

# STUDY ON MANAGEMENT OF WORKING CAPITAL OF COFORGE LTD

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## Abstract

The project report provides a comprehensive analysis of working capital management at Coforge IT Solutions Ltd., emphasizing the practical experience gained in a corporate setting. The report outlines the finance department's functions, divisional structure, and decision-making processes related to working capital management.

Key aspects such as the relationship between a company's short-term assets and liabilities, and the goal of ensuring sufficient cash flow for operational expenses and debt obligations are discussed. The report details the use of working capital in various aspects of the company's operations, including raw materials, work in progress, finished goods, inventories, sundry debtors, and day-to-day cash requirements.

Furthermore, the report includes a detailed analysis of financial ratios over the last five years, such as working capital turnover ratio, quick ratio, current ratio, and inventory turnover ratio. It concludes that Coforge IT Solutions Ltd. Effectively manages its working capital, with all departments working in coordination. However, the report also provides suggestions for further improvement based on the project study, aiming to enhance the company's progress.

The period considered for the study is five years i.e from Financial year 2018-19 to 2022-23.

The research methodology adopted for this study is both primary and secondary of data which include annual reports & websites, questionnaire, phone call interview & face to face meeting.

This project tries to evaluate how the management of working capital is done in Coforge IT Solutions Ltd. Through Intra Firm Ratio Analysis and comparative Statement Analysis. The Study of working capital management has shown that Coforge IT Solutions Limited has a fairly strong working capital position. The company is also enjoying reasonable profits.

## Introduction, Management of Working Capital

Working Capital Management is concerned with problems that arise in attempting to manage the current assets, the current liabilities and the interrelationship that exist between them. The term current assets refer to those assets which in ordinary course of business can be, or will be converted into cash within one year without undergoing a diminution in value and without disrupting the operations of the firm. The major current assets are cash, marketable securities, accounts receivable and inventory. Current liabilities are those liabilities which are intended, at their inception, to be paid in the ordinary course of business, within a year, out of current assets or earnings of the concern. The basic current liabilities are accounts payable, bills payable, bank overdraft and outstanding expenses. The goal of Working Capital Management is to manage the firm's current assets and current liabilities in such a way that a satisfactory level of Working Capital is maintained. This is so because if the firm cannot maintain a satisfactory level of Working Capital, it is likely to become insolvent and may even be forced into bankruptcy. The current assets should be large enough to cover its current liabilities in order to ensure reasonable margin of safety. Nevertheless the level of current assets should not be too high since in that case it will affect the overall profitability of the firm. The interaction between current assets and current liabilities is, therefore the main theme of Working Capital management.

### Conceptual framework

Understand level of current and current liabilities

Working capital cycle of Coforge IT Solutions Ltd.

Cash management

Inventory management

Receivable management

Financial conditions of Coforge Ltd.

Risk return analysis

### Scope of study

From the project we have a broad knowledge on different aspects of Management of Working Capital. Some of the aspects of working capital management are:

- To know concept of working capital management
- What and why is the need of working capital
- What is operating cycle or working capital cycle
- What are factors affecting working capital requirements

### Literature review

The study delves into the intricate realm of working capital management, focusing on Coforge IT Solutions Ltd., formerly known as NIIT Technologies Ltd. The essence of working capital management lies in adeptly balancing current assets and liabilities to ensure operational fluidity and financial stability. It encompasses the management of assets like cash, marketable securities, accounts receivable, and inventory, alongside liabilities such as accounts payable and bank overdrafts. The goal is to maintain a satisfactory level of working capital, essential for avoiding insolvency and fostering profitability. Through a systematic analysis of the company's financial reports from 2018 to 2023.

It is evident that Coforge demonstrates robust working capital management. The company's prudent financial practices and efficient utilization of resources enable it to consistently meet its short-term obligations while sustaining profitability. This underscores the importance of effective working capital management in safeguarding the financial health and resilience of organizations operating in dynamic and competitive environments like the IT industry.

### Company profile

Coforge Ltd, formerly known as NIIT Technologies, is a leading global IT solutions organization that provides services in various domains such as banking and financial services, insurance, travel and transportation,

manufacturing, and healthcare. Established in 1992, Coforge has grown into a prominent player in the IT industry, offering cutting-edge solutions to clients worldwide.

