

“A Study on Working Capital Management on Shree Cements.”

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Abstract:

This paper is predicated on capital management on Shree Cement. A calculatedly and enforced capital management is anticipated to contribute completely to the creation of a firm's worth. Capital is that the life blood and nerve center of a business. Even as circulation of blood is crucial within the flesh for maintaining life, capital is incredibly essential to keep up the graceful running of a business. The rise in capital helps in up its liquidity. Thus, a corporation must have an accurate balance between the liquidity position and therefore the profits of the corporate.

Key Words:

Working Capital, Current Assets, Current Liabilities, Bills payable In days, Bill receivables in days.

Introduction:

A company's capital essentially consists of current assets and current liabilities. Capital need day to day operation like payment of wages, electricity bill etc.

The funds invested with in current assets square measure termed as capital. it's the fund that's required to run the daily operations. It circulates within the business just like the blood circulates during a living body. usually, capital refers to this assets of a corporation that square measure modified from one kind to a different within the normal course of business, i.e. from money to inventory, inventory to figure ongoing (WIP), WIP to finished product, finished product to assets and from assets to money.

About Shree Cements:

The Company was incorporated on 25th Oct 1979, at Jaipur. The corporate was promoted by members of the Bangur family et al.. Shree Digvijay Cement Co. Ltd., atomic number 6 Asian countries, Ltd. and Fort Gloster Industries, Ltd. took active half within the promotion of the

corporate. The corporate manufacture's cement & cement merchandise. To scale back fuel and power consumption, the corporate adopted the most recent dry method, four stage pre heater pre calcinations technology of clinkerisation and air swept roller mill grinding system for stuff and coal grinding.

Objectives of the Study:

1. To investigate the capital performance of the corporate.
2. To investigate the firm's potency in capital management within the shree Cements.
3. To spot the liquidity position of the corporate.
4. To create suggestion for improvement for the successful survival within the competition world.

Research Methodology:

The reason of this paper is to contribute towards a really vital side of monetary management referred to as capital management with relation to African country. Analysis methodology is largely the frame work or set up for study that guides the gathering and analysis of facts. The record and profit-and-loss statement were used for the study.

Data assortment:

There square measure 2 major sources of knowledge that square measure very valuable for research; they're Primary information and Secondary information. The study is totally supported secondary information that is collected from revealed annual reports of the corporate from its own web site.

ANALYSIS:

1. Quantitative relation Analysis.
2. Statement of changes in capital.

Limitation of the Study:

Any study cannot be free from the restrictions.

1. The study relies on secondary information taken from revealed annual reports and Websites.
2. The study amount of aforementioned study is proscribed to 5 years solely i.e. 2014-15 to 2018-19.

Review of Literature:

Poonam patrician & Dr. Pradeep Kumar Aggarwal (2017), Author describes analysis on “Working Capital Management of NMDC Ltd associate degree Analysis”. Capital is nerve system of the corporate. Capital management is very important for firm’s gain. The target of monetary management i.e. to maximize the wealth of the shareholders cannot be earned if the operations of the firm aren't optimized, therefore each firm should have adequate capital. We’ll hardly notice a business organization that doesn't need any quantity of capital, so companies disagree in their needs of capital. The current paper examines the capital performance of NMDC (National Minerals Development Corporation) restricted throughout the amount of 2012 to 2016. Monetary ratios square measure applied to live the capital performance of the corporate.

Poonam Gautam Sharma and Preet Kaur (2015), examine the impact of capital management on gain of Bharti Airtel medium Company. The study amount was 2007-08 to 2014-15 and applied math and economic science tools were used for study. The results reveal that there's vital negative relationship between liquidity and gain of the corporate and it additionally reveals that fast quantitative relation, inventory turnover quantitative relation, debtor’s turnover quantitative relation of company shows satisfactory performance and current quantitative relation of company was found not satisfactory.

Albert Amponsah Addae & archangel Nyarko-Baasi (2013), Author associate degreealyzes capital Management and Profitability: associate degree empirical Investigation in an rising Market. The paper seeks to look at the result of capital management (WCM) on companies’ performance for nonlisted Ghanese firms. The paper includes abstract moreover as empirical analysis within which information from a sample of non-listed companies from 2004-2009 square measures analyzed to look at if economical WCM improves firms’ gain. Money conversion cycles moreover as its elements square measure used as measures of WCM skills. Gross in operation Profit to Total Assets is employed as performance live. This paper found that, gain is negatively associated with the length of the money conversion cycle. The results demonstrate that managers will produce price by

reducing their firm's range of day's assets and inventories. Also, performance is affected absolutely by the firms' size, value growth and firms' sales growth. This work's originality and price lies in suggesting that policy manufacturers in rising markets got to encourage and encourage managers and shareholders to relinquish additional attention to capital management.

