A PROJECT REPORT

(18MBAPR407)

on the Topic

A STUDY ON WORKING CAPITAL MANAGEMENT IN MULTISPOT INDUSTRIES AT BANGALORE

By

Ms. NAYANA V

USN: 1CY18MBA33

MBA 4th Semester

Submitted to VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI
in partial fulfillment of the requirements for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION

Under the Guidance of

INTERNAL GUIDE	EXTERNAL GUIDE
Namita P Konnur	**Mr. Ravi Kumar**
Assistant Professor	Managing director
	Multispot Industries

DEPARTMENT OF MASTER OF BUSINESS ADMINISTRATION

C M R INSTITUTE OF TECHNOLOGY

#132, AECS Layout, ITPL Main Road, Kundalahalli,
BENGALURU-560037

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CERTIFICATE

This is to certify that **Ms. NAYANA V** bearing USN **1CY18MBA33** is a bonafide student of Master of Business Administration Programme of the Institute (2018-20 Batch), affiliated to Visvesvaraya Technological University, Belagavi. Project report on **"A STUDY ON WORKING CAPITAL MANAGEMENT, MULTISPOT INDUSTRIES"** is prepared by her under the guidance of **Mrs. Namita P Konnur,** Assistant Professor, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belagavi in Karnataka.

Signature of Internal Guide

Signature of HoD

Head of the Department
Department of MBA
CMRIT-PG Studies
Bangalore-560 037

Sanjay Jain

Signature of Principal

Principal
CMR Institute of Technology,
Bangalore - 560037

Evaluators

1) Name of external evaluator — Signature with Date

2) Name of internal evaluator

MULTISPOT INDUSTRIES

GST No 29ABFFM6452L1ZQ

24.02.2020

MUL/FIN/2021/009

CERTIFICATE

This is to certify that **Ms NAYANA V** bearing USN **ICY18MBA33** has done project work in our Company for six weeks duration from 04/01/2020 to 15/02/2020. The project report on **WORKING CAPITAL MANAGEMENT** is prepared by her under the guidance of Mr Ravikumar, General Manager (Finance) in partial fulfilment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belagavi, Karnataka.

For Multispot Industries

FOR MULTISPOT INDUSTRIES

24/2/20

Authorised Signatory

RaviKumar K R

General Manager (Finance)

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Email - multispotblr@gmail.com

DECLARATION

I, Ms NAYANA V, hereby declare that the Project report entitled "WORKING CAPITAL MANAGEMENT" prepared by me under the of Prof NAMITHA P KONNUR, faculty of MBA Department, CMR Institute of Technology and external assistance by Ms RAVIKUMAR Manager, MULTISPOT INDUSTRIES.I also declare that this project work is towards the partial fulfillment of the university regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of six weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted to any other University/Institution for the award of any degree/diploma.

Nayana.V

Ms. NAYANA V
USN: 1CY18MBA33

Place: Bangalore
Date: 30/06/2020

ACKNOWLEDGEMENT

I have been fortunate enough to get good timely advice and support from a host of people to whom I shall remain grateful.

I take this opportunity to express my heartfelt thanks to **Dr. Sanjay Jain,** Principal, CMR Institute of Technology, Bangalore, for his support and cooperation to undertake and complete the project work.

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I acknowledge the insights provided by my External Guide, **Mr Ravikumar,** Manager at MULTISPOT INDUSTRIES which helped me to a great extent in completion of the project work.

And finally, there is deepest of thanks for the patience and cooperation of the family and friends, without whom the endeavour would not have been possible.

Ms NAYANA V

USN : 1CY18MBA33

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EXECUTIVE SUMMARY

The project entitled “A study on Working Capital Management” was carried at Multispot Industries, Bangalore. Multispot industries is an auto component supplier to car manufacturing companies. They manufacture window regulator components, seating components and restraint system components.

One of the main areas of Financial Management is money management. Capital required by business is broadly divided into fixed capital and temporary capital i.e. working capital while fixed capital management is related to long term funds, working capital management covers the short term requirement of business.

Working capital management gains importance keeping in view of the uncertainties prevailing in any business environment, the main objective being balancing the risk return trade off so as to maintain the liquidity of the firm to meet the obligations.

A study of working capital management of an organization focuses on how the management of working capital has an impact on the profitability of its business.

It requires a thorough understanding of the business operations with respect to changing environment and also the skill and knowledge in implementing the tools and techniques of working capital to maintain business.

The company should keep current liabilities equal to current assets. Average collection period of the organization should be increased and liberal credit policy should be adopted. The firm should take steps to recover the debts. Company should keep minimum balance of cash because if more cash is kept it will remain idle.

The study reveal that over the five year from 2014-19, there has been an increase in the working capital. By this we can interpret that the working capital is moving towards a satisfactory position.

INDUSTRY PROFILE:

Automotive root isn't known. In this segment of automotive history, since the first car was shipped to India, we will only address the production and modernisation phases of the automobile. From this point in time we will continue car history.

The car business has changed the manner in which people live and work. The most punctual of present day vehicles was worked in the year 1895. The first car appearance in quite a while followed in a matter of seconds thereafter. As the century turned, three vehicles had been brought into Mumbai (India). In ten years, there were 1025 vehicles in the city.

The beginning of vehicle for all intents and purposes returns to 4000 years when India utilized the primary wheel for transport. Portuguese showed up in China in the mid fifteenth century and the association between the two societies prompted various new creations, including the innovation of wheel that turned under its own control. Little steam driven motor models were worked by the 1600s however it took one more century to construct a full-sized motor fueled vehicle

In the year 1893 the principal horseless carriage was created by siblings Charles and Frank Duryea. It was America's first inner ignition motor vehicle, and Henry Ford's first exploratory vehicle followed on that equivalent year.

During the 1920s the cars demonstrated concept refinements, including attempts at balloons, pressed steel frames, and four-wheel brakes. The 1929 Graham Paige DC Phaeton featured an 8-cylinder engine and an aluminum body

.This was Indian automobile history and modern automobiles are usually light, aerodynamically shaped and compact.

Overview:

- India as the fourth largest automotive industry market in 2018, with sales rising from 8.3 per cent year-on-year to 3.99 million units.
- India was seventh-largest commercial vehicle producer in 2018
- As the young and middle class population is growing two wheeler segment dominates the market.
- The automobile companies are exploring rural market hence there is huge growth in the market.
- Automobile industry as Strong expectations for future export growth.
- Automobile export as grown 14.50% during financial 2019
- It also expected to grow in 2016-26 at a CAGR of 3.05 per cent
- In September 2018, BMW recorded annual sales growth of 11 per cent in India at 7915 units.
- The automotive industry attracted foreign direct investment worth US$ 22.35 billion over the period April 2000 to June 2019.
- India's government encourages 100 % FDI in the automotive sector by automatic route
- Government of India as declared in respect of the provision of a 1.5 lakh tax deduction on interest paid on loans taken to purchase EVs
- In February 2019, the Government approved the FAME-2 scheme, allocating Rs10000 crore for the 2020-2022 financial year.
- Auto mobile sector is supported by various factors like skilled labor at low cost, low cost steel production, robust R&D centers.
- It is expected to reach 16.16-18.18 trillion by 2026.
- Government decided to jump the BS-5 emission norms and go straight to BS-6 norms from 2020. This awareness is to create environmental

Complete Indian auto sales in 2018

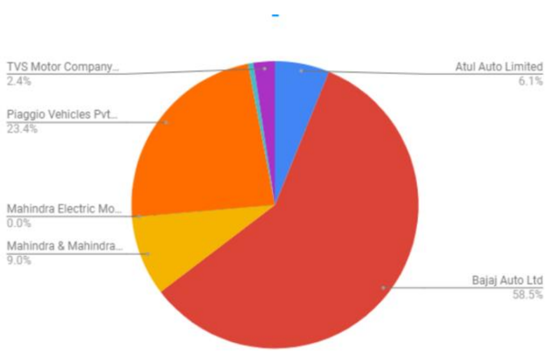


Table showing sales in 2019

BusinessToday.In

SALES IN AUGUST 2019

Category	Aug'18	Aug'19	Growth %
Two Wheelers	19,47,304	15,14,196	-22.24
Passenger Vehicles	2,87,198	1,96,524	-31.57
Three Wheelers	63,199	58,818	-6.93
Commercial Vehicles	84,668	51,897	-38.71
Total Domestic	**23,82,436**	**18,21,490**	-23.55
Exports	4,11,341	4,21,107	2.37

Source: SIAM

GDP RATE IN INDIA

The automotive industry accounts for 7.5% of India's GDP and an overwhelming 49% of manufacturing GDP with a major impact on the economic multiplier. In the manufacturing and service sector, the automotive industry employs 8 million people directly, including dealers.

As we have seen in the above table the sales of all the vehicles as been reduced only the exports are being increased.

1.2 COMPANY PROFILE

MULTISPOT INDUSTRIES

BACKGROUND

At the cornerstone of the MULTISPOT INDUSTRIES charter is to deliver cost effective, scalable, and viable products to clients that will enhance their productivity, save their time and money.

