

## A STUDY ON WORKING CAPITAL MANAGEMENT

-With Special Reference to Hindustan Springs MFG Company, Mysore.

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### **Abstract:**

A corporation cannot exist without adequate working capital; it is the lifeblood of any business unit. It is essential to deciding both the performance and expansion of the business. The core of an industrial firm can be attributed to working capital. A bad working capital position prevents a business from growing or even surviving. According to a proverb, "Excessive working capital is a criminal waste, while inadequate working capital is a disaster." Thus, in order to thrive in this cutthroat environment, any corporate organization needs to preserve its working capital. Thus, the current study used ratio analysis to learn about a company's working capital management.

**Key words:** Working Capital, Ratio analysis, Operating Cycle, Current assets

## **OVERVIEW:**

Any corporate entity's lifeblood is its working capital. Working capital is the money that keeps an organization's activities running smoothly. It is necessary for both the start-up and continuous operation of daily operations. Effective working capital management can significantly increase corporate success and vice versa. The most crucial components of working capital are the amounts of inventory, accounts payable, and accounts receivable. Academics examine these factors to look for indicators of a business's effectiveness and stability. Hence, managing each of these factors separately and jointly is also a part of working capital management.

For every business, working capital is essential to its survival. The money needed to sustain working (organizational operations) operations is known as working capital. The commencement and seamless running of daily business operations depend on working capital. More can be done to improve working capital management and business success than the other way around. Accounts receivable, accounts payable, and inventory levels are some of the most crucial components of working capital. These things are taken into account by academics looking for indicators of a business's profitability and efficiency. Therefore, all of these aspects—both individually and collectively—are managed as part of working capital management.

A key component of cost reduction in the current environment of fierce competition is efficient working capital management, as the organization is left with little choice but to reduce operating expenses. According to research conducted by numerous academics, the cost of raw materials accounts for the largest percentage of the total cost of the product in all manufacturing units. For this reason, if an organization wants to reduce production costs, it must address the raw material cost initially. Working capital is raised when a business or manufacturing facility wants to improve its liquidity. Yet, this strategy can result in lower profitability and sales volume. Hence, a company should strive to strike a balance between Liquidity and profitability.

When carrying out its daily activities, a company must keep a balance between profitability and liquidity. A lucrative enterprise guarantees a firm's continual flow of funds, which is one of the prerequisites for meeting short-term obligations. Cash is considered a crucial measure of a company's financial well-being. As a result, operations for the business must be profitable and efficient. A potential misalignment between the firm's assets and liabilities could result in a temporary boost in profitability, but at the expense of the company's insolvency. However, a

company's profitability will suffer if it places an excessive amount of emphasis on liquidity. As a result, it is typical for finance literatures (see, for example, Gitman, 1984 and Bhattacharya, 2001) to open their sections on working capital with a discussion of the trade-offs between risk and return that come with different working capital strategies. In order to optimize a firm's worth; a management of a corporate entity must thus achieve the desired trade-off between liquidity and profitability.

One way to define working capital is the cash kept in receivables and inventory. The amount of money committed to working capital can be rather significant for the majority of product-oriented organizations. It can lower some of its debt and associated interest expenses if it can lower its inventory and receivables levels. The goal is to investigate strategies for minimizing inventories, accelerating receivables collection, and postponing payables settlement in order to optimize working capital management. The question of whether cash belongs in working capital is one that is frequently debated. Since cash is not intended for company operations, it is customary to limit the amount of inventory, receivables, and payables in the calculation and to eliminate cash entirely.

#### WORKING CAPITAL LEVERAGE:

Working capital leverage is the term used to describe the impact of working capital level on a company's profitability. Effective management of working capital can boost the productivity of investments in current assets, which will ultimately increase the return on capital spent.

The working capital leverage is measured by applying the following formula:

$$\text{Working capital leverage} = \% \text{ change in ROCE} / \% \text{ change in current assets}$$

$$\text{ROI(Return on Investment)} = \text{Earnings before Interest and Tax} / \text{Total Assets}$$

Working capital leverage is a measure of how sensitive the return on capital used is to changes in the amount of current assets. Working capital leverage would be smaller in capital-intensive enterprises, even if the overall amount of capital utilized is the same. Working capital leverage expresses the connection between a company's profitability and the efficiency of its working capital management.

$$\text{Working Capital Leverage} = \text{C A} / \text{T A} - \Delta \text{C A}$$

Where:

C.A. = Current Assets

T.A. =Total Assets (i.e., Net Fixed Assets + Current Assets)

$\Delta$ C.A. = Change in Current Assets

### **LITERATURE REVIEW:**

OSUMA GODSWILL et.al., (2018): Working capital management is important for the banking sector's success in Nigeria, particularly given the current state of the industry, which is affected by the worldwide drop in oil prices, which has led to a number of issues including non-performing loans, a bank's quality deteriorating, and staff layoffs. This is one of the main reasons that effective working capital management in banks has a significant impact on the profitability of the banking industry. Consequently, the study's goals are to investigate how working capital management might increase bank profitability.

PANIGRAHI ASHOK KUMAR (2017): Secondary data served as the study's foundation. Determining if working capital management affects a company's success was the main objective of the study. From this, it can be concluded that the profitability of the company and working capital management have a moderate link.

CHANDRA H. and others (2016): Cash conversion and operating cycles were used to gauge how well working capital was being employed. Furthermore, the cash conversion cycle's affecting elements were quantified using the Kieschnick model. According to the study's findings, a company's working capital management performance is highly influenced by its size.

BAGCHI B et.al.,(2015): Examine the connection between the profitability of the business and working capital management, and determine which factors have the most effects on profitability. The study's conclusion notes that the firm's usage of debt and CCC have a negative relationship

with profitability. This result can be further supported by raising the companies' profitability through more effective working capital management.

MADHAVI K. (2014): Conducts an empirical investigation on the relationship between profitability and liquidity position. It has been observed that poor working capital management has a detrimental influence on the profitability and liquidity of paper mills.

AKOTO RICHARD K et,al.,(2013): It is discovered that there is a large negative correlation between profitability and days of accounts receivable. Current asset turnover, current asset ratio, and cash conversion cycle (CCC) all have a substantial beneficial impact on profitability. In addition, managers offer incentives to reduce accounts receivable to 30 days in order to add value for the shareholders.

Adamson, A., et al. (2012): aspire to conduct an empirical investigation into how a sample of thirty SMEs' profitability is affected by working capital management. In closing, the author makes the argument that managers can create value by reducing the amount of inventory and accounts receivable that their business possesses. Reducing the cash conversion cycle could also increase the firm's profitability at the same time.

RAHMAN MOHAMMAD M (2011): emphasizes how working capital and profitability are related to one another. Businesses that manage their working capital well see an increase in profitability. The investigation demonstrates that profitability and working capital management in the textile industry are deemed sufficient.

In 2010, GILL AMARJIT et al. Analyze the connection between profitability and working capital management. They found a statistically significant relationship between the cash conversion cycle and profitability as measured by gross operational profits. It also demonstrated how managers may turn a profit for their businesses by properly managing the cash conversion cycle and maintaining an ideal amount of accounts receivable. The study's conclusion states that firms can boost profitability by managing their working capital more skillfully.

BAIG VIQAR ALI (2009): aims to present comparative results from a working capital management survey. Furthermore, an attempt has been made to ascertain the ways in which ownership, regulations, managerial independence, and cultural elements influence the working capital decision-making process.

### **SCOPE OF THE STUDY:**

The study is based on working capital management at HINDUSTAN SPRINGS MFG CO. The study is based on secondary data analysis of past 5 years ranging from 2017-22.

