

A STUDY ON THE FINANCIAL PERFORMANCE ANALYSIS IN BHARATH EARTH MOVERS LIMITED

Submitted in partial fulfillment of the requirements for the award of

BACHELOR OF COMMERCE

By

SURENDAR V

39740235



BACHELOR OF COMMERCE

SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE

Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI – 600119

MAY 2022



SATHYABAMA

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

**Accredited "A" Grade by NAAC | 12B Status by UGC | Approved by AICTE
www.sathyabama.ac.in**

SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **SURENDAR.V (39740235)** who has done the Project work entitled **A STUDY ON THE FINANCIAL PERFORMANCE ANALYSIS IN BHARATH EARTH MOVERS LIMITED (BHEL)** under my supervision from December 2021 to February 2022.

Dr. R. THAMILSELVAN

Internal Guide

External Guide

Dr. BHUVANESHWARI G.

Dean, School of Management Studies

Submitted for Viva voice Examination held on _____

Internal Examiner

External Examiner

DECLARATION

I **SURENDAR V (39740235)**. Hereby declare that the Project Report entitled “**A STUDY ON THE FINANCIAL PERFORMANCE ANALYSIS IN BHARATH EARTH MOVERS LIMITED (BHEL)**” done by me under the guidance of Dr. THAMILSELVAN .R, M.Com, M.B.A, MPhil, B.Ed., Ph.D., Associate Professor, Department of Management Studies is submitted in partial fulfillment of the requirements for the award of Bachelor of Commerce degree.

DATE:

PLACE: CHENNAI

SURENDAR.V

ACKNOWLEDGEMENT

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

I convey my sincere thanks to **Dr.BHUVANESHWARI.G, Dean, School of Management Studies** and **Dr. PALANI. A., Head of the Department, School of Management Studies**, for providing me necessary support and details at the right time during the progressive reviews.

I would like to express my sincere and deep sense of gratitude to my Project Guide **Dr. THAMILSELVAN .R, M.Com, M.B.A, MPhil, B.Ed., Ph.D., Associate Professor, Department of Management Studies** for his valuable guidance, suggestions and constant encouragement paved way for the successful completion of my project work.

I wish to express my thanks to all Teaching and Non-teaching staff members of the School of Management Studies who were helpful in many ways for the completion of the project.

SURENDAR V

TABLE OF CONTENTS

CHAPTER NO.	TITLE	PAGE NO
	ABSTRACT	I
	LIST OF TABLES	ii
	LIST OF FIGURES	iii
1	INTRODUCTION	
	1.1 Introduction	1
	1.2 Company Profile	1
	1.3 Statement of the Problem	5
	1.4 Scope of the study	5
	1.5 Objectives of the study	6
	1.6 Limitations of the study	6
2	2.1 REVIEW OF LITERATURE	7
3	RESEARCH METHODOLOGY	
	3.1 Collection of data	10
	3.2 Theoretical review of ratio analysis	10
	3.3 Trend percentage analysis	12
	3.4 Comparative Balance Sheet	13
	3.5 Common size balance sheet	13
	3.6 Research Methodology	13
	3.7 Research Design	14
	3.8 Sources of Data	14
	3.9 Tools used for study	14

4	DATA ANALYSIS AND INTERPRETATION	
	4.1 Current Ratio	15
	4.2 Absolute Liquid Ratio	17
	4.3 Working Capital Ratio	19
	4.4 Gross Profit Ratio	21
	4.5 Net Profit Ratio	23
	4.6 Operating Profit Ratio	25
	4.7 Debt Equity Ratio	27
	4.8 Debt to Total Asset Ratio	29
	4.9 Proprietary Ratio	31
	4.10 Fixed Assets Ratio	33
	4.11 Debtors Turnover Ratio	35
5	FINDINGS, SUGGESTIONS AND CONCLUSION	
	5.1 Finding	42
	5.2 Suggestion	43
	5.3 Conclusion	44
	REFERENCES	45

ABSTRACT

In this project we are looking at the Financial Performance Analysis in a core sector industry. Balance sheet review of the last five years along with the changes in the component wise analysis of Current Asset and Current Liabilities to identify the causes of changes, with trend analysis and comparative Balance sheet for a term of five years covering a case study of a company to establish” The story of revival of a sick company”. In the words of Myers, “Financial Performance Analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statements and a study of the trends of these factors as shown in a series of statements.” The purpose of financial analysis is to diagnose the information content in financial statements so as to judge the profitability and financial soundness of the firm. In this project we will perform the financial analysis of Coal India Limited we will go through the financial statements of the company to diagnose financial soundness.

LIST OF TABLE

TABLE NO.	PARTICULARS	PAGE NO.
4.1	Current Ratio	15
4.2	Absolute Liquid Ratio	17
4.3	Working Capital Ratio	19
4.4	Gross Profit Ratio	21
4.5	Net Profit Ratio	23
4.6	Operating Profit Ratio	25
4.7	Debt Equity Ratio	27
4.8	Debt to Total Asset Ratio	29
4.9	Proprietary Ratio	31
4.10	Fixed Assets Ratio	33
4.11	Debtors Turnover Ratio	35
4.12	Balance Sheet For 2016-2017	37
4.13	Balance Sheet For 2017-2018	38
4.14	Balance Sheet For 2018-2019	39
4.15	Balance Sheet For 2019-2020	40
4.16	Balance Sheet For 2020-2021	41

LIST OF FIGURES

CHARTS NO.	PARTICULARS	PAGE NO.
4.1	Current Ratio	16
4.2	Absolute Liquid Ratio	18
4.3	Working Capital Ratio	20
4.4	Gross Profit Ratio	22
4.5	Net Profit Ratio	24
4.6	Operating Profit Ratio	26
4.7	Debt Equity Ratio	28
4.8	Debt to Total Asset Ratio	30
4.9	Proprietary Ratio	32
4.10	Fixed Assets Ratio	34
4.11	Debtors Turnover Ratio	36

CHAPTER 1

1.1 INTRODUCTION

- BEML Ltd was established in may 1964 has a public sector undertaking for manufacture of rail coaches and spare parts and mining equipment at its bangalore complex.
- The government of india has partially this invested and presently owns around 54%of total equity
- BEML, a miniratna - category – 1, plays an important role in serving india core sectors like defence, rall, power, mining and infrastructure
- BEML products are exported to more than 56 countries as part of company globalization strategy, the company has expanded its global reach by opening local offices.

1.2 COMPANY PROFILE

BEML Limited (formerly Bharat Earth Movers Limited) was established in May 1964 as a Public Sector Undertaking for manufacture of Rail Coaches & Spare Parts and Mining Equipment at its Bangalore Complex. The Company has partially disinvested and presently Government of India owns 54 percent of total equity and rest 46 percent is held by Public, Financial Institutions, Foreign Institutional Investors, Banks and Employees. BEML Limited, a 'Schedule-A' Company, plays a pivotal role and serves India's core sectors like Defence, Rail, Power, Mining and Infrastructure. The Company started with a modest turnover of Rs. 5 Cr during 1965 and today, thanks to its diverse business portfolio, the company has been able to achieve a turnover of more than Rs.3,500 Cr. The Company operates under three major Business verticals viz., Mining & Construction, Defence and Rail & Metro. The three verticals are serviced by nine manufacturing units located at Bangalore, Kolar Gold Fields (KGF), Mysore, Palakkad and Subsidiary – Vignyan. Industries Ltd, in Chikmagalur District. Each Business vertical is headed by Director who reports to the Chairman & Managing Director of the company. The products manufactured under the three Business,

DEFENCE & AEROSPACE	MINING & CONSTRUCTION	RAIL & METRO
<ul style="list-style-type: none"> • Tatra based High Mobility Trucks • Recovery Vehicles • Bridge Systems • Vehicles for Missile Projects • Tank Transportation Trailers • Milrail Wagons • Mine Ploughs • Crash Fire Tenders • Snow Cutters • Aircraft Towing tractors • Aircraft Weapon Loading Trolley 	<ul style="list-style-type: none"> • Bull Dozers • Excavators • Loaders • Pipe Layers • Wheeled Dozers • Tyre Handlers • Shovels • Dumpers • Water Sprinklers • Motor Graders • Under Mining Equipment 	<ul style="list-style-type: none"> • Integral Rail Coaches • Metro Cars • AC EMUs • OHE Cars • Steel and Aluminium Wagons • Track Laying Equipment • Utility Vehicles • Treasury Vans • Spoil Disposal Units • Broad gauge Rail bus

BEML's products are sold and serviced through its large Marketing Network spread all over the Country and are exported to more than 68 countries. BEML's nationwide network of sales offices enables buyers with ready access to its wide range of products. Also, the full-fledged service centers and parts depots offer total equipment care, maintenance contracts and rehabilitation services. The company has a dedicated R&D infrastructure and team in line with consistent policy of the company to meet the technological demands through in-house R&D and strategic technical tie-ups with global players.

Manufacturing Facilities

BEML has 9 manufacturing units spread over the following locations:

- 1. **Kolar Gold Fields (KGF) Complex** (around 100 Km from Bangalore)
 - Earth Movers Division
 - Hydraulics & Powerline Division
 - Rail Coach Unit - II
 - Heavy Fabrication Unit
- 2. **Mysore Complex** (around 130 Km from Bangalore)
 - Truck Division
 - Engine Division
 - Aerospace Division
- 3. **Bangalore Complex**
 - Rail & Metro Division
- 4. **Palakkad Complex**
- 5. **Vignyan Industries Limited**, a subsidiary located at Tarikere (around 300 km from Bangalore)

BEML manufactures a wide range of products to meet the needs of mining, construction, power, irrigation, fertiliser, cement, steel and rail sectors. The earthmoving equipment includes bulldozers, dump trucks, hydraulic excavators, wheel loaders, rope shovels, walking draglines, motor graders and scrapers. BEML has recently introduced road headers and slide discharge Loaders for underground mining applications. Railway products include integral railcoaches, electric multiple units, rail buses, track-laying equipment and overhead equipment inspection Cars.

