

PROJECT REPORT ON
(16MBAPR407)

A STUDY ON WORKING CAPITAL MANAGEMENT AT KREDL,
BANGALORE

BY

KAVYA SHREE.M
(1AZ16MBA29)

Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY,
BELGAUM



In partial fulfilment of the requirements for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION
Under the guidance of

INTERNAL GUIDE

Dr. Prakash B Yaragol
Professor

EXTERNAL GUIDE

M S RAJANNA
Assistant manager, Bangalore



Department of MBA
Acharya Institute of Technology
Soldevanahalli, Hesarghatta Main Road, Bangalore-90

MAY 2018



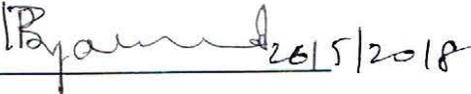
ACHARYA INSTITUTE OF TECHNOLOGY

(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

Date: 17/05/2018

CERTIFICATE

This is to certify that **Ms. Kavyashree M** bearing **USN 1AZ16MBA29** is a bonafide student of Master of Business Administration course of the Institute 2016-18 batch, affiliated to Visvesvaraya Technological University, Belagavi. Project report on “**A Study on Working Capital Management**” at **KREDL, Bangalore** is prepared by her under the guidance of **Dr. Prakash B Yaragol**, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.


26/5/2018

Signature of Internal Guide



Signature of HOD
Head of the Department
Department of MBA
Acharya Institute of Technology
Soldevanahalli, Bangalore-560 107


26 May 18

Signature of Principal

PRINCIPAL
ACHARYA INSTITUTE OF TECHNOLOGY
Soldevanahalli Bangalore-560 107



ಕರ್ನಾಟಕ ನವೀಕರಿಸಬಹುದಾದ ಇಂಧನ ಅಭಿವೃದ್ಧಿ ನಿಯಮಿತ
KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED
(Government of Karnataka Undertaking)

KREDL/02/PWS/594/2018

Date: 11-05-2018

CERTIFICATE

This is to certify that the project work titled “A STUDY ON WORKING CAPITAL MANAGEMENT AT KREDL” has been successfully completed by MS KAVYASHREE M, USN No. 1AZ16MBA29, Student of Acharya Institute of Technology, Bangalore, during the period January 16th 2018 to March 24th 2018 and the report is submitted in partial fulfilment for the award of Master of Business Administration (MBA).


Rajanna M S
Assistant Accounts Officer
KARNATAKA RENEWABLE ENERGY
DEVELOPMENT LTD.
BANGALORE

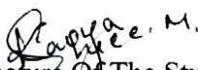


DECLARATION

I kavya Shree. M, hereby declare that the project report entitled A study on working capital Management at KREDL, Bangalore prepared by me under the guidance of Dr. Prakash B Yargolprofessor of MBA Department Acharya institute of technology and external assistance Rajanna MSat KREDL. I also declare that this project work is towards the partial fulfilment of the university regulations for the award of degree of Master of business Administration by visvesvaraya technological university, Belgaum. I have undergone a summer project for a period of 10 weeks. I further declare that this project is based on original study undertaken by me and has not been submitted for the award of any degree/ diploma from any other university/ institution.

Place: Bangalore

Date:


Signature Of The Student

ACKNOWLEDGEMENT

I would like to thank all of those who have helped and supported me in completing this project successfully.

Firstly I thank **Dr.S.C.Pilli** Principal,**Dr.Mahesh** Dean Academics and **Dr.Nijaguna G.** Head of the department of MBA of Acharya Institution of Technology for giving encouragement and support for completing the project.

I take this opportunity to thank our internal guide **Dr. Prakash B Yarago**for his constant guidance in completing the project.

I wish to pay my heartfelt respect and regards to **Mr. Rajanna**, Assistant ManagerKREDL Bangalore, for the cooperation and support, which helped me successfully to accomplish my project work. Also, I am thankful to them for their valuable guidance given to me during the course of my project.

Finally, it gives me great pleasure to extend my thanks to my Parents, Family, Friends and all Teaching staff and Non-Teaching staff who have been instrumental either directly or indirectly for this constant encouragement in carrying out this project successfully.

Place:

KAVYA SHREE.M

Date:

(1AZ16MBA29)

THE TABLE OF CONTENTS

SL NO		TITLE	PG NO
		CERTIFICATE BY THE COMPANY	
		CERTIFICATE BY THE COLLEGE	
		DECLARATION	
		ACKNOWLEDGEMENT	
		EXECUTIVE SUMMARY	
1		INTRODUCTION	
	1	INTRODUCTION ON INTERNSHIP	1
	1.1	INDUSTRIAL PROFILE	1
	1.2	COMPANY PROFILE	3
	1.2.1	PROMOTERS	5
	1.2.2	VISION	5
		MISSION	
		QUALITY PROFILE	
	1.2.3	PRODUCTS/ SERVICES PROFILE	5
	1.2.4	AREA OF OPERATION	10
	1.2.5	INFRASTRUCTURE FACILITIES	10
	1.2.6	COMPETITION INFORMATION	10
	1.2.7	SWOT ANALYSIS	10
	1.2.8	FUTURE GROWTH AND PROSPECTS	12
2		CONCEPTUAL BACKGROUND & LITERATURE REVIEW	
	2.1	THEORETICAL BACKGROUND	13
	2.2	LITERATURE REVIEW	17
3		RESEARCH DESIGN	
	3.1	PROBLEM STATEMENT	22
	3.2	NEED	22
	3.3	OBJECTIVE	22
	3.4	SCOPE	22

	3.5	THE RESEARCH METHODOLOGY	23
	3.6	LIMITATIONS OF THE STUDY	23
	3.7	CHAPTER SCHEMES	23
4		THE DATA ANALYSIS & INTERPRETATION	24
5		FINDINGS, CONCLUSION AND SUGGESTION	
	5.1	FINDINGS	45
	5.2	SUGGESTION	45
	5.3	CONCLUSION	46
		ANNEXURES	
		BIBLIOGRAPHY	

LIST OF TABLES

Table No.	Title of Tables	Page No.
4.1	Table Showing Current Ratio	23
4.2	Table Showing Quick Ratio	25
4.3	Table Showing Absolute Liquidity Ratio	26
4.4	Table Showing Debt Equity Ratio	27
4.5	Table Showing Proprietary Ratio	28
4.6	Table Showing Debtors Ratio	29
4.7	Table Showing Working Capital Turnover Ratio	30
4.8	Table Showing Net Profit Ratio	31
4.9	Table Showing Total Assets Turnover Ratio	32
4.10	Table showing fixed asset turnover ratio	33
4.11	Table showing current asset turnover ratio	34
4.12	Table showing gross working capital to sales ratio.	35

LIST OF CHARTS

Chart No.	Title of Charts	Page No.
4.1	Chart Showing Current Ratio	24
4.2	Chart Showing Quick Ratio	25
4.3	Chart Showing Absolute Liquidity Ratio	26
4.4	Chart Showing Debt Equity Ratio	27

4.5	Chart Showing Proprietary Ratio	28
4.6	Chart Showing Debtors Ratio	29
4.7	Chart Showing Working Capital Turnover Ratio	30
4.8	Chart Showing Net Profit Ratio	31
4.9	Chart Showing Total Assets Turnover Ratio	32
4.10	Chart Showing Fixed Assets Turnover Ratio	33
4.11	Chart showing current asset turnover ratio	34
4.12	Chart showing gross working capital to sales ratio.	35

EXECUTIVE SUMMARY

The undertaking title is "A study on working capital management at KREDL". The destinations of the examination is to know the efficiency of the organization. And furthermore, to ponder whether the organization has sufficient working funding to meet here and now necessities of the organization.

Renewable energy source is a vitality which originates from characteristic assets like wind, hydro, solar and so forth in which assets devoured by people. Sustainable power source excludes oil based goods, misuse things et cetera.

Sustainable power source in India which is worked by Ministry of new and sustainable power source. India's sustainable power source restrain has accomplished 33.8GW of which 66% begins from wind imperativeness while sun based contributes around 4.59% nearby biomass and little hydro vitality of the sustainable power source presented constrain in India.

Karnataka renewable energy development limited (KREDL) was set up on eighth walk 1996 as a nodal office of the legislature of Karnataka to empower the advancement of non-ordinary vitality assets. It is enlisted under the organization's demonstration of 1956. It was built up with an Authorized capital of 100 lakhs and Subscribed capital of 49, 80,000.

Fund is the quality of any business. The business would not have the capacity to keep running without back and may get perish.

The objectives of this examination is to consider the capability of working capital organization of the KREDL company, to think about the purposes behind changes in working capital.

Proportion examination is an effective and most ordinarily utilized instrument of investigation and elucidation of monetary proclamations. It focuses on the between relationship among the figures showing up in the budgetary articulations. It permits different invested individuals like administration, investors, potential speculators, leasers, government and different examiners to make an assessment of the different parts of organization's execution from their own perspective and premium.

By leading this examination it is discovered that, the net benefits of the organization has expanded from 0.58 times to 0.67 times when contrasted with earlier years, the present liabilities of the organization has expanded throughout the years, the working capital turnover proportion expanded from 0.10 times to 0.15 times to meet here and now necessities, the organization won't keep up any inventories.

CHAPTER-1

INTRODUCTION, INDUSTRY AND COMPANY PROFILE

1.INTRODUCTION:

The venture title is "A study on working capital management at KREDL". The targets of the examination is to know the profitability of the organization. And furthermore to contemplate whether the organization has satisfactory working money to meet here and now prerequisites of the organization. The possibility of data accumulated for the examination of working capital(WC) administration is totally in perspective of discretionary data got from the money related clarifications and information gave by the association.

Any firm, every once in a while, utilizes its passing resources and what's more decisively financing sources to do its normal business. It is this association of such resources and besides liabilities which is delineated as working capital(WC) association. Working capital(WC) organization is a quintessential piece of money related organization as a subject. It can also be separated and entire arrangement fundamental activity the philosophy as both of the locales manage the examination of hazard and benefit.

It is a fundamental thing for any business without which no business can survive. The better an affiliation deals with its working capital(WC), the less the affiliation needs to obtain. The firm needs to put enough subsidizes in current resources for making deals. Current resources are required in light of the way that courses of action don't change over into money quickly. There is dependably a working cycle related with the distinction in offers into money.

INDUSTRY AND COMPNY PROFILE

1.1INDUSTRY PROFILE:

Sustainable power source is a vitality which originates from common assets like breeze, hydro, sunlight based and so on in which assets devoured by people. Sustainable power source does exclude petroleum products, squander items and so on.

Sustainable power source in India which is worked by Ministry of new and sustainable power source. India's sustainable power source limit has achieved 33.8GW of which 66% originates from wind vitality while sun based contributes almost 4.59% alongside biomass and little hydro energy of the sustainable power source introduced limit in India.

Overview of the renewable energy sector in India

Economical power source contributes around 11.3% of the total presented restrict in the country. Around 95% of the point of confinement presented is organize related and off-system control contributes a little part. All around India stands 6th position the extent that practical power source division. The evident improvement of economical power source has perpetual advancement rate of 22% over the span of the latest decade (2002-2012). The advancement rate of sun arranged all through the past three years from (2009-2012) which is under 10 MW to more than 0.7 GW in 2005-2006 to around 30 GW in 2013.

Help the governing body of India has surveyed confine extension of 72,400 MW by end of the thirteenth five year plan of which daylight construct is depended upon to contribute 28%. The strategy of the sustainable power source has particular focuses on that have been declared to energize sustainable power source. The National activity anticipate environmental change (NAPCC 2008) envisions an adjustment in rate buy commitments (RPO) focus of 10% at the national level for 2015 with a yearly increment of 1% in order to stretch around 15% by 2020.

Renewable energy sources

Total Renewable energy installed capacity during the financial year 2016-17

Source	Installed capacity (MW)
Wind Power	882.32
Solar	882.340
Small or Mini Hydro Power	8.00
Biomass	0
Co-generation in sugar industries	134.00
Total	1906.66

The power business is the procedure of age, transmission, circulation and offer of electric energy to the general population. The electrical power industry began with presentation of

electric lighting in 1882. All through the 1890s the developing economy and security concerns prompts the control of the business.

Amidst the twentieth century the electric power has been viewed as a performance showcase just proficient number of associations took an interest in the market that to in a few regions vertically consolidated together organizations gives all phases from age of energy into offer of electric energy to retail and just government screens about the rate of return and cost engaged with creating every unit.

In the 1990s numerous locales have been opened the age and conveyance of electric energy to make a more rivalry in the power showcase. While such markets can control the cost and which unfavorably influences the shoppers. By and large aggressive age of electrical power prompts changes in proficient supply of energy to purchasers. However the transmission and conveyance of the power are confronting an issues since rate of profitability is trouble to get back in which put resources into creating power.