### **IMPORTANCE OF THE STUDY:**

Finance is very vital for any business activity and it should be employed across all the business segment of an organization, especially in production department of manufacturing company. Working capital occupies a major attention of the finance department as it ensures day to day business operations. Hence it is important to study the various aspects covering the working capital management.

### **OBJECTIVES OF THE STUDY:**

1. To analyse working capital management

### **RESEARCH AND METHODOLOGY:**

The present study is based on working capital management at HINDUSTAN SPRING MFG. CO. The study is based on secondary data analysis of past 5 years ranging from 2018-22. It intends to study working capital management by using secondary data which has been collected through annual report. Further, study intends to use ratio analysis feasible solution.

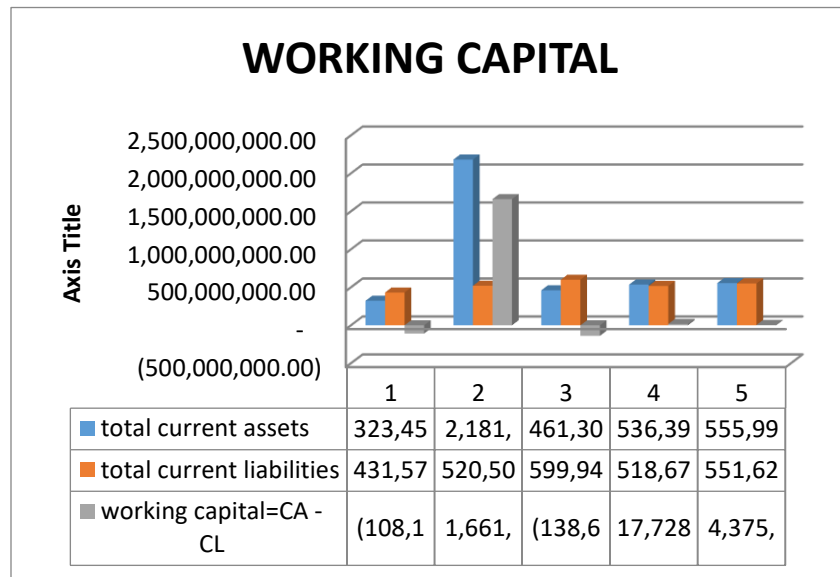
### **DATA ANALYSIS AND INTERPRETATION**

**Table 1**  
**The working capital**

<b>Current assets</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Inventory	159,176,30 8.00	1,988,843,1 20.00	241,964,951. 00		
Trade receivables	127,092,08 7.00	157,845,689 .00	199,271,939. 00	277,774,263.0 0	269,721,291.0 0

Cash and cash equivalents	20,534,443.00	23,415,950.00	17,320,061.00	228,177,904.00	252,146,402.00
Short term loans and advances	16,240,943.00	11,224,485.00	2,752,200.00	24,992,186.00	28,531,167.00
Other current assets	409,851.00	644,437.00		5,455,062.00	5,597,775.00
Total current assets	323,453,632.00	2,181,973,681.00	461,309,151.00	536,399,415.00	555,996,635.00
<b>Current liabilities</b>					
Short term borrowings	180,841,683.00	159,473,131.00	301,043,071.00	294,010,407.00	331,753,292.00
Trade payables	156,472,234.00	246,763,104.00	187,389,234.00	124,124,138.00	165,084,031.00
Other current liabilities	94,258,336.00	114,266,494.00	108,884,376.00	97,481,338.00	53,202,602.00
Short term provisions			2,623,966.00	3,055,237.00	1,581,377.00
Total current liabilities	431,572,253.00	520,502,729.00	599,940,647.00	518,671,120.00	551,621,302.00
Working capital=CA -CL	(108,118,621.00)	1,661,470,952.00	(138,631,496.00)	17,728,295.00	4,375,333.00

Chart No.1



The working capital chart (1) projects that the total current assets in 2018 was minimum and it has seen peaked increase in 2019 with a sudden fall in 2020 and a constant increase in 2021 and 2022. The total current liabilities in 2018 is minimum and a gradual increase over the year 2018 to 2020 with a slight decrease in 2021 and a parallel slight increase in 2022. The highest total current liabilities has recorded in the year 2020 and the least in the year 2018. The working capital has recorded in the year 2018 with a negative number by gradually higher hike in 2019 with a decrease in a negative increase in 2020 and a transformation is recorded in positive increase in 2021 by a slight downfall in 2022. The highest positive working capital is recorded in the year 2019 and the least in 2020 with negativity.



**Table No 2**  
**NET OPERATING CYCLE**

			2018	2019	2020	2021	2022
1	Raw material conversion period	Average stock of Raw materials	90	80	70	85	92
		Raw material Consumption per day					
2	Work in process conversion period	Average stock of Work in progress	36	43	45	41	35
		TOTAL COST OF PRODUCTION PER DAY					
3	Finished goods conversion period	Average stock of Finished goods	30	36	39	32	28
		TOTAL COST OF GOODS SOLD PER DAY					
4	Receivables conversion period	Average accounts receivables	72	90	94	88	70
		NET CREDIT SALES PER DAY					
5	Payables deferral period	Average payables	45	36	32	30	29
		NET CREDIT PURCHASE PER DAY					
	Gross operating cycle period	RMCP+WIPCP+FGCP+RCP	22 8	24 9	24 8	24 6	22 5
	<b>Net operating cycle period</b>	Gross operating cycle -payable deferral period	18 3	21 3	21 6	21 6	19 6

