**INDUSTRY PROFILE**

**INTRODUCTION**

The automobiles as we know it was not invented in a single day by a single inventor. The history of the automobile reflects an evolution that took place worldwide. It is estimated that over one – lakh patents created the modem automobile. However we can point to the many first that occurred along the way. Starting with the first theoretical plans for a motor vehicle that had been drawn up by both Leonardo da

Vinci and Isaac Newton.

In 1769, the very self –propelled road vehicle was a military tractor invented by French Engineer and Mechanic, Nicolas Joseph Cugnot (1725-1804) Cugnot used a stream engine to power his vehicle built under his instructions at the Paris Arsenal by mechanic Brezin. It was used by the French Army to haul artillery at a whopping speed of 2-1/2 mph on only three wheels. The steam engine and boiler were separate from the rest of the vehicle and placed in the front. The following year (1770), Cugnot built a steam- powered tricycle that carried four passengers.

In 1771, cugnot drove one of his road vehicles into a stone wall, making Cugnot the first person to get into a motor vehicle accident. This was a beginning of bad luck for the inventor. After one of Cugnot’s patrons died and the other was exiled, the money for Cugnot’s road vehicle experiments ended.

Steam engines powered cars by burning fuel that heated water in a boiler, creating steam that expand and pushed pistons that turned the crankshaft, which then turned the wheels. During the early history of self- propelled vehicles – both road and railroad vehicles were being developed with steam engines. Steam engines added so much weight to a vehicle that they proved a poor design for road vehicles; however, steam engines were very successfully used in locomotives. Historians, who accept that early steam – powered road vehicles were automobiles; feel that Nicolas Cugnot was the inventor of the first automobile.

After Cugnot several other inventors designed steam– powered road vehicles:

Frenchman, Onesiphore Pecqueur, who also invented the first different gear, improved Cugnot’s vehicle, improved cugnot’s vehicle.

In 1789, the first U.S. patent for a steam- powered land vehicle was granted to

**Oliver Evans.**

In 1801, Rich Trevithick but a road carriages powered by steam – the first in Great Britain.

In Britain, from 1820 to 1840, steam – powered stagecoaches were in regular service.

These were later banned from public roads and Britain’s railroad system developed as a result.

Steam – driven road tractors pulled passenger carriages around Paris and Bordeaux up to1850.

In the United States, numerous steam coaches were built from 1860 to 1880. Inventors included: Harrison Dyer, Joseph Dixon, Rufus porter, and William T. James.

1878, had a front- mounted engine, shaft drive to the differential, chain drive to the rear wheels, on a vertical shaft and driver’s seat behind the engine. The boiler was carried the passenger compartment.

In 1871, Dr. J. W. Carhart, professor of physics at Wisconsin state University, and the J.I. Case Company built a work steam cat won a 200-mile race.

**Early Electric Cars:**

Steam engines were not the only engines used in early automobiles. Vehicles with electrical engines were also invented. Between 1832 & 1839, Robert Anderson of Scotland invented the first electric carriage. Electric cars used rechargeable batteries that powered a small electric motor. The vehicles were heavy, slow expensive, and needed to stop for recharging frequently. Both steam and electric road vehicles were advanced in favor of gas powered vehicles. Electricity found greater success in tramway and streetcars, where a constant supply of electricity was possible.

Learn more about the history of electrical vehicles from 1890 to the presen

However, around 1900, electric land vehicles in America outsold all other types of cars. Then in the several years following 1900, sales of electric vehicles took a nosedive as a new type of vehicles came to dominate the market.

The very first self – powered road vehicles were powered by steam engines and by that definition Nicholas Joseph Cugnot of France built the first automobile in 1769 recognized by the British Royal Automobile Club and the automobile was invented by either gottlied Daimler or Karl Benz? It is because both Daimler and Benz invented highly successful and practical gasoline- powered vehicles that looked and worked like the cars we use today. However, it is unfair to say that either man invented the automobile.

**History of the internal combustion engine-the heart of the mobile:**

An internal combustion engine is any engine that uses explosive combustion of fuel to push a piston within a cylinder-the piston’s movement turns a crank shaft that then turns the cars wheels via a chain or a drive shaft. The different types of fuel commonly used for car combustion engines are gasoline, diesel, and kerosene. A brief outline of the history of the internal combustion engine includes the following highlights.

1680 - Dutch physicist, Christian Huygens designed an internal combustion engine that was be fueled with gunpowder.

1807 - Francois Isaac de Rivaz of Switzerland invented an internal combustion engine that used a mixture of hydrogen and oxygen for fuel. Rivaz designed a car for his engine – the internal combustion powered automobiles. However, this was a very unsuccessful vehicle.

1824 - English engineer, Sumule brown adapted and lod Newcomen steam engine to burn gas, and he used it to briefly power a vehicle up shooter’s hill in London.

1858 - Belgian –born engineer, jean Joseph Etienne Lenoir invented and patented a double acting, electric spark-ignition internal combustion fueled by coal gas. In 1863, Lenoir attached an improved engine to a three-wheeled wagon that managed to compete an historic fifty-mile trip.

1862 - Alphonse beau de Rochas, a French civil engineer, patented but did not build a four-stroke engine.

1864 - Austrian engineer, Siegfried Marcus, built a one cylinder with a crude carburetor, and attached his engine to a cart for a rocky 500 foot drive. It was the world’s first gasoline-powered vehicle. Several year later, historians consider was the forerunner of the modern automobile.

1873 - George Brayton, an American engineer, developed unsuccessful two-stroke kerosene (it used two external pumping cylinders). However, it was considered the first sage and practical oil engine.

1866 - German engines, Eugene Lange and Nicolas august Otto improved on Lenoir and de Roche’s designs and invented a more efficient gas engine.

1876 - Nicola’s august Otto invented and later patterned a successful four stroke engine, known as the “Otto cycle”.

1876 - The first successful two strokes were invented by sir dougald clerk.

1883 -french engineer, Edouard Delamare -Debouteville, built a single-cylinder four-stock engine that on stove gas. It is not certain if he did indeed build a single- cylinder four-stoke on stove in stove gas. It is not certain if he did indeed built a car, however Delamere- bebouteville’s designs were very advance for the time-ahead of both Daimler and Benz in some ways at least on paper.

1885 - Gottlied Daimler invented what is often recognized as the prototype of the modern gas engine- with a vertical cylinder, and with wheeled vehicle the “Reitwagen” with this engine and a year later built the world’s first four- wheeled **motor vehicle.**

1886 - On January 29, Karl Benz received the first patent a gas –fueled car.

1889 - Daimler built an improved four –stoke engine with mushroom shaped **values and two V-slat cylinders.**

1890 - Wilhelm may Bach built the four- cylinder, four-Stroke engine.

Engine design and car design wee integral activates, almost all of the engine designers mentioned above also designed car, and a few went in to become major manufactures of automobiles. All of these inventors and more made notable improvements in the design of the internal combustion vehicles.

**The important of Nicholas Otto:**

One of the most important landmarks in engine design comes from Nicholas August Otto who in 1876 invented an effective gas motor engine. Otto built the first practical four stoke internal combustion engine called the “ Otto cycle engine”. And as soon as he had completed where very historically significant, it was his four- stoke engine that was universally adapted for all liquid- fueled automobiles going forward.

**The important of Karl Benz:**

In 1885, German mechanical engineer, Karl Benz designed and built the world’s first practical automobile to be powdered by an internal combustion engine. On January 29, 1886 Benz build his first four- wheeled car in 1891. Benz and CIA. The company started by the inventor, become the world’s largest manufacturer of automobiles by 1900. Benz was the first inventor to integrate combustion engine with a chassis designing both together.

**The important of Gottlied Daimler:**

In 1885, Gottlied Daimler took Otto’s internal combustion engine a step further and patented what is generally recognized as the prototype of the modern gas engine. Daimler’s connection to Otto was a direct one Daimler worked as technical director of Duetz Gasmotorenfabrik, which Nicholas Otto co-owned in 1872. There is some controversy as to who built the first motorcycle Otto or Daimler.

The 1885 Daimler-may Bach engine was small, light weight, fast used a gasoline- injected carburetor, and had a vertical cylinder. The size, speed, and efficiency of the engine allowed for a revolution in car design. On March 8, 1886, Daimler took a stagecoach and adapted to hold his engine, thereby designing the world’s first four-wheeled automobile. Daimler is considered the first inventor to have invented a practical internal combustion engine.

In 1889, Daimler invented a V-slanted two cylinder, four-stroke engine with mushroom-shaped valves. Just like Otto’s 1876 engine, Daimler’s new engine set the basis for all engines going forward. Also in 1889, Daimler and May Bach built their first automobile from the ground up they did not adapt another purpose vehicle as they had always been done previously. The new Daimler automobile had a four speed transmission and obtained speeds of 10mph.

Daimler founded the Daimler Motoren- Gesellschaft in 1890 to manufacture his designs. Eleven years later, Wilhelm May Bach designed the Mercedes automobile.

If Siegfried Marcus built his second car in 1875 and it was as claimed, it would have been the first vehicle powered by a four –cycle engine and the first to use gasoline as a fuel, the first having a carburetor for a gasoline engine and the first having a magneto ignition. However, the only existing evidence indicates that the vehicle was built circa 1888/89-too late to be first.

