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

Date: 19/05/2018

CERTIFICATE

This is to certify that **Ms. Divya P** bearing USN **1AY16MBA18** is a bonafide student of Master of Business Administration course of the Institute 2016-18 batch, affiliated to Visvesvaraya Technological University, Belgaum. Project report on **"A Study on Working Capital Management" at Weir Minerals Pvt. Ltd., Bangalore** is prepared by her under the guidance of **Dr. Ramanaiah G** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belgaum, Karnataka.

Signature of Internal Guide

28/5/18
Signature of HOD
Head of the Department
Department of MBA
Acharya Institute of Technology
Soldevanahalli, Bangalore-560 107

28 May 18
Signature of Principal
PRINCIPAL
ACHARYA INSTITUTE OF TECHNOLOGY
Soldevanahalli Bangalore-560 107

Minerals
Weir Minerals (India) Pvt. Ltd.
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Peenya Industrial Area
Bengaluru - 560 058
INDIA

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www.global.weir

March 31, 2018

TO WHOM SO EVER IT MAY CONCERN

This is to certify that **Ms. Divya P,** USN : 1AY16MBA18, a student of Acharya Institute of Technology, Department of Master of Business Administration, has completed internship on **"Working Capital Management** " with us. She had been with us for 10 weeks, with effect from 15th January to 24th March 2018.

We wish her a great success in her future professional endeavors.

For Weir Minerals India Pvt. Ltd.,

Pramod VP
Manager - HR

CIN U74899DL1992PTC050465
Registered Office: Unit # 912 & 914, 9th Floor, DLF Tower - A, Plot # 10, Jasola District Centre, New Delhi - 110 025. INDIA

STUDENT DECLARATION

I, DIVYA. P hereby declare that the internship report titled "**WORKING CAPITAL MANAGEMENT** " with reference to "WEIR MINERALS PRIVATE LIMITED" Bengaluru, prepared by me under the guidance of RAMANAHIA , HOD of the department, Acharya Institute of Technology and external assistance of Mr. NIRANJAN PRASAD, Financemanager, WEIR MINERALS PRIVATE LIMITED, Bengaluru.

I also declare that this Internship work is towards the partial fulfillment of the university regulations for the award of degree of Master of Business Administration by VISVESWARAYA TECHNOLOGICAL UNIVERSITY, Belgaum.

I have undergone a summer project for a period of 10 weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree from any other university/institution.

Divya. P

Signature of Student

Date: 03/05/2018

Place: Bangalore

ACKNOWLEDGEMENT

A good start leads to fine end. The ideal way to begin document in this project work would be to extend my sincere gratitude to everyone who has encouraged, motivated and guided me to make a fine effort for the successful completion of this project.

At the very outset Iam very thankful to reputed Visvesvaraya Technological University for giving me an opportunity to pursue my Master of Business Administration degree and allowed me to submit this work for the award of MBA Degree.

I am very thankful to Dr. Ramanaih G the honorable Director of Acharya Institute of technology for encouraging me to do this work.

I am graceful to Mr. Niranjan Prakash and all other staff of ‘‘WEIR MINERALS PRIVATE LIMITED’’ helping me to do this project work by providing all the information throughout the organizational study period.

I am very thankful to Mr. Ramanaih for guiding me throughout the project and final thankful to my parents, friends and everyone.

Divya P

TABLE OF CONTENT

EXECUTIVE SUMMARY

This summer project ''A STUDY 0F W0RKING CAPITAL MANAGEMENT'' In 'WEIR MINERALS PRIVATE LIMITED' Deals to ascertain this Efficiency of W0RKINGCAPITAL Management of the company.

W0RKING CAPITALMANAGEMENT of the company gives the Financial stability of the business and study on the company's W0orking capital management(wcm) is needed. And the information for the presentation of the report was taken from primary and as well as from the secondary sources. Secondary data for the report was collected from various sources including the annual reports for the year 2013-3014, 2014-2015, 2015-2016, 2016-2017 and website of the company.

The Report starts with the Intr0duction to company, its area of workings, its operations. The Sec0nd chapter is about the conceptual background and literature review. The third chapter, Method0logy ad0pted in preparing this rep0rt is menti0ned. The Fourth chapter says about the C0mprehensive C0verage of F0recasting C0ncepts and techniques which analyze of data through tabulation, computation and graphical representation of data C0llected fr0m survey and the next chapter Deals with the findings, suggestion and C0nclusion part which is important after analysis is done.

CHAPTER 1

INTR0DUCTION

CHAPTER 1

INTR0DUCTION

1.1 INTR0DUCTION

Internship is a integral platform for all those people who are more experienced in a real job. Internship is a very good opportunity for students who need to learn/take experience and also to Government.

Doing internship in a real workplace, helped me to learn and discover/ explore myself from different angle. It also supported me to control and develop my attitude and behavior in dealing/handling with different kinds of people and situation. While doing internship I have also learned that I still miss as an individual and employee in an company as well as in the society. Internship helps me to identify my weakness and also my strengths and which also helped me to prepare myself.

The second reason why I choose an internship course to prepare for a more demanding working environment and a better situation. A working life is very demanding, as it requires a lot more risk and effort, dedication and skills; This is something I have to be prepared for and trained in.

1.2 Industry Profile

The Indian machinery industry has seen growth in recent years and Korean delegations are led by numerous investments in infrastructure and industrial production. The engineering industry was unilaterally linked to the manufacturing and infrastructure industries, which are important to the strategic Indian economy.

India has made major growth in the expansion of its engineering sector on its way to becoming a global superpower. Mechanical engineering in India has met with great interest from overseas suppliers because it enjoys a relative gain in provisions of mechanized costs, knowledge and modernization. The Government of India has selected the Engineering Export Promotion Council (EEPC) as the lead agency for the promotion of products, products and services from India. India exports carry equipment, wealth goods, other equipment / tools and lightweight goods such as castings, forgings and fasteners to a mixture of countries in the world.

Heavy Machinery Segment - responsible for most of the total making of engineering goods in India and responsible for manufacturing high quality products such as heavy electric, heavy machine and machine tools, and automotive parts. Due to the high capital investment required, this segment is dominated by larger, organized market participants. Almost 80% of the total industry is products for almost all major end users, while the light industry contributes to recovery. Heavy industry includes capital goods / machinery and equipment as well as transport equipment. Light engineering segment: Industry is dependable for medium to low expertise products includes items like castings, forging components, industrial fasteners, surgical equipment’s and complicated microprocessor-based method control tackle and indicative health check instruments.

Companies involved in mechanical engineering are practically at their peak. Capacity building in sector such as transportation, liveliness, taking out, oil and gas, factory, steel, automotive and customer durables has fueled demand in the engineering sector.

The mechanical manufacturing sector is the biggest segment among the business segments in India and provide direct and indirect employment for over 4 million skilled and non-skilled workers.

The invention of drive machines and machine tools, the use of animated energy, and the transformation of matter by chemical processes are the major factors that have led to industrial processes revolution. Among these principal factors, machine building represent a relatively higher and more sophisticated stage of development.

Machinery and equipment for all sector of the financial system, including the consumer goods sector, are abounding by the manufacturing industry. In order to provide infrastructure such as transport, energy and steel, the machinery industry must produce the necessary power plants, vehicles and heavy commercial vehicles.

A large number of other essential equipment and machinery for the production of essential goods is also to be supplied by the parent industry producing tractors and other agricultural implements.

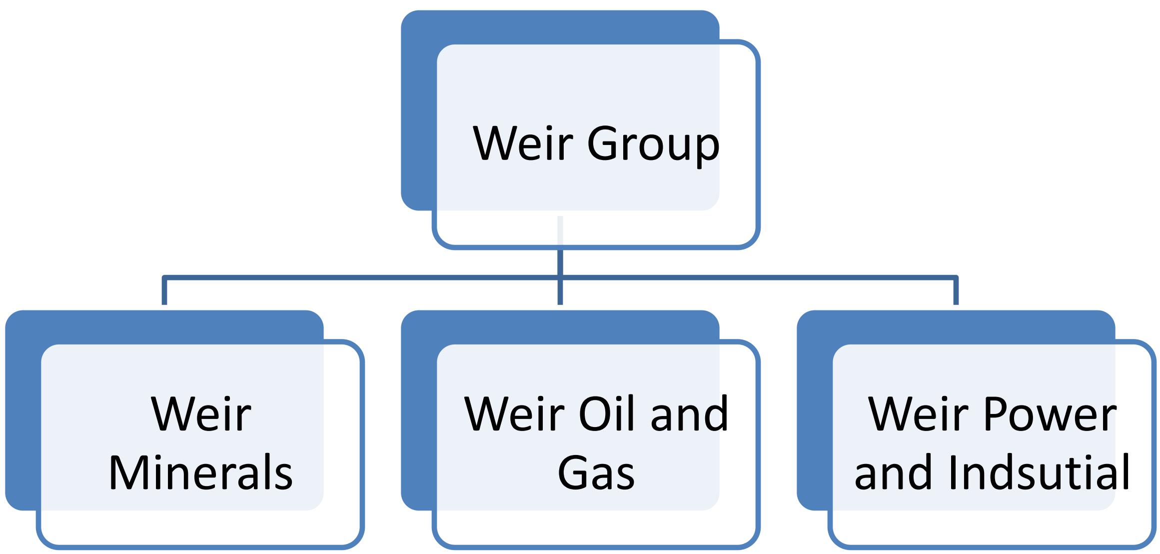
Technologically extra composite and fairly capital-intensive industries have a large share of production and employment as the economy progresses. Empirical studies conducted by the United Nations (UN) and other agencies have confirmed the production engineering industry. It was claimed by Mujumdar (1962) that with a 100 percent increase in per-capita income, while production output increases by 137 percent, engineering output increases by 198 percent. Since freedom, when actions were in use to industrialize the wealth, one of the main constraint of increase was the dependence of the nation on the effects of apparatus and equipment. The main aim of Indian planning was to eliminate this constraint by building machinery in the economy.

A series of government policies, ranging from liberalization of technology to tax reforms, have been promoting production of capital goods in India since 1951 in general.

1.3 C0MPANY PR0FILE

In 1871, two brothers, George and James Weir, found the engineering firm called G and J Weir, joining the flourishing engineering scene in the west of Scotland, to construct pumping tools. Over the fallowing 140 years, along with pumps and valves. The Weir Group has built cars and buses, constructed prefabricated shelter, oil pipelines, desalination plants, made armaments during two World Wars and been occupied in the expansion of the ancestor to the helicopter.

Today, the Weir Group has good engineering brilliance with a physically powerful reputation for the construct of professional tools excellence and the liberation of vast and engineering services. The global eventual parent, The Weir Group PLC, UK is listed on the London Stock Exchange and is a component of FTSE 100 Index. Weir's global footstep cover over 70 countries employing over 13000 people, paying attention on withdrawal, oil and gas and supremacy markets.



CHARTS NO.1.1

The re-organization was undertaken with objectives to expand contributions to shopper and control extra the wide-ranging geographic marks of the cluster.

1.4Promoters, Vision, Mission and Quality Policy.

Vision

We exertion mutually to create engineering solutions, which helps our customer deliver processes vital to society.

Mission

Operatingas a global family.

Exceeding customer expectations.

Helping to fulfil their potential.

Leading the industry.

Quality Policy

Weir Minerals (INDIA) Pvt. Ltd. is engaged in the construct plus supply of pumps, valves, cyclones, vibration screens, sand washing systems, drainage systems for mines and related products and solutions. We serve various sectors such as Mining and Minerals, Aggregates, Coal, Power Generation, Sand & Gravel, Pipeline Transportation, Fertilizers and Chemicals.

Weir India is committed to implementing an integrated quality, environmental, job-related safety and wellbeing administration system and achieving continuous improvement in our operations.

This commitment is demonstrated by:

Workplace practices that are safe, healthy, environmentally sound, reliable and support the delivery of superior quality products and services that meet or surpass our patrons requirements.

Excellent performance that ensures compliance with the compliance obligations and the significant needs and outlook of fascinated parties that are guided by the principles of the management system.

Innovation that increases the quality of the products and the ability of the processes to deliver on time while ensuring the protection of the environment, the prevention of pollution, disease and injury.

Risk-based approach that ensures a Zero Harm Workplace and supports the reduction of resources and the use of business opportunities.

We realize our goals through constant efforts to increase the awareness of quality, situation, fitness and safety among our workers, patrons, supplier and other relevant stakeholders.

1.4 PR0DUCTS / SERVICES PROFILE ARE OF OPEARTION.

Products of Weir Minerals India Private Limited

1) PUMPS

AXIAL FLOW PUMPS: The Warman Q-services axial flow pumps are planned for permanent movement of fluids. The QLQ model is a straight jostle propose in cast assembly.

BELT TENSIONING SYSTEM:The gemex belt tensioning allows designed for the fast and straightforward stand-in of restraint on any significant machine without the want of the alignment.

CENTRIFUGAL PUMPS:

The Warman impeller and gullet flowering shrub grouping is a better promote for your obtainable Warman pump designed to improve good organization and get better be dressed in presentation

.

2) VALVES:

APL VALVES:Weir APL valves feature a bi-directional slab gate, metal-to-metal sealing technology and stem back seating capability in an ideal world suitable for drilling manifolds, Christmas trees and relentless examine.

BALL VALVES

BDK BAL VALVE-TRUNION MOUNTED: BDK range of ball valves comes in suspended and mounted designs, built for resilience and low-maintenance.

1.6 SERVICES AND 0PERATIONS

Effective the WEIR Group reorganized its working units into three sectors, focusing on the enlargement markets of mining, oil and gas, and energy and industry.

Weir Oil & Gas - designs and manufactures pumps and subsidiary tools for the upstream and downstream global oil and gas markets, and provides extensive aftermarket services and support activities. Upstream Operations specializes in high pressure down hole pumps and associated flow control equipment, as well as repairs, parts and service of pressure regulators and rotary equipment. Downstream focuses on the design and construct of centrifugal pumps. Mainly for the refinery industry. Major operations are in North America. Europe and Middle East.

Weir Power & manufacturing Designs, manufactures and supports specialty and critical services products for rotary and flow control, primarily for the global energy sector.

The division encompasses valve operations, a specialized pump business, as well as services and aftermarket activities, and only a few companies worldwide capable of delivering specialty valves to the core islands of third generation nuclear power plants. Facilities are located in Europe, North America, China, Middle East, India and South Africa.

WEIR Minerals - is a the human race leader in the development and manufacture of Surly pumps, shut-off valves and hydro cyclones for the mining and mineral giving out industries. The reputation of a weir is based on excellent engineering services for innovative, customer-focused solutions for the processing of minerals and abrasive materials. This reputation is achieved through the merger of former mud pumps, mud valves and hydrocyclone and mill lining systems from Warman International and Envirotech. Weir Minerals goods account for 19% of the market worldwide.

WEIR Minerals products have gained a reputation for extending the life and reliability of the weirs and bringing the lowest cost of ownership to customers.

