

A STUDY ON WORKING CAPITAL MANAGEMENT IN APEX GLOBAL SOLUTIONS

Submitted in partial fulfilment 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**

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SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **PRADISHA .G 41410226** who carried out the project entitled "**A Study on working capital management in Apex Global Solutions**" under my supervision from **January 2023 to March 2023**.

Dr. RANI MBA M.Phil., Ph.D.

Internal guide

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DECLARATION

I **PRADISHA .G (41410226)** hereby declare that the Project Report entitled “**A Study on Working Capital Management in Apex Global Solutions**” done by me under the guidance of **DR. RANI. J** is submitted in partial fulfilment of the requirements for the award of Master of Business Administration degree.

DATE: 05.05.2023

PLACE: Chennai

A handwritten signature in black ink, appearing to read 'Pradisha G', with a long horizontal stroke extending to the right.

PRADISHA. G

ACKNOWLEDGEMENT

I am pleased to acknowledge my sincere thanks to Board of Management of **SATHYABAMA** for their kind encouragement in doing this project and for completing it successfully. I am grateful to them.

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I would like to express my sincere and deep sense of gratitude to my Project Guide **DR.RANI.J** for her valuable guidance, suggestions and constant encouragement paved way for the successful completion of my project work.

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PRADISHA.G

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ABSTRACT

Working Capital is the required for carrying out day to day business operations. The present day competitive market environment calls for an efficient management of working capital. Proper management of working capital is essential to a company's fundamental financial health and operational success as a business. A good business management is the ability to utilize working capital management to maintain a balance between growth, profitability and liquidity. Decisions with reference to capital involve managing relationship between a firm's short assets and liabilities to make sure a firm is in a position to continue its operations, and have sufficient money flows to satisfy each maturing short debts and future operational expenses at lowest prices, increasing firms gain.

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CHAPTER 1 – INTRODUCTION

1.1 INTRODUCTION

Working capital management involves the relationship between short term assets and its short term liabilities. The goal of Working capital management is to ensure that a firm is able to continue its operations and that it has sufficient ability to satisfy both short term debt and operational expenses.

One of the most important areas in day to day management of the firm is the management of working capital. Working capital management is the fictional area of finance that covers all the current account of the firm.

The main objective of the working capital management is to maintain an optimal balance between each of the working capital components.

Working capital management requires monitoring a company's assets and liabilities to maintain sufficient cash flow to meet its short-term operating costs and shortterm debt obligations.

Current assets include anything that can be easily converted into cash within 12 months. These are the company's highly liquid assets. Some current assets include cash, accounts receivable, inventory, and short-term investments.

Current liabilities are any obligations due within the following 12 months. These include accruals for operating expenses and current portions of long-term debt payments.

Managing working capital primarily revolves around managing accounts receivable, accounts payable, inventory, and cash.

Working capital management involves tracking various ratios, including the working capital ratio, the collection ratio, and the inventory ratio.

Working capital management can improve a company's cash flow management and earnings quality by using its resources efficiently.

The components of Working Capital Management are as follows:

- i. Cash Management
- ii. Inventory Management
- iii. Receivables Management
- iv. Payables Management

1.2 COMPANY PROFILE

Apex Global Solution was founded in the year 2008. The Company recognizes the importance of skill gap prevailing across students and job seekers community and designed solution in form of number of courses to overcome the challenges in order to empower them to address the requirement of 21st century workforce development. It provide various benefits for employees like training, education.

To provide our learners with a quality service that is measurable and cost effective. Management and supervisory development courses are available for established businesses that require career and personal development for their employees. These courses provide participants with a better understanding of the dynamics that drive successful career.

COMPANY VISION

Empower students to overcome the challenges and prepare them for 21st century work force environment by providing training & skilling.

COMPANY MISSION

To provide innovative training and development solutions that will enable our clients to maximize the growth of human capital in their organisations and to uphold a commitment to quality and ethical standards in education, training, skilling & development.

1.3 OBJECTIVE OF THE STUDY

1.3.1 PRIMARY OBJECTIVE

A Study on working capital management in Apex Global Solutions.

1.3.2 SECONDARY OBJECTIVE

1. To evaluate the profitability position of the company.
2. To analyse the current assets and current liabilities of the company.
3. To Measure the liquidity position of the company.
4. To evaluate the financial performance of the company.

1.3.3 NEED FOR THE STUDY

The projects is helpful in knowing the company's position of funds maintenance and setting the standards for working capital. Working capital keeps the business operations going. It is needed to purchase raw materials, to pay the workers and staff and also to pay for recurring expenses like electricity and power bills, rent, etc. Working capital is also used to repay long-term loans and debentures. The company that meets the needs of its working capital without any difficulty earns a good reputation in the labour and capital markets.

1.3.4 SCOPE OF THE STUDY

This will show the liquidity position of the company and also how do they maintain a particular liquidity position. It helps to measure the profitability of the company. A firm having healthy working capital position can get loans easily from the market due to its high reputation and goodwill. Sufficient working capital helps maintain an uninterrupted flow of production by supplying raw materials and payment of wages. It enhance liquidity, solvency and reputation of the company.

CHAPTER 2 – REVIEW OF LITERATURE

Smith Keith V (1984) believes that which concerns shorter range or working capital decision making would appear to have been less productive. The inability of financial managers to plan and control properly the current assets and current liabilities of their respective firms has been the probable cause of business failure in recent years.

Natarajan Sunder (1988) in operational terms, efficient working capital consists of determining the optimum level of working capital, financing it imaginatively and exercising control over it.

Hossain Saiyed Zabid (1990) emphasis the basic objective of working capital management i.e., to arrange the needed working capital funds at the right time, at right cost and from right source with a view to achieving a trade-off between liquidity and profitability.

Hamlin Alan P (1991) that working capital is necessary input to the production process and yet is ignored in most economic models of production.

Singaravel P (1994) focuses on the interdependency among working capital, liquidity and profitability, of which sufficiency of liquidity comes in the first preference followed by sufficiency of working capital and profitability.

Garg Pawn Kumar (1996) they have suggested a few measures for further improvement in management of working capital, like necessity of greater attention in the inventory control; active sales department, speedy dispatch of orders and reduction of dependency on trade creditors.

Batra Gurdeep Singh (1999) gives an overview of working capital management involves deciding upon the amount and composition of current assets and how to finance them.

Bansal S. P(1999) that working capital management refers to the management of current assets and current liabilities for maintaining the optimum levels of various components and increasing the profitability of an enterprise.

Sharma A. K (2000) author has insisted on application of various techniques for management of working capital and its three main components cash, receivables and inventories.

Rao Govinda D (2000) the causes of the changes in the size of working capital mainly (a) sources of funds (b) applications of funds.

Manohar Babu B. V (2002) the changes in working capital are analysed with the help of the changes in working capital and funds flow statement.

Chalam G. V (2003) suggests that working capital should be financed with both the sources long-term as well as short-term sources of funds.

Rao Govinda D. and Rao P. M (2004) believes that management of working capital is a continuous process requiring proper monitoring and studying of the relationship of all variables with constant, and drawing inferences. This provides proper direction to the managers.

Jain P. K. and Yadav Surendra S (2004) the authors have tried to understand the working capital management and current assets and current liabilities, and their inter-relationship. Further the authors have shown an aggregative analysis of current assets and current liabilities in terms of major liquidity ratio.

Deloof Marc (2005) that most of the firms have a large amount of cash invested in working capital. It can, therefore, be deduced that the way in which working capital is managed will have a significant impact on the profitability of the firms.

Samiloglu F. and Demiurges K. (2008) intend to analyse the effect of working capital management on firm's profitability. To consider statistically significant relationship between the firm's profitability and the components of cash.