Chart No.2A

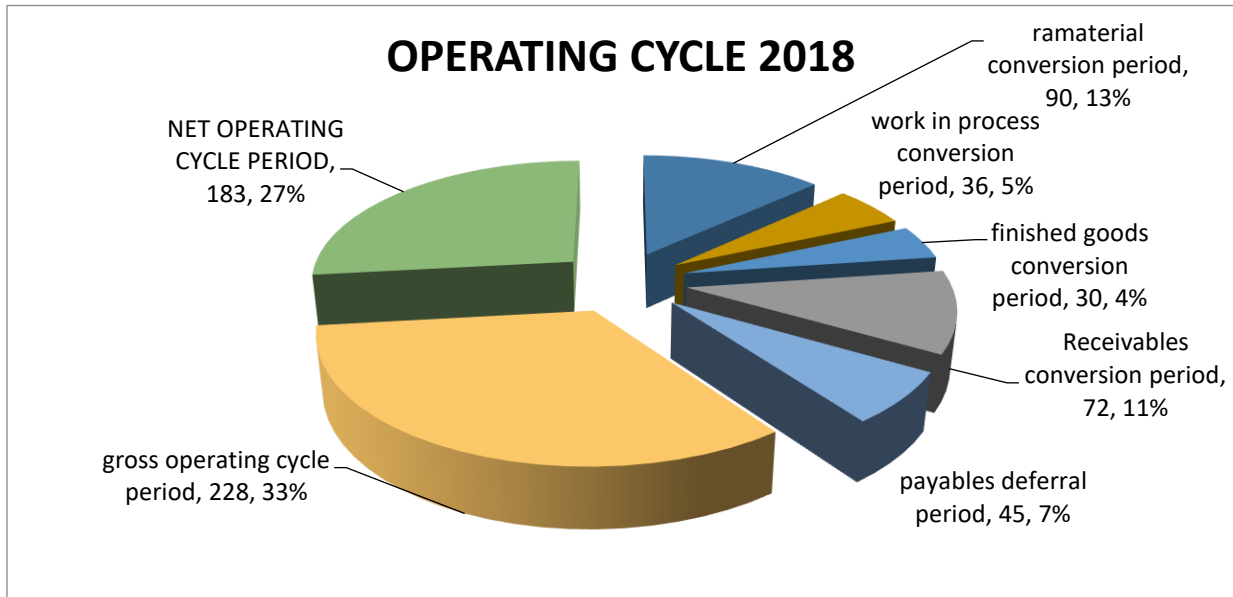


Chart No 2B

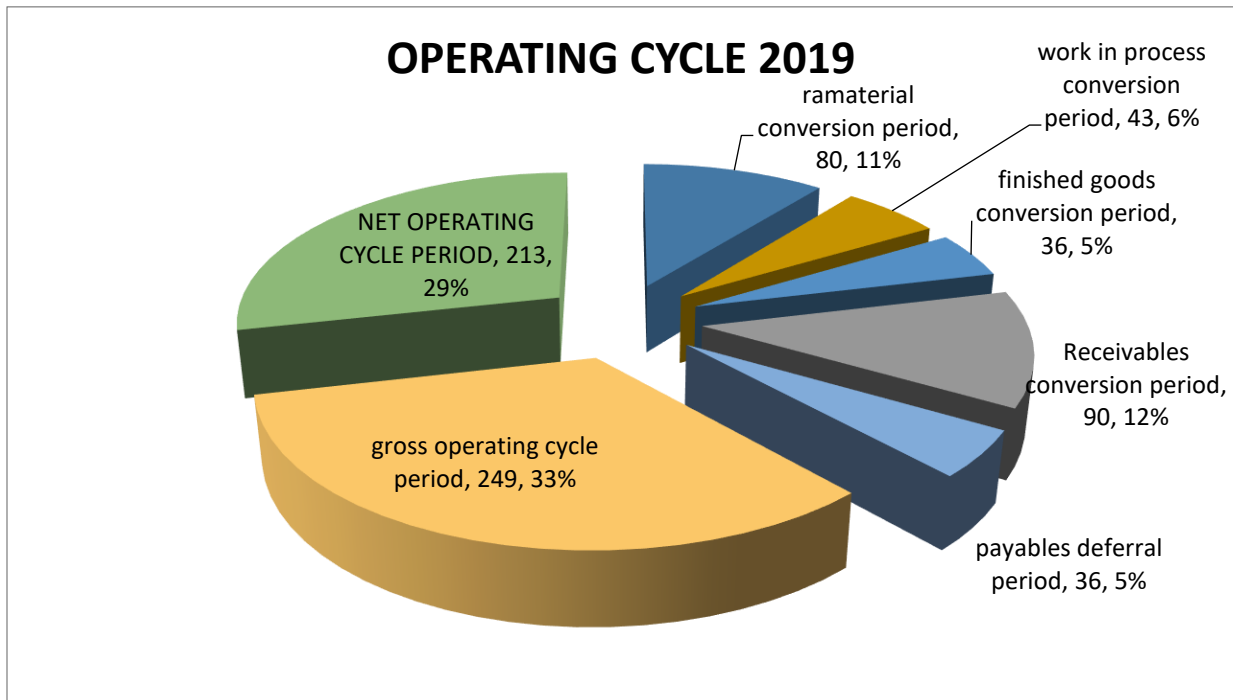


Chart No 2C

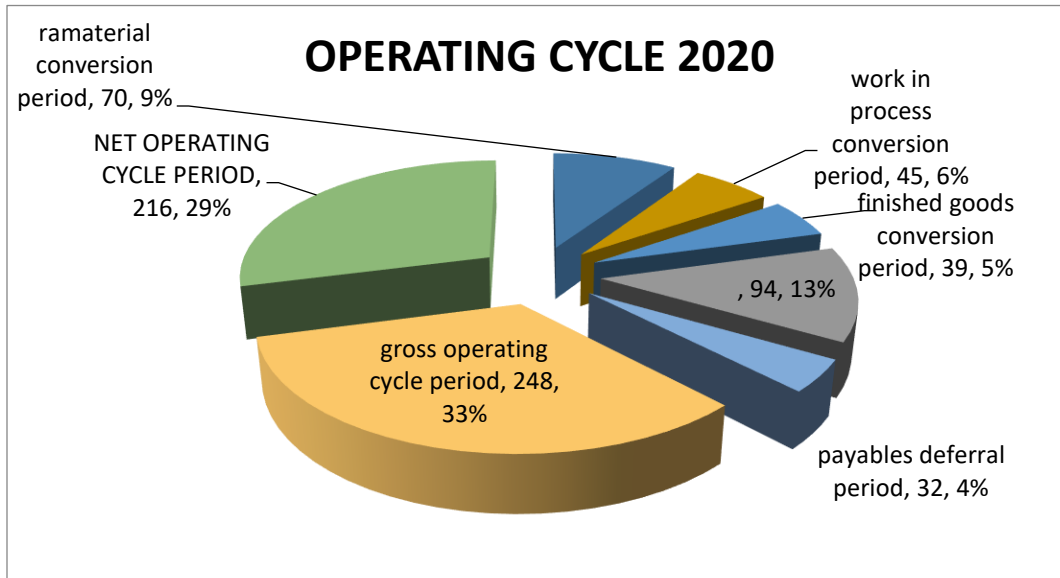


Chart No 2D

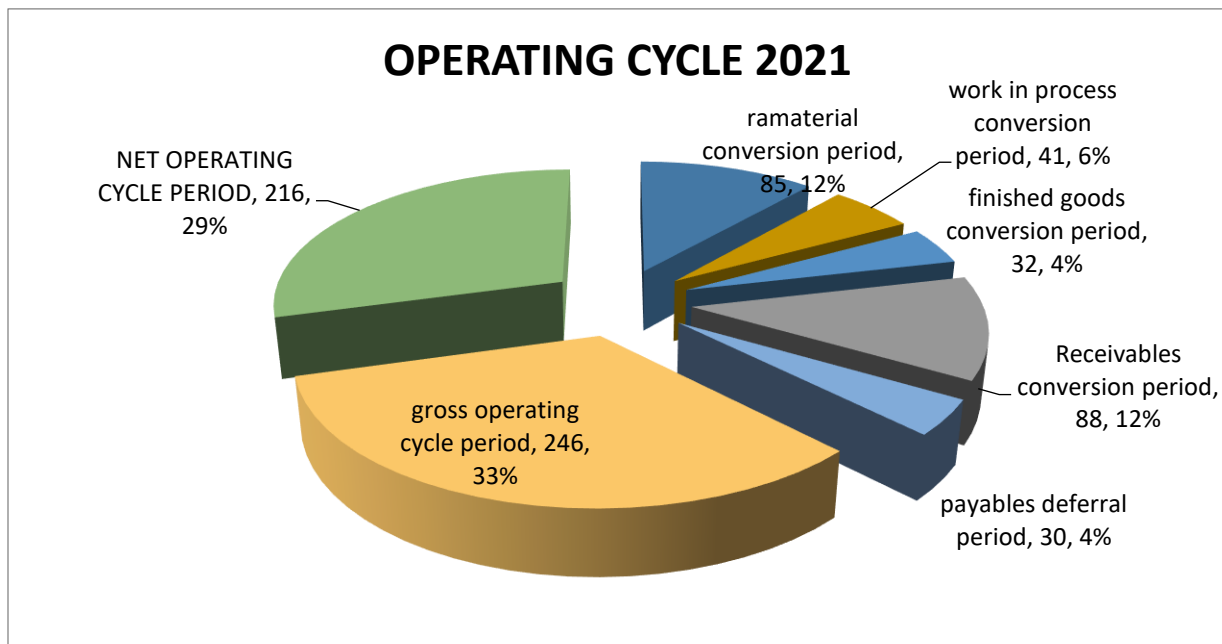
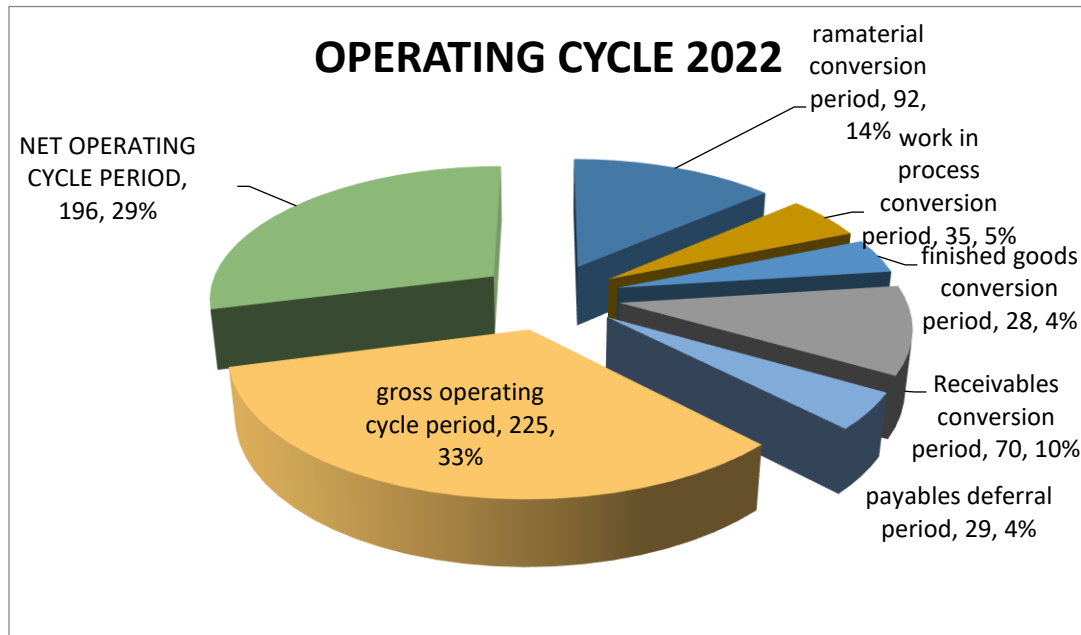