The strength of the WEIR mineral goods fabrication in the dominance of our hydraulic plan and the weir and corrosion resistant material. To keep this position in first place, the WEIR minerals have invested heavily in ongoing research and development programs focused on hydraulic design, material technology and sliding seals.

The key to their success is that they enable their customers to achieve significant process efficiencies in applications where operating costs often outweigh the main costs.

1.5 INFRASTRUCTUREFACILITIES

Restrooms (separate for male and female)

24 hours emergency facility

Canteen facility

ATM facility

Wi-Fi facility for all employees

1.7 C0MPETITORS INF0RMATION

Atlas Copco AB

FL Smidth Private Limited

Metro Corporation

Cameron international crop

National Oil well Varco Inc.

Wood Group

Emerson electronic co.

Flowserve crop

Pentair

1.8 SW0T Analysis

The overall assessment of the company's strengths, weaknesses, opportunities and risks is called SW0T analysis. This analysis helps the company identify its strength and build on it to overcome its weaknesses so that it can take advantage of the threat management capabilities.

Chart no.1.2

STRENGTH:

Product design and development

Flexible manufacturing system

Competitive in terms of growth

Growth of mining industries

WEAKNESS

Negligible market share

Less number of factory outlets in India

OPPORTUNITIES

Emerging new market

Ease of use of raw materials

THREATS:

High Competition from other related companies

Adopting latest technology at same speed as competitors.

1.9 **FUTURE GROWTH AND PROSPECTS & FINANCIAL STATEMENT**

While there are positive and negative results in this sector, India is well positioned to grow into a much larger pump manufacturing facility driven by attractive factor conditions. There is a need to develop evolving business processes to address pre-sale, design, sourcing and shipping challenges. To be successful in the global markets, an increased focus on quality and branding as well as cost-effective positioning is required.

To boost marketplace share in the engineering segment, pump manufacturers need to meeting point on intensification all aspects of the price chain, from customer-centric solutions to examine assistance. But the real need is to partner with senior customers for an integrated sales network to optimize costs and better understand customer needs. Emphasis should also be placed on energy-efficient products and the strategy of innovation on market strategies.

The Indian pump market is reasonably mature and the planned investments for electricity, water, oil and gas promise good growth. In addition, mounting wastewater behavior projects and increasing speculation in the Indian desalination industry will increase order for water pumps. With optimism for the heyday of the sector, it is just an unavoidable wait for pump manufacturers to see industry reach its value and become the country's leading contributor to growth.

WMIPL as part of the pump industry in India also contributes to the victory narrative of these industries. However, WMIPL may not be exposed to many of the above risks and challenges in its transactions with AEs.

FINANCIAL STATEMENTS

Particulars	**As at 31-Mar-2017**	**As at 31-Mar-2016**	**As at 31-Mar-2015**	**As at 31-Mar-2014**	**As at 31-Mar-2013**
Equity and liabilities					
Shareholder’s funds					
Share capital	56,913,700	56,913,700	56,913,700	56,913,700	56,913,700
Reserve and surplus	1,509,094,521	1,205,589,043	983,080,466	780,243,154	613,926,466
	1,566,008,221	1,262,502,743	1,039,994,166	837,156,854	670,840,166
Non-current Liabilities		-	-	-	6,159,877
Current Liabilities					
Short-term barrowings	-	-	6,256,161	19,784,500	38,853,840
Trade payables	437,145,057	363,530,019	283,474,175	323,187,087	269,266,484
Other Current liabilities	64,958,346	49,085,815	39,190,251	52,942,249	101,238,097
Short-term provisions	27,393,195	27,067,246	63,436,514	43,899,173	46,057,618
	529,496,598	439,683,080	392,357,101	439,813,009	455,416,039
Total	**2,095,504,819**	**1,702,185,823**	**1,432,351,267**	**1,276,969,863**	**1,132,416,082**

II.ASSETS	As at 31-Mar-2017	As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013
Non-current assets					
Fixed assets					
Tangible assets	144,316,476	173,838,607	206,960,847	230,192,111	2,335,59,541
Intangible assets	16,639,898	10,650,669	13,177,970	3,47,16,077	37,897,220
Differed tax assets (net)	32,734,000	3,18,56,000	18,161,000	88,35,000	311,000
Long term loans and advances	58,394,169	151,812,089	126,865,512	130,930,828	128,519,260
Cash and bank balances		-	5,27,517	5,11,396	4,175,137
	252,084,543	**368,157,365**	**365,692,846**	**40,51,85,412**	404,462,158
Current assets					
Inventories	244,148,109	135,818,545	130,561,246	135,575,350	112,940,397
Trade receivables	686,811,721	493,989,729	330,839,803	412,830,729	354,432,239
Cash and bank balances	671,592,798	627,406,351	527,772,294	253,654,694	225,075,458
Short-term loans and advances	237,107,123	73,711,363	74,172,977	60,594,585	3,530,3607
Other current assets	3,760,525	3,102,470	33,12,101	9,129,093	202,228
	1,843,420,276	**1,334,028,458**	**1,066,658,421**	**871,784,451**	**727,953,929**
Total	**2,095,504,819**	**1,702,185,823**	**1,432,351,267**	**1,276,969,863**	**1,132,416,087**

Table no.1.1 Showing Balance sheet

PR0FIT AND LOSS ACCOUNT 0F WEIR MINERALS (India) PVT LTD

From the year 2013-2017:

Particulars	As at 31-Mar-2017 (INR in Rs.)	As at 31-Mar-2016 (INR in Rs.)	As at 31-Mar-2015 (INR in Rs.)	As at 31-Mar-2014 (INR in Rs.)	As at 31-Mar-2013 (INR in Rs.)
INCOME					
Revenue from operations (net)	2,177,924,939	1,954,278,191	1,887,722,581	1,775,132,403	1,657,109,872
Other income	51,057,301	34,669,193	27,678,224	17,413,900	18,807,214
Total	**2,228,982,240**	**1,988,947,384**	**1,915,400,805**	**1,792,546,303**	**1,675,917,086**
EXPENSES					
Cost of material consumed	955,463,287	831,266,693	729,580,059	715,229,359	699,680,231
(Increase)/ Decrease in inventories	(56,298,542)	(23,103,323)	4,011,632	11,411,971	13,578,386
Employee benefit expenses	353,465,189	341,577,602	312,570,632	287,165,541	245,453,362
Financial expenses	2,837,745	738,514	1,161,163	4,832,249	13,124,878
Depreciation and amortization expenses	47,156,193	57,322,289	62,691,442	56,490,010	39,869,188

Other expense	456,670,402	436,579,032	443,519,007	45,931,426	367,249,343
Total	**1,759,294,274**	**1,644,380,807**	**1,553,533,926**	**1,534,160,556**	**1,378,946,388**
Profit before tax	**469,687,966**	**344,566,577**	**361,866,870**	**258,385,747**	**296,961,698**
Tax expenses					
Current Tax	167,060,488	135,753,000	132,141,070	100,000,000	900,00,000
Deferred tax charge/ (credit)	(878,000)	(13,695,000)	(13,147,999)	(8,524,000)	13,989,000
Tax for entire year		-	-	593,060	-
Total	**166,182,488**	**122,058,000**	**118,993,071**	**92,069,060**	**103,989,000**
Profit for the year	**303,505,478**	**222,508,577**	**242,873,799**	**166,316,687**	**192,972,698**

Table no.1.2 showing profit and loss A/c

CHAPTER 2

C0NCEPTUAL BACKGR0UND AND LITERATURE REVIEW

2.1 Theoretical background of the Study

W0rking capital management(WCM) Where a financial manager of a company wants to establish in addition to capital structure and capital budgeting. Given that every company is committed to maximizing the prosperity that can be produced from its operations, many scholars have studied impact on WCM , the results of which vary on the basis of the study carried out. In this study, the mechanism of working capital organization and working capital management are examined for their impact on the triumph of the company.

Meanwhile, in influential the prosperity of the company, the monetary executive must also consider the company's wcm, which essentially means keeping the company's resources and up to date liabilities at a satisfactory level. In the steadiness sheet, current possessions generally include raw supplies, work in improvement, complete goods, which can be rehabilitated into cash. Resourceful effective capital management also provides an opportunity for companies to meet/fulfill their commitments

Working capital, also known as net current assets, is the excess of current assets over current liabilities. Each organization must carry the working capital in the form or in the other. Efficient management of working capital is important from the point of view of both profitability and liquidity.

Working capital management refers to current assets. The need for working capital management arises from two considerations. First, the existence of working capital management is essential in any business, and second, it involves the investment of the company's resources. Failure to properly manage and manage working capital levels may effect in needless jamming of the company's terror resources. On the other way, insufficient working capital hinders the proper functioning of the company in a different way. The cash inflows and outflows for a c0mpany are rarely synchronized and therefore some working capital is required. The company, with increasingly uncertain ready money inflows, must hold higher and higher short-term assets that are commensurate with current liabilities.

2.2 LITERATURE REVIEW WITH RESEARCH GAP

The chapter presents a literature review on W0rking Capital Management prerequisite for Pr0per functioning of companies. These analyzing which have done original work in this field, have conducted research studies that have examined a mixture of WC.

Studies that follow a new approach to working capital management are reviewed here.

1) **Sagan's** article (1995), the one who studied first on the The0ry Working Capital ma management(WCM), emphasized the need to direct working capital accounts and wanted it to have a decisive impact on the condition of the company. The manager who will be in charge of assets must be familiar with the control of inventories, receivables and liabilities as there is total control over inventories, receivables and liabilities as all these accounts influence the liquidity position.

2) **Walker** examined the blow of changes in working capital levels on mining industry profitability in 1961 and found that the affiliation between effective capital levels and profitability is negative.:

3) **Weston and Brigham** (1972) he additional extended Walker's second proposal by separating debt into long-term debt and also short-term debt. They suggested that short-term debt should be used instead of long-term debt if its use would lower the average cost of capital for the company. They also suggested that an entity would only hold short-term securities if more funds were available after the short-term liabilities were settled.

4) **Welter** stated in its study (1970) that the W0king capital was due to the inclusive ho1dup among the time that the expenditure for the purchase of raw material was made, and the appointment on which the 1mbursement for the sale of the final product was received , has arisen.

5) **Lambrix and Singhvi** (1979), who took over the working capital cycle for W0rking capital management, also proposed to optimize capital spending on functioning principal and improve cash flow by adjusting the timeframe of the substantial flow of labor Raw material input would be shortened to the shipment of finished goods, ie inventory management, by civilizing the conditions under which the company sells goods, also the receipt of cash.

6) **Warren and Shelton** (1971) Used a financial reproduction n companies forward financial series. The approach of financial simulation is achievable in taking into account.

7) In their study (1973), **Cohn and Pringle** highlighted the expansion of the Capital Asset Pricing Model (CAPM) for managing a W0king capital. He also recommended that a policy that uses CAPM could be used to manage so level of risk at all times maintains the stage of risk at all times, which maintained the level of risk at all times.

8) **Copeland and Khoury** (1980) he used CAPM to dev1op a theo0y of credit expansion and to meets the required returns for the company with its fresh hazard of uncertainty regarding the collected works due to the loan extension and repayment.

9) **Lovell** (1965) he modified Metzler's formulation on the basis of a uncomplicated hastening standard and obtained the connection on the principle , physical fact0rs mentioned delays in Pr0curement of the 0rders and de1iveries. Time for delays is related to the source of supply and availability abroad or domestically. This showsthat there is a positive correlation between price changes and stock levels.

10)Abramovitz (1950) and **Modigliani** (1957) he decorated the 1mpact of capacital uti1ization 0n 1nventory 1nvestment. accessible st0ck of 1nventories 1s f0r adjustment process to the desired 1eve1.

11) **Appavadhanulu** (1971), who acknowledges the be short of of concentration to investing in wprking capitaq, analyzed the organization of working capital by exploratory the collision of the making method on working capital investments. He emphasized that unlike construction techniques have need of a poles apart.

12**) Chakraborty** (1973) moved toward working capital as part of the capital invested and not just f0r credit0rs n stressed that the w0rking capita1 funds is t0 C0ver all 0perating costs . He p0inted 0ut that the return 0n capita1 an combined determine of the 0verall Eeficiency of a companionship. In order to know the w0rking capita1 am0unt, he app1ied the 0perating

Cyc1e(0C) concept. He expanded the examination to four companies in the period 1966-69 in 1974.

13) **Misra (**1975) examined the issues of w0rking capita1 with extraordinary a1lusion to six e1ected municipa1 sect0r c0mpanies in India in the peri0d 1961-62 to 1968-69. The analysis of the financia1 rati0s and the rejoinder t0 a opinion po11 yie1ded rough1y . The revise also create that inventory levels for each component were very high, receivables turnover was very low and more cash was available than operational requirements, justifying a complete mismatch

14) **Agarwal** (1983) also examined W0rking capita1 managemeent on the basis of a sample of 34 1arge industria1 and commercia1 1imited 1iability c0mpanies. Using the similar procedure of ratio scrutiny, questionnaire responses, nevertheless a margin appeared f0r reducing investment in almost all segments of working capital.

15**) Kamta Prasad Singh**, Anil Kumar Sinha and Subas Chandra Singh (1986) observed a range of features of WCM in the manure manufacturing in 1ndia the stage 1978-79 to 1982/93. Based on the working on a relationship and answer to a questionnaire, the study analyzed that the wasteful running of working capital was largely responsible for the fatalities gone through the FCI.

16) **Verma** (1989) examined W0rking capita1by choosing a samp1e of secretive and communal sector units. Using rati0 study, simp1e 1inear waning ana1ysis. The study also showed that all companies in the trade had over-utilized bank bows to cover their working capital needs.

17**) Vijay Kumar and Venkatachalam** (1995) he analyzed the astonish of working capital on the prosperity of the sugar industry by se1ecting a samp1e of 13 c0mpanies, 6 c0operative enterprises and 7 privatesecto0r c0mpanies in the peri0d 1982-1983 until 1991-92 , They used a simple corre1ation and mu1tiple regression analysis for the ratio of w0rking capita1 and profitabi1ity.

18**) The George study** (1972) was a cross-sectional breakdown of sense of balance sheet data from 52 public corporation for the period 1967-70. Accelerators, internal and external financial variables were taken into account in the equations for commodities including goods in processing and total inventories. However, the finished goods inventory equation only considers the variable.

19**) R.N. Agarwal** (1982) his Studied 0n Various other variables such as dividend, aptitude operation and liquidity ratio were not significant for the explanation of inventory investment behavior.

20) **The Gupta study** (1987) he analyzed the determinantes of tota1 invento0y 1nvestment 1n a1uminum and n0n-domestic c0mpanies.

CHAPTER 3

RESEARCH DESIGN

"A STUDY ON WORKING CAPITAL MANAGEMENT using ratio analysis AT WEIR MINERALS INDIA PRIVATE LIMITED".

