

Working Capital Management

R. Ramamoorthy, M.Sangeetha, A.Kamal

Abstract: Preferably, there would be no requirement for rhythmic movement assets and liabilities in light of the way that there would be no weakness, no trade costs, information search costs, arranging costs, or creation and advancement goals. The unit cost of age would not vary with the sum made. Getting and crediting rates will be same. Capital, work, and thing business sector will be flawlessly forceful and would reflect every single available datum, as such in such a circumstance, there would be no good position for placing assets into transitory assets. Additionally every affiliation is looked with its own one of a kind purposes of control on as far as possible and advances it can use there are fixed similarly as factor costs related with creation stock. Toward the day's end, the business divisions where certifiable firm worked are not flawlessly engaged. [1],[3],[5]
Keywords :tax,management,assets

I. INTRODUCTION

These genuine conditions present issue's which require the need of keeping up working capital. For example, an affiliation may be looked with a defenselessness concerning availability of satisfactory measure of essential commitments to future at reasonable expense. This may require the holding of stock, current assets. So likewise an affiliation may be looked with a helplessness concerning the level of its future cash streams and insufficient proportion of cash may achieve critical costs. This may require the holding of spare of flitting alluring insurances, again a transient capital asset. In corporate budgetary organization, the term working capital organization addresses the excess of current assets over current liabilities. [2],[4],[6]

A. WORKING CAPITAL

In basic words working capital is the overabundance resources over current liabilities. Working capital has usually been characterized as the overabundance of current resources over current liabilities. Working capital is the core of the business. In the event that it is powerless business can't legitimate and endures. It is accordingly said the destiny or huge scale interment in fixed resources is regularly dictated by a generally modest quantity of current resources. As the working capital is imperative to the organization is essential to keep satisfactory working capital with the organization. Money is the help of organization. [7],[9],[11]

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The objective of working capital administration is to guarantee that a firm can proceed with its activity. Also, that is has adequate capacity to fulfill both developing short working capital, the less the organization needs to acquire. Indeed, even organizations with money surpluses need to oversee working cash-flow to guarantee those surpluses are put resources into ways that will create reasonable returns for financial specialists. The essential goal of working capital administration is to guarantee that adequate money is accessible to [8],[10],[12]

- Meet everyday income needs
- Pay wages and pay rates when they fall due
- Pay banks to guarantee proceeded with provisions of merchandise and ventures.
- Pay government tax collection and supplier of capital-profits and
- Ensure the long haul survival of the business element. [13],[15],[17]

B. TOOLS

- Ratio analysis
- Schedule of changes in working capital
- Trend analysis

II. DATA ANALYSIS AND INTERPRETATION

Table:1 Current Ratio

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	RATIO
2007-2008	18335520	5797632	3.16
2008-2009	14636269	6650145	2.20
2009-2010	9126380	8040640	1.13
2010-2011	5323215	2564200	2.07
2011-2012	3769243	2802760	1.34

Fig:1 GRAPHICAL REPRESENTATION OF CHANGE OF DIRECTION OF CURRENT RATIO

Table : 2 Liquidity Ratio

YEAR	LIQUID ASSETS	LIQUID LIABILITIES	RATIO
2007-2008	2531199	5797632	0.44
2008-2009	14257552	6650145	2.14
2009-2010	3257176	8040640	0.41
2010-2011	1024750	2564200	0.40
2011-2012	830208	2802760	0.30

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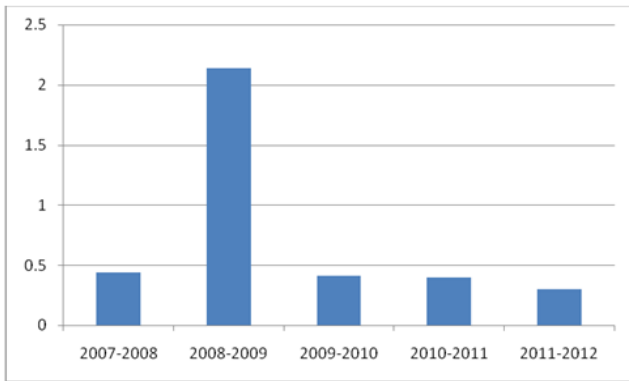


