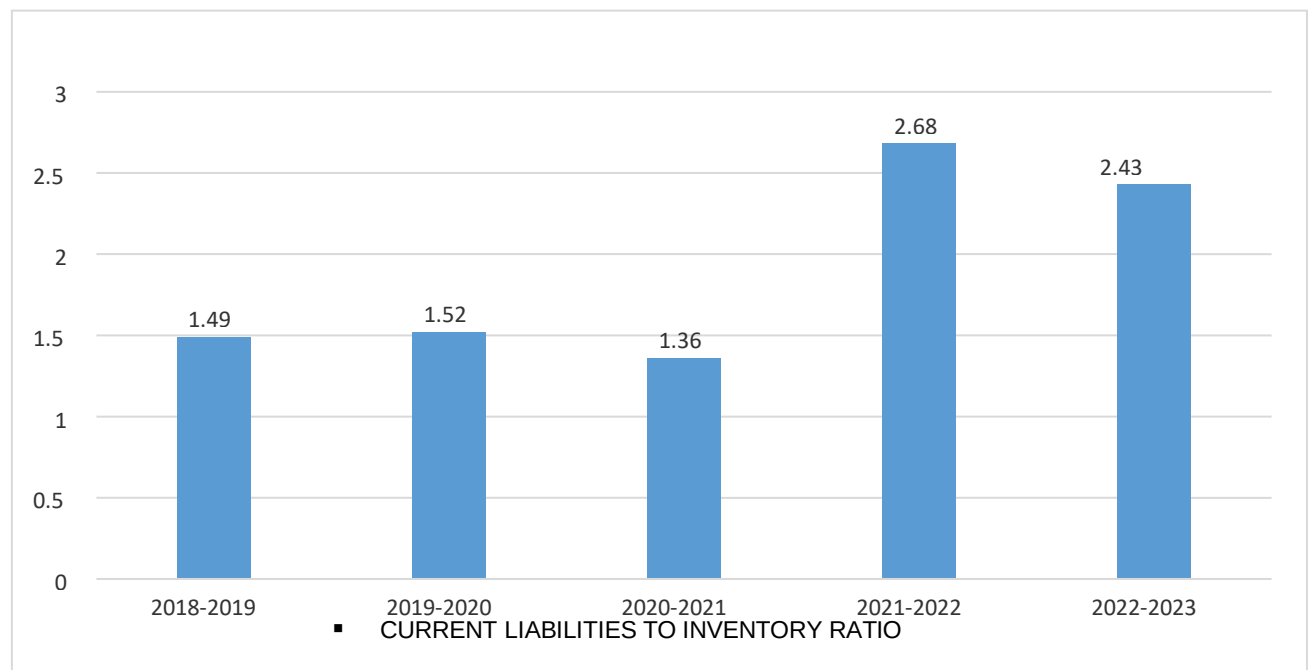
CURRENT LIABILITIES TO INVENTORY RATIO

4.18 TABLE SHOWING CURRENT LIABILITIES TO INVENTORY RATIO:

CURRENT LIABILITIES TO INVENTORY RATIO			
Rs.Lakhs			
Year	current liabilities	Inventory	current liabilities to inventoryratio
2018-2019	109	73	1.49
2019-2020	107	70	1.52
2020-2021	95.14	69.95	1.36
2021-2022	86.78	32.29	2.68
2022-2023	88.72	36.38	2.43

(Source: Secondary data)

CHART SHOWING CURRENT LIABILITIES TO INVENTORY RATIO



INTERPRETATION

From the above chart shows the current liability turnover ratio, it is observed from the table that a highest ratio of 2.69 percent was recorded during the 2021-2022. The higher ratio indicates a high degree of efficiency in current asset. This ratio is decreasing and this is not fair in long run.

Table: 4.19. STATEMENT SHOWING CHANGES IN WORKING CAPITAL 2018 – 2019.

Rs.Lakhs				
Particulars	31st March 2018	31st March 2019	Increase	Decrease
Current Assets				
Inventories	70	73	3	
Sundry Debtors	50	50	0	0
Cash and Bank Balances	17	18	1	
Other Current Assets	10	10	0	0
Total current Assets	147	151	4	
Current Liability				
Short term borrowings from Bank	94	95		1
Sundry Creditors	13	14		1
Total current Liability	107	109		2
			4	2
Increasing in working capital			2	

Table: 4.20. STATEMENT SHOWING CHANGES IN WORKING CAPITAL 2019 – 2020

Rs.Lakhs				
Particulars	31st March 2019	31st March 2020	Increase	Decrease
Current Assets				
Inventories	69.95	70	0.5	
Sundry Debtors	62.89	50		12.89
Cash and Bank Balances	1.22	17	15.78	
Other Current Assets	0	10	10	
Total current Assets	134.06	147	12.94	
Current Liability				
Short term borrowings from Bank	82.54	94		11.46
Sundry Creditors	12.6	13		0.4
Total current Liability (C)	95.14	107		11.86
			12.94	11.86
increasing in working capital			1.08	