Multispot industries has been business since 2001 and provided support to the Indian industry during its development stages as a major suppliers of the Welded sub assemblies' and other industrial products.

The manufacturing division was established in 2001 at Whitefield, near Bangalore, on 1acres of sylvan surroundings. In more than 10000sq meter of workshop area many innovative machines for the automobile industry have been developed over the years.

MULTISPOT INDUSTRIES has been a catalyst in India's industrial growth putting its long experience in use and being instrumental in providing the countries industries with the best and most appropriate Technology. Its reputation as a dependable supplier of high quality components has grown over the years and it is committed to understanding the user's needs in offering value for money.

Multispot industries has a high range of sophisticated machines encomopassing welding machines, machining centers, CNC, lathers, grinders, band saws, plastic injection molding machines, sheet forming machines, tool pre-setting system etc. these machines have been selected for their performance, reliability and suitability for Indian conditions. The area of multispot industries broadly cover conversion, transmission and effective utilization of resources in the core sector of the company like the industry and fulfills the vital infrastructural needs of the country.

NATURE OF BUSINESS

MULTISPOT INDUSTRIES is the enterprise of experienced, technology-oriented, like minded who have demonstrated their capabilities in the field of Design, Development, & Production of automobile parts.

MISSION

- ❖ Deliver products and services to promote productivity and alleviate operational difficulties.
- ❖ To nurture creativity and drive such that the workforce remains motivated.
- ❖ Quality & quantity in time.

VISION

“To become a global supplier in automative sector by giving quality products, helping the society by up lifting the employess moral strength**”**

QUALITY POLICY

“At Multispot we would like to continually improve in all Spheres of Activity ensuring Quality Products to Customers on time and every time”

FACILTIES

Machinery:

Press machines

25 Ton C Type Press machine.

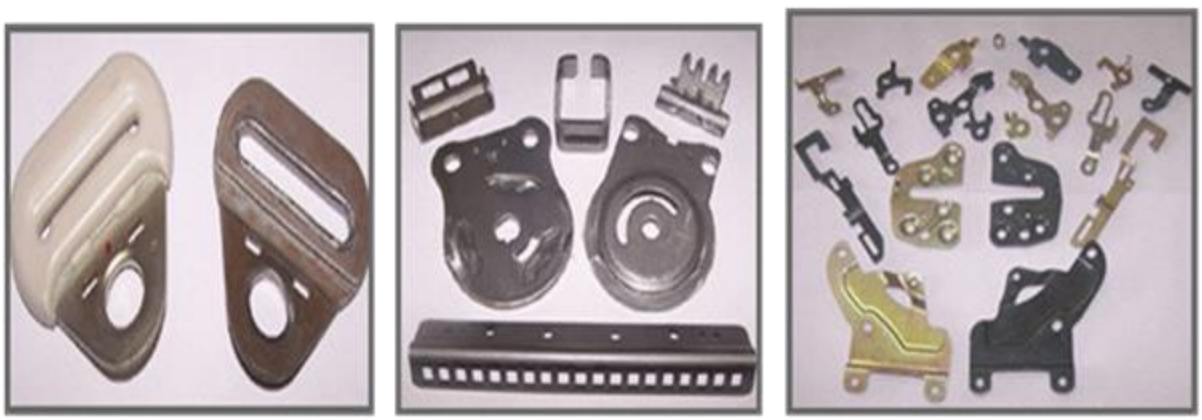
35 Ton C Type Press machine.

75 Ton C Type Press machine.

200 Ton H Type Press machine.

1.3 PRODUCTS

WINDOW REGULATOR COMPONENTS

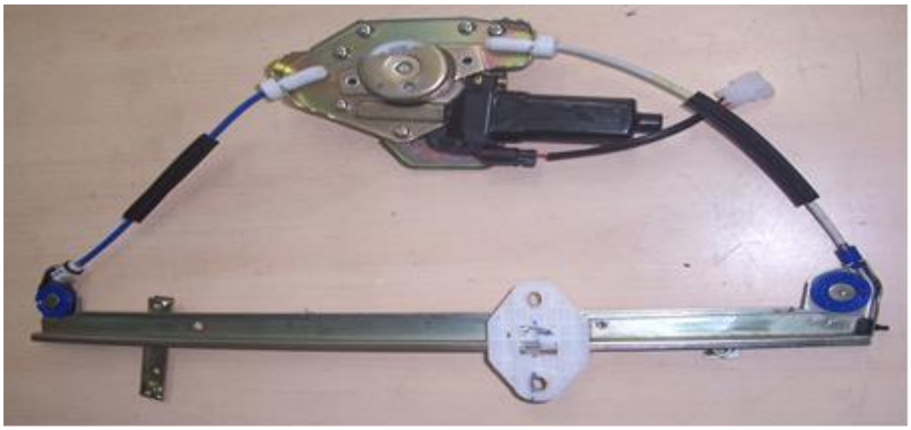


RESTRAINT & SEATING COMPONENTS

Restraint components are used in seat belts as safety systems for drivers and co-passengers in cars.

Seating components are used in seats of cars to move the seats front and back, move the seat support back and front.

POWER WINDOW REGULATORS



Power window regulators are used in cars to lift the door glass using motors

MANUAL WINDOW REGULATORS

Manual window regulators are used in cars to lift the door glass manually

Projection/ Spot welding machines

75Kva Jain Shacky 3 phase machine

75Kva Mechlonic single phase- 2 machines

50Kva Mechlonic/technique Single phase- 2 machines

30Kva Spot welding machine

CO2 Welding Machines

250v Advani/Esab- 2 machines

Others

Barreling (vibro/centrifugal), Linishing, Buffing, Drilling, Sharing(up to 5mm), Electro-plating etc.

ESTEEM CLIENTELE LIST

M/s IFB APL.

M/s IFB Industries.

M/s Autoliv India

M/s Rittal India Pvt ltd.

M/s IML.

M/s Geneva Fine punch.

COMPETITORS:

1. PMP Auto Industries Limited
2. Industries Technologies
3. Microtech industries
4. Gera Auto Industries
5. Quality Auto Product Private Limited
6. Hytech Industries

STRENGTHS

MULTISPOT INDUSTRIES, an ISO 9001:2008 certified company. They are one of the leading companies dealing the projection/spot welding, press components and plating of automobile parts. They are specialized in the field of automobiles parts. They take at most care for quality, quantity and timely delivery. 5.1 STRENGTHS OF MULTISPOT

- Market Leaders in Automotive Products
- Technical & Experienced Manpower
- ISO 9001:2008 certified company
- Improvised Infrastructure
- Efficient Communication between the employees
- Automated & Higher sophisticated machines
- Capacity to meet higher customer demand
- Environmentally free from pollution
- Excellent Progress in its profits in comparison with previous year
- Obsessed with quality
- Quality control is prevalent

WEAKNESS OF MULTISPOT

- Employee’s have to be motivated
- Coordination between the Top Management and the second level management can be efficiently managed.
- Doesn’t have a separate R & D this is very essential for facing the company, competition and achieving the objectives.
- Customer expectations are increasing and difficult to satisfy their requirements
- Cost involvement in completing the project is high

OPPORTUNITIES OF MULTISPOT

- Market share expansion, Product Diversification need to be under taken
- Company has future expansion program
- Capacity to meet higher demand and meet opportunities

THREATS FOR MULTISPOT

- Increasing bargaining powers and demand of the labourers
- Many other firms have entered the industry which may eventually eat away the company prospects
- Lack of awareness of varied products of Multispot

FUTURE GROWTH AND PROSPECTS

Each year is a challenge that encourages us to scale new heights. Based on our work in technology, accelerated growth is envisaged at MULTISPOT INDUSTRIES. With In-house developments Multispot industries is active in the field of automobiles.

FINANCIAL STATEMENT ANALYSIS

Balance sheet as at 31 march 2018

Particulars	31-3-2018	1-4-2017
SOURCES OF FUNDS		
Shareholders fund		
Share capital	90000	90000
Reserves and surplus	1650.895	1394.064
TOTAL	1740.895	1484.064
Borrowed Funds		
Secured loans	1921.895	1806.851
Unsecured loans	1237.530	527.307
TOTAL	3159.389	2334.158
Deferred tax liability	67.190	87.190
Total capital employed	4967.474	3905.412
APPLICATION OF FUNDS		
Fixed assets		
a. Gross block	3943.983	3457.271
b. Less: accumulated depreciation	1794.991	1502.755
c. Net block	2148.992	1954.516

d. Capital work in progress	242.621	48.059
	2391.613	2002.575
Investment	243.742	277.742
Current assets, loans & advances		
a. Inventories	913.686	779.532
b. Sundry Debtors	1217.132	1185.112
c. Cash and bank balance	308.984	226.094
d. Loans and advances	1080.426	866.299
(A)	3520.231	3057.047
Less: current liabilities& provisions		
a. Liabilities	538.027	768.214
b. Provisions	650.085	663.738
Total (B)	1188.112	1431.952
Net current asset (A-B)	2332.119	1625.095
Total assets	4967.474	3905.412