Kazmi Azar and mohd. Amir Khan (2016) the study define working capital analysis some used various tools like cash, management of account receivables and management of inventory. The study only for short term period there may comparison based on the international financial sector.so the study get some importance of working capital enjoy full of profit in competitive industry.

CHAPTER 3 – RESEARCH METHODOLOGY

3.1 SOURCES OF DATA

3.1.1 SECONDARY DATA

Data collection is the term used to describe a process of preparing and collecting data. Secondary data has been obtained from published reports like annual reports of the company, balance sheets, profit and loss account, records maintained by the company. Balance sheet reveals the financial position of the company.

3.1.2 PERIOD OF STUDY

The duration of study is from January 2023 to March 2023 which is four months of study.

3.1.3 TECHNIQUE OF ANALYSIS

- I. The study is based on the secondary data which is collected from the annual reports of the company.
- II. Ratio Analysis and Comparative Statement Analysis is used for analysis of the data.
- III. The data is presented using various graphs and charts.

CHAPTER 4 – DATA ANALYSIS AND INTERPRETATION

A) RATIO ANALYSIS

4.1 LIQUIDITY RATIO

Liquidity ratio are calculated to measure the short-term solvency of the business, i.e. the firm's ability to meet its current obligations. These are analysed by looking at the amounts of current assets and current liabilities in the balance sheet.

4.1.1 CURRENT RATIO

A Current Ratio is that liquidity ratio with which we can identify a company's ability to pay its short term obligations or those that are to be due within one year.

$$\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current Liabilities}}$$

Conventionally, a current ratio of 2:1 is considered satisfactory. This ratio can be considered as safe and conservative because even if the current assets get reduced to half, then also the company will be able to clear off its short term debts and liabilities. A very high current ratio indicates that a company is unable to utilize its assets efficiently. A persistent trend of poor current ratio (less than 1) is a warning signal of impending sickness.

Table no: 4.1.1

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2017-2018	1066806	975966	1.09
2018-2019	1102693	987564	1.12
2019-2020	1304190	1060941	1.23
2020-2021	1408574	1146218	1.23
2021-2022	1505875	1237061	1.22

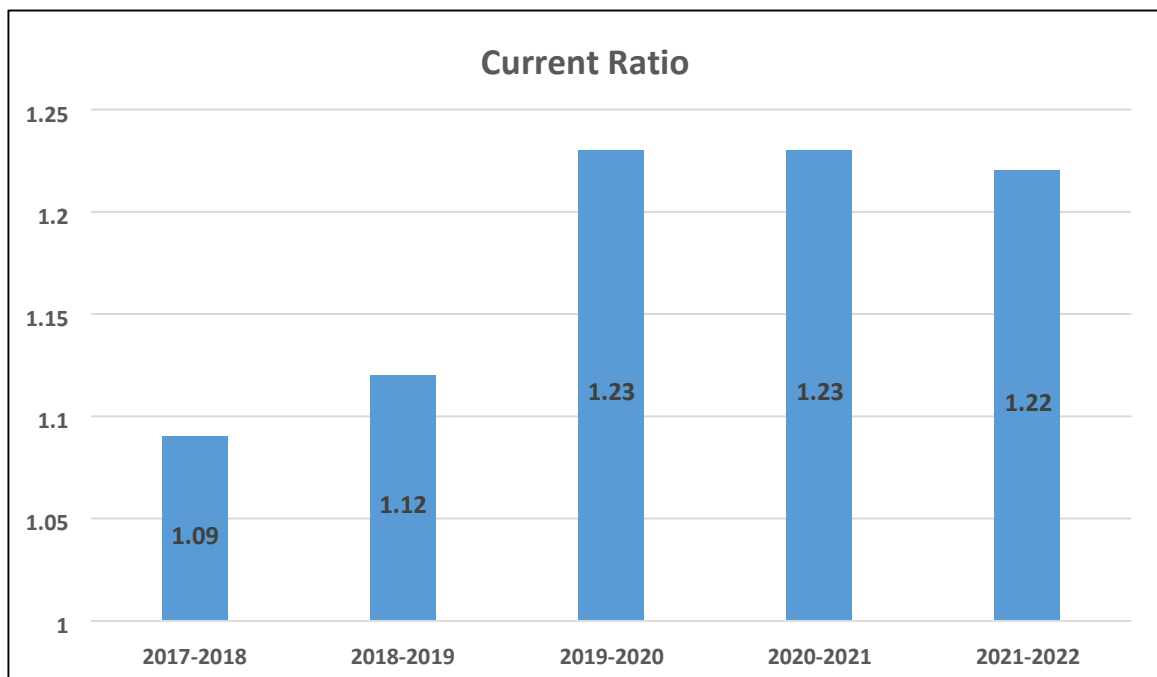


Chart No.4.1.1

INTERPRETATION

It can be seen that above graph that the company's liquidity position is not ideal as per the standard ratio 2:1 but still it is greater than 1 which indicates the company's ability to pay off its current obligations. A higher ratio means the company can easily fund its day-to-day operations. The ratio 1.09 shows there

are almost equal current assets and liabilities. The year 2017-2018 had the unsatisfactory current ratio as compared to the current ratios of other years.

4.1.2 QUICK RATIO

The ratio provides a measure of the capacity of the business to meet its short term obligations. It is calculated to serve as a supplementary check on liquidity position of the business and is therefore, also known as 'Acid-Test Ratio'. While calculating quick assets we exclude the inventories. The quick assets are defined as those assets which are quickly convertible into cash.

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

Normally, it is advocated to be safe to have a ratio of 1:1 as unnecessarily low ratio will be very risky and a high ratio suggests unnecessarily deployment of resources in otherwise less profitable short-term investments.

Table No: 4.1.2

YEAR	CURRENT ASSETS	INVENTORY	QUICK ASSETS	CURRENT LIABILITIES	QUICK RATIO
2017-2018	1066806	206521	860585	975966	0.88
2018-2019	1102693	259511	843182	987564	0.85
2019-2020	1304190	312653	991537	1060941	0.93
2020-2021	1408574	367025	1041549	1146218	0.91
2021-2022	1505875	419697	1086178	1237061	0.88

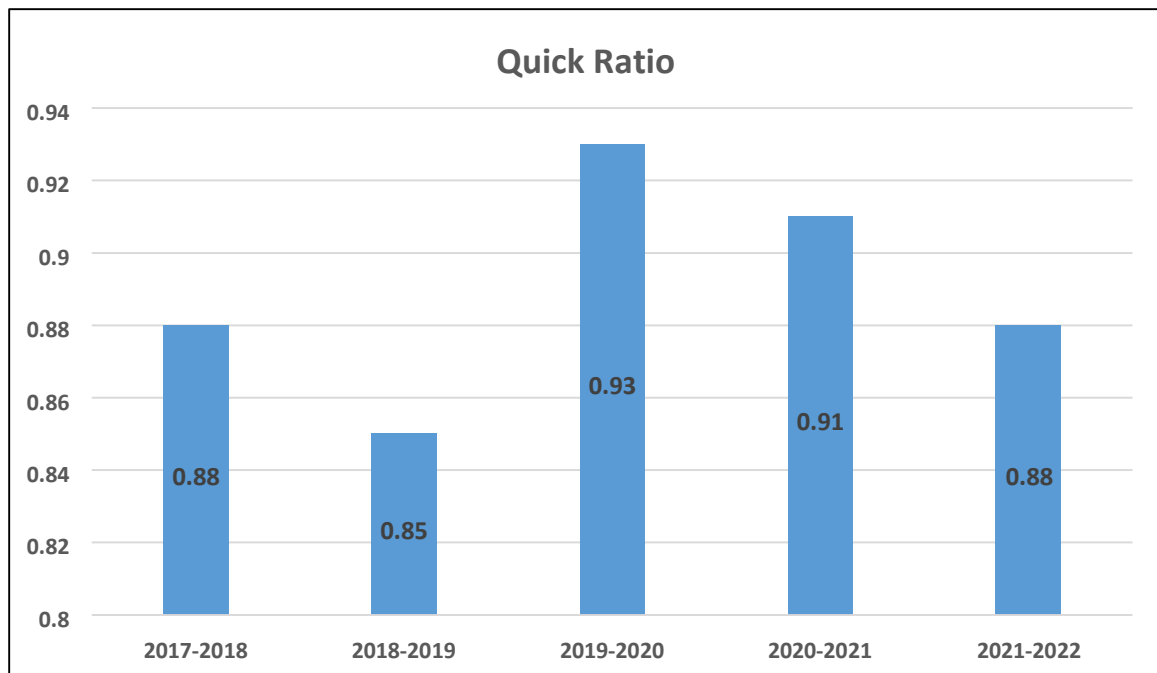


Chart No.4.1.2

INTERPRETATION

In all years the ratio has less than 1. A company which has a quick ratio of less than 1 may not be able to fully pay off its liabilities in the short term.