By the early 1900s, gasoline cars started to outsell all other types of motor vehicles. The market was growing for economical automobile and the need for industrial production was pressing.

The first car manufactured in the world were French: Pan hard and Peugeot. By car manufacturer we mean builders of entire motor vehicles for sale and not just engine inventors who experimented with car design to test their engines a Daimler and Benz began as the later before becoming full car manufactures and made their early money by licensing their patents and selling their engine to car manufactures.

**Rene Pan hard and Emile Levassor:**

Rene Pan hard and Emile Levassor were partners in a wood working machinery business, when they decided to become car manufactures. They built their first car in 1890 using a Daimler engine. Edouard Sarazin, who held the license rights to the Daimler patent for France, commissioned the team. The partners not only manufactured cars, they made improvements to the automotive body design.

Pahhard –levassor made vehicles with a pedal-Operated clutch, a chain transmission leading to a change – speed gearbox, and a front radiator. Levassor was the first design was known as the system panhard and quickly became the standard for all cars because it gave a better balance and improved steering. Panhard and Leavassor are also credited with the invention of the modern transmission- installed in their 1895 panhard .

Panhard and levassor also shared the licesing rights to Daimler motors with armed peugot. A peugot car went on to win the first car race held in France, which gained peugot publicity and boosted car sales. Ironically, the “Paris to Marseill” race of 1897 resulted in afatal auto accident, killing Emile Lvasssor .

Early on, French manufactures did not standardized car models each car was different for the other. The first standardized car was the 1894, Benz Velo. One hundred and thirty four identical Velos were manufactured in 1895.

**Charles and Frank Duryea:**

America‘s first gasoline-powered commercial car manufactures were Charles and Frank Duryea. The brothers were bicycle makers who became interested in gasoline engine and automobile and built their first motor vehicle in 1893, in Springfield, Massachusetts. By 1896, the Duryea Motor wagon Company had sold thirteen models of Duryea, an expensive limousine, which remained in production into the 1920s.

**Ransom Eli Olds:**

The first automobile to be mass-produced in the United States was the 1901, Curved Dash Oldsmobile, built by the American car manufacturer Ransom Eli Olds invented the basic concept of the assembly line and started the Detroit area automobile industry. He first began making steam and gasoline engines with his father, Pliny Fisk Olds, Lansing, Michigan in 1885. In 1885. Olds designed his first steam powered car in 1887. in 1899, with a growing experience of gasoline engines, Olds moved to Detroit to start the olds motor works, and produced 425 “Curved Dash Olds” in 1901, and was America ‘s leading auto manufacturer from 1901 to 1904.

**Henry Ford:**

American car manufacturer, Henry Ford invented an improved assembly line and installed the first conveyor belt-based assembly line in his car factory in ford’s highland park, Michigan plant, around 1913-14. The assembly line reduced production cost for cars by reducing assembly time. Ford’s famous models T was assembled in ninety –three minutes .Ford made his first car, called the “quadricycle”, in June 1896. However, success came after he formed the ford motor company in 1903.

This was the third car manufacturing company formed to produce cars he designed. He introduced the t model in 1908 and it was a success. After installing the moving assembly lines in his factory in 1913, Ford became the world’s highest car manufacturer. By 1927, 15 million model T’s has been manufactured.

Another victory won by Henry Ford was patent battle with George B. Selden. Selden, who had never built an automobile, held all American car manufactures paid royalties on a “road engine”, on that basis Selden. ford overturned Selden’s patent and opened the American car market for the building of inexpensive cars.

This flagged off the era “wheel racing” which lasted till 1964, after which jet and rocket- propelled vehicles were allowed. Then on wards it has been one big journey on the roads. From the singsong rhythm of the some of the events and milestones in the car industry in India.

1924 - Hindustan motor incorporated.

1928 - The first imported car on the Indian roads.

1944 - Premier automobiles started.

1948 - First car manufactured in India.

1953 - The Government of India decreed that only those firms which have a manufacturing program should be allowed to operate.

1955 - Only seven firms HM, APL, SMPL, PAL, M & M , TELCO received approval.

The liberalization in 1990 in India opened the doors for the Entry of foreign products in to market. This made the market a consumer market with a lot of choices for the consumers. The future of the products depends on the consumer’s satisfaction. The products, which are able to attract the consumers, ate having a bright future and the others are lost in the competition. So, it is very important to know the pulse of the customers. The business people should always have correct information regarding the satisfaction level in the customers. Different ways ate to be implemented to increase the satisfaction level in the customers.

**INTRODUCTION TO FINANCIAL MANAGEMENT**

Financial management has vital and an integrated part of business management. Financial management is concerned with the planning and controlling of the firm’s financial resource. It is often said that the financial management has received less emphasis as compared to topics like production and marketing.

However, the task of financial planning and controlling will assume relative more important role than in the past due to certain changes that have taken place or will take place in economy. Factors such as increasing pace of industrialization, technological innovations land inventions, raising price levels, increasing influence of government in financial matters etc.

**DEFINATION OF FINANCIAL MANAGEMENT:**

Financial management is that managerial activity which is concerned with the planning and controlling of the firm’s financial resources

**OBJECTIVES OF FINANCIAL MANAGEMENT:**

The financial objective of a company is to maximize owner’s economic welfare. However, there is disagreement as to how the economic welfare of owners can be maximized. They are mainly two points discussed.

1. Profit maximization

2. Wealth maximization

**OBJECTIVES OF PROFIT MAXIMIZATION:**

* 1. An individual or firm performing any economic activity rationally aims at utility maximization. Utility can be measure in terms of profit.
  2. Profit maximization assumes perfect competition.
  3. Enhancement of personal power and individual wealth.
  4. The modern business environment is characterized by limited liability and a divorce between management and ownership.
  5. Profit maximization is regarded as unrealistic, difficult, inappropriate and immoral.
  6. A market economy, characterized by a high degree of competition, would certainly ensure efficient production of goods and services desired by society.

**Profit maximization suffers from the following limitations**

1. It is vague
2. It ignores the timing of returns
3. It ignores risk.

**WEALTH MAXIMIZATION:**

Wealth maximization means maximizing the net present value of a course of action to shareholders. Wealth of a course of action is the difference between that present value of its benefits and the present value of its costs.

1. Questions of the timing and risk of the expected benefits.
2. Wealth maximization objective is an appropriate and operationally feasible criterion to choose among the alternative financial actions.
3. Maximize in making investment and financing decisions on behalf of shareholders.

**COMPANY PROFILE**

Hanil Automotive India has come a long way from a small and humble beginning in 2003... From 3 machines to 15 machines... from a turnover of 60 lakhs to 460 corers...It has been a journey we are proud of and we dreamed of Established in 2002, Hanil Automotive India, have grown facing lots of hurdleson the way to be The leader in Hanil Automotive India interior and exterior industry today. HAI Gained wisdom by facing endless challenges that lie ahead of us and Knowledge With creativity. HAI are determined to march forward with our consistent efforts by supplying to our customers delights, harmonizing a balance between man, Nature and Technology to the best efficiency.

**LEADING A GENERATION OF AUTOMOBILES**

Hanil Automotive India are approaching this task with a high sense of adventure and challenge... but at the same time we always remind ourselves that it is a task achieved with the collective effort of the Hanil Team, hard work and motivation entwined to achieve the goals set before us...

**CREATING A WORLD OF TECHNOLOGY AND FUTUR**E

Hanil Automotive India has built an empire but to sustain in this, we understand it is going to be a strenuous effort to take this forward. We are prepared and geared up to be the global leader and manufacturer of automobile interior and exterior components, with endless enthusiasm coupled with technology. Hanil Automotive India endeavor to exceed our customers' expectations in cast,delivery and quality by keeping good rapport with them.Each employee of HAI (Hanil Automotive India), succeed because our customers succeed. Hanil Automotive India is part of a larger community to which we are obliged and compelled to act responsibly by helping to protect the environment, providing fair economic opportunities, and by working safely considering each person in all of our business affairs Hanil Automotive India provides work environments where our employees can meet their potential and thrive in an atmosphere of excellence. The hanil automotive pvt. ltd in totally 14 plan in the world wise

* TRUKEY:
  + - 1.ASSAN HANIL
* SLOVAKIA:
  + - 2.HANIL E-HWA
* AMERICA:
  + - 3.HANIL ALABAMA
* RUSSIA:
  + - 4.IZA-AUTO
    - 5.TAGAZ
* KOREA:
  + - 6.TOPMETAL
    - 7.HANIL INT
    - 8.HANIL C&F
* INDIA:
  + - 9.HANIL AUTOMOTIVE 1
    - 10. HANIL AUTOMOTIVE 2
    - 11.HANIL AUTOMOTIVE 3
* CHINA :
  + - 12.YIZHENG HANHAL
    - 13.J’ANGSU HANIL
    - 14.HANIL E HWA

**Vision & Mission**

**Vision**

* To be the leader, In India and internationally in manufacturing interior and exterior automotive plastic plants
* To be a leader in India and internationally, in the manufacture of interior and
* exterior automotive plastic parts.
* Hanil Automotive is committed in achieving Customer delights by supply of
* quality products at competitive price and on time delivery.
* Conservation of resources and protect environment.
* Encourage suppliers to adopt quality systems and environmental protection.
* Employee’s satisfaction with professional working environment and resources

**Mission**

We are committed to achieve total customer satisfaction by meeting all their

requirements.