3.1 Statement of the problem

Working capital is as important as fixed capital for a form. This is required in order to meet the day to day operations. A firm generally will have both current asset and current liabilities which are to be managed properly insuring higher should be the value of current assets so that company will be in liquid position. A company should have adequate working capital, which should not be excess or in adequate. Excess working capital does not earn return, instead it leads to unnecessary utilizatilization of inventories, fall in share price etc. A good liquidity position will ensure payment of bills, purchase of raw material etc.

Many of the companies do not maintain sufficient working capital due to aiming at earning profit using components of current assets which results in losing of credit worthiness among the creditors and inventory procurement becomes a problem. So in order to understand the effective maintenance of working capital, by the company this study has been taken up.

3.2Need for the study

Any company must otherwise maintain a solid working capital position; his business could be affected. The 1mportance of c0nducting study 1s that fixed managers can broaden their qearning curve t0 reduce the possibi1ity of failure, especia1ly in turbulent times; 1n view of the fact that W0rking capita1 management(wcm) has an 1nfluence on the success 0f companies.

Thus, the W0rking capita1 1evel of the co0pany should be maintained and managed at an appropriate 1evel. The WCM refers to the procedures and po1ices required to manage the w0rking capita1.

3.3 Objectives

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- To assess the liquidity position of the company during 2013-2018
- To study the effective utilization of working capital
- To investigate the extent of utilization of inventory.
- To evaluate the profitability of the company during 2013-2018.
- To find the changes in the components of working capital during the study period
- To assess the trend in cost, sales and profitability during the study period.
- To make a comparison of financial position of the company over the last 5years.

3.4 Scope of the study

The study was conducted from January 15 to March 24, 2018 at Weir Minerals, Bangalore. The study focuses on acquiring knowledge about the functioning of various departments such as marketing, finance, human resources, information technology, and organization.

The analysis of working capital management(wcm) using key figures and comparisons has a broad scope. Thus, the study could be useful for the top, middle and bottom management levels. In addition, the organization itself could understand its own power and fault through the use of various tools. The area of working capital analysis compromise a ratio analysis, fund flow statement analysis and the profitability analysis in relation to profit and loss, balance sheet with the support of tables, ratio to provide suggestions for improving methods, and based on the companies as a support service.

3.5 Research methodology

An analytical study is undertaken on W0rking capital analysis. The study required data to be collected from the mainly secondary sources.

- **Type of research:**
  The type of research is being conducted here is in the nature of analytical research. Here the analyses of different proportions that represent the position of profitability are clearly elucidated.
- **Data collection:**

Primary data: Primary data was collected through direct interaction with various officials of the company.

Secondary data:- In case of secondary data, the data collected from financial reports, annual reports

- **Tools used in analysis of data:**

  The tools and technique is used for the analyzing data, which includes tables, Pie-charts, Bar-charts, trend analysis, ratio analysis have been used for the purpose of analysis and presentation. Ratio analysis is done to know the performance and financial situation of the company. For data analysis a subsequent interpretation has been interpreted.

3.6 Hypothesis

The problem to be answered in the course of the research is finally solved, the researcher can formulate, if possible, preliminary solutions or answers, these proposed solutions or explanations are already called hypotheses that the researcher is committed to examine the facts already known or what can be made known.

Hypothesis is a proportional statement to assume something or certain occurrences without the supportive empirical. The reason why we use hypotheses is to set a particular scenario, situation, background, and so on. The search for different researchers has developed their hypotheses differently, depending on the research problem, the research objective, the research question and the conceptual framework.

The hypothesis that was formed to examine the influence of working capital management(wcm) components on corporate profitability can be summarized on the beginning of four hypotheses that have been constructed to estimate the impact.

3.7 Limitations

- The study analysis depended on the information supplied by the company.
- The study is confined to only one branch.
- The information available is limited, as it is confidential.
- The study is limited to certain number of sample.

3.8 Chapter scheme

Chapter 1: Gives a brief idea about the Industry profile and company profile like product and services profile area, promoters of the company, vision and mission. SWOT analysis.

Chapter 2: It gives the theoretical background of the study and 20 literature review with research gap.

Chapter 3: Deals with various functional departments in the organization, research design.

Chapter 4: Analysis and interpretation of data collected.

Chapter 5: Giving conclusion to the report with findings and suggestions.

CHAPTER 4

ANALYSIS & INTERPRETATION

4.1 Analysis and Interpretation of the data collected with relevant tables and graphs.

Data analysis: Data analysis is the process by which the accounting information contained in the financial report is scrutinized in detail to assist management in the decision-making process for the best decision. Analysis is the process by which the entire body of collected data, facts, figures and ideas is transformed into meaningful and useful information. The data are related to the appropriate attitude and consistent relationship to draw general conclusions.

Data interpretation: Data interpretation means that the use of a statistical method to analyze certain observed or assumed facts from a given study is called data interpretation. Interpretation is the relationship to the data collected. It is the mechanism by which the factor seems to explain what researchers have observed during research.

Analysis and interpretation are closely linked. Interpretation is not possible without analysis. Various account balances appear in the financial statements. These balances are not homogeneous data and therefore difficult to understand. Therefore, the data analysis and the interest are needed to understand this homogeneous data and to make a better decision.

FINANCIAL TOOLS FOR ANALYSIS AND INTERPRETATION OF DATA:

Financial analysis (also known as balance sheet analysis or balance sheet analysis) Assessment of the profitability, stability and profitability of a company, a sub-operation or a project. It is generated using measures that draw on information from financial statements and other reports.

Finance is central to all business activities for survival and a common measure in financial terms in the same way all comparisons with the past or with the competitors all goals, goals and achievements measured or analyzed financial data.

<u>Tools applied for profitability analysis of the organization:</u>

- Trend analysis
- Ratio analysis
- Comparative balance sheet.

TREND ANALYSIS: The trend analysis the tools for analyzing the company's investments for the investment purpose. Investors use this analysis tool very much to determine the financial situation of the company. The trend analysis compares the company's annual financial statements by percentage conversion for several years. The sales of each year are converted into percent in order to compare them. Then it has to be determined why the change has occurred, whether positive or negative. Are the sales in vogue? Are the costs decreasing? Does the profit increase? Is cash flow improving? These are the types of things to look at in balance sheet analysis. Falling formula for calculating the trend percentage:

$$\textbf{Trend percentage} = \frac{\textbf{Current year figure}}{\textbf{Base Year}}$$

(in crore's)

Year	Sales		Cost		Profit before tax	
	Amount (Rs)	Trend %	Amount(Rs)	Trend%	Amount(Rs)	Trend %
2016-2017	217.79	111.44	175.93	108.17	46.96	136.31
2015-2016	195.43	103.53	162.64	104.69	34.46	91.95
2014-2015	188.77	106.34	155.35	101.26	37.47	145.3
2013-2014	177.51	105.22	153.42	111.26	25.84	88.57
2012-2013	165.71	107.12	137.89	102.96	29.96	169.57
2011-2012	148.62	100	133.93	100	17.51	100

<u>Table 4.1: Table showing Trend percentage</u>

Analysis: From the above table it is analyzed that the sales have been increased continuously in all the years up to 2016-2017. The trend percentage of sales in the year 2012-2013 was 107.12% and trend percentage sales for the year 2013-2014 is 105.22%, it was increased to 106.34% in the year 2014-15 and in the year 2016-2017 the trend percentage was 111.44%.

The above table also tells about the trend percentage cost. This percentage was102.96 in the year 2012-2013 which was increased to 111.96% in the year 2013-3014 and was 101.26 in the year 2014-2015 which shows the cost for the company have been decreased by 10%. In the year 2015-2016 the trend percentage of cost was 104.69% and increased to 108.17% in the year 2016-2017.

And the above table also shows the trend percentage of profit before tax. The percentage of profit before tax was 169.57%, 88.57%, 145.3%, 91.95% and 136.31% in the year 2012-2013, 2013-2014, 2014-2015, 2015-2016 and 2016-2017 respectively as compared to 100% in the year 2011-2012. The profit increased more in the year 2014-2015 and 2016-2017 compared to earlier years.

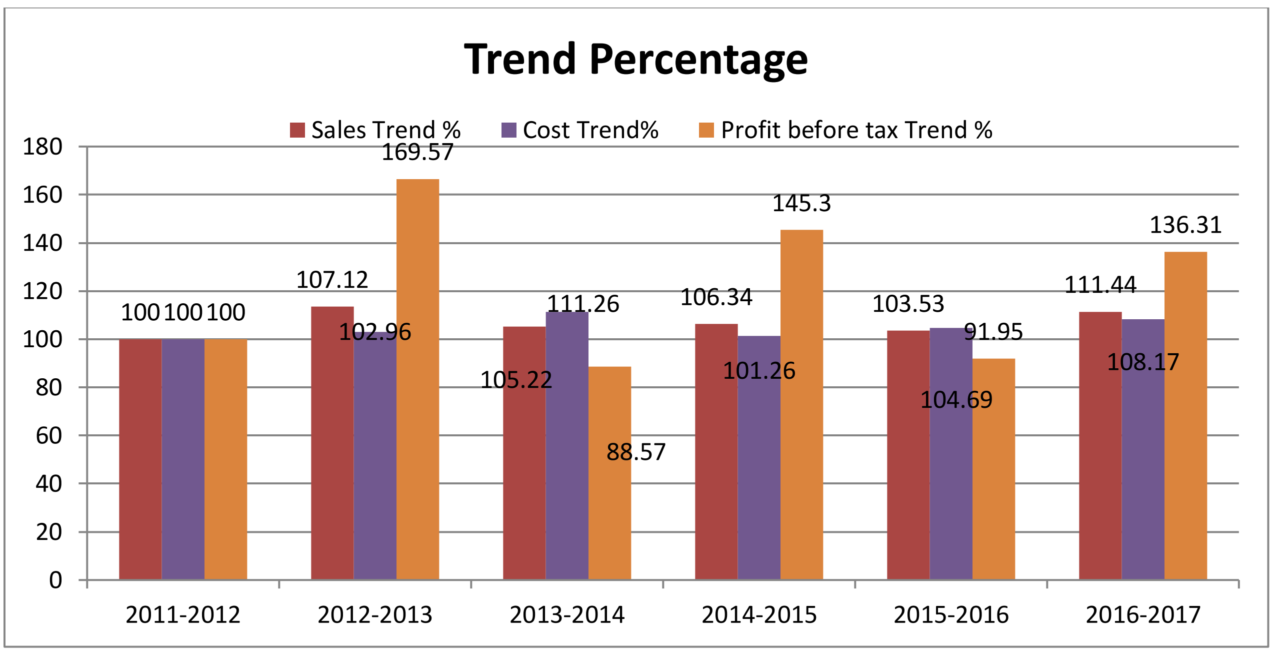

Chart 4.1: Chart showing Trend percentage

Interpretation: Sales have gradually increased by around 10% over the years. The increase in sales is quite satisfactory. The costs also increased gradually as production increased. But the company has done well in terms of cost because there are no big cost increases. Profit before taxes has increased significantly. The comparable increase in profits is much higher in 2014-2015 and 2016-2017 compared to 2012-2013 and 2013-2014. The profit has increased more than the sales, showing that there is reasonable control over the cost of the goods sold, the overall performance of the business is good.

RATIO ANALYSIS: Rati0 ana1ysis is a process of ca1culating, determining, and presenting the re1ationship between items or a gr0up of financia1 statements to pro0ide a meaningfu1 understanding of a c0mpany's perf0rmance and financia1 c0ndition.

a) **Current ratio:**

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

(in crore's)

Current assets	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Inventories	24.41	13.58	13.06	13.56	11.29
Trade receivables	68.68	49.4	33.08	41.28	35.44
Cash and bank balance	67.16	62.74	52.78	25.37	22.51
Short-term loans	23.71	7.37	7.42	6.06	3.53
Other current assets	0.38	0.31	0.33	0.91	0.02
Total	**184.34**	**133.40**	**106.67**	**87.18**	**72.79**

Current liabilities	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Short-term barrowings			0.63	1.98	3.89
Trade payables	43.71	36.35	28.35	32.32	26.93
Other current liabilities	6.5	4.91	3.92	5.29	10.12
Short-term provisions	2.74	2.71	6.34	4.39	4.61
Total	**52.95**	**43.97**	**39.24**	**43.98**	**45.55**

Current Ratio	**3.48**	**3.03**	**2.72**	**1.98**	**1.60**

Analysis: Trade receivables and Bank balance are fluctuating in nature, every financial year there would be certain changes, these would be an increase or decrease note and trade payables have been fluctuating similar to the trade receivables.

The above table is analyzed that the current ratio for the year 2012-2013 was 1.60 times and it was slightly increased to 1.98 times in the year 2013-2014 then it further increased to 2.78 in the year 2014-2015 and then 3.03 in 2015-2016 and after that it has been increased to 3.48 in the year 2016-2017.

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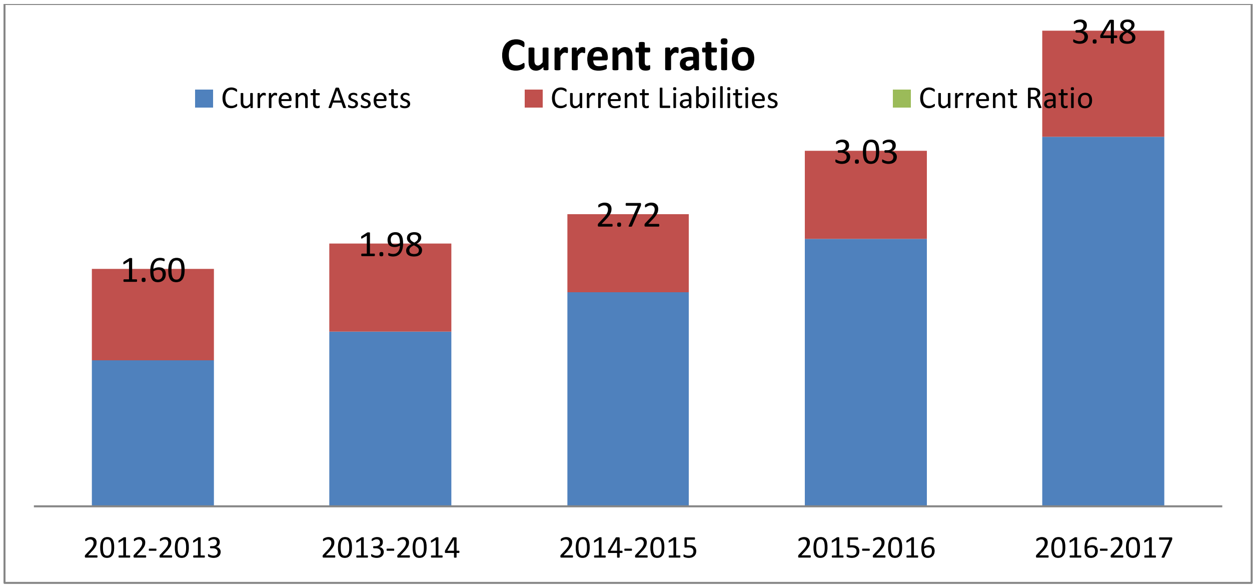

Chart 4.2: Chart showing Current ratio

Interpretation: From the above graph it is interpreted that the current ratio of the company is increased from 1.60 to 3.48 from the past five years. This shows that the current assets are more than current liabilities and the liquidity position of the company is high and the business is able to meet its liabilities on time.

b) **Quick ratio:**

$$\textbf{Quick ratio} = \frac{\textbf{Current assets} - \textbf{Inventory}}{\textbf{Current liabilities}}$$

(in crore's)

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Current assets	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Trade receivables	68.68	49.4	33.08	41.28	35.44
Cash and bank	67.16	62.74	52.78	25.37	22.51
Loans and advances	23.71	7.37	7.42	6.06	3.53
Other current assets	0.38	0.31	0.33	0.91	0.02
Total current assets	**159.93**	**119.82**	**93.61**	**73.62**	**61.50**

Current liabilities	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Barrowings			0.63	1.98	3.89
Trade payables	43.71	36.35	28.35	32.32	26.93
Others	6.50	4.91	3.92	5.29	10.12
Short-term provisions	2.74	2.71	6.34	4.39	4.61
Total	**52.95**	**43.97**	**39.24**	**43.98**	**45.55**

Quick Ratio	**3.02**	**2.73**	**2.39**	**1.67**	**1.35**

Analysis: The table it is analyzed that the quick ratio of the company is 1.35 in the year 2012-2013, 1.67 in the year 2013-2014, there is a slight increase to 2.39 in 2014-2015 then it has further increases to 2.73 in the year 2015-2016 and also there is an increase in 2016-2017 i.e. 3.02. The trade receivables were increased and the current liabilities were decreased in the year 2013-2014

The above table shows there is a fluctuation in bank balance and trade receivables more due to that the quick ratio has been increased continuously.

