INTRODUCTION AND DESIGN OF THE STUDY

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INTRODUCTION

Finance is a specialized function and it draws heavily on other related functions.

Working capital is the life blood and nerve centre of a business. It is very essential to maintain the smooth running of a business. It is also referred to as "Circulating Capital". A study of working capital is of major importance to internal and external analysis because of its close relationship with the current day-day-day operations of a business. working capital is a financial metric which represents operating liquidity available to a business. It is a measure of both a company's efficiency and its short-term financial health.In accounting, working capital is the difference between the inflow and outflow of funds. In other words, it is the net cash flow. It is defined as the excess of current assets over current liabilities and provisions

.Classification or kinds of Working capital

Working capital may be classified in two ways:

- On the basis of Concept
- On the basis of Time

On the basis of concept, Working capital is classified as:

- Gross Working Capital
- Net Working Capital

On the basis of time, working capital may be classified as:

- Permanent or Fixed Working Capital
- Temporary or Variable Working Capital

REVIEW OF LITERATURE

Dhilsath Begam and Banu Priya(2005)[1] refers to the management of working capital, or precisely to the management of current assets.An insight view of the project will encompass what it is all about, what it aims to achieve, what is its purpose and scope, the various methods used for collecting data.

ohammad Morshedur Rahman(2006)[2] This study is designed to show the Profitability and Working Capital position of Textiles Industries, correlation between them and whether the profitability is affected by Working Capital Management.

Nyabwanga Robert Nyamao(2006)[3]analyzed using both descriptive and inferential statistics. The study also revealed that SSE financial performance was positively related to efficiency of cash management The study concluded that working capital management practices have influence on the financial performance of SSEs.

Naeem Ul Hassan(2008)[4] measures the performance by gross profit margin, return on asset, and return on equity are used to estimate the impact of working capital variables such as average age of inventory, average collection period, and average payment period.

Lalit Kumar Joshi and Sudipta Ghosh(2009)[5] examines the working capital performance of Cipla Ltd. Financial ratios are applied in measuring the working capital performance and statistical as well as econometric techniques are employed in order to assess the behaviourof the selected ratios.

Dr.R.Gowri(2010)[6]examined the working capital of Sugar Industries. It occupies an important place in the Indian economy.

Srinivas (2011)[7]described the working capital of Power Corporation Ltd.Without proper working capital management company cannot achieve its objectives and not possible to maintain financial soundness.

Mao Jingmeng (2012)[8]describedworking capital management. It shows its importance to the enterprise's development. This paper constructs a management system based on the modifying cycle of working capital management performance.

Hagberg (2012)[9]focus from growing revenues towards managing working capital could be observed in many companies in the recession that followed the financial crisis of 2008. The results show that there currently is a general gap between the perceived and actual performance regarding WCM and the effects on revenue growth.

Farrah Wahieda Kasiran(2014)[10]made with an attempt to analyze the efficiency of working capital management in the selected small-medium enterprise companies in Malaysia. The results reveal that the selected small medium enterprise company was less efficient in managing their working capital during this study period.

STATEMENT OF THE PROBLEM

The objective of working capital management is to ensure Liquidity and enhance Profitability. These two objectives are crucial in all working capital management decisions. For the day to day operations, we need funds to meet the day to day expenses, if proper liquidity is not maintained, it will be very difficult for the company to meet its liability. The working capital position is said to be good only when the Current Assets exceeds the Current Liability. Hence, the study is undertaken to analyze the Working Capital Management of SHARADHA Textile.

OBJECTIVES OF THE STUDY

- To analyze the Profitabilityposition of the company.
- To analyze the Liquidity position of the company.
- To assess the changes in Working Capital position of the company.

METHODOLOGY

Research methodology is a way to systematically solve the research problems. It may be understood as a science of studying how research is done scientifically. So the research methodology not only talks about the research methods but also considers the logic behind the method used in the context of the research study

Source of Data

The study is completely based on Secondary data. The Secondary data required is collected from the balance sheet of Sharadha Textile.

Tools for analysis

(I) Ratio analysis

Ratio analysis is a widely used tool of financial analysis. It is defined as the systematic use of ratio to interpret the financial statements so that the strength and weakness of a firm as well as its historical performance and current financial can be determined.

➢ **Liquidity Ratios**
- Current ratio
- Quick ratio
- Absolute Liquid ratio

➢ **Profitability Ratios**
- Gross profit ratio
- Net profit ratio
- Operating profit ratio
- Cost of Goods sold ratio
- Operating Expense ratio

➢ **Activity Ratios**
- Net Working Capital ratio
- Working Capital Turnover ratio
- Debtors Turnover ratio
- Asset Turnover ratio
- Stock Turnover ratio

(II) Schedule of changes in Working Capital

(III) Statistical Tools

➢ Mean
➢ Standard Deviation
➢ Co-efficient of variation

Period of Study

The study covers a period of 5 years starting from 2021-22 to 2024-25.

SCOPE OF THE STUDY

The study attempts to analyse the working capital management of the company in order to retain their standard in the organization. It examines the profitability and liquidity position of the company.

IMPORTANCE OF THE STUDY

- The study helps to know the Profitability and Liquidity position of the concern for the last five years.
- The study helps to know how efficiently the Working capital is used and controlled.
- The present study helps to compare the balance sheet of every year to know the performance of the company.

LIMITATIONS OF THE STUDY

- The Study is confined to a period of five years within which no one can make appropriate decision about the company.
- The Reliability and validity of the study basically depends upon the validity of the data provided in the Financial Statement.