Productive supply of strategic maneuvers a most essential part in foundation improvement and monetary advancement of the nation and welfare of the countries. The improvement of an Indian economy generally relies upon the framework advancement of the nation.

1.2 COMPANY PROFILE:

INTRODUCTION OF THE COMPANY:



Karnataka renewable energy development limited(KREDL) was set up on eighth walk 1996 as a nodal organization of the legislature of Karnataka to support the improvement of non-ordinary vitality assets. It is enrolled under the organization's demonstration of 1956. It was set up with an Authorized capital of 100 lakhs and Subscribed capital of 49, 80,000.

The Karnataka renewable energy development limited(KREDL) is an association working under the vitality division Government of Karnataka. The destinations of the KREDL are:

*To advance sustainable power source in the state and

*To vow every fundamental activity for vitality protections in the state.

KREDL works through different Governmental offices, private associations, NGO's and authorize vitality reviewers.

Before the production of KREDL the Karnataka state committee for science and technology (KSCST). The Karnataka energy board (KEB) and Karnataka Power Corporation Limited (KPCL) were taking care of this area as an auxiliary capacity to their principle movement.

Be that as it may, every one of the above offices had their own particular needs and restrictions. While KSCST is inquire about situated and the KEB is transmission and appropriation of energy. KPCL was associated with the development of huge power ventures. Be that as it may, KPCL couldn't center around little undertaking in the non-ordinary vitality assets.

In this manner the legislature of Karnataka built up a Karnataka sustainable power source improvement restricted for the advancement of sustainable power source extends in Karnataka.

Organisations under the administrative control of the Energy Department:

- * Karnataka Renewable Energy Development Ltd. (KREDL)

- * Karnataka Power Corporation Limited (KPCL)

- * Karnataka Power Transmission Corporation Limited (KPCTL)

KREDL was set up on eighth walk 1996 as a nodal organization of the legislature of Karnataka to support the improvement of non-ordinary vitality assets. It is enrolled under the organization's demonstration of 1956. It was set up with an Authorized capital of 100 lakhs and Subscribed capital of 49, 80,000.

KREDL is an association working under the vitality division Government of Karnataka. The destinations of the KREDL are:

*To advance sustainable power source in the state and

*To vow every fundamental activity for vitality protections in the state.

KREDL works through different Governmental offices, private associations, NGO's and authorize vitality reviewers.

Before the production of KREDL the Karnataka state committee for science and innovation (KSCST). The Karnataka electricity board (KEB) and KPCL were taking care of this area as an auxiliary capacity to their principle movement.

Be that as it may, every one of the above offices had their own particular needs and restrictions. While KSCST is inquire about situated and the KEB is transmission and

appropriation of energy. KPCL was associated with the development of huge power ventures. Be that as it may, KPCL couldn't center around little undertaking in the non-ordinary vitality assets.

In this manner the legislature of Karnataka built up a Karnataka sustainable power source improvement restricted for the advancement of sustainable power source extends in Karnataka.

1.2.1 PROMOTERS:

Solar Energy Corporation Of India Limited (SECI)

1.2.2 VISION:

1. To harness Green and clean Renewable Energy Sources in the state for condition points of interest and Energy Security.
2. To begin essentialness efficiency measures in all divisions for viable advancement.

MISSION:

1. To make conditions helpful for private/open/group cooperation and interest in Renewable Energy control ventures.
2. To accomplish business practicality and speedily operationalize the Renewable Energy Project.

QUALITY POLICY

There is a different office to guarantee that all items fabricate is of value and security. Every one of the techniques can be completed simply after the endorsement of the quality confirmation division. It surveys every one of the records identifying with creation and quality control and is in charge of the arrival of the item.

1.2.3 PRODUCTS/ ACTIVITIES OF KREDL:

- Wind
- Hydro
- Cogeneration
- Biomass
- Solar Grid
- Waste to energy
- Solar Roof top Grid connected systems

WIND:



wind vitality are for the most part used to create power. Numerous breeze turbines are worked in closeness to each other to cultivate a breeze vitality. On these breeze ranches monster wind turbines associate the motor vitality in twist to make power.

The method of wind essentialness begins when the energy of the breeze pushes against the turboblades influencing them to turn continually making mechanical imperativeness. The rotating sharp edges joined to concentrate part and with a low-speed starts turns close by edges. The rotating low-speed shaft is related with a gearbox that interfaces with a fast shaft unexpectedly side of the gearbox. This quick shaft partners with an electrical generator that progressions over the mechanical essentialness from the upset of the bleeding edges into electrical imperativeness. Turning in the region of 11 and 20 times every minute each turbine can make a biggest of 1.5 megawatts (MW) of energy which can be eaten up an ordinary of more than 500 homes.

The power is coursed through Karnataka control transmission endeavor compelled (KPCL)



HYDRO:

Small Hydro is one of the wellsprings of sustainable power source the improvement of hydroelectric power can be utilized to serve a little scale enterprises. The creating limit of little Hydro venture up to 25 megawatts (MW) which is for the most part acknowledged as far as possible.

Karnataka is the primary state in the nation to design build work and keep up control age ventures.

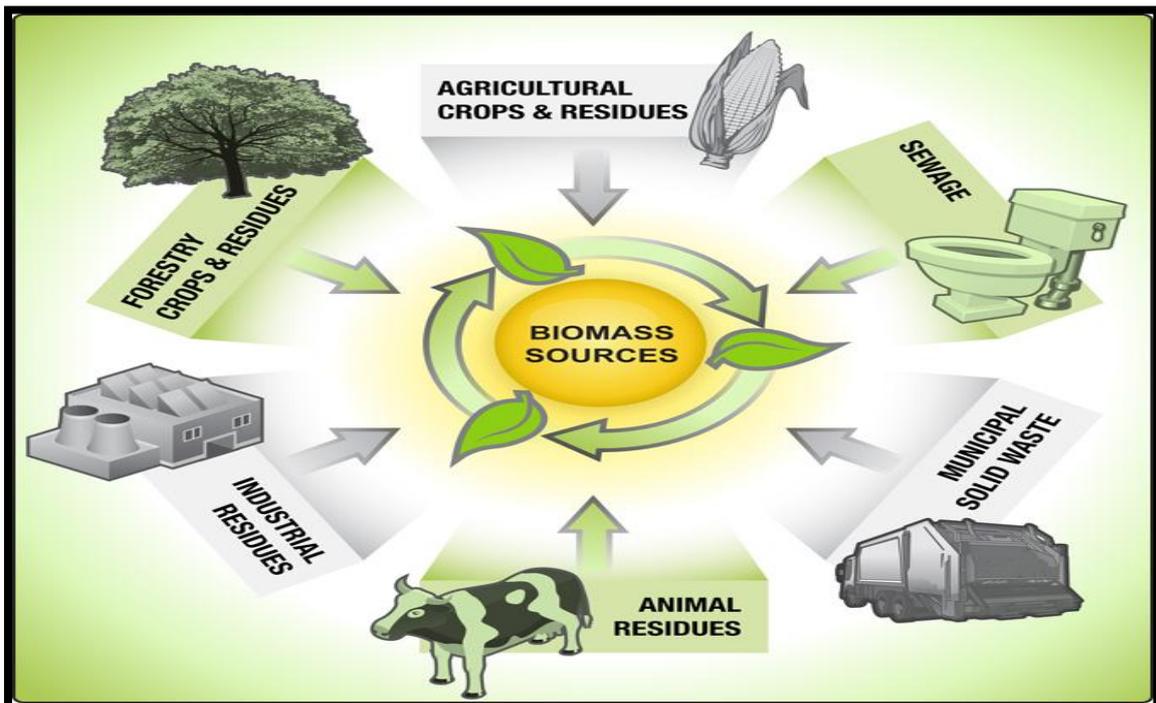
CO-GENERATION:



cogeneration in the meantime can create both power and helpful warmth.

All warm power plants discharge a specific measure of warmth amid power age. This can be discharged into the indigenous habitat through cooling towers, pipe gas, or by different means. This is additionally called joint warmth and power region warming. Little CHP plants are case of decentralized vitality.

BIOMASS:



Biomass has reliably been a basic imperativeness hotspot for the country seeing the focal points that it offers. Also, can give work openings in the common zones. Around 32% of the total basic essentialness spent in the country is up 'til now gotten from biomass and more than 70% of the country's people depends on it for its imperativeness needs.

SOLAR GRID:



Sun based boards get vitality from daylight and produce power utilizing the photovoltaic impact. Each sun powered board is comprised of numerous sunlight based cells (normally 60) that each create a little measure of power.

- Photons (essential of light) hit the sun oriented board and are locked in by the silicon.
- Electrons inside the silicon are thumped free by this and are allowed to move.
- The electrons are caught in an electric field and grabbed by metal contacts.
- This creates a current a stream of power which you can utilize.

The sun oriented cells are combined in a module (or board) to build the electrical power and the modules associated with cultivate a cluster. The power delivered can be utilized straight from the boards sometimes, yet an inverter is generally used to change power from the immediate current created to substituting current that your home employments. For assurance the front of a sun powered board is shrouded in clear glass and the back with a plastic film. An aluminum outline is added to hold the individual cells set up and to empower simple mounting of the boards.

WASTE TO ENERGY:

Waste to vitality (WTE) or vitality from-squander (EFW) is the way toward making vitality as power or warmth from the cremation of waste. WTE is a type of vitality recuperation. Most WTE forms deliver power straightforwardly through burning, or create a flammable fuel item, for example, methane, methanol, ethanol or engineered energizes.

SOLAR ROOFTOP GRID CONNECTED SYSTEM:

Present Grid related Rooftop Solar Systems on your housetop in private, business, Industrial structures and Institutions and make your housetop your own specific power house. Meet your vitality basic and the riches impact can be asked to the zone cross area and acquire compensation. 2300MW Grid related Solar Rooftop Systems focused by 2022 in Karnataka.

1.2.4 AREAS OF OPERATION:

Pavagada (Karnataka)

Hullahalli (in mysore district)

1.2.5 INFRASTRUCTURE FACILITIES:

Suitable framework offices are given to guarantee that all procedure with respect to distribution of tenders, auxiliaries for sun powered, wind, hydro, bio gas is completed in an orderly way to guarantee that the items and administration quality is security kept up. The yearly strategy for success meeting is utilized as a stage to audit and redesign the framework as the need. Update the abilities of staff individuals to adequately play out their obligations and duties. KREDL has effectively conveyed a scope of industry driving and demonstrated instructional classes.

1.2.6 COMPETITORS INFORMATION:

1. Suzlon Energy
2. Moser Baer
3. Tata Power / Tata BP Solar
4. Orient Green Power
5. Greenko
6. NTPC
7. Kenersys

1.2.7 SWOT ANALYSIS:

SWOT investigation is a key arranging device which is helpful to comprehend the authoritative qualities, shortcomings, openings and dangers and depends on the presumption that if supervisors precisely survey interior qualities and shortcomings and outer risk and openings, a valuable technique for guaranteeing hierarchical achievement can be figured. It is a straightforward strategy for getting a fast outline of a key circumstance with the goal that such procedures can be detailed as to create a decent a Product or Services between the organization's inward capabilities (qualities and shortcomings) and condition (openings and dangers).

Strengths:

- Promotion of Renewable Energy Projects through interest of the private segment in wind, smaller than expected hydro, biomass, co-age separately.
- High Energy Capacity.
- Strong Liquidity Position.
- Harnessing Green and clean Renewable Energy Sources for nature.
- Encouraging open/private/group support and interest in Renewable Energy Projects.
- Superior mechanical Skills.
- Provides Good Quality of Service through Effectiveness of Power Supply.
- Operated with Centralized records.
- Provides business chances to neighborhood individuals.

Weakness:

- Demand change in Power Generation.
- Delay in Procedural.
- Lack of mindfulness.
- Tariff rates are administered by Karnataka Electricity Regulatory Commission (KERC)
- Seasonal control.

Opportunities:

- Implementation of new advancements in Renewable vitality ventures.
- Creating attention to the general population to utilize Renewable vitality assets.

- Expansion of energy age to address the issues of the clients.
- Vertical or level combination.
- Efficient supply of Electricity to destitute individuals who are deficient in control.
- Regulate and guarantee fast advancement of sustainable power source.
- Implementing new plans like Jawaharlal Nehru National Solar Mission (JNNSM), Surya Raitha Scheme for Grid associated Solar Powered Irrigation Pump sets.

Threats:

- Mini-hydel wanders speak to a peril to Western Ghats.
- Oppose from condition activists.
- Problems in getting critical land for setting up a Renewable essentialness wanders.
- Huge contention in the market.
- Environmental factors.
- Shortage of vitality supply

1.2.8 FUTURE GROWTH AND PROSPECTUS:

* KREDL inspires proposition to set up 350 MW of Solar power ventures.