BALANCE SHEET AS AT 31ST MARCH 2019

Particulars	31-3-2019	1-4-2018
SHAREHOLDERS FUNDS		
Share Capital	90000	90000
Reserves and surplus	1778.544	1650.895
Total	1868.544	1740.895
Borrowed funds		
Secured loans	2922.624	1921.859
Unsecured loan	327.971	1057.792
Total	3250.595	2979.651
Deferred tax liability	37.190	67.190
Total Capital Employed	5156.329	4787.736
APPLICATIONS OF FUNDS		
Fixed assets		
a. Gross block	4548.248	3943.981
b. Less: accumulated depreciation	2119.559	1794.991

c. Net block	2428.689	2148.992
d. Loans and advances	193.604	242.621
	2622.292	2390.613
Investment	102.907	243.742
Current assets, loans and advances		
a. Inventories	1737.209	913.686
b. Sundry debtors	1549.709	1217.155
c. Cash and bank balance	54.175	308.984
d. Loans and advances	754.644	1080.426
(A)	4095.737	3520.231
Less: current liability & provision		
a. Liabilities	1321.765	717.765
b. Provisions	422.843	650.085
(B)	1744.608	1367.850
Net current asset (A-B)	2351.129	2152.381
Total asset	5156.329	4787.736

CHAPTER -2

CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

2.1 THEORETICAL BACKGROUND OF THE STUDY:

Introduction to Working Capital

Working capital is that the investment required for the sleek running of the corporate day-to-day operations. It also refers to the investment of the corporate in short-term assets, i.e. in cash, short-term securities, receivables sum (debtors) and raw materials creditors, WIP & finished products.

Management of assets is of just about important to any organization including information industry. Unlike long-term investment decision or financial decision, assets management is brief term in nature and forms day to day activities of the organization. assets may be a business forever without which the organization won't be able to perform its day-to-day activities

Working capital management is a daily routine activity absolving most of the time and energy of the manager. Working capital is important because-

- The amount of investment in capital is directly linked to the revenue. Without increased capital rates it's difficult to extend sales
- Investment in capital is involves a risk return trade off. It means more of the investment improve liquidity but will reduce profitability whereas less investment in capital will improve profitability but reduce liquidity
- The bulk of the total assets will be in current assets.

All of these lead to the conclusion that management of working capital is crucial, such as management of fixed assets and long-term liabilities.

Management of capital is said to problems occurring within the try and control existing assets, current liabilities and their relationships. Its activities aim to balance current assets and current liabilities in a very way that maintains appropriate capital levels. The term work capital means net capital, i.e., existing assets less existing commitments

This capital is seen as being financed from a long-term source. The level of net working capital as a profitability bearing, as well as the risk in the sense of the company's inability to meet the payment obligation as and when it becomes due

The exchange between profitability and risk is therefore a necessary element within the assessment level of a firm's net assets. generally higher the web assets lower is that the risk and is additionally profitability the opposite way also holds true. Hence net assets refers to degree of risk with reference to assets management. but productivity risk exchange the second component of assets management theory is that the commitment of the financing mix. The funding ratio refers to the proportion of current and future liabilities. The edging approach is one approach to deciding the funding mix; account of which long-term funds should be wont to finance fixed or core portions of current assets and strictly temporary and seasonal conditions should be delay short-term funding. This strategy could be a mixture of high-risk , high-profit finance. Conservative approach estimated total investment requirements from currents should be funded from a long-term source, and short-term funds should only be utilized in emergencies. In essence the conservative approach could be a combination of low benefit and low risk.A trade-off between this funding scheme for 2 extreme suppliers, which is an appropriate approach from a assets management point of view.

NEED FOR WORKING CAPITAL:

We can not overemphasize the requirement for assets to run the day-to-day business activities. Each company will strive to maximise its shareholders' wealth. A firm should be receiving enough return from its activities in its efforts to try to to so. Earning a gentle amount of income imply good sales. so as to supply revenue, the corporate must spend adequate funds in current assets. Current assets are required because sales don't immediately convert to cash. Conversion of sales to cash always involves an operating cycle.

2.2 LITERATURE REVIEW:

Eljelly (2004): Identified the profitability-liquidity relationship, as measured by the present sample ratio and cash gap in a very Asian country business. The study found that the cash conversion period was more important than the present ratio which affects profitability as a measure of liquidity. the scale variable has been shown to possess a considerable effect on the productivity at the industry level. The findings were stable at various Saudi companies with significant liquidity management consequences. First, it had been clear that the analysed Saudi sample had a negative relationship between indicators of profitability and liquidity like current ratio and cash gap.

Lazaridis and Tryfonidis(2006): On the Athens securities market it examined the connection between corporate profitability and WCM. The results indicate a negative relationship between indices of productivity and dealing capital, like receivables, debt and cash conversion cycles. They concluded that the business would generate income by managing effectively every portion of the cash conversion process

ArindamGhosh (2007): A unique area of research on the cement industry in India is "Working Capital Management," and its rent ability process and impact. The principal purpose of this research is to assess the efficiency of capital management of selected cement companies in India during the amount 1992 to 2001. it's targeted for this study that 20 major cement companies in India have a awfully large share of Indian cement industry

Samiloghu F and Demirgunes K(2008): The aim of this research is to appear into the company's welfare. Production companies listed on the study period Istanbul exchange (ISE) were from 1989 to 2007. A statistical approach of multivariate analysis was employed for the analysis**.**

Viranivarsha(2008): This is a study allotted within the CADILA COMPANY. The study is to look at financial performance and therefore the second is to look at the profitability trend and, lastly, to spot the assets operating model and evaluate the liquidity position of the firm. Two elegant analytical methods were wont to achieve those targets.

Kushwah, Mathur & ball(2009): Five big cement firms in. ACC, Ambuja, Grasim, Prism, and Ultra-Tech. Primary data was used for research purposes as data obtained from the authors from 2007 to 2009

Baig Viqar Ali(2009): This study aims to disclose survey results from selected agribusiness companies from diary cooperatives, MNC, private diary companies as part of a research thesis completed in July 2008 on working capital management practices. Furthermore, attempts were made to recognize the impact of ownership, government legislation, managerial control and cultural factors.

Rao and Rao& Ramchandra(2010): The aim of this study is to research parameters of assets patterns and effectiveness and their utilization in terms of the quantity of companies within the cotton textile industry in India. they're the primary distinct index, output index, consumption index and quality index for the three parameters. we will say on the average that the efficiency of assets isn't very satisfactory despite having a PI rate.

Mohamad and Saad (2010): Using the Bloomberg database of 172 listed companies, randomly selected from Bursa Malaysia's main board for a five-year period from 2003 to 2007; applying correlation and multiple correlation analysis, they found a robust positive relationship between current assets and total assets with Tobin Q, ROA and ROI. They also sent us researchers findings and observations from different areas that they need performed within the same area for various countries and environments.

Saswata Chatterjee (2010): Focuses on the worth of smooth and glued assets in effectively operating an enterprise. it's a robust effect on liquidity for profitability. In industry, there's a trend observed that almost all businesses are rising profit and loss margins as this behavior decreases the dimensions of capital relative to revenue.

Rahman Mohammad M.(2011): The researchers are focused on the connection between working and profitability money. to guage the success of selected textile companies within the management of assets. The conclusion from this study found that overall good management of some textile companies and so most businesses have the benefit of effective assets management

Dr KaddumiThair. A and Dr Ramadan Imad. Z (2011): The evaluation was conducted in 49 Jordanian companies listed on the Amman securities market, which discussed topics just like the effect of capital management on profitability in companies targeted for the amount 2005 to 2009. With the support of two separate companies, the aim may be achieved. Phase one for productivity and therefore the other for achievement within the management of capital, namely proxies and five proxies, are completely utilized for his or her respective purposes.

Dr Arbab Ahmed and Dr Matarneh Bashar(2012): Researchers bring with registration a method that's a awfully powerful statistical tool for predicting capital within the field of capital management, which allows projections to be made after average relationship has been started within the past. Used for the needs of various components and for final testing**.**

Dr Panigrahi Ashok Kumar(2012): Relationship between capital management and profitability ACC Cement Company, the leading cement producer within the country for determining the impact of capital management on profitability 1999-2000 to 2009-2010. This survey is predicated on secondary data.

Ray Sarbapriya(2012): In manufacturing firms the connection between liquidity and productivity is studied. Over a period of 14 years, the author sampled 311 manufacturing firms and analyzed the impact of various variables. This study reveals a transparent bad relationship between the dimensions of assets and profitability of companies.

Joshi Lalitkumar and Ghosh Sudipta(2012): The research was conducted during 2004-05 through 2008-09 at Cipla Ltd. Financial ratios were applied to calculate the efficiency of capital, using statistical and econometric techniques. The chosen ratio showed satisfactory results, and a the liquidity and profitability were found to own a big negative relationship.

KaurHarsh. V and Singh Sukhdev(2013): Focusing on cash conversion quality, and defining the operating cycle. This study examines the link between capital acquisition and productivity that's calculated supported current asset income and average total asset income. They allotted studies with companies registered at BSE 200, cover 19 industries for the amount from 2000 to 2010.

