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"A STUDY ON WORKING CAPITAL MANAGEMENT"

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

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Abstract:

Working capital is the Life blood of any business unit; no company can survive without sufficient working capital. It plays a crucial role in determining the company's performance as well as its growth. Working capital can be attributed to heart of industrial enterprise. If the working capital is weak the business firm cannot prosper and not even survive at all. As the saying goes "Inadequate working capital is a disaster; whereas excessive working capital is a criminal waste." Therefore every business organisation must maintain its working capital in order to survive in this competitive era. Hence, present study carried out to know the working capital management of a company by employing ratio analysis.

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

INTRODUCTION:

Working capital is the Life blood line of any business entity. Working capital is the capital which supports the working (organization operations) Working capital is essential for the beginning as well as smooth functioning of the everyday operations. Working capital effective management can do much more to the success of the business and vice-versa. Among the most important items of working capital are Levels of inventory, accounts receivable, and accounts payable. Scholars consider these items for signs of a company's efficiency and financial strength. Hence, the working capital management includes the management of all these aspects, individually and collectively too.

In the present scenario of cutthroat competition, the business does not have any other option then cutting the cost of its operations, for this effective management of working capital forms an important part of cost reduction. As it was found by many scholars, in all the manufacturing units, the proportion of raw materials in the total cost of the product will be highest and hence if the organization wants to minimize the cost of production it has to tackle the cost of raw material first. If company or manufacturing unit is interested in enhance its Liquidity, it increases the level of its working capital. However, this policy may lead to reduction in the sales volume and that of profitability. Hence, a company should strive to strike a balance between Liquidity and profitability.

A firm is required to maintain a balance between Liquidity and profitability while doing its everyday operations. Liquidity is one of the pre-requisite for firm to meets its short-term obligations and its sustained flow can be guaranteed from a profitable venture. As cash is the one of the important indicator of financial health of the firm. This requires that business must be run both efficiently and profitably. In this process, an Asset-Liability misalignment may occur which might increase firm’s profitability in the short run but at the cost of its insolvency. On the other hand, if firm give too much focus on Liquidity will be at the cost of profitability and it is common to find finance literatures (for e.g see Gitman, 1984 and Bhattacharya, 2001) begin their working capital sections with a discussion of the risk and return tradeoffs inherent in alternative working capital policies. Thus, the manager of a business entity is in a dilemma of achieving desired tradeoff between Liquidity and profitability in order to maximize the value of a firm.

Working capital may be described as the money held up in inventories and receivables. For most product oriented businesses, the money tied up in working capital can be substantially high. If it is able to reduce its inventory levels and receivables, it can reduce some of its debt and related interest costs. The aim is to look at ways of managing working capital at an optimum level, using methods for reducing the amount of inventory that is held, speeding up the collection of receivables and delaying the settlement of payables. There are often arguments about whether cash should be part of working capital or not. As cash is not meant for working of business hence, it is normal to exclude cash and limit only inventory, receivables and payables as part of calculation.

Characteristics of Working Capital Management:

The features of Working Capital distinguishing it from the fixed capital are as follows:

- Short term needs.
- Circular movement.
- An element of permanency.
- An element of fluctuation.
- Liquidity.
- Less risky.
- Special accounting system not needed.
- Different proportion for each industry.

Capital policies and estimating its needs. Important factors which determine Working Capital Management are as given below:

- Nature of Business.
- Production Time.
- Production Policies
- Turnover of Circulating Capital.
- Terms of Purchase and Sales.
- Growth and Expansion of Business.
- Rapidity of Turnover.
- Condition of Supply.
- Requirement of Cash.

- Dividend policy of Concern.

Principles of Working Capital Management:

- ❖ Follows Principles of Cost of Capital.
- ❖ Principles of Equality principles.
- ❖ Principles of Optimization.
- ❖ Principles of Maturity of Payment.

WORKING CAPITAL LEVERAGE:

The effect of working capital level on a company's profitability is known as working capital leverage. The productivity of investments in current assets should be increased by working capital management, which will ultimately raise the return on capital used.

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

Working capital leverage = % change in ROCE / % change in current assets

Return on Investment = Earnings before Interest and Tax / Total Assets

The sensitivity of the return on capital utilized to variations in the quantity of current assets is reflected in the working capital leverage. Even though the total amount of capital utilized is the same, working capital leverage would be lower in capital-intensive businesses. The relationship between the profitability of the business and the effectiveness of working capital management is expressed by working capital leverage.

Working Capital Leverage = C A / T A – Δ C A

Where:

C.A. = Current Assets

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

ΔC.A. = Change in Current Assets

LITERATURE REVIEW:

OSUMA GODSWILL et,al., (2018): working capital management is germane for the success of the banking industry in Nigeria, especially the current state of sector, which is engulfed with the effect of global decline in oil price that as resulted in non-performing loans, deterioration of the bank as at quality, laying of staff amongst others. This is one of the reason why the profitability of the banking sector deeply depends on the efficient management of a banks working capital. Therefore the objectives of the study are to examine how profitability of the banks can be enhanced through the working capital management.

PANIGRAHI ASHOK KUMAR (2017): The study is based on secondary data. The study's primary goal was to determine whether working capital management has an impact on the company's success. It can be deduced that there is a moderate relationship between working capital management and the firm's profitability.