Chart No 2E



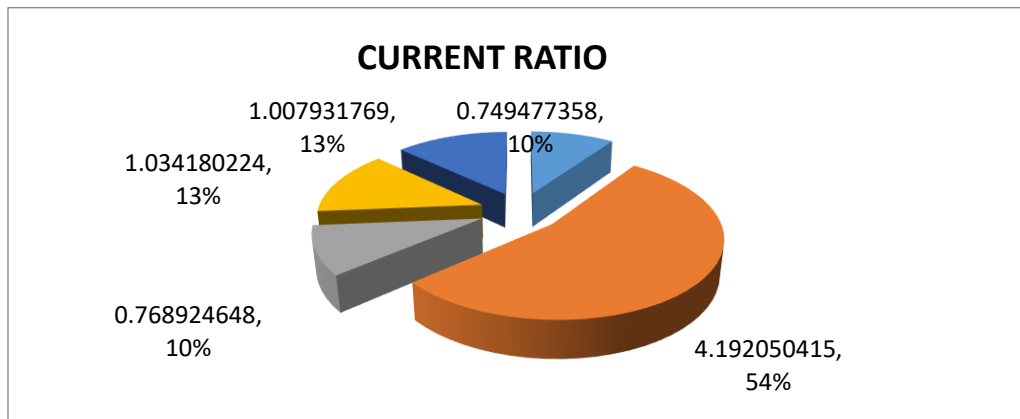
**Interpretation:**

The WIPCP, FGCP, RCP, GOCP and NOCP has recorded minimum in 2018 with a gradual increasing trend from 2018 to 2020 and a downfall from 2020 to 2022 is witnessed the highest is recorded in the year 2020 for WIPCP, The PDP has recorded a minimum in 2018 and a gradual decrease from 2018 to 2022 is seen. The highest PDP is recorded in 2018 and the least in 2022. The RCP has recorded with a minimum in 2018 and a sudden slipperly is seen over the year 2018 to 2020 with a gradual increase is witnessed from 2020 to 2022. The highest is recorded in 2022 and the least is recorded in 2020.

**TABLE NO 3**

<b>I</b>		<b>liquidity ratio</b>			
			<b>2018</b>	<b>2019</b>	<b>2020</b>
1	Current ratio(CR)	Current assets	323,453,632.00	2,181,973,681.00	461309151.00
		current liabilities	431,572,253.00	520,502,729.00	599,940,647.00
		<b>CR</b>	<b>0.749477358</b>	<b>4.192050415</b>	<b>0.768924648</b>
			<b>2021</b>	<b>2022</b>	
			536399415.00	555,996,635.00	
			518,671,120.00	551,621,302.00	
			<b>1.034180224</b>	<b>1.007931769</b>	

**CHART NO 3**



**Interpretation:**

The current ratio project that there is an high increasing trend from 2018, 10% to 2019, 54% and then a slowdown in 2020 to 10% while a gradual increase seen in the year 2021 and remained constant in 2022 by 13%. The highest is seen in the year 2019, 54% and the least in the year 2018 & 2020 by 10%.

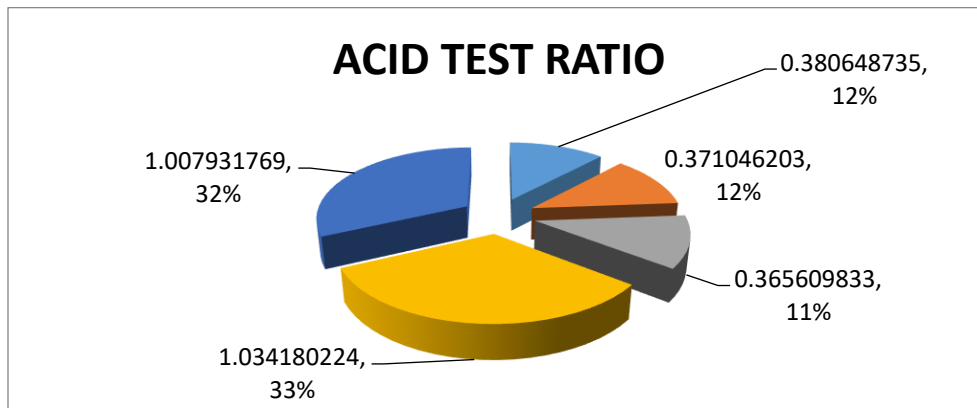
**TABLE NO 4**

		2018	2019
2	Quick/acid test ratio		
	Current assets- inventory -prepaid expenses	164,277,432.00	193,130,561.00
	Current liabilities	431,572,253.00	520,502,729.00
	<b>Acid test ratio</b>	<b>0.380648735</b>	<b>0.371046203</b>

2020	2021	2022
219,344,200.00	536,399,415.00	555,996,635.00
599,940,647.00	518,671,120.00	551,621,302.00
<b>0.365609833</b>	<b>1.034180224</b>	<b>1.007931769</b>

**CHART NO 4**



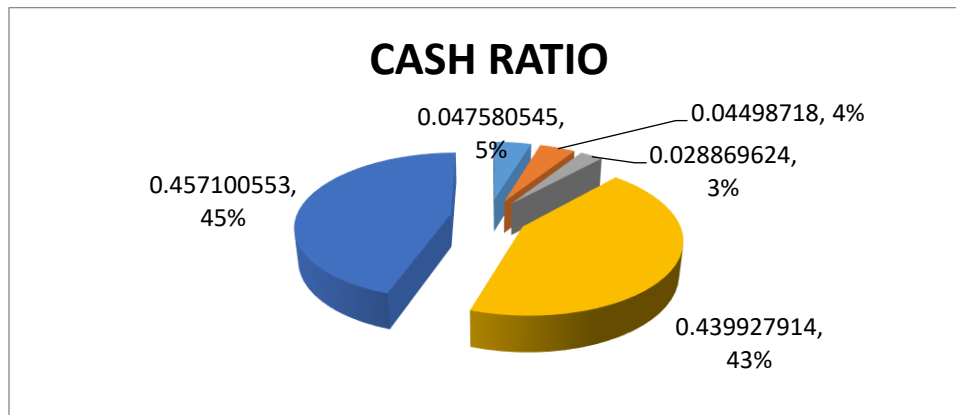
**Interpretation**

The acid test ratio show that in the year 2018 is 0.3806 and gradually decreased in 2019, 2020 and a slight hike is recorded in 2021 with a slight slipperly in 2022. The highest acid test ratio is recorded in 2021 and the least in 2019.

