# A Study on Working Capital Management with Reference to Sempon Permanent Nidhi Limited

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**ABSTRACT**

The project on working capital management of Nidhi limited has been a very good experience. An organizations cost can be reduced and its profit can be increased only if it’s able to manage working capital efficiently. At the same time the company can provide customer satisfaction and hence provide their overall productivity and profitability.

The study is mainly based on the secondary data. Ratios and statement of changes in working capital are the tools used for the study. The interpretations are summarized and suggestions are provided based on it. By adopting various calculation and analysis and then making interpretation with the solution of specific problem I put my efforts in giving appropriate suggestion to the company.

## CHAPTER – 1

## INTRODUCTION

### 1.1 INTRODUCTION

Working capital is defined as, the excess of current assets over current liabilities and provisions Working capital management refers to a company's managerial accounting strategy designed to monitor and utilize the two components of working capital, current assets and current liabilities, to ensure the most financially efficient operation of the company. The primary purpose of working capital management is to make sure the company always maintains sufficient cash flow to meet its short-term operating costs and short- term debt obligations.

Working capital management is concerned with the problems that arise in attempting tomanage the current assets, the current liabilities and the interrelationship that exists between them. The term current assets refer to those assets which in the ordinary courseof business can be, or will be, converted in to cash within one year without undergoing a diminution in value and without disrupting the operation of the firm.

The goal of working capital management is to ensure that a firm is able to continue its operations and that it has sufficient ability to satisfy both maturing short-term debt andupcoming operational expenses. The management of working capital involves managing inventories, accounts receivable and payable, and cash. The excess of current assets of a business organization over its current liabilities is termed as the working capital of that organization.

The major current assets are cash, marketable security, account receivable and inventory. Current liabilities are those liabilities which are intended, at their inception, too be paid in the ordinary course of business, within a year, out of the current asset or earning of the concern. The basic current liabilities are account payable, bills payable, bank overdraft and outstanding expenses.

The net working capital formula is calculated by subtracting the current liabilities from the current assets. Here is what the basic equation looks like:

Net working capital = current assets - current liabilities

Typical current assets that are included in the net working capital calculation are cash, accounts receivable, inventory, and short-term investments. The current liabilities section typically includes accounts payable, accrued expenses and taxes, customer deposits, and other trade debt. A positive net working capital is better thana negative one. A positive calculation shows creditors and investors that the company is able to generate enough from operations to pay for its current obligations with current assets. A negative net working capital, on the other hand, shows creditors and investors thatthe operations of the business aren't producing enough to support the business current debts.

## 1.2 SCOPE OF THE STUDY

2 The main scope of the study was to theoretical aspect of the study into real lifework experience.
3 The study of working capital is based on tools like Ratio Analysis, Statement ofchanges in working capital. Further the study is based on last five years balance sheet.
4 The study of working capital management is purely based on secondary data and all the information is available within the company itself in the form of records.

## 1.3 OBJECTIVES OF THE STUDY

- To calculate and analyze the amount change and the percent change from one period to the another period.
- To analyze the efficiency of working capital management in SEMPON PERMANENT NIDHI LIMITED using Intra Firm Ratio Analysis.
- To find out the changes in working capital of SEMPON PERMANENT NIDHI LIMITED using Comparative Financial Statement Analysis.

## • 1.4 NEED OF THE STUDY

1. Their projects is helpful in knowing the company's position of funds maintenance and setting the standards for working capital inventory levels, current ratio level, quick ratio, current amount turnover level & web torn turnover levels.

2. This project is helpful to the managements for expanding the dualism & the project viability & present

availability of funds.

3. This project is also useful as it companies the present year data with the previous year data and thereby it shows the trend analysis, i.e. increasing fund or decreasing fund.

4. The project is done entirely as a whole entirely. It will give overall view of the organization and it is useful in further expansion decision to be taken by management.

## INDUSTRY PROFILE :

### Non-Banking Financial Companies

In the world of money, many different types of companies help economies grow. One important group is called Non-Banking Financial Companies or NBFCs. They work together with regular banks to help more people access financial services. NBFCs do things differently and follow special rules. They make sure more people can use financial services and they provide specific help. Non-Banking Financial Companies (NBFCs) are entities that provide bank-like financial services but they do not hold a banking license and are unregulated. In this article, you will get all about Non-Banking Financial Companies (NBFCs) in detail which is an important topic for Indian Economy.

However, unlike banks, NBFCs are not allowed to accept demand deposits from the public. Instead, they raise funds through various other means like debentures, bonds, and borrowings. NBFCs play a crucial role in providing financial services to various sectors of the economy and promoting financial inclusion.

### NBFC Registration

NBFC registration refers to the process by which a non-banking financial company (NBFC) obtains authorization and approval from the regulatory authority, typically the Reserve Bank of India (RBI) in India, to operate as a financial institution and provide certain financial services to the public. The registration process involves fulfilling specific criteria, submitting required documents, meeting regulatory guidelines, and complying with financial and operational norms set by the regulatory authority. Once registered, an NBFC can legally engage in financial activities such as lending, investment, and other financial services, subject to the regulations and guidelines provided by the regulatory authority.

### NBFC Regulations

NBFC regulations are a set of rules, guidelines, and norms established by regulatory authorities, such as the Reserve Bank of India (RBI) in India, to govern the functioning and operations of non-banking financial companies (NBFCs).

- **Regulatory Authority**: NBFC regulations are overseen by regulatory bodies like the Reserve Bank of India (RBI) in India.
- **Licensing and Registration**: NBFCs need to obtain proper licenses and registration from the regulatory authority to operate legally.
- **Capital Adequacy**: NBFCs are required to maintain a certain level of capital to ensure financial stability and solvency.
- **Asset Classification**: Regulations dictate how NBFCs categorize their assets and loans, ensuring

transparency and risk assessment.

- **Risk Management**: NBFCs must have adequate risk management strategies in place to mitigate financial risks.
- **Corporate Governance**: Regulations focus on good governance practices, including board composition, transparency, and accountability.
- **Prudential Norms**: NBFCs have to follow specific norms related to lending practices, income recognition, and provisioning.
- **Disclosure Requirements**: NBFCs are required to disclose financial information regularly to provide transparency to investors and stakeholders.
- **Interest Rates**: Regulations often guide NBFCs on the maximum interest rates they can charge on loans.

**Functions of NBFCs**

NBFCs play a significant role in diversifying the financial landscape by offering a wide range of services that complement traditional banking services. Here are the functions of Non-Banking Financial Companies (NBFCs):

- **Financial Intermediation**: NBFCs act as intermediaries between borrowers and lenders, providing various financial services without being full-fledged banks.
- **Credit Provision**: They offer loans and credit facilities to individuals, businesses, and sectors that might have limited access to traditional banking services.
- **Investment Activities**: NBFCs invest in various financial assets such as stocks, bonds, mutual funds, and other securities.
- **Leasing and Hire-Purchase**: They offer services like leasing and hire-purchase, allowing individuals and businesses to acquire assets without the immediate need for large upfront payments.
- **Factoring and Bill Discounting**: NBFCs provide factoring services where they purchase accounts receivable from businesses and provide immediate funds, helping with cash flow management.
- **Insurance Services**: Some NBFCs offer insurance-related services, especially in rural areas, to provide coverage to those who are underserved by traditional insurance companies.
- **Foreign Exchange Services**: Certain NBFCs offer forex services for individuals and businesses needing currency exchange and remittance facilities.
- **Microfinance**: NBFCs provide microfinance services to financially underserved sections of society, particularly in rural areas, by offering small loans and financial products.
- **Advisory Services**: Some NBFCs offer financial advisory services, helping clients with investment decisions, financial planning, and portfolio management.
- **Mortgage Services**: They provide mortgage loans, allowing individuals to buy or improve real estate properties.
- **Vehicle Finance**: NBFCs offer loans for purchasing vehicles, both for personal use and commercial purposes.

## COMPANY PROFILE :

Sempon Permanent Nidhi Limited (Formerly known as Sempon Permanent Fund Limited) was incorporated in the year 1990 under the Guidance/blessings/vision of Mr. T. Velayutham, Late S. Manoharan and Late S. Selvaraj with the main objective to encourage and inculcate the habit of thrift an savins amongst its members . We always believe in growing our valuable funds by carefully lending it to our members at an affordable rate thus ensuring security if the funds. We a 33-years-old Nidhi, being a company registered under the companies act 2013 are governed by the Ministry of corporate affairs. Since inception , we have always been committed to adhere/company with all rules of Nidhi regulations and thus increasing the level of confidence amongst our members.