Ratio Analysis :

Table No: 1 Ratio Analysis of Shree Cement from 2014-15 to 2018-19

Ratio/Year	2014-15	2015-16	2016-17	2017-18	2018-19
Current Ratio	1.11	1.39	1.22	1.12	1.50
Quick ratio	0.81	1.02	0.92	0.92	1.15
Net Profit ratio	6.60	18.46	13.85	13.62	8.01
Inventory turnover ratio	7.81	7.59	7.35	6.48	6.71
Debt to Equity ratio	0.12	0.11	0.17	0.38	0.29

Table No. 1. Displays ratio analysis of Shree Cements during the year of 2014-15 to 2018-19. The current ratio over the year for the company has been acceptable. The quick ratio of the company is suitable. Net profit ratios are satisfactory. And Net working capital turnover ratio is not satisfactory for Shree Cements. Stock or inventory turnover ratio is satisfied by cost of goods sold. Debt-to-equity ratio and is Total asset turnover ratio is satisfactory for the company Shree Cements. The overall profitability ratio consists of Net profit ratio, Stock or inventory turnover ratio, which indicates a highest trend for the last 5 years.

Table No.2. Statement of Change in Working Capital

Particular	2014	2015	Increase	Decrease	2015	2016	Increase	Decrease
Current Assets								
Sundry Debtors	476.39	328.62		147.77	328.62	335.12	6.5	
Cash & Bank	307.5	83.04		224.46	83.04	111	27.96	
Loans &	1,117.06	1,891.29	774.23		1,891.29	2,053.33	162.04	

Advances								
Total Current Asset	1,702.75	1,226.85		475.90	1,226.85	1,760.62	533.77	
Total Current Assets	3,603.70	3,529.80			3,529.80	4,260.07		
Current Liabilities								
Provisions	88.02	7.75	80.27		7.75	8.13		0.38
Total Current Liability	2,017.07	1,883.51	133.56		1,883.51	2,167.36		283.85
Total Current Liabilities	2,105.09	1,891.26			1,891.26	2,175.49		

Table no.2. represent the current assets for Shree Cement has been increasing working capital highest in the year 2015 (774.23) and decreasing working capital in the year 2015 (147.77).The current liability has been decreasing working capital highest in the year 2015 (133.56) and decreasing working capital lowest in the year 2015 (80.27). The current assets for Shree Cements has been increase working capital highest value in the year 2016 (533.77).and lowest value in the year 2016 (6.5). The Current liability has been decreasing working capital highest in the year 2016 (283.85) and decreasing working capital lowest in the year 2016 (0.38).

Table No.3. Statement of change in working capital

Particular	2016	2017	Increase	Decrease	2017	2018	Increase	Decrease
Current Assets								
Sundry Debtors	335.12	459.25	124.13		459.25	732.4	273.15	
Cash & Bank	111	120.9	9.9		120.9	307.78	186.88	
Loans & Advances	2,053.33	2,542.00	488.67		2,542.00	2,523.36		18.64
Total Current Asset	1,760.62	2,149.17	388.55		2,149.17	2,629.23	480.06	
Total Current Assets	4,260.07	5,271.32			5,271.32	6,192.77		
Current Liabilities								
Provisions	8.13	8.55		0.42	8.55	9.27		0.72

Total Current Liability	2,167.36	2,842.46		675.10	2,842.46	2,809.60	32.86	
Total Current Liabilities	2,175.49	2,851.01			2,851.01	2,818.87		

Table No.3. reflect the current assets for Shree Cement has been increasing working capital highest in the year 2017 (488.67) and decreasing working capital in the year 2017 (9.9).The current liability has been decreasing working capital highest in the year 2017 (675.10) and decreasing working capital lowest in the year 2017 (0.42). The current assets for Shree Cements has been increase working capital highest value in the year 2018 (480.60) and lowest value in the year 2018 (186.88). The Current liability has been decreasing working capital highest in the year 2018 (32.86) and decreasing working capital lowest in the year 2018 (0.72).

Findings :

1. Except cash and bank balances, the selected performance indicators have shown positive and significant trend growth rate during the period under study.
2. Quick Ratio of the year 2015-16 & 2018-19 show suitable performance.
3. Current ratio and Net profit ratio showed satisfactory performance.

Suggestions :

1. The chairman should periodically the accounts of the shree cements companies and take suitable steps before the situation gets out of the control.
2. Cost control is an important part to increase financial performance for companies under the study. And so, it is suggested that companies under study must try to control its various costs including cost of goods sold, operating expenses, and other revenue expenses.
3. Efforts should be made to reduce cost and improving financial policies by adopting better management.

Conclusion:

It has been noted that selected performance indicators have shown positive and significant trend growth rate which is useful Current ratio and Net profit ratio showed satisfactory performance. Working capital plays vital role for the organization and required the efficient management.

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