The company's core offerings include application development and maintenance, infrastructure management services, enterprise solutions, and business process outsourcing. With a focus on innovation and technology, Coforge leverages emerging trends such as cloud computing, artificial intelligence, machine learning, and automation to deliver value-driven solutions that address the complex challenges faced by businesses today.

Coforge's strength lies in its deep domain expertise across industries, enabling it to understand clients' specific requirements and deliver tailored solutions that drive business growth and efficiency. The company has a proven track record of delivering high-quality services and has garnered recognition from industry analysts and clients alike for its commitment to excellence.

One of Coforge's key differentiators is its customer-centric approach, which emphasizes building long-term partnerships with clients and helping them achieve their strategic objectives. By aligning its goals with those of its clients, Coforge ensures mutual success and fosters a culture of collaboration and innovation.

In addition to its focus on customer satisfaction, Coforge places a strong emphasis on corporate governance, ethics, and sustainability. The company is committed to conducting its business in an environmentally and socially responsible manner, adhering to the highest standards of integrity and transparency.

Coforge's global presence encompasses delivery centers and offices in North America, Europe, Asia Pacific, and the Middle East, allowing it to serve clients in diverse geographies effectively. The company's workforce comprises highly skilled professionals who bring a wealth of experience and expertise to every project, ensuring superior outcomes for clients.

In recent years, Coforge has embarked on a journey of transformation and growth, expanding its service offerings, investing in new technologies, and exploring opportunities in emerging markets. The company's strategic initiatives focus on enhancing its digital capabilities, strengthening its partnerships with leading technology providers, and driving operational excellence.

Looking ahead, Coforge is well-positioned to capitalize on the growing demand for digital transformation services and to drive innovation in the IT industry. With its strong foundation, diverse portfolio, and customer-centric approach, Coforge remains committed to delivering value to its clients, employees, and shareholders, while contributing to the advancement of society and the economy.

## Research Methodology

Methodology includes the overall research procedure, which are followed in the research study. This include research design, the sampling procedures, and the data collection method and analysis procedure. To broad methodologies can be used to answer any research question experimental research and non experimental research. The major differences between the two methodologies lies in the control of extraneous variables by the intervention of the investigator in the experimental research.

## Objective of the study

- To know about working capital position of Coforge IT Solutions Ltd.
- To know the level of current assets and liabilities maintained by the company
- To know the various aspects of working capital through published sources

- To know the level of current assets as compared to current liabilities
- To know the measuring effectiveness of oforge IT Solutions Ltd.

### Data collection

Data is collected in several ways. These are: an initial industry sampling from quantitative secondary data in annual reports, qualitative interviews, a quantitative questionnaire, and quantitative secondary data from the questionnaire respondents annual reports. This approach was chosen since it was possible to collect data from different sources and through triangulation extract interesting information that could have otherwise been overlooked. Information collected from the initial industry sample was together with insights gained for the interviews, used to construct a framework for the design of the questionnaire survey. The questionnaire provided the data for an in-depth analysis of its respondents. The outcome was further analysed in combination with responding company's quarterly reports from 2018 to 2023.

### Sampling technique

1. **Convenience Sampling:** Given the dynamic and diverse nature of IT services, convenience sampling is utilized to select participants for surveys and interviews. This approach allows for quick access to a broad range of individuals involved in technical activities, ensuring a varied and representative sample.
2. **Purposive Sampling:** In addition to convenience sampling, purposive sampling is employed to ensure representation from various groups, such as investors, traders, technologists, policymakers, and academics. This deliberate selection enhances the richness and diversity of perspectives collected during data collection.

### Data analysis

1. **Qualitative Analysis:** Thematic analysis is the chosen method for analysing qualitative data obtained from interviews and open-ended survey responses. This process involves identifying recurring themes, patterns, and insights within the data, which are then coded, categorized, and interpreted to extract meaningful findings related to IT services adoption and financial innovation.
2. **Quantitative Analysis:** Quantitative data collected through structured surveys may undergo statistical analysis techniques such as descriptive statistics and regression analysis. These analyses help quantify relationships, trends, and associations among variables relevant to IT services adoption and financial innovation, providing empirical support for research findings.