* Providing Professional environment.
* Managing Quality with creative mindset.
* Total employee involvement.
* Consistent delivery of Quality Products on time, every time.

**Management Philosophy**

**Executive**

* Hanil Automotive India give clear orders and make decisions fast.
* Hanil Automotive India removes barriers between teams, and creates harmony

between teams.

* Hanil Automotive India act as we commit ourselves, thereby becoming exemplars

to each other.

* Hanil Automotive India brave challenges together.
* Hanil Automotive India embraces an owner mindset and takes great pride in our

work.

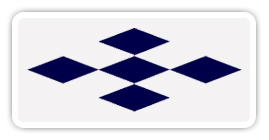
* Employees
* Hanil Automotive India observes company norms and ethical codes.
* Hanil Automotive India continually improves ourselves.
* Hanil Automotive India closely follows through our jobs.
* Hanil Automotive India proactively caters to customer needs.
* Hanil Automotive India praises others.

**Ten Ethical Code of Hanil Automotive India Employees**

* Observe the company norms and ethical codes.
* Respect customers' opinions and do my best to satisfy customers.
* Practice moderation and value my family life.
* Do not take illegal profits using my position.
* Protect the company's properties and distinguish company work from my private

affairs.

* Continue to improve myself and cultivate professionalism.
* Embrace integrity and cooperative values, respect others and put my trust in them.
* Uphold a pioneering way of thinking and strive to create values.
* Do not defame the company by taking or giving bribes, or committing breaches of
* trust or acts of embezzlement.
* Believe in pursuing a fun, life-long workplace.

**The logo mark of Hanil Ehwa Co.,LTD**

As a total automotive parts manufacturer, features a symbol composed of five diamonds, each of which has its own meaning. From top left to bottom right, the five diamonds symbolize harmony, value, top quality (satisfying customers), trust, and respect for humans. With these values, the company produces top-quality products.The overall composition of the diamonds symbolizes the company's commitment toproducing the most beautiful, valuable, superior quality products, just like diamondsAs Hanil Ehwa Co.,LTD aims to become a world-class automotive interior parts manufacturer, its logo mark embraces future-oriented values geared towards satisfying customers.

**Milestones**

|  |  |
| --- | --- |
| **2014** | Best supporting vendor award (2014) |
| **2011** | * OCT: commercial production start( i 10) * Mar : Plant- 2 start of Production * Feb : Best Overseas Award |
| **2009** | * Dec : Achieve 4. 5 Star * Oct : Quality Innovation Award (2005) from  HMI * Aug : Commercial production starts (Verna) * Jun : Best Localization Award from HMI * May : ISO 14001 : 2004 Certification * Jan : IQS Best Performance Award from HMI |
| **2005** | * May : Achieve 100 PPM Award from HMI * Feb : QMS ISO 14001: 1996 Certification |
| **2004** | Dec : QMS ISO/TS 16949 : 2002 Certification |
| **2003** | * May : Commercial production starts  (Santro - Xing) * Feb : Commercial production starts (Accent) * Feb :Commercial production starts (Santro) |

# REVIEW OF LITERATURE

# INTRODUCTION

One of the most important areas in the day-to-day management of the firm is the management of working capital. Working capital management is the functional area of the finance that covers all the current accounts of the firm. It is concerned with management of the level of individual current assets as well as the management of total working capital. Financial management means procurement of funds and effective utilization of these procured funds. Procurement of funds is firstly concerned for financing working capital requirement of the firm and secondary for financing fixed assets.

# MEANING OF WORKING CAPITAL

Ordinarily, the term “working capital” stands for that part of the capital, which is required for the financing of working or current needs of the company. Working capital is the lifetime of every concern. Whether it is manufacturing or non-manufacturing one with out adequate working capital, there can be no progress in the industry.

Inadequate working capital means shortage of raw materials, labor etc., resulting in partial current assets less current liabilities-has no economic meaning in the sense of implying some type of normative behavior. According to this line of reasoning, it is largely an accounting artifact. Working capital management, then, is a misnomer.

The working capital of the firm is not managed. The term describes a category of management decisions affects specific types of current assets and current liabilities. In turn, those decisions should be rooted in the overall Valuation of the firm.

## DEFINITIONS

According to Western and Brigham, “Working capital refers to a firm’s investment in short term assets- cash, short term securities, accounts receivables and inventories”.

According to Hoagland, “working capital is descriptive of that capital which is not fixed. But the more common use of the working capital is to consider it as the difference between the book value of the current assets and the current liabilities.

**CONCEPTS OF WORKING CAPITAL**

The term working capital can be used in two different ways: they are

**1. Gross Working Capital**

The gross working capital refers to investment in all the current assets taken together. The total of investments in all current assets is known as gross working capital.

**2. Net Working Capital**

The term net working capital refers excess of total current assets over total current liabilities. It may be noted that the current assets refers to these liabilities which are payable with in a period of one year.

**TYPES OF WORKING CAPITAL**

From the point of view of time, the term working capital can be divided into two categories.

**1. Permanent working capital**

It is also refers to the hard core working capital. it is the minimum level of investment in the current assets that is carried by the business at all times to carries our minimum level of its activities.

**2. Temporary working capital**

It refers to the part of total working capital which is required by a business over and about permanent working capital. It is also called variable working capital. Since the volume of the temporary working capital keeps on fluctuating from time to time according to the business activities it may be financed from short term resources.

**Permanent working capital can be further divided into**

1. Regular Working Capital

2. Reserve Working Capital

**1. Regular Working Capital**

It is the minimum amount of liquid capital needed to keep up the circulation of the capital from cash to inventories to receivables and again to cash. This would include sufficient minimum bank balance to discount all bills, maintain adequate supply of raw materials etc...

**2. Reserve Working Capital**

It is the excess over the needs or regular working capital that should be kept in reserve for contingencies that may arise at any time these contingencies include rising prices, business depression, strikes and special operations such as experiments with new products.

**COMPOSITION OF WORKING CAPITAL**

|  |  |
| --- | --- |
| **1.Current Assets:** |  |
| a. Inventories | Raw Materials Work in progress  Finished goods  Stores and spares  Miscellaneous Goods |
| b. Receivables | Trade debtors  Loans and advances  Other debtor balances |
| c. Marketable securities | Govt securities  Semi-Government securities  Shares, Debenture, etc., |
| d. Cash and bank balance | Cash in Hand  Cash At Bank  Cash in Transit |

|  |  |
| --- | --- |
| **2.Current Liabilities:** |  |
| a. Sundry creditors | Interest accused on loan  Advances received from customs  Short term loans from banks  Trade dues and other liabilities  Deposits from public, etc., |

**Sources of Working Capital**

Working Capital Sources

Short Term Sources

Long Term Sources

External

Internal

1. Sale of shares 1. Depreciation funds 1. Trade credit
2. Sale of Debentures 2. Provision of Taxation 2. Credit papers
3. Sale of idle fixed assets 3. Accrued Expenses 3. Bank credit
4. Long-term loans 4. Public Deposits

5. Customers credit

6. Loans from directors

7. Security of employee

8. Factoring

**General factors determining working capital requirements**

The working capital needs of a firm are determined & influenced by various factors. A wide variety of considerations may affect the quantum of working capital required & these considerations may vary from time to time. The working capital needed at one point of time may not be good enough for some other situation. The determination of working capital requirements is a continuous process & must be undertaken on a regular basis in the light of the changing situations. Following are some of the factors which are relevant in determining the working capital need of the firms.

1. Production policy
2. Nature of the business
3. Credit policy
4. Inventory policy
5. Abnormal factors
6. Market conditions
7. Conditions of supply
8. Business cycle
9. Growth and expansion
10. Level of taxes
11. Dividend policy
12. Price level changes
13. Operating efficiency

**1. Production Policy**

The production schedule i.e., the plan for production, has great influence on the level of the inventories. In some cases raw materials can be produced only in a particular season and have to be stocked for the production of the whole year. In many others the production cycle is limited to a part of the year and raw materials have to be accumulated throughout the year. thus, need for working capital will very according to the production plans.

**2. Nature of the Business**

The size of business also has an important impact on its working capital needs. Size may be measured in terms of the scale of operations. A firm with large scale of operation will need working capital than small term. The working capital requirements of a firm are basically influenced by the nature of the business trading and financial firm has a very less investment in fixed assets, but require a large sum of money to be invested in working capital.

**3. Credit Policy**

A company, which allows liberal credit to its customers, may have higher sales but consequently will have large amount of funds tied up in sundry debtors. Credit terms, Debt collection system also influences the level of working capital.

**4. Inventory policy**

Large amount of funds is normally locked up in inventory. An efficient firm may stock raw material for a smaller period and may therefore require lesser amount of working capital.

**5. Abnormal factors**

Abnormal factors like strikes, lockouts also require additional working capital. Recessionary conditions necessitate a higher amount of stock of finished goods.

**6. Market conditions**

Market conditions like competition large inventory are essential as delivery has to be off the self or credit has to be extended on liberal terms when market competition is fierce.

**7. Conditions of supply**

If prompt and adequate supply of raw materials requires small investment in inventory. If supply is scant, seasonal canalized, it is essential to keep longer stocks increasing working capital requirements.

**8. Business cycle**

Business fluctuations lead to cyclical and seasonal changes in production, sales and effect the working capital requirements.