Higher ratio result the better a company's liquidity and financial health and the lower ratio more likely the company will struggle with paying debts.

4.2 PROFITABILITY RATIO

Profitability ratio is used to evaluate the company's ability to generate income as compared to its expenses and other cost associated with the generation of income during a particular period. There is a close relationship between the profit and the efficiency with which the resources employed in the business are utilized.

4.2.1 GROSS PROFIT RATIO

Gross profit ratio as a percentage of revenue from operations is computed to have an idea about gross margin. It is calculated using the following formula:

$$\text{Gross Profit Ratio} = \left[\frac{\text{Gross Profit}}{\text{Revenue from operations}} \right] \times 100$$

Table no: 4.2.1

YEAR	GROSS PROFIT	REVENUE FROM OPERATIONS	RATIO
2017-2018	74438	17212231	0.43
2018-2019	532889	18230387	2.92
2019-2020	923322	19345627	4.77
2020-2021	1241561	22234860	5.58
2021-2022	1200083	20970322	5.72

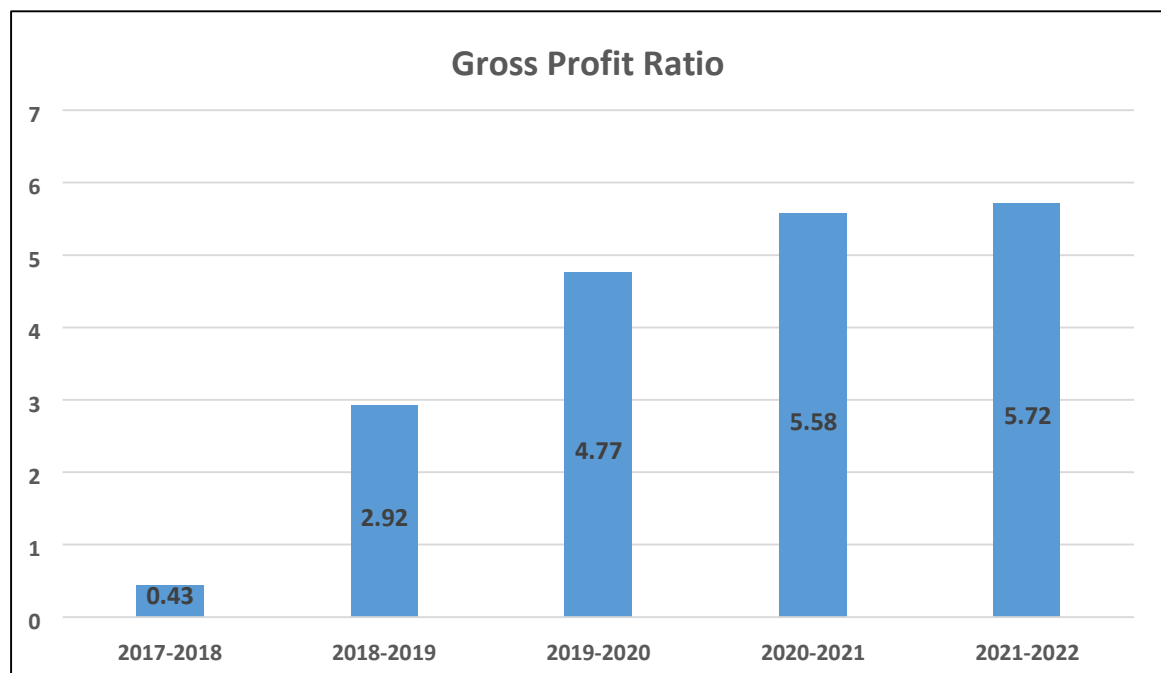


Chart No: 4.2.1

INTERPRETATION

The Gross Profit Ratio graph shows a clear rise. In 2017-18, the ratio was lowest at 0.43. It steadily increased every year and was the highest in the year 2021-2022 at 5.72. A higher Gross Profit Ratio is favourable as it means that the company can cover all expenses and provide for profit. A consistent improvement in gross profit ratio over the past years is the indication of efficient management.

4.2.2 NET PROFIT RATIO

This ratio measures the overall profitability of company considering all direct as well as indirect cost. Generally, net profit refers to profit after tax (PAT).

$$\text{Net Profit Ratio} = \left[\frac{\text{Net Profit}}{\text{Revenue from operations}} \right] \times 100$$

Table no: 4.2.2

YEAR	NET PROFIT	REVENUE FROM OPERATIONS	RATIOS
2017-2018	107774	17212231	0.63
2018-2019	329970	18230387	1.81
2019-2020	655864	19345627	3.39
2020-2021	873215	22234860	3.92
2021-2022	791699	20970322	3.78

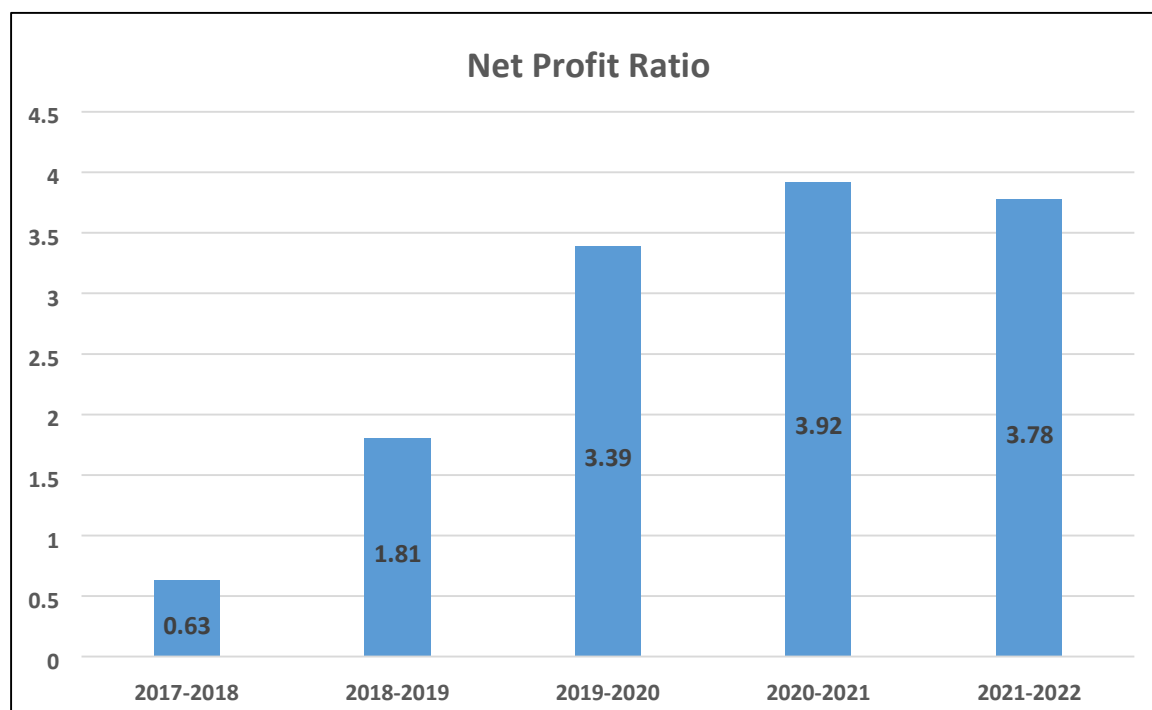


Chart No: 4.2.2

INTERPRETATION

The Net Profit Ratio has increased over the years. In the year 2017-18 it was 0.63, the lowest among the 5 years. From next year onwards it showed an increasing trend. In 2020-21, it was the highest at 3.92. A higher ratio shows the overall profitability of the business and efficient management of the business.