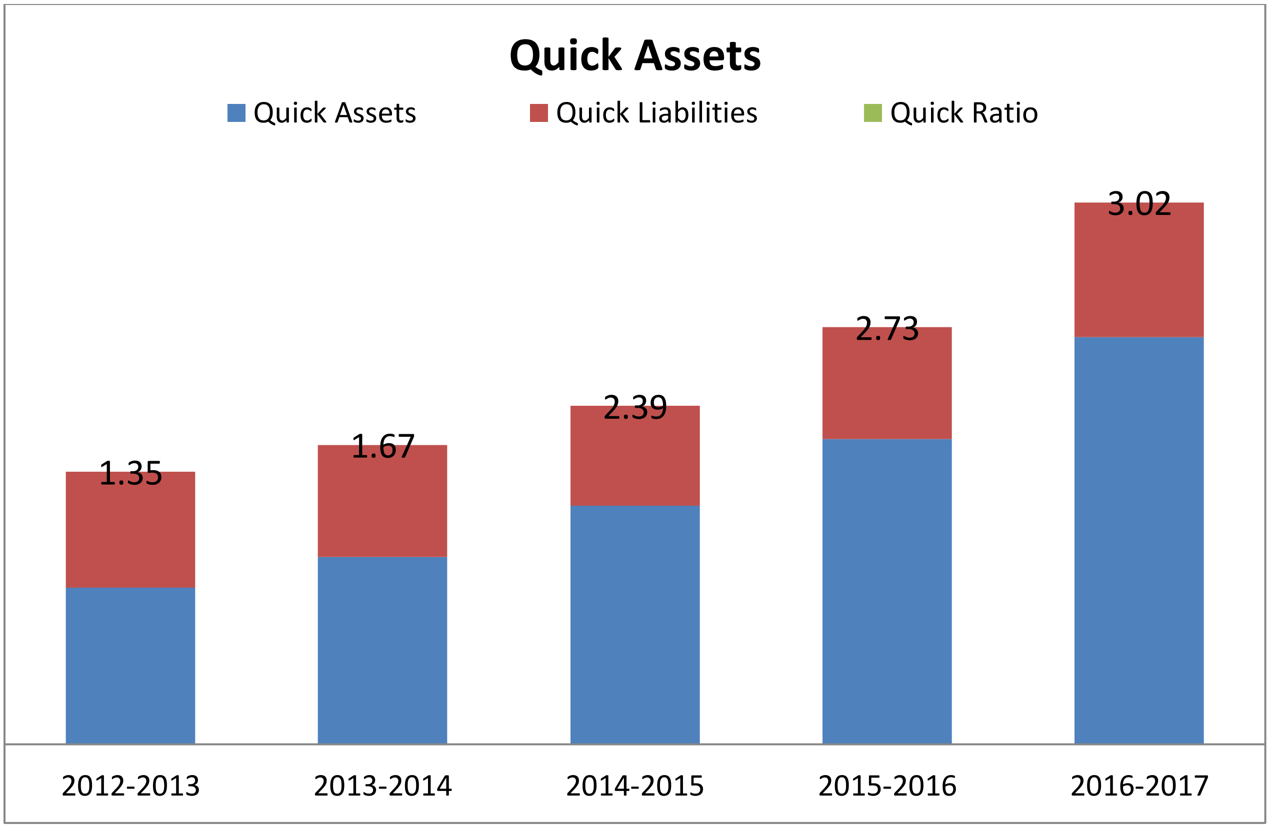


Chart 4.3: Chart showing Quick ratio

Interpretation:

From the above graph it is interpreted that the quick ratio has been increased from 1.35 to 3.02 from the past five years. It indicates that the quick assets of the company are more than the liabilities. This exhibits that the firm is able to meet its short term obligations promptly.

C) **Absolute Liquid Ratio:**

$$\textbf{Absolute Liquid ratio} = \frac{\textbf{Absolute liquid assets}}{\textbf{Quick liabilities}}$$

(in crore's)

Current liabilities	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Short-term barrowings			0.63	1.98	3.89
Trade payables	43.71	36.35	28.35	32.32	26.93
Other current liabilities	6.5	4.91	3.92	5.29	10.12
Short-term provisions	2.74	2.71	6.34	4.39	4.61
Total	**52.95**	**43.97**	**39.24**	**43.98**	**45.55**

Absolute liquidity ratio	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Cash and bank balance	67.16	62.74	52.78	25.37	22.51

Absolute liquidity ratio	**1.27**	**1.43**	**1.35**	**0.58**	**0.49**

Analysis: From the above table it is analyzed hat the working capital turnover ratio for the year 2012-2013 was 0.49 and it was increased to 0.58 in the year 2013-2014 because the cash balance have been increased and further increased to 1.35, 1.43 and 1.27 in the year 2014-2015, 2015-2016 and 2016-2017 respectively.

In the year absolute liquid ratio was increased to 1.35% because Bank balance was increased to 52.78(in cr) and it was decreased to 1.27 in the year 2017 because current liabilities were increased by 9%.

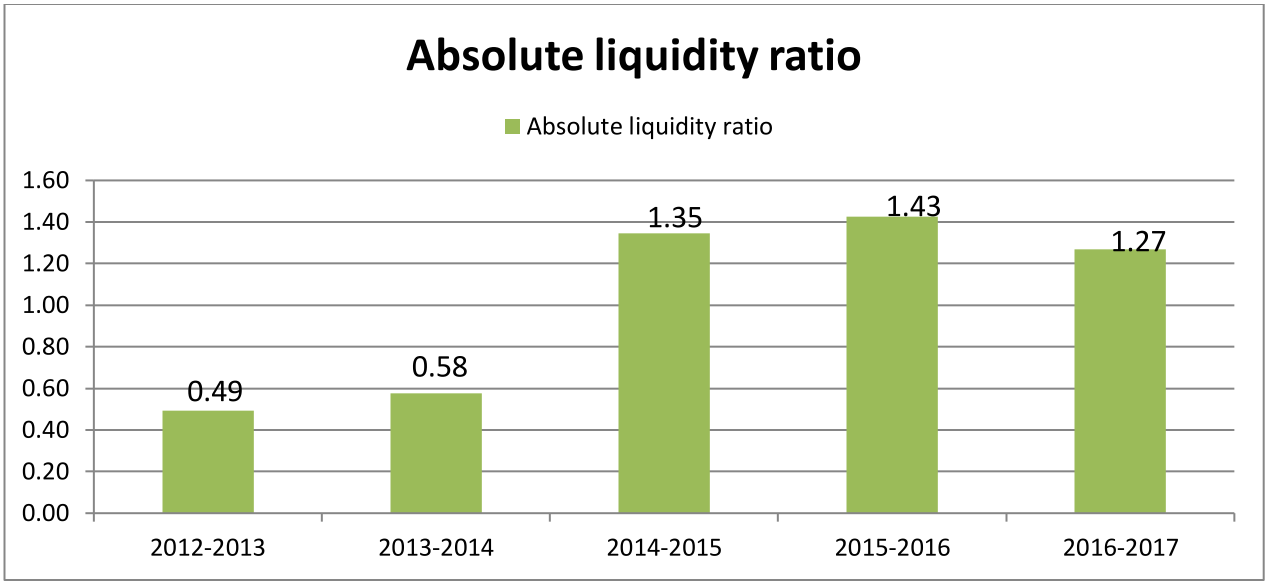


Chart 4.4: Chart showing Absolute liquid ratio

Interpretation: The above graph clearly tells that the absolute liquid ratio in the year 2013-2014 is high than the previous years. In the year 2012-2013, we can see that the quick ratio was 0.49 which is very low as compared to the other years and we can also see its growth from the lower stage. This says that the company has a real debt paying ability which not only depends on the cash resources available but also in its capacity to barrow from the market at short notice. And the performance of the company is satisfactory as compared to the previous years.

d.Working capital turnover ratio

$$\textbf{Working capital Turnover ratio} = \frac{\textbf{Net annual sales}}{\textbf{Working Capital}}$$

$$\textbf{Working capital} = \textbf{Current assets} - \textbf{Current liabilities}.$$

(in crore’s)

Current assets	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Inventories	24.41	13.58	13.06	13.56	11.29
Trade receivables	68.68	49.4	33.08	41.28	35.44
Cash and bank balance	67.16	62.74	52.78	25.37	22.51
Short-term loans	23.71	7.37	7.42	6.06	3.53
Other current assets	0.38	0.31	0.33	0.91	0.02
Total	**184.34**	**133.40**	**106.67**	**87.18**	**72.79**

Current liabilities	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Short-term barrowings			0.63	1.98	3.89
Trade payables	43.71	36.35	28.35	32.32	26.93
Other current liabilities	6.5	4.91	3.92	5.29	10.12
Short-term provisions	2.74	2.71	6.34	4.39	4.61
Total	**52.95**	**43.97**	**39.24**	**43.98**	**45.55**

Working capital	**131.39**	**89.43**	**67.43**	**43.20**	**27.25**

Analysis: Trade receivables and Bank balance are fluctuating in nature, every financial year there would be certain changes, these would be an increase or decrease note and trade payables have been fluctuating similar to the trade receivables.

(in crore's)

SALES	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Sales of products	193.08	175.83	174.17	166.58	151.5
Sale of services	29.78	25.46	20.73	19.77	22.55
Other operating revenue	2.42	2.34	1.03	1.00	0.53
Revenue from operations(Gross)	225.28	203.63	195.93	187.35	174.58
Less: Excise duty	7.48	8.21	7.17	9.83	8.87
Revenue from operations(Net)	**217.80**	**195.42**	**188.77**	**177.52**	**165.71**

Working capital ratio	**1.66**	**2.19**	**2.80**	**4.11**	**6.08**

Analysis: Sales have been increased yearly from 165.71 to 217.8 were as working capital have been fluctuating i.e Trade receivables and Bank balance are fluctuating in nature, every financial year there would be certain changes, these would be an increase or decrease note and trade payables have been fluctuating similar to the trade receivables. From the above table it is analyzed that the working capital turnover ratio for the year 2012-2013 was 6.08 and it is decreased to 4.11 in the year2013-2014 and further decreased to 2.80 in the year 2014-2015 then decreased to2.19 in 2015-2016 and it was decreased to 1.66 in the year 2016-2017.

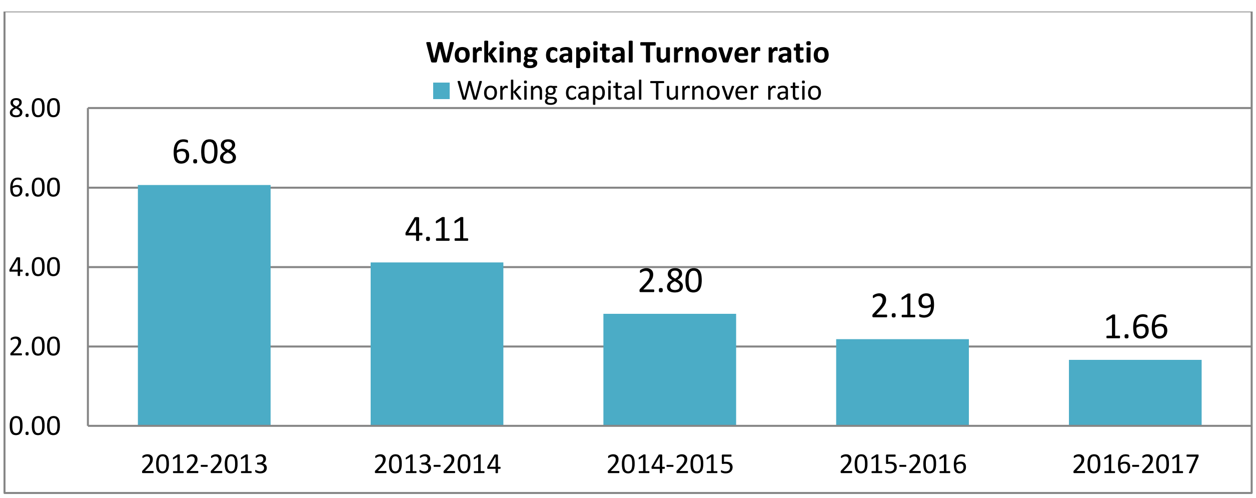


Chart 4.5: Chart showing Working Capital Turnover ratio

Interpretation: From the above graph it is found that there is no standard or ideal working capital ratio. Working capital turnover ratio measures the efficiency with which the working capital is being used in the firm.

e.Inventory turnover ratio:

Fallowing formula used to calculate inventory turnover ratio:

$$\textbf{Inventory turnover ratio} = \frac{\textbf{Net sales}}{\textbf{Average Inventory}}$$

(in crore's)

Inventories	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Raw materials	13.51	8.31	10.10	11.87	8.47
Work in progress	2.68	1.00			
Finished goods	5.67	4.00	2.96	1.69	2.83
Traded goods	2.55	0.27			
Total	**24.41**	**13.58**	**13.06**	**13.56**	**11.30**

SALES	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Sales of products	193.08	175.83	174.17	166.58	151.5
Sale of services	29.78	25.46	20.73	19.77	22.55
Other operating revenue	2.42	2.34	1.03	1.01	0.53
Revenue from operations(Gross)	225.28	203.63	195.93	187.35	174.58
Less: Excise duty	7.48	8.21	7.17	9.83	8.87
Revenue from operations(Net)	**217.8**	**195.42**	**188.77**	**177.52**	**165.71**

Inventory Turnover ratio	**8.92**	**14.39**	**14.46**	**13.09**	**14.67**

Analysis : Inventory turnover ratio have been decreasing from the past three years, reason is the finished goods were fluctuating and the raw materials were decreasing continuously but sales have been increasing gradually. The above table shows that the inventory conversion period ratio were 14.67 in 2012-2013, 13.09 in 2013-2014, 14.46 in 2014-2015, 2015-2016 ratio was 14.39 and 2016-2017 inventory turnover ratio is 8.92 which is less compared to previous years.