CHANDRA H et, al.,(2016): To measure the effective utilization of working capital, operating cycle and cash conversion cycle were used. In addition, the Kieschnick model was employed to quantify the factors influencing the cash conversion cycle. The study's conclusion states that a company's size significantly affects how well its working capital management functions.

BAGCHI B et,al.,(2015): Investigate the relationship between working capital management and the company's profitability, and identify the variables that most affect profitability. The study concludes with the observation that both CCC and debt used by the firm are negatively associated with the company's profitability. By increasing the companies' profitability through more efficient working capital management, this outcome can be reinforced even further.

MADHAVI K (2014): Makes an empirical study of the co-relation between liquidity position and profitability. It has been noted that paper mill profitability and liquidity are negatively impacted by ineffective working capital management.

AKOTO RICHARD K et,al.,(2013): At the end of the study, a significantly negative relationship between profitability and accounts receivable days is found to exist. Profitability is significantly positively influenced by the firms cash conversion cycle (CCC), current assets ratio and current asset turnover. Additionally, incentives to shorten accounts receivable to 30 days are offered as a way for managers to provide value for the shareholders.

SAMSON ADEDIRAN A et,al., (2012): Hope to empirically investigate the impact of working capital management on the profitability of a sample of 30 SME‟s of Nigeria during 2012. The author concludes by pointing out that managers can add value by lowering the amount of inventories and accounts receivable that their company has on hand. At the same time the firm's profitability could also be improved by reducing the cash conversion cycle.

RAHMAN MOHAMMAD M (2011): focuses on the co-relation between working capital and profitability. An effective working capital management has a positive impact on profitability of firms. The analysis shows that working capital management and profitability in the textile sector are determined to be adequate.

GILL AMARJIT et,al.,(2010): Examine the relationship between working capital management and profitability. They discovered a statistically significant correlation between profitability as determined by gross operational profits and the cash conversion cycle. It also showed that managers could create profits for their companies by handling correctly the cash conversion cycle and by keeping accounts receivable at an optimal level. The study's conclusion notes that more effective working capital management by businesses can increase profitability.

BAIG VIQAR ALI (2009): Aims at reporting comparative findings of a survey of working capital management. Additionally, an effort has been made to determine how ownership, laws, managerial autonomy, and cultural factors affect the decision-making process around working capital.

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 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 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

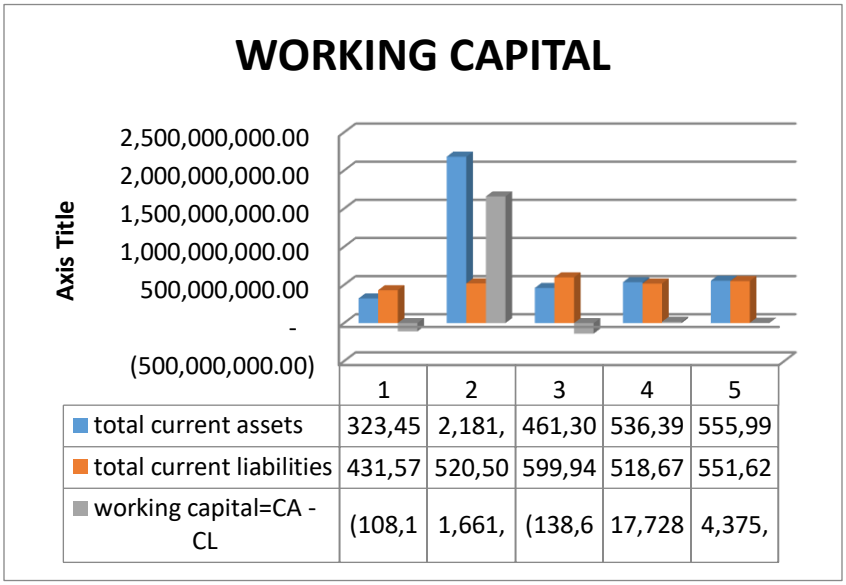
Table 1

The working capital

Current assets	**2,015**	**2,016**	**2,017**	**2,018**	**2,019**
Inventory	159,176,308.00	1,988,843,120.00	241,964,951.00		
Trade receivables	127,092,087.00	157,845,689.00	199,271,939.00	277,774,263.00	269,721,291.00

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
Current liabilities					
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 was 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	228	249	248	246	225
	Net operating cycle period	Gross operating cycle -payable deferral period	183	213	216	216	196