BEML manufactures heavy-duty trucks and trailers and hydraulic aggregates for the transportation sector. The company also manufactures high power diesel engines and heavy duty hydraulic aggregates to meet specific customer requirements. The company plans to diversify into varied activities including underground mining equipment, underground storage for petro-products, leasing and financial services and joint ventures abroad

BEML operates in three major business verticals associated with equipment manufacturing:

- Mining & Construction
- Defence & Aerospace
- Rail & Metro

In addition to the above, there are strategic business units (SBUs):

- Trading Division for dealing in non-company products
- International Business Division for export activities
- Aerospace Division for design services for the aviation sector

BEML has the following manufacturing units spread over four locations:

- Kolar Gold Fields (KGF) Complex (around 100 km from Bengaluru)
 - Hebi Earth Moving Division
 - Rail Coach Unit II
 - Heavy Fabrication Unit
 - Hydraulic & Powerline Division
- Mysore Complex (around 130 km from Bengaluru)
 - Truck Division
 - Engine Division
 - Aerospace Manufacturing Division
- Bengaluru Complex - Rail & Metro Division
- Palakkad Complex Kerala State - defence products manufacturing
 - BEML - Tatra Trucks 12x12, 10x10, 8x8, 6x6, 4x4 & variants
 - Pontoon bridge system

- Ground support vehicles for guided missile programme
- Heavy, medium and light recovery vehicles
- 50T trailer for tank transportation
- Mil rail coaches and mil wagons
- Apart from the above, Railway parts and aggregates are planned for manufacture
- Vignyan Industries, a subsidiary located at Tarikere (around 300 km from Bengaluru) - steel castings

1.3 STATEMENT OF THE PROBLEM

- Every organization prepares final accounts i.e, trading, profit & loss a/c and balance sheet but it only shows profitability and financial position of the organization.
- The financial statement analysis takes non-financial factors into consideration and provides basis for comparisons and decision making.
- The goal of such analysis and performance is to determine the efficiency of operation of the firm.
- The financial statement only shows the process and activity done but financial analysis and performance shows depth efficiency of functions.
- Hence this study conducted an analysis to know about BEML and to identify the growth of the firm and to know how financial performance plays a vital role in growth of the firm.

1.4 SCOPE OF THE STUDY

- The scope of the study is geared towards identifying important areas of control and to establish model for better control of the various components of working capital.
- The study would also attempt to identify the various source available for financing of working capital.
- The study gives a fair idea of improvement in efficiency of working capital management and also to have proper control over the components of working

capital and managing of efficiency.

1.5 OBJECTIVE OF THE STUDY

- To know the financial performance of BEML.
- To study the short term solvency in BEML.
- To know the long term solvency in BEML.
- To find out the various financial ratios related to BEML.

1.6 LIMITATIONS OF THE STUDY

- The limitations of the study are as follows

1. The study is covered only to the past financial performance of company under taken for the study.
2. Some of the data has not given by the company due to maintenance of financial secrecy.
3. The period of the study is restricted to 5 years
4. So the study cannot be covered to all the areas.

The financial data cannot be estimated accurately for the future period due to the financial crisis. tive and analytical in nature; we made use of the trading center throughout most of the term. Students calculate and interpret financial data, build spreadsheet models, and make general conclusions about the financial health of a company and its intrinsic value.

CHAPTER 2

REVIEW OF LITERATURE

K.Geethanjali&Dr.S.Santhakumari (2019)- Investors perception towards online trading in Coimbatore .This research is a descriptive research study in which convenient sampling techniques is used. This survey is used to select the sample size ,validity and reliability of the questionnaire 391 samples are selected for the study.

Dr.U.Thasli, Ariff, M.Nandhini and T.Pavithra (2019)-An investors perception towards online trading . The study aims to identify the preference of the respondent towards online trading in Udumalpet Talak . In this study questionnaire was collected from 100investors.The findings were analyzed using scaling technique and simple percentage .

C.Navya ,CH.Deepthi (2019) –Investors attitude towards online trading .It aims that studying the investor’s perception of online trading in share markets and helps to find out the present level of service provided by identifying the area which require attention for improving its services.

Dr.IqbalThonseHawaldar, Dr.Habeeb Ur Rahiman (2019) – Investors perception towards stock market. This study is to understand the different personal factors affecting their investment decision and the different factor influencing various categories of investment. Chisquare test was used as a tool to arrive at a decision regarding the association between two variables.

Dr. N. Sakthivel, A. Saravanakumar (2018)-Investors satisfaction on online share trading and technical problem faced by the investors. Investors satisfaction on online share trading based on brokerage houses were analyzed using percentage analysis. Primary data were collected from 620 respondents through questionnaire.

Dr.PMohanraj, P Kowsalya (2018)- A Study on the investor perception on karvy stock brokering in Coimbatore district .This study helps to find out the service quality issues. primary data is collected from 100 respondents and it is

descriptive research design. Primary data is collected from convenience sampling techniques.

Dr.N.Sakthivel , A. Saravanakumar – Investor's preference towards online share trading at NSE .Primary data is collected from 620 respondents using questionnaire .It is suggested that all other brokerage house in the study should design and improve their services in terms of procedures, facilities and benefits .

V.Pavithra, Mr William Robert (2017) A study on customers perception towards online trading in retail brokerage Chennai.This study influence the stock and investment strategies in retail brokerage. In this primary data is collected from 100 respondents through questionnaire using convince sampling techniques.

Dr.krishnamohanvaddai and Dr.. MeruguPratima (2016)- Investors perception towards online trading in Visakhapatnam city . A questionnaire is collected from 400 investors and chi square is used to test the hypothesis .The study concludes that stock broking firms in order to enhance widespread use of online trading need to organize the short term training programmes .

Dr. Shankar T. Battase (2015)- A study on investors perception on online trading and depository operations with respect to India infolineLto ,this study highlights to know the procedure of online trading system and also helps to study the effectiveness and functions of depositors and effectiveness and functions of depositors and effectiveness of service provided by brokers.150 sample collected through survey method .

D.Kumari, Anitha ,Ramasamy G, Sandhya K (2013)-Investors perception towards online trading in Chennai .It helps to find out the present level of service provided and identifying the area which require attention for improving services .Data collected from 113 respondents in Chennai . The study suggest that share brokers should improve services of response from the dealer , putting the order without delay.

Walia N. and Kumar R (2012) – Investor perception on online trading and compare current usage of online trading .This study reveals that out of 100 investor 28 trade online and others do offline .The major findings of the study are the investors are more conservative they do not change brokers for trading.

Dr.Gagankukreja (2012)-Investors perception for stock market from national capital

region of India .This research study is descriptive in which sampling techniques is used. The study concluded that investor has huge scope for current earnings and said that this will be possible when trust, guidance,and regulations were exist steadily in the capital market among the brokers anfd investors.

N. Renuka (2007)-A Study on customer awareness towards online trading .The research examines the trends in the online trading .The present study attempts to find out the satisfaction level of online share traders. The primary data was collected from 60 respondents through a well structured questionnaire.

Delbarjafarpour (2006)- The impact of online trading on customer satisfaction This is exploratory research intends a gain a better understanding of the service quality dimension that affect customer satisfaction . convenience sampling techniques is used in this study.

\

CHAPTER 3

RESEARCH METHODOLOGY

3.1 COLLECTION OF DATA

- This study is based on the secondary data collected from BEML Annual Report, Balance Sheet, Financial Ratios and various other financial statements.

3.2 THEORETICAL REVIEW RATIO ANALYSIS

A ratio is a mathematical relationship between two items expressed in a quantitative form. Ratio can be defined as Relationship expressed in quantitative terms between figures which have cause and effect relationship which are connected with each other in some manner or the other. Ratio analysis involves the process of computing determining and presenting the relationship of items or groups of items of financial statements.

CURRENT RATIO

The ratio of current assets to current liabilities is called current ratio. In order to measure the short-term liquidity or solvency of a concern, comparison of current assets and current liabilities is inevitable. Current ratio indicates the ability of a concern to meet its current obligations as and when they are due for payment.

Current ratio = Current assets / Current liabilities.

ABSOLUTE LIQUIDITY RATIO

This ratio also known as absolute liquidity ratio or super quick ratio. Its calculated when liquidity is highly restricted in terms of cash and cash equivalents.

Cash position ratio = cash and company balances + marketable securities / current liabilities.

WORKING CAPITAL RATIO

A measure comparing the depletion of working capital to the generation of sales over a given period. This provides some useful information as to how effectively a company is using its working capital to generate sales.

Working capital ratio = Net sales / Working Capital

DEBT EQUITY RATIO

The debt-equity ratio is a measure of the relative contribution of the creditors and shareholders or owners in the capital employed in business. Simply stated, ratio of the total long term debt and equity capital in the business is called the debt-equity ratio.

Debt equity ratio = long term debt /shareholders fund

DEBT TO TOTAL CAPITAL RATIO

The debt-to-capital ratio is a measurement of a company's financial leverage. The debt-to-capital ratio is calculated by taking the company's interest-bearing debt, both short- and long-term liabilities and dividing it by the total capital. Total capital is all interest-bearing debt plus shareholders' equity, which may include items such as common stock, preferred stock, and minority interest.

Debt to total capital ratio = debt / share holder fund + debt.

DEBT TO TOTAL ASSET RATIO

Total-debt-to-total-assets is a measure of the company's assets that are financed by debt rather than equity. When calculated over a number of years, this leverage ratio shows how a company has grown and acquired its assets as a function of time. Investors use the ratio to evaluate whether the company has enough funds to meet its current debt obligations and to assess whether the company can pay a return on its investment.

Debt to total asset ratio = total debt / total asset.

PROPRIETARY RATIO

This ratio is also termed as capital ratio or net worth to total asset ratio. This is one of the variant of debt equity ratio. This shows the relationship between shareholders funds and total assets.

Proprietary ratio = Net worth / Total Assets.

DEBTORS TURNOVER RATIO

It represents how quickly the debtors are converted into cash. This ratio is used to measure the firms liquidity position. This ratio establishes the relationship between receivables and credit sales.

Debtors turnover ratio = Net sales / Average debtors.

FIXED ASSET RATIO

Fixed Assets ratio is a type of solvency ratio long-term solvency which is found by dividing total fixed assets (net) of a company with its long-term funds. It shows the amount of fixed assets being financed by each unit of long-term funds. It helps to determine the capacity of a company to discharge its obligations towards long-term lenders indicating its financial strength and ensuring its long-term survival.

Fixed asset ratio = fixed asset / long term fund.

FIXED ASSET NET WORTH RATIO

Fixed assets to net worth is a ratio measuring the solvency of a company. This ratio indicates the extent to which the owners' cash is frozen in the form of fixed assets, such as property, plant, and equipment, and the extent to which funds are available for the company's operations.

Fixed asset net worth ratio = fixed asset / share capital fund.

3.3 TREND PERCENTAGE ANALYSIS

The next important tools of analysis are trend percentage which plays significant role in analyzing the financial stature of the enterprise through base years performance ratio computation. This not only reveals the trend movement of the financial performance of the enterprise but also highlights the strengths and weaknesses of the enterprise. The following ratio is being used to compute the trend percentage.

Current year = ----- X 100 Base year

This trend ratio is being computed for every component for many numbers of years which not only facilitates comparison but also guides the firm to understand the trend path of the firm.

