

A STUDY ON WORKING CAPITAL MANAGEMENT AT P&S ENTERPRISES.

Dissertation

Submitted by

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Under the guidance of

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In partial fulfilment of the requirement for the Degree of

MASTERS OF COMMERCE



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CERTIFICATE

This is to certify that the dissertation titled "**A STUDY ON WORKING CAPITAL MANAGEMENT AT P&S ENTERPRISES.**" submitted to Mahatma Gandhi University in partial fulfilment of the requirement for the award of Degree of Masters in Commerce is a record of the original work done by **THERESA K I**, under my supervision and guidance during the academic year 2021-23.

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I Ms. Theresa K I, final year M Com students, Department of Commerce (SF), St. Teresa's College (Autonomous) do hereby declare that the project report entitled A STUDY ON WORKING CAPITAL MANAGEMENT AT P&S ENTERPRISES. submitted to Mahatma Gandhi University is a bonafide record of the work done under the supervision and guidance of Ms.Reema Dominic, Assistant Professor, Department of Commerce (SF), St. Teresa's College (Autonomous) and this work has not previously formed the basis for the award of any academic qualification, fellowship, or other similar title of any other university or board.

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It is our privilege to place a word of gratitude to all persons who have helped us in the successful completion of the project.

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CHAPTER – 1
INTRODUCTION

1.1 A STUDY ON WORKING CAPITAL MANAGEMENT OF P&S ENTERPRISES.

1.2 INTRODUCTION

A developing company requires an increasing quantity of investment not best in constant asset however additionally in king capital. There are two sorts of fund required through enterprise concerns. Fixed and working capital. Fixed capital is that part of aid invested in fixed or income hearing asset of the enterprise. Working capital sent that part of assets of the enterprise required for day-to-days working of the enterprise. Term working capital is typically used for the capital required for everyday work in an enterprise, for buying raw material, for meeting everyday expenditure on salaries, wages, rent, advertising etc. The purpose of working capital management is to control the company's modern belongings and liabilities in this kind of manner that a first-class degree of working capital is maintained.

This study is prolonged to prove in to the information of working capital control of "P&S Enterprises. For this purpose, the once-a-year assertion of the ultimate finished five years 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022 are selected. The analysis and interpretation of the monetary declaration is based on the posted debts of the concern.

1.2.1 WORKING CAPITAL MANAGEMENT

The decision relating to working capital and brief-time period financing are known as Working Capital Management. This includes handling the relationship among brief time period belongings and brief-time period liabilities. The aim of the operating capital control is to make sure that the organization is capable of hold its operation and that it has enough coins glide to fulfil each maturing quick-time period money owed and upcoming operational expenses. Working capital management includes quick time period selections normally regarding subsequent 1-12 months length that's reversible. The control of operating capital entails coping with inventories, account receivables, account payables and coins. A corporation's internet operating capital isn't handiest vital as an index of liquidity however it's far used as a degree of company's risk. Risk on this regard method threat of organization being not able to meet its responsibility on due date. Lenders do not forget a advantageous net operating capital as a degree of safety. Lenders along with industrial banks insist that the corporation must preserve a minimal net working capital position.

1.3 STATEMENT OF THE PROBLEM

The current study attempts to assess P&S Enterprises, Eramallor's operating capital control. "A study of working capital management at P&S Enterprises, Eramallor," the problem stated.

The focus of research is on working capital management, or simply the management of capital invested in current assets. So, the topic is to investigate P&S Enterprises, Eramallor's working capital management.

Working capital is a company's investment in current assets. In today's cutthroat competitive era, where each firm competes with one another to increase production and sales, holding sufficient current assets has become mandatory, as current assets include inventories and raw materials required for smooth production runs. Having a sufficient amount of current assets will ensure a smooth and uncomplicated operation. Having enough current assets will ensure smooth and uninterrupted production, but it will also consume a lot of working capital. Here comes the significance and necessity of effective working capital management. Working capital management aims to manage capital assets at an optimal level, one that will aid in the smooth operation of production while also involving the investment of nominal working capital in capital assets.

"In general, the problem explains that less attention has been paid to the area of short-term finance, particularly working capital management." Such neglect might be acceptable if working capital considerations were of minor importance to the firm, but effective working capital management plays a critical role in enhancing the firm's performance.

1.4 SIGNIFICANCE OF STUDY

Proper Management of working capital is very important for success of an enterprise. A study of working capital management and research work on to the topic help the organisation to find out in the field of working capital management and to take vital decisions. So, the proposed study to evaluate the working capital management of "P&S Enterprises is significant. working capital management is to maximize the shareholders' wealth. This is possible only when the company increases the profit. Higher profits are possible only by way of increasing sales. How ever sales do not convert into cash instantaneously. So, some amount of funds is required to meet the time gap arrangement in order to sustain the sales activity, which is known as working capital. In case adequate working capital is not available for this period, the company will not

be in a position to sustain stocks as it is not in a position to purchase raw materials, pay wages and other expenses required for manufacturing goods to be sold.

1.5 SCOPE OF THE STUDY

The scope of the study includes an analytical study in the management of current assets and current liabilities of P&S Enterprises. Working capital is the backbone of the enterprise as it provides number of services, some of them are mentioned below:

- (1) It is required for uninterrupted business operations.
- (2) It is essential to day-to-day activities.
- (3) To ensure maximisation of the wealth of the firm.
- (4) To meet the short-term obligations of the firm.
- (5) To earn considerable profit

1.6 OBJECTIVES OF THE STUDY

- (1) To evaluate the working capital management of the company
- (2) To access the solvency of the firm
- (3) To evaluate whether the company is efficient in managing its working capital
- (4) To study various components of working capital
- (5) To suggest measure for effective management of working capital

1.7 RESEARCH METHODOLOGY

Data Collection Method: Generally, two types of data are available for research. These are

- Primary data

Primary data is the data which the researcher collects through surveys, questionnaires etc. to support secondary data. It refers to first hand data gathered by researcher himself.

- Secondary data

Secondary data is collected by someone after than the primary user. It is collected from some earlier research study which is presently undertaken. Common sources of secondary data for social science includes censuses information collected by government department.

1.7.1 Research design

- Research is an art of scientific information.
- Research is a process of systematic study.

- Research is a search of knowledge.
- Research is an area of investigation which includes collection, analysis and interpretation of data.

1.7.2 Tools used in the study

1.Ratio Analysis

Ratio is simple arithmetical expression of the relationship of one number to another. It is the technique of analysis and interpretation of financial statements.

2.Schedule of changes in working capital

The schedule of changes in working capital is prepared to show the changes in working capital between two balance sheet dates.

3.Diagram

Bar diagram

1.8 Limitation of study

- The period of study was very short.
- Most of the data used in this study are secondary in nature.
- Financial statements are generally based on historical or original cost.
- The study involves the use of ratio analysis which have its own limitations.
- Only data of five years have been taken for study.

1.9 CHAPTERISATION

Chapter 1- Introduction

Chapter 2 - Review if literature

Chapter 3 - Theoretical Framework

Chapter 4 - Company Profile

Chapter 5 - Data Analysis and Interpretations

Chapter 6 - Findings, Conclusions and Suggestions

2. REVIEW OF LITERATURE

Ahsan Akbar, Minhas Akbar, Marina Nazir, Petra Poulouva, Samrat Ray Risks 9 (11), 201, (2021)

The impact of WCM on company operations and market opportunity. Quantitative research discovered that higher production investment levels are associated with lower liquidity in company stock prices, indicating that shareholders choose a conservative running capital strategy. Furthermore, companies with higher coin positions were subject to lower stock market volatility. Extra operating capital and a greater net exchange cycle, on the other hand, were related to continuous fluctuation within the operating income. Furthermore, firms with lower operating capital requirements comparison to there own respective enterprise managed to avoid fluctuations in their operating profits. According to the findings, short-term monetary control has deals with major for company activities and market fundamentals. The practical implications for company directors and key parties are mentioned.

Luca Sensini, Maria Vazquez 16 (4), 85-95, (2021)

The main objective of this research was shifted into to assess the impact of capital flow regulations on the profitability of Argentine agro-commercial firms. To test our hypotheses, we examined a sample of 326 organisations chosen using a segregated random sampling method and entirely based on a financial criterion. The information was gathered using a questionnaire. Methodologically, the character determinants of running capital (DSO, DSI, DPO, and CCC) were used as neutral variables. Leverage was used as a manage variable. The dynamic panel statistics methodology was used to examine the impact of individual factors on profits. This method has the advantage of controlling unseen results that could have an impact on profitability and fixed effects issues. We also tested the solidity of our results. The effects reveal a wide variety of remarkable insights. The results of the variables (DSI, DPO, and CCC) in particular confirmed a poor relationship with firm profitability, implying that investing in stock and requesting more extensions from providers results in extra charges that cannot be offset by the resulting benefits.

G Mandipa, AB Sibindi (2019)

This study examines the relationship between the financial performance and working capital management practices of South African retail firms listed on the Johannesburg Stock Exchange. The study sample comprised a panel of 16 South African retail firms for the period 2010–2019.

A fixed-effects estimator was employed in the analysis. The working capital management was proxied by average age of inventory (AAI), average collection period (ACP), average payment period (APP), and cash conversion cycle (CCC), while the financial performance was proxied by net operating profit margin (NOPM), return on assets (ROA), and return on equity (ROE). The key findings of the study documented the following: (1) There is a negative relationship between average collection period and financial performance. (2) A negative relationship between average age of inventory and financial performance measures (NOPM and ROA) was found. (3) The average payment period was found to be negatively related to return on equity. (4) The cash conversion cycle and net operating profit margin variables were found to be negatively related. The study concludes that working capital management practices influenced the financial performance of the South African retail firms. It is recommended that South African retail firms observe prudent optimal working capital management practices, as these influence their financial performance.

Mohd R Darun, Jamal Roudaki, Joseph J Radford Medwell , (2020)

This investigation seeks to broaden understanding of the evolutionary method of Working Capital Management (WCM) studies, explaining WCM specifically environments from the 1900s to the present. The examination discusses relevant research within the literature, investigating the relevance of models, principles, or frameworks developed to serve managers' needs, particularly in working environments, and speculating on future research directions. However, the evaluation noted that the WCM literature was unable to provide relevant data to explain WCM in the modern environment. The examination is particularly useful in gaining an understanding of current WCM studies and potential future directions. The path of development, while important for studies, exposes desires and responses, which is necessary for forecasting future potentialities of WCM.

Umar Nawaz Kayani, Tracy-Anne De Silva, Christopher Gan, (2019)

The purpose of this paper serves as a review of the current research on working capital (WC) and Working Capital Management (WCM). A thorough literature review technique is used to examine 187 articles from kept referring journals, books, and international conferences released between 1980 and 2017. Reading the WC methodologies has also been viewed. Most previous research neglected characteristics, descriptive studies, field research, and standardised principle development. All such areas have a wider scope for future research. This study is

entirely theoretical and is based exclusively on a study of the literature. As an outcome, that it's no longer seems to have any observations.

Josiah Aduda, Morgan Ongoro J. 9, 71-79, (2020)

This study looks closely at the relationship between operating capital control and profit control. The exact goals of this study included the dedication of documented proof on; the connection between running capital control and income control, the lifestyles of goal running capital control degree and goal profits control degree, and expertise gaps between the two research variables. Findings on the primary goal have been contradictory, with some researchers organising a fantastic date, others a poor date, and others being inconclusive. Findings on the second goal have also been contradictory. The disparity in findings has been attributed to differences in conceptual, methodological, and contextual setups, with inconsistencies in operationalization of the examine variables playing a key role. The study discovered a bias towards using accounting accruals as proxies for profit control without taking into account non-accounting accruals such as actual profit managements. The study also identified the loss of associated research in frontier economies as a capacity studies gap, paving the way for future associated research with a broader scope. The study also recommended future research on the commitment of a primary operating capital level that minimises actual profit control.

Emmanuel Asare, De-Graft Owusu-Manu, Joshua Ayarkwa, David John Edwards, (2022)

The manufacturing industry is a major contributor to the gross domestic product generated by maximum economies. However, the enterprise is characterised by poorly appearing tasks, price overruns, delays, an extremely high-danger nature, and marginal returns. Given that development projects are financially dynamic, relying on highly fluctuating operating capital and cash-float requirements, it is critical to recognise the CI's operating capital management (WCM). Despite the importance of this research topic, only sixteen courses devoted to WCM within the CI have been identified. This is an important location in and of itself, and it is indicative of previous scant research. Other observations include a lack of specialists inspecting the field and no authors exploring the subject more than once. WCM subthemes are also scarce, with only the connection between "WCM and profitability" being revisited.