Chart No.2A

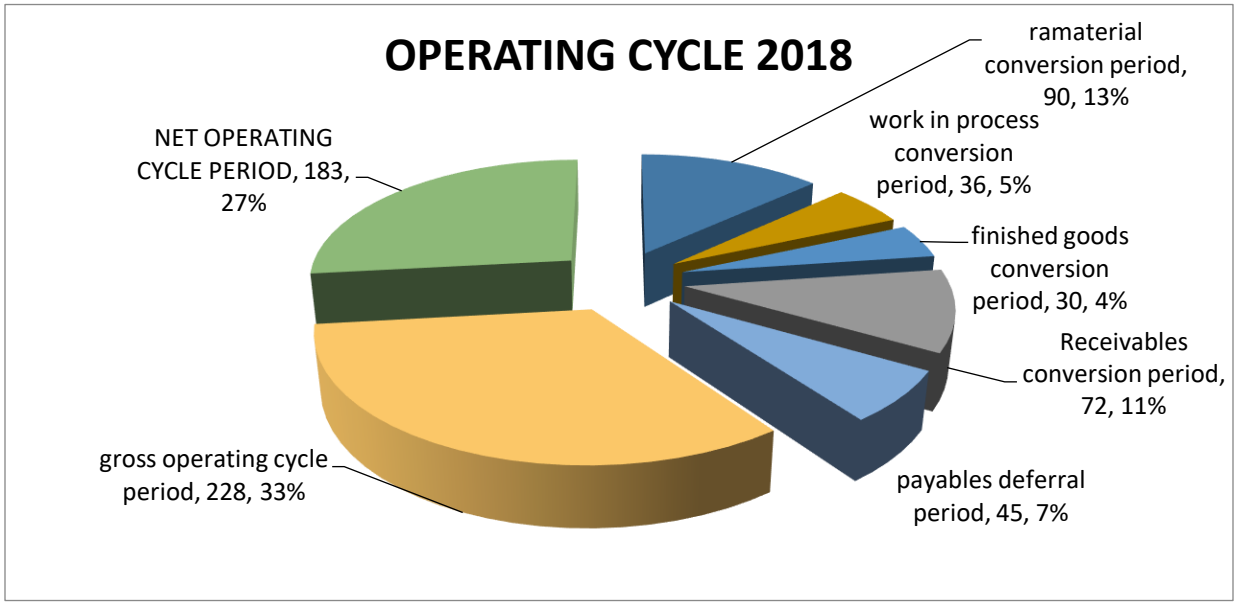
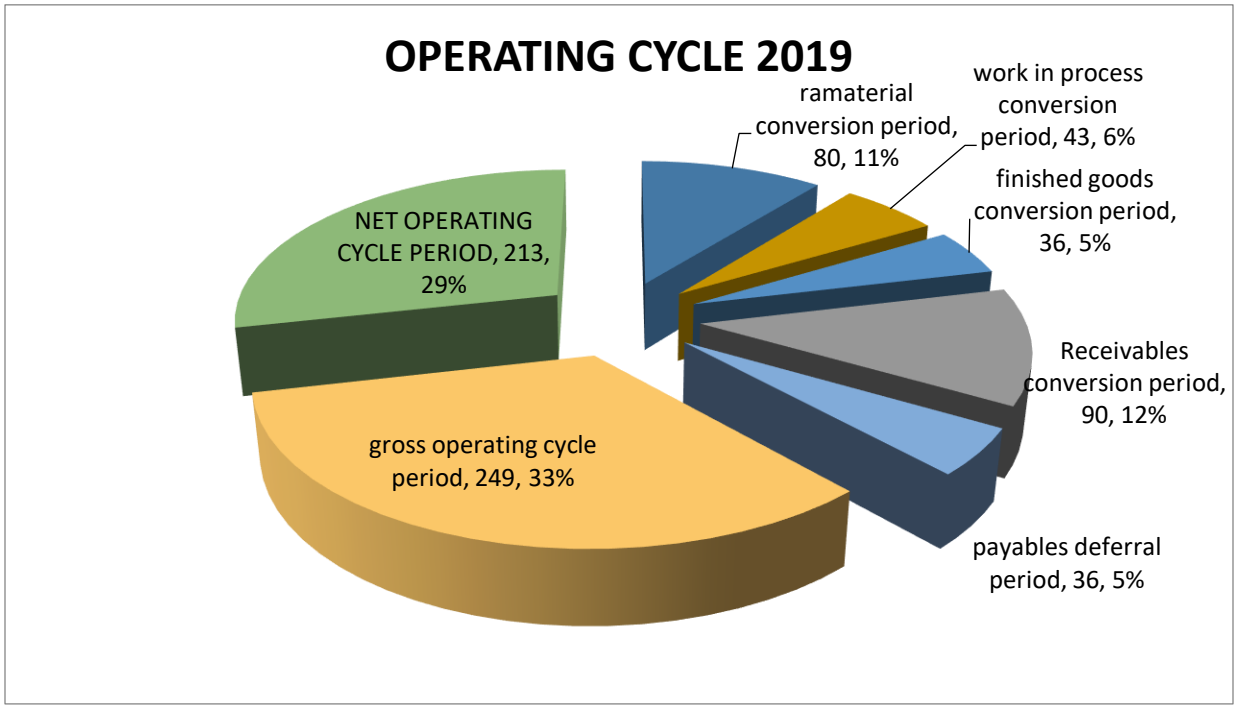


Chart No 2B



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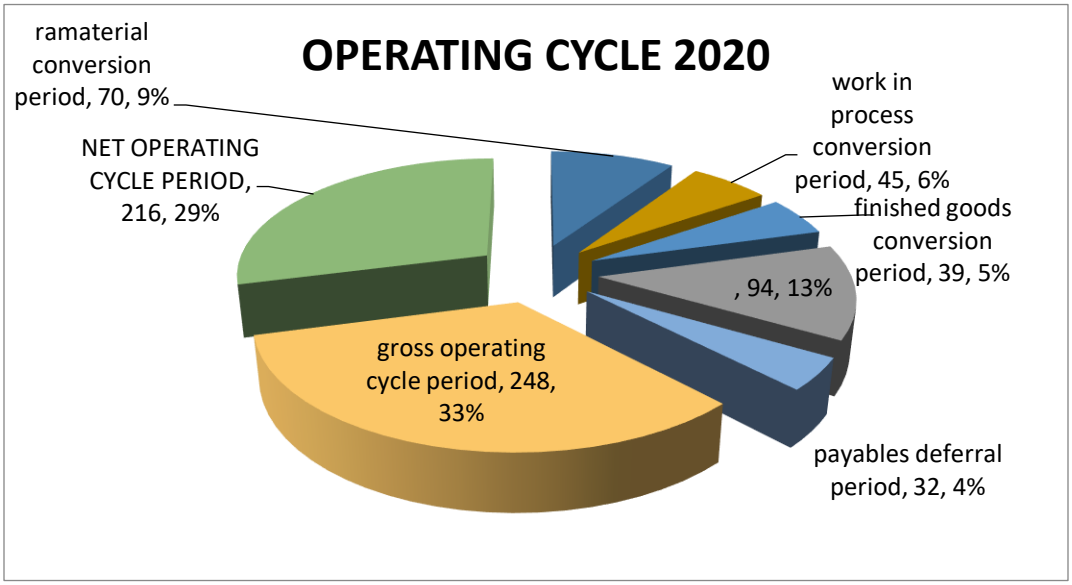