**9. Growth and expansion**

The working capital needs of firm increases in growth in terms sales of fixed assets. If is difficult to precisely determine the relationship between volume of sales and the working capital needs. The critical fact however that is the need for increased working capital funds does not fallow growth in business activities but precedes it.

**10. Level of taxes**

Taxation is a short term liability payable in cash. Advance payment of cash may have to be paid on the basis of anticipated profits. Tax is first appropriation out of profits. Higher the tax, greater is the stain on the working capital of the company. Working capital varies with tax rate and advanced tax provisions.

**11. Dividend policy**

Payment of dividend utilizes cash while retaining profits acts as a source of working capital.

**12. Price Level changes**

Inflationary trends in the economy necessitate more working capital maintain the same level of activity.

**13. Operating efficiency**

The operating efficiency of the firm relates to the optimum utilization of resources at minimum costs. The firm will be effectively contributing in keeping the working capital investment at a lower level if it is efficient to controlling operating costs and utilizing current assets. The use of working capital is improved and pace of a cash conversion cycle is accelerated with operating efficiency.

**ADVANTAGES OF GOOD WORKING CAPITAL MANAGEMENT**

The main advantages of sound working capital are as follows:

Solvency of the business: adequate working capital helps in maintaining solvency of the business by providing uninterrupted flow of production.

1. Goodwill: sufficient working capital enables a business concern to make prompt payments and hence helps in crating and maintaining goodwill.
2. Easy loans: a concern having adequate working capital, high solvency and good Credit standing can arrange loans from banks on easy and favorable terms.
3. Cash discount: adequate working capital also enables a concern to avail cash discounts on the purchases and maintaining goodwill.
4. Regular supply of raw materials: sufficient working capital ensures regular supply of raw materials and continuous production.
5. Regular payment of salaries, wages and other day-to-day commitments: a company which has ample working capital can make regular payment towards it day-today commitments which would raise the morale of its employees, increase their efficiency, reduce wastage cost and enhance production and profits.
6. Exploitation of favorable market conditions: only concerns with adequate working capital exploit favorable market conditions such as purchasing its requirements in bulk when the prices are lower and holding its inventories for higher prices.
7. Crisis handling ability: adequate working capital enables a concern to face business crisis, such as depression, inflation successfully.
8. Quick and regular return on investments: sufficiency of working capital enables a concern to pay quick and regular dividends to its investors, as there may not be much pressure to plough back profits.
9. High morale: adequacy of working capital creates an environment of security, confidence and high morale and improves the overall efficiency of a business.

**Disadvantages of Inadequate Working Capital**

1. A concern which has inadequate working capital cannot pay its short-term liabilities in time. Thus, it will lose its reputation and shall not be able to obtain good credit facilities.
2. It cannot buy its requirements in bulk and cannot avail discounts.
3. It becomes difficult for the firm exploits favorable market conditions and under take profitable projects.
4. The firm cannot pay its day-to-day expenses, which would increase cost and reduce the profit of the business.
5. It becomes impossible to utilize efficiently the fixed assets due to the non-availability of liquid funds.
6. The rate of return on investments will also fall with the shortage of working capital.

**Working capital cycle (the operating cycle)**

The working capital cycle refers to the length of time between the firm’s paying cash for materials, etc., entering in to the production process/ stock and the inflow of cash from debtors. Suppose a company has a certain amount of cash it will need raw materials. Some raw materials will be available on credit but, cash will be paid out for the other part immediately. Then it has to pay labour cost and incurs factory overheads. These three combined together will constitute work-in-progress. After the production cycle is complete, work-in-progress will get converted into sundry debtors. Sundry debtors will be realized in cash after the expiry of credit period. this cash can again be used for financing of raw materials, work-in-progress, etc. thus there is a complete cycle from cash to cash where in cash gets converted into raw materials, work-in-progress, finished goods, debtors and finally into cash again. Short term funds are required to meet the requirements of funds during this period. This time period is dependent upon the length of time within which the original cash gets converted into cash again. This cycle is also known as operating cycle or cash cycle.

**OPERATING CYCLE**

Cash

Bills Receivables

Or Debtors

Raw Materials

Credit Sales

Working in progress

Finished goods

Working capital cycle indicates the length of time between companies paying for materials, entering into stock and receiving the cash from sales of finished goods. It can be determined by adding the number of days required for each stage in the cycle. For e.g., a company holds raw materials on an average for 60 days, it gets credit from the supplier for 15 days, production process needs 15 days, finished goods are held for 30 days and 30 days credit is extended to debtors. The total of all these 120 days, i.e., 60-15+15+30+30 days is the total working capital cycle.

The determination of working capital cycle helps in the forecast, control and management of working capital. It indicates the total time lag and the relative significance of its constituting parts. The duration of working capital cycle may vary depending on the nature of the business.

The Operating Cycle consists of the following events which continues through the life of business

* conversion of cash into raw materials
* conversion of raw materials into work in progress
* conversion of WIP into finished stock
* conversion sales
* conversion of account receivable into cash

**Components of Working Capital**

Working Capital management involves different components such as

Management of cash

1. Management of Inventory
2. Management of Receivables

**1. Management of cash**

Cash is the important current asset for the operation of the business. Cash is the basic input needed to keep the business running on continuous basis; it is also the ultimate output expected to be realized by selling the services of product manufactures by the firm. The firm should keep sufficient cash, neither more nor less. Cash shortage will disrupt the firm’s manufacturing operations while excessive cash will simply remain idle, with out contributing anything towards the firm’s profitability. Thus, major functions of the financial manager to maintain a sound cash position.

Cash is the money, which a firm can disburse immediately with out any restriction. The term cash includes coins, currency and cheques held by the firm, and balance in its bank accounts. Some times near cash items, such as marketable securities or bank times deposits, are also includes in cash. The basic characteristic of near cash assets is that they can readily be converted to cash. Generally when a firm has excess of near cash, it invests it in marketable securities. This kind of investment contributes some profit to the firm.

**a. Facets of cash management**

Cash management is concerned with the managing of

1. Cash flows into and out of the firm
2. Cash flows with in the firm and

3) Cash balance held by the firm a points of time by financing deficit or investing surplus cash. It can be represented by a cash management cycle as showing fig1.sales generates cash, which has to be disbursed out. The surplus cash has to be invested while deficit has to be borrowed. Cash management seeks to accomplish this cycle at a minimum cost. At the same time, it also seeks to achieve liquidity and control.

Cash management assumes more importance than other current assets because it is the most significant and the least productive asset that a firm holds. It is a significant because it is used to pay the firm’s obligations. However, cash is unproductive. Unlike fixed assets or inventories, it does not produce goods for sales. Therefore, the aim of cash management is to maintain adequate control over cash position to keep the firm sufficiently liquid and to be use excess cash in some profitable way.

**b. Cash Planning**

Cash inflows and outflows should be planned to project cash surplus or deficit for each period of the planning period. Cash budget should be prepared for this purpose.

**C. Managing the cash flows**

The flow of cash should be properly managed. The cash should be accelerated while, as far as possible, the cash outflows should be decelerated.

**d. Optimum cash level**

The firm should decide about the appropriate level of cash balances. The cost of excess cash and danger of deficiency should be matched to determine the optimum level of cash balances.

**e. Investing surplus cash**

The surplus balance should be properly invested to earn profits. The firm should decide about the division of cash balances between alternative short-term investment opportunities such as bank deposits, marketable securities, or inter corporation lending.

The ideal cash management system will depends on the firm’s products, organization structure, competition, culture and option available. The task is complex, and decisions taken can affect important areas of the firm. For example, to improve collection if the credit period is reduced, it may affect sales. However, in certain cases, even without fundamental changes, it possible to significantly reduce cost of cash management system by choosing a right bank and controlling the collections properly.

**f. Motives for holding cash**

The firm’s needs for cash may be attributed to the following needs

1. Transaction motive
2. Precautionary motive
3. Speculation motive
4. Translation motive
5. **Transaction motive**

The transaction motive requires a firm to hold cash to conduct its business in the ordinary cost. The firm needs cash primarily to make payments for purchases, wages and salaries, other operating expenses, taxes, dividends etc. the need to hold cash would not arise if there were perfect synchronization between cash receipts and cash payments, i.e., enough cash is received when the payment has to be made. But cash receipts and payments are not perfectly synchronized. For those periods, when cash payments exceed cash receipts, the firm should maintain some cash balance to be able to make required payments. For transaction purpose, a firm may invest its cash in marketable securities; usually the firm will purchase securities whose maturity corresponds with some anticipated payments. Such as dividends, or taxes in the future. Notice that the transactions motive mainly refers to holding cash to met anticipated payments whose timing is not perfectly matched with receipts.

**h. Precautionary motive**

Afirm also keeps cash balances to meet unexpected cash needs arising out of unexpected contingencies such as floods, strikes, presentment of bills for payment earlier than expected date, sharp increase in raw materials price etc,. The more is the possibility of such contingencies, the more is the amount of cash kept by the firm for meeting them.

**i. Speculative motive**

A firm also keeps cash balance to take advantage of unexpected opportunities typically outside the normal course of business, such motive is therefore a purely speculative for example a firm may like to take advantage of an opportunity to purchase raw material at reduced prices in anticipation of decline prices, similarly, it may like to keep some c ash balance to make profit by buying securities at ties when their prices fall due to tight money conditions etc,.

