Project Report

on

''Working Capital Management of Mahindra and Mahindra Ltd.''

Submitted to

G.S. College of Commerce and Economics

Nagpur

In partial Fullfillment for the award of the degree of

Bachelor of Business Administration

Submitted by

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Under the Guidance of

Prof. Kamlesh Thote

G.S. College Of Commerce & Economics, Nagpur

Academic Year 2021 – 22

G.S. College Of Commerce & Economics , Nagpur

Academic Year 2021 – 22

CERTIFICATE

This is to certify that '' **Aditya Daharwal**'' has Submitted the project report titled '' **Working Capital Management of Mahindra and Mahindra ltd.**'' , towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he has ingeniously completed his project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

Prof. Kamlesh Thote	**Dr. Afsar Sheikh**
(Project Guide)	**(Co-Ordinator)**

Place:

Date:

G.S. College of Commerce & Economics, Nagpur

Academic Year 2021 – 22

DECLARATION

I here-by declare that the project with title "Working Capital Management of Mahindra And Mahindra ltd.'' has been completed by me in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Aditya Daharwal

Place:

Date :

ACKNOWLEDGEMENT

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to Dr.N.Y.Khandait, Principal, G.S. College of Commerce & Economics, Nagpur.

I am extremely thankful to my Project Guide Prof. Kamlesh Thote for his guideline throughout the project. I tender my sincere regards to Co-Ordinator, Dr. Afsar Sheikh for giving me outstanding guidance, enthusiastic suggestions and invaluable encouragement which helped me in the completion of the project.

I will fail in my duty if I do not thank the non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful.

Aditya Daharwal

Place:

Date:

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CHAPTER 1

INTRODUCTION

INTRODUCTION

"Working capital means the part of the total assets of the business that change from one form to form in ordinary course of business operation."

Concept of Working Capital:-

The word working capital is made of two words

1. **Working**
2. **Capital**

The word working means day to day operation of the business, whereas the word capital means monetary value of all assets of the business.

Working capital:-

Working capital may be regarded as the life blood of business. Working capital is of major importance to internal and external analysis because of its close relationship with the current day today operation of a business. Every business needs funds for two purposes.

- Long term funds are required to create production facilities though purchase of fixed assets such as plants machines, lands, buildings &etc.

- Short term funds are required for the purchase of raw materials, payment of wages, and other day-to-day expenses. It is otherwise known as revolving or circulating capital it is nothing but the difference between current assets and current liabilities .i.e.

WORKING CAPITAL = CURRENT ASSET – CURRENT LIABILITIES

Businesses use capital for construction, renovation, furniture, software, equipment or machinery. It is also commonly used to purchase inventory, or to make payroll. Capital is also used often to put a down payment down on a piece of commercial real estate. Working capital is essential for any to succeed. It is becoming increasingly important to have access to more working capital when we need it.

Concept of working capital

GROSS WORKING CAPITAL = TOTAL OF CURRENT ASSET

NET WORKING CAPITAL = EXCESS OF CURRENT ASSET OVER CURRENT LAIBILITY

CURRENT ASSET	CUREENT LAIBILITY
• Cash in hand / at bank	• Bills payable
• Bills receivable	• Sundry creditors
• Sundry debtors	• Outstanding expenses
• Short term loans	• Accrued expenses
• Investors / stock	• Bank over drafts
• Temporary investment	
• Prepaid expenses	
• Accrued incomes	

COMPONENTS OF WORKING CAPITAL

1. Current assets

A major component of working capital is current assets. A shortened definition of current assets is: a company's cash plus its other resources that are expected to turn to cash within one year. However, the following is a more complete definition: Current assets include cash (which is *not* restricted for a long-term purpose) plus the company's other resources that will turn to cash or will be used up within one year (of the date shown in the heading of the balance sheet). However, in the rare situations when a company's normal operating cycle is longer than one year, the length of the operating cycle is used in place of one year for determining a current asset. Examples of current assets (listed in the order they are expected to turn into cash) include:

- cash and cash equivalents
- temporary investments
- accounts receivable
- inventory
- supplies
- prepaid expenses

2. Current liabilities

The other major component of working capital is current liabilities. A shortened definition of current liabilities is: a company's obligations that will be due within one year. However, a more complete definition is: Current liabilities are a company's obligations (that are the result of a past event) that will be due within one year of the balance sheet's date. However, in the rare situations when a company's normal operating cycle is longer than one year, the length of the operating cycle is used in place of one year for determining a current liability. Examples of current liabilities include:

- loan principal amounts that will be due within one year
- accounts payable
- wages payable
- payroll taxes withheld from employees
- Accrued expenses/liabilities (utilities, repairs, interest, etc.)
- customer deposits and deferred revenues

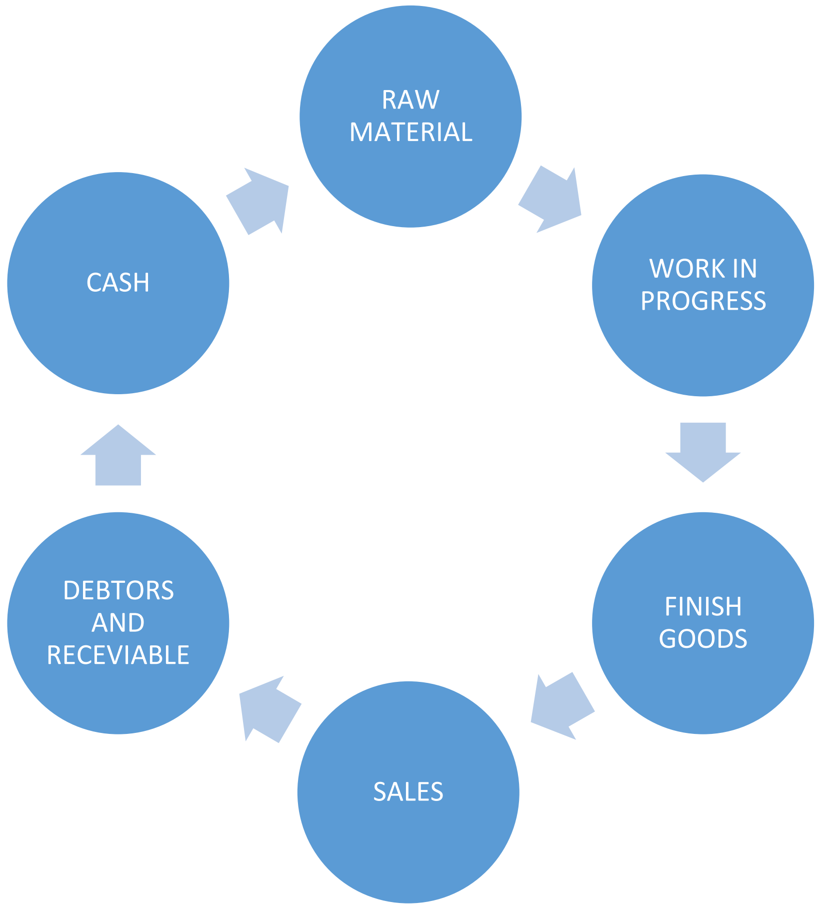
If there is assurance that a current liability will be replaced by a long-term liability, it should be reported as a long-term liability. (The reason is the liability will not be requiring the use of the company's working capital.)

3. Operating cycle

The need of working capital arrived because of time gap between production of goods and their actual realization after sale. This time gap is called "operating cycle" or "working capital cycle". The operating cycle of a company consist of time period between procurement of inventory and the collection of cash from receivables. The operating cycle is the length of time between the companies' outlay on raw materials, wages and other expenses and inflow of cash from sales of goods. Operating cycle is an important concept management of cash and management of cash working capital. The operating cycle reveals time that elapses between outlays of cash inflow of cash.

Quicker the operating cycle less amount of investment working capital needed it improves probability. The duration of the operating cycle depends on mature of industries and efficiency working capital management.

OPERATING CYCLE



WORKING CAPITAL RATIOS

Ratio analysis can be used by financial executives to check upon the efficiency with which working capital is being used in the enterprise. The following are the important ratios to measure the efficiency of working capital.

A. WORKING CAPITAL RATIO

The working capital ratio, also called the current ratio, is a liquidity ratio that measures a firm's ability to pay off its current liabilities with current assets. The working capital ratio is important to creditors because it shows the liquidity of the company.

WORKING CAPITAL RATIO = CURRENT ASSET – CURRENT LIABILITIES

B. WORKING CAPITAL LIQUIDITY RATIO

Two key measures, the current ratio and the quick ratio, are used to assess short term liquidity. Generally a higher ratio indicates better liquidity.