3.4 COMPARETIVE BALANCE SHEET:

The comparative balance sheet analysis is the study of the trend of the same items, group of items and computed items in two or more balance sheet of the same business enterprise on different dates. The changes in periodic balance sheet items reflect the conduct of a business. The changes can be observed by comparison of the conduct of a business the changes can be observed by comparison of the balance sheet at the beginning at the end of period and these changes can help in forming an opinion about the progress of an enterprise. Procedure of Comparative Balance Sheet: The Comparative balance sheet has two columns for the data of original balance sheet. Third column is used to show increases in figures. The Fourth column is use to give percentages of increase or decrease. Uses of comparative balance sheet: Comparative statement helps to comparing the figures with those of the previous years event, it is possible to determine where expenses increased or decreased Comparative balance sheet helps to how to plan the following years event.

3.5 COMMON SIZE BALANCE SHEET:

A balance sheet in which the items are expressed as percentages of total assets or total liabilities. A common-size statement is most useful when one attempts to compare a company to similar companies of different size or when one is comparing year-to-year variations in capital structure in the same company. This type of financial statement can be used to allow for easy analysis between companies or between time periods of a company.

3.6 RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of study how research is done scientifically. In this study the various steps that are generally adopted by the researcher in studying his research problem along with the logic behind them.

3.7 RESEARCH DESIGN

The proposed study is of DESCRIPTIVE IN NATURE. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible. A research design for a particular problem usually involves the consideration of the following factors.

3.8 SOURCE OF DATA

SECONDARY DATA

The Secondary have been collected from company annual report, journal, magazine, and website. Period of Study : 5years from 2016-2017 to 2020-2021.

3.9 TOOLS USED FOR STUDY

The following are major tools used in analysis and interpretation

- . • Ratio analysis
- Trend percentage analysis
- . • Common size balance sheet statement.
- Comparative balance sheet statemen

CHAPTER 4
DATA ANALYSIS AND INTERPRETATION
RATIO ANALYSIS

TABLE 4.1 CURRENT RATIO (Rs.in lakh)

YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
2016-2017	382744.93	170078.87	2.25
2017-2018	374763.32	166982.78	2.24
2018-2019	417482.85	201225.98	2.07
2019-2020	416262.62	144711.92	2.87
2020-2021	485237.85	208955.45	2.32

Source: company's annual report 2017-2018 to 2020-2021

The current ratios have been plotted into a chart and trend line has been given. The trend shows as **decreasing trend** in the coming year to be expected.

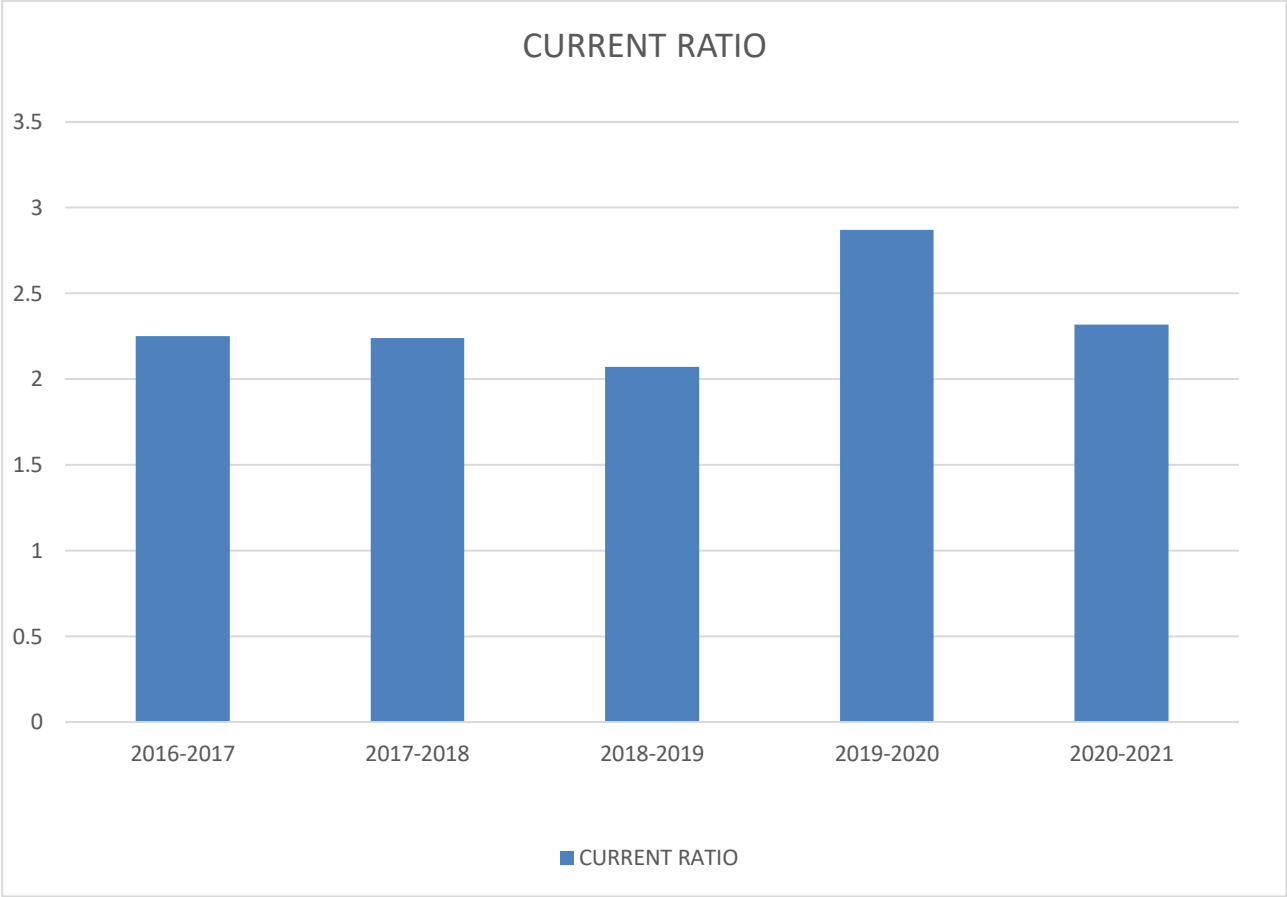


FIGURE 4.1 CURRENT RATIO OF THE COMPANY

TABLE 4.2 ABSOLUTE LIQUID RATIO (Rs.in lakh)

Year	Cash and cash equivalent	Current liability	Absolute liquid ratio
2016-2017	6578.99	170078.87	0.046
2017-2018	1401.02	166982.78	0.008
2018-2019	2133.52	201225.98	0.010
2019-2020	2236.96	144711.92	0.015
2020-2021	447.68	208955.45	0.002

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The absolute liquid ratio have been plotted into a chart and trend line has been given. The trend shown as **decreasing trend** in the coming years to be expected.

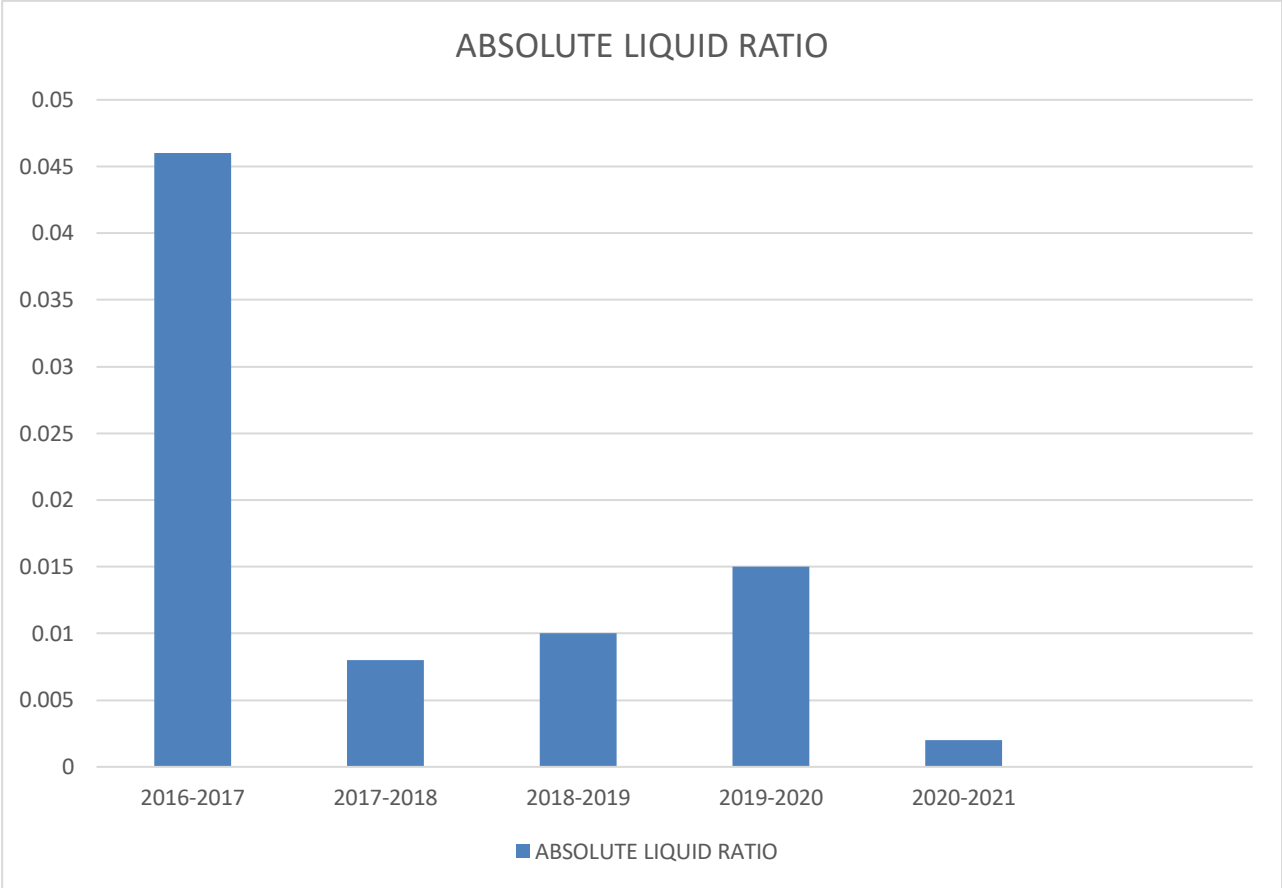


FIGURE 4.2 ABSOLUTE LIQUID RATIO OF THE COMPANY

TABLE 4.3 WORKING CAPITAL RATIO (Rs.in lakh)

YEAR	WORKING CAPITAL	SALES	RATIO
2016-2017	2181.55	2498.81	1.15
2017-2018	2200.23	3245.55	1.48
2018-2019	2187.24	3481.06	1.59
2019-2020	2224.45	3557.21	1.60
2020-2021	2257.15	3028.82	1.34

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The working capital ratios have been plotted into a chart and trend line has been given. The trend shows an **decreasing trend** in the coming years to be expected.

