

A STUDY ON WORKING CAPITAL MANAGEMENT WITH SPECIAL REFERENCE TO M2P SOLUTION PRIVATE LIMITED

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by

SHWETHA.P
Register No.41410293



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 - 600 119**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the Bonafide work of **SHWETHA.P 41410293** who carried out the project entitled "**A Study on working capital management with special reference to M2P solution private limited**" under our supervision from January 2023 to April 2023.

Dr. DHIVYA SATHISH.

Internal guide

Mr.T. Manickam

External Guide

(Dr. BHUVANESWARI. G, MBA.,Ph.D)
Dean – School of Management Studies

SCHOOL OF MANAGEMENT STUDIES
SATHYABAMA
INSTITUTE OF SCIENCE AND TECHNOLOGY
(Deemed to be University)
Ippiaar Nagar, Rajiv Gandhi Sala:
Chennai-600 119

Submitted for Viva voce Examination held on **06.05.2023**

Internal Examiner

P. Hameem Khan

External Examiner

DECLARATION

I **SHWETHA.P (41410293)** hereby declare that the Project Report entitled “**A STUDY ON WORKING CAPITAL MANAGEMENT WITH SPECIAL REFERENCE TO M2P SOLUTION PRIVATE LIMITED, CHENNAI**” done by me under the guidance of **DR. DHIVYA SATHISH, MBA.,M.Phil., Ph.D.**, at **M2P SOLUTION PRIVATE LTD**, Plot No 30/10 and 29/12 3rd floor, MM Complex, Hopman Street 2nd street 100 ft main road near Alandur court , Alandur, Chennai -600016 is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE: 06.05.2023

PLACE: CHENNAI

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SHWETHA.P

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ABSTRACT

Every business, large, medium, or small, requires finance to operate and accomplish its goals. Indeed, finance is so important today that it is properly referred to as an enterprise's lifeblood. No enterprise can reasonably achieve its goals without adequate funding. As a result, this project is concerned with researching different aspects of working capital management that are required to carry out day-to-day operations. This initiative investigates "Working Capital Management" in M2P Fintech. The extent of the study is determined both after and during the study's execution. The primary goal of the research was to put the theoretical aspects of the study into real-life work experience. Working capital analysis is built on tools such as Ratio Analysis and Statement of Changes in Working Capital. Furthermore, the study is founded on the last five years of M2P Fintech Annual Reports. In terms of working capital management, the company confronts two major challenges: First, given the level of sales and the relevant cost variables, what are the optimal amounts of cash, accounts receivable, and inventories that a business should maintain? Second, given these ideal amounts, what is the least expensive way to finance these working capital investments? To achieve the best possible outcomes, firms should keep no unproductive assets and finance with the cheapest available sources of funds. Why? In general, investing in short-term assets and financing short-term liabilities benefits the business greatly.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Working capital is an important element in the long-term viability and sustainability of any company. Many businesses are forced to close their doors due to an inability to fulfil short-term obligations on time. To stay in business, a company must effectively manage its working capital. Working capital management improves a company's cash and financial health while lowering risk.

You will be introduced to the idea of working capital and working capital management in this course. The course will look at the need for working capital management and identify important factors that influence the amount of working capital required. This course will also cover financial planning ideas to help you estimate your working capital needs. Finally, you will be introduced to the idea of working capital and working capital management in this course. The course will look at the need for working capital management and identify important factors that influence the amount of working capital required. This course will also cover financial planning ideas to help you estimate your working capital needs. Finally, this training will go over some of the most important strategies for financing working capital. Working capital management and control is critical for businesses, and it is a significant workload function for the finance manager and accountant. Working capital, the generally accepted descriptive term for these resources, refers to the company's investment in short-term assets;

Traditionally, these pertain to balance-sheet items classified as current assets. (Of course, in practice, all capital, whether invested in fixed or current assets, is working). Working capital includes inventories (stocks), accounts due (debtors), short-term investments, and cash balances. (The words in brackets indicate alternative asset descriptions; These terms are used interchangeably throughout this work.) The finance manager will be concerned with the financing of these assets in addition to their efficient administration and control. In this case, the financial manager will be confronted with numerous short-term and long-term alternative sources. Short-term financing is typically recorded as current liabilities and contains items such as bank overdrafts and credit from suppliers.

The efficient financing of current assets by short-term obligations falls under the purview of working-capital management and is thus covered in the text.

The following terms will come in handy while perusing the book:

Working capital is a broad word. total current assets minus working funds

net working capital is the difference between current assets and current obligations.

This is commonly used terminology, though some textbooks use distinct definitions.

Working capital is commonly described as 'circulating capital' or 'circulating assets'; this description stems from the firm's short-term cash cycle, which is discussed later.

However, this terminology can be perplexing because, in the long run, all assets are engaged in the cash cycle. As a result, the phrase "circulating assets" is no longer in use.

Component Items

Net working capital is the difference between current assets and current obligations. Current assets are those that are used in the business's selling process and are held for short periods of time. They are sometimes defined as those that are anticipated to be converted into cash within one year, which includes almost all of the items. Many businesses have assets they intend to keep for the long run, even if they are in easily realizable forms, such as investments. Although these are not considered present assets, they can be used in working capital management because they are frequently convertible into cash. The main constituent items of current assets are listed below.

(a) Stocks or inventories. These are the materials, commodities, or goods that the firm has at any given time and that are anticipated to be used in the firm's manufacturing process or sold as a finished product in the normal day-to-day operations of the company. Inventories include raw materials, purchased components, finished goods, and products in the middle of a production process. (Known as work in progress).

(b) Accounts payable or debtors. These are the company's short-term obligations. Debts receivable in the case of manufacturing and commercial firms typically reflect credit taken by their sales customers.

c) Amounts paid in advance for prepayments or expenditures. These are expenses that have been paid for but the products or services have not yet arrived.

(d) Investments for the short run. When a firm has short-term surplus cash, it is frequently invested in securities on which a rate of return is anticipated, either in the form of interest or capital appreciation; these amounts may be certain (e.g., local-government deposits) or uncertain (e.g., government bonds). (equity shares). If a company chooses to invest for the long run, the investment will not be reflected in current assets, and management will be kept separate.

OBJECTIVES

- meet day-to-day cash flow needs;
- pay wages and salaries when they become due;
- pay creditors to ensure continued supplies of goods and services;
- pay government taxation and capital providers " dividends; and
- ensure the business entity's long-term survival.

Nature and Scope of Working Capital

Working Capital Management is concerned with the issues that emerge when trying to manage Current Assets, Current Liabilities, and their interrelationship. The term Current Assets refers to assets that, in the usual course of business, can or will be converted into cash within one year without losing value or disrupting the firm's operations. Cash, marketable securities, accounts receivable, and inventory are the most important current assets. Current liabilities are those liabilities that are meant to be paid in the ordinary course of business, within a year, from the company's current assets or earnings. Accounts payable, bills payable, bank overdraft, and other current liabilities are the most fundamental. Current liabilities are those liabilities that are meant to be paid in the ordinary course of business, within a year, from the company's current assets or earnings. Accounts payable, bills payable, bank overdraft, and outstanding expenses are the four fundamental Current Liabilities.

The goal of Working Capital Management is to manage the firm's assets and liabilities to keep a satisfactory level of working capital.

This is because if the firm does not maintain a sufficient level of working capital, it is likely to become insolvent and may even be forced to liquidate to file for bankruptcy.

To guarantee a reasonable margin of safety, the Current Assets should be big enough to cover the current liabilities. Each of the firm's current assets must be managed effectively to maintain liquidity while not keeping any of them too high. Each of the short-term sources of financing must be managed constantly to ensure that they are acquired and used as efficiently as possible.

The interaction between current assets and current liabilities is thus the central topic of working capital management theory.

1.2 INDUSTRY PROFILE

India has a different financial sector that's fleetly expanding, both in terms of being fiscal services enterprises' strong growth and new entrants into the request. Marketable banks, insurance companies, non-banking fiscal companies-operatives, pension finances, collective finances, and other lower fiscal realities make up the sector. Lately, the banking controller permitted the conformation of new realities similar as payment banks, diversifying the types of realities operating in the sector. still, the Indian fiscal sector is dominated by marketable banks, which regard for further than 64 of total means held by the fiscal system. The Indian government has enforced a number of reforms to liberalize, regulate, and ameliorate this assiduity. The government and the Reserve Bank of India (RBI) have taken a number of way to make it easier for Micro, Small, and Medium Enterprises(MSMEs) to gain credit(MSMEs). These measures include launching Credit Guarantee Fund Scheme for MSMEs, issuing guidelines to banks regarding collateral conditions and setting up a Micro Units Development and Refinance Agency(MUDRA). With a combined drive from the government and the private sector, India has plainly come one of the world's most vibrant capital requests.

Market SIZE

As of October 2022, AUM managed by the collective fund assiduity stood at Rs. 39.50 trillion (US\$483.63 billion), and the total number of accounts stood at 139.1 million. Flux in India's collective fund schemes via methodical investment plan (draft) stood at Rs. 275 crore (US\$10.68 billion). By the end of December 2021, equity collective finances had entered a net flux of Rs. 22.16 trillion (US\$294.15 billion). The insurance industry is another critical element of India's fiscal assiduity. Insurance assiduity has been fleetly expanding.

In FY22, the total first-time decoration of life insurance companies reached \$40.1 billion. Non-life insurance decorations reached Rs. crore (US\$4.68 billion) in FY23 (until May 2022). Likewise, India's leading stock exchange, the Bombay Stock Exchange (BSE), will form a common adventure with Ebix Inc to establish a robust insurance distribution network in the country via a new distribution exchange platform. In financial time 22, \$14.55 billion was raised through 127 original public immolations (IPOs). From 135 in 1995 to, 012 by FY22, the number of companies listed on the NSE increased from 135 in 1995 to, 012 by FY22.

According to the Futures Industry Association (FIA), a derivatives trade association, the National Stock Exchange of India Ltd. (NSE) will be the world's largest derivatives exchange in terms of contracts traded in 2020. According to World Federation of Exchanges (WFE) statistics for CY2020, the NSE was ranked fourth in the world in cash equities by number of trades.

INVESTMENTS/DEVELOPMENTS

- In recent years, the Financial Services Industry has made significant strides:
- The Unified Payments Interface (UPI) recorded 7.30 billion transactions worth Rs. 12.11 trillion (US\$ 148.63 billion) in November 2022.
- In October 2022, the number of transactions via immediate payment service (IMPS) reached 482.46 million (by volume) and totaled Rs. 4.66 trillion (US\$ 57.05 billion).
- In 2021, India's PE/VC investments totaled US\$ 77 billion, a 62% increase over 2020.
- Proses acquired Indian payments provider Bill Desk for \$4.7 billion in 2021.

- In September 2021, eight Indian banks announced that they are launching—or are about to launch—a system called 'Account Aggregator,' which will allow consumers to consolidate all of their financial data in one place.
- Piramal Group paid Rs. 34,250 crore (US\$ 4.7 billion) in September 2021 to acquire Dewan Housing Finance Corporation (DHFL).

Leading AMC's in India (as of June 2021)

Top 5 AMC's in India	AUM (US\$ billion)
SBI Mutual Fund	70.23
HDFC Mutual Fund	55.97
ICICI Prudential Mutual Fund	55.93
Aditya Birla Sun Life Mutual Fund	36.97
Kotak Mahindra Mutual Fund	33.10

GOVERNMENT INITIATIVES

- Some of the major government initiatives are as follows:
- In September 2021, NPCI International Payments (NIPL), the international branch of the National Payments Corporation of India (NPCI), will collaborate with Liquid Group, a cross-border digital payments provider, to enable QR-based UPI payments to be accepted in ten countries in north and southeast Asia.
- The Reserve Bank of India announced on September 30, 2021, that the applicable average base rate to be charged by non-banking financial companies - micro finance institutions (NBFC-MFIs) to their borrowers for the quarter beginning October 1, 2021, will be 7.95%.
- On September 30, 2021, the IFSC Authority formed an expert committee to recommend a strategy for developing a sustainable finance hub and provide a road map for doing so.

- Prime Minister Mr. Narendra Modi launched e-RUPI, a person- and purpose-specific digital payment solution, in August 2021. e-RUPI is an e-voucher that is sent to the beneficiary's cell phone via QR code or SMS string.
- Users of this one-time payment method will be able to redeem the voucher at the service provider without the need for a card, digital payments app, or internet banking access.

ROAD AHEAD

The Indian financial services industry has expanded dramatically in recent years. This upward trend is expected to continue. The private wealth management industry in India has enormous potential. India is expected to have 6.11 lakh HNWIs by 2025. This will result in India becoming the world's fourth largest private wealth market by 2028. The insurance market in India is expected to reach \$250 billion by 2025. This will also provide India with an additional \$78 billion in life insurance premiums from 2020 to 2030.

Because of its robust banking and insurance sectors, India is now one of the most vibrant global economies. The insurance industry has reacted positively to the relaxation of foreign investment rules, with many companies announcing plans to increase their stakes in joint ventures with Indian companies. In the coming quarters, global insurance conglomerates and local players may enter into a series of joint venture agreements.

By 2025, the Association of Mutual Funds in India (AMFI) hopes to nearly five-fold AUM to Rs. 95 lakh crore (US\$ 1.47 trillion) and more than three-fold growth in investor accounts to 130 million.

India's Fintech sector is expected to fuel this growth in a variety of segments. The Indian mobile wallet industry is expected to grow at a CAGR of 150% to reach US\$ 4.4 billion by 2022, with mobile wallet transactions reaching Rs. 32 trillion (USD\$ 492.6 billion) during the same period.

According to Goldman Sachs, investors are pouring money into India's stock market, which is expected to surpass the UK and become the fifth-largest stock market in the world by 2024.

1.3 COMPANY PROFILE

M2p Solutions Private Limited is an 8 years 4 months old Private Limited Indian Non-Government Company incorporated on 14 Nov 2014. The Company's status is Active, and it has filed its Annual Returns and Financial Statements up to 31 Mar 2021 (FY 2020-2021). It's a company limited by shares having an authorized capital of Rs 1.57 cr and a paid-up capital of Rs 1.17 cr as per MCA.