Sempon Permanent Nidhi Limited is a Public incorporated on 60 August 1990. It is classified as Non-Government company and is registered at Registrar of companies, Chennai. It is involved in Other financial intermediation . This group includes financial intermediation other than that conducted by monetary institutions. Sempon Permanent Nidhi Limited's Annual General Meeting(AGM) was late held and as per records from Ministry of Corporate Affairs (MCA). .

**PRINCIPLE BUSINESS OF THE COMPANY:**

- Accepting deposits
- Loan against property
- Loan lending on jewels
- Loan against deposits
- Locker facility

**REGISTRATION AND OTHER DETAILS:**

| | | |
|---|---|---|
| 1 | CIN (Corporate Identification Number) | U65991TN1990PLC019488 |
| 2 | Registration date | 06/08/1990 |
| 3 | Registration number | 19488 |
| 4 | GST | 33AABCS24182 |
| 5 | Company name | Sempon Permanent Nidhi Llimited |
| 6 | Category | Company Limited by shares |
| 7 | Industry | Non-banking financial services |
| 8 | Address | 111, Madhavaram high road, Perambur, Chennai-11 |
| 9 | Mail Id | Sempon1990@yahoo.co.in |

**WORKING HOURS:**

On Weekdays : 9.00AM – 4.30PM
On Sundays : 9.00AM – 11.30AM
Weekly holiday : Tuesday
If the last day of a month happens to be on Tuesday, the office shall be opened for transaction of business as usual on that day and the following third working day shall be a holiday.

**VISION STATEMENT:**

Our Vision is to build an institution for betterment of financial position of our member and for better circulation of money in the society. We thirve to motivation the practice of disciplined and Regular savings so as to help members and in turn our society to create wealth and prosperity.

**PRODUCT PROFILE :**

Sempon permanent Nidhi limited services is the customer/shareholder satisfaction is our prime priority while extending our various services, whether it relates to our loan product or deposit.

**PRODUCTS ARE**:

- Fixed deposits
- Recuring deposits
- Saving deposit
- Re-investment deposits
- Jewels loan
- House mortgage loan
- Deposit loan
- Locker facility

<u>Fixed deposit:</u>

Investing in fixed deposits provide a very secured and good income stream to members with a guaranteed return making it a very ideal and attractive investment option. Fixed deposit scheme is the right option for those who wish to invest their money and get periodical income by the way of interest. You can get interest monthly are a safe investment option that guarantees consistent interest rates, special interest rates for senior citizens, various interest payment option and no market related risks with income tax deductions. It is important to compare the latest fixed deposit rates among leading banks in the country before opening a new fixed deposit or renewing an existing one.

**Rate of interest**:

| Months | Interest payable monthly |
|---|---|
| 6 | 7.00% |
| 12 | 7.50% |
| 18 | 7.75% |
| 24 | 8.00% |

Interest amount is subject to TDS as per provisions of sec 194A of the Income Tax Act 1961.

<u>Recurring deposits:</u>

A recurring deposit means making regular deposits. Is is a service provided by many banks where people can make regular deposits and earn decent returns on their investments. " An RD account means a banking or postal service account in which a depositor puts a certain amount of money each month for a set length of time (commonly spanning from one year to five years)." This structure is for people who want to put down a set amount each month with the goal of receiving a payout after a few years. The recurring deposit plan's process of making small monthly savings allow the user to build up an appealing sum at maturity. The recurring deposit interest rates are calculated on a quarterly compounded basis.

**Rate of interest**:

| Months | Rate of interest | RD maturity amt. for Rs.1000/pm |
|---|---|---|
| 12 | 10.50% | 12683 |
| 24 | 10.50% | 26625 |
| 36 | 11.00% | 42150 |
| 60 | 11.00% | 76775 |

Saving deposit :

A savings account is an interest-bearing deposit account help at a bank or other financial institution. Though these accounts typically pay a modest interest rate, their safety and reliability make them a great option for parking cash you want available for short-term needs. Savings accounts have some limitation on how often you can withdraw funds, saving for a short-term goal like buying a car or going on vacation

Or simply sweeping surplus cash you don't need inn your checking account so it can earn more interest.

**Rate of interest**:

In savings deposit 5.50% p.a withdrawal by special form provided.

Reinvestment deposits:

Investing in Re Investment Deposit provide a very secured and good income stream to members wth a guaranteed return making it a very ideal and attractive investment option. Re-investment Deposit scheme is the right option for those who wish to invest their money for a period. You can get accumulated interest on Maturity interest amount is subject to TDS as per provisions of Sec 194A of the income tax Act 1961.

**Rate of interest**:

| Months | Rate of interest | RD maturity amt. for Rs.10000 |
|---|---|---|
| 6 | 7% | 10355 |
| 12 | 7.50% | 10776 |
| 24 | 8.00% | 11729 |

Jewels loan:

Gold loan (also called loan against gold) is a secured loan taken by the borrower from a lender by pledging their gold articles (within a range of 18-24 carats) as collateral. The loan amount provided is a certain percentage of the gold, typically up to 80% based on the current market value and quality of gold. Gold loan is similar to personal loan in meeting your immediate financial requirements, be it an international education, marriage expenses, covering medical emergencies or any other personal use.

House mortgage loan:

The term mortgage refers to a loan used to purchase or maintain a home, land or other types of real estate. The borrower agrees to pay the lender overtime, typically in a series of regular payments that are divided into principal and interest. The property serves as collateral to secure the loan. A borrower must apply for a mortgage through their preferred lender and ensure they meet several requirements, including minimum credit scores and down payments. Mortgage application go through a rigorous underwriting process before they reach the closing phase. Mortgage types vary based on the needs of the borrower, such as conventional and fixed-rate loans.

A mortgage loan is a secured loan that allows you to avail funds by providing an immovable asset, such as house or commercial property, as collateral to the lender. The lender keeps the asset until you repay the loan.

**Rate of interest**:

- Interest rate @ 13.8% per annum
- Property situate in corporation of Chennai limit
- No penalty for pre-closure

- Equated monthly installments(EMI) for Rs.100000/- for 7 years tenureRs.1800/-
- No GST No service charge by company.

Loan against deposit:
Loan against FD (fixed deposit) is a type of secured loan where customers can pledge their fixed deposit as security and get a loan in return. The amount of the loan depends on the FD deposit amount. This can go up to 75% of the deposit amount.

Locker Facility:
Safe Deposit Lockers are available in different sizes. A one-time Fully refundable caution deposit
Need to be paid. No rent is levied.

- Caution Deposit returnable fully on closing the locker.
- Safe locker can be availed as :-
  - Individual
  - Either (or) Survivor
  - Jointly
  - Anyone (or) Survivor
- Locker can be operated during office hours only.

## CHAPTER -2

## REVIEW OF LITERATURE

1. **Bose S.K. —**Management of Working Capital‖, studied the two Cable manufacturing companies, and discussed the concept of working capital and found that the working . Capital needs depends on certain elements like volume of investment in fixed assets, volume of projected sales, rate of turnover of current assets and credit terms of purchases.

2. **Venugopalan B.** in the study of —Working Capital Management and Control‖ discussed Two Hypothetical Companies. explain the significance of working capital management. According to him, the needs of working capital can be ascertained by three methods viz Traditional method, Engineering technique and Operational analysis.

3. **Banarjee B —**The Management of Working Capital Derivation- a case study‖ observed that only current ratio is not sufficient to judge the financing activities but required to be compared with sales. The working capital output ratio may be calculated for each component of working capital i.e. stock, debtors, cash and creditors.

4. **Bhattacharya K.K** In the study of —Working Capital Management and Inflation‖ defined the concept of gross and net working capital. Negative concept is also used when current liabilities are in excess of current assets. Internal sources like retained earnings and depreciation and external sources like bank credit, creditors and public deposit are used for financing working capital.

