

Working Capital Management in Blue Bharath Exim Pvt.Ltd, Chennai

Magdalene Peter, S.Fabiyola Kavitha

Abstract: Working capital is the distinction between current resources and current liabilities, which is a piece of capital that needn't to satisfy for the time being. That is, working capital mirrors the overall security of short-term capital. We can be educated on the endeavor's money related hazard, by the benefit of working capital and some related pointers. By and large, the additionally working capital endeavors possess, the less budgetary hazard they may confront. Be that as it may, an excessive amount of working capital isn't reasonable for the undertakings who wish a long-term advancement, as the lost benefit. We propose to improve the working capital administration, for its significance and money related vigor. Notwithstanding, there are seldom looks into associated with developing a working capital administration framework. [1],[3],[5] To consummate the administration procedure, we propose an effective working capital administration framework on execution, which might be a changing cycle. We would like to give a reference to the future research and the board rehearses
Keywords : management, capital, investment

I. INTRODUCTION

In budgetary administration, two significant choices are extremely imperative and critical. They are choice with respect to fixed resources/fixed capital and choice regarding working capital/current resources. Both are significant and a firm consistently analyzes their impact to conclusive effect upon benefit and risk. Fixed capital alludes to the assets put resources into such fixed or changeless resources as land, building, and apparatus and so on. Though working capital alludes to the funds locked up in materials, work in advancement, completed products, receivables, and cash and so on. [2],[4],[6]

In this manner, in basic words, working capital might be characterized as "capital invested in current resources." Here current resources are those benefits, which can be changed over into money inside a brief timeframe and the money received is again put into these advantages. In this way, it is continually accepting or circulating. Henceforth, working capital is otherwise called circling capital or floating capital. Working capital assumes a significant job in the everyday exercises of a business venture. The working capital administration personally interfaces the working of each office in the business concern. On the off chance that

working capital is bungled, it might influence the presence of the business itself. In such units the creation of money in the present resources would be high, yet the business may confront the deficiency of stock. On the off chance that the blocked assets in current resources are not appropriately used at the correct time for the buy of stock, it won't just build the benefit acquiring limit of the firm yet in addition lessen the hazard. Correspondingly, current liabilities should keep in such an extent, that present resources can be changed over into money to pay for it during the time of dissolvability emergency

A. CONCEPT OF WORKING CAPITAL

There are two ideas of working capital:

- Quantitative
- Qualitative.

A few people likewise characterize the two ideas as gross working idea and systems administration idea. [8],[10],[12]

As indicated by quantitative idea, the measure of working capital alludes to 'aggregate of current resources'. What we call current resources? Smith called, 'circulating capital'. Current resources are viewed as gross working capital in this concept. "The gross working capital is the capital put resources into the all out current resources of the ventures".

The subjective idea gives a thought with respect to wellspring of financing capital. As per subjective idea the measure of working capital alludes to "overabundance of current resources over current liabilities." L.J. Guttmann characterized working capital as "the part of a company's present resources which are financed from long haul funds." The overabundance of current resources over current liabilities is named as 'Net working capital'. [7],[9],[11]

Net working capital = current resources – current liabilities

II. METHOD OF DATA COLLECTION

The information for the examination is gathered from optional sources. The investigation is essentially limited to auxiliary information got from the yearly report of the organization, books of records, periodicals, and so on the optional information was gathered from the yearly reports of the organization from 2012 to 2016. [13],[15],[17]

A. STATISTICAL TOOLS USED

- Working capital Analysis
- Ratio analysis

Revised Manuscript Received on July 22, 2019.

