

**A STUDY ON WORKING CAPITAL MANAGEMENT IN
PROFILEMAKER INDUSTRY**

submitted in partial fulfilment of the requirements for the award of

Master of Business Administration

by

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REGISTER NO.: 42410207



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

CATEGORY-1 UNIVERSITY BY UGC

**ACCREDITED WITH GRADE "A++" BY NAAC | 12B Status By UGC Approved by
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Jeppiaar Nagar, Rajiv Gandhi Salai, Chennai- 600119

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **MR. VIGNESH KUMAR S (42410207)** who has done the Project work entitled "**A STUDY ON WORKING CAPITAL MANAGEMENT IN PROFILEMAKER**" under my Supervision from December 2023 to April 2024.

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Has successfully completed an internship in finance, at
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Duration: January - March 2024

Throughout the internship period, Mr. Vignesh Kumar demonstrated dedication, diligence, and a strong aptitude for learning. He actively contributed to various projects, showcasing exceptional skills in working capital management.

We commend Mr. Vignesh Kumar for his commitment to professional growth and for the valuable contributions made to Profilemaker during his internship.

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DECLARATION

I am **VIGNESH KUMAR S (42410207)** hereby declare that the project entitled “**A STUDY ON WORKING CAPITAL MANAGEMENT IN PROFILEMAKER INDUSTRY**” done by me under the guidance of **Dr. D VELUMONI** and **Mr.Rajaram** at **PROFILEMAKER** is submitted in partial Fulfilment of the requirements award of MASTER OF BUSINESS ADMINISTRATION.

DATE:

VIGNESH KUMAR.S

PLACE:

signature of the candidate

ACKNOWLEDGEMENT

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ABSTRACT

Working Capital is the required for carrying out day to day business operations. The present day competitive market environment calls for an efficient management of working capital. Proper management of working capital is essential to a company's fundamental financial health and operational success as a business. A hallmark of good business management is the ability to utilize working capital management to maintain a solid balance between growth, profitability and liquidity. The Project titled 'A Study of Working Capital Management in Profilemaker' aims to study the various aspects of Working Capital Management. This study is based on Profilemaker Chennai, which is a Marketing company involved in digital marketing and sales management. The period considered for the study is from Company Employees. The research methodology adopted for this study is primary source of data which include annual reports and other proprietary reports of Profilemaker. This project tries to evaluate how the management of working capital is done in Profilemaker. The study of working capital management has shown that Profilemaker has a fairly strong working capital position. The Company is also enjoying reasonable profits.

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CHAPTER – 1

INTRODUCTION

1.1 INTRODUCTION OF THE STUDY

Financial management can be divided into two broad areas of responsibility as the management of long-term capital and the management of short-term funds or working capital. Working capital means the funds available and used for day-to-day operations of an enterprise. It consists broadly of that portion of assets of a business which are used in or related to its current operations.

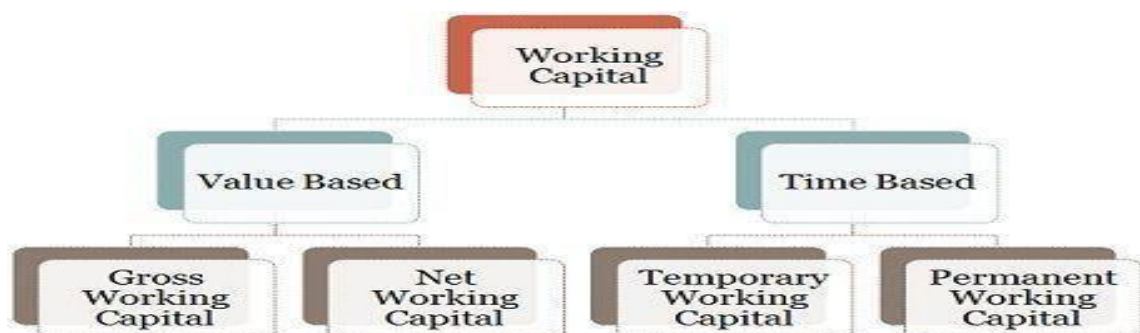
Efficient management of working capital is an essential pre-requisite for the successful operation of a business enterprise and improving its rate of return on the capital invested in short-term assets.

The components of Working Capital Management are as follows:

- Cash Management
- Inventory Management
- Receivables Management
- Payables Management

TYPES OF WORKING CAPITAL

According to the needs of business, the working capital may be classified as follows:



A. ON THE BASIS OF PERIODICITY: On the basis of periodicity working capital can be divided under two categories as under:

1) Permanent working capital: This refers to that minimum amount of investment in all current assets which is required at all times to carry out minimum level of business activities. The Tandon Committee has referred to this type of working capital as "Core current assets"

Fixed working capital can further be divided into two categories as under:

- i) **Regular Working capital:** Minimum amount of working capital required to keep the primary circulation. Some amount of cash is necessary for the payment of wages, salaries etc.
- ii) **Reserve Margin Working capital:** Additional working capital may also be required for contingencies that may arise any time. The reserve working capital is the excess of capital over the needs of the regular working capital is kept aside as reserve for contingencies, such as strike, business depression etc.

2) Variable or Temporary Working Capital: The amount of such working capital keeps on fluctuating from time to time on the basis of business activities. In other words, it represents additional current assets required at different times during the operating year. For example, extra inventory has to be maintained to support sales during peak sales period. The variable working capital may also be subdivided into following two sub-groups:

- i. **Seasonal Variable Working capital:** Seasonal working capital is the additional amount which is required during the active business seasons of the year. Raw materials like raw-cotton or jute or sugarcane are purchased in particular season. The industry has to borrow funds for short period. It is particularly suited to a business of a seasonal nature. In short, seasonal working capital is required to meet the seasonal liquidity of the business.
- ii. **Special variable working capital:** Additional working capital may also be needed to provide additional current assets to meet the unexpected events or special operations such as extensive marketing campaigns or carrying of special job etc.

FACTORS DETERMINING WORKING CAPITAL

The following factors determine the requirement of working capital:

1. **Nature of Companies:** Needs for working capital are determined by the nature of an enterprise. Small companies have smaller proportions of cash, receivables and inventory than large corporation. This difference becomes more marked in large corporations. A public utility, for example, mostly employs fixed assets in its operations, while a merchandising department depends generally on inventory and receivable.
2. **Nature and Size of Business:** The working capital requirements of a firm are basically influenced by the nature of its business. Trading and financial firms have a very less investment in fixed assets, but require a large sum of money to be invested in working capital. Retail stores, for example, must carry large stocks of a variety of goods to satisfy the varied and continues demand of their customers.
3. **Time:** The level of working capital depends upon the time required to manufacturing goods. If the time is longer, the size of working capital is great. Moreover, the amount of working capital depends upon inventory turnover and the unit cost of the goods that are sold.
4. **Volume of Sales:** This is the most important factor affecting the size and components of working capital. The volume of sales and the size of the working capital are directly related to each other. As the volume of sales increase, there is an increase in the investment of working capital-in the cost of operations, in inventories and receivables.
5. **Terms of Purchases and Sales:** If the credit terms of purchases are more favourable and those of sales liberal, less cash will be invested in inventory. With more favourable credit terms, working capital requirements can be reduced.
6. **Business Cycle:** Business expands during periods of prosperity and declines during the period of depression. Consequently, more working capital required during periods of prosperity and less during the periods of depression.

7. **Liquidity and Profitability:** If it is interested in improving its liquidity, it can increase the level of its working capital. However, this policy is likely to result in a reduction of the sales volume, and therefore, profitability. A firm should choose between liquidity and profitability and decide about its working capital requirements accordingly.

COMPONENTS OF WORKING CAPITAL MANAGEMENT

1. **CASH MANAGEMENT** Cash management is one of the most important areas in the day-to-day management of the firm's deals with the management of working capital, which is defined as all the short term assets used in daily operations. This consists primarily of cash, marketable securities, accounts receivable and inventory. The balances in these accounts can be highly volatile as they respond very quickly to changes in the firm's operating environment. Healthy circulation of cash in the entire business operation is the basis of business solvency. Ultimately every transaction in a business results in either an inflow or an outflow of cash. There should be sufficient cash with a firm all the time to meet the needs of the business. If the cash balance with a firm at any time is surplus or deficit, it is obvious that the finances are mismanaged. Cash Management needs strategies to deal with various facets of cash. Following are some of its facets.
2. **INVENTORY MANAGEMENT** Inventory constitutes an important item in the working capital of many business concerns. Inventory is a major item of current assets. The term inventory refers to the stocks of the product of a firm is offering for sale and the components that make up the product. Inventory is stores of goods and stocks. This includes raw materials, work-in-process and finished goods. Raw materials consist of those units or input which are used to manufacture goods that require further processing to become finished goods. Finished goods are products ready for sale. The classification of inventories and the levels of the components vary from organisation to organisation depending upon the nature of business.