Joseph Jisha(2014): Examines the work capital review performed at Ashok Leyland closely and shows that the company's liquidity and profitability status is unsatisfactory and desires improvement to satisfy its obligations in due course.

Madhavi. K(2014): Do an empirical study of the connection between province 's liquidity situation and mill output. Inefficient management of assets has been observed to harm the profitability and liquidity status of paper mills.

Gurumurthy. N and Reddy Jaychandra. K(2014): Four pharmaceutical companies APSPDCL, APEPDCL, APNPDCL and APDPDCL conducted a report on assets management and concluded that this assets management framework isn't in line with the expectations and desires to be changed.

2.3 RESEARCH GAP:

The research gap between the study is five years as based on the information that i have collected from various websites and each research as its own conclusions.

CHAPTER -3

RESEARCH DESIGN

Title: WORKING CAPITAL MANGEMENT

3.1STATEMENT OF PROBLEM

Finance is often called as the lifeline of the business. Here also, working capital is much more crucial than long term assets or liabilities and occupies large part of day to day life of the manger.

That being the case the problem for this project work would be stated in generalized fashion as a follows:

“This project tries to analyze present sources of working capital for the company, investment patterns, financial growth of NWC and its reasonableness with growth of sales and how to improve capital management policies of the company”.

3.2 NEED FOR THE STUDY

Working capital requirements cannot over emphasise. Each enterprise requires assets. the requirement exists thanks to the time gap between producing and generating cash from sales. The selling and realization of money is involved in an operational process. there's a suspension between sales and cash realisation. For the subsequent purposes work capital is required.

- For raw materials, components and spare parts purchases.
- Paying salaries and bonuses.
- To incur regular and overhead expenses namely diesel, electricity and office expenses etc.
- Business to satisfy the sales costs as packaging etc.
- To provide Consumers with credit facilities.
- Research in progress to keep inventories of raw materials, shops and spare parts and finished stocks.

Thus the management of capital is a crucial feature of any company.

3.3 OBJECTIVE OF THE STUDY:

1. Maintain job capital at a appropriate amount
2. Availability of large amounts of funds when required.
3. The firm's position on liquidity.
4. The enterprise's output in working capital, whether it is rising or declining..

3.4 SCOPE OF THE STUDY

Working capital research is focused on instruments such as ratio analysis, utilization of working capital, operating cycles etc. Furthermore, this study builds on the last 5 years' annual report from Multispot industrial companies. The company has only one branch in the line and the research is done here.

3.5 RESEARCH METHODOLOGY

The analysis of assets has been conducted with the assistance of ratio analysis which shows financial position of the firm.

- ❖ The type of research utilized in this project may be a descriptive research design.
- ❖ The main aim of descriptive research is to spot the present state of affairs.
- ❖ And a concise analysis is an effective fact-finding investigation.

DATA COLLECTION

The source of data may be classified in two ways

- ❖ Primary source
- ❖ Secondary source

1. Primary sources are initial sources from which researchers explicitly obtain previously uncollected data. This is knowledge obtained from first hand through different methods such as observation, interviews, letters etc.
2. Primary sources are surveys and statistical surveys which are already accessible and whose data can be used by researchers for studies such as

census reports, annual reports and financial reports of businesses, statistical statements, policy reports etc.

3. In this project the study is predicated on the secondary data obtained from the annual reports of the corporate. For analyzing data accounting ratio are used.

3.6 HYPOTHESES

It's the relationship between two variables, or more. Explanation of the relation between two variables is testable, tentative question.

Hypotheses thus:

1. Explains the observed events in a systematic manner
2. Predicts the relationship and outcome of events
3. Gets summarized existing knowledge

H0

- The goodwill of a business is not being maintained by the working capital management.
- Working capital does not create confidence, environment security and overall efficiency in business

H1

1. Good will of a business is being maintained by working capital management.
2. Working capital does not create confidence, environment security and overall efficiency in business

3.7 LIMITATION

- Gathering information become difficult as it includes the day to day transaction
- The information which is collected may not be accurate.
- The amount thus ascertained may not be reliable for further usage because of the initial inabilities in collection of accurate data.

- The project is especially supported secondary data.
- It only focuses on current liabilities and assets.

3.8 CHAPTER SCHEME:

Chapter-1: Introduction

This chapter is the introduction of the study. It provides basic information about the study.

Chapter-2: Company Profile

This chapter is the profile of the company that provides a detailed description of the sector and the company

Chapter-3: Review of literature and research design

It tells about the design of the study and gives the outline about the project.

Chapter-4: Data analysis and interpretation

This provides an analysis of data with required interpretation. It also throws light on various inferences drawn on the basis of the collection.

Chapter-5: Summary of findings, suggestions and conclusion

The chapter provides information on overall findings of the study, conclusion and recommendations.

CHAPTER-4

DATA ANALYSIS AND INTERPRETATION

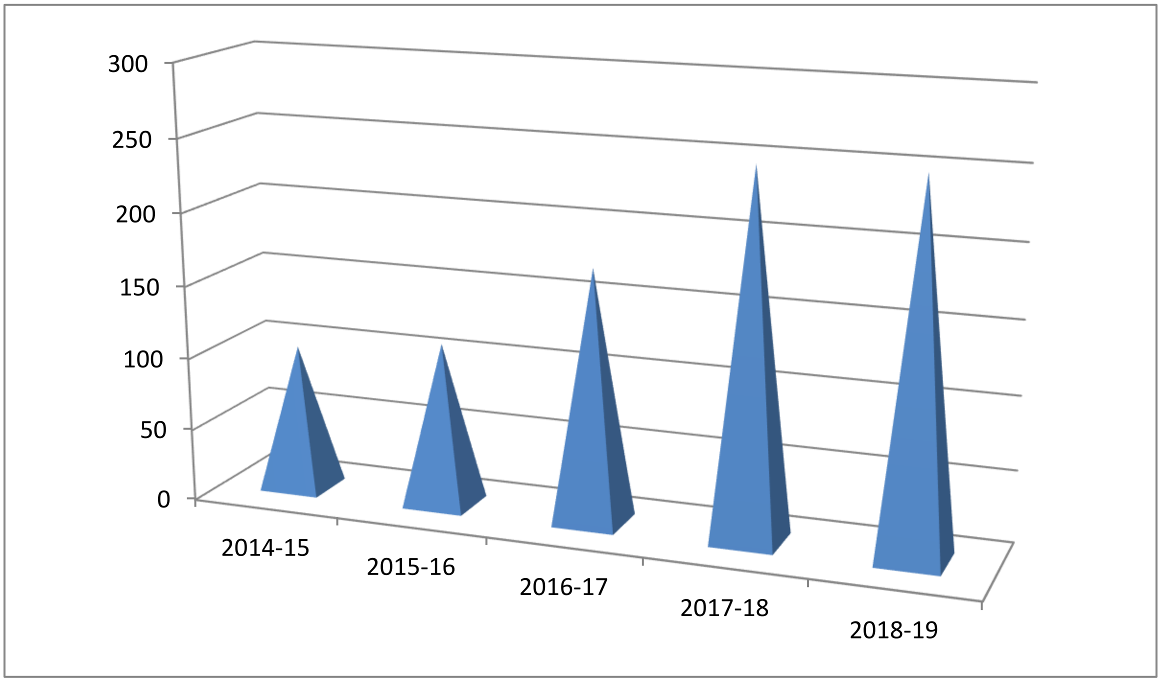
1. NET WORKING CAPITAL FOR 5 YEARS

Net working capital = Current assets – Current liabilities

TABLE-1: table showing net working capital

Year	Current assets	Current liabilities	Working capital	% of working capital
2014-15	1944.086	1006.817	937.269	100
2015-16	2114.957	1062.829	1052.128	112.25
2016-17	3057.047	1431.952	1625.095	173.38
2017-18	3520.231	1188.112	2332.119	248.83
2018-19	4095.737	1744.608	2351.129	250.84

GRAPH 1:graph showing net working capital



Interpretation:

The above table and graph shows that Net Working Capital for the years 2014-2019 are 100, 112.25, 173.38, 248.82 and 250.84 respectively. This shows that there has been a proportionate increase in working capital. By this we can interpret that the working capital is moving towards satisfactory position.