INTRODUCTION OF SHARADHA TEXTILE

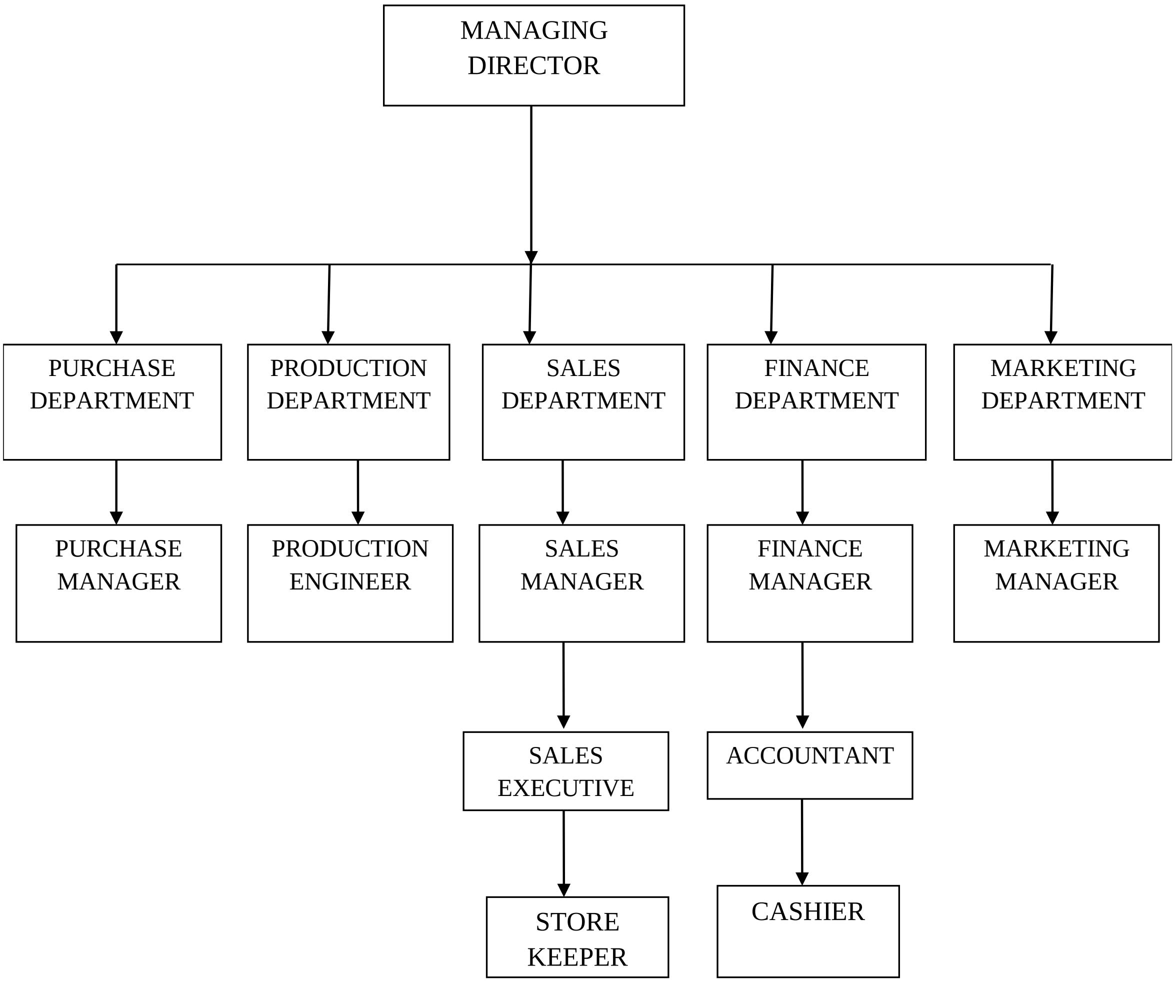
SHARADHA TEXTILE

Sharadha Textile is one of the leading companies started in Namakkal District in the year 2000. It is a Manufacturing Concern. It is located at Komarapalyam. It is a Sole Trader concern started and owned by S.SHARADHA. The Company produces nearly six varieties of product. The company is involved in manufacture of Cotton Cloth and Cotton Bags. The company specializes in manufacturing fashionable and low-impact clothing solutions. The Textile ensures close relationship with the customers by delivering the agreed products effectively. They produce quality product to their customer. The company retains customers by providing best services. It is a low tension company with 72 staffs. They understand the customer's requirement and are capable of manufacturing cloths as per their needs. Sharadha Textile ensures close relationship with the customers by delivering the agreed products effectively. The team comprises of professional with related knowledge and expertise to fulfil all the customer's requirements.

5 Various Departments

- Purchase Department
- Production Department
- Sales Department
- Quality control Department
- Accounts and finance Department
- Human Resource Department

ORGANISATIONAL CHART



ANALYSIS AND INTERPRETATION

RATIO ANALYSES

The ratio analysis helps the management to analyze the past performance of the firm and to make further projections. The ratio analysis is made under:

- Liquidity ratio
- Profitability ratio
- Activity ratio

LIQUIDITY RATIO

CURRENT RATIO

This ratio is an indicator of the firm's commitment to meet its short-term liability. It is expressed as follows:

Current Ratio = Current Asset / Current Liability

TABLE

CURRENT RATIO

YEAR	CURRENT ASSET (R.s in Cr)	CURRENT LIABILITY (R.s in Cr)	RATIO
2021	15741.90	10140.40	1.55
2022	17452.00	12919.60	1.35
2023	18020.80	13802.30	1.30
2024	22098.20	16044.90	1.37
2025	17215.70	17840.80	0.96
		Mean	1.31
		S.D	0.22
		CV (%)	16.79

Source: Computed and computed from the balance sheet of Sharadha textile

CHART

CURRENT RATIO

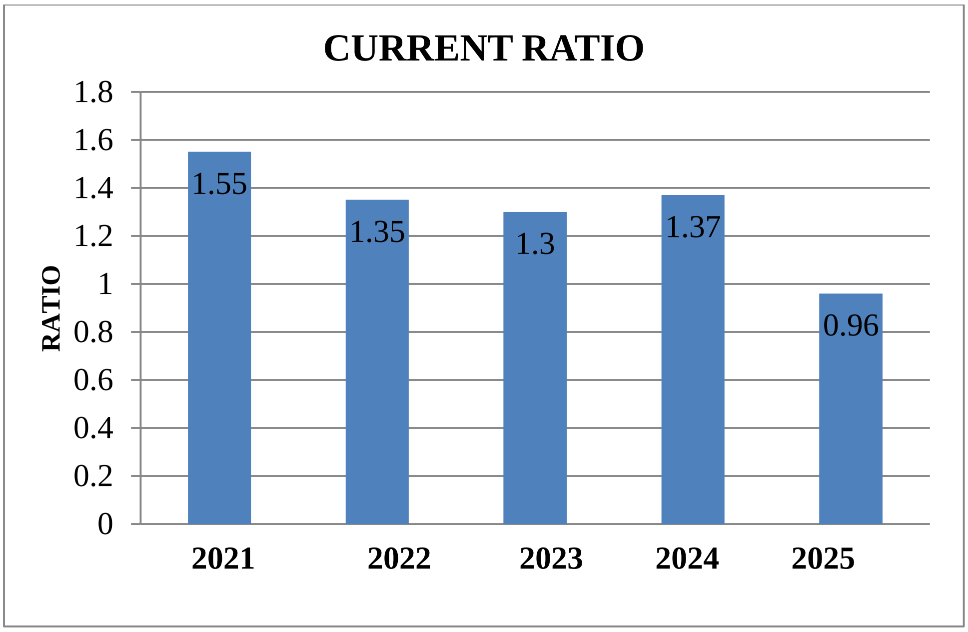


Table indicates the current ratio during the study period 2021 to 2025. The Mean is1.31, Standard Deviation is0.22and Coefficient of Variation is16.79%**.**The Standard Norm of current ratio is 2:1. Therefore, it is not satisfactory. The Current Ratio is declining, so the company should make new policy about current financial obligations.

LIQUID RATIO

This ratio is ascertained by comparing the liquid assets to current liabilities or liquid liabilities.