### Ethical Considerations

1. **Informed Consent:** Participants are provided with comprehensive information about the study's purpose, procedures, potential risks, and benefits. Informed consent is obtained from all employees before their involvement in surveys or interviews, ensuring their voluntary participation and understanding of the research.
2. **Anonymity and Confidentiality:** Measures are implemented to protect the anonymity and confidentiality of employees identities and responses. Personal information collected during the research is kept secure and used solely for research purposes, with identifiers removed to safeguard participant privacy.
3. **Respect for Participants:** Researchers demonstrate respect for employees autonomy, privacy, and dignity throughout the research process. They maintain open communication, address any concerns or questions

raised by company and ensure that employees perspectives are accurately represented in the research findings.

### Limitations

1. **Sample Bias:** Convenience sampling may introduce sample bias, as employees self-select into the study based on their availability, accessibility, and interest in IT services. This could potentially limit the generalizability of research findings to broader or contexts.
2. **Data Validity:** The reliability and validity of data collected through surveys and interviews depend on the honesty, accuracy, and completeness of employees responses. Efforts are made to minimize response bias and ensure data quality through careful design, piloting, and validation of research instruments.
3. **Temporal Constraints:** Regulatory landscapes are subject to rapid changes and developments, which may introduce temporal constraints in data collection and analysis. Research findings reflect the context and conditions prevailing at the time of research, with potential implications for their relevance and applicability over time.

### Interpretation and Reporting

Research findings are interpreted within the context of existing theories, empirical evidence, and practical implications for Coforge adoption and financial innovation. They presented in a clear, coherent and transparent manner, with appropriate knowledge in any limitations or uncertainties.

In summary, this methodology outlines a systematic, rigorous, and ethical approach to investigating Coforge adoption and financial innovation. By integrating qualitative and quantitative methods, addressing ethical considerations, acknowledging limitations, and offering meaningful interpretations, this study endeavours to contribute valuable insights to the evolving discourse on IT services adoption and its implications for financial systems.

### Data Analysis and Interpretation

In the realm of asset and wealth management, data serves as the cornerstone of informed decision-making and business triumph. At Coforge, we deliver state-of-the-art data management and advanced analytics solutions, meticulously tailored to the specific needs of this industry. Our approach focuses on comprehensive modernization, employing, industry-leading, Reference Architectures, pre-built solution accelerators, and domain-specific use case libraries to transform data ecosystems. Leveraging our cloud, big data, and data engineering services ensures data systems are optimized for efficiency and scalability. With a strong emphasis on data governance excellence, we meticulously design and articulate essential aspects like master data management, data lineage/metadata, data archival, data masking, data quality, and data security. Our data science and analytics solutions deliver valuable insights, spanning customer analytics, fraud analytics, talent management, credit risk management, and more. By choosing Coforge, you gain access to AI and data innovations that fuel business outcomes, expertise and partnerships for the latest technology advancements, and certified architects ensuring precision in implementing data solutions for asset and wealth management. Let Coforge empower asset and wealth management potential, guiding through the data-driven landscape to achieve unprecedented success in your financial endeavors.

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**Standalone Balance Sheet**