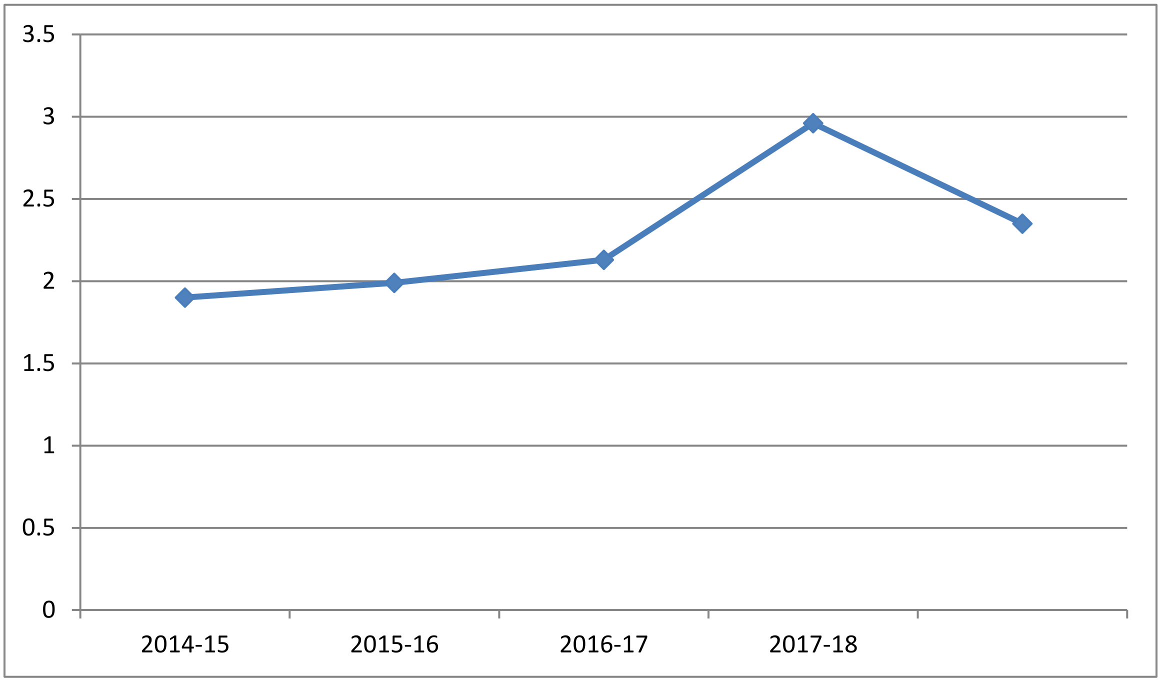
2. CURRENT RATIO:

Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$

TABLE-2: Table showing current ratio

Year	**Current assets**	**Current liabilities**	**Current ratio**
2014-15	1944.086	1006.817	1.93
2015-16	2114.957	1062.829	1.99
2016-17	3057.047	1431.952	2.13
2017-18	3520.231	1188.112	2.96
2018-19	4095.737	1744.608	2.35

GRAPH-2: graph showing current ratio



Interpretation:

The above table and graph shows that current ratio for the years 2014-2019 are 1.9, 1.99, 2.13, 2.96 and 2.35 respectively. This shows that there has been a proportionate increase in the current assets over current liability. By this we can interpret that the current ratio is moving towards satisfactory position.

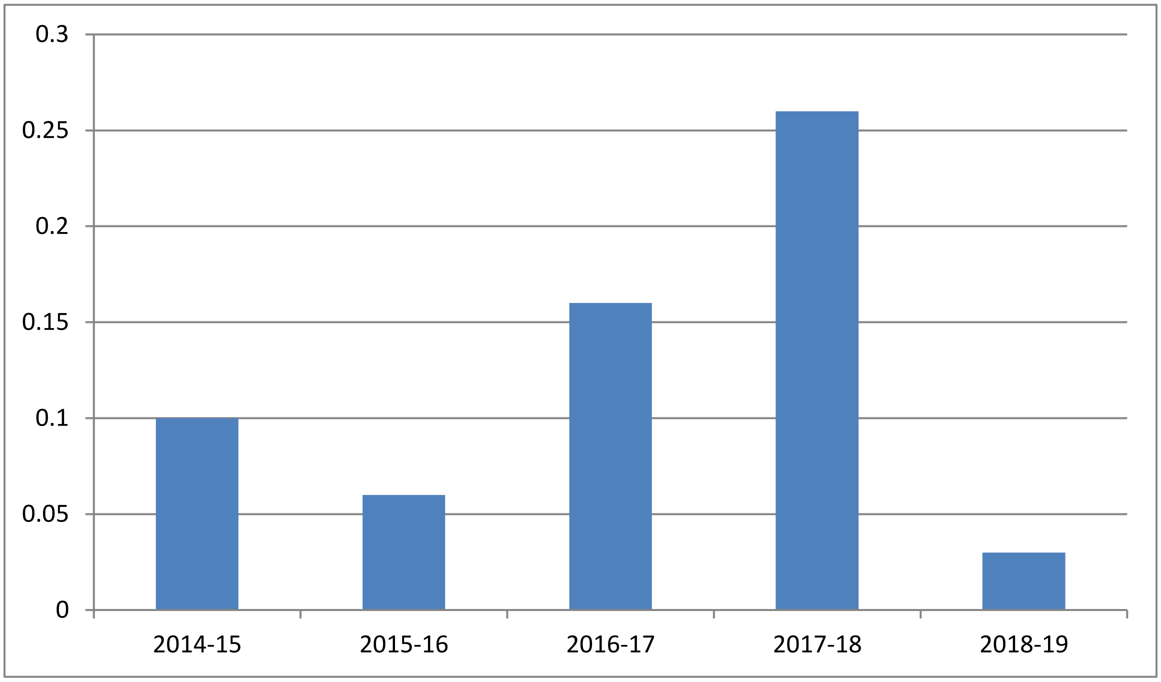
3. LIQUID RATIO OR QUICK RATIO OR ACID TEST RATIO

$$\text{ACID TEST RATIO} = \frac{\text{LIQUID ASSETS}}{\text{CURRENT LIABILIIES}}$$

TABE-3: Table showing Quick Ratio

Year	**Liquid assets**	**Current liabilities**	**Liquid ratio**
2014-15	100.135	1006.817	0.10
2015-16	59.968	1062.829	0.06
2016-17	226.094	1431.952	0.16
2017-18	308.984	1188.112	0.26
2018-19	54.175	1744.608	0.03

GRAPH-3: graph showing Quick Ratio



Interpretation:

The above table and graph shows that liquid ratio for the years 2014-19 are 0.10, 0.06, 0.16, 0.26 and 0.03 respectively. This shows that there has been a proportionate increase in the liquid liabilities excluding 2019. By this we can interpret that the liquid liabilities excluding 2008. By this we can interpret that the liquid ratio is partly moving towards satisfactory position. Generally it is a non satisfactory position.

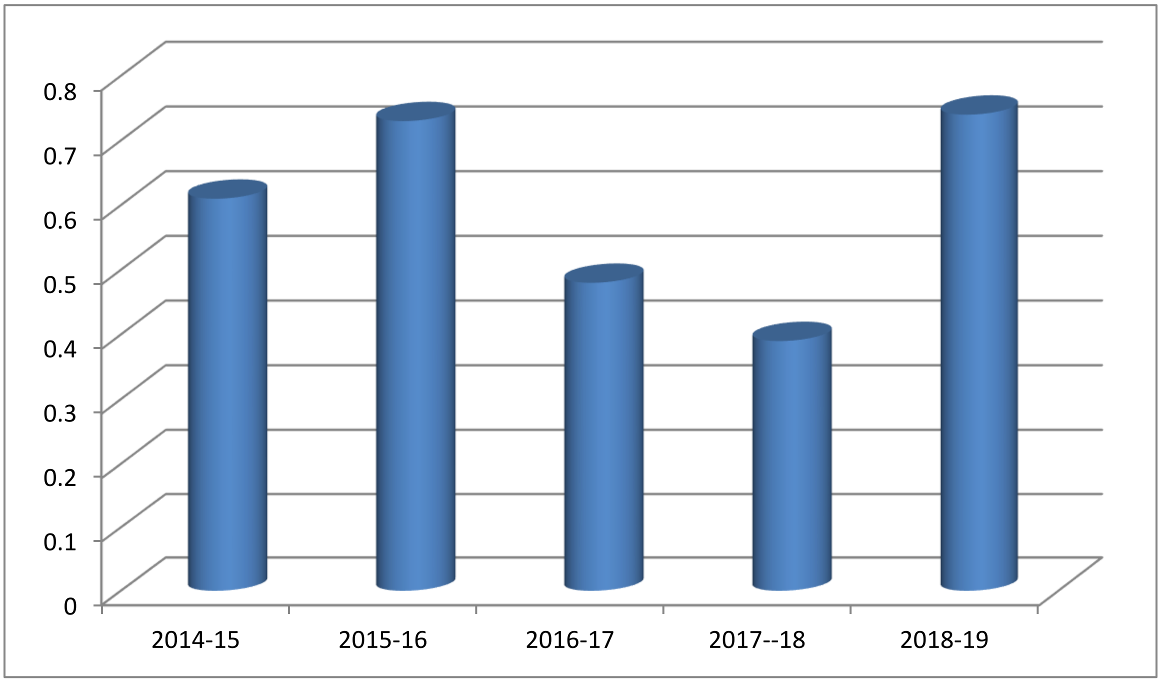
4. INVENTORY TO WORKING CAPITAL RATIO

$$\text{Inventory to working capital ratio} = \frac{\text{Inventory}}{\text{Working capital}}$$

TABLE-4: Table showing Inventory to Working Capital Ratio

Year	Inventory	Working capital	Ratio
2014-15	570.445	937.629	0.61
2015-16	764.126	1052.128	0.73
2016-17	779.532	1625.095	0.48
2017-18	913.686	2332.119	0.39
2018-19	1737.209	2351.129	0.74

GRAPH-4: graph showing inventory to working capital ratio



Interpretation:

The above table and graph shows the ratio of inventory over working capital for the year 2014-2019. They are 0.61, 0.73, 0.48, 0.39 and 0.74 respectively. This shows that the company’s inventory has been gradually increased from 2014-2019. By this we can interpret that the inventory to working capital ratio in a better position.