5. **Mishra N** In the study of —Problems of Working Capital Management during Inflation‖, discussed the crucial facets of working capital like amount of working capital, composition of current assets and liabilities and ways of financing it.The studyconcluded that the whole organization is required to take effective measures tocontrol the demand of funds and scarce resources.

6. **Mehta Bharat J** In the study —Working Capital Management under Inflationary Conditions‖, observes that

the additional working capital is required due

**7. to inflation and the gap of such additional working capital can be financed by alternative long term sources like loans from financial institutions, floating of debentures, accepting public deposit, issue of equity shares by operational results.**

8. **Chowdhuri C.D.** in the study of ―Managing Working Capital‖ observes that in the industry dealing with long gestation products the ideal current ratio of 2:1 is not observed but 3:1 is observed. Trading companies having quick turnover do not face the cash shortages.

9. **Yadav R.** in the study of ―Working Capital Management a Parametric Approach‖ examined 39 sick and 39 non- sick manufacturing companies. According to him three variables are to be given weightage in appraising the effectiveness of working capital management. They are (i) Cash flow to total tangible assets, (ii) Net sales to total tangible assets: and (iii) Defensive assets to total operating expenditures.

10. **Sastry V.L.N.** in the study of ―Management of Working Capital‖ expressed working capital in specific number of month turnover and represents revenue nature on debit side and various types of income and sales on credit side. Cost reduction is possible if working capital management is efficient.

11. **Basil S.N.** In the study of ―Working Capital Management in Tyre Companies‖ carried out the study for the period from 1987-88 to 1989-90 based on the annual reports and various publications of Automotive Tyre Manufacturers Association (ATMA) He analyzed the various aspect of working capital and its impact on profitability, and concluded that the main emphasis is on success of short-term solvency and profitability of the company.

12. **Banerjee Debasis and Hazra Manash kumar** ―carried out the study on

**―Working Capital Management in The Grasim India Ltd.‖, for the period of 1985-86 to1989- 90. They observed that the company adopted middle approach for working capitalfinancing which was neither aggressive nor conservative They suggested careful application of funds for increase in trade investments for long-term financial**

**13. health, efficient trading activities to refrain from unusual and risky practice of using long term funds for working capital.**

14. **Das P.K.** carried out the study of ―Working Capital Management in the Public Sector Undertakings in India - a case study‖, for National Jute Manufacturers Corporation Ltd.(NJMC) Govt. U/T for the period from 1981-82 to 1990-91.The suggestion was to give appropriate attention to reduce lock up of funds in the current assets.

15. **Das Siddharth G.** carried out an analysis of ―Working Capital Turnover in Pharmaceutical Companies‖ for 15 Large Public Ltd. Companies for the period from 1981 to 1990. They found that selected firms were doing very well in terms of efficientuse of workingcapital funds, higher turnover and greater efficiency.

16. **Verma H.L. and Garg M.C.(1995)**carried out the study of ―Emerging Guidelines for Working Capital‖ discussed the case study of Iron and Steel Industry, with an objective of evaluating and analyzing the performance of management with regards to working capital, and its various components, and compare with public and private sectors.

17. **Joshi Vijay Prakash(1995)** carried out the study of ―Working Capital Management under Inflation‖ on certain capital intensive industries like Cement, Chemical and Engineeringwith an object of examining the efficient management of each component of working capital.

18. **Vijaykumar A and Dr. Venkatachalam A.(1995)** carried out the study for

**―Working Capital and Profitability An Empirical Analysis‖ in the State of Tamil Nadu based on 13 Sugar Companies for the period from 1982-83 to 1991-92. The tools usedare ratio analysis, correlation and regression, to study the association of profitability with working capital ratios and influence of working capital on profitability.**

19. **Datta Sukamal** carried out the study of ―Working Capital Management through Financial Statements‖, based on an annual reports and accounts personally collected and the financial statement used is fund flow and ratio analysis and

**concluded that overall financial position of 40% firms is precarious and suggested to keep constant watch over working capital position to avoid shortages of it.**

20. **Rao Nichhina and Rao K.V.** in the study entitled ―Working Capital Management A Perception of Chief Executives‖ of selected manufacturing Public Sector Enterprises of the State of Karnataka observed that

21. Trade off between profitability and liquidity, was desired by all the executives. • Working capital is of great importance and other factors like technology, economic and business influences the need for working capital.

22. **Dr. Reddy P. Indrasena and Rao K. Someshwar (1996)** carried out the study of

**―Working capital management - a case study‖ of the Hindustan Cables Ltd. (HCL), for the period from 1989-90 to 1993-94 and concluded that the inventory management was systematic, debtors to current assets ratio was not satisfactory, short term finance was used for purchase of fixed assets leading to decrease in working capital.**

23. **Vijaykumar A and Dr. Venkatachalam A.** in the case study of

**―Responsiveness of Working Capital Management - a case study, of Tamil Nadu Sugar Corporation‖, for a period of 1985-86 to 1993-94, examined the various aspects of components of current assets, financing trends, and impact of working capital on profitability. They concluded that, the investment in working capital is on moderate approach.**

24. **Subramanyan Urna** carried out the study entitled ―Working Capital Analysisof State Road Transport Undertakings in Tamil Nadu, when the Govt, of Tamil Nadu adopted a policy of decentralization and to ensure viability in operation and with an object of velocity of policy of decentralization in financial terms. , The objective of the study was to review financial performance of Road Transport.

25. **Sur Debasis** in the study of ―Working Capital Management in Colgate Palmolive (India) Ltd - a case study, carried out item wise analysis of components of working capital and identified the items responsible for changes in working capital. He suggested improvement in efficiency

**of working capital with the use of ratio analysis. They concluded that short-term funds are blocked up in inventories.**

26. **Bose D. Chandra and Dr. Shankarnarayan K.C.** carried out the study entitled ―Working Capital and Inventory‖ focused on the effect of inventory on the profitability and liquidity. Operating cycle is a measurement of time gap between investments of cash realization of sales revenue. The credit received from suppliers and payment deferral period reduces the time length of operating cycle.

27. **Mallick Amit and Sur Debasis** carried out the study entitled ―Working Capital and Profitability:- a case study in interrelation‖ of the AFT Industries Ltd., a tea producing company for the period of 1986-87 to 1995-

96. They examined the impact of working capital on profitability by simple, multiple correlations and multiple regressionanalysis.

28. **Sarma M.S. & Thiruvengala C.** carried out the study entitled —Working Capital Management in VST- An Appraisal‖, for the period from 1989-1996. They observed that there is a disproportionate increase in current assets in relation to sales resulting in sharpdecline.in working capital turnover. There is no consistent policy of inventory management and inventory turnover declined in five years out of eight years of study.

29. **Amirkhan** carried out study entitled —Working Capital Management at Escorts‖. He examined the four important components of working capital i.e. management of cash, inventory, receivable, loans & advances and financing of working capital. The study revealed that working capital is partly centralized and partly decentralized and excess or surplus or deficit are taken/ sent to the head office.

30. **Hydrabad R.L.** in the study of —Working Capital Leverage Management: Case Analysis‖ studied three Companies viz Essar Steels, Raymond Ltd. and BPL Ltd. for the period of 1997-98 for Essar Steels and 1996-97 for BPL and Ray mond Ltd. They definedthe leverage —as power, influence or force used for lifting heavy

**objects and incase of business it indicates ability or capacity to earn rate of return on assets leading to increase in profits.‖**

31. **Malick A.K. and Sur D.** carried out study of —Working Capital Management A Case Study of Hindustan Lever Ltd‖, for the period from 1987-1996. They carried out 34 comprehensive analysis of liquidity and profitability of working capital, variationof working capital, financing pattern, various component of working capital and its joint effects on profitability, leverages, closeness of association between the liquidity and the profitability. They concluded that the position of working capital management was encouraging.

32. **Prasad R.S.** carried out the study entitled —Working Capital Management in Paper Industry‖, for the period from 1983-84 to 1992-93 of 21 Paper companies. They observed an irrational ratio between sales and inventory, low turnover of receivables, poor cash management, financing from internal sources leading to fall in reserve and surplus, inefficient collection system resulting into huge block of funds in receivables.