6 Directors are associated with the organization. Anuradha Ramachandran, Rangarajan Madhusudanan, Srinivasan Radhika and 3 other members are presently associated as directors.

M2P Fintech is the largest API infrastructure company in Asia. We embed financial technology in core business offerings and help financial institutions and fintech's deliver agile, cloud-native financial services and enhanced customer experiences. We are among the top 100 high-growth companies in Asia Pacific and power over 80% of fintech transactions in India. Our futuristic, customer-centric fintech offerings make us the partner of choice for anyone looking to deploy customized fintech products for any requirement. With a presence in 20 markets worldwide and a rapidly expanding global footprint, we help every company become a fintech.

M2P embeds fintech in core business offerings, acts as a reliable tech layer between banks, fintech, and financial institutions.

We help companies co-create winning financial solutions and help any business offer cutting-edge financial services.

It works with banks and financial institutions as product providers offering end-to-end program management services over a bundle of APIs that covers bank accounts, term deposits and a wide gamut of payments products including debit, credit, prepaid, Travelcard, QR, UPI, NETC toll payments.

Our Values



Mission

“Our mission is to modernize collections, which allows fintech and traditional lenders to manage their collections operations and repayment analytics.

Vision

M2P’s vision to provide a comprehensive fintech ecosystem.

1.4 IDENTIFIED PROBLEMS

This initiative investigates "Working Capital Management" in M2P solution private limited.

The company faces two major challenges in working capital management:

1. First, given the level of sales and the pertinent cost factors, what are the optimal amounts of cash, accounts receivable, and inventories for a firm to keep?
2. Second, given these optimal quantities, what is the most cost-effective method of funding these working capital investments? Firms should retain no unproductive assets and finance with the cheapest available sources of funds to produce the best possible results. Why? In general, investing in short-term assets and financing short-term liabilities is very advantageous for the company.

1.5 NEED FOR THE STUDY

- The researcher conducted this study to cover a research gap as well as to meet management requirements.
- The management wants to know if the annual working capital requirement has increased or decreased, and if the report provides a negative result, what will be done to reduce the working capital, so this study is required right away.

1.6 OBJECTIVES OF THE STUDY

- To study on working capital management in M2P Fintech
- To study the sources and uses of working capital.
- To analyze the liquidity position through various working capital related ratios.
- To study the working capital components such as receivables accounts, cash management, Inventory management.
- To make suggestions based on the findings of the study.

1.7 SCOPE OF THE STUDY

- The extent of the study is determined both after and during the study's execution. The primary goal of the research was to put the theoretical aspects of the study into real-life work experience.
- Working capital analysis is built on tools such as Ratio Analysis and Statement of Changes in Working Capital. Furthermore, the study is founded on the last five years of M2P Fintech Annual Reports.

CHAPTER 2

REVIEW OF LITERATURE

2.1 REVIEW OF LITERATURE

Many prior studies have found links between a company's working capital management and its profitability in various environments.

This study used sales to represent demand for the product and showed the significance of accelerator.

John Sagan (1955) The first theoretical paper on the theory of working capital management emphasized the need for management of working capital accounts and warned that it could vitally affect the health of the company. He realized the need to build up a theory of working capital management. He discussed mainly the role and functions of money manager inefficient working capital management. Sagan pointed out the money manager's operations were primarily in the area of cash flows generated in the course of business transactions. However, the money manager must be familiar with what is being done with the control of inventories, receivables and payables because all these accounts affect cash position.

Ernes Walker (1964) study made a pioneering effort to develop a theory of working capital management. Walker studies the effect of the change in the level of working capital on the rate of return in nine industries for the year 1961 and found the relationship between level of working capital and the rate of return to be negative.

James Van Horne (1969) in his study recognizing working capital management as an area largely lacking in theoretical perspective, attempted to develop a framework in terms of probabilistic cash budget for evaluating decisions concerning the level of liquid assets and the maturity composition of debt involving risk-return trade-off. He proposed calculation of different forecasted liquid asset requirements along with their subjective probabilities under different possible assumptions of sale, receivables, and payables and other related receipts and disbursements. An Horne study presented a risk-return trade-off of working capital management in entirely new perspective by considering some of the variables probabilistically

Paul Welter (1970) in his study stated that working capital originated because of the global expenditure for purchase of raw material was made and the moment when payment delay between the moments was received for the sale of finished product. Delay centers are located throughout the production and marketing functions. The study requires specifying the delay centers and working capital tied up in each delay center with the help of information regarding average delay and added value. He recognized that by more rapid and precise information through computers and improved professional ability of management, saving through reduction of working capital could be possible by reducing the length of global delay by rescuing or favorable redistribution of this global delay among the different delay centers. This approach concentrated only on total amount of current assets ignoring the interactions between current assets and current liabilities.

Appavadhanulu (1971) recognizing the lack of attention being given to investment in working capital, analyzed working capital management by examining the impact of method of production on investment in working capital. He emphasized that different production techniques require different amount of working capital by affecting goods-in-process because different techniques have differences in the length of production period, the rate of output flow per unit of time and time pattern of value addition. Different techniques would also affect the stock of raw materials and finished goods, by affecting lead-time, optimum lot size and marketing lag of output disposals. He estimated the ratio of work-in-progress and working capital to gross output and net output in textile weaving done during 1960, on the basis of detailed discussions with the producers and not on the basis of balance sheets which might include speculative figures. His study could not show a significant relationship between choice of technique and working capital.

Bhatt V. V. (1972) widely touches upon a method of appraising working capital finance applications of large manufacturing concerns. It states that similar methods need to be devised for other sectors such as agriculture, trade etc. The author is of the view that banks while providing short-term finance, concentrate their attention on adequacy of security and repayment capacity. On being satisfied with these two criteria they do not generally carry out any detail appraisal of the working of the concerns.

Smith Keith V. (1973) believes that Research 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. Current assets collectively represent the single largest investment for many firms, while current liabilities account for a major part of total financing in many instances. This paper covers eight distinct approaches to working capital management. The first three - aggregate guidelines, constraints set and cost balancing are partial models; two other approaches - probability models and portfolio theory, emphasize future uncertainty and interdependencies while the remaining three approaches - mathematical programming, multiple goals and financial simulation have a wider systematic focus.

Chakra barty (1973) approached working capital as a segment of capital employed rather than a mere cover for creditors. He emphasized that working capital is the fund to pay all the operating expenses of running a business. He pointed out that return on capital employed, an aggregate measure of overall efficiency in running a business, would be adversely affected by excessive working capital. Similarly, too little working capital might reduce the earning capacity of the fixed capital employed over the succeeding periods.

Ram Kumar Mishra (1975) the problems of working capital with special reference to six selected public sector undertakings in India over the period 1960-61 to 1967- 68. Analysis of financial ratios and responses to a questionnaire revealed somewhat the same results as those of NCAER study with respect to composition and utilization of working capital. In all the selected enterprises, inventory constituted the most important element of working capital.

Lambrix and Singhvi (1979) adopting the working capital cycle approach to the working capital management, also suggested that investment in working capital could be optimized and cash flows could be improved by reducing the time frame of the physical flow from receipt of raw material to shipment of finished goods, inventory management, and by improving the terms on which firm sells goods as well as receipt of cash. The further suggested that working capital investment could be optimized also by improving the terms on which firms bought goods creditors and

payment of cash, and by eliminating the administrative delays the deficiencies of paper-work flow which tended to extend the timeframe of the movement of goods and cash.

Agarwal (1983) studied working capital management on the basis of sample of 34 large manufacturing and trading public limited companies in ten industries in private sector for the period 1966-67 to 1976-77. Applying the same techniques of ratio analysis, responses to questionnaire and interview, the study concluded the although the working capital per rupee of sales showed a declining trend over the years but still there appeared a sufficient scope for reduction in investment in almost all the segments of working capital. An upward trend in cash to current assets ratio and a downward trend in cash turnover showed the accumulation of idle cash in these industries.

Kamta Prasad Singh et.al (1986) examined various aspects of working capital management in fertilizer industry in India during the period 1978-79 to 1982-93. Sample included public sector unit, Fertilizer Corporation of India Ltd. (FCI) and its daughter units namely Hindustan Fertilizers Corporation Ltd., the National Fertilizer Ltd., Ashtray Chemicals and Fertilizers Ltd. and Fertilizer (Projects and Development) India Ltd. and comparing their working capital management results with Gujarat State Fertilizer Company Limited in joint sector. On the basis of ratio analysis and responses to a questionnaire, study revealed that inefficient management of working capital was to a great extent responsible for the losses incurred by the FCI and its daughter units, as turnover of its current assets had been low.

Vijaykumar and Venkatachalam (1995) studied the impact of working capital on profitability in industry in Tamil Nadu by selecting a sample of 13 companies; 6 companies in co-operative sector and 7 companies in private sector over the period 1982-83 to 1991-92. They also estimated the demand functions of working capital and its components cash, receivables, inventory, gross working capital and net working capital, by applying regression analysis. They showed the impact of sales and interest rate on working capital and its components. When only sales were taken as an independent variable, co-efficient of sales was more than unity in all the equations of working capital and its components showing more than unity sales elasticity and diseconomies of scale.

When sales and interest rate were taken as independent variable, sales elasticity was again more than unity in demand functions of working capital and its components except cash.

Smith and Begemann (1997) emphasized that those who promoted working capital theory shared that profitability and liquidity comprised the salient goals of working capital management. The problem arose because the maximization of the firm's returns could seriously threaten its liquidity, and the pursuit of liquidity tended to dilute returns.

Shin and Semen (1998) highlighted that efficient working capital management was very important for creating value important for creating value for the shareholders. The way working capital was managed has a significant impact on both profitability and liquidity. The relationship between the length of net trading cycle, corporate profitability and risk adjusted stock return was examined using correlation and regression analysis, 25 by industry and capital intensity. They found a strong negative relationship between the length of the firm's net-trading cycle and its profitability.

Hossain, Syed Zabid (1999) throws light on the various aspects of working capital position. He has evaluated working capital and its components through the use of ratio analysis. For each aspect of analysis certain ratios are computed and then results are compared with the standard ratio or industry average.

Singaravel, P. (1999) 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. The article is an in-depth analysis of liquidity and its interrelationship with working capital and profitability. As the working capital, liquidity and profitability are in triangular position, none is dispensable at the satisfaction of the other. Excess of stock-in-trade over bank over-draft and excess of liquid assets over current liabilities other than bank over-draft generate working capital for the business. Alternatively working capital requirements are made for long-term funds which affect the profitability.

Garg Pawan Kumar (1999) focuses on the study of working capital trend and liquidity analysis in the selected public sector enterprises of Haryana. The study suggests forecasting of working capital requirement confined mainly to various components of working capital. After considering the facts the author realized the need for proper assessment and forecasting of working capital in the public sector undertaking. For this purpose, he has suggested the analysis of production schedule, sales trend, labour cost etc., should be taken into consideration. He further suggested the need for better management of components of working capital.

Batra G. S. and Sharma A. K. (1999) analyze the working capital position of Goetze (I) Ltd. with the help of various ratios. They are of the view that the working capital position in the company is quite satisfactory although 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 and its determinants. According to the author working capital management involves deciding upon the amount and composition of current assets and how to finance them. He emphasizes on the hedging approach to finance current assets. He also adds that a management can use ratio analysis of working capital as a means of checking upon the efficiency with which working capital is being used in the enterprises.

Bansal S. P. (1999) observes that due to the conservative policy of the corporation

- a) Short-term creditors position regarding their claim is threatened due to lack of funds,
- b) The company was not following uniform policy regarding the collection of debtors, and
- c) Inefficiency on the part of the management causes over investment in inventories. As a result, a serious situation arose due to shortage of working capital. The author warns the corporation that if it did not plan its cash needs properly, it would be led to bankruptcy.

Krishnamurthy's (2000) study was aggregative in nature, focusing on inventories in the Indian economy as a whole from 1948 to 1961. Short-term interest rates have also been discovered to be important. Working capital management, as defined by **Herzfeld B2(2003)**, is the management of current or short-term assets and obligations. The goal of this function is to ensure that the firm has enough assets to run its operations. Here are some facts about working capital administration that you should be aware of.

Between 2002 and 2003, Garcia-Teruel and Martinez-Solano (2002) collected data from 8,872 Spanish small and medium-sized businesses (SMEs). They investigated the effects of working capital management on SME profitability using panel data methodology. The findings, which are robust to endogeneity, show that managers can generate value by reducing inventories and the number of days their accounts are outstanding. Furthermore, shortening the cash conversion period increases the firm's profitability.

According to Maynard E. Refuse (2002), attempting to improve working capital by delaying payment to creditors is harmful to both people and the economy as a whole. Claims that changing the debtor and creditor levels for specific tiers in a value system rarely results in a net benefit. Proposes that stock reduction results in system-wide financial gains as well as other significant benefits.

Shin and Soenen (2006) investigated the relationship between the net-trade cycle, which was used to assess the efficiency of working capital management, and corporate profitability using a sample of 58,985 firm years from 1975 to 1994. They discovered a strong negative relationship between the length of the firm's net-trade cycle and its profitability in all instances.

Eljelly (2003) defines current ration as the relationship between a firm's profitability and its liquidity level. For companies with large current ratios and long cash conversion cycles, this relationship is more pronounced. However, at the industry level, he discovered that the cash conversion cycle, or cash gap, is more important as a measure of liquidity than the current ratio, which impacts profitability. At the industry level, the firm size variable was found to have a significant impact on profitability.

For the **period 1992-2002, Deloof (2004)** investigated the relationship between working capital management and corporate profitability in a sample of 1,009 large Belgian non-financial companies. The analysis revealed a negative gap between profitability as assessed by gross operating income and cash conversion cycle, as well as the number of days' accounts receivable and inventories. Less profitable businesses took longer to settle their bills.

