

SUMMER PROJECT REPORT

**“A Study on Working Capital Management in Shumstar
Global Business Solution Ltd.”**

Submitted to:

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

Submitted by:

Mr. Shubham Ganeshrao Borkar

Company Guide:

Mr. Swapnil Dagwar

Faculty Guide:

Dr. Prof. Geeta Naidu Ma'am

**Department of Management Sciences and Research,
G.S. College of Commerce & Economics, Nagpur NAAC
Accredited “A” Grade Institution**



Academic Year 2020 - 21



CERTIFICATE

This is to certify that the investigation described in this report titled “**A Study On Working Capital Management In Shumstar Global Business Solution Ltd.**” has been carried out by **Mr. Shubham Borkar** during the summer internship project. The study was done in the organisation, **Shumstar Global Business Solution Ltd.**, in partial fulfilment of the requirement for the degree of Master of Business Administration of **R. T. M. Nagpur University, Nagpur.**

This work is the own work of the candidate, complete in all respects and is of sufficiently high standard to warrant its submission to the said degree.

The assistance and resources used for this work are duly acknowledged.

Dr. Ashwini Purohit
(Director)

CERTIFICATE



SHUMSTAR
GLOBAL BUSINESS SOLUTIONS

CHANNEL PARTNERS REQUIRED ALL OVER INDIA

Personal Loan Business Loan Home Loan Auto Loan	SME Loan Credit Cards Machinery Loan Mortgage Loan /LAP	Gold Loan Overdraft / Cash Credit Facility Doctor's Loan Engineer's Loan
--	--	---

FINSERV
GLOBAL BUSINESS SOLUTIONS

This is to Certify that **Mr. Shubham Ganeshrao Borkar** a student of Master of Business Administration (MBA), Department of Management Sciences & Research (DMSR), G S College of Commerce & Economics, Nagpur, has successfully completed 45 Days (from 20th July to 3rd September 2020) Summer internship program at Shumstar Global Business Solution Ltd. During the period of his internship program with us, he was found Punctual, Hardworking and inquisitive.

Mr. Shubham Ganeshrao Borkar possesses a good moral character and pleasing personality. We wish him all the best in his future endeavors.



Home Loan, Gold loan, Car Loan
Business Loan, Credit card, Personal Loan.

Shumstar Global Business Solutions Ltd.
CofA No. 290851

Mr. Sachin E. Wairagade TRAJ Mr. Yeshpal D. Chaware
Senior Sales Manager Branch Manager

ACKNOWLEDGEMENT

It is a matter of pride and privilege for me to have done a summer internship project in “**Shumstar Global Business Solution Ltd.**”, and I am sincerely thankful to them for providing this opportunity to me.

I am thankful to “**Mr. Swapnil Dagwar**” for guiding me through this project and continuously encouraging me. It would not have been possible to complete this project without his / her support.

I am also thankful to all the faculty members of Department of Management Sciences and Research, G S College of Commerce and Economics, Nagpur and particularly my mentor “**Dr. / Prof. Geeta Naidu Ma'am**” for helping me during the project.

Finally, I am grateful to my family and friends for their unending support.

Shubham Borkar

INDEX TABLE

Sr. No.	Particulars	Page No.
1	Introduction	01
2	Company profile	04
3	Terminologies	06
4	Objective of study	07
5	Scope of study	08
6	Need of study	09
7	Contribution during SIP	10
8	Limitations	11
9	Research methodology	12
10	Findings	14
11	Conclusion	18
12	Suggestion	19
13	Bibliography	20

1. INTRODUCTION TO TOPIC

1.1 Theoretical Background

Working Capital –

Working capital management is a significant fact of financial management due to the fact that it plays a pivotal role in keeping wheels of a business enterprise running working capital management concerned with short term financial decisions that ideal production technology and imperfect market and distribution system are responsible for the generation of current assets which block the funds of an enterprise. Working capital is needed to release such blockage of funds.