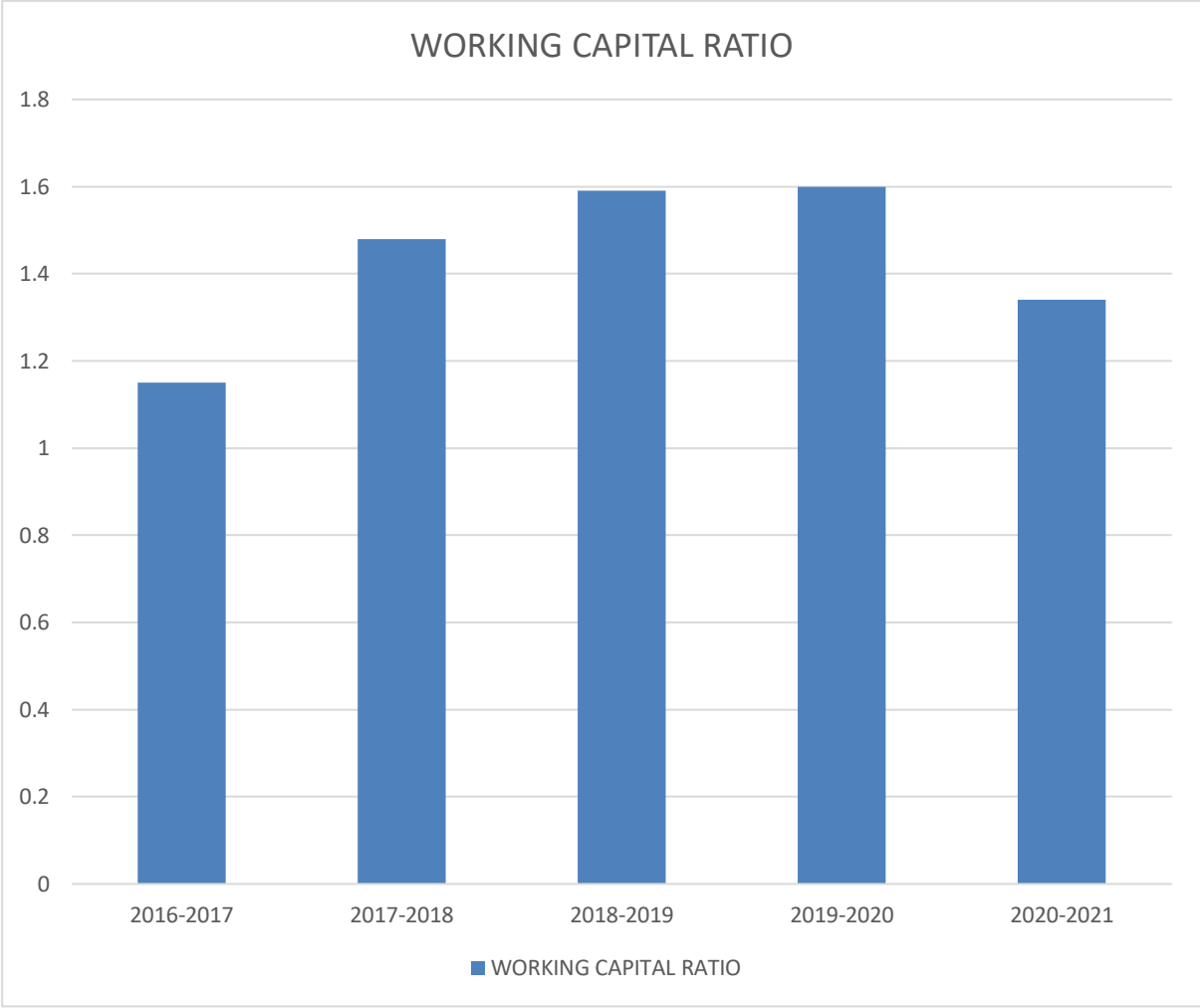


FIGURE 4.3 WORKING CAPITAL RATIO OF THE COMPANY

TABLE 4.4 GROSS PROFIT RATIO (Rs.in lakh)

YEAR	GROSS PROFIT	SALES	RATIO
2016-2017	160.27	2498.81	6.42
2017-2018	228.03	3245.55	7.02
2018-2019	200.54	3481.06	5.76
2019-2020	95.53	3557.21	2.68
2020-2021	163.50	3028.82	5.40

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The gross profit ratios have been plotted into a chart and trend line has been given. The trend shows as ***increasing trend*** in the coming years to be expected.

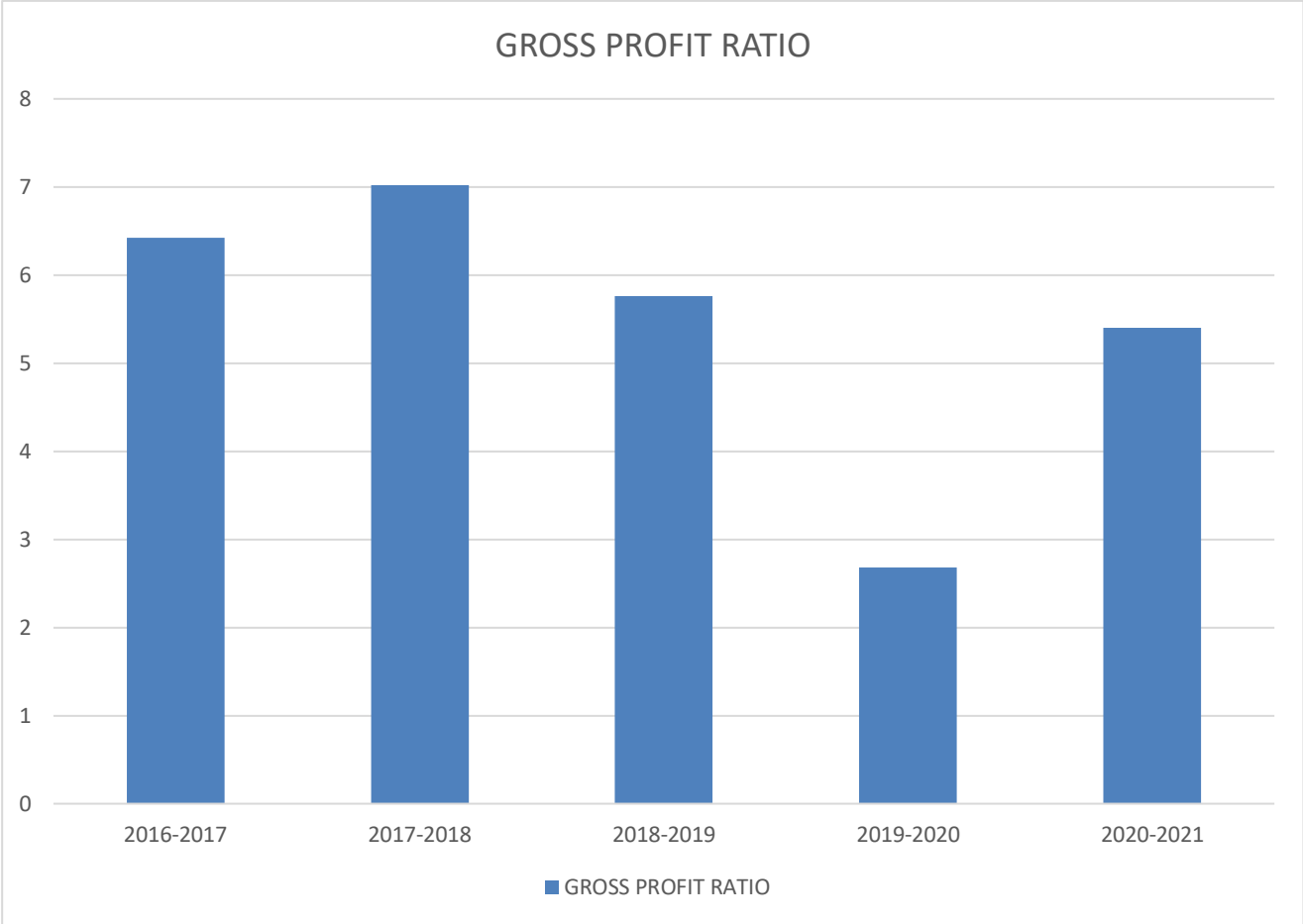


FIGURE 4.4 GROSS PROFIT RATIO OF THE COMPANY

TABLE 4.5 NET PROFIT RATIO (Rs.in lakh)

YEAR	NET PROFIT	SALES	RATIO
2016-2017	84.47	2498.81	3.38
2017-2018	129.47	3245.55	3.99
2018-2019	63.46	3481.06	1.82
2019-2020	68.15	3557.21	1.91
2020-2021	74.65	3028.82	2.46

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The net profit ratios have been plotted into a chart and trend line has been given.