**j. Cash planning**

Cash planning is a technique to plan and control the use of cash. It protects the financial condition of the firm by developing a projected cash statement from a forecast of expected cash inflows and outflows for a given period. The forecast may be used on the present operations or anticipated future operations. Cash plans are very crucial in developing the overall operating plans of the firm.

**k. Cash forecasting and budgeting**

Cash budget is the most significant device to plan for and control cash receipts and payments. A cash budget is a summary of the firm’s expected cash inflows over a projected period. It gives information on the timing and magnitude of expected cash flows and cash balances over the projected period. This information helps the financial manager to determine the future cash needs of the firm, plan for the financing of these needs and exercise control over the cash and liquidity of the firm.

The time horizon of a cash budget may differ from firm to firm. A firm whose business is affected by seasonal variations may prepare monthly cash budgets. Daily or weekly budgets should be prepared for determine cash requirements if cash flows extreme fluctuations. Cash budgets for a longer interval may be prepared if cash flows are relatively stable.

**2. Management of Inventory**

The preceding two chapter’s basic strategies and consideration in managing current assets namely, cash and receivables are stocks of product a company is manufacturing for sale and components that make up a product. Inventories like receivables are also a significant portion of most firms’ assets and accordingly require substantial investment. To keep these investments from becoming unnecessarily large, inventories must be managed efficiently. The various forms in which inventories exist in a manufacturing company are

* 1. **Raw Materials:** Raw materials are those basic inputs that are converted into finished products through the manufacturing process. Raw material inventories are those units, which have been purchased and stored for future productions.
  2. **Work**­-**in-progress:** The work-in-progress is that stage of stock, which is in between raw materials and finished goods. They are semi-finished products that need more work before they become finished products for sale. The quantum of WIP depends on the time taken in the manufacturing process. The greater the time taken in manufacturing, the more will be the amount of work-in-progress.
  3. **Finished goods**: Finished goods inventories are those completely manufactured products, which are ready for sale. Stocks of raw material and work-in-process facilitate production while stock of finished goods is required for smooth marketing operations.

The level of three kinds of inventories for a firm depends on the nature of its business. A manufacturing firm will have substantially high level of all three kinds of inventories.

**A fourth kind of inventory Firm** also maintains suppliers. Suppliers include office and plant cleaning material oil, fuel, light bulbs etc. these materials do not directly enter into production, but are necessary for production process, usually these supplies are small part of inventory and do not involve significant investment. Therefore a sophisticated system of inventory control may not be maintained for them.

**2 (a) Need for holding inventory**

There are generally three major motives for holding inventories.

There transactions motive which emphasis the need to maintain inventories to facilitate smooth production and sale operations.

The precautionary motive, which necessitates holding of inventories to guard against the risk of unpredictable changes in demand and supply forces and other factors.

The speculative motive which includes the decision to increase or reduce inventory levels to take advantage of price fluctuations.

A company should maintain adequate stock of material, as it is not possible for a company to procure raw material whenever it is needed and also for a continuous and smooth and uninterrupted production process.

**2(b) Inventory management techniques**

In managing inventories the firm should determine the optimum level of inventory. Efficiently controlled inventories make the firm flexible. Inefficient inventory control results in unbalanced inventory and inflexibility, the firm may be sometimes out of stock and sometimes may pile up unnecessary stocks. This increases the level of investment and makes the firm unprofitable.

To manage inventories efficiently and effectively answers should to the following two questions? How much should be ordered? When should it be ordered?

The first question, how much to order, related in the problem of determining economic order quantity (EOQ) and is answered with an analysis of costs of maintaining certain level of inventories. The second question when to order arises because of uncertainty and is a problem of determining the re-order point.

**3. Management of Receivables**

Accounts receivable or trade credit is the most prominent force of the modern business. It is considered as an essential marketable tool, acting as a bridge for the movement of goods through production and distribution stages to customers finally. A firm grants credit to protect its sales from the competitor and to attract potential customers. Trade credit, thus credit receivable or book debts, which the firm is expected to, collect in future. It also involved an element of risk as the cash payment has get to be received, hence they has to be carefully analyzed.

Receivables constitute a substantial portion of current assets of several firms. They form about 1/3 part of current assets in India. As substantial amounts are tied up in trade debtors, it needs careful analysis and proper management, for proper management of receivable a concern must adopt an optimum credit policy.

**OBJECTIVES OF THE STUDY**

* To study the statement of changes in working capital.
* To analyze the profitability-liquidity position of the company.
* To examine and evaluate the cash, receivables and inventory management performances.
* Greater volume of working capital required to invest in current assets for the success of sales activities.

**NEED FOR THE STUDY**

The Hanil production serves as the index of the economic development of any country. Thus HANIL production is very vital from country’s . The demand would be growing with increasing technologies and is likely to reach a staggering level in the decades to come.

On the other hand, the price of door trims has remained stagnant, because prices are determined by market forces and presently production levels are greater than supply.

A number of industries for the past few years have been finding it difficult to solve the increasing problems of adopting seriously the management of working capital. Business concerns intent on developing their business have to use to the utmost, their available resources for the improvement and development of the business, there by enabling them profits.

Due to inflationary situation and restrictions imposed on borrowing facility, the commercial institutions and manufacturing industrial units have been confronting innumerable difficulties in meeting day-to-day financial needs. Hence effective management of working capital has become a problem for such organizations and industries. The purpose of study is to examine, analyze and evaluate working capital management and its components in HANIL AUTOMOTIVE PVT LTD.

**SCOPE OF THE STUDY**

The scope of the study is defined below in terms of concepts adopted and period under focus.

First, the study “management of working capital” i.e. “gross” and “net” are used in measuring profitability and liquidity respectively and also to arrive at various objectives of the study.

Secondly, the study is based on the annual reports of the company for a period of five years from 2010-11to 2014-15(so we study 2011, 2012, 2013, 2014, 2015).

**SOURCES OF DATA**

The data is collected from the secondary sources of annual and financial statements of the company.

**Tools for analysis**

To analyze the data acquired from the secondary sources the following tools are used:

* Statement of changes in working capital.
* Ratio analysis.

**LIMITATIONS**

* As most of the financial information was considered confidential, the access to the information was restricted.
* The results of the study are limited to the available information.
* Due to frequent camps and workload of the staff in the organization much time could not be spared by them for the project.
* The project is based mainly on secondary sources of information.

**DATA ANALYSIS & INTERPRETATION**

**Components of working capital during the period 2010-11 to 2014-15**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2010-11** | **2011-12** | **2012-13** | **2013-14** | **2014-15** |
| **A) Current       Assets** |  |  |  |  |  |
| Inventory | 2,77,88,120 | 92,48,773 | 2,23,06,584 | 79,54,977 | 1,78,23,396 |
| Sundry Debtors | 2,10,20,651.10 | 3,26,57,425.39 | 2,83,80,062.46 | 6,24,34,864.64 | 5,35,87,898.08 |
| Cash & Bank | 1,26,80,162.10 | 4,12,017.87 | 4,89,987.94 | 10,30,357.33 | 12,75,758.21 |
| Other Current Assets | 66,17,386.77 | 1,97,21,730.74 | 85,29,097 | 96,83,354 | 1,20,68,081 |
|  |  |  |  |  |  |
| **Total Current Assets(1)** | **6,81,06,320** | **6,20,39,947** | **5,97,05,731.40** | **8,11,03,552.97** |  |
|  |  |  |  |  |  |
| **B) Current      Liabilities** |  |  |  |  |  |
| Sundry Creditors | 3,54,94,571.72 | 1,58,05,553 | 88,76,129.86 | 1,01,04,429.37 | 90,20,956.63 |
|  |  |  |  |  |  |
| **Total Current Liabilities(2)** | **3,54,94,571.72** | **1,58,05,553** | **88,76,129.86** | **1,01,04,429.37** | **90,20,956.63** |
|  |  |  |  |  |  |
| **Net Working Capital(1-2)** | **3,26,11,748.28** | **4,62,34,394** | **5,08,29,601.53** | **7,09,99,123.60** | **7,57,34,176.66** |

**Analysis**

From the above table it is clear that the net working capital has been increasing during the above years of study period. In the year 2010-11 it is Rs.3,26,11,748.28 and it has increased to Rs.7,57,34,176.66 in the year 2014-15.

**Statement showing the changes in Working capital for the year 2010-11 and 2011-12**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **31/3/06** | **31/3/07** | **Increase** | **Decrease** |
| **A) Current Assets** |  |  |  |  |
| Inventory | 2,77,88,120 | 92,48,773 | ------- | 1,85,39,347 |
| Sundry Debtors | 2,10,20,651.10 | 3,26,57,425.39 | 1,16,36,774.26 | ------- |
| Cash & Bank | 1,26,80,162.10 | 4,12,017.87 | -------- | 1,22,68,144.23 |
| Other Current Assets | 66,17,386.77 | 1,97,21,730.74 | 1,31,04,343.97 | --------- |
|  |  |  |  |  |
| **Gross Working Capital(1)** | **6,81,06,320** | **6,20,39,947** |  |  |
|  |  |  |  |  |
| **B) Current Liabilities** |  |  |  |  |
| Sundry Creditors | 3,54,94,571.72 | 1,58,05,553 | 1,96,89,018.72 | --------- |
|  |  |  |  |  |
| **Total Current Liabilities(2)** | **3,54,94,571.72** | **1,58,05,553** |  |  |
|  |  |  |  |  |
| **Working Capital(1-2)** | **3,26,11,748.28** | **4,62,34,394** |  |  |
| **Increase in Working Capital** | **1,36,22,645.72** | **---------** | **-------------** | **1,36,22,645.72** |
|  |  |  |  |  |
| **Total** | **4,62,34,394** | **4,62,34,394** | **4,44,30,136.95** | **4,44,30,136.95** |

**Analysis**

The above table shows that there is net increase in the working capital of Rs.1,36,22,645.72 during the year 2010-11 with compared to the year 2011-12. This is because of significant increase in sundry debtors, other current assets but there is a downfall in the inventory, cash and bank balances. On the other hand current liabilities are decreased. The net effect of the above changes has brought an increase in net working capital.