$$\text{Working capital} = \text{current Assets} - \text{Current Liability}$$

A. Current Assets:-

It is rightly observed , “current assets have a short life span these Type of assets are engaged in current operation of business and normally used for short term operation of the firm during an accounting period i.e., within twelve months. Two importance characteristics of such assets are (I) short life span, (ii) swift transformation into other form of assets. Cash balance may be held idle for a week or w\two, account receivable may have a life span of 30 to 60 days, and inventories may be held for 30 to 100 days, “Fitzgerald defined current assets as, “Cash in the ordinary.

- **Sundry Debtors :**

Debtors are those to who products are supplied on credit basis. These amounts are collected within the accounting period. Therefore, they are converted into cash as per requirement hence they are considered under current assets.

- **Inventories :**

Closing stock or inventory includes raw materials. Work in progress and finished good. Which are needed for the smooth running of the organization. Generally inventory is maintained by every organization which is bound to meet its demand in the market. The amount of inventory maintained by the firm represent its profitability position. The quality must not be in excess or inadequate, it must be according to the requirement. The stores must be able to meet the market demand.

- **Cash and bank :**

Every organization or firm maintain cash reserves in their accounts. This is the major key on which working of the entire organization is depends upon. This is required in every aspects of production. Marketing, financing etc. In other words, it can be said that it plays a vital role in the functioning of any organization.

B. Current Liabilities:-

The firm creates a Currents Liabilities towards creditors (sellers) from whom it has purchased raw materials on credit. This liability is also know as accounts payable and shown in the balance sheet till the payments within an accounting cycle are known as Current Liabilities. These can be define as “those liabilities where liquidation is reasonable excepted to require the used of existing resources properly classifiable as current assets, or the creation of currents assets, or the creation of other current liabilities.

- **Sundry Creditors :**

Creditors are those from whom products are purchased on credits basis. These amounts are paid within the accounting period. If the creditors Numbers increase the amount payable also increase which further increase the liquidity.

- **Short term loans :**

While your new business may not qualify for a line of credit from a bank, you might have success in obtain a one- time loan (less than a year) to fiancé your temporary working capital needs. If you have established a good banking relationship with a banker, he or she might be willing to provide a short- term note for one order or for a seasonal inventory and/or accounts receivable build-up. In addition to analysing the average number of days it takes to make a products (inventory days) and collect on an accounts (accounts receivable days).

1.2 COMPANY PROFILE



The advertisement banner for SHUMSTAR FINSERV features the company logo at the top left, with the tagline 'GLOBAL BUSINESS SOLUTIONS'. To the right, contact information is provided: 'info@shumstarglobal.com' and 'www.shumstarglobal.com'. The central theme is 'UNLIMITED LOAN' in large white letters on a red background, followed by 'Less Documentation | Fast Disbursement' in black text on a yellow background. Below this, eight loan categories are illustrated with icons: Personal Loan (hands holding a rupee symbol), Gold Loan (gold bars), Home Loan (family in a house), Business Loan (hand holding a document), Mortgage Loan (hand holding a house icon), Doctor's Loan (two doctors), Machinery Loan (factory machinery), Engineer's Loan (engineer in a hard hat), and Auto Loan (car on a red carpet). At the bottom, a grid of partner bank logos is displayed, including HDFC BANK, ICICI Bank, IDFC, SAJAJ FINSERV, SHRAM, DCB BANK, Trade Assist, CAPITAL FIRST, TATA CAPITAL, CAPITAL FLOAT, DCA CAPITAL, AXIS BANK, INDOSTAR, MAGMA, Industind, YES BANK, RBL BANK, SHDC, and kotak. The banner concludes with the call-to-action 'Call Now: 9310414949, 9350714949' in bold black text on a yellow background.