Magdalene Peter, Department of MBA, Bharath Institute of Higher Education and Research, Tamilnadu, India. Email: magdalene.bsb@gmail.com

Fabiyola Kavitha, Department of MBA, Bharath Institute of Higher Education and Research, Tamilnadu, India. Email: fabiyolakavitha@gmail.com

B. LIMITATIONS OF THE STUDY

The limitations of the study are;

- The precision of the aftereffect of the investigation will relies on the exactness of information given by the organization.
- The study covers just the time of 5 (2012 to 2016)
- Usually no business will uncover its each business data so accessibility of the information is restricted. [14],[16], [18]

Table:1

TABLE 4.1.1 SCHEDULE OF CHANGES IN WORKING CAPITAL (2012)

PARTICULARS	2012 AMOUNT Rs.	2013 AMOUNT Rs.	INCREASE AMOUNT Rs.	DECREASE AMOUNT Rs.
ASSETS				
CURRENT ASSETS				
Inventory (ERP Software license)	250940	825100	574160	-
Sundry Debtors	1263430	1590440	327010	
Cash and Bank Balance	1590440	58400	-	1532040
Loans and Advances	2286750	3686400	1399650	
Prepaid	14650	13730	-	920

Expenses				
Accrued Income	59090	42925		16165
TOTAL CURRENT ASSETS	5465300	6204638	2300820	1549125
LESS CURRENT LIABILITIES				
Sundry Creditors	6453315	6910610	-	457295
TOTAL CURRENT LIABILITIES	6453315	6910610	-	457295
NET WORKING CAPITAL	988015	705972	2300820	1091830

Table:2

TABLE 4.1.2 SCHEDULE OF CHANGES IN WORKING CAPITAL (2013)

PARTICULARS	2013 AMOUNT Rs.	2014 AMOUNT Rs.	INCREASE AMOUNT Rs.	DECREASE AMOUNT Rs.
ASSETS				
CURRENT ASSETS				
Inventory (ERP Software license)	825100	542920	-	282180
Sundry Debtors	1590440	3093060	1502620	
Cash and Bank Balance	58400	605030	546630	
Loans and Advances	3686400	3192231		494169
Prepaid Expenses	13730	17022	3292	

Accrued Income	42925	96426	53501	
TOTAL CURRENT ASSETS	6216995	7546689	2106043	776349
LESS CURRENT LIABILITIES				
Sundry Creditors	6910610	14642090	-	7731480
TOTAL CURRENT LIABILITIES	6910610	14642090	-	7731480
NET WORKING CAPITAL	705972	7095401	2106043	6955131

Table:3

TABLE 4.1.3 SCHEDULE OF CHANGES IN WORKING CAPITAL (2014)

PARTICULARS	2014 AMOUNT Rs.	2015 AMOUNT Rs.	INCREASE AMOUNT Rs.	DECREASE AMOUNT Rs.
ASSETS				
CURRENT ASSETS				
Inventory (ERP license)	542920	950310	407390	
Sundry Debtors	3093060	4431190	1338130	
Cash and Bank Balance	605030	371375	-	233655
Loans and Advances	3192231	3371511	179280	
Prepaid Expenses	17022	311020	293998	
Accrued Income	96426	236385		73266
TOTAL CURRENT ASSETS	7546689	9684951	2445183	306921

LESS				
CURRENT LIABILITIES				
Sundry Creditors	14642090	9396631	5245459	
TOTAL CURRENT LIABILITIES	14642090	9396631	5245459	
NET WORKING CAPITAL	7095401	288320	2800276	306921

Table:4

TABLE 4.1.4
SCHEDULE OF CHANGES IN WORKING CAPITAL (2015)

PARTICULARS	2015 AMOUNT Rs.	2016 AMOUNT Rs.	INCREASE AMOUNT Rs.	DECREASE AMOUNT Rs.
ASSETS				
CURRENT ASSETS				
Inventory (ERP license)	950310	4708450	3758140	-
Sundry Debtors	4431190	3066220	-	1364970
Cash and Bank Balance	371375	925410	554035	
Loans and Advances	3371511	-	-	3371511
Advance Tax	311020	589870	278850	-
Prepaid Expenses	23160	143770	120610	-
Accrued Income	226385	169830	-	56555
TOTAL CURRENT ASSETS	9684951	9603550	4711635	4793036
LESS				
CURRENT				