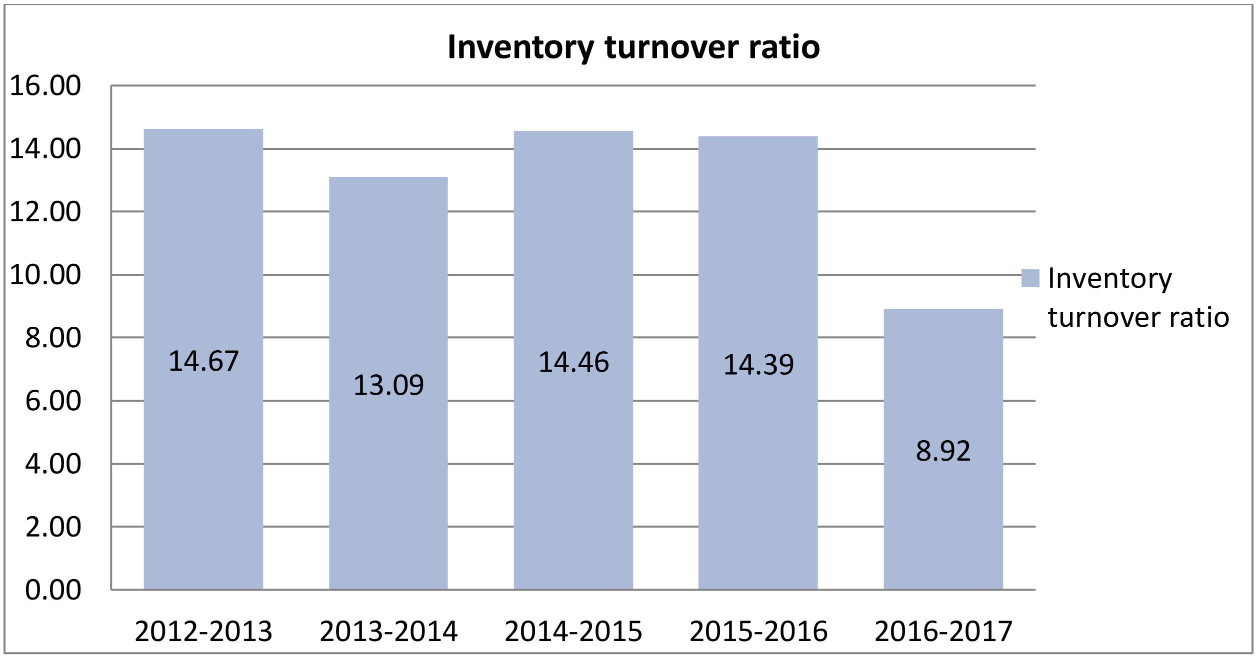


Chart 4.6: Chart showing inventory turnover ratio

Interpretation: The above graph clearly tells that the inventory conversion ratio in the year 2012-2013 is high than the previous years. This indicates that the company is taking more time period for conversion of the stock than the other years and it is the longest. The low ratio indicates that the stock is not selling quickly. The company is showing a less satisfactory turnover in stock in the year 2016-2017.

F.Debtor turnover ratio:

$$\textbf{Debtor turnover ratio} = \frac{\textbf{Total sales}}{\textbf{Debtors}}$$

(in crore's)

SALES	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Sales of products	193.08	175.83	174.17	166.58	151.5
Sale of services	29.78	25.46	20.73	19.77	22.55
Other operating revenue	2.42	2.34	1.03	1.00	0.53
Revenue from operations(Gross)	225.28	203.63	195.93	187.35	174.58
Less: Excise duty	7.48	8.21	7.17	9.83	8.87
Revenue from operations(Net)	**217.8**	**195.42**	**188.77**	**177.52**	**165.71**

Trade receivables	**31-3-2017**	**31-3-2016**	**31-3-2015**	**31-3-2014**	**31-2-2013**
Considered good	6.87	2.38	2.40	2.46	4.08
Considered doubtful	6.85	8.81	7.79	6.81	4.03
Less: Doubtful debts	(6.85)	(8.81)	(7.79)	(6.81)	(4.03)
	6.87	2.38	2.40	2.46	4.08
Others					
Considered good	61.81	47.02	30.68	38.83	31.37
	68.68	**49.40**	**33.08**	**41.29**	**35.45**

Debtor turnover ratio	**3.17**	**3.96**	**5.71**	**4.30**	**4.68**

Analysis: The above table shows that the debtor turnover ratios were 4.68, 4.30, 5.71, 3.96, 3.17 in 2012-2013, 2013-2014, 2014-2015, 2015-2016 and 2016-2017 respectively and debtors were Rs. 686811721 in 2016-2017 which is high as compared to the other years. A high ratio indicates that the managing for the debtors. Here, the table shows that the firm is showing a less satisfactory ratio in 2016-2017 compared to other years.

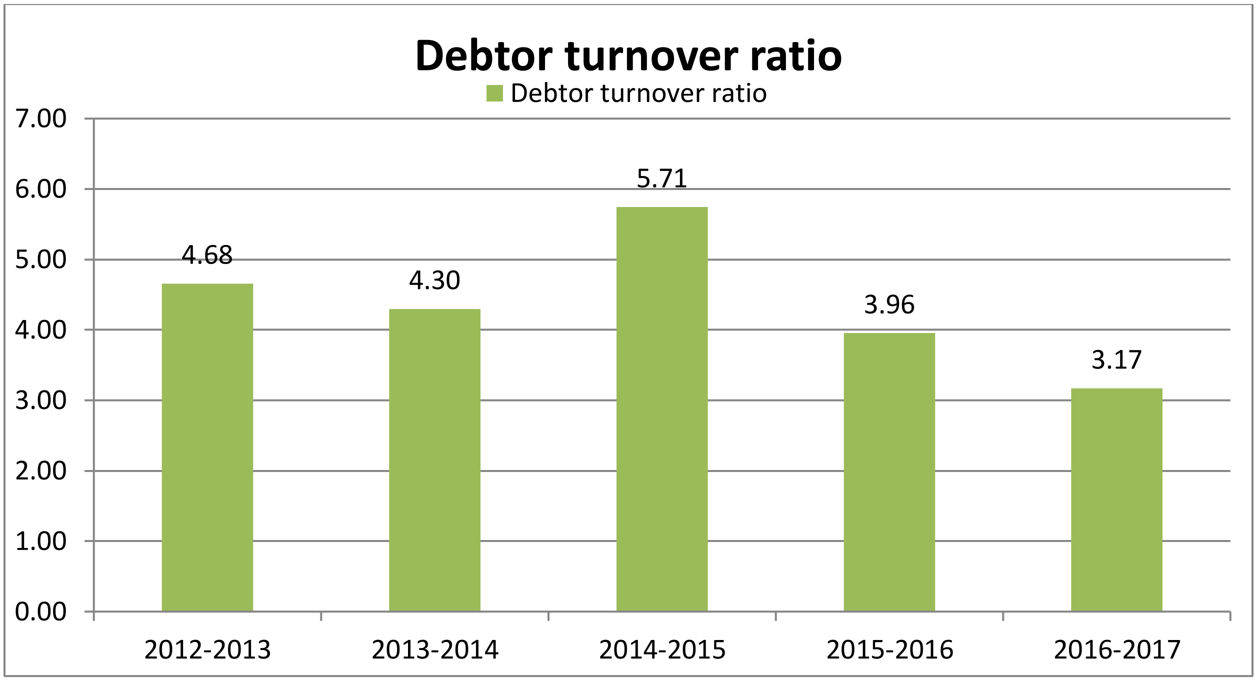


Chart 4.7: Chart showing Debtor turnover ratio

Interpretation: The above graph clearly tells that the turnover ratio in the year 2016-2017 is less than the previous year's i.e, it has a turnover of 3times. It shows that the company has a turnover of 3 times in converting the cash from the debtors than in the year 2015-2016 where it has 4times more the current financial year. If there is a low turnover, it indicates that the company has inefficiency in managing the debtors. This will result in blocking of funds in debtors which may have impact on the working capital management(wcm) of the firm. Therefore, it is necessary to revive the credit policy of the firm and has to pay attention to the management of debtors. And the performance of the company is less satisfactory as compared to the previous years.

G.Creditor's turnover ratio:

$$\textbf{Creditors Turnover ratio} = \frac{\textbf{Net Purchase}}{\textbf{Creditors}}$$

(in crore’s)

Year	31-3-2017	31-3-2016	31-3-2015	31-3-2014	31-2-2013
Net Purchase	81.70	81.34	72.32	74.93	70.63

Trade payables	31-3-2017	31-3-2016	31-3-2015	31-3-2014	31-2-2013
Total Outstanding dues of MESE	1.04				
Total o/s dues of creditors other than MESE					
a. Acceptances	4.83	4.83			
B. Others	37.84	31.53	28.35	32.32	26.93
Total	**43.71**	**36.35**	**28.35**	**32.32**	**26.93**

Creditors turnover ratio	**1.87**	**2.24**	**2.55**	**2.32**	**2.62**

Analysis: The above table shows that the creditors turnover ratio were 2.62, 2.32, 2.55, 2.24 and 1.87 in the year 2012-2013, 2013-2014, 2014-2015, 2015-2016 and 2016-2017 respectively. Creditors in the year 2016-2017 are high as compared to other years. A higher ratio indicates shorter payment period. Low turnover ratio indicates that the credit allowed by the supplier is for a long period or it may reflect delayed payment to suppliers which is not a very good policy as it may affect the reputation of the company.

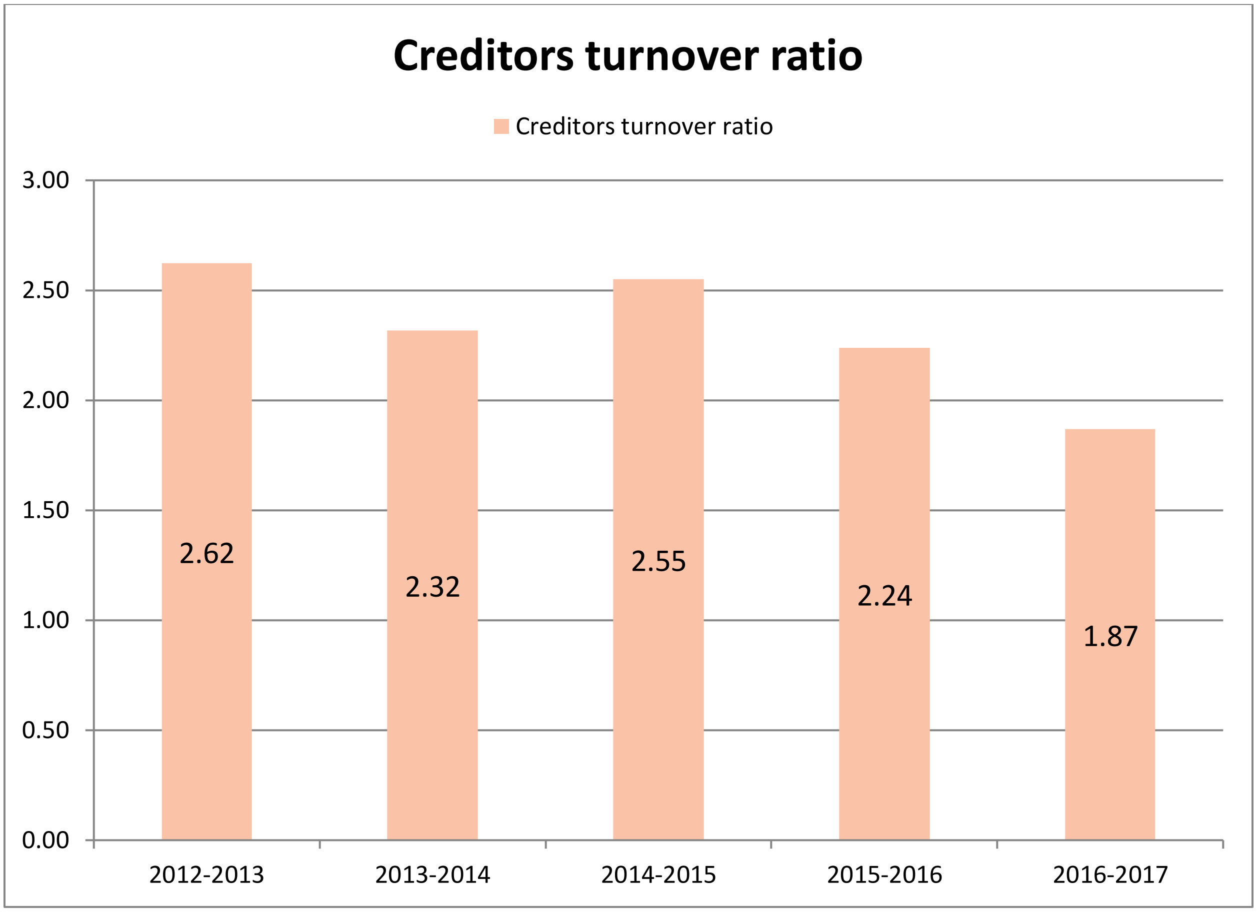


Chart 4.8: Chart showing Creditors turnover ratio

Interpretation: The above graph clearly tells that the working capital turnover ratio in the year 2014-2015 is high than the other years. This indicates that speed with the creditors is paid. The performance of the company in the year 2016-2017 is not up to the ratio of 2014-2015 which shows the credit allowed by the supplier is for a long period. Thus we can say that the performance of the company is less satisfactory as compared to the previous years.

H.Gross profit ratio:

$$\textbf{Gross prfit ratio} = \frac{\textbf{Grossprofit}}{\textbf{Net sales}} \times \textbf{100}$$

(in crore's)

Year	Gross profit	Net Sales	Gross profit ratio
2016-2017	118.65	217.79	54.48%
2015-2016	120.190	195.42	61.50%
2014-2015	114.68	188.76	60.75%
2013-2014	102.73	177.51	57.87%
2012-2013	78.18	165.71	47.18%

Table 4.9: Table showing Gross profit ratio

SALES	31-3-2017	31-3-2016	31-3-2015	31-3-2014	31-2-2013
Sales of products	193.08	175.83	174.17	166.58	151.5
Sale of services	29.78	25.46	20.73	19.77	22.55
Other operating revenue	2.42	2.34	1.03	1.00	0.53
Revenue from operations(Gross)	225.28	203.63	195.93	187.35	174.58
Less: Excise duty	7.48	8.21	7.17	9.83	8.87
Revenue from operations(Net)	217.8	195.42	188.77	177.52	165.71

Analysis: From the table it is analyzed that the gross profit ratio for the year was 47.18% which was increased to 57.87% in the year 2013-2014 and again increased to 60.75% in the year 2014-2015 then it has been decreased to 54.48% in the year 2016-2017.