Inamdar Sathish (2017)

Cashflow was described as money invested in total assets such as inventories, varying debtors, cash, and other total assets. The purpose of handling working capital is to optimise utilization

of current assets. Certain variables affect the amount of working capital needed, including the type of company, the company size, the traders terms, the size of the supply chain, earnings, and so on.

Bagh Tanveer, Muhammad Imran Nazir, Muhammad Asif Khan, Muhammad Atif Khan, Sadaf Razzaq (2016)

The purpose of this study was to empirically discover the effect of operating capital control on the overall performance of a few manufacturing corporations listed on the Karachi Stock Exchange (KSE). The quantitative research methods, correlation matrix and a few regressions, secondary information, and purposive sampling were laboriously worked out. A random sample of fifty indexed non-monetary corporations on the Pakistani Stock Exchange was chosen for the time period 2005 to 2014. As an unbiased variable, the running capital control was used. The firm's performance has been used as a formed variable, which includes Return on Asset (ROA), Return on Equity (ROE), and Earnings per Share (EPS) (EPS). The outcomes of several regressions demonstrated that the APP, ITO, and CCC have a terrible and full-size effect on ROA, whereas ACP has an effective and tremendous effect on ROA. While APP has a significant negative impact on ROE. Inventory turnover (ITO) has a negative and statistically significant effect on EPS, whereas ACP has a positive and statistically significant effect on. The study outcomes suggested that the corporation overall performance of selected corporations is influenced by using operating capital control.

JPDT Rathnasekara, A Wijayanayaka, A Withanaarachchi University of Kelaniya, (2021)

Cashflow management refers to the oversight of current assets and liabilities, which is critical for the FMCG industry because it is constantly changing but also dealing with complicated cash flows. As a result, when considering the time value of money theory, timetabling transactions associated with productive capital becomes more complicated. Under the main criteria, the systematic literature review (SLR) method was used as the technique. This article focuses on capital investment deposit optimization methods to schedule them while using the time value of cash concept to achieve the greatest current value for the cashflow.

Mian Sajid Nazir, Talat Afza, (2019)

The study of running capital control is a simple idea for ensuring the company has the ability to finance the distinction between short-term property and short-term liabilities (Harris, 2005). A 'Total' technique, on the other hand, is preferred because it can cover all of the corporation's

sports referring to vendor, consumer, and product (Hall, 2002). In practise, working capital management has become one of the most critical issues within businesses, with several budgetary top management struggling to identify the primary operating capital drivers and the proper level of working capital (Lamberson, 1995). As a result, groups can reduce risk and improve overall performance by understanding the function and drivers of operating capital control.

Julius Enqvist, Michael Graham, Jussi Nikkinen, (2016)

The recent economic downturn in 2007-2008 has refocused attention on policies regarding working capital. This paper examines the role of business cycles on the capital investment correlation over an 18-year period using a sample of Finnish listed companies. Discover how the affect of something like the business cycle on the capital investment relationship is more pronounced in economic downturns versus economic booms. Demonstrate the importance of effective inventory management and accounts receivable conversion periods.

Sumeer Chakuu, Donato Masi, Janet Godsell (2019)

Supply Chain Finance (SCF) allows for the management of economic flows along the supply chain. Its primary goal is to facilitate the reduction of monetary risk in a supply chain by enhancing the collaborative coins-to-coins cycle and working capital. SCF includes the coordination of deliver chain actors, SCF instruments, and deliver chain processes in order to achieve its goal. Existing research focuses on SCF actors such as buyers, suppliers, banks, and logistics service providers (LSPs), as well as specific SCF instruments such as opposite factoring, stock financing, and discounting. However, an examination of the relationship between actors and instruments, as well as the factors influencing this relationship, necessitates similar development. In light of this gap, this paper reviews the literature on SCF in order to clarify the relationship between SCF actors, instruments, and contextual elements. The analysis identified three key archetypes for this relationship: constant-asset financing (constant asset-centric), stock financing (stock-centric), and debt deferred revenue payable lending (buyer-centric and supplier-centric).

Rajeshwar (1985) viii

In his study among a few selected public enterprises in India tried to examine the working capital policies adopted by the sample units. He attempted to assess the degree of effective management of working capital components with a special emphasis on inventories. The study

revealed that no samples company clearly defined working capital policies and hence majority of them could not achieve efficiency in working capital management. The study also revealed that the investment in inventories in sample units soared up from 63% in 1971-72 to 66% in 1976-77. It was further found out that majority of such investment was made in finished goods inventory which indicated that the units did not manage the working goods inventory which indicated that the units did not manage the working capital in a planned way. The study recommended to recognize prudent management of working capital as a vital part of financial management.

Mukerjee (1986)ix

In his study on "management of working capital in public Enterprises" in respect of central government industrial undertakings, and covering a period from 1974-75 to 1978-79 has found that, the current assets increased due to the accumulation of inventories and current liabilities increased due to increase in financing through payables, the Overall Size of the workings capital had been significantly influenced by the overall size of sales and output, the working capital requirement of the units were not ascertained based on the considerations as suggested for prudent financial management, there was a significant negative correlations between overall profitability and size of working capital, there was an over investment in structural determinants and huge size of working capital and due to faulty financial policies adopted by the units, the liquidity and profitability has a very significant negative correlations.

***J. Risk Financial Manag.* 2021, 14(4), 169**

The paper aims to investigate the effects of the COVID-19 pandemic on working capital management policies among Polish small and medium-sized enterprises operating in Group Purchasing Organizations (GPOs). The results show that the firms adopted a moderate–conservative strategy for their working capital management. Moreover, the evidence confirms that the COVID-19 pandemic crisis did not change Working Capital Management (WCM) strategies significantly. The companies that have high financial security as a result of the high ratio of Liquidity, Quick, and cash conversion cycle (CCC) have tried to attract more new customers in the market by increasing the due date of accounts receivable so they can improve their sales performance, and also reduce the liabilities turnover to be able to work with more suppliers in the market. Moreover, among the various WCM strategies, the companies with a higher CCC ratio, along with those whose bulk of current assets consisted of accounts receivable and short-term investments, managed to have higher sales returns. Finally, our

outcomes indicate that the firms operating in large cities have lower sales returns, meaning even Polish small and medium-sized enterprises' ability within GPOs with the aid of the central unit can also get high return on sales (ROS) results.

G Zimon, J Nakonieczny, K Chudy-Laskowska...(2021)

The activity of each construction company in conditions of high competitiveness is exposed to a number of risks that make it difficult to maintain high financial liquidity. In order to provide the continuity of ongoing economic processes and to be able to develop, entities are forced to build optimal financial management strategies for them. Enterprises can choose between a conservative, moderate and aggressive strategy, which is largely determined by the way they manage their current assets and short-term liabilities. In the case of construction companies, it is also not without significance that they are particularly sensitive to fluctuations in the economic situation and changes in the macroeconomic environment, which imply the availability of funds. The purpose of this paper is to analyze the financial liquidity management strategy of construction sector Polish enterprises from the Podkarpackie Province in 2017–2019 and the impact of this strategy on the profitability of the surveyed entities. In order to achieve the goal, the issues related to the classification of financial liquidity and individual liquidity management strategies are discussed. The issues and the goal set determined the choice of research methods. Literature studies, the Mann–Whitney U test, cluster analysis and Ward's method were used. The research was carried out on a group of the 10 largest construction companies from the Podkarpackie Province. The selection of entities for the research was deliberately based on enterprises that submit their financial statements to the National Court Register. The conducted research showed that small and large enterprises applied different liquidity management policies even though they operate in the same industry and region. The small entities preferred a conservative strategy, while large entities preferred a moderate strategy. The existence of an inverse relationship between the phenomenon of financial liquidity and profitability of economic entities was also confirmed.

3. THEORITICAL FRAMEWORK

3.1 INTRODUCTION TO WORKING CAPITAL MANAGEMENT

Each and every company will occasionally use its quick investments and quick financial commitments to bring out it's own day-to-day functions. Working capital management includes the oversight of such investments that include obligations. WCM is an important element of the issue of budgetary control. It might also be matched to the long-term decision-making procedure because both domains deal with threat and financial analysis.

Definition of Working Capital

Working capital is calculated officially by adjusting a company's current debts from its total assets at the time the financial statement is organised. Working capital is also symbolised by a company's net expenditure on current assets required to run its day-to-day operations. Working capital keeps changing form and is also known as circulating capital.

3.2 TYPES OF WORKING CAPITAL

As previously stated, working capital can take various forms. For example, it could start as cash, then move to inventories and/or receivables, and then back to cash.

- Working Capital, Gross and Net: Gross working capital is the sum of current assets, whereas net working capital is the difference between current assets and current liabilities.
- Permanent Working Capital: This is the bare minimum of working capital that must always remain invested. A certain amount of cash, stock, and/or account receivables is always locked in. These assets are required for the firm's day-to-day operations. Such funds are derived from long-term sources and are required for the operation and survival of the business.
- Variable Working Capital: A business firm's working capital requirements may fluctuate due to a variety of factors. Variable funds derived from short-term sources are known as variable working capital.

3.3 OBJECTIVES OF WORKING CAPITAL MANAGEMENT

The main objectives of working capital management are:

- Sustaining and ensuring the smooth function of the working capital operating cycle. The implementation of the business cycle is critical to the firm's survival. The operating cycle here refers to a company's entire life cycle. Working capital management strives to ensure

smoothness from the purchase of inputs to the smooth manufacturing and transportation of end products, and it is one of the concept's key focuses.

- Lowering the price of funds. One more critical objective of handling working capital is to keep the cost of capital as feasible. The capital cost is the capital invested on capital investment maintenance. It is critical to ensure that its costs of sustaining strong working capital are strictly regulated, managed to negotiate, and controlled.
- Increasing the rate of return on present capital assets. One more goal of working capital management is to earn a profit on current assets. To guarantee profit maximisation, the ROI on currently investments must be higher than the weighted average capital cost.

3.4 THE WORKING CAPITAL CYCLE

The working capital cycle refers to the minimum amount of time which is required to convert net current assets and net current liabilities into cash. From a more simplistic viewpoint, working capital cycle is the amount of time between the payment for goods supplied and the final receipt of cash accumulated from the sale of the same goods. There are mainly the following elements of which the working capital cycle is comprised of:

Cash: The cash refers to the funds available for the purchase of goods. Maintaining a healthy level of liquidity with some buffer is always a best practice. It is extremely important to maintain a reserve fund which can be utilized when:

- There is a shortage of cash inflow for some reason. In the absence of reserve cash, the day-to-day business will get hampered.
- Some new opportunity springs up. In such a case, the absence of reserve cash will pose a hindrance.
- In case of any contingency, absence of a reserve fund can cripple the company and poses a threat to the solvency of the firm.

Creditors and Debtors:

The creditors refer to the accounts payable. It refers to the amount that has to be paid to suppliers for the purchase of goods and /or services. Debtors refer to the accounts receivables. It refers to the amount that is collected for providing goods and/or services.

Inventory: Inventory refers to the stock in hand. Inventories are an integral component of working capital and careful planning, and proper investment is necessary to maintain the

inventory in a healthy state of affairs. Management of inventory has two aspects and involves a trade-off between cost and risk factors. Maintaining a sizable inventory has its accompanying costs that include locking of funds, increased maintenance and documentation cost and increased cost of storage. Apart from these things, there is also a chance of damage to the stored goods. On the other hand, maintaining a small inventory can disrupt the business lifecycle and can have serious impacts on the delivery schedule. As a result, it is extremely important to maintain the inventory at optimum levels which can be arrived at after careful analysis and a bit of experimentation.

3.5 PROPERTIES OF WORKING CAPITAL CYCLE

Keeping an adequate flow of working capital is critical for company. The following factors are required for the working capital cycle to run smoothly:

- Raw material sourcing: Most firms start with the purchase of basic supplies. It must be guaranteed that the ingredients required for the production of the specific products are always accessible. In a better and healthier working capital cycle, generation should never be halted due to a lack of raw resources.
- Production planning: Another crucial element that must be discussed is study focusing on the design. It must be ascertained that all of the environments for such output to begin are fulfilled. A cleverly constructed strategy is necessary to minimise threats and prevent unexpected events. Manufacturing execution scheduling is crucial for manufacturing of products or services and ranks among the fundamental tenets that should be followed to guarantee the efficient running of the overall production life span.
- Selling: One more goal that must be continued to pursue to zeal is trying to sell the made products as soon as they are available. Once the products are manufactured and placed in inventory, the priority should be to sell them as soon as possible.
- Pay-outs and collections: Trade receivables must be obtained on a regular basis to keep the working capital flowing. It is also critical to make timely payments to creditors in order to keep the business running smoothly.
- Liquidity: Keeping liquidity while allowing room for changes is good business. Another critical factor to consider for the smooth operation of the working capital procedure.