Fig:2 REPRESENTATION OF CHANGE OF DIRECTION OF LIQUIDITY RATIO

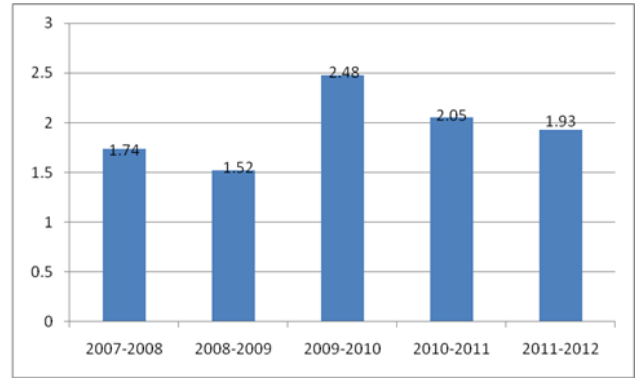


Fig: 4 GRAPHICAL REPRESENTATION OF CHANGE OF DIRECTION OF DEBT EQUITY RATIO

TABLE :3 LIQUID RATIO

YEAR	ABSOLUTE LIQUID ASSET	CURRENT LIABILITY	RATIO
2007-2008	17332292	5797632	2.98
2008-2009	13574946	6650145	2.04
2009-2010	8638025	8040640	1.07
2010-2011	4913050	2564200	1.91
2011-2012	2984728	2802760	1.06

TABLE:5 GROSS PROFIT RATIO

YEAR	GROSS PROFIT	SALES	RATIO
2007-2008	3126797	94466423	3.309
2008-2009	636422	13249222	4.8
2009-2010	575495	19162921	3
2010-2011	391952	18442077	2.12
2011-2012	2854140	24904265	11.4

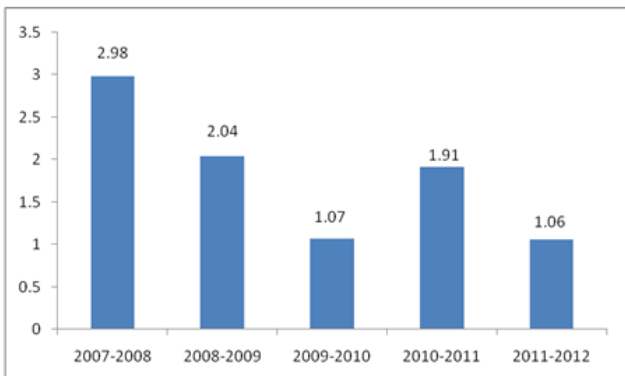


Fig: 3 GRAPHICAL REPRESENTATION OF CHANGE OF DIRECTION OF ABSOLUTE LIQUID RATIO

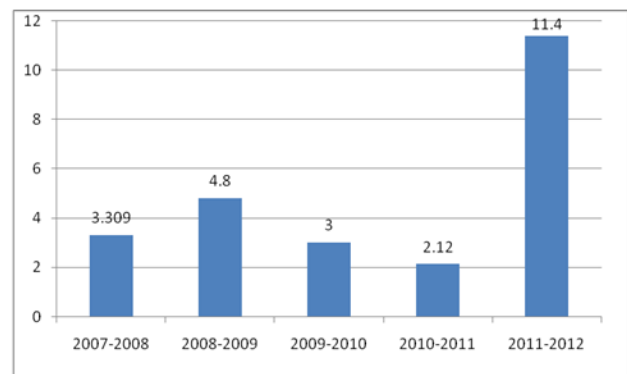


Fig:5 GRAPHICAL REPRESENTATION OF CHANGE OF DIRECTION OF GROSS PROFIT RATIO

TABLE:4 DEBT EQUITY RATIO

YEAR	TOTAL LONG TERM DEBT	SHARE HOLDER FUND	RATIO
2007-2008	14149016	8141622	1.74
2008-2009	9438667	6193427	1.52
2009-2010	5485825	2208803	2.48
2010-2011	6396102	3119080	2.05
2011-2012	6773896	3494580	1.93

TABLE :6 NET PROFIT RATIO

YEAR	NET PROFIT	SALES	RATIO
2008-2009	449387	13249222	3.3
2009-2010	319236	19162921	1.66
2010-2011	502277	18442077	2.72
2011-2012	307860a	24904265	1.23