4.3 EFFICIENCY RATIOS

Efficiency ratios are metrics that are used in analysing a company's ability to effectively employ its resources, such as capital and assets, to produce income. The following ratios are presented in this study:

1. Working Capital Turnover Ratio
2. Inventory Turnover Ratio
3. Trade Receivables Turnover Ratio
4. Trade Payables Turnover Ratio

4.3.1 WORKING CAPITAL TURNOVER RATIO

It is defined as the difference between the current assets and current liabilities and working capital turnover ratio establishes a relationship between the working capital and net sales generated by the business.

$$\text{Working Capital turnover Ratio} = \frac{\text{Net Sales}}{\text{Net Working Capital}}$$

Table no: 4.3.1

YEAR	NET SALES	NET WORKING CAPITAL	RATIO
2017-18	1721223	90837	18.94
2018-19	1823038	115129	15.83
2019-20	1934562	243249	7.95
2020-21	2223486	2323561	8.47
2021-22	2097032	268814	7.80

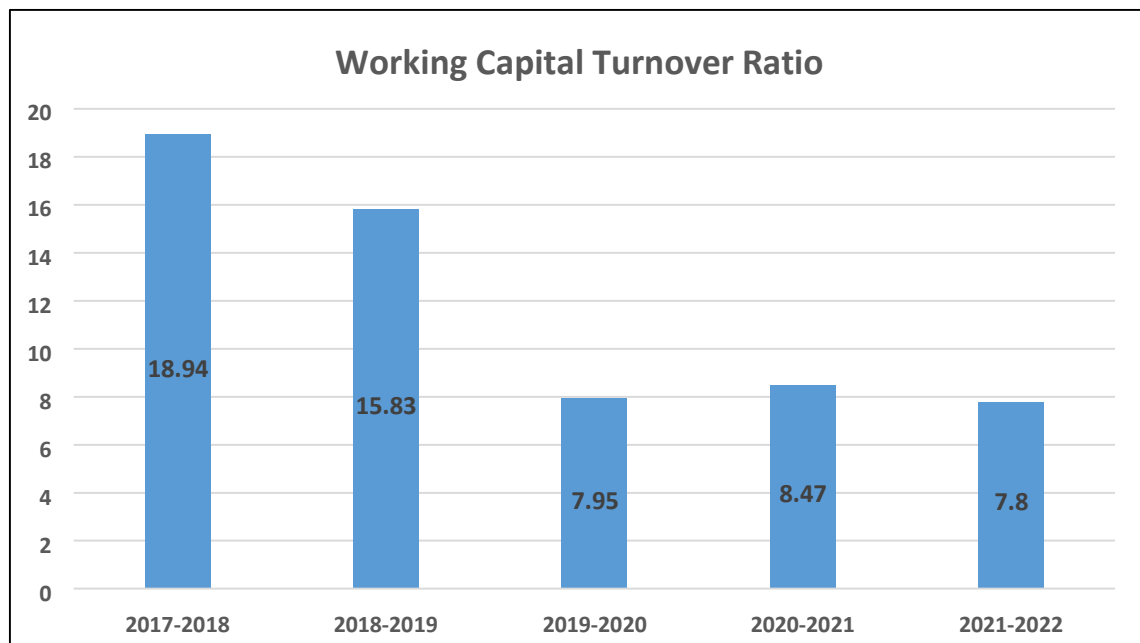


Chart No: 4.3.1

INTERPRETATION

It can be seen from the graph that the ratio is continuously fluctuating. The year 2017-18 had the highest working capital turnover ratio amongst the other years. A high turnover ratio shows that management is being very efficient in using a company's short-term assets and liabilities for supporting sales. Over the years, the ratio has come to 7.80 in 2021-22 which signifies a shortage of working capital in the company which is not favourable.

4.3.2 INVENTORY TURNOVER RATIO

It determines the number of times inventory is converted into revenue from operations during the accounting period under consideration. It expresses the relationship between the cost of revenue from operations and average inventory.

Table no: 4.3.2

YEAR	NET SALES	OPENING INVENTORY	CLOSING INVENTORY	AVERAGE INVENTORY	RATIO	INVENTORY HOLDING DAYS
2017-18	1721223	187656	206221	196939	8.739	41.76
2018-19	1823038	206221	259511	232866	7.828	46.62
2019-20	1934562	259511	312653	286082	6.762	53.97
2020-21	2223486	312653	367025	339839	6.542	55.79
2021-22	2097032	367025	419697	393361	5.331	68.47

$$\text{Average Inventory} = \frac{\text{Opening Inventory} + \text{Closing Inventory}}{2}$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Inventory}}$$

$$\text{Inventory Holding Period} = \frac{\text{Days in a year i.e. 365}}{\text{Ratio}}$$

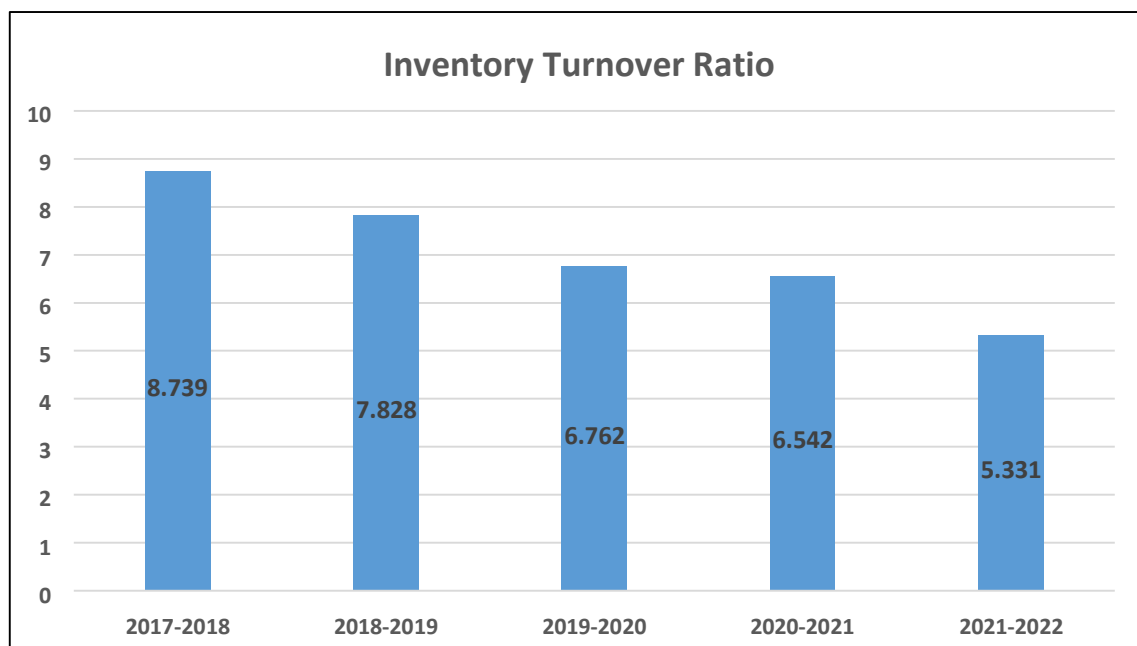


Chart No: 4.3.2

INTERPRETATION

In the year 2017-18 the company had inventory ratio of 8.739 which was the highest compared to the other years. In 2021-22, the ratio is the lowest which is 5.331. Over the years, the ratio is declining. This can be a sign of poor selling or inventory policy which can lead to working capital blockage, piling up of inventory and quality deterioration of inventory.