TABLE : 6 WORKING CAPITAL TURNOVER RATIO

YEAR	NET WORKING CAPITAL Rs.	CURRENT LIABILITIES Rs.	RATIO
2012	988015	6453315	0.15
2013	705972	6910610	0.15
2014	7635431	14642090	0.52
2015	288320	9396631	0.03
2016	3550535	6053015	0.59

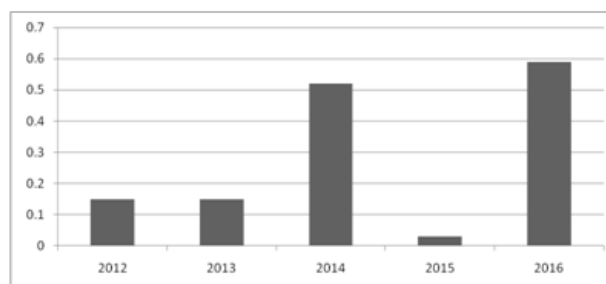


Fig:2 WORKING CAPITAL TURNOVER RATIO

Table:7 INVENTORY TO CURRENT ASSET RATIO

LIABILITIES				
Sundry Creditors	9396631	6053015	3343616	-
TOTAL CURRENT LIABILITIES	9396631	6053015	3343616	-
NET WORKING CAPITAL	288320	3550535	1368019	4793036

YEAR	AVERAGE INVENTORY Rs.	CURRENT ASSETS Rs.	RATIO
2012	5825100	5465300	1.06
2013	5429251	6204638	0.12
2014	3880120	7006659	4.94
2015	9150310	9684951	0.33
2016	4708450	9603550	0.49

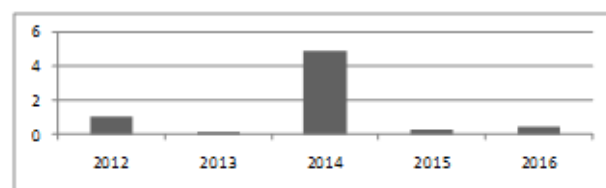


Fig:3 INVENTORY TO CURRENT ASSET RATIO

TABLE : 5 INVENTORY TO SALES RATIO

YEAR	INVENTORY Rs.	SALES Rs.	RATIO
2012	5825100	39377300	0.15
2013	5429251	57364800	0.09
2014	3880120	63273350	0.06
2015	9150310	77237255	0.11
2016	4708450	89967680	0.05

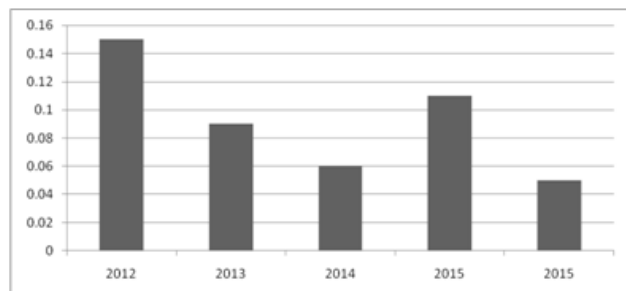


Fig:1 INVENTORY TO SALES RATIO

INFERENCE

From the above table it can be inferred that the company's Inventory to Current Asset Ratio in the year 2012 to 2016. There is a fluctuating in this ratio. The highest ratio is on 201, 0.94 and get decreases and finally comes to 0.49. [19],[21],[23]

TABLE :8 GROSS PROFIT RATIO

YEAR	GROSS PROFIT Rs.	CURRENT ASSETS Rs.	RATIO
2012	3753500	5465300	0.68
2013	4172000	6204638	0.09
2014	5509950	7006659	0.70
2015	6793055	9684951	0.24
2016	8215230	9603550	0.86

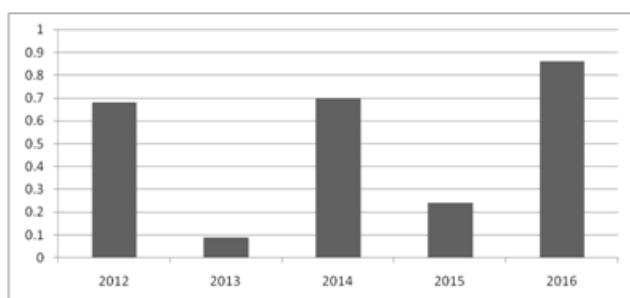


Fig:4 GROSS PROFIT RATIO

III. RESULTS

In the time of 2012, 2013 and 2014 shows increment in Working Capital. This demonstrates the organization has capacity of installment of momentary Liability. [20],[22], [24]