Sumstar global business solution limited is a Publice incorporated on 07 June 2017. It is classified as Non Govt Company and is registered at Registrar of Companies, Kanpur. Its authorised share capital is Rs. 500,000 and its paid up capital is Rs. 500,000. It is involved in other service activities.

Shumstar global Business Solutions Limited's Annual General Meeting (AGM) was last held on 29 September 2018 and as per records from Ministry of Corporate Affairs (MCA), its balance sheet was last filed on 31 March 2018.

Director of Shumstar global Business Solution Limited are

- 1. Jyotsna Dubey,**
- 2. Kumar Pranay and**
- 3. Anil Kumar Duvey.**

Shumstar Global Business Solution Limited Corporate Identification number is (CIN) **U93098UP2017PLC093908** and its registration number is 93908.

Its Email ID sunnykumar93908@gmail.com and

Registered Address is UGF-31, OMAXE PARK PLAZE SHAKTI KHAND-2, INDIRAPURAM, GHAZIABAD, UP 201014.

3. TERMINOLOGIES

1. Harsh Pratap Singh, Satish Kumar, (2014) “Working Capital management a literature review and research agenda”. The purpose of this paper is to review research on working Capital Management (WCM) and to identify gaps in the current body of knowledge, which justify future research work is empirical and focuses mainly on two aspects, impact of working capital on profitability of firm and working capital practices.
2. Amalendu Bhunia, (2010) has undertaken an analysis of financial performance of pharmaceutical companies to understand how management of finance plays a crucial role in the growth. The present study covers two public sector drug & pharmaceutical enterprises listed on BSE. The study has been undertaken for the period of twelve year from 1997 – 98. In order to analyse financial efficiency, various accounting ratios have been used. Satisfaction measures namely Linear Multiple Regression Analysis and test of Hypothesis test has been used.
3. Prasanta Paul, (2011) reported that Financial Performance Evaluation- a Comparative Study of some selected NBFCs. In this study, five listed NBFCs have considered for analysing comparative financial performance. Different statistical tools like, Arithmetic mean, Standard Deviation, Coefficient of Variance, Correlation and Arithmetic Mean (AM) is an ideal measure of central tendency, which is rigidly defined, easy to calculate, based on all observations and affected least by fluctuations of sampling, has been applied in this study. It has been used to get a stable average and it is easy to understand the results of the study.

4. OBJECTIVE OF STUDY

- To study the various components of working capital.
- To analyse the liquidity trend of Shumstar Global Business Solution Ltd.
- To apprise the utilization of current assets and current liabilities and find our short coming if any.
- To suggest measure for effective management of working capital.
- To measure and evaluate the liquidity and profitability position of Shumstar Global Business Solution Ltd.

5. SCOPE OF STUDY

- The project will be a learning of planning and financial working capital
- The management of working capital help us to maintain the working capital at a satisfactory level by managing the current assets and current liabilities.
- It also help to maintain proper balance between profitability risk and liquidity of the business significant.
- By managing the working capital. current liabilities are paid in time

6. CONTRIBUTION DURING SIP

- Customers complaint handling and dispute resolution
- To help and provide detailed loan avail structure to the customer
- To find out the loan availers and help them to taking loan
- Involvement in financing department to enlisting the aims for short term and long term
- Learned to predicting the upcoming financial situation
- Learned to handling the dangerous financial situation
- Analysed, recorded and verified daily investment activity
- Prepared monthly report.

7. LIMITATIONS OF STUDY

- Time factor is the most crucial one. The study was conducted within a short period of two months.
- Shumstar Global Business Solutions Ltd. Executives were hesitating to provide information.
- I had to wait for long time to make contact with executives, because they were busy with their work.
- Due to busy work schedule, detailed discussion were not possible
- It is also found that some of the executives lack interest, enthusiasm, initiative and involvement, which was de-motivated me.
- Competitors of Shumstar Global Business Solution ltd. have given less information and data.