INVENTORY HOLDING PERIOD

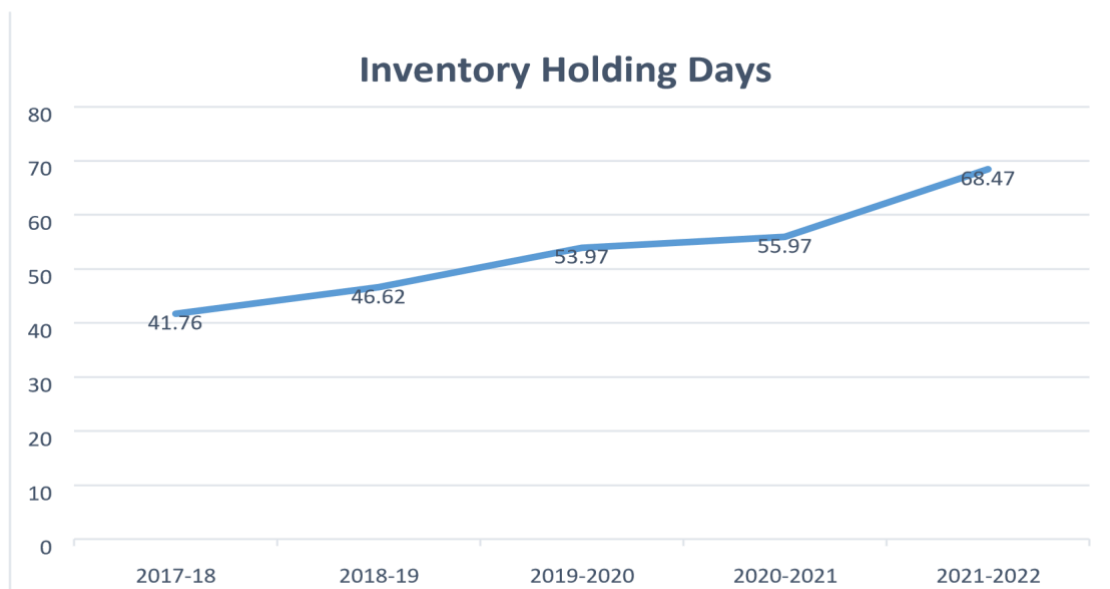


Chart No 4.3.3

INTERPRETATION

In the year 2017-18, the company took approximately 41.76 days to clear its inventory. A shorter period means that the inventory is moving at a fast pace. It shows efficient inventory management. The days taken to clear the inventory has gradually increased over the years. In 2021-22, the company took 68.47 days to clear its inventory which means that the company holds the inventory for a long period of time and signifies poor management of inventory.

4.3.3 TRADE RECEIVABLES TURNOVER RATIO

The receivables turnover ratio is an accounting measure used to quantify a company's effectiveness in collecting its accounts receivable, or the money owed by customers or clients. This ratio indicates the number of times the receivables are turned over and converted into cash in an accounting period.

$$\text{Trade Receivables Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Accounts Receivable}}$$

Table no: 4.3.3

YEAR	OPEN TRADE RECEIVABLES	CLOSING TRADE RECEIVABLES	AVERAGE RECEIVABLES	NET SALES	RATIO	AVERAGE COLLECTION DAYS
2017-18	39467	35660	37564	1721223	4.582	79.66
2018-19	35660	33997	34829	1823038	5.234	69.73
2019-20	33997	38178	36087	1934562	5.360	68.00
2020-21	38178	47127	42652	2223486	5.212	70.00
2021-22	47127	33905	40516	2097032	5.175	70.53

$$\text{Average Collection Days} = \frac{\text{Days in a year i.e. 365}}{\text{Ratio}}$$

$$\text{Average Receivables} = \frac{\text{Opening Receivables} + \text{Closing Receivables}}{2}$$

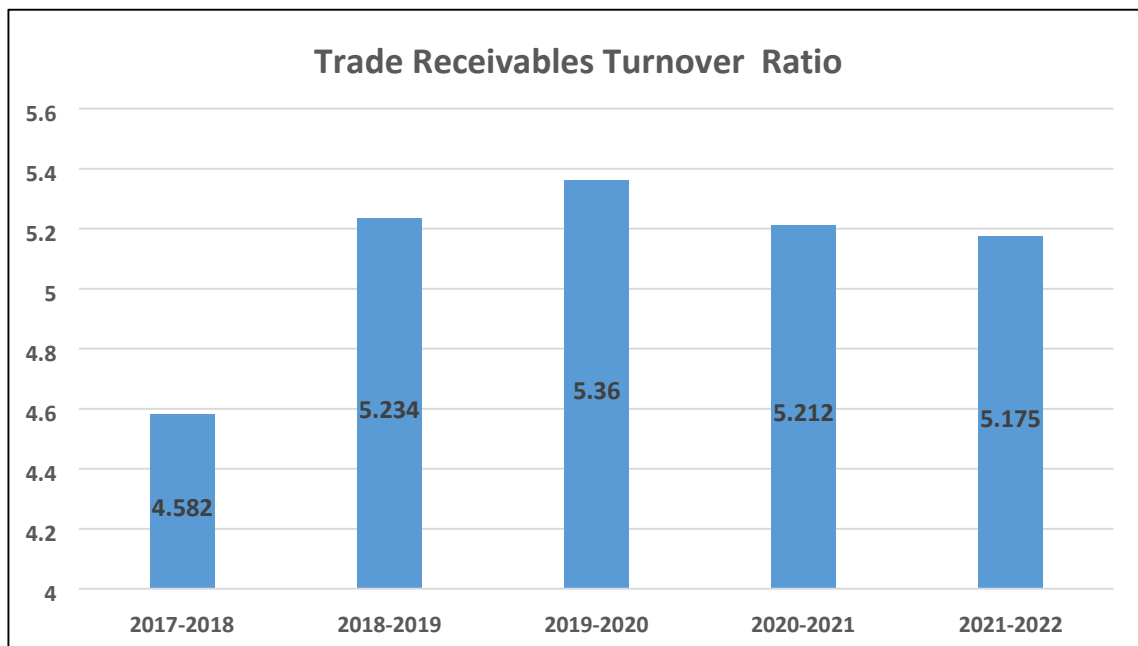


Chart No: 4.3.4

INTERPRETATION

In the year 2017-18, the company collected its average receivables approximately 4.582 times in a year. A low ratio indicates the company's collection process is poor. However, this ratio has increased steadily and in the year 2019-20 it was at 5.36 which is the highest among the other years. A high ratio is desirable as it indicates that the company's collection of receivables is frequent and efficient