**TABLE NO 5**

			<b>2018</b>	<b>2019</b>
3	Cash ratio or absolute liquid ratio	Cash+bank+short term securities	20,534,443.00	23,415,950.00
		<b>CURRENT LIABILITIES</b>	431,572,253.00	520,502,729.00
		<b>Cash Ratio</b>	<b>0.047580545</b>	<b>0.04498718</b>
			<b>2020</b>	<b>2021</b>
			17,320,061.00	228,177,904.00
			599,940,647.00	518,671,120.00
			<b>0.028869624</b>	<b>0.439927914</b>
			<b>2022</b>	
				252,146,402.00
				551,621,302.00
				<b>0.457100553</b>

**CHART NO 5**



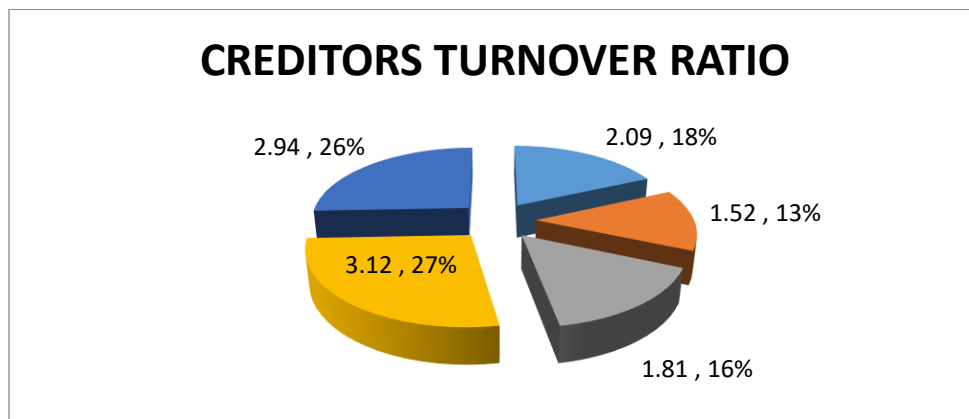
**Interpretation:**

The cash ratio projects that in the year 2018 is 0.0475 with a steep decrease over the years in 2019, 2020 with a peak is seen in 2021 and 2022. the highest cash ratio is recorded in the year 2022 and the least is seen in 2020.

**TABLE NO 6**

			<b>2018</b>	<b>2019</b>
4	Creditors turnover ratio	Net credit annual purchases	327410011	374693746
		AVERAGE TRADE CREDITORS(CRS +BP)	156,472,234.00	246,763,104.00
		<b>Creditors turnover ratio</b>	<b>2.09</b>	<b>1.52</b>
			<b>2020</b>	<b>2021</b>
			338,382,038.00	386,799,443.00
			187,389,234.00	124,124,138.00
			<b>1.81</b>	<b>3.12</b>
				<b>2022</b>
				485,041,587.00
				165,084,031.00
				<b>2.94</b>

**CHART NO 6**



**Interpretation**

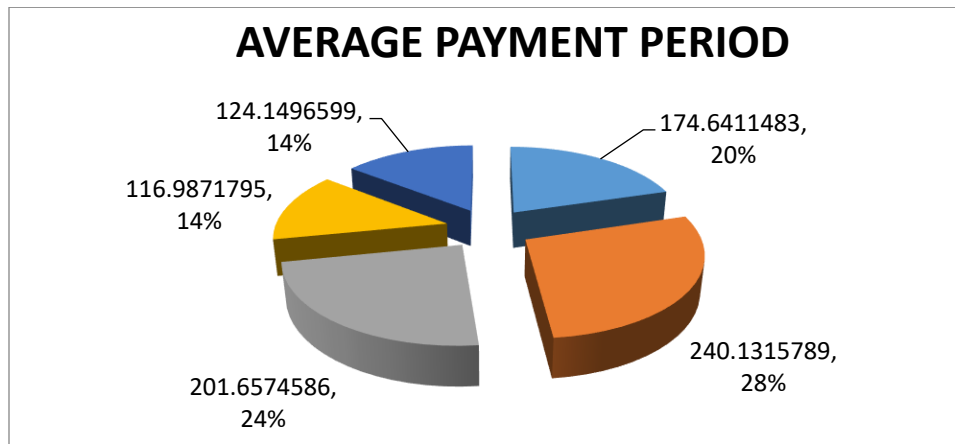
The creditors turnover ratio projects in the year 2018 is 2.09 with a small down fall in 2019 which gave a move for growth in 2020, 2021 by a slight slippery in 2022. The highest creditors turnover ratio is recorded in 2021 and the least in 2019.



**TABLE NO 7**

			<b>2018</b>	<b>2019</b>
5	Average payment period	Number of working days	365	365
		Creditors turnover ratio	2.09	1.52
		<b>Average payment period</b>	<b>174.6411483</b>	<b>240.1315789</b>
			<b>2020</b>	<b>2021</b>
			365	365
			1.81	3.12
			<b>201.6574586</b>	<b>116.9871795</b>
			<b>124.1496599</b>	<b>240.1315789</b>

**CHART NO 7**



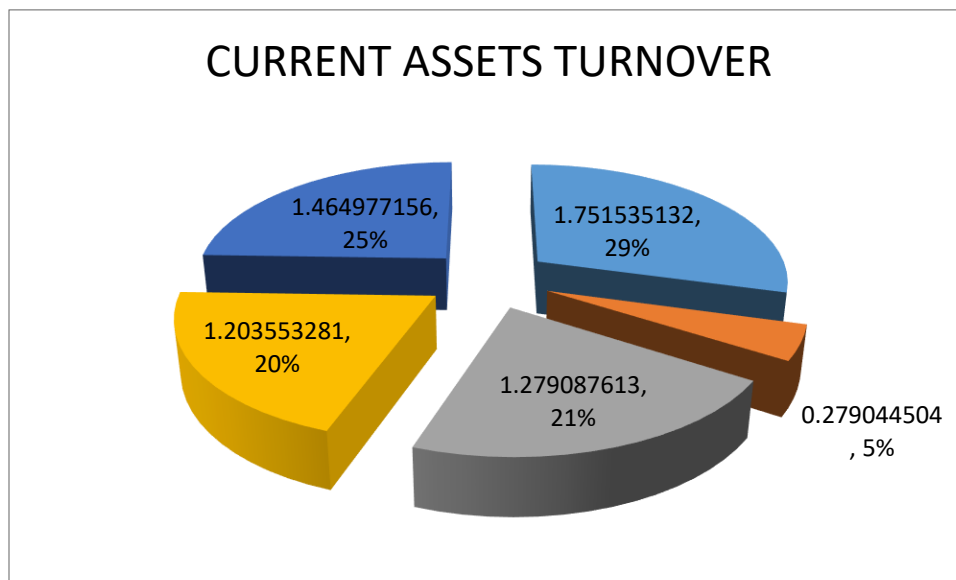
**Interpretation**

The average payment period projects in the year 2018 is 174 days has hiked in the year 2019 with a down fall in the year 2020, 2021 with a small increase in 2022.the highest average payment period is recorded in 2020 and the least in 2021.

