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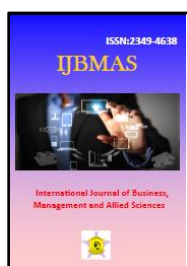
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A STUDY ON WORKING CAPITAL MANAGEMENT IN ARASU CEMENT FACTORY ARIYALUR DISTRICT

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ABSTRACT

Business concerns intent on developing their business have to use to the utmost, their available resources for the improvement and development of the business there by enabling them to increase their profits. The aim of working capital management is to maintain concern's latest properties and liabilities in a way that a satisfactory of working capital is maintained. If the concern can't maintain a liable level of working capital, it's likely to become indolent and may even be forced into bankruptcy. Thus, way of working capital to run prime day business activities smoothly cannot be overemphasized.

Keywords: Capital Cost, Liabilities, Ratio, Working Capital.

INTRODUCTION

Working capital management is the functional area of finance that covers the entire current asset at the firm; it is concerned with management at the level of individual current asset as the management of total working capital. A set of concerns for the last decades have been finding it complicate to reduce the increasing solution of adopting effectively the administration of working capital. Business talks intent on improving their business have to use to the effectively, their availability of resources for the continuous growth and development of the business there by induce them to concrete their profits.

MEANING OF WORKING CAPITAL

The capital require for purchasing raw materials, payment of direct and indirect expenses, carrying out production, investment in stocks and stores, receivables and assets to be maintained in the form of cash is generally known as working capital refers to the investments made in current assets such as cash, inventory, receivables etc. All such assets are likely to be convertible into cash within one trading cycle, generally a year. Because of this revolving nature of the assets constituting working capital the latter is also known as fluctuating 'revolving' floating or circulation capital.

CONCEPT OF WORKING CAPITAL MANAGEMENT

There are two concepts of working capital viz. quantitative and qualitative. Society are define the couple of concepts as core idea and net concept. Regarding to quantitative ideas, the quantity of working capital refers to 'total of current assets'. What we call assets? Smith called, circulating capital. Current liable are considered to be total working capital in this thesis.

The quantity concept gives an idea about core of financing capital. Depending to qualified ideas the quantity of working capital refers to "excess of current properties over current liabilities."

DEFINITION OF WORKING CAPITAL

1. Mead, Maillot and Field, "Working Capital means current assets.
2. Shub in, "Working Capital is the amount of funds necessary to assets cost of operating the enterprise".
3. Hoagland, "But the more usage of the working capital is to common the difference between the book value of the present assets and liabilities".

FIRM PROFILE

The concern has its main aim in process of cement and cement based products and mainly cater to the needs of Government projects. Limestone is the main raw material, the firm acquired and reserved enough limestone source lands in and around Alangulam & Ariyalur which are enough to run the cement factory for decades to come. Hence, the role of TANCEM in the growth of state is immense.

BUSINESS OF TANCEM

Cement is supplied mainly to the Government projects appointed in various places in Tamilnadu and Kerala. A.C.Sheets are supplied to the dealers and through our depots situated in nearest States. Stoneware tubers are directly move out from the factory. Quality questionaries' on Cement, A.C.Sheets & Stoneware tubes are received at the respective industries and our quality attend to the same on war footing basis as and when the avail of warrants. Mainly the quality complaints are maintained within a mean time.

PLANTS OF TANCEM

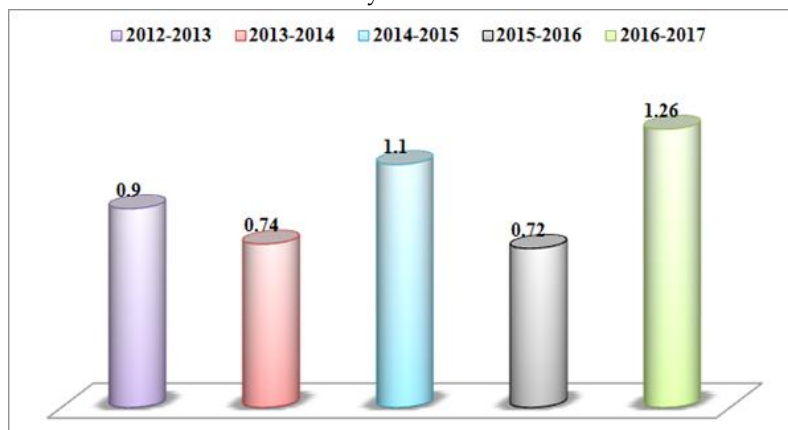
- (i) Alangulam Cement Works,
- (ii) Ariyalur Cement Works
- (iii) Tamilnadu Asbestos Sheet Plant
- (iv) Stoneware Pipes Plant

DATA ANALYSIS AND INTERPRETATION

Year	Current Asset	Current Liabilities	Current Ratio
	(in lakhs)	(in lakhs)	
2013-2014	69492759.5	76826322.8	0.9
2014-2015	89744130	121092738	0.74
2015-2016	79596572.4	72344723.9	1.1
2016-2017	82833859.2	114636646	0.72
2017-2018	90020967.1	70978505.3	1.26