Liquid ratio = Liquid Assets / Liquid Liabilities

TABLE

LIQUID RATIO

YEAR	LIQUIDASSET (Rs. in Cr)	CURRENT LIABILITY (Rs. in Cr)	RATIO
2021	14326.90	10140.40	1.41
2022	15655.50	12919.60	1.21
2023	16180.10	13802.30	1.17
2024	20392.3	16044.90	1.27
2025	14604.3	17840.80	0.81
		Mean	1.17
		S.D	0.22
		CV (%)	19

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

LIQUID RATIO

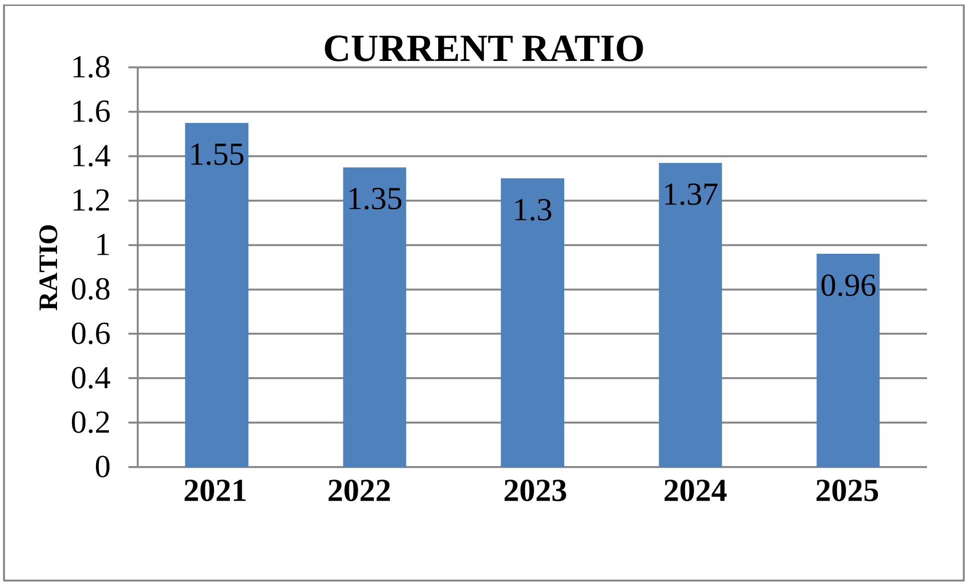


Table indicates the Liquid ratio during the study period 2021 to 2025.The Mean is1.17 Standard Deviation is0.22and Coefficient of Variation is 19%.The Standard Norm of Quick Ratio is 1:1. The quick Ratio of Sharadha Textile is Satisfactory. The firm is having a downward trend, so the company should make decision to overcome an ideal ratio.

ABSOLUTE LIQUID RATIO

It is the ratio of absolute liquid asset to quick liabilities. It is taken as ratio of absolute liquid assets to current liabilities.

Absolute Liquid ratio = (Cash + Marketable securities) / Current liability

TABLE

ABSOLUTE LIQUID RATIO

YEAR	CASH AND BANK (Rs. in Cr)	CURRENT LIABILITY (Rs. in Cr)	RATIO
2021	2508.50	10140.40	0.24
2022	2436.10	12919.60	0.18
2023	775.00	13802.30	0.05
2024	629.70	16044.90	0.03
2025	18.3	17840.80	0.001
		Mean	0.10
		S.D	0.10
		CV	10.4%

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

ABSOLUTE LIQUID RATIO

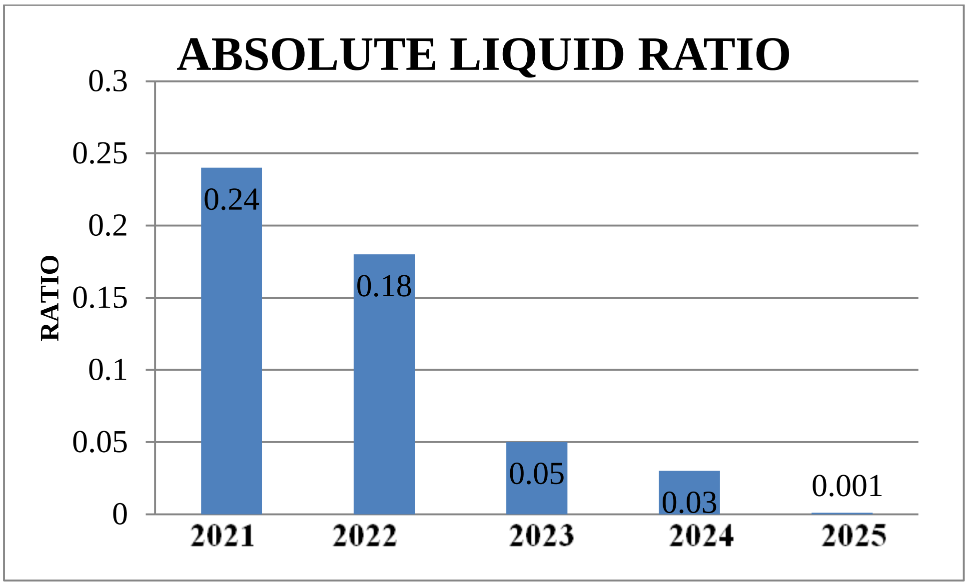


Table indicates the Super Quick ratio during the study period 2021 to2025. The Mean is0.10, Standard Deviation is 0.10 and Coefficient of Variation is 10.4%. The Standard Norm of Super Quick Ratio is 0.5:1. There is lack of cash, so the company is havinga downward trend. Super quick ratio is not satisfactory. So the company need to take action to meet healthy cash position.

PROFITABILITY RATIO

The purpose of study and analysis of profitability ratios are to help assessing the adequacy of profits earned by the company and also to discover whether profitability is increasing or declining.

GROSS PROFIT RATIO

This ratio expresses relationship between gross profit and net sales.

Gross profit ratio = (Gross profit / Sales)*100

TABLE

GROSS PROFIT RATIO

YEAR	GROSS PROFIT (Rs in Cr)	SALES (Rs in Cr)	RATIO (%)
2021	3638.50	36618.40	9.93
2022	2470.30	35587.10	6.94
2023	4185.80	43587.90	9.60
2024	5152.80	43791.80	11.76
2025	6643.80	49970.60	13.29
		Mean	10.30
		S.D	2.40
		CV (%)	23.30

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

GROSS PROFIT RATIO

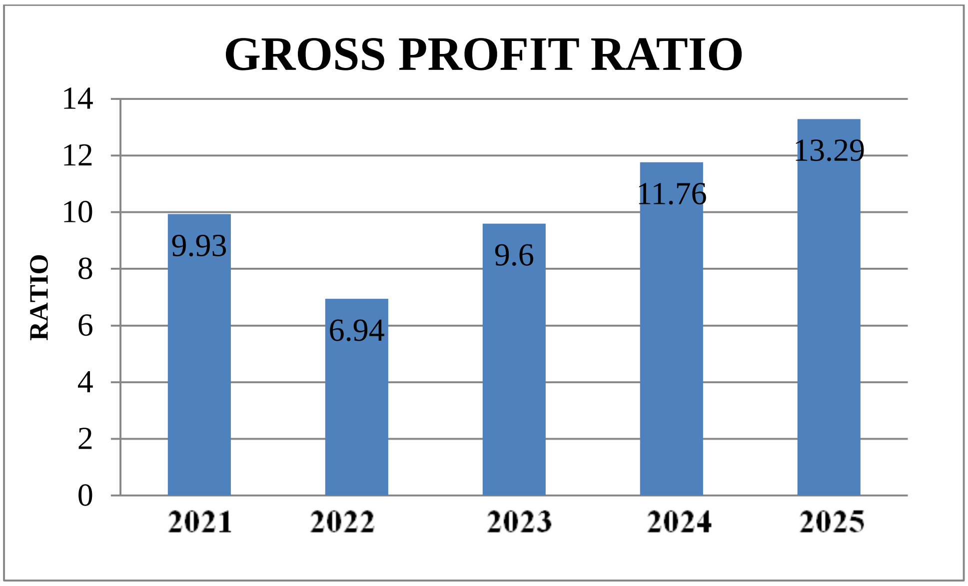


Table indicates the Gross Profit ratio during the study period 2021 to 2025. The Mean is10.30, Standard Deviation is2.40and Coefficient of Variation is23%. The Gross Profit Ratio is increasing during the study period.