* KREDL gets a demand for proposition (RFP) for the advancement of 240 MW Solar power extends in the territory of Karnataka to be executed in 12 taluks.

CHAPTER – 2

CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

2.1 THEORETICAL BACKGROUND:

Fund is the quality of any business. The business would not have the capacity to keep running without fund and may get expire. Back is fundamentally the craftsmanship and art of overseeing financial assets of a business concern and is critical for the survival of a business element. Back assumes a vital part ideal from the age of the business thought to its everyday working and up to the liquidation phase of a business.

Meaning of Working Capital:

Working capital insinuates that bit of total capital which is used for doing the ordinary or general business errands. In a manner of speaking, it is the measure of advantages used for financing the regular exercises. In short it is the capital with which the business is worked over. Thusly the capital put and secured up various current assets, for instance, heaps of materials, work ahead of time, supplies of finished stock, accounts receivables and cash and bank alters constitutes the working capital.

Definition of Working Capital:

According to Gere Stenberg, "Circulating capital means current assets of a company that are changed in the ordinary course of business from one form to another.

For example, from cash to inventories, inventories to receivables. Receivables into cash"

Objectives of Working Capital Management

- To ensure the affiliation has satisfactory working capital resources for work and create
- To upgrade advantage by keeping the enthusiasm for working income to the base required

Concepts of Working Capital

The two concepts of working capital are:-

a) Gross Working Capital, Circulating Capital, Operating Capital, or Current Capital:

The idea of gross working capital is a money related idea. Net working capital alludes to the aggregate interests in current resources or aggregate current resources, for example, trade out hand, money at bank, accounts receivables, supply of completed merchandise, work-in-

advance, supplies of crude materials, prepaid costs, and so on. It is therefore that gross working capital is otherwise called add up to current resources.

b) Net Working Capital:

Net working capital is a bookkeeping thought. Net working capital means net current resources, i.e., the abundance of current resources over current liabilities. It is in this way that net working capital is for the most part called net current resources. It might be seen that the term working capital is everything viewed as utilized for net working capital.

Net Working Capital = Current Assets – Current Liabilities

Types of Working Capital:

1) On The Basis of Concept:

i. Gross Working Capital

In the wide sense, the term working capital hints the gross working capital and addresses the measure of advantages put resources into current resources. In this manner, the gross working capital is the capital place resources into show current resources of the meander. Current resources are those focal points which in the standard course of business can be changed over into money inside a brief span of much of the time one bookkeeping year.

ii. Net Working Capital

In a tight sense, the term working capital suggests the net working capital. Net working capital is the abundance of current resources over current liabilities. Net working capital can be Positive or Negative working capital:-

a) **Positive Working Capital:** When current resources surpass the present liabilities, the working capital is sure.

b) **Negative Working Capital:** The negative working capital outcomes when the present liabilities are more than the present resources.

2) On The Basis of Time:

i). Permanent Working Capital:

It implies the base measure of interests in current assets required amid the ideal opportunity for finishing the business assignments. Toward the day's end, it is the measure of working capital which remains in the business forever in some casing.

Ceaseless working capital can be moreover isolated into the going with orders:

a)Regular Working Capital: Minimum level of working capital required to hover beginning with one shape then onto the following: from cash to stock, stock to receivables, receivables to cash, and so forth.

b) Reserve Working Capital: Permanent working capital in wealth of standard working capital. Hold working capital rises up out of such potential outcomes as affiliation strikes, subsidence, et cetera.

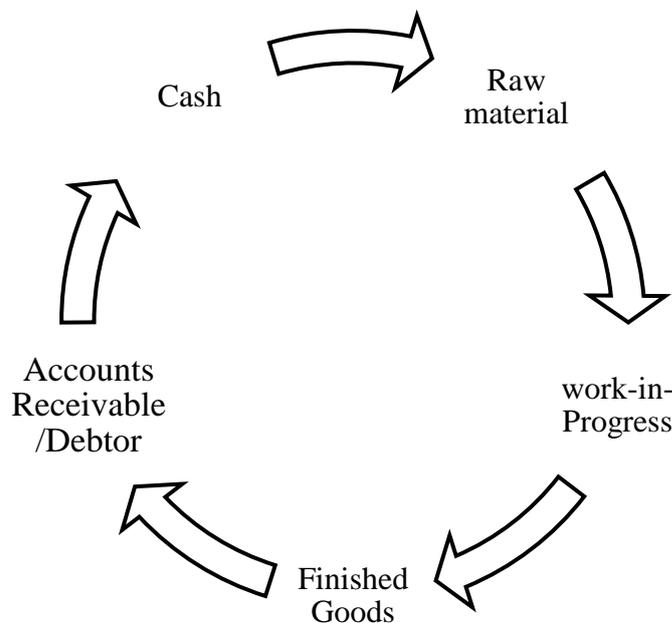
ii)Temporary Working Capital:

Transient, variable or fluctuating working capital infers the measure of working capital which continues fluctuating or changing every once in a while with the alteration in the volume of business works out. Metaphorically, it is the extra working capital which is required for financing the improvement in the volume of business assignments at various conditions amidst the working year.

a)Seasonal Working Capital: Temporary working capital required to meet periodic solicitations.

b)Special Working Capital: Temporary working capital required to meet excellent solicitations.

Working Capital Cycle or Operating Cycle:



The time traverse drew in with this cycle of change of cash into rough materials, unrefined materials into work ahead of time, work ahead of time into finished items, finished stock into obligated people and record holders into cash again is known as the working cycle or working capital cycle of the firm. By the day's end, it is the period between the date rough materials are gotten and the date the arrangement proceeds of finished items are recognized by a stress. Basically, it is the time opening between the procured of unrefined materials and the receipt of the profits of finished stock.

Components of Working Capital:

1) Current Assets: Current resources are those which are either as money or can be changed over into money inside a year. Current resources are essential to organizations since they are the benefits that are utilized to support everyday activities and pay progressing costs. The primary things that involve current resources are:

i. Inventories: Inventories speak to crude materials and parts, work-in-advance and completed merchandise.

ii. Trade Debtors: Trade Debtors include credit arrangements to customers.

iii. Prepaid Expenses: These are those costs, which have been paid for items and endeavors whose focal points still can't be gotten.

iv. Loan and Advances: They address advances and advances given by the firm to various firms for a short time span.

v. Investment: These preferences contain at this very moment surplus resources place assets into government securities, offers and short-terms bonds.

vi. Cash and Bank Balances: These advantages address exchange out hand and at bank, which are used for meeting operational need. One thing you can see here is that this present asset is completely liquid yet non-beneficial.

2) Current Liabilities: Current liabilities outline some part of working capital that addresses responsibilities which the firm has to clear to the outside social affairs in a short period, all around inside a year. It consolidates:

i. Sundry Creditors: These liabilities stem out of acquirement of rough materials utilizing an advance terms as a rule for a period of one to two months.

ii. Bank Overdrafts: These consolidate withdrawals in wealth of credit alter staying in the organization's present records with banks.

iii. Here and now Loans: Short-term borrowings by the firm from banks and others outline some bit of current liabilities as without a moment's hesitation credits.

iv. Provisions: These incorporate arrangements for tax collection, proposed profits and possibilities.

Sources of Working Capital:

The sources of working can be isolated in two sorts, they are:

a) Long-term wellspring of working capital: Long-term stores are required to make age workplaces through purchase of settled assets, for instance, plant and equipment, land and building, et cetera. Interests in these points of interest address that bit of organization's capital is thwarted on an enduring or settled introduce and is called settled capital.

b) Short-term wellspring of working capital: Short-term holds are relied upon to manage the ordinary assignments of the affiliation. It is a short working capital.

2.2 LITERATURE REVIEW:

Deloof M, (2003): talked about that most firms had a lot of trade contributed out working capital. It can thusly be normal that the path by which working capital is regulated will have a fundamental negative relationship between net working pay and the measure of days money due, inventories and records payable of Belgian firms. On introduction of these outcomes he recommended that boss could make a spurring power for their money related pros by diminishing the measure of day's records receivables and inventories to a sensible smallest. The negative relationship between loan specialist liabilities and proficiency is reliable with the view that less useful firms hold up longer to pay their bills.

Shin and Soenen, (1998): highlighted that capable working capital organization was fundamental for making an impetus for the speculators. The way working capital was administered altogether influenced both profit and liquidity. The association between the length of Net trading cycle and backslide examination, by industry and capital power. They found a using association and backslide examination, by industry and capital power. They found a strong negative association between lengths of the affiliation's net-trading cycle and its profitability. Additionally shorter net trade cycles were connected with higher peril adjusted stock returns.

Smith and Begemann (1997): emphasized that the people who best in class working capital speculation shared that profit and liquidity contained the striking goals of working capital organization. The issue developed in light of the way that the extension of the organization's benefits could really undermine its liquidity and the mission for liquidity had a tendency to debilitate returns.

Pandey (2000): clarified, regardless of whether the idea of gross and net weight, and the accentuation on effective administration is similarly vital. There is no correct method to hair evacuation, decide the measure of any organization's net working capital. There are no confinements on how the tenets ought to liudongzichan financing. It is the main possible here and now sources by and by to fund liudongzichan. Given the constraints of Tibetan autonomous organization of a gathering interest in liudongzichan long and here and now financing. Since the cost of capital liudongzichan included ought to be put into profitable utilize.

Muhammad yasirgondal (2013): reported that social examinations working capital organization of the material business in Bangalore – the basic piece of money related change. In any case, the advantage of the business isn't adequate. This is the explanation behind the examination is to show productivity and among them and material liudongzichan positions, paying little respect to whether by advantage related working capital organization influence. The extent examination, typical and capable relationship system and the backslide examination has been used as a piece of the advantage of the program; it is a working capital position of effect, and their specific associations impact on pay between working capital.

Dr, T. Sobha rani, (2010): distinguishes in her examination connections between dairies with help of the mean, ANOVA and T-Test. In the present situation of the cut-throats rivalries, of the business does not has any further alternative that cutting that cost of the task in the request is to be survival and the proceeds to fiscally sound.

Mr. Pushpa kumar. B and Mr. Prabhathkumar Yadav (2009): broke down that the attention on basic part and the working capital delineation stock organization, the bill receivable organization and the cash organization of individuals by and large undertaking in perspective of the contraptions like extent and the example examination. The examination on

working capital organization of the picked open undertaking. The working capital is for the most part basic for the working capital of the any business.

Samiloglu F and Demirgunes K (2008): analyzed that the effect of working capital organization on the firm advantage. They found critical association between the firm profit, parts of the cash change cycle at last, the case including the Istanbul stock exchange (ISE) recorded.

Dr. M.Y. Khan, The target of working capital organization is to manage the firm current assets and current liabilities with the end goal that classy level of working capital is kept up.

Dr. P.K. Singh, The exploration article features ideas of working capital, working capital lubin labs constrained amid the most recent 7 years and recognizes which factor is in charge of the upgrades of working capital of the organization.

Western and Brigham: Working capital everything thought about stands for overabundance of current resources over current liabilities. Working capital association as needs be infers all parts of the relationship of the both current resources and current liabilities.

Appuhami, Ranjith b (2008), the impact of their working capital administration organization's capital consumption. Thailand stock trade recorded organization to utilize the data gathered by the creator of the information. The net turnover and adjust Liudongzijin status for Shulman and cox (1985) as an intermediary measure turnover proportion multivariate relapse model of advancement. On the off chance that observational research established an imperative effect on the organization's capital consumptions have working capital administration. The investigation found that organization's working income, which is perceived as the control variable, its association with working capital administration extraordinary.

Thachappilly G (2009), examination of "working capital administration to oversee cash stream" (2009) speaks to a money bit working capital in the money transformation cycle requires from, from crude materials to gather money to pay day from the client. Crude materials and working force must be obtained and put away, keeping in mind the end goal to guarantee consistent generation.

Michalski, (2008). Examination of financing the extension of occupation and the holding of net working capital in real money. On account of capital administration framework is built up, ventures should utilize and take up more money, which decreases stream uninhibitedly convertible cash. Assets, the records receivable and stock levels of innovative improvement needs extend level. In spite of the fact that there are some pad smooth task of monetary organizations and stock statements, to construct good for nothing Liudongzijin switch release a few actualities help. Subsequent to recording the installment due date for the installment of harms the organization likewise due to the punishments charged by providers. Development futile working capital for the organization can not, on the grounds that it unfavorably influence investor riches. Along these lines a perfect course of action of working capital administration is basic for the organization.

