

# Working Capital Management in AVR Manufacturers Pvt Ltd, Chennai

S Praveen Kumar, Kirthi, Prasath Alias Surendhar

**Abstract:** This endeavor deals with the "A Study on Working Capital Management with reference to AVR Manufacturers". Working Capital Management is stressed over the issues that develop while attempting to manage the present assets, the present liabilities and the cover relationship that exist between them. The target of Working Capital Management is to manage the affiliation's present assets and current liabilities in such way that the pleasing level of Working Capital is referenced. The present assets should be tremendous enough to cover its present liabilities in order to ensure a reasonable edge of the security. [1],[ 3],[5]

The examination of Working Capital relies upon instruments like Trend Analysis, Ratio Analysis, Working Capital impact, working cycle, etc. Further the examination relies upon latest 5 years Annual Reports of AVR Manufacturers. Besides, even factors like contender's assessment, industry examination were not considered while setting up this errand. For this assessment the discretionary data gathering method is used. The data aggregation was away for examination of Working Capital organization of the association. There is a necessity for Working Capital as present points of interest for plan with the issue rising out of nonattendance of speedy affirmation of cash against items sold. Thusly satisfactory Working Capital is critical to help arrangements activity. This examination has a bit of the limitations like obliged data, confined period, compelled area and the term of the assessment is low. [2 ],[ 4],[6]

**Keywords :** working capital, participation, management

## I. INTRODUCTION

Workers' Each running business needs working capital. Indeed, even a business which is completely outfitted with a wide range of fixed resources required will undoubtedly fall without (i) sufficient supply of crude materials for handling; (ii) money to pay for wages, influence and different costs; (iii) making a load of completed merchandise to nourish the market request consistently; and, (iv) the capacity to allow credit to its clients. All these require working capital. Working capital is in this manner like the backbone of a business. The business won't almost certainly carry on everyday exercises without the accessibility of sufficient working capital. [7],[ 9] ,[11]

Working capital cycle includes changes and turn of different constituents/segments of the working capital. At first 'money'

is changed over into crude materials. In this way, with the use of fixed resources bringing about worth increases, the crude materials get changed over into work in procedure and afterward into completed products. At the point when sold using a loan, the completed products accept the type of borrowers who give the business money on due date. In this manner 'money' accept its unique structure again toward the part of the bargain working capital cycle yet in the course it goes through different types of current resources as well. This is the manner by which different segments of current resources continue changing their structures because of worth expansion. Thus, they pivot and business activities proceed. In this manner, the working capital cycle includes turn of different constituents of the working capital. While dealing with the working capital, two attributes of current resources ought to be remembered viz. [8],[ 10] ,[12]

short life expectancy, and quick change into other type of current resource. Every constituent of current resource has similarly short life expectancy. Venture stays in a specific type of current resource for a brief period. The life expectancy of current resources relies on the time required in the exercises of acquisition; generation, deals and accumulation and level of synchronization among them. [13], [15] ,[ 17]

A short life expectancy of current resources results into quick change into other type of current resources for a running business. These qualities have certain ramifications:

- i) Decision with respect to the board of the working capital must be taken habitually and on a recurrent premise.
- ii) The different parts of the working capital are firmly related and bungle of any one segment unfavorably influences different segments as well. [14],[ 16], [18]
- iii) The distinction between the present worth and the book estimation of benefit isn't noteworthy.

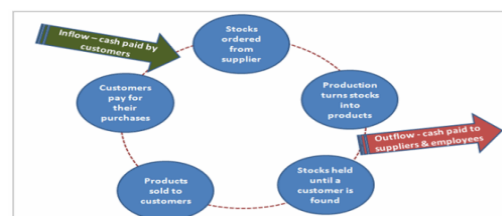


Fig:1

**Revised Manuscript Received on July 22, 2019.**

**S.Praveen Kumar**, Department of MBA, Bharath Institute of Higher Education and Research, Tamilnadu, India. Email: praveenkumar.mba@bharathuniv.ac.in

**Kirthi\***, Department of MBA, Bharath Institute of Higher Education and Research, Tamilnadu, India. Email: kirthimba@gmail.com