3.6 APPROACHES TO WORKING CAPITAL MANAGEMENT

In most instances, short-term interest rates are less than long-term borrowing costs. This is a result of the greater premium charged for short-term loans. As a result, financing cash flow from long-term source materials incurs additional costs. However, in the case of short-term finances, the risk factor is higher. Variations in debt repayment percentages are a significant concern for short-term sources, and they the control of working capital can be accomplished using one of three strategies. Each one of these techniques considers both risk and return, and each has advantages and disadvantages. The 3 tactics are as follows:

- **The Conservative Approach:** As the name implies, the conservative strategy involves low risk and low profitability. Aside from the permanent working capital, the variable working capital is also financed from long-term sources in this strategy. This implies a higher cost of capital. However, it also means that the risks of interest rate fluctuations are significantly reduced.
- **The Aggressive Approach:** The primary goal of this strategy is to maximise profits while taking on increased risk. The complete change in working capital, a very few or all of the permanent inventory, and occasionally the fixed costs are sponsored from short-term sources in this methodology. As a result, the risks are substantially increased. The capital expense is drastically decreased in this profit-maximizing approach.
- **The Moderate or Hedging Approach:** This strategy means approach to risk and medium profits. Fixed assets and constant working capital are funded from long-term references in this method, while varying cash flow is backed from short-term sources.

3.7 SIGNIFICANCE OF ADEQUATE WORKING CAPITAL

Maintenance of adequate working capital is extremely important because of the following factors:

- Adequate working capital ensures sufficient liquidity that ensures the solvency of the organisation.
- Working capital ensured prompt and on-time payments to the creditors of the organisation that helps to build trust and reputation.
- Lenders base their decisions for approving loans based on the credit history of the organisation. A good credit history can not only help an organisation to get fast approvals but also can result in reduced interest rates.
- Earning of profits is not a sufficient guarantee that the company can pay dividends in cash. Adequate working capital ensures that dividends are regularly paid.

- A firm maintaining adequate working capital can afford to buy raw materials and other accessories as and when needed. This ensures an uninterrupted flow of production. Adequate working capital, therefore, contributes to the fuller utilisation of resources of the enterprise.

3.8 FACTORS FOR DETERMINING THE AMOUNT OF WORKING CAPITAL NEEDED

Calculating the amount of working capital required to run a business is a critical but difficult task. However, it is critical for any company to estimate this figure in order to run smoothly and fully functionally. Before arriving at a more or less accurate figure, several factors must be considered. The following are some of the factors that influence the amount of liquid cash and assets needed for a business to run smoothly:

- **Type of business:** A trading company requires a large amount of working capital. Industrial firms may require less working capital. A bank, for example, requires the greatest amount of working capital. Because they have consistent demand and a continuous cash inflow to meet current liabilities, basic and key industries, public utilities, and so on, require low working capital.
- **The size of the business unit:** The amount of working capital is directly proportional to the volume of business. The greater the size of a business unit, the greater the need for working capital.
- **Purchase and sale terms:** Using credit facilities may result in lower working capital, whereas cash purchases will require more working capital. Accordingly, accounts receivable would also necessitate more working capital, whereas cash deals would therefore necessitate less.
- **Turnover of inventories:** If stocks are wide and revenue is slow, we will need more capital, if stocks are narrow and profit margin is faster, we will need less capital.
- **Manufacturing process:** Long-running and far more complicated procedures involve further working capital, whereas simple, short-term methods involve less working capital
- **Human Work importance:** Equity industries, like mechanical production industry sectors, demand too little liquid assets, whereas labour - intensive industries, such as micro level and family businesses, require more.

3.9 RATIO ANALYSIS

Ratio analysis involves a review of items listed in a company's financial information. Ratio analysis can be utilized to assess a variety of problems with such an organisation, including its liquid assets, operating excellence, and revenue growth.

3.9.1 Nature of Ratio Analysis

The existence of ratio analysis is a method for analyzing and interpreting financial statements. It is the method for determining and understanding complex ratios to aid in strategic planning. Ratio analysis, on the other hand, does not constitute a conclusion on its own. It's simply a tool for greater understanding a company's financial abilities and shortcomings. Calculating a single ratio serves no purpose unless some many adequate ratios are processed and analysed. There are numerous ratios that can be measured from the data provided in the financial statements; however, the expert must pick the right information and determine just a few adequate ratios from it while preserving the goal of analysis in mind.

3.9.2 Uses of Ratio Analysis

Among the more effective things in cost data is the ratio analysis. It is employed to evaluate and assess the state of a company's finances. Just as a physician considers his patient by taking his body temperature, pulse rate, and other vital signs before reaching a diagnosis and prescribing treatment, a financial expert evaluates income reports using numerous analysis tools prior to actually posting comments on a company's current fiscal viability or weak points.

A ratio is a sign, just like an user's heart rate, heart beat, or temperature. The application of ratios also isn't restricted to business managers. It may be utilized to evaluate financial information more certainly and make choices centered on such assessment. External players are focused in ratio analysis to learn about a business's financial condition for a variety of reasons.

Ratio analysis is used by credit suppliers, banking institutions, banking firms, investment firms, stock holders, and control to evaluate a firm's financial health and achievement before offering loan, debt finance, or investing inside the firm. Utilizing ratio analysis can be used to assess a firm's economic position and determine if it's powerful, good, uncertain, or poor. Inferences may additionally be pulled depending on if the firm's success is getting better or declining.

3.9.3 OBJECTIVES OF RATIO ANALYSIS

Ratio evaluation is a crucial instrument for determining a company's efficiency. It assists personal finance in assessing the firm's financial health and achievements. The primary goal of ratio analysis is to assist a top operations, especially in the fields of revenue and expenses. However, they serve a wide variety of contexts, as follows:

1. Aid to comparison-With the assistance of analysis, the methodologies of intercompany relation and internal company comparing could be executed effectively.
2. Financial Core Costing-Projections for the long term can be decided to make using ratios from previous years.
3. Cost control -Different expenditure ratios aid in the decrease and management of costing methods.
4. Trend analysis-With the help of market analysis, the tendency of the moving of the products can always be examined.
5. To test profitability-A company's profit growth can be determined by several ratios such as a company's gross profit ratio, net profit ratio, operating profit ratio, and so on.
6. To test liquidity place liquidity ratio of a business can be evaluated using various ratios tabulated from components of the balance sheet.
7. As a management tool, the ratio may be utilized to control sales, costs, and profits.
8. Making investment decisions-Ratios can be used to calculate investment return. It assists management in making effective decisions about profitable investment avenues.
9. Measuring efficiency -Ratios assist in determining operational efficiency by comparing current ratios to those of previous workings as well as those of both these companies within the sector.

3.9.4 IMPORTANCE AND USES (ADVANTAGES) OF RATIO ANALYSIS

Ratio analysis is an important as well as useful technique for determining the efficiency at which cash flow is utilized by the enterprise; the same ratio means the firm's trend, progress, or decline. It aids money planning in evaluating the firm's financial position and performance. All trade accounts receivable wing lenders and experienced investors use accounting ratios as

their first tool in analysing the firm as a desirable borrower or as a potential investment outlet; it features as a sort of health test. The below are the main benefits of ratio analysis.

1. It makes it simple to recognize the connection between different items and aids in financial comprehension.
2. Ratios indicate trends in useful things, which aid in predicting.
3. With the assist of ratios, a whole firm can draw conclusions, which may aid Management in developing future marketing tactics.
4. It is possible to compute basic ratios. Supervision will be improved by comparing actual ratios to standards.
5. Ratios can be used to calculate efficiency.
6. Ratios are extremely helpful in evaluating effectiveness and controlling costs.
7. The ratio analysis provides considerable value to managers in the outflow of its basic duties like organizing, coordination, interaction, and control.
8. It sheds light on the efficiency level of control and asset utilisation; it helps managers in

3.9.5 Limitations of Ratio Analysis

Ratios could never provide a definitive solution to financial problems. There is additionally the perpetual doubt of how much weight should really be placed on the figures. So, in making ratio analysis, one must rely on one's own common sense, and an expert will have to use this method while keeping the following shortcomings in mind.

1. Ratios are only useful when computed in a sufficiently large manner. A single ratio could communicate anything.
2. Ratio analysis only offers an excellent topic for quantitative financial problem analysis. However, it continues to suffer from quantitative shortcomings.
3. Chronological accounting entries are used to calculating ratios. As a result, they have the constraints of accrual analysis.
4. There is no way to calculate an exact and generally accepted objective basis for comparison.
5. In accounting ratios Mathematics window dressing is feasible, and companies may succeed in covering up their true position.

6. Ratios are a tool for financial assessment, not really an end in themselves. This can be influenced by the analyst's ability and bias.

7. It should also be noted that ratio analysis can only help with a portion of the judgement process.

3.9.6 Ratios used for analysis

1. Current Ratio

The most short - term solvency ratio is the current ratio, which measures the proportion of current assets to current liabilities. It is also recognised as the working capital ratio. A firm's current ratio measures its short-term solvency; in a healthy business, a current ratio of 2:1 is considered ideal.

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

Current assets are assets whose value can be realised in less than a year. Cash in hand, bank deposits, bills debtors, various debtors, stock, prepaid expenses, short-term investments, and so on are all examples.

Current liabilities would those be amounts that must be paid within a year. Lenders, account receivables, bank overdrafts, outstanding expenses, tax payable, and so on are examples of current liabilities.

2. Quick Ratio

The Quick Ratio, also known as the Acid Test Ratio or the Liquidity Ratio, is the ratio of quick assets to current liabilities. Quick assets are current assets that can be converted into cash immediately; they include all current assets except stock prepaid expenses. A satisfactory Acid Test Ratio is one in which a company can easily meet all of its current liabilities.

$$\text{Quick Ratio} = \frac{\text{Quick or Liquid Assets}}{\text{Current liabilities}}$$

Quick Assets = Current Asset - Stock or prepaid expenses.

3. Absolute Liquidity Ratio

The absolute liquidity ratio determines the connection for both absolute liquid assets and immediate liabilities. However, it is determined by the percentage of absolute liquid assets to current liabilities. Absolute liquid assets include cash on hand, cash in the bank, and marketable securities or quick investments. To ensure liquidity, a ratio of 0.75 is recommended.

$$\text{Absolute liquid ratio} = \frac{\text{Cash} + \text{Marketable Securities}}{\text{Current liabilities}}$$

4. Inventory turnover ratio

Inventory or stock turnover ratio demonstrates the connection between cost of goods sold and average inventory or stock. This ratio indicates whether or not inventory investment is being used efficiently. A high level of inventory turnover indicates that sales are at risk. A minimum inventory ratio results in funds being blocked in inventory.

$$\text{Inventory Turnover Ratio} = \frac{\text{cost of goods sold}}{\text{average inventory of stock}}$$

$$\text{cost of goods sold} = \text{sales} - \text{gross profit}$$

$$\text{average stock} = \frac{\text{opening stock} + \text{closing stock}}{2}$$

5. Debtors Turnover Ratio

The debtor turnover ratio is also known as the receivables turnover ratio. The goal of this ratio is to explain the company's credit collection power and policy. The greater the proportion, the better, because it indicates that debts are being collected on time.

$$\text{Debtors Turnover Ratio} = \frac{\text{Net credit Sales}}{\text{Average account receivable}}$$

Where average accounts receivables include trade debtors and bills receivables

6. Average Collection Period

The receivable turnover period refers to the amount of weeks or months that debt holders and bills debtors remain unpaid. It is also referred to as debt velocity or average debtor age.

$$\text{Average Collection period} = \frac{\text{Days in a year}}{\text{Debtors' turnover ratio}}$$

7. Creditors Turnover Ratio

The turnover ratio of creditors reflects the rate at which payments for purchase orders are created to lenders. This ratio is calculated along the same boundaries as the turnover ratio for receivables.

$$\text{Creditors Turnover Ratio} = \frac{\text{Net credit Purchase}}{\text{Average account payable}}$$

8. Average Payment Period

The average payment period is the time it takes the business to make payouts to its creditors. It is calculated by dividing the number of days of work in a year by the creditors turnover ratio.

$$\text{Average payment period} = \frac{\text{Days in a year}}{\text{Creditors' turnover ratio}}$$

9. Working Capital Turnover Ratio.

This ratio indicates the company's current net working capital turnover over the course of a given year. It is a good indicator of over and under trading. Overtrading is indicated by a very high ratio. A low ratio suggests under trading.

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

10.Total Asset Turnover Ratio

The asset turnover ratio assesses the effectiveness with which a current operations generate revenue or sales. It computes an annualised percentage by comparing the cents value of sales (revenues) to total assets. Divide net revenue or sales by the average total assets to calculate the ratio of asset turnover.

$$\text{Total Asset Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average total asset}}$$

3.10 SCHEDULE OF CHANGE IN WORKING CAPITAL

statement of changes in working capital is prepared by recording changes in current assets and current liabilities during the accounting period. Working capital during this period is bound to change due to an increase or decrease in the current assets and current liabilities.

