

Project Report
On

Working Capital Management in Different Sector

In
Four Different industries

Submitted to



Under the Guidance of
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PREFACE

In today's dynamic business environment, effective working capital management is crucial for the success and sustainability of any organization. This project explores the intricacies of working capital management, aiming to provide a comprehensive understanding of its significance, challenges, and best practices.

The preface of this work serves as an introduction to the content and purpose of the study. It outlines the motivation behind choosing this topic and the objectives set out to achieve. The subsequent chapters delve into the theoretical framework, methodologies employed, and the analysis of findings.

The primary goal of this project is to contribute to the existing body of knowledge on working capital management, offering insights that can be beneficial for both academics and practitioners. The study incorporates a blend of theoretical foundations and practical applications, aiming to bridge the gap between academic research and real-world business practices.

As the author, my intention is to provide readers with a resource that not only enhances their understanding of working capital management but also inspires further exploration and discussion in this critical area of financial management.

I invite the readers to embark on this journey through the realms of working capital management, and I hope that the insights presented in this work prove to be informative and thought-provoking.

BODAR YAGNIK RAMESHBHAI

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ABSTRACT

Effective working capital management is crucial for the financial health and sustainability of businesses across industries. This research paper aims to investigate and compare the working capital management practices adopted by companies in different sectors. The study employs a mixed-methods approach, combining quantitative analysis of financial data with qualitative insights gathered through interviews with industry experts.

The research analyzes the working capital management performance of companies operating in various sectors, including manufacturing, retail, technology, and services. Key metrics such as liquidity ratios, inventory turnover, receivables collection period, and payables deferral period are evaluated to assess the efficiency and effectiveness of working capital management strategies employed by firms in each industry.

Furthermore, the paper examines the impact of industry-specific factors such as demand volatility, supply chain dynamics, technological advancements, and regulatory environments on working capital management practices. By comparing and contrasting the findings across different industries, this study provides valuable insights into the factors influencing working capital management decisions and identifies best practices that can be adapted by companies to optimize their working capital efficiency and enhance overall financial performance.

The research contributes to the existing literature by offering a comprehensive analysis of working capital management practices across diverse industries, highlighting industry-specific challenges and opportunities. The findings of this study have practical implications for managers, investors, and policymakers seeking to improve working capital management strategies and enhance the competitiveness and resilience of businesses in today's dynamic economic landscape.

EXECUTIVE SUMMARY

Working capital is a vital component of a company's financial health, representing the difference between current assets and current liabilities. Effective working capital management is paramount for sustaining day-to-day operations and ensuring a company's long-term success. This executive summary provides a concise overview of the key aspects explored in the comprehensive study on Working Capital Management.

The study identifies and elucidates the primary objectives of working capital management, which include optimizing liquidity, minimizing costs, and maximizing profitability. The balance between these objectives is crucial for achieving financial equilibrium.

An in-depth analysis of the components of working capital, encompassing current assets and liabilities, is presented. This section explores the various elements that contribute to a company's working capital position and their interplay.

The executive summary underscores the strategic importance of effective working capital management in enhancing operational efficiency, mitigating financial risks, and contributing to overall business stability. Real-world examples and case studies illustrate the impact of sound working capital practices.

The document outlines common challenges faced in working capital management, such as inventory inefficiencies and late payment issues. It further proposes practical solutions and best practices to address these challenges and optimize working capital.

A brief discussion on the role of technology in working capital management is presented. The summary highlights the transformative impact of digital tools and analytics in optimizing cash flows and improving decision-making processes.

Anticipated future trends in working capital management, including the integration of artificial intelligence and blockchain, are explored. The summary provides insights into how emerging technologies may reshape the landscape of working capital practices.

Importance of working capital management as a strategic imperative for businesses. It encourages further exploration of the subject and the implementation of innovative approaches to enhance financial efficiency.

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CHAPTER ONE COMPANY OVERVIEW

A. Financial Sector

The financial sector encompasses a wide range of institutions and activities that deal with managing money, providing financial services, and facilitating economic transactions. Here are some key components of the financial sector:

- **Banking:** Banks are central to the financial sector. They accept deposits from individuals and entities and provide loans and credit facilities. Banks also offer a range of financial products and services, including savings accounts, checking accounts, mortgages, personal loans, business loans, investment services, and wealth management.
- **Insurance:** The insurance sector involves companies that offer various types of insurance coverage, such as life insurance, health insurance, property insurance, casualty insurance, and liability insurance. Insurance companies collect premiums from policyholders and provide financial protection against risks.
- **Investment and Asset Management:** This includes investment banks, asset management firms, mutual funds, hedge funds, and pension funds. These entities manage investments on behalf of individuals, institutions, and governments. They invest in stocks, bonds, real estate, commodities, and other financial instruments to generate returns for their clients.
- **Capital Markets:** Capital markets facilitate the buying and selling of financial instruments such as stocks, bonds, derivatives, and commodities. They include stock exchanges, bond markets, and commodities markets where investors and issuers trade securities and raise capital.
- **Financial Technology (Fintech):** Fintech companies leverage technology to innovate and improve financial services. They offer solutions such as online banking, mobile payments, peer-to-peer lending, crowdfunding, robo-advisors, blockchain-based services, and digital currencies.
- **Regulatory Bodies:** Government regulatory bodies oversee and regulate the financial sector to ensure stability, transparency, and fair practices. These include central banks, financial regulators, securities commissions, insurance regulators, and banking authorities that set rules, monitor compliance, and supervise financial institutions.
- **Credit Rating Agencies:** These agencies assess the creditworthiness of individuals, companies, and governments by assigning credit ratings based on their ability to repay debts. Credit ratings influence borrowing costs and investment decisions.
- **Financial Education and Advisory Services:** Financial education programs and advisory services help individuals and businesses make informed financial decisions, manage risks, plan for retirement, and achieve financial goals.

The financial sector plays a crucial role in economic development by facilitating capital formation, risk management, liquidity provision, and investment allocation. It is essential for fostering economic growth, stability, and prosperity.

➤ State Bank of India (SBI)

- The State Bank of India (SBI) is one of the largest public sector banks in India. It was established in 1806 as the Bank of Calcutta, making it one of the oldest commercial banks in the Indian subcontinent. Over the years, it underwent several name changes before becoming the State Bank of India in 1955. SBI offers a wide range of banking and financial services, including personal banking, corporate banking, investment banking, and international banking.
- As a government-owned bank, SBI plays a crucial role in India's banking sector and economy. It has a vast network of branches and ATMs across the country, making it accessible to millions of customers. SBI also has a significant presence internationally, with branches and subsidiaries in various countries.
- In addition to traditional banking services, SBI provides digital banking solutions, such as Internet banking, mobile banking, and digital wallets, to cater to the evolving needs of its customers.



Fig 1: SBI LOGO

B. Manufacturer Sector

The manufacturing sector is a vital part of the economy that involves the production of goods through various processes, techniques, and technologies. Here are some key points about the manufacturing sector:

➤ *Types of Manufacturing:*

- **Heavy Industry:** This includes industries such as steel production, automobile manufacturing, shipbuilding, aerospace, machinery, and equipment manufacturing. Heavy industry involves the production of large, bulky goods and typically requires heavy machinery and infrastructure.
- **Light Industry:** Light industry focuses on the production of consumer goods such as electronics, clothing, footwear, household appliances, food and beverages, cosmetics, and pharmaceuticals. Light industry products are usually smaller and more manageable in size compared to heavy industry products.

➤ *Manufacturing Processes:*

- **Assembly Line Production:** Many manufacturing industries use assembly line production methods, where products move along a conveyor belt, and each worker or machine performs a specific task in the production process.
- **Batch Production:** In batch production, goods are produced in batches or groups, with each batch going through a series of production steps before being completed.
- **Mass Production:** Mass production involves producing large quantities of standardized products using automated machinery and assembly lines. It is efficient for high-volume production.
- **Custom Manufacturing:** Some manufacturers specialize in custom or made-to-order products, where each item is tailored to the customer's specifications.

➤ *Technological Advancements:*

- **Automation:** Automation technologies such as robotics, computer numerical control (CNC) machines, and automated assembly systems have revolutionized manufacturing by improving efficiency, precision, and productivity.
- **Internet of Things (IoT):** IoT devices and sensors are used in manufacturing to monitor equipment, track inventory, optimize production processes, and enable predictive maintenance.
- **Additive Manufacturing:** Additive manufacturing, also known as 3D printing, allows for the production of complex parts and prototypes with high precision using layer-by-layer deposition of materials.