- The fixed resources proportion demonstrates that the working capital of this organization is subsidized by long haul finances which show proficient supports the executives.
- The Short – term Liquidity and long- term Liquidity position of the worry were concentrated to assess the Working Capital of the worry. During the examination time frame 2012 to 2016 the present proportion of the worry shifted from 8.63 to 2.21. But 2014 - 2015 is fluctuated from 0.77 to 1.80. This was significantly less than the endorsed of 2:1. The induction is that the Current Liability may not be effectively met out of Current Asset by the Company. [25],[27],[29]
- The Quick proportion of the worry during the period 2012 - 2016 the examination is shifted from 7.22 to 1.67. Which was a lot more prominent than the endorsed standard of 1:1. So the organization Liquidity level is agreeable. [26],[28],[30]

• In Trend investigation the Cash & Bank Balance have been expanded from 2012 to 2016. So it demonstrates the Cash position of the organization is great.

IV. DISCUSSION

The organization is a benefit looking for one; it needs to submit the majority of its assets to accomplish its

objective. To accomplish this, benefit, liquidity and dissolvability position a vital components to be checked cautiously, in this way the exchange off can be come to

- This organization's capacity to meet its present commitments is palatable however it doesn't meet the traditional standard. This organization keeps up current liabilities more than the measure of current resources which must be seen truly and improvement of this proportion is required to accomplish the ideal level. [31],[33],[32]
- Stock Turnover Ratio ought to be kept up at the constant level.
- The Cash and Bank Balances of the organization is great.
- Using pattern examination it tends to be recommended that the fixed resources bend shows unflinching upward heading much than the present resources bend, which empower us to comprehend the organization's assets are dumped in fixed state, it's anything but a great condition to the organization fixed resource.

V. CONCLUSION

The present examination uncovers that the liquidity position of this organization is nearly great as it approaches the standard standards all through the time of study. All in all, it very well may be reasoned that the organization's general hazard assessment procedure isn't at wanted level and the creator has made the practical suggestion for the improvement in operational and administrative proficiency of the organization as to keep up and increment further by powerful use and control of the considerable number of advantages.

REFERENCES

1. G BharthVajan R., Ramachandran S., Psychographic dimensions of training, 2016, International Journal of Pharmacy and Technology, V-8, I-4, P-23727-23729
2. 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
3. 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
4. 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
5. Balakrishnan P., Bharthvajan R., Whistling in the wind, 2014, International Journal of Applied Engineering Research, V-9, I-22, P-7586-7593
6. 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
7. 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
8. 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
9. 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

10. 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
11. 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
12. 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
13. Smitha M., Praveen Kumar S., Understanding stress and its management among the nurses in Chennai city, 2014, International Journal of Applied Engineering Research, V-9, I-22, P-7560-7565
14. 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
15. 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
16. 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
17. 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
18. 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
19. 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
20. 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
21. 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
22. 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
23. 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
24. 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
25. 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
26. 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
27. 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
28. 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
29. 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
30. Kanniga E., Selvaramarathnam K., Sundararajan M., Kandigital bike operating system, Middle - East Journal of Scientific Research, V
31. 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
32. Jasmin M., Optimization techniques for low power VLSI circuits, Middle - East Journal of Scientific Research, V-20, I-9, PP-1082-1087, Y-2014
33. Jasmin M., Vigneshwaran 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



Magdalene Peter, Assistant Professor, Department of MBA, Bharath Institute of Higher Education and Research, Tamilnadu, India



Dr.S.Fabiyola Kavitha, Associate Professor Department of MBA, Bharath Institute of Higher Education and Research, Tamilnadu, India.