Wang, Liu and Gao (2007). Analyzed working capital organization as demonstrate by shorter records receivable social event periods and stock turn over periods and more records payable portion periods are associated with higher accounting measures of advantage for instance, RAO it should be seen that it isn't clear how the records payable portion period is related to profitability. One speculation proposes the more drawn out a firm holds up to pay its merchants, the more it augmentations from the deferral of portions which the two screens cash and makers premium wage. in any case, an alternative illumination prescribes the converse since deficiently performing firms may wish to post pone portions, not to grow firm regard, yet rather for nonattendance of cash, At last , how the length of records payable portions period is related to firm profit is a correct enquire and papers depicted over the extensive found there was negative connection between the two.

Anand M and Malhotra (2005): investigated the association between working capital association and advantage. Variables utilized for this examination is cash change cycle, days accounts receivables, days stock. System utilized as a bit of this examination is diverse backslide examination. Results demonstrated that positive relationship between working capital and firm productivity.

Laziridis. I and Tryfondis.D (2006): reviewed in their work have researched the association between corporate effectiveness and analyzing with a specific end goal to work capital association experience of 131 affiliations recorded on the Athens stock trade amidst 2001 to

2004. they have found that if the money change cycle is unequivocally managed and if that diverse areas like records receivables, accounts payables, stock are kept to an immaculate level, by then favorable position creates which develops estimation of the alliance.

Raheman and Nasr (2007): examined the relationship in the midst of WCM and advantage in the event of Pakistani firms and settled on a decision that there is a solid negative association between components of WCM and productivity of the firm. Construed that there is an essential negative relationship in the midst of liquidity and preferred standpoint.

Maness and Zietlow (2002): broke down two models of significant worth creation that circuit viable transient monetary association works out. In any case, these models are specific models and don't consider phenomenal firm are industry impacts.

CHAPTER-3

RESEARCH DESIGN

3.1 STATEMENT OF THE PROBLEM:

The working organization is basic to ensure that the association has enough finances to proceed with its regular undertakings effortlessly.

*Level of current assets can be settled through assortments in bargains.

*One of the essential reason that the association fails to meet ordinary requirements is broken working capital organization.

3.2 NEED FOR THE STUDY:

Working capital is a basic need for any business without which no business can survive. The firm needs to put enough backings in current assets for delivering bargains. Current assets are required in light of the fact that arrangements don't change over into cash expeditiously. There is constantly a working cycle related with the change of offers into cash.

3.3 OBJECTIVES OF THE STUDY:

1. To analyse working capital management of KREDL Bangalore during 2015-18
2. To examine the impact of working capital management on profitability of KREDL Bangalore
3. To recommend suggestions based on the analysis

3.4 SCOPE OF THE STUDY:

An examination is on Working capital association of picked affiliations that is Karnataka sensible power source change restricted. The examination prepares the association of thought regarding the execution of working capital of the affiliation. Association of working capital intimates association of current resources, current liabilities and relationship between them. The essential objective of working capital is to keep up the rich level of working capital. A sound working capital approach guarantees higher favorable position and liquidity of a firm. Each business needs reinforces for two purposes: For its foundation and to complete its consistent activities. Thus it is essential for the relationship to deal with its transient resources and responsibility.

3.5 RESEARCH METHODOLOGY:

Exploratory Research:

Exploratory research is directed when the analyst does not know how and why certain marvel happens. Exploratory research decides the best research outline, information accumulation strategies.

Nature of data: The nature of information gathered for the investigation of working capital administration depends on auxiliary information from the organization.

Sources of Data for the Study:

Secondary Data:

Secondary data refers to the information gathered from already existing sources. Secondary data may be either published or unpublished data.

Statistical/ Financial tools used for Analysis:

The financial tools used for the working capital management are current ratio, debt equity ratio, working capital turnover ratio, fixed asset turnover ratio, quick ratio, absolute liquidity ratio, debtors ratio, proprietary ratio, net profit ratio, total asset turnover ratio, current asset turnover ratio.

3.6 LIMITATIONS OF THE STUDY:

- * Only constrained data is given by the organization in view of its secrecy.
- * The examination is restricted to the time of 10 weeks.
- * The examination depends on the optional information.
- * The investigation is restricted to a solitary organization. Consequently it will reflect just fractional perspective of the general working capital administration in the KREDL Company.
- * The examination focuses just on working capital viewpoints.

3.7 CHAPTER SCHEME:

Chapter 1: Introduction

It gives the concise presentation about the business, enhancements, improvements and prospects. It contains an entire industry and friends profile.

Chapter 2: Conceptual background and literature review

This part contains a total profile or the foundation of the organization and the writing audit analyzed by various analysts regarding the matter.

Chapter 3: Research design

This section clarifies the exploration plan that is requirement for the examination, articulation of the issue, goals, extent of the investigation, inquire about technique, constraints and the outline of the parts.

Chapter 4: Data analysis and interpretations

This section translates and investigations the information gathered with the assistance of various strategies and devices. This section additionally incorporates tables and outlines.

Chapter 5: Summary of findings, suggestions and conclusion

This part clarifies the discoveries of the investigation and elucidation and recommendations that must be prescribed and conclusion taken from the examination done amid the examination.

CHAPTER-4

DATA ANALYSIS AND ITERPRETATION

Data Analysis:

Examination of data is a methodology of inspecting, cleaning, changing, and showing data with the target of highlighting important information, suggesting conclusions, and supporting essential administration. Data examination has various highlights and strategies, wrapping different frameworks under a collection of names, in different business, science, and human science zones.

Interpretation:

Interpretation implies clarification or discovering the significance. It includes drawing deductions from the examination of information. Interpretation and examination are firmly interrelated. Examination of information frequently incorporates a concurrent understanding of the outcomes. Various tools used to calculate the Working Capital:

***Ratio Analysis**

Introduction to Ratio Analysis:

Ratio analysis is an effective and most normally utilized apparatus of examination and elucidation of budgetary explanations. It focuses on the between relationship among the figures showing up in the money related proclamations. Proportion examination breaks down the past execution of an organization and to make future projections. It permits different invested individuals like administration, investors, potential speculators, banks, government and different examiners to make an assessment of the different parts of organization's execution from their own particular perspective and premium. For instance, administration and investors might be occupied with the organization's benefit while loan bosses and debentures might be keen on the dissolvability of the organization.

Meaning of Ratio and Ratio Analysis

A ratio is essentially one number communicated regarding another number. As such, a ratio communicates numerical connection between one number and other. For instance, the ratio of 200 to 100 is communicated as 2:1 or as 2. Along these lines a ratio is ascertained by separating one consider along with another.

1) Current Ratio (Working Capital Ratio)

This proportion is most generally used to play out the fleeting money related examination. Otherwise called the working capital proportion, this proportion coordinates the present resources of the firm to its present liabilities.

Formula:

Current ratio= current asset/ current liability.

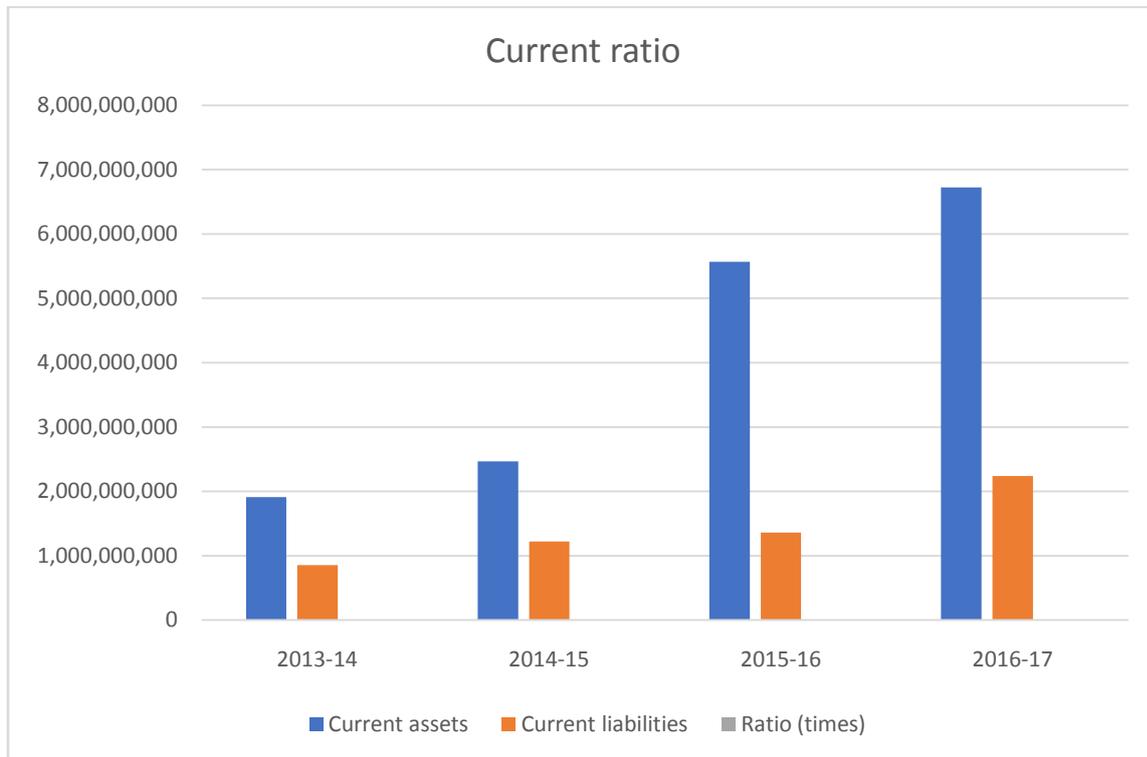
Significance and Objective: Current extent hurls awesome light on the brief money related position and approach. It is a pointer of an organization's ability to rapidly meet its transient liabilities. A reasonably high current extent exhibits that the firm is liquid and can meet its present liabilities. Of course, a by and large low current extent demonstrates that the firm will believe that its difficult to pay its bills.

Commonly a present extent of 2:1 is seen as classy. By the day's end, current assets should be twofold the measure of current liabilities. If the present extent is 1:1, it implies that assets yielded by current resources are only adequate to pay the sums because of different banks and there will be nothing left to meet the costs which are as a rule right now brought about. Along these lines the proportion ought to dependably be more than 1:1. A high current proportion is additionally not attractive in light of the fact that it demonstrates inertness of assets which isn't an indication of effective monetary administration.

Table 4.1: Showing current ratio of KREDL(Rs)

Year	Currentasset	Current liability	Ratios (times)
2013-14	190,91,38,851	85,16,93,546	2.24
2014-15	246,41,31,005	122,04,68,198	2.02
2015-16	556,83,31,270	135,83,95,404	4.10
2016-17	672,33,98,889	223,90,09,008	3.00

Chart4.1:Showing current ratio of KREDL



INTERPRETATION:

Organization must have a standard current proportion of 2:1. When contrasted with this the organization is keeping up a standard proportion from 2013-14 to 2016-17, which guarantees the organization liquidity position is palatable. From the above table the present proportion is fluctuating year over year. In the year 2013-14 current proportion is 2.24 times and in the year 2014-15 it has diminished to 2.02 times and further expanded to 4.10 times in 2015-16. In the year 2016-17 again it has diminished to 3.00 times over the time of study. Consequently this proportion demonstrates that the present proportion of the organization is fluctuating which will antagonistically influence working capital position of the organization.

2) Quick Ratio

This proportion is otherwise called basic analysis proportion or fluid proportion. It is a more serious trial of liquidity of an organization. It demonstrates the capacity of a business to meet its quick money related duties. It is utilized to supplement the data given by the present proportion.

