



e-ISSN: 2319-8753 | p-ISSN: 2347-6710

IJIRSET

International Journal of Innovative Research in
SCIENCE | ENGINEERING | TECHNOLOGY

INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

Volume 11, Issue 10, October 2022

ISSN INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA

Impact Factor: 8.118

9940 572 462

6381 907 438

ijirset@gmail.com

www.ijirset.com



Working Capital Management with Special Reference to Vijaya Milk Dairy at Nandyal

¹Mr. Maddileti.K , ²Ms. C.Swetha, ³P. Yashodamma, ⁴A.Venkata Subhash & ⁵T. Vamsi Raja

¹Assistant Professor, Department of MBA, Santhiram Engineering College, Nandyal, A.P., India

²Et all Students, Department of MBA, Santhiram Engineering College, Nandyal, A.P., India

ABSTRACT: Any business unit's lifeblood is working Capital. Working capital is the money needed for both startup costs and ongoing expenses. In the current environment of fierce competition, the firm has no choice but to reduce the cost of its operations, and good working capital management is a key component of cost reduction. Numerous studies have proven this, therefore if an organization wants to reduce production costs, it must start by addressing the cost of raw materials. In any manufacturing facility, the proportion of raw materials to the total cost of the product will be the largest.. It raises the level of its working capital if it wants to boost its liquidity. However, this approach is probably going to lower sales volume and profitability as a result. Therefore, a business should balance profitability with liquidity. The current study focuses on the working capital management strategy as a whole and the firm's short-term liquidity position.

I. INTRODUCTION

Simply put, working capital is the sum of money that a firm needs to finance its daily operations. It is also possible to think of it as the percentage of a company's total capital that is used for short-term operations. Working capital management seeks to make sure a company can carry on with its operations and has the resources to pay off both maturing short-term debt and impending operating bills. Inventory control, accounts receivable management, and cash management are all aspects of working capital management.

Working capital, also referred to as net working capital, is a financial term that measures an organization's operating liquidity. Working capital is seen as a component of operational capital, along with fixed assets like plant and equipment. It is determined by subtracting current liabilities from current assets. An entity has a working capital deficit, often known as a working capital deficit, if current assets equal current liabilities.

Objectives of the Study

1. Theoretical frame work of working capital Management
2. To find the liquidity position of Vijaya Milk Dairy Ltd.
3. To analyse the working capital Management of Vijaya Milk Dairy Ltd.

About Vijaya Milk Dairy Ltd.

The AndhraPradesh dairy development corporation (APDDC) was started by the commencement of Kurnool district milk product factory in the year 1974 with the capacity of 12,500 liters per day. After that the APDDC started its main branch at in the year 1983 with the capacity of 1, 25, 000 litters. In the year 1990 it was converted into Kurnool district co- operative milk producers' union.

Vision

The Vijay milk dairy vision is to be the brand of choice

Mission

The company mission is to satisfy the customers by giving quality of products them.



Concepts of Working Capital

Gross working capital

It speaks of the firm's holdings of current assets. The assets that can be turned into cash within an operating cycle or an accounting year are known as current assets. Cash, short-term investments, debtors (accounts receivable & book debts), bills receivable, shares, and receivables are all acceptable inclusions here.

Networking capital

The difference between current assets and current liabilities is referred to as the net working capital. Current liabilities are those external claims that are anticipated to become due for payment during an accounting year. These external claims include creditors, invoices payable, and unpaid expenses. In other terms, this is the difference between current assets and current liabilities.

Table 1 Networking capital = Current assets - Current liabilities

<u>Current assets</u>	<u>Current liabilities</u>
Cash account	Dividends payable
Accounts receivables	Bills payables
Bills receivables	Accrued expenses
Marketable securities	Taxes payable
Inventory	Short term loans
Prepaid expenses	Bank overdraft
Total Current Assets	Total current liabilities

Source: Secondary Source

Working capital is divided into three categories: inventory, receivables, and payables. Each category has two dimensions: time and money. Time is money when it comes to managing working capital. The business will earn more cash or require less borrowing to fund working capital if you can get money to move through the cycle more rapidly (e.g., collect money owed from debtors more quickly) or lower the amount of money tied up. As a result, you could be able to lower the cost of bank interest or you'll have more free money to support further sales growth or investment.