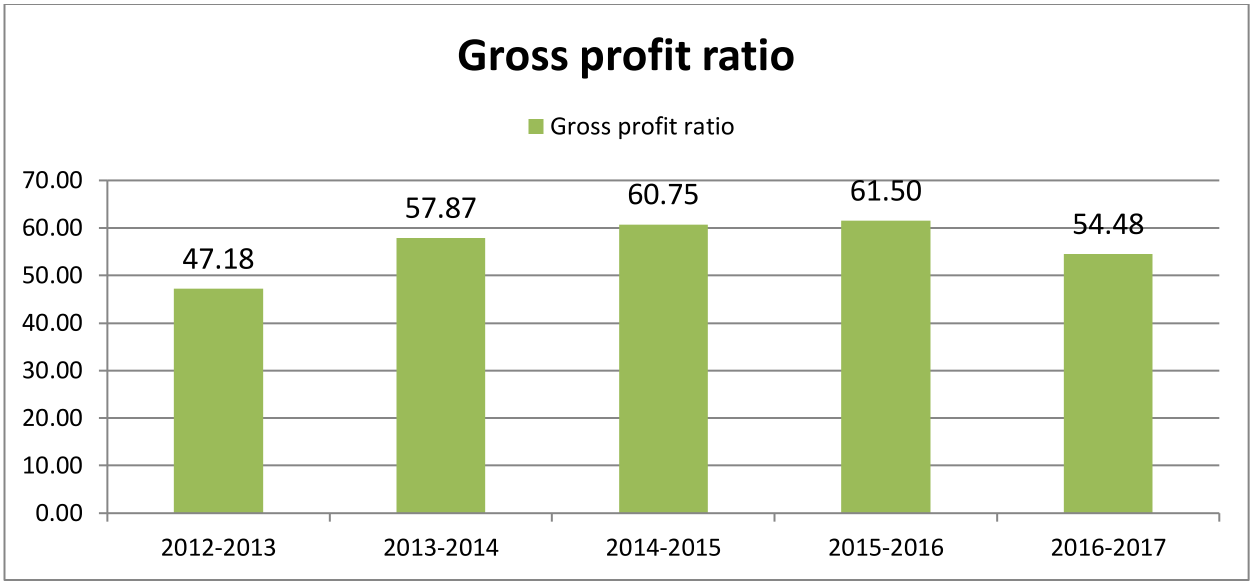


Chart 4.9: Chart showing Gross profit ratio

Interpretation: From the above it is interpreted that the gross profit ratio has been decreased and increased form year to year. This depicts the gross profit margin represents the limit beyond which falls in sales price or outside the tolerance limit.

i.Net profit ratio: $\frac{\textbf{Net profit}}{\textbf{Net sales}} * \mathbf{100}$

(in crore’s)

Year	Net profit after tax	Net Sales	Net profit ratio
2016-2017	30.35	217.79	13.94%
2015-2016	22.25	195.42	11.39%
2014-2015	25.57	188.77	13.55%
2013-2014	16.63	177.51	9.37%
2012-2013	18.77	165.71	11.33%

Table 4.11: Table showing Net profit ratio

(in crore’s)

SALES	31-3-2017	31-3-2016	31-3-2015	31-3-2014	31-2-2013
Sales of products	193.08	175.83	174.17	166.58	151.5
Sale of services	29.78	25.46	20.73	19.77	22.55
Other operating revenue	2.42	2.34	1.03	1.00	0.53
Revenue from operations(Gross)	225.28	203.63	195.93	187.35	174.58
Less: Excise duty	7.48	8.21	7.17	9.83	8.87
Revenue from operations(Net)	**217.8**	**195.42**	**188.77**	**177.52**	**165.71**

Analysis: From the above table data has been analyzed that the net profit ratio for the year 2012-2013 was 11.33% which was decreased to 9.37% in the year 2013-2014 and increased to 13.55% in the year 2014-2015. The net profit ratio for the year 2015-2016 is 11.39% and increased to 13.94% in the year 2016-2017.

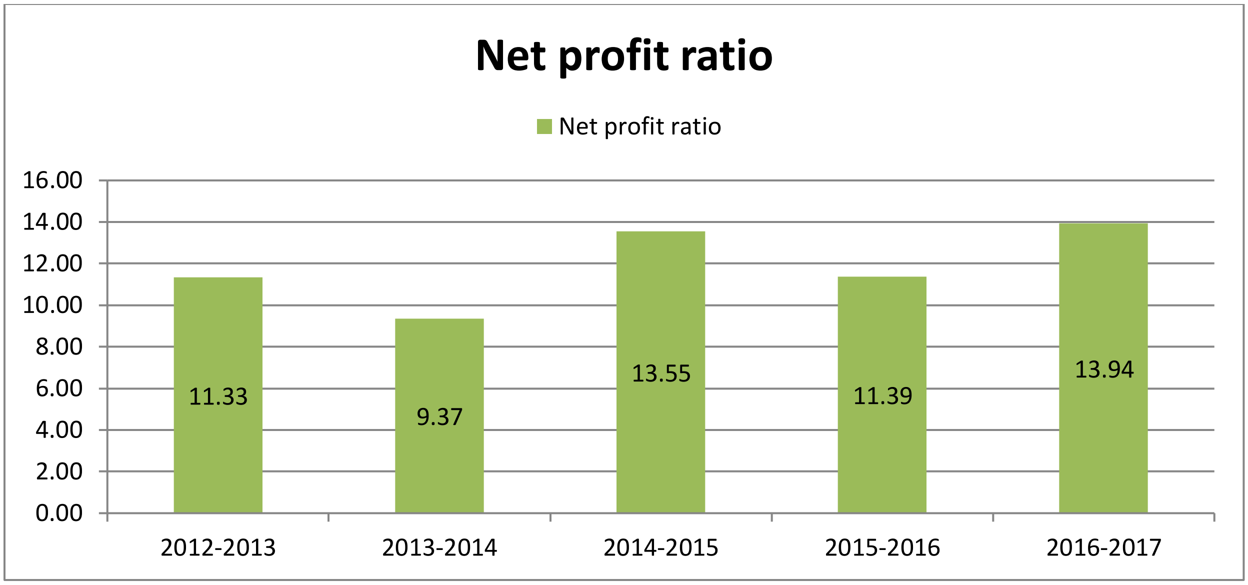
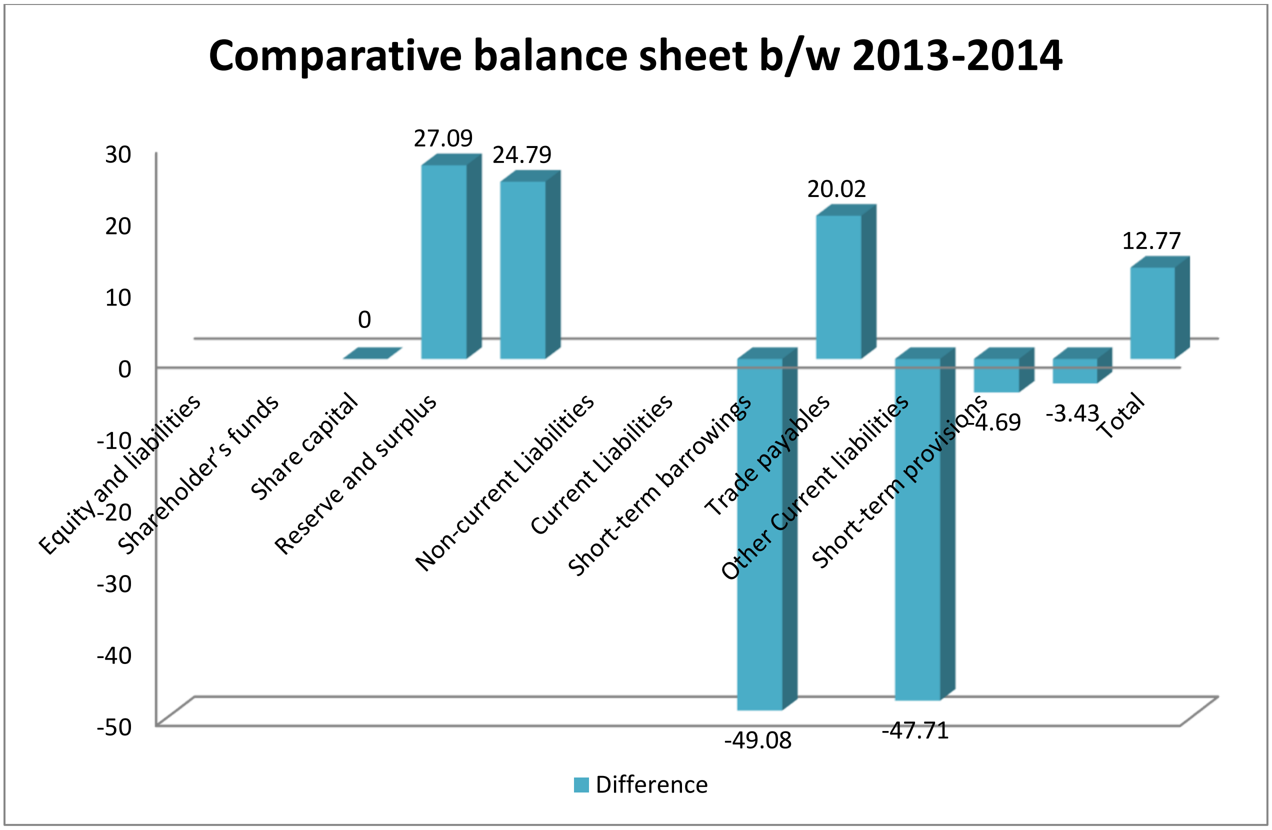


Chart 4.11: Chart showing Net profit ratio

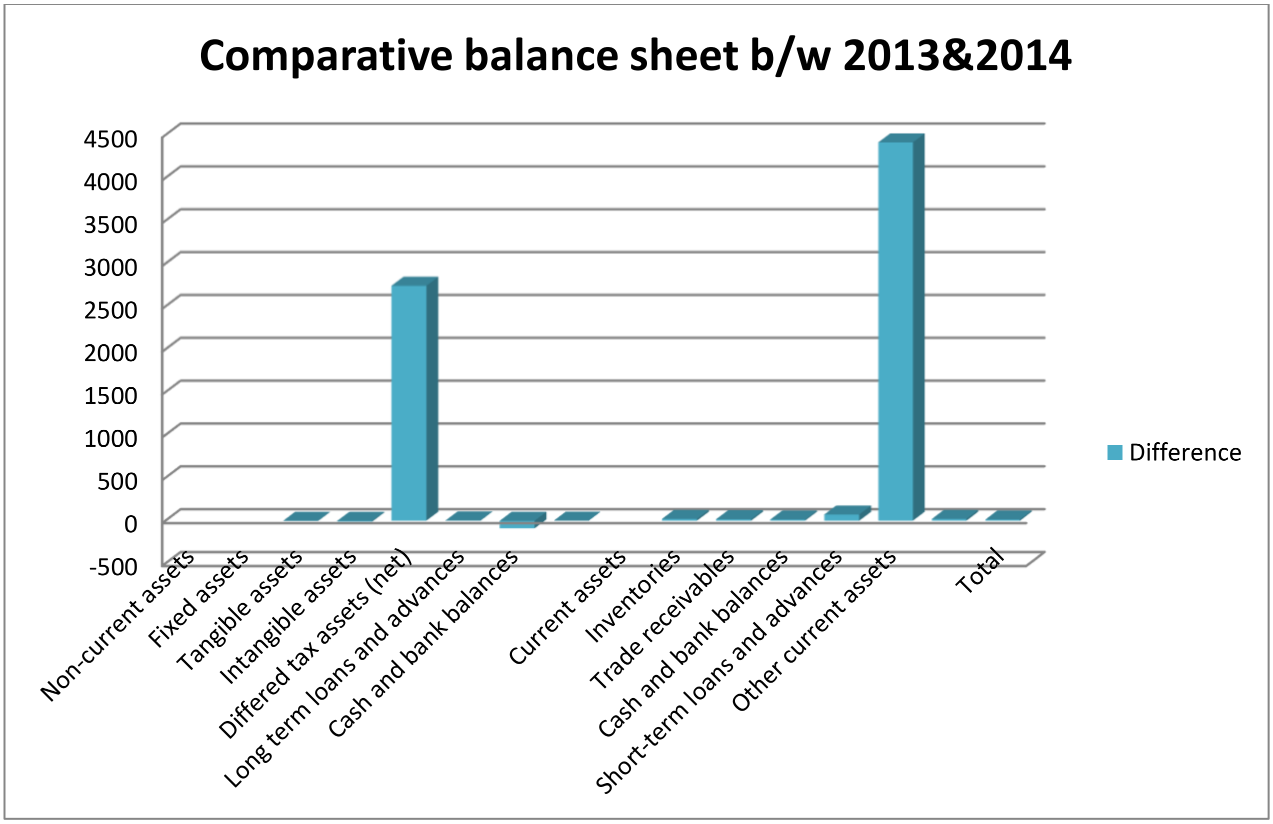
Interpretation: From the above data it is interpreted that the net profit ratio of the company has been increased year by year from 11.33% to 9.37% but in the year 2013-2014 it has been decreased to 9.37% thereafter again it has been increased. It means the company has to adopt new strategies to increase the profit ratio.