Chart No 2D

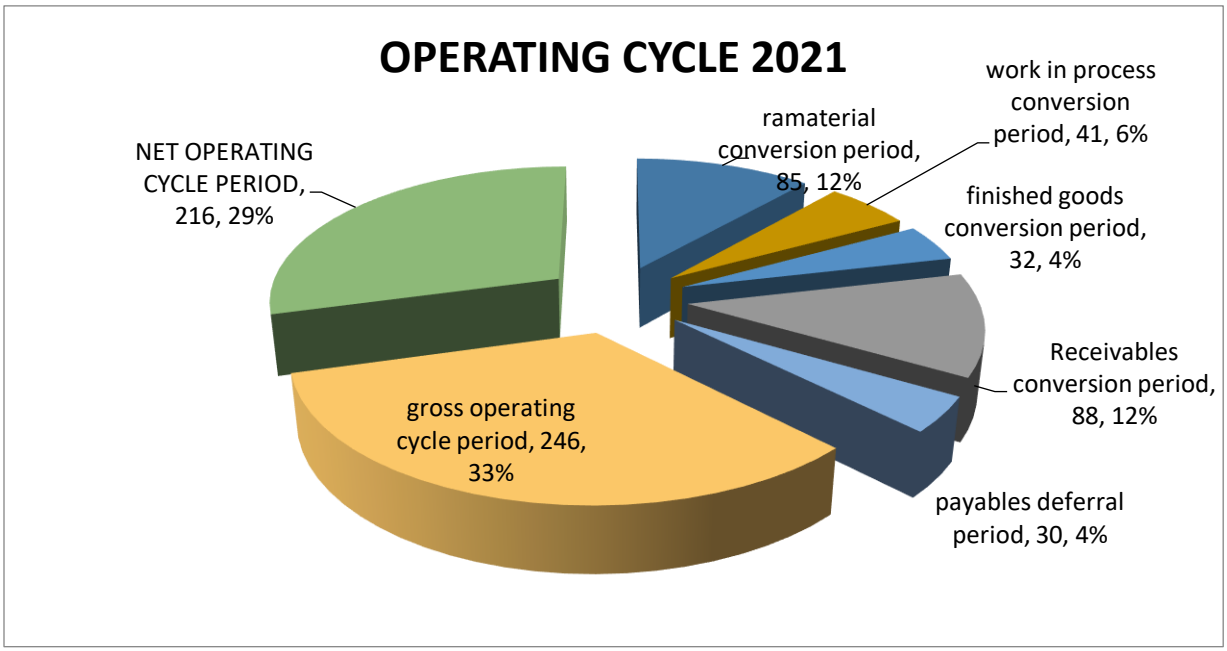
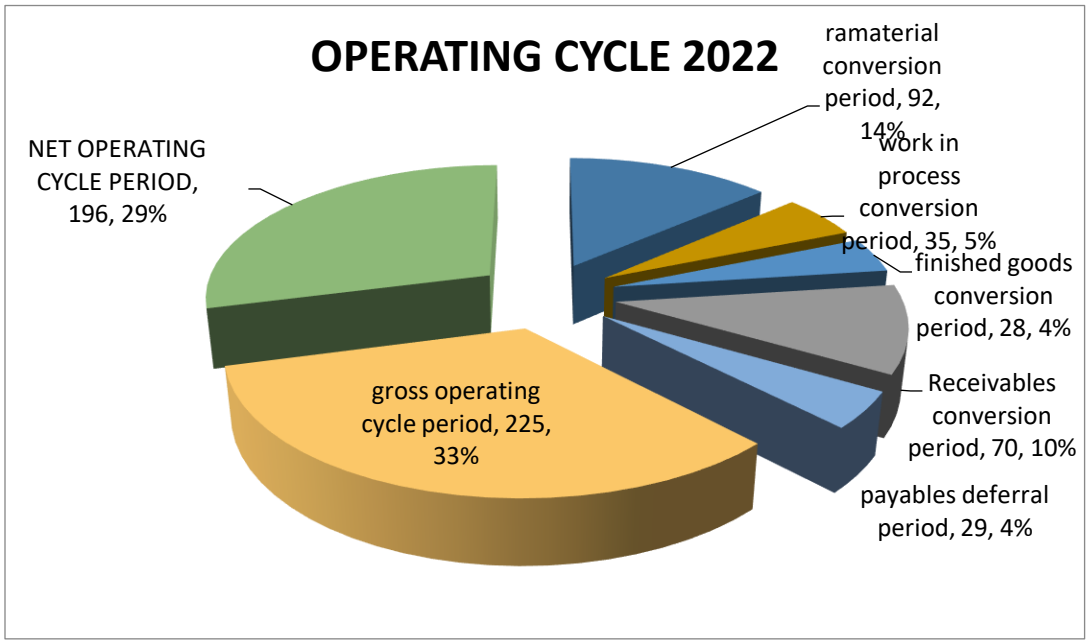