3. **RECEIVABLES MANAGEMENT** Management of Receivables refers to planning and controlling of debt owed to the firm from customer on account of credit sales. When large amounts of money is tied up in receivables, there are chances of bad debts. On the contrary, if the investment in receivables is low, the sales may be low since competitors offer liberal terms. Therefore, management of receivables require proper policies and their implementation. There are basically three aspects of receivables management:

4. **PAYABLES MANAGEMENT** A considerable segment of procurement of products and services in a company are on credit conditions to a certain extent. Account Payables Management refers to the set of policies, procedures, and practices employed by a company with respect to managing its trade credit purchases. They consist of seeking trade credit lines, acquiring favorable terms of purchase, and managing the flow and timing of purchases so as to efficiently control the company's working capital.

WORKING CAPITAL CYCLE Every business organisation needs adequate working capital because the conversion of cash into finished goods to debtors and back to cash is not instantaneous. The continuing flow from cash to suppliers, to inventory, to accounts receivable and back into cash is called the working capital cycle or operating cycle. In other words, the term operating cycle refers to the length of time which begins with the acquisition of raw materials of a firm and ends with the final realisation of cash from debtors. The amount of working capital depends upon the length of working capital cycle. Longer the working cycle, higher is the need of working capital to be maintained. This is because the fund will then remain tied-up in various items of current assets for a longer period. The length of operating cycle varies from industry to industry and from business to business.



1.2 Company Profile:

Overview



About us:

- Think of business development think of ProfileMaker
- Make your profile irresistible to your clientele
- Bring in video profiles to develop your business

Profile Maker is a company that is supported by ace technicians capable of making corporate AVs, advertisements and all other video based business development tools as per the clients' need.

Profile Maker was constituted in the year 2013 by a young Raajaraam, who is adept with latest technology, has varied experience in making various types of films. Born in the year 1992 this youngster has trained himself under various technical stalwarts

like Mr.Sakthi Saravanan, leading cinematographer in Tamil film industry. His humble beginning was with a romantic short story namely 'Ilavenil' that got better with a corporate AV for the ICSE syllabus school – Sishya, GT Aloha Vidhya Mandir and a Bio-Pic for the leading ortho-surgeon, Padmashree awardee Dr.Mayilvahanan Natarajan. He understands the needs of the client and tailors the script of the AV, on the product or service rendered by the client. Mahindra Sathyam, Polaris, Global hospital are a few names that are regular clients for Profile Maker. While Mr.Raajaraam is the founder-CEO of Profile Maker, Mr.Prabhuu who has an experience of over 25 years in television, film, corporate AV and advertisement production is the creative consultant. He has produced various ad-films for varied clients like Ananda Vikatan, FMCG products like liquid soap, Appalams etc. He has also produced and directed corporate AVs for clients like TVS, TNPL, Kalasalingam College of Engineering and many more. It would be a 'value for money' experience for any client that comes into Profile Maker for various video solutions like corporate-AVs, advertisement films etc.

1.3 Need of Study:

- To understand the financial health and efficiency of profile maker companies in managing their day-to-day operations.
- To improve decision-making processes related to working capital, such as inventory control, credit policies, and cash management.
- To enhance profitability and liquidity by optimizing working capital levels.
- To provide insights and recommendations for better working capital management practices in the profile maker industry.

1.4 Objectives:

- To assess the current working capital management practices in profile maker company.
- To determine the factors influencing working capital levels in the industry.
- To analyse the relationship between working capital management and financial performance metrics.
- To contribute to the existing knowledge base on working capital management in the profilemaker industry.

1.5 Scope of Study:

- Analysing the current working capital management practices within the profile maker industry.
- Identifying key components of working capital, such as inventory management, accounts receivable, and accounts payable.
- Evaluating the impact of working capital management on the financial performance and liquidity of profile maker companies.
- Comparing working capital management strategies across different companies within the industry.

1.6 Limitations of Study:

- Availability of data from profile maker companies may be limited, affecting the depth of analysis.
- External factors such as economic conditions and market dynamics may influence working capital management, impacting the study's findings.
- The study may focus on a specific geographical region or subset of profile maker companies, limiting generalizability to the entire industry.
- Time and resource constraints may restrict the scope of analysis and the number of companies included in the study.
- The study may rely on financial statements and public data, which could have limitations in terms of accuracy and completeness.

Chapter – 2

Literature Survey

2.1 Review of Literature

1. Rao and Rao (1991) in their study among a few public enterprises belonging to manufacturing sector in the state of Karnataka, have attempted to probe in to the capacity of the various techniques I evaluating working capital efficiency of business enterprises. The study revealed that the investment working capital was considerably high when compared to the total investment. The Tandon Committee norms were found to be yielding better results among the surveyed companies. However, the study also revealed that the working capital planning and control was found to be disorderly and ineffective and hence, the urgent need for full focus on working capital management.

2. Singh (2004) study on Working capital in Lupin Laboratories Ltd. attempted to assess the significance of management of working capital through working capital ratio and operating cycle. Having analysed seven years data (1995 – 2002), he concluded that the liquidity position of the company was good, mean percentage of current assets was very high when compared to the percentage of net fixed assets and the operating cycle showed declining trend. The element wise analysis of working capital also revealed that trade debtors constituted the highest percentage of current assets followed by loan and advances, inventories and cash and bank balances.

3. Parasuraman (2004) study attempts to understand the relationship between credit period given by companies and their actual performance in terms of sales and profitability. He has also attempted to find average level of other key financial parameters connected to working capital management. Having laid the emphasis on Indian Pharmaceutical companies, he found out that leading companies have employed greater working capital for enhancing profitability. The study also revealed the days sales outstanding had gone up in the sample companies. The study inferred that the top pharmacy companies strategies on their working capital policy to relax the credit policy to achieve greater sales and greater profits.

4. Arindam Ghosh (2007) “Working Capital Management Practice in some selected industries in India – A case study of impact of working capital ratios on profitability in Cement Industry”. The study which attempted to examine the efficiency of working capital management of the Indian cement companies during 92-93 to 2001-02.

5. Thappa Sankar (2007) focuses on the importance of proper working capital management of Sun Pharmaceutical Company. The paper throws light on the concepts of working capital, working capital policy, components of working capital and factors affecting working capital in the Sun Pharma Industries Ltd during the last five years, and identifies certain factors which are responsible for the improvement of working capital of the company. The article concludes with a warning to the Company that if satisfactory level of working capital is not maintained, the company would become bankrupt.

6. Kushwah, Mathur&Ball(2009) The study undergone to evaluate the working capital management and direction in selected five major cement companies i.e. ACC, Grasim, Ambuja, Prism and Ultra- Tech.. For the research purpose secondary data are used like authors collected the financial statement of selected cements companies for the years from 2007 to 2009. There is liquidity ratios and activities ratios are used to analyse the condition of working capital of the companies. The study revealed the truth of study is that, most companies not maintain their 15 working capital in a systematic way while overall ACC shows appropriate management of working capital.

7. Kaur Harsh V. and Singh Sukhdev (2013) This article focuses on cash conversion efficiency and setting up the operating cycle days. The study tests the relationship between the working capital attain and profitability calculated by income to current assets and income to average total assets. Authors did study with companies listed in BSE 200 that is spread over 19 industries for the period 2000 to 2010. At the end, the study lay emphasis on that proficient management of working capital notably affects profitability.

8. Mr.V.Venkatachalam (2016), the researcher conducted a study on “Working Capital Management on Mahindra and Mahindra Private Limited”. The main objective of the study is to analyze whether the companies are viable in the long run

through ratio analysis and statement of changes in working capital. He concluded that the overall working stability-soundness of the company has improved over the years very well.

9. Akash B. Selkari and Omdeo Ghyar (2016) conducted a “Study on Working capital of Mahindra and Mahindra Ltd” for a period of 3 years from 2015-18. To study the working capital of the company ratio analysis technique was used. They came to an end that the working capital of the company was satisfactory because of maintaining proper inventory levels, cash, and other current assets and a decrease in the current liabilities and provisions

10. Singh et al. (2017) indicated that WCM is negatively connected with corporate profitability, which means an aggressive WCM policy leads to higher profitability

11. Dr.V. Bhuvaneswari (2020) highlighted the working capital which will determine whether the position of the company from the working capital point of view is sound and satisfactory. She concluded that the overall working stability, soundness and overall financial performance have improved over the years.

12. Rafuse studied that suppliers were not interested in interest, rather they wanted their money. His more suggestions was that improvement of working capital by delaying payment to creditors was an inefficient and ultimately damaging practice, both to its practitioners and to the economy as a whole. He suggested that those seeking concentrated working capital reduction strategies should focus on stock reduction.

13. Eljelly analyzed that liquidity management involves planning and controlling of current assets and current liabilities so that it can eliminate the risk of inability to meet short-term obligations and avoids much investment in these assets. Current ratio, regression analysis and correlation have been used to measure the result. The study found that the cash conversion cycle was of utmost important as a measure of liquidity than the current ratio that affects profitability. The size variable was found to have a major effect on profitability at the industry level. It was clear that there was an adverse relationship between profits of the firm and liquidity position indicators such as current ratio and cash gap in the Saudi sample examined.