Jeng-Ren, et al. (2006) The study of investigated the determinants of the management of working capital in listed companies in Taiwan taken financial data of 35 quarters for the period from the first quarter of 1996 to the third quarter of 2004; they use the net liquid balance and working capital requirements to evaluate the company's working capital management. Factors include business indicator, industry effect, debt ratio, growth opportunities, operating cash flow, firm performance and fir size. The study, which has net liquid balance as a measure of working capital management, report significant positive relation with economic recession which indicate that the company maintain higher net liquid balance in the time of recession. Using working capital requirement as a measure, the study find the negative relations with business indicator and recession, debt ratio and operating cash flow.

According to Gass (2007), "cash is the lifeblood of business" is a frequently repeated maxim among financial managers. The administration of current or short-term assets such as inventories, loans and advances, debtors, investments, and cash and bank balances is referred to as working capital management. Creditors, trade advances, borrowings, and provisions are examples of short-term obligations. However, the emphasis is on short-term assets because short-term liabilities emerge in the context of short-term assets. It is critical that businesses minimise risk through prudent working capital administration.

Lazaridis and Tryfonidis (2007) investigated the relationship between working capital management and corporate profitability in companies listed on the Athens stock exchange. This relationship was investigated using a sample of 131 publicly traded businesses from 2002 to 2005. Regression analysis revealed a statistically significant relationship between profitability, as assessed by gross operating profit, and the cash conversion cycle.

Based on those findings, they claimed that managers could generate value for shareholders by properly managing the cash conversion cycle and keeping each component at an optimum level.

Samioğlu and Demirgünes (2008) study examines the effect of working capital management on company profitability of listed manufacturing companies in Istanbul stock exchange for the period from 1998 to 2007. Cash conversions cycle, accounts receivable period and inventory period are used to measure the effects of working capital management return on assets is used as a profitability measure. Results from regression analysis show that profitability has a significant positive relation with firm growth and significant negative relation with accounts receivable period, inventory period and leverage.

Boise joy (2009) the study to examine the impact of working capital management and corporate reinvestment policies and practices of financial ratios and distributions of 50 non-bank companies over time for the period forms 1990 to 2004. Financial ratios related to working capital management and capital investment process include accounts receivable turnover, inventory turnover, accounts payables turnover, working capital per share, cash flow per share, and investment ratio have significant changed over time which indicated that aggressive management of working capital and 26 significant increase in productivity have resulted in significant improvement in cash flow per share and reduced the level of corporate investment.

Vijayakumar. A (2012) had done a study on the determinants of profitability; He did the study in the Automobile industry. The study reveals that current ratio, quick ratio, inventory turnover ratio, fixed asset turnover ratio is some of the determinants of profitability

Rekha Raheja et al, (2012) have studied the impact of working capital on profitability and liquidity they studied the relationship between working capital and profitability; and impact of working capital elements on profitability of Tata Motors. The study reveals that the working capital elements like asset turnover ratio, working capital turnover ratio are negatively correlated with return on investments.

Nirmal Chakraborty (2013) has studied the working capital performance of Dabur India Ltd. He had studied the performance of working capital through the current ratio, quick ratio, absolute liquid ratio, inventory turnover ratio, inventory turnover in days, debtor turnover ratio, account receivables in days, working capital turnover ratio, current asset turnover ratio, etc. With the help of Karl Pearson correlation method he had identified that the relationship between the liquidity and profitability was negative.

Uttam Paulhad (2013) studied the role of working capital financing in smooth running of a business. The study reveals the importance of working capital and ways to maintain it. The study proved that working capital can be maintained through the inventories of raw materials, finished products, cash, etc.

Raheman and Nasr (2015) have selected a sample of 94 Pakistani firms listed on Karachi stock exchange for a period of 6 years from 1999-2005 to study the effect of different variables of working capital management on the net operating profitability.

From result of study, they showed that there was a negative relation between variables of working capital management including the average collection period, inventory turnover in days, cash conversion cycle and profitability. Besides, they also indicated that size of the firm, measured by natural logarithm of sales, and profitability had a positive relationship.

Raheman and Nasr (2016) studied the impact of various working capital management variables on net operating profitability in 94 Pakistani companies listed on the Karachi stock exchange over a 6-year period from 1999 to 2005. The study's findings revealed a negative relationship between variables of working capital management such as the typical collection period, inventory turnover in days, currency conversion cycle, and profitability. Furthermore, they showed a positive relationship between firm size, as measured by the natural logarithm of sales, and profitability.

Garcia-Teruel and Martinez-Solano (2016) investigated the impacts of working capital management on the profitability of 8,872 small and medium-sized enterprises (SMEs) from Spain from 2002 to 2003. They discovered that managers can add value by reducing their stockpiles and the number of days their accounts are past due. Furthermore, shortening the cash conversion period increases the firm's profitability.

Chakra barty (2017) investigated the link between working capital and profitability in Indian pharmaceutical firms. He noted that there were two distinct schools of thought on this issue: according to one school of thought, working capital is not a factor of improving profitability and may have a negative relationship with it, whereas according to the other school of thought, investment in working capital plays a vital role in improving corporate profitability, and without a minimum level of investment in working

Singh and Pandey (2017) attempted to investigate the working capital components and the effect of working capital management on Hindalco Industries Limited's profitability from 1990 to 2016. The study's findings revealed that the current ratio, liquid ratio, receivables turnover ratio, and working capital to total assets ratio all had a statistically significant effect on Hindalco Industries Limited's profitability. Capital, output and sales cannot be maintained.

"Working capital management," Dr. Debdasraks and Chanchalchattejee, gam journal of management, vol.6, no.4, oct-dec 2017, pages 129-138. In an increasingly globalized economy, maximizing shareholder value and thus creating value for the company is regarded as the primary goal of business companies. The study explains how working capital management can help a business achieve its value creation goal in the area of value-based management. Working capital management has an impact on the operating success and growth of new public companies, **according to Beneda, Nancy; Zhang, Yilei (2017)**. The research also examines the relationship between working capital and debt level, firm risk, and industry. The research shows a significant positive relationship between higher levels of accounts receivable and operating performance using a sample of initial public offerings (IPOs). The research also discovers that keeping control (i.e. lower amounts) over cash and securities levels, inventory, fixed assets, and accounts.

According to Dubey (2017), working capital in affirmation is usually determined by four fundamental factors: sales volume, technological changes, seasonal, cyclical changes, and firm policies. As previously stated, the firm's strength is determined by its working capital, but this working capital is determined by the firm's sales amount. Current assets are required by the company to support and sustain operational or functional activities. Current assets are assets that can be turned into currency quickly, say within a year, such as receivables, inventories, and liquid cash.

Afza and Nazir (2018) examined the traditional relationships between working capital management policies and firm profitability for 204 non-financial companies listed on the Karachi Stock Exchange. Exchange (KSE) from 1998 to 2006. The research discovered substantial differences in working capital requirements and financing policies across industries. Furthermore, the regression results revealed a negative relationship between company profitability and the degree of aggressiveness of working capital investment and financing strategies.

Amarj Gill, Nahum Biger, and Neil Mathur (2019), is to extend Lazaridis and Tryfonidis' findings on the relationship between working capital management and profitability. From 2006 to 2016, a sample of 88 American companies listed on the New York Stock Exchange was chosen. They discovered a statistically significant relationship between the cash conversion cycle and profitability as assessed by gross operating profit.

Working Capital Management (WCM) and company performance were linked by Mohammad Neab and Noriza BMS (2017).. They selected Malaysian listed companies for their analysis. They were in charge of market valuation and revenue. They used 172 publicly traded businesses from Bloomberg databases.

They chose five years of data at random. (2004-2008). This study, like the previous ones, looked at the impact of working capital component dimensions such as 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.) on firm performance. Tobin Q (T.Q.) and success (return on asset (R.O.A.) and return on invested capital (R.O.I.C.) (R.O.I.C). They analyzed the data using two distinct techniques: multiple regression and correlations. **They discovered an inverse relationship between working capital variables and company performance.**

In his analysis, **Dong (2017) found** that working capital management has an impact on company profitability and liquidity. Pooled data are chosen for the study period of 2007-2009 in order to assess the companies listed on the Vietnam stock exchange. He focused on the variables of profitability, conversion cycle, and its related components, as well as their relationship. According to his findings, the relationships between these variables are highly negative. This indicates that a decrease in profitability occurs as the cash conversion period lengthens. It has also been discovered that reducing the number of days of accounts receivable and

stockpiles reduces profitability while increasing the number of days of accounts receivable and inventories.

Saswata Chatterjee (2017), the importance of fixed and current assets in the effective operation of any organization cannot be overstated. It has a direct effect on profitability and liquidity. In the business world, it has been observed that most companies increase their profit and loss margins because doing so reduces the size of working capital compared to sales. However, if a company wants to increase or enhance its liquidity, it must increase its working capital. As a result of this strategy, the organization's sales will be reduced, and thus its profitability will suffer as a result. For this reason, 30 United Kingdom-based companies that are listed on the London Stock Exchange were chosen. The As a result of this strategy, the organization's sales will be reduced, and thus its profitability will suffer as a result. For this reason, 30 United Kingdom-based companies that are listed on the London Stock Exchange were chosen. The data was collected over three years, from 2007 to 2009. It investigated the effect of working capital on income.

This study examined the effects of 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 UK businesses.

Mathuva (2016) investigated the influence of working capital management on performance. He used nearly 30 listed businesses as a sample, all of which were listed on the Nairobi stock exchange, and the data was collected between 1993 and 2009. His study yielded certain results by analyzing fixed effects regression models. For starters, there is a negative connection between the time it takes to collect cash from customers and the firm's productivity. This shows that firms that are more profitable take less time to gather money from customers than those that are less profitable. Second, there is a positive relationship between the time in which inventories were brought in and the period in which they are sold. Second, there is a favorable relationship between when inventories are brought in and when they are sold and the firm's profitability. The interpretation is that the firms or organizations that take more time to maintain inventories reduce the costs of disruption in the production process and typically business losses due to insufficient goods. This situation reduces the firm's running costs.

The third study assumption was that there was a positive relationship between the average payment period and profitability. The longer it takes to pay debtors, the higher the profitability. Finance is described in today's economy as the provision of money when it is needed. Every business, large, medium, or small, requires finance to operate and accomplish its goals. Indeed, finance is so important today that it is properly referred to as an enterprise's lifeblood. No enterprise can reasonably achieve its goals without adequate funding. A company must keep a balance.

CHAPTER- 3

RESEARCH METHODOLOGY

3.1 RESEARCH METHODOLOGY

- The procedure followed in any endeavors on research study is referred to as research methodology.
- Methodology provides a clear picture of appropriate clarification and sequencing of the various phases of the study in order to arrive at a proper manifestation of the objective and scope.
- The study on financial performance is a descriptive method of research. The major purpose of the descriptive research is to review the present situation of the companies.

3.2 RESEARCH DESIGN

A research design is the arrangement of conditions for data gathering and analysis in such a way that it seeks to combine relevance to the research purpose with procedure economy.

The structure of research can be thought of as the glue that holds all of the elements in a research endeavor together. We frequently describe a design using a concise notation that allows us to efficiently summarize a complicated design structure.

A research design appropriate for a specific research problem typically takes the following elements into account:

- The means of obtaining information.
- The researcher's and his staff's availability and skills.
- The objective of the problem to be studied.
- The nature of the problem to be investigated; and
- The availability of time and funds for research.

3.3 TYPES OF RESEARCH

Analytical research

In contrast, in analytical research, the researcher must use existing facts or information and analyze it in order to make a critical evaluation of the material.

3.4 METHOD OF DATA COLLECTION

Primary data

The primary data is that data which is collected fresh or firsthand, and for first time which is original in nature.

The Primary data has been collected from Personal Interaction with Finance manager and other staff members.

Secondary data

The secondary data are those which have already collected and stored. Secondary data easily get those secondary data from records, annual reports of the company etc. will save the time, money, and effort to collect the data.

The major source of data for this project was collected through annual reports, profit and loss account of 5-year period from 2018.

3.5 TOOLS FOR DATA COLLECTION

SAMPLING DESIGN

Sampling : Financial Statements.

Sampling Size : Last five years financial statements.

Tool Used for calculations : MS-Excel.

3.6 TOOLS FOR ANALYSIS

- Ratio analysis
- Operating cycle of working capital

3.6.1 RATIO ANALYSIS

Financial ratios can be used to assess a company's performance and financial condition. Most ratios can be calculated using information from financial records. Financial ratios can be used to analyze patterns and compare a company's finances to those of other companies. Ratio analysis can predict future bankruptcy in some instances. Financial ratios are categorized based on the data they provide. The following ratios are commonly used:

- The learning period is brief.
- For financial analysis, the analysis is limited to five years of data research (from 2018 to 2022).
- Due to their busy schedules, interaction with the relevant heads was limited.
- The study's findings are founded on the information retrieved by the chosen unidentified source.

Current Ratio

Liquidity ratios indicate whether a company is on track to meet its short-term financial commitments. They are especially appealing to those extending short-term credit to the company. The current ratio (or working capital ratio) and the quick ratio are two commonly used liquidity measures.

The current ratio is the relationship between current assets and current liabilities: Current assets divided by current ratio

$$\text{current Ratio} = \frac{\text{current asset}}{\text{Current liabilities}}$$

Current obligations

A high current ratio is preferred by short-term creditors because it lowers their risk. Shareholders may prefer a lower current ratio so that more of the firm's assets can be used in growing the company. Typical current ratio numbers for remaining solvent during downturns.

Quick Ratio

One drawback of the current ratio is that inventory may include many items that are difficult to liquidate quickly and that have uncertain inventory in the current assets.

The quick ratio is defined as follows:

$$\text{Quick Ratio} = \frac{\text{Quick asset}}{\text{Current liabilities}}$$

The current assets used in the quick ratio are cash, accounts receivable, and notes receivable. These assets essentially are current assets less inventory. The quick ratio often is referred to as the acid test.

Cash Ratio

Finally, the cash ratio is the most conservative liquidity ratio. It excludes all current assets except the most liquid: cash and cash equivalents. The cash ratio is defined as follows:

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Marketable Securities}}{\text{Current liabilities}}$$

The cash ratio is an indication of the firm's ability to pay off its current liabilities if for some reason immediate payment were demanded.