Chart No 2E



Interpretation:

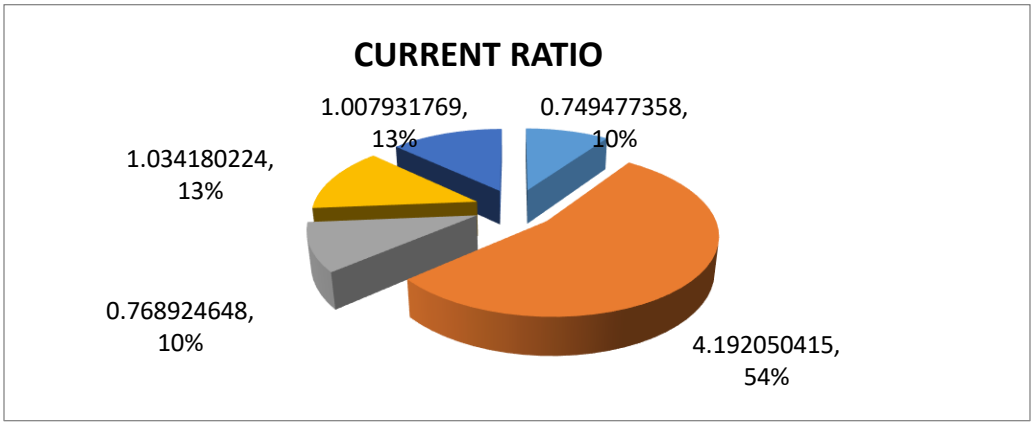
The WIPCP, FGCP, RCP, GOCP and NOCP has recorded minimum in 2018 with a gradual increasing trend from 2018 to 2020 and a downfall from 2020 to 2022 is witnessed the highest is recorded in the year 2020 for WIPCP, The PDP has recorded a minimum in 2018 and a gradual decrease from 2018 to 2022 is seen.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

TABLE NO 3

I	**liquidity ratio**

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

CHART NO 3



Interpretation:

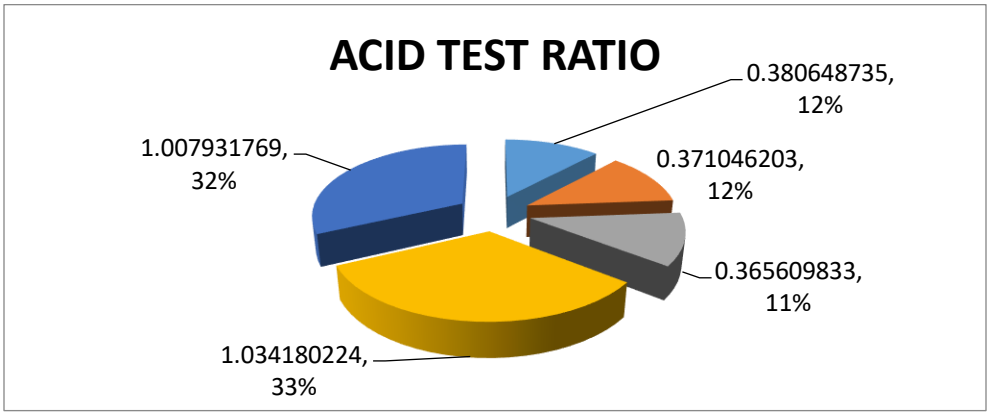
The current ratio project that there is an high increasing trend from 2018, 10% to 2019, 54% and then a slowdown in 2020 to 10% while a gradual increase seen in the year 2021 and remained constant in 2022 by 13%. The highest is seen in the year 2019, 54% and the least in the year 2018 & 2020 by 10%.

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
		Acid test ratio	**0.380648735**	**0.371046203**

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
0.365609833	**1.034180224**	**1.007931769**

CHART NO 4



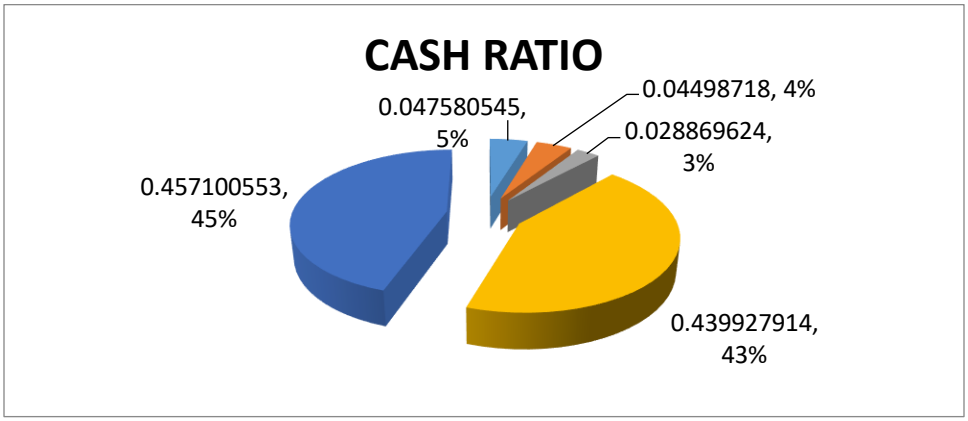
Interpretation

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 slippery in 2022. The highest acid test ratio is recorded in 2021 and the least in 2019.

