

**A STUDY ON WORKING CAPITAL MANAGEMENT OF
AUTOMOBILE INDUSTRY WITH REFERENCE TO BAJAJ AUTO
LTD.**

Submitted in partial fulfilment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

By

MONISHA G M

REGISTER NO:42410243



**DEPARTMENT OF BUSINESS
ADMINISTRATIONSCHOOL OF MANAGEMENT
STUDIES**

SATHYABAMA

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

**Accredited with Grade “A++” by NAAC I 12B Status by UGC I
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SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
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CATEGORY - 1 UNIVERSITY BY UGC**

SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the Bonafide work of **MONISHA G M 42410243** who carried out the Project Training “**A STUDY ON WORKING CAPITAL MANAGEMENT OF AUTOMOBILE INDUSTRY WITH REFERENCE TO BAJAJ AUTO LTD**” under my supervision from October 2023 to December 2023.

(DR. SHETTY DEEPA THANGAM GEETA)

Internal guide

External Guide

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

Submitted for Viva voce Examination held on_____

Internal Examiner

External Examiner

DECLARATION

I **MONISHA G M (42410243)** hereby declare that the Project Report entitled “**A STUDY ON WORKING CAPITAL MANAGEMENT OF AUTOMOBILE INDUSTRY WITH REFERENCE TO BAJAJ AUTO LTD ”** done by me under the guidance of **Dr. SHETTY DEEPA THANGAM GEETA** is submitted in partial fulfilment of the requirements for the award of Master of Business Administration degree.

DATE:

PLACE:

MONISHA G M

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ABSTRACT

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

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

CHAPTER – 1
INTRODUCTION

1.1 INTRODUCTION

The term working capital is commonly used for the capital required for day-to-day working in a business concern, such as for purchasing raw material, for meeting day-to-day expenditure on salaries, wages, rents rates, advertising etc. Working capital is defined as, the excess of current assets over current liabilities and provisions

Working capital management refers to a company's managerial accounting strategy designed to monitor and utilize the two components of working capital, current assets and current liabilities, to ensure the most financially efficient operation of the company. The primary purpose of working capital management is to make sure the company always maintains sufficient cash flow to meet its short-term operating costs and short-term debt obligations.

Working capital management is concerned with the problems that arise in attempting to manage the current assets, the current liabilities and the interrelationship that exists between them. The term current assets refer to those assets which in the ordinary course of business can be, or will be, converted in to cash within one year without undergoing a diminution in value and without disrupting the operation of the firm.

The goal of working capital management is to ensure that a firm is able to continue its operations and that it has sufficient ability to satisfy both maturing short-term debt and upcoming operational expenses. The management of working capital involves managing inventories, accounts receivable and payable, and cash. The excess of current assets of a business organization over its current liabilities is termed as the working capital of that organization.

The major current assets are cash, marketable security, account receivable and inventory. Current liabilities are those liabilities which are intended, at their inception, too be paid in the ordinary course of business, within a year, out of the current assets

or earning of the concern. The basic current liabilities are account payable, bills payable, bank overdraft and outstanding expenses.

The net working capital formula is calculated by subtracting the current liabilities from the current assets. Here is what the basic equation looks like:

$$\text{Net working capital} = \text{current assets} - \text{current liabilities}$$

Typical current assets that are included in the net working capital calculation are cash, accounts receivable, inventory, and short-term investments. The current liabilities section typically includes accounts payable, accrued expenses and taxes, customer deposits, and other trade debt. A positive net working capital is better than a negative one. A positive calculation shows creditors and investors that the company is able to generate enough from operations to pay for its current obligations with current assets.

A negative net working capital, on the other hand, shows creditors and investors that the operations of the business aren't producing enough to support the business current debts.

1.2 INDUSTRY PROFILE

Automotive industry, all those companies and activities involved in the manufacture of motor vehicles, including most components, such as engines and bodies, but excluding tires, batteries, and fuel. The industry's principal products are passenger automobiles and light trucks, including pickups, vans, and sport utility vehicles.

Automobile, byname auto, also called motorcar or car, a usually four-wheeled vehicle designed primarily for passenger transportation and commonly propelled by an internal-combustion engine using a volatile fuel.

The automotive industry is a wide range of companies and organizations involved in the design, development, manufacturing, marketing, and selling of motor vehicles. The term automotive was created from Greek autos (self), and Latin motives (of

motion) to represent any form of self-powered vehicle. This term was proposed by SAE member Elmer Sperry.

The automotive industry does not include industries dedicated to the maintenance of automobiles following delivery to the end-user, such as automobile repair shops and motor fuel filling stations.

1.3 AUTOMOBILE INDUSTRY IN INDIA

In 1897, the first car ran on an Indian road. Through the 1930s, cars were imports only, and in small numbers. In 1954, General Motors, Ford and Roots Group who has assembly plants in Mumbai to India decided to move out of India.

The automotive industry in India is one of the largest in the world with an annual production of 23.37 million vehicles in FY 2014-15, following a growth of 8.68 per cent over the last year. India is also a prominent auto exporter and has strong export growth expectations for the near future. In FY 2014-15, automobile exports grew by 15 per cent over the last year.

In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler (2W) and Four Wheeler (4W) market in the world by 2020.

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route.

Some of the major initiatives taken by the Government of India are:

- The Government of India aims to make automobile manufacturing the main driver of "Make in India" initiative, as it expects the passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26.

- In the Union budget of 2015-16, the Government has announced plans to provide credit of Rs 850,000 crore (US\$127.5 billion) to farmers, which is expected to boost sales in the tractors segment.
- The government plans to promote eco-friendly cars in the country—i.e. CNG- based vehicles, hybrid vehicles, and electric vehicles—and also to make mandatory 5 per cent ethanol blending in petrol.
- The government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020, to encourage the progressive introduction of reliable, affordable, and efficient electric and hybrid vehicles into the country.
- The Automobile Mission Plan (AMP) for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

THE 1952 TARIFF COMMISSION

In 1952, the government appointed the first Tariff Commission, and one of the purpose was to come out with the feasible plan for indigenization of the Indian automobile industry.

In 1953 the commission submitted the report which recommended categorizing the existing Indian companies according to their then infrastructure with license capacity to manufacture a certain number of vehicle with capacity increase allowable as per demands in future.

The Tariff commission along with similar restriction applied to other Industries can to be known as the license that later proved to be the greatest undoing for the Indian automotive industry where bureaucratic(official) red tape ended up making demand outstripping supply with month long waiting period for cars, scooter and motorcycles.

1.4 COMPANY PROFILE

Bajaj Auto Ltd (BAL) is one of the leading two & three wheeler manufacturers in India. The company is well known for its R&D product development process engineering and low-cost manufacturing skills. The company is the largest exporter of two and three-wheelers in the country. The company has three overseas subsidiaries namely Bajaj Auto International Holdings BVPT Bajaj Indonesia and Bajaj Auto (Thailand) Ltd. Bajaj Auto Ltd (BAL) is the world's third-largest motorcycle manufacturer and the world leader in first & last mile transportation. Under the able leadership of Mr. Rahul Bajaj, Bajaj Auto Ltd has established its expertise in segments of utility, commuter and sports motorcycles & intra-city vehicles. Bajaj Auto Ltd.'s presence can now be felt across Asia, Africa & Latin America.

The Bajaj Group is amongst the top 10 business houses in India. Its footprint stretches over a wide range of industries, spanning automobiles (two wheelers manufacturer and three wheelers manufacturer), home appliances, lighting, iron and steel, insurance, travel and finance. The group's flagship company, Bajaj Auto, is ranked as the world's fourth largest three and two wheeler manufacturer and the Bajaj brand is well-known across several countries in Latin America, Africa, Middle East, South and South East Asia. Founded in 1926, at the height of India's movement for independence from the British, the group has an illustrious history. The integrity, dedication, resourcefulness and determination to succeed which are characteristic of the group today, are often traced back to its birth during those days of relentless devotion to a common cause. Jamnalal Bajaj, founder of the group, was a close confidant and disciple of Mahatma Gandhi. In fact, Gandhiji had adopted him as his son.

This close relationship and his deep involvement in the independence movement did not leave Jamnalal Bajaj with much time to spend on his newly launched business venture. We are celebrating 125th Birth anniversary of Shri. Jamnalal Bajaj on 4th of November 2014.

His son, Kamalnayan Bajaj, then 27, took over the reigns of business in 1942. He too was close to Gandhiji and it was only after Independence in 1947, that he was able to give his full attention to the business. Kamalnayan Bajaj not only consolidated the group, but also diversified into various manufacturing activities.

The present Chairman of the group, Rahul Bajaj, took charge of the business in 1965. Under his leadership, the turnover of the Bajaj Auto the flagship company has gone up from INR.72 million to INR. 120 billion, its product portfolio has expanded and the brand has found a global market. He is one of India's most distinguished business leaders, bike manufacturer india and internationally respected for his business acumen and entrepreneurial spirit.

In 2005, Rahul Bajaj's son Rajiv Bajaj stepped into the shoes of Managing Director of Bajaj Auto and steered the organization to becoming a global automobile behemoth.

He introduced the Pulsar range of bikes, that revolutionised the two wheeler market in India. The legacy of our Auto Rickshaws have been soaring heights and display unparalleled market dominance across any automobile segment.

In 2007, Bajaj Auto acquired a 14% stake in KTM that has since grown to 48%. This partnership catalysed Bajaj Auto's endeavour to democratise motorcycle racing in India. Bajaj Auto today exclusively manufactures Duke range of KTM bikes and exports them worldwide. In FY2018, KTM was the fastest growing motorcycle brand in the country

Bajaj Auto has also led the pioneering introduction of India's first ever Quadricycle – Qute.

Bajaj Auto exports to 70+ countries and a significant share of revenues come from Exports. This stands as a testament to the new brand image – The World's Favourite Indian.

Bajaj Auto Limited is an Indian multinational two-wheeler and three-wheeler manufacturing company based in Pune, Maharashtra. It manufactures motorcycles, scooters and auto rickshaws. Bajaj Auto is a part of the Bajaj Group. It was founded by Jamnalal Bajaj in Rajasthan in the 1940s. The company has plants in Chakan (Pune), Waluj (near Aurangabad) and Pantnagar in Uttarakhand. The oldest plant at Akurdi (Pune) houses the R&D centre 'Ahead'.