**Prasath Alias Surendhar**, Department of Biomedical Engineering, Bharath Institute of Higher Education and Research, Tamilnadu, India. Email: mail.surendhar@gmail.com

Fig: 2 LIQUID RATIO

II. STATISTICAL TOOLS USED:

The study employs the following analytical tools:

- Schedule of changes in Working Capital
- Ratio Analysis.
- Correlation
- Trend Analysis

III.RATIO ANALYSIS

TABLE:1 CURRENT RATIO

Years	Current Assets (Rs. In Lakhs)	Current Liabilities (Rs. In Lakhs)	Current Ratio (In Times)
2012	37876.57	30416.58	1.25
2013	38804.52	33405.62	1.16
2014	64477.00	100771.80	0.64
2015	93887.61	136628.12	0.69
2016	82740.68	141382.71	0.59

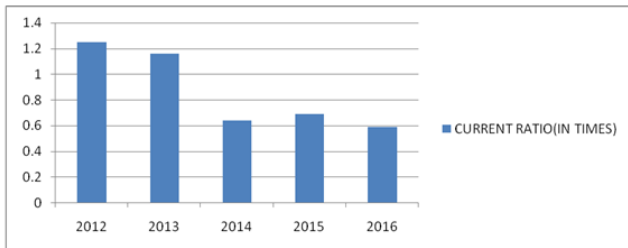


Fig:1 CURRENT RATIO

Table:2 LIQUID RATIO

Years	Liquid Assets (Rs. In Lakhs)	Current Liabilities (Rs. In Lakhs)	Liquid Ratio (In Times)
2012	18740.98	30416.58	0.62
2013	21893.22	33405.62	0.66
2014	43976.84	100771.80	0.44
2015	39032.49	136628.12	0.29
2016	36223.85	141382.71	0.26

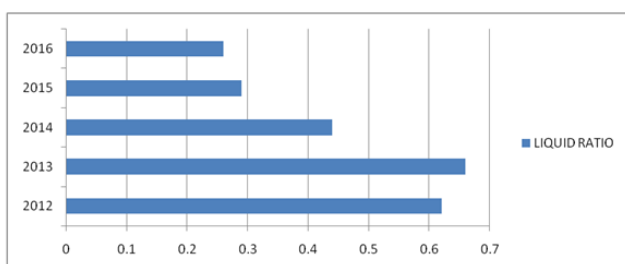


Table:3 ABSOLUTE LIQUID RATIO

Years	Cash (Rs. In Lakhs)	Current Liabilities (Rs. In Lakhs)	Absolute Liquid Ratio (In Times)
2012	1767.15	30416.58	0.06
2013	1936.31	33405.62	0.06
2014	1222.00	100771.80	0.01
2015	1973.52	136628.12	0.01
2016	2450.54	141382.71	0.02

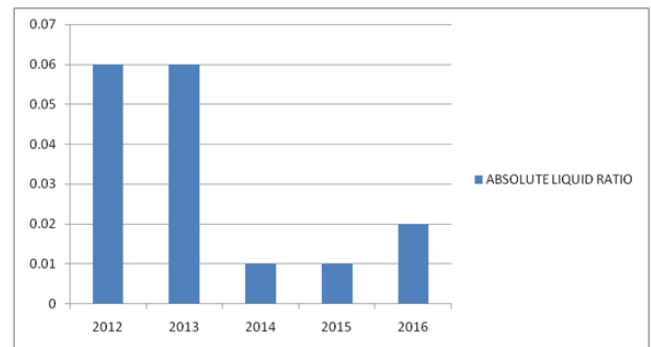


Fig: 3 ABSOLUTE LIQUID RATIO

Table:4 GROSS PROFIT RATIO

Years	Gross Profit (Rs in Lakhs)	Net Sales (Rs in Lakhs)	Gross Profit Ratio (In %)
2012	13931.36	106646.31	13.06
2013	14988.56	102567.74	14.61
2014	16499.38	120849.64	13.65
2015	2522.77	152291.83	1.66
2016	12610.63	186125.75	6.78