➤ *Globalization and Supply Chains:*

- **Globalization** has led to the integration of manufacturing supply chains across countries and regions. Many companies source raw materials, components, and finished goods from global suppliers to reduce costs and access new markets.
- **Supply chain management** involves coordinating the flow of materials, information, and resources from suppliers to manufacturers, distributors, retailers, and ultimately, consumers.

➤ *Impact on the Economy:*

- The manufacturing sector contributes significantly to economic growth, job creation, innovation, and exports. It drives productivity improvements, technological advancements, and industrial development.
- Manufacturing industries often have backward and forward linkages with other sectors, such as agriculture (for raw materials) and services (for distribution, marketing, and support).

Overall, the manufacturing sector is a key driver of economic activity, industrialization, and global trade, playing a crucial role in creating value, generating employment, and producing essential goods for consumption and investment.

➤ *Bharat Heavy Electricals Limited (BHEL)*

Fig 2: BHEL Logo

Bharat Heavy Electricals Limited (BHEL) is an engineering and manufacturing company based in India. It is one of the largest engineering and manufacturing enterprises in the country, primarily engaged in the design, engineering, manufacturing, construction, testing, commissioning, and servicing of a wide range of products and services for core sectors such as power, transmission, industry, transportation, renewable energy, oil & gas, and defense.

➤ *Here are Some Key Points about BHEL:*

- **History:** BHEL was established in 1964, and it is a Maharatna company under the Government of India. It has its headquarters in New Delhi.
- **Products and Services:**
 - ✓ **Power Generation:** BHEL manufactures power generation equipment such as boilers, turbines, generators, and associated auxiliaries for thermal, nuclear, hydro, and renewable energy power plants.
 - ✓ **Transmission:** It is involved in the production of transformers, switchgear, and other equipment for power transmission and distribution.
 - ✓ **Industry:** BHEL manufactures industrial products including control systems, motors, pumps, valves, compressors, and industrial boilers.
 - ✓ **Transportation:** BHEL produces traction systems for railways, along with components for electric and diesel locomotives.
 - ✓ **Renewable Energy:** BHEL is involved in the manufacturing of solar photovoltaic modules, solar cells, and other renewable energy equipment.
 - ✓ **Defense:** BHEL provides engineering and manufacturing solutions for the defense sector, including naval equipment, missile systems, and other defense-related products.
- **Global Presence:** BHEL has a significant global presence and has executed projects in several countries, contributing to India's exports in the engineering sector.
- **Research and Development:** The company has a strong focus on research and development (R&D) to continuously improve its products, processes, and technologies.
- **Financial Performance:** BHEL's financial performance is closely monitored due to its significance in India's infrastructure and power sectors. It is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE).

Overall, BHEL plays a crucial role in India's industrial and infrastructure development, particularly in the energy and power sectors.



Fig 3: Factory

C. Pharmaceutical Sector

The pharmaceutical sector is a crucial component of the healthcare industry responsible for researching, developing, manufacturing, and distributing drugs and medications. Here are some key points about the pharmaceutical sector:

➤ *Research and Development (R&D):*

- Pharmaceutical companies invest heavily in R&D to discover and develop new drugs, therapies, and treatments for various medical conditions. This includes conducting clinical trials, preclinical studies, and regulatory approvals.
- R&D efforts aim to improve existing medications, find cures for diseases, address unmet medical needs, and enhance patient outcomes.

➤ *Drug Manufacturing:*

- Once a drug is developed and approved, pharmaceutical companies engage in large-scale manufacturing to produce medications in various forms such as tablets, capsules, injectables, liquids, and topical preparations.
- Manufacturing processes must adhere to strict quality standards, Good Manufacturing Practices (GMP), and regulatory guidelines to ensure the safety, efficacy, and consistency of pharmaceutical products.

➤ *Types of Pharmaceuticals:*

- **Branded Pharmaceuticals:** These are drugs marketed under a brand name and often protected by patents, allowing the company to have exclusive rights to manufacture and sell the medication for a certain period.
- **Generic Pharmaceuticals:** Generic drugs are copies of branded medications that become available once the patent protection expires. They are typically more affordable and provide therapeutic alternatives to patients.
- **Over-the-counter (OTC) Medications:** OTC drugs are available without a prescription and are used for self-medication of common ailments such as pain relief, cold and flu, allergies, and digestive issues.
- **Biopharmaceuticals:** Biopharmaceuticals, also known as biologics, are drugs derived from biological sources such as living cells, proteins, antibodies, and nucleic acids. They are used in the treatment of complex diseases like cancer, autoimmune disorders, and genetic conditions.

➤ *Regulatory Environment:*

- The pharmaceutical sector is highly regulated to ensure the safety, efficacy, and quality of drugs. Regulatory bodies such as the U.S. Food and Drug Administration (FDA), European Medicines Agency (EMA), and other national agencies set standards, review drug applications, and monitor post-market surveillance.
- Drug approvals involve rigorous testing, clinical trials, pharmacovigilance, and compliance with Good Clinical Practice (GCP) guidelines.

➤ *Market Dynamics:*

- The pharmaceutical market is influenced by factors such as healthcare policies, pricing and reimbursement mechanisms, patent protection, competition, market trends, and technological advancements.
- Pharmaceutical companies engage in marketing, sales, and distribution strategies to reach healthcare providers, pharmacies, hospitals, and consumers.

➤ *Global Reach:*

- Pharmaceutical companies operate globally, collaborating with healthcare professionals, research institutions, academia, governments, and non-profit organizations to address public health challenges, epidemics, and global health initiatives.
- International trade and partnerships facilitate the exchange of pharmaceutical products, knowledge sharing, and access to medicines in different regions.

The pharmaceutical sector plays a vital role in advancing medical science, improving healthcare outcomes, and addressing public health needs through innovation, research, and collaboration.

➤ *Sun Pharmaceutical Industries Limited*

Sun Pharmaceutical Industries Limited is an Indian multinational pharmaceutical company headquartered in Mumbai, Maharashtra, India. Here are some key points about Sun Pharma:

• *History and Ownership:*

Sun Pharma was founded in 1983 by Dilip Shanghvi, who is the current Managing Director of the company. It has grown to become one of the largest pharmaceutical companies in India and is globally recognized in the pharmaceutical industry.

• *Product Portfolio:*

Sun Pharma's product portfolio covers a wide range of therapeutic areas, including but not limited to:

- ✓ Cardiology
- ✓ Dermatology
- ✓ Neurology
- ✓ Psychiatry
- ✓ Ophthalmology
- ✓ Oncology
- ✓ Gastroenterology
- ✓ Infectious diseases
- ✓ Respiratory disorders
- ✓ Diabetes management
- ✓ Pain management
- ✓ Women's Health

• *Global Presence:*

Sun Pharma has a strong international presence with operations in over 150 countries. It has manufacturing facilities and research centers in multiple locations worldwide, including India, the United States, Canada, Israel, Ireland, and others.

• *Research and Development (R&D):*

Sun Pharma invests significantly in research and development to innovate and develop new drugs, formulations, and delivery systems. It focuses on both generic and specialty pharmaceuticals, aiming to address unmet medical needs.

• *Acquisitions and Collaborations:*

Sun Pharma has a history of strategic acquisitions and collaborations to strengthen its market position and expand its product offerings. It has acquired companies in various regions, enhancing its presence in key markets.

• *Financial Performance:*

Sun Pharma is a publicly traded company listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE). Its financial performance is closely watched in the pharmaceutical sector, reflecting its sales, profitability, R&D investments, and strategic initiatives.

- *Corporate Social Responsibility (CSR):*

Sun Pharma is committed to corporate social responsibility initiatives, including healthcare access, education, environmental sustainability, and community development. It works on various CSR projects to make a positive impact on society.

Sun Pharmaceutical Industries Limited is known for its pharmaceutical innovations, global reach, and contributions to healthcare through its diverse product portfolio.

D. Retailer Sector

The retailer sector encompasses businesses involved in selling goods and services directly to consumers. This sector is diverse, ranging from traditional brick-and-mortar stores to e-commerce platforms and everything in between. Key players in the retail sector include:

- *Physical Retailers:*

These are stores that have a physical presence, such as supermarkets, department stores, specialty shops, and convenience stores.

- *E-commerce Retailers:*

These are businesses that primarily operate online, selling products and services through websites or apps. Examples include Amazon, Alibaba, and eBay.