8. NEED OF STUDY

- Revenue Profit Increase
- Cash Discount
- Easy availabilities of bank loans
- Inventories reductions
- Financial close cycle improvement

9. RESEARCH METHODOLOGY

Research is an art of scientific investigation According to Redman and Mary defines research as a “systematic effort to again knowledge”. Research methodology is way to systematically solve the research in common parlance to a search for knowledge. One can also define research as a scientific topic in fact, research is an art of scientific investigation. The research arms at finding new truth or knowledge. It is an inquiry or examination seeking facts.

A. DATA COLLECTION METHOD

- **Primary data :**

Primary data is the collection of information that is collected by the researcher with limited intermediaries as possible between him/her and the data source.

The primary data has been collected form personal interaction with staff members.

- **Secondary data :**

Secondary data means data that are already available i.e. they refers to the data which have already been collected and analysed by someone else.

a. PERIOD OF STUDY

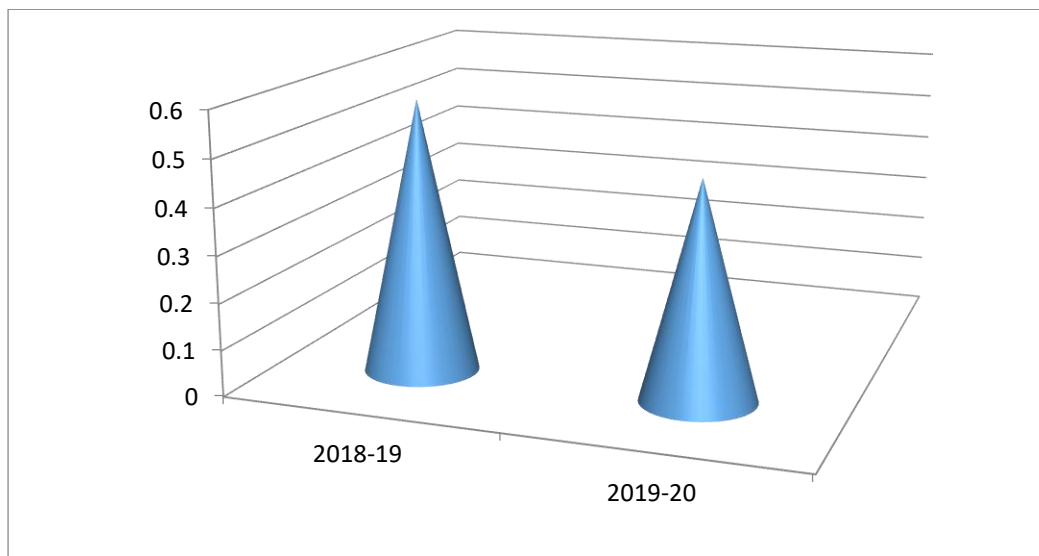
The time period of the study under consideration within 45 Days (from 20th July to 3rd September 2020).

10. DATA ANALYSIS AND INTERPRETATION

This research is based on secondary data, means data that are already available i.e. the data which have been already collected and analysed by someone else. To collect the data I have refer – company annual report, annual, balance sheet.

Table No. 1 – Total Current Assets (in cr.)

Financial year	2018-19	2019-20
Sundry Debtors	0.49	0.56
Cash and Bank	0.01	0.03
Short term Loan and Advance	0.08	0.08
Total Current Assets	0.59	0.47