Bajaj Auto is the world's third-largest manufacturer of motorcycles and the second-largest in India. It is the world's largest three-wheeler manufacturer. In May 2015, its market capitalisation was ₹64,000 crore (US\$9.0 billion), making it India's 23rd largest publicly traded company by market value. The Forbes Global 2000 list for the year 2012 ranked Bajaj Auto at 1,416. In December 2020, Bajaj Auto crossed a market capitalisation of ₹1 lakh crore (US\$ 13.6 billion), making it the world's most valuable two-wheeler company.

1.5 PRODUCTS

Bajaj manufactures and sells motorcycles, scooters, auto-rickshaws and cars. As of 2004, Bajaj Auto was India's largest exporter of motorcycles. Bajaj manufactures and sells motorcycles (Platina, Discover, Avenger, CT100, Dominar, Pulsar, Platina, V), scooters (Vespa), auto-rickshaws (Bajaj Intracity) and recently low-cost cars.

It is India's largest exporter of motorcycles and three-wheelers. 47% of its exports are made to Africa where Boxer Motorcycle is the largest selling single brand in Africa.

Bajaj is the first Indian two-wheeler manufacturer to deliver 4-stroke commuter motorcycles with sporty performance for the Indian market. Bajaj achieved this with the 150cc and 180cc Pulsar.

Motorcycles produced by Bajaj include the Platina, Discover, Pulsar, Avenger, Dominar 400 and CT 100. In FY 2012–13, it sold approximately 37.6 lakh (3.76 million) motorcycles which accounted for 31% of the market share in India. Of these, approximately 24.6 lakh (2.46 million) motorcycles (66%) were sold in India and remaining 34% were exported.

Auto rickshaw (three wheeler)

Bajaj is the world's largest manufacturer of auto rickshaws and accounts for almost 84% of India's three-wheeler exports. During the FY 2012–13, it sold approx.

4,80,000 three-wheelers which was 57% of the total market share in India. Out of these 4,80,000 three-wheelers, 47% were sold in the country and 53% were exported. In Indonesia, Bajaj three-wheelers are described as "iconic" and "ubiquitous" to the point that the word bajaj (pronounced bajay) is used to refer to auto rickshaws of any kind.

Low cost cars

In 2010, Bajaj Auto announced cooperation with Renault and Nissan Motor to develop a US\$2,500 car, aiming at a fuel efficiency of 30 kilometres per litre (85 mpg-imp; 71 mpg-US) (3.3 L/100 km), or twice an average small car, and carbon dioxide emissions of 100 g/km.

On 3 January 2012, Bajaj auto unveiled the Bajaj Qute (formerly Bajaj RE60), a mini car for intra-city urban transportation, which is legally classified as a quadricycle. The target customer group was Bajaj's three-wheeler customers. According to its Managing Director Rajiv Bajaj, the RE60 powered by a new 200 cc rear mounted petrol engine will have a top speed of 70 kilometres per hour (43 mph), a mileage of 35 kilometres per litre (99 mpg-imp; 82 mpg-US) and carbon dioxide emissions of 60 g/km.



fig. 1.5 logo

1.6 BRANDVALUES

Bajaj will constantly inspire confidence through excitement engineering.

- **Learning**

Learning is how we ensure proactivity. It is a value that embraces knowledge as the platform for building well informed, reasoned, and decisive actions.

- **Innovation**

Innovation is how we create the future. It is a value that provokes us to reach beyond the obvious in pursuit of that which exceeds the ordinary.

- **Perfection**

Perfection is how we set new standards. It is a value that exhibits our determination to excel by endeavoring to establish new benchmarks all the time.

- **Speed**

Speed is how we convey clear conviction. It is a value that keeps us sharply responsive, mirroring our commitment towards our goals and processes.

- **Transparency**

Transparency is how we characterise ourselves. It is a value that makes us worthy of credibility through integrity, of trust through sensitivity and of loyalty through interdependence.

1.6.2 VISION

—To attain a world-class excellence by demonstrating the value-added products to customers. |

1.6.3 MISSION

- ✓ focus on value based manufacturing
- ✓ continual improvement
- ✓ pollution free and safe environment

1.7 SCOPE OF THE STUDY

1. The main scope of the study was to put into practical the theoretical aspect of the study into real lifework experience.
2. The study of working capital is based on tools like Ratio Analysis, Statement of changes in working capital. Further the study is based on last five years balance sheet.
3. The study of working capital management is purely based on secondary data and all the information is available within the company itself in the form of records.

1.8 OBJECTIVES OF THE STUDY

1. To determine the working capital requirement of the company.
2. To study about utilization of current assets and current liabilities.
3. To access the efficiency of working capital management by applying ratio analysis

1.9 NEED OF THE STUDY

1. Their projects is helpful in knowing the company's position of funds maintenance and setting the standards for working capital inventory levels, current ratio level, quick ratio, current amount turnover level & web torn turnover levels.
2. This project is helpful to the managements for expanding the dualism & the project viability & present availability of funds.
3. This project is also useful as it companies the present year data with the previous year data and thereby it shows the trend analysis, i.e. increasing fund or decreasing fund.
4. The project is done entirely as a whole entirely. It will give overall view of the organization and it is useful in further expansion decision to be taken by management.

CHAPTER -2
REVIEW OF LITERATURE

1. Bose S.K.(1971) —Management of Working Capital, studied the two Cable manufacturing companies, and discussed the concept of working capital and found that the working . Capital needs depends on certain elements like volume of investment in fixed assets, volume of projected sales, rate of turnover of current assets and credit terms of purchases.

2.VenugopalanB.(1973) in the study of —Working Capital Management and Control discussed Two Hypothetical Companies. For the period of two years, 1970 and 1971 explain the significance of working capital management. According to him, the needs of working capital can be ascertained by three methods viz Traditional method, Engineering technique and Operational analysis.

3. BanarjeeB.(1974) —The Management of Working Capital Derivation- a case study observed that only current ratio is not sufficient to judge the financing activities but required to be compared with sales. The working capital output ratio may be calculated for each component of working capital i.e. stock, debtors, cash and creditors.

4. Bhattacharya K.K.(1975)In the study of —Working Capital Management and Inflation defined the concept of gross and net working capital. Negative concept is also used when current liabilities are in excess of current assets. Internal sources like retained earnings and depreciation and external sources like bank credit, creditors and public deposit are used for financing working capital.

5.Mishra N.(1980)In the study of —Problems of Working Capital Management during Inflation, discussed the crucial facets of working capital like amount of working capital, composition of current assets and liabilities and ways of financing it. The study concluded that the whole organization is required to take effective measures to control the demand of funds and scarce resources.

6.Mehta Bharat J.(1981)In the study —Working Capital Management under Inflationary Conditions, observes that the additional working capital is required due

to inflation and the gap of such additional working capital can be financed by alternative long term sources like loans from financial institutions, floating of debentures, accepting public deposit, issue of equity shares by operational results.

7. Chowdhuri C.D. (1985) in the study of —Managing Working Capital observes that in the industry dealing with long gestation products the ideal current ratio of 2:1 is not observed but 3:1 is observed. Trading companies having quick turnover do not face the cash shortages.

8. Yadav R.A. (1986) in the study of —Working Capital Management a Parametric Approach examined 39 sick and 39 non-sick manufacturing companies. According to him three variables are to be given weightage in appraising the effectiveness of working capital management. They are (i) Cash flow to total tangible assets, (ii) Net sales to total tangible assets: and (iii) Defensive assets to total operating expenditures.

9. Sastry V.L.N. (1988) in the study of —Management of Working Capital expressed working capital in specific number of month turnover and represents revenue nature on debit side and various types of income and sales on credit side. Cost reduction is possible if working capital management is efficient.

10. Basil S.N. (1992) In the study of —Working Capital Management in Tyre Companies carried out the study for the period from 1987-88 to 1989-90 based on the annual reports and various publications of Automotive Tyre Manufacturers Association (ATMA) He analyzed the various aspect of working capital and its impact on profitability, and concluded that the main emphasis is on success of short-term solvency and profitability of the company.

11. Banerjee Debasis and Hazra Manashkumar (1992) —carried out the study on —Working Capital Management in The Grasim India Ltd., for the period of 1985-86 to 1989- 90. They observed that the company adopted middle approach for working capital financing which was neither aggressive nor conservative They suggested careful application of funds for increase in trade investments for long-term financial

health, efficient trading activities to refrain from unusual and risky practice of using longterm funds for working capital.

12. Das P.K. (1993) carried out the study of —Working Capital Management in the Public Sector Undertakings in India - a case study‖, for National Jute Manufacturers Corporation Ltd. (NJMC) Govt. U/T for the period from 1981-82 to 1990-91. The suggestion was to give appropriate attention to reduce lock up of funds in the current assets.

13. DasSiddharthG.(1994)carried out an analysis of —Working Capital Turnover in Pharmaceutical Companies‖ for 15 Large Public Ltd. Companies for the period from 1981 to 1990. They found that selected firms were doing very well in terms of efficient use of working capital funds, higher turnover and greater efficiency.

14.Verma H.L. and Garg M.C.(1995)carried out the study of —Emerging Guidelines for Working Capital‖ discussed the case study of Iron and Steel Industry, with an objective of evaluating and analyzing the performance of management with regards to working capital, and its various components, and compare with public and private sectors.

15.Joshi Vijay Prakash(1995) carried out the study of —Working Capital Management under Inflation‖ on certain capital intensive industries like Cement, Chemical and Engineering with an object of examining the efficient management of each component of working capital.

16. Vijaykumar A and Dr. Venkatachalam A.(1995) carried out the study for —Working Capital and Profitability An Empirical Analysis‖ in the State of Tamil Nadu based on 13 Sugar Companies for the period from 1982-83 to 1991-92. The tools used are ratio analysis, correlation and regression, to study the association of profitability with working capital ratios and influence of working capital on profitability.

17.DattaSukamal(1995) carried out the study of —Working Capital Management through Financial Statements‖, based on an annual reports and accounts personally collected and the financial statement used is fund flow and ratio analysis and

concluded that overall financial position of 40% firms is precarious and suggested to keep constant watch over working capital position to avoid shortages of it.

18. RaoNchhina and Rao K.V.(1995) in the study entitled —Working Capital ManagementA Perception of Chief Executivesll of selected manufacturing Public Sector Enterprises of the State of Karnataka observed that • Trade off between profitability and liquidity, was desired by all the executives. • Working capital is of great importance and other factors like technology, economic and business influences the need for working capital.