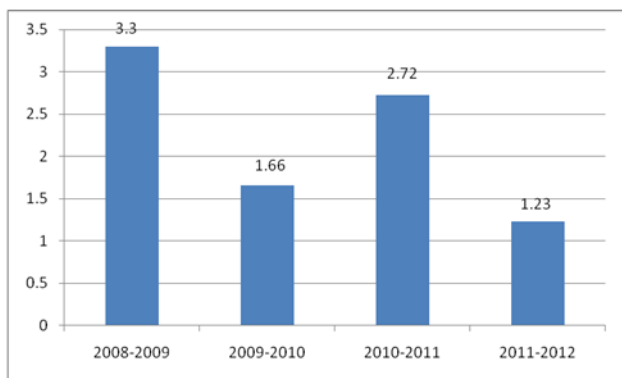


Fig:6 GRAPHICAL REPRESENTATION OF CHANGE OF DIRECTION OF NET PROFIT RATIO

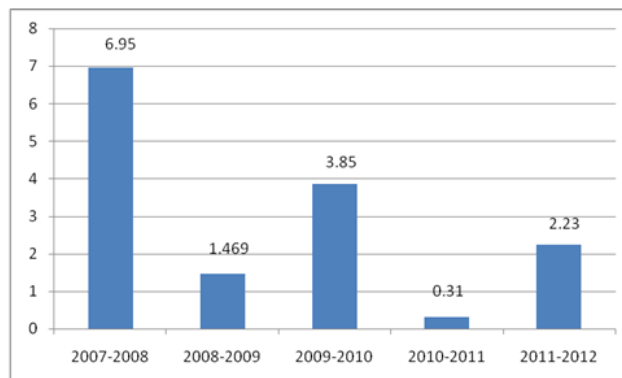


Fig:8 GRAPHICAL REPRESENTATION OF CHANGE OF DIRECTION OF CAPITAL TURNOVER RATIO

Table:7 OPERATING RATIO

YEAR	COST OF GOODS SOLD+OPERATING EXPENSES	SALES	RATIO
2007-2008	92972580	94466423	98.41
2008-2009	13618484	13249222	102.78
2009-2010	19763084	19162921	103.13
2010-2011	19225825	18442077	104.24
2011-2012	23506075	24904265	94.3

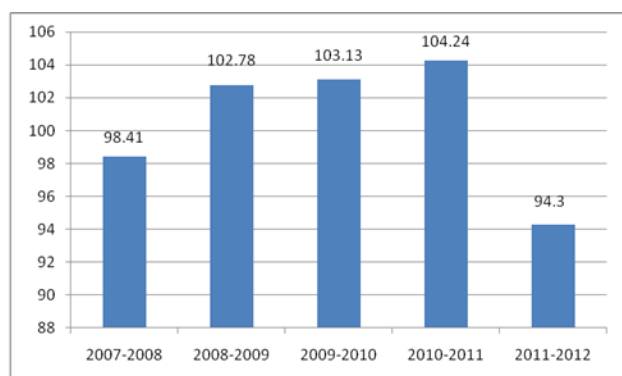


Fig: 7 GRAPHICAL REPRESENTATION OF CHANGE OF DIRECTION OF OPERATING RATIO

Table:8 CAPITAL TURNOVER RATIO

YEAR	SALES	CAPITAL EMPLOYED	RTATIO
2007-2008	94466423	13576835	6.95
2008-2009	13249222	9016387	1.469
2009-2010	19162921	4976206	3.85
2010-2011	1844077	5782900	0.31
2011-2012	24904265	11149563	2.23

Table:9 STOCK TURNOVER RATIO

YEAR	SALES	AVERAGE INVENTORY	RATIO
2007-2008	94466423	3495598	27.2
2008-2009	13249222	1109156	11.94
2009-2010	19162921	714462	26.82
2010-2011	1844077	364030	5.06
2011-2012	24904265	449940	55.35

Fig:9 GRAPHICAL REPRESENTATION OF CHANGE OF DIRECTION OF STOCK TURNOVER RATIO

Table:10 TREND ANALYSIS FOR NEXT FIVE YEARS WORKING CAPITAL FOR THE NEXT FIVE YEARS BASED ON THE METHOD OF LEAST SQUARES

Year	X	Trend Values($y=34044981.6+27305577.7X$)
2013	3	$34044981.6+27305577.7(3)=1159617147$
2014	4	$34044981.6+27305577.7(4)=143267292$
2015	5	$34044981.6+27305577.7(5)=170572870.1$
2016	6	$34044981.6+27305577.7(6)=197878447.8$
2017	7	$34044981.6+27305577.7(7)=225184025.5$