1) Current ratio

Liquidity ratios tell you about a company's ability to meet all its financial obligations, including debt, payroll, payments to vendors, taxes, and so on. The numbers come from the Balance Sheet. The current ratio is one of the liquidity ratios. It measures a company's ability to pay its short-term obligations. The current ratio looks at current assets and current liabilities.

$$\textbf{CURRENT RATIO} = \frac{\textit{CURRENT ASSETS}}{\textit{CURRENT LIABILITIES}}$$

2) Quick ratio

The quick ratio is an indicator of a company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets. Since it indicates the company's ability to instantly use its near-cash assets (that is, assets that can be converted quickly to cash) to pay down its current liabilities, it is also called the ACID TEST RATIO.

$$\textbf{QUICK RATIO} = \frac{\textit{CURRENT ASSET} - \textit{INVENTOTY}}{\textit{CURRENT LIABILITIES}}$$

4) Working capital turn over ratio

The working capital turnover ratio measures how well a company is utilizing its working capital to support a given level of sales. Working capital is current assets minus current liabilities. A high turnover ratio indicates that management is being extremely efficient in using a firm's short-term assets and liabilities to support sales. Conversely, a low ratio indicates that a business is investing in too many accounts receivable and inventory assets to support its sales, which could eventually lead to an excessive amount of bad debts and obsolete inventory write-offs.

$$\textbf{WORKING CAPITAL} = \frac{\textit{SALES}}{\textit{WORKING CAPITAL}}$$

5) The Debtors Turnover Ratio

The Debtors Turnover Ratio also called as **Receivables Turnover Ratio** shows how quickly the credit sales are converted into the cash. This ratio measures the efficiency of a firm in managing and collecting the credit issued to the customers.

DEBTORS TURNOVER RATIO =

$$\frac{NET\ SALES}{AVERAGE\ ACCOUNTS\ RECEIVABLE}$$

6) The Inventory turnover

The Inventory turnover is a measure of the number of times inventory is sold or used in a time period such as a year. It is calculated to see if a business has an excessive inventory in comparison to its sales level. The equation for inventory turnover equals the cost of goods sold divided by the average inventory.

$$\textbf{INVENTORY TURNOVER} = \frac{SALES}{\mathrm{INVENTORY}}$$

7) Current Assets Turnover Ratio

Current Assets Turnover Ratio indicates that the current assets are turned over in the form of sales more number of times. A high current assets turnover ratio indicates the capability of the organization to achieve maximum sales with the minimum investment in current assets. Higher the current ratio better will be the situation.

$$\textbf{CURRENT ASSET TURNOVER RATIO} = \frac{NET\ SALES}{CURRENT\ ASSETS}$$

DETERMINANTS OF WORKING CAPITAL

The amount of working capital is depends upon following factors

- **NATURE OF BUSINESS**

  Some businesses are such due to their very nature, that their requirement of fixed capital is more rather than working capital. These businesses sell services and not the commodities and that too on cash basis. As such, no funds are blocked in piling inventories and also no funds are blocked in receivables. E.g. public utility services like railways, infrastructure oriented project etc. there requirement of working capital is less. On the other hand, there are some businesses like trading activity, where requirement of fixed capital is less but more money is blocked in inventories and debtors.

- **LENTH OF PRODUCTION CYCLE**

  In some business like machine tools industry, the time gap between the acquisition of raw material till the end of final production of finished products itself is quite high. As such amount may be blocked either in raw material or work in progress or finished goods or even in debtors. Naturally there need of working capital is high.

- **SIZE AND GROWTH OF BUSINESS**

  In very small company the working capital requirement is quit high overhead, higher buying and selling cost etc. as such medium size business positively has edge over the small companies. but if the business start growing after certain limit, the working capital requirements may adversely affect by the increasing size.

- **BUSINESS CYCLE**

If the company is the operating in the time of boom, the working capital requirement may be more as the company may like to buy more raw material, may increase the production and sales to take the benefit of favourable market, due to increase in the sales, there may more and more amount of funds blocked in stock and debtors etc. similarly in the case of depressions also, working capital

may be high as the sales terms of value and quantity may be reducing, there may be unnecessary piling up of stack without getting sold, the receivable may not be recovered in time etc.

- **TERMS OF PURCHASE AND SALES**

  Some time due to competition or customs, it may be necessary for the company to extend more and more credit to consumers, as result which more and more amount is locked up in debtors or bills receivable which increases the working capital requirements. On the other hand, in the case of purchase, if the credit is offered by suppliers of goods and services, a part of the working capital requirement may be financed by them, but it is necessary to purchase on cash, the working capital requirement will be higher.