**TABLE NO 8**

<b>II</b>	<b>Activity or Efficiency ratios</b>		<b>2018</b>	<b>2019</b>
1	Current assets turnover	Sales	566,540,400.00	608,867,764.00
		Current assets	323,453,632.00	2,181,973,681.00
		<b>Current assets turnover</b>	<b>1.751535132</b>	<b>0.279044504</b>
		<b>2020</b>	<b>2021</b>	<b>2022</b>
		590,054,821.00	645,585,276.00	814,522,369.00
		461309151	536399415	555,996,635.00
		<b>1.279087613</b>	<b>1.203553281</b>	<b>1.464977156</b>

**CHART NO 8**



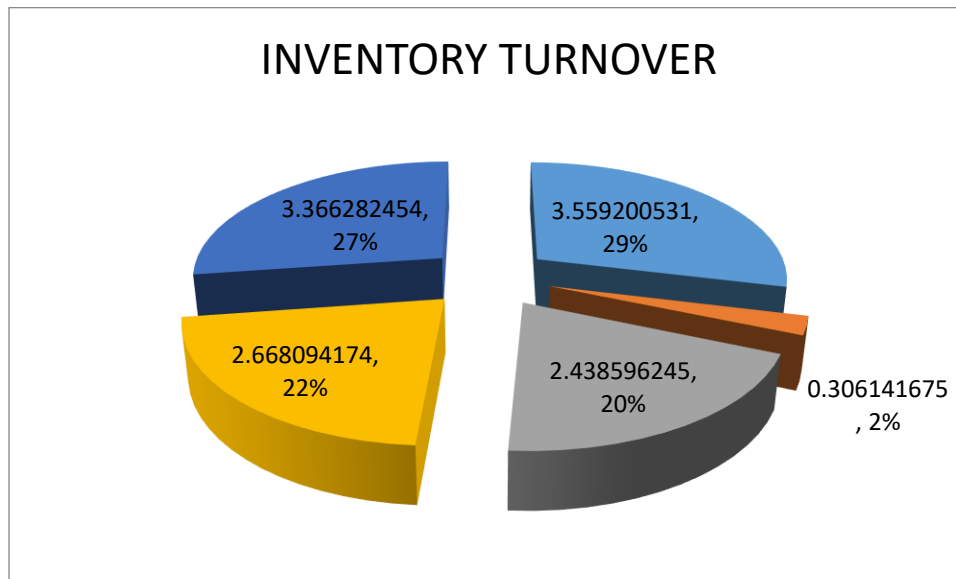
**Interpretation**

The current assets turnover projects that in the year 2018 is 1.7515 with a decrease in 2019 which gave way to increase in 2020 by a slippery in 2021 and increase in 2022 is recorded. The highest current assets turnover is recorded in the year 2018 and the least in 2019.

**TABLE NO. 9**

			<b>2018</b>	<b>2019</b>
2	Inventory turnover	Sales or cost of goods sold	566,540,400.00	608,867,764.00
		Average inventory	159,176,308.00	1,988,843,120.00
		<b>Inventory turnover</b>	<b>3.559200531</b>	<b>0.306141675</b>
		<b>2020</b>	<b>2021</b>	<b>2022</b>
		590,054,821.00	645,585,276.00	814,522,369.00
		241,964,951.00	241,964,951.00	241,964,951.00
		<b>2.438596245</b>	<b>2.668094174</b>	<b>3.366282454</b>

**CHART NO 9**



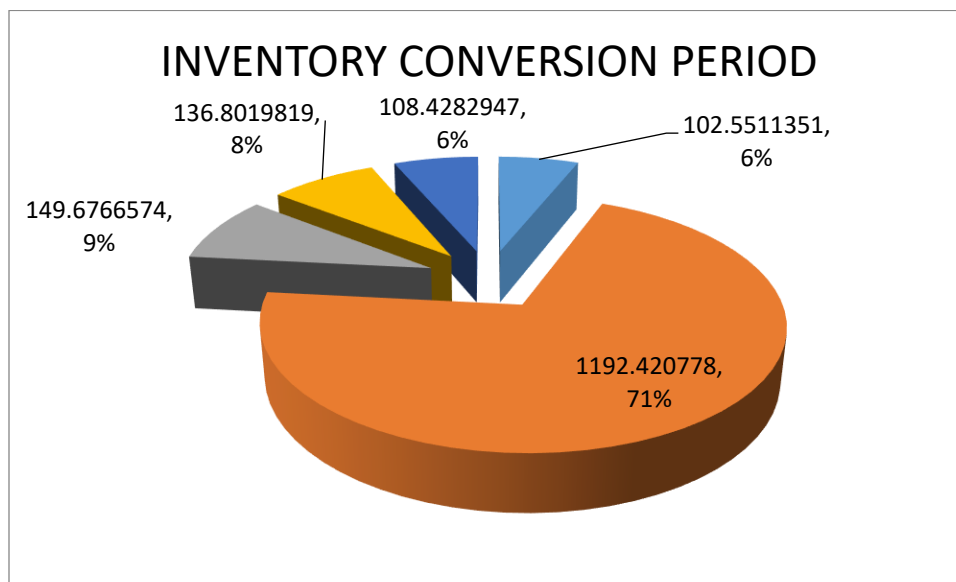
**Interpretation:**

The inventory turnover ratio projects that in the year 2018 is 3.559 while a decrease is recorded in 2019 which gave a move to increase over the year 2020 to 2022. The highest inventory turnover ratio is recorded in the year 2022 whereas the least in 2019.

**TABLE NO 10**

			<b>2018</b>	<b>2019</b>
3	Inventory conversion period	365 days	365	365
		Inventory turnover ratio	3.5592	0.3061
		<b>Inventory conversion period</b>	<b>102.5511351</b>	<b>1192.420778</b>
			<b>2020</b>	<b>2021</b>
			365	365
			2.43859	3.36628
			<b>149.6766574</b>	<b>136.8019819</b>
			<b>108.4282947</b>	<b>102.5511351</b>
			<b>1192.420778</b>	<b>1192.420778</b>

**CHART NO 10**



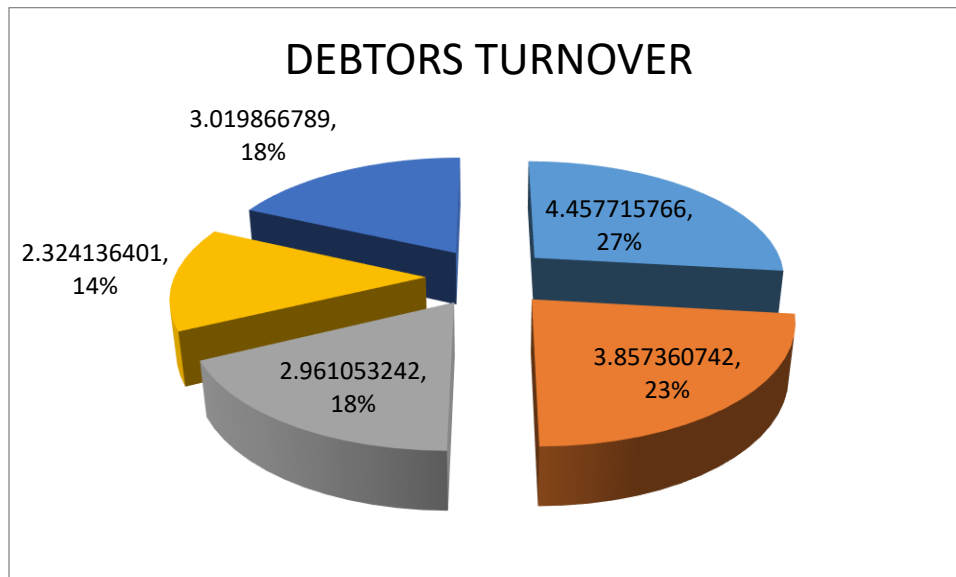
**Interpretation**

The inventory conversion period projects that in the year 2018 is 102 days and a gradual increase in the 2019 leading to the decreasing trend from 2020 to 2022. The highest inventory conversion period is recorded in the year 2019 and the least in 2022.