OPERATING PROFIT RATIO

This ratio expresses relationship between operating profit and net sales. This ratio is the indicator of basic profitability.

OPERATING PROFIT RATIO = (Operating Profit / Sales)*100

TABLE

OPERATING PROFIT RATIO

YEAR	OPERATING PROFIT (Rs. in Cr)	NET SALES (Rs. in Cr)	RATIO (%)
2021	4147.30	36618.40	11.32
2022	3339.80	35587.10	9.38
2023	5042.00	43587.90	11.56
2024	5918.80	43791.80	13.51
2025	7544.50	49970.60	15.09
		Mean	12.17
		S.D	2.19
		CV (%)	18

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

OPERATING PROFIT RATIO

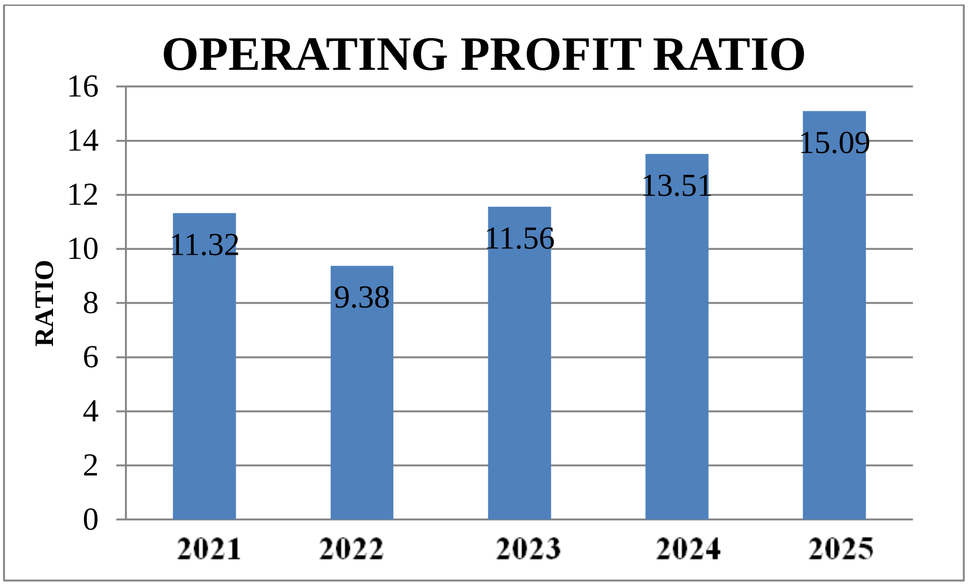


Table indicates the Operating Profit ratio during the study period 2021 to 2025. The Mean is12.17; Standard Deviation is 2.19 and Coefficient of Variation is18%. The Operating Profit ratio is Satisfactory, because it is in an increasing trend. The company has fluctuating trend, so the company should make decision to reduce expenses.

NET PROFIT RATIO

This ratio expresses relationship between Net Profit and Net sales.

NET PROFIT RATIO = (NET PROFIT / Sales)*100

TABLE

NET PROFIT RATIO

YEAR	NET PROFIT (Rs. in Cr)	NET SALES (Rs. in Cr)	RATIO (%)
2021	2288.60	36618.40	6.24
2022	1635.20	35587.10	4.55
2023	2392.10	43587.90	5.48
2024	2783.00	43791.80	6.35
2025	3711.20	49970.60	7.42
		Mean	6.02
		S.D	0.94
		CV (%)	15.68

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

NET PROFIT RATIO

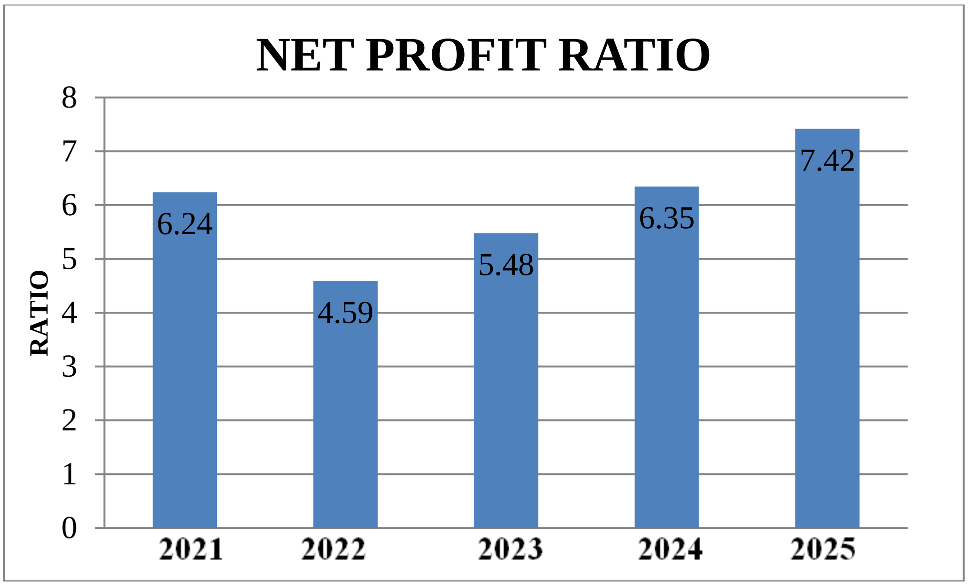


Table indicates the Net Profit ratio during the study period 2021 to 2025. The Mean is 6.02, Standard Deviation is 0.94and Coefficient of Variation is 15.68%.There is an increasing trend in Net Profit ratio.

COST OF GOOD SOLD RATIO

This ratio expresses relationship between Costs of goods sold and net sales. This ratio is the indicator of basic profitability.