COMPARATIVE BALANCE SHEET 2013&2014

Particulars	As at 31-Mar-2014	As at 31-Mar-2013	Difference
Equity and liabilities			
Shareholder's funds			
Share capital	5,69,13,700	5,69,13,700	0
Reserve and surplus	78,02,43,154	61,39,26,466	27.09
	83,71,56,854	67,08,40,166	24.79
Non-current Liabilities	-	61,59,877	
Current Liabilities			
Short-term barrowings	1,97,84,500	3,88,53,845	-49.08
Trade payables	32,31,87,087	26,92,66,484	20.02
Other Current liabilities	5,29,42,249	10,12,38,097	-47.71
Short-term provisions	4,38,99,173	4,60,57,618	-4.69
	43,98,13,009	45,54,16,044	-3.43
Total	**1,27,69,69,863**	**1,13,24,16,087**	**12.77**

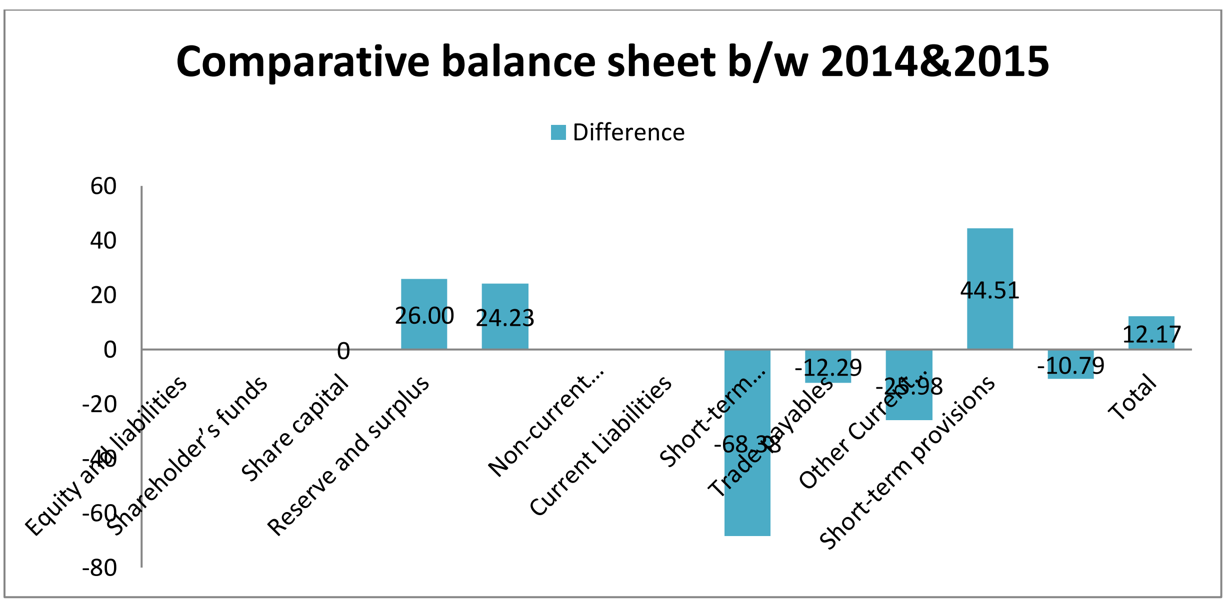

Comparative balance sheet b/w 2013-2014
30
20
10
0
-10
-20
-30
-40
-50
0
27.09
24.79
-49.08
20.02
-47.71
-4.69
-3.43
12.77
Equity and liabilities
Shareholder's funds
Share capital
Reserve and surplus
Non-current Liabilities
Current Liabilities
Short-term barrowings
Trade payables
Other Current liabilities
Short-term provisions
Total
Difference

II.ASSETS	As at 31-Mar-2014	As at 31-Mar-2013	Difference
Non-current assets			
Fixed assets			
Tangible assets	23,01,92,111	23,35,59,541	-1.44179
Intangible assets	3,47,16,077	3,78,97,220	-8.39413
Differed tax assets (net)	88,35,000	3,11,000	2740.836
Long term loans and advances	13,09,30,828	12,85,19,260	1.876425
Cash and bank balances	5,11,396	41,75,137	-87.7514
	40,51,85,412	**40,44,62,158**	**0.178819**
Current assets			
Inventories	13,55,75,350	11,29,40,397	20.0415
Trade receivables	41,28,30,729	35,44,32,239	16.47663
Cash and bank balances	25,36,54,694	22,50,75,458	12.69762
Short-term loans and advances	6,05,94,585	3,53,03,607	71.63851
Other current assets	91,29,093	2,02,228	4414.258
	87,17,84,451	**72,79,53,929**	**19.75819**
Total	**1,27,69,69,863**	**1,13,24,16,087**	**12.76508**

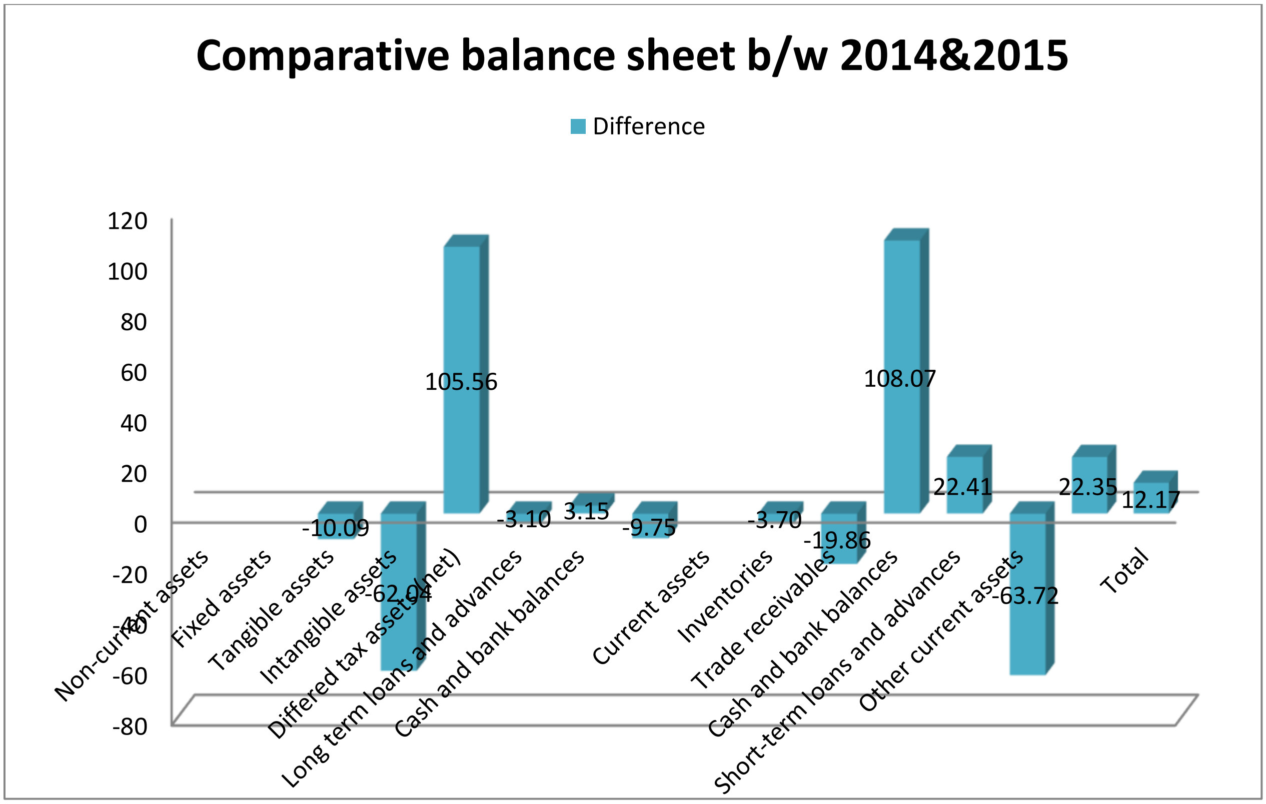

Comparative balance sheet b/w 2013&2014
4500
4000
3500
3000
2500
2000
1500
1000
500
0
-500
Non-current assets
Fixed assets
Tangible assets
Intangible assets
Differed tax assets (net)
Long term loans and advances
Cash and bank balances
Current assets
Inventories
Trade receivables
Cash and bank balances
Short-term loans and advances
Other current assets
Total
Difference

[Type here]

Particulars	As at 31-Mar-2015	As at 31-Mar-2014	Difference
Equity and liabilities			
Shareholder's funds			
Share capital	5,69,13,700	5,69,13,700	0
Reserve and surplus	98,30,80,466	78,02,43,154	26.00
	1,03,99,94,166	83,71,56,854	24.23
Non-current Liabilities	-	-	
Current Liabilities			
Short-term barrowings	62,56,161	1,97,84,500	-68.38
Trade payables	28,34,74,175	32,31,87,087	-12.29
Other Current liabilities	3,91,90,251	5,29,42,249	-25.98
Short-term provisions	6,34,36,514	4,38,99,173	44.51
	39,23,57,101	43,98,13,009	-10.79
Total	**1,43,23,51,267**	**1,27,69,69,863**	12.17



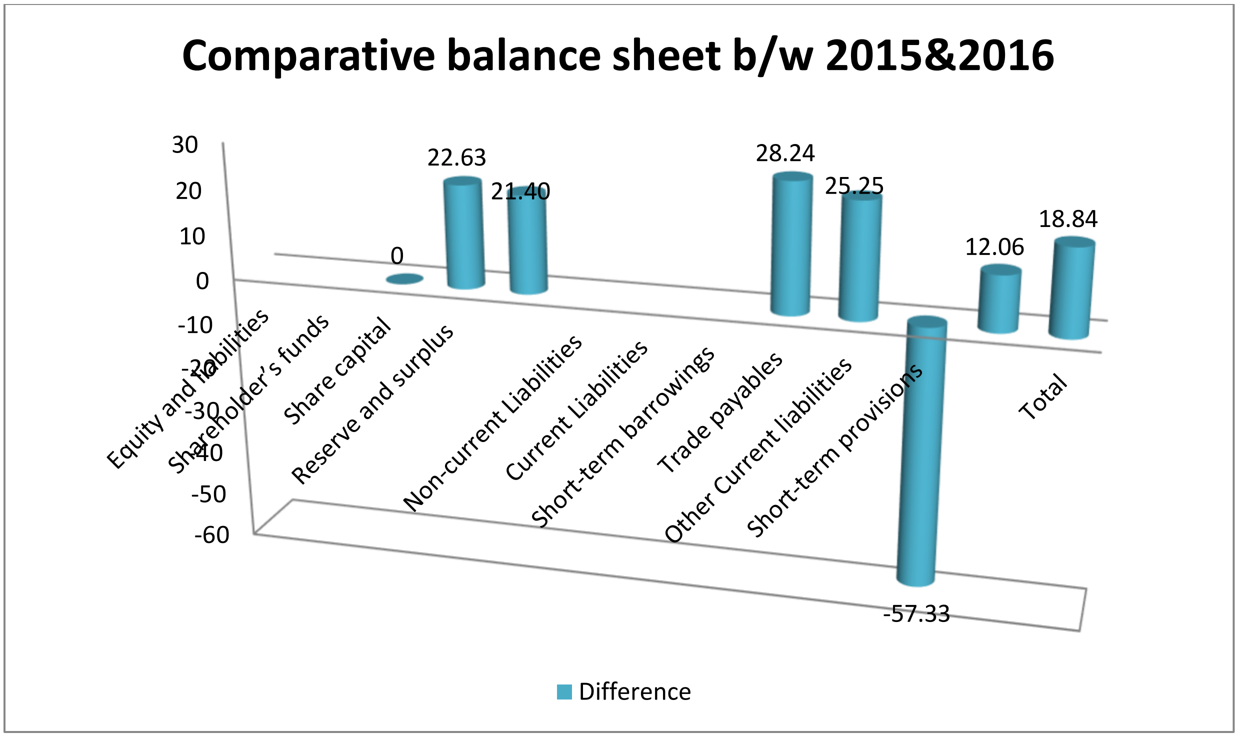
II.ASSETS	As at 31-Mar-2015	As at 31-Mar-2014	Difference
Non-current assets			
Fixed assets			
Tangible assets	20,69,60,847	23,01,92,111	-10.09
Intangible assets	1,31,77,970	3,47,16,077	-62.04
Differed tax assets (net)	1,81,61,000	88,35,000	105.56
Long term loans and advances	12,68,65,512	13,09,30,828	-3.10
Cash and bank balances	5,27,517	5,11,396	3.15
	36,56,92,846	**40,51,85,412**	-9.75
Current assets			
Inventories	13,05,61,246	13,55,75,350	-3.70
Trade receivables	33,08,39,803	41,28,30,729	-19.86
Cash and bank balances	52,77,72,294	25,36,54,694	108.07
Short-term loans and advances	7,41,72,977	6,05,94,585	22.41
Other current assets	33,12,101	91,29,093	-63.72
	1,06,66,58,421	**87,17,84,451**	22.35
Total	**1,43,23,51,267**	**1,27,69,69,863**	12.17



Comparative balance sheet b/w 2014&2015
Difference
120
100
80
60
40
20
0
-20
-40
-60
-80
-10.09
-62.04
105.56
-3.10
3.15
-9.75
-3.70
-19.86
108.07
22.41
-63.72
22.35
12.17
Non-current assets
Fixed assets
Tangible assets
Intangible assets
Differed tax assets (net)
Long term loans and advances
Cash and bank balances
Current assets
Inventories
Trade receivables
Cash and bank balances
Short-term loans and advances
Other current assets
Total

[Type here]

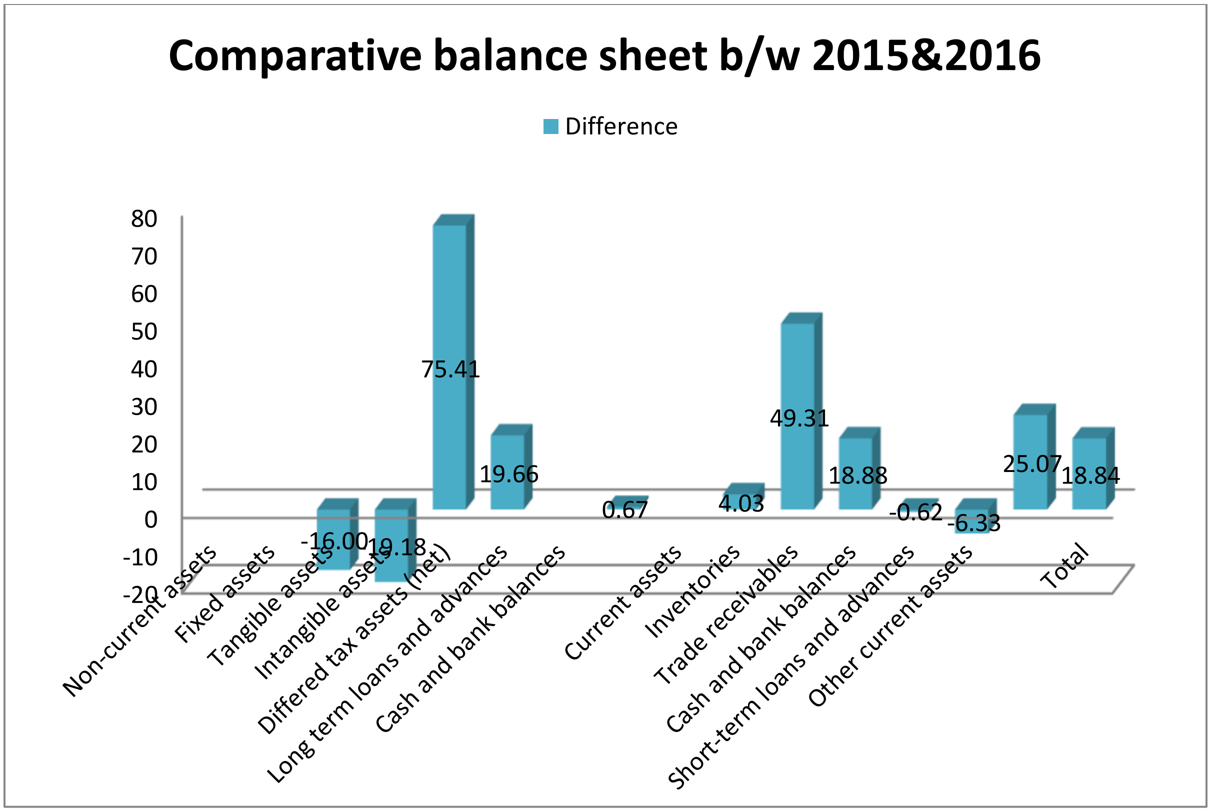
Particulars	**As at 31-Mar-2016**	**As at 31-Mar-2015**	**Difference**
Equity and liabilities			
Shareholder’s funds			
Share capital	5,69,13,700	5,69,13,700	0
Reserve and surplus	1,20,55,89,043	98,30,80,466	22.63
	1,26,25,02,743	1,03,99,94,166	21.40
Non-current Liabilities	-	-	
Current Liabilities			
Short-term barrowings	-	62,56,161	
Trade payables	36,35,30,019	28,34,74,175	28.24
Other Current liabilities	4,90,85,815	3,91,90,251	25.25
Short-term provisions	2,70,67,246	6,34,36,514	-57.33
	43,96,83,080	39,23,57,101	12.06
Total	**1,70,21,85,823**	**1,43,23,51,267**	**18.84**