19.Dr. Reddy P. Indrasena and Rao K. Someshwar (1996) carried out the study of —Working capital management - a case studyll of the Hindustan Cables Ltd. (HCL), for the period from 1989-90 to 1993-94 and concluded that the inventory management was systematic, debtors to current assets ratio was not satisfactory, short term finance was used for purchase of fixed assets leading to decrease in working capital.

20.Vijaykumar A and Dr. Venkatachalam A. (1996)in the case study of —Responsiveness of Working Capital Management - a case study, of Tamil Nadu Sugar Corporationll, for a period of 1985-86 to 1993-94, examined the various aspects of components of current assets, financing trends, and impact of working capital on profitablity. They concluded that, the investment in working capital is on moderate approach.

21.SubramanyanUrna (1996) carried out the study entitled —Working Capital Analysis of State Road Transport Undertakings in Tamilnadull, when the Govt, of Tamilnadu adopted a policy of decentralization and to ensure viability in operation and with an object of velocity of policy of decentralization in financial terms. , The objective of the study was to review financial performance of Road Transport.

22. Sur Debasis (1997) in the study of —Working Capital Management in Colgate Palmolive (India) Ltd - a case studyll, for the period from 1980 to 1991, carried out item wise analysis of components of working capital and identified the items responsible for changes in working capital. He suggested improvement in efficiency

of working capital with the use of ratio analysis. They concluded that short-term funds are blocked up in inventories.

23.Bose D.Chandra and Dr. Shankarnarayan K.C. (1997) carried out the study entitled —Working Capital and Inventory|| focused on the effect of inventory on the profitability and liquidity. Operating cycle is a measurement of time gap between investments of cash realization of sales revenue. The credit received from suppliers and payment deferral period reduces the time length of operating cycle.

24.MallickAmit and Sur Debasis (1998) carried out the study entitled —Working Capital and Profitability:- a case study in interrelation|| of the AFT Industries Ltd., a tea producing company for the period of 1986-87 to 1995-96. They examined the impact of working capital on profitability by simple, multiple correlations and multiple regression analysis.

25.Sarma M.S. &Thiruvengala C. (1999)carried out the study entitled —Working Capital Management in VST- An Appraisall||, for the period from 1989-1996. They observed that there is a disproportionate increase in current assets in relation to sales resulting in sharp decline.in working capital turnover. There is no consistent policy of inventory management and inventory turnover declined in five years out of eight years of study.

26.MohdAamirkhan (1999) carried out study entitled —Working Capital Management at Escorts||. He examined the four important components of working capital i.e. management of cash, inventory, receivable, loans & advances and financing of working capital. The study revealed that working capital is partly centralized andpartly decentralized and excess or surplus or deficit are taken/ sent to the headoffice.

27.Hydrabad R.L. (1999)in the study of —Working Capital Leverage Management: Case Analysis|| studied three Companies vizEssar Steels, Raymond Ltd. and BPL Ltd. for the period of 1997-98 for Essar Steels and 1996-97 for BPL and RaymondLtd. They defined the leverage —as power, influence or force used for lifting heavy

objects and incase of business it indicates ability or capacity to earn rate of return on assets leading to increase in profits.¶

28.Malick A.K. and Sur D. (1999) carried out study of —Working Capital Management A Case Study of Hindustan Lever Ltd¶, for the period from 1987-1996. They carried out 34 comprehensive analysis of liquidity and profitability of working capital, variation of working capital, financing pattern, various component of working capital and its joint effects on profitability, leverages, closeness of association between the liquidity and the profitability. They concluded that the position of working capital management was encouraging.

29.Prasad R.S. (2000) carried out the study entitled —Working Capital Management in Paper Industry¶, for the period from 1983-84 to 1992-93 of 21 Paper companies. They observed an irrational ratio between sales and inventory, low turnover of receivables, poor cash management, financing from internal sources leading to fall in reserve and surplus, inefficient collection system resulting into huge block of funds in receivables.

30.DuttaJoginder Singh (2001) carried out the study entitled, —Working Capital Management of Horticulture Industry in H. P. - A Case Study of HPMC¶ for the period from 1990- 91 to 1997-98. He observed that the variation in the ratio of current assets to current liabilities rose more than proportionately as compared to current assets, where current assets proportion is higher as compared to total assets and fix assets for the reason of huge share of accumulated losses.

CHAPTER-3
RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done systematically. In that various steps, those are generally adopted by a researcher in studying his problem along with the logic behind them. It is important for research to know not only the research method but also know methodology. The procedures by which researchers go about their work of describing, explaining and predicting phenomenon are called methodology.

3.1 RESEARCH DESIGN

A research design is the arrangement of the condition for collection and analysis of data. Actually it is the blueprint of the research project. Research design is a statement or specification of procedure for collecting and analyzing the information required for the solution of a specific problem. It provides a scientific framework for conducting some research investigation. The conception of research of the research design plan is a critical step in the research process. The design of the study constitutes blue print for the collection, measurement, and analysis of the data.

3.2 DATA COLLECTION

There are two types of data collection methods available Primary data collection & Secondary data collection.

Primary Data: The primary data is that data which is collected fresh or first hand, and for first time which is original in nature. Primary data can collect through personal interview, questionnaire etc. to support the secondary data.

Secondary Data Collection Method: The secondary data are those which have already collected and stored. Secondary data easily get those secondary data from records, journals, annual reports of the company etc.

3.3 SOURCES OF DATA

Secondary Data has been collected from the company annual reports, records, journals, annual reports of the company supported by various books and internet sides.

3.4 TOOLS USED FOR THE STUDY

3.4.1 FINANCIAL TOOLS

- 3.4.1.1 Ratio analysis
- 3.4.1.2 Statement of changes in working capital
- 3.4.1.3 Comparative Balance Sheet
- 3.4.1.4 Trend analysis

CHAPTER- 4

ANALYSIS AND INTERPRETATION OF DATA

4.1 STATEMENT OF CHANGES IN WORKING CAPITAL

Table 4.1.1 Calculation of Working Capital (in Rs. Cr.)

	2020	2019	2018	2017	2016
A)Current assets	6596.96	7062.66	9235.63	9391.37	4725.25
B)Current liabilities	4253.21	4873.68	4111.29	3212.58	2780.99
Working capital(A-B)	2343.75	2188.98	5124.34	6178.79	1944.26

INTERPRETATION

From the above table we can identify that working capital increases at initial stage but after that it started increasing at a high rate finally in 2020 it decreases and went to a lower rate.

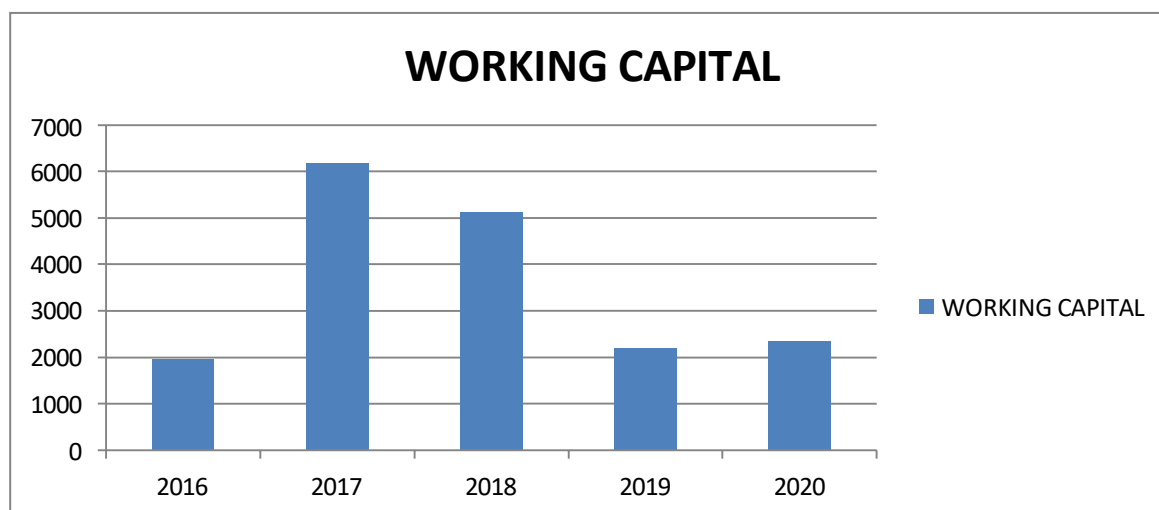


Chart 4.1.1 working capital

TABLE 4.1.2 STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2016-17 (in Rs. Cr.)

Particulars	2016	2017	Increase	Decrease
Current assets				
Current Investments	1319.94	6050.08	4730.14	
Inventories	719.07	728.38	9.31	
Trade receivables	717.93	953.29	235.36	
cash & cash equivalents	859.52	293.68		565.84
Short term loans	7.05	6.47		0.58
Other current assets	1101.74	1359.47	257.73	
A)total current assets	4725.25	9391.37		
Current liabilities				
Trade Payables	2027.04	2235.73		208.69
Short Term Provisions	112.95	120.93		7.98
Other Current Liabilities	641	855.92		214.92
B)total current liabilities	2780.99	3212.58		
NET WORKINGCAPITAL(A-B)	1944.26	6178.79	5232.54	998.01
Increase or decrease in working capital	4234.53			4234.53
	6178.79	6178.79	5232.54	5232.54

Source: balance sheet of Bajaj auto ltd.

TABLE 4.1.3 STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2017-18 (in Rs. Cr.)

Particulars	2017	2018	Increase	Decrease
Current assets				
Current Investments	6050.08	5,765.41		284.67
Inventories	728.38	742.58	14.2	
Trade receivables	953.29	1,491.87	538.58	
cash & cash equivalents	293.68	778.00	484.32	
Short term loans	6.47	6.26		0.21
Other current assets	1359.47	451.51		907.96
A)total current assets	9391.37	9,235.63		
Current liabilities				
Trade Payables	2235.73	3,244.32		1008.59
Short Term Provisions	120.93	125.60		4.67
Other Current Liabilities	855.92	741.37	114.55	
B)total current liabilities	3212.58	4,111.29		
NET WORKINGCAPITAL(A-B)	6178.79	5124.34	1151.65	2206.1
Increase or decrease in working capital		1054.45	1054.45	
	6178.79	6178.79	2206.1	2206.1

TABLE 4.1.4 STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2018-19 (in Rs. Cr.)