- **PROFITABILITY**

  The profitability of the business may be vary in each and every individual case, which is in turn its depend on numerous factors, but high profitability will positively reduce the strain on working capital requirement of the company, because the profits to the extent that they earned in cash may be used to meet the working capital requirement of the company.

- **OPERATING EFFICIENCY**

If the business is carried on more efficiently, it can operate in profit which may reduce the strain on working capital; it may ensure proper utilization of existing resources by eliminating the waste and improved co-ordination etc.

NEED OF WORKING CAPITAL MANGEMENT

The need for working capital gross or current assets cannot be over emphasized. As already observed, the object of financial decision making is to maximize the shareholder wealth. To achieve this, it is necessary to generate sufficient profits can be earned will naturally depend upon the magnitude of the sales among other things but sales cannot convert into cash. There is a need for working capital in the form of current assets to deals with the problem arising out of lack of immediate realization of cash against goods sold. Therefore sufficient working capital is necessary to sustain sales activity. Technically this is referring to operating or cash cycle. If the company has certain amount of cash, it will be required for purchasing the raw material may be available on credit basis. Then the company has to spend some amount for labour and factory overhead to convert the raw material in work in progress and ultimately finished goods. These finished goods convert in to sales on credit basis in the form of sundry debtors. Sundry debtors are converting into cash on credit period. Thus some amount of cash is blocked in raw materials, work in progress, finished goods, and sundry debtors and day to day cash requirement. However some part of current assets may be financed by the current liabilities also. The amount required to be invested in this current assets is always higher than the funds available from current liabilities. This is the precise reason why the needs for the working capital arise.

GROSS WORKING CAPITAL AND NET WORKING CAPITAL

There are two concepts of working capital management

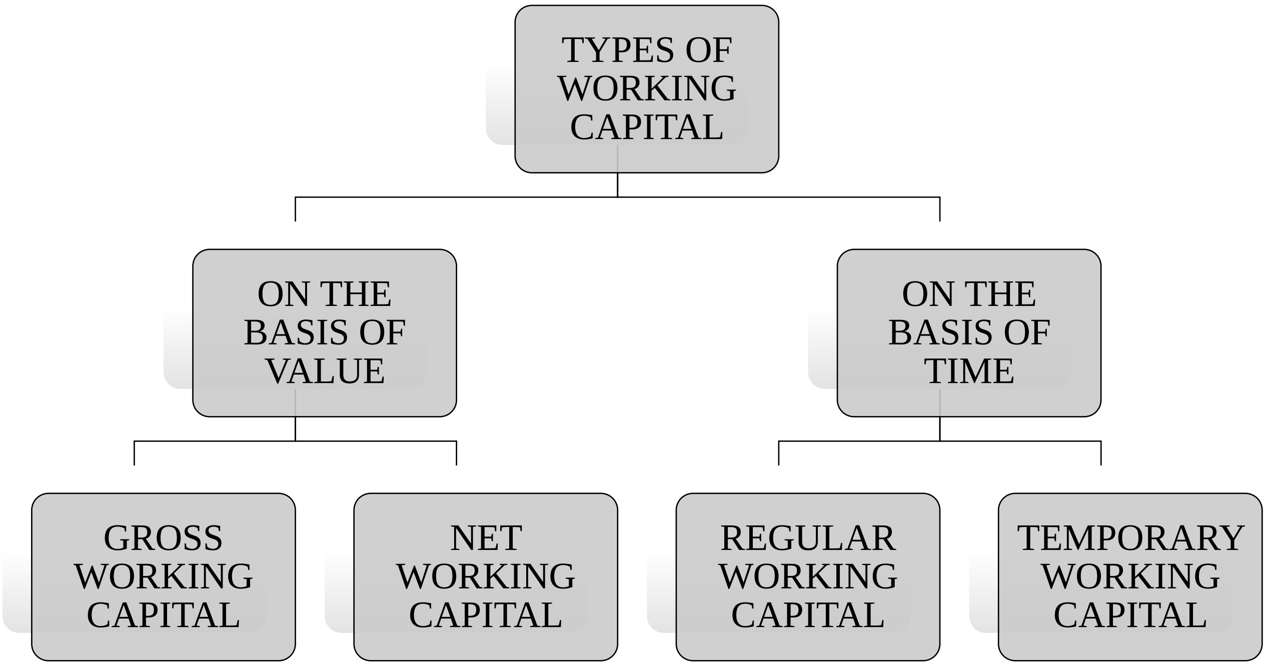
- **GROSS WORKING CAPITAL**

  Gross working capital refers to the firm's investment in current assets. Current assets are the assets which can be convert in to cash within year includes cash, short term securities, debtors, bills receivable and inventory.

