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A STUDY ON WORKING CAPITAL MANAGEMENT WITH REFERENCE TO AT APEX PVT LTD.

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ABSTRACT

Working capital management is a critical aspect of financial management that focuses on maintaining a balance between a firm's short-term assets and liabilities to ensure operational efficiency and financial stability. Effective management of working capital ensures that a business has sufficient cash flow to meet its short-term obligations and operating expenses. It involves the administration of components such as cash, inventories, accounts receivable, and accounts payable. Proper working capital management helps enhance a company's profitability, liquidity, and risk management. By optimizing the cash conversion cycle, businesses can minimize the cost of capital and maximize returns on investment. Inefficient handling of working capital may lead to financial distress or hinder the company's growth potential. This study explores various strategies and techniques of managing working capital efficiently and emphasizes its impact on the overall performance and sustainability of an organization. It also highlights the importance of continuous monitoring and strategic decision-making in working capital management.

Keywords: Profitability, Risk management, Liquidity, In efficient

INTRODUCTION

Finance is the process of commission of accumulated funds to productive use. Finance helps to direct flow of economic activity and facilitates its smooth operation. Finance is the agent that produces these results. There are many definitions of finance of all the best was of Howard and on. "That administrative area of set of administrative area of organization which have to do with management of the flow of cash so that the organization will have the means to carry out as objectives to satisfactory as possible and at the same time meet its obligations as they become due".

Finance is concerned with the task of providing funds to the enterprises on the term that is most favorable towards the attainment of the organizational goal's objects. The function of finance is not merely furnishing funds to the organization. Finance has a broader meaning and it covers financial planning, forecasting of cash receipts and disbursements, rising of funds, use and allocation of funds and financial control. The area of operation of finance manager is vague from one company to another and industry – to – industry etc.

APACHE," an Indian tribe known for its fearlessness and toughness, along with their bravery, wisdom, and daring spirits have made them strong when they were once weak. Ever since then, the "APACHE" tribe has become the symbol of victory and wisdom, and its influence lingers on. Passing on the spirit of perpetual perfection, APACHE India was born on 24th of February 2006. Located in Tada, Nellore District, Andhra Pradesh. It is a large-scaled foreign-invested enterprise with a plant that takes up 314 acres of area. We're manufacturing the famous Adidas sports shoes. Our products are exported worldwide, with the spirit of bravery and wisdom that "APACHE" symbolized, APACHE India plans to grow into a large corporation that owns a technologically advanced R&D team and conveyance plants, and possesses over 40 complete production units with 20,000 employees that generates an average monthly volume of two million pairs of shoe.

The shoe industry holds significant importance both economically and socially, as it caters to a basic human need while also reflecting fashion, culture, and innovation. It provides employment to millions worldwide,

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from manufacturing and design to retail and marketing. The industry contributes substantially to global trade and economic development, especially in countries where shoe production is a major export sector. Technological advancements in materials and design have also positioned the shoe industry at the forefront of innovation in comfort, performance, and sustainability. Moreover, footwear plays a crucial role in health and lifestyle, influencing mobility and overall well-being.

REVIEW OF LITERATURE

Mar and Rao (2024): Working capital management strategies and financial performance. A cause-and-effect analysis. Analysis Indian cement firms and finds a negative relationship between return on assets and inventory turnover account payable period. Patel and shah (2023): Review of working capital management in emerging markets Review practices in emerging economies and provides framework for effective working capital management. Gautama and Neupane (2022): Theoretical review on factors of working capital management. Discuss internal and external factors effecting working capital management like firm size, profitability, GDP and interest rates.

Reddy and Mehta (2023) Strategies and implications for firm performance. Emphasizes the role of accounts receivable payable and inventory on liquidity and profitability. Kim and park. (2022): The impact of working capital management on credit rating. Explore how deviations from optional working capital management. Affects us firms credit ratings. Ali and khan (2023): Working capital management in smes a sectorial review, evaluate in working capital management challenges and practices across different smes sectors in south Asia. Fernandez and oil Eira (2022): Cash conversion cycle and firm profitability. A European perspective. Reviews how ccc influences firm profitability across EU economics. M Wangi and Oriento (2023): Working capital and finance health of African firms. A critical review of liquidity management practices and outcomes in sub Saharan firms.

The reviewed literature highlights the diverse aspects of working capital management (WCM) and its impact on financial performance across various regions and firm types. Kumar and Rao (2024), analyzing Indian cement firms, found a negative relationship between return on assets and both inventory turnover and accounts payable period, indicating inefficiencies in asset utilization. Patel and Shah (2023) provided a comprehensive review of WCM practices in emerging markets and proposed a framework for effective management. Gautama and Neupane (2022) identified both internal (firm size, profitability) and external (GDP, interest rates) factors influencing WCM. Reddy and Mehta (2023) emphasized the importance of receivables, payables, and inventory in maintaining liquidity and profitability.

Kim and Park (2022) studied U.S. firms and concluded that poor WCM can negatively affect credit ratings. Ali and Khan (2023) evaluated sector-specific WCM challenges in South Asian SMEs. Fernandez and Oil Eira (2022) focused on the EU, showing how the cash conversion cycle (CCC) impacts profitability. Mwangi and Otieno (2023) reviewed liquidity practices in sub-Saharan Africa, highlighting regional challenges in financial health.

Despite Apex Footwear's strong market presence, limited research exists on its working capital efficiency. There is a gap in understanding how its inventory and receivables management impact profitability. Current studies lack real-time data analysis and industry benchmarking for Apex. Further research is needed to evaluate the effect of working capital strategies on its financial performance.