The statement of changes in working capital can be used to help you identify areas where your company may be struggling financially. It can also help you track trends over time, so you can make adjustments as needed.

3.10.1 PURPOSE OF PREPARING THE STATEMENT

A statement of changes in working capital is prepared to measure the increase or decrease in the individual items of current assets and current liabilities.It also shows the net increase or decrease in the working capital during the accounting period.

Before preparing a statement of changes in working capital, the following important notes should be borne in mind:

- An increase in current assets and a decrease in current liabilities increases working capital.
- A decrease in current assets and an increase in current liabilities decreases working capital.

3.10.2 STEPS TO FOLLOW TO PREPARE A STATEMENT OF CHANGES IN WORKING CAPITAL

- First, draw the pro forma. Then, identify and enter all current assets under the heading of current assets. In turn, enter the current assets for the base year and current year in the respective columns.
- Now, ascertain the difference in the current assets between the two periods. Enter the difference in the increase or decrease column, depending on the situation.
- In turn, identify current liabilities and enter them under the heading of current liabilities. Then, enter the amount of current liabilities for the base year and current year in the respective columns.
- The next step is to determine the difference in the current liabilities between the two periods. Enter the difference in the increase or decrease column, depending on the situation.
- Add up the current assets and current liabilities for the previous year and current year. Denote the total current assets by A and current liabilities by B.
- Calculate working capital for both the current period and base period by subtracting current liabilities (B) from current assets (A).

As the next step, compare the difference between the amount of working capital for the current and the base year.

- If the working capital of the current year is greater than the working capital of the previous year, enter the difference in working capital in the previous year.
- In the relevant column, enter the increase in working capital against the amount written.
- If the working capital of the current year is less than the working capital of the previous year, enter the difference in working capital in the current year.
- In the relevant column, enter the decrease in working capital against the amount written.
 - Finally, add up both of the columns for the previous and current years.

3.10.2.1 Items Requiring Special Attention While Preparing a Statement of Changes in Working Capital

1. Investments

Investments of a short-term nature (i.e., held for one year or less) are called marketable securities. They are the current assets of the enterprise, which are automatically adjusted

through the statement of changes in working capital. Therefore, marketable securities do not require any separate treatment in a statement of changes in working capital.

By contrast, trades of a long-term nature, being fixed assets (i.e., held for more than one year with the intention of earning regular income in the form of interest or dividends) require separate treatment.

If the closing balance of a long-term investment is lower than the opening balance, the difference is the application of funds (certain investments are bought as income-yielding securities for the long-term).

2. Advance Payment of Income Tax

Enterprises must pay income tax. Income tax is payable on the income of the previous year during the assessment year. However, income tax departments insist that tax should be paid during the previous year itself on the estimated income to be earned on the principle of pay as you earn. The tax payable during the assessment year, if paid in the previous year, is called an advance payment of income tax.

3. Provision for taxation

Income tax is a charge on the profit and loss account of an enterprise. The enterprise makes a provision for tax payable on a self-assessment basis. The estimated liability for tax payable on self-assessment is recorded in the books with the following entry:

Either of the following two methods can be used to treat this item:

(a) Treat provision for taxation as a current liability and show it on the statement of changes in the working capital.

Payment of tax during the year will not appear as application of funds in the fund flow statement because such payments affect two current accounts (i.e., cash and provision for taxation).

Note: No adjustment is required at the time of preparing the profit and loss adjustment account or statement of funds from operations.

(b) Treat provision for taxation as a non-current liability and do not show it in the statement of changes in working capital.

In this case, the payment of tax made during the current year should be shown as application of funds in the fund flow statement.

To find out funds from operations, the difference between the opening balance on the credit side, the closing balance, and the tax paid on the debit side should be debited to the profit and loss adjustment account.

4. Provision for Bad Debts

Generally, provision for bad debts is deducted from sundry debtors and the net amount is shown in the statement of changes in working capital. If this is not the case, then it can be treated as a current liability and can be shown in the changes in working capital under current liability. The provision for bad debts will be treated as surplus when all debtors are good.

To calculate funds from operation, the difference between the closing and opening balances of provision for bad debts shall be taken into account.

5. Interim Dividend

An interim dividend is paid between the two general body meetings of the company during the accounting period.

It is paid during the year/period and should be shown as application of funds. It should be taken into account when calculating funds from operations.

6. Proposed Dividend

Dividends are proposed or recommended by the board of directors to be approved by the shareholders in the general body meeting. The treatment of the proposed dividend is similar to the provision for taxation (i.e., treat it as a non-current or current liability).

However, a proposed dividend is preferably treated as a non-current liability, and it is not shown in the statement of changes in working capital. Instead, it is shown as application of funds in the fund flow statement. In the worksheet, the proposed dividend account is prepared by crediting the opening balance and debiting the closing balance.

The difference between the two sides is debited to the profit and loss adjustment account to determine funds from operations.

4. INDUSTRIAL PROFILE

The industrial refrigeration market size was valued at \$21,405.0 million in 2019, and is expected to reach \$28,044.1 million by 2027, registering a CAGR of 5.5% from 2020 to 2027, Industrial refrigeration refers to the process of cooling using refrigeration and cooling systems to remove the heat from a low-temperature medium and transferring it to a high-temperature medium. Industrial refrigeration systems are deployed at large freezing and refrigeration plants for use in various industrial applications such as food & beverage processing, cold storage, and others.

The growth in demand for industrial refrigeration systems in the FMCG industry majorly drive the growth of the market, owing to increased use of packaged & processed food & beverages in the developing countries and prevention of spoilage of semi-processed food & drinks. Furthermore, rise in trend of upgrading cold storage infrastructures across emerging economies drives the growth of the market. However, high energy consumption for operation and high investment in maintenance of industrial refrigeration systems hamper the growth of the industrial refrigeration market. Moreover, during the outbreak of COVID-19, construction, manufacturing, hotel, and tourism industries were majorly affected. Manufacturing activities were also stopped or restricted to a huge extent. Construction and transportation activities, along with their supply chains hampered on a global level. This led to decline in manufacturing of refrigeration systems, which directly hampers the industrial refrigeration market. Although, food & beverage, waste water treatment plants and pharmaceutical companies were running on full capacity, which led to stability to the industrial refrigeration market. However, gradually all industries are resuming their regular manufacturing and services. This is further expected to lead to re-initiation of refrigeration manufacturing companies at their full-scale capacities, which is expected to help the market to start to recover by mid of 2022.

On the contrary, introduction of advanced technologies such as innovative IoT-enabled refrigeration monitoring solutions provides growth opportunities for industrial refrigeration market growth.

The industrial refrigeration market is segmented into offering, component, refrigerant type, application, type and region. On the basis of offering, the market is divided into industrial refrigerator and component. By component, it is segregated into compressor, condenser, evaporator, control, others. Depending on refrigerant type, it is classified into ammonia, carbon dioxide, hydro Fluoro carbon and others. On the basis of application, the market is divided into

new fruits & vegetables; meat, poultry, & fish; dairy & ice cream; beverages; chemicals; pharmaceuticals and others. By type, it is segregated into stationary refrigeration and transport refrigeration. By region, it is analyzed across North America (the U.S., Canada, and Mexico), Europe (UK, Germany, France, Russia, Belarus, Croatia, Czech Republic, Hungary, Lithuania, Poland, Romania, Serbia and Montenegro, Bulgaria, Slovakia, Ukraine, Rest of Europe), Asia-Pacific (China, India, Japan, Australia and rest of Asia-Pacific), and LAMEA (Latin America, Africa, Turkey, Kazakhstan, rest of Middle East).

On the basis of offering, in 2019, the industrial refrigerators segment dominated the industrial refrigeration market, in terms of revenue and the components segment is expected to witness growth at the highest CAGR during the forecast period. On the basis of refrigerant type, the HFC segment led the market in 2019, in terms of revenue and carbon dioxide segment is anticipated to register highest CAGR during the forecast period. By application, the meat poultry & fish segment led the market in 2019, in terms of revenue and pharmaceuticals segment is anticipated to register the highest CAGR during the forecast period. On the basis of type, in 2019, the stationary refrigeration segment dominated the industrial refrigeration market share, in terms of revenue and the transport refrigeration segment is expected to witness growth at the highest CAGR during the forecast period. By region, the Asia-Pacific region led the market in 2019, in terms of revenue and LAMEA region is anticipated to register the highest CAGR during the forecast period.

COMPANY PROFILE

P&S ENTERPRISES (INDUSTRIAL REFRIGERATION SYSTEMS) FABRICATION
SINCE 1996 EP-XII/ 413, ERAMALLOR P.O., EZHUPUNNA CHERTHALA, ALLEPPEY,
KERALA -688537

+91-9995350015, +91-7736003305

Email: psenterprisesezhupunna@gmail.com

PROFILE

A supremely motivated and skilled entrepreneur with strong vision and an unquenchable thirst to achieve a top-most position in the field of refrigeration industry. His vision led to bring the latest freezing techniques to India and now he is on the path to break all the conventional concepts of refrigeration and bring a new low power fast freezing technology, which will be expecting in not more than 6 months.

ABOUT THE COMPANY:

P&S Enterprises is an engineering and manufacturing company dealing with refrigeration equipment's and machinery. We take care of refrigeration machinery by providing services like design, Supply installation, maintenance and repair works. More than 23 years of strong, customer-focused approach and continuous quest for world-class quality have enabled us to attain and sustain leadership in this field.

PROMOTER DETAILS &BACKGROUND

P&S Enterprises, started in 1995, is owned by Mr. Benedict with a mere work force of 5 staff members and now has grown to an extent to become the pioneers in the field with more than 35 trained technicians working in more than 12 sites at a time and two fully equipped engineering facilities in Kerala and North Karnataka. Erection and installation works are done throughout India and Abroad. At present we have work sites in Kerala, Karnataka, Andaman Islands and Uganda. All major works will be done at our engineering facilities and only final erection will be done at the site, thereby keeping the site and away from sounds and disturbances especially if it's an ongoing processing facility. Benedict's vision and quest for latest and innovative technology has always led us to the forefront in bringing the latest freezing techniques to India and now he is on the path to break all conventional concepts of refrigeration

and bring in a new low power fast freezing technology, which we are expecting in not more than 6 months.

INDUSTRY

This project report relates to M/S. P&S ENTERPRISES situated at Ezhupunna, Alappuzha District, to set up a refrigeration machinery manufacturing unit for seafood industries and Ice factories in 50 cent land. The products proposed are Plate freezer, Blast freezer coil, Receiver, Vessel, Cooling Coils, Shell & Tube Condensers and other related products. The Unit will have a seafood export processing section in 30% of total land which includes the storage area of processed fish products. Generally, these products are exported. This industry is included in the priority business sector. These types of units are getting supported by financial institutions because of the nature of business. These business industries will never go down as the needs for such fish processing plants are very high in Kerala.

Area of Focus

Maintenance of Kirloskar and Frick Ammonia Compressors Maintenance and Erection of Food and Fish Processing Plants Maintenance and Erection of Ammonia and Freon Ice Plants Manufacturing of Refrigeration Machinery like Plate freezer, Condenser etc.

MARKET

In India and abroad, seafood export is evolving fast because of the growing demand for seafood products across the world. All these seafood industries required lots of refrigeration machinery ke Plate freezer, Blast freezer coil; Condenser, Receiver etc. and also, they need lots of Ice to produce for setting the fish in good conditions. Due to this there is an increase in Ice Factory's in India and Abroad. In Ice factory's refrigeration machinery like Receiver, Condenser etc. are used. So, the increase in seafood industry will increase the number of Ice factories and it will lead for the manufacturing of refrigeration machinery to increase. There is a tremendous growth in the resources and infrastructure of the Indian refrigeration industry today. South India has major shares of Coastal Area. Marine products are being produced in large quantities and due to large coastal areas. Keeping in view the growth rate of seafood and Ice factory demand, the production of refrigeration machinery is increasing every year.

PRODUCTS

We P&S Enterprises having variety of refrigeration products as mentioned below:

1. Condensers
2. Plate freezer
3. Blast freezer coil
4. Ammonia Receiver
5. LP Vessel
6. Cooling Oil
7. Oil separator
8. Accumulator etc.

Also, we are doing the maintenance work, Erection, pressure testing, and commissioning of Ice Factories, Dairies and other Seafood or Food Processing plants.