TABLE NO 5

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

CHART NO 5



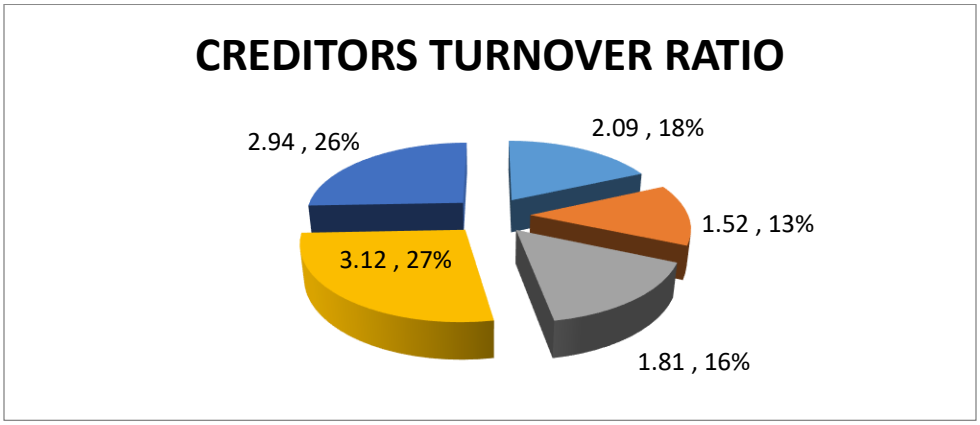
Interpretation:

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

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

CHART NO 6



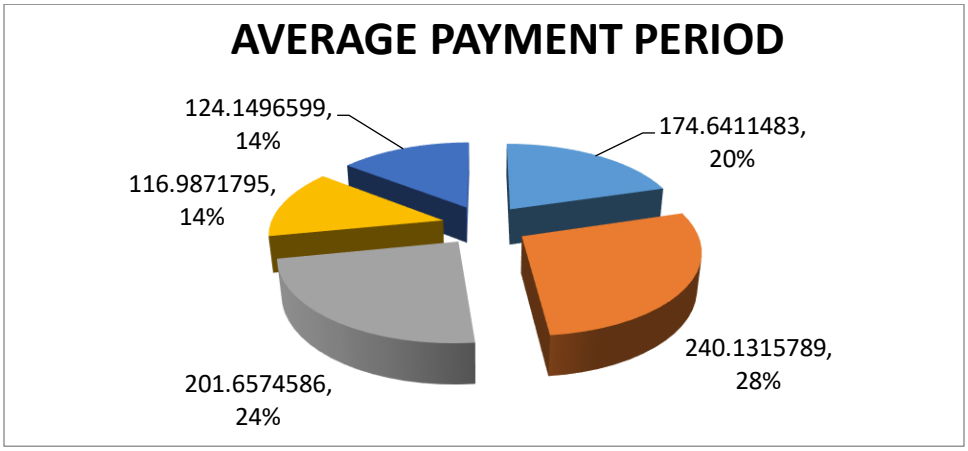
Interpretation

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

			2018	2019	2020	2021	2022
5	Average payment period	Number of working days	365	365	365	365	365
		Creditors turnover ratio	2.09	1.52	1.81	3.12	2.94
		Average payment period	**174.6411483**	**240.1315789**	**201.6574586**	**116.9871795**	**124.1496599**