Inventory Turnover Ratio

Inventory turnover ratio is a ratio that shows how many times a year the stock is turned over, i.e. sold. This metric assesses a company's sales and inventory amounts. A high ratio indicates high sales, rapid inventory turnover, and a low supply level. A low stock turnover ratio indicates that the company is slowing or has a high stock level.

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

Debtors Turnover Ratio

Debtor's turnover ratio indicates the speed of debt collection of the firm. This ratio computes the number of times debtors (receivables) has been turned over during the particular period.

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

Creditors Turnover Ratio

Creditor's turnover ratio is the ratio, which indicates the number of times the debts are paid in the year. This ratio is calculated as follows.

$$\text{Creditors Turnover Ratio} = \frac{\text{Net Purchases}}{\text{Average Creditors}}$$

Working Capital Turnover Ratio

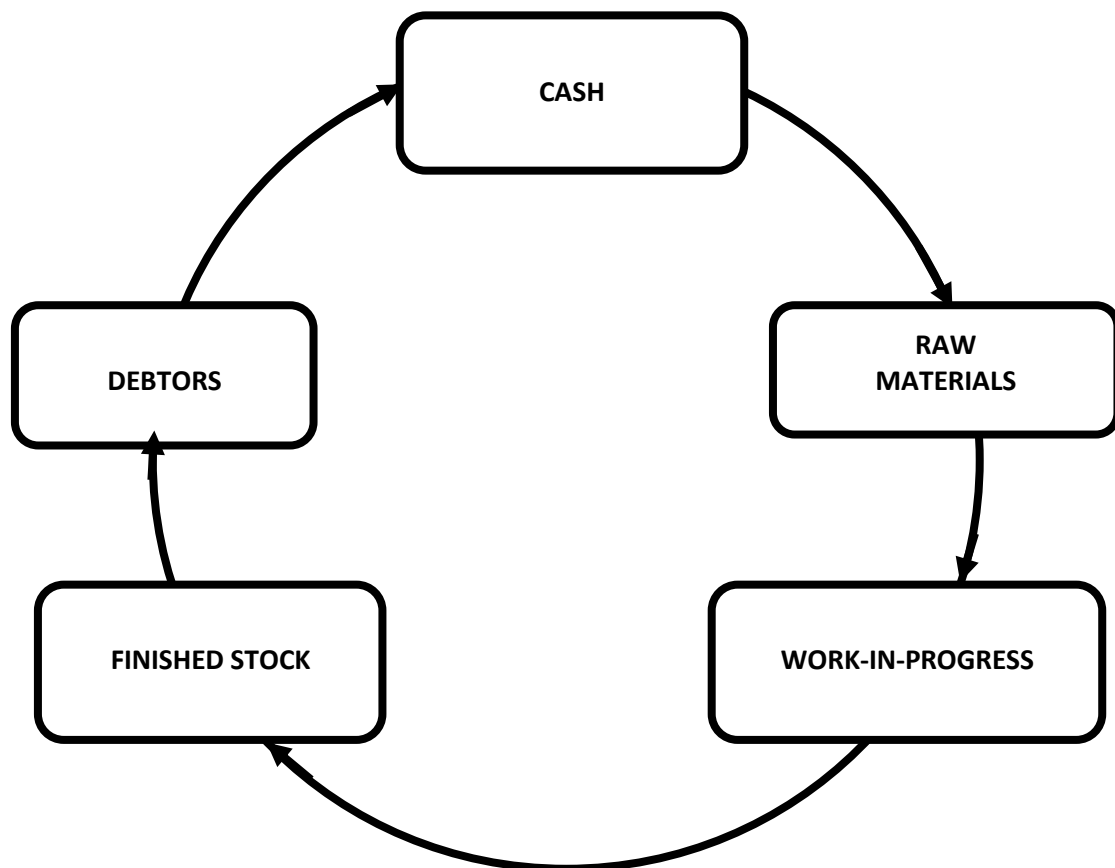
This ratio represents the number of times the operating capital is turned over during the year. This ratio gauges the firm's efficiency in utilizing working capital. A higher ratio suggests efficient working capital utilization, while a low ratio indicates otherwise. A high working capital turnover, on the other hand, is not a favorable situation for any business.

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

3.6.2 OPERATING CYCLE OF WORKING CAPITAL

The working capital cycle refers to the amount of time between the company paying cash for materials and so on; this working capital is also referred to as the operating cycle.

The working capital cycle, also known as the operating cycle, is the time it takes for a company to pay for commodities entering stock and receive cash from sales of finished products. The following occurrences comprise the operating cycle (Working Capital).



- Conversion of cash into raw materials.
- Raw materials are converted into work in progress.
- Conversion of work in progress into finished stock.
- Conversion of finished stock into accounts receivables (Debtors) through sale
- Conversion of account receivables into cash.

3.7 LIMITATIONS OF THE STUDY

- The study duration is short.
- The analysis is limited to five years of data study (from year 2018 to year 2022) for financial analysis.
- Due to their busy schedules, interaction with the concerned heads was limited.
- The study's findings are based on information retrieved by the selected unnamed sources.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 CURRENT RATIO

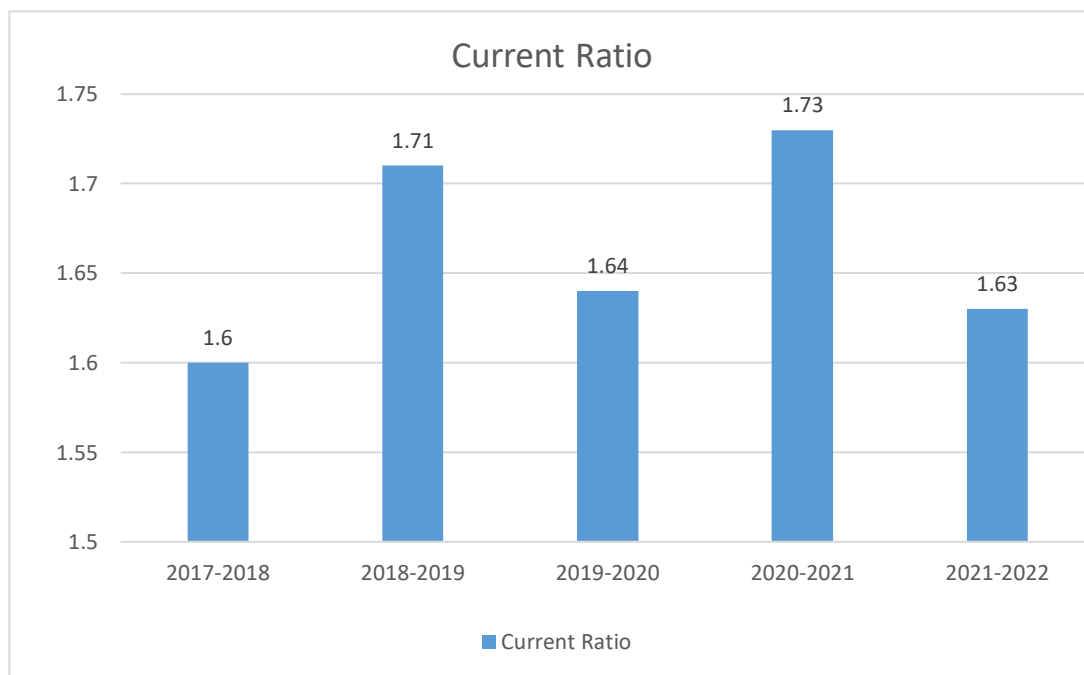
4.1.1 Current Ratio Analysis

Year	Current Assets	Current liabilities	Current Ratio
2017-2018	505.46	315.33	1.60
2018-2019	571.17	334.19	1.71
2019-2020	716.95	437.95	1.64
2020-2021	834.28	481.81	1.73
2021-2022	1,095.97	673.18	1.63

FORMULA:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}}$$

4.1.2 Current Ratio Analysis



Interpretation

Table 4.1.1 shows that the current ratio seems to be fluctuating between the year 2018 to 2022. The current ratio is high in the year 2021 and decreased in 2022 due to increase in current liabilities.

Inference

The current year (2022) current ratio is found to be 1.63 which is less than previous year.

4.2 QUICK RATIO

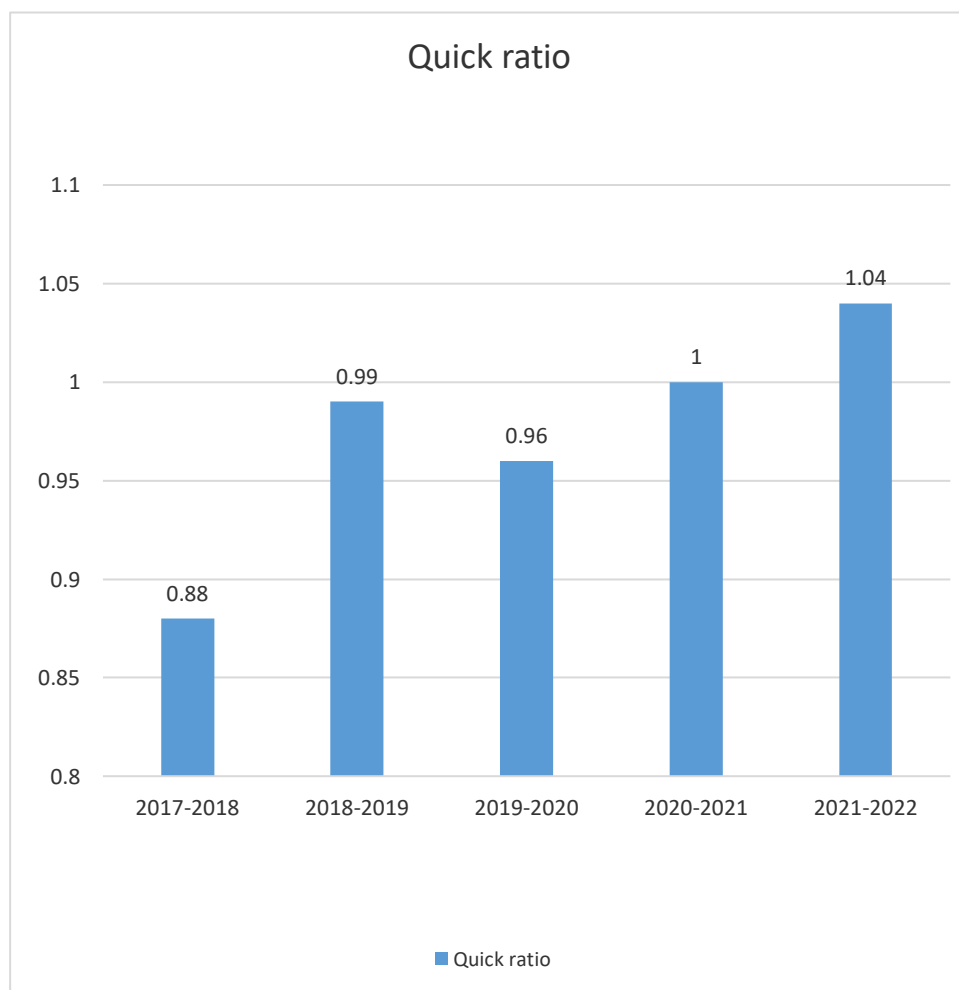
4.2.1 Quick Ratio Analysis

Year	Quick Asset	Quick liabilities	Ratio
2017-2018	276.57	315.33	0.88
2018-2019	330.54	334.19	0.99
2019-2020	421.41	437.95	0.96
2020-2021	479.84	481.81	1.00
2021-2022	699.67	673.18	1.04

FORMULA:

$$\text{Quick Ratio} = \frac{\text{Quick Asset}}{\text{Quick liabilities}}$$

4.2.2 QUICKRATIO



Interpretation

Table 4.2.1 shows that the liquid ratio goes on increasing and reached a high mark of 1.04 in the year 2022, but the range is above the standard mark. Hence the liquidity position is adequate.

Inference

The current year 2022 quick ratio is 1.04 which is higher than the previous years.

4.3 ABSOLUTE LIQUID RATIO

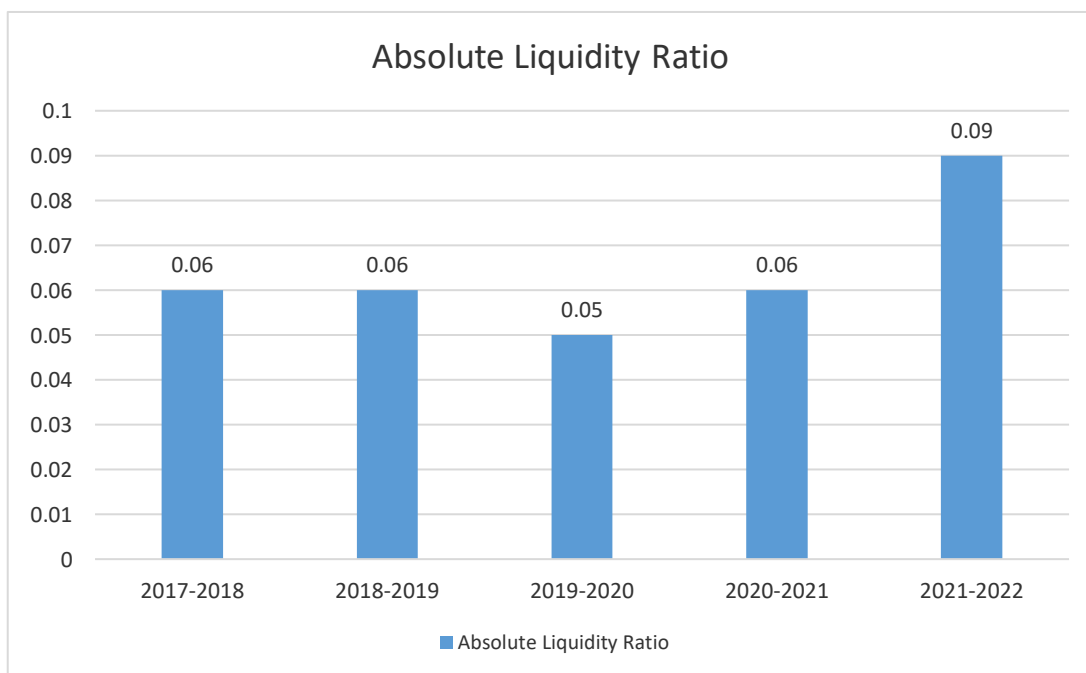
4.3.1 ABSOLUTE LIQUID RATIO

Years	Cash & Bank Balance	Current liabilities	Absolute Liquidity Ratio
2017-2018	18.8	315.33	0.06
2018-2019	19.94	334.19	0.06
2019-2020	22.83	437.95	0.05
2020-2021	27.32	481.81	0.06
2021-2022	61.81	673.18	0.09

FORMULA:

$$\text{Absolute Liquidity Ratio} = \frac{\text{Cash \& Bank Balance}}{\text{Current liabilities}}$$

4.3.2 ABSOLUTE LIQUID RATIO



Interpretation

Table 4.3.1 shows the ratio goes on increasing and is always above the standard mark of 0.5. Hence is clear that the liquidity position of the company is satisfactory.