The trend shows an **INCREASING TREND** in the coming years to be expected

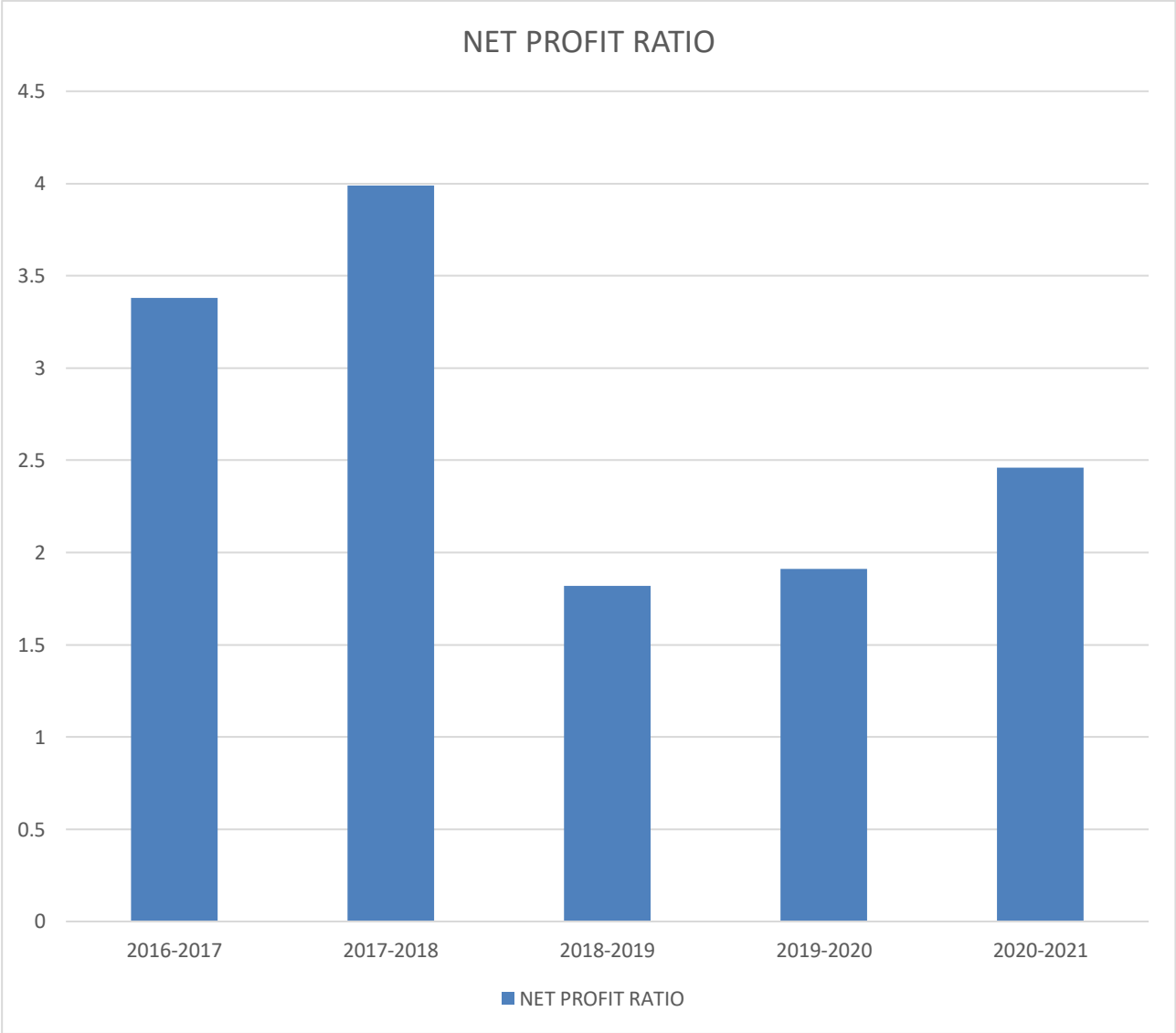


FIGURE 4.5 NET PROFIT RATIO OF THE COMPANY

TABLE 4.6 OPERATING PROFIT RATIO (Rs.in lakh)

YEAR	OPERATING PROFIT	SALES	RATIO
2016-2017	214.66	2498.81	8.59
2017-2018	276.12	3245.55	8.50
2018-2019	259.93	3481.06	7.46
2019-2020	135.86	3557.21	3.81
2020-2021	202.62	3028.82	6.68

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The operating ratios have been plotted into a chart and trend line has been given.

The trend shows as **INCREASING TREND** in the coming years to be expected.

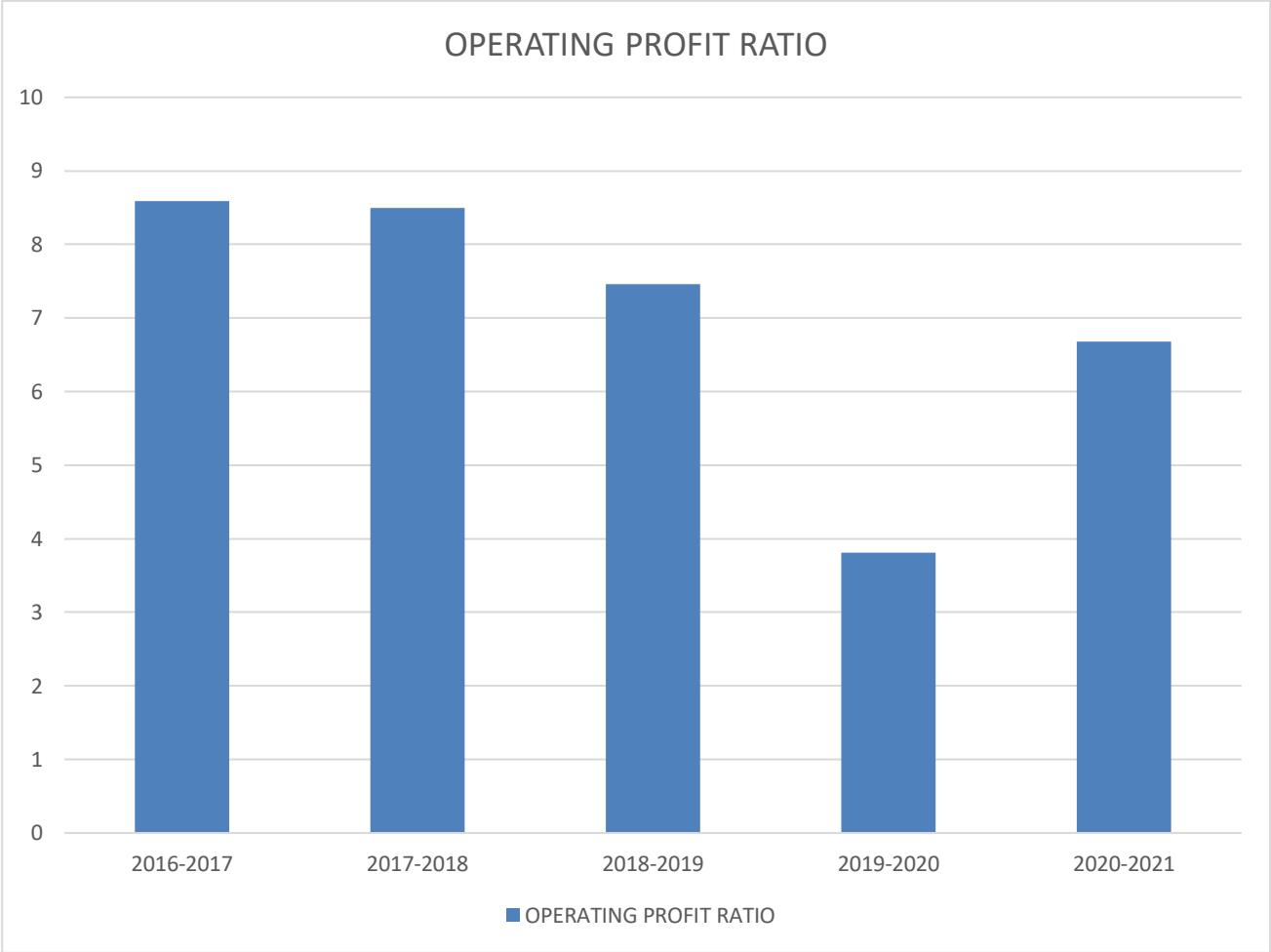


FIGURE 4.6 OPERATING PROFIT RATIO OF THE COMPANY

TABLE 4.7 DEBT EQUITY RATIO (Rs.in lakh)

YEAR	LONG TERM DEBT	SHARE HOLDERS FUNDS	RATIO
2016-2017	435.71	21813.55	0.19
2017-2018	445.22	2200.23	0.20
2018-2019	401.96	2187.24	0.18
2019-2020	339.19	2257.15	0.15
2020-2021	743.34	2224.45	0.33

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The debt equity ratio have been plotted into a chart and trend line has been given.

The trend shows as **INCREASING TREND** in the coming years to be expected.

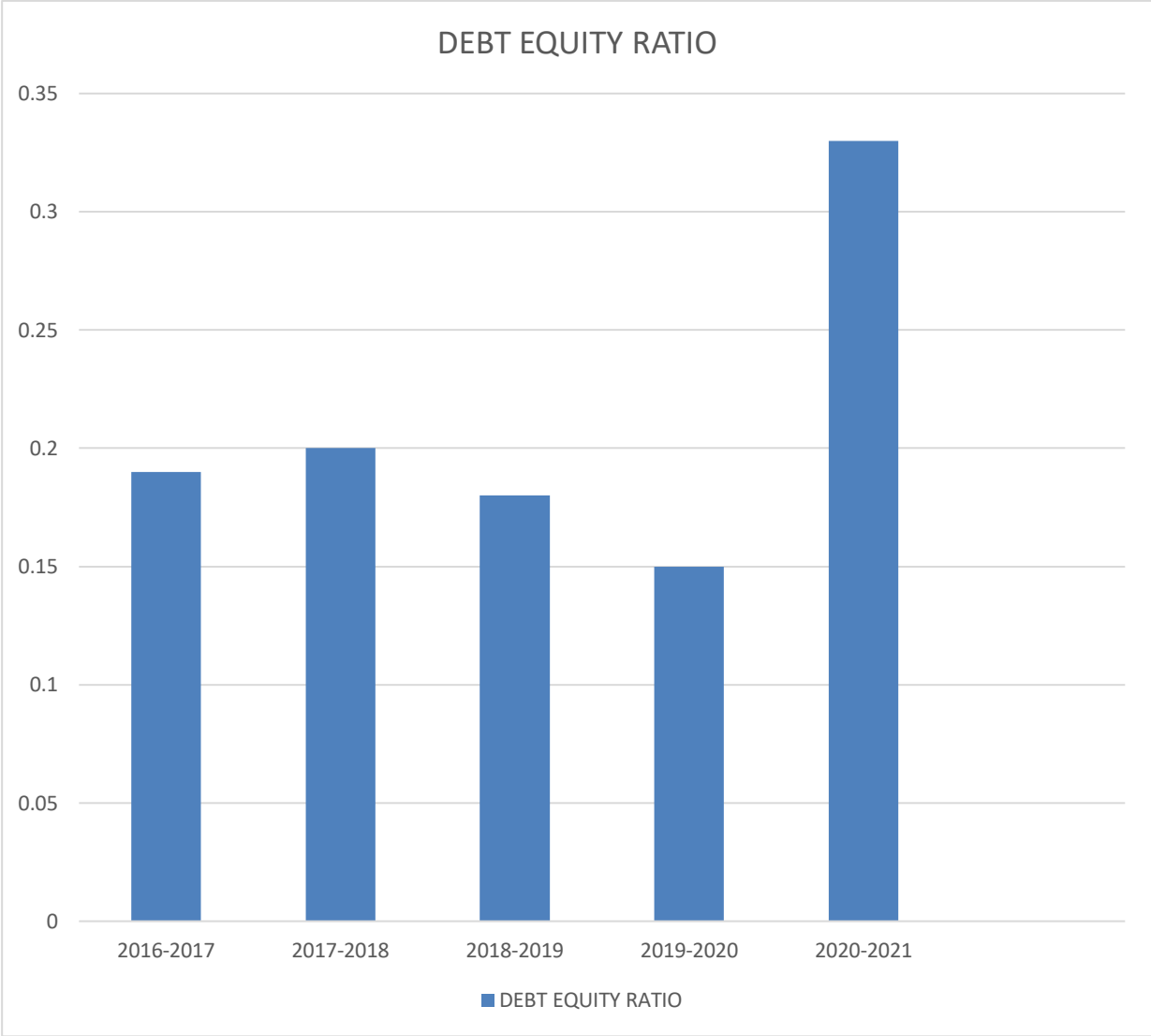


FIGURE 4.7 DEBT EQUITY RATIO OF THE COMPANY

TABLE 4.8 DEBT TO TOTAL ASSET RATIO (Rs.in lakh)

YEAR	TOTAL DEBT	TOTAL ASSET	RATIO
2016-2017	435.71	3015.89	0.14
2017-2018	445.22	3053.30	0.15
2018-2019	401.96	3029.43	0.13
2019-2020	339.19	3704.58	0.09
2020-2021	743.34	4222.23	0.17

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The debt to total asset ratio have been plotted into a chart and trend line has been given. The trend shows as ***INCREASING TREND*** in the coming years to be expected.

