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A Study on the Working Capital Management of Tvs Credit Services Limited

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ABSTRACT

Every business concern wants to know the various financial aspects for effective decision making. The main aim of preparing a financial statement is to achieve the objectives of the firm as a whole. The term financial statement refers to an organized collection of data on the basis of accounting principles and conventions to disclose its financial information.

1. INTRODUCTION

Financial statements are prepared on the basis of business transactions recorded in the books of Original Entry or Subsidiary books, Ledger and Trial balance**.** Recording the transactions in the books of primary entry is supported by document proofs such as vouchers, invoice notes etc.

2. RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY

- To find out the efficiency of the company using financial ratios like Profitability ratios, turnover ratio & solvency ratio of the company.
- To find out the liquidity position of the company.
- To study the performance of company through comparative analysis.
- To provide suitable suggest to improve the financial performance of the company.

TABLE SHOWING LIQUID RATIO

YEAR	LIQUID ASSET (RS IN CRS)	CURRENT LIABILITIES (RS IN CRS)	RATIO
2012	.855	2.35	0.36
2011	.268	2.01	0.13
2010	.216	1.71	0.12
2009	.287	1.47	0.19
2008	.353	1.14	0.30

TABLE NO 1

From the table, it is inferred that the liquid ratio has increased as 0.36 during the year 2012. The liquid ratio has decreased 0.30 during the year 2008. The liquid ratio has decreased 0.19 during the year 2009. The liquid ratio has decreased 0.13 during the year 2011. The liquid ratio has decreased 0.12 during the year 2010.

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CHART SHOWING LIQUIDRATIO

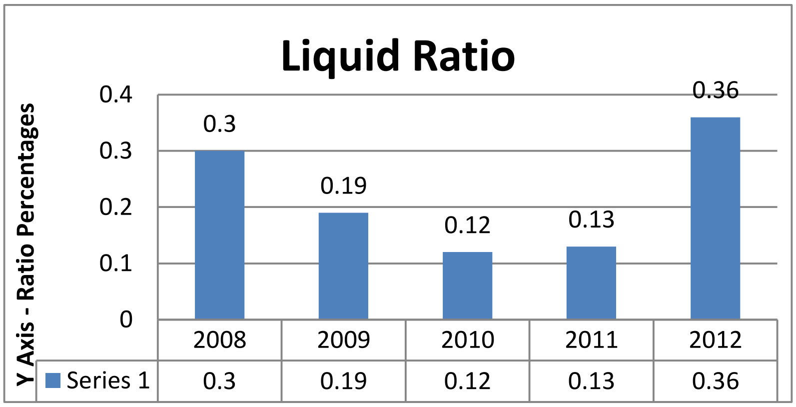

CHART NO 1

TABLE SHOWING WORKING CAPITAL TURNOVER RATIO

YEAR	NET SALES (RS IN CRS)	WORKING CAPITAL (RS IN CRS)	RATIO
2012	12114.44	1893	6.39
2011	12289.54	1133.36	10.84
2010	12294.56	1016.20	12.09
2009	11735.78	759.70	15.42
2008	11402.16	897.69	12.70

TABLE NO 2

From the table, it is inferred that the working capital turnover ratio has increased as 15.42 during the year 2009. The working capital turnover ratio has increased 12.70 during the year 2008. The working capital turnover ratio has increased 12.09 during the year 2010. The working capital turnover ratio has increased 10.84 during the year 2011. The working capital turnover ratio has increased 6.39 during the year 2012.