- *Brick-and-Click Retailers:*

These are businesses that have both physical stores and online platforms, offering customers the flexibility to shop in-store or online. Many traditional retailers have adopted this model to adapt to changing consumer preferences.

- *Discount Retailers:*

These retailers focus on offering products at lower prices, often through bulk purchasing, efficient supply chains, and cost-saving measures. Examples include Walmart and Target.

- *Luxury Retailers:*

These retailers specialize in high-end products and provide a premium shopping experience. They often target affluent consumers and focus on exclusivity and brand image. Examples include Louis Vuitton, Chanel, and Rolex.

- *Specialty Retailers:*

These retailers focus on specific product categories or niches, catering to unique customer needs. Examples include pet stores, electronics retailers, and sports equipment stores.

- *Online Marketplaces:*

These platforms connect buyers and sellers, facilitating transactions for a wide range of products and services. Examples include Etsy for handmade goods and Airbnb for accommodations.

- *Franchise Retailers:*

These are businesses that operate under a franchise agreement, using a parent company's brand, products, and business model. Examples include McDonald's, Subway, and Starbucks.

- *Direct-to-Consumer (DTC) Brands:*

These brands sell their products directly to customers, bypassing traditional retail channels. They often focus on building strong relationships with customers and offering unique value propositions. Examples include Warby Parker and Glossier.

The retail sector is influenced by various factors, including consumer trends, technology advancements, economic conditions, and regulatory changes. Successful retailers often adapt to these factors by leveraging data analytics, adopting omnichannel strategies, enhancing customer experiences, and staying agile in their operations.

- *Trent Limited*

Trent Limited is a retail company based in India and is part of the Tata Group, one of India's largest conglomerates. Here are some key points about Trent Limited:

- *History and Ownership:*

Trent was established in 1998 as part of the Tata Group. The Tata Group has diverse business interests, including automotive, steel, IT services, hospitality, and retail. Trent Limited specifically focuses on retail operations.

- *Retail Brands:*

Trent operates several retail brands in India across various segments. Some of its prominent brands include:

- ✓ **Westside:** Westside is a chain of retail stores offering a wide range of fashion and lifestyle products for men, women, and children. It features clothing, accessories, cosmetics, and home furnishings.
- ✓ **Zudio:** Zudio is a value fashion brand under Trent, offering affordable clothing and accessories for men, women, and kids.
- ✓ **Star Bazaar:** Star Bazaar is a hypermarket format that provides a one-stop shopping experience for groceries, household items, electronics, and more.
- ✓ **Landmark:** Landmark is a chain of bookstores and lifestyle stores offering books, stationery, toys, and gifts.

- *Expansion and Growth:*

Trent has been expanding its retail footprint in India, with a focus on offering a diverse range of products and experiences to consumers. It has been opening new stores and enhancing its online presence to cater to changing consumer preferences.

- *E-commerce :*

In addition to its physical stores, Trent has a presence in the e-commerce space. It operates online platforms for its brands, allowing customers to shop for products online and enjoy the convenience of home delivery.

- ✓ *Corporate Social Responsibility (CSR):*

Trent is committed to corporate social responsibility initiatives. It engages in activities such as community development, environmental sustainability, and promoting ethical business practices.

- ✓ *Financial Performance:*

As a publicly listed company, Trent's financial performance is disclosed in its annual reports and filings with stock exchanges. It is traded on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE).

Overall, Trent Limited is a prominent player in the Indian retail industry, offering a diverse range of products and services through its retail brands while adhering to corporate values and social responsibilities.

CHAPTER TWO INTRODUCTION

A. Introduction

In the intricate fabric of financial management, working capital stands as a linchpin, representing the heartbeat of an organization's day-to-day operations. Defined as the capital employed in short-term operational activities, working capital is a dynamic entity, encompassing a company's current assets and liabilities. The effective management of this crucial component is paramount for ensuring the smooth functioning of business processes, responding to market fluctuations, and ultimately, contributing to the long-term sustainability and success of a company.

➤ *Working Capital:*

Working capital is the lifeblood that keeps the wheels of business turning. It is the capital invested in the company's short-term assets—cash, accounts receivable, and inventory—alongside its short-term liabilities, such as accounts payable. Striking the right balance between these elements is pivotal, as excess working capital can lead to inefficient resource utilization, while insufficient working capital may jeopardize a company's ability to meet its operational needs.

➤ *The Significance of Working Capital Management:*

Working Capital Management involves a suite of strategies and practices aimed at optimizing the balance between current assets and liabilities. At its core, effective working capital management seeks to ensure that a company has the necessary liquidity to cover its short-term obligations while efficiently utilizing its resources to maximize profitability. This process involves decisions related to inventory management, credit policies, and cash flow optimization.

➤ *Key Objectives of Working Capital Management:*

- The primary objectives of working capital management include maintaining liquidity for operational needs.
- Minimizing the cost of capital
- Maximizing returns on investment.
- Striking the right balance requires a nuanced understanding of a company's industry, market conditions, and internal operational dynamics.

➤ *Challenges and Opportunities:*

Despite its critical role, working capital management is not without challenges. Businesses often grapple with issues such as inventory inefficiencies, late payments, and fluctuations in demand. However, these challenges present opportunities for innovation and improvement, with the potential to enhance overall financial health and resilience.

➤ *Evolution in the Digital Era:*

In the contemporary business landscape, technology plays an increasingly pivotal role in reshaping working capital management. Digital tools, data analytics, and automation are revolutionizing traditional approaches, offering businesses the means to make more informed decisions, optimize cash flows, and respond swiftly to market dynamics.

B. Objectives of the Study

The study of working capital management involves analyzing how a company manages its short-term assets and liabilities to ensure smooth operations and financial stability. The objectives of such a study can be multifaceted and may include the following:

- Identify opportunities to enhance the efficiency of working capital utilization.
- Evaluate the cost of financing working capital and explore ways to minimize it.
- Ensure a balanced relationship between current assets and liabilities.
- Enhance cash flow through effective working capital management.
- Identify and mitigate risks associated with working capital fluctuations.
- Link working capital management strategies to overall profitability goals.
- Track changes in working capital components over time.
- Benchmark the company's working capital performance against industry standards.
- Provide insights that support strategic decision-making processes.
- Establish trust and credibility with investors, creditors, and other stakeholders.
- Support the company's ability to sustainably grow its operations.

CHAPTER THREE

LITERATURE REVIEW

The purpose of the chapter is to present a view of literature relating to working capital management. Although working capital is an important ingredient in the smooth working of business entities, it has not attracted much attention from scholars. Whatever studies have been conducted, those have exercised a profound influence on the understanding of working capital management. A good number of these studies that pioneered work in this area have been conducted abroad, following which Indian scholars have also conducted research studies exploring various aspects of working capital.

A. *Srinivatsava Sanjay (2004)*

Working Capital is the fuel that powers global business operations, but too often an unnecessarily high percentage of this fuel is continuously stuck in the pump: Locked up in aging invoices and lengthy DSO (Days Sales Outstanding) cycles, Companies looking to improve cash flow have typically focused on collections. But traditionally, Collection has always been a reactive process picking up on aging invoices after they are already late in payment, and then resolving the underlying issues to collect. Because it's difficult to go upstream and systematically uncover and resolve the root causes of issues that drive the delayed payments, most of the collections effort ends up squarely focusing on dealing with symptoms, instead of addressing the real issues. Approaching this problem after the fact, as always, exacts its cost in penalty in time, effort, customer satisfaction, and even employee morale. Meanwhile, corporate performance and shareholder value added suffer.

B. *Singaravel, P(1999)*

Focuses on the interdependency among working capital, liquidity, and profitability, of which sufficiency of liquidity comes in the first preference followed by the sufficiency of working capital and profitability. The article is an in-depth analysis of liquidity and its interrelationship with working capital and profitability. As the working capital, liquidity and profitability are in a triangular position, none is dispensable to the satisfaction of the other. Excess of stock-in-trade over bank over-draft and excess of liquid assets over current liabilities other than bank over-draft generate working capital for the business. Alternatively, working capital requirements are made for long-term funds which affect the profitability.

NATARAJAN SUNDAR (1980) thinks that working capital is important at both, the national and the corporate levels. Control of working capital at the national level is exercised primarily through credit controls. The Tendon Study Group has provided a comprehensive operational framework for the same. In operational terms, efficient working capital consists of determining the optimum level of working capital, financing it imaginatively, and exercising control over it. He concludes that at the corporate level investment in working capital is as important as investment in fixed assets. And especially for a company that is not growing, survival will be possible only so long as it can match an increase in operational cost with improved operational efficiency, one of the most important aspects of which is the management of working capital.