COST OF GOODS SOLD RATIO = (Cost of goods sold / Net sales)*100

TABLE

COST OF GOODS SOLD RATIO

YEAR	COST OF GOODS SOLD (Rs. in Cr)	NET SALES (Rs. in Cr)	RATIO (%)
2021	4253.10	36618.40	11.61
2022	3908.20	35587.10	10.98
2023	5502.10	43587.90	12.52
2024	5178.00	43791.80	11.82
2025	5163.00	49970.60	10.33
		Mean	11.45
		S.D	0.83
		CV (%)	7

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

COST OF GOODS SOLD RATIO

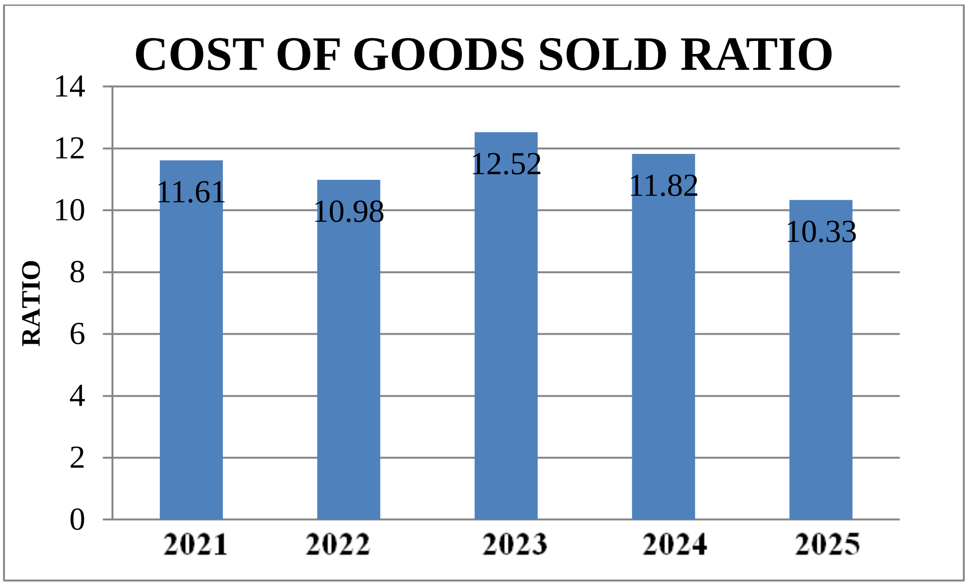


Table indicates the Cost of Goods Sold ratio during the study period 2021 to 2025. The Mean is 11.45, Standard Deviation is 0.83 and Coefficient of Variation is 7%. The Cost of Goods sold ratio is fluctuating during the study period. Therefore, the company has to reduce cost of goods to increase profit.

OPERATING EXPENSES RATIO

This ratio expresses relationship between Operating expenses, Selling expenses and Net sales.

OPERATING EXPENSES RATIO = ((Administration expenses + Selling expenses) / Net sales)*100

TABLE

OPERATING EXPENSES RATIO

YEAR	AD.EXP+SEL.EXP (Rs. in Cr)	NET SALES (Rs. in Cr)	RATIO (%)
2021	1071.57	36618.40	2.92
2022	1104.29	35587.10	4.30
2023	1324.32	43587.90	3.10
2024	1338.91	43791.80	3.05
2025	1620.30	49970.60	3.24
		Mean	3.32
		S.D	0.56
		CV (%)	17

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

OPERATING EXPENSES RATIO

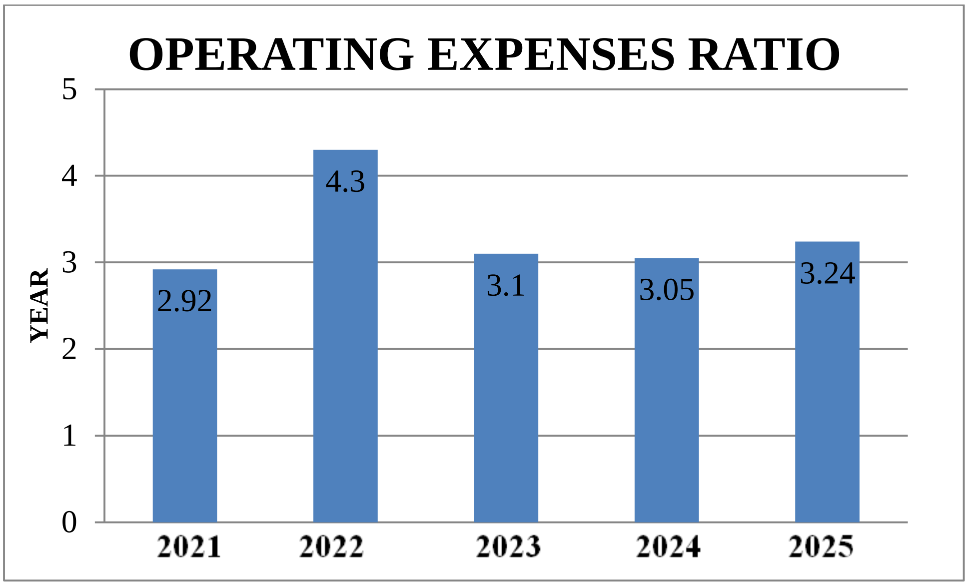


Table indicates the Operating Expenses ratio during the study period 2021 to 2025. The Mean is3.32, Standard Deviation is0.56 and Coefficient of Variation is17%. The Operating Expenses ratio is increasing.

Asset Management/Activity /Turnover Ratio

Asset management ratios measure how effectively the firm employs its resources.

ASSET TURNOVER RATIO

This ratio indicates the number of times total assets are being turned over in a year. This ratio shows the ability to generate sales per rupee of total assets.

Asset turnover ratio = Net Sales / Total Asset

TABLE

ASSET TURNOVER RATIO

YEAR	NET SALES (Rs. in Cr)	TOTAL ASSET (Rs. in Cr)	RATIO (Times)
2021	36618.40	24546.80	1.49
2022	35587.10	28675.20	1.24
2023	43587.90	33809.00	1.28
2024	43791.80	38506.50	1.13
2025	49970.60	42568.80	1.17
		Mean	1.26
		S.D	0.14
		CV (%)	11

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

ASSET TURNOVER RATIO

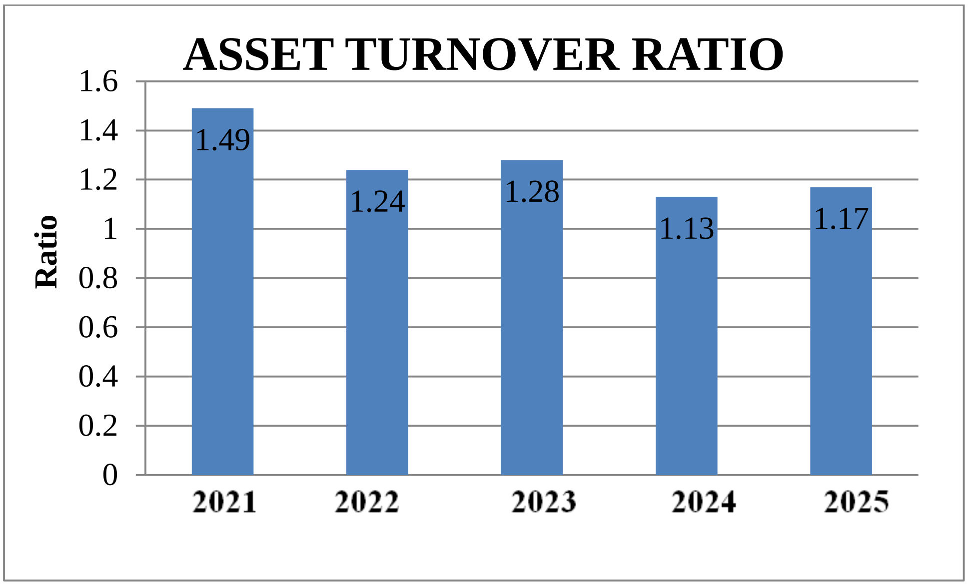


Table indicates the Asset Turnover ratio during the study period 2021 to 2025. The Mean is1.26, Standard Deviation is0.14 and Coefficient of Variation is11%.This shows a downward trend for asset turnover ratio. It indicates that the company is losing manufacturing strength. So the company shouldtake decision about manufacturing strength.