Particulars	2018	2019	Increase	Decrease
Current assets				
Current Investments	5,765.41	1576.48		4188.93
Inventories	742.58	961.51	218.93	
Trade receivables	1,491.87	2559.69	1067.82	
cash & cash equivalents	778.00	922.81	144.81	
Short term loans	6.26	6.34	0.08	
Other current assets	451.51	1035.83	584.32	
A)total current assets	9,235.63	7062.66		
Current liabilities				
Trade Payables	3,244.32	3786.73		542.41
Short Term Provisions	125.60	140.62		15.02
Other Current Liabilities	741.37	946.33		204.96
B)total current liabilities	4,111.29	4873.68		
NET WORKINGCAPITAL(A-B)	5124.34	2188.98	2015.96	4951.32
Increase or decrease in working capital		2935.36	2935.36	
	5124.34	5124.34	4951.32	4951.32

Source: balance sheet of Bajaj auto ltd.

TABLE 4.1.5 STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2019-20 (in Rs. Cr.)

Particulars	2019	2020	Increase	Decrease
Current assets				
Current Investments	1576.48	2779.75	1203.27	
Inventories	961.51	1063.50	101.99	
Trade receivables	2559.69	1725.10		834.59
cash & cash equivalents	922.81	308.27		614.54
Short term loans	6.34	6.11		0.23
Other current assets	1035.83	714.23		321.6
A)total current assets	7062.66	6596.96		
Current liabilities				
Trade Payables	3786.73	3199.70	587.03	
Short Term Provisions	140.62	157.97		17.35
Other Current Liabilities	946.33	895.54	50.79	
B)total current liabilities	4873.68	4253.21		
NET WORKINGCAPITAL(A-B)	2188.98	2343.75	1943.08	1788.31
Increase or decrease in working capital	154.77			154.77
	2343.75	2343.75	1943.08	1943.08

4.2 RATIO ANALYSIS

1. CURRENT RATIO

Table 4.2.1 Current Ratio

	2016	2017	2018	2019	2020
Current assets	4725.25	9391.37	9235.63	7062.66	6596.96
Current liabilities	2780.99	3212.58	4111.29	4873.68	4253.21
Current ratio	1.69	2.92	2.24	1.44	1.55

INTERPRETATION

The chart shows that current ratio in 2016 is above 1.5, in 2017 is nearly 3, in 2018 it is above 2, in 2019 it is below 1.5 and in 2020 it falls nearly to 1.5. The current ratio of all the above five years is above the standard, so the society can meet its short term obligation.

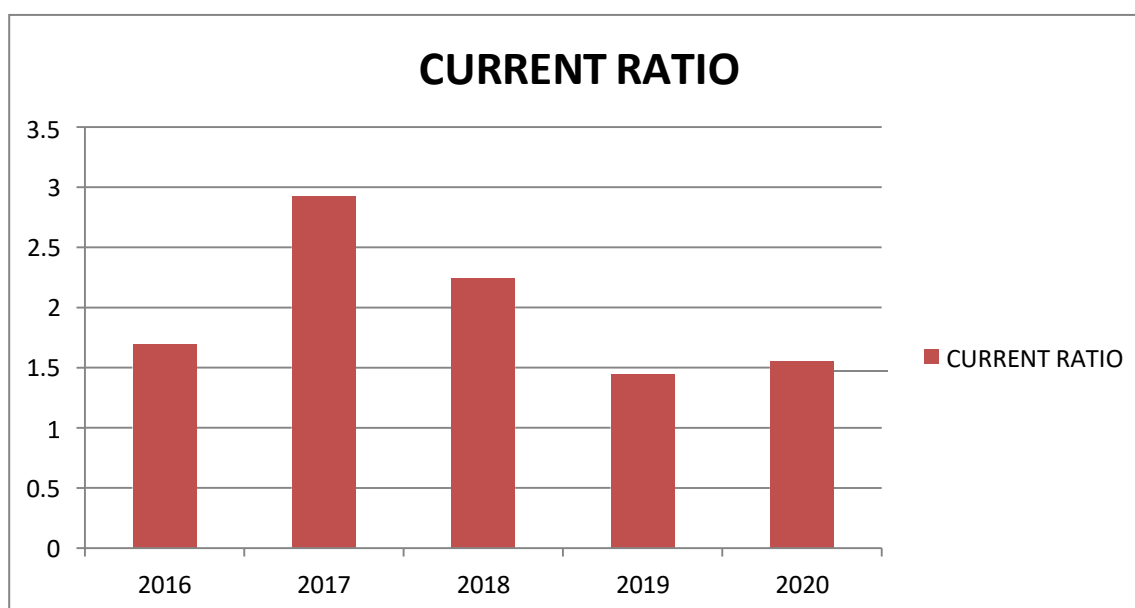


Chart 4.2.1 Current Ratio

2. LIQUID OR QUICK RATIO

Table 4.2.2 Liquid or Quick Ratio

	2016	2017	2018	2019	2020
Liquid assets	4006.18	8662.99	8493.05	6099.15	6595.02
Current Liabilities	2780.99	3212.58	4111.29	4873.68	4253.21
Liquid ratio	1.44	2.69	2.06	1.25	1.30

INTERPRETATION

The chart shows that liquid ratio in 2016 is below 1.5, in 2017 is above 2.5, in 2018 it is above 2, in 2019 it is below 1.5 and in 2020 it is 1.3 nearly the same. The liquidratio of all the above five years is above the standard, so the society can meet its short term obligation.

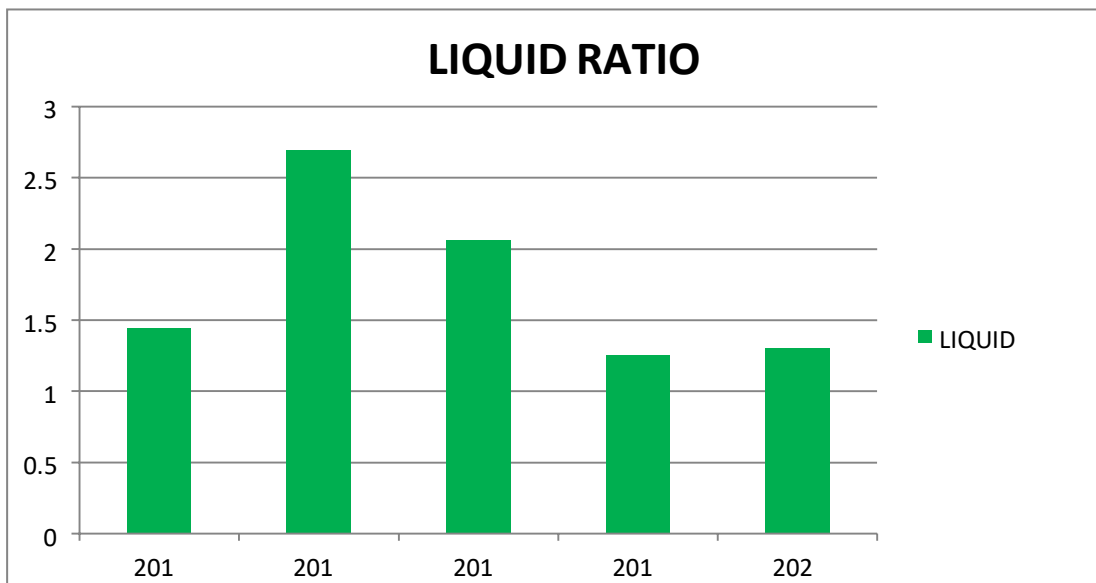


Chart 4.2.2 Liquid Ratio

3. OPERATING PROFIT RATIO

Table 4.2.3 Operating Profit Ratio

	2016	2017	2018	2019	2020
Operating profit	5096.23	4982.02	4783.43	4422.35	4781.94
Net sales	22586.52	21766.68	25164.92	30249.96	39918.65
	0.2256	0.2288	0.1900	0.1461	0.1197
Operating profit ratio	22.56%	22.88%	19%	14.61%	11.97%

INTERPRETATION

The chart shows that operating profit ratio for the all five years are decreasing year by year slowly. A higher operating margin is more favorable compared with a lower ratio. The graph shows that first two years operating profit ratio is higher than remaining year ratio.

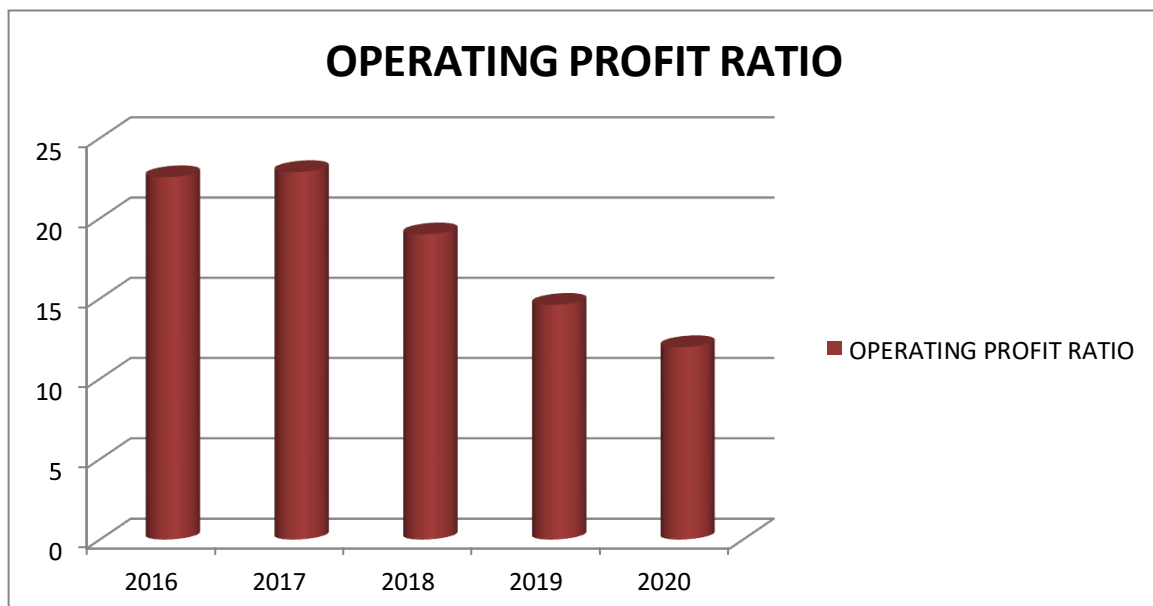


Chart 4.2.3 Operating Profit Ratio

4. FIXED ASSETS TURNOVER RATIO

Table 4.2.4 Fixed Assets Turnover Ratio

	2016	2017	2018	2019	2020
Net sales	22586.52	21766.68	25164.92	30249.96	39918.65
Fixed assets	2138.34	2043.96	1934.80	1811.96	1759.21
ratio	10.56	10.64	13	16.69	22.69

INTERPRETATION

A higher Fixed-asset turnover ratio is more favorable compared with a lower ratio. Analysis of fixed assets turnover ratio reveals that it is increasing in the last year signifying that there is an improvement in the utilization of resources, so it is satisfactory.