33. **Dutta Joginder Singh** carried out the study entitled, —Working Capital Management of Horticulture Industry in H. P. - A Case Study of HPMC‖ for the period from 1990- 91 to 1997-98. He observed that the variation in the ratio of current assets to current liabilities rose more than proportionately as compared to current assets, where current assets proportion is higher as compared to total assets and fix assets for the reason of huge share of accumulated losses.

# CHAPTER-3

## RESEARCH METHODOLOGY

### RESEARCH METHODOLOGY

**Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying now research is done systematically. In that various steps, those are generally adopted by a researcher in studying his problem along withthe logic behind them. It is important for research to know not only the research method but also know research methodology. The procedures by which researchers go about their work of describing, explaining and predicting phenomenon are called methodology.**

### 3.1 RESEARCH DESIGN

**A research design is the arrangement of the condition for collection and analysis of data.Actually it is the blueprint of the research project. Research design is a statement or specification of procedure for collecting and analyzing the information required for the solution of a specific problem. It provides a scientific find work for conducting some research investigation. The conception of research of the research design plan is a critical step in the research process. The design of the study constitutes blue print for thecollection, measurement, and analysis of the data.**

### 3.2 DATA COLLECTION

**There are two types of data collection methods available Primary data collection & Secondary data collection.**

**Secondary Data :**

**Secondary data easily get those secondary data from records, journals, annual reports of the company etc.**

### 3.3 SOURCES OF DATA

**Secondary Data has been collected from the company annual reports, records, journals,annual reports of the company supported by various books and internet sides.**

### 3.4 TOOLS USED FOR THE STUDY

3.4.1 FINANCIAL TOOLS

3.4.1.1 Ratio analysis

3.4.1.2 Statement of changes in working capital

3.4.1.3 Comparative Balance Sheet

3.4.1.4 Trend analysis

# CHAPTER- 4

# ANALYSIS AND INTERPRETATION OF DATA

## 4.1 STATEMENT OF CHANGES IN WORKING CAPITAL

**Table 4.1.1 Calculation of Working Capital (in Rs. )**

| | **2019** | **2020** | **2021** | **2022** | **2023** |
|---|---|---|---|---|---|
| A)Current assets | 215400330.30 | 242754033.54 | 281834578.15 | 324181920 | 351046820 |
| B)Currentliabilities | 298424139.36 | 327088424.32 | 310777922.78 | 19871880 | 23211500 |
| **Working capital(A-B)** | -83023809.06 | -84334390.78 | -28943344.63 | 304310040 | 327835320 |

## INTERPRETATION

**From the above table we can identify that working capital decreases at initial stage but after that it started decreasing at a high rate finally in 2023 it increases and went to a higher rate.**

**Chart 4.1.1 working capital**

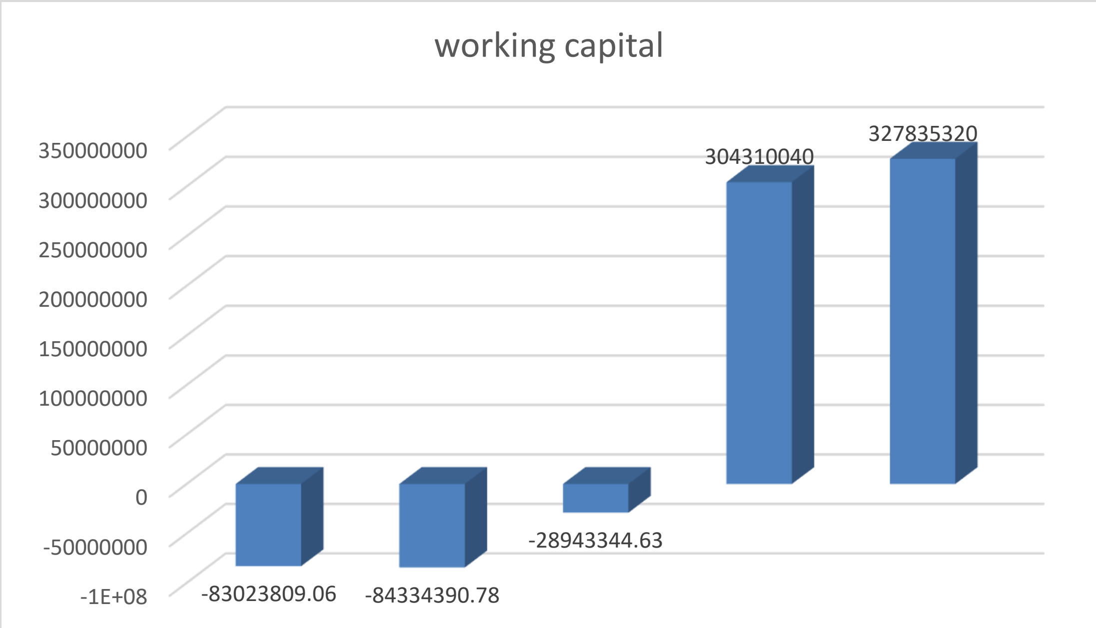


**TABLE 4.1.5 STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR2022-23 (in Rs. Cr.)**

| Particulars | 2022 | 2023 | Increase | Decrease |
|---|---|---|---|---|
| **Current assets** | | | | |
| Current Investments | 82844450 | 81949250 | | 895200 |
| Inventories | – | – | – | – |
| Trade receivables | – | – | – | – |
| cash & cash equivalents | 13495410 | 38169800 | 24674390 | |
| Short term loans | 121062500 | 131509060 | 10446560 | |
| Other current assets | 106779560 | 99418710 | | 7360850 |
| A)total current assets | 324181920 | 351046820 | | |
| **Current liabilities** | – | – | – | – |
| Trade Payables | – | – | – | – |
| Short Term Provisions | – | – | – | – |
| Short term borrowings | 15734130 | 18665310 | | 2931180 |
| Other Current Liabilities | 4137750 | 4546190 | | 408440 |
| B)total current liabilities | 19871880 | 23211500 | | |
| **NET WORKINGCAPITAL(A-B)** | **304310040** | **327835320** | **35120950** | **11595670** |
| Increase or decrease in working capital | 23525280 | | | |
| | **327835320** | **327835320** | | |

**INTERPRETATION**
**(statement of changes in working capital for the year 2022-2023):**

We can see from the above table that there is an increase of 23525280 in the Net Working Capital. If the Net Working capital is increasing, we can conclude that the company's liquidity is increasing. It could indicate that the company is able to utilize its existing resources in a better way. This can be attributed to the major increase in the Cash & Cash Equivalents(C & CE) and Other Financial Assets. Cash & Cash Equivalents were at Rs. 13495410 in 2021-22 which increased to Rs.38169800 in 2022-23. The change in C & CE was Rs. 24674390.Companies with a healthy amount of cash and cash equivalents can reflect positively in their ability to meet their short-term debt obligations.

**RATIO ANALYSIS:**

**Ratio analysis can be defined as the process of ascertaining the financial ratios that are used for indicating the ongoing financial performance of a company using few types of ratios such as liquidity, profitability, activity, debt, market, solvency, efficiency, and coverage ratios and few examples of such ratios are return on equity, current ratio, quick ratio, dividend payout ratio, debt-equity ratio, and soon. Ratio analysis is a process used for the calculation of financial ratios or in other words, for the purpose of evaluating the financial wellbeing of a company. The values used for the calculation of financial ratios of a company are extracted from the financial statements of that same company.**

- **Current Ratio:** The current ratio is the ratio between the current assets and current liabilities of a company. The current ratio is used to indicate the liquidity of an organization in being able to meet its debt obligations in the upcoming twelve months. A higher current ratio will indicate that the organization is highly capableof repaying its short-term debt obligations.

**The formula used for the calculation of a Current ratio is:**

**Current Ratio= Current Assets / Current Liabilities.**

- **Debt Equity Ratio:** The debt-equity ratio can be defined as a ratio between total debt and shareholder's fund. The debt-equity ratio is used to calculate the leverage of an organization.

**The formula for debt-equity ratio is-**

**Debt Equity Ratio = Total Debts / Shareholders Fund**

- **Proprietary Ratio:** Proprietary ratio (also known as Equity Ratio or Net worth tototal assets or shareholder equity to total equity). Establishes relationship between proprietor's funds to total resources of the unit. Where proprietor's funds refer to Equity share capital and Reserves, surpluses and Tot resources refer to total assets.