DEBTORS TURNOVER RATIO

It indicates the speed of collection of credit sales divided in to debtors.

Debtors turnover ratio = Total Sales / Debtors

TABLE

DEBTORS TURNOVER RATIO

YEAR	TOTAL SALES (Rs. in Cr)	DEBTORS (Rs. in Cr)	RATIO (Times)
2021	36618.40	1309.20	27.97
2022	35587.10	1236.90	28.71
2023	43587.90	1389.90	31.37
2024	43791.80	1823.90	24.01
2025	49970.60	1515.60	32.97
		Mean	29.01
		S.D	3.44
		CV (%)	12

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

DEBTORS TURNOVER RATIO

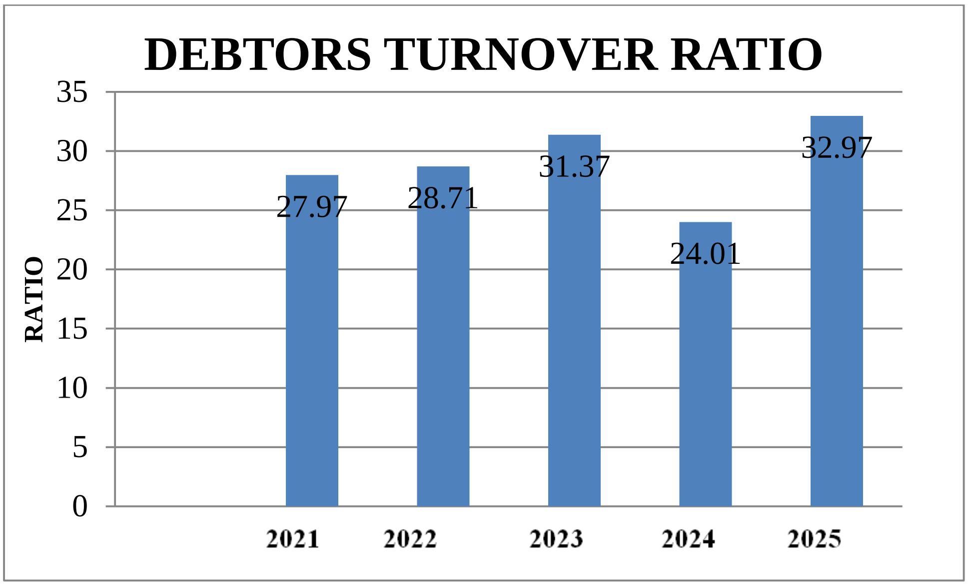


Table indicates the Debtors Turnover ratio during the study period2021 to 20254. The Mean is29.01, Standard Deviation is3.44 and Coefficient of Variation is12%. Debtors Turnover ratio is fluctuating. The company should make new deal with the debtors.

NET WORKING CAPITAL RATIO

This ratio shows how the net working capital is covered by the fixed asset.

Net working capital ratio = Net working capital / Net asset

TABLE

NET WORKING CAPITAL RATIO

YEAR	NET WORKING CAPITAL (Rs. in Cr)	NET ASSET (Rs. in Cr)	RATIO (Times)
2021	5601.50	24546.80	0.22
2022	4531.70	28675.20	0.15
2023	4218.50	33809.00	0.12
2024	6053.3	38506.50	0.15
2025	625.1	42568.80	0.01
		Mean	0.13
		S.D	0.08
		CV (%)	59

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

NET WORKING CAPITAL RATIO

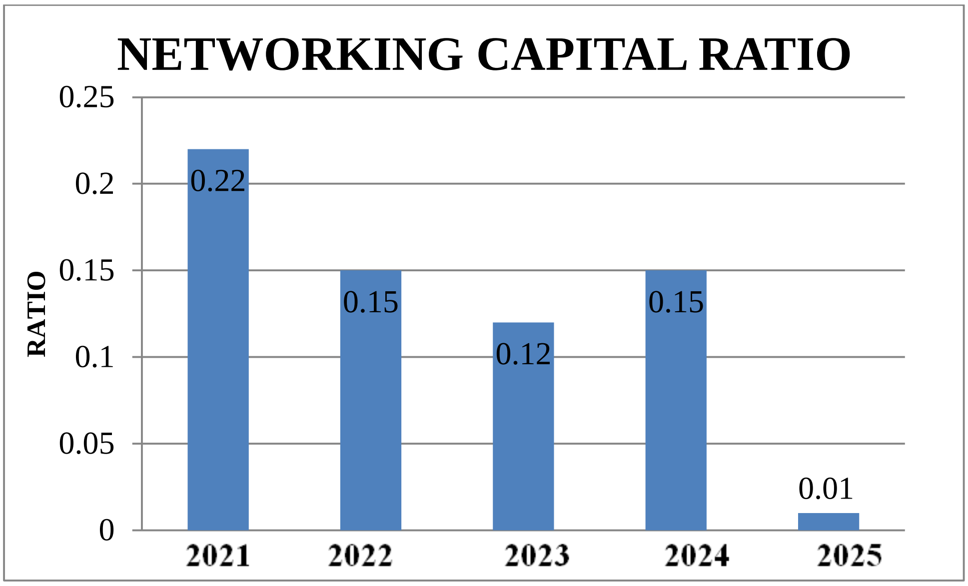


Table indicates the Net Working Capital ratio during the study period 2021 to 2025. The Mean is 0.13; Standard Deviation is0.08and Coefficient of Variation is59%. The Net working capital ratio is declining. The current liability is higher than the current assets. So, the company has to increase the current assets. A decline trend in the ratio indicates diversion of current funds to long term assets. The firm having downward trend so makes new working capital policy.

STOCK TURNOVER RATIO

Stock turnover ratio indicates whether investment in inventory is efficiently used or not. The formula is

Stock turnover ratio = Cost of goods sold / Inventory

TABLE

STOCK TURNOVER RATIO

YEAR	COST OF GOODS SOLD (R.s in Cr)	INVENTORY (R.s in Cr)	RATIO (Times)
2021	4253.10	1415.00	3.01
2022	3908.20	1796.50	2.17
2023	5502.10	1840.70	2.98
2024	5178.00	1705.90	3.03
2025	5163.00	2615.00	1.97
		Mean	2.63
		S.D	0.52
		CV (%)	20