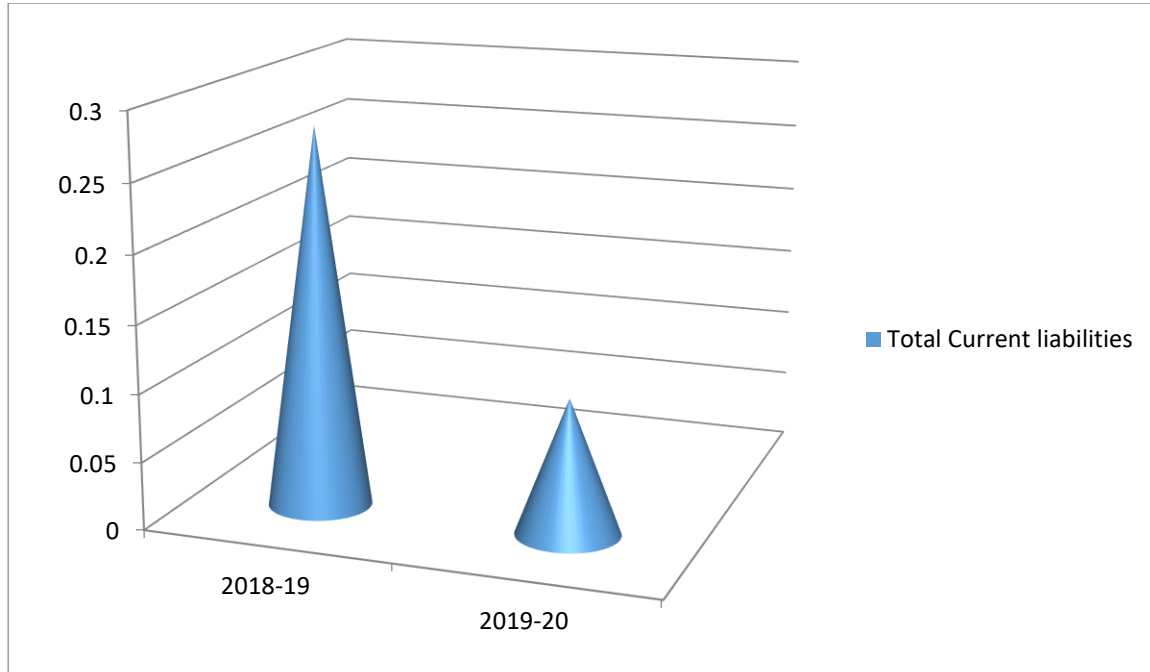
INTERPRETATION:-

The above table and graph reveals that currents assets is increase in 2019 due to increase in sundry debtors, cash and hand balance. Knows and advances every years. Increase in currents assets shows the liquidity soundness of company.

Table No. 2 – Total Current Liability –

(In Cr.)