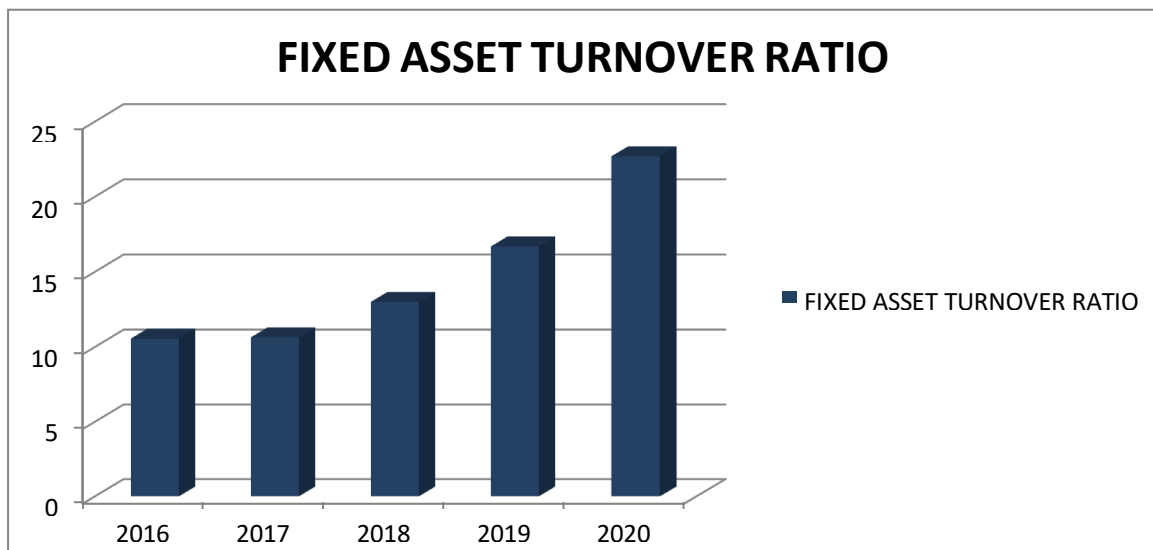


Chart 4.2.4 Fixed Assets Turnover Ratio

5. CURRENT ASSETS TURNOVER RATIO

Table 4.2.5 Current Assets Turnover Ratio

	2016	2017	2018	2019	2020
Net sales	22586.52	21766.68	25164.92	30249.96	39918.65
Current asset	4725.25	9391.37	9235.63	7062.66	6596.96
ratio	4.77	2.31	2.7	4.28	6.05

INTERPRETATION

Analysis of current assets turnover ratio reveals that it is increasing during 2017 to 2020 and a decreasing in the beginning. A higher ratio is always more favorable. Higher turnover ratios mean the company is using its assets more efficiently. This chart shows that the company isn't using its assets efficiently.

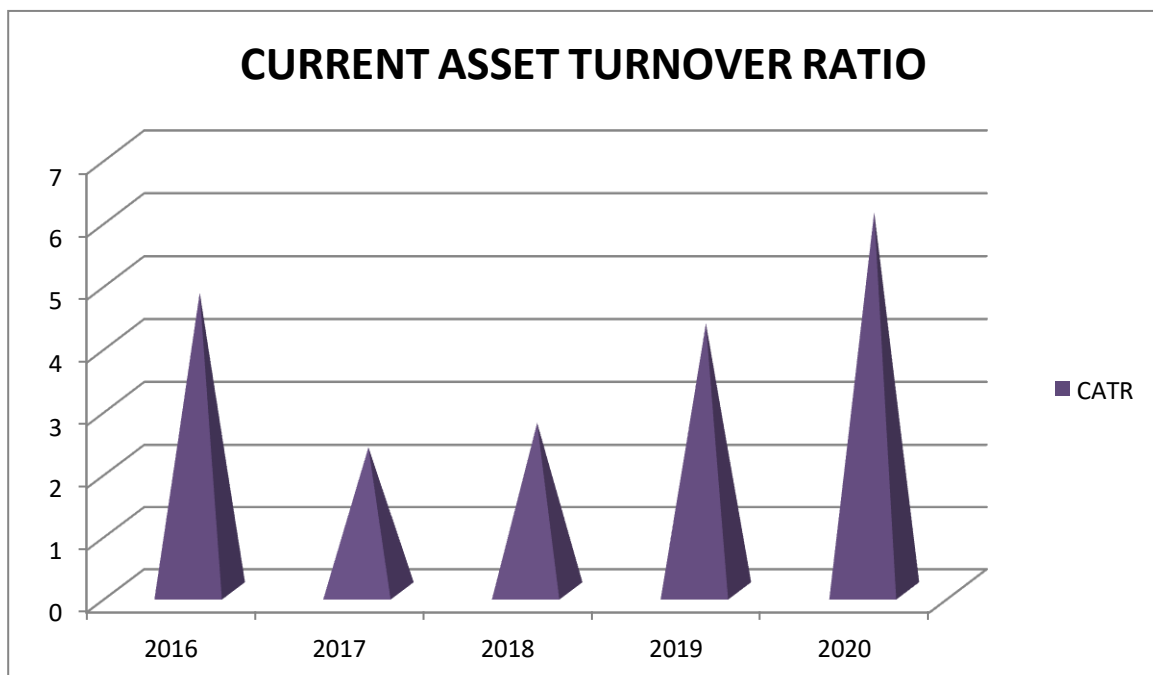


Chart 4.2.5 Current Assets Turnover Ratio

6. WORKING CAPITAL TURNOVER RATIO

Table 4.2.6 Working Capital Turnover Ratio

	2016	2017	2018	2019	2020
Sales	22586.52	21766.68	25164.92	30249.96	39918.65
Working capital	1944.26	6178.79	5124.34	2188.98	2343.75
Ratio	11.61	3.5	4.91	13.81	17.03

INTERPRETATION

The chart shows that working capital turnover ratio in 2016 11, in 2017 it is decrease to 3, and in 2018 it increases little bit, in 2019 it raises a lot and in 2020 it went to its maximum. A low ratio shows that this business is investing in too many accounts receivable (AR) and inventory assets for supporting its sales.

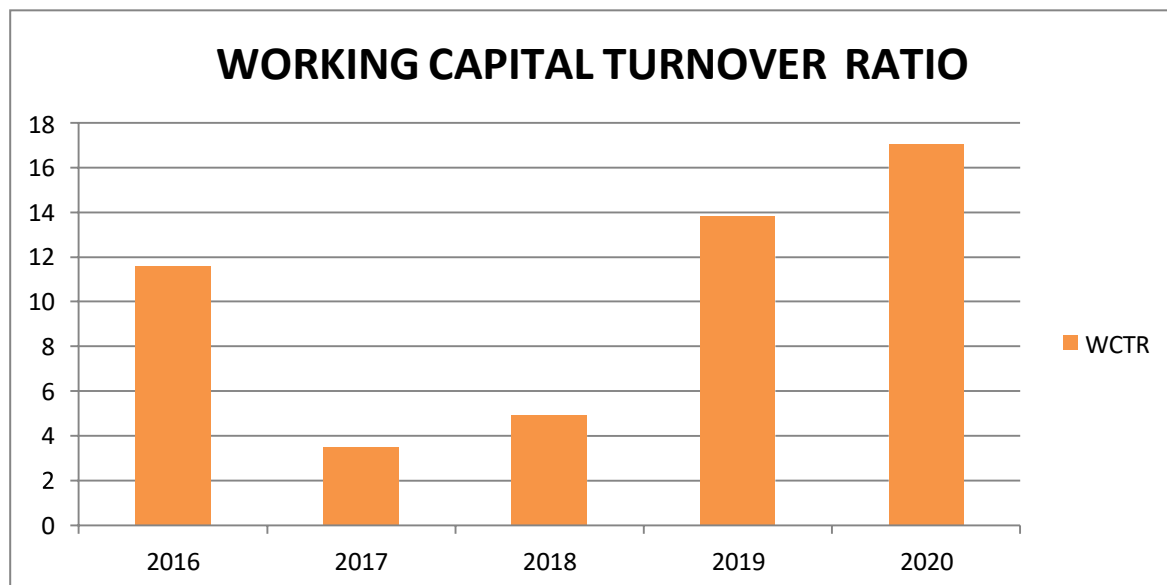


Chart 4.2.6 Working Capital Turnover Ratio

7. DEBT RATIO

Table 4.2.7 Debt Ratio

	2016	2017	2018	2019	2020
Current Liabilities	2780.99	3212.58	4111.29	4873.68	4253.21
Current Assets	4725.25	9391.37	9235.63	7062.66	6596.96
Debt Ratio	0.588	0.342	0.445	0.690	0.644

INTERPRETATION

The debt ratio is shown in decimal format because it calculates total liabilities as a percentage of total assets. As with many solvency ratios, a lower ratios is more favorable than a higher ratio. A ratio of 1 means that total liabilities equals total assets. But in this 2019 has the highest ratio and 2017 has the lowest debt ratio.