C. *Rao K.V. and Rao Chinta(1991)*

Observe the strong and weak points of conventional techniques of working capital analysis. The result has been mixed while some of the conventional techniques could comprehend the working capital behavior well; others failed to do the job properly. The authors have attempted to evaluate the efficiency of working capital management with the help of conventional techniques i.e., ratio analysis. The article concludes by prodding future scholars to search for a comprehensive and decisive yardstick in evaluating working capital efficiency.

D. *Pathania*

Studied "WORKING CAPITAL MANAGEMENT IN HIMACHAL PRADESH STATE CO OPERATIVE AGRICULTURAL AND RURAL DEVELOPMENT BANK" for the period starting from 1990-91 to 1994-95 with the help of ratio analysis. The study reveals that the bank under study has not used cash efficiently and effectively which resulted in a decrease in profitability.

DR. BHAIKAV H. DESAI and RAMESH B. DARJEE had made a study on "WORKING CAPITAL FINANCING BY PUBLIC SECTOR BANKS" (The Management Accountant, May 1986) of cotton textile mills managed by N.T.C. for the period of 1979-80 to 1983-84. The analyses of the working capital gap and bank financing have been based on methods I, II, and III of bank financing suggested by the Tendon Committee. The conclusions were; that the management of N.T.C. Ltd. could have checked the large underfinancing by banks. It could have obtained substantial additional finance from banks even with the help of inventory. The management must make immediate attempts to reduce inventory, particularly finished goods inventory and the amount of working capital locked up in debts

CHAPTER FOUR

RESEARCH METHODOLOGY

The research methodology adopted for the study on Working Capital Management is designed to provide a rigorous and systematic investigation into the complex dynamics of current assets and liabilities in organizational financial strategies. This section outlines the approach, methods, and techniques employed to gather, analyze, and interpret data, ensuring the reliability and validity of the study.

A. Research Design:

The research design is structured as a mixed-methods approach, incorporating both quantitative and qualitative techniques. This hybrid design allows for a comprehensive understanding of the multifaceted aspects of working capital management.

B. Data Collection:

➤ *Quantitative Data:*

Surveys and financial statement analyses form the core of the quantitative data collection process. A structured questionnaire, designed based on industry standards and academic literature, is administered to a sample of businesses. Financial statements, specifically focusing on current assets and liabilities, are analyzed to extract quantitative insights into working capital practices.

➤ *Qualitative Data:*

In-depth interviews with financial managers, industry experts, and key stakeholders provide qualitative depth to the study. These interviews are semi-structured, allowing for flexibility and depth in exploring nuanced aspects of working capital management. The qualitative data adds contextual richness and captures the practical intricacies of decision-making processes.

C. Sampling:

➤ *Quantitative Sample:*

A stratified random sampling method is employed to ensure representation from various industries and business sizes. The sample is drawn from a diverse range of sectors to enhance the generalizability of findings.

➤ *Qualitative Sample:*

Purposive sampling is used for qualitative interviews, targeting individuals with expertise in financial management and working capital practices. This method ensures the inclusion of participants with in-depth knowledge and experience relevant to the research objectives.

D. Data Analysis:

➤ *Quantitative Analysis:*

Descriptive statistics, such as mean, median, and standard deviation, are employed to analyze survey responses. Financial ratios, particularly those related to liquidity and efficiency, are calculated to quantify working capital management practices.

➤ *Qualitative Analysis:*

Thematic analysis is applied to extract patterns and themes from interview transcripts. This process involves coding and categorizing qualitative data to identify recurring concepts and insights related to working capital management.

CHAPTER FIVE DATA ANALYSIS & INTERPRETATION

Table 1: Working Capital Management at the State Bank of India (Finance Sector)

Financial Year	FY 2023
Cash and Short-Term Investments	3,18,312
Total Receivables	-
Total Inventory	-
Other Current Assets	-
Current Assets	3,18,312
Loans & Advances	32,67,902
Net Property/Plant/Equipment	45,946
Goodwill & Intangibles	-
Long Term Investments	19,13,108
Deferred Tax Assets (Net)	-
Other Assets	4,20,268
Non-Current Assets	56,47,224
Total Assets	59,65,535
Accounts Payable	-
Total Deposits	44,68,536
Other Current Liabilities	-
Current Liabilities	44,68,536
Total Long Term Debt	5,21,152
Deferred Tax Liabilities (Net)	-
Other Liabilities	6,04,080
Non-Current Liabilities	11,25,232
Total Liabilities	55,93,768
Common Stock	892
Additional Paid-in Capital	79,115
Reserves & Surplus	2,78,923
Minority Interest	12,837
Other Equity	
Total Equity	3,71,768

➤ *Total Assets in FY 2022-23*

- *Assets of SBI*

In Total Assets, 55% of Loans & Advances, and then the second highest is Long Term Investment which is 32%.

Very Small amount held in Property/Plant/Equipments Only 5% of Total Assets hold as Cash and Short Term Investment.