Sources: Firm Annual Report

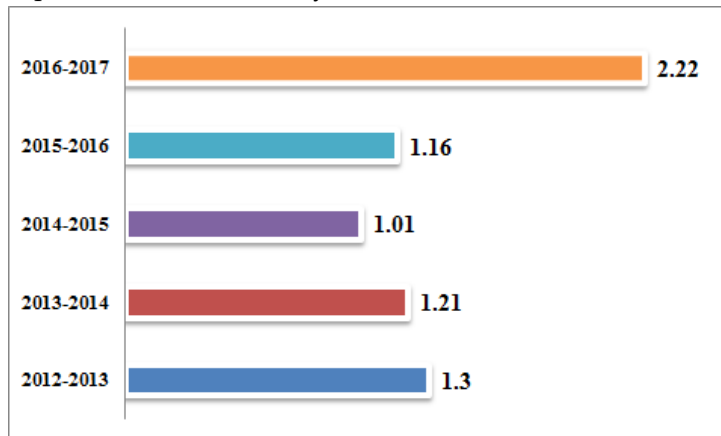
INTERPRETATION: From the above table inferred that the highest current ratio is 1.26 in the year 2017-2018 and lowest current ratio is 0.74 in the year 2014-2015.



Year	Current Asset	Stock	Liquid Asset	Current Liabilities	Quick Ratio
	(in lakhs)		(in lakhs)	(in lakhs)	
2013-2014	69492759.53	1503759	5239071.03	76826322.82	1.3
2014-2015	89744130.00	6392928	62760321.00	121092738.00	1.21
2015-2016	79596572.41	12758523	65280248.00	72344723.90	1.01
2016-2017	82833859.17	15620028	65662164.91	114636646.40	1.16
2017-2018	90020967.09	15076883	82977785.61	70978505.27	2.22

Sources: Firm Annual Report

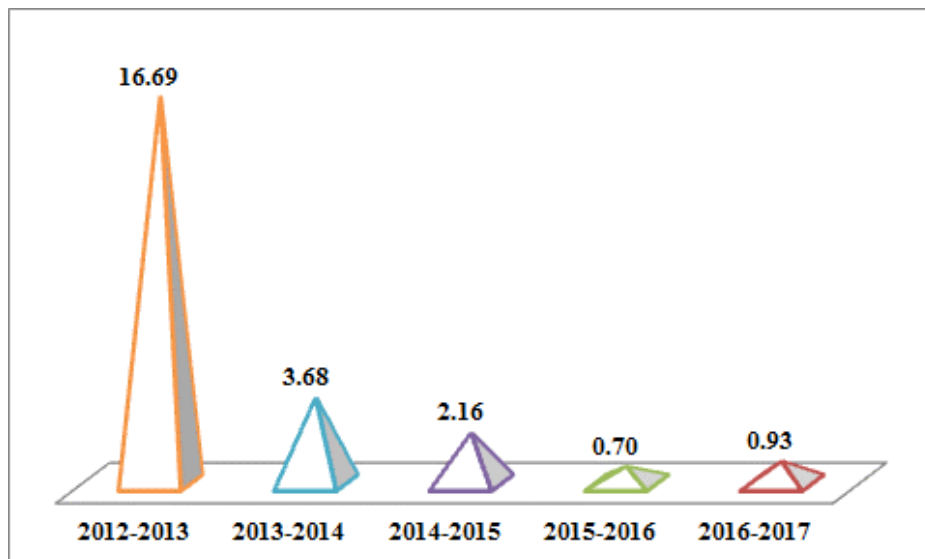
INTERPRETATION: From the above table inferred that the highest quick ratio is 2.22 in the year 2016-2017 and lowest quick ratio is 1.01 in the year 2014-2015.



FIXED ASSETS TURN OVER RATIO

Years	Sales (in lakhs)	Fixed Asset (in lakhs)	Fixed Asset Turnover Ratio
2013-2014	111467194	6678570	16.69
2014-2015	213465357	57971505	3.68
2015-2016	142768822	66185716.06	2.16
2016-2017	52410907	74384897.06	0.70
2017-2018	66112107	71428384.06	0.93

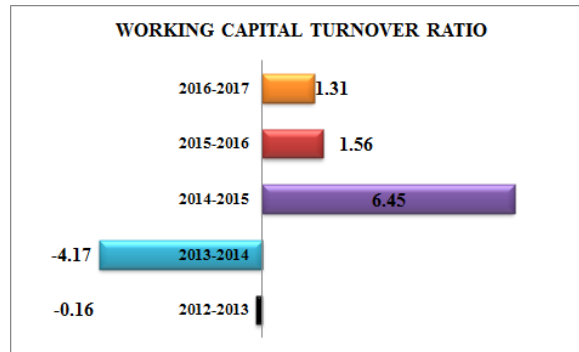
Sources: Firm Annual Report **INTERPRETATION** From the above table inferred that the highest fixed asset turnover ratio is 16.69 in the year 2013-2014 and lowest fixed asset turnover ratio is 0.09 in the year 2017-2018.