Formula:

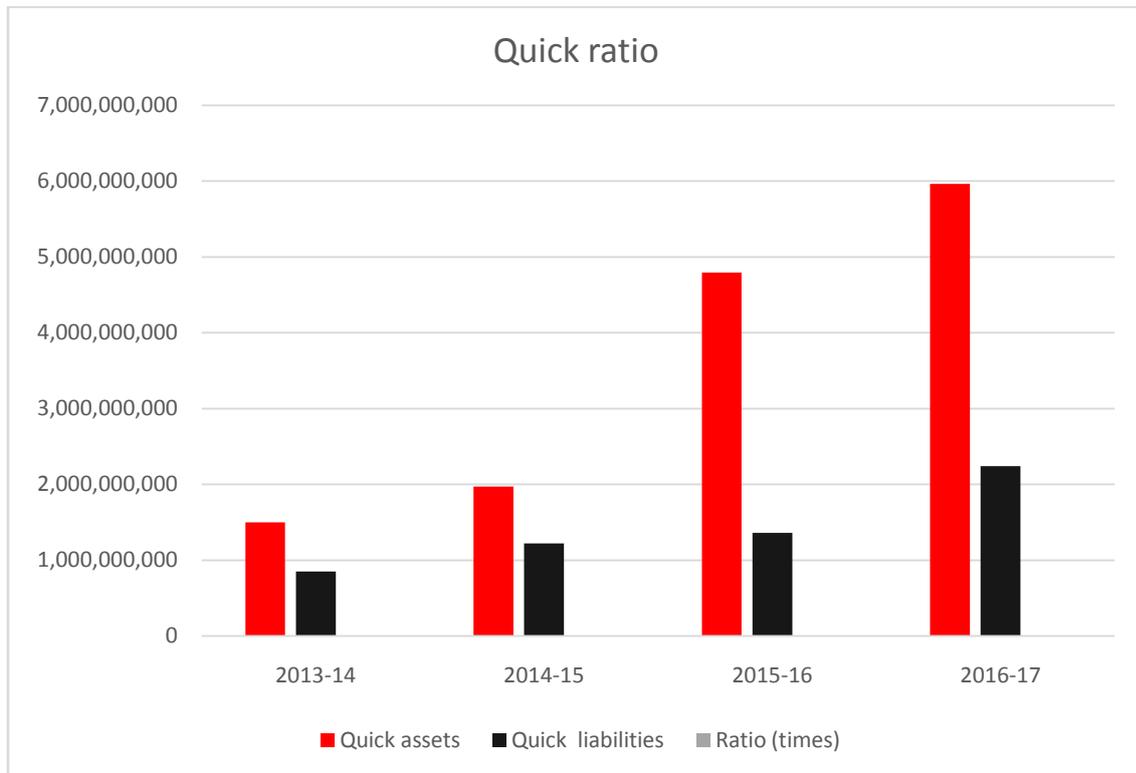
Quick ratio = Quick (or Liquid) Assets/Quick Liabilities

Significance and Objective: Brisk proportion is a more thorough trial of liquidity of a firm than the present proportion. At the point when snappy proportion is utilized alongside current proportion, it gives a superior photo of the company's capacity to meet its fleeting liabilities out of its transient resources. This proportion is of incredible significance for banks and monetary establishments.

Table 4.2: Showing quick ratio of KREDL(Rs)

Year	Quick assets	Quick liabilities	Ratio (times)
2013-14	150,00,18,075	85,16,93,546	1.76
2014-15	197,14,68,582	122,04,68,198	1.62
2015-16	479,30,90,623	135,83,95,404	3.53
2016-17	596,31,57,093	223,90,09,008	2.66

Chart4.2: Showing quick ratio of KREDL



INTERPRETATION:

The fluid proportion is diminished to 1.62 of every 2014-15 when contrasted with the earlier year 2013-14, and again it has expanded to 3.53 of every 2015-16. What's more, again it has diminished to 2.66 out of 2016-17, when contrasted with earlier year. Over the time of examination the speedy proportion of the organization never went beneath 1.5:1. Generally the organization is discovered palatable with its fast proportion till the year 2016-17.

3)Absolute Liquidity Ratio

This is generally called super brisk proportion or money proportion. In learning this proportion the two inventories and receivables are deducted from current points of interest for get in contact at inside and out liquid assets, for instance, cash and easily appealing premiums in securities. Higher the proportion, the higher is the money liquidity. A low proportion isn't a real issue in light of the way that the association can basically procure from the bank for without a moment's hesitation requirements.

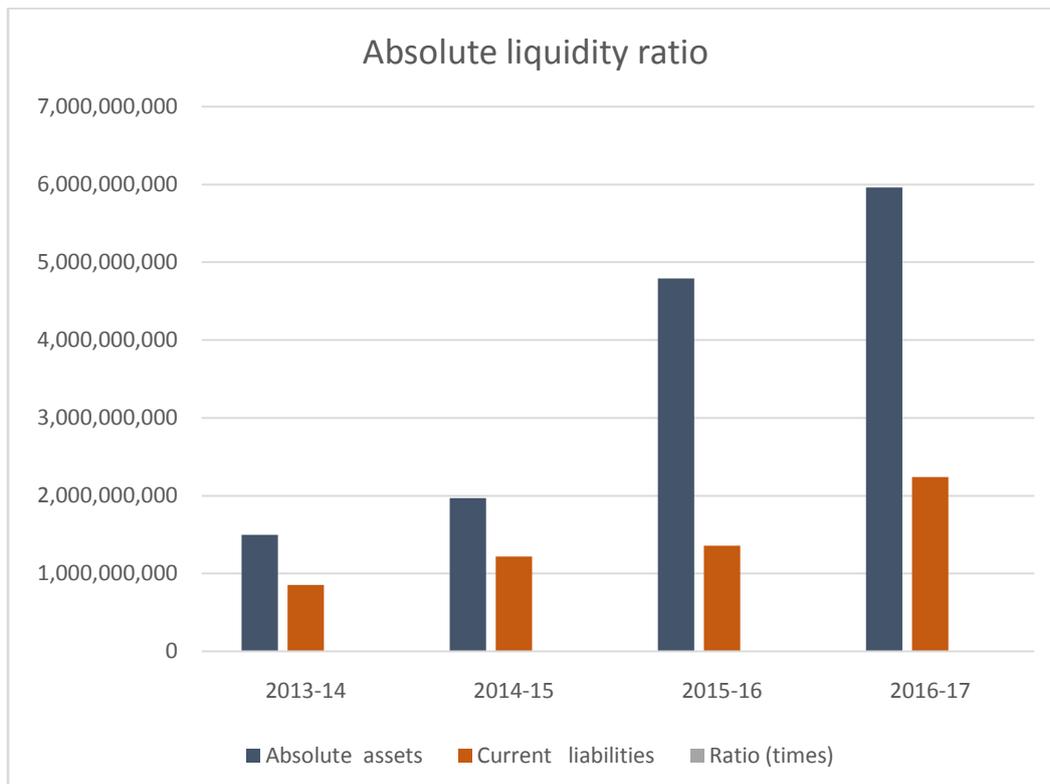
Formula

Absolute Liquidity ratio = Cash in hand and at bank + Short term marketable security/Current liability.

Table 4.3: Showing absolute liquidity ratio of KREDL(Rs)

Year	Absolute assets	Current liabilities	Ratio (times)
2013-14	149,67,01,253	85,16,93,546	1.75
2014-15	196,88,97,486	122,04,68,198	1.61
2015-16	479,07,30,921	135,83,95,404	3.53
2016-17	596,13,99,487	223,90,09,008	2.66

Chart4.3: Showing absolute liquidity ratio of KREDL



INTERPRETATION:

Amid the year 2013-14 the outright liquidity proportion is 1.75 times and in the following year there was an abatement i.e. 1.61 times in 2014-15. In the year 2015-16 proportion expanded to 3.53 times and in the year 2016-17 it diminished to 2.66 times.

4) Debt Equity Ratio

This proportion attempts to check the association between long haul obligation and investor's assets. All things considered this proportion measures the relative instances of long haul loan bosses from one point of view and proprietors on the other hand, on the advantages of the association.

Formula:

Debt equity ratio= long term debt/ shareholders' fund.

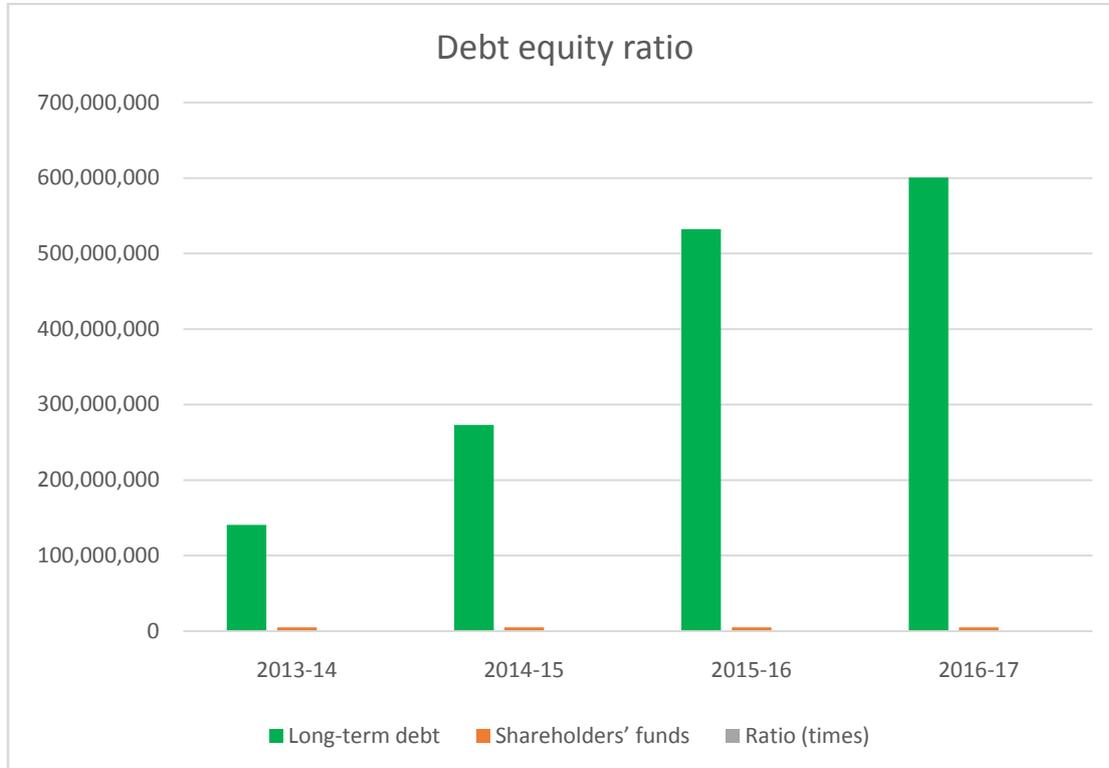
Significance and Objectives: This proportion shows the relative measure of benefits gave to the association by pariahs and by the proprietors. Low commitment esteem proportion proposes a more vital claim of proprietors on the upsides of the association, than the instances of the loan specialists are more conspicuous than those the proprietors. The obligation value proportion of 1:1 is for the most part worthy.

Table4.4:Showing debt equity ratio of KREDL(Rs)

Year	Long-term debts	Shareholders' funds	Ratio (times)
2013-14	14,09,55,466	50,00,300	28.18
2014-15	27,31,60,138	50,00,300	54.63
2015-16	53,23,37,152	50,00,300	106.46

2016-17	60,07,54,805	50,00,300	120.14
----------------	---------------------	------------------	---------------

Chart4.4: Showing debt equity ratio of KREDL



INTERPRETATION:

The proportion is expanded in the year 2014-15 to 54.63 when contrasted with earlier year 2013-14. Assist it is expanded to 106.46 out of 2015-16 when contrasted with earlier year. In the year 2016-17 the proportion has expanded to 120.14 times.

5) Proprietary Ratio

This is a variation of obligation value ratio. It gauges the connection between shareholder's funds and total assets.

Formula

$$\text{Proprietary ratio} = \text{Shareholder's funds} / \text{Total assets}$$

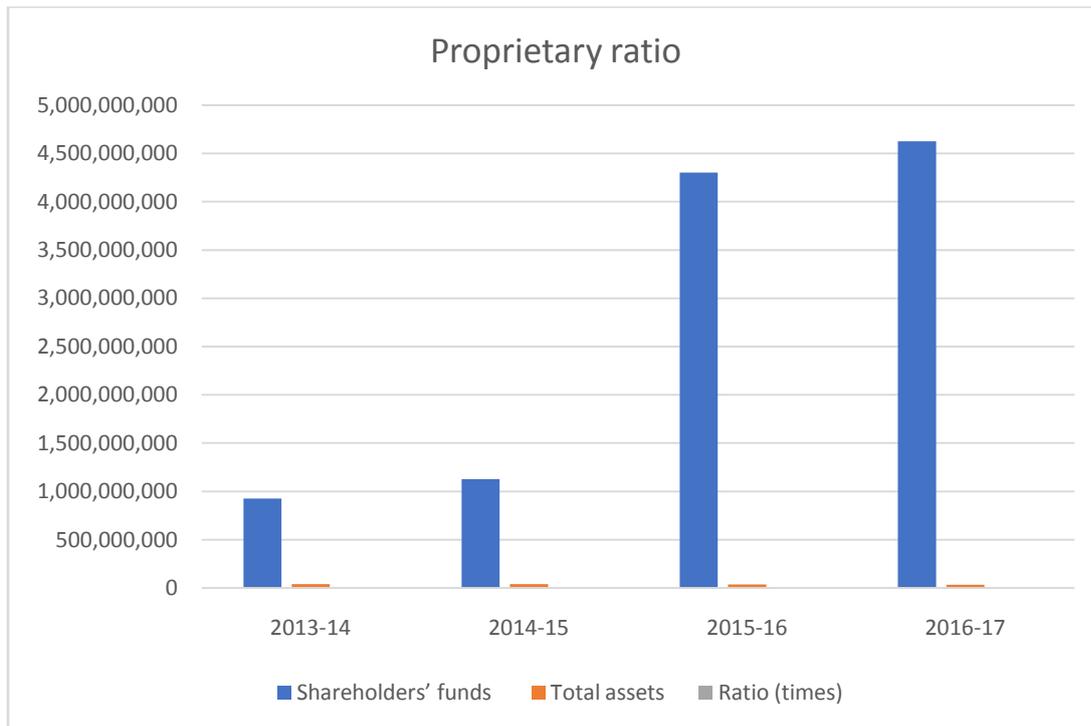
Significance and Objective: proprietary ratio demonstrates the degree to which investors possess the business and accordingly shows the general monetary quality of the business. The higher the proprietary ratio, the more noteworthy the long term security of the organization and thus more noteworthy assurance to leasers. Be that as it may, a high proprietary ratio may

not really be great on the grounds that if assets of pariahs are not utilized for long term financing, a firm will be unable to exploit exchanging on value.