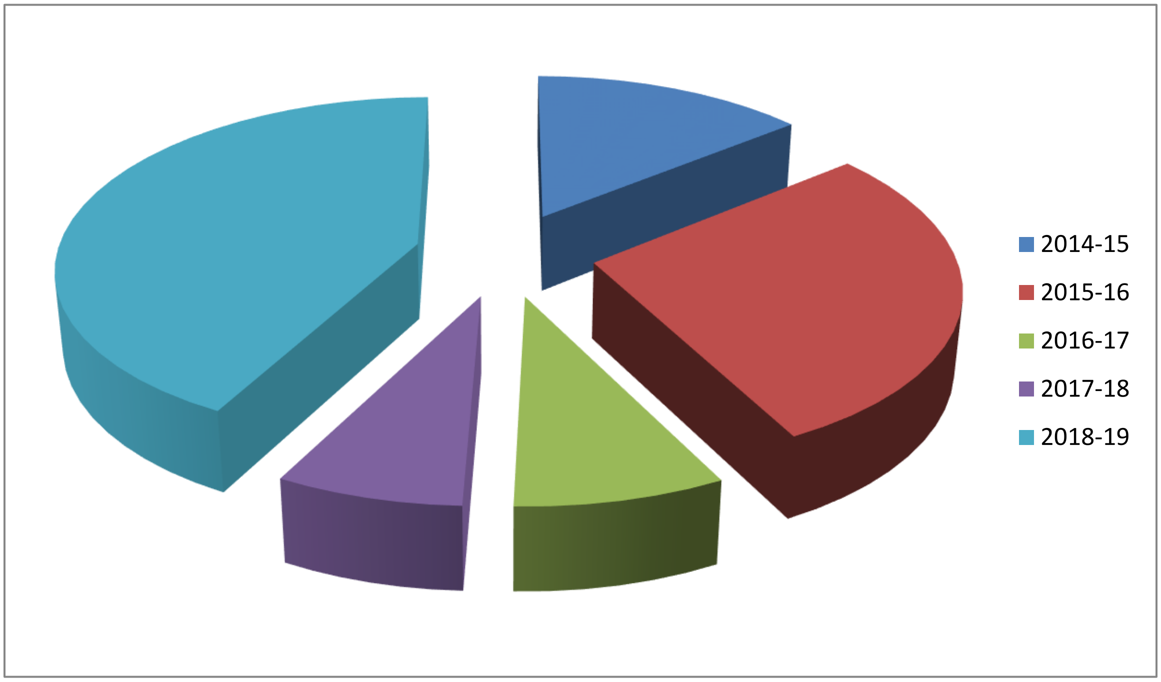
5. CASH TURN OVER RATIO

$$\text{Cash turnover ratio} = \frac{\text{Net annual sales}}{\text{Cash}}$$

TABLE-5: Table showing cash turnover ratio

Year	Net annual sales	Cash	Cash turnover ratio
2014-15	3757.554	100.135	37.52
2015-16	4489.682	59.968	74.87
2016-17	4816.882	226.094	21.30
2017-18	5833.831	308.984	18.88
2018-19	6064.625	54.175	111.95

GRAPH-5: graph showing cash turnover ratio



Interpretation:

From the above table and graph we can interpret that the cash resources of the enterprise are not effectively utilized because it is less than the standard or ideal cash turnover ratio i.e., less than 10%

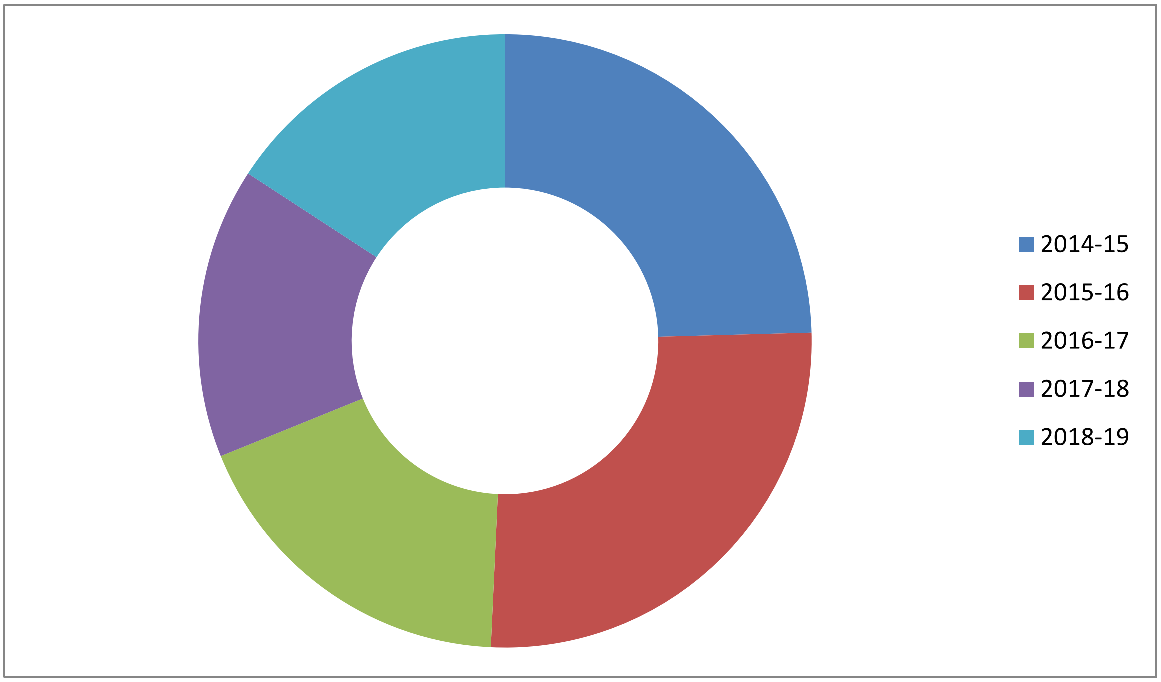
6.WORKING CAPITAL TURNOVER RATIO

$$\text{Working capital turnover ratio} = \frac{\text{Net annual sales}}{\text{Working capital}}$$

TABLE-6: table showing working capital turnover ratio

Year	Net annual sales	Working capital	Working capital turnover ratio
2014-15	3757.554	937.629	4.01
2015-16	4489.682	1052.128	4.27
2016-17	4816.882	1625.095	2.96
2017-18	5833.831	2332.19	2.50
2018-19	6064.625	2351.129	2.58

GRAPH-6: graph showing working capital turnover ratio



Interpretation:

The ratio indicates the efficient or inefficient utilization of the working capital of the company. Higher the ratio, lower the investment in working capital and the greater are the profit. Lower the ratio, it would be other way.

From the above table and graph we can interpret that there is an inefficiency of the management in the utilization of working capital. Since there in a gradual decrease in the working capital turnover ratio of the company from 2014-2019 i.e., in from 4.01 to 2.58.

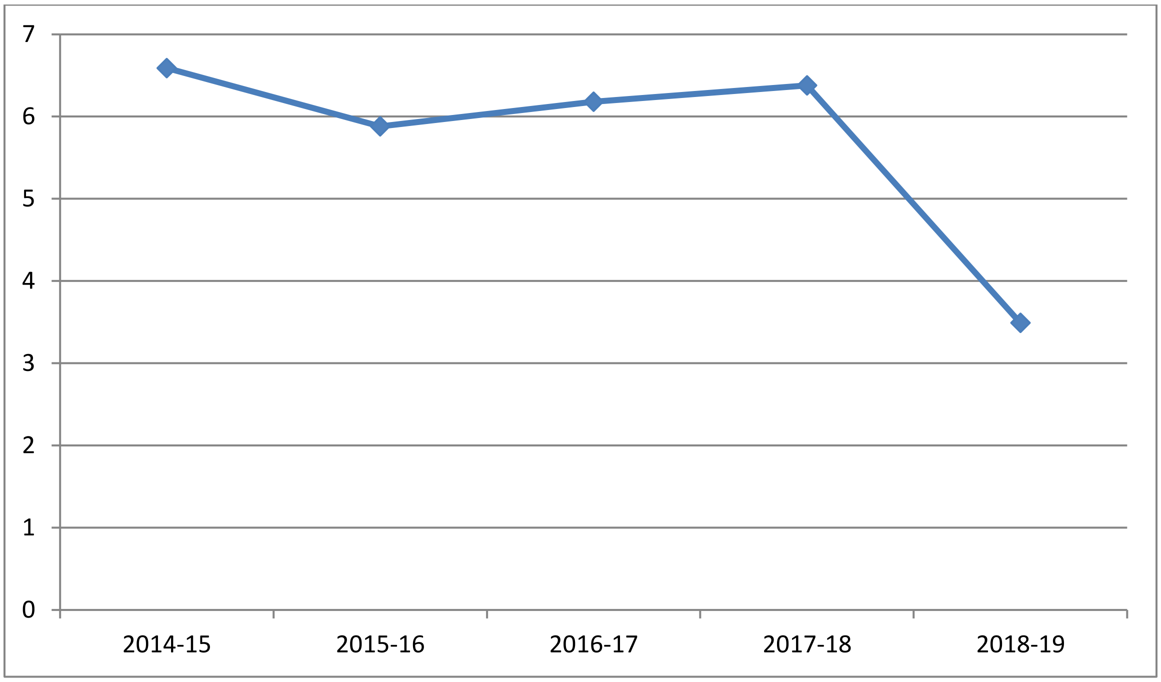
7. INVENTORY TURN OVER RATIO

$$\text{Inventory turnover ratio} = \frac{\text{sales}}{\text{Average stock}}$$

TABLE-7: Table showing Inventory turnover ratio

Year	Net annual sales	Average stock	Inventory turnover ratio
2014-15	3757.554	570.445	6.59
2015-16	4489.682	764.126	5.88
2016-17	4816.882	779.532	6.18
2017-18	5833.831	913.686	6.38
2018-19	6064.625	1737.209	3.49

GRAPH-7: graph showing inventory turnover ratio



Interpretation:

From the above table and graph we can analyzes that the inventory turnover ratio is very less compared to that of previous years.