MACHINERY & PLANT DETAILS

In Our manufacturing units lots of machinery used as listed below:

1. Welding machine
2. Grinding machine
3. Pipe cutting machine
4. Drilling machine
5. Hydraulic bending machine
6. Turning lathe
7. Aluminium welding machine
8. Tig and Arc welding machine
9. Air compressors

60% of total land will be divided to setup our manufacturing unit and fish processing unit. Balance land we have to leave for vehicle parking and others. Manufacturing unit area will be divided into three. One will be used for storing raw materials. Second one will be used for storing finished goods, third will be used as work area. office will function in first floor of the manufacturing unit area.

RAW MATERIALS

Huge number of raw materials used in our refrigeration field. Some of the major raw materials are:

1. MS, SS and GI C-Class Pipes,
2. MS and SS C-Channels, Angles, Flat bars, Plates etc.
3. MS and GI Short bends
4. Valves and Controls
5. MS, SS and GI Nut and Bolts
6. Aluminium sheets and Plates
7. SS Hose and SS Coils

TECHNOLOGY

1. Air cycle technology:

Air is used as working fluid. It is a well-established technology in all over the world. Applications such as rapid chilling and freezing including air blast freezer, tunnel freezer and spiral freezers. Also used in refrigerated transports like trucks, containers etc.

2. Trigenation technology:

Trigenation technology is a technology that can simultaneously provide three forms of output energy; electrical power, heating and cooling. In food processing ammonia vapour compression systems are used, there ammonia will act as refrigerant. Large food processing units are using the same system.

Career History of Proprietor Mr. Benedict. M. P.

Education: B.Com from Kerala University.

He started his career with his uncle who has a contractor in refrigeration field as a trainee. From his uncle he learned each and every point related with refrigeration industry. After his uncle's death he started his own company in the year 1996 with 25 staff members. With his effort and

the supply of quality products his company became the one of the well-known firm in the refrigeration field. Few of our completed project details of reputed companies are mentioned below:

Kings Ice Plant, Sri Lanka

In Sri Lanka, Colombo we have completed an Ice Plant project with 30 Ton per day capacity and it was completed in the year 2014. We have completed the project in a very short period of 2 months with customer satisfaction. Now they are planning to construct two other Ice Plant projects by 2019 and the projects will be erected and commissioned by P and S Enterprises Only. Plant Address:- Kings Ice Plant, Colombo, Sri Lanka. TEL:011-2934419/21

Qatarna Ice Factory, Qatar

In Qatar we are offering our service and spare parts support from 2012. We are supplying compressor and other spare parts like Valves, Cooling coil etc. to our client M/s. Qatarna Ice Factory every year. Now New Project of Qatarna Ice factory is on discussion and we are expecting the confirmation very soon. Address:- Qatarna Ice Manufacturer Co., P.O.BOX-\$2221, Doha, Qatar, TEL: -44644117

United Sea foods (U) Limited, Uganda

United Sea foods (U) Limited is also getting our service and spare parts support from last year. We are supplying compressor spare parts and cooling coil etc. from 2017. United Sea foods is a large seafood processing company in Uganda. Address: United Sea foods (U) Limited Plot no. 38/40, Port bell road, P.O. Box 31003, Kampala, Uganda,

Innovative foods limited, Alappuzha

We are the refrigeration contractor for Innovative foods limited (Factory placed at Ezhupunna, Alappuzha) since 2007. We have completed the erection and commissioning of new IQF machinery at their factory at Ezhupunna, Alappuzha, Kerala in 2018. Also we are the main vendor for Innovative foods limited. We are doing the maintenance and erection of refrigeration machinery in Innovative foods limited.

Innovative Foods Limited (IFL) is a major player in the Indian food processing industry since 1989. Under the brand name sumeru' IFL manufacture and market various types of ready to eat vegetarian, non vegetarian which includes sea food. Address:- Innovative foods limited, Ezhupunna, Alappuzha, Kerala. TEL: 0478-2872349,9947444727

MILMA-Kerala Co-operative Milk Marketing Federation Ltd

The Kerala Cooperative Milk Marketing Federation or 'Milma' was registered as a cooperative society in 1980 with its head office in Thiruvananthapuram. We are the Maintenance Support for Dairy Processing Plants in Kerala Co-operative Milk Marketing Federation Ltd, Kerala since 2010 to till date. We have done maintenance in Refrigeration Units of all the MILMA Kerala Co-operative Milk Marketing Federation Ltd outlets in various location in Kerala. Kerala Co-operative Milk Marketing Federation Ltd, Kerala the government controlled largest dairy co operative among the dairy cooperatives in the country. In South India it stands first in terms of procurement as well as sales. The Brand "MILMA is the household name for Pure and Fresh milk and milk products. Under the brand name of MILMA has 14 Large Scale Milk Processing Units in all the 14 Districts of Kerala State which procure milk from Primary Dairy Cooperative Societies(DCS), then its process and distribute milk to the consumers in various Towns/Cities/Rural markets in Kerala.

Address:- #2915, KMF Complex.D. R. College Post, Bengaluru, Karnataka-560029, TEL: 080-260 96800

Karnataka Milk Federation Limited (Nandini Milk), Karnataka

We have completed a Dairy project in Karnataka milk federation limited, Karnataka in 2013. We have erected some machinery like PHE Condenser, IBT coil and 72 compressors in KMF.. Karnataka Cooperative Milk Producers' Federation Limited (KMF) is the second largest dairy co-operative among the dairy cooperatives in the country. In South India it stands first in terms of procurement as well as sales. The Brand "Nandini" is the household name for Pure and Fresh milk and milk products. KMF has 14 Milk Unions covering all the districts of the State which procure milk from Primary Dairy Cooperative Societies(DCS) and distribute milk to the consumers in various Towns/Cities/Rural markets in Karnataka.

Address:- #2915, KMF Complex,D.R. College Post, Bengaluru, Karnataka- 560029. TEL: 080-260 96800

Abad Overseas Pvt. Limited, Andhra Pradesh n Andhra

we have completed a project of seafood processing plant for Abad group. All the refrigeration line work and refrigeration machineries like Blast freezer, Plate freezer etc. are erected by P

and S Enterprises. Abad Fisheries was established in 1931 and they are one of the largest processors of quality quick frozen seafood in India with 11 accredited and certified factories with production capacity of 300 MT per day and 4 public cold stores with a capacity of over 12,000 MT. The factories are located near major fishing harbours and aquaculture farms giving access to fresh raw material., Very high quality standards are maintained at every stage of processing and packing by our qualified and motivated workforce, who are the best in the industry, committed to keep our traditional values.

Foodco Delicacies India Private Limited, Alappuzha

Foodco delicacies were started in 2008 and are a multi-faceted food industry engaged in the processing and export of FROZEN food products. We P and S Enterprises is the refrigeration contractor for Foodco delicacies. We erected machineries like 3 No's Compressor, 2 No's Plate freezer, 3. No's Blast freezer with liquid receiver and liquid vessel. The Company works on three segments viz., Ready to Eat Indian ethnic food Products, Frozen Vegetables as well as Seafood. The total built up area of the factory is 50000 sq. ft. which is segregated into three different production lines for accommodating Seafood, Vegetable and other food processing. The factory is facilitated with most modern freezing equipment's and other food processing machineries and is having full-fledged microbiology laboratory for quality control management. Company ideally located in the heart land of Seafood industries in India, and Foodco has become one of the trusted names in the industry. Also we have some other major clients in Kerala like MILMA DAIRIES in Kerala, PDDP DAIRY (Kalady, Cochin), Profand Vayalat Marine Exports Pvt. Ltd (Cochin), Nilamels & Kaimals Pvt. Limited (Trivandrum) etc. This year we have completed more Ice Plants projects than previous year and the projects are located in Karnataka, Alappuzha and Andaman Nicobar Island etc. Also we are started to concentration on Middle East countries like Oman and Dubai.

Also we completed the Erection of Industrial Refrigeration of

15 Ice Plants in Karvar, Karnataka,66 Ice Plants in Kumta, Karnataka,30 Ice Plants in various location of Kerala,05 Ice Plants in Oman..... and we are continuing as Maintenance Partner with all the above said projects

Thanks and regards

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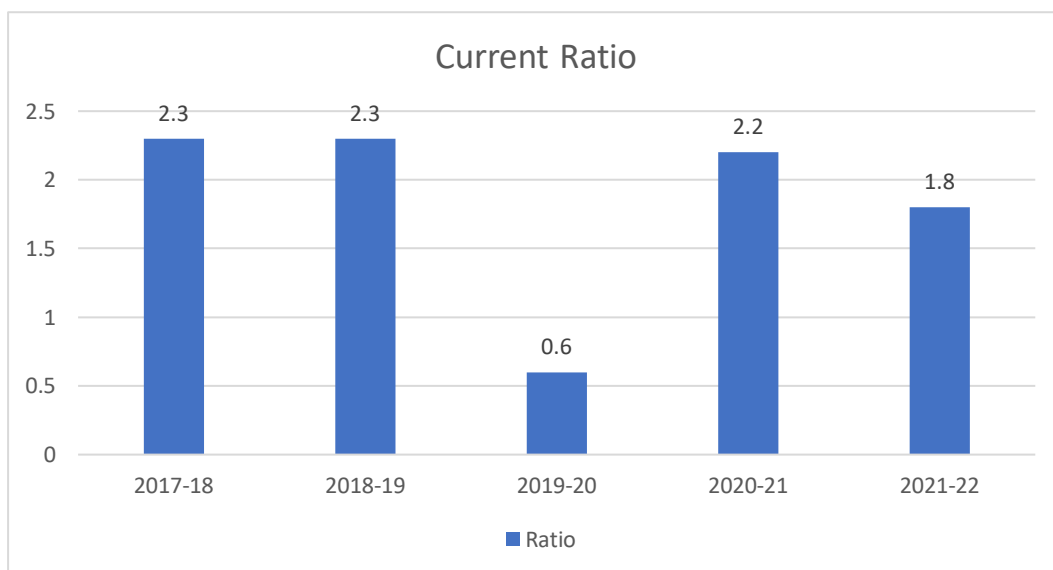
E-XI 413, ERAMALLOR PO, EZHUPUNNA, CHERTHALA, ALLEPPEY, KERALA-688537 Ph: +91-9995350015, +91-7736003305 Email: psenterpriseszhupunna@gmail.com

5. DATA ANALYSIS

5.1 TABLE: CURRENT RATIO

Year	Current Assets	Current Liabilities	Ratio
2017-18	5535715.57	2406541.77	2.3
2018-19	52666185.68	2284830.73	2.3
2019-20	5987147.64	9757068.74	0.6
2020-21	6694468.71	3012690.75	2.2
2021-22	6387652.94	3426440.13	1.8

5.1 FIGURE: CURRENT RATIO



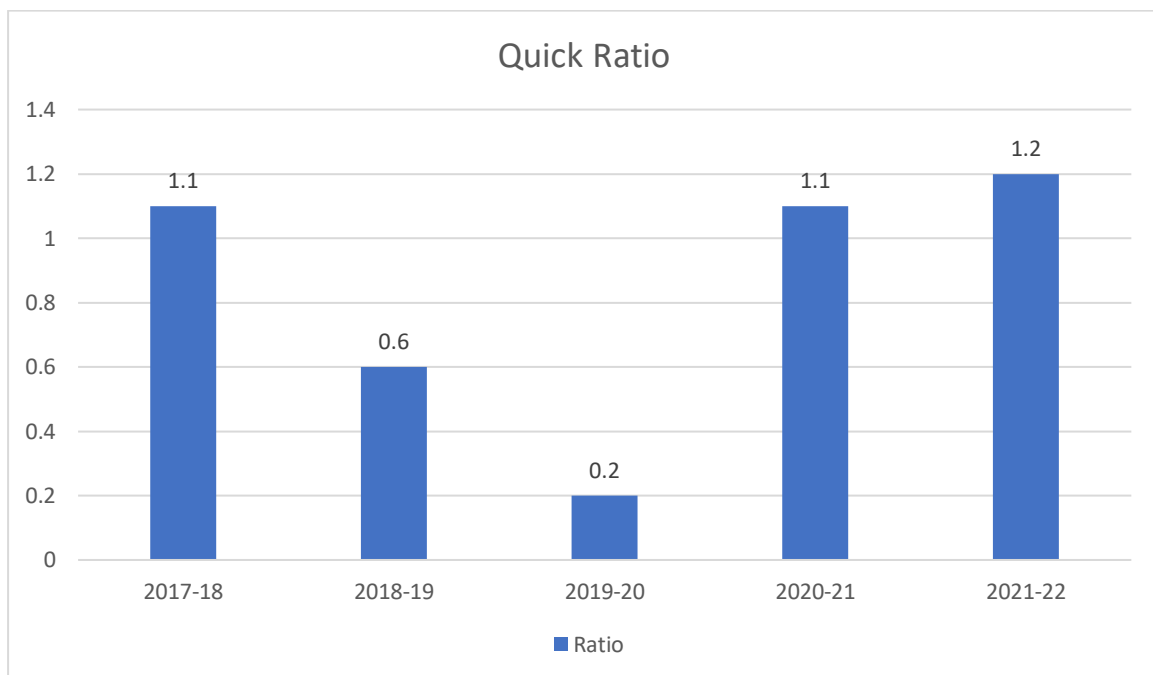
Interpretation

The Current Ratio indicates the firm capacity to its current liabilities in time. The higher the current ratio, the greater the firm ability to meet the short -term debts. A very low current ratio shows that the firm with face it difficult to pay of its debts. In the year 2017-18 ratio is 2.3, in 2018-19 ratio is 2.3, 2019-20 ratio is 0.6, 2020-21 ratio is 2.2, 2021-22 ratio is 1.8. Here the firm has the highest current ratio i.e;2.3 in year 2017-18 and in the year 2018-19 firm has low current ratio in the year 2019-20.