Table 4.5: Showing proprietary ratio of KREDL(Rs)

Year	Shareholders' funds	Total assets	Ratio (times)
2013-14	92,53,99,096	4,00,78,698	23.08
2014-15	112,68,00,985	392,74,262	28.69
2015-16	430,27,52,201	371,68,957	115.76
2016-17	462,75,89,191	327,99,956	141.08

Chart4.5: Showing proprietary ratio of KREDL



INTERPRETATION:

The proportion is expanded in the year 2014-15 to 28.69 when contrasted with earlier year 2013-14. Promote it is expanded to 141.08 out of 2016-17 when contrasted with earlier year. This demonstrates there is an expansion in the long haul dissolvability of the business. From the above diagram the exclusive proportion demonstrates expanding pattern from 2013-14 to 2016-17 i.e. 23.08 to 141.08 times. Subsequently this proportion demonstrates sound money related position of the organization.

6) Debtors Turnover Ratio (Receivables Turnover Ratio)

This proportion exhibits the association between net credit deals and exchange account holders. It exhibits the rate at which cash is made by the turnover of obliged people. It is processed as takes after:

Formula

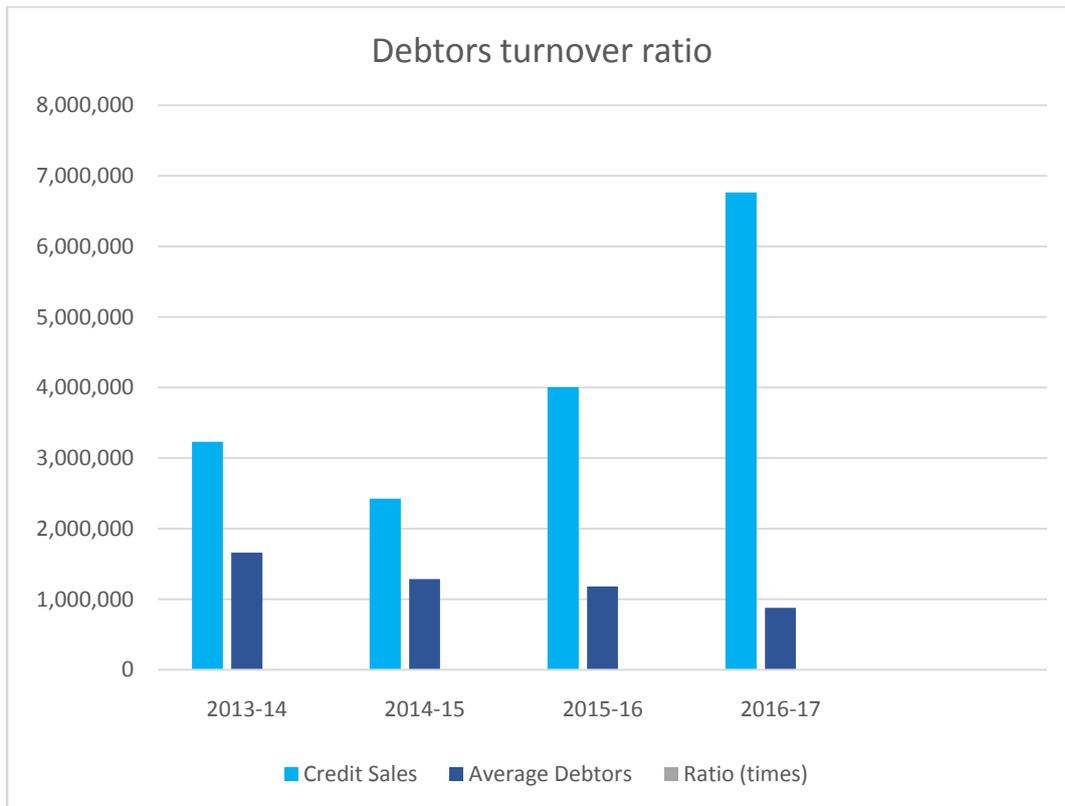
Debtors Turnover Ratio = Credit sale/Average Debtor

Table 4.6: Showing debtors turnover ratio of KREDL(Rs)

Years	Credit Sales	Average Debtors	Ratio (times)

2013-14	32,32,859	16,58,411	1.95
2014-15	24,24,550	12,85,548	1.89
2015-16	40,05,258	11,79,851	3.39
2016-17	67,62,961	8,78,803	7.69

Chart4.6: Showing debtors turnover ratio of KREDL



INTERPRETATION:

During the year 2013-14 the debtor turnover ratio is 1.95 times. Further it decreased to 1.89 times in the year 2014-15. In 2015-16 the ratio increased to 3.39 times and further it increased to 7.69 in the year 2016-17. Debtor turnover ratio shows increasing trend in sales over the years. In the year 2016-17 it has tremendous growth in sales.

7) Working Capital Turnover Ratio

This proportion demonstrates the effectiveness or wastefulness in the use of working capital in making deals.

Formula

Working Capital Turnover Ratio = $\frac{\text{Sale}}{\text{Net Working Capital}}$

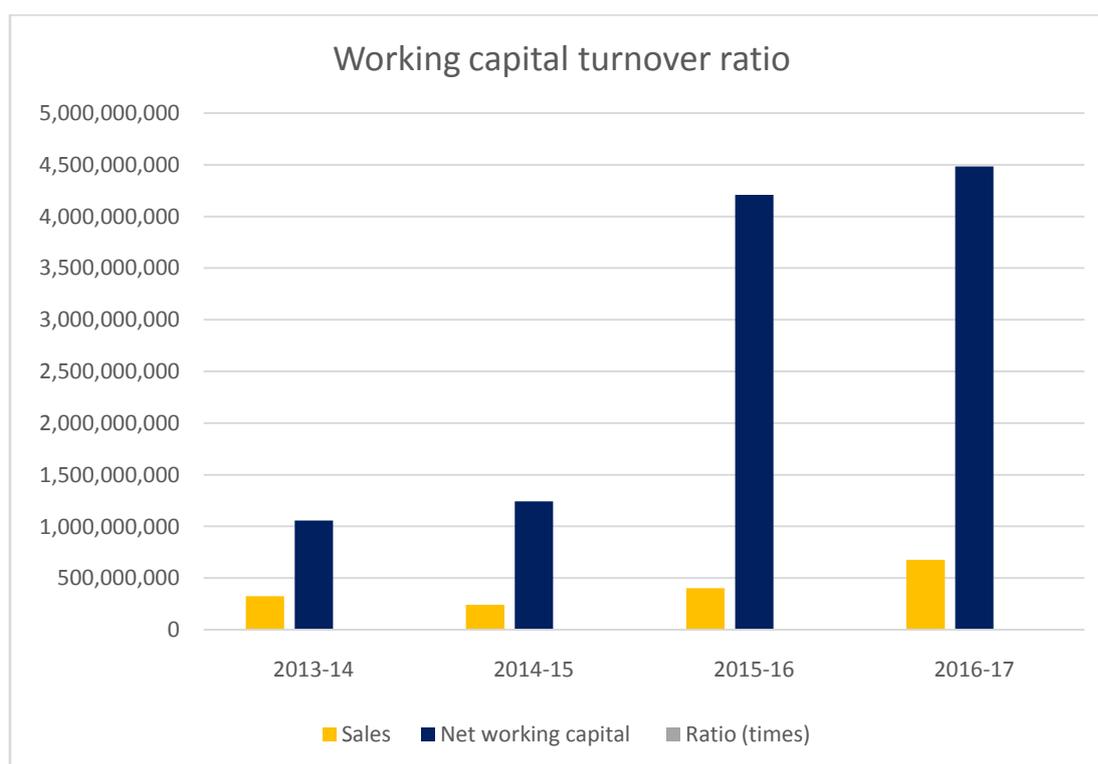
The term net working capital means current asset minus current liability.

Significance and Objective: A high working capital turnover extent demonstrates the feasible usage of working capital courses of action. A low extent then again may display wealth of net working capital. This extent hence shows by virtue of working capital is productively used or not. This extent is viewed as superior to anything stock turnover extent since it displays the utilization of the whole working capital anyway stock turnover extent shows just the turnover of inventories which is just a touch of the working capital.

Table 4.7: Showing working capital turnover ratio of KREDL(Rs)

Year	Sales	Net working capital	Ratio (times)
2013-14	32,32,85,927	105,74,45,305	0.30
2014-15	24,24,54,973	124,36,62,807	0.19
2015-16	40,05,25,838	420,99,35,866	0.10
2016-17	67,62,96,118	448,43,89,881	0.15

Chart4.7: Showing working capital turnover ratio of KREDL



INTERPRETATION:

The working capital turnover extent of the association has reduced to 0.19 times when appeared differently in relation to prior year 2013-14, and further it is lessened to 0.10 times in the year 2014-15, and further it is extended to 0.15 times in the year 2015-16, and further it is extended to 0.15 times in the year 2016-17. The association could keep up an adequate level of working capital turnover extent in the season of examination. The working capital turnover extent stayed and no more raised sum in the year 2013-14. Likewise, thusly this shows the association is utilizing working capital effectively.

8) Net Profit Ratio

This is the proportion of net benefit to net deals. It is figured as:

Formula

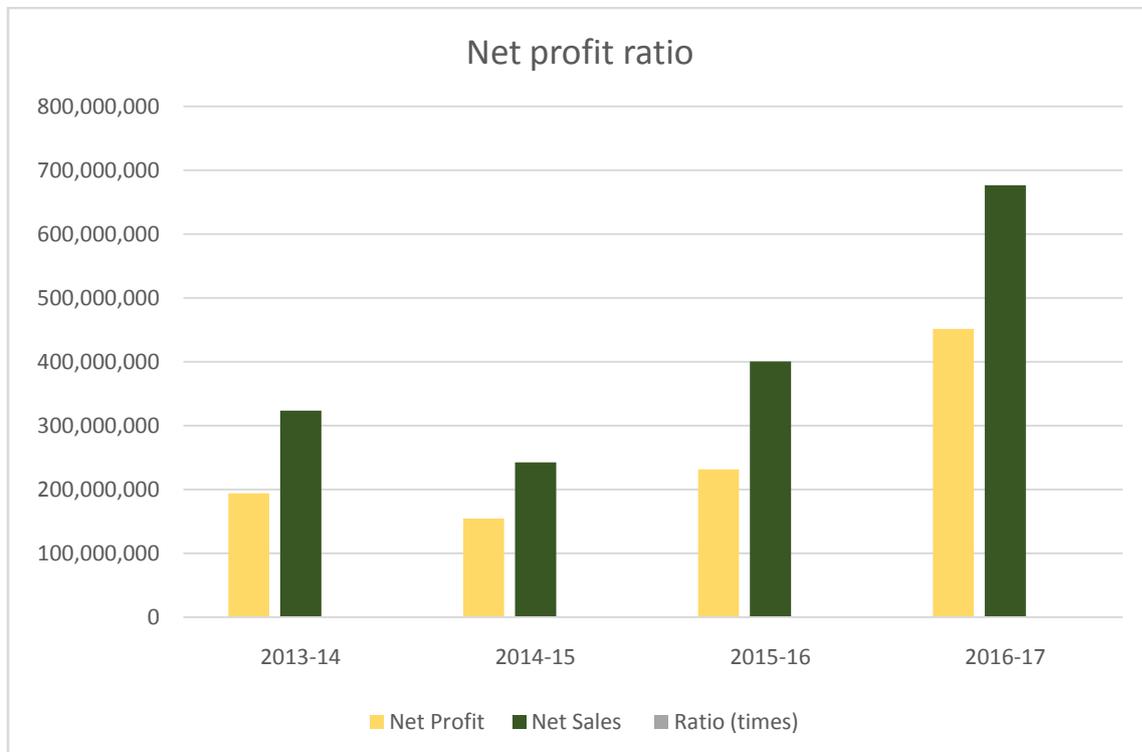
$$\text{Net Profit Ratio} = \frac{\text{Net profit}}{\text{Net Sale}}$$

The idea of net benefit is not quite the same as net working benefit. In computing the net benefit all non-working costs and misfortunes (e.g. misfortune on special of old resources, arrangement for legitimate harms and so on.) are also deducted and all non-operating incomes (e.g. dividend income, interest received on investments etc.) are added.