14. Padach analyzed that management practices are expected to assist managers in identifying zones where they might require improvement in the financial performance of their operation. The results provided owner-managers with information relating to the basic financial management practices used by their peers and their peers attitudes toward the selected practices. The working capital requirements of an organization change over times as does its internal cash generation rate.

15. Raheman and Naser examined the working capital management and profitability position of Pakistani firms. An example of 94 Pakistani firms recognized on Karachi Stock Exchange for a period of 6 years from 1999 – 2004. The results indicated that there is an adverse relationship between variables of working capital management and profitability.

16. Solano et al reviewed the effect of working capital management on SME profitability. To achieve the objective 8872 small to medium sized companies have been taken for the period over 1996-2002. Panel data methodology has been adopted and found that if cash conversion cycle will small it will help in improve the firm profitability. So, the managers of the firm should try to reduce their inventories and the number of days for which their accounts are outstanding.

17. Kaushik Chakraborty checked the various studied done on management of working capital and its components. The studies related to working capital management as a whole would necessarily discuss the individual components of working capital and thus exclusive studies on individual factors of current assets and current liabilities were found to be very few. A deeper look into survey indicated that there were only a few studies available abroad and plentiful of studies in India. The survey also revealed that, though a few case studies on individual components automobile companies were present, there was no attempt in India to study the working capital management in any specific industry.

18. DÄfnuleÄiu Study the relation between the efficiency of the working capital management and profitability using Pearson correlation analyses and take a sample size of 20 annual financial records of companies covering period 2004-2008. The

conclusion of the study is that there is a negative linear correlation between working capital management indicators and profitability rates.

19. Dong and Su examined the relationship between profitability, cash conversion cycle and its components for listed firms in Vietnam Stock market. The results showed that there was a strong negative relationship between profitability and the cash conversion cycle. The time period was short in compare with some of the previous studies about the relationship between Management of working capital and profits of the firm.

20. Bhunia and Khan analyzed the efficiency of Indian steel company by the effective management of liquidity. Data has been taken from 230 steel companies from CMIE database, over the period of 2002 to 2010. It was concluded that liquidity and profitable position is good and satisfactory of the company. 11 Patel and Parjapati [9] analyzed five steel companies to know the compa

21. Patel and Parjapati [9] analyzed five steel companies to know the comparative position and uses of working capital. Various analyses such as ratio analysis and operating cycle analysis have been used. The study reveals that Tata steel ltd has the highest growth of net working capital maintenance during GRA - Global Research Analysis holding period followed by Jindal steel ltd. and it is negative with JSW steel. Net operating cycle of Jindal steel and Tata steel is adverse in each year that shows there is a greater working capital management in these companies

22. Eljelly (2004) Identified the relation between profitability and liquidity who was examined, as measured by current ratio and cash gap (cash conversion cycle) on a sample of joint stock firms in Saudi Arabia. The study found that the cash conversion cycle was of more importance as a measure of liquidity than the current ratio that affects profitability. The size variable was found to have significant effect on profitability at the industry level. The results were stable and had important implications for liquidity management in various Saudi firms. First, it was clear that there was negative relationship between profitability and liquidity indicators such as current ratio and cash gap in the Saudi sample examined. Second, the study also revealed that there was great variation among industries with respect to the significant measure of liquidity.

23. Lazaridis and Tryfonidis (2006) have explored the relationship between corporate profitability and WCM in the Athens Stock Exchange. The finding of results shows a negative relationship between profitability and working capital indicators like days of accounts receivable, account payable and cash conversion cycle. They concluded that firms can create profits by effectively handling each component of the cash conversion cycle.

24. Saswata Chatterjee (2010) Focused on the importance of the fixed and current assets in the successful running of any organization. It poses direct impacts on the profitability liquidity. There have been a phenomenon observed in the business that most of the companies increase the margin for the profits and losses because this act shrinks the size of working capital relative to sales. But if the companies want to increase or improve its liquidity, then it has to increase its working capital. In the response of this policy the organization has to lower down its sales and hence the profitability will be affected due to this action. For this purpose 30 United Kingdom based companies were selected which were listed in the London Stock exchange.

25. Mohamad and Saad (2010) The data were taken of three years 2006-2008. It analyzed the impact of the working capital on the profitability. The dimensions of working capital management included in this research which is quick ratios, current ratios C.C.C, average days of payment, Inventory turnover, and A.C.P (average collection period. on the net operating profitability of the UK companies.

26. Mohamad and Saad (2010) Used Bloomberg's database of 172 listed companies randomly selected from Bursa Malaysia main board for five year period from 2003 to 2007. Applying correlations and multiple regression analysis, they found that current assets to total asset ratio shows positive significant relationship with Tobin Q, ROA and ROI. Cash conversion cycle, current asset to current liabilities ratio and current liabilities to total assets ratio illustrate negative significant relations with Tobin Q, ROA and ROIC.

27. Does working capital affect profitability of Belgian firms from Marc Deloof journal of business finance and accounting in 2003 The results suggest that managers can increase corporate profitability by reducing the number of days accounts receivable and inventories. Less profitable firms wait longer to pay their

bills. Working capital management from M.S divya and p.solanki international journal of advanced research in 2017 The proposed future research direction is given in this paper may help to develop a better understanding of determinants and practices of working capital management.

28. A study on working capital management with special reference to steel authority of India limited from **Dr.V.R.palanivelu in July 2014.** The study is mainly based on secondary database of the company. It was concluded that the working capital is a vital role in the organisation. Working capital management and its effect on profitability empirical evidence from Noraisah sungip on 2018. This study examines the effects of working capital management on profitability among 803 companies listed on Bursa Malaysia. The data is collected from data stream for the year 2010-2014 was analyzed using panel data analysis.

29. A review of working capital management from **T.poojitha.** The purpose of this study is to understand the efficiency and utilization of working capital in the kdmprmacu ltd., This study states that working capital is very much effects to the development of the firm. This study is based on the secondary data of the firm. A study on the small medium enterprises in working capital management efficiency from Othman chin. This preliminary study was made with an attempt to analyze the efficiency of working capital management in the selected small medium enterprise companies in Malaysia. The result reveals that it was less efficient in managing there working capital during this study period.

30. Working capital management analysis of selected textile industries from **PS.deepa.** This paper compares various spinning industries in Coimbatore city by using ratio analysis and for which the secondary data has been working capital is part of the total capital employed by a company and is often defined as the difference between short-term liabilities and short-term assets. Working capital management on profitability and corporate performance by Harisha.B States that working capital management is a major issue faced in the financial decision making process. The main purpose of this study is to examine and analyze the effect of types of working capital management techniques on the firm's profitability. Working capital management an overview from **Dr.Sreemoyee Guah Roy on July 2016.**

31. The project revealed that the working capital has a direct impact on cash flow in a business. Companies must seek granular details to identify the underlying driver's of working capital. "the better a company manage it's working capital ,The less the company needs to borrow". 14 International journal for research trends and innovation from Alak Kumar Das. The main objective of this study are to measure the association between quick ratio and CCC as well as current ratio and CCC. This study also tries to find out the impact of working capital management efficiency on liquidity position of the sample companies. A study on efficiency of working capital management of selected IT companies from **Dr.A.Muthu Samy**. This Paper examines the utilization of working capital management and the way improved and operational efficiency, optimized. It provides faster and more efficient methods of getting a job done. Efficiency analysis of working capital management (A study of selected FMCG companies in India) by **E.lokeswari**. The study undertakes the comparative analysis and evaluation of working capital management through the employment of numerous parameters of current ratio and payable turnover. The analysis was done on the data sourced from the annual report. Working capital management-it's impact on liquidity and profitability-A study of coal India ltd by

32. Mr.Shivakumar. The study covers five years data from 2010-11 to 2014-15 for the analysis ratio indicating working capital performance and some statistical techniques are employed. Working capital management among listed companies of Pakistan from Shahbaz Hussain. The study aims to investigate the strength of working capital management for measuring the financial performance of listed stocks. the study incorporates descriptive statistics, Pearson correlation and multiple regression. Working capital management and profitability: A sensitive analysis from Arun Kumar O.N this paper analyze the effect of working capital management on the profitability of manufacturing firms.

33. The data analysis was carried for 1198 manufacturing firms listed in center for monitoring Indian economy for a period of 5 year's. Working capital management and corporate financial performance: Evidence from Panel Data Analysis of Selected Quoted Tea Company in Kenya from Charles **kiprotich yegon**. This study aimed to provide empirical evidence about the impact of 15 working capital management on

corporate financial performance of tea firms in **Kenya for the period of 2005 to 2012.**

34. The effect of efficient working capital management and working capital policies on firm performance:Evidence from Malaysia manufacturing firms from **Norzalina binti ahmad**.The study investigates the effect of efficient working capital policies on the performance of manufacturing firms in Malaysia between 2010-2016.

35. This study uses balanced panel data of 143 manufacturing firms that are listed on the main market of bursa Malaysia. Working capital management practices and profitability in Nigeria from **SundayKajola**.This paper investigates the effect of working capital management practices on profitability of twenty-five Nigerian listed non-financial firm between financial year 2010-2016

36. The working capital management practices in achieving organizational success during the period of study. Working capital management and corporate performance of manufacturing sector in Pakistan from **Abdul raheman**.This paper analyzes the impact of working capital management on firm's performance in Pakistan for a period of 1998-2007.