➤ Total Liability in FY 2022-23

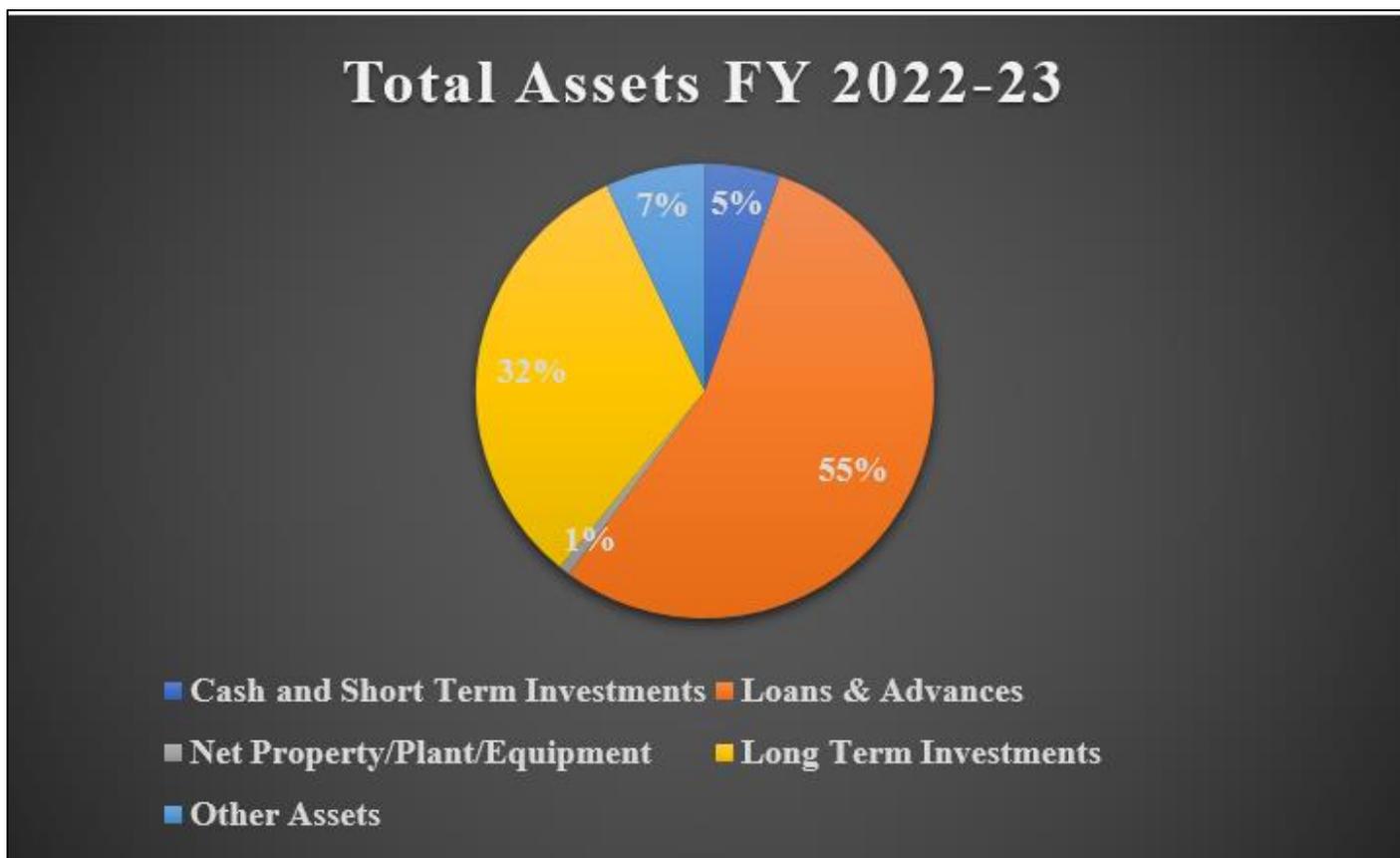


Fig 4: Liability of SBI

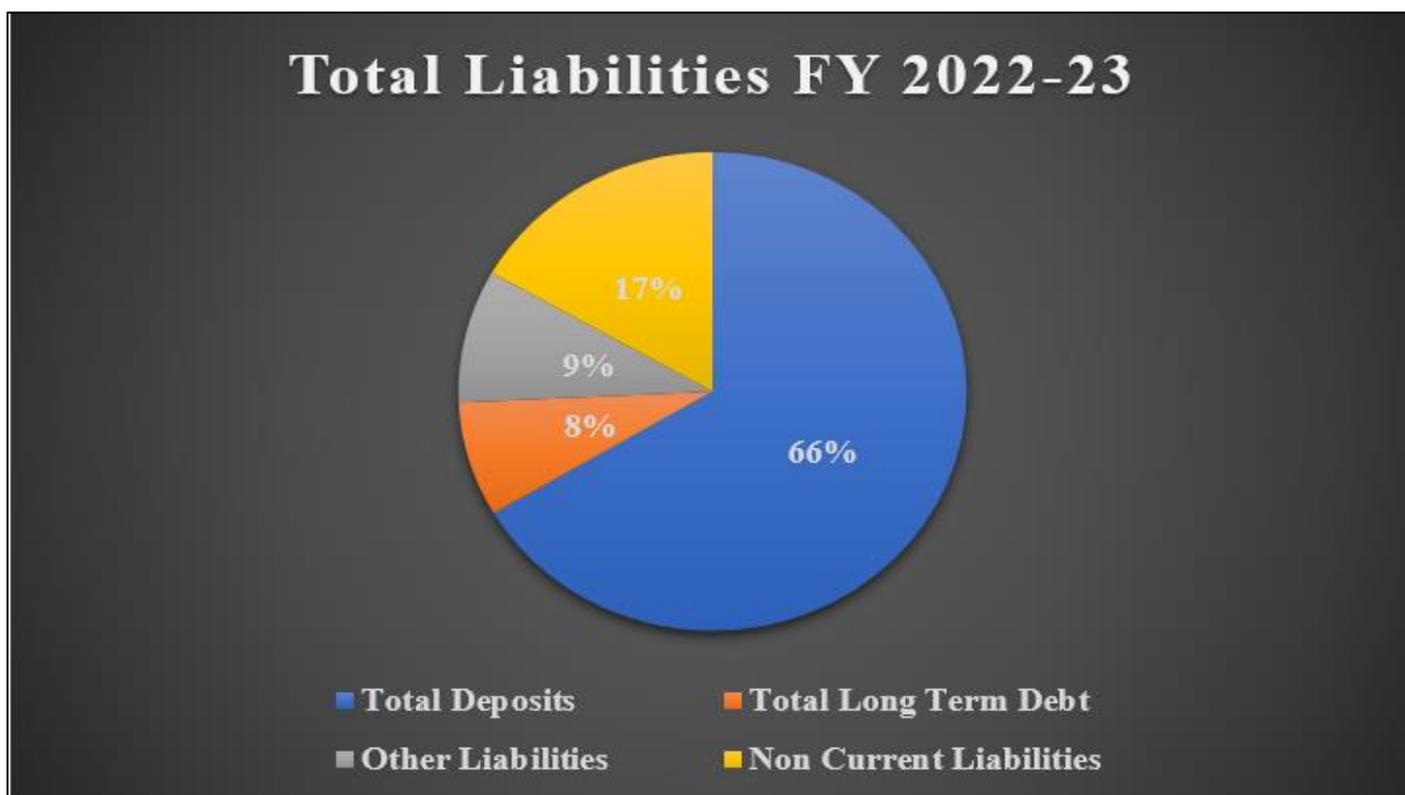


Fig 5: Liability of SBI

As follows 66% of Total Liabilities held at Total Deposits from Customers in FY 2022-23.

Table 2: Working Capital Management at Bharat Heavy Electricals Limited (Manufacturer Sector)

Financial Year	FY 2023 Cr.
Cash and Short-Term Investments	6,642.58
Total Receivable	3,128.35
Total Inventory	7,499.69
Other Current Assets	13,555.45
Current Assets	30,826.07
Loans & Advances	-
Net Property/Plant/Equipment	2,769.03
Goodwill & Intangibles	60.80
Long Term Investments	235.42
Deferred Tax Assets (Net)	3,422.62
Other Assets	22,799.63
Non-Current Assets	29,287.50
Total Assets	60,113.57
Accounts Payable	9,881.06
Total Deposits	-
Other Current Liabilities	14,214.17
Current Liabilities	24,095.23
Total Long Term Debt	33.75
Deferred Tax Liabilities (Net)	-
Other Liabilities	9,156.56
Non-Current Liabilities	9,190.31
Total Liabilities	33,285.54
Common Stock	696.41
Additional Paid-in Capital	-
Reserves & Surplus	26,131.62
Minority Interest	-
Other Equity	-
Total Equity	26,828.03

➤ Total Assets in FY 2022-23

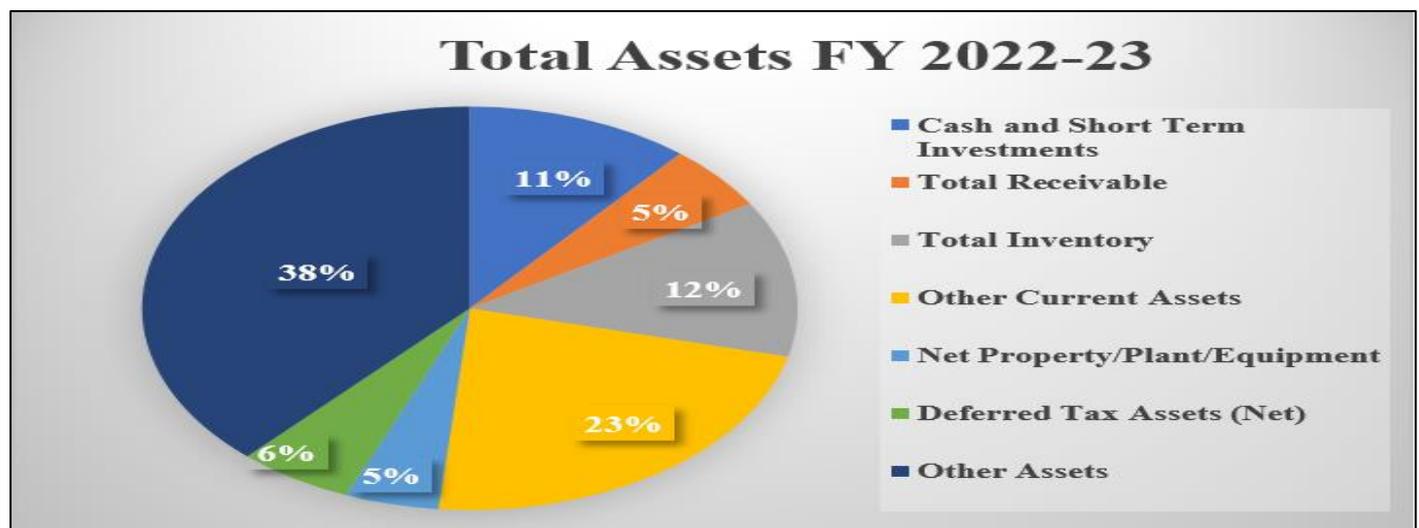


Fig 6 : Assets of BHEL

As follows 38% of Total Assets are held in Other assets only 5% are held in Property/Plant/Equipment, and 11% are held in Cash and Short Term Investment.