**The formula is used to calculate proprietary ratio:**

**Proprietary ratio = Proprietor's funds / Total assets**

## 4.2 RATIO ANALYSIS

### 1. CURRENT RATIO

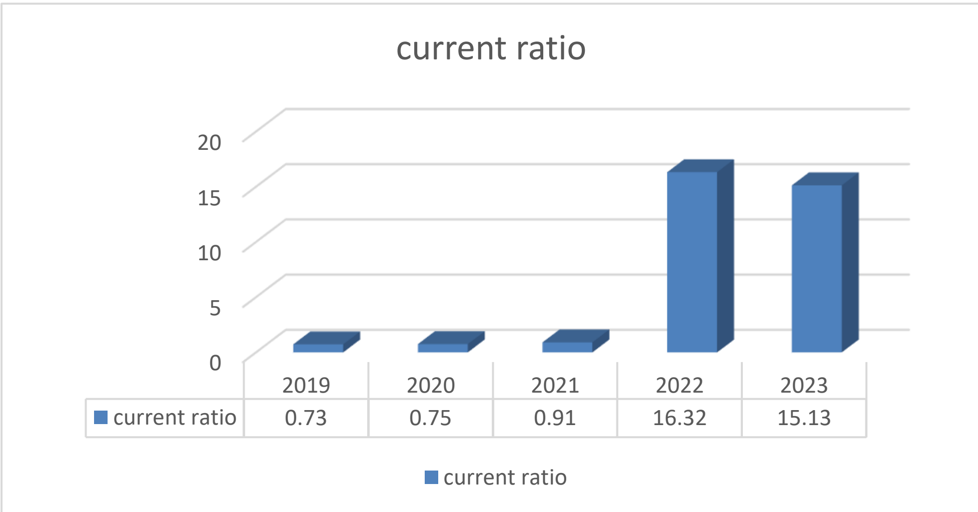
Table 4.2.1 Current Ratio

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Current assets** | 215400330.30 | 242754033.54 | 281834578.15 | 324181920 | 351046820 |
| **Current liabilities** | 298424139.36 | 327088424.32 | 310777922.7 | 19871880 | 23211500 |
| **Current ratio** | **.73** | **.75** | **.91** | **16.32** | **15.13** |

**INTERPRETATION**

**The above table shows the current ratio of 5 years from 2019 to 2023. The ratios raises from 2019 and in 2022 it reaches the highest and in 2023 it slightly falls.**

Chart 4.2.1 Current Ratio



## 2. DEBT RATIO

Table 4.2.7 Debt Ratio

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Current Liabilities | 298424139.36 | 327088424.32 | 310777922.7 | 19871880 | 23211500 |
| Current Assets | 215400330.30 | 242754033.54 | 281834578.15 | 324181920 | 351046820 |
| **Debt Ratio** | **1.39** | **1.35** | **1.11** | **.07** | **0.07** |

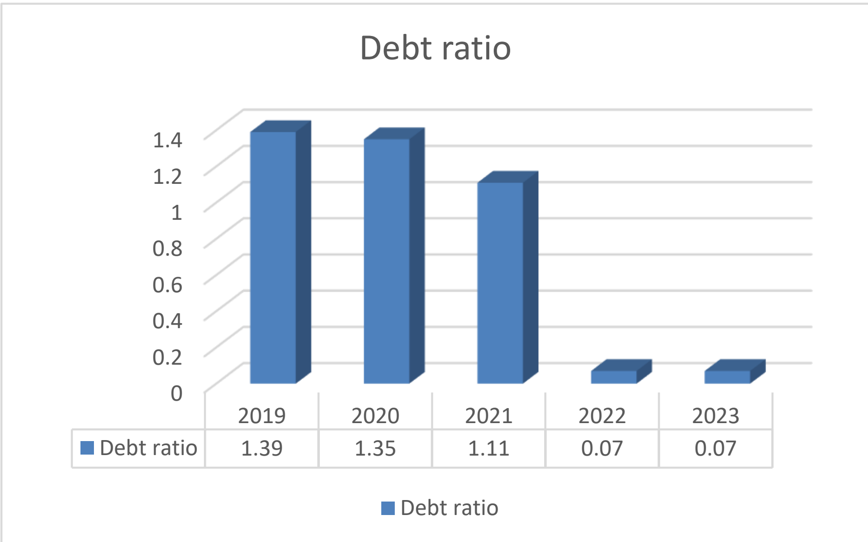
**INTERPRETATION**

**The debt ratio is shown in decimal format because it calculates total liabilities as a percentage of total assets. As with many solvency ratios, a lower ratios is more favorablethan a higher ratio. A ratio of 1 means that total liabilities equals total assets. But in this 2019 has the highest ratio and 2023 has the lowest debt ratio.**

Chart 4.2.7 Debt Ratio

## 3. CASH RATIO

Table 4.2.8 Cash Ratio




| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| CASH ANDCASH EQUIVALENTS | 77677125.30 | 91929325.54 | 85874805.40 | 13495410 | 38169800 |
| CURRENT LIABILITIES | 298424139.36 | 327088424.32 | 310777922.7 | 19871880 | 23211500 |
| **CASH RATIO** | **.26** | **.29** | **.28** | **0.68** | **1.65** |

International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 08 Issue: 04 | April - 2024 SJIF Rating: 8.448 ISSN: 2582-3930

**INTERPRETATION**

**The cash ratio shows how well a company can pay off its current liabilities with only cash and cash equivalents. This ratio shows cash and equivalents as a percentage of current liabilities. A ratio of 1 means that the company has the same amount of cash andequivalents as it has current debt.**

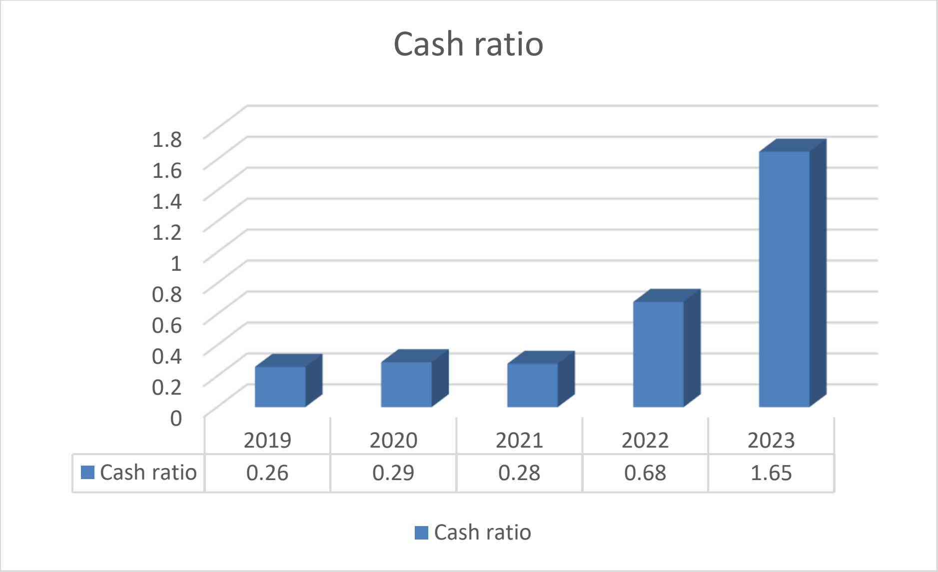
Chart 4.2.8 Cash Ratio

## 4. DEBT EQUITY RATIO

Table 4.2.9 Debt Equity Ratio

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Long TermDebts | 577535048.5 | 609388273.6 | 582300391.1 | 612551670 | 633821850 |
| ShareholdersFund | 69195824.8 | 78860501 | 83842180 | 93722000 | 104031590 |
| Debt EquityRatio | 8.347 | 7.728 | 6.946 | 6.536 | 6.10 |

**INTERPRETATION**




**A debt to equity ratio of 1 would mean that investors and creditors have an equal stake in the business assets. A lower debt to equity ratio usually implies a more financially stable business. The ratio is mostly the same for all the five years and all are below**