By this we can interpret that the company’s sales from its stock is very less which indicates a non-satisfactory position.

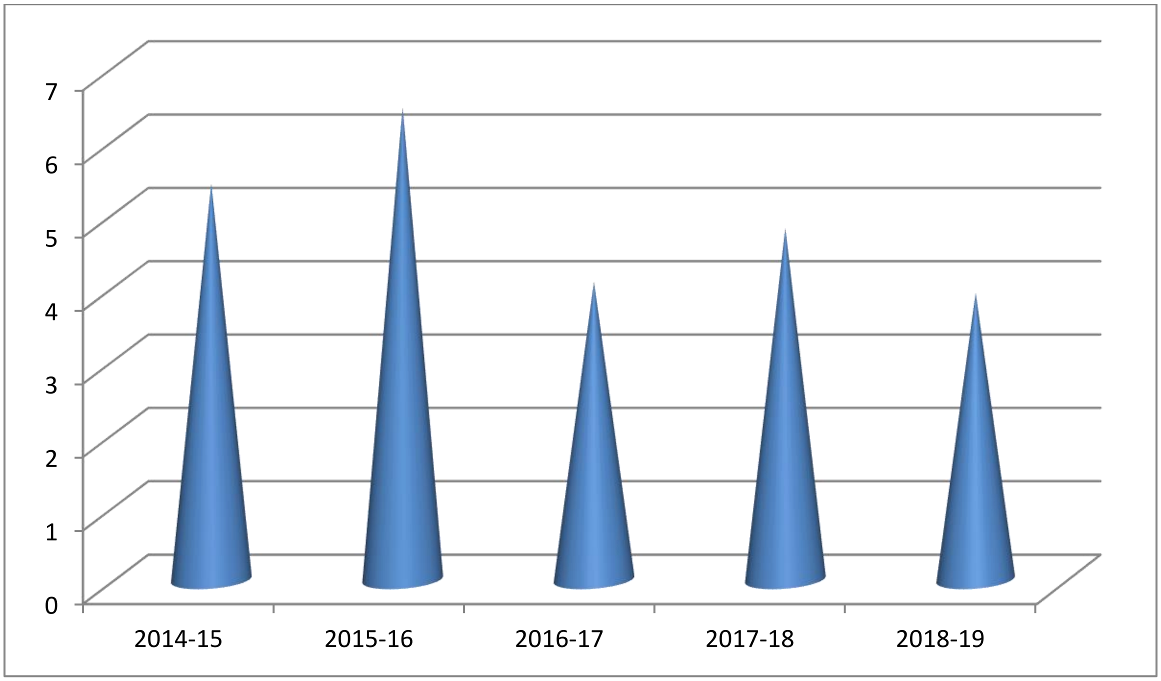
8.DEBTORS TURN OVER RATIO

$$\text{Debtors turnover ratio} = \frac{\text{total sales}}{\text{Debtors}}$$

TABLE-8: Table showing Debtors turnover ratio

	Sales	Debtors	Debtors turnover ratio
2014-15	3757.554	696.267	5.40
2015-16	4489.682	697.151	6.44
2016-17	4816.882	1185.112	4.06
2017-18	5833.831	1217.135	4.79
2018-19	6064.625	1549.709	3.91

GRAPH-8: graph showing debtors turnover ratio



Interpretation:

From the above table and graph we can interpret that the debts utilized by the company because the number of times the debt has been collected by the company in decreasing i.e. in 2014 it was 5.40 times and goes on decreasing to 6.44, 4.06, 4.79 where in 2016 it was only 3.91 times.

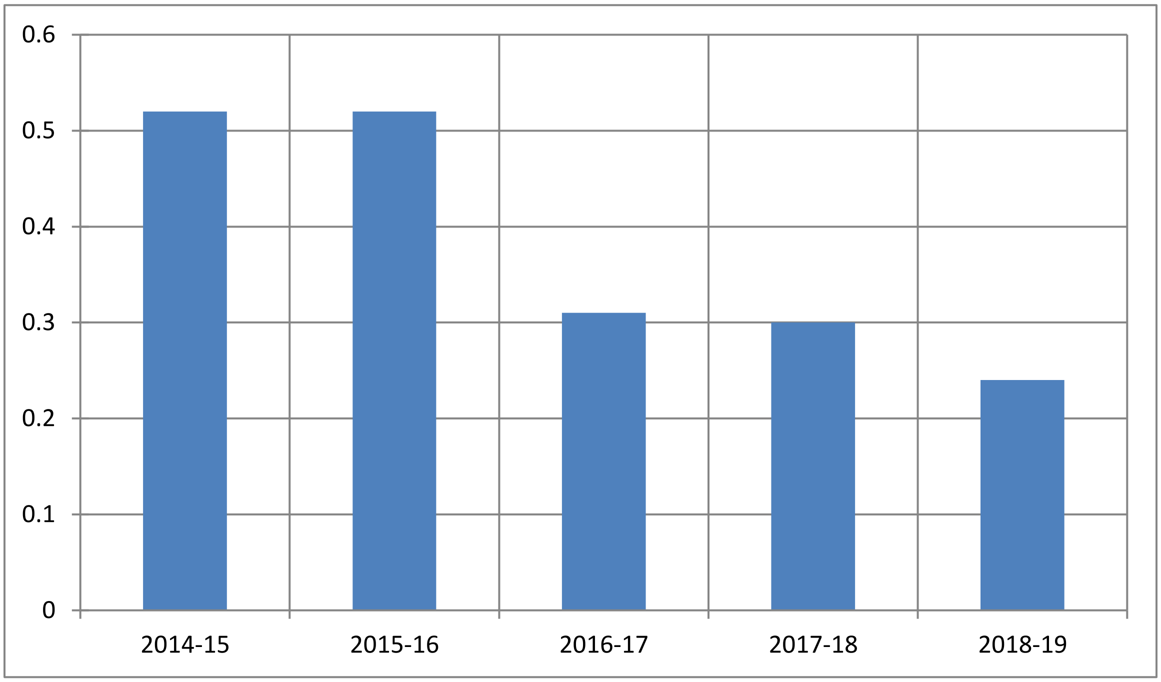
9. AVERAGE DEBTORS COLLECTION PERIOD

$$\text{AVERAGE DEBTORS COLLECTION PERIOD} = \frac{\text{No of days year}}{\text{Debtor turnover ratio}}$$

TABLE -9: table showing Average debtors collection period

Year	No of days in a year	Debtors turnover ratio	Period
2014-15	365	696.267	0.52
2015-16	365	697.151	0.52
2016-17	365	1185.112	0.31
2017-18	365	1217.135	0.30
2018-19	365	1549.709	0.24

GRAPH-9: Graph showing Average Debtors Collection Period



Interpretation:

From the above table and graph we can interpret that the actual period of credit allowed by the company is decreasing i.e. during 2014 it was 0.52 which shown the highest period of credit allowed whereas during the year 2019 it is 0.24 i.e. there is an efficient credit collection period by the company.

10. CURRENT ASSET TURNOVER RATIO

$$\text{Current asset turnover ratio} = \frac{\text{Sales}}{\text{Current assets}}$$

TABLE-10: Table showing current asset turnover ratio

Year	Sales	Current asset	Ratio
2014-15	3757.554	1994.086	1.93
2015-16	4489.682	2114.957	2.12
2016-17	4816.882	3057.047	1.58
2017-18	5833.831	3520.231	1.66
2018-19	6064.625	4095.737	1.48

GRAPH- 10: graph showing current asset turnover ratio

Interpretation:

This ratio demonstrates how current assets relate to the sales. There is no typical current asset turnover ratio an indicator of better current asset utilization. In comparison, a poor current turnover ratio of assets means the new assets have not been used effectively.