WORKING CAPITAL TURNOVER RATIO

YEAR	SALES (IN LAKHS)	WORKING CAPITAL (IN LAKHS)	WORKING CAPITAL TURNOVER RATIO
2013-2014	11467194	-70083492.79	-0.16
2014-2015	213465357	-51167379	-4.17
2015-2016	142768822	22148147.69	6.45
2016-2017	52410907	33628998.4	1.56
2017-2018	66112107	50279325.86	1.31

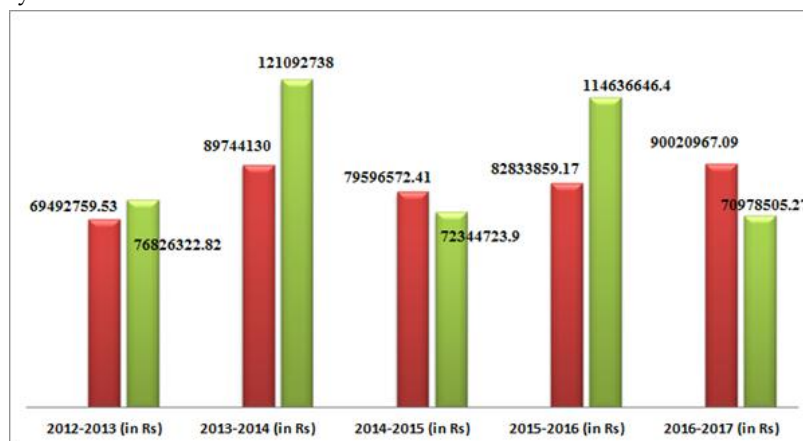
Source :Firm Annual Report, From the above table inferred that the highest working capital turnover ratio is 6.45 in the year 2016 - 2017 and lowest working capital turnover ratio is -4.17 in the year 2014 - 2015.

**OVER ALL STATEMENT OF WORKING CAPITAL FROM**

PARTICULARS	2013-2014 (in Rs)	2014-2015 (in Rs)	2015-2016 (in Rs)	2016-2017 (in Rs)	2017-2018 (in Rs)
Current Assets	69492760	89744130	79596572	82833859	90020967
Less: Current Liabilities	76826323	123457346	72344724	11556678	70978505
NET WORKING CAPITAL	-7333563	-31348608	7251849	-31802787	19042462

INTERPRETATION

From the above table is inferred that the working capital 19042461.82 in the year 2017-2018 the working capital Rs.7251848.51 in the year 2016 and the working capital Rs. 31802787.23 in the year 2016-2017 and working capital Rs.-31348608.00 in the year 2014-2015 and the working capital 7333563.29 in the year 2013-2014.

**FINDINGS**

- Inferred that the highest current ratio is 1.26 in the year 2017-2018 and lowest current ratio is 0.74 in the year 2014-2015.
- Inferred that the highest quick ratio is 2.22 in the year 2017-2018 and lowest quick ratio is 1.01 in the year 2015-2016.

- Inferred that the highest fixed asset turnover ratio is 16.69 in the year 2013-2014 and lowest fixed asset turnover ratio is 0.09 in the year 2017-2018.
- Inferred that the highest working capital turnover ratio is 6.45 in the year 2016 - 2017 and lowest working capital turnover ratio is -4.17 in the year 2014 - 2015

SUGGESTIONS

For the betterment of the Cement Companies the humble suggestions.

- To raise the rate of return on capital employed, the companies should try to increase the production so as to get economies of large-scale production..
- In the ways to develop the profitability of the firms, it is suggested to limit the cost of goods sold & running expenses.
- The firms should try to adopt cost reduce research in their firms to get over this critical situation.
- The quantum of market generated should be development impressively in order better to enjoy as per of the assets and capital.

CONCLUSION

The relative study in the preceding thesis leads to many endings about the cement firms working capital but with one caution. As already pointed out in starting the largest limitation of the study had been that a huge number of firms had to be left out because cement is not their ultimate business though they are huge producers of Cement. Further, beyond information published in annual reports no further data were made available by any firms. Therefore, detailed probe could not be made on many aspects which have been noted out at relevant places.

Subject to these limitations following conclusions can be drawn from the study:

The basic objective of working capital management is to minimize cost to the firm whether managing cash, receivables (Sunday debtors) or inventory or miscellaneous current assets, minimize risk to the Firm on receivables, ensure just level of inventory to operate full level of capacity with minimum inventory. It also implies that as far as possible miscellaneous current assets should be utilized for Firm's operations. In other means the working capital should aim to cutinize production and sales with low risk and cost. However, this had not been achieved by cement industry because scientific techniques have not been utilized and decisions have been taken on ad hoc basics. It seems the analysis of information of collective sample firms that in cement industry by and huge there is no regular working capital. Each every decision could be left out to market forces none to working out cost benefit analysis or applied various formulas suggested by familiarities. This is very much evident from wide variations in various ratios from Firm to Firm and in different years for the same Firm.

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