Table: 4.21. STATEMENT SHOWING CHANGES IN WORKING CAPITAL 2020 – 2021

Rs.Lakhs				
Particulars	31st March 2020	31st March 2021	Increase	Decrease
Current Assets				
Inventories	32.39	69.95	37.56	
Sundry Debtors	68.39	62.89		5.5
Cash and Bank Balances	8.3	1.22		7.08
Total current Assets	109.08	134.06	24.98	
Current Liability				
Short term borrowings from Bank	81.08	82.54		1.46
Sundry Creditors	5.7	12.6		6.9
Total current Liability	86.78	95.14		8.36
			24.98	8.36
Increase in working capital			16.62	

Table: 4.22. STATEMENT SHOWING CHANGES IN WORKING CAPITAL 2021 – 2022

Rs.Lakhs				
Particulars	31st March 2021	31st March 2022	Increase	Decrease
Current Assets				
Inventories	36.38	32.39		3.99
Sundry Debtors	60.21	68.39	8.18	
Cash and Bank Balances	6.24	8.3	2.06	
Total current Assets	102.83	109.08	6.25	
Current Liability				
Short term borrowings from Bank	82.86	81.08	1.78	
Sundry Creditors	5.96	5.7		0.26
Total current Liability	88.82	86.78	2.04	
			8.29	4.25
Increase in working capital			4.04	

APPENDIX CONSOLIDATED BALANCE SHEET

	LIABILITIES	2018	2019	2020	2021	2022
		Audited	Audited	Audited	Audited	Audited
	CURRENT LIABILITIES		II.	III.	IV.	V.
1	Short-term borrowings from Banks (including bills purchased & Discounted & barrowing Placed on repayment basis)	95,00,000	94,00,000	82,54,000	81,08,000	82,86,000
2	(1) From applicant banks					
3	(2) From other banks					
4	(3) Of which BP & BD SUB					
5	TOTAL					
6	Short term borrowing from others	14,00,000	13,00,000			
7	Sundry creditors (Trade)			12,60,000	57,00,000	59,60,000
8	Advance payments from customers/deposite from dealers Provision for taxes Dividend payable Other statutory liabilities(due within one year)					
9	Deposits/installments of term loans /DPGs/debentures,et c. (due within one year)					
	Other current liabilities & provisions (due within one yr) (specify major items)					
	SUB TOTAL (B)					

TOTAL CURRENT LIABILITIES	1,09,00,000	1,07,00,000	95,14,000	86,78,000	88,82,000
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	TERM LIABILITIES	As on 31 st March				
11	Debentures(not maturing within one year)					
12	Preference shares (redeemable after one year)	14,00,000	18,00,000	2,38,000	5,74,000	3,51,000
13	Term loans (excluding installment)					
14	Payable within one year)					
15	Sales tax deferred credits(excluding installment due within one year)					
16	Hire purchase loans					
17	Creditors for capital goods					
	Other term liabilities(loans From directors/relatives /sister concern)					
	TOTAL TERM LIABILITIES					
18	TOTAL OUTSIDE LIABILITIES	1,23,00,000	1,25,00,000	97,52,000	92,52,000	92,33,000

19	NET WORTH	74,00,000	72,00,000	75,36,000	58,45,000	57,920
20	Ordinary share capital					01
21	Share application money					
22	General reserve					
23	Revaluation reserve					
24	Profit (+) or deficit (-) in account					
25	Deferred tax liability (DTL)					
26	NET WORTH					
	TOTAL	197,00,00	197,00,00	172,88,00	150,97,00	150,25,000
	LIABILITIES	0	0	0	0	

Sl. NO	ASSETS	2018	2019	2020	2021	2022
		Audited	Audited	Audited	Audited	Audited
		I.	II.	III.	IV.	V.
27	Cash deposits bank balances	18,00,000	17,00,000	1,22,000	8,30,000	6,24,000
28	Fixed deposits with banks (1)receivables other than deferred & exports(include bills purchased & discounted by banks	50,00,000	50,00,000	62,89,000	68,89,000	60,21,000
29	Installments o deferred receivables (due within one year) Inventory (1)Raw materials (including stores & other items used in the process o manufacture)					
30	(a) imported (b) indigenous					
31	Advance to suppliers of raw materials & stores and spares	73,00,000	70,00,000	69,95,000	32,39,000	36,38,000
32	Advance payment & taxes					
33	Other current assets					
34	Income tax or earlier years				10,00,000	10,00,000
	Interest accrued on fixed deposits Other current assets (Specify major items)					
	TOTAL CURRENT ASSETS	151,00,000	147,00,000	134,06,000	109,08,000	102,83,000

