



A Study on Working Capital Management Dora Platics Pvt Ltd (Renigunta)

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ABSTRACT

Working capital management (WCM) is one of the maximum vital decisions for all corporations. The essential additives of WCM are days sales incredible (DSO), days inventory incredible (DIO), days payable remarkable (DPO), and cash conversion cycle (CCC). Using a sample of 332 Czech companies, inclusive of 20 licensed corporations from the EFQM (European Foundation for Quality Management) Model, the cutting-edge study explored the outcomes of the main additives of WCM on corporations' profitability. We used two specific regression models to test the speculation, i.e. Pooled regression and maximum likelihood estimation (MLE). The findings of the studies found out all the additives of WCM have a terrible effect on firm profitability. On the alternative hand, the interplay terms of the EFQM licensed corporations with the additives of WCM confirmed a tremendous impact on companies' profitability this means that that there's a wonderful dating between the components of WCM of the certified corporations and profitability. However, it's far examined that the satisfactory certificate/award from EFQM Excellence Model decreases the firm's profitability. The outcomes of the current research could be beneficial to lecturers, managers, leaders, and directors of the firms to improve their company's profitability.

1 INTRODUCTION

Working capital management includes the relationship between a organization's quick term property and its quick-term liabilities. The goal of running capital is to ensure that a company is able to continue its operation and that it has sufficient ability to satisfy both maturing short-time period debt and upcoming operational fees. The control of working capital includes handling inventories, debts receivable and payable and coins management Working capital refers to the amount of capital this is comfortably available to an organisation. Organization wishes both-phrases and brief-term fund, Funds are needed for longterm functions of fixed property, which includes plant and machinery, land constructing, furnishings. Funds also are required for quick-time period cause like purchases of raw substances, price of wages and other day-to-day costs. The goal of operating capital management is to preserve the choicest stability of each of running capital components

MEANING AND DEFINITION

Working capital management is not an administration of all aspects of working capital, which manage the firm's current assets and current liabilities in such a way that a satisfactory level of working capital is maintained.

According to Smith "Working capital Management is concerned with the problems that arise in attempting to manage the current assets, current liabilities, and the inter-relationship that exists between them".

REVIEW OF THE LITERATURE

WORKING CAPITAL MANAGEMENT

•INTRODUCTION

Working capital can be seemed as the lifestyles blood of a business. Working capital Management is one of the most essential elements of Financial Management. It bureaucracy a major feature of the finance manager and accountant.

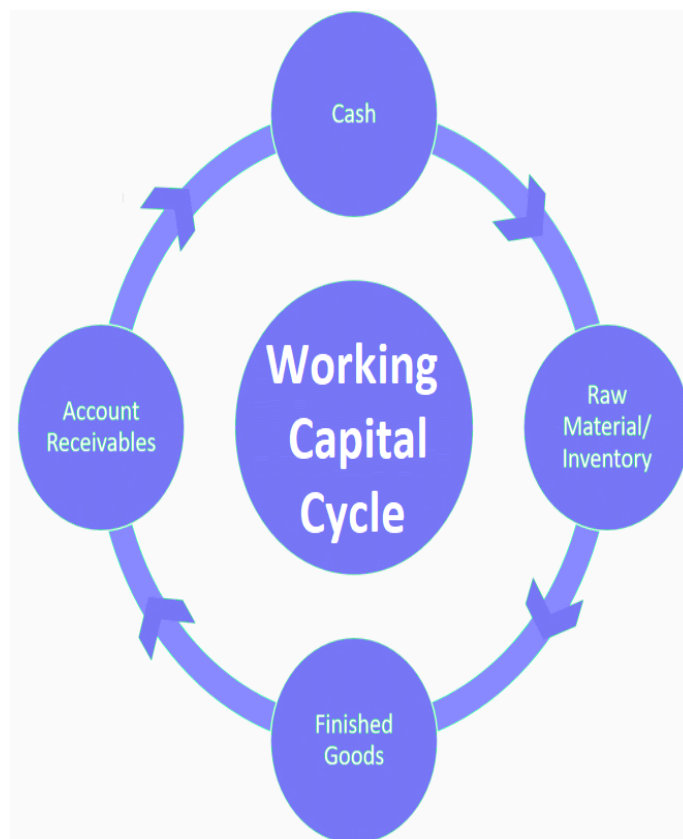
DEFINITION

• "Working Capital Represents the Excess of Current Assets over modern Liabilities and pick out the liquidity role of overall enter prizes. Aswathappa

MEANING:

business method designed to make certain that a employer operates correctly via tracking and the usage of its modern property and liabilities to their best use. The performance of operating capital control may be quantified the use of ratio analysis.