5.2 TABLE: QUICK RATIO

Year	Quick Asset	Current Liabilities	Ratio
2017-18	2690115.57	2406541.77	1.1
2018-19	1460405.68	2284830.73	0.6
2019-20	20887797.64	9757068.74	0.2
2020-21	3562591.7	3012690.75	1.1
2021-22	4186002.9	3426440.13	1.2

5.2 FIGURE: QUICK RATIO



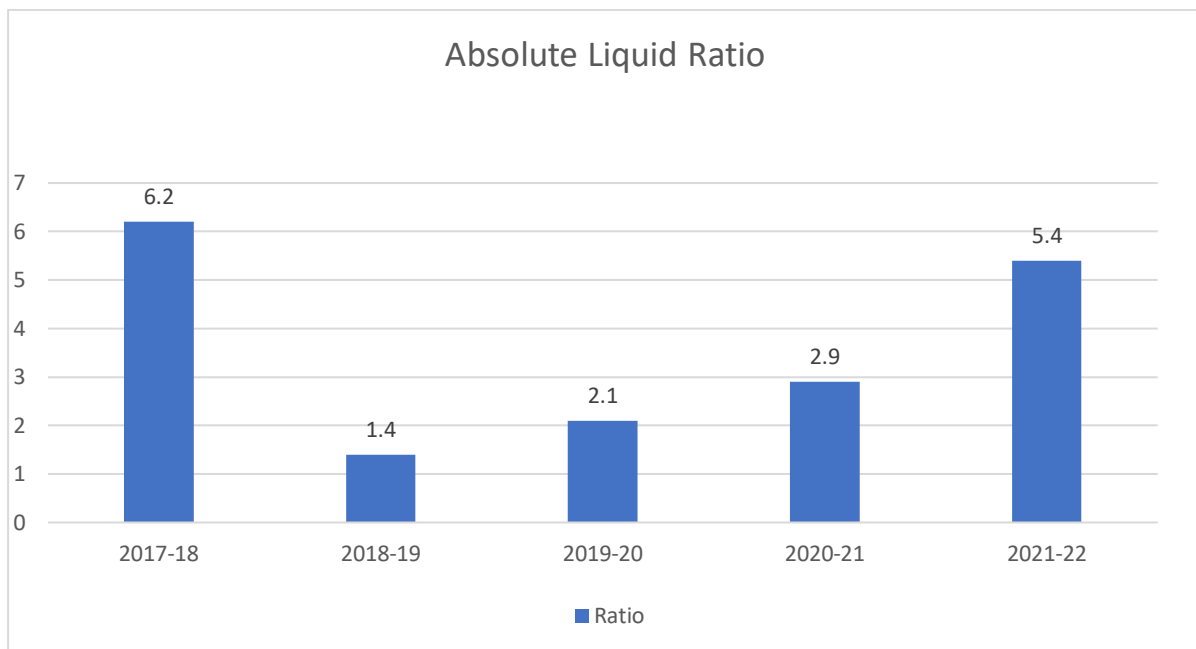
Interpretation

The ideal ratio is 1:1. High quick ratio indicates that firm has good liquidity position and lower quick ratio indicates that firm has poor liquidity position. In the year 2017-18 ratio is 1.1, in 2018-19 ratio is 0.6, 2019-20 ratio is 0.2, 2020-21 ratio is 1.1, 2021-22 ratio is 1.2. Here in the year 2021-22 the firm has high quick ratio i.e.; 1.2.

5.3 TABLE: ABSOLUTE LIQUID RATIO

Year	Absolute liquid asset	Current Liabilities	Ratio
2017-18	706327.95	2406541.77	0.2
2018-19	71497.68	2284830.73	0.03
2019-20	75523.44	9757068.74	0.07
2020-21	57334.21	3012690.75	0.01
2021-22	60947.71	3426440.13	0.01

5.3 FIGURE: ABSOLUTE LIQUID RATIO



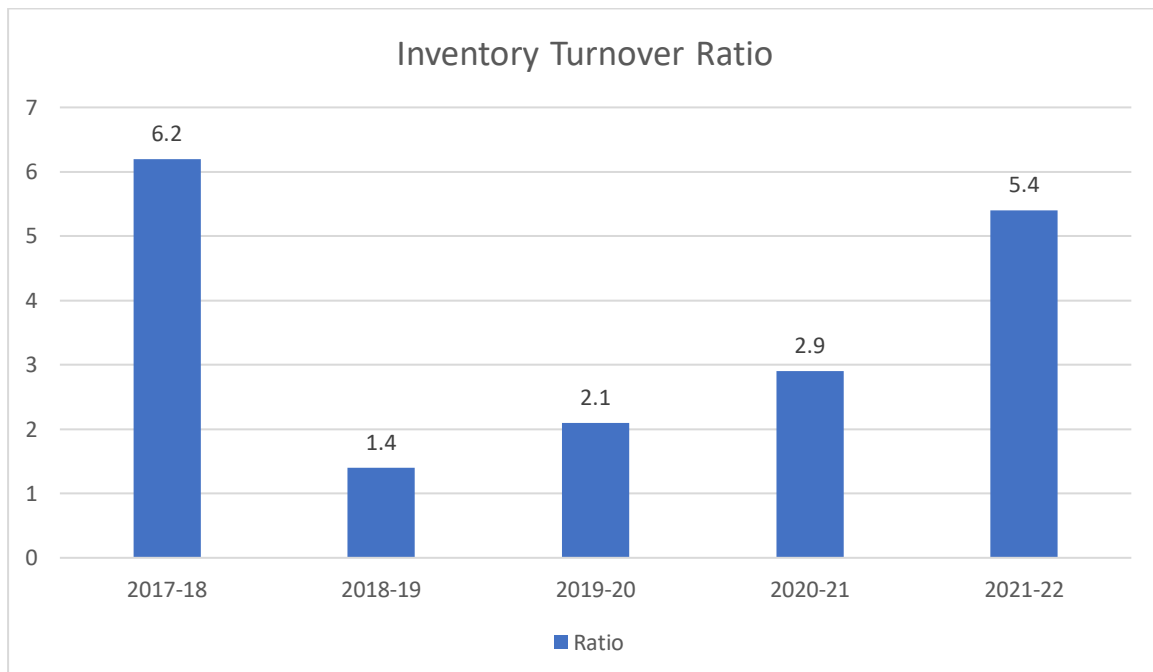
Interpretation

The ideal ratio is 50% or 0.5:1 or 1:2 which means one-rupee worth absolute liquid assets are considered adequate to pay two -rupee worth current liabilities in time as all the creditor are not expected to demand cash at the same time. In the year 2017-18 ratio is 6.2, in 2018-19 ratio is 1.4, 2019-20 ratio is 2.1, 2020-21 ratio is 2.9, 2021-22 ratio is 5.4. In the year 2017-18 absolute liquid ratio is 6.2 and next year it decreased to 1.4 and showed fluctuating trend.

5.4 TABLE: INVENTORY TURNOVER RATIO

Year	Cost of goods sold	Average Inventory	Ratio
2017-18	12256780	1962295	6.2
2018-19	6980502	4665760	1.4
2019-20	8408619.50	3852065	2.1
2020-21	10425802.40	3515113.5	2.9
2021-22	14559307	2666763.5	5.4

5.4 FIGURE: INVENTORY TURNOVER RATIO



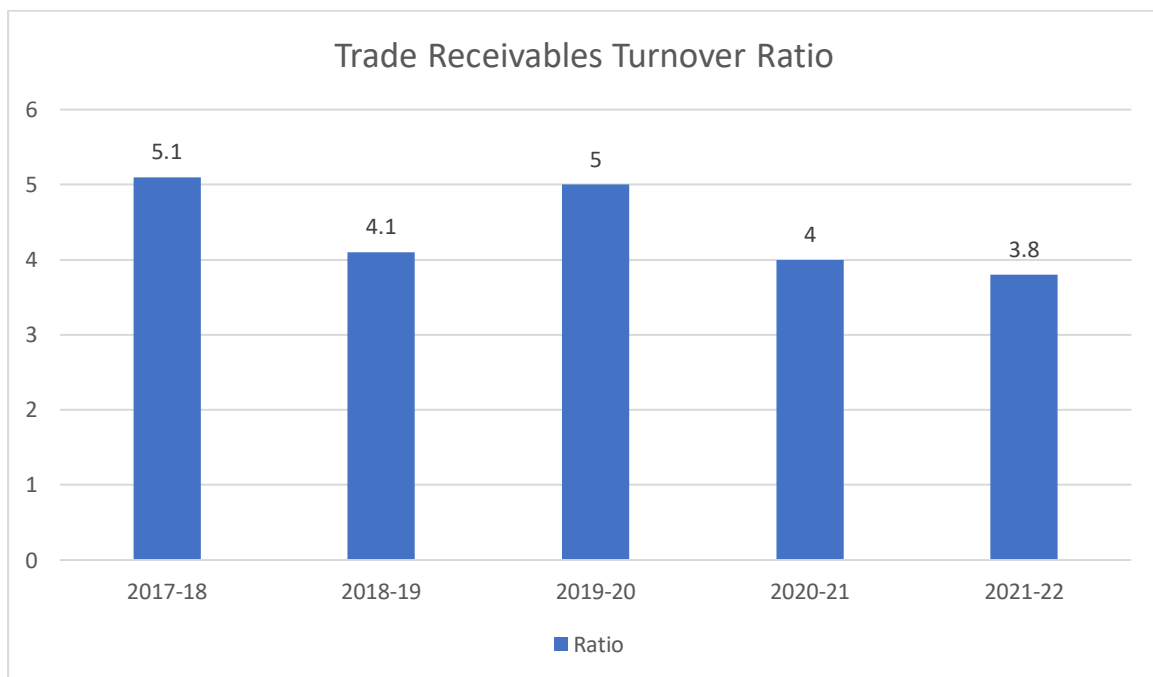
Interpretation

Inventory turnover ratio measures the unit of stock into sales. High inventory turnover ratio shows the efficient management because to the amount of unit sold lesser will be money required. In the year 2017-18 ratio is 6.2, in 2018-19 ratio is 1.4, 2019-20 ratio is 2.1, 2020-21 ratio is 2.9, 2021-22 ratio is 5.4. The above chart that shows inventory turnover ratio is highest in the year 2017-18. Next years it shows decrease. From the year 2019-20 it shows increase. It indicates inventory management is efficient.