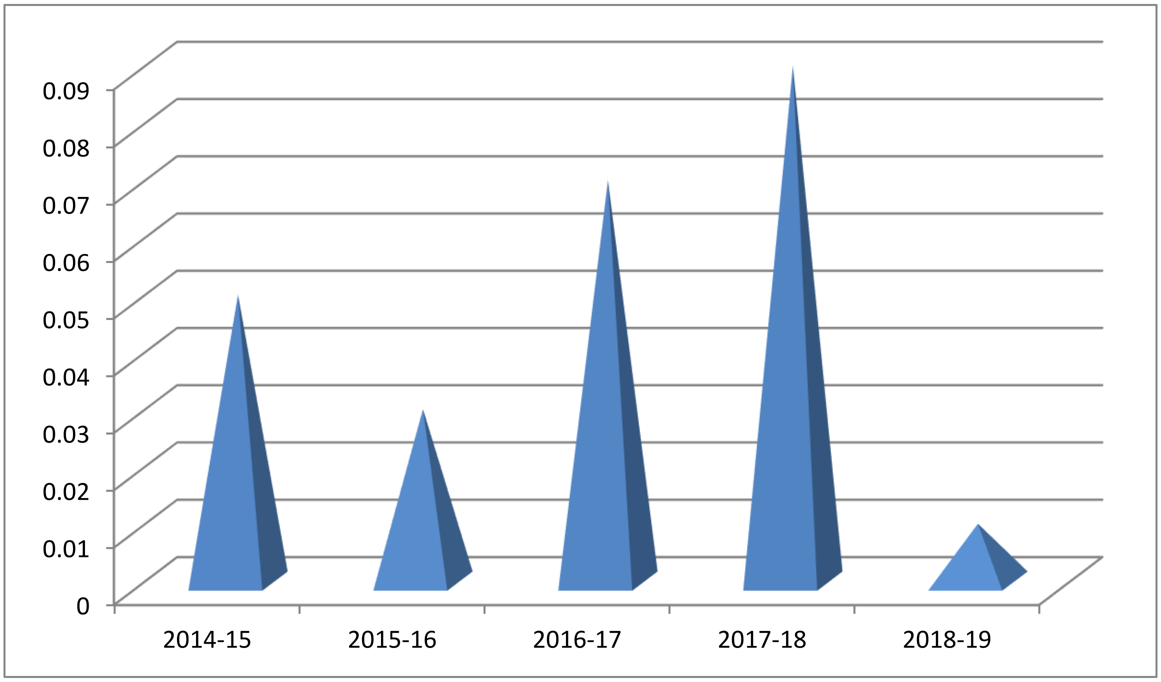
11. Cash in current asset ratio

$$\text{Cash in current assets ratio} = \frac{\text{total cash}}{\text{Total current assets}}$$

TABLE-11: Table showing cash in current asset ratio

Year	Total cash	Total current assets	Ratio
2014-15	100.135	1944.084	0.05
2015-16	59.968	2114.957	0.03
20 16-17	226.094	3057.047	0.07
2017-18	308.984	3520.231	0.09
2018-19	54.175	4095.737	0.01

GRAPH- 11: graph showing cash in current asset ratio



Interpretation

From the above table and graph we can interpret that the percentage that the percentage of cash utilized under current assets in very less, which indicates inefficient cash utilization.

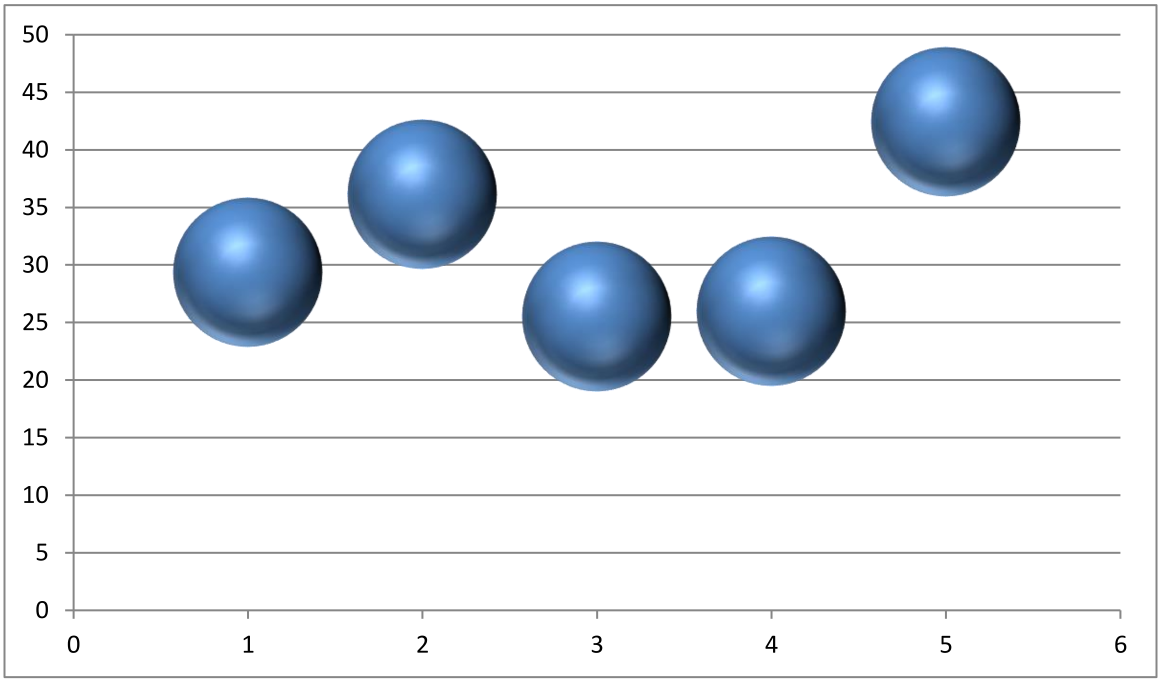
12. STOCK TO CURRENT ASSETS

$$\text{Stock to current assets ratio} = \frac{\text{stock}}{\text{Current assets}} \times 100$$

TABLE – 12: Table showing stock to current assets

Year	Stock	Current assets	Percentage
2014-15	570.445	1944.086	29.34%
2015-16	764.126	2114.957	36.13%
2016-17	779.532	3057.047	25.50%
2017-18	913.686	3520.231	25.96%
2018-19	1737.209	4095.737	42.42%

GRAPH-12: graph showing stock to current assets



Interpretation:

We can interpret that the percentage of stock utilized by the company in more 2014 i.e. 42.42 compared to that of previous year. It indicates that the company's stock utilization is more which generally indicates an unhealthy business.

CHAPTER-5

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGDS OF THE STUDY

Managing working capital is an essential part of financial management. Here we studied different ratios related to working capital measurement, such as current ratio, rapid ratio, debtor's turnover etc from 2014-2015 to 2018-19. The major findings are given below

- The net working capital, where there is proportionately increases in the working capital from 100 to 250.84
- The current ratio, where there is proportionately increase in the current assets over current liabilities. They are 1.93, 1.99, 2.13, 2.96, 2.35.
- The company’s inventory has been increasing year by year & the working capital has been gradually increased from 2014-2019. By this we can interpret that the inventory to working capital ratio in a better position.
- There is a gradual decrease in working capital turnover ratio of the company from 4.01 to 2.58.
- It is clearly stated that only during 2014 company’s inventory turnover ratio is said to be effectively utilized which is shown 6.59, whereas during the year 2019 it is 3.49.
- The debts has been ineffectively utilized by the company because the number of times the debt has been collected by the company is decreasing, that is 2014 it was 5.4 times where as in 2019 it was 3.91.
- The percentage of cash utilized under current assets is very less from 0.05 to 0.01

5.2 SUGGESTIONS

The study conducted is to analyze the working capital needs of MULTISPOT INDUSTRIES from 2014-15 to 2018-19. The findings of the study are quite interesting. The study is done in the fields of current ratio, quick ratio, debtors turnover, inventory turnover, working capital turnover etc.

- Avoid unnecessary liability to make current ratio of 2:1 with equal or more but not less than the ideal ratio.
- Current liabilities should be kept equal to current asset.
- Company can try to improve their inventory management by calculating the stock quantity serial of each major type if material at frequent internal and placing the orders accordingly so that the unnecessary blockage of funds in inventory can be avoided.
- Average collection period of the organization should be given more attention a strict credit policy should be adopted.
- The firm should take steps to recover the debts.
- Company should keep minimum balance of cash and if more cash is kept it will be idle.
- Proper control should be exercised at all levels of its operation, through which the cost can be reduced considerably.
- The marketing department has to think of undertaking promotional activities to increase the turnover which will help to reduce the increased investment in finished stock, which is a component of inventory.

5.3 CONCLUSION

Business working capital reflects the use of short-term funds. This is also referred to as the funds needed for business operations. This helps us to understand how well a company handles its money. Working Capital Management has a large influence on the company's profitability, liquidity, and structural health

The project study includes the overall view of the working capital management operations at multisport. The study reveals the current asset financing at the Multispot industries. Thus accounting ratios were used to analyze the data. This discloses specific information about various area of the management of working capital.

It includes the working capital cycle and analysis which shows the period of inventory of raw materials, the period of work in progress and the period of storage of finished goods.

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