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 analyze 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. Threw working capital alludes to the fundstocked 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, whichcan 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. SATISTICAL TOOLS USED

- Working capital Analysis
- Ratio analysis
B. LIMITATIONS OF THE STUDY
The limitations of the study are:

- The precision of the aftereffect of the investigation will rely 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>
<thead>
<tr>
<th>PARTICULARS</th>
<th>2015 AMOUNT Rs.</th>
<th>2016 AMOUNT Rs.</th>
<th>INCREASE AMOUNT Rs.</th>
<th>DECREASE AMOUNT Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory (ERP Software license)</td>
<td>250940</td>
<td>326100</td>
<td>74160</td>
<td></td>
</tr>
<tr>
<td>Trade Debtors</td>
<td>1285410</td>
<td>1590440</td>
<td>305030</td>
<td></td>
</tr>
<tr>
<td>Cash and Bank Balance</td>
<td>2588735</td>
<td>3584410</td>
<td>1095650</td>
<td></td>
</tr>
<tr>
<td>Loans and Advances</td>
<td>14450</td>
<td>13730</td>
<td>720</td>
<td></td>
</tr>
</tbody>
</table>

| Expenses | 2546500 | 2201638 | 334862 | 1548223 |
| Accrued Income | 59090 | 42925 | 16165 |                |
| TOTAL CURRENT ASSETS | 2490510 | 2160768 | 329750 | 1533175 |

| CURRENT LIABILITIES |                 |                 |                     |                     |
| Trade Creditors | 6455515 | 6970610 | 515095 |                |
| TOTAL CURRENT LIABILITIES | 6455515 | 6970610 | 515095 |                |

| NET WORKING CAPITAL | 986016 | 706672 | 250344 | 1091880 |

Table:2

Table:3

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>2016 AMOUNT Rs.</th>
<th>2017 AMOUNT Rs.</th>
<th>INCREASE AMOUNT Rs.</th>
<th>DECREASE AMOUNT Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory (ERP Software license)</td>
<td>542920</td>
<td>590310</td>
<td>47390</td>
<td></td>
</tr>
<tr>
<td>Trade Debtors</td>
<td>2092000</td>
<td>2401190</td>
<td>1091200</td>
<td></td>
</tr>
<tr>
<td>Cash and Bank Balance</td>
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<td>372172</td>
<td>848</td>
<td></td>
</tr>
<tr>
<td>Loans and Advances</td>
<td>3102231</td>
<td>3315151</td>
<td>173280</td>
<td></td>
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<tr>
<td>Prepaid Expenses</td>
<td>11722</td>
<td>31020</td>
<td>192980</td>
<td></td>
</tr>
<tr>
<td>TOTAL CURRENT ASSETS</td>
<td>7546589</td>
<td>9004931</td>
<td>245832</td>
<td>305921</td>
</tr>
</tbody>
</table>
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]
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<table>
<thead>
<tr>
<th>YEAR</th>
<th>GROSS PROFIT</th>
<th>CURRENT</th>
<th>RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs.</td>
<td>ASSETS</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3752300</td>
<td>346230</td>
<td>0.88</td>
</tr>
<tr>
<td>2013</td>
<td>4121200</td>
<td>6304838</td>
<td>0.69</td>
</tr>
<tr>
<td>2014</td>
<td>5309950</td>
<td>7008659</td>
<td>0.70</td>
</tr>
<tr>
<td>2015</td>
<td>6973555</td>
<td>9849591</td>
<td>0.24</td>
</tr>
<tr>
<td>2016</td>
<td>8272230</td>
<td>9402550</td>
<td>0.86</td>
</tr>
</tbody>
</table>

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 dissolubility 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 unfaltering 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.

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