5.5 TABLE: TRADE RECEIVABLE TURNOVER RATIO

Year	Net Sales	Average Receivable	Ratio
2017-18	12256780	2363731.5	5.1
2018-19	6980502	1668847.8	4.1
2019-20	8408619.50	1679681.1	5.0
2020-21	10425802.40	2584448.5	4.0
2021-22	14559307	3815159.9	3.8

5.5 FIGURE: TRADE RECEIVABLE TURNOVER RATIO



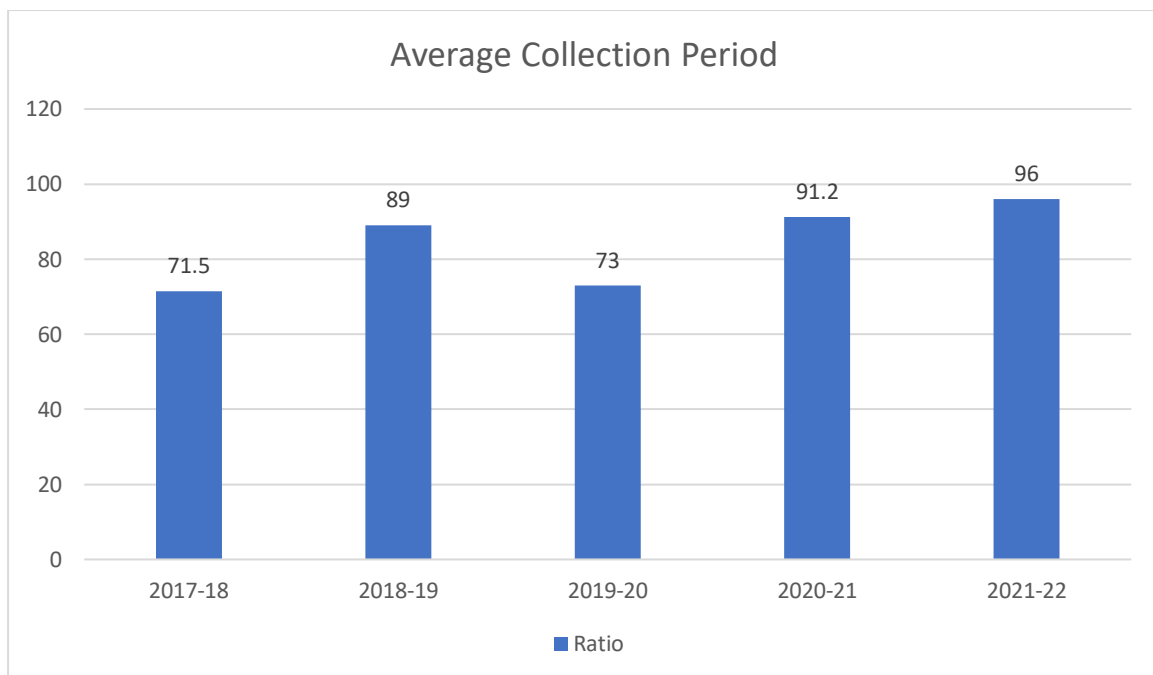
Interpretation

Higher value of debtors turnover the more efficient the management. In the year 2017-18 ratio is 5.1, in 2018-19 ratio is 4.1, 2019-20 ratio is 5, 2020-21 ratio is 4, 2021-22 ratio is 3.8. From the above chart we can analyse that the ratio is highest in the year 2017-18. The higher the ratio the better it is. It declined in 2018-19 but increased in 2019-20

5.6 TABLE: AVERAGE COLLECTION PERIOD

Year	No. of days	Debtors Turnover Ratio	Ratio
2017-18	365	5.1	71.5
2018-19	365	4.1	89.0
2019-20	365	5.0	73.0
2020-21	365	4.0	91.2
2021-22	365	3.8	96.0

5.6 FIGURE: AVERAGE COLLECTION PERIOD



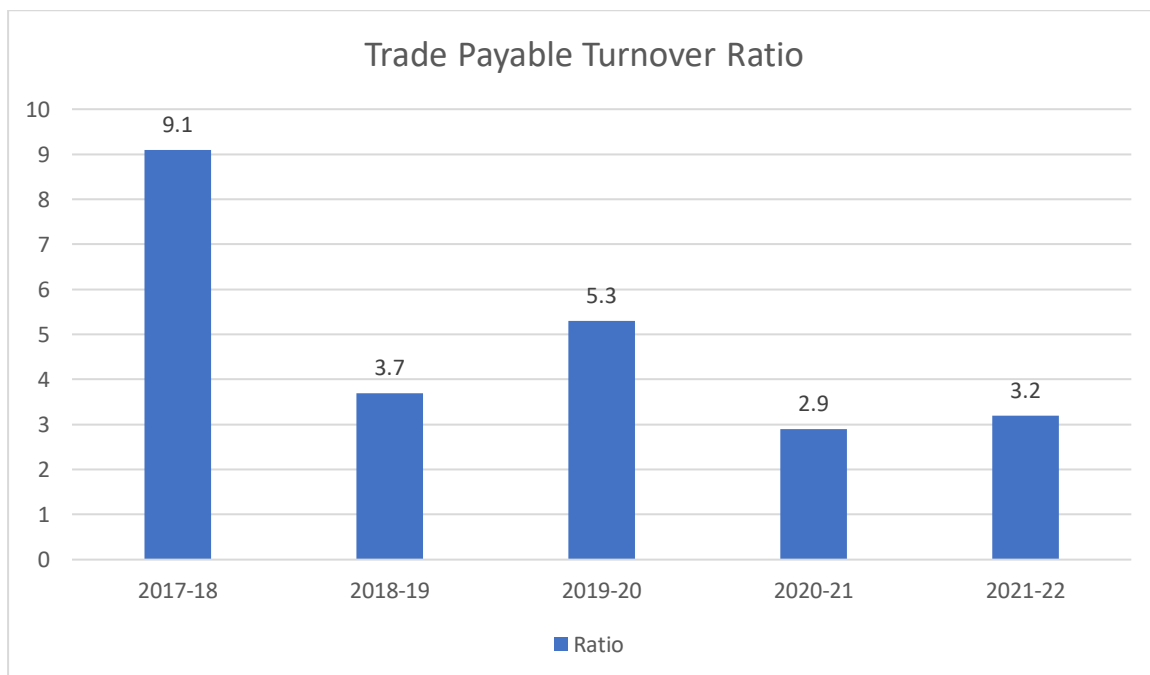
Interpretation

In the year 2017-18 ratio is 71.5, in 2018-19 ratio is 89, 2019-20 ratio is 73, 2020-21 ratio is 91.2, 2021-22 ratio is 96. From the above chart average collection period is least in 2017-18 a shorter collection period implies prompt payment by debtors. The ratio rises in 2018-19 but it decreases in 2019-20. It shows efficiency in collection.

5.7 TABLE: TRADE PAYABLE TURNOVER RATIO

Year	Net Purchase	Average Payables	Ratio
2017-18	12678690	651621	9.1
2018-19	3364843.50	892179	3.7
2019-20	6311386.68	1186959.5	5.3
2020-21	5226732.47	1764986	2.9
2021-22	6242412	1891742	3.2

5.7 FIGURE: TRADE PAYABLE TURNOVER RATIO



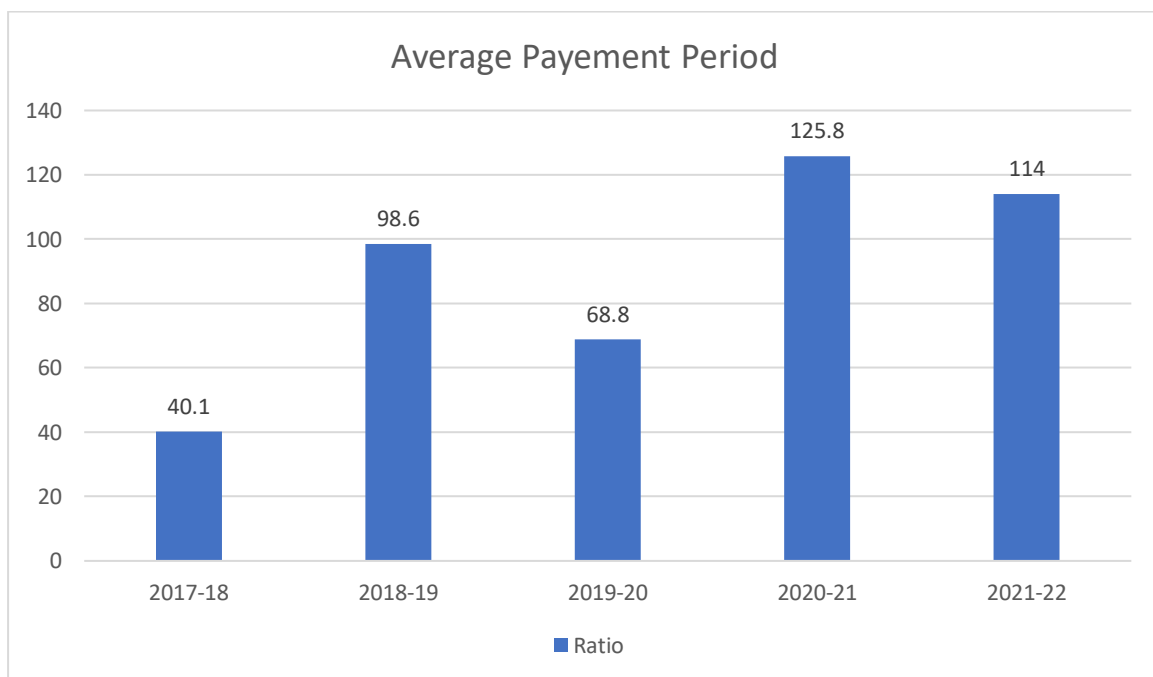
Interpretation

In the year 2017-18 ratio is 9.1, in 2018-19 ratio is 3.7, 2019-20 ratio is 5.3, 2020-21 ratio is 2.9, 2021-22 ratio is 3.2. From the above chart we can analyse that the ratio is highest in the year 2017-18. The higher the ratio shows that the company is efficient in its credit management. It declined in 2018-19 but increased in 2019-20. Showing fluctuating trend.

5.8 TABLE: AVERAGE PAYMENT PERIOD

Year	No. of days	Creditors Turnover Ratio	Ratio
2017-18	365	9.1	40.1
2018-19	365	3.7	98.6
2019-20	365	5.3	68.8
2020-21	365	2.9	125.8
2021-22	365	3.2	114.0

5.8 FIGURE: AVERAGE PAYMENT PERIOD



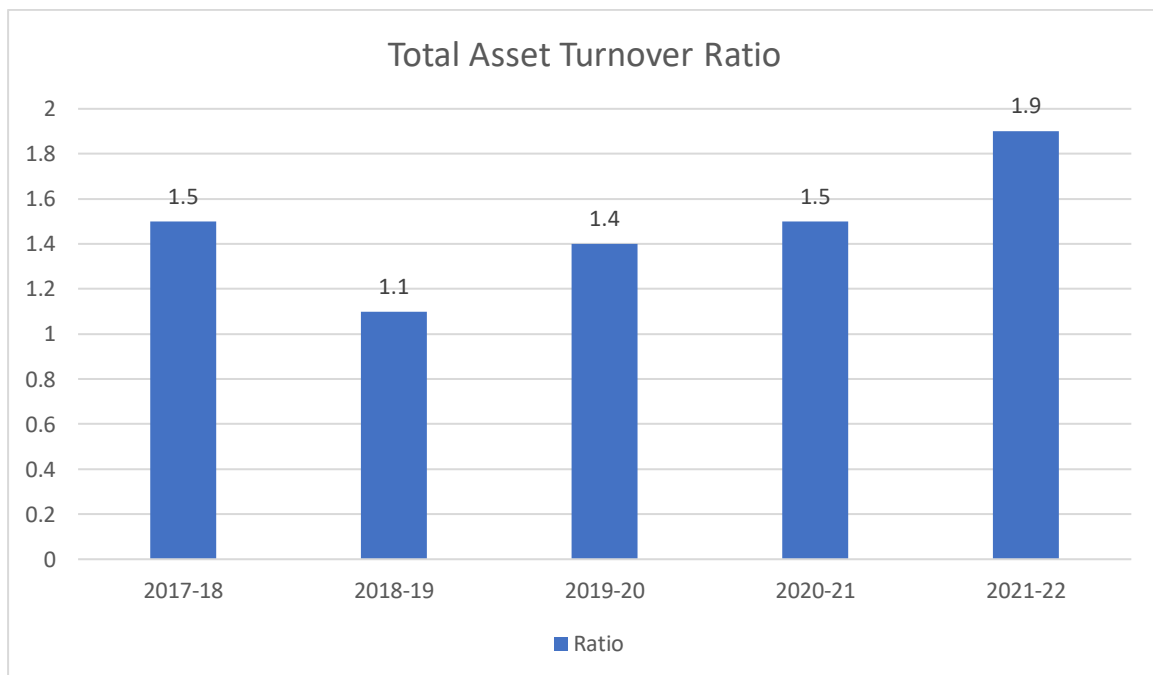
Interpretation

In the year 2017-18 ratio is 40.1, in 2018-19 ratio is 98.6, 2019-20 ratio is 68.8, 2020-21 ratio is 125.8, 2021-22 ratio is 144. From the above chart average payment period is least in 2017-18 a shorter payment period implies prompt collection by creditors. The ratio rises in 2018-19 but it decreases in 2019-20. It shows inefficiency in payment.

