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# Kirloskar Brothers Ltd Working Capital Management: A Study

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**ABSTRACT:** In order to run day-to-day business operations, working capital is needed. Effective operational management is necessary in today's competitive corporate climate. The financial stability and productivity of the company depend heavily on effective operational management.

The capacity to employ operational Management should strike a healthy balance between profitability and expansion. and cash flow is one of the primary markers of excellent company management. overcome Based in Pune, Kirloskar Brothers Limited (KBL) is a manufacturer of pumps that specialises in water retention systems and building construction.

The five years between 2015–16 and 2019–20 are covered by this study.

The study's research methodology is secondary data, such as the annual report of Kirloskar Brothers Limited and other real estate reports.

Through study and comparison to similar businesses, this initiative aimed to assess Kirloskar Brothers Limited's performance in resource management. According to the Working Capital Management Survey, Kirloskar Brothers Limited has an excessive amount of working capital.

The business is also quite successful.

**KEYWORDS:** Working Capital , risk profile.

## I. INTRODUCTION

Managing long-term finances and managing short-term money, sometimes known as working capital, are two main categories of financial management. The money that is accessible for a company's daily operations is referred to as working capital. It broadly refers to the portion of the business's assets that is utilised or connected to day-to-day activities. A business must have effective management in order to operate profitably and maximise the return on current assets.

The components of working capital management are as follows:

- Inventory management,
- receivables management,
- payables management,
- cash management

### Research Question

1 What are the factors that can affect the Factor of Safety selections?

2 Failure of Alternator Analysis?

## II. REVIEW OF LITERATURE

**Rao and Rao** Rao and Rao (1991) attempted to assess my capacity to gauge the varied capacities of the working capital budget of the market economy through their analysis of a few public sector businesses in Karnataka. According to research, operational investment is more than overall investment. Among research firms, the tendon plate approach has



demonstrated good results. The study also demonstrates that managing budgets is chaotic and ineffective, which highlights the urgent need for controlling working capital.

**Singh (2004)** Research on investments by Lupine Labs Ltd.

With the help of working capital and the financial cycle, it makes an effort to highlight the significance of capital management. The company's liquidity situation was strong, with a very high percentage of liquid assets compared to the percentage of fixed assets, according to his analysis of seven years' worth of data (1995 to 2002), and the business experienced a fall in assets. Apartment. The primary working capital analysis reveals that current assets generate the majority of the company's profits, followed by loans and advances, inventory, cash, and bank accounts.

**Parasuraman (2004)** In this study, the relationship between loan terms provided by businesses and their success in terms of sales and profit is explored. Additionally, it makes an effort to average additional significant financial indicators of managerial effectiveness.

He discovered that large corporations invest a lot of money in order to boost their earnings after concentrating on Indian pharmaceutical industries. The data also demonstrates that the sample companies had been seeing an unidentified sales spike for days. According to the study's findings, major pharmaceutical businesses use strategic working capital solutions to increase sales and profits.

### III. RESEARCH METHODOLOGY

Today's cutthroat economy makes keeping a solid budget a daily challenge. Every company aspires to be in sound financial standing. Through good management techniques, financial characteristics like liquidity, solvency, and profitability can be enhanced. Working capital helps the company run on a daily basis. because it contains money, stock, debt, creditors, and other things.

#### Discussion

##### 1.1 Forecast for the world economy

The planet was rendered inoperable by the Covid-19 epidemic, which first surfaced last year. Yet, once more Covid-19 vaccinations are licenced and sent to numerous nations in 2021, the world economy is anticipated to rebound. The ability of people, governments, and multinational corporations to successfully shift to legacy ways of remote working and flying less can also play a crucial part in lowering the danger of financial loss, in addition to the need for improved vaccines.. The consequence is that, despite significant uncertainty, the International Monetary Fund anticipates that the world economy will expand by 6% in 2021. (IMF).

The proper administration of vaccines, doubts about their effectiveness, and the appearance of new waves and changes, however, provide significant obstacles to the feeling returning.

The current state of the world is quite tumultuous, with some economies showing steady economic growth while others are still being negatively impacted by the epidemic. Several companies had to declare new restrictions since they were struck harder this year than last the arrival of the next wave. All nations must band together to create a cooperative partnership that generates high profits and development or economic recovery to support other low-income or large-scale economic systems in order to lessen the effects of global instability.

On the other hand, a global economic crisis is not ruled out if the virus worsens over the coming months.

Sticking to sound policies is crucial to preventing or at the very least reducing the likelihood of financial loss. After all, both at the national and individual levels, this knowledge also influences people's short- and long-term health.

##### 1.2 Economic Outlook for India

Due to the effects of the Covid-19 pandemic, the fiscal year 2021–2022 is one of the most challenging for the Indian economy. Government regulations at the federal, state, and local levels led to life iron but also stopped all work and other limits on life support. Manufacturing is currently one of the worst performing sectors in the world, particularly in India. India was able to recover and avert or at least limit further economic harm as sports and public events resumed along with the declaration of the curfew, and the nation looked strong until it was hit by the second wave of this year.