Chart 4.2.9 Debt Equity Ratio

## 5. PROPRIETARY RATIO

Table 4.2.10 Proprietary Ratio

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **ShareholdersFund** | **69195824.8** | **78860501** | **83842180** | **93722000** | **104031590** |
| **Total Assets** | **646730873** | **686171246.54** | **666142571.15** | **706273600** | **737853440** |
| **ProprietaryRatio** | **0.11** | **0.12** | **0.13** | **0.14** | **0.14** |

**INTERPRETATION**

**Having a very high proprietary ratio does not always mean that the company has an ideal capital structure. Ideally, the ratio should be 1:3. Here all the five years are below1 and all are mostly same.**

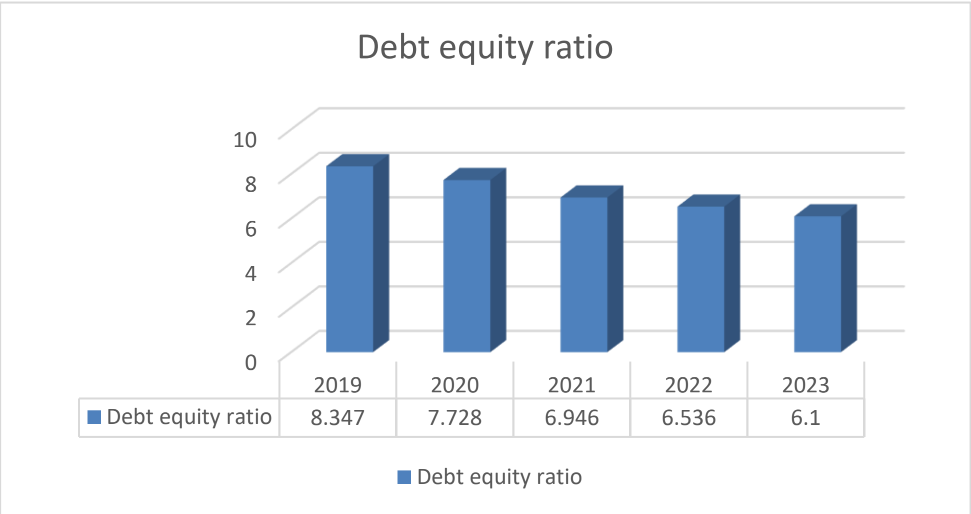



Chart 4.2.10 Proprietary Ratio

## 6. RETURN ON ASSET

**Table 4.2.11 Return on Asset**

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Net income | 12576069.9 | 12187726.1 | 10330248 | 12274250 | 12326310 |
| Total Assets | 646730873 | 686171246.54 | 666142571.15 | 706273600 | 737853440 |
| Return on asset | 0.02 | 0.018 | 0.016 | 0.018 | 0.017 |

**INTERPRETATION**

**Having a very high proprietary ratio does not always mean that the company has an ideal capital structure. Ideally, the ratio should be 1:3. Here all the five years are below1 and all are mostly same.**

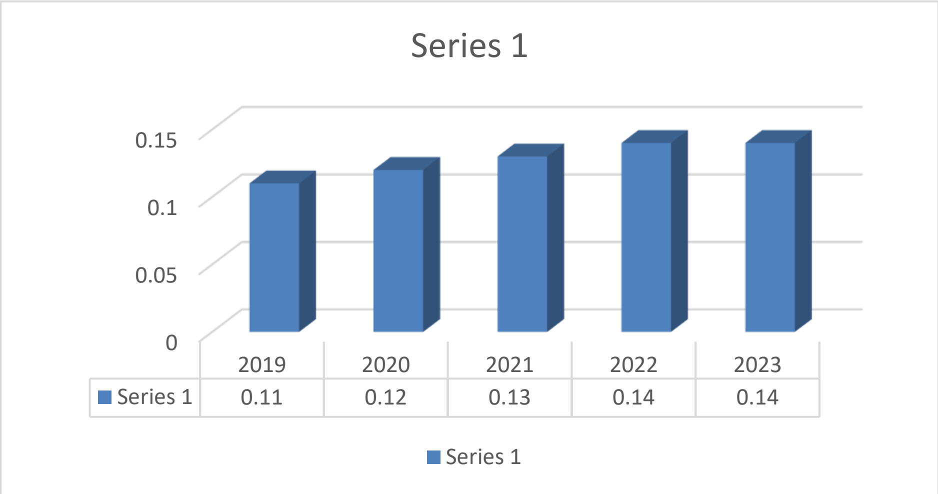



**Chart 4.2.10 Proprietary Ratio**

## 7. RETURN ON EQUITY

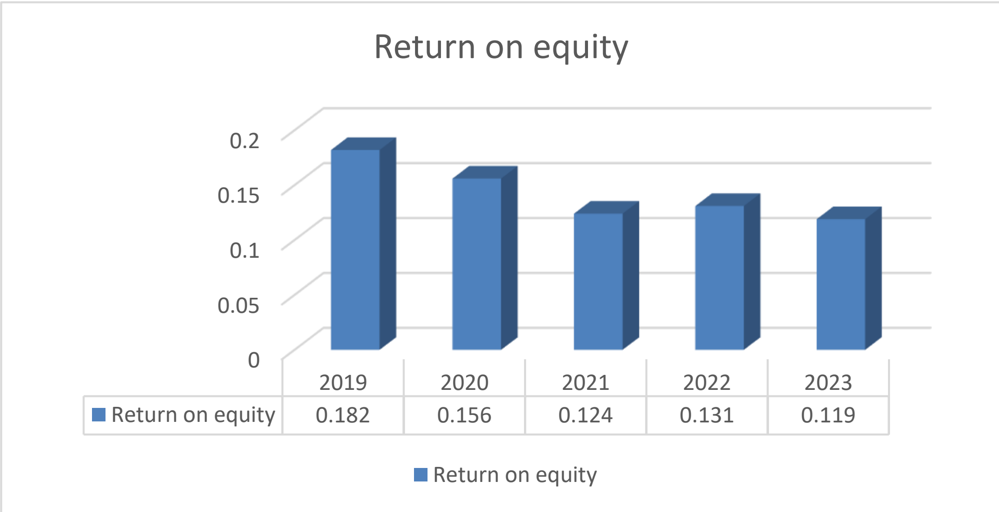
Table 4.2.10 Return on Equity

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Net Income | 12576069.9 | 12187726.1 | 10330248 | 12274250 | 12326310 |
| ShareholdersFund | 69195824.8 | 78860501 | 83842180 | 93722000 | 104031600 |
| Return on equity | 0.182 | 0.155 | 0.124 | 0.131 | 0.119 |

**INTERPRETATION**

**Having a very high proprietary ratio does not always mean that the company has an ideal capital structure. Ideally, the ratio should be 1:3. Here all the five years are below1 and all are mostly same.**

Chart 4.2.10 Proprietary Ratio



**COMPARATIVE BALANCE SHEET:**

**The Comparative Balance sheet analysis is the study of the trend of the same items, group of items and computed items in two or more balance sheets of the same business enterprise on different dates. The changes in periodic balance sheet items reflect the conduct of a business. The changes can be observed by comparison of balance sheet at the beginning and at the end of a period and these changes can help in forming an opinion about the progress of an enterprise.The comparative balance sheet has two columns for the date of original balance sheets. A third column is used to show increase in figures. The fourth column maybe added for giving percentage of increase or decrease. While interpreting comparative balance sheet the interpreter is expected to study the followingaspects:**

- Current financial position and liquidity position and Long-term financialPosition.