AVERAGE COLLECTION PERIOD

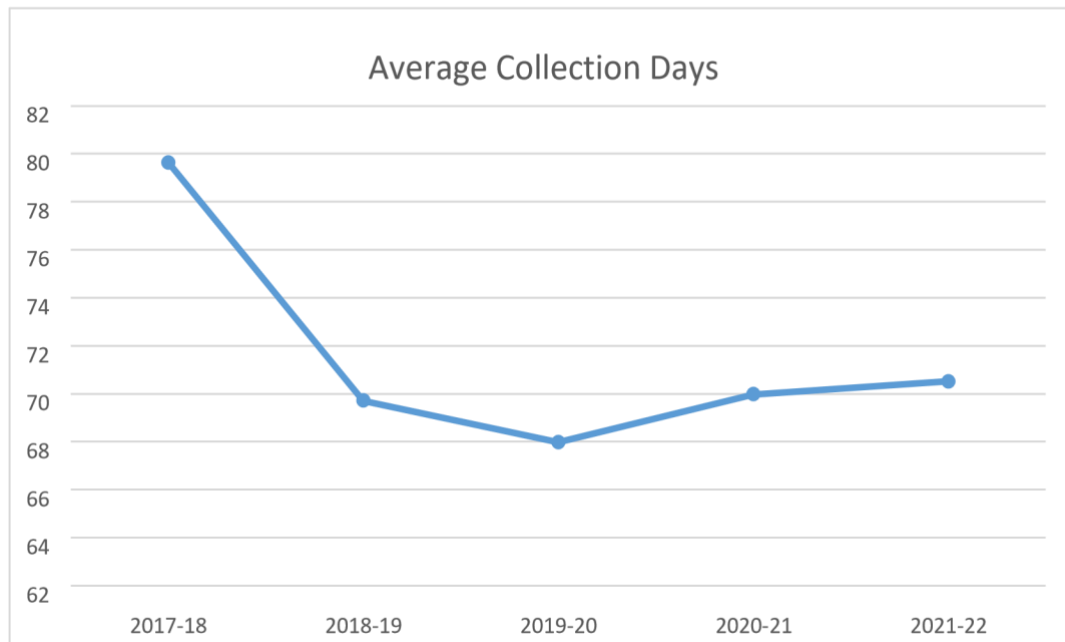


Chart no 4.3.5

INTERPRETATION

In the year 2017-18, it took approximately 79.66 days to repay their debt. This is the longest duration among the 5 years. A longer period of repayment is generally not favourable. The year 2019-20 had the lowest collection period which indicates that the organization collects payments faster. A shorter collection is preferred and it represents efficient collection policies.

4.3.4 TRADE PAYABLES TURNOVER RATIO

Trade payables turnover ratio indicates the pattern of payment of trade payable. As trade payable arise on account of credit purchases, it expresses relationship between credit purchases and trade payable. It is calculated as follows

$$\text{Trade Payables Turnover Ratio} = \frac{\text{Net Purchases OR COGS}}{\text{Average Trade Payables}}$$

Table no: 4.3.4

YEAR	OPENING TRADE PAYABLES	CLOSING TRADE PAYABLES	AVERAGE TRADE PAYABLES	NET PURCHASE	RATIO	AVERAGE PAYMENT PERIOD
2017-18	40373	39083	39728	146161	3.679	99.21
2018-19	39083	41388	40236	153637	3.818	95.59
2019-20	41388	44199	42794	168662	3.941	92.61
2020-21	44199	53698	48948	194558	3.974	91.83
2021-22	53698	45063	49381	183152	3.708	98.41

$$\text{Average Trade Payables} = \frac{\text{Opening Trade Payables} + \text{Closing Trade Payables}}{2}$$

2

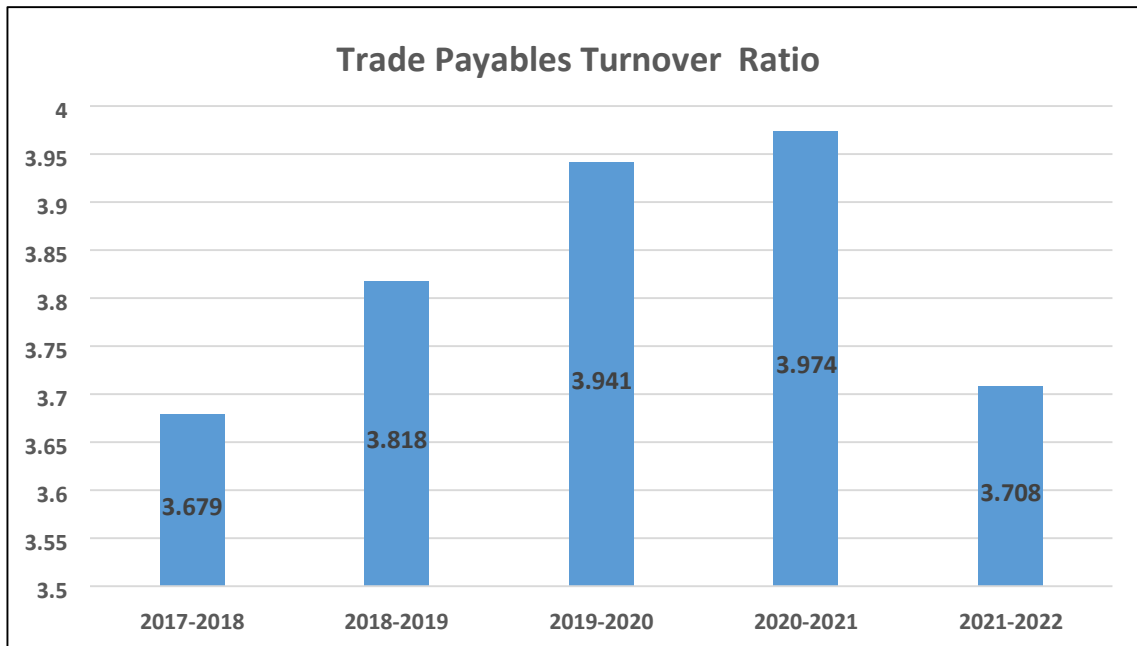


Chart No:4.3.6

INTERPRETATION

In 2017-18, the ratio was the lowest at 3.679. From 2018-19 it showed an increasing trend. Increasing accounts payable turnover ratio could be an indication that the company is managing its debts and cash flow effectively. In the year 2020-21, the ratio was at 3.974 which is the highest in the 5 years period. However in 2021-22 it fell down to 3.708. A decreasing turnover ratio indicates that a company is taking longer to pay off its suppliers than in previous periods.

AVERAGE PAYMENT PERIOD

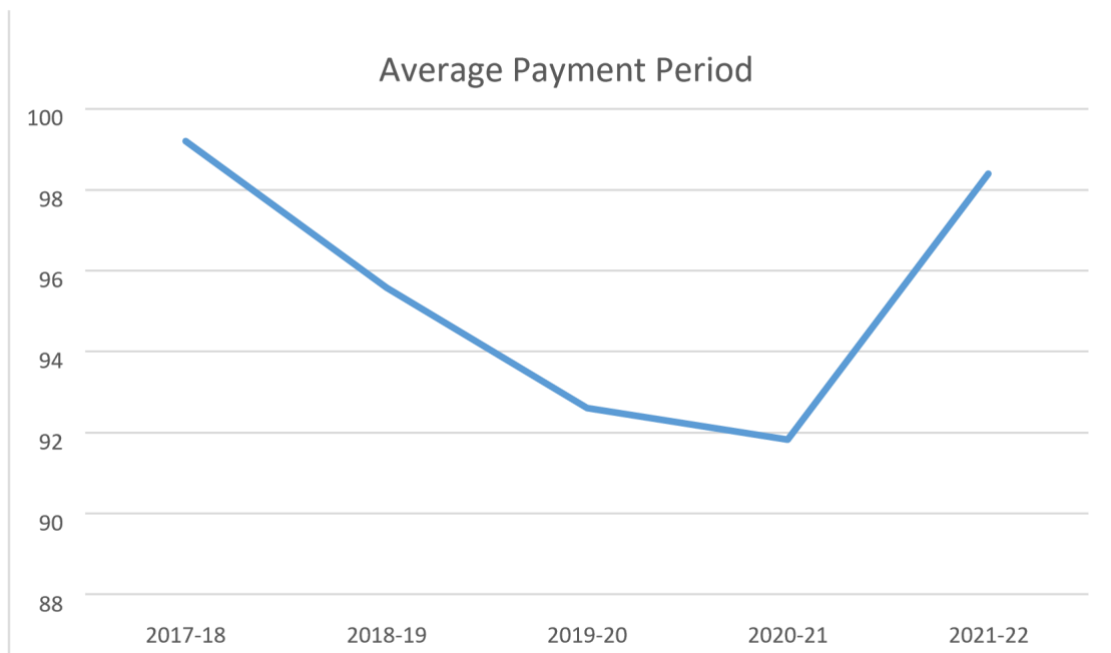


Chart no 4.3.7

INTERPRETATION

The year 2020-21 had the shortest payment period of 91.83 days. A shorter payment period indicates prompt payments to creditors. Like accounts payable turnover ratio, average payment period also indicates the creditworthiness of the company. In the 2021-22, it increased to reach 98.41 days. Companies having long payment period can use the available cash for short-term investments and to increase their working capital and cash flow. Companies that obtain favourable credit terms usually report a relatively longer payment period.

