

# A Study on Comparative Statement of Working Capital on Sri Varadaraja Fruits PVT, LTD

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## ABSTRACT

This study focuses on the comparative statement of working capital of Sri Varadaraja Fruits Pvt. Ltd. Working capital plays a crucial role in the day-to-day operations and overall financial health of a company. The main objective of this study is to analyze the changes in current assets and current liabilities over a period of time and to evaluate the efficiency of working capital management.

The study is based on secondary data collected from the company's financial statements. Comparative statements are prepared to identify the increase or decrease in various components of working capital. The analysis helps in understanding the company's liquidity position and operational efficiency. Proper management of working capital ensures smooth business operations and improves profitability.

The findings of the study indicate that effective control over current assets and liabilities is essential for maintaining financial stability. The study concludes that Sri Varadaraja Fruits Pvt. Ltd. needs to maintain an optimal level of working capital to avoid liquidity issues and enhance overall performance.

## KEYWORDS

Working Capital, Comparative Statement, Current Assets, Current Liabilities, Liquidity, Financial Performance, Operational Efficiency

## INTRODUCTION

Working capital plays a vital role in the smooth functioning of any business organization. It represents the short-term financial position of a company and indicates its ability to meet day-to-day operational expenses. Efficient management of working capital ensures adequate liquidity, uninterrupted production, and timely fulfilment of business obligations. Hence, analyzing working capital is essential for understanding the financial health and operational efficiency of an enterprise.

The comparative statement of working capital is an important financial analysis tool that helps in identifying changes in current assets and current liabilities over different accounting periods. By comparing working capital figures of two or more years, management can evaluate whether the company's liquidity position has improved or deteriorated. Such analysis supports better financial planning, control, and decision-making.

## REVIEW OF LITERATURE

**Shin and Soenen (1998)** were among the earliest to establish that a shorter cash conversion cycle (CCC) enhances firm value across industries, suggesting that aggressive WCM improves performance. Supporting this view, **Deloof (2003)** found a significant negative relationship between profitability and receivables, inventories, and payables among Belgian firms, emphasizing efficiency in current asset management.

**Wang (2002)**, using Japanese and Taiwanese firms, confirmed that efficient CCC management improves operating performance. In developing economies, **Rahaman and Nasr (2007)** demonstrated that Pakistani firms benefit significantly from reduced collection periods and inventory holding, while payables management showed weaker influence. **Seminole and Demirgunes (2008)** reported comparable findings in Turkish manufacturing firms, highlighting inventory turnover as the most influential WCM component.

**Smith (1980)** emphasized that effective management of current assets and current liabilities is essential for maintaining solvency and ensuring the smooth functioning of business operations. The study highlighted that poor working capital decisions can lead to liquidity crises even in profitable firms, thereby establishing the foundation for later empirical research.

## NEED FOR STUDY

The study is needed to understand the working capital position of Sri Varada Raja Fruits Pvt. Ltd. Effective working capital management is essential to maintain liquidity, ensure smooth operations, and meet short-term obligations. The comparative statement helps identify changes in current assets and liabilities and supports better financial planning and decision-making.

## SCOPE OF STUDY

The study focuses on analyzing the comparative statement of working capital of Sri Varada Raja Fruits Pvt. Ltd., Chittoor District. It covers the evaluation of current assets, current liabilities, and liquidity position over a selected period. The findings help management, investors, and stakeholders understand short-term financial efficiency and improve working capital management practices

## OBJECTIVES OF STUDY

- To analyse the comparative statement of working capital of Sri Varada Raja Fruits Pvt. Ltd.
- To examine changes in current assets and current liabilities over the selected period Of Sri Varada Raja fruits pvt ltd
- To evaluate the liquidity position of the Sri Varada raja fruits pvt ltd
- To assess the efficiency of working capital management of Sri Varada raja fruits pvt ltd

## METHODOLOGY STUDY

The research methodology defines the procedures and techniques adopted for collecting and analysing data to achieve the objectives of the study. This study focuses on the comparative statement of working capital of Sri Varada Raja Fruits Pvt. Ltd., Chittoor District.

### Research Design

The study is descriptive in nature, as it involves analysing and describing the working capital position of the company over selected financial periods. It focuses on evaluating the changes in current assets and current liabilities to understand the company's liquidity and efficiency.

### Data Collection

The study uses secondary data collected from:

- Company's financial statements (Balance Sheet and Profit & Loss Account)

- Annual reports
- Official company records

Note: Primary data like surveys or interviews is not included in this study.

Tools for Analysis

The following tools and techniques are used for analysing working capital:

Comparative Statement of Working Capital – to study year-to-year changes in current assets, current liabilities, and net working capital.

Ratios (optional) – such as current ratio and quick ratio, to assess liquidity.