Net Working Capital = Current Assets ----- Current Liabilities

**NEED FOR THE**

The want for operating capital control arises because of the time hole among manufacturing and realisation of cash from sales. By dealing with the working capital, current liabilities are paid in time.

SCOPE OF THE STUDY

- The top scope of the business enterprise is to obtain maximum earnings concept the enterprise.
- To require extra capital to have uninterrupted commercial enterprise operations
- To maximize quantity of profit depends up on the magnitude of sales

OBJECTIVES OF THE STUDY

- To have a look at the concept of running capital.
- To know how tons to spend money on running capital to satisfy destiny requirements.
- To have a look at profitability and running capital capital role of the organization.

LIMITATIONS OF THE STUDY

- The ratios are calculated from beyond 5 years monetary statement and those are not indicators of future.
- The examine is based totally on simplest at the beyond information.
- The brief span of the time provides additionally certainly one of hindrance.

Lack of Availability of correct economic records and completed up so of the business enterprise may also limits so the Analysis of the observe.

RESEARCH METHODOLOGY**SOURCES OF DATA**

There are two types of data

1. Primary data

2. Secondary data

PRIMARY DATA:

Collected through the discussions from the executives and other staff members of the company.

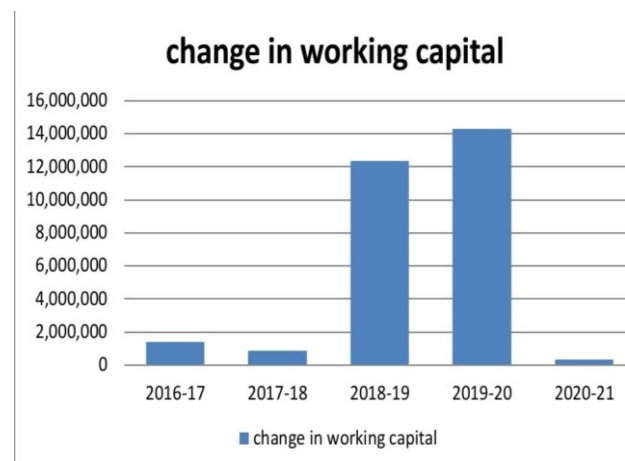
SECONDARY DATA:

The main sources of secondary data are:

- ✓ Balance sheet/profit and loss a/c
- ✓ The secondary data collected from the financial reports, previous records, published records and other statements provided by finance department of "DORA PLASTICS PVT LTD"

DATA ANALYSIS AND INTERPRETATION

YEAR	CHANGE IN WORKING CAPITAL	
	INCREASE IN WORKING CAPITAL	DECREASE IN WORKING CAPITAL
2016-17	-	1,389,876
2017-18	-	845,618
2018-19	12,365,883	-
2019-20	-	14,315,495
2020-21	332,848	-

**RATIO ANALYSIS**

YEAR	CURRENT RATIO	QUICK RATIO	NET WORKING CAPITAL RATIO	WORKING CAPITAL TURNOVER RATIO
2016-17	1.75	1	0.23	8.98
2017-18	1.83	0.9	0.17	11.63
2018-19	7.86	6.94	0.53	1.88
2019-20	1.15	0.77	0.05	32.79
2020-21	1.16	0.88	0.07	25.63

FINDINGS

- The standard norms for short ratio is low in 2016-17,2017-18 and abruptly raised in 2018-19 respectively the ratio turned into not excellent in latest yr
- As nicely as the contemporary ratio ,net operating capital ratio and operating capital turnover ratio is going through quick ratio's segment
- The agency has under no circumstances proper usage of supply ,so the gone through lowering segment in change in operating capital

SUGGESTIONS

- Company need to improve profitability by means of imposing modern-day technology to lessen the price
- In the 12 months 2018-19 each quick and modern-day ratio could be very high but later reduced notably ,as a result employer want lessen this and recognition on working capital control
- It is better to lessen long time loans
- Company need to hold operations like previous two year ,it is right for destiny motive

CONCLUSION

- From this analysis it was concluded that the working capital management of DORA plastics pvt ltd was satisfactory during the study period ,
- but some of the ratios are fluctuating during the study period .so the company must take steps to reduce these fluctuation by managing and using its resources efficiently and effectively

Reference

Smith, Keith V. "State of the art of working capital management." *Financial management* (1973): 50-55. Filbeck, G., & Krueger, T. M. (2005). An analysis of working capital management results across industries. *American journal of business*.