CHART SHOWING WORKING CAPITAL TURNOVER RATIO

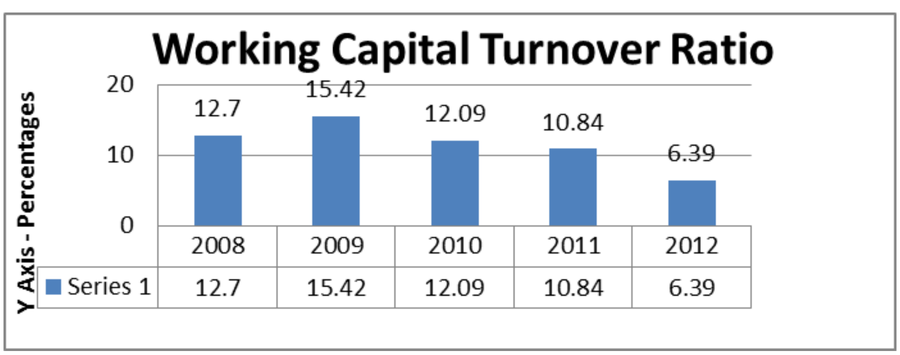

CHART NO 2

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3. FINDINGS

- The current asset was the increased trend during the year 2010 was 1.57.
- The liquid ratio decreasing year by year that is 0.36 in the year of 2004-05 to 0.30 in the year of 2008.
- The highest working capital ratio was increased in sales 14.20 in the year of 2009.
- The profitability ratio was always decreased comparing with previous years.
- The cash position ratio shows that the highest cash management in the year 2010 and 2008 was increased to 0.19.
- The operating ratio in 2008 was 108.20 gradually increased up to 2012 was 111.12.
- The debtor’s turnover ratio was increasing during the year of 2008 to 2010, next two years slowly decreased.
- Proprietary ratio has been increased in the year of 2008 to2012.
- The Gross profit ratio has been increased from the year of 2012 was 9.68
- The Net profit ratio has been increased from the year of 2012 was 8.52
- The Net sales trend percentage increased from the year of 2010 was 104.88.
- The Net profit trend percentage increased from the year of 2010 was 104.61.
- The current assets increased the year of 2012 were 3615.
- The current liabilities constantly increased the year of 2008 to 2012.
- The comparative balance sheet that the loan funds increased 180.95 % to compare 2006 & 2008.In the year 2010 & 2008 increased the loan funds 129.07%. 2010 & 2008.
- The comparative balance sheet that the investments increased 228.46 to compare

4. SUGGESTIONS

- Company may look into the measures how to reduce the loans and advances in the coming periods.
- Company may look into maintain the current assets and current liabilities. Current liabilities may reduce coming periods.
- It is suggested to the company can strongly focus on cost reduction strategy that will make a company more profitability.
- The company has a bright future if it concentrates more on its working capital short term, investments, thus achieving the overall objectives of the company.

5. CONCLUSION

The efficient and smooth functioning of all the activities of the company depends upon the financial performance of the company. The financial performance analysis thus is a forward-looking exercise as it is helpful in future financial planning decision making. It determine to analysis forecasting future financial position.

BALANCE SHEET AS AT MARCH 31, (2011 TO 2015)(RUPEES IN CRORES)

PARTICULARS	**2011**	**2012**	**2013**	**2014**	**2015**
Sources of Fund:					
Share holders’ funds:					

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Capital	33.75	33.83	34.23	34.24	43.65
Share Warrant Application Money	-	-	-	-	17.67
Reserves & surplus	663.93	825.85	981.96	1087.66	1831.35
Deferred Tax Liabilities (Net)	10.76	12.48	6.72	-	-
Loan Funds					
Secured Loans	44.49	12.02	1.52	101.85	162.68
Un Secured Loans	40.15	223.87	353.00	125.00	357.91
Total	**793.08**	**1108.05**	**1377.43**	**1348.75**	**2413.26**
Application of funds:					
Fixed Assets	98.39	151.22	169.81	185.21	287.28
Investments	294.96	271.59	215.61	260.04	853.73
Deferred Tax Assets	-	-	-	5.64	13.51
Current Assets, Loans & Advances					
Inventories	469.61	791.88	898.53	889.09	839.57
Sundry debtors	705.30	1005.23	1248.08	1506.31	1967.31
Cash & Bank Balances	214.92	197.65	319.20	210.07	300.19
Other Current Assets	97.25	97.95	95.20	104.68	252.51
Loans & Advances	55.49	67.82	143.51	201.44	254.99
Total	**1542.57**	**2160.53**	**2704.52**	**2911.59**	**3614.57**
Less: Current Liabilities & Provisions					
Current Liabilities	1086.70	1394.41	1643.36	1935.40	2227.26
Provisions	56.14	80.88	69.15	78.33	128.57
Total	**1142.84**	**1475.29**	**1712.51**	**2013.73**	**2355.83**
Net Current Assets	399.73	685.24	992.01	897.86	1258.74
Total	**793.08**	**1108.05**	**1377.43**	**1348.75**	**2413.26**

INCOME STATEMENT FOR THE YEAR (2011 to 2015) (RUPEES IN CRS)

PARTICULARS	**2011**	**2012**	**2013**	**2014**	**2015**
Income:					
Sales	11454.97	11855.43	12402.62	12378.49	12158.59
(Less) Excise duty	86.66	170.13	158.00	126.08	108.77
Other income	33.85	50.48	49.94	37.13	64.62
Net Sales	**11402.16**	**11735.78**	**12294.56**	**12289.54**	**12114.64**
Expenditure:					
Cost of sales and goods	10587.98	10799.54	11188.62	11160.87	10941.89
Depreciation	12.43	14.81	18.62	21.25	25.51
Other Expenditure	416.49	492.72	657.19	756.11	800.58
Total Expenditure	**11016.90**	**11307.07**	**11864.43**	**11938.23**	**11767.98**
Profit Before Tax	**385.26**	**428.71**	**430.13**	**351.31**	**346.46**
Less Tax expense	104.90	112.76	129.98	111.36	104.08
Profit After tax	**280.36**	**315.95**	**300.15**	**239.95**	**242.38**
Balance in Profit & Loss	360.22	475.69	603.57	713.14	790.95
Profit Available For Appropriation	**640.58**	**791.64**	**903.72**	**951.18**	**1033.33**
Dividends	164.89	188.07	190.57	160.23	229.57
Appropriations	**475.69**	**603.57**	**713.14**	**790.95**	**803.76**

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