➤ *Total Liability in FY 2022-23*

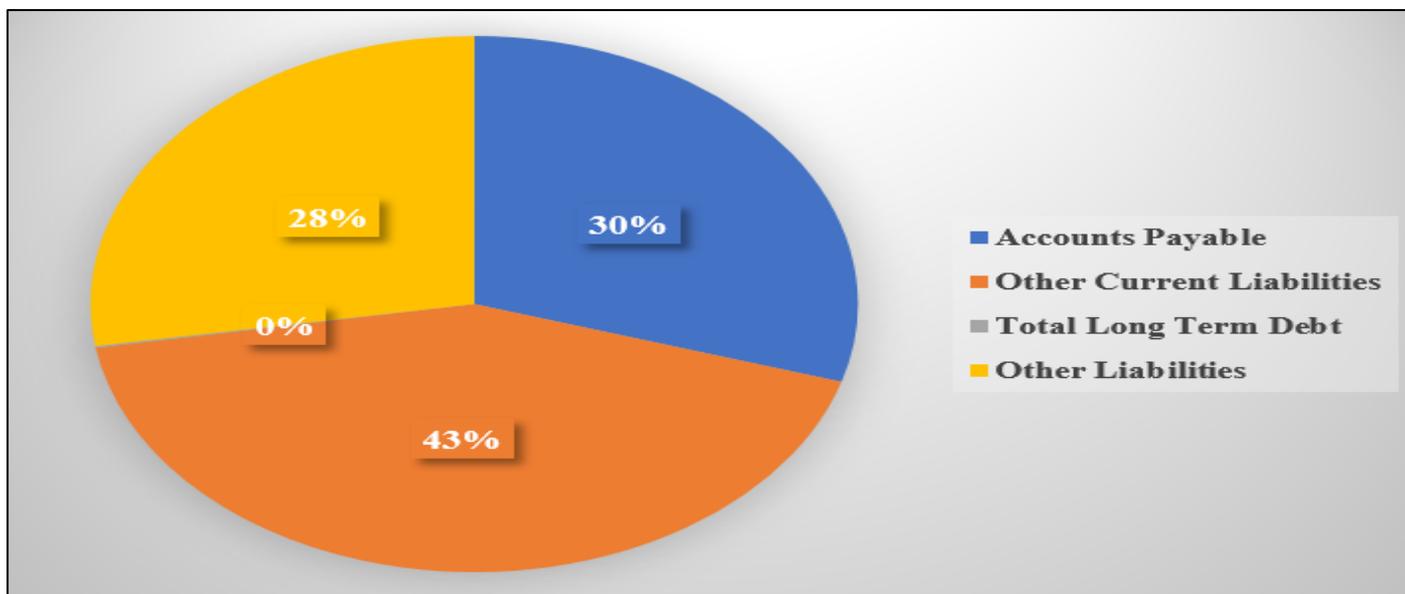


Fig 7: Liability of BHEL

Follows 30% of Total Liability held in Accounts Payable and 43% held in Other Current Liability in FY 2022-23.

Table 3: Working Capital management at Trent Limited (Retail Sector)

Financial Year	FY 2023 Cr.
Cash and Short-Term Investments	632.04
Total Receivables	34.39
Total Inventory	1,361.16
Other Current Assets	350.19
Current Assets	2,377.78
Loans & Advances	-
Net Property/Plant/Equipment	4,566.81
Goodwill & Intangibles	61.86
Long Term Investments	564.13
Deferred Tax Assets (Net)	156.05
Other Assets	354.9
Non-Current Assets	5,703.75
Total Assets	8,081.53
Accounts Payable	531.9
Total Deposits	-
Other Current Liabilities	562.08
Current Liabilities	1,093.98
Total Long Term Debt	4,248.17
Deferred Tax Liabilities (Net)	-
Other Liabilities	76.41
Non-Current Liabilities	4,324.58
Total Liabilities	5,418.56
Common Stock	35.55

Additional Paid-in Capital	1,924.30
Reserves & Surplus	635.64
Minority Interest	67.48
Other Equity	-
Total Equity	2,662.97

➤ *Total Assets in FY 2022-23*

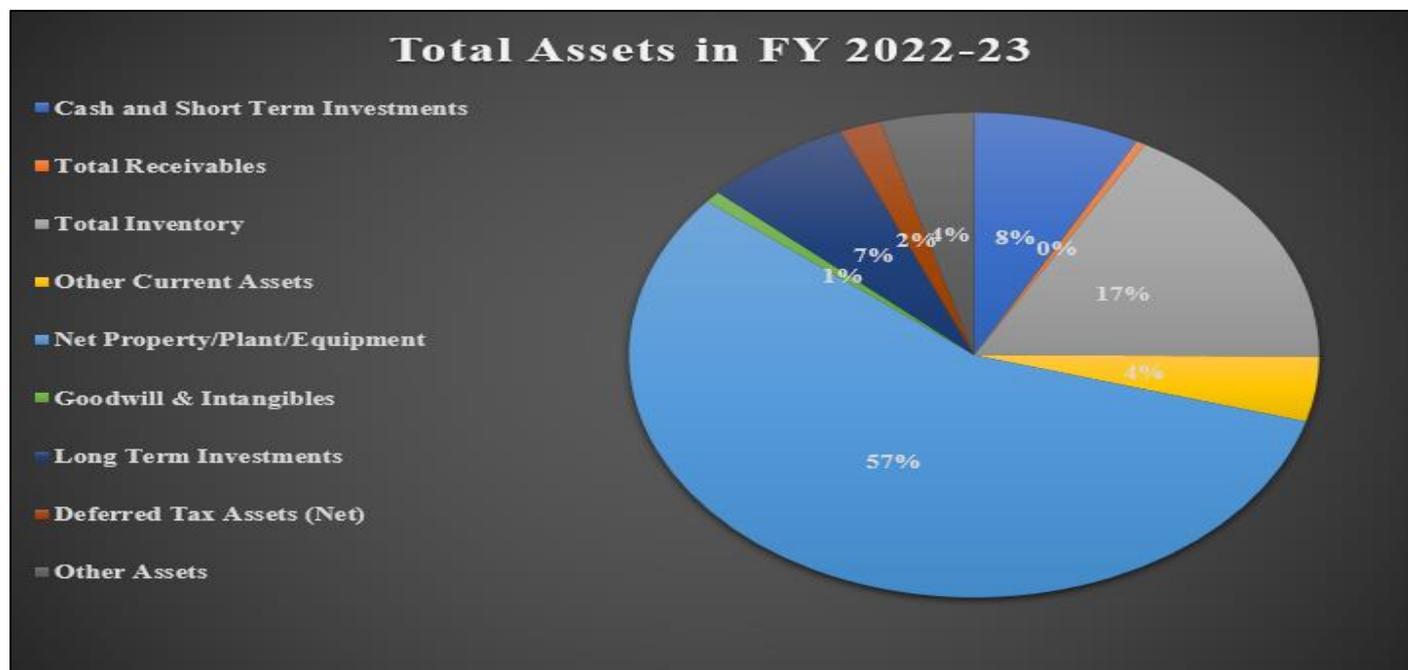


Fig 8: Assets of Trent

As follows 57% of Total Assets are held in Property/Plant/Equipment only 2% are Total receivables but 17% are Total Inventory held in FY 2022-23.