Inference

The current year 2022 absolute liquid ratio is 0.09 which is higher than the previous years.

4.4 INVENTORY TURNOVER RATIO

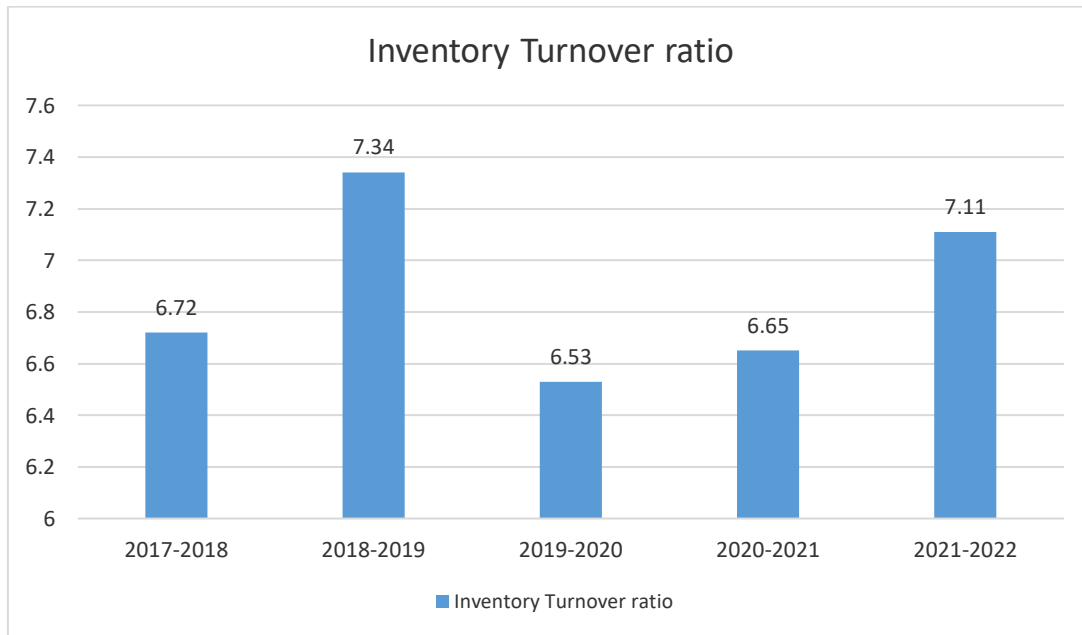
4.4.1 INVENTORY TURNOVER RATIO

Year	Net Sales	Closing inventory	Inventory Turnover ratio
2017-2018	1,537.19	228.89	6.72 times
2018-2019	1,765.78	240.63	7.34 times
2019-2020	1,930.59	295.54	6.53 times
2020-2021	2,356.19	354.44	6.65 times
2021-2022	2,816.32	396.3	7.11 times

FORMULA:

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

4.4.2 INVENTORY TURNOVER RATIO



Interpretation

Table 4.4.1 reveals that the company's sales have increased subsequently after a fall in the year 2020. the company has shown higher sales rate in 2019 followed by 2022.

Inference

The current year 2022 Inventory turnover ratio is found to be 7.11 which is higher than the previous years.

4.5 INVENTORY HOLDING PERIOD

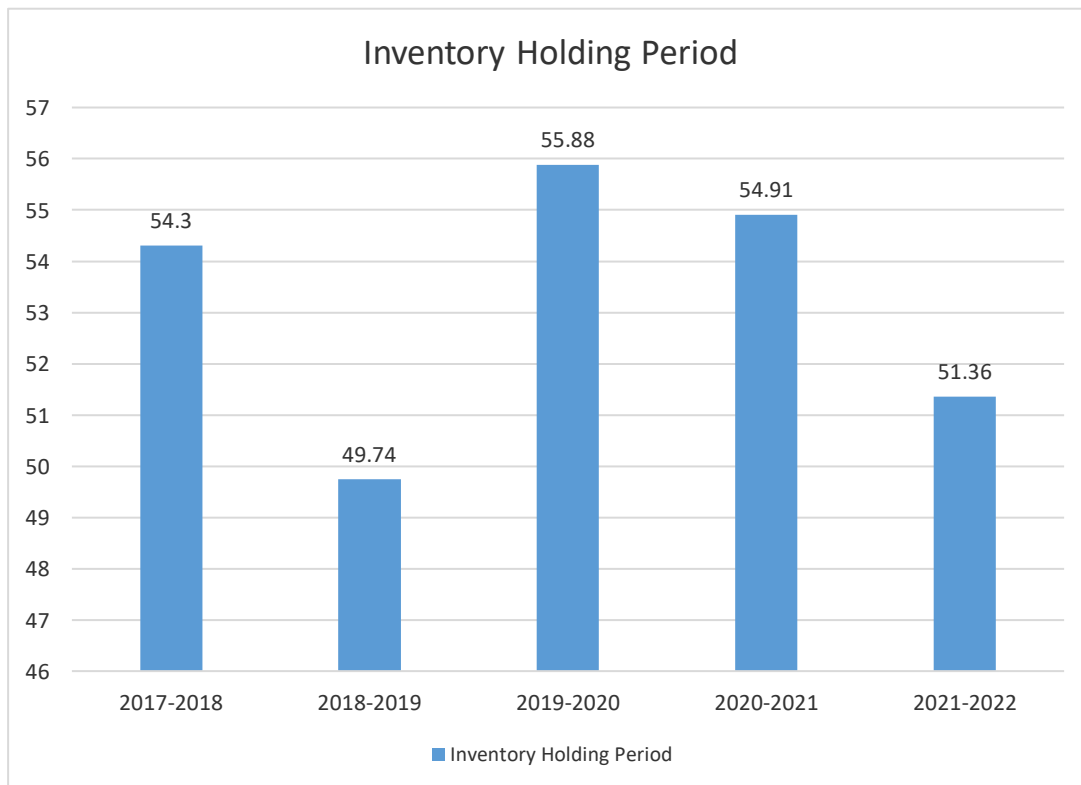
4.5.1 Inventory Holding Period

Year	Days in a Year	Inventory Turnover Ratio	Inventory Holding Period
2017-2018	365	6.72	54.30 days
2018-2019	365	7.34	49.74 days
2019-2020	365	6.53	55.88 days
2020-2021	365	6.65	54.91 days
2021-2022	365	7.11	51.36 days

FORMULA:

$$\text{Inventory Holding Period} = \frac{\text{Days in a year}}{\text{Inventory turnover ratio}}$$

4.5.2 Inventory Holding ratio



Interpretation

Table 4.5.1 shows that the inventory holding period seems to be more fluctuating over the years. There was a decrease in 2018- 2019 and increase in 2019-2020. And the company managed to decrease the inventory holding period by increasing the sales by converting the raw materials to finished goods in a short period of time.

Inference

Inventory holding ratio of current year 2022 is found be 51.36 which is less than the previous year.

4.6 DEBTORS TURNOVER RATIO

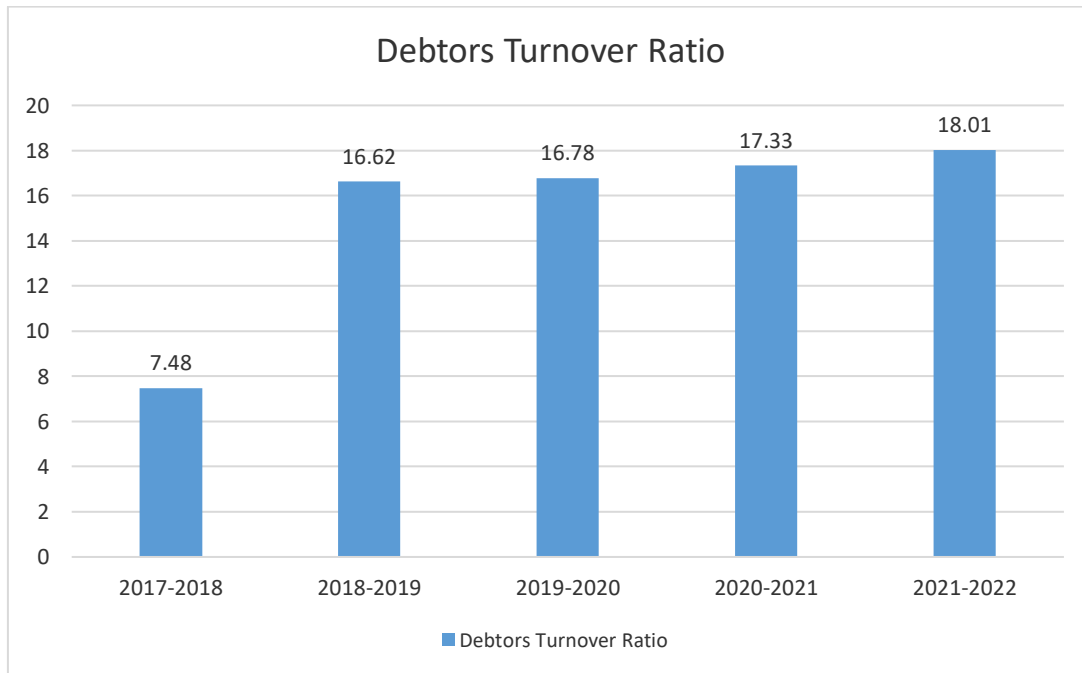
4.6.1 Debtors Turnover Ratio

Year	Net Sales	Average Debtors	Debtors Turnover Ratio
2017-2018	1,537.19	205.55	7.48 times
2018-2019	1,765.78	106.26	16.62 times
2019-2020	1,930.59	115.03	16.78 times
2020-2021	2,356.19	135.95	17.33 times
2021-2022	2,816.32	156.36	18.01 times

FORMULA:

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

4.6.2 Debtors Turnover Ratio



Interpretation

Table 4.6.1 shows that the debtor turnover ratio has increased gradually over the years. It was 7.8 times in the year 2017-2018 and increased to 16.6 in the year 2018-2019. This shows that the company has managed to collect its debt rapidly.

Inference

Debtor turnover ratio of current year is found to be 18.01, which is found to be increasing.

4.7 DEBTORS COLLECTION PERIOD

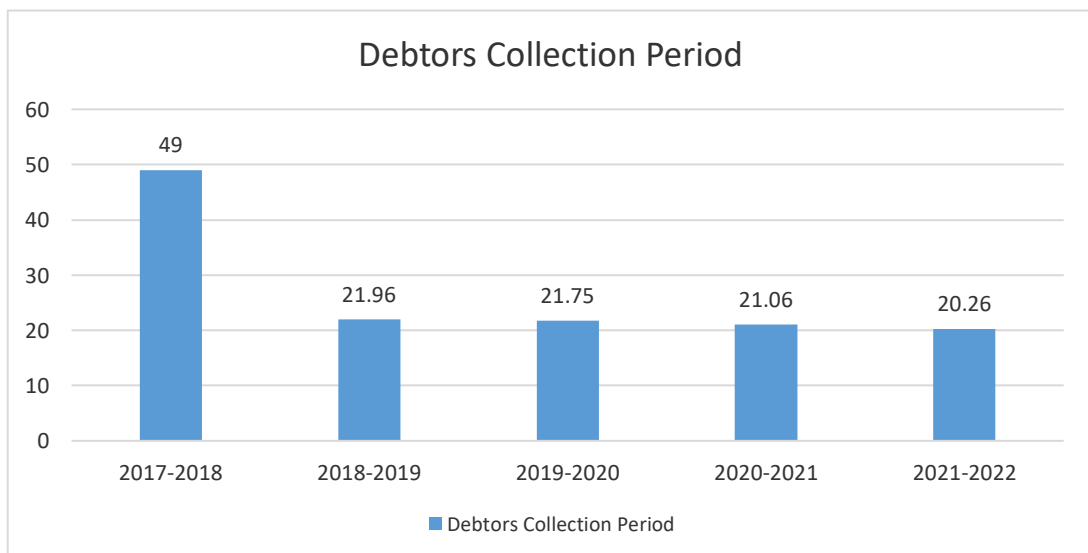
4.7.1 Debtors Collection Period

Year	Days in a Year	Debtors Turnover Ratio	Debtors Collection Period
2017-2018	365	7.48	49 days
2018-2019	365	16.62	21.96 days
2019-2020	365	16.78	21.75 days
2020-2021	365	17.33	21.06 days
2021-2022	365	18.01	20.26 days

FORMULA:

$$\text{Average Collection Period} = \frac{\text{Days in a Year}}{\text{Debtors Turnover Ratio}}$$

4.7.2 Debtors Collection Period



Interpretation

Table 4.7.1 shows that the company has managed to collect s debt at an average of 21.6 days. And the days seems to be decreasing since 2019 which shows the quality of the company in collecting the debts.

Inference

The current year 2022 debtors' collection period is 20.26 which is less than the previous years.