5.9 TABLE: TOTAL ASSETS TURNOVER RATIO

Year	Net Sales	Average Total Asset	Ratio
2017-18	12256780	7790055	1.5
2018-19	6980502	5905209.5	1.1
2019-20	8408619.50	5919325.5	1.4
2020-21	10425802.40	6870042	1.5
2021-22	14559307	7587678	1.9

5.9 FIGURE: TOTAL ASSETS TURNOVER RATIO



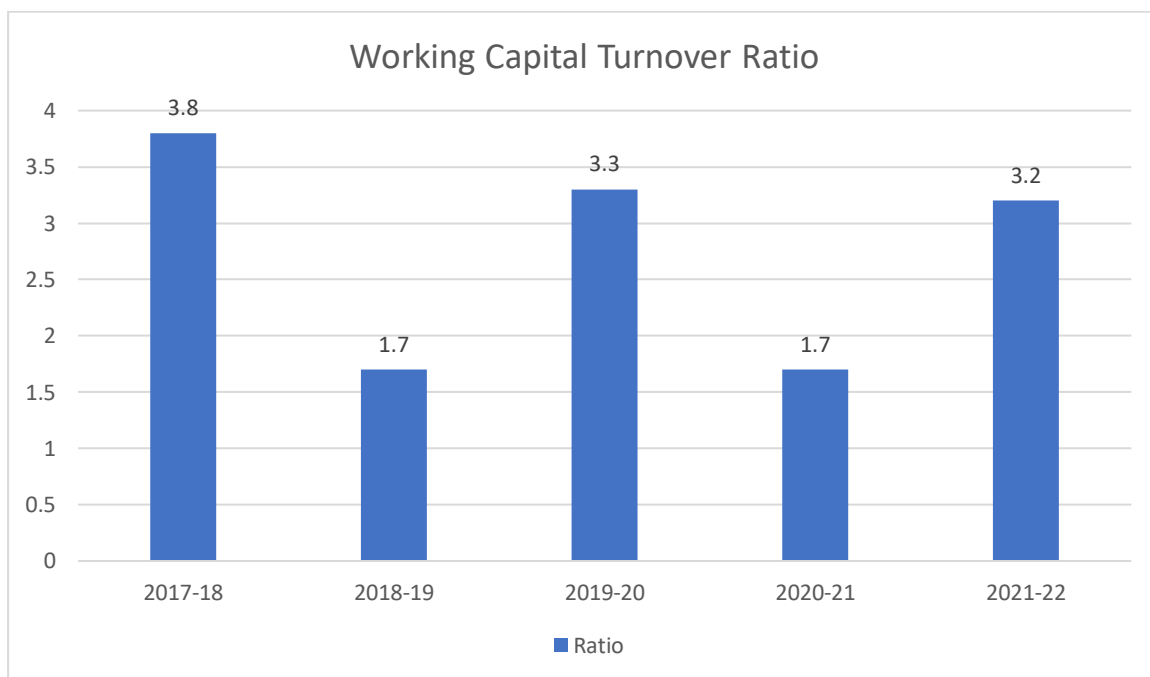
Interpretation

A high percentage of total asset turnover indicates that your asset is doing effectively for you, while a lower ratio indicates the opposite. In the year 2017-18 ratio is 1.5, in 2018-19 ratio is 1.1, 2019-20 ratio is 1.4, 2020-21 ratio is 1.5, 2021-22 ratio is 1.9. In the year 2021-22 showed the highest ratio of 1.9 and lower ratio in the year 2018-19.

5.10 TABLE: WORKING CAPITAL TURNOVER RATIO

Year	Net Sales	Average working Capital	Ratio
2017-18	12256780	3170845.9	3.8
2018-19	6980502	3946203.3	1.7
2019-20	8408619.50	2507871.5	3.3
2020-21	10425802.40	5816842.9	1.7
2021-22	14559307	4491356.1	3.2

5.10 FIGURE: WORKING CAPITAL TURNOVER RATIO



Interpretation

In the year 2017-18 ratio is 3.8, in 2018-19 ratio is 1.7, 2019-20 ratio is 3.3, 2020-21 ratio is 1.7, 2021-22 ratio is 3.2. From the above chart we can analyse that the net working capital ratio shows both increasing and decreasing trend. In 2017-18 working capital turnover ratio was the highest and in 2018-19 & 2020-21 it decreased.

SCHUDULE OF CHANGE IN WORKING CAPITAL

Particulars	2017-18	2018-19	Change in working Capital	
			Increase (Dr)	Decrease (Cr)
Current Assets:				
Inventory	28,45,600.00	3,08,05,780.00	2,79,60,180.00	
Sundry Debtors	19,48,787.62	13,88,908.00		5,59,879.62
Deposits & Advance	35,000.00			35,000.00
Federal Bank	7,01,649.05	69,084.00		6,32,565.05
Cash in Hand	4,678.90	2,413.68		2,265.22
Total:	55,35,715.57	3,22,66,185.68	2,79,60,180.00	12,29,709.89
Current Liabilities:				
Sundry Creditors	7,48,000.00	10,36,346.00	2,88,346.00	
Bank Overdraft	8,28,541.77			8,28,541.77
Loans and Advance	8,30,000.00			8,30,000.00
Gst Payables		2,69,745.00	2,69,745.00	

Total:	24,06,541.77	13,06,091.00	5,58,091.00	16,58,541.77
Working capital	31,29,173.80	3,09,60,094.68	2,74,02,089.00	4,28,831.88
Increase in Working Capital	2,78,30,920.88			2,78,30,920.68
Total	3,09,60,094.68	3,09,60,094.68	2,74,02,089.00	2,74,02,088.80

When compared the statement of the year 2017-18 and 2018-19 there is an increase in working capital of Rs. 2,78,30,920,68.

SCHUDULE OF CHANGE IN WORKING CAPITAL

Particulars	2018-19	2019-20	Change in working Capital	
			Increase (Dr)	Decrease (Dr)
Current Assets:				
Inventory	3,08,05,780.00	38,98,350.00		2,69,07,430.00
Sundry Debtors	13,88,908.00	19,70,454.20	5,81,546.20	
Gst Receivables		45,820.00	45,820.00	
Federal Bank	69,084.00	69,084.00		
Cash in Hand	2,413.68	6,439.44	4,025.76	
Total:	3,22,66,185.68	59,90,147.64	6,31,391.96	2,69,07,430.00
Current Liabilities:				

Sundry Creditors	10,36,346.00	13,37,573.01	3,01,227.01	
Expense Payables		4,40,756.00	4,40,756.00	
Gst Payables	2,69,745.00			2,69,745.00
Total:	13,06,091.00	17,78,329.01	7,41,983.01	2,69,745.00
Working capital	3,09,60,094.68	42,11,818.63	1,10,591.05	2,66,37,685.00
Decrease in Working Capital		2,67,48,276.05	2,67,48,276.05	
Total	3,09,60,094.68	3,09,60,094.68	2,66,37,685.00	2,66,37,685.00

In 2018-19 and 2019-20 there is decrease in working capital. In that year flow of working capital decreased by 2,67,48,276.05.

SCHUDULE OF CHANGE IN WORKING CAPITAL

Particulars	2019-20	2020-21	Change in working Capital	
			Increase (Dr)	Decrease (Dr)
Current Assets:				
Inventory	38,98,350.00	31,31,877.00		7,66,473.00
Sundry Debtors	19,70,454.20	31,98,442.94	12,27,988.74	
Gst Receivables	45,820.00			45,820.00
Federal Bank	69,084.00	10,935.45		58,148.55

Cash in Hand	6,439.44	46,398.76	39,959.32	
Total:	59,90,147.64	63,87,654.15	12,67,948.06	8,70,441.55
Current Liabilities:				
Sundry Creditors	13,37,573.01	21,92,399.00	8,54,825.99	
Expense Payables	4,40,756.00	1,34,622.00		3,06,134.00
Provisions		2,09,561.00	2,09,561.00	
Total:	17,78,329.01	25,36,582.00	10,64,386.99	3,06,134.00
Working capital	42,11,818.63	38,51,072.15	2,03,561.07	5,64,307.55
Decrease in Working Capital		3,60,746.48	3,60,746.48	
Total	42,11,818.63	42,11,818.63	5,64,307.55	5,64,307.55

In 2019-20 and 2020-21 there is decrease in working capital. In that year flow of working capital decreased by 3,60,746.48.

SCHUDULE OF CHANGE IN WORKING CAPITAL

Particulars	2020-21	2021-22	Change in working Capital	
			Increase (Dr)	Decrease (Dr)
Current Assets:				

Inventory	31,31,877.00	22,01,650.00		9,30,227.00
Sundry Debtors	31,98,442.94	44,31,877.00	12,33,434.06	
Federal Bank	10,935.45	58,040.71	47,105.26	
Cash in Hand	46,398.76	2,901.00		43,497.76
Total:	63,87,654.15	66,94,468.71	12,80,539.32	9,73,724.76
Current Liabilities:				
Sundry Creditors	21,92,399.00	15,91,085.00		6,01,314.00
Expenses Payables	1,34,622.00	3,95,967.66	2,61,345.66	
Provisions	2,09,561.00	9,950.00		1,99,611.00
Total:	25,36,582.00	19,97,002.66	2,61,345.66	8,00,925.00
Working capital	38,51,072.15	46,97,466.05	10,19,193.66	1,72,799.76
Increase in Working Capital	8,46,393.90			846393.9
total	46,97,466.05	46,97,466.05	10,19,193.66	10,19,193.66

In the year 2020-2021 and 2021-22 the flow of working capital is again increased by 846393.9.

6. FINDINGS, SUGGESTIONS, CONCLUSION.

FINDINGS

The research focused on the working capital management of P&S Enterprises, Eramallor's. The objective of this research was to examine and interpret the company's efficiency in working capital management. The data was collected during the years of between 2018 and 2022. A statement of change in working capital was created for the purposes of investigation, ratio analysis, and interpretation. The key conclusions obtained as a result of the research are listed below.

- The organisations financial division is functioning very systematically and maintains its records properly.
- Current ratio of the company meets the standard ratio of 2:1 in 2017-18 & 2018-19 but in 2019-20 the ratio has decreased to 0.6 even though there is increase in ratio in next years. Hence, its satisfactory
- For the years 2017-18, 2020-21, 2021-22 quick ratio meet the deal ratio of 1:1 and is safe but years 2018-19, 2019-20 ratio have been decreased.
- Absolute Liquidity ratio of the company is above the standard ratio of 0.5:1. Therefore the company is safe.
- Inventory turnover ratio is satisfactory it means the company is efficiently managing inventories.
- The debtor's turnover ratio is highest in 2017-18. the ratio indicates efficiency of staff entrusted with collection of book debts.
- The average collection period is fluctuating every year. it is lowest in the year 2017-18.
- The creditor's turnover ratio is highest in 2017-18. the ratio indicates inefficiency of staff to payments of book debts.
- The average payment period is fluctuating every year. it is lowest in the year 2017-18.
- Total assets turnover ratio indicates the indicates that your asset is doing effectively for you. In the year 2021-22 showed the highest ratio of 1.9 and lower ratio in the year 2018-19.
- Working capital turnover ratio shows both increasing and decreasing trend in 2017-18 it shows the highest trend.

SUGGESTIONS

- The company should increase current asset or decrease current liability to maintain an ideal working capital turnover ratio.
- The company should give more attention to investing in liquid asset.
- The company should improve its debt collections by retaining the good customer satisfaction
- The company should take measures for better utilization of fixed assets and to improve fixed asset turnover ratio.
- The company should search for new opportunity inside India also.
- The company should collect customers feedback and take steps to solve customers' complaints.
- It should be ensured that the creditors are paid off on given date.

CONCLUSION

The project on "working capital management of P&S Enterprises, Eramallor's ". Conducted a study on working capital management of " P&S Enterprises "for the five years from 2017-18 to 2021-22. The ultimate aim of every business is to make profit. Working capital is the life blood of every business for earning profit, a level of sufficient working capital must be maintained, ratio analysis and schedule of changes in working capital is used as a tool for analysis and interpretation. This study provided a practical exposure to the working capital management beyond the theoretical knowledge.

The highest current ratio i.e;2.3 in year 2017-18 and in the year 2018-19 firm has low current ratio in the year 2019-20.In the year 2021-22 the firm has high quick ratio i.e.; 1.2. In the year 2017-18 absolute liquid ratio is 6.2 and next year it decreased to 1.4 and showed fluctuating trend. Inventory turnover ratio is highest in the year 2017-18. Next years it shows decrease. From the year 2019-20 it shows increase. Trade receivable turnover ratio is highest in the year 2017-18. The higher the ratio the better it is. It declined in 2018-19 but increased in 2019-20. average collection period is least in 2017-18 a shorter collection period implies prompt payment by debtors. highest in the year 2017-18. The higher the ratio shows that the company is efficient in its credit management. It declined in 2018-19 but increased in 2019-20. Showing fluctuating trend. Payment period is shorter shows inefficiency of firm. A high percentage of total asset turnover indicates that your asset is doing effectively for firm in the year 2021-22 showed the highest ratio of 1.9.

It was found that the solvency position of the firm is satisfactory but. The company may find it difficult in meeting the immediate obligations.

After analysing the financial data we can conclude that overall financial performance is satisfactory. Company should take measures for providing suggestions to improve its performance. Thus this study helped as to know more about working capital management of P&S Enterprises over 5 years.