➤ *Total Liability in FY 2022-23*

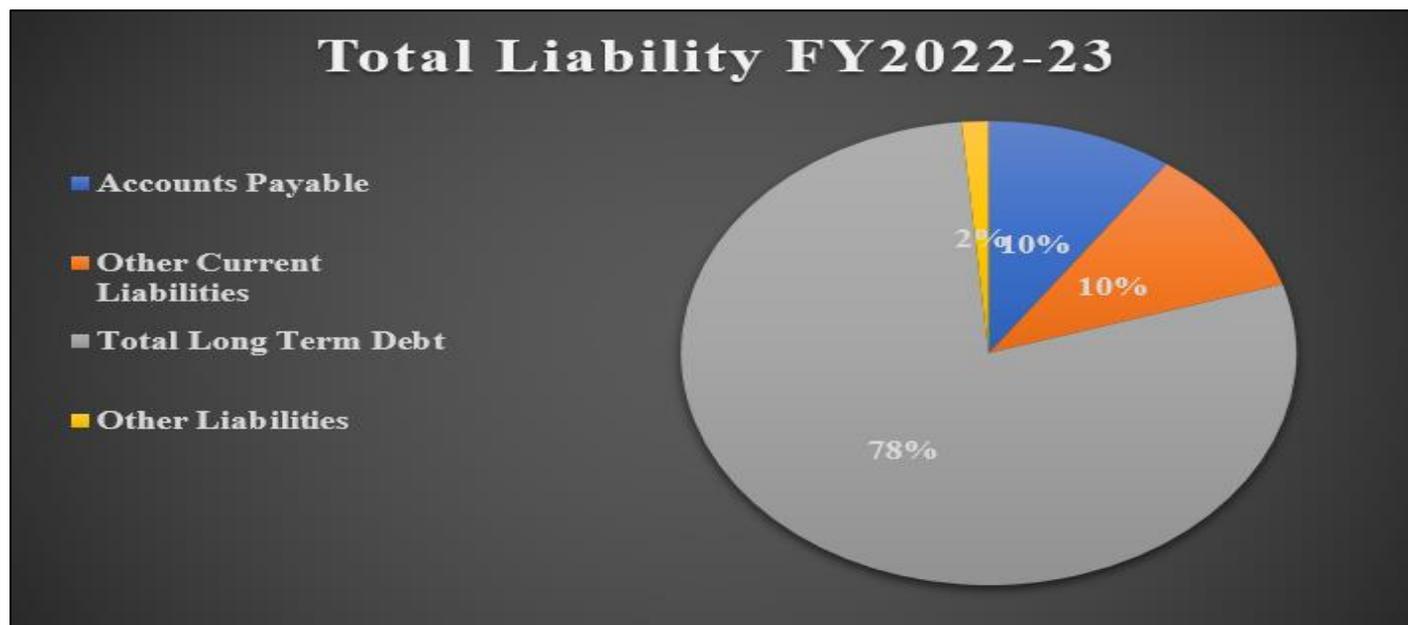


Fig 9: Liability of Trent

As follows 78% of total Liability is held at Long-term debt and only 10% is held at Payable and other liabilities.

Table 4: Working Capital Management at Sun Pharmaceutical Industries Limited (Pharmaceutical Sector)

Financial Year	FY 2023 Cr.
Cash and Short-Term Investments	15,143
Total Receivables	11,439
Total Inventory	10,513
Other Current Assets	2,767
Current Assets	39,862
Loans & Advances	-
Net Property/Plant/Equipment	20,681
Goodwill & Intangibles	8,713
Long Term Investments	5,457
Deferred Tax Assets (Net)	3,133
Other Assets	2,867
Non-Current Assets	40,850
Total Assets	80,712
Accounts Payable	5,986
Total Deposits	-
Other Current Liabilities	13,921
Current Liabilities	19,907
Total Long Term Debt	560
Deferred Tax Liabilities (Net)	-
Other Liabilities	930
Non-Current Liabilities	1,489
Total Liabilities	21,396
Common Stock	240
Additional Paid-in Capital	1,187
Reserves & Surplus	54,568
Minority Interest	3,320
Other Equity	-
Total Equity	59,315

➤ Total Assets In FY2022-23

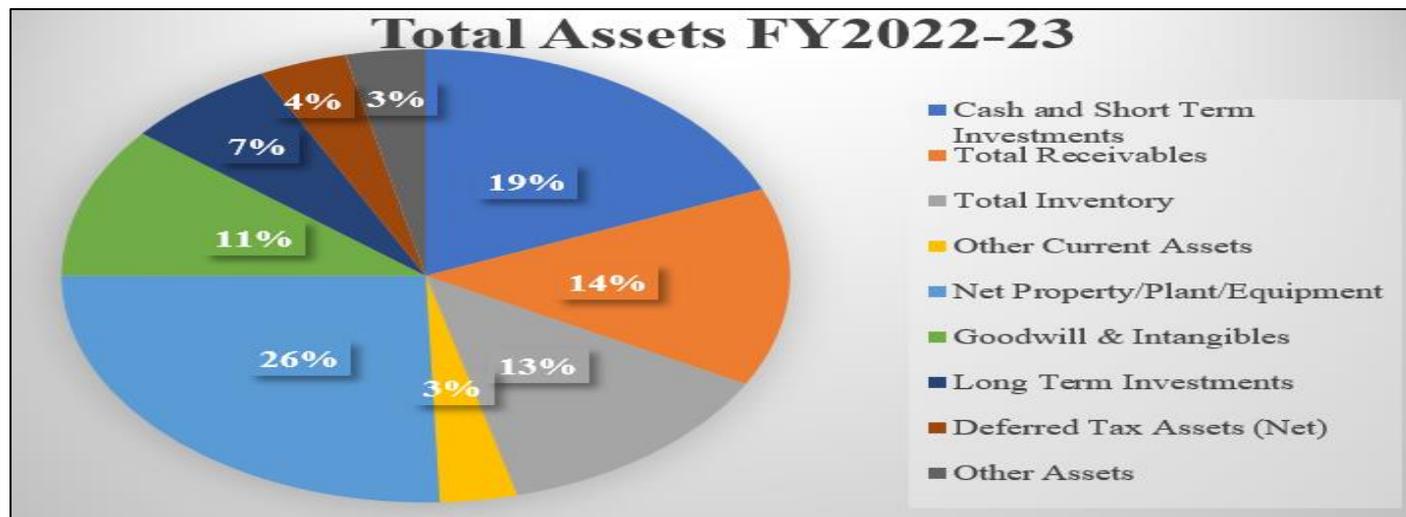


Fig 10: Assets of Sun Pharma

As follows 26% Of Total assets are held in plant and Equipment and 11% are held in Goodwill and intangible assets.

➤ *Total Liabilities in FY2022-23*

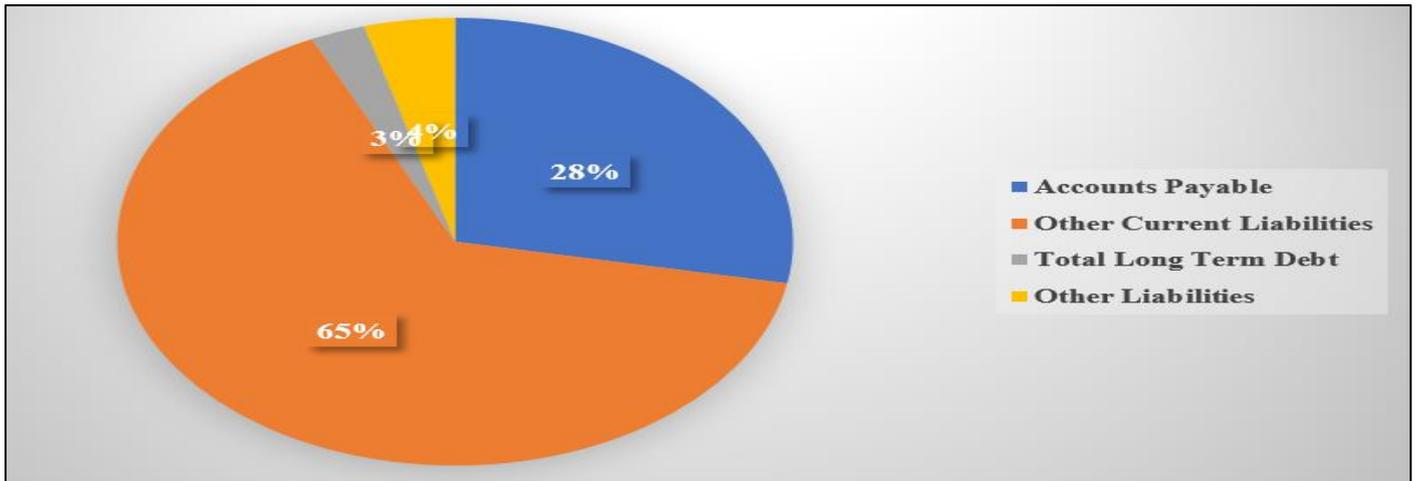


Fig 11: Assets of Sun Pharma

As follows 65% of Total Liabilities are held in Current Liability and 28% are Accounts Payables in FY2022-23.