4.8.1 CREDITORS TURNOVER RATIO

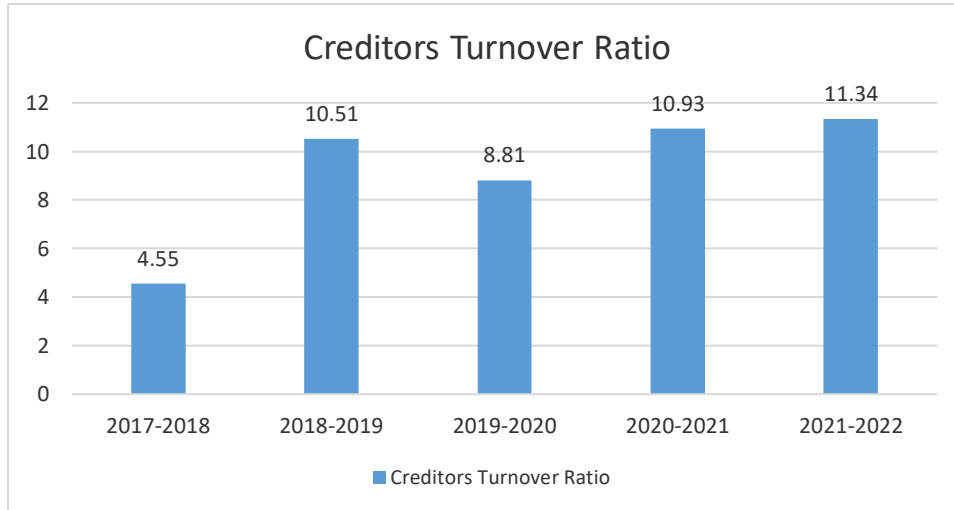
Table 4.8 .1Creditors Turnover Ratio

Year	Net Purchases	Average Creditors	Creditors Turnover Ratio
2017-2018	939.77	206.55	4.55 times
2018-2019	1,109.12	105.54	10.51 times
2019-2020	1,123.77	127.5	8.81 times
2020-2021	1,429.98	130.82	10.93 times
2021-2022	1,742.06	153.67	11.34 times

FORMULA:

$$\text{Creditors Turnover Ratio} = \frac{\text{Net Purchases}}{\text{Average Creditors}}$$

4.8.2. Creditors Turnover Ratio



Interpretation

Table 4.8.1 shows how many times the company pays its debt in a year. The number of times is very low in the year 2017-2018 and increased in 2018-2019 and a decrease in 2019-2020 and a good improvement after 2019-2020 and a high rate of 11.34 times in 2021-2022.

Inference

Creditors turnover ratio is 11.34 which is found to be increasing.

4.9 CREDITORS PAYMENT PERIOD

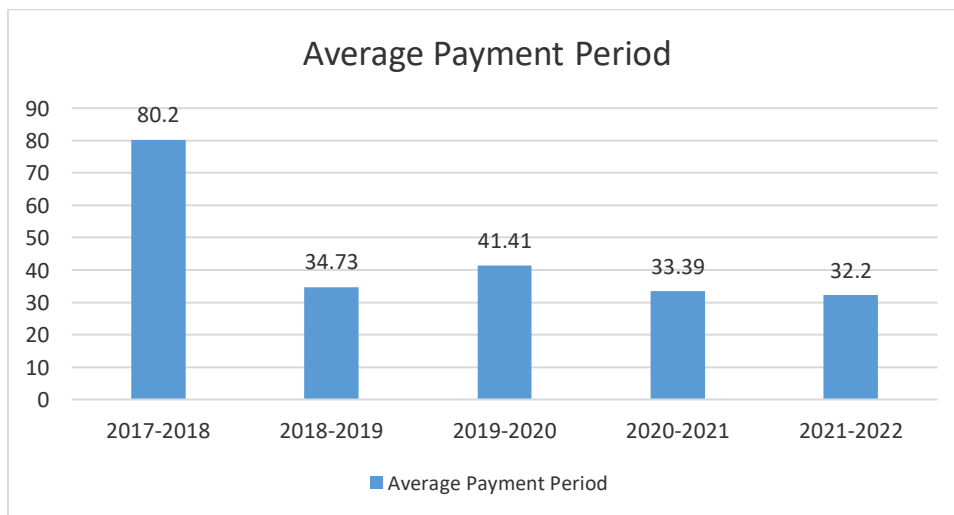
4.9.1 Creditors Payment Period

Year	Days in a Year	Creditors Turnover Ratio	Average Payment Period
2017-2018	365	4.55	80.2 days
2018-2019	365	10.51	34.73 days
2019-2020	365	8.81	41.41 days
2020-2021	365	10.93	33.39 days
2021-2022	365	11.34	32.20 days

FORMULA:

$$\text{Average Payment Period} = \frac{\text{Days in a Year}}{\text{Creditors Turnover Ratio}}$$

4.9.2 Creditors Payment Period



Interpretation

Table 4.9.1 shows the average payment period has decrease due to increase in number of times the debt is paid in a year. In 2017 was 80.2 days and reduced to 34.73 days and again increased to 41.41 days and was 33.39 days later in 2022 was 32.20 days which is a good improvement in settling the debt.

Inference

Creditors payment period is found to be 32.2 which is lower than the previous Years.

4.10 WORKING CAPITAL TURNOVER RATIO

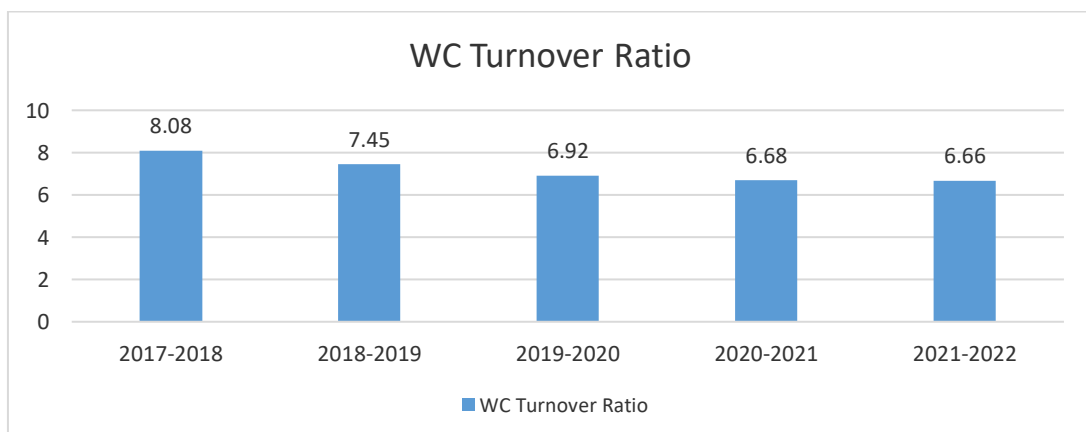
4.10.1 Working Capital Turnover Ratio

Year	Net Sales	Net Working Capital	WCTR
2017-2018	1537.19	190.13	8.08 times
2018-2019	1765.78	236.98	7.45times
2019-2020	1930.59	279	6.92 times
2020-2021	2356.19	352.47	6.68 times
2021-2022	2816.32	422.77	6.66 times

FORMULA:

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

4.10.2 WORKING CAPITAL TURNOVER RATIO



Interpretation

Table 4.10.1 shows how efficiently the company makes use of working capital. The ratio keeps decreasing since 2019. Was very high in 2017- 09 and decreases gradually. but keeps maintaining at an average rate of 6.8 times and does not seem very low. Hence the company seems to be in a good condition.

Inference

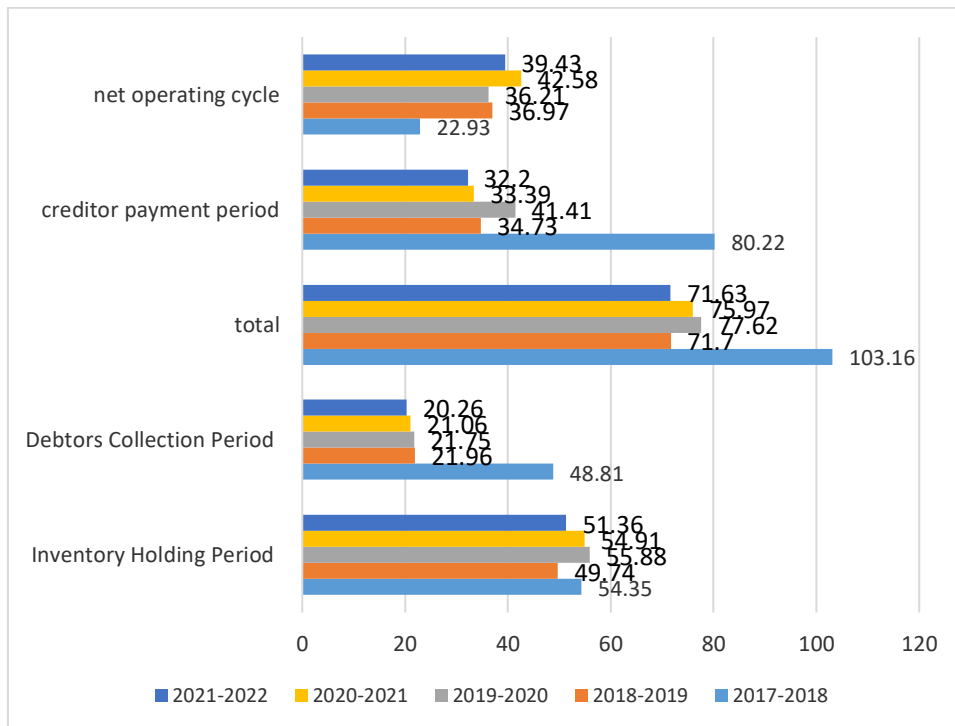
Working capital turnover ratio is found to be 6.66. which is less than the previous year.

4.11 NET OPERATING CYCLE

4.11.1 Net operating Cycle

Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Inventory Holding Period	54.35	49.74	55.88	54.91	51.36
Debtors Collection Period	48.81	21.96	21.75	21.06	20.26
total	103.16	71.70	77.62	75.97	71.63
creditor payment period	80.22	34.73	41.41	33.39	32.20
net operating cycle	22.93 days	36.97 days	36.21days	42.58days	39.43days

4.11.2 NET OPERATING CYCLE



Interpretation

Table 4.11.1 shows that the net operating cycle keeps fluctuating over the years. Shows the cash conversion period of the firm's maximum period is 42.58 days in the year 2020-2021 and again reduced to 39.43 days.

Inference

Net operating cycle of the current year 2022 is 39.43 which is decreasing.

4.11.3 Schedule of changes in working capital 2018-2019

Particulars	As on 31-3-2018	As on 31-3-2019	Increase	Decrease
CURRENT ASSETS				
Inventories	228.89	240.63	11.74	----
Sundry debtors	205.75	228.76	23.01	----
Cash & Bank balance	18.8	19.94	1.14	----
Loans and Advances	52.48	80.09	27.61	----
Other current assets	0.04	1.75	1.71	----
(A)Total Current Assets	505.96	571.17		
CURRENT liabilities				
Sundry creditors	256.55	274.73	----	18.18
Provisions	58.78	59.46	----	0.68
(B)Total Current liabilities	315.33	334.19		
(A)-(B) Net Working Capital	190.63	236.98		
Increase in Working Capital	46.35	----	----	46.35
TOTAL	236.98	236.98	65.21	65.21

Inference

The net working capital has increased in the year 2019 from Rs.190.63 to Rs.236.98 lakhs due increase in current assets namely the inventory.

4.11.4 Schedule of changes in working capital 2019-2020

Particulars	As on 31-3-2019	As on 31-3-2020	Increase	Decrease
CURRENT ASSETS				
Inventories	240.63	295.54	54.91	----
Sundry debtors	228.76	241.3	12.54	----
Cash & Bank balance	19.94	22.83	2.89	----
Loans and Advances	80.09	98.99	18.9	----
Other current assets	1.75	58.29	56.54	----
(A)Total Current Assets	571.17	716.95		----
CURRENT liabilities				
Sundry creditors	274.73	340.27	----	65.54
Provisions	59.46	97.68	----	38.22
(B)Total Current liabilities	334.19	437.95		
(A)-(B) Net Working Capital	236.98	279		
Increase in Working Capital	42.02	-----	-----	42.02
TOTAL	279	279	145.78	145.78

Inference

The chart 4.11.4 shows that the net working capital has increased in the year 2020 when compared to the previous year due to high level of inventory.

4.11.5 Schedule of changes in working capital 2020-2021

Particulars	As on 31-3- 2021	As on 31-3- 2020	Increase	Decrease
CURRENT ASSETS				
Inventories	295.54	354.44	58.9	----
Sundry debtors	241.3	286.59	45.29	----
Cash & Bank balance	22.83	27.32	4.49	----
Loans & Advances	98.99	100.04	1.05	----
Other current assets	58.29	65.89	7.6	----
(A)Total Current Assets	716.95	834.28		
CURRENT liabilities				
Sundry creditors	340.27	363.39	----	23.12
Provisions	97.68	118.42	----	20.74
(B)Total Current liabilities	437.95	481.81		
(A)-(B) Net Working Capital	279	352.47		
Increase in Working Capital	73.47	----	----	73.47
TOTAL	352.47	352.47	117.33	117.33

Inference

Chart 4.11.5 shows that there is a slight increase in net working capital in the year 2021. This is due to increase in current liabilities especially the provisions.

4.11.6 Schedule of changes in working capital 2021-2022

Particulars	As on 31-3-2021	As on 31-3-2022	Increase	Decrease
CURRENT ASSETS				
Inventories	354.44	396.3	41.86	----
Sundry debtors	286.59	326.12	39.53	----
Cash & Bank balance	27.32	61.81	34.49	----
Other current assets	65.89	195.97	130.08	----
Loans and Advances	100.04	115.77	15.73	----
(A)Total Current Assets	834.28	1095.97		
CURRENT liabilities				
Sundry creditors	363.39	533.95	----	170.56
Provisions	118.42	139.25	----	20.81
(B)Total Current liabilities	481.81	673.2		
(A)-(B) Net Working Capital	352.47	422.77		
Increase in Working Capital	70.32	----	----	70.32
TOTAL	422.79	422.79	261.69	261.69

Inference

Chart 4.11.6 shows that there is a real increase of net working capital in the year 2022 because of increase in current assets and decrease in current liabilities.