## TREND ANALYSIS

**Trend Analysis:**

**Trend Analysis is a statistical technique that tries to determine future movements of a given variable by analyzing historical trends. In other words, it is a method that aims to predict future behaviors by examining past ones.**

**The formula for CalculatingTrend Analysis:**

**Trend Analysis: Current year/ Base year *100**

### 4.1 COMPARATIVE BALANCE SHEET

**TABLE 4.3.1 COMPARATIVE BALANCE SHEET OF 2018-2019 (in Rs. Cr.)**

| | **2018** | **2019** | **Absolute change** | **Percentage Change** |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **SHAREHOLDER'S FUNDS** | | | | |
| Equity Share Capital | 2012024 | 2047828 | 35804 | 1.78 |
| Reserves and Surplus | 57714907.83 | 67147996.77 | 9433088.9 | 16.35 |
| **NON-CURRENT LIABILITIES** | | | | |
| Long Term Borrowings | 220410413 | 226867609 | 6457196 | 2.93 |
| Other Long Term Liabilities | 15794982.94 | 13281699.17 | (2513283.77) | (15.92) |
| Long Term Provisions | 34908818 | 38961601 | 4052783 | 11.6 |
| **CURRENT LIABILITIES** | | | | |

| | | | | |
|---|---|---|---|---|
| Trade Payables | | | | |
| Other Current Liabilities | 28093673.44 | 27135576.67 | (958096.77) | (3.41) |
| Short Term Borrowings | 239217465.95 | 271288562.69 | 32071096.7 | 13.41 |
| **TOTAL LIABILITIES** | **598152285.16** | **646730873.30** | 48578588 | 8.13 |
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Fixed Assets | 2386614 | 2141467 | (245147) | (10.27) |
| Deferred Tax assets | - | - | | |
| Long term Loans and Advances | 361604339 | 429189076 | 67584737 | 18.69 |
| **CURRENT ASSETS** | | | | |
| Current Investments | - | - | | |
| Trade Receivables | 32149604 | 34903870 | 2754266 | 8.56 |
| Cash And Cash Equivalents | 88209294.16 | 77677125.30 | (10532168.8) | (11.93) |
| Short Term Loans And Advances | 113802434 | 102819335 | (10983099) | (9.651) |
| Other Current Assets | - | - | | |
| **TOTAL ASSETS** | **598152285.16** | **646730873.30** | 48578588.14 | 8.13 |

| | **2021** | **2022** | **Absolute change** | **Percentage Change** |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **SHAREHOLDER'S FUNDS** | | | | |
| Equity Share Capital | 2103328 | 2130630 | 27302 | 1.29 |
| Reserves and Surplus | 81738851.97 | 91591300 | 9852448.03 | 12.05 |
| **NON-CURRENT LIABILITIES** | | | | |
| Long Term Borrowings | 240245647 | 528307300 | 288061653 | 119.90 |
| Other Long Term Liabilities | 12518205.40 | 34896680 | 22378474.6 | 178.76 |
| Long Term Provisions | 18758616 | 29475820 | 10717204 | 57.13 |
| **CURRENT LIABILITIES** | | | | |
| Trade Payables | | | | |
| Other Current Liabilities | 25931728.34 | 4137750 | (21793978.3) | (84.04) |
| Short Term Borrowings | 284846194.44 | 15734130 | (269112064) | (94.47) |
| **TOTAL LIABILITIES** | **666142571.15** | **706273610** | 40131038.85 | 6.02 |
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Fixed Assets | 1632160 | 1264580 | (367580) | (22.55) |
| Deferred Tax assets | - | 28630 | 28630 | - |
| Long term Loans and Advances | 382675840 | 380798480 | (1877360) | (0.490) |
| **CURRENT ASSETS** | | | | |
| Current Investments | 83027270 | 82844450 | (182820) | (0.22) |
| Trade Receivables | | | | |

| | | | | |
|---|---|---|---|---|
| Cash And Cash Equivalents | 2547540 | 13495410 | 10947870 | 429.74 |
| Short Term Loans And Advances | 111543050 | 121062500 | 9519450 | 8.53 |
| Other Current Assets | 84716720 | 106779560 | 22062840 | 26.04 |
| **TOTAL ASSETS** | **666142571.15** | **706273610** | 40131038.85 | 6.02 |

**Source: balance sheet of**

**TABLE 4.3.2 COMPARATIVE BALANCE SHEET OF 2019-2020 (in Rs. Cr.)**

| | **2019** | **2020** | **Absolute change** | **Percentage Change** |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **SHAREHOLDER'S FUNDS** | | | | |
| Equity Share Capital | 2047828 | 2077528 | 29700 | 1.45 |
| Reserves and Surplus | 67147996.77 | 76782972.94 | 9634976.17 | 14.34 |
| **NON-CURRENT LIABILITIES** | | | | |
| Long Term Borrowings | 226867609 | 222336972 | (4530637) | (1.99) |
| Other Long Term Liabilities | 13281699.17 | 12311924.28 | (969774.89) | (7.30) |
| Long Term Provisions | 38961601 | 45573425 | 6611824 | 16.97 |
| **CURRENT LIABILITIES** | | | | |
| Trade Payables | | | | |
| Other Current Liabilities | 27135576.67 | 26114407.85 | (1021168.82) | (3.76) |
| Short Term Borrowings | 271288562.69 | 300974016.47 | 29685453.78 | 10.94 |
| **TOTAL LIABILITIES** | **646730873.30** | **686171246.54** | 39440373.24 | 6.09 |
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Fixed Assets | 2141467 | 1855509 | (285958) | (13.35) |
| Deferred Tax assets | - | - | | |
| Long term Loans and Advances | 429189076 | 441561704 | 12372628 | 2.88 |
| **CURRENT ASSETS** | | | | |
| Current Investments | - | | | |
| Trade Receivables | 34903870 | 47225617 | 12321747 | 35.30 |
| Cash And Cash Equivalents | 77677125.30 | 91929325.54 | 14252200.24 | 18.34 |
| Short Term Loans And Advances | 102819335 | 103599091 | 779756 | .75 |
| Other Current Assets | - | | | |
| **TOTAL ASSETS** | **646730873.30** | **686171246** | 39770372.7 | 6.09 |

**TABLE 4.3.2 COMPARATIVE BALANCE SHEET OF 2020-2021 (in Rs. Cr.)**

| | 2022 | 2023 | Absolute change | Percentage Change |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **SHAREHOLDER'S FUNDS** | | | | |
| Equity Share Capital | 2130630 | 2158730 | 28100 | 1.32 |
| Reserves and Surplus | 91591300 | 101872860 | 10281560 | 11.23 |
| **NON-CURRENT LIABILITIES** | | | | |
| Long Term Borrowings | 528307300 | 541322630 | 13015330 | 2.46 |
| Other Long Term Liabilities | 34896680 | 35689590 | 792910 | 2.27 |
| Long Term Provisions | 29475820 | 33598130 | 4122310 | 13.98 |
| **CURRENT LIABILITIES** | | | | |
| Trade Payables | | | | |
| Other Current Liabilities | 4137750 | 4546190 | 408440 | 9.87 |
| Short Term Borrowings | 15734130 | 18665310 | 2931180 | 18.62 |
| **TOTAL LIABILITIES** | **706273610** | **737853440** | 31579830 | 4.47 |
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Fixed Assets | 1264580 | 976580 | (288000) | (22.77) |
| Deferred Tax assets | 28630 | 66420 | 37790 | 131.99 |
| Long term Loans and Advances | 380798480 | 385763610 | 4965130 | 1.30 |
| **CURRENT ASSETS** | | | | |
| Current Investments | 82844450 | 81949250 | (895200) | (1.08) |
| Trade Receivables | | | | |
| Cash And Cash Equivalents | 13495410 | 38169800 | 24674390 | 182.83 |
| Short Term Loans And Advances | 121062500 | 131509060 | 10446560 | 8.62 |
| Other Current Assets | 106779560 | 99418710 | (7360850) | (6.89) |
| **TOTAL ASSETS** | **706273610** | **737853440** | 31579830 | 4.47 |