CHAPTER SIX FINDING & CONCLUSION

A. Finding

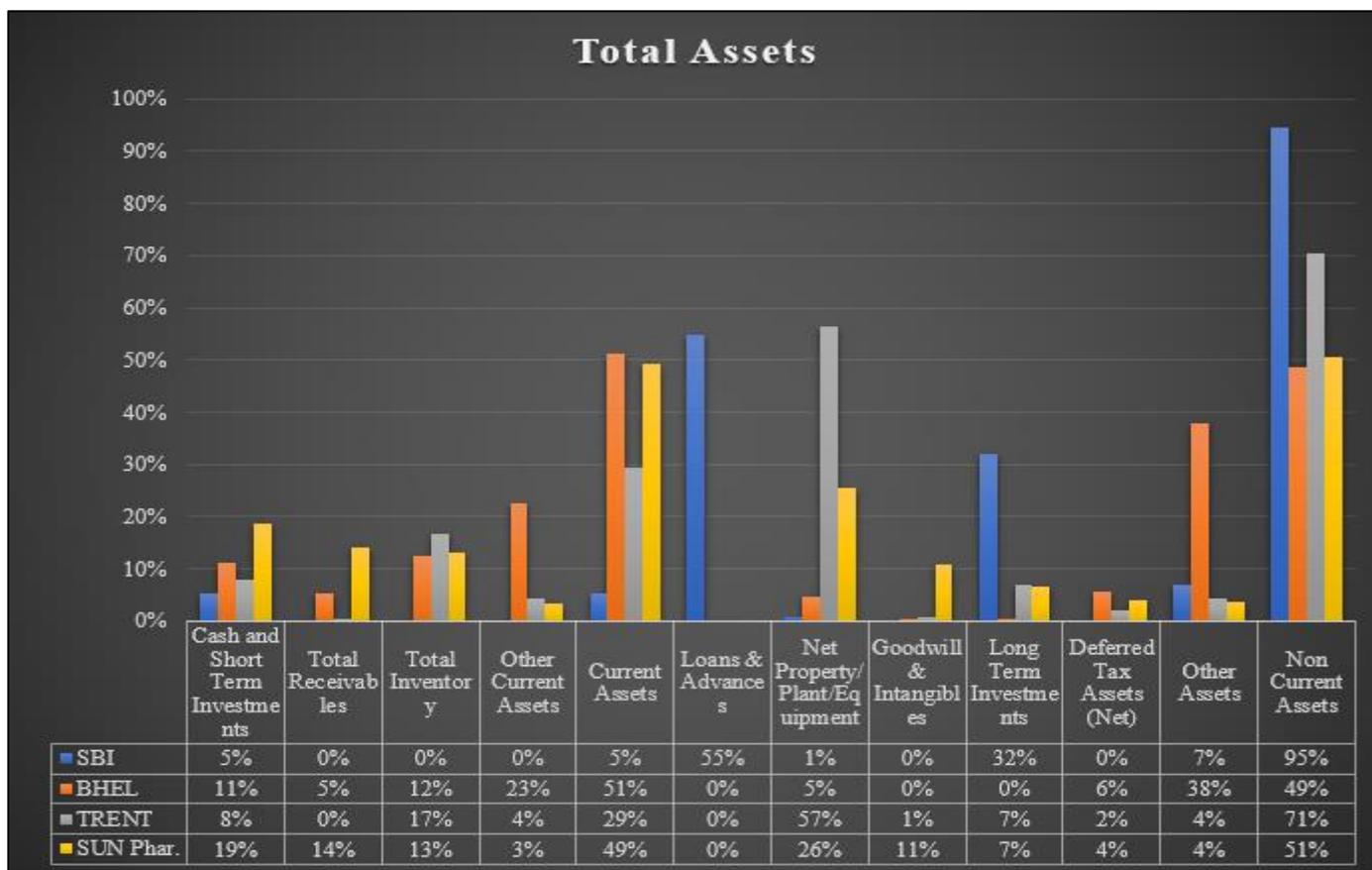


Fig 12: Four Sector Asset Comparison

➤ **Cash and Short-Term Investments:**

High Cash and Short-term Investment were found in the Pharmaceuticals sector (19%) (Sun Pharma.) and then the Manufacturing sector (11%) (BHEL).

➤ **Total Receivables**

Very few receivables are found in the Finance and Retail Sectors and the Highest receivables are in the pharmaceuticals sector.

➤ **Inventory**

There are no stocks held in the financial sector.

➤ **Current Assets**

There are highest Current assets found in the Manufacturing sectors (BHEL). Then after the Pharmaceuticals sectors (Sun Pharm.)

➤ **Loans & Advances**

This one is Only Found in the Finance Sector (SBI).

➤ **Net Property/Plant/Equipment**

The highest Property Is in the Retail Sector then pharmaceuticals low.

➤ **Goodwill & Intangibles**

This one is only held by pharmaceuticals because of patents and copyrights.

➤ **Long Term Investments**

The highest Long-Term Investment is found in the Finance Sector only then Retail sector 7%.

➤ *Current Assets*

The highest current Assets are Found in the Manufacturing sector (BHEL-51%) then Pharmaceuticals (SUN Pharm. -49%) Lowest Current assets are found in Finance (SBI – 5%).

B. *Total Liability*

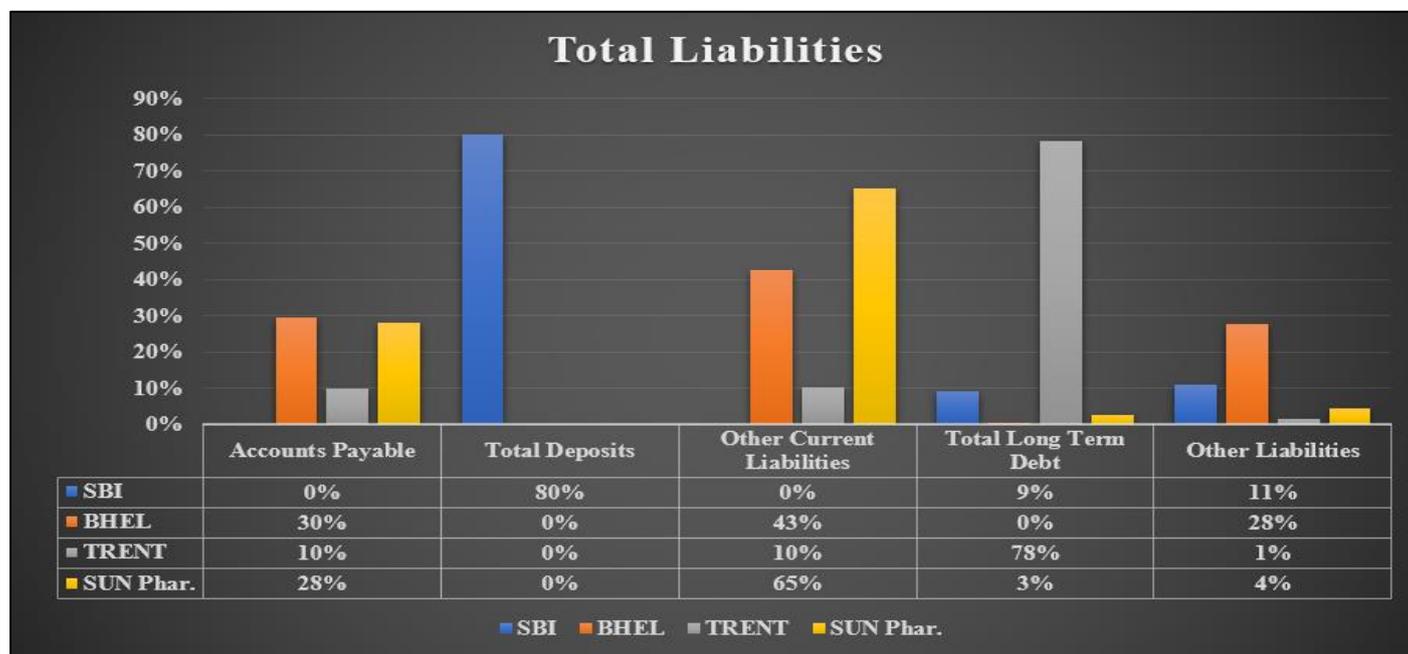


Fig 13: Four Sector Liability Comparison

➤ *Accounts Payable*

There are no accounts payable found in the finance sector and the highest found in the Manufacturing Sector (BHEL).

➤ *Total Deposits*

Deposits are held in the Finance Sector Only.

➤ *Long Term Debt*

Long Term Debts only Hold by the Retail Sector (Trent)(78%) of Total Liability.

➤ *Current Liability*

The highest Current Liability was found in the Pharmaceutical Sector (93%) then the Finance Sector SBI (80%), Manufacturing Sector BHEL (72%).

C. *Conclusion*

- In conclusion, Highest Cash and Short-Term Investments holder, Receivables, Goodwill & Intangibles are held by Pharmaceuticals Industries of Total assets
- In the Finance Sector Loan & Advances, and long-term Investments are very high compared to other sectors that why High Non-current assets are held in the finance sector.
- The Manufacturing Sector holds high current assets which is 51% and others are noncurrent assets.
- In the retail sector high Inventory and high value of Plant and Machinery are Found as compared to other sectors.
- In the finance sector highest liabilities are held with total deposits from CASA but other sectors haven't any deposit liabilities.

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