4.12 TREND ANALYSIS

TREND ANALYSIS

Trend analysis has a great advantage that it can also be used to predict the future events. This is possible by forecasting the future cash flow based on the data available of the past. With the help of trend analysis, you can predict the future and track the variances to add performance. $Y=a+b(x)$

4.12.1 TREND ANALYSIS –WORKING CAPITAL

Year	Net Working Capital	x	x^2	xy	$Y=a+b(x)$
2017-2018	190.13	-2	4	-380.26	180.116
2018-2019	236.98	-1	1	-236.98	238.193
2019-2020	279	0	0	0	296.27
2020-2021	352.47	1	1	352.47	354.347
2021-2022	422.77	2	4	845.54	412.424
	$\Sigma y = 1481.35$		$\Sigma x^2=10$	580.77	180.116

$$Y=a +b (x)$$

$$a = \Sigma y / n$$

$$b= \Sigma xy / \Sigma x^2$$

$$a= 296.27$$

$$b= 58.077$$

For: 2022-2022

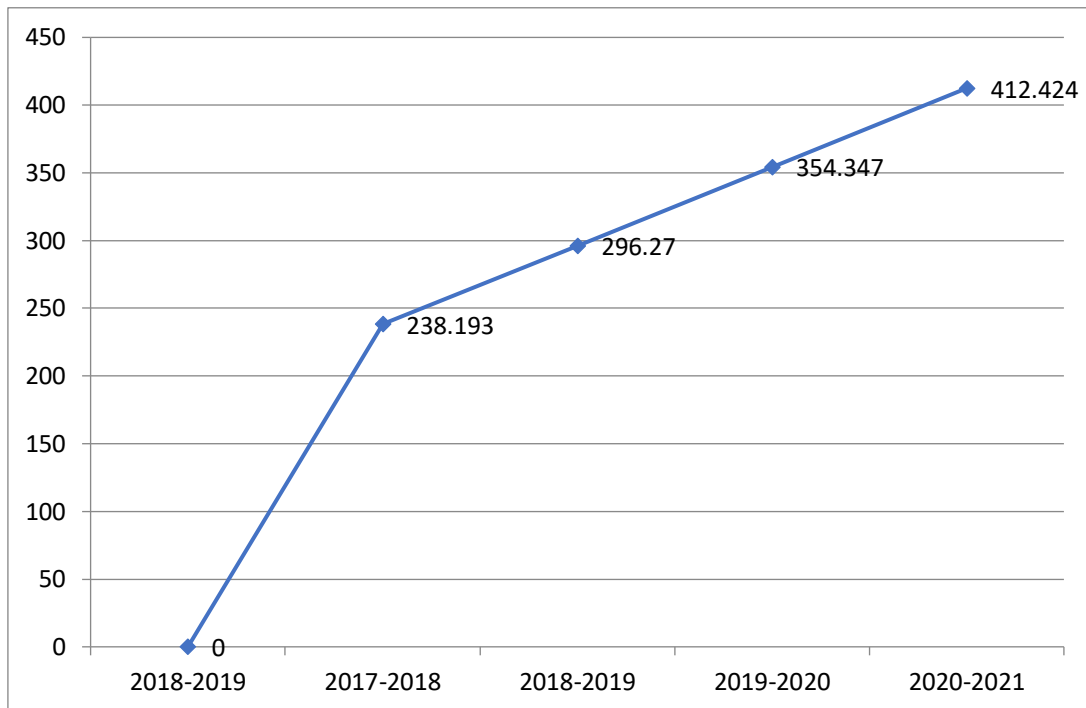
Let us assume $x=3$

$$Y=a + b(x)$$

$$Y= 296.27+58.077*3$$

$$Y= 470.501$$

4.12.2 NET WORKING CAPITAL



INTERPRETATION

The Networking capital is increasing at an increasing rate for the all the five years. The company has the highest Net WC on 2022 with 412.424. The trend is found to be increasing rate this is due to the gradual decrease of expenses for the first 3 years.

INFERENCE

While analyzing the trend for the year 2022 the trend was found to be in increasing rate to 470.501

4.12.3 TREND ANALYSIS –NET SALES

Year	Net Sales	x	x ²	xy	Y=a+b(x)
2017-2018	1,537.19	-2	4	-3074.38	1451.48
2018-2019	1,765.78	-1	1	-1765.78	1766.347
2019-2020	1,930.59	0	0	0	2081.214
2020-2021	2,356.19	1	1	2356.19	2396.081
2021-2022	2,816.32	2	4	5632.64	2710.948
	Σ=10406.07	0	10	3148.67	10406.07

$$Y=a +b (x)$$

$$a = \Sigma y / n$$

$$b= \Sigma xy / \Sigma x^2$$

$$a= 2081.214$$

$$b= 314.867$$

For: 2022-2022

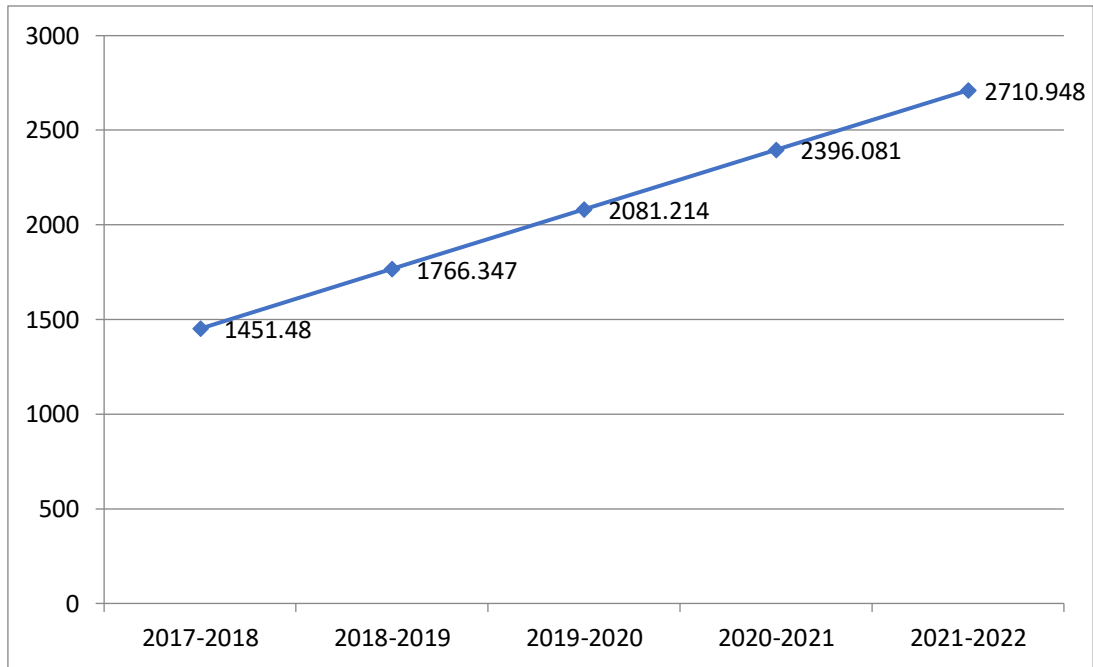
Let us assume x=3

$$Y=a + b(x)$$

$$Y= 2081.214+314.867*3$$

$$Y= 3025.815$$

4.12.4 NET SALES



INTERPRETATION

The Net Sales is increasing at an increasing rate for the all the five years. The company has the highest Net sales on 2022 with 412.424. The trend is found to be increasing rate this is due to the gradual decrease of expenses for the first 3 years.

INFERENCE

While analyzing the trend for the year 2022 the trend was found to be in increasing rate to 470.501.

4.12.5 TREND ANALYSIS –CURRENT ASSETS

Year	Current Assets	x	x ²	xy	Y=a+b(x)
2017-2018	505.46	-2	4	-1010.92	455.94
2018-2019	571.17	-1	1	-571.17	600.353
2019-2020	716.95	0	0	0	744.766
2020-2021	834.28	1	1	834.28	889.179
2021-2022	1,095.97	2	4	2191.94	1033.592
Σ	3723.83	0	10	1444.13	3723.83

$$Y=a +b (x)$$

$$a = \Sigma y / n$$

$$b= \Sigma xy / \Sigma x^2$$

$$a= 744.766$$

$$b= 144.413$$

For: 2022-2022

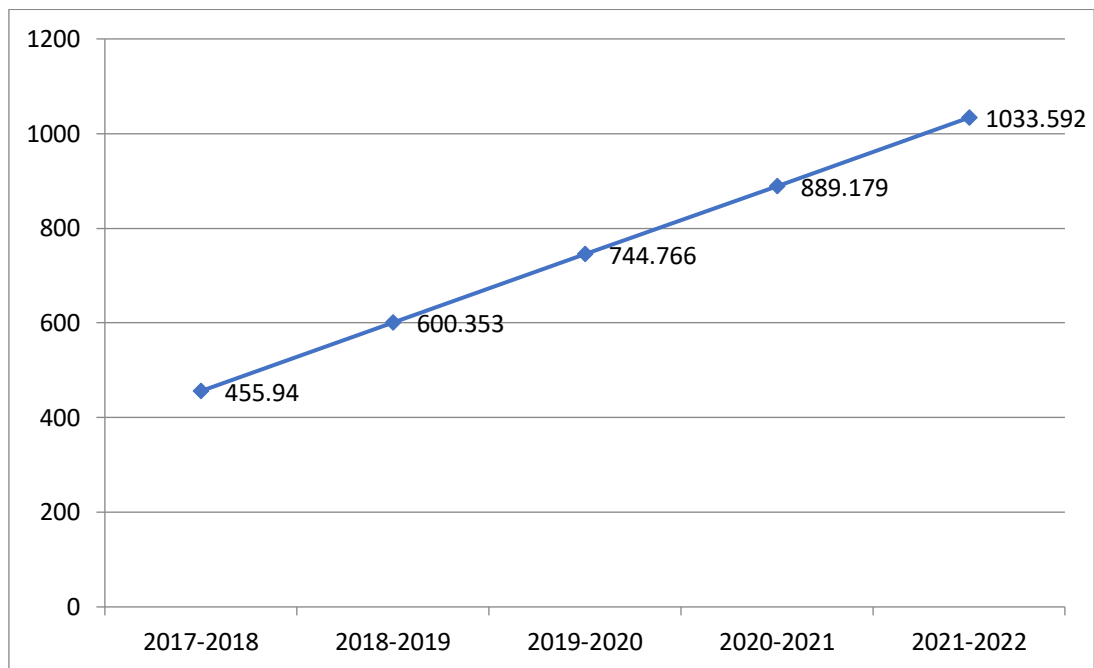
Let us assume x=3

$$Y=a + b(x)$$

$$Y= 744.766+144.413*3$$

$$Y= 1178.005$$

4.12.6 CURRENT ASSETS



INTERPRETATION

The Current assets is increasing at an increasing rate for the all the five years. The company has the highest current assets on 2022 with 412.424. The trend is found to be increasing rate this is due to the gradual decrease of expenses for the first 3 years.

INFERENCE

While analyzing the trend for the year 2022 the trend was found to be in increasing rate to 470.501.

4.12.7 TREND ANALYSIS –CURRENT LIABILITIES

Year	Current liabilities	x	X ²	xy	Y=a+b(x)
2017-2018	315.33	-2	4	-630.66	275.828
2018-2019	334.19	-1	1	-334.19	362.16
2019-2020	437.95	0	0	0	448.492
2020-2021	481.81	1	1	481.81	534.824
2021-2022	673.18	2	4	1346.36	621.156
	2242.46	0	10	863.32	2242.46

$$Y=a +b (x)$$

$$a = \Sigma y / n$$

$$b= \Sigma xy / \Sigma x^2$$

$$a= 448.492$$

$$b= 86.332$$

For: 2022-2022

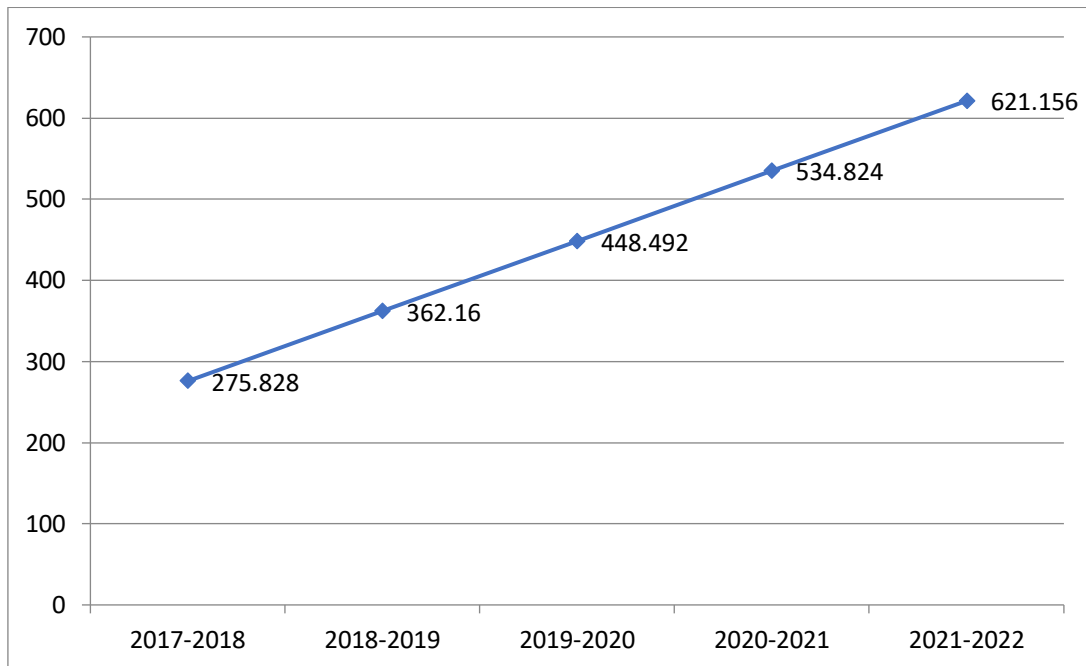
Let us assume x=3

$$Y=a + b(x)$$

$$Y= 448.492+86.332*3$$

$$Y= 707.488$$

4.12.8 CURRENT LIABILITIES



INTERPRETATION

The Networking capital is increasing at an increasing rate for the all the five years. The company has the highest Net WC on 2022 with 412.424. The trend is found to be increasing rate this is due to the gradual decrease of expenses for the first 3 years.