37. The study also conclude that firm's in Pakistan are following conservative working capital management policy and the firm's are needed to concentrate and improve their collection and payment policy. Working capital management:Is it really affects the profitability? Evidence from Pakistan by **Asghar Ali**.In this research article 15 research papers of different scholars have been studied and compared.The result showed impact of working capital on profitability and supported the hypotheses.

38. Working capital management and efficiency- A comparative study of BEML and LARSEN and TURBO ltd from **shivakumar hulsoor**.The study focus on the finding out whether there is a significant difference exit in the Management of working capital by the selected units.The result of t-test shows that there is a significant difference exists in Management of working capital of both the selected samples.

39. 16 Effect on working capital management on SME profitability from **Pedro J.Garaa** Teruel in 2007 international journal of managerial finance. The aim is to

ensure that the relationships found in the analysis carried out are due to the effects of the cash conversion cycle on corporate profitability and not vice versa.

40. A study of working capital management in Tata motors ltd by **Yashodhan.P** is to understand and study in general the Management of working capital and it is to analyze the recruitment of working capital.To manage the current asset in similar to the Management of long term asset. Working capital management and it's impact of financial performance:an analysis of trading firm by

41. Sangeetha T.The main purpose of this study was to investigate the working capital management was investigated through the cash conversion cycle.The working capital management has strong impact on financial performance. Working capital management and profitability: Evid

42. Working capital management and profitability: Evidence from manufacturing sector in Malaysia by **Jakpaer.S.**The purpose of this study is to examine the affects of working capital management firms profitability.The study is based on the samples of 164 manufacturing firms listed on the main board of bursa Malaysia.

43. Inventory and working capital management :An empirical analysis of Indian textile companies by **Manpreet knur.**The primary objective of inventory management is to avoid too much and too little of inventory so that uninterrupted production and sales with minimum holding cost.the investigation reveals that inventory management across textile industries is efficient and shows a significant impact of working capital.

44. Concept of working capital management by **Dr.C.Boopathi.**The uses of funds of a concern can be divided into two parts namely long term funds and short term funds.A major part of long term funds is invested in the fixed assets.To run the business operations short-term asset are also required. The impact of working capital management on profitability of global haulage company,Ghana by Joseph yensu.The study examine the impact of working capital

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The following chapter will discuss the methodology to be adopted, research design, research instruments employed, and the research procedures followed for the analysis of the collected data. Research is an art of scientific investigation. The advanced learner's dictionary of current English lays down the meaning of research as "a careful investigation or inquiry specially through search for new facts in any branch of knowledge". The search for knowledge through objective and systematic method of finding solutions to a problem is termed as research.

3.2 RESEARCH DESIGN

The research design is the conceptual structure within research is conducted; it constitutes the blueprint for the collection, measurement, and analysis of data. As such the design includes an outline of what the research will do from writing the hypothesis and its operational implications to the final analysis of data. Research design stands for advance planning of the method to be adopted for collecting the relevant data and the techniques to be used in their analysis, keeping in view the objective of the research design should be done with great care as any error in it may upset the entire project. The research design implemented in this study is as follows:

- **DESCRIPTIVE RESEARCH:** Descriptive research studies are those studies which are concerned with describing the characteristics of a individual, or of a group. Descriptive research design is a scientific method which involves observing and describing the behaviour of a subject without influencing it in any way. The method used in this study is survey method which brings out the outlook of the respondents on the study.
- **ANALYTICAL RESEARCH:** Analytical research is a specific type of research that involves critical thinking skills and the evaluation of facts and information relative to the research being conducted.

3.3 SAMPLE SIZE Sample size determination is the act of choosing the number of observations or replicates that include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population sample. The sample size for this particular study includes both men and women and it consist of **105** from different age groups.

3.4 SAMPLING TECHNIQUE The sampling technique devised in this study is **convenience sampling**, the most common type of non-probability sampling done without any restrictions is convenience sampling. Respondents become a part of the sample because they happen to be at the right time and at the right place.

ADVANTAGES OF CONVENIENCE SAMPLING:

- It is economical
- It takes less time to complete the process of data collection
- This method is adopted as it is easily accessible.

DISADVANTAGES OF CONVENIENCE SAMPLING:

- It can sometimes result in biased results.
- It lacks proper representation of population relating to the study.
- The credibility for this sampling technique is low compared to other techniques.

3.5 METHOD OF DATA COLLECTION

Data collection is the method of obtaining the required information from various sources in relation to the study conducted.

There are two different types of data collection methods They are

- Primary data
- Secondary data

PRIMARY DATA: The primary data are those which are collected afresh and for the first time, and thus happen to be original in character. Primary data is obtained either through observation or through direct communication with respondents in one form or another or through personal interviews. It is the data that has been collected first

hand by the researcher specially addressing the research problem at hand. The most common methods of collecting primary data are conducting questionnaires, surveys, interview, observations, case studies, focus groups and examining documents and records.

PRIMARY DATA COLLECTION: The primary data was collected from 100 respondents from different age groups different societal backgrounds. The data was collected in and around the city of Chennai with the help of E-questionnaire by using convenience sampling method which is a nonprobability method of sampling. As this method was applied, the respondents were selected because of their accessibility and proximity to the researcher.

SECONDARY DATA: Secondary data means data that are already available i.e., it refers to the data which have already been collected and analysed by someone else. When the researcher utilises secondary data, then various sources from where he can obtain them should be given importance. Secondary data may either be published data or unpublished data. Researcher must be very careful in using secondary data because it is possible that the secondary data may be unsuitable or may be inadequate in the context of the problem which the researcher wants to study. The various sources of secondary data are as follows:

- Various publications of the central, state and local governments.
- Various publications of foreign governments or of international bodies and their subsidiary organisation
- Technical and trade journals.
- Books, magazines and newspapers.
- Reports prepared by research scholars, universities, economists, etc. in different fields
- Public records and statistics, historical documents, and other sources of published information
- Reports and publications of various associations connected with business and industry.

SECONDARY DATA COLLECTION: The secondary data relating to the study was collected from the review of various literatures of the past, the journals relating to

the research problem, the books containing certain definitions for the terms relating to the study, various websites in the internet which hold a large amount of information about the study.

3.6 STATEMENT OF HYPOTHESIS

Hypothesis is a formal question that the researcher intends to resolve. A research hypothesis is a predictive statement, capable of being tested by scientific methods, that relates the independent variable to some dependent variable. It is a proposition or a set of propositions put forth as an explanation for the occurrence of some specified group of phenomena.

HYPOTHESIS 1:

Null Hypothesis (H₀): There is no significant relationship between Gender and the Frequency on monitoring the Working Capital.

Alternative Hypothesis (H₁): There is a significant relationship between Gender and the Frequency on monitoring the Working Capital.

HYPOTHESIS 2:

Null Hypothesis H₀: There is no significant difference between “Working Capital ratio Indication Level” with “Gender”

Alternative Hypothesis H₁: There is a significant difference between “Working Capital ratio Indication Level” with “Gender”

3.7 DATA ANALYSIS Data analysis is a process of inspecting, cleansing, transforming and modelling data with the goal of discovering useful information, informing conclusion and supporting to make decisions. In this study the data collected from the respondents were coded, tabulated and analysed using factor analysis in SPSS software

3.8 STATISTICAL TOOL USED

Statistical methods are used for the purpose of presenting the analysed data in a simple form for the easy interpretation of information by the readers. Mostly, it is in the form of graphical representations. The statistical methods used in the study are pie diagrams and charts. The statistical tools used in the study are:

- Descriptives- percentage analysis and graphical representations.
- CHI-SQUARE
- T-test analysis

DESCRIPTIVES PERCENTAGE ANALYSIS Percentage analysis is the method to represent raw streams of data as a percentage (a part in 100 – percent) for better understanding of collected data. Percentage analysis is applied to create a contingency table from the frequency distribution and represent the collected data for better understanding.

GRAPHICAL REPRESENTATION: The data is presented in the form of bar graphs and pie charts for the easy interpretation and understanding the results.

CHI-SQUARE ANALYSIS Chi-square is a statistical measure used in the context of sampling analysis for comparing a variance to a theoretical variance. As a non-parametric test, it can be used to determine if categorical data shows dependency or the two classifications are independent. It can also be used to make comparisons between theoretical populations and actual data when categories are used.

