



A Study On Working Capital Management in Hindusthan Coca- Cola Beverages (Pvt) Ltd., Srikalahasti

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ABSTRACT:

Working capital is similar to the heart of each business enterprise. A look at specializes in short term financial and Working capital management. Working capital refers to that part of the firm's capital that's required for current financing short term assets, this continues revolving and continuously converted to cash in day-to-day operating cycle. Hence, this paper analyses liquid funds viability, components and usage of operating capital in the firm for five years from 2016-17 to 2020-21. The study is mainly primarily based at the Secondary information of the taken from annual reports of HCCB Private Limited. Further, to measure the effective utilization working of operating capital, Ratio analyses were used to measure profitability. It is concluded that the operating profitis crucial value to measure theworking capital position of a business organization.

Key Words: Working Capital, Operating Cycle, Profitability, Operating Profit

Introduction: -

Working capital is required to perform the everyday business operations of a company. It may also said that liquidity position of an organization. This operational activity includes commonly such items raw-materials, semi – completed items, completed items, sundry creditors, short – time investments and so on., Thus working capital refers to all the liquid assets. There is no business activity for which running capital isn't available. The primary goal each company is to maximize profitability and growth.

Working capital is the heart and soul of every business. A study of working capital is of major importance to internal and external analysis because of its close relationship with the everyday operations of a business. As pointed out by Ralph Kennedy and steward mc Muller, inadequacy or mismanagement is the leading cause of risk in business. Capital required for a business can be classified into two main categories such as Fixed capital and working capital. Working capital refers to that part of firm's capital which is required for short-term financing current asset, this keeps revolving fast and constantly converted to cash. Working capital management is the efficient management of the current assets and current liabilities. The term working capital is used for the capital required for day to day working activities in a business concern. Such as for purchasing raw materials for meeting day to day expenditure on manufacturing and Processing of soft drinks, staff salaries, wages, rent, rates, advertising, etc. for regular flow of its operations. Profitability & Liquidity are the twin objective working capital management. Hence, this paper analyses the working capital management of

Hindusthan Coca- Cola Beverages (Pvt) Ltd., Sri kalahasti.

Need of the study: -

- Current assets must be managed efficiently in order to maintain the liquidity of the firm
- The working capital wants to know the optimal balances of current assets & current liabilities
- To manage the everyday operations of the firm.

Scope of the study: -

- The study is confined to Hindustan Coca-Cola beverages pvt ltd and analysis of its financial statements.
- The principal purpose of the observe is to evaluate the proper management of current assets & liabilities.
- The study concentrates more on the running capital management of Hindustan Coca-Cola drinks pvt ltd.

Objective of the study: -

- ❖ To analyse the working capital changes in the company from 2016-17 to 2020-21
- ❖ To examine the liquidity position of an organization.
- ❖ To analyse the working capital position of the company.

- ❖ To suggest measures to improve working capital position of the company.

.Limitation of the study: -

- As it is not the researcher direct observation, but secondary sources of information provided by the company records as it depends upon accuracy of the reports.
- It is dealing with very limited parameters for evaluating the desired objectives.

Data Analysis & Interpretation: -

STATEMENT OF CHANGES IN WORKING CAPITAL 2019-20(Rs.in.Lakhs)

Particulars	2019	2020	Changes in working capital	
			Increase	Decrease
Current assets (CA)				
Inventories	12,092.91	14,436.48	2,343.57	-
Sundry debtors	8,814.31	11,966.16	3,151.85	-
Cash and bank balances	420.10	3,550.27	3,043.56	-
Loans and advances	5,289.66	6,020.93	817.88	-
Total Current Assets	26,616.98	35,973.84		
Current liabilities (CL)				
Current liabilities	9,319.38	10,108.38	-	789.00
Provisions	711.30	774.95	-	63.65
Total current liabilities	10,030.68	10,883.33		
Net working capital	16,586.30	25,090.51	-	-
Net Increase in working capital	8,504.21	-	-	8,504.21
Total	25,090.51	25,090.51	9,356.86	9,356.86

Net boom within the operating capital is Rs.8,504.21

Interpretation:

From the above table, there is net increase in working capital of Rs. 3,130.17 in 2016-17 due to increase in Cash and bank balances

STATEMENT OF CHANGES IN WORKING CAPITAL 2020-21(Rupees.in.lakhs)

Particulars	2020	2021	Changes in working capital capitalcapital	
			Increase	Decrease
Current assets (CA)				
Inventories	14,436.48	11,519.49	-	2,916.99
Sundry debtors	11,966.16	11,845.80	-	120.36
Cash and bank balances	3,550.27	1,516.42	-	2,033.85
Loans and advances	6,020.93	5,581.47	-	439.46
Total current assets	35,973.84	30,463.18		

Current liabilities (CL)				
Current liabilities	10,108.38	6,853.94	3,254.44	-
Provisions	774.95	1,066.74	-	291.79
Total current liabilities	10,883.33	7,920.68		
Net working capital	25090.51	22,542.50	-	-
Net Decrease in working capital	-	2,548.01	2,548.01	-
TOTAL	25,090.51	25,090.51	5,802.45	5,802.45

Interpretation:

From the above table shows that there is net decrease in working capital of Rs.2,548.01. The total current assets of the company have decreased from Rs. 35,973.84. In 2020 to Rs.30,463.18 in 2021. The bank balance is also decreased from Rs.3,550.27 to Rs.1,516.42,

Findings: -

- it is found that there is net increase in working capital of 1,304.28 from 2016 to 2017 due to increase in Inventories
- It is found that There is net increase in working capital of 6,705.01 from 2017-18 due to bank balance increased
- The total current assets of the company have decreased from Rs. 35,973.84. In 2020 to Rs.30,463.18 in 2021.

Suggestions: -

From the analysis it is observed current ratio is relatively comfortable zone. But still it is advised to enhance the current ratio.

The organization wants to increase the liquid assets as to meet the liquidity position.

The cash is in idle position so company has to maintain in the required norms.

As inventory turnover ratio is declining so the company not efficiently using the inventories to meet the demand of the market.

Conclusion: -

The purpose of the report was to provide an analytical overview of the working capital management at HCCBPL to conclude the project it can be said that management has been making constant efforts, with a reasonable success to attain efficiencies in management of working capital. The company has a very good organizational setup with a group of professional managing at various levels. HCCBPL enjoys a good relation with its suppliers as well as with its customers, enabling it to make payments for whenever they are due.

While doing ratio analysis of relevant ratios of working capital management, it was found that the company is doing well the liquid position of the company.

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