4.4 NET OPERATING CYCLE

The Net Operating Cycle or the Cash Conversion Cycle (CCC) is a metric that expresses the length of time (in days) that it takes for a company to convert its investments in inventory and other resources into cash flows from sales.

The Net Operating Cycle can be calculated as follows:

$$\text{Net Operating Cycle} = \left[\begin{array}{cc} \text{Inventory Holding} & \text{Receivables} \\ \text{Days} & + \text{Collection Days} \end{array} \right] - \text{Payable Payment Days}$$

Table no: 4.4.1

YEAR	INVENTORY HOLDING DAYS (A)	RECEIVABLES COLLECTION DAYS (B)	PAYABLE PAYMENT DAYS(C)	GROSS OPERATING CYCLE (A+B)	NET OPERATING CYCLE (A+B)C
2017-18	41.76	79.66	99.21	121.42	22.21
2018-19	46.62	69.73	95.59	116.35	20.66
2019-20	53.97	68.00	92.61	121.97	29.36
2020-21	55.79	70.00	91.83	125.79	33.96
2021-22	68.47	70.53	98.41	139	40.59

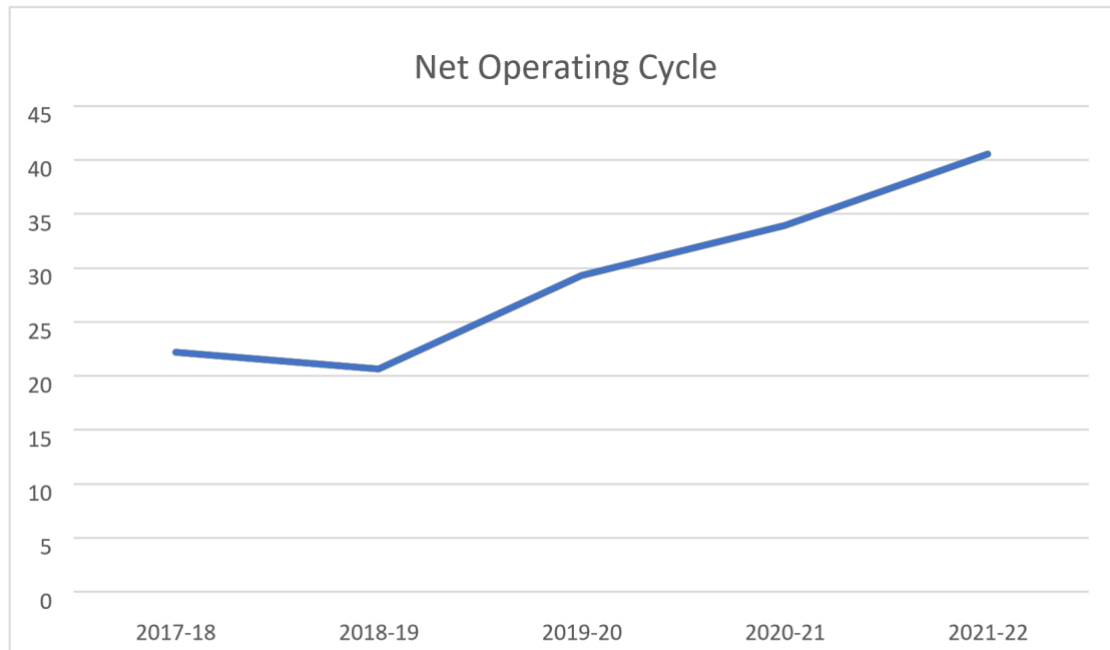


Chart no 4.4.1

INTERPRETATION

In the year 2021-22, the company takes 40.59 days to receive cash and to pay the creditors. This means that the cash is tied up for 40.59 days. In 2018-19, the company could generate cash in only 20.66 days. Having a shorter net operating cycle signifies an effective management of working capital. Having longer operating cycle's means that the company takes a longer time for generating cash which can pose liquidity problems.

B) COMPARATIVE ANALYSIS OF WORKING CAPITAL

1) CHANGES IN WORKING CAPITAL FOR THE YEAR 2021-2022

PARTICULARS	2021	2022	Increase/Decrease	% change
Current Assets				
Inventories	367025	419697	52672	14.35
FINANCIAL ASSETS				
1.Investments	Nil	45028	45028	Nil
2.Trade Receivables	47127	33905	(13221)	(28.05)
3.Cash&Cash Equivalents	333002	194606	161306	484.40
4.Other bank balance	21064	21787	723	3.43
5.Loans	95000	113945	18944	19.94
6.Other financial assets	19459	41460	22001	113.06
Other current assets	437922	387217	(507049)	(11.57)
Total current assets	1408574	1505875	97301	6.9
Gross working capital	1408574	1505875	97301	6.9
(-) Current liabilities				
Financial liabilities				
1.Borrowings	123770	225000	10123	81.78
2.Trade payables	53698	45226	8472	15.77
Other financial liabilities	77183	140715	63532	82.31
Other current liabilities	366683	377896	11213	3.05
Provisions	41599	42810	1211	2.91
Total current liabilities	1146218	1237061	90843	7.92
Net working capital	262356	268814	6458	2.46

INTERPRETATION

We can see from the above table that there is an increase of 2.46% in the Net Working Capital. If the Net Working capital is increasing, we can conclude that the company's liquidity is increasing. It could indicate that the company is able to utilize its existing resources in a better way. This can be attributed to the major increase in the Cash & Cash Equivalents and Other Financial Assets. Companies with a

healthy amount of cash and cash equivalents can reflect positively in their ability to meet their short-term debt obligations.

2) CHANGES IN WORKING CAPITAL FOR THE YEAR 2020-2021

PARTICULARS	2020	2021	Increase/Decrease	% change
Current Assets				
Inventories	312653	367025	54372	17.39
FINANCIAL ASSETS				
1. Investments	Nil	Nil	Nil	Nil
2. Trade Receivables	38178	47127	8941	23.43
3. Cash & Cash Equivalents	58276	33300	(24976)	(42.85)
4. Other bank balance	24619	21064	(3555)	(14.44)
5. Loans	97573	95000	(2573)	(2.63)
6. Other financial assets	20306	19459	(847)	(4.17)
Other current assets	449409	437922	(11487)	(2.55)
Total current assets	1304190	1408574	104384	8.00
Gross working capital	1304190	1408574	104384	6.9
(-) Current liabilities				
Financial liabilities				
1. Borrowings	116898	123770	6872	5.87
2. Trade payables	44199	53698	9499	21.49
Other financial liabilities	82611	77183	(5427)	(6.57)
Other current liabilities	38105	366683	(14374)	(3.77)
Provisions	38378	41599	3221	8.39
Total current liabilities	1060941	1146218	85277	8.03
Net working capital	243249	262356	19107	7.85

INTERPRETATION

The Net working Capital has increased by 7.85%. There is a decrease in many components of Financial Assets. The Trade Payables have increased considerably. If Average Payables increases over a period, it means the company is buying more goods or services on credit, rather than paying cash.