	----- in Rs. Cr. -----				
	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>EQUITIES AND LIABILITIES</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Equity Share Capital	61.10	60.90	60.60	62.50	61.80
<b>Total Share Capital</b>	<b>61.10</b>	<b>60.90</b>	<b>60.60</b>	<b>62.50</b>	<b>61.80</b>
Reserves and Surplus	2,465.80	2,087.70	1,692.20	1,904.30	1,624.10
<b>Total Reserves and Surplus</b>	<b>2,465.80</b>	<b>2,087.70</b>	<b>1,692.20</b>	<b>1,904.30</b>	<b>1,624.10</b>
Employees Stock Options	88.40	57.50	52.30	8.30	18.00
<b>Total Shareholders Funds</b>	<b>2,615.30</b>	<b>2,206.10</b>	<b>1,805.10</b>	<b>1,975.10</b>	<b>1,703.90</b>
<b>NON-CURRENT LIABILITIES</b>					
Long Term Borrowings	338.20	336.50	0.30	4.50	9.70
Other Long Term Liabilities	160.40	88.00	39.20	26.10	1.20
Long Term Provisions	0.00	0.00	47.30	47.00	51.60
<b>Total Non-Current Liabilities</b>	<b>498.60</b>	<b>424.50</b>	<b>86.80</b>	<b>77.60</b>	<b>62.50</b>
<b>CURRENT LIABILITIES</b>					
Short Term Borrowings	0.00	0.20	0.00	0.00	0.00
Trade Payables	334.20	383.20	196.30	138.20	85.00
Other Current Liabilities	330.00	226.90	158.20	142.50	110.00
Short Term Provisions	0.00	0.00	3.30	12.70	24.60
<b>Total Current Liabilities</b>	<b>664.20</b>	<b>610.30</b>	<b>357.80</b>	<b>293.40</b>	<b>219.60</b>
<b>Total Capital And Liabilities</b>	<b>3,778.10</b>	<b>3,240.90</b>	<b>2,249.70</b>	<b>2,346.10</b>	<b>1,986.00</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Tangible Assets	429.10	386.20	377.40	394.30	395.60
Intangible Assets	6.80	7.90	5.30	17.70	30.90
Capital Work-In-Progress	1.70	8.60	0.20	0.30	1.40
<b>Fixed Assets</b>	<b>437.60</b>	<b>402.70</b>	<b>382.90</b>	<b>412.30</b>	<b>427.90</b>
Non-Current Investments	1,833.60	1,833.60	842.40	825.50	580.80
Deferred Tax Assets [Net]	305.70	233.00	122.70	109.50	87.30
Other Non-Current Assets	164.90	137.70	68.80	38.90	25.30
<b>Total Non-Current Assets</b>	<b>2,741.80</b>	<b>2,607.00</b>	<b>1,416.80</b>	<b>1,386.20</b>	<b>1,121.30</b>
<b>CURRENT ASSETS</b>					
Current Investments	0.00	0.00	12.40	11.70	284.70
Trade Receivables	783.60	424.60	301.30	401.20	316.50
Cash And Cash Equivalents	139.50	62.40	402.30	443.40	139.40
Other Current Assets	113.20	146.90	116.90	103.60	124.10
<b>Total Current Assets</b>	<b>1,036.30</b>	<b>633.90</b>	<b>832.90</b>	<b>959.90</b>	<b>864.70</b>
<b>Total Assets</b>	<b>3,778.10</b>	<b>3,240.90</b>	<b>2,249.70</b>	<b>2,346.10</b>	<b>1,986.00</b>
<b>OTHER ADDITIONAL INFORMATION</b>					
<b>CONTINGENT LIABILITIES, COMMITMENTS</b>					
Contingent Liabilities	81.70	127.50	40.80	23.60	63.30
<b>CIF VALUE OF IMPORTS</b>					



<b>EXPENDITURE IN FOREIGN EXCHANGE</b>					
Expenditure In Foreign Currency	1,129.30	1,129.30	971.70	948.60	873.00
<b>REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS</b>					
Dividend Remittance In Foreign Currency	-	-	-	-	-
<b>EARNINGS IN FOREIGN EXCHANGE</b>					
FOB Value Of Goods	-	-	-	-	-
Other Earnings	2,960.80	2,960.80	2,116.00	2,120.70	1,901.00
<b>BONUS DETAILS</b>					
Bonus Equity Share Capital	18.97	18.97	18.97	19.56	19.56
<b>NON-CURRENT INVESTMENTS</b>					
Non-Current Investments Quoted Market Value	-	-	-	-	-
Non-Current Investments Unquoted Book Value	1,833.60	1,833.60	842.40	825.50	580.80
<b>CURRENT INVESTMENTS</b>					
Current Investments Quoted Market Value	-	-	12.40	11.70	284.70
Current Investments Unquoted Book Value	-	-	-	-	-
<b>Source : Dion Global Solutions Limited</b>					

### Analysis

Above statement show increase and decrease working capital income and expenditure in year 2019-23. Among the current assets of company's inventory, sundry debtors and current assets, loan and advances has shown. Current total capital liabilities has increase in year 2023 but contingent liabilities had decreased in year 2023. Current liabilities were increase as compare to current assets so net working capital again increase in past year.