T-TEST ANALYSIS A t-test is a type of inferential statistic used to determine if there is a significant difference between the means of two groups, which may be related in certain features. It is mostly used when the data sets, like the data set recorded as the outcome from flipping a coin 100 times, would follow a normal distribution and may have unknown variances. A t-test is used as a hypothesis testing tool, which allows testing of an assumption applicable to a population. A t-test looks at the t-statistic, the t- distribution values, and the degrees of freedom to determine the statistical significance. To conduct a test with three or more means, one must use an analysis of variations

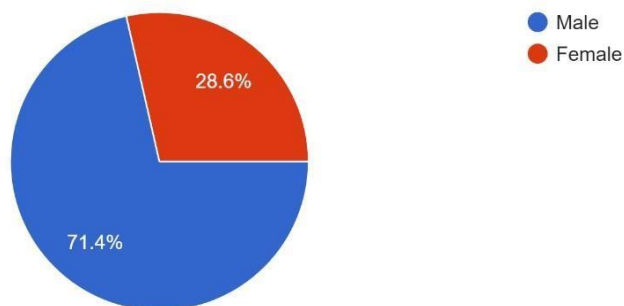
CHAPTER – 4

DATA ANALYSIS AND INTERPRETATION

4.1.1 PERCENTAGE ANALYSIS

	RESPONSE	PERCENTAGE
FEMALE	30	28.6
MALE	75	71.4
TOTAL	105	100

Gender
105 responses



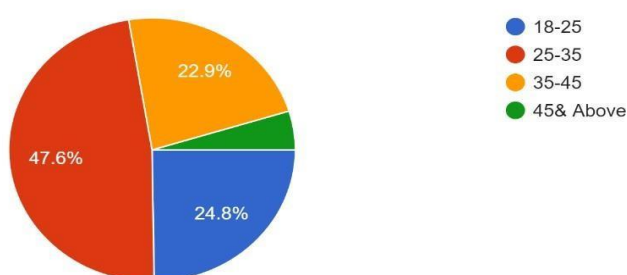
Interpretation:

From the above chart it reveals that from 105 respondents, 71.4% of respondents are male, 28.6% of respondents are female. so, we conclude that, majority of respondents are male.

4.1.2 AGE OF RESPONDENT.

AGE	RESPONSE	PERCENTAGE
18-25	26	24.8
25-35	50	47.6
35-45	24	22.9
45 AND ABOVE	5	4.7
TOTAL	105	100

Age
105 responses



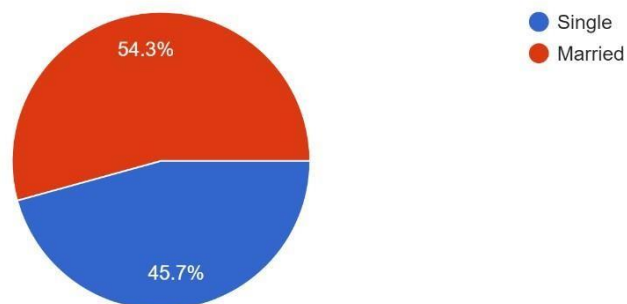
Interpretation

From the above chart it reveals that from 105 respondents. 47.6% respondent are 25-35, 24.8% respondent are 18-25, 22.9% respondent are 35-45. 4.7% respondent are 45 and above.

4.1.3 MARITAL STATUS OF RESPONDENTS.

MARTIAL STATUS	RESPONSE	PERCENTAGE
SINGLE	57	45.7
MARRIED	48	54.3
TOTAL	105	100

Marital Status
105 responses



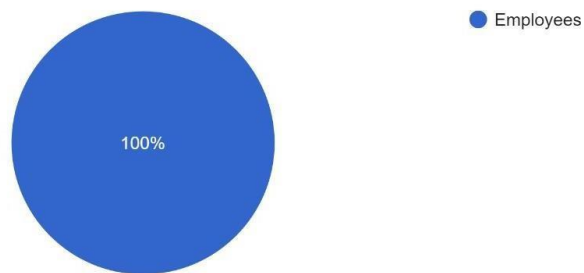
Interpretation

From the above chart it reveals that from 105 respondents. 45.7% respondent are single. 54.3% respondent are married.

4.1.4 EMPLOYEES OF RESPONDENTS

	RESPONSE	PERCENTAGE
EMPLOYEES	105	100
TOTAL	105	100

Occupation
105 responses



Interpretation

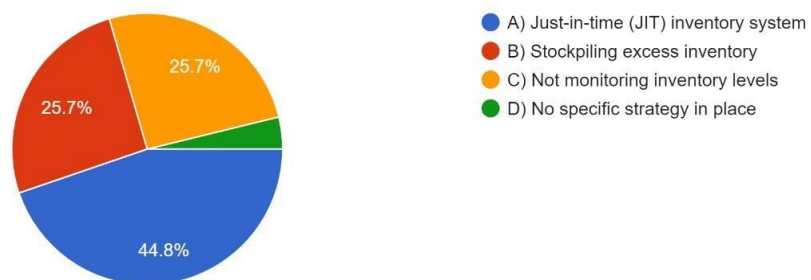
From the above chart it reveals that from 105 respondents. 100% respondent are employees.

4.1.5 What Strategies Should We Employ for Efficient inventoryManagement

	RESPONSE	PERCENTAGE
Jit Inentory System	47	44.8%
Stockpilling Excess Inventory	27	25.7%
Not Monitoring Inventory Levels	27	25.7%
Do Specific Strategy In Place	4	3.8%
Total	105	100

What strategies should we employ for efficient inventory management?

105 responses



Interpretation

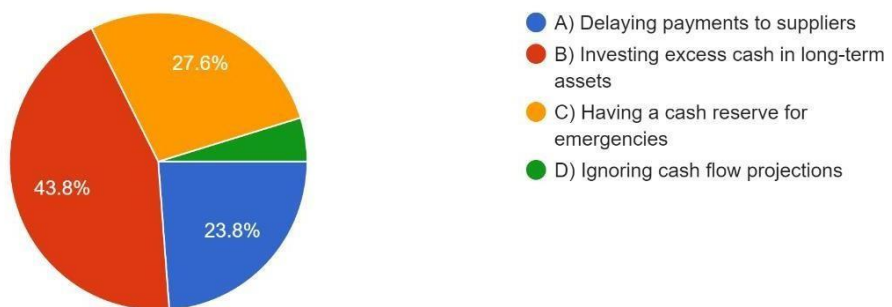
From the above chart it reveals that from 105 respondents. 44.8% respondent are JIT inventory system, 25.7% respondent are Stockpiling Excess Inventory, 25.7% respondent are Not Monitoring Inventory Levels. 3.8% respondent are Do Specific Strategy In Place.

4.1.6 how can we improve our cash flow management?

	RESPONSE	PERCENTAGE
Delaying payment foe suppliers	25	23.8%
Investing excess cash in long term assets	46	43.8%
Having a cash reserve for emergencies	29	27.6%
Ignoring cash flow projections	5	4.8%
TOTAL	105	100

How can we improve our cash flow management?

105 responses



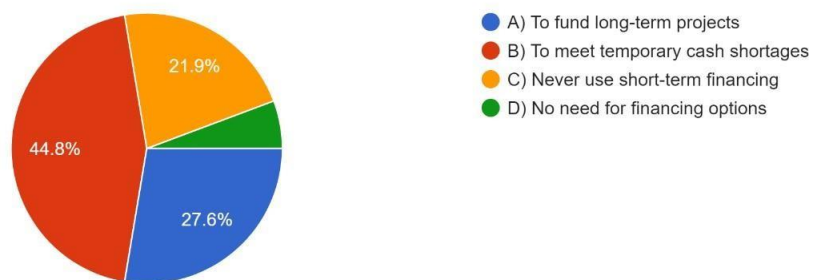
Interpretation

From the above chart it reveals that from 105 respondents. 23.8% respondent are Delaying payment foe suppliers, 43.8% respondent are Investing excess cash in long term assets, 27.6% respondent are Having a cash reserve for emergencies. 4.8% respondent are Ignoring cash flow projections.

4.1.7 In what situations should we consider short-term financing options?

	RESPONSE	PERCENTAGE
To find long term projects	29	27.65%
To meet temporary cash shortages	47	44.8%
Never use short term Financine	23	21.9%
No need for financing Option	6	5.7%
TOTAL	105	100

In what situations should we consider short-term financing options?
105 responses



Interpretation

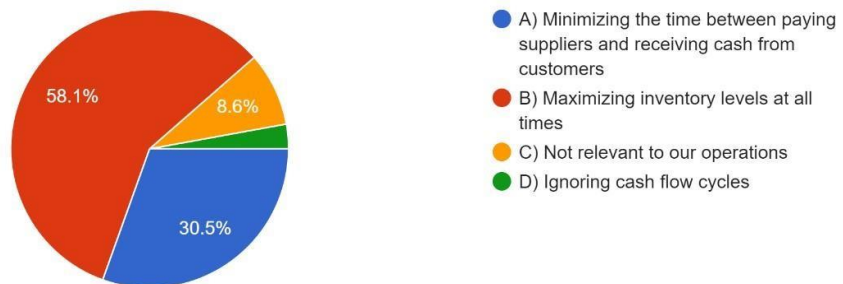
From the above chart it reveals that from 105 respondents. 27.65% respondent are to find long term projects, 44.8% respondent are To meet temporary cash shortages, 21.9% respondent are Never use short term financing. 5.7% respondent are No need for financing option.

4.1.8 How does understanding the cash conversion cycle benefit our company

	RESPONSE	PERCENTAGE
Mini. The time	32	30.5%
Max. inventory levels	61	58.1%
Not relevant to operators	9	8.6%
Ignoring cash flow cycles	3	2.9%
TOTAL	105	100

How does understanding the cash conversion cycle benefit our company?