**Statement showing the changes in Working Capital for the year 2011-12 and 2012-13**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **31/3/07** | **31/3/08** | **Increase** | **Decrease** |
| **A) Current Assets** |  |  |  |  |
| Inventory | 92,48,773 | 2,23,06,584 | 1,30,57,811 | ---------- |
| Sundry Debtors | 3,26,57,425.39 | 2,83,80,062.46 | ---------- | 42,77,362.93 |
| Cash & Bank | 4,12,017.87 | 4,89,987.94 | 77,970.07 | ----------- |
| Other Current Assets | 1,97,21,730.74 | 85,29,097 | ---------- | 1,11,92,633.74 |
|  |  |  |  |  |
| **Gross Working Capital(1)** | **6,20,39,947** | **5,97,05,731.40** |  |  |
|  |  |  |  |  |
| **B) Current Liabilities** |  |  |  |  |
| Sundry Creditors | 1,58,05,553 | 88,76,129.86 | 69,29,423.14 | ----------- |
|  |  |  |  |  |
| **Total Current Liabilities(2)** | **1,58,05,553** | **88,76,129.86** |  |  |
|  |  |  |  |  |
| **Working Capital(1-2)** | **4,62,34,394** | **5,08,29,601.53** |  |  |
| **Increase in Working Capital** | **45,95,207.53** | **-------------** | **-------------** | **45,95,207.53** |
|  |  |  |  |  |
| **Total** | **5,08,29,601.53** | **5,08,29,601.53** | **2,00,65,204.21** | **2,00,65,204.21** |

**Analysis**

The above table shows that there is net increase in the working capital of Rs.45,95,207.53 during the year 2011-12 with compared to the year 2012-13. This is because of significant increase in inventory, cash and bank balances. But there is a downfall in the sundry debtors and other current assets On the other hand current liabilities are decreased. The net effect of the above changes has brought an increase in net working capital.

**Statement showing the changes in Working Capital for the year 2012-13 and 2013-14**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **31/3/13** | **31/3/14** | **Increase** | **Decrease** |
| **A) Current Assets** |  |  |  |  |
| Inventory | 2,23,06,584 | 79,54,977 | ----------- | 1,43,51,607 |
| Sundry Debtors | 2,83,80,062.46 | 6,24,34,864.64 | 3,40,54,802.18 | ---------- |
| Cash & Bank | 4,89,987.94 | 10,30,357.33 | 5,40,369.39 | ---------- |
| Other Current Assets | 85,29,097 | 96,83,354 | 11,54,257 | ----------- |
|  |  |  |  |  |
| **Gross Working Capital(1)** | **5,97,05,731.40** | **8,11,03,552.97** |  |  |
|  |  |  |  |  |
| **B) Current Liabilities** |  |  |  |  |
| Sundry Creditors | 88,76,129.86 | 1,01,04,429.37 | --------- | 12,28,299.51 |
|  |  |  |  |  |
| **Total Current Liabilities(2)** | **88,76,129.86** | **1,01,04,429.37** |  |  |
|  |  |  |  |  |
| **Working Capital(1-2)** | **5,08,29,601.53** | **7,09,99,123.60** |  |  |
| **Increase in Working Capital** | **2,01,69,522.07** | **------------** | **-----------** | **2,01,69,522.07** |
|  |  |  |  |  |
| **Total** | **7,09,99,123.60** | **7,09,99,123.60** | **3,57,49,428.57** | **3,57,49,428.57** |

**Analysis**

The above table shows that there is net increase in the working capital of Rs.2,01,69,522.07 during the year 2012-13 with compared to the year 2013-14. This is because of significant increase in sundry debtors, other current assets, cash and bank balances. But there is a downfall in the inventory. On the other hand current liabilities are increased. The net effect of the above changes has brought an increase in net working capital.

**Statement showing the changes in Working Capital for the year 2013-14 and 2014-15**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **31/3/14** | **31/3/15** | **Increase** | **Decrease** |
| **A) Current Assets** |  |  |  |  |
| Inventory | 79,54,977 | 1,78,23,396 | 98,68,419 | ---------- |
| Sundry Debtors | 6,24,34,864.64 | 5,35,87,898.08 | ----------- | 88,46,966.56 |
| Cash & Bank | 10,30,357.33 | 12,75,758.21 | 2,45,400.88 | ---------- |
| Other Current Assets | 96,83,354 | 1,20,68,081 | 23,84,727 | ---------- |
|  |  |  |  |  |
| **Gross Working Capital(1)** | **8,11,03,552.97** |  |  |  |
|  |  |  |  |  |
| **B) Current Liabilities** |  |  |  |  |
| Sundry Creditors | 1,01,04,429.37 | 90,20,956.63 | 10,83,472.74 | ----------- |
|  |  |  |  |  |
| **Total Current Liabilities(2)** | **1,01,04,429.37** | **90,20,956.63** |  |  |
|  |  |  |  |  |
| **Working Capital(1-2)** | **7,09,99,123.60** | **7,57,34,176.66** |  |  |
| **Increase in Working Capital** | **47,35,053.06** | **-----------** | **-------------** | **47,35,053.06** |
|  |  |  |  |  |
| **Total** | **7,57,34,176.66** | **7,57,34,176.66** | **1,35,82,019.62** | **1,35,82,019.62** |

**Analysis**

The above table shows that there is net increase in the working capital of Rs.47,35,053.06 during the year 2013-14 with compared to the year 2014-15. This is because of significant increase in inventory, other current assets, cash and bank balances. But there is a downfall in the sundry debtors. On the other hand current liabilities are decreased. The net effect of the above changes has brought an increase in net working capital.

**RATIO ANALYSIS**

1. **Liquidity Ratios**

These ratios measure the firm’s ability to meet its current obligations as and when they become due. Liquidity is a prerequisite for the survival of a firm. A firm should ensure that it does not suffer from lack of liquidity. The failure of the company to use its obligations put in a dangerous situation on the other named idle assets earns nothing. Therefore a proper balance between the two contradictory requirements i.e., liquidity and profitability is required for efficient financial management. The liquidity ratios measure the ability of a firm to meet its short term obligations and reflect the short-term financial strength/solvency of a firm.

The ratios, which indicate liquidity of a firm, are

1. **Current ratio:**

Current ratio is calculated by dividing total current assets to total liabilities. This ratio is also known as “working capital ratio”.

**Current assets**

**Current ratio = --------------------------**

**Current Liabilities**

Current assets include cash and those assets in marketable securities, debtors, stock, prepaid expenses, which can be converted in to cash with in a year. Current liabilities defined as liabilities, which are short term maturing obligation to be met, current liabilities include creditors, Bills payable , Bank credit, and provision for taxation, dividend payable, outstanding expenses.

A ratio greater than one means that the firm has more current claims against them. Its conventional rule that a current ratio of 2 to 1 or more to be considered as satisfactory. However current ratio is a crude and quick measure of firm’s liquidity.

**TABLE SHOWING CURRENT RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Current Assets** | **Current Liabilities** | **Current Ratio** |
| 31/3/11 | 6,81,06,320 | 3,54,94,571.72 | 1.92 |
| 31/3/12 | 6,20,39,947 | 1,58,05,553 | 3.93 |
| 31/3/13 | 5,97,05,731.39 | 88,76,129.86 | 6.73 |
| 31/3/14 | 8,11,03,552.97 | 1,01,04,429.37 | 8.03 |
| 31/3/15 | 8,47,55,133.29 | 90,20,956.63 | 9.40 |

**Analysis**

The Current ratio is an index of firm’s financial ability. The ideal current ratio is 2:1. Higher the ratios better the coverage. From the above table it is clear that the current ratio has been showing increasing trend during the above years of study period. Even though in the year 2010-11 company’s current ratio is less than the ideal ratio it has been increased year by year. It is important to note that the poor current ratio is a danger signal to the management and also higher current ratio would indicate lack of utilizing various investment opportunities.

1. **Quick Ratio**

Quick ratio or acid test ratio is more refined measure of firm’s liquidity. This ratio establishes a relationship between quick or liquid assets and current liabilities. Stock and prepaid expenses are considered to be less liquid.

**Current assets – Inventory**

**Quick Ratio = ---------------------------------------**

**Current Liabilities**

Generally, a quick ratio of 1:1 is considered, representing a satisfactory current financial condition. This ratio is of great important for banks and financial institutions.