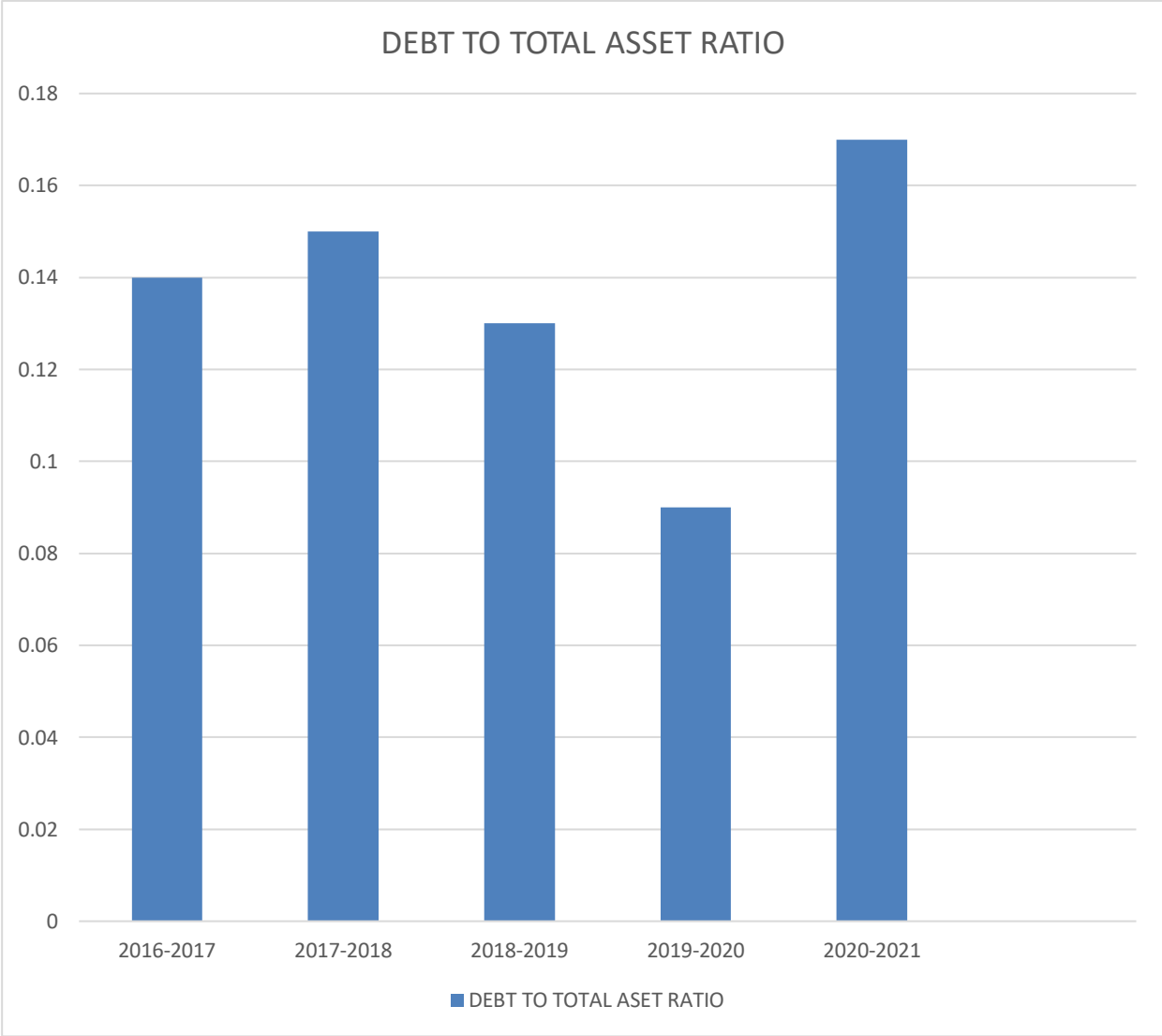


FIGURE 4.8 DEBT TO TOTAL ASSET RATIO OF THE COMPANY

TABLE 4.9 PROPRIETARY RATIO (Rs.in lakh)

YEAR	NET WORTH	TOTAL ASSET	RATIO
2016-2017	12046.65	3015.89	4.00
2017-2018	13135.53	3053.30	4.30
2018-2019	12393.53	3029.43	4.09
2019-2020	12511.84	3704.58	3.37
2020-2021	13473.00	4222.23	3.19

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The property ratio have been plotted into a chart and trend line has been given.

The trend shows as **DECREASING TREND** in the coming years to be expected.

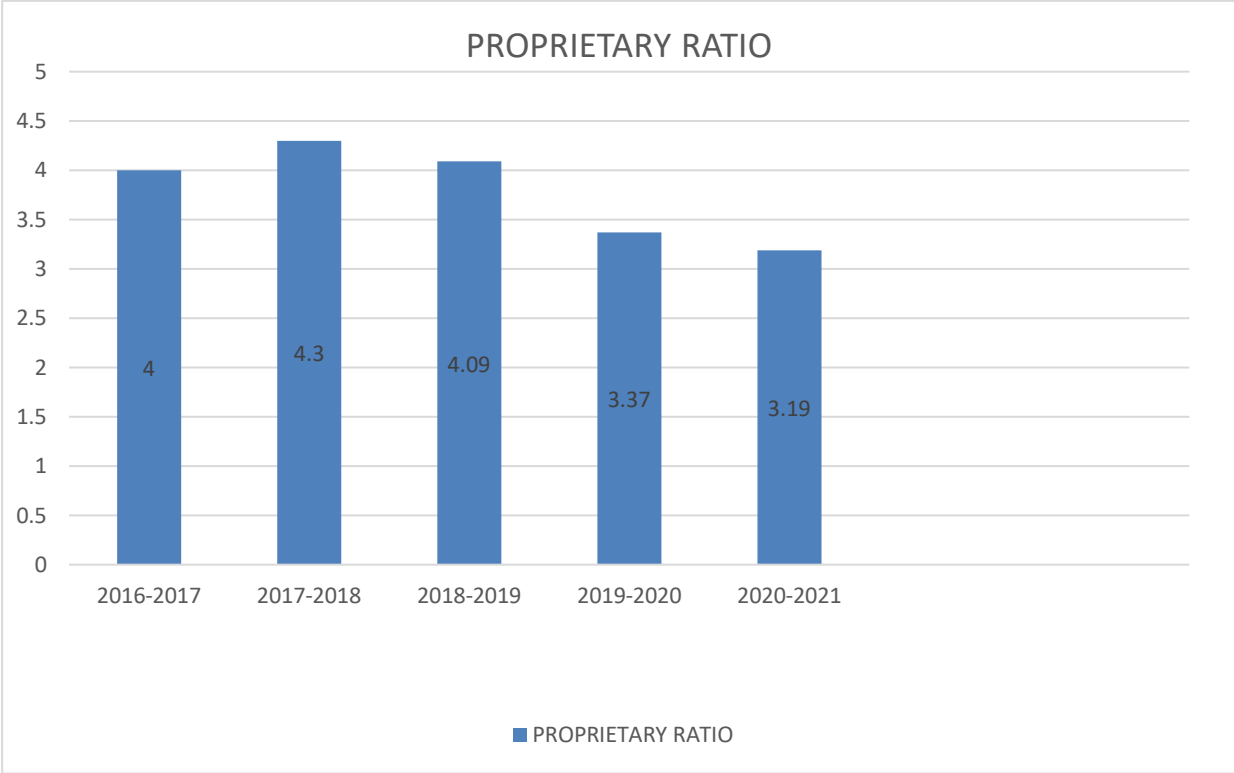


FIGURE 4.9 PROPRIETARY RATIO OF THE COMPANY

TABLE 4.10 FIXED ASSET RATIO (Rs.in lakh)

YEAR	FIXED ASSET	LONG TERM FUND	RATIO
2016-2017	99002.53	2617.26	37.82
2017-2018	88267.29	2645.45	33.36
2018-2019	92703.43	2589.20	35.80
2019-2020	83756.15	2589.20	32.34
2020-2021	90912.96	2967.79	30.63

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The fixed asset ratio have been plotted into a chart and trend line has been given.

The trend shows as **DECREASING TREND** in the coming years to be expected.