**TABLE NO 11**

			2018	2019
4	Debtors turnover	Sales or net credit annual sales	566,540,400.00	608,867,764.00
		Average trade debtors (DRS+BR)	127,092,087.00	157,845,689.00
		<b>Debtors turnover</b>	<b>4.457715766</b>	<b>3.857360742</b>
			2020	2021
			590,054,821.00	645,585,276.00
			199,271,939.00	277,774,263.00
			<b>2.961053242</b>	<b>2.324136401</b>
			2022	
			814,522,369.00	
			269,721,291.00	
			<b>3.019866789</b>	

**CHART NO 11**



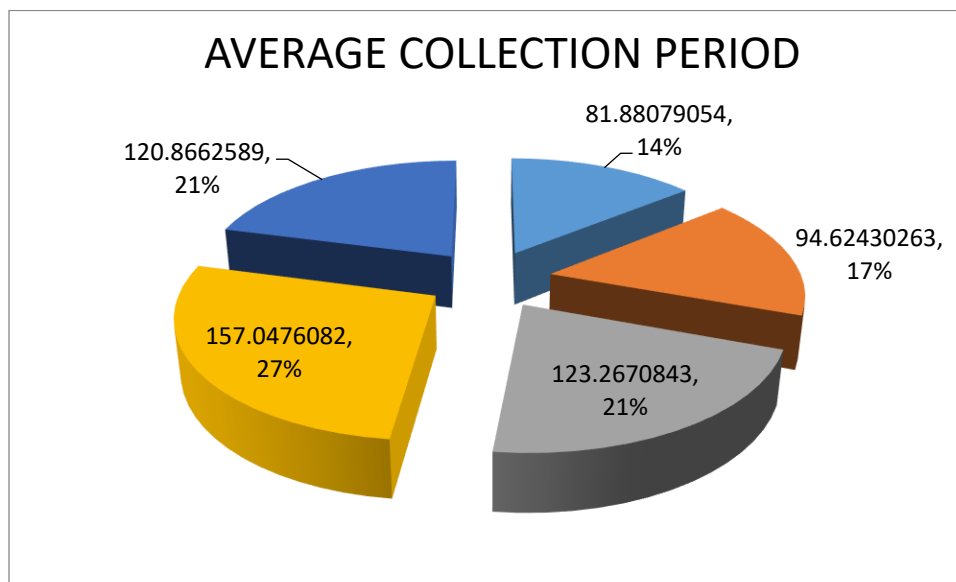
**Interpretation:**

The debtors turnover ratio projects that in the year 2018 is 4.457 with a gradual decrease over the year from 2019 to 2021 with a slight fall down in 2022. The highest in debtors turnover ratio is recorded in the year 2018 and the least in 2021.

**TABLE NO 12**

			<b>2018</b>	<b>2019</b>	
5	Average collection period	Number of working days	365	365	
		Debtors turnover ratio	4.4577	3.85736	
		<b>Average collection period</b>	<b>81.88079054</b>	<b>94.62430263</b>	
			<b>2020</b>	<b>2021</b>	<b>2022</b>
			365	365	365
			2.96105	2.324136	3.01986678
			<b>123.2670843</b>	<b>157.0476082</b>	<b>120.8662589</b>

**CHART NO 12**



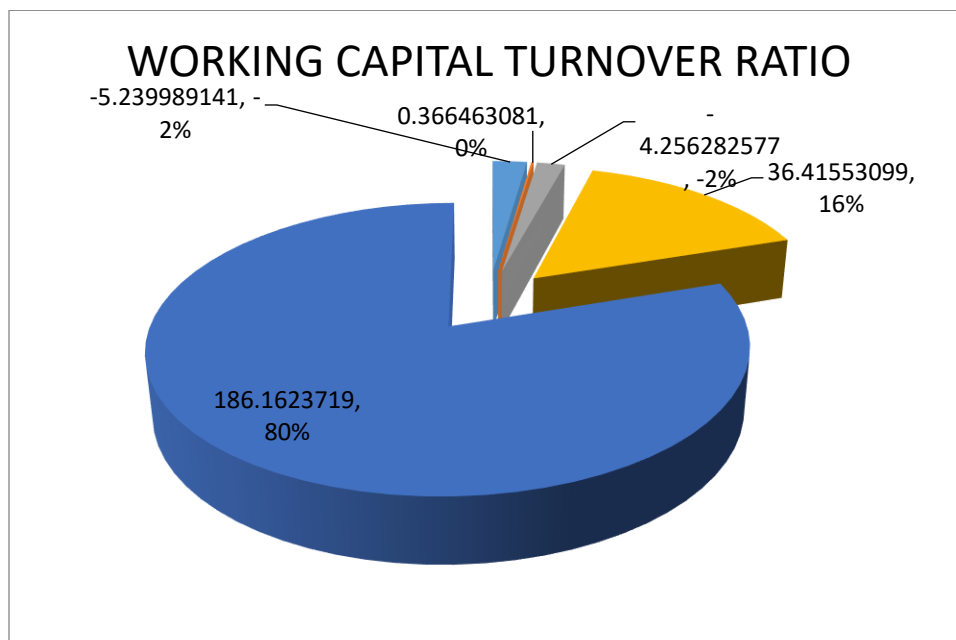
**Interpretation**

The average collection period projects that in the year 2018 is 81 days with a gradual increase over the years 2019 to 2021 and a slight slipperiness is recorded in the year 2022. The highest average collection period is recorded in the year 2021 and the least in 2018.

**TABLE NO 13**

			2018	2019	
6	Working capital turnover ratio	Cost of sales	566,540,400.00	608,867,764.00	
		Net working capital	(108,118,621.00)	1661470952	
		<b>Working capital turnover ratio</b>	<b>-5.239989141</b>	<b>0.366463081</b>	
			2020	2021	2022
			590,054,821.00	645,585,276.00	814,522,369.00
			-138631496	17728295	4375333
			<b>-4.256282577</b>	<b>36.41553099</b>	<b>186.1623719</b>

**CHART NO 13**



**Interpretation**

The working capital turnover ratio projects that in the year 2018 is -5.2399 has decrease positively in In the year 2019 and negative decrease in 2020 by gradual increase over the years 2021 to 2022. The highest working capital turnover ratio is recorded in the year 2022 and the least in 2020.