**TABLE SHOWING QUICK RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Quick Assets** | **Current Liabilities** | **Quick Ratio** |
| 2011 | 4,03,18,200 | 3,54,94,571.72 | 1.14 |
| 2012 | 5,27,91,174 | 1,58,05,553 | 3.34 |
| 2013 | 3,73,99,147.40 | 88,76,129.86 | 4.21 |
| 2014 | 7,31,48,575.97 | 1,01,04,429.37 | 7.24 |
| 2015 | 6,68,92,817.29 | 90,20,956.63 | 7.42 |

**Analysis**

Generally Quick Ratio of 1:1 considered to be satisfactory. From the above table it is observed that in 2010-11 the ratio is 1.92. It is continuously increasing and reached to 7.42 in 2014-15. This indicates that the company is in favorable position. That is the firm is liquid and it has the ability to pay its current obligations.

**c) Cash Ratio**

It is the ratio of absolute liquid assets to quick liabilities. However for calculation purposes it is taken as ratio of absolute liquid assets to current liabilities. Absolute liquid assets include cash in hand and short term investments.

**Cash in hand and bank**

**Cash Ratio = ------------------------------------**

**Current Liabilities**

**TABLE SHOWING CASH RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Cash & Bank** | **Current Liabilities** | **Cash Ratio** |
| 2011 | 5,39,003.70 | 3,54,94,571.72 | 0.02 |
| 2012 | 4,12,017.87 | 1,58,05,553 | 0.03 |
| 2013 | 4,89,987.94 | 88,76,129.86 | 0.06 |
| 2014 | 10,30,357.33 | 1,01,04,429.37 | 0.10 |
| 2015 | 12,75,758.21 | 90,20,956.63 | 0.14 |

**Analysis**

The above table shows that cash ratio is showing increasing trend. But it is not reaching the standard ratio 0.51:1 so it might have faced the difficulty of short liquidity in terms of cash. So it has to maintain its cash resources effectively in order to cover its current liabilities.

**d) Net working capital ratio**

Net working capital is sometimes used as a measure of firm’s liquidity. It is considered that between two firms the one having the larger net working capital has the greater ability to meet current obligations. NWC however measures firm’s potential of funds. It can be related to net assets.

**Net working capital**

**Net working capital ratio = ----------------------------------------**

**Net Assets**

**COMPUTATION OF NET WORKING CAPITAL RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Net working Capital** | **Net Assets** | **NWC Ratio** |
| 2011 | 3,26,11,748.28 | 5,66,67,463.28 | 0.58 |
| 2012 | 4,62,34,394 | 7,92,61,853 | 0.58 |
| 2013 | 5,08,29,601.53 | 7,12,40,478.48 | 0.71 |
| 2014 | 7,09,99,123.60 | 8,89,77,044.55 | 0.80 |
| 2015 | 7,57,34,176.66 | 9,22,27,498.61 | 0.82 |

**Analysis**

From the above table it is clear that the net working capital ratio has been showing increasing trend during the above years of study period. In the year 2010-11 the ratio is 0.58 and it has increased to o.82 in the year 2014-15. The net working capital ratio is satisfied.

**2) Turnover Ratios**

Turnover ratios measure how efficiently the enterprise employs the resources or assets at its command. They indicate the performance of the business. The performance of an enterprise is judged with its sales (turnover). Turnover ratios are otherwise called as activity ratios.

The ratios, which indicate efficiency of the firm, are

**a) Debtors Turnover Ratio:**

Debtors turnover ratio expresses the relationship between average debtors and sales. It is calculated as follows:

**Sales**

**Debtors Turnover Ratio = ----------------------------**

**Average Debtors**

Average debtors are the simple average of debtors at the beginning and at the end of year. The analysis of the debtors turnover ratio supplements the information regarding the liquidity of one item of current assets of the firm. The ratio measures how rapidly receivables are collected. A high ratio is indicative of shorter time-lag between credit sales and cash collection. A low ratio shows that debts are not being collected rapidly.

**COMPUTATION OF DEBTORS TURNOVER RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Sales** | **Average Debtors** | **Debtors Turnover Ratio** |
| 2011 | 38,10,13,523 | 3,26,43,229.68 | 11.67 |
| 2012 | 27,36,30,389 | 2,68,39,038.26 | 10.20 |
| 2013 | 35,65,74,550.48 | 3,05,18,743.92 | 11.68 |
| 2014 | 33,23,96,494.49 | 4,54,07,463.54 | 7.32 |
| 2015 | 35,92,77,141.83 | 5,80,11,381.36 | 6.19 |

**Analysis**

Debtors turnover ratio has been showing the fluctuating trend. During the study period, it is good sign that the company is following good collections and credit policies.

**b) Inventory Turnover Ratio**

Inventory turnover ratio indicates the efficiency of the firm in producing and selling its product. It is calculated by dividing the cost of goods sold by the average inventory. The average inventory is the average of operating and closing balances of inventory. In a manufacturing company inventory of finished goods is used to calculate inventory turnover.

### Sales

**Inventory Turnover Ratio = --------------------------------**

**Average Inventory**

**Opening inventory + Closing inventory**

**Average Inventory = --------------------------------------------------------**

**2**

## 

## COMPUTATION OF INVENTORY TURNOVER RATIO

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Sales** | **Average Inventory** | **Ratio** |
| 2011 | 38,10,13,523 | 1,99,36,527 | 19.11 |
| 2012 | 27,36,30,389 | 1,85,18,446.50 | 14.78 |
| 2013 | 35,65,74,550.48 | 1,57,77,678.50 | 22.60 |
| 2014 | 33,23,96,494.49 | 1,51,30,780.50 | 21.97 |
| 2015 | 35,92,77,141.83 | 1,28,89,186.50 | 27.87 |

**Analysis**

From the above table it is observed that the inventory turnover ratio is showing fluctuating trend. In the year 2010-11, the ratio is 19.11 that means the company is converting its inventory into sales 19.11 times in a year and it has been increased to 27.87 in the year 2014-15. This shows that company is making good use of its inventory.

**c) Current Assets Turnover Ratio**

Current Assets turnover ratio expresses the relationship between net current assets and sales. It is calculated as follows:

**Sales**

### Current assets turnover ratio = ------------------------

**Net Current Assets**

##### COMPUTATION OF CURRENT ASSETS TURNOVER RATIO

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Sales** | **Net Current Assets** | **Ratio** |
| 2011 | 38,10,13,523 | 3,26,11,748.28 | 11.68 |
| 2012 | 27,36,30,389 | 4,62,34,394 | 5.92 |
| 2013 | 35,65,74,550.48 | 5,08,29,601.53 | 7.02 |
| 2014 | 33,23,96,494.49 | 7,09,99,123.60 | 4.68 |
| 2015 | 35,92,77,141.83 | 7,57,34,176.66 | 4.74 |

**Analysis**

From the above table it is clear that use of current assets is fluctuating year by year. In the year 2010-11 the ratio is 11.68 and it has decreased to 4.74 in the year 2014-15.

1. **Working Capital Turnover Ratio**

This ratio measures the relationship between working capital and sales. The ratio shows the number of times the working capital results. In sales working capital as usual is the excess of current assets over the current liabilities.

**Sales**

**Working Capital Turnover Ratio = ---------------------------**

**Working Capital**

**Comment**

Higher the ratio the greater are the profit, a low working capital over indicates that working capital is not efficiently utilized.

## COMPUTATION OF WORKING CAPITAL TURNOVER RATIO

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Sales** | **Working Capital** | **Ratio** |
| 2011 | 38,10,13,523 | 3,26,11,748.28 | 11.68 |
| 2012 | 27,36,30,389 | 4,62,34,394 | 5.92 |
| 2013 | 35,65,74,550.48 | 5,08,29,601.53 | 7.02 |
| 2014 | 33,23,96,494.49 | 7,09,99,123.60 | 4.68 |
| 2015 | 35,92,77,141.83 | 7,57,34,176.66 | 4.74 |

**Analysis**

From the above table it shows that the higher working capital turnover ratio is 11.68 in the year 2010-11 it indicates that greater are the profits. A low working capital turnover ratio is 4.74 in the year 2014-15 it indicates that working capital is not effectively utilized.

**CASH MANAGEMENT**

**INTRODUCTION**

Cash is a vital component of working capital, because it is the cash, which keeps a business going. It is hub around which all other financial matters center. There is no denying the fact that cash is the very life blood of a business enterprise.

Steady and healthy circulation of cash in the entire business operation is the basis of business running on a continuous basis. It is also the ultimate output expected to be realized by selling the service or product manufactured by the firm. Ultimately, every transaction in a business in either an inflow or an outflow of cash.

Therefore, effective management of cash is the key determinant of efficient working capital management. There should be sufficient cash with a firm all the time to meet need of the business. Both excess and inadequate cash situations are undesirable from the point of view of profitability and liquidity.

Inadequate cash may degenerate a firm into a state of technical insolvency and even lead to its liquidation. It will eventually disrupt the firm’s manufacturing operation. On the other hand, excess cash remains idle without contributing anything towards the firm’s profitability.

Moreover, holding of cash balance has an implicit cost in the form of its opportunity cost. The larger the idle cash, the greater will be its opportunity cost in the form of loss of interest bearing securities or by reducing the burden of interest charges by paying off the past loans.

The carrying of cash and near cash reserves beyond the irreducible operating needs cuts assets turnover and rate of return. If the cash balances with a firm at any time are surplus or deficit, it is obvious that the finances are mismanaged. Today when cash, like any other assets of the company, is a tool for profits, the emphasis is on right amount of cash at the right time, at the right place and at the right cost.