Table 4.8: Showing net profit ratio of KREDL (Rs)

Year	Net Profit	Net Sales	Ratio (times)
2013-14	19,42,24,813	32,32,85,927	0.60
2014-15	15,46,64,526	24,24,54,973	0.64
2015-16	23,15,17,228	40,05,25,838	0.58
2016-17	45,16,67,887	67,62,96,118	0.67

Chart4.8:Showing net profit ratio of KREDL



INTERPRETATION:

The net benefit proportion indicates expanding pattern throughout the years. This proportion is extremely valuable for proprietors and forthcoming speculators since it uncovers the general productivity of the firm. The net benefit proportion was high amid the year 2016-17.

9)Total Assets Turnover Ratio

The total asset turnover extent measures the utmost of a relationship to utilize its purposes of enthusiasm for sufficiently make advantage. This proportion ponders all advantages, present and settled assets.

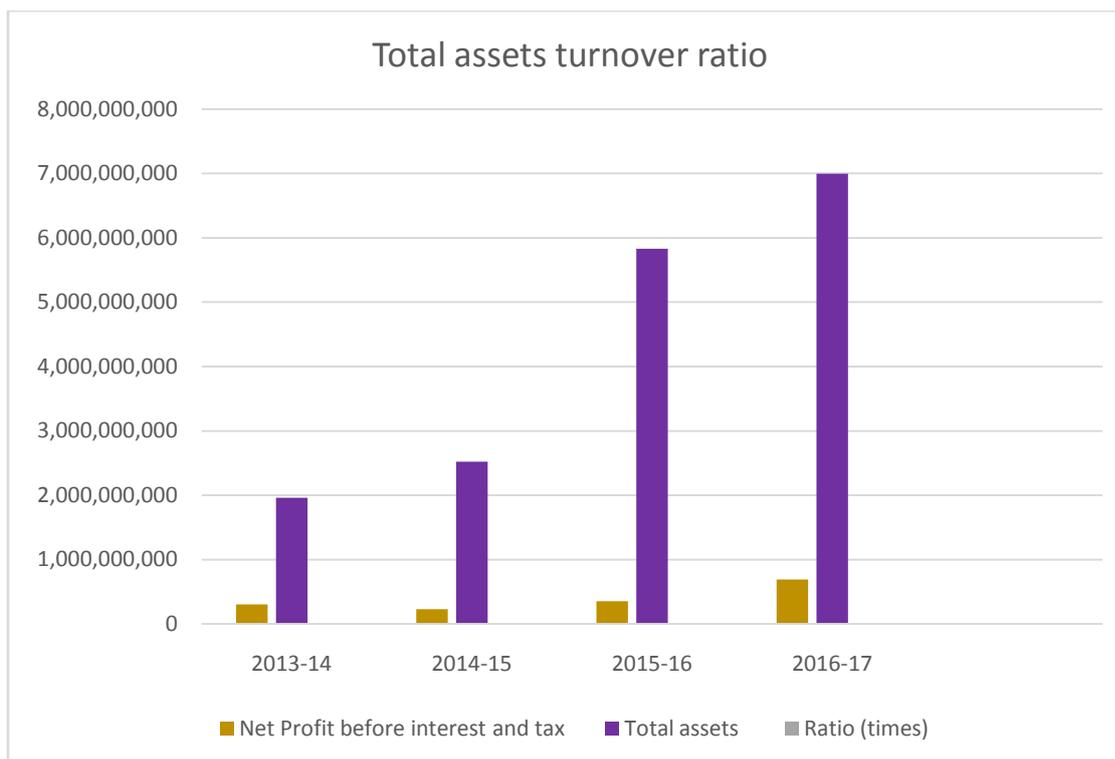
Formula

Total assets turnover ratio = Net profit before interest and tax/Total assets

Table 4.9:Showing total assets turnover ratio of KREDL(Rs)

Year	Net Profit before interest and tax	Total assets	Ratio (times)
2013-14	30,04,19,555	195,99,68,369	0.15
2014-15	22,61,35,117	251,91,86,087	0.09
2015-16	35,38,40,494	583,13,78,194	0.06
2016-17	68,78,49,413	699,60,79,247	0.10

Chart4.9: Showing total assets turnover ratio of KREDL



INTERPRETATION:

In the year 2013-14 add up to resources turnover proportion was 0.15 times and further the proportion was diminished to 0.09 in the year 2014-15. In the following year i.e. 2015-16 the proportion was diminished to 0.06 times and after that in the year 2016-17 the proportion expanded to 0.10 times.

10)Fixed asset turnover ratio

It is the proportion of offers (on the profit and loss account) to the estimation of settled assets (on the balance sheet).

Formula:

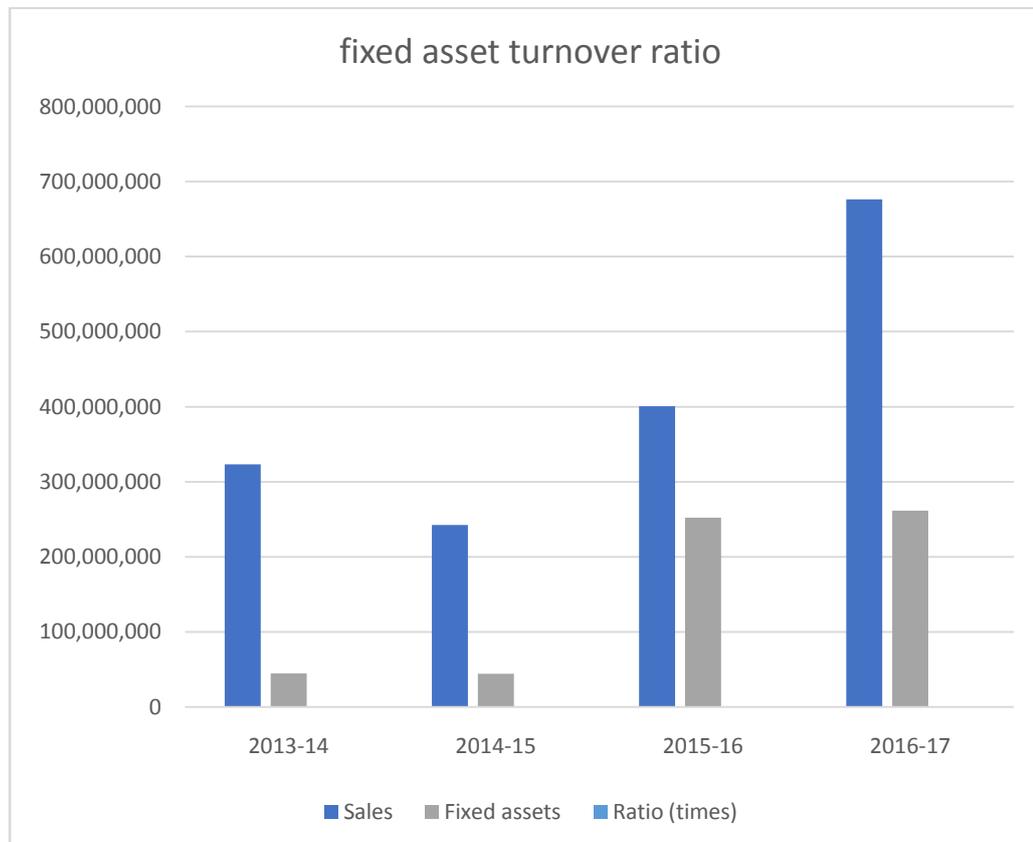
Fixed asset turnover ratio = sales/ fixed asset.

Table 4.10:Showing fixed assets turnover ratio of KREDL(Rs)

Year	Sales	Fixed asset	Ratio (times)

2013-14	32,32,85,927	448,29,518	7.21
2014-15	24,24,54,973	440,25,082	5.51
2015-16	40,05,25,838	25,20,16,924	1.59
2016-17	67,62,96,118	26,16,50,358	2.58

Chart4.10:Showing fixed assets turnover ratio of KREDL



Interpretation:

During the year 2013-14 the settled resource turnover proportion is 7.21 times. Assist it diminished to 5.51 times amid the year 2014-15. In the year 2015-16 the proportion again diminished to 1.59times and in the year 2016-17 the proportion expanded to 2.58 times.

11) Current asset turnover ratio

Current asset turnover ratio is a movement ratio which measures firm capacity of generating sales.

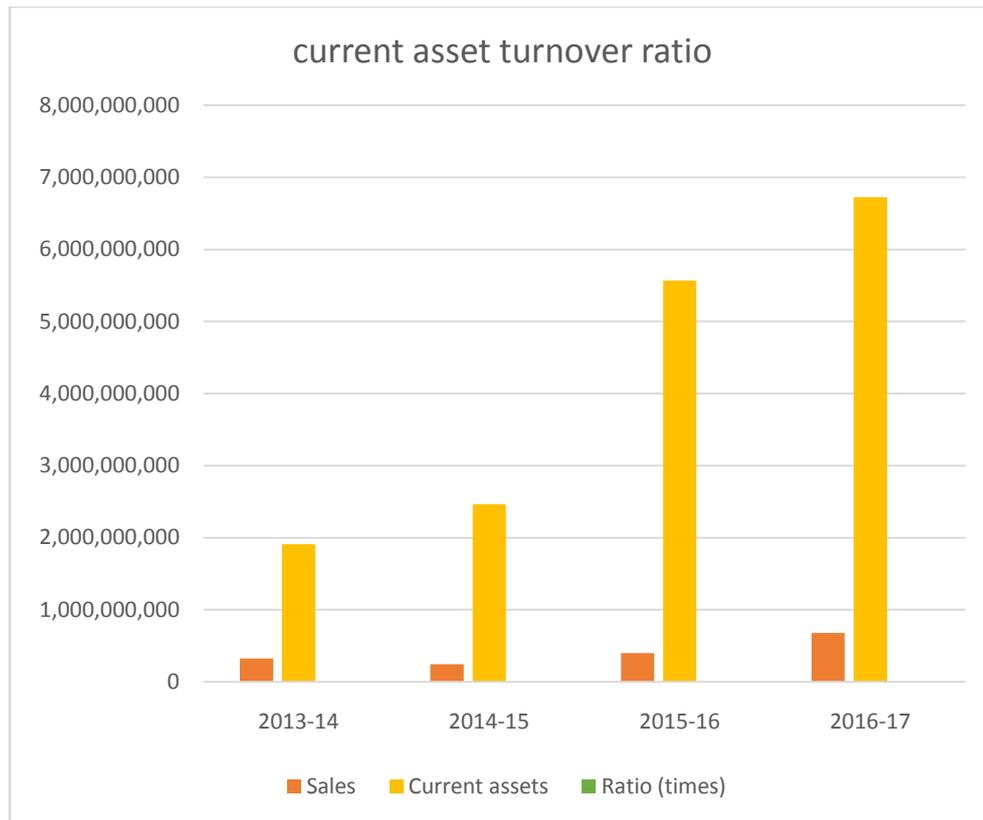
Formula

Current assets turn over ratio =sales/current asset

Table 4.11:Showing current assets turnover ratio of KREDL(Rs)

Year	Sales	Current asset	Ratio (times)
2013-14	32,32,85,927	190,91,38,851	0.17
2014-15	24,24,54,973	246,41,31,005	0.09
2015-16	40,05,25,838	556,83,31,270	0.07
2016-17	67,62,96,118	672,33,98,889	0.10

Chart4.11: Showing current assets turnover ratio of KREDL



Interpretation:

In the year 2013-14 the present resource turnover proportion is 0.17times, amid the year 2014-15 the proportion diminished to 0.09times. In the year 2015-16 the proportion again diminished to 0.07times while in the year 2016-17 the proportion got expanded to 0.10times.

12)Gross working capital to sales ratio

It shows that the measure of working capital used per rupee of offers. A higher proportion shows higher liquidity anyway cut down advantage and peril.