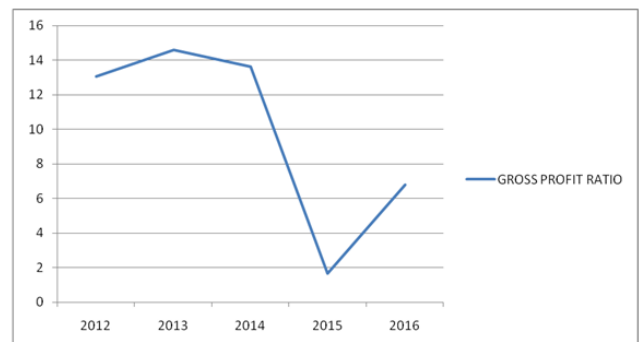


Fig: 4 GROSS PROFIT RATIO

Table:5

Schedule of Changes in Working Capital -2013 & 2014				
Particulars	2013	2014	Changes in Working Capital	
			Increase	Decrease
<b>Current assets:</b>				
Inventories	16911.3	20500	3588.7	
Trade receivables	19956.91	20585.34	628.43	
Cash& cash equivalents	1936.31	1222		714.31
Short term loan	Nil	21172.96	21172.96	
Other current assets	Nil	996.54	996.54	
<b>Total(A)</b>	<b>38804.52</b>	<b>64476.84</b>		
<b>Current liabilities</b>				
Short term borrowings	2827.06	40631.23		37804.17
Trade payables	13983.69	19848.46		5864.77
Other current liabilities	5685.98	34050.53		28364.55
Short term provisions	10908.89	6241.58	4667.31	
<b>Total(B)</b>	<b>33405.62</b>	<b>100771.8</b>		
<b>Net Working Capital (A-B)</b>	<b>5398.9</b>	<b>(36294.96)</b>		
Decrease in working capital	41693.86		41693.86	
<b>Total</b>	<b>(36294.96)</b>	<b>(36294.96)</b>	<b>72747.8</b>	<b>72747.8</b>

Schedule of Changes in Working Capital - 2012 & 2013				
Particulars	2012	2013	Changes in Working Capital	
			Increase	Decrease
<b>Current assets:</b>				
Inventories	19135.59	16911.3		2224.29
Trade receivables	16473.83	19956.91	3483.08	
Cash& cash equivalents	1767.15	1936.31	169.16	
Short term loan	nil	nil		
Other current assets	nil	nil		
<b>Total(A)</b>	<b>37376.57</b>	<b>38804.52</b>		
<b>Current liabilities</b>				
Short term borrowings	2556.6	2827.06		270.46
Trade payables	11904.29	13983.69		2079.4
Other current liabilities	5864.25	5685.98	178.27	
short term provisions	10091.37	10908.89		817.52
<b>Total(B)</b>	<b>30416.51</b>	<b>33405.62</b>		
<b>Net Working Capital (A-B)</b>	<b>6960.06</b>	<b>5398.9</b>		
Decrease in working capital		1561.16	1561.16	
<b>Total</b>	<b>6960.06</b>	<b>6960.06</b>	<b>5391.67</b>	<b>5391.67</b>

Schedule of Changes in Working Capital - 2011 & 2012				
Particulars	2011	2012	Changes in Working Capital	
			Increase	Decrease
<b>Current assets:</b>				
Inventories	14726.46	19135.59	4409.13	
Trade receivables	9856.46	16473.83	6617.37	
Cash& cash equivalents	2304.42	1767.15		537.27
Short term loan	nil	nil		
Other current assets	nil	nil		
<b>Total(A)</b>	<b>26887.34</b>	<b>37376.57</b>		
<b>Current liabilities</b>				
Short term borrowings	2266.35	2556.6		290.25
Trade payables	20775.79	11904.29	8871.5	
Other current liabilities	218.6	5864.25		5645.65
short term provisions	7597.32	10091.37		2494.05
<b>Total(B)</b>	<b>30858.06</b>	<b>30416.51</b>		
<b>Net Working Capital (A-B)</b>	<b>(3970.72)</b>	<b>6960.06</b>		
Increase in working capital	10930.78			10930.78
<b>Total</b>	<b>6960.06</b>	<b>6960.06</b>	<b>19898</b>	<b>19898</b>