**TABLE 4.3.3 COMPARATIVE BALANCE SHEET OF 2018-2019 (in Rs. Cr.)**

**Table 4.4.1 Trend Analysis of Current Assets**

| YEAR | CURRENT ASSETS | TREND ANALYSIS(%) |
|---|---|---|
| **2019** | **215400330.30** | **100%** |
| **2020** | **242754033.54** | **112.6%** |
| **2021** | **281834578.15** | **130.8%** |
| **2022** | **324181920** | **150.5%** |
| **2023** | **351046820** | **162.9%** |

| | 2020 | 2021 | Absolute change | Percentage Change |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **SHAREHOLDER'S FUNDS** | | | | |
| Equity Share Capital | 2077528 | 2103328 | 25800 | 1.24 |
| Reserves and Surplus | 76782972.94 | 81738851.97 | 4955879.03 | 6.45 |
| **NON-CURRENT LIABILITIES** | | | | |
| Long Term Borrowings | 222336972 | 240245647 | 17908675 | 8.05 |
| Other Long Term Liabilities | 12311924.28 | 12518205.40 | 206281.12 | 1.67 |
| Long Term Provisions | 45573425 | 18758616 | (26814809) | (58.83) |
| **CURRENT LIABILITIES** | | | | |
| Trade Payables | | | | |
| Other Current Liabilities | 26114407.85 | 25931728.34 | (182679.51) | (0.69) |
| Short Term Borrowings | 300974016.47 | 284846194.44 | (16127822.03) | (5.35) |
| **TOTAL LIABILITIES** | **686171246.54** | **666142571.15** | (20028675.39) | (2.91) |
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Fixed Assets | 1855509 | 1632157 | (223352) | (12.03) |
| Deferred Tax assets | - | - | | |
| Long term Loans and Advances | 441561704 | 382675836 | (58885868) | (13.33) |
| **CURRENT ASSETS** | | | | |
| Current Investments | | | | |
| Trade Receivables | 47225617 | 84716724.75 | 37491107.75 | 79.39 |
| Cash And Cash Equivalents | 91929325.54 | 85574805.40 | (6354520.14) | (6.91) |
| Short Term Loans And Advances | 103599091 | 111543048 | 7943957 | 7.66 |
| Other Current Assets | | | | |
| **TOTAL ASSETS** | **686171246.54** | **666142571.15** | (20028675.39) | (2.91) |

## INTERPRETATION

**By seeing the trend, which is a remarkable growth of over 100% from one year to the next, we can also see that the trend itself is not that remarkable it increases from 2019 at 112.6% to 162.9% in 2023. And it gradually increases from 2019 to 2023.**

### Chart 4.4.1 Trend Line For Current Assets

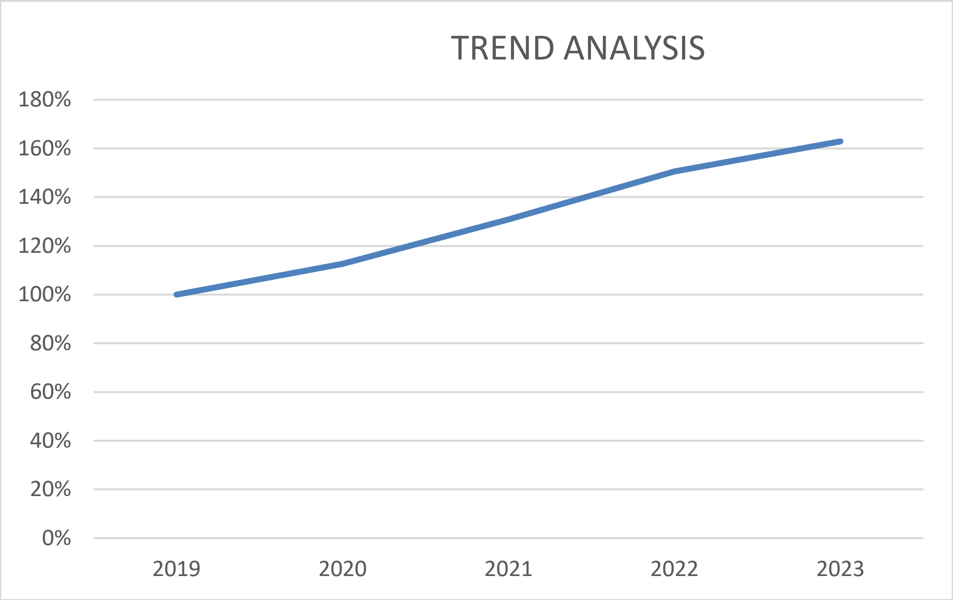


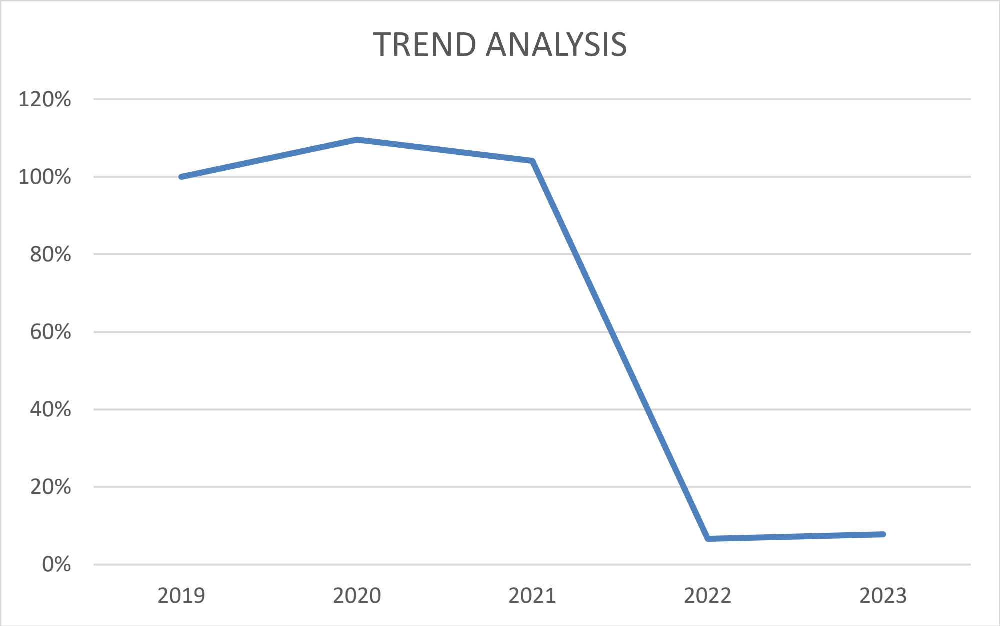

**Table 4.4.2 Trend Analysis of Current Liabilities**

| YEAR | CURRENT LIABILITIES | TREND ANALYSIS(%) |
|---|---|---|
| 2019 | 298424139.36 | 100% |
| 2020 | 327088424.32 | 109.6% |
| 2021 | 310777922.78 | 104.1% |
| 2022 | 19871880 | 6.65% |
| 2023 | 23211500 | 7.77% |

### INTERPRETATION

**By seeing the trend, it had a growth from one year to the next, we can also see that the trend itself is not that remarkable of only 9.6% change from 2019 at 100% to109.6% in 2020. and it gradually decreases to 104.1% at 2021 finally falls to 7.77% in 2023.**

**Chart 4.4.2 Trend Line For Current Liabilities**




**CHAPTER- 5**

## FINDINGS

### 5.1 FINDINGS

1. The end result of the statement of changes in working capital after comparing all the increases and decreases the highest increase in amount of working capital is 327835320 during year 2022-2023 which is the highest of all.

2. There has been an decrease in working capital only in the initial years, there after there has been a started increasing in working capital. Hence we observe that the company has maintained sufficient current assets to meets its working capital requirements.

3. In the case of current ratio the standard convention ratio is 2:1,which means thecurrent assets should be double the current liabilities where as in this case we observe That the current assets are not sufficient to meet requirements.
4. The working capital turnover ratio is negative in all years except 2022 and 2023 hence we observe that it has a weak velocity of utilization of working capital.
5. Calculation of trend analysis shows gradual increases in current asset and decreases in current liability.

## 5.2 SUGGESTIONS

1) The company has to maintain more of current assets than current liabilities to have abetter working capital.

2) The company should concentrate on the current ratio by utilizing current asset for productive purpose in order to achieve the standard ratio.

3) Current assets turnover ratio is fluctuating. It not good for society so in order to increase the current assets turnover ratio a society need to increase its sales.

4) Working capital ratio is not stable. So in order to increase the sales the society wants to increase the production.

5) The company has to work towards maintaining an increase in working capital, as it is very essential for the effective functioning of the company.

6) The company has to maintain more of current assets than current liabilities to have a better working capital.

7) The liquidity value of the company has to be increased in order to meet continuous needs of the company. A liquidity position ensures safety for the company in times of contingencies.

## 5.3 CONCLUSION

The study conducted on working capital management at – SEMPON PERMANENT NIDHI LIMITED gives a view of assessing the performance of working capital management of the society by analyzing the financial data with the help of ratio analysis. During the period of study, there were a few up and downs in the working capital and ratio analysis it will affect the operations of the society but it is observed that the overall financial position is good. Based on the analysis and interpretation I tried to give my findings and suggestions for the company as per my best knowledge**.**

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