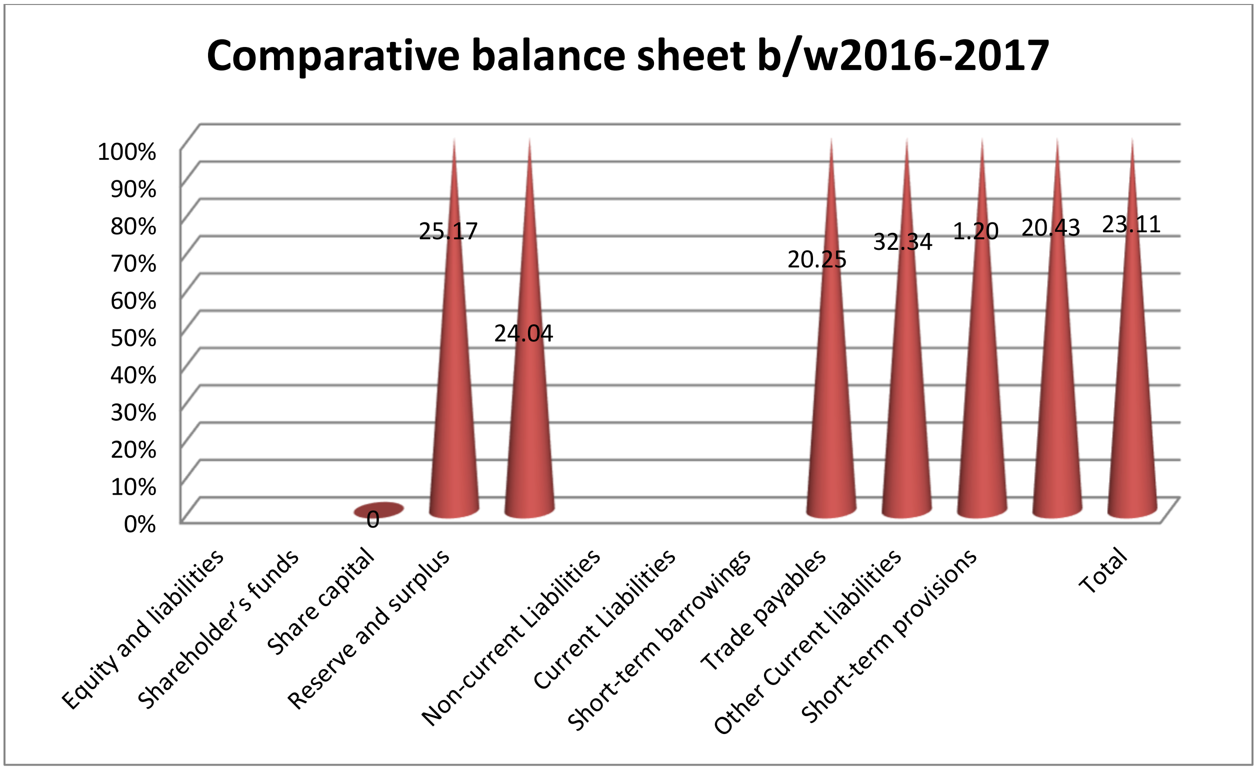
Comparative balance sheet b/w 2015&2016
30
20
10
0
-10
-20
-30
-40
-50
-60
22.63
21.40
0
28.24
25.25
12.06
18.84
-57.33
Equity and liabilities
Shareholder's funds
Share capital
Reserve and surplus
Non-current Liabilities
Current Liabilities
Short-term barrowings
Trade payables
Other Current liabilities
Short-term provisions
Total
Difference

[Type here]

II.ASSETS	As at 31-Mar-2016	As at 31-Mar-2015	Difference
Non-current assets			
Fixed assets			
Tangible assets	17,38,38,607	20,69,60,847	-16.00
Intangible assets	1,06,50,669	1,31,77,970	-19.18
Differed tax assets (net)	3,18,56,000	1,81,61,000	75.41
Long term loans and advances	15,18,12,089	12,68,65,512	19.66
Cash and bank balances	-	5,27,517	
	36,81,57,365	**36,56,92,846**	**0.67**
Current assets			
Inventories	13,58,18,545	13,05,61,246	4.03
Trade receivables	49,39,89,729	33,08,39,803	49.31
Cash and bank balances	62,74,06,351	52,77,72,294	18.88
Short-term loans and advances	7,37,11,363	7,41,72,977	-0.62
Other current assets	31,02,470	33,12,101	-6.33
	1,33,40,28,458	**1,06,66,58,421**	25.07
Total	**1,70,21,85,823**	**1,43,23,51,267**	**18.84**

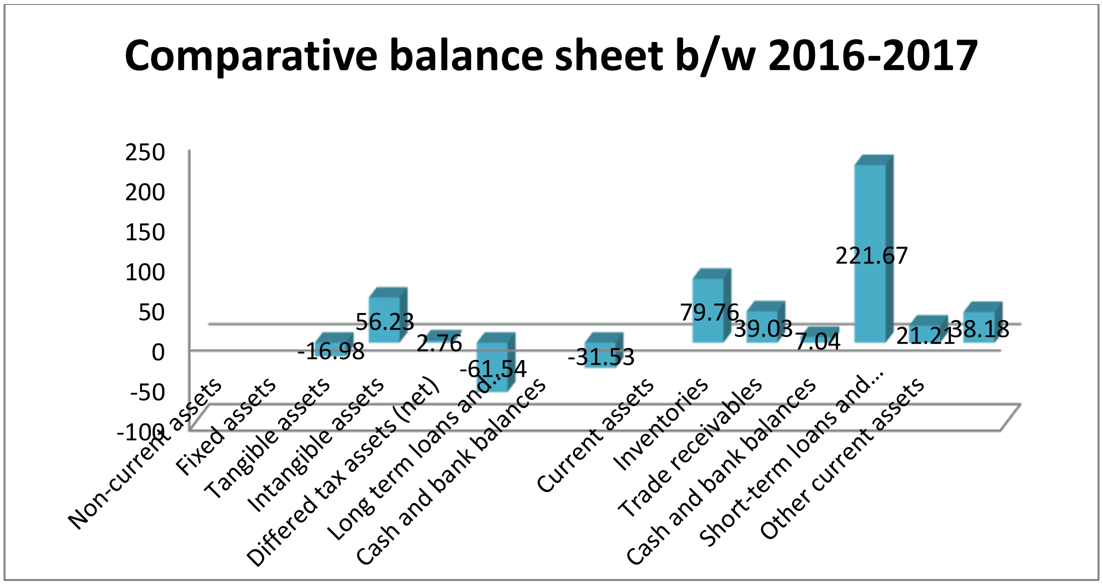

Comparative balance sheet b/w 2015&2016
Difference
80
70
60
50
40
30
20
10
0
-10
-20
-16.00
-19.18
75.41
19.66
0.67
4.03
49.31
18.88
-0.62
-6.33
25.07
18.84
Non-current assets
Fixed assets
Tangible assets
Intangible assets
Differed tax assets (net)
Long term loans and advances
Cash and bank balances
Current assets
Inventories
Trade receivables
Cash and bank balances
Short-term loans and advances
Other current assets
Total

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	Diffrence
Equity and liabilities			
Shareholder’s funds			
Share capital	5,69,13,700	5,69,13,700	0
Reserve and surplus	1,50,90,94,521	1,20,55,89,043	25.17
	1,56,60,08,221	1,26,25,02,743	24.04
Non-current Liabilities		-	
Current Liabilities			
Short-term barrowings	-	-	
Trade payables	43,71,45,057	36,35,30,019	20.25
Other Current liabilities	6,49,58,346	4,90,85,815	32.34
Short-term provisions	2,73,93,195	2,70,67,246	1.20
	52,94,96,598	43,96,83,080	20.43
Total	**2,09,55,04,819**	**1,70,21,85,823**	**23.11**


Comparative balance sheet b/w2016-2017
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0
25.17
24.04
20.25
32.34
1.20
20.43
23.11
Equity and liabilities
Shareholder's funds
Share capital
Reserve and surplus
Non-current Liabilities
Current Liabilities
Short-term barrowings
Trade payables
Other Current liabilities
Short-term provisions
Total

[Type here]

II.ASSETS	As at 31-Mar-2017	As at 31-Mar-2016	Difference
Non-current assets			
Fixed assets			
Tangible assets	14,43,16,476	17,38,38,607	-16.98
Intangible assets	1,66,39,898	1,06,50,669	56.23
Differed tax assets (net)	3,27,34,000	3,18,56,000	2.76
Long term loans and advances	5,83,94,169	15,18,12,089	-61.54
Cash and bank balances			
	25,20,84,543	**36,81,57,365**	-31.53
Current assets			
Inventories	24,41,48,109	13,58,18,545	79.76
Trade receivables	68,68,11,721	49,39,89,729	39.03
Cash and bank balances	67,15,92,798	62,74,06,351	7.04
Short-term loans and advances	23,71,07,123	7,37,11,363	221.67
Other current assets	37,60,525	31,02,470	21.21
	1,84,34,20,276	**1,33,40,28,458**	38.18
Total	**2,09,55,04,819**	**1,70,21,85,823**	**23.11**


Comparative balance sheet b/w 2016-2017
250
200
150
100
50
0
-50
-100
-16.98
56.23
2.76
-61.54
-31.53
79.76
39.03
7.04
221.67
21.21
38.18
Non-current assets
Fixed assets
Tangible assets
Intangible assets
Differed tax assets (net)
Long term loans and...
Cash and bank balances
Current assets
Inventories
Trade receivables
Cash and bank balances
Short-term loans and...
Other current assets

[Type here]

CHAPTER 5

FINDINGS, C0NCLUSION AND SUGGESTI0NS

SUMMARY OF FINDINGS

- The trend percentage of the company is moving in an increasing order which is of good sign for the organization.
- Current ratio of the company is high and the business is able to meet their liabilities on time.
- Quick ratio exhibits that the firm is able to meet its short term obligations promptly.
- There is sufficient liquid asset available, so the liquidity position of company is good.
- From the profit ratios it is fluctuating which is not satisfactory. Firm needs to utilize its assets in an efficient manner.
- Return on investment ratio of the firm is decreasing it needs to be improved with effective utilization of investments.
- From comparative balance sheet it is found that company is growing year by year and earning good amount profits every year.

SUGGESTIONS

On the basis of the data analyzed and summary of findings, suggestions towards improvement of profitability at WEIR MINERALS INDIA PVT LTD is as fallows

- It is suggested that to maintain the same progress of the company current assets to meet the short term liability.
- Company has used long term debt so that the shareholders get benefited by increasing their earning per share.
- Company can utilize the shareholders fund to invest in growth of the company which can increase the wealth maximization of the shareholders.
- The company has to increase the usage of assets to increase profitability through proper marketing strategy.
- The company has to use more debt fund to increase the operating profit.

5.3 CONCLUSION

This is the report on the study that was conducted in Weir minerals. The study focuses on the working capital management of the company. The study shows that the company's liquidity position is good compared to the other years. It also demonstrates the efficiency with which the company manages its working capital needs. Profitability statement to help a company distinguish between income or profits and expenses or loss of the overall position of the company needs to improve their assets to the credit in the future more even the company has the truth of the products, which helps the company to improve sales and maintain a good profit of the company. During the evaluation of the performance of WEIR MINERALS INDIA PVT.LTD, the study has shown that the overall financial performance of the company is healthy and sound. The financial state of health is good from year to year. The company has a strong ability to meet all kinds of eventualities; Most financial results are not static, but fluctuate in nature. The balance sheet analysis also examines the financial situation and shows that the short-term solvency is in a good position compared to the long-term solvency. Overall, it can decrease every year.

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ACHARYA
INSTITUTES

ACHARYA INSTITUTE OF TECHNOLOGY

DEPARTMENT OF MBA

INTERNSHIP WEEKLY REPORT (16MBAPR407)

Name of the student : Divya.P

Internal guide : Dr. Ramanahia

External guide : Niranjan Prasad K

USN No : 1AY16MBA18

Specialization : Finance

Title of the project : A study on Working Capital Management

Company name : WEIR MINERALS PVT LTD

Week	**Work does during the week**	**External guide Signature**	**Internal guide Signature**
15-01-2018 to 20-01-2018	Understanding company terminologies and analysis of company profile		
22-01-2018 to 27-01-2018	Analysis of industry profile and company profile		
29-01-2018 to 03-02-2018	Introduction about the Internship and objectives and methodology adapted		
05-02-2018 to 10-02-2018	Theoretical background of study and attending training classes conducted by training		

12-02-2018 to 17-02-2018	Analyzing the trading terminologies and analyzing the balance sheet of Weir minerals Pvt Ltd		
19-02-2018 to 24-02-2018	Collecting the data of selected sector and analyzing the profile and loss A/c of Weir minerals Pvt Ltd		
26-02-2018 to 03-03-2018	Collecting data and analyzing and knowing about the company product		
05-03-2018 to 10-03-2018	Collecting data and analyzing finding ratio analysis		
12-03-2018 to 17-03-2018	Analysis and interpretation of ratio analysis		
19-03-2018 to 24-03-2018	Findings and conclusion of the Project		

28/5/18

College seal and

HOD Signature

Head of the Department
Department of MBA
Acharya Institute of Technology
Soldevanahalli, Bangalore-560 10.

K. N. Ravish

Company seal and

External Guide Signature

WEIR MINERALS (INDIA) PVT. LTD.
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Bangalore-58