CHART NO 7



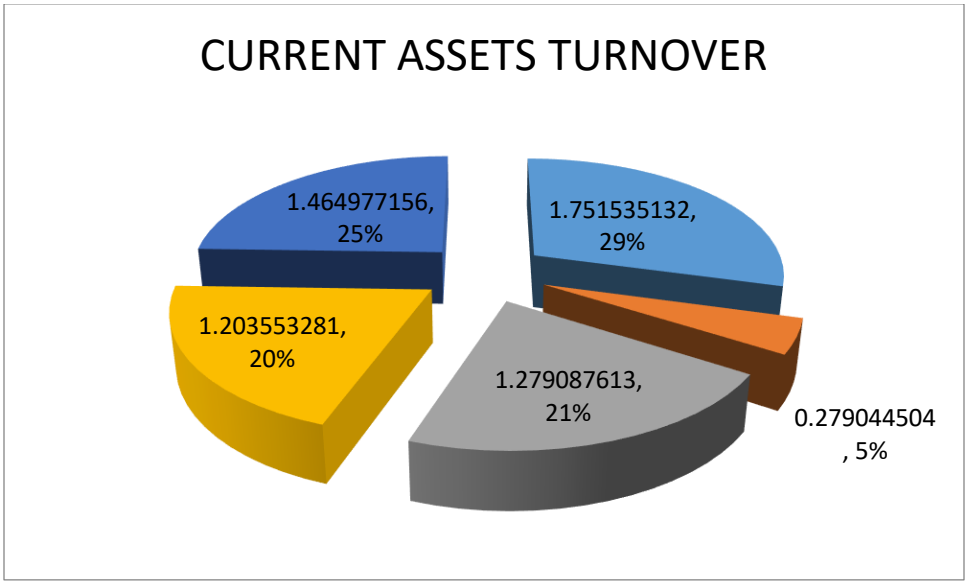
Interpretation

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

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

CHART NO 8



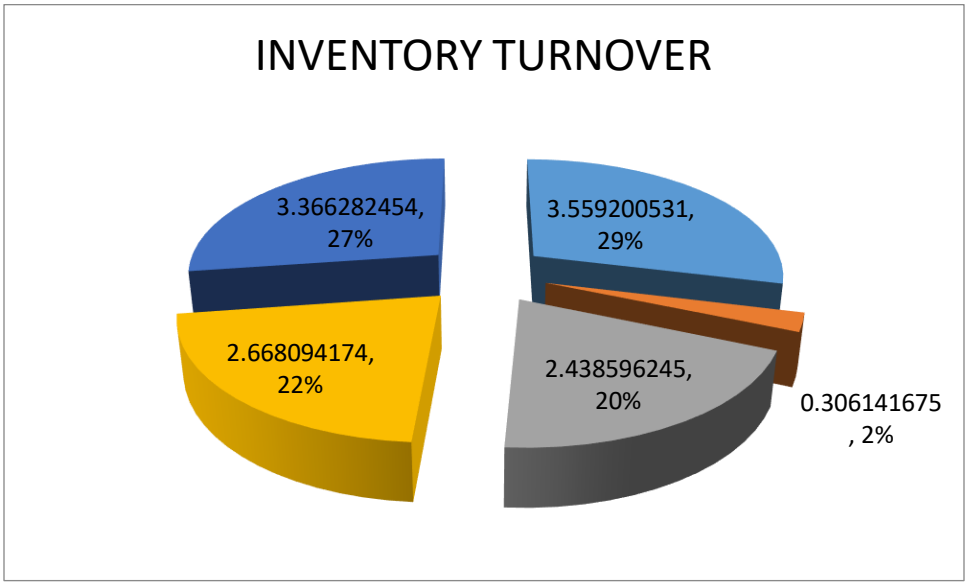
Interpretation

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

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

CHART NO 9



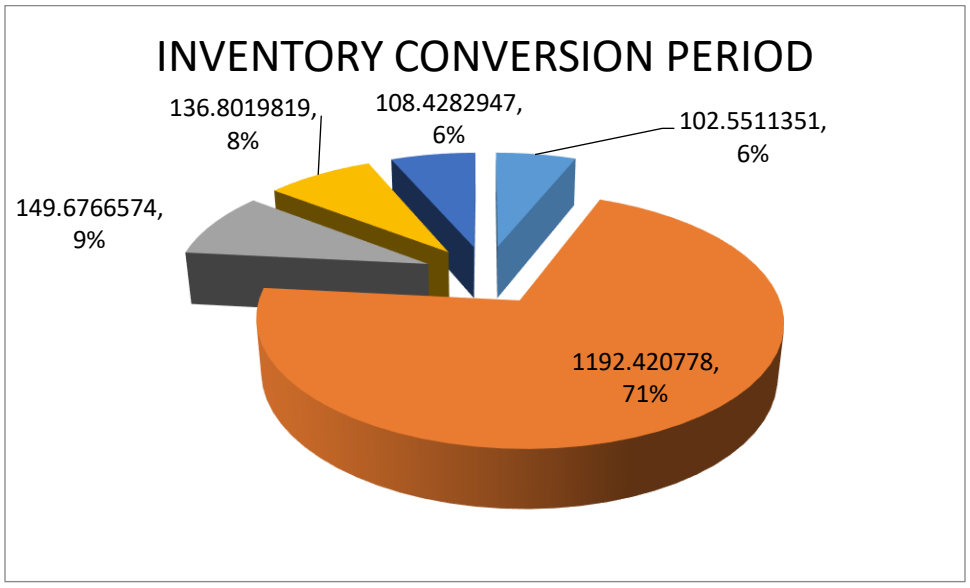
Interpretation:

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

			2018	2019	2020	2021	2022
3	Inventory conversion period	365 days	365	365	365	365	365
		Inventory turnover ratio	3.5592	0.3061	2.43859	2.66809	3.36628
		Inventory conversion period	**102.5511351**	**1192.420778**	**149.6766574**	**136.8019819**	**108.4282947**