105 responses



Interpretation

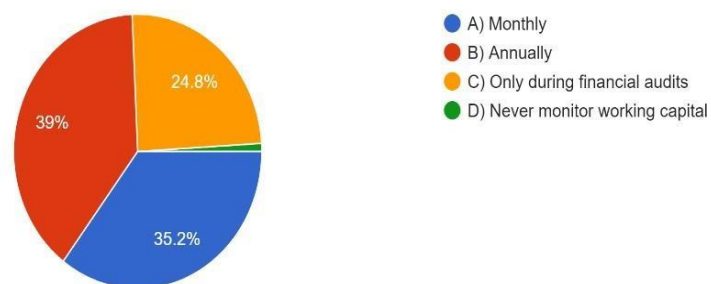
From the above chart it reveals that from 105 respondents. 30.5% respondent are Mini. The time, 58.1% respondent are Max. inventory levels, 8.6% respondent are Not relevant to operators. 2.9% respondent are Ignoring cash flow cycles.

4.1.9 How frequently should we monitor and review our working capital.

	RESPONSE	PERCENTAGE
Monthly	37	35.2%
Annually	41	39%
Only during finance audits	26	24.8%
Never monitor working capital	1	1%
TOTAL	105	100

How frequently should we monitor and review our working capital?

105 responses



Interpretation

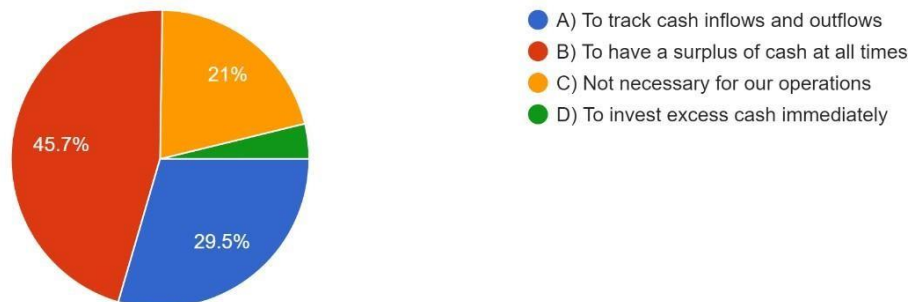
From the above chart it reveals that from 105 respondents. 35.2% respondent are Monthly. 39% respondent are Annually, 24.8% respondent are Only during finance audits. 1% respondent are Never monitoring working capital

4.1.10 Why is it important to create and follow a cash budget.

	RESPONSE	PERCENTAGE
To track cash inflow & outflow	31	29.5%
To have a surplus of cash at all times	48	45.75%
Not necessary for our operations	22	21%
To invest excess cash immediately	4	3.8%
TOTAL	105	100

Why is it important to create and follow a cash budget?

105 responses



Interpretation

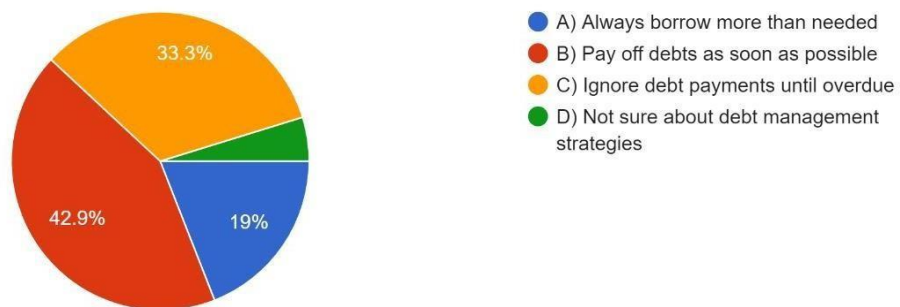
From the above chart it reveals that from 105 respondents. 29.5% respondent are To track cash inflow & outflow. 45.75% respondent are To have a surplus of cash at all times, 21% respondent are Not necessary for our operations. 3.8% respondent are To invest excess cash immediately.

4.1.11. how should we approach managing our company's debts.

	RESPONSE	PERCENTAGE
Always borrow more than needed	20	19%
Pay off debts as soon as possible	45	42.9%
Ignore debt payments until overdue	35	33.3%
Not sure about their management strategies	5	4.8%
TOTAL	105	100

How should we approach managing our company's debts?

105 responses



Interpretation

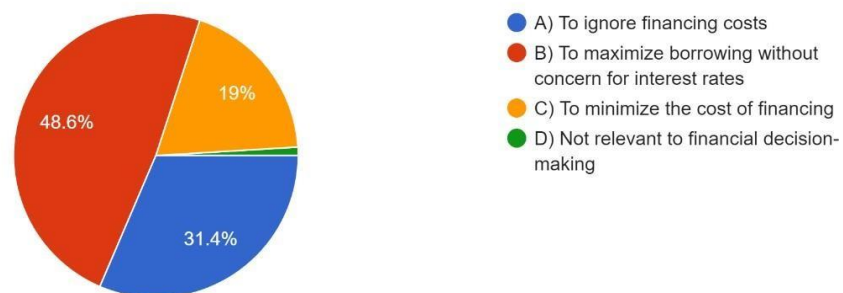
From the above chart it reveals that from 105 respondents. 19% respondent are Always borrow more than needed. 42.9% respondent are Pay off debts as soon as possible, 33.3% respondent are Ignore debt payments until overdue. 4.8% respondent are Not sure about their management strategies.

4.1.12 why should we consider the cost of capital when making financial decisions

	RESPONSE	PERCENTAGE
To ignore financing costs	33	31.4%
To maximize borrowing without concern for IR	51	48.6%
To max. the cost of financing	20	19%
Not relevant to financial decision making	1	1%
TOTAL	105	100

Why should we consider the cost of capital when making financial decisions?

105 responses



Interpretation

From the above chart it reveals that from 105 respondents. 31.4% respondent are To ignore financing costs. 48.6% respondent are To maximize borrowing without concern for IR, 19% respondent are To max. the cost of financing. 1% respondent are Not relevant to financial decision making

4.2. CHI-SQUARE TEST:

HYPOTHESIS 1:

Null Hypothesis (H0): There is no significant relationship between Gender and the Frequency on monitoring the Working Capital.

Alternative Hypothesis (H1): There is a significant relationship between Gender and the Frequency on monitoring the Working Capital.

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Review Frequency	105	100.0%	0	0.0%	105	100.0%

Gender * Review Frequency Crosstabulation

			Review Frequency				Total
			Annually	Monthly	Never	Only during financial audits	
Gender	Female	Count	18	5	0	7	30
		Expected Count	11.7	10.6	.3	7.4	30.0
		% within Gender	60.0%	16.7%	0.0%	23.3%	100.0%
		% within Review Frequency	43.9%	13.5%	0.0%	26.9%	28.6%
	Male	Count	23	32	1	19	75
		Expected Count	29.3	26.4	.7	18.6	75.0
		% within Gender	30.7%	42.7%	1.3%	25.3%	100.0%
		% within Review Frequency	56.1%	86.5%	100.0%	73.1%	71.4%
Total	Count		41	37	1	26	105
	Expected Count		41.0	37.0	1.0	26.0	105.0
	% within Gender		39.0%	35.2%	1.0%	24.8%	100.0%
	% within Review Frequency		100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.267 ^a	3	.026
Likelihood Ratio	9.814	3	.020
N of Valid Cases	105		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .29.

Symmetric Measures

	Value	Approximate Significance
Nominal by Nominal	Phi	.297
	Cramer's V	.297
N of Valid Cases	105	

INTERPRETATION:

The Significance value (P) is .026 which represents 2.6% which is lower than Alpha value 5% thereby resulting in accepting the **Alternate Hypothesis** and rejecting the Null Hypothesis.

INFERENCE:

Through Chi-square test, it is inferred that there is significant relationship between Gender and Frequency on monitoring the Working Capital. (Dependent).

4.3 INDEPENDENT SAMPLE T TEST:

- *Null Hypothesis* H0: There is no significant difference between “**Working Capital ratio Indication Level**” with “**Gender**”.
- *Alternative Hypothesis* H1: There is a significant difference between “**Working Capital ratio Indication Level**” with “**Gender**”.

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Working capital ratio Indication Level	Male	75	1.67	1.189	.137
	Female	30	1.60	1.221	.223

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Significance One-Sided p	Significance Two-Sided p	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower Upper
Working capital ratio Indication Level	Equal variances assumed	.082	.775	.258	103	.399	.797	.067	.259	-.447 .580
	Equal variances not assumed			.255	52.257	.400	.800	.067	.262	-.459 .592

Independent Samples Effect Sizes

		Standardizer ^a	Point Estimate	95% Confidence Interval	
Working capital ratio Indication Level	Cohen's d	1.198	.056	-.368	.479
	Hedges' correction	1.207	.055	-.365	.475
	Glass's delta	1.221	.055	-.369	.478

a. The denominator used in estimating the effect sizes.

Cohen's d uses the pooled standard deviation.

Hedges' correction uses the pooled standard deviation, plus a correction factor.

Glass's delta uses the sample standard deviation of the control (i.e., the second) group.