### **Findings:**

1. The working capital chart projects that the total current assets in 2018 was minimum and a maximum increase in 2019 with a sudden fall in 2020 and a constant increase in 2021 and 2022. The total current liabilities in 2018 is minimum and a gradual increase over the year 2018 to 2020 with a slight decrease in 2021 and a parallel slight increase in 2022. The highest total current liabilities has recorded in the year 2020 and the least in the year 2018. The working capital has recorded in the year 2018 with a negative number by gradually higher hike in 2019 with a decrease in a negative increase in 2020 and a transformation is recorded in positive increase in 2021 by a slight downfall in 2022. The highest positive working capital is recorded in the year 2019 and the least in 2020 with negativity.
2. The WIPCP, FGCP, RCP, GOCP and NOCP has recorded minimum in 2018 with a gradual increasing trend from 2018 to 2020 and a downfall from 2020 to 2022 is witnessed the highest is recorded in the year 2020 for WIPCP, The PDP has recorded a minimum in 2018 and a gradual decrease from 2018 to 2022 has seen the highest PDP is recorded in 2018 and the least in 2022. The RCP has recorded with a minimum in 2018 and a sudden slippery is seen over the year 2018 to 2020 with a gradual increase is witnessed from 2020 to 2022. The highest is recorded in 2022 and the least is recorded in 2020.
3. The current ratio project that there is an high increasing trend from 2018, 10% to 2019, 54% and then a slowdown in 2020 to 10% while a gradual increase seen in the year 2021 and remained constant in 2022 by 13%. The highest is seen in the year 2019, 54% and the least in the year 2018 & 2020 by 10%.
4. The acid test ratio show that in the year 2018 is 0.3806 and gradually decreased in 2019, 2020 and a slight hike is recorded in 2021 with a slight slippery in 2022. The highest acid test ratio is recorded in 2021 and the least in 2019.
5. The cash ratio projects in the year 2018 is 0.0475 with a steep decrease over the years in 2019, 2020 with a peak is seen in 2021 and 2022. The highest cash ratio is recorded in the year 2022 and the least is seen in 2020.



6. The creditors turnover ratio projects in the year 2018 is 2.09 with a small down fall in 2019 which gave a move for growth in 2020, 2021 by a slight slipperiness in 2022. The highest creditors turnover ratio is recorded in 2021 and the least in 2019.
7. The average payment period projects in the year 2018 is 174 days has hiked in the year 2019 with a down fall in the year 2020, 2021 with a small increase in 2022. The highest average payment period is recorded in 2020 and the least in 2021.
8. The current assets turnover projects that in the year 2018 is 1.7515 with a decrease in 2019 which gave way to increase in 2020 by a slipperiness in 2021 and increase in 2022 is recorded. The highest current assets turnover is recorded in the year 2018 and the least in 2019.
9. The inventory turnover ratio projects that in the year 2018 is 3.559 while a decrease is recorded in 2019 which gave a move to increase over the year 2020 to 2022. The highest inventory turnover ratio is recorded in the year 2022 whereas the least in 2019.
10. The inventory conversion period projects that in the year 2018 is 102 days and a gradual increase in the 2019 leading to the decreasing trend from 2020 to 2022. The highest inventory conversion period is recorded in the year 2019 and the least in 2022.
11. The debtors turnover ratio projects that in the year 2018 is 4.457 with a gradual decrease over the year from 2019 to 2021 with a slight fall down in 2022. The highest in debtors turnover ratio is recorded in the year 2018 and the least in 2021.
12. The average collection period projects that in the year 2018 is 81 days with a gradual increase over the years 2019 to 2021 and a slight slipperiness is recorded in the year 2022. The highest average collection period is recorded in the year 2021 and the least in 2018.
13. The working capital turnover ratio projects that in the year 2018 is -5.2399 has decrease positively in In the year 2019 and negative decrease in 2020 by gradual increase over the years 2021 to 2022. The highest working capital turnover ratio is recorded in the year 2022 and the least in 2020.

### Suggestions

1. The company is advised to maintain a proper balance of standard 2:1 with the current assets and current liabilities. The working capital should be maintained apt in positive terms to run the business successfully and flourish the highest peaks of achievements.

2. The company is advised to the maintain gross operating cycle and net operating cycle to maximum to minimum so that the company runs at a high speed in its operation and convert its raw materials to finished products, purchases to sales and cost to revenue transformation at earlier to achieve more at speedy accuracy pace of success to market leader with wealth maximization.
3. The company should utilized and exploit its current assets optimally to run the business efficient by maintaining apt liquidity.
4. The company is advised to maintain a proper liquidity of 1:1 liquid assets to current liability by taking a precaution of non over stocking and under stocking by utilizing effective utilization of the available resources efficiently.
5. The company should maintain an apt cash liquidity position to run the business effectively and efficiently.
6. The company is advised to increase the creditors' turnover ratio so that it can reap maximum benefit by transacting on credit terms and expand its business to maximize the wealth of shareholders.
7. The company is advised to en-cash effectively the credit availed and exploit it to the maximum to earn more and flourish the business by satisfying the motive of the business and the creditors.
8. The company should try to increase the current assets turnover to generate maximum revenue from business operations.
9. The company should increase inventory turnover so that it increases the productivity and the business.
10. The company should try decrease the conversion period so that the business proceedings move on very fast to earn maximum revenue and flourish.
11. The company should increase the debtors turnover ratio to boost the credit sales along with the cash sales to increase the business to higher heights.
12. The company should decrease and plan an apt recovery cycle to maximize its business expansions and prosperity.
13. The company should increase the sales revenue to that of working capital.

### **Conclusion:**

The company's only alternative in the current environment of fierce competition is to reduce operating costs, and efficient working capital management is a key component of this. Working capital is the vitality of every company unit. Working capital is defined as the capital that makes an organization able to operate. Both start-up and ongoing operations require working capital. The company's performance is more influenced by its effective management, and vice versa.

The study intended with the objective to study optimum return on current assets investment, to understand the functioning of balance working capital, working of business cycle, impact of inflation on working capital management, Optimization of working capital operating cycle, Minimize cost of capital, Assist the business to avoid over barrowing and provide suggestions for the improvement of the concern. The scope of the study is based on working capital management at HINDUSTAN SPRING MFG. CO. The study is based on secondary data analysis of past 5 years ranging from 2017-22. It intend to study working capital management by using secondary data which is been collected through annual report. Further, the purpose to use ratio analysis is to attain at feasibility solution. The company is advised to maintain a proper balance of standard 2:1 with the current assets and current liabilities. the working capital should be maintained apt in positive terms to run the business successfully and flourish the highest heights peak of achievements, maintain gross operating cycle and net operating cycle to maximum to minimum so that the company runs at a high speed in its operation and convert its raw materials to finished products, purchases to sales and cost to revenue transformation at earlier to achieve more at speedy accuracy pace of success to market leader with wealth maximization, utilized and exploit its current assets optimally to run the business efficient by maintaining apt liquidity, maintain a proper liquidity of 1:1 liquid assets to current liability by taking a precaution of non over stocking and under stocking by utilizing effective utilization of the available resources efficiently, maintain an apt cash liquidity position to run the business effectively and efficiently, increase the creditors turnover ratio so that it can reap maximum benefit by transacting on credit terms and expand its business to maximize the wealth of

shareholders, encash effectively the credit availed and exploit it to the maximum to earn more and flourish the business by satisfying the motive of the business and the creditors, try to increase the current assets turnover to generate maximum revenue from business operations, increase inventory turnover so that it increases the productivity and the business, try decrease the conversion period so that the business proceedings move on very fast to earn maximum revenue and flourish, increase the debtors turnover ratio to boost the credit sales along with the cash sales to increase the business to higher heights, decrease and plan an apt recovery cycle to maximize its business expansions and prosperity, increase the sales revenue to that of working capital.

Finally to conclude that the company is advised to maintain apt working capital to run the business successfully all the commitment of the business apt and improve the relationship between the debtors, creditors and a fast speedy transformation of inventory to finished goods, finished goods to sale revenue realization with prosperity. Also by fulfilling and to increase its liquidity as per the standard requirement of the business to increase the solvency of the business to boost up the business by equipping the business by long term funds procurement as economical cost of capital and employing in more profitable ventures. The company is advised to improve the profitability up to maximizing the shareholders wealth and the activity or performance is good but improvise to be the best by capturing the success ladder with high pace with competitive edge in this cut throat competition.

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