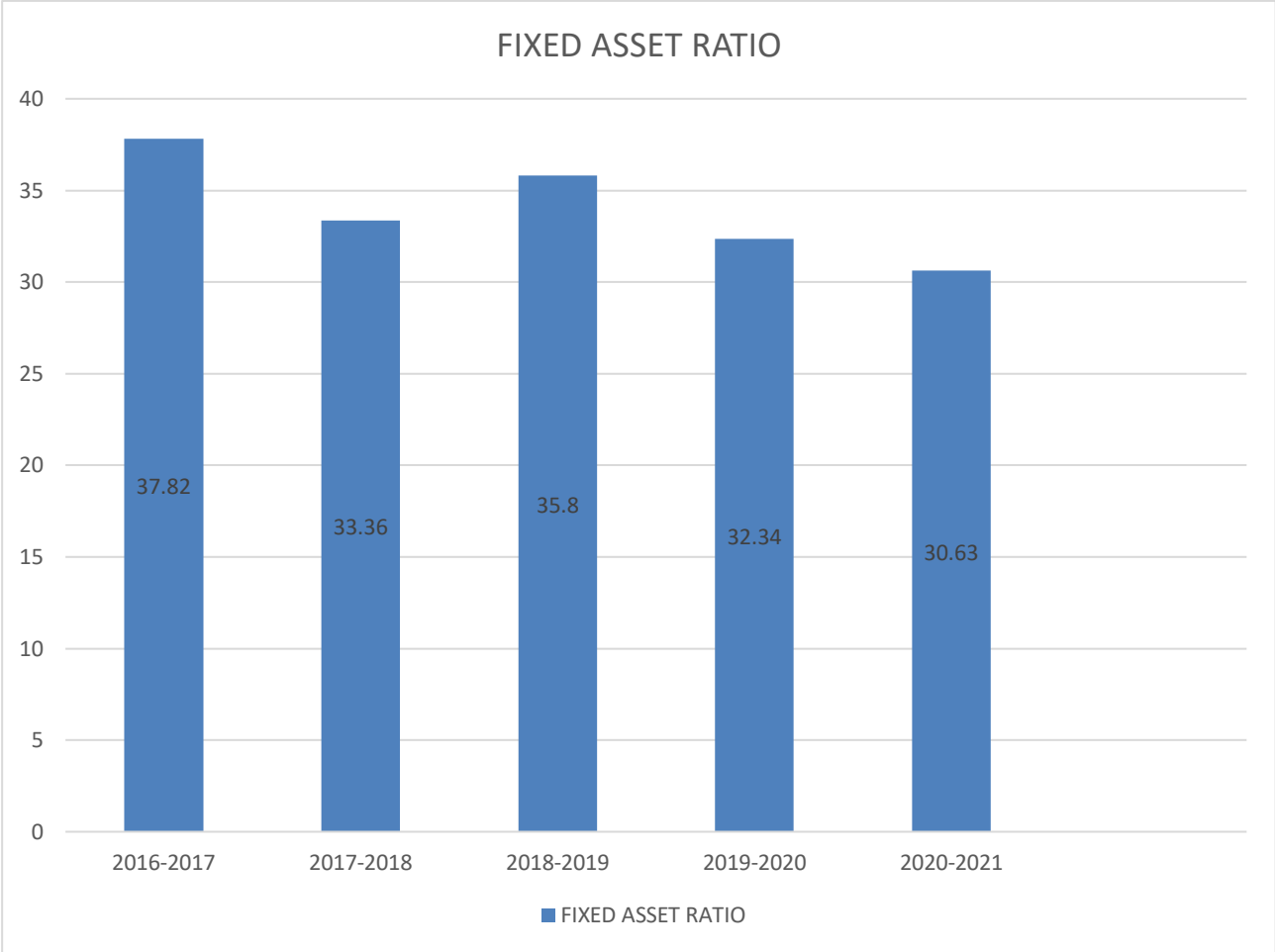


FIGURE 4.10 FIXED ASSET RATIO OF THE COMPANY

TABLE 4.11 DEBTORS TURNOVER RATIO (Rs.in lakh)

YEAR	NET SALES	AVERAGE DEBTORS	RATIO
2016-2017	2498.81	1430.37	1.74
2017-2018	3245.55	1650.81	1.96
2018-2019	3481.06	1613.05	2.15
2019-2020	3557.21	1508.13	2.35
2020-2021	3028.82	1884.51	1.60

Source: company's annual report 2017-2018 to 2020-2021

INTERPRETATION

The debtors turn over ratio have been plotted into a chart and trend line has been given. The trend shows as **DECREASING TREND** in the coming years to be expected.

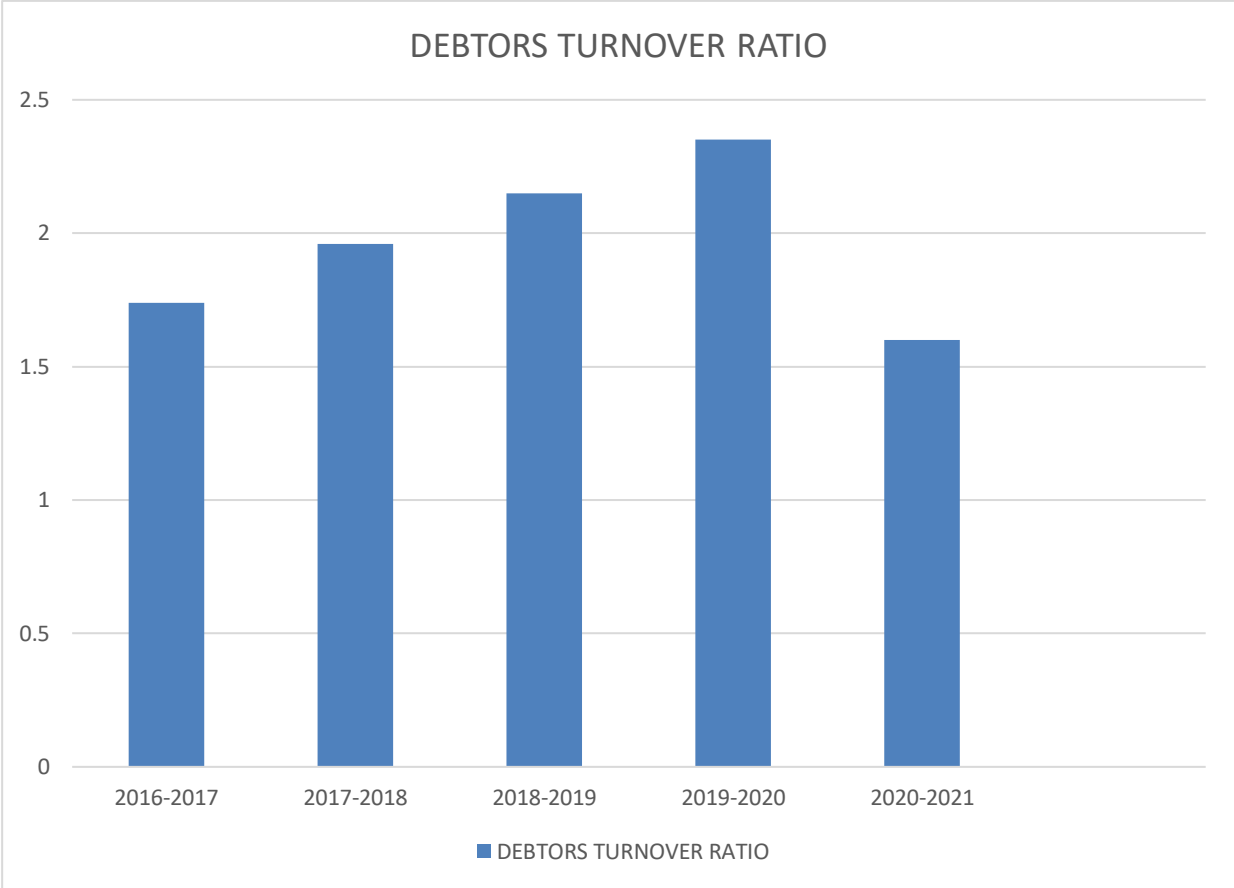


FIGURE 4.11 DEBTORS TURNOVER RATIO OF THE COMPANY

COMPARATIVE BALANCE SHEET

TABLE 4.12 COMPARATIVE BALANCE SHEET FOR YEAR 2016-2017

BALANCE SHEET

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
I. Assets			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	51,843.99	52,730.30
(b) Capital work-in-progress	4	7,942.33	5,883.43
(c) Intangible assets	5	5,242.26	1,715.58
(d) Intangible assets under development	6	-	4,504.95
(e) Financial assets			
(i) Investments	7	257.64	257.64
(ii) Loans	8	1,680.10	2,494.49
(iii) Other financial assets	9	157.13	58.25
(f) Deferred tax assets (net)	10	11,117.57	10,370.63
(g) Other non-current assets	11	10,026.27	20,987.26
Total non-current assets		88,267.29	99,002.53
(2) Current assets			
(a) Inventories	12	1,97,445.58	1,69,628.49
(b) Financial Assets			
(i) Investments	13	51.83	62.14
(ii) Trade receivables	14	1,43,037.35	1,20,716.69
(iii) Cash and cash equivalents	15	1,401.02	6,578.99
(iv) Loans	16	821.55	837.43
(v) Other financial assets	17	509.91	1,321.70
(c) Other current assets	18	39,477.69	38,265.72
Total current assets		3,82,744.93	3,37,411.16
Total Assets		4,71,012.22	4,36,413.69
II. Equity and Liabilities			
Equity			
(a) Equity share capital	19	4,177.22	4,177.22
(b) Other Equity		2,13,978.12	2,08,727.85
Total Equity		2,18,155.34	2,12,905.07
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	31,052.30	36,265.22
(ii) Other financial liabilities	21	41.60	32.99
(b) Provisions	22	17,494.24	16,064.26
(c) Other non-current liabilities	23	34,189.87	36,268.99
Total non-current liabilities		82,778.01	88,631.46
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	11,285.16	15,367.44
(ii) Trade payables	25		
A) Micro & Small Enterprises		1,819.71	1,396.92
B) Other than Micro & Small Enterprises		47,865.19	39,750.54
(iii) Other financial liabilities	26	3,216.48	7,405.35
(b) Other current liabilities	27	89,648.90	56,069.27
(c) Provisions	28	14,940.35	13,512.15
(d) Current tax liabilities (Net)	29	1,303.08	1,375.49
Total current liabilities		1,70,078.87	1,34,877.16
Total Equity and Liabilities		4,71,012.22	4,36,413.69

TABLE 4.13 COMPARATIVE BALANCE SHEET FOR YEAR 2017-2018

BALANCE SHEET		(₹ in Lakhs)	
Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
I. Assets			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	53,083.86	51,843.99
(b) Capital work-in-progress	4	6,802.27	7,942.33
(c) Intangible assets	5	5,201.39	5,242.26
(d) Intangible assets under development	6	-	-
(e) Financial assets			
(i) Investments	7	257.64	257.64
(ii) Loans	8	859.11	1,680.10
(iii) Other financial assets	9	38.09	157.13
(f) Deferred tax assets (net)	10	13,827.45	11,117.57
(g) Other non-current assets	11	12,633.62	10,026.27
Total non-current assets		92,703.43	88,267.29
(2) Current assets			
(a) Inventories	12	1,79,951.23	1,97,445.58
(b) Financial Assets			
(i) Investments	13	43.68	51.83
(ii) Trade receivables	14	1,64,223.32	1,43,037.35
(iii) Cash and cash equivalents	15	233.52	1,401.02
(iv) Loans	16	818.28	821.55
(v) Other financial assets	17	651.59	509.91
(c) Other current assets	18	28,841.70	37,905.85
Total current assets		3,74,763.32	3,81,173.09
Total Assets		4,67,466.75	4,69,440.38
II. Equity and Liabilities			
Equity			
(a) Equity share capital	19	4,177.22	4,177.22
(b) Other Equity		2,15,846.48	2,13,978.12
Total Equity		2,20,023.70	2,18,155.34
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	30,448.53	31,052.30
(ii) Other financial liabilities	21	41.60	41.60
(b) Provisions	22	16,636.98	17,494.24
(c) Other non-current liabilities	23	33,333.16	34,189.87
Total non-current liabilities		80,460.27	82,778.01
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	13,501.78	11,285.16
(ii) Trade payables	25		
(A) Micro & Small Enterprises		2,329.34	1,819.71
(B) Other than Micro & Small Enterprises		51,186.37	47,865.19
(iii) Other financial liabilities	26	2,683.12	3,216.48
(b) Other current liabilities	27	62,055.99	88,077.06
(c) Provisions	28	33,669.13	14,940.35
(d) Current tax liabilities (Net)	29	1,557.05	1,303.08
Total current liabilities		1,66,982.78	1,68,507.03
Total Equity and Liabilities		4,67,466.75	4,69,440.38