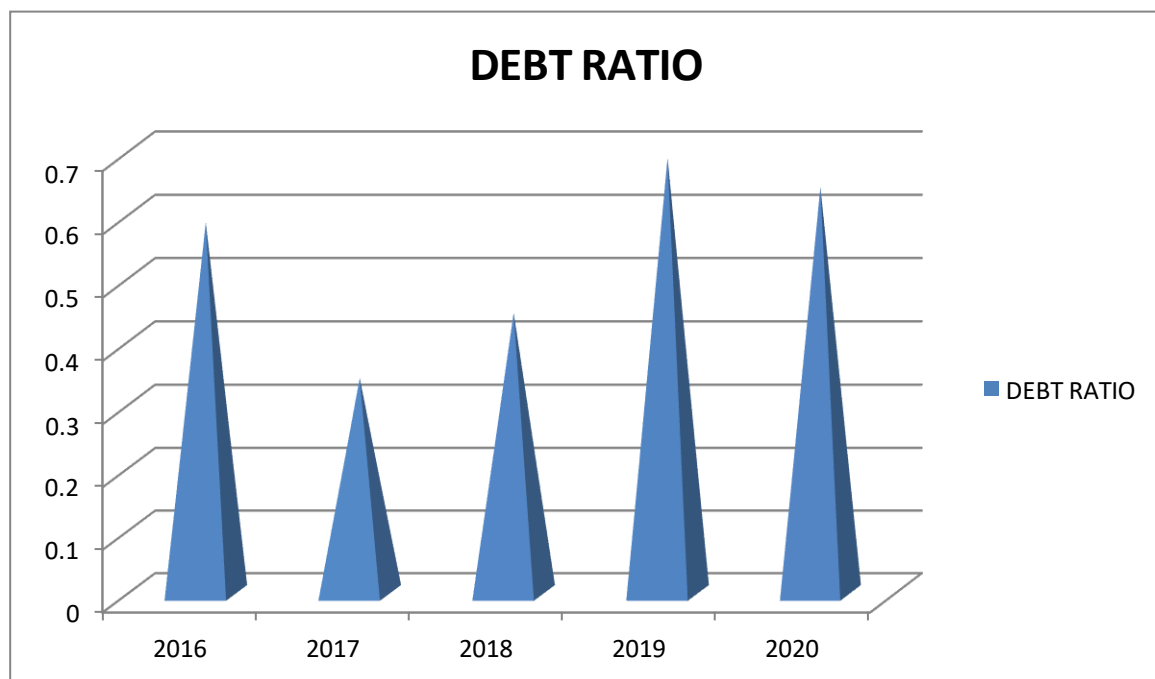


Chart 4.2.7 Debt Ratio

8. CASH RATIO

Table 4.2.8 Cash Ratio

	2016	2017	2018	2019	2020
CASH AND CASH EQUIVALENTS	859.52	293.68	778.00	922.81	308.27
CURRENT LIABILITIES	2780.99	3212.58	4111.29	4873.68	4253.21
CASH RATIO	0.309	0.091	0.189	0.189	0.072

INTERPRETATION

The cash ratio shows how well a company can pay off its current liabilities with only cash and cash equivalents. This ratio shows cash and equivalents as a percentage of current liabilities. A ratio of 1 means that the company has the same amount of cash and equivalents as it has current debt.

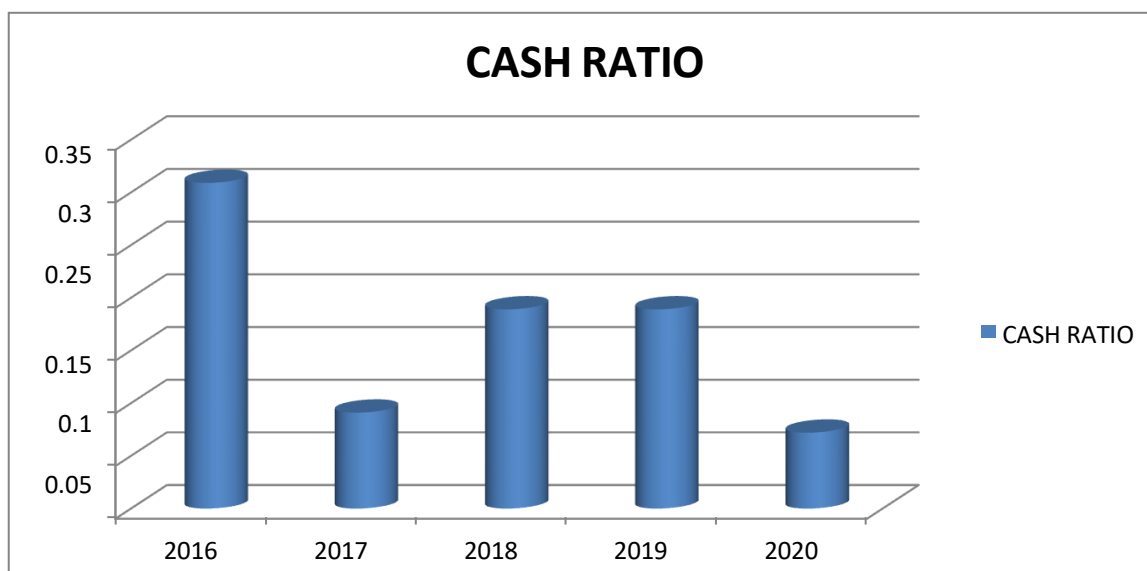


Chart 4.2.8 Cash Ratio

9. DEBT EQUITY RATIO

Table 4.2.9 Debt Equity Ratio

	2016	2017	2018	2019	2020
Long Term Debts	438.96	568.18	604.34	726.81	594.60
Shareholders Fund	13,266.55	17,034.13	19,103.86	21,779.90	19,925.49
Debt Equity Ratio	0.033	0.033	0.031	0.033	0.029

INTERPRETATION

A debt to equity ratio of 1 would mean that investors and creditors have an equal stake in the business assets. A lower debt to equity ratio usually implies a more financially stable business. The ratio is mostly the same for all the five years and all are below 1.

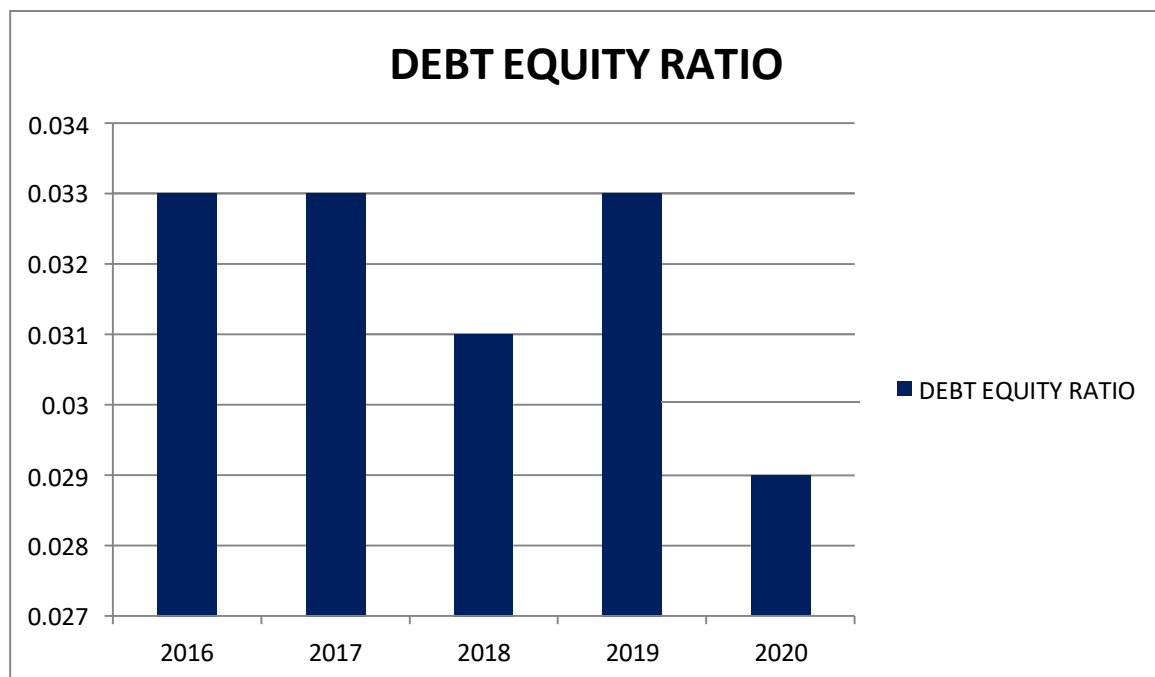


Chart 4.2.9 Debt Equity Ratio

10. PROPRIETARY RATIO

Table 4.2.10 Proprietary Ratio

	2016	2017	2018	2019	2020
Shareholders Fund	13,266.55	17,034.13	19,103.86	21,779.90	19,925.49
Total Assets	16,486.50	20,814.89	23,819.49	27,380.39	24,773.30
Proprietary Ratio	0.804	0.818	0.802	0.795	0.804

INTERPRETATION

Having a very high proprietary ratio does not always mean that the company has an ideal capital structure. Ideally, the ratio should be 1:3. Here all the five years are below 1 and all are mostly same.

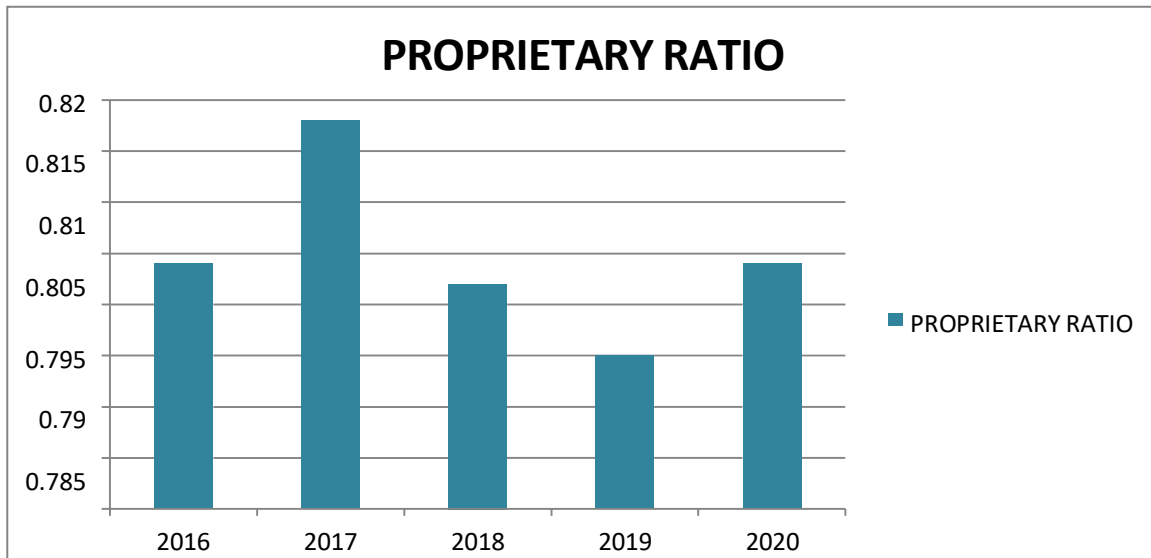


Chart 4.2.10 Proprietary Ratio

4.1 COMPARATIVE BALANCE SHEET

TABLE 4.3.1 COMPARATIVE BALANCE SHEET OF 2016-2017 (in Rs. Cr.)