Financial year	2018-19	2019-20
Total Current Liabilities	0.28	0.1

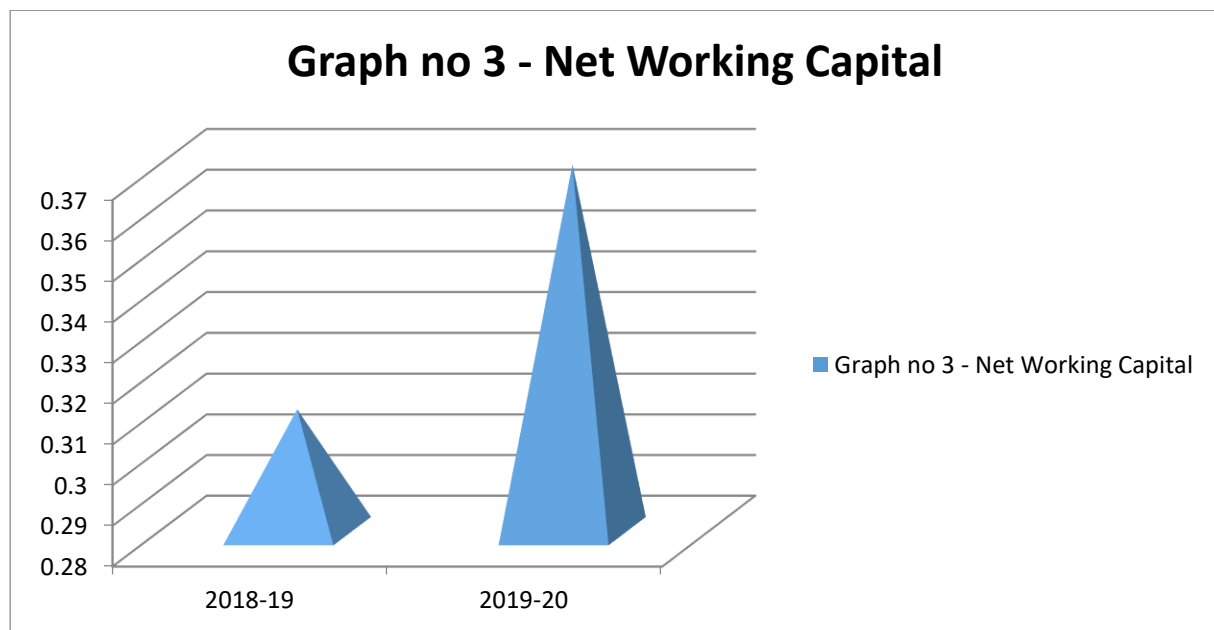


INTERPRETATION:-

The above table and Graph depicts that current liability is more in Year 2018 as compare to 2019. It also indicates that during the selected period of the study the current liabilities of Shumstar Global Business Solution Limited showing reducing Trend.

Table No 3- Net Working Capital

Financial Year	2018-19	2019-20
Total Current Assets	0.59	0.47
Total Current Liability	0.28	0.10
Net Working Capital	0.31	0.36



INTERPRETATION:-

The about table and Graph reveals that the company there is increase in working Capital. The Increase in working Capital arises because the company has expanded business.

11. FINDING, CONCLUSION AND SUGGESTION: -

1. FINDING :-

- It is found that during the period of study 2018-19 to 2019-20 current assets are more in year 2018-19 as compared to the 2019-20 year.
- It is found that during the period of study 2018-19 – 2019-20 working capital is required to finance day to day operation of a firm. Net working capital increase in year 2019-20.

2. CONCLUSION :-

- Working capital is required to finance day to day operation of a firm. There should be an optimum level of working capital. It should not be too less or not too excess. The increase in working capital arises because the company has expanded its business.

3. SUGGESTION :-

Based on the finding of the study at Shumsar Global Business Solution Ltd. Possible suggestions and recommendation are given.

- It is recommended to increase current assets by rising shareholder's fund.
- Working capital can be improved by earning profit.

12. BIBLIOGRAPHY

Internet site:-

<https://shumstarglobal.com>

www.zaubacorp.com

<https://m.economics.com>

<https://www.investopedia.com/terms/w/workingcapitalmanagement.asp>

<https://www.zaubacorp.com/company/SHUMSTAR-GLOBAL-BUSINESS-SOLUTIONS-LIMITED/U93098UP2017PLC093908>

13. ANNEXURE

**Shumstar Global Business Solution Ltd.
Statement of Standalone Assets and Liabilities**

(in Cr.)

Sr. No	Particular	2018-19	2019-20
A	EQUITY AND LIABILITIES		
1	SHAREHOLDERS FUNDS	7.18	5.98
	Share capital	0.46	-1.29
	Shareholders funds		
2	Non- currents Liabilities		
	Other long term Liabilities	0.01	1.61
	Total non- currents Liabilities	0.01	1.61
3	Currents liabilities		
	Other currents Liabilities	0.01	0.28
4	Total currents liabilities	0.01	0.28
5	TOTAL EQUITY AND LIABILITIES	0.48	0.60

B	Assets		
1	Non-Current Assets	0.01	0.01
	Current Investments		
	Total non-current assets	0.01	0.01
2	Current Assets		
	cash and hand	0.03	0.01
	short term loan and advance	0.08	0.08
	total current assets	0.47	0.59
	net current assets(including current investment)	0.46	0.31
	total current assets excluding current investment	0.47	0.59
	TOTAL ASSETS	0.48	0.60