Trend Analysis – to observe patterns over the selected period

**PERIOD OF STUDY:**

The study covers the financial data of the company for [specify years, e.g. 2025-2026], depending on availability of records.

**STATEMENT OF CHANGES IN WORKING CAPITAL 2020-2021.**

( ₹ in Lakhs)

Particulars	31/3/2020	31/3/2021	Changes in	
	₹	₹	working capital	
			Increase Rs	Decrease Rs
Current Assts				
Inventory	7075.18	9194.08	2115.9	-----
Sundry debtors	7197.89	6706.59	-----	491.3
Cash and bank	247.72	350.67	102.95	-----
Loans and advances and prepaid expenses	1616.75	2070.42	453.67	-----
Total Current Assets (a)	16137.54	18321.76		
Current liabilities and Provisions				
Current liabilities	8090.45	9202.11	-----	1111.66
Provisions	589.14	354.42	234.72	-----
Total current liabilities (b)	8676.59	9556.53		
Working Capital (a-b)	7460.95	8765.23		
Net Increase / decrease working capital	1304.28			1304.28
Total	8765.23	8765.23	2907.23	2907.23

**INTERPRETATION:**

During the year 2021, networking capital is increased by 1304.28 lakhs due to increase in inventories and loans and advances and also increase in provisions.

**STATEMENT OF CHANGES IN WORKING CAPITAL 2021-2022.**

(₹ in Lakhs)

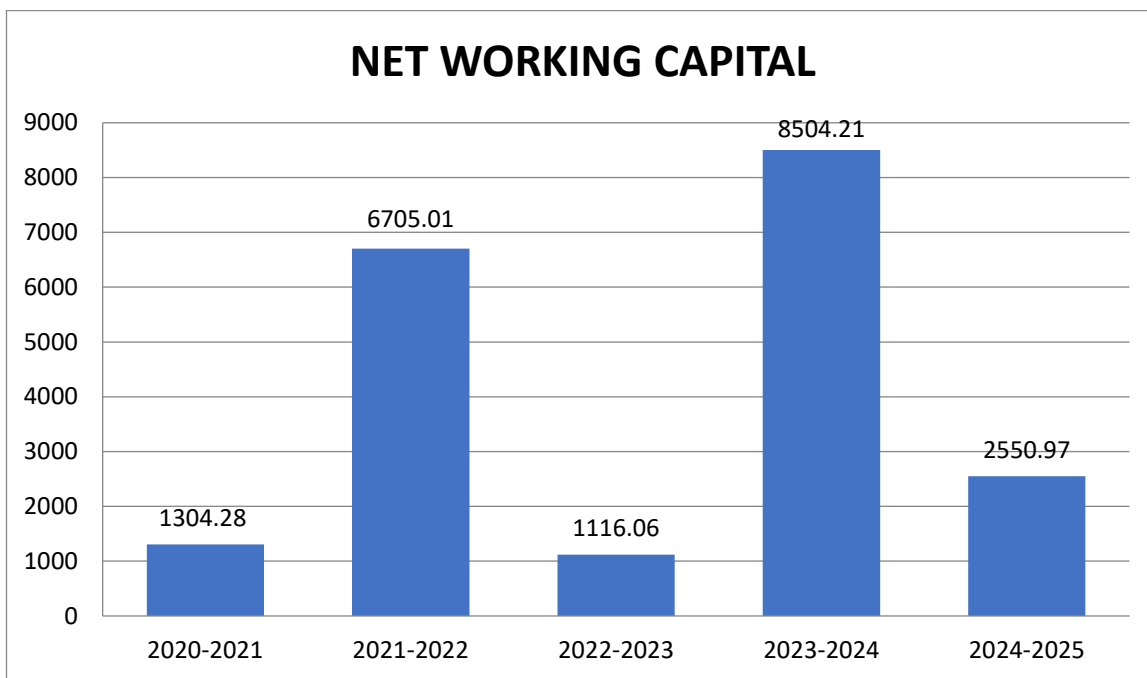
Particulars	31/3/2021	31/3/2022	Changes in	
	₹	₹	working capital	
			Increase Rs	Decrease Rs
Current Assts				
Inventory	9194.08	10636.86	1442.78	-----
Sundry debtors	6706.59	7667.92	961.33	-----
Cash and bank	350.67	2650.37	2299.7	-----
Loans and advances and prepaid expenses	2070.42	5241.68	3171.26	-----
Total Current Assets (a)	18321.76	26196.83		
Current liabilities and Provisions				
Current liabilities	9202.11	10188.34	-----	986.23
Provisions	354.42	538.25	-----	183.83
Total current liabilities (b)	9556.53	10726.59		
Working Capital (a-b)	8765.23	15470.24		
Net Increase / decrease working capital	6705.01		-----	6705.01
Total	15470.24	15470.24	7875.07	7875.07

**INTERPRETATION:**

During the year 2022, the networking capital is increased by 6705.01 lakhs due to increase in loans and advances, cash and bank balances, inventories and sundry debtors.