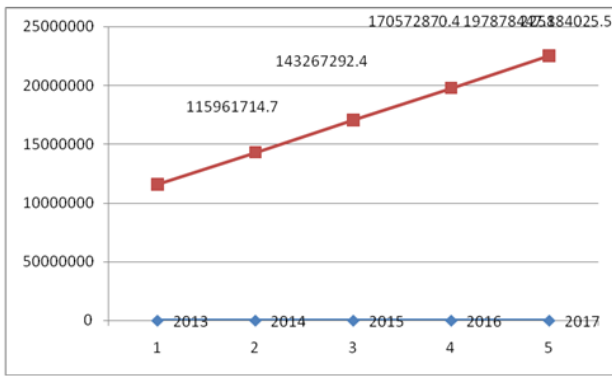


Fig:10 GRAPHICAL REPRESENTATION OF CHANGES OF DIRECTION OF TREND ANALYSIS FOR THE NEXT FIVE YEARS

III. RESULTS

The findings revealed from the analysis of data in the previous chapter is summarised as below [19],[21],[23]

- The current proportion is changing ceaselessly and it was low (1.13) during the period 2009-2010 and it increment to (3.16) during the period 2007-2008. As examined the proportion was less a direct result of the administration restricted the fare of rice and dhall things. [31],[33],[32]
- The fluid proportion is changing constantly and it was low (0.30) during the period 2011-2012 and it increment to (2.14) during the period 2008-2009. As we broke down the proportion we can see that in 2008-2009 the fluid proportion was high a direct result of high nearby deals.
- The obligation value proportion changing ceaselessly and it was low (1.52) during the period 2008-2009 and it increment to (2.48) in the year 2009-2010. As we investigated obligation value proportion was exceptionally less because of defer installment by the collector of the products.
- The gross benefit proportion persistently and it was low (2.12) during the period 2010-2011 and it increment to (3.309) during the period (2007-2008). As we think about the gross benefit proportions of consistently it tends to be seen that in 2011-2012 it is exceptionally high in light of high fare deals.
- The net benefit is changing consistently and it was low (1.23) during the period 2011-2012 and it increment to 3.3 during the period 2008-2009. As contrasting the net benefit of most recent multiyear it is seen that the fare was done appropriately.
- The working proportion is changing constantly and it was low (94.3) during the time of 2011-2012 and it increment to (104.24). As we investigated the working proportion was not done appropriately during the year 2011-2012 due to neighborhood buy was low.
- The capital turnover proportion is changing persistently and it was low (0.3) during the period 2010-2011 and it increment to 6.95 during the period 2007-2008. As we broke down capital turnover proportion is because of un solidness of nearby deals ,trade deals deferred installment and government exercises [14],[16], [18]

- The stock turnover proportion is changing consistently and it was low (5.06) during the time of 2010-2011 and it increment to (55.35) during the period 2011-2012. The organization needs to make satisfactory move to expand the stock level in the extent to expanding deal.
- The working capital proportion is changing constantly and it was low(0.16) during the period and it increment to (25.76) during the period 2011-2012. As we think about the working capital turnover proportion in the year 2011-2012 was high a direct result of the fare deals neighborhood deals was more and the installment was likewise on schedule.
- The working capital prerequisite of the organization to complete the creation design is attractive and isn't experiencing any insufficiency. The pattern examination will appear next five years of working capital. It showing the organization working capital position is expanded for next multi year from 2012 to 2017.

IV. DISCUSSION

- The organization is added to the present resources and liabilities.
- The organization needs to raise the long haul speculation and use the present resources.
- The money position of the organization has not been appropriately kept up. So the organization needs to try to diminish the costs and furthermore money to current resources proportion. [26],[28],[30]
- Increase the bank parity and speculation to build the estimation of all out resources of the organization.
- Increase the deals and diminish the expense of merchandise offered to get increasingly gross benefit of the business.
- The organization might be concentrate to keep up the liquidity position on money balance.
- The organization might confine credit to client who consistently makes default in their installments. This will empower the organization to pay off it awful obligations.
- The organization is added to trade the sustenance things in an ideal time which will prompt a more benefit. Since for each decrease of outside conversion standard the Indian cash worth increments. [20],[22], [24]

V.CONCLUSION

The objective of working capital administration is to deal with the association's present resources and current liabilities so that an agreeable degree of working capital is kept up the significance of working capital administration is reflected administrators spend an in that the money chiefs invest a lot of energy in dealing with the present resources and current liabilities. Orchestrating momentary financing, arranging positive credit terms, controlling the development of money, regulating the record receivable and checking the speculation, devour a lot of time for the account supervisors. Each business firm needs to keep up a satisfactory degree of working cash-flow to maintain the business easily without money crunch. The present examination has demonstrated that the working capital position of this organization is in an



agreeable position and there is an expanding pattern for the future time frame. [25],[27],[29]

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