METHODOLOGY

Financial forecasting is an integral part of financial planning. Forecasting uses past data to estimate the future financial requirement. Ratio analysis is a powerful tool of financial analysis. Ratios help to summarizes large quantities of financial data and to make qualitative judgment about the firm's financial

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performance. The purpose of the project is to study the working of the company with reference to financial management. Working capital is the life blood of the organization. The working capital is having great influence on the development and progress of any organization. The efficient management of working capital is a smooth functioning of day to day operation of Hindustan Coca Cola Beverages Pvt Ltd. Hence, there is a need to study the importance of working capital management. Therefore the present study has been undertaken in this direction.

The scope of the study is financial data published in annual reports of the company with reference to the objectives stated above and an analysis of data with a view to understand the solutions by applying various ratios relating to balance sheets.

Objectives

- To study and evaluate the working capital position and its management in the company.
- To study the short term liquidity position of the company..
- To identify techniques used to maintain of short debts and short term expenses.
- To offer feasible ways and means to improve the financial health of the company.

Data Analysis & Interpretation

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

Table: 1 CURRENT RATIO

Year	Current assets Rs.	Current liabilities Rs.	Current Ratio
2017-18	13641.9	4181.6	3.26
2018-19	19434.46	6728.9	2.89
2019-20	24659.89	7581.7	3.25
2020-21	40777.69	15464.8	2.64
2021-22	45035.09	16842	2.67

Source : Secondary data

Current assets grew consistently year after year, indicating improved liquidity and short-term resource availability. Current liabilities also rose, especially in 2020–21, likely due to operational expansion or increased borrowing. The current ratio, which reflects the company’s ability to cover its short-term obligations, remained strong (above 2 in all years), although it dipped slightly in years when liabilities rose faster than assets.

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Quick ratio, also known as the acid-test ratio, is a liquidity ratio that measures the ability of a company to use near-cash assets (or 'quick' assets) to extinguish or retire current liabilities immediately. It is the ratio between quick assets and current liabilities.

Table: 2 Quick Ratio

Years	Quick assets	Current liabilities	Quick Ratio
2017-18	7858.00	4181.6	1.88
2018-19	12284.68	6728.9	1.83
2019-20	15218.8	7581.7	2.01
2020-21	28785.78	15464.8	1.86
2021-22	30752.99	16842	1.83

Source: Secondary data

Quick assets (which exclude inventories and are more liquid) rose steadily, showing the company's growing ability to meet short-term obligations without relying on inventory. Current liabilities also increased year by year, peaking in 2021–22 at ₹16,842 Cr. The quick ratio remained between 1.83 and 2.01, indicating that the company has maintained a reliable liquidity buffer throughout the five-year period. The highest quick ratio was in 2019–20 (2.01), showing peak short-term financial strength.

The cash ratio is a liquidity measure that shows a company's ability to cover its short-term obligations using only cash and cash equivalents.

Table: 3 CASH RATIOS

Year	Cash balance ₹.	Current liabilities ₹.	Cash Ratio
2017-18	195.16	4181.6	0.05
2018-19	144.96	6728.9	0.02
2019-20	971.54	7581.7	0.13
2020-21	725.61	15464.8	0.05
2021-22	954.68	16842	0.06

Source: Secondary data

Table: 3, The chart illustrates the trends in Sales, Net Profit, and an unidentified metric labeled Series3 over a five-year period from 2017-18 to 2021-22. Sales show a consistent and substantial upward trend, with a sharp increase beginning in 2019-20, indicating strong business growth. Net Profit also rises gradually, peaking in 2020-21 before experiencing a slight decline in the following year. This suggests that while revenue is growing, profitability may be impacted by rising costs or other factors. In contrast, Series3 remains relatively flat throughout the period, indicating little to no change. However, the chart lacks a proper title and does not clarify what Series3 represents, which limits the depth of analysis.

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Inventory turnover is the rate that inventory stock is sold, or used, and replaced. The inventory turnover ratio is calculated by dividing the cost of goods by average inventory for the same period.

Table: 4 Inventory Turn-Over Ratio

Year	Cost of goods sold	Average inventory	Inventory Turnover Ratio
2017-18	17677.81	5433.02	3.25
2018-19	27276.94	6467.01	4.22
2019-20	39253.72	8295.44	4.73
2020-21	70864.14	10716.5	6.61
2021-22	79184.54	13476.56	5.88

Source: Secondary data

The Inventory Turnover Ratio shows a general upward trend from 2017-18 to 2020-21, indicating improved efficiency in inventory management. It peaked in 2020-21, suggesting faster inventory movement relative to cost of goods sold. However, a slight dip in 2021-22 may point to increased inventory levels or slower sales. The graph shows a steady increase in Sales from 2017–18 to 2021–22, peaking significantly in 2020–21. Net Profit also rises during the same period but at a much lower rate and slightly dips in 2021–22. The third series remain almost flat, indicating minimal change or impact over the years.

ANALYSIS OF FINDINGS

The current ratio however is around 3.26 with a value greater than 2 in all the years. There is enough security for the short-term lenders and trade creditors. The average quick ratio is 2.06 times higher than the standard norm of 1:1. It shows that the company is maintaining sufficient investment in current assets. The average cash ratio is 0.062 which is much below the standard norm of 0.5:1. It indicates that the company has failed in keeping sufficient cash and bank balances. The inventory turnover ratio increased from 3.25 in 2017-18 to 5.8 in 2020-21 due to the increase in net sales.

CONCLUSION

The overall performance of the company will depend upon the performance from liquidity, solvency and turnover. Therefore, it is concluded that the Company’s working capital position is good. The company has to evaluate the appropriate strategy in all such directions, which will certainly drive the company to the new heights.

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