Year	Net working capital
2020-2021	1304.28
2021-2022	6705.01
2022-2023	1116.06
2023-2024	8504.21
2024-2025	2550.97

**Trends Changes in networking capital:**



**INTERPRETATION**

During the study period 2020 to 2025 the networking capital is in increasing trend up to 2022 then after decreasing trend.

**CURRENT RATIO:**

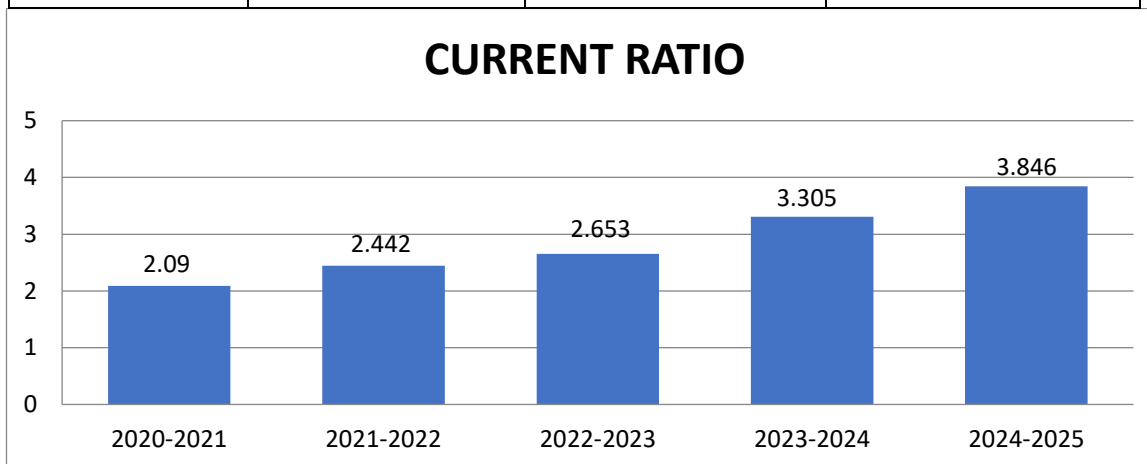
The current ratio is the measure of short-term solvency. It indicates the availability of current assets in rupees for every one rupee of current liability. A ratio of greater than one means that the firm has more current assets than current claims against the standard current ratio is 2:1

Current ratio is calculated by dividing current assets by current liabilities.

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

TABLE NO: 1 : current ratio of SRI VARADHARAJA FRUIT PRODUCTS private limited during the period during the period 2021-25.

Year	current assets	current liabilities	current ratio
2020-2021	18,321.76	8,765.23	2.090
2021-2022	26,196.83	10,726.59	2.442
2022-2023	26,616.98	10,030.68	2.653
2023-2024	35,973.84	10,883.33	3.305
2024-2025	30,463.18	7,920.68	3.846



### INTERPRETATION

During the period 2021 to 2025, the current ratio is in increasing trend. It shows the firm maintaining the standard current ratio 2:1.

### FINDINGS

- During the study period 2021 to 2025 the networking capital is in increasing trend up to 2022 then after decreasing trend.
- During the period 2021 to 2025, the current ratio is in increasing trend. It shows the firm maintaining the standard current ratio 2:1.
- During the period, working capital turnover ratio is highly increased in the year 2021-22 and decreased in the year 2023-24 and again increased in the year 2024-25.
- During the period 2021-2025, current assets turnover ratio is increasing trend up to 2021, 2022 and 2023 and it is decreasing in the years 2022 and 2025.
- During the period 2021-2025, current assets to sales ratio is highly increased in the year 2021-22 and highly decreased in the year 2023-24 and again increased in the year 2024-25.

### SUGGESTIONS

- As the working capital position of the firm is not good, the company should have to maintain working capital turnover ratio without fluctuating for the better management of working capital.
- The company should have to maintain the standard current ratio and quick ratio for better management of working capital.

- The company is suggested to maintain the optimum cash to meet its short-term obligations.
- Net profit of the company should be improved as it helps the company in surviving in the case of falling sales prices, rising cost of production or declining demand.

## CONCLUSION

One of the most important areas in day-to-day management of the firm is the management of working capital. Working capital management is the fictional area of fiancé that covers all the current account of the firm. Working capital management involves the relationship between a firms short term assets and its short term liabilities the goal of Working capital management is to ensure that a firm is able to continue it's a operations and that it has sufficient ability to satisfy both maturing short term debt and upcoming operational expenses.

The overall performance of the Sri Varadaraja fruits products pvt.ltd is satisfactory, but still need to cut down the expenses to earn more profit. The company needs to maintain adequate working capital for smooth functioning and survival of the business.

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