TABLE 4.14 COMPARATIVE BALANCE SHEET FOR YEAR 2018-2019

(₹ IN LAKHS)

Particulars	Note No	As at 31st March 2019	As at 31st March 2018
I. Assets			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	58,406.80	54,255.18
(b) Capital work-in-progress	4	2,545.06	6,810.01
(c) Intangible assets	5	4,681.36	5,201.39
(d) Intangible assets under development	6	-	-
(e) Financial assets			
(i) Investments	7	0.04	0.04
(ii) Loans	8	9.06	859.11
(iii) Other financial assets	9	50.75	38.09
(f) Deferred tax assets (net)	10	11,788.22	13,848.79
(g) Other non-current assets	11	6,274.86	7,727.68
Total non-current assets		83,756.15	88,740.29
(2) Current assets			
(a) Inventories	12	170,951.42	180,720.96
(b) Financial Assets			
(i) Investments	13	-	-
(ii) Trade receivables	14	161,396.29	165,083.38
(iii) Contract Assets	14a	48,916.36	-
(iv) Cash and cash equivalents	15	2,236.96	208.51
(v) Bank Balance Other than (iv) above	15a	905.98	34.15
(vi) Loans	16	817.28	818.28
(vii) Other financial assets	17	644.29	651.59
(viii) Current tax assets (Net)	17a	7,568.92	4,309.20
(c) Other current assets	18	24,045.35	27,944.51
Total current assets		417,482.85	379,770.58
Total Assets		501,239.00	468,510.87
II. Equity and Liabilities			
Equity			
(a) Equity share capital	19	4,177.22	4,177.22
(b) Other Equity		214,559.86	215,933.69
Equity attributable to equity holders of the parent		218,737.08	220,110.91
Non-controlling interests		19.80	21.74
Total Equity		218,756.88	220,132.65
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	30,296.68	30,448.53
(ii) Other financial liabilities	21	41.60	41.60
(b) Provisions	22	17,571.38	16,636.98
(c) Other non-current liabilities	23	33,346.48	33,333.16
Total non-current liabilities		81,256.14	80,460.27
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	9,917.27	13,536.36
(ii) Trade payables	25		
(A) Micro & Small Enterprises		2,574.35	2,386.08
(B) Other than Micro & Small Enterprises		74,123.13	51,619.30
(iii) Other financial liabilities	26	3,882.06	2,712.49
(b) Other current liabilities	27	75,836.36	62,109.30
(c) Provisions	28	30,924.66	33,987.90
(d) Current tax liabilities (Net)	29	3,968.15	1,566.52
Total current liabilities		201,225.98	167,917.95
Total Equity and Liabilities		501,239.00	468,510.87

TABLE 4.15 COMPARATIVE BALANCE SHEET FOR 2019-2020

(₹ IN Lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
I. Assets			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	56,933.07	58,406.80
(b) Right of Use Asset	3A	874.59	-
(c) Capital work-in-progress	4	1,542.44	2,545.06
(d) Intangible assets	5	4,281.20	4,681.36
(e) Intangible assets under development	6	-	-
(f) Financial assets			
(i) Investments	7	0.04	0.04
(ii) Loans	8	9.96	9.06
(iii) Other financial assets	9	54.32	50.75
(g) Deferred tax assets (net)	10	20,839.68	11,788.23
(h) Other non-current assets	11	6,377.67	6,274.86
Total non-current assets		90,912.96	83,756.16
(2) Current assets			
(a) Inventories	12	200,772.18	170,951.42
(b) Financial Assets			
(i) Investments	13	-	-
(ii) Trade receivables	14	151,037.35	161,396.29
(iii) Contract Assets	14a	30,384.85	48,916.36
(iv) Cash and cash equivalents	15	2,734.32	2,237.07
(v) Bank Balance Other than (iv) above	15a	50.95	905.87
(vi) Loans	16	-	817.28
(vii) Other financial assets	17	608.97	644.29
(viii) Current tax assets (Net)	17a	7,152.98	7,568.91
(c) Other current assets	18	23,521.02	24,045.35
Total current assets		416,262.62	417,482.84
Total Assets		507,175.58	501,239.00
II. Equity and Liabilities			
Equity			
(a) Equity share capital	19	4,177.22	4,177.22
(b) Other Equity		221,100.07	214,559.86
Equity attributable to equity holders of the parent		225,277.29	218,737.08
Non-controlling interests		3.75	19.80
Total Equity		225,281.04	218,756.88
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	20,149.48	30,296.68
(ii) Other financial liabilities	21	41.60	41.60
(b) Provisions	22	18,634.91	17,571.38
(c) Other non-current liabilities	23	98,356.62	33,346.48
Total non-current liabilities		137,182.62	81,256.14
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	3,811.03	9,917.27
(ii) Trade payables	25		

TABLE 4.16 COMPARATIVE BALANCE SHEET FOR 2020-2021

				(₹ in Lakhs)
Particulars	Note No.	As at 31st March 2021	As at 31st March 2020	
I. Assets				
(1) Non-current assets				
(a) Property, Plant and Equipment	3	55,860.65	56,933.07	
(b) Right of Use Asset	3A	762.18	874.59	
(c) Capital work-in-progress	4	890.25	1,542.44	
(d) Intangible assets	5	3,450.38	4,281.20	
(e) Intangible assets under development	6	503.46	-	
(f) Financial assets				
(i) Investments	7	0.04	0.04	
(ii) Loans	8	10.99	9.96	
(iii) Other financial assets	9	45.64	54.32	
(g) Deferred tax assets (net)	10	19,723.80	20,839.68	
(h) Other non-current assets	11	6,898.01	6,377.67	
Total non-current assets		88,145.41	90,912.96	
(2) Current assets				
(a) Inventories	12	197,534.63	200,772.18	
(b) Financial Assets				
(i) Investments	13	-	-	
(ii) Trade receivables	14	188,450.91	150,812.72	
(iii) Contract Assets	14a	63,430.72	30,384.85	
(iv) Cash and cash equivalents	15	447.68	2,734.32	
(v) Bank Balance Other than (iv) above	15a	87.87	50.95	
(vi) Loans	16	-	-	
(vii) Other financial assets	17	550.41	608.97	
(viii) Current tax assets (Net)	17a	2,804.81	7,152.98	
(c) Other current assets	18	31,930.82	23,524.03	
Total current assets		485,237.85	416,041.00	
Total Assets		573,383.26	506,953.96	
II. Equity and Liabilities				
Equity				
(a) Equity share capital	19	4,177.22	4,177.22	
(b) Other Equity		217,263.66	221,100.07	
Equity attributable to equity holders of the parent		221,440.88	225,277.29	
Non-controlling interests		(16.51)	3.75	
Total Equity		221,424.37	225,281.04	
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	20	10,000.00	20,149.48	
(ii) Other financial liabilities	21	796.08	877.91	
(b) Provisions	22	20,772.37	18,634.91	
(c) Other non-current liabilities	23	111,434.98	98,356.62	
Total non-current liabilities		143,003.44	138,018.93	
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	24	54,184.87	3,811.03	
(ii) Trade payables	25			
(A) Micro & Small Enterprises		3,885.49	2,998.39	
(B) Other than Micro & Small Enterprises		70,289.96	63,254.44	
(iii) Other financial liabilities	26	12,371.86	12,479.03	
(b) Other current liabilities	27	41,958.58	39,709.11	
(c) Provisions	28	26,110.12	21,401.98	
(d) Current tax liabilities (Net)	29	154.56	-	
Total current liabilities		208,955.45	143,653.99	
Total Equity and Liabilities		573,383.26	506,953.96	

CHAPTER 5

FINDINGS , SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

- The current ratios have been plotted into a chart and Trend line has been given. The trend shows an ***decreasing trend*** in the coming years to be expected.
- The absolute liquid ratios have been plotted into a chart and Trend line has been given. The trend shows an ***decreasing trend*** in the coming years to be expected.
- The working capital ratios have been plotted into a chart and Trend line has been given. The trend shows an ***decreasing trend*** in the coming years to be expected.
- The gross profit ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.
- The net profit ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.
- The debt equity ratios have been plotted into a chart and Trend line has been given. The trend shows a ***increasing trend*** in the coming years to be expected.
- The operating ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.
- The debt to total assets ratios have been plotted into a chart and Trend line has been given. The trend shows a ***increasing trend*** in the coming years to be expected.
- The proprietary ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.
- The fixed asset ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.

- The debtor turnover ratios have been plotted into a chart and Trend line has been given. The trend shows an ***decreasing trend*** in the coming years to be expected

5.2 SUGGESTIONS

1. From the overall analysis of financial statements and component wise cost, the company is being looked from all the dimension and finally it can be concluded that economic health is sufficiently strong with huge cash reserve can enable the company for diversification and many other ventures is being processed apart from the main business of coal mining.
2. Cost aspect is also registering that the price increase is contained within the level of inflation in spite of many other extraneous factors.
3. In my opinion it is a cash rich PSU and should go for diversification meeting all social commitment.
4. In global context for its survival and growth many other conditional ties to be complied.
5. Under corporate governance more transparency should be maintained and many other commitments to be achieve.

5.3 CONCLUSION

1. To measure the efficiency of the Organization – If we go through the ratio analysis part, we will see that during the analysis of liquidity ratio there is positive growth from 2020 onwards. The liquidity position of the company is improving significantly and the terminal year has registered its growth positively and has established that current assets has exceeded over current liabilities. There is also immense reduction of the percentage of debt during the years, which is the company has low financial risk which is beneficiary to the shareholders. If we go through the profitability ratios we will see that the company is making profit and its operating efficiency is sound.

2. To judge the profit earning capacity of the Organization – The profitability position of the organization on the whole for last five years as has been depicted before is following a healthy and rising trend because of improved productivity, increased turnover and containing cost between single digit inflation.

3. To know about the financial strength of the Organization – The debt burden of the company is drastically reducing, which is a good indication for the shareholders that the company is able to withstand its financial needs from its own generation and the siphoning of funds from outer sources is gradually in decreasing order. From the information in the dissertation, it can be said that the company is financially sound and it is identified that the company including its eight subsidiaries has attained the stage of profitability and it is a remarkable achievement in the arena of Financial Management.

By analyzing the financial performance of the company of the Company it is inferred that the company financial position is found to be good. The ratios of the company are satisfactory. The profitability of the company is satisfactory but does not show a higher change in the profit when compared with the previous years. The company has increasing liabilities over years. The company has also raised its investments and reserves for future purpose. This clearly shows that the company is in the developing nature and their position in the society is satisfactory

REFERENCE

- 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.
- Dafule 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.
- 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.
- 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.
- 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.

- 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.
- 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.
- 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 to 2004. The results indicated that there is an adverse relationship between variables of working capital management and profitability.