Despite the economic downturn brought on by the Covid-19 pandemic, the International Monetary Fund projects India's GDP to rise by 9.5% in fiscal year 21–22, the highest rate among all emerging and developed economies. In actuality, only India is predicted to have double-digit economic growth. The Indian economy is anticipated to grow by 8.5% even in its 22nd fiscal year.



All of these figures and projections, however, will vary from late March to April 2021 compared to what was predicted prior to the commencement of the second, more drastic Covid adjustments in the nation. Since big financial institutions frequently take into account the effects of social lockdowns and India's GDP growth would be restrained by about 10% this year, the reappearance of Covid-19 instances poses a substantial risk to the economic recovery. India is currently experiencing a severe COVID-19 second wave, and daily incidences are expected to more than double by 2020. To contain the crisis, nevertheless, our governments and communities have made every effort. The widespread distribution and high number of anti-Covid medicine approvals contributed significantly to the nation's economic recovery. Similar to this, it is important to address current issues with proper management, adequateness, effectiveness, and accessibility of vaccination programmes as soon as feasible and to deliver the anticipated results as soon as possible.

According to economists, if the government is successful in flattening the curve in the upcoming weeks, the recovery should begin to pick up steam in the second quarter of FY21-22. According to the current state of affairs, the movement limitations should be abolished by the end of May, at which point the current business copy can always resume. before June. Current precautions target both people and enterprises, so even if they will weaken the economy, the effect should be less severe than in 2020. meet regularly for almost a year. Adapt to it and become more adept at the "new normal."

A considerable boost is anticipated to be provided by the various stimulus and stimulus programmes the Indian government proposed at this year's budget session to promote the recovery of the closed economy following the Covid-19 crisis.

## 2. Industry structure and developments

### 2.1 Forecast for the Global Pump Market

The economy, namely the economy, has been one of the most negatively impacted in the globe by the corona virus outbreak. The worldwide pump market is typical in this regard. Pre-Covid-19 pandemic predictions predicted that the North American and Asia Pacific markets would be the main drivers of the worldwide pump market's expansion. The United States and India are among the nations with the highest death rates, but this could change soon this fiscal year, and China will profit from the biggest challenge, in part because of the two primary market-oriented sectors in these regions, namely The United States and India. Also, despite the fact that the COVID-19 pandemic has badly affected the majority of the Asia-Pacific nations, this area is anticipated to have the greatest market due to the rate of manufacturing investment supported by the region's growing chemical and electrical sectors.

The international market has gained hope as a result of the gradual rise and recovery of oil prices in recent months. The need for pumps in the household and medical sectors is anticipated to increase, providing the pump a chance to grow this year even though oil and gas, chemicals, water and wastewater, and mining are significant user industries. The market is anticipated to see expansion due to the rising population and economic growth of the world.

The centrifugal pump category is anticipated to create the most income in the worldwide pump market this year due to the pump's favourable attributes, according to the research institute. high transmission speed that is secure.

The world's pumps are prepared to repeat the harshest cuts as the economy experiences its worst downturn since the Great Depression. One of the priorities, investment in innovation and R&D, may be significantly impacted by this. To comply with new laws and rules, demand for electric pumps must rise regardless of how much money is invested in innovation. As a result, several manufacturers are producing pumps with superior designs. Excellent blending and effectiveness. Pump efficiency and dependability rise as a result of quick technological advancements, particularly in automation and digitalization, which also cut energy usage. Economic progress should be aided by electricity.

The main product in the pump sector at the moment is made up of intelligent and linked devices and sensors.

### 2.2 Future of the Indian Pump Market

As previously said, India's extraordinary second wave of Covid poses a threat to undo all of the nation's prior achievements, particularly in the manufacturing sector. Now that governments have implemented partial or complete limitations, output has experienced another setback. It will take some time for the Indian pump sector to swiftly recover and restore the strength it is currently losing as a result of other sales and manufacturing items, even though the curve flattens out as the peak falls. Notwithstanding the danger posed by Covid-19, it is anticipated that demand for pumps would grow steadily because to increased use of pumps across a variety of user categories, most notably agriculture and construction. While most of the nation abides by the limitations The government has provided a number of remedies to the Covid movement in rural areas while avoiding limitations on farming and agriculture, particularly harvesting.

As a result, the agricultural industry is less affected, particularly in terms of employment and productivity. Even though the recovery is gradual generally, demand for agricultural pumps should continue with little change because harvest and agriculture are still stable. Also, despite the obstacles and growing demand, Indian pump producers have kept up with their after-sales service commitments.





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#### **IV. CONCLUSION**

The project report's goal is to examine Kirloskar Brothers Limited's working capital management. We can infer that the company's profitability has grown consistently over time. The company's relationships are good, and it gains from a balance between profitability and liquidity. We can also get the conclusion that overall working capital management is sound based on the analysis.

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