	2016	2017	ABSOLUTE CHANGE	PERCENTAGE CHANGE(%)
LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	289.37	289.37	-	-
Reserves and Surplus	12,977.18	16,744.76	3767.58	29.03
TOTAL SHAREHOLDERS FUNDS	13,266.55	17,034.13		
NON-CURRENT LIABILITIES				
Long Term Borrowings	0.00	119.90	119.90	100
Deferred Tax Liabilities [Net]	202.80	313.62	110.82	54.64
Other Long Term Liabilities	188.59	56.53	(132.06)	(70)
Long Term Provisions	47.57	78.13	30.56	64.24
TOTAL NON-CURRENT LIABILITIES	438.96	568.18		
CURRENT LIABILITIES				
Trade Payables	2,027.04	2,235.73	208.69	10.29
Other Current Liabilities	641.00	855.92	214.92	33.52
Short Term Provisions	112.95	120.93	7.98	7.06

TOTAL CURRENT LIABILITIES	2,780.99	3,212.58		
TOTAL CAPITAL AND LIABILITIES	16,486.50	20,814.89	4328.39	26.25
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	1,936.38	1,898.61	(37.77)	(1.95)
Intangible Assets	89.29	44.65	(44.64)	(49.99)
Capital Work-In-Progress	26.89	10.64	(16.25)	(60.43)
Other Assets	60.43	58.53	(1.9)	(3.14)
FIXED ASSETS	2,138.34	2,043.96		
Non-Current Investments	8,940.65	8,681.39	(259.26)	(2.89)
Deferred Tax Assets [Net]	0.00	0.00	-	-
Long Term Loans And Advances	29.47	29.74	-	-
Other Non-Current Assets	652.79	668.43	15.64	2.39
TOTAL NON-CURRENT ASSETS	11,761.25	11,423.52		
CURRENT ASSETS				
Current Investments	1,319.94	6,050.08	4730.14	358.36
Inventories	719.07	728.38	9.31	1.29

Trade Receivables	717.93	953.29	235.36	32.78
Cash And Cash Equivalents	859.52	293.68	(565.84)	(65.83)
Short Term Loans And Advances	7.05	6.47	(0.58)	(8.22)
Other Current Assets	1,101.74	1,359.47	257.73	23.39
TOTAL CURRENT ASSETS	4,725.25	9,391.37		
TOTAL ASSETS	16,486.50	20,814.89	4328.39	26.25

Source: balance sheet of Bajaj auto ltd.

TABLE 4.3.2 COMPARATIVE BALANCE SHEET OF 2017-2018 (in Rs. Cr.)

	2017	2018	ABSOLUTE CHANGE	PERCENTAGE CHANGE(%)
LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	289.37	289.37	-	-
Reserves and Surplus	16,744.76	18,814.49	2069.73	12.36
TOTAL SHAREHOLDERS FUNDS	17,034.13	19,103.86		
NON-CURRENT LIABILITIES				
Long Term Borrowings	119.90	120.77	0.87	.72
Deferred Tax Liabilities [Net]	313.62	323.42	9.8	3.12

Other Long Term Liabilities	56.53	47.96	(8.57)	(15.16)
Long Term Provisions	78.13	112.19	34.06	43.59
TOTAL NON-CURRENT LIABILITIES	568.18	604.34		
CURRENT LIABILITIES				
Trade Payables	2,235.73	3,244.32	1008.59	45.11
Other Current Liabilities	855.92	741.37	(114.55)	(13.38)
Short Term Provisions	120.93	125.60	4.67	3.86
TOTAL CURRENT LIABILITIES	3,212.58	4,111.29		
TOTAL CAPITAL AND LIABILITIES	20,814.89	23,819.49	3004.6	14.43
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	1,898.61	1,821.22	(77.39)	(4.07)
Intangible Assets	44.65	0.00	(44.65)	(100)
Capital Work-In-Progress	10.64	11.15	0.51	4.79
Other Assets	58.53	57.11	(1.42)	(2.42)
FIXED ASSETS	2,043.96	1,934.80		
Non-Current Investments	8,681.39	11,822.89	3141.5	36.18
Deferred Tax Assets [Net]	0.00	0.00	-	-

TABLE 4.3.3 COMPARATIVE BALANCE SHEET OF 2018-2019 (in Rs. Cr.)

	2018	2019	ABSOLUTE CHANGE	PERCENTAGE CHANGE(%)
LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	289.37	289.37	-	-
Reserves and Surplus	18,814.49	21,490.53	2676.04	14.22
TOTAL SHAREHOLDERS FUNDS	19,103.86	21,779.90		
NON-CURRENT LIABILITIES				
Long Term Borrowings	120.77	0.00	(120.77)	(100)
Deferred Tax Liabilities [Net]	323.42	542.66	219.24	67.78
Other Long Term Liabilities	47.96	169.59	121.63	253
Long Term Provisions	112.19	14.56	(97.63)	(87)
TOTAL NON- CURRENT LIABILITIES	604.34	726.81		
CURRENT LIABILITIES				
Trade Payables	3,244.32	3,786.73	542.41	16.71
Other Current Liabilities	741.37	946.33	204.96	27.64
Short Term Provisions	125.60	140.62	15.02	11.95

TOTAL CURRENT LIABILITIES	4,111.29	4,873.68		
TOTAL CAPITAL AND LIABILITIES	23,819.49	27,380.39	3560.9	14.94
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	1,821.22	1,688.69	(132.53)	(7.27)
Intangible Assets	0.00	19.75	19.75	100
Capital Work-In-Progress	11.15	11.54	0.39	3.49
Other Assets	57.11	55.50	(1.61)	(2.81)
FIXED ASSETS	1,934.80	1,811.96		
Non-Current Investments	11,822.89	17,582.88	5759.99	48.71
Deferred Tax Assets [Net]	0.00	0.00	-	-
Long Term Loans And Advances	30.64	31.63	0.99	3.23
Other Non-Current Assets	795.53	891.26	95.73	12.03
TOTAL NON- CURRENT ASSETS	14,583.86	20,317.73		
CURRENT ASSETS				
Current Investments	5,765.41	1,576.48	(4188.93)	(72.65)
Inventories	742.58	961.51	218.93	29.48

Trade Receivables	1,491.87	2,559.69	1067.82	71.57
Cash And Cash Equivalents	778.00	922.81	144.81	18.61
Short Term Loans And Advances	6.26	6.34	0.08	1.27
Other Current Assets	451.51	1,035.83	584.32	129.41
TOTAL CURRENT ASSETS	9,235.63	7,062.66		
TOTAL ASSETS	23,819.49	27,380.39	3560.9	14.94

Source: balance sheet of Bajaj auto ltd.

TABLE 4.3.4 COMPARATIVE BALANCE SHEET OF 2019-2020 (in Rs. Cr.)

	2019	2020	ABSOLUTE CHANGE	PERCENTAGE CHANGE(%)
LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	289.37	289.37	-	-
Reserves and Surplus	21,490.53	19,636.12	(1854.41)	(8.62)
TOTAL SHAREHOLDERS FUNDS	21,779.90	19,925.49		
NON-CURRENT LIABILITIES				
Long Term Borrowings	0.00	0.00	-	-
Deferred Tax Liabilities [Net]	542.66	346.38	(196.28)	(36.16)
Other Long Term Liabilities	169.59	167.72	(1.87)	(1.10)

Long Term Provisions	14.56	80.50	65.94	452
TOTAL NON-CURRENT LIABILITIES	726.81	594.60		
CURRENT LIABILITIES				
Trade Payables	3,786.73	3,199.70	(587.03)	(15.50)
Other Current Liabilities	946.33	895.54	(50.79)	(5.36)
Short Term Provisions	140.62	157.97	17.35	12.33
TOTAL CURRENT LIABILITIES	4,873.68	4,253.21		
TOTAL CAPITAL AND LIABILITIES	27,380.39	24,773.30	(2607.09)	(9.52)
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	1,688.69	1,602.03	(86.66)	(5.13)
Intangible Assets	19.75	43.09	23.34	118.17
Capital Work-In-Progress	11.54	46.54	35	303.29
Other Assets	55.50	53.90	(1.6)	(2.88)
FIXED ASSETS	1,811.96	1,759.21		
Non-Current Investments	17,582.88	15,416.20	(2166.68)	(12.32)
Deferred Tax Assets [Net]	0.00	0.00	-	-

Long Term Loans And Advances	31.63	32.46	0.83	2.62
Other Non-Current Assets	891.26	968.47	77.21	8.66
TOTAL NON-CURRENT ASSETS	20,317.73	18,176.34		
CURRENT ASSETS				
Current Investments	1,576.48	2,779.75	1203.27	76.32
Inventories	961.51	1,063.50	101.99	10.60
Trade Receivables	2,559.69	1,725.10	(834.59)	(32.60)
Cash And Cash Equivalents	922.81	308.27	(614.54)	(66.59)
Short Term Loans And Advances	6.34	6.11	(0.23)	(3.62)
Other Current Assets	1,035.83	714.23	(321.6)	(31.04)
TOTAL CURRENT ASSETS	7,062.66	6,596.96		
TOTAL ASSETS	27,380.39	24,773.30	(2607.09)	(9.52)

Source: balance sheet of Bajaj auto ltd.

4.2 TREND ANALYSIS

Table 4.4.1 Trend Analysis of Current Assets

YEAR	CURRENT ASSETS	TREND ANALYSIS(%)
2016	4725.25	100
2017	9391.37	198.74
2018	9235.63	195.43
2019	7062.66	149.46
2020	6596.96	139.61

INTERPRETATION

By seeing the trend, which is a remarkable growth of over 100% from one year to the next, we can also see that the trend itself is not that remarkable it decreases 3% from 2017 at 198% to 195% in 2018. And finally it falls 60% from 2019 to 2020.