Table 2 Current Ratio =Current Assets/Current Liabilities

Year	C.A	C.L	Ratio
2016-2017	479366968.1	9883146.29	48.50
2017-2018	505195978.3	9014375.17	56.04
2018-2019	505288152.2	9105717.17	55.49
2019-2020	511290577.7	7612135.17	67.16
2020-2021	536957894	7638085.17	70.30

www.vijayamilkdiary.com

The table 2 indicates the current ratio of the firm. The standard current ratio is 2: 1. Hence the company having higher current ratio of 70.30:1, in the year of 2020-2021 and the lower ratio of 48.50:1 in the year of 2016-2017 and the company having the ratios for remaining years as follows 2017-2018 (56.04:1), 2018-2019 (55.49:1), 2019-2020 (67.16:1). The study found that the firm having financial strengthen to meets all its short term obligations.



Table 3 Quick Ratio or Acid Test Ratio =Quick Assets/C.L.

Year	Q. A	C.L	Ratio
2016-2017	268490145.1	9883146.29	27.16
2017-2018	318442959.3	9014375.17	35.32
2018-2019	348752843.2	9105717.17	38.30
2019-2020	274427972.7	7612135.17	36.05
2020-2021	371097597	7638085.17	48.58

www.vijayamilkdiary.com

The table 3 indicates the quick ratio of the firm. The standard quick ratio is 1: 1. Hence the company having higher quick ratio of 48.58:1, in the year of 2020-2021 and the lower ratio of 27.16:1 in the year of 2016-2017 and the company having the ratios for remaining years as follows 2017-2018 (35.32:1), 2018-2019 (38.3:1), 2019-2020 (36.05:1). The study found that the firm having financial strengthen to meets all its very short term obligations.

Table 4 Statement showing the working capital changes (in Rs.)

Year	Increase	Decrease
2016-2017	21184635.6	-
2017-2018	26697781.3	-
2018-2019	-	81950621.1
2019-2020	7496007.5	-
2020-2021	27134948.3	-

www.vijayamilkdiary.com

The table 4 shows the net working capital of the firm. The networking capital for the years 2016-2017 (Rs.21184635.6), 2017-2018 (Rs.26697781.3), 2019-2020 (Rs.7496007.5), and 2020-2021 (Rs.27134948.3) has been increased. But for the year 2018-2019 (Rs.81950621.1) the net working capital of the firms decreased.

Outcomes of the Study

1. It is found that the current ratio of the firm consists of more than standard ratio; the study suggesting that ratio above the standard ratio is idle. So it is better to utilize the excess of funds for long term obligations.
2. It is found that the quick ratio of the firm consists of more than standard ratio; the study suggesting that ratio above the standard ratio is idle. So it is better to utilize the excess of funds for long term obligations.
3. It is found that the firm has been utilized more long term funds for short term obligations which ensures burden to the firm. It is better to utilize short term funds for their day to day obligations.

Conclusion:

Despite having assets and profits, a business may lack liquidity if its assets cannot be quickly transformed into cash. A company needs to have positive working capital to ensure that operations can continue and that it has enough money to pay down maturing short-term debt as well as impending operational expenses.

REFERENCES

1. I.M.PANDY, financial management, 10th edition visual publication 2010 model book (page no’s 156-178).
2. N.MAHESWARI, financial management, Himalaya publishing house 5th edition (page no’s 106-145).
3. www.vijayamilkdiary.com



INNO SPACE
SJIF Scientific Journal Impact Factor
Impact Factor: 8.118



ISSN INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA



INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

 **9940 572 462**  **6381 907 438**  **ijirset@gmail.com**



www.ijirset.com

Scan to save the contact details