INFERENCE

While analyzing the trend for the year 2022 the trend was found to be in increasing rate to 470.501.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS OF THE STUDY

- Working capital of the M2P Fintech was increasing and showing positive working capital per year.
- The M2P Fintech maintains sufficient amount of current assets.
- Inventory turnover ratio is very low in the year 2017-2018. In the year 2018-2019 has increased by 7.34 times as compared to 2017-2018 and has again increased to 7.11 times in 2021-2022.
- Debtor's turnover ratio is very low in the year 2017-2018. In the year 2018-2019 has increase by 9.14 times as compared to 2017-2018 and keep increasing in the last year 2020-13 up to 18.01 times
- Creditor's turnover ratio is very low in the years of 2017-2018. And has increased to 10.51 times in the year 2018-2019.And was 11.34 times in the year 2021-2022.
- Working capital turnover ratio is very high in the year 2017-2018. In the year 2018-2019 reduced to 7.45 times and in the last year 2021-2022 was 6.66 times. They have managed to maintain the ratio at an average rate of 6.8 times.
- The working capital keeps increasing over the years from 2018 to 2022.
- The operating cycle shows that the average cash conversion period of the firm is 35 days.

5.2 SUGGESTIONS

- Working capital of the company has increasing every year. Profit also increasing every year, this is great potential for the company. must maintain further, to run the business long term.
- The company has sufficient working capital and has better liquidity position. By efficient utilizing this short-term capital, then should increase the turnover.
- The company can maintain the proportion of current assets and current liability which helps to improve better working capital management.
- The net operating cycle seems to be stabilizing after 2017-2018. So the company is maintaining a good operating cycle period.
- The company may be use a just-in-time approach in managing raw material which makes cash available for other operations.
- The company needs to concentrate more on the payment and collect of debts from the debtors and creditors.

5.3 CONCLUSION

The financial status of M2P Fintech is good. In the last year, the inventory turnover has increased, this is good potential for the company. The company's liquidity position is good. With regards to the investments in current assets there are adequate funds invested in. Care should be taken by the company not to make further investments in current assets, as would block the funds, which could otherwise be effectively utilized for some productive purpose. On the whole, the company is moving forward with excellent operations.

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ANNEXURE I – BALANCE SHEET

Particulars	As on 31-3-2018	As on 31-3-2019	As on 31-3-2020	As on 31-3-2021	As on 31-3-2022
CURRENT ASSETS					
Inventories	228.89	240.63	354.44	354.44	396.3
Sundry debtors	205.75	228.76	286.59	286.59	326.12
Cash & Bank balance	18.8	19.94	27.32	27.32	61.81
Loans and Advances	52.48	80.09	100.04	65.89	195.97
Other current assets	0.04	1.75	65.89	100.04	115.77
(A)Total Current Assets	505.96	571.17	834.28	834.28	1095.97
CURRENT liabilities					
Sundry creditors	256.55	274.73	363.39	363.39	533.95
Provisions	58.78	59.46	118.42	118.42	139.25
(B)Total Current liabilities	315.33	334.19	481.81	481.81	673.2
(A)-(B) Net Working Capital	190.63	236.98	352.47	352.47	422.77
Increase in Working Capital	46.35	----	----	70.32	----
TOTAL	236.98	236.98	352.47	422.79	422.79

ANNEXURE II – RESEARCH ARTICLE

A STUDY ON WORKING CAPITAL MANAGEMENT WITH REFERENCE TO FINANCE INDUSTRY.

Ms. Shwetha. P, B.COM, MBA.,

School of management studies, Sathyabama Institute of science and technology, Chennai.

Shwethapari2000@gmail.com

Dr. Dhivya Sathish, Associate professor

School of management studies, Sathyabama Institute of science and technology, Chennai.

Dhivya.sathish05@gmail.com

I ABSTRACT

Every business, large, medium, or small, requires finance to operate and accomplish its goals. Indeed, finance is so important today that it is properly referred to as an enterprise's lifeblood. No enterprise can reasonably achieve its goals without adequate funding. Working capital analysis is built on tools such as Ratio Analysis and Statement of Changes in Working Capital. In terms of working capital management, the company confronts two major challenges: First, given the level of sales and the relevant cost variables, what are the optimal amounts of cash, accounts receivable, and inventories that a business should maintain? Second, given these ideal amounts, what is the least expensive way to finance these working capital investments? To achieve the best possible outcomes, firms should keep no unproductive assets and finance with the cheapest available sources of funds. Why? In general, investing in short-term assets and financing short-term liabilities benefits the business greatly.

II INTRODUCTION

Working capital is an important element in the long-term viability and sustainability of any company. Many businesses are forced to close their doors due to an inability to fulfil short-term obligations on time. To stay in business, a company must effectively manage its working capital. Working capital management improves a company's cash and financial health while lowering risk. You will be introduced to the idea of working capital and working capital management in this course. The course will look at the need for working capital management and identify important factors that influence the amount of working capital required. This course will also cover financial planning ideas to help you estimate your working capital needs. Finally, you will be introduced to the idea of working capital and working capital management in this course. The course will look at the need for working capital management and identify important factors that influence the amount of working capital required. This course will also cover financial planning ideas to help you estimate your working capital needs. Finally, this training will go over some of the most important strategies for financing working capital.

III INDUSTRY PROFILE

India has a different financial sector that's fleetly expanding, both in terms of being fiscal services enterprises' strong growth and new entrants into the request. Marketable banks, insurance companies, non-banking fiscal companies-operatives, pension finances, collective finances, and other lower fiscal realities make up the sector. Lately, the banking controller permitted the conformation of new realities similar as payment banks, diversifying the types of realities operating in the sector. still, the Indian fiscal sector is dominated by marketable banks, which regard for further than 64 of total means held by the fiscal system. The Indian government has enforced a number of reforms to liberalize, regulate, and ameliorate this assiduity. The government and the Reserve Bank of India (RBI) have taken a number of way to make it easier for Micro, Small, and Medium Enterprises(MSMEs) to gain credit(MSMEs). These measures include launching Credit Guarantee Fund Scheme for MSMEs, issuing guidelines to banks regarding collateral conditions and setting up a Micro Units Development and Refinance Agency(MUDRA). With a combined drive from the government and the private sector, India has plainly come one of the world's most vibrant capital requests.

IV REVIEW OF LITERATURE

1. **According to Maynard E. Refuse (2002)**, attempting to improve working capital by delaying payment to creditors is harmful to both people and the economy as a whole. Claims that changing the debtor and creditor levels for specific tiers in a value system rarely results in a net benefit. Proposes that stock reduction results in system-wide financial gains as well as other significant benefits.
2. **Shin and Soenen (2006)** investigated the relationship between the net-trade cycle, which was used to assess the efficiency of working capital management, and corporate profitability using a sample of 58,985 firm years from 1975 to 1994. They discovered a strong negative relationship between the length of the firm's net-trade cycle and its profitability in all instances.
3. **Eljelly (2003)** defines current ratio as the relationship between a firm's profitability and its liquidity level. For companies with large current ratios and long cash conversion cycles, this relationship is more pronounced. However, at the industry level, he discovered that the cash conversion cycle, or cash gap, is more important as a measure of liquidity than the current ratio, which impacts profitability. At the industry level, the firm size variable was found to have a significant impact on profitability.
4. **period 1992-2002, Deloof (2004)** investigated the relationship between working capital management and corporate profitability in a sample of 1,009 large Belgian non-financial companies. The analysis revealed a negative gap between profitability as assessed by gross operating income and cash conversion cycle, as well as the number of days' accounts receivable and inventories. Less profitable businesses took longer to settle their bills.
5. **According to Gass (2007)**, "cash is the lifeblood of business" is a frequently repeated maxim among financial managers. The administration of current or short-term assets such as inventories, loans and advances, debtors, investments, and cash and bank balances is referred to as working capital management. Creditors, trade advances, borrowings, and provisions are examples of short-term obligations. However, the emphasis is on short-term assets because short-term liabilities emerge in the context of short-term assets. It is critical that businesses minimize risk through prudent working capital administration.

V OBJECTIVE OF THE STUDY

- To study the sources and uses of working capital.
- To analyze the liquidity position through various working capital related ratios.
- To study the working capital components such as receivables accounts, cash management, Inventory management.
- To make suggestions based on the findings of the study.

VI NEED FOR THE STUDY

The management wants to know if the annual working capital requirement has increased or decreased, and if the report provides a negative result, what will be done to reduce the working capital, so this study is required right away.

VII SCOPE OF THE STUDY

The extent of the study is determined both after and during the study's execution. The primary goal of the research was to put the theoretical aspects of the study into real-life work experience. Working capital analysis is built on tools such as Ratio Analysis and Statement of Changes in Working Capital.

VIII RESEARCH METHODOLOGY

Methodology provides a clear picture of appropriate clarification and sequencing of the various phases of the study in order to arrive at a proper manifestation of the objective and scope.

TYPE OF RESEARCH

Analytical research,

In contrast, in analytical research, the researcher must use existing facts or information and analyze it in order to make a critical evaluation of the material,

RESEARCH TOOLS

Ratio analysis, Financial ratios can be used to assess a company's performance and financial condition. Most ratios can be calculated using information from financial records. Financial ratios can be used to analyze patterns and compare a company's finances to those of other companies. Ratio analysis can predict future bankruptcy in some instances. Financial ratios are categorized based on the data they provide.

IX DATA ANALYSIS AND FINDINGS

TABLE 4.1 CURRENT RATIO ANALYSIS

Year	Current Assets	Current liabilities	Current Ratio
2017-2018	505.46	315.33	1.60
2018-2019	571.17	334.19	1.71
2019-2020	716.95	437.95	1.64
2020-2021	834.28	481.81	1.73
2021-2022	1,095.97	673.18	1.63

SOURCE – PRIMARY DATA

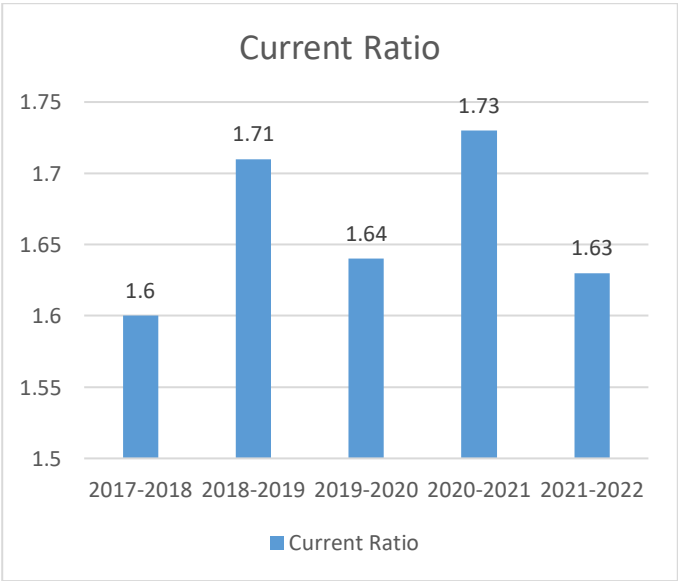


CHART 4.1 CURRENT RATIO ANALYSIS

INTERPRETATION

Table 4.1 shows that the current ratio seems to be fluctuating between the year 2018 to 2022. The current ratio is high in the year 2021 and decreased in 2022 due to increase in current liabilities.

TABLE 4.2 WORKING CAPITAL TURNOVER RATIO

Year	Net Sales	Net Working Capital	WCTR
2017-2018	1537.19	190.13	8.08 times
2018-2019	1765.78	236.98	7.45times
2019-2020	1930.59	279	6.92 times
2020-2021	2356.19	352.47	6.68 times
2021-2022	2816.32	422.77	6.66 times

SOURCE – PRIMARY DATA

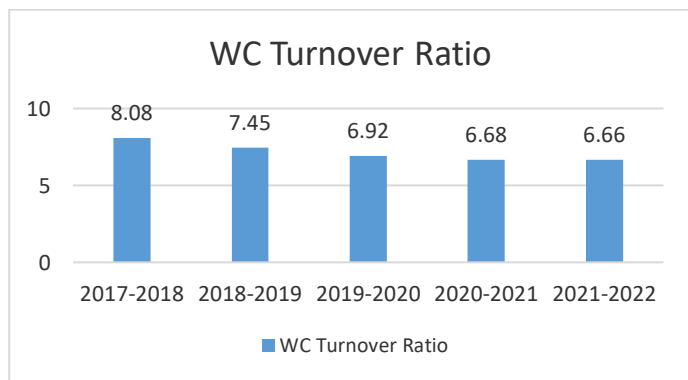


CHART 4.2 WORKING CAPITAL TURNOVER RATIO

INTERPRETATION

Table 4.2 shows how efficiently the company makes use of working capital. The ratio keeps decreasing since 2019. Was very high in 2017- 09 and decreases gradually. but keeps maintaining at an average rate of 6.8 times and does not seems very low. Hence the company seems to be in a good condition.

X SUGGESTION

- Working capital of the company has increasing every year. Profit also increasing every year this is good sign for the company. It has to maintain further, to run the business long term.
- The company has sufficient working capital and has better liquidity position. By efficient utilizing this short-term capital, then should increase the turnover.
- The company can maintain the proportion of current assets and current liability which helps to improve better working capital management.
- The company should take precautionary measures for investing and collecting funds from receivables and to reduce the bad debts,

XI CONCLUSION

In the last year the inventory turnover has increased, this is good sign for the company. The company's liquidity position is good. With regards to the investments in current assets there are adequate funds invested in. Care should be taken by the company not to make further investments in current assets, as would block the funds, which could otherwise be effectively utilized for some productive purpose. On the whole, the company is moving forward with excellent management

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