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

STOCK TURNOVER RATIO

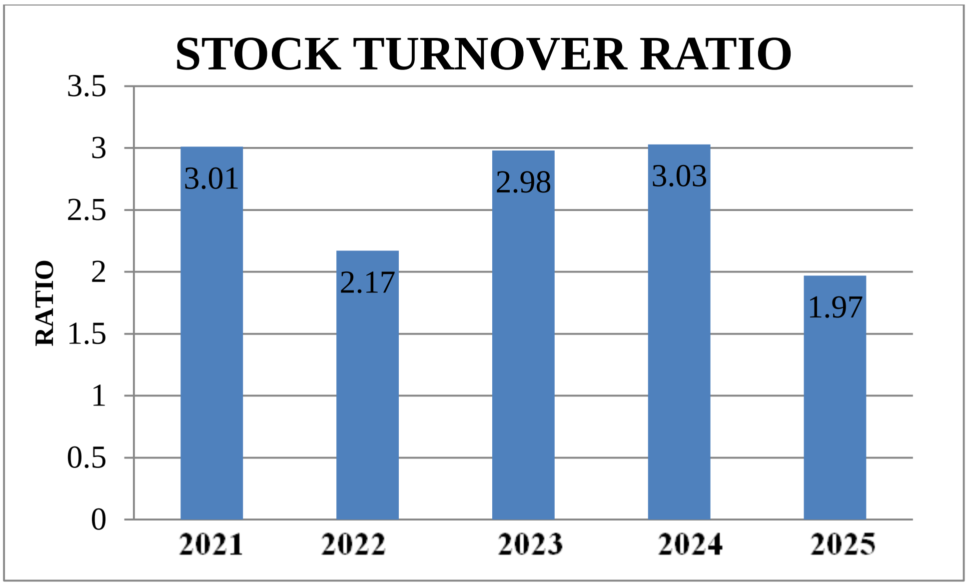


Table indicates the Stock Turnover ratio during the study period 2021 to 2025. The Mean is2.63, Standard Deviation is 0.52and Coefficient of Variation is20%. Stock turnover ratio is fluctuating during the study period.So the company should take decision about unnecessary tie – up of funds.

NET WORKING CAPITAL TURNOVER RATIO

This ratio indicates, the extent of working capital turned over in achieving sales of the firm. The significance of this ratio tells that the ability to generate sales per rupee of working capital. This ratio is calculated as follows.

Net working capital turnover ratio = Sales / Net working capital

TABLE

NET WORKING CAPITAL TURNOVER RATIO

YEAR	SALES (Rs. in Cr)	NET WORKING CAPITAL (Rs. in Cr)	RATIO
2021	36618.40	5601.50	6.53
2022	35587.10	4531.70	7.85
2023	43587.90	4218.50	10.33
2024	43791.80	6053.30	7.23
2025	49970.60	6125.10	8.15
		Mean	8.02
		S.D	1.43
		CV (%)	18

Source: Computed and compiled from Balance Sheet of Sharadha Textile

CHART

NET WORKING CAPITAL TURNOVER RATIO

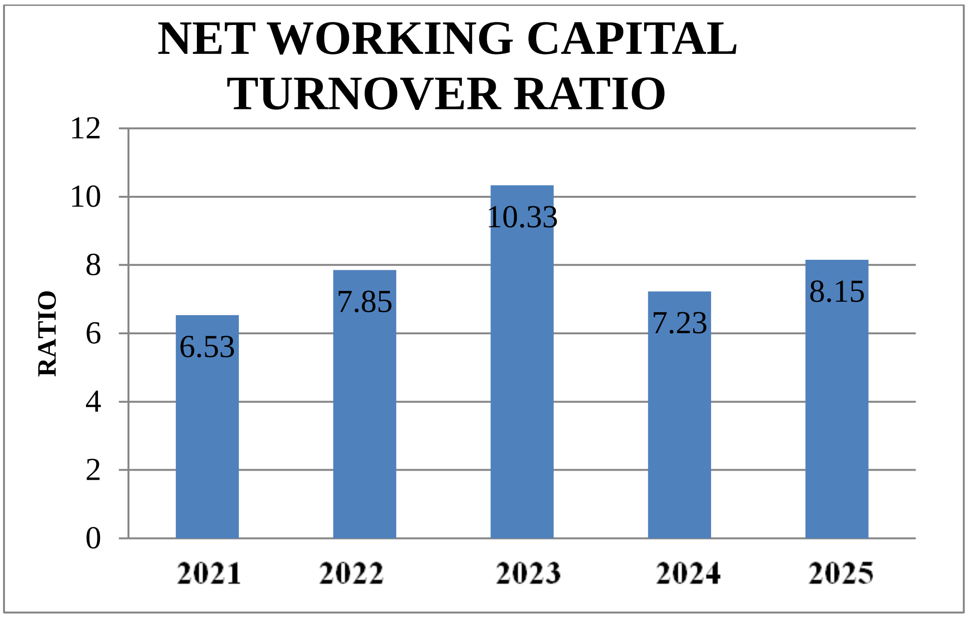


Table indicates the Net Working Capital Turnover ratio during the study period 2021 to 2025. The Mean is8.02, Standard Deviation is1.43and Coefficient of Variation is18%. Net working capital turnover ratio is fluctuating. This ratio relates sales and net working capital base. A low ratio indicates that the firm is engaged in overtrading. It creates insolvency to the firm. So the company should take action to overcome the current trade practices.

SCHEDULE OF CHANGES IN WORKING CAPITAL

Statement of changes in working capital is prepared to show the changes in the working capital between the two balance sheets dates. This statement is prepared with the help of current assets and current liabilities derived from the two balance sheets. The change in the amount of any current asset or current liability in the current balance sheet as compared to that of the previous balance sheet either results in increase or decrease in working capital.

TABLE

SCHEDULE OF CHANGES IN WORKING CAPITAL (2021– 2022)

PARTICULARS	2021	2022	INCREASE	DECREASE
CURRENT ASSETS				
Current Investments	3995.60	4754.10	758.50	
Inventories	1415.00	1796.50	381.50	
Cash & Bank balance	2508.50	2436.10		72.40
Other Current Assets	193.00	376.40	183.40	
Loans	6805.30	7151.30	346.00	
Advance	824.00	937.6	113.60	
Total Current Assets	15741.90	17452.30		

CURRENT LIABILITIES				
Trade Payable	2608.30	3349.90		741.60
Other Current Liability	993.00	1589.20		596.20
Short term Borrowings	31.20	1078.30		1047.00
Provision	6507.90	6902.20		394.3
Total Current Liabilities	10140.40	12919.60		
Total working capital	5601.5	4532.4		
Decrease		**1069.1**		1069.1
	5601.5	5601.5	2852.1	2851.6

From the table, it can be inferred that the working capital is decreased during the study period 2021 – 2022. The working capital in the year 2021is 5601.5 and 2022 is 4532.4. The differences of working capital are 1069.1. It can also be seen that there is a net decrease in the working capital due to the decrease in current assets and increase in the current liabilities.

TABLE

SCHEDULE OF CHANGES IN WORKING CAPITAL (2022 - 2023)

PARTICULARS	2022	2023	INCREASE	DECREASE
CURRENT ASSETS				
Current Investments	4754.10	5204.80	450.70	
Inventories	1796.50	1840.70	44.2	
Cash & Bank balance	2436.10	775.00		1661.10
Other Current Assets	376.40	540.30	163.90	
Loans	7151.30	8190.10	1038.80	
Advance	937.6	1469.90	532.3	
Total Current Assets	17452.30	18020.80		
CURRENT LIABILITIES				
Trade Payable	3349.90	4157.90		808.00
Other Current Liability	1589.20	1075.10		514.10
Short term Borrowings	1078.30	846.30		232.00
Provision	6902.20	7723.00		820.80
Total Current Liabilities	12919.60	13802.30		
Total working capital	4532.4	4218.50		
Decrease		**313.20**	313.20	
	4532.4	4532.4	3289.20	3289.20

From the table, it is understood that there is a decrease in working capital. In the year 2022 is 4532.4 and 2023 is 4218.50 and the difference is 313.20.The working capital of the company is not up to the expected level.The company should take better steps to increase the working capital.