Table:6

TABLE 4.20 CORRELATION

Year	Sales(X)	WC(Y)	X <sup>2</sup>	Y <sup>2</sup>	XY
2012	106646.31	7459.99	11373435436.6161	55651450.8001	795580406.1369
2013	102567.74	5398.9	10520141288.7076	29148121.21	553752971.486
2014	120849.64	-36294.8	14604635488.129	1317312507.04	-4386213513.872
2015	152291.83	-42740.51	23192801484.7489	1826751195.0601	-6509030483.0333
2016	186125.75	-58642.03	34642794813.0625	3438887682.5209	10914791815.2725
	<b>668481.27</b>	<b>124818.45</b>	<b>94333808511.5152</b>	<b>6667750956.6311</b>	<b>20460702434.5549</b>

FORMULA

$$r = \frac{N \sum XY - (\sum X)(\sum Y)}{\sqrt{[N \sum X^2 - (\sum X)^2][N \sum Y^2 - (\sum Y)^2]}}$$

$$r = \frac{5(-20460702435) - (668481.27)(-124818.45)}{\sqrt{[5^*94333808511 - (668481.27)^2] (5^*6667750957) - (124818.45)^2}}$$

$$r = \frac{-18864716197.3433}{\sqrt{440458485260291919040.8408}}$$

$$r = \frac{-18864716197.3433}{20987102831.50802}$$

$$r = -0.89887186$$

IV. RESULTS

1. The current proportion of the organization is higher in the year 2012 with 1.24 and it was diminished to 0.59 in the year 2012-13. [19],[21],[23]
2. The organization's liquidity position is backing off to 0.26 in the year 2016 from 0.66 in the year 2013.
3. The organization's supreme fluid proportion has been expanded to 0.02 in the year 2016 from 0.01 in the year 2015.
4. The gross benefit of the organization is expanded to 6.78 in the year 2016.



5. The net benefit of the organization is diminished to 4.91 in the year 2016 from 7.15 in the year 2015. This demonstrates a low edge of wellbeing. The organization needs to deal with the offers of the organization.

6. The obligation value proportion of the organization is diminished to 0.59 in the year 2013 from 0.82 in the year 2012. Be that as it may, the obligation limit of the organization is step by step expanded step by step

7. The stock turnover proportion Of the organization is diminished to 4.86 in the year 2013 from 5.48 in the year 2012. Be that as it may, the expense of merchandise sold and normal stock has begun to expand step by step

8. The indebted person turnover proportion Of the organization is diminished to 5.14 in the year 2013 from 6.28 in the year 2012. In any case, it began to increment from one year from now.

9. Debtor Collection Period shows the normal time taken to gather exchange obligations. At the end of the day, a decreasing timeframe is a marker of expanding productivity.

10. The leaser turnover proportion of the organization is expanded to 1.74 in the year 2013 from 1.66 in the year 2012 and it again began to increment for next two years.

11. The organization is exploiting exchange credit accessible to it.

12. The Working Capital of the organization expanded to 19.00 occasions in the year 2013 from 14.30 occasions in the year 2012 and from there on the Working Capital of the organization has begun to diminish. [26],[28],[30]

13. The fixed resource turnover proportion is diminished to 0.49 in the year 2013 from 0.72 in the year 2012. Be that as it may, it expanded the benefit turnover proportion from quick one year from now.

14. The current resource proportion is diminished to 2.64 in the year 2013 from 2.82 in the year 2012 . Be that as it may, it step by step began to build the turnover proportion from 2012-2013.

15. The net resource turnover proportion is diminished to 0.38 in the year 2013 from 0.53 in the year 2012 and there from it began to diminish yet 2016 it began to increment at progressive level

16. The changes of Working Capital is to be diminished in the year 2016

17. The changes of Working Capital is to be diminished in the year 2012-11

18. The changes of Working Capital is to be diminished in the year 2014

19. The changes of Working Capital are to be diminished in the year 2013. In this way it demonstrates the overabundance of current resources over current liabilities is alluded to as the organization's working capital

20. The changes of Working Capital are to be expanded in the year 2012. In this manner it demonstrates the abundance of current liabilities over current resources is alluded to as the organization's negative working capital. [20],[ 22], [24]

## V. DISCUSSION

1. The Company recommends to take measures for keep up the fixed resources so as to use the advantages for the business for longer than a year.