INTERPRETATION:

The p value of variable “**Working Capital ratio Indication Level**” (.797) is more than 0.05 at 5% level of Significance. Hence the null Hypothesis is accepted.

INFERENCE:

Through Independent Sample t test, it is inferred that there is no difference between Gender and Working Capital ratio Indication Level.

CHAPTER-5

FINDINGS

5.1 findings

- Majority of the respondents are male
- Majority of the respondents belongs to 25-35 age group
- Majority of the respondents belongs to Single Status
- Majority of the respondents are Employees
- Majority of the respondents belongs to Just-in-time (JIT) inventory system
- Majority of the respondents are investing excess cash in long-term assets
- Majority of the respondents are to meet temporary cash shortages
- Majority of the respondents belongs to maximizing inventory levels at all times.
- Majority of the respondents belongs to annually
- Majority of the respondents belongs to have a surplus of cash at all times
- Majority of the respondents belongs to pay off debts as soon as possible
- Majority of the respondents belongs to maximize borrowing without concern for interest rates

CHAPTER-6

SUGGESTION AND CONCLUSION

6.1 SUGGESTION:

Inventory Management and Cash Management:

Since a majority of respondents are using the Just-in-time (JIT) inventory system and investing excess cash in long-term assets, consider studying the effectiveness of these practices. Evaluate the impact of JIT on inventory costs, stockouts, and overall operational efficiency. Also, assess the risk-return trade-offs associated with investing excess cash in long-term assets.

Cash Shortages and Debt Management:

Explore the reasons behind temporary cash shortages and identify strategies to mitigate them. Provide recommendations on improving cash flow management and developing contingency plans for unexpected expenses. Additionally, analyze the implications of paying off debts as soon as possible and maximizing borrowing without concern for interest rates on the financial health of profile maker companies

Inventory Levels and Cash Surplus:

Assess the rationale behind maximizing inventory levels at all times and having a surplus of cash. Determine if these practices align with strategic objectives or if there are opportunities to optimize inventory levels for cost savings and improve cash utilization for value creation.

Frequency of Practices:

Investigate why certain practices, such as investing excess cash in long-term assets or paying off debts immediately, are done annually. Consider the implications of these practices on working capital management efficiency and financial performance over time.

Borrowing and Interest Concerns:

Provide guidance on optimizing borrowing decisions by considering interest rates and the overall cost of capital. Educate respondents about the importance of managing interest costs and the impact of excessive borrowing on profitability and financial stability.

6.2 CONCLUSION:

In conclusion, this study underscores the complexity of working capital management in the profile maker industry, influenced by a range of factors including demographics, financial practices, and operational strategies. The findings provide valuable insights into prevailing trends and practices, suggesting opportunities for refinement and optimization. By addressing the recommendations outlined in this study, profile maker companies can enhance their working capital management effectiveness, improve financial performance, and achieve sustainable growth in the dynamic business landscape.

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ANNEXURE-1

QUESTIONNAIRE

1. Gender

- Male
- Female

2. Age

- 18-25
- 25-35
- 35-45
- 45& Above

3. Martial Status

- Single
- Married

4. Occupation

- Employees

5. What strategies should we employ for efficient inventory management?

- Just-in-time (JIT) inventory system
- Stockpiling excess inventory
- Not monitoring inventory levels
- No specific strategy in place

6. How can we improve our cash flow management?

- Delaying payments to suppliers
- Investing excess cash in long-term assets
- Having a cash reserve for emergencies
- Ignoring cash flow projections

7. In what situations should we consider short-term financing options?

- To fund long-term projects
- To meet temporary cash shortages
- Never use short-term financing
- No need for financing options

8. How does understanding the cash conversion cycle benefit our company?

- Minimizing the time between paying suppliers and receiving cash from customers
- Maximizing inventory levels at all times
- Not relevant to our operations
- Ignoring cash flow cycles

9. How frequently should we monitor and review our working capital?

- Monthly
- Annually
- Only during financial audits
- Never monitor working capital

10. Why is it important to create and follow a cash budget?

- To track cash inflows and outflows
- To have a surplus of cash at all times
- Not necessary for our operations
- To invest excess cash immediately

11: How should we approach managing our company's debts?

- Always borrow more than needed
- Pay off debts as soon as possible
- Ignore debt payments until overdue
- Not sure about debt management strategies

12. Why should we consider the cost of capital when making financial decisions?

- To ignore financing costs
- To maximize borrowing without concern for interest rates
- To minimize the cost of financing
- Not relevant to financial decision-making

ANNEXURE- 2

ARTICLE

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Study on Working Capital Management

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Abstract

Working Capital is the required for carrying out day to day business operations. The present day competitive market environment calls for an efficient management of working capital. Proper management of working capital is essential to a company's fundamental financial health and operational success as a business. A hallmark of good business management is the ability to utilize working capital management to maintain a solid balance between growth, profitability and liquidity. The Project titled 'A Study of Working Capital Management in Profilemaker' aims to study the various aspects of Working Capital Management. This study is based on Profilemaker Chennai, which is a Marketing company involved in digital marketing and sales management. The period considered for the study is from Company Employees The research methodology adopted for this study is primary source of data which include annual reports and otherproprietary reports of Profilemaker. This project tries to evaluate how the management of working capital is done in Profilemaker. The study of working capital management has shown that Profilemaker has a fairly strong working capital position. The Company is also enjoying reasonable profits.

Keywords: About four key words Short-term assets Short-term liabilities, Operating cycle, Cash management

Introduction

1.1 Introduction of study

Financial management can be divided into two broad areas of responsibility as the management of long-term capital and the management of short-term funds or working capital. Working capital means the funds available and used for day-to-day operations of an enterprise. It consists broadly of that portion of assets of a business which are used in or related to its current operations.

Efficient management of working capital is an essential pre-requisite for the successful operation of a business enterprise and improving its rate of return on the capital invested in short-term assets.

The components of Working Capital Management are as follows:

- Cash Management
- Inventory Management
- Receivables Management
- Payables Management

1.2 ON THE BASIS OF PERIODICITY: On the basis of periodicity working capital can be divided under two categories as under:

1) Permanent working capital: This refers to that minimum amount of investment in all current assets which is required at all times to carry out minimum level of business activities. The Tandon Committee has referred to this type of working capital as —Core current assets

Fixed working capital can further be divided into two categories as under:

- iii) Regular Working capital: Minimum amount of working capital required to keep the primary circulation. Some amount of cash is necessary for the payment of wages, salaries etc.
- iv) Reserve Margin Working capital: Additional working capital may also be required for contingencies that may arise any time. The reserve working capital is the excess of capital over the needs of the regular working capital is kept aside as reserve for contingencies, such as strike, business depression etc.

2) Variable or Temporary Working Capital: The amount of such working capital keeps on fluctuating from time to time on the basis of business activities. In other words, it represents additional current assets required at different times during the operating year. For example, extra inventory has to be maintained to support sales during peak sales period. The variable working capital may also be subdivided into following two sub-groups:

- iii. Seasonal Variable Working capital: Seasonal working capital is the additional amount which is required during the active business seasons of the year. Raw materials like raw-cotton or jute or sugarcane are purchased in particular season. The industry has to borrow funds for short period. It is particularly suited to a business of a seasonal nature. In short, seasonal working capital is required to meet the seasonal liquidity of the business.
- iv. Special variable working capital: Additional working capital may also be needed to provide additional current assets to meet the unexpected events or special operations such as extensive marketing campaigns or carrying of special job etc.

1.3 Objectives:

- To assess the current working capital management practices in profile maker company.
- To determine the factors influencing working capital levels in the industry.
- To analyse the relationship between working capital management and financial performance metrics.
- To contribute to the existing knowledge base on working capital management in the profilemaker industry.