CHART NO 10



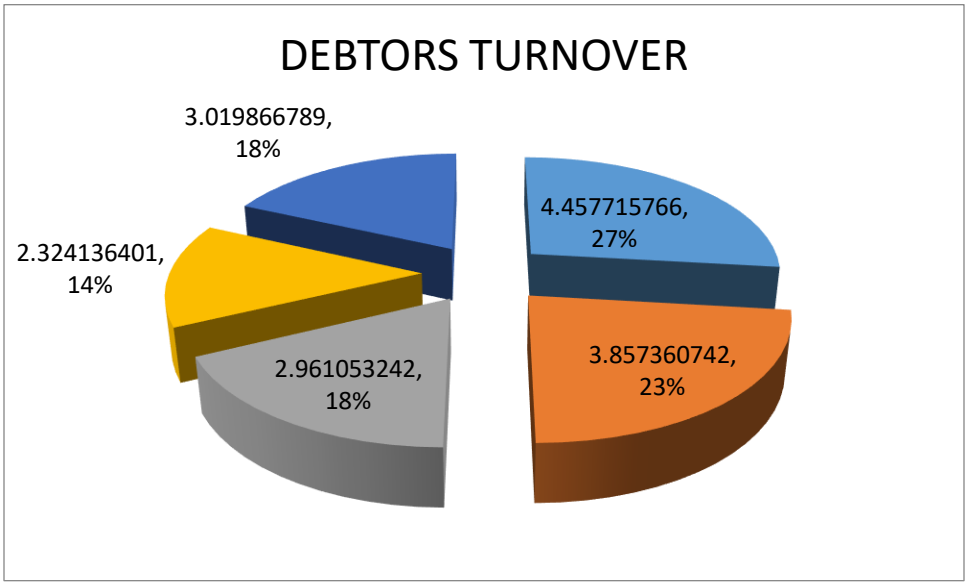
Interpretation

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

CHART NO 11



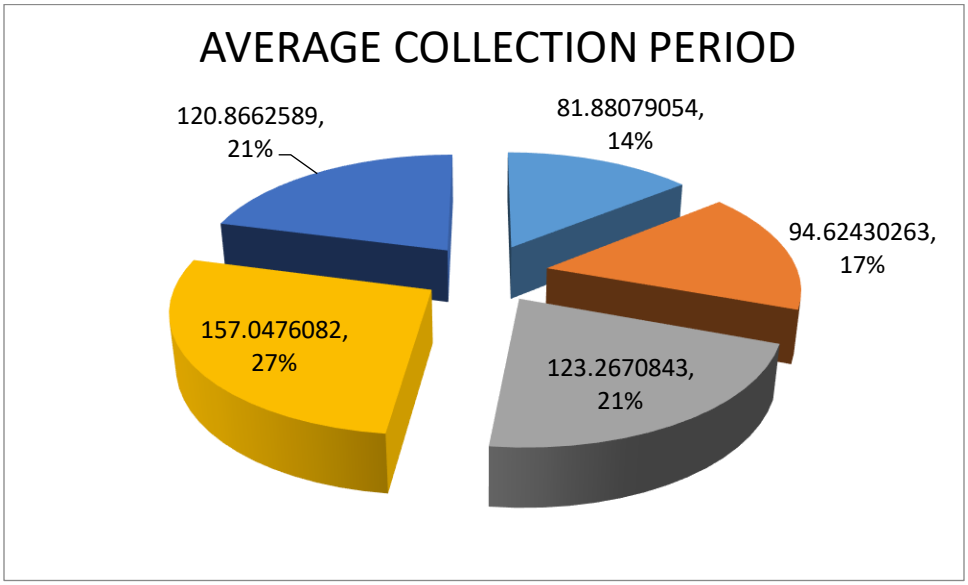
Interpretation:

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

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

CHART NO 12



Interpretation

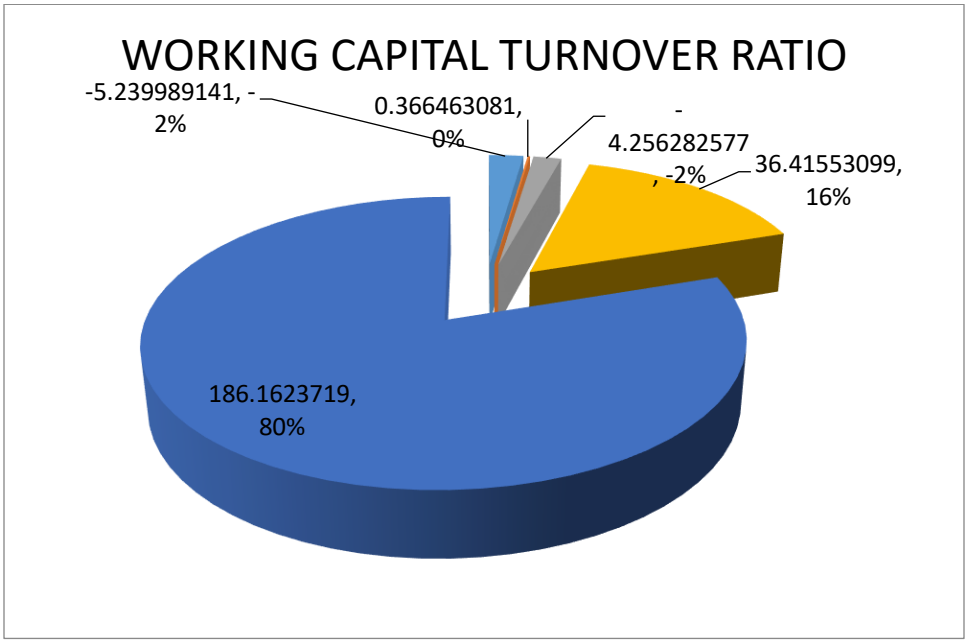
The average collection period projects that in the year 2018 is 81 days with a gradual increase over the years 2019 to 2021 and a slight slippery is recorded in the year 2022. The highest average collection period is recorded in the year 2021 and the least in 2018.

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
		Working capital turnover ratio	**-5.239989141**	**0.366463081**

2020	2021	2022
590,054,821.00	645,585,276.00	814,522,369.00
-138631496	17728295	4375333
-4.256282577	**36.41553099**	**186.1623719**

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 slippery 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 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.
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 slippery 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:

In the present scenario of cutthroat competition, the business does not have any other option then cutting the cost of its operations, for this effective management of working capital forms an important part of cost reduction. Any business unit's lifeblood is its working capital. Working capital means that capital which enables the working (operations of the organization) Working capital is required for the initial as well as regular operations. Its successful management has a greater impact on the company's success 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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