2. The organization is recommended to take measures for increment the deals , when deals are fast, little money is attached to prop the business up; which may make it simpler to extend.

3. The Management proposes to augment its income should take to the extent that this would be possible to pay its bills. In any case, there are dangers related with taking additional time than is allowed by the terms of exchange with the provider. One is the loss of provider generosity; another is the potential danger of lawful activity or late-pay. [31],[33],[32]

4. The organization proposes that to focus more on deals for gathering its better obligation limit.

5. The organization proposes that to make fundamental strides of the account holders accumulation period so as to maintain a strategic distance from the late installment.

6. The Management recommended finding a way to expanding the Working Capital so as to meet the everyday tasks. [25],[27],[29]

## VI. CONCLUSION

Working Capital is utilized in AVR Manufacturers, for the accompanying reason work in advancement, completed merchandise, inventories, sundry borrowers, and day today money prerequisites. The AVR Manufacturers keep certain subsidizes which is naturally accessible to fund the present resources necessities. The different data with respect to "Money related wellbeing the board, for example, grouping, determinants, sources have been talked about identifying with AVR Manufacturers, Ratio Analysis has been Carried out utilizing Financial Information for last five bookkeeping years for example from 2011 to 2015 Ratios like working capital Turnover Ratio, Quick Ratio, Current Ratio, Inventory Turnover Ratio, Debtor Turnover Ratio, Creditors turnover proportion have additionally been broke down. A Statement of Changes in Working Capital has additionally been investigated.

From the discovering I infeXr that the administration proposed finding a way to expanding the

Working Capital so as to meet the everyday tasks.

It is likewise recommended to the organization to make vital strides of the indebted person's accumulation period so as to maintain a strategic distance from the late installment. The Management proposes to augment its income should take to the extent that this would be possible to pay its bills. Be that as it may, there are dangers related with taking additional time than is allowed by the terms of exchange with the provider. One is the loss of provider generosity; another is the potential risk of legitimate activity or late-pay.

The organization utilize aggregate office technique for dissecting Financial wellbeing the executives. The organization's general deals are in a beneficial position yet the Working Capital of the organization is negative because of increment under water and ebb and flow liabilities.