REVIEW OF LITERATURE

Rao and Rao (1991) in their study among a few public enterprises belonging to manufacturing sector in the state of Karnataka, have attempted to probe in to the capacity of the various techniques I evaluating working capital efficiency of business enterprises. The study revealed that the investment working capital was considerably high when compared to the total investment. The Tandon Committee norms were found to be yielding better results among the surveyed companies. However, the study also revealed that the working capital planning and control was found to be disorderly and ineffective and hence, the urgent need for full focus on working capital management. **Singh (2004)** study on Working capital in Lupin Laboratories Ltd. attempted to assess the significance of management of working capital through working capital ratio and operating cycle. Having analysed seven years data (1995 – 2002), he concluded that the liquidity position of the company was good, mean percentage of current assets was very high when compared to the percentage of net fixed assets and the operating cycle showed declining trend. The element wise analysis of working capital also revealed that trade debtors constituted the highest percentage of current assets followed by loan and advances, inventories and cash and bank balances. **Parasuraman (2004)** study attempts to understand the relationship between credit period given by companies and their actual performance in terms of sales and profitability. He has also attempted to find average level of other key financial parameters connected to working capital management. Having laid the emphasis on Indian Pharmaceutical

companies, he found out that leading companies have employed greater working capital for enhancing profitability. The study also revealed the days sales outstanding had gone up in the sample companies. The study inferred that the top pharmacy companies strategies on their working capital policy to relax the credit policy to achieve greater sales and greater profits. **Arindam Ghosh (2007)** “Working Capital Management Practice in some selected industries in India – A case study of impact of working capital ratios on profitability in Cement Industry”. The study which attempted to examine the efficiency of working capital management of the Indian cement companies during 92-93 to 2001–02. **Thappa Sankar (2007)** focuses on the importance of proper working capital management of Sun Pharmaceutical Company. The paper throws light on the concepts of working capital, working capital policy, components of working capital and factors affecting working capital in the Sun Pharma Industries Ltd during the last five years, and identifies certain factors which are responsible for the improvement of working capital of the company. The article concludes with a warning to the Company that if satisfactory level of working capital is not maintained, the company would become bankrupt. **Kushwah, Mathur&Ball(2009)** The study undergone to evaluate the working capital management and direction in selected five major cement companies i.e. ACC, Grasim, Ambuja, Prism and Ultra- Tech.. For the research purpose secondary data are used like authors collected the financial statement of selected cements companies for the years from 2007 to 2009. There is liquidity ratios and activities ratios are used to analyse the condition of working capital of the companies. The study revealed the truth of study is that, most companies not maintain their 15 working capital in a systematic way while overall ACC shows appropriate management of working capital. . **Kaur Harsh V. and Singh Sukhdev (2013)** This article focuses on cash conversion efficiency and setting up the operating cycle days. The study tests the relationship between the working capital attain and profitability calculated by income to current assets and income to average total assets. Authors did study with companies listed in BSE 200 that is spread over 19 industries for the period 2000 to 2010. At the end, the study lay emphasis on that proficient management of working capital notably affects profitability.

RESEARCH METHODOLOGY

3.1 Research Design: The research design is the conceptual structure within research is conducted; it constitutes the blueprint for the collection, measurement, and analysis of data. As such the design includes an outline of what the research will do from writing the hypothesis and its operational implications to the final analysis of data.

3.2 SAMPLE SIZE: Sample size determination is the act of choosing the number of observations or replicates that include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population sample. The sample size for this particular study includes both men and women and it consist of **105** from different age groups.

3.3 METHOD OF DATA COLLECTION

Data collection is the method of obtaining the required information from various sources in relation to the study conducted.

There are two different types of data collection methods They are

- Primary data
- Secondary data

PRIMARY DATA: The primary data are those which are collected afresh and for the first time, and thus happen to be original in character. Primary data is obtained either through observation or through direct communication with respondents in one form or another or through personal interviews. It is the data that has been collected first hand by the researcher specially addressing the research problem at hand. The most common methods of collecting primary data are conducting questionnaires, surveys, interview, observations, case studies, focus groups and examining documents and records.

PRIMARY DATA COLLECTION: The primary data was collected from 100 respondents from different age groups different societal backgrounds. The data was collected in and around the city of Chennai with the help of E-questionnaire by using convenience sampling method which is a nonprobability method of sampling. As this method was applied, the respondents were selected because of their accessibility and proximity to the researcher.

SECONDARY DATA: Secondary data means data that are already available i.e., it refers to the data which have already been collected and analysed by someone else. When the researcher utilises secondary data, then various sources from where he can obtain them should be given importance. Secondary data may either be published data or unpublished data. Researcher must be very careful in using secondary data because it is possible that the secondary data may be unsuitable or may be inadequate in the context of the problem which the researcher wants to study

SECONDARY DATA COLLECTION: The secondary data relating to the study was collected from the review of various literatures of the past, the journals relating to the research problem, the books containing certain definitions for the terms relating to the study, various websites in the internet which hold a large amount of information about the study.

STATEMENT OF HYPOTHESIS Hypothesis is a formal question that the researcher intends to resolve. A research hypothesis is a predictive statement, capable of being tested by scientific methods, that relates the independent variable to some dependent variable. It is a proposition or a set of propositions put forth as an explanation for the occurrence of some specified group of phenomena.

3.4 Research Hypothesis

HYPOTHESIS 1:

Null Hypothesis (H0): There is no significant relationship between Gender and the Frequency on monitoring the Working Capital.

Alternative Hypothesis (H1): There is a significant relationship between Gender and the Frequency on monitoring the Working Capital.

HYPOTHESIS 2:

Null Hypothesis H0: There is no significant difference between “Working Capital ratio Indication Level” with “Gender”

Alternative Hypothesis H1: There is a significant difference between “Working Capital ratio Indication Level” with “Gender”

3.5 STATISTICAL TOOL USED

Statistical methods are used for the purpose of presenting the analysed data in a simple form for the easy interpretation of information by the readers. Mostly, it is in the form of graphical representations. The statistical methods used in the study are pie diagrams and charts. The statistical tools used in the study are:

- Descriptives- percentage analysis and graphical representations.
- CHI-SQUARE
- T-test analysis

IV. ANALYSIS AND DISCUSSION

CHI-SQUARE TEST:

HYPOTHESIS 1:

Null Hypothesis (H0): There is no significant relationship between Gender and the Frequency on monitoring the Working Capital.

Alternative Hypothesis (H1): There is a significant relationship between Gender and the Frequency on monitoring the Working Capital.

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Review Frequency	105	100.0%	0	0.0%	105	100.0%

Gender * Review Frequency Crosstabulation

			Review Frequency				Total
			Annually	Monthly	Never	Only during financial audits	
Gender	Female	Count	18	5	0	7	30
		Expected Count	11.7	10.6	.3	7.4	30.0
		% within Gender	60.0%	16.7%	0.0%	23.3%	100.0%
		% within Review Frequency	43.9%	13.5%	0.0%	26.9%	28.6%
	Male	Count	23	32	1	19	75
		Expected Count	29.3	26.4	.7	18.6	75.0
		% within Gender	30.7%	42.7%	1.3%	25.3%	100.0%
		% within Review Frequency	56.1%	86.5%	100.0%	73.1%	71.4%
Total	Count		41	37	1	26	105
	Expected Count		41.0	37.0	1.0	26.0	105.0
	% within Gender		39.0%	35.2%	1.0%	24.8%	100.0%
	% within Review Frequency		100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.267 ^a	3	.026
Likelihood Ratio	9.814	3	.020
N of Valid Cases	105		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .29.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.297	.026
	Cramer's V	.297	.026
N of Valid Cases		105	

INTERPRETATION:

The Significance value (P) is .026 which represents 2.6% which is lower than Alpha value 5% thereby resulting in accepting the **Alternate Hypothesis** and rejecting the Null Hypothesis.

INFERENCE:

Through Chi-square test, it is inferred that there is a significant relationship between Gender and Frequency on monitoring the Working Capital.. (Dependent)

INDEPENDENT SAMPLE T TEST:

- *Null Hypothesis* H0: There is no significant difference between “**Working Capital ratio Indication Level**” with “**Gender**”
- *Alternative Hypothesis* H1: There is a significant difference between “**Working Capital ratio Indication Level**” with “**Gender**”

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Working capital ratio Indication Level	Male	75	1.67	1.189	.137
	Female	30	1.60	1.221	.223

Independent Samples Test

		Levene's Test for Equality of Variances				t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Significance		Mean Difference	Std. Error Difference	Lower	Upper	
Working capital ratio Indication Level	Equal variances assumed	.082	.775	.258	103	One-Sided p	.399	.797	.067	.259	-.447	.580
	Equal variances not assumed			.255	52.257	Two-Sided p	.400	.800	.067	.262	-.459	.592

Independent Samples Effect Sizes

		Standardizer ^a	Point Estimate	95% Confidence Interval	
				Lower	Upper
Working capital ratio Indication Level	Cohen's d	1.198	.056	-.368	.479
	Hedges' correction	1.207	.055	-.365	.475
	Glass's delta	1.221	.055	-.369	.478

a. The denominator used in estimating the effect sizes.

Cohen's d uses the pooled standard deviation.

Hedges' correction uses the pooled standard deviation, plus a correction factor.

Glass's delta uses the sample standard deviation of the control (i.e., the second) group.

INTERPRETATION:

The p value of variable “**Working Capital ratio Indication Level**” (.797) is more than 0.05 at 5% level of Significance. Hence the null Hypothesis is accepted.

INFERENCE:

Through Independent Sample t test, it is inferred that there is no difference between Gender and Working Capital ratio Indication Level.

OTHER MAJOR FINDINGS:

- Majority of the respondents are male
- Majority of the respondents belongs to 25-35 age group
- Majority of the respondents belongs to Single Status
- Majority of the respondents are Employees
- Majority of the respondents belongs to Just-in-time (JIT) inventory system
- Majority of the respondents are investing excess cash in long-term assets
- Majority of the respondents are to meet temporary cash shortages

CONCLUSION:

In conclusion, this study underscores the complexity of working capital management in the profile maker industry, influenced by a range of factors including demographics, financial practices, and operational strategies. The findings provide valuable insights into prevailing trends and practices, suggesting opportunities for refinement and optimization. By addressing the recommendations outlined in this study, profile maker companies can enhance their working capital management effectiveness, improve financial performance, and achieve sustainable growth in the dynamic business landscape.

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