TABLE

SCHEDULE OF CHANGES IN WORKING CAPITAL (2023 - 2024)

PARTICULARS	2023	2024	INCREASE	DECREASE
CURRENT ASSETS				
Current Investments	5204.80	8813.10	3608.30	
Inventories	1840.70	1705.90		134.80
Cash & Bank balance	775.00	629.70		145.30
Other Current Assets	540.30	377.90		162.4
Loans	8190.10	9157.90	967.80	
Advance	1469.90	1413.7		56.20
Total Current Assets	18020.80	22098.20		
CURRENT LIABILITIES				
Trade Payable	4157.90	4897.50		739.60
Other Current Liability	1075.10	1338.20		263.10
Short term Borrowings	846.30	1224.70		378.40
Provision	7723.00	8584.50		861.50
Total Current Liabilities	13802.30	16044.90		
Total working capital	4218.50	6053.30		
Increase	**1834.8**			1834.8
	6053.30	6053.30	4576.10	4576.10

From the table it is understood that there is increase in working capital. The working capital is increased compared to previous year. During the study period 2023 the working capital is 4218.50 and 2024 is 6053.30. The difference in working capital is 1834.8.There is a net increase in the working capital due to the increase in current asset and reduction in the current liabilities.

TABLE

SCHEDULE OF CHANGES IN WORKING CAPITAL (2024- 2025)

PARTICULARS	2024	2025	INCREASE	DECREASE
CURRENT ASSETS				
Current Investments	8813.10	2996.40		5816.7
Inventories	1705.90	2615.00	909.10	
Cash & Bank balance	629.70	18.30		611.40
Other Current Assets	377.90	325.60		52.30
Loans	9157.90	10190.60	1032.70	
Advance	1413.7	1069.8		343.90
Total Current Assets	22098.20	17215.70		
CURRENT LIABILITIES				
Trade Payable	4897.50	5561.40		
Other Current Liability	1338.20	1865.80		
Short term Borrowings	1224.70	35.40		
Provision	8584.50	9128.00		
Total Current Liabilities	16044.90	17840.80		
Total working capital	6053.30	625.10		
Decrease		**5428.20**	5428.20	
	6053.30	6053.30	8559.30	8559.30

From the table, it is understood that there is a decrease in working capital. In the year 2024 is 6053.30 and 2025 is 8559.30 and the difference is 625.10. The working capital of the company is not up to the expected level. The company should take better steps to increase the working capital.

FINDINGS, SUGGESSTIONS and CONCLUSION

FINDINGS

Liquidity Ratio

➢ The average current ratio during the study period 2021 to 2025 is1.31, Standard Deviation is 0.22 and Coefficient of Variation is 16.79%. The Standard Norm of current ratio of 2:1. The current ratio of the company is in downward trend. The standard Norm of current ratio 2:1. It is not satisfactory. The current asset is not enough to meet its short-term obligations.

➢ The average Liquid ratio during the study period 2021 to 2025 is 1.17 Standard Deviation is 0.22 and Coefficient of Variation is 19%. The Standard Norm of Quick Ratio is 1:1. The Liquid Ratio is fluctuating in the study period. The liquid ratio is not satisfactory. Sharadha textile does not have liquid assets for meeting its liabilities.

➢ The average Super Quick ratio during the study period 2021 to2025 is 0.10, Standard Deviation is 0.10 and Coefficient of Variation is 10.4%. The Standard Norm of Super Quick Ratio is 0.5:1. Super quick ratio is not satisfactory.There is lack of cash, so the company is havinga downward trend. Super Quick Ratio during the study period is downward in the firm.

Profitability ratio

➢ The Gross Profit ratio during the study period 2021 to 2025, Mean is 10.30, Standard Deviation is 2.40 and Coefficient of Variation is 23%. The Gross Profit Ratio is increasing during the study period. The cost of goods sold is More.The Company has a downward trend in gross profit ratio and it indicates the sickness of the company.

➢ The Operating Profit ratio during the study period 2021 to 2025, Mean is 12.17, Standard Deviation is 2.19 and Coefficient of Variation is 18%. The Operating Profit ratio is Satisfactory, because it is in an increasing trend. The company has fluctuating trend, so the company should make decision to reduce expenses.

➢ The Net Profit ratio during the study period 2021 to 2025, Mean is 6.02, Standard Deviation is 0.94 and Coefficient of Variation is 15.68%.There is an increasing trend in Net Profit ratio. Because the expenses is high.

➢ The Cost of Goods Sold ratio during the study period 2021 to 2025 Mean is 11.45, Standard Deviation is 0.83 and Coefficient of Variation is 7%. The Cost of Goods sold ratio is fluctuating during the study period. Therefore, the company has to reduce cost of goods to increase profit.

➢ The Operating Expenses ratio during the study period 2021 to 2025. The Mean is 3.32, Standard Deviation is 0.56 and Coefficient of Variation is 17%. The Operating Expenses ratio is increasing.

Working Capital Management

- Schedule of change in working capital Decrease in the year 2021-22.
- Schedule of change in working capital Decrease in the year 2022-23.
- Schedule of change in working capital Increase in the year 2023-24.
- Schedule of change in working capital Decrease in the year 2024-25.

SUGGESSTIONS

Liquidity Ratios

- The company needs to make new policy about current financial obligations in order to reduce the current liabilities and increase the current assets.
- The liquidity position should be strengthened by reducing the current liabilities.
- The management should take proper decisions to maintain their absolute quick ratio, so that they can maintain their current position in the long run.

Activity Ratios

- As the assets turnover ratio indicates the firm losing for manufacturing strength. So the firm needs to increase the manufacturing strength.
- Debtor's turnover ratio of the companyhas gone downward. So the company needs to sign deal with new debtors.
- In the current year the stock turnover ratio has increased. So the company needs to take decision about unnecessary tie-up's of funds to the stock.

Profitability Ratio

- Gross profit ratio has more fluctuating trend, the company need to focus onmovement of the manufacturing function.
- The Cost of goods sold ratio is not satisfactory, the company needs to reduce the cost, to reach the satisfactory ratio.
- Selling expenses ratio is not satisfactory, the company should take action for reducing the expenses.

Working Capital Management

- The company has decrease in working capital during the study period; the company needs to improve the working capital by increasing current assets.

CONCLUSION

The present study reveals the Working Capital Management of the company for the last five years. The study shows that the overall position of the company is not satisfactory. The profitof the organization is not up to the expectation.The company has to focus on increasing the profit of the organization.The overall success of a company depends upon its financial performance.The company must focus on reducing the cost of goods sold by systematic application of cost reduction and cost control technique. The working capital of the organization is not satisfactory so proper working capital restructuring is mandatory.The company should take appropriate measures to improve its Working Capital performance.

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