## REFERENCES

- G BharthVajan R., Ramachandran S.,Psychographic dimensions of training,2016,International Journal of Pharmacy and Technology,V-8,I-4,P-23727-23729
- Balakrishnan P., Bharthvajan R.,A study on human resource planning in hospitals in Chennai City,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7503-7507
- Priyadarsini P., Bharthvajan R.,Role of emotional intelligence training programme in reducing the stress of the nurses,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7411-7421
- Kerinab Beenu G., Bharthvajan R.,Empirical analysis on the cosmetic buying behavior of young women in South India,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7361-7366
- Balakrishnan P., Bharthvajan R.,Whistling in the wind,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7586-7593
- Krishnan B., Peter M.,Health hazards of Indian Bpo employee-an alarming issue,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7336-7341
- Kerinab Beenu G.H., Peter M.,Role of insurance in economic development,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7532-7539
- Balakrishnan P., Peter M., Priyadarsini P.,Efficiency of safety measures for wellbeing of employees in manufacturing industry,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7376-7382
- Anbarasi M., Praveen Kumar S.,Online sales promotions of herbal products and its effectiveness towards tanisha.com,2019,Indian Journal of Public Health Research and Development,V-10,I-1,P-195-200
- Anbarasi M., Praveen Kumar S.,Various online marketing and promotions strategies to improve the validation towards the organic products in the pharmaceutical sectors,2019,Indian Journal of Public Health Research and Development,V-10,I-1,P-263-269
- Loganathan R., Praveen Kumar S.,Grievance handling a key factor for solving issues of employees in an organization,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7483-7491
- Loganathan R., Praveen Kumar S.,Study on preference of private label brands in super and Hypermarkets,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7327-7335
- Smitha M., Praveen Kumar S.,Understanding stress and its managementamong the nurses in Chennai city,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7560-7565
- Kerinab Beenu G.H., Praveen Kumar S.,A study on the investment behavior of Chennai investors in mutual fund schemes,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7520-7525
- Loganathan R., Praveen Kumar S.,Retention strategies key for organizational productivity,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7443-7447
- Pavithra J., Ganesan M., Brindha G.,State wise analysis of microfinance sector in India,2016,International Journal of Pharmacy and Technology,V-8,I-4,P-23417-23432
- Pavithra J., Ganesan M.,A comparative study on microfinance in India and abroad,2016,International Journal of Applied Business and Economic Research,V-14,I-8,P-5471-5476
- Pavithra J., Ganesan M.,A study on awareness and impact of micro-financial schemes,2016,International Journal of Applied Business and Economic Research,V-14,I-8,P-5449-5460
- Senthilmurugan P., Pavithra J.,Consumer preference towards organised retailing with reference to Big Bazaar,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7469-7475
- Senthilmurugan P., Pavithra J.,Implication of social media marketing in growing healthcare industry,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7448-7456
- Loganathan R., Pavithra J.,Consumer perception towards private label brand over other brands in super markets and hypermarkets,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7355-7360
- Kerinab Beenu G., Pavithra J.,Trade-off between liquidity and profitability in logistics industry,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7398-7401
- Kerinab Beenu G., Pavithra J.,A study on the prospective consumer's perception towards utility cars in Chennai city,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7526-7531
- Pavithra J., Dilli Babu P., Ambuli T.V.,A study on budgetary control at Maruti Service Masters, Chennai,2014,International Journal of Applied Business and Economic Research,V-12,I-2,P-151-161
- Pavithra J., Dilli Babu P., Ambuli T.V.,A study on customer satisfaction of retro Garments Pvt Ltd, Chennai,2014,International Journal of Applied Business and Economic Research,V-12,I-2,P-381-391
- Kerinab Beenu G.H., Pavithra J., Senthilmurugan P.,A study on the influence of promotional activities for TATA ARIA among consumers in Chennai,2014,International Journal of Applied Engineering Research,V-9,I-22,P-7572-7578
- Vijayaragavan S.P.,An investigative expert that's general FBG sensors,International Journal of Mechanical Engineering and Technology,V-8,I-8,PP-1500-1505,Y-2017
- Vijayaragavan S.P.,Equalization routing protocol for Wi-Fi sensor strategy,International Journal of Mechanical Engineering and Technology,V-8,I-8,PP-1662-1666,Y-2017
- Karthik B., Kiran Kumar T.V.U., Vijayaragavan P., Bharath Kumaran E.,Design of a digital PLL using 0.35µm CMOS technology,Middle - East Journal of Scientific Research,V-18,I-12,PP-1803-1806,Y-2013
- Kanniga E., Selvaramarathnam K., Sundararajan M.,Kandigital bike operating system,Middle - East Journal of Scientific Research,V-18,I-12,PP-1803-1806,Y-2013
- Jasmin M., Vigneshwaran T., Beulah Hemalatha S.,Design of power aware on chip embedded memory based FSM encoding in FPGA,International Journal of Applied Engineering Research,V-10,I-2,PP-4487-4496,Y-2015
- Jasmin M.,Optimization techniques for low power VLSI circuits,Middle - East Journal of Scientific Research,V-20,I-9,PP-1082-1087,Y-2014
- Jasmin M., Vigneswaran T.,Fuzzy controller for error control of on - Chip communication,2017 International Conference on Algorithms, Methodology, Models and Applications in Emerging Technologies, ICAMMAET 2017,V-2017-January,I-PP-1-5,Y-2017

## AUTHORS PROFILE



**Dr.S.Praveen Kumar** Professor ,Department of MBA, Bharath Institute of Higher Education and Research, Tamilnadu, India



**Kirthi**,Student ,Department of MBA, Bharath Institute of Higher Education and Research, Tamilnadu, India



**Prasath Alias Surendhar** Assistant Professor ,Department of Biomedical Engineering, Bharath Institute of Higher Education and Research, Tamilnadu, India .