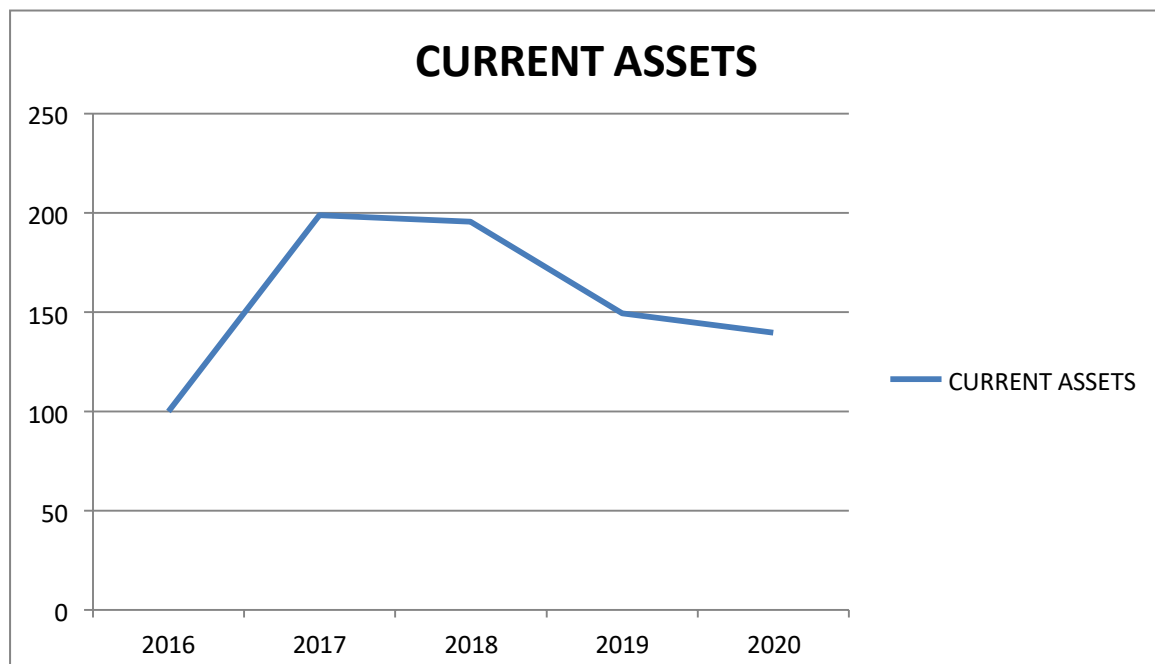


Chart 4.4.1 Trend Line For Current Assets

Table 4.4.2 Trend Analysis of Current Liabilities

YEAR	CURRENT LIABILITIES	TREND ANALYSIS(%)
2016	2780.99	100
2017	3212.58	115.51
2018	4111.29	147.83
2019	4873.68	175.24
2020	4253.21	152.93

INTERPRETATION

By seeing the trend, it had a growth of over 15% from one year to the next, we can also see that the trend itself is not that remarkable of only 30% change from 2017 at 115% to 147% in 2018. and it raises to 175% at 2019 finally falls to 152% in 2020.

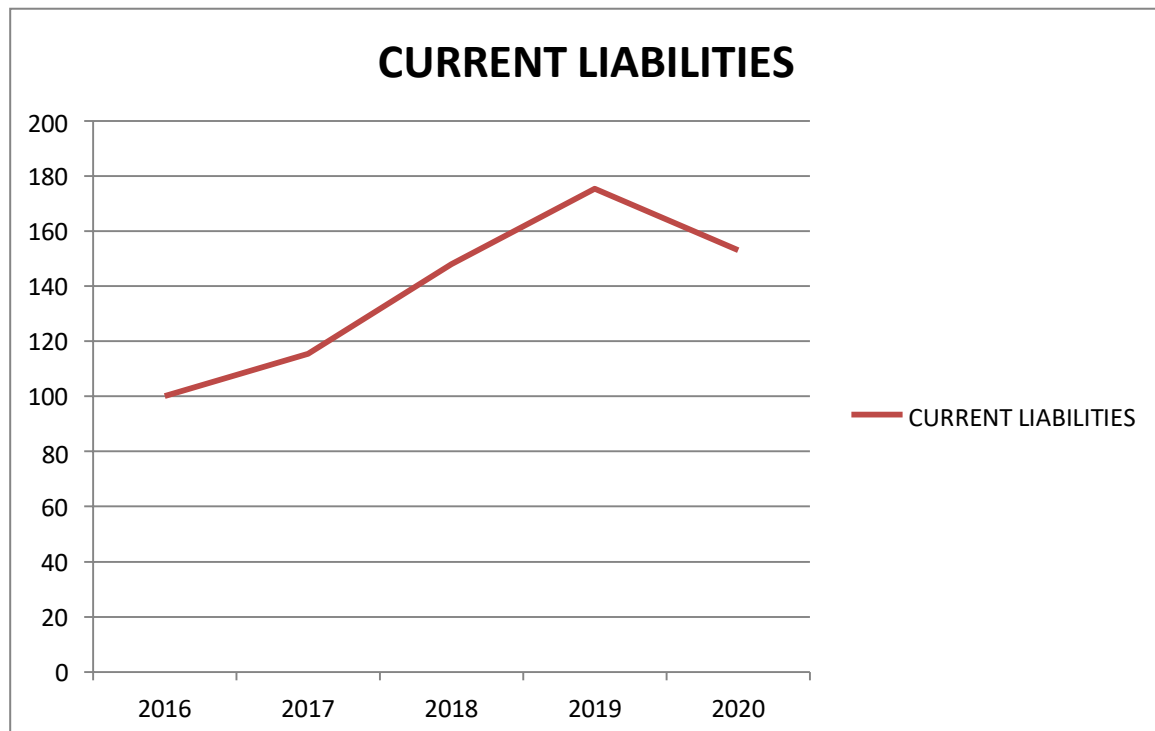


Chart 4.4.2 Trend Line For Current Liabilities

Table 4.4.3 Trend Analysis of Working Capital

YEAR	WORKING CAPITAL	TREND ANALYSIS (%)
2016	1944.26	100
2017	6178.79	317.79
2018	5124.34	263.56
2019	2188.98	112.58
2020	2343.75	120.54

INTERPRETATION

By seeing the trend, which is a remarkable growth of over 200% from one year to the next, we can also see that the trend itself decline by 40% from 2017 at 317% to 263% in 2018. again declined to 110% at 2019 and finally had a growth to 120% at 2020.

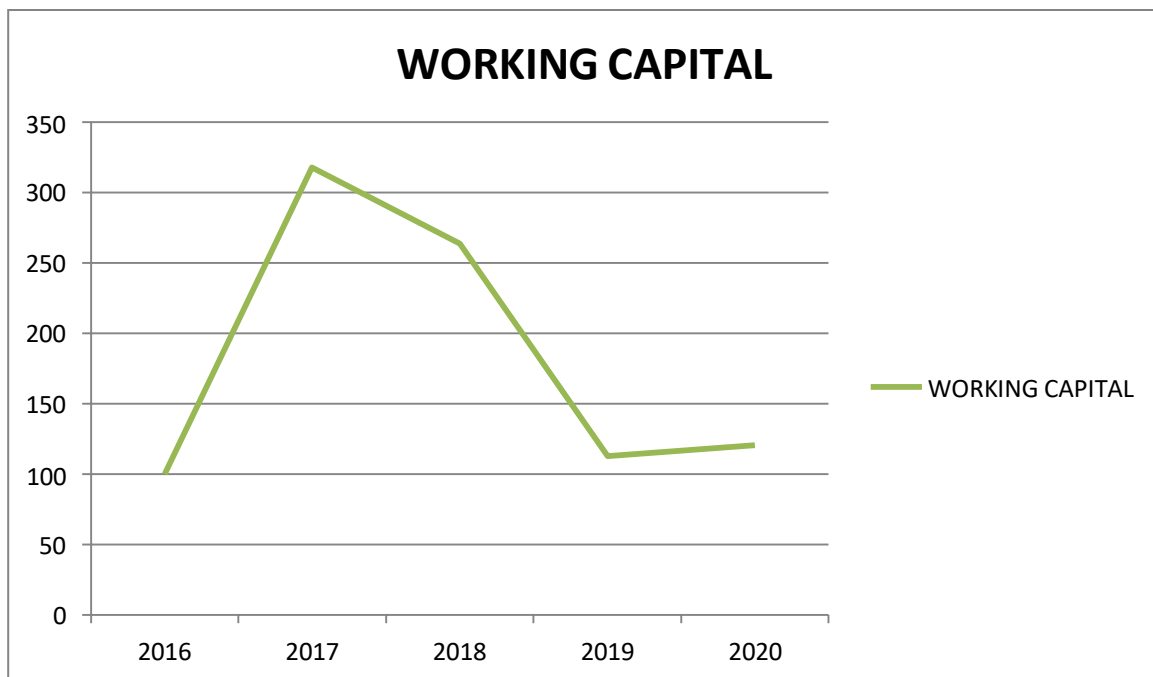


Chart 4.4.3 Trend Line of Working Capital

CHAPTER- 5

FINDINGS

5.1 FINDINGS

- 1) The end result of the statement of changes in working capital after comparing all the increases and decreases the highest increase in amount of working capital is 4234.53 during year 2016-17 which is the highest of all.
- 2) There has been an increase in working capital only in the initial years, there after there has been a steady decrease in working capital. Hence we observe that the company has not maintained sufficient current assets to meets its working capital requirements.
- 3) The Liquid or quick ratio of all the above three years is above the standard liquid or quick ratio, which is 1:1.
- 4) In the case of current ratio the standard convention ratio is 2:1, which means the current assets should be double the current liabilities where as in this case we observe That the current assets are not sufficient to meet requirements.
- 5) The working capital turnover ratio is negative in all years except 2020 and hence we observe that it has a weak velocity of utilization of working capital.

5.2 SUGGESTIONS

- 1) The company has to maintain more of current assets than current liabilities to have a better working capital.
- 2) The company should concentrate on the current ratio by utilizing current asset for productive purpose in order to achieve the standard ratio.
- 3) Current assets turnover ratio is fluctuating. It's not good for society so in order to increase the current assets turnover ratio a society need to increase its sales.
- 4) Working capital ratio is not stable. So in order to increase the sales the society wants to increase the production.
- 5) The company has to work towards maintaining an increase in working capital, as it is very essential for the effective functioning of the company.
- 6) The company has to maintain more of current assets than current liabilities to have a better working capital.
- 7) The liquidity value of the company has to be increased in order to meet continuous needs of the company. A liquidity position ensures safety for the company in times of contingencies.

5.3 CONCLUSION

The study conducted on working capital management at —Bajaj auto ltd. gives a view of assessing the performance of working capital management of the society by analyzing the financial data with the help of ratio analysis. During the period of study, there were a few up and downs in the working capital and ratio analysis it will affect the operations of the society but it is observed that the overall financial position is good. Based on the analysis and interpretation I tried to give my findings and suggestions for the company as per my best knowledge.

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