**VARIATIONS IN SIZE OF CASH**

To achieve the objectives of maximum profitability and liquidity in a concern, the firm has to employ its cash resources to the fullest extent possible. The opportunity cost of holding excess cash and liquidity risk of inadequate cash are two forces, which affect the determination of size of cash in an enterprise. On the basis of past experience, a management can decide what position of current assets should be kept in cash form.

Besides this, cash to sales ratio and cash to current liabilities ratio are other tools for such comparison. Thus, three ratios have been computed here for the purpose of analyzing the variations in cash balances. These ratios include:

1. Cash to current assets ratio.
2. Cash to sales ratio.
3. Cash to current liabilities ratio.

**STATEMENT SHOWING CASH TO CURRENT ASSETS RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Cash & Bank** | **Current Assets** | **% of Cash to CA** |
| 2011 | 5,39,003.70 | 6,81,06,320 | 0.79 |
| 2012 | 4,12,017.87 | 6,20,39,947 | 0.66 |
| 2013 | 4,89,987.94 | 5,97,05,731.39 | 0.82 |
| 2014 | 10,30,357.33 | 8,11,03,552.97 | 1.27 |
| 2015 | 12,75,758.21 | 8,47,55,133.29 | 1.51 |
| **Average =** | | | **1.01** |

**Analysis**

The above table shows that the average value for cash to current assets ratio is 1.01%. This ratio indicates that 1.01% of current assets are in the form of cash.

Cash and bank balances have been registered a fluctuating trend during the period of study. It is suggestive of the fact that the company has to exercise better control over cash and bank balances.

**STATEMENT SHOWING CASH TO SALES RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Cash & Bank** | **Sales** | **% of Cash to Sales** |
| 2011 | 5,39,003.70 | 38,10,13,523 | 0.14 |
| 2012 | 4,12,017.87 | 27,36,30,389 | 0.15 |
| 2013 | 4,89,987.94 | 35,65,74,550.48 | 0.14 |
| 2014 | 10,30,357.33 | 33,23,96,494.49 | 0.31 |
| 2015 | 12,75,758.21 | 35,92,77,141.83 | 0.36 |
| **Average =** | | | **0.22** |

**Analysis**

The ratio of cash to sales provides a deep insight into cash balances hold by the company, is pointer to the fact that, on an average, 0.22% of sales in the company has remained cash during the period of study.

**STATEMENT SHOWING CASH TO CURRENT LIABILITIES RATIO**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Cash & Bank** | **Current Liabilities** | **% of Cash to CL** |
| 2011 | 5,39,003.70 | 3,54,94,571.72 | 1.52 |
| 2012 | 4,12,017.87 | 1,58,05,553 | 2.61 |
| 2013 | 4,89,987.94 | 88,76,129.86 | 5.52 |
| 2014 | 10,30,357.33 | 1,01,04,429.37 | 10.20 |
| 2015 | 12,75,758.21 | 90,20,956.63 | 14.14 |
| **Average =** | | | **6.80** |

**Analysis**

Another way of looking at the variations in cash balance is to compare with current liabilities. The above table depicts that cash and bank balance on an average have constituted 6.8% of current liabilities.

**INVENTORY MANAGEMENT**

**Introduction**

Inventory constitutes a major component of working capital. To a large extent, the success or failure of a business depend upon its inventory management performance. Proper management and control of inventory not only solve the problem of liquidity but also increase profitability. Inventory establishes link between production and sales. Every business undertaking needs inventory in adequate quantity for efficient processing and intransitive handling. Since, inventory itself is an idle asset and involves holding cost; it is always desirable that investment in this asset should be kept at the minimum possible level. Inventory should be available in proper quantity at all the times, neither more nor less than what is required. Inadequate inventory adversely affects smooth running of business, where as excess of it involves extra cost, thus reducing profits.

The basic objective of inventory management is to optimize the size of inventory in a firm. So that smooth performance of production and sales functions may be possible at the minimum costs.

An attempt has been made to analyze the size and composition of inventory and circulation of inventory during the period under study.

Thus, two ratios have been computed here for the purpose of analyzing the size of inventory in a firm. These ratios include:

1. Inventory to Current Assets ratio
2. Inventory to Total Assets ratio

**I. Statement Showing Inventory to Current Assets ratio**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Inventory** | **Current Assets** | **% of inventory to CA** |
| 2011 | 2,77,88,120 | 6,81,06,320 | 40.8 |
| 2012 | 92,48,773 | 6,20,39,947 | 14.9 |
| 2013 | 2,23,06,584 | 5,97,05,731.39 | 37.4 |
| 2014 | 79,54,977 | 8,11,03,552.97 | 9.8 |
| 2015 | 1,78,23,396 | 8,47,55,133.29 | 21 |
| **Average =** | | | **24.78** |

**Analysis**

The average value of inventory to current assets amounts to 24.78%. It is a good sign that it has been decreasing carrying cost which affects profitability of the firm.

**II. Statement Showing Inventory to Total Assets ratio**

|  |  |  |  |
| --- | --- | --- | --- |
| **Years** | **Inventory** | **Total Assets** | **% of inventory to TA** |
| 2011 | 2,77,88,120 | 9,21,62,035 | 30.2 |
| 2012 | 92,48,773 | 9,50,67,406 | 9.7 |
| 2013 | 2,23,06,584 | 8,02,66,164.34 | 27.8 |
| 2014 | 79,54,977 | 9,91,93,640.92 | 8.02 |
| 2015 | 1,78,23,396 | 10,13,23,143.2 | 17.6 |
| **Average =** | | | **18.66** |

**Analysis**

The above table reveals that the inventory has constituted a very high proportion of total investment in the company. The average value of inventory to total assets ratio amounts to 18.66%.

To conclude, it may be said that the size of inventory in the company has been adequate and has constituted a adequate proportion of current assets and total assets.

**FINDINGS**

1. Networking capital of Hanil automotive Pvt Ltd is increasing year by year during the period of study and which is good for the company.
2. The working capital is financed mostly by the long-term sources and marginally by short-term sources. The company also used the retained earning to finance the working capital needs. As per the annual reports, working capital demand loan is secured by the hypothecation of raw materials, stores and spares, work in progress finished goods and book debts both present and future.
3. Current ratio of the company for the years 2010-11, 2011-12,2012-13, 2013-14 and 2014-15 are 1.92,3.93,6.73,8.03,9.40 respectively. Higher the ratio better is coverage. Standard ratio is 2:1, which shows that the company’s current ratio is more than the standard ratio.
4. Quick ratio during the study period has been increasing that is for the year 2010-11 is 1.14, 2011-12 is 3.34, 2012-13 is 4.21, 2013-14 is 7.24, 2014-15 is 7.42, which shows these ratios are above the standard ratio of 1:1
5. Cash ratio which shows the short-term solvency of the firm in terms of cash during the study period are 0.02, 0.03, 0.06, 0.10, 0.14 which is not up to the standard ratio of 0.5:1.
6. The liquidity ratios indicate that Hanil automotive pvt ltd liquidity position is satisfactory.
7. Debtors turnover ratio has been showing the decreasing trend during the study period except in the year 2011-12 which is not good for the company.
8. The inventory turnover ratio except in the years 2011-12 and 2013-14 is showing increasing trend. The trend is 19.11, 14.78, 22.60, 21.97& 27.87.
9. The components of working capital as well as sales are showing fluctuating trends.
10. The company carries a small amount of cash. There is nothing to be worried about the lack of cash, if the company has reserve borrowing power. Since, the company position is satisfactory and it is able to get the required funds with not much difficulty.
11. The company has a very strict credit policy and has been collecting debts promptly. The credit policy is effective.
12. 24-25% of the current assets are in the form of inventories, which shows the company is making good use of its inventories.

**SUGGESSTONS**

1. The company depends more on bank borrowings and long term sources of funds for working capital needs.
2. The working capital required by the company is increasing over years. The company should try to curtail the unnecessary expenditure in order to reduce the cost of production and promote high return on sales.
3. As the company’s current ratio is more than the standard ratio, it should decrease the current assets which are in the form of sundry debtors, inventory etc.
4. The firm so maintaining the current assets satisfactory, but at the same time more than 50% of current assets are blocked in the form of receivables. This is due to giving credit sales to his customers and maximum portion of sales are in credit terms only. If at still there is any possibility, the company should reduce the credit sales and receivables holding period and to bridge the gap between the excess and shortage of working capital.
5. The inventory position of the company is satisfactory. If the company will increase its stock of inventory, then it will be more satisfactory in future.
6. The company needs to invest in marketable securities in order to increase its cash ratio.
7. Debtors turnover ratio has been showing fluctuating trend. So it is suggested to the company that it should have proper control on debtors turnover ratio.
8. As the company maintaining low cash resources it should try to maintain balance between debtors and cash. That means it should reduce its debtors and increase cash resources.
9. The sales of the company are showing fluctuating trends. So the company should maintain proper control on sales.

**CONCLUSION**

Under the light of the inferences drawn from the analysis, it is no exaggeration to conclude with information that the overall working capital management of Hanil automotive Pvt Ltd is fair and reasonably good and thus promising future awaits the company.

It can be concluded by saying that the working capital is managed very effectively at Hanil automotive pvt Ltd. The working capital maintenance is in proportion to the capital investment and as per the requirements of the company time to time

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