3) CHANGES IN WORKING CAPITAL FOR THE YEAR 2019-2020

PARTICULARS	2019	2020	Increase/Decrease	% change
Current Assets				
Inventories	259511	312653	53042	20.43
FINANCIAL ASSETS				
1. Investments	Nil	Nil	Nil	Nil
2. Trade Receivables	33997	38178	4181	12.29
3. Cash & Cash Equivalents	22375	58276	35901	160.44
4. Other bank balance	30913	24619	(6294)	(20.36)
5. Loans	93392	97573	4181	4.47
6. Other financial assets	28455	20306	(8149)	(28.63)
Other current assets	381504	449409	67902	17.79
Total current assets	1102693	1304190	201497	18.27
Gross working capital	1102693	1304190	201497	18.27
(-) Current liabilities				
Financial liabilities				
1. Borrowings	187763	116898	(70865)	(37.74)
2. Trade payables	41388	44199	2811	6.79
Other financial liabilities	81615	82611	996	1.21
Other current liabilities	26716	38105	11389	42.63
Provisions	37137	38378	1250	3.34
Total current liabilities	987564	1060941	73377	7.43
Net working capital	115129	243249	128120	111.28

INTERPRETATION

The Inventories have increased by 20.43%. The Cash Balance has increased by 160.44%. The Borrowing have reduced by 37.74%. There is a substantial increase in the Net Working Capital by 111.28%.

4) CHANGES IN WORKING CAPITAL FOR THE YEAR 2018- 2019

PARTICULARS	2018	2019	Increase/Decrease	% change
Current Assets				
Inventories	206221	259511	53290	25.84
FINANCIAL ASSETS				
1.Investments	Nil	Nil	Nil	Nil
2.Trade Receivables	35660	33997	(1663)	(4.66)
3.Cash&Cash Equivalents	20161	25466	5305	26.31
4.Loans	92890	93392	502	0.54
5.Other financial assets	10161	28455	18294	180.04
Other current assets	389908	381504	(8404)	(2.15)
Total current assets	1066806	1102693	35887	3.36
Gross working capital	1066806	1102693	35887	3.36
(-) Current liabilities				
Financial liabilities				
1.Borrowings	251716	187763	(63923)	(25.40)
2.Trade payables	39083	41388	2305	5.89
Other financial liabilities	60195	81615	21420	35.59
Other current liabilities	241027	267161	26134	10.84
Provisions	32193	37137	4944	15.35
Total current liabilities	975969	987564	11595	1.18
Net working capital	90837	115129	24292	26.74

INTERPRETATION

The Net Working Capital has significantly increased from RS.90837 to RS.115129 in the year ended 31st March 2019. This can be attributed to the rise in Other Financial Assets by 180.04%. Cash & Cash Equivalents have increased by 26.31%. The Borrowings have reduced by 25.40%. This has led to an increase in net working capital by 26.74%.

5) CHANGES IN WORKING CAPITAL FOR THE YEAR 2017- 2018

PARTICULARS	2017	2018	Increase/Decrease	% change
Current Assets				
Inventories	187656	206221	18565	9.89
FINANCIAL ASSETS				
1.Investments	Nil	Nil	Nil	Nil
2.Trade Receivables	40058	35660	(4398)	(10.97)
3.Cash&Cash Equivalents	15140	20161	5021	33.16
4.Loans	96617	92890	(3727)	(3.85)
5.Other financial assets	22551	10161	(12390)	(54.94)
Other current assets	421879	389908	31971	(7.57)
Total current assets	1124138	1066806	57332	(5.1)
Gross working capital	1124138	1066806	57332	(5.1)
(-) Current liabilities				
Financial liabilities				
1.Borrowings	243193	251716	8523	3.50
2.Trade payables	40373	39083	(1290)	(3.19)
Other financial liabilities	65187	60195	(4992)	(7.65)
Other current liabilities	272963	241027	(31936)	(11.69)
Provisions	29712	32193	2481	8.34
Total current liabilities	1005794	975969	(29825)	(2.96)
Net working capital	118344	90837	(27507)	(23.24)

INTERPRETATION

In the year 2017-18, the current assets have decreased by 5.1%. A component of current assets, namely Other Financial Assets have decreased by 54.94%. Other Current Liabilities have also decreased by 11.69%. This has led to the decrease in Net Working Capital by 23.24%.

CHAPTER 5. FINDINGS, SUGGESTIONS AND CONCLUSION

5.1. FINDINGS

- a. The Current Ratio shows that the company's liquidity position is not ideal as per the standard ratio 2:1 but still it is greater than 1 which indicates the company's ability to pay off its current obligations.
- b. In the year 2021-2022, there is an increase of 2.46% in the Net Working Capital. If the Net Working capital is increasing, we can conclude that the company's liquidity is increasing.
- c. In the year 2020-2021, The Net working Capital has increased by 7.85%. There is a decrease in many components of Financial Assets. The Trade Payables have increased considerably. If Average Payables increases over a period, it means the company is buying more goods or services on credit, rather than paying cash.
- d. In the year 2019-2020, The Inventories have increased by 20.43% .The Cash Balance has increased by 160.44%.The Borrowing have reduced by 37.74%.There is a substantial increase in the Net Working Capital by 111.28%.
- e. In the year 2018-2019, The Net Working Capital has significantly increased from RS.90837 to RS.115129. Cash & Cash Equivalents have increased by 26.31%.The Borrowings have reduced by 25.40%.This has leads to increase in net working capital by 26.74%.

- f. In the year 2017-2018, the current assets have decreased by 5.1%. A component of current assets, namely Other Financial Assets have decreased by 54.94%. Other Current Liabilities have also decreased by 11.69%. This has led to the decrease in Net Working Capital by 23.24%.

5.2 LIMITATION OF THE STUDY

1. This study deals only with the data available by the company.
2. The study extensively uses the data provided in the financial reports of the company.
3. The analysis made on the working capital management is for a particular period of time the current assets and current liabilities.

5.3 SUGGESTIONS

- a. There are no major deficiencies in the management of working capital, however, there is a need for improvement in some ratios like Receivables and Working Capital Turnover in order to enhance the liquidity and profitability position to the greater level.
- b. The Working Capital Turnover Ratio can also be improved by maintaining an optimal level of working capital without incurring liquidity risks which will be beneficial to the company's daily operations and long term investments and the company can reduce the average collection days by reviewing its credit terms and policies with an aim to shorten its Net Operating Cycle.
- c. It needs system that will allow the company to state the amount of cash, bills receivable, bill payable, debtors and creditors.
- d. Management of cash is one of the most important areas in the management of working capital in company.
- e. The decision regarding the level of overall investment in working capital is a cost/ benefit trade-off between Liquidity and Profitability or Cash flow and Profits.

5.4 CONCLUSION

The Project was initiated with the objective to study the working capital management in Apex Global Solution .We can conclude that the company's profitability has increased over the years. The Ratios of the company are satisfactory and the company enjoys a balance of liquidity and profitability. On the basis of the analysis, we can further conclude that the overall management of working capital is sound. The study concludes that overall financial position sound of this company. The company gives more attention to maintaining sufficient current assets. Company's current assets and liabilities are changing year by year so efforts must be taken to keep its stable. Working capital is industry specific, thus general conclusions about other industries cannot be made without further research. As the working capital is dependent on many factors that might impact companies' abilities to achieve certain levels of working capital, e.g. size, it is important to analyse these aspects for each company individually in order to draw conclusions on an individual company level. As indices were created in this thesis, a recommendation for future research is to investigate a single industry in-depth. Proper management of working capital is necessary to maintain day to day activities of an organization.

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