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**Standalone Profit & Loss account** ----- in Rs. Cr. -----

	Mar '23	Mar '22	Mar '21	Mar '20	Mar '19
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Income</b>					
Sales Turnover	4,230.50	3,313.20	2,412.40	2,231.00	1,999.20
Net Sales	4,230.50	3,313.20	2,412.40	2,231.00	1,999.20
Other Income	532.60	398.80	105.60	284.10	156.30
<b>Total Income</b>	<b>4,763.10</b>	<b>3,712.00</b>	<b>2,518.00</b>	<b>2,515.10</b>	<b>2,155.50</b>
<b>Expenditure</b>					
Raw Materials	36.50	97.90	117.00	53.80	5.40
Power & Fuel Cost	0.00	8.10	0.00	0.00	13.60
Employee Cost	2,886.60	2,156.50	1,594.10	1,417.50	1,214.60
Selling and Admin Expenses	2.70	3.30	4.70	5.20	7.20
Miscellaneous Expenses	850.30	620.80	416.80	453.80	458.70
Total Expenses	3,776.10	2,886.60	2,132.60	1,930.30	1,699.50
	<b>Mar '23</b>	<b>Mar '22</b>	<b>Mar '21</b>	<b>Mar '20</b>	<b>Mar '19</b>
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Operating Profit</b>	<b>454.40</b>	<b>426.60</b>	<b>279.80</b>	<b>300.70</b>	<b>299.70</b>
PBDIT	987.00	825.40	385.40	584.80	456.00
Interest	58.80	51.80	5.80	7.80	5.40
PBDT	928.20	773.60	379.60	577.00	450.60
Depreciation	108.70	83.80	96.20	90.20	78.10
Profit Before Tax	819.50	689.80	283.40	486.80	372.50
PBT (Post Extra-ord Items)	819.50	689.80	283.40	486.80	372.50
Tax	90.00	47.00	43.50	64.80	71.40
<b>Reported Net Profit</b>	<b>732.50</b>	<b>644.50</b>	<b>239.90</b>	<b>422.50</b>	<b>299.00</b>
Total Value Addition	3,739.60	2,788.70	2,015.60	1,876.50	1,694.10
Equity Dividend	353.70	315.50	68.70	124.90	91.20
Corporate Dividend Tax	0.00	0.00	0.00	21.90	14.90
<b>Per share data (annualised)</b>					
Shares in issue (lakhs)	610.87	609.13	605.92	624.95	617.84
<b>Earning Per Share (Rs)</b>	<b>119.91</b>	<b>105.81</b>	<b>39.59</b>	<b>67.61</b>	<b>48.39</b>
Equity Dividend (%)	640.00	520.00	130.00	310.00	0.00
Book Value (Rs)	413.66	352.73	289.28	314.72	272.87

**Source : Dion Global Solutions Limited**



### **Analysis**

Above statement indicates profit and loss account of Coforge. The current sales turnover of company's inventory, sundry debtors, raw material expenditure and current assets, loan and advances has shown. Current total capital selling and admin expenses has increase in year 2023 but depreciation had decreased in year 2023. Current value addition were increase as compare to current assets so net profit again increase in past year.

### **Cash credit**

In practice, the operations in cash credit facility are similar to those of overdraft facility except the fact that the company need not have a formal current account. Here also a fixed limit is stipulated beyond which the company is not able to withdraw the amount.

### **Conclusion**

The study of working capital management is conducted in Coforge IT Solutions Ltd. To analyse financial position of the company. The company's financial position is analysed by using annual reports of the company 2018-19 to 2022-23.

I found out that working capital management of Coforge IT Solutions Ltd. Is good. Coforge has sufficient funds to meet its current obligation every time, which is due to sufficient profits and efficient management of the company.