

# **A STUDY ON WORKING CAPITAL MANAGEMENT IN NANDI POYMERS INDIA PVT LTD AT TIRUPATHI**

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## **EXECUTIVE SUMMARY**

Working capital management connects finance to operations in very tangible ways. A company that manages working capital well—by speeding collections, reducing inventories, and scheduling payments effectively and taking advantage of discounts when appropriate—can significantly improve performance.

## **REVIEW OF LITERATURE:**

### **FINANCE:**

Finance is one basic foundation of all kinds of economic activities. It is the master key. Which provides access to all the sources for being employed in manufacturing. Hence it is rightly said that finance is the life blood of any enterprise.

### **DEFINITIONS:**

According to **GOUTHAMAN AND DOUGHALI**: “Business finance can broadly be defined as the activity concerned with planning, controlling and administering of funds used in the business”.

### **WORKING CAPITAL**

The concept of ‘working capital’ is much confusing in the business circle. It is very unfortunate, there is much disagreement among financiers, accountants, businessmen and economists as to the exact meaning of the term ‘working capital’ according to a few, working capital means current assets. For some others,

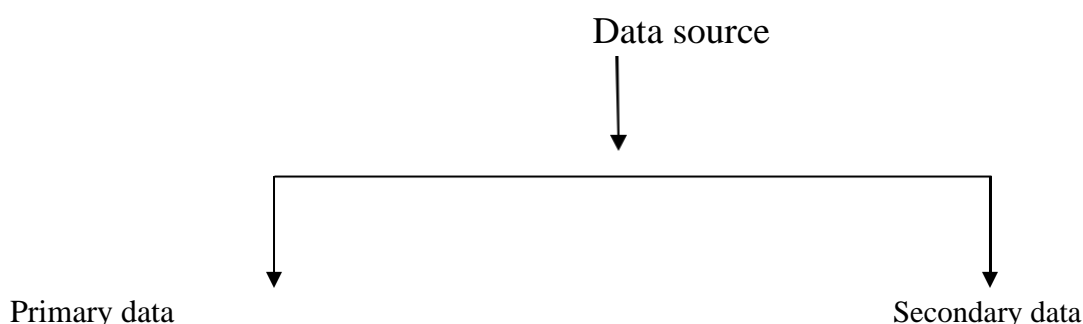
it is excess of current assets over current liabilities. Some authorities prefer to call it circulating capital in place of working capital.

Working capital is an important ingredient in the smooth working of business of entities; it has not attracted much attention of scholars. Whatever studies have conducted, those have Exercised profound influence on the understanding of working capital management good number of these studies which pioneered work in the area have been conducted abroad, following which, Indian scholars have also conducted research studies exploring various aspect of working capital's. Such the previous studies may be grouped into three broad classes-(1) studies conducted abroad, (2) studies conducted in India, (3) studies relating to determine of inventory investment.

### **3.RESEARCH METHODOLOGY:**

#### **Sources of data**

The data is used for the present study consists of primary as well as secondary



#### **primary data:**

The data relating to the financial statement has been collected from the published annual reports for the years 2016-21.

#### **Secondary Data**

Secondary data has been collected from the internal as well as external sources include the information from the company's old records, documents, and external data has been collected from various books and publications.

## **DATA ANALYSIS AND INTERPRETATION:**

### **1.Current Ratio:**

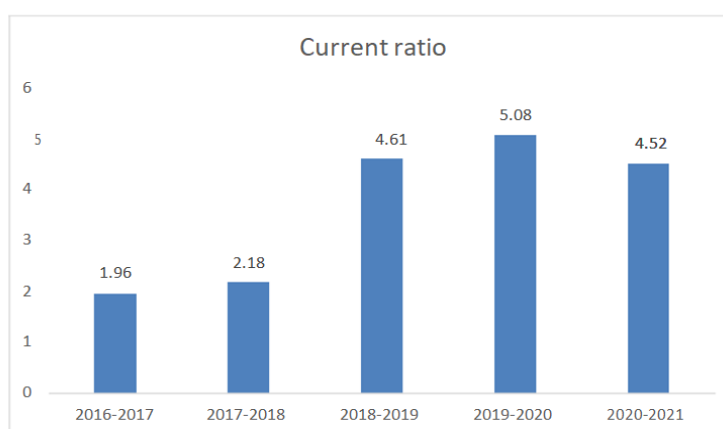
The current ratio is a liquidity ratio that measures a company's ability to pay short-term and long-term obligations. To gauge this ability, the current ratio considers the current total assets of a company (both liquid and illiquid) relative to that company's current total liabilities.

Current assets

Current ratio = \_\_\_\_\_

Current liabilities

Years	Current assets	Current liabilities	Current ratio
2016-2017	19,25,97,488.71	9,82,10,964.29	1.96
2017-2018	25,89,86,256.96	11,82,64,503.29	2.18
2018-2019	23,05,67,780.94	4,99,61,964.29	4.61
2019-2020	24,70,76,884.5	4,86,20,513.29	5.08
2020-2021	20,81,06,379.43	4,60,20,957	4.52



## **INTERPRETATION:**

Form the above table it is observed that the current ratio for the year 2019-20 was increase ratio 5.08, during the year 2016-17 was decrease ratio 1.96.

## 2. QUICK RATIO

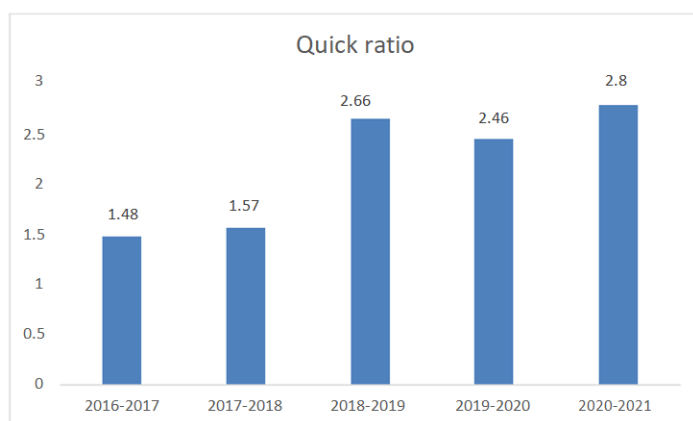
The quick ratio is calculated by adding cash, cash equivalents, short-term investments, and current receivables together then dividing them by current liabilities. Sometimes company financial statements don't give a breakdown of quick assets on the balance sheet.

Cash in hand + Bank accounts + Debtors

Quick ratio = \_\_\_\_\_

Current liabilities

Years	Cccash+Bank+Debito	Current liabilities	Quick ratio
2016-2017	14,61,46,152.98	9,82,10,964.29	1.48
2017-2018	18,65,59,557.89	11,82,64,503.29	1.57
2018-2019	13,32,23,661.31	4,99,61,964.29	2.66
2019-2020	11,98,69,677.75	4,86,20,513.29	2.46
2020-2021	12,92,67,063.91	4,60,20,957	2.80



### INTERPRETATION:

Form the above table it is observed that the quick ratio for the year 2020-21 was increase ratio 2.80, during the year 2016-17 was decrease ratio 1.48.

## **CONCLUSION**

The overall working capital performance of Sri Subramanyeswarsa polymers company is good. All current assets should be utilized properly to maintain a good position. The management should maintain the present situation in future also.

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