	FIXED ASSETS					
3	Gross Block (land & building,	52,00,00	56,50,00	45,02,00	48,65,00	54,57,00
5	machinery ,wok-in-process)	0	0	0	0	00
3	Depreciation to date					
3	NET BLOCK	6,00,000	6,50,000	6,20,000	6,76,000	7,15,00
6	OTHER NON-CURRENT	46,00,00	50,00,00	38,82,00	41,89,00	0
3	ASSETS	0	0	0	0	47,42,00
7	Investment/book					00
3	debts/advances/deposits which					
8	are not current assets					
	(1)a) investment in subsidiary					
	Co./affiliates					
	b) other investments					
	(2) Advances to suppliers o					
	capital goods & contractors					
	(3) Deferred receivables					
	(maturity exceeding one year)					
	(40 Others (a)debtors> 6 months					
	(b) Security					
	deposits					
	(c) project surplus					
	Non-consumables stores &					
	spares					
3						
9	Other non- current assets					
4	including dues from directors					
0						
4	Intangible assets(patents,					
1	goodwill, elim expenses,					
	bad/doubtful exp, not provided					
	for etc)					
	TOTAL ASSETS	197,00,0	197,00,0	172,88,0	150,97,0	150,25,00
		00	00	00	00	0

CHAPTER V

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS:

The study conducted at, Sakthi PCube Innovators the following were made.

- The current ratio of Sakthi PCube Innovators is showing increasing third year over the period of study, in (2020-2021) its current ratio was 1.40 % and but from the period of 2021 and 2022 it started decreasing. But the company is over the standard norms. It would affect the profitability of the company.
- The current quick ratio position of Sakthi PCube Innovators favorable in the year 2018-2023 quick ratio is above 1:1.
- Absolute liquid asset are considered adequate to pay with current liabilities in time as all creditors are not expected to demand cash at same time and then cash may realized from debtors and inventories.
- The debt equity ratio is increased to 1.7361111 in 2019-2020, so the company is having long term solvency position.
- The working capital turnover ratio increased continuously from 2018-2023. Hence the company's utilization of working capital is more.
- In the year 2018-2019 the value of inventory turnover ratio is higher. But in the 2019-2020 the value has decreased. Then in 2021-2022 it increased 11.76277485.
- Debtor turnover ratio is continuously decreased from 2018-2019 to 2021-2022. In the year 2021-2022 it has increased to higher value of 5.892542767 this indicates cash sales is more in the period 2021-2022 compared to previous year.
- The net profit ratio of 2.41 in the year 2018-2019 and then decreased to 1.22 in 2017-2018 and further decreased to 1.20 in 2020-2021, again increased to 2.34 in 2021-2022 we can see that every year net profit ratio of the company is goes increasing except 2020 and 2021.
- The current liability turnover ratio is increased to 1.52 in 2018-2019. But In 2019-2020 it has decreased to 1.36, and again increased in 2020-2021 it has higher value of 2.68, and again decreasing in 2021-2022. This ratio is decreasing and this is not fair in long run.

- The fixed asset turnover ratio has considerably increased from 2021-2022. But from the period of 2020-2021 start decreasing. The higher ratio indicates efficient utilization of the fixed asset. The fixed assets turnover ratio for the Five years are satisfactory as such there is 2022 and 2023 underutilization of the fixed assets.
- The return on total asset ratio was fluctuating in the years 2019-2020 and 2021-2022, in 2018-2019 it was 7.1 and in 2020-2021 it was 5.9. This due to more fluctuation in net profit.

SUGGESTIONS

- The management can take effective measures to recover the outstanding of Sakthi Pcube Innovators as the major portion of current is in the form of debtors.
- The management can take effective measures to reducing operating expenses to increasing the net profit and gross profit.
- Sakthi Pcube Innovators higher working capital turnover ratio in the year 2021-2022 and it has over stock and low liquidity position. So the company reduces the inventory or overstocking.
- The inventory turnover ratio is above 4 times so the company increase the sales and reduce the over stock of materials.
- The company can increase their absolute liquid assets in order to maintain the standard.
- The company can decrease their credit sales as much as possible.
- The company can increase their advertisement it can increase the sales and adding more distribution network.
- The proper financial planning make the availability of funds are utilized in effective manner
- The company can give the improved turnover records.
- The company has been reduced the expenses so the company can make increase in profit.

CONCLUSION

Study conducted in Sakthi Pcube Innovators; enable to get practical touch to the topic Working Capital Management of the company. The management of working capital plays an important role in maintaining the financial health of the companies during the normal course of business. The company should maintain sufficient level of working capital to produce up to a given capacity and maximize the return on investment in fixed assets. Shortage of working capital leads to lower capacity utilization.

To maintain the solvency of the business and continue production, it is necessary that adequate funds be available to pay the bills for material, labour, selling and administrative expenses and other cost of doing business .The prompt payment of bills to suppliers of materials ensures a continued supply of raw materials and established credit for the future or for reasonable operations.

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