Formula

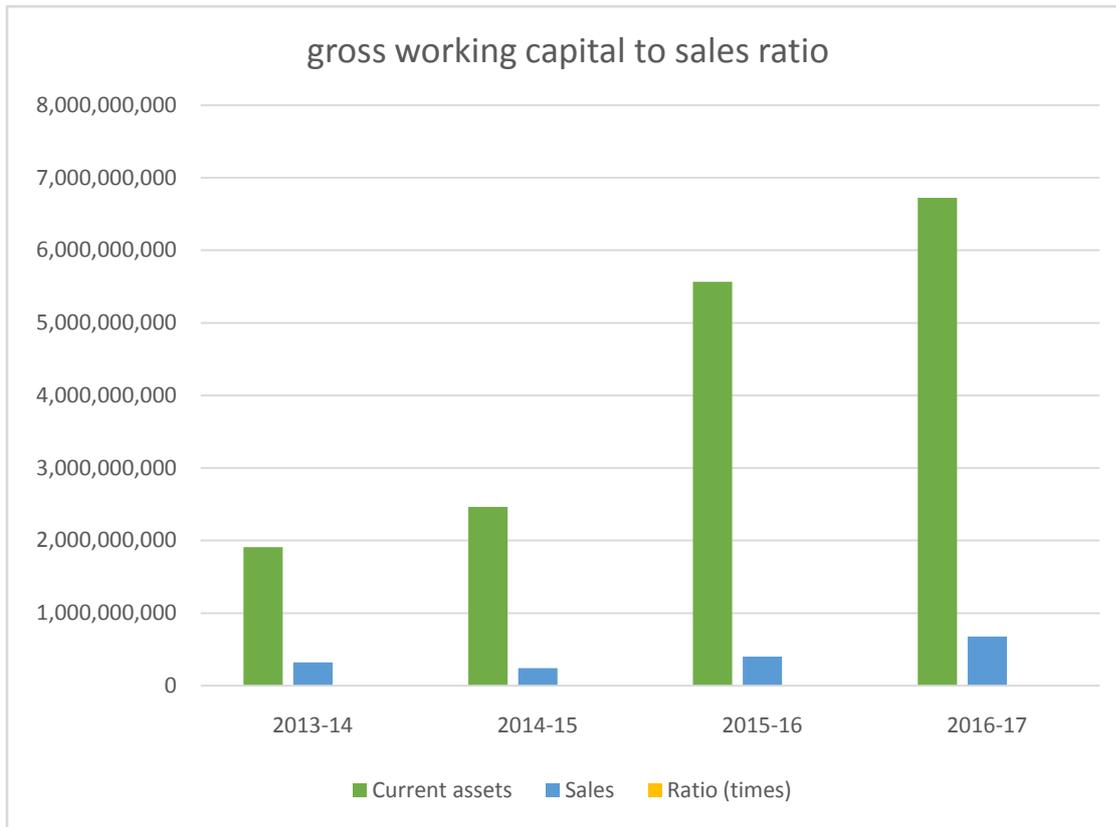
$$\text{Gross working capital to sales ratio} = \text{current asset} / \text{sales}$$

Table4.12: Showing gross working capital to sales ratio of KREDL(Rs)

Year	Current assets	Sales	Ratio (times)

2013-14	190,91,38,851	32,32,85,927	5.90
2014-15	246,41,31,005	24,24,54,973	10.16
2015-16	556,83,31,270	40,05,25,838	13.90
2016-17	672,33,98,889	67,62,96,118	9.94

Chart 4.11 : Showing gross working capital to sales



ratio of KREDL

Interpretation:

In the year 2013-14 the gross working money to deals proportion is 5.90 times. Amid the year 2014-15 the proportion expanded to 10.16times. In the year 2015-16 the proportion again expanded to 13.90times and in the year 2016-17 the proportion diminished to 9.94times.

CHAPTER-5

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

5.1 FINDINGS:

- The financial performance of the association was certain with a salary from exercises of rupees 67.62 Cr for the year finishing 31st walk 2017 appeared differently in relation to the prior year.
- The association has built up a solid capital base.
- Overall the associations are found tasteful with its Current Ratio till the year 2017-18.
- The Quick proportion of the associations are seen to be agreeable level. The association is in safe position.
- The current proportion is been diminished in the year 2016-17 contrasted with earlier year.
- The Debt value proportion is great from long haul loan specialist's viewpoint. It discovers the soundness of long haul budgetary game plans of the associations. Reserves and Surplus of the organizations was expanded to 462.25 Cr when contrasted with earlier years.
- The Fixed assets are diminished to more prominent degree as organization as diminished its ability in producing power when contrasted with earlier years.
- The organization using present day equipment's for setting up new undertakings.
- The association has extended its working money to meet the fleeting necessities of the business.
- The net benefits of the organization has expanded from 0.58 times to 0.67 times when contrasted with earlier years.
- The current liabilities of the organization has expanded throughout the years.
- The working capital turnover ratio expanded from 0.10 times to 0.15 times to meet here and now prerequisites.
- The organization won't keep up any inventories.

5.2 SUGGESTIONS

- Working capital of the association has extending every year. benefit in like manner growing every year this is incredible sign for the association. It needs to keep up it further to keep up the business in the long term.

- It is advisable for the organization to lessen current liabilities.
- The uses of the organization can be lessened by introducing new innovation.
- The Current and Quick ratio are nearly up to the standard prerequisite. So the Karnataka renewable energy development limited has discovered satisfactory and it needs to keep up it in future.
- The organization should take careful steps for contributing and gathering stores from receivables and to reduce the bad debts.

5.3 CONCLUSION

A study is conducting in Karnataka Renewable Energy Development Limited (KREDL), empower to get pragmatic information of the Working capital administration of the association. The administration of the working capital expect a fundamental part in keeping up the monetary strength of the associations amid the normal course of the business. The association should keep up sufficient working funding to make up to a surrendered breaking point and keep quantifiable profit in settled resources. Inadequacy of working capital prompts cut down farthest point utilize.

To keep up the dissolvability of the business and continue with its age, it is essential that adequate advantages for be available to pay the bills. From the examination plainly the diverse sections of working capital are interrelated. As could be seen from the working capital the cash related position of the firm is especially pleasant. From the investigation it was reason that the organization's net benefit was expanded throughout the years. In any case, the organization ought to maintain a strategic distance from pointless long term borrowings. Generally speaking the organization financial performance observed to be satisfactory.

BIBLIOGRAPHY

- Deloof(2003), “Efficiency of working capital management and corporate profitability,” financial practice and education, pp.37-45, winter 1988
- I.M. Pandey(2000),”financial management”, Vikas publishing house, Pvt.Ltd, New Delhi
- Muhammad Yasir Gondal ,(2013),working capital performance of corporate India: An empirical study. ICAI Journal of applied finance, 13(1),46-81
- DR,T.Sobha rani,(2010),”An Empirical research on the influence factors of working capital management,” Naikai Economic studies ,vol.3,pp.105-114.
- Mr.PushpaKumar.B and Mr.prabhath Kumar Yadav (2009).”A review on working capital management policy,” Research of finance and accounting, vol.17,pp.50-53,2008.(10)
- SamilogluF.andDemirgunesK(2008).”A discussion on the basic theory of working capital management,” Accounting research, vol.1,pp.38-40,1995
- M.Y. Khan and P.K. Jain “Financial Management”, Tata M C Graw Hill publishing company ltd, New Delhi.
- Appuhami, B.A.R.(2008). “ The impact of Firms capital expenditure on working capital management: An empirical study across industries in thailand”, International management review, vol.4 No 1,pp.8-21
- Thachappilly G (2009). Management of working capital, Sterling publishers PVT,LTD New Delhi
- Michalski,(2008). “Working capital management,” Friends of Accounting, vol.12,No.A,pp.25-26,2005
- Wang Liu and gao.(2007), “the working capital management survey of Chinese listed companies 1997-2007”, Accounting research , Vol.12 No.010 pp.69-75
- Anand M, & Malhotra, K.(2007). “working capital performance of corporate India: An empirical study”, ICAI jurnal of applied finance, Vol.3 No.1,pp 46-81
- Laziridis. I &Tryfondis. D (2006). The Determinants of working capital management. The journal of American Academy of Business, Vol. 10.No 1,pp 149-155
- Raheman and Nasr (2007). The Impact of Firms’ Capital Expenditure on Working capital Management: An Empirical study Across Industries In Thailand. International management review, 4(1). PP 8-21

- Maness and Zietlow (2002), Winning the customer service war”, Managing service quality. Managing service Quality,3(1),PP 411-415
- Elijelly(2004), liquidity-profitability trade off: an empirical investigating market’, international journal of commerce and management, vol.14 No.2pp. 48-61.
- R.K. Sharma and Shashi k. Guptha, “Management accounting”, Kalyani publishers, New Delhi
- P. Mohana Rao, and Alok K.Pramanik, Working capital management -Deep and Deep publications pvt. Ltd., New Delhi

Websites:

*www.karnatakapower.com

*www.kpcl.com

*www.moneycontrol.com

*www.researchersworld.com

*www.wipltd.org

Books:

- Management Accounting, M.N. Arora, Himalaya Publishing House

ANNEXURE

KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED

BALANCE SHEET for the year...

Particulars	As at 31-03-2017	As at 31-03-2016	As at 31-03-2015
I. Equity and Liabilities			
1. Shareholder's Funds			
a) Share Capital	50,00,300	50,00,300	50,00,300
b) Reserves and Surplus	4622588891	429,77,51,901	112,18,00,685
2. Non-Current Liabilities			
a) Deferred tax liabilities (Net)	26,08,767	42,27,241	38,23,757
b) Other long term liabilities	10,41,69,309	14,30,74,071	14,84,68,714
c) Long term provisions	227,02,972	229,29,277	196,24,433
3. Current Liabilities			
a) Trade payables			
*Total outstanding dues of micro enterprises and small enterprises	-	-	-
*Total outstanding dues to creditors other than micro enterprises and small enterprises	-	-	-
b) Other current liabilities	197,87,10,215	121,76,72,865	113,13,27,107
c) Short-term provisions	26,02,98,793	14,07,22,539	891,41,091
Total	699,60,79,247	583,13,78,194	251,91,86,087

II. Assets			
1) Non-Current assets			
a) Fixed assets			
*Tangible assets	327,99,956	371,68,957	392,74,262
*Capital work-in-progress	22,88,50,402	21,48,47,967	47,50,820
b) Non-current investments	50,00,000	50,00,000	50,00,000
c) Other non-current assets	60,30,000	60,30,000	60,30,000
2) Current assets			
a) Trade receivables	8,78,803	11,79,851	12,85,548
b) Cash and bank balances	596,22,78,290	479,19,10,772	197,01,83,034
c) Short-term loans and advances	60,07,54,805 15,94,86,991	53,23,37,152 24,29,03,495	27,31,60,138 21,95,02,285
d) Other current assets			
TOTAL	6,996,079,247	583,13,78,194	251,91,86,087

KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED.....

Particulars	31-03-2017	31-03-2016	31-03-2015
i) Revenue from operations	67,62,96,118	40,05,25,838	24,24,54,973
ii) Other Income	15,37,53,877	11,01,37,459	11,47,27,298
iii) Total Revenue	83,00,49,995	51,06,63,297	35,71,82,271
iv) Expenses:			
Employee benefit expense	704,44,508	6,86,69,648	645,49,316
Financial costs	13,349	46,26,626	7,041
Depreciation and amortization expense	35,19,593	37,12,269	52,25,529
Other expenses	706,25,663	798,14,260	586,22,571
Total Expenses	14,46,03,113	15,68,22,803	12,84,04,457
v) Profit /loss before extraordinary items, prior period items and taxes (iii-iv)	68,54,46,882	35,38,40,494	22,87,77,814
vi) Extraordinary Items		-	28,35,418
Prior year Income / Expenses (Net)		-	1,92,721
Exceptional items	24,02,531	-	-
vii) Profit before tax (v-vi)	68,78,49,413	35,38,40,494	22,61,35,117
viii) Tax expense:			
1) Current tax	23,78,00,000	12,15,00,000	7,00,00,000
2) Deferred tax	(16,18,474)	4,03,484	14,70,591
3) Previous year tax FY 2014-2015	-	4,19,782	-
ix) Profit / loss for the year	45,16,67,887	23,15,17,228	15,46,64,526
x) Earning per equity share:			
Basic and diluted	903.28	463.01	309.31



ACHARYA INSTITUTE OF TECHNOLOGY
DEPARTMENT OF MBA

WEEKLY REPORT (16MBAPR407)

NAME OF THE STUDENT: KAVYA SHREE . M

INTERNAL GUIDE: DR. PRAKASH. B. YARGOL

USN: 1AZ16MBA29

SPECIALIZATION: CORE FINANCE

TITLE OF THE PROJECT: A STUDY ON WORKING CAPITAL MANAGEMENT AT
KREDL..

COMPANY NAME: KARNATAKA RENEWABLE ENERGY DEVELOPMENT
LIMITED.

WEEK	WORK UNDERTAKEN	EXTERNALL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
15/01/2018 - 26/01/2018	Understanding Structure, Culture and functioning Of the organization.		
29/01/2018 – 9/02/2018	Preparation of Research instrument for Data Collection.		
12/02/2018 – 23/02/2018	Data collection.		
26/02/2018 – 09/03/2018	Analysis and finalization of report.		
12/03/2018 – 24/03/2018	Submission of Report.		

Assistant Accounts Officer
KARNATAKA RENEWABLE ENERGY
DEVELOPMENT LTD.
BANGALORE