- **NET WORKING CAPITAL**

  Net working capital refers to the difference between current assets and current liabilities, Current liabilities are those claims of outsiders which are expected to mature for payment within an accounting year and include creditors, bills payable and outstanding expenses. Net working capital can be positive or negative efficient working capital management requires that firms should operate with amount of net working capital, the exact Amount varying from firm to firm and depending, among other things; on nature of industries. Net working capital is necessary because the cash outflow and inflow do not coincide. The cash outflow resulting from payment of current liabilities is relatively predictable. The cash inflow is however difficult to predict. The more predictable the cash inflows are, the less net working capital will be required; the concept of working capital was, first evolved by Karl Marx. Marx used the term variable capital' means outlays for payrolls advanced to workers before the completion work. He compared this with 'constant capital' which according to him is nothing but 'dead labour'. This 'variable capital' is nothing wage fund which remains blocked in terms of financial management, in working-process along with other operating expenses until it is released through sale of finished goods. Although Marx did not mentioned that workers also gave credit to the firm by accepting periodical payment of wages which funded a portioned of work in progress the concept of working capital, as we understand today was embedded in his 'variable capital'.

TYPES OF WORKING CAPITAL



CHAPTER 2

COMPANY PROFILE

COMPANY PROFILE

MAHINDRA & MAHINDRA LIMITED

TYPE	-	PUBLIC
INDUSTRY	-	AUTOMOTIVE
TRADED AS	-	BSE: 500520
		NSE: M&M
		BSE SENSEX CONSTITUENT
FOUNDED	-	02 OCTOBER 1945 (77 year ago)
FOUNDERS	-	J.C.MAHINDRA
		K.C. MAHINDRA
		M.G. MAHINDRA
HEADQUARTERS	-	MUMBAI, MAHARASHTRA, INDIA
KEY PEOPLE	-	ANAND MAHINDRA (Chairman)
		PAWAN KUMAR GOENKA (MD)
PRODUCTS	-	AUTOMOBILES,
		COMMERCIAL VEHICLES,
		TWO-WHEELERS

PARENT - MAHINDRA GROUP

WEBSITE - www.mahindra.com

HISTORY OF MAHINDRA & MAHINDRA

Mahindra **&** Mahindra Limited is an Indian multinational car manufacturing corporation headquartered in Mumbai, Maharashtra, India. Mahindra & Mahindra was founded as a steel trading company on October 2, 1945 in Ludhiana as Mahindra & Muhammed by brothers Harikrishnan and Jayakrishnan and Jagdish Chandra Mahindra along with Malik Ghulam Muhammad. Anand Mahindra, the present Chairman of Mahindra Group, is the grandson of Jagdish Chandra Mahindra. After India gained independence and Pakistan was formed, Muhammad immigrated to Pakistan. Muhammad acquired Pakistani citizenship and settled in Lahore, and in 1948 become Pakistan's first finance minister. Thereafter, the company changed its name to Mahindra & Mahindra in 1948. It eventually saw a business opportunity in expanding into manufacturing and selling larger MUVs, starting with the assembly under licence of the Willys Jeep in India. Soon established as the Jeep manufacturers of India, the company later commenced manufacturing light commercial_vehicles (LCVs) and agricultural tractors.

Over the past few years, the company has taken interest in new industries and in foreign markets. They entered the two wheeler industry by taking over kinetic motors in India. M&M also has a controlling stake in the reva electric car company and acquired South Korea’s ssang yong motor company in 2011. In 2010-2011 M&M entered in micro drip irrigation with the takeover of EPC industries ltd in Nashik.

In October 2014, Mahindra and Mahindra acquired a 51% controlling stake in Peugeot Motocycles and acquired a 100% controlling stake in October 2019.

In December 2015, Mahindra and Mahindra Ltd and affiliate Tech Mahindra Ltd, through a special purpose vehicle (SPV), have agreed to buy a 76.06% stake in Italian car designer Pininfarina SpA, for €25.3 million (around Rs.186.7 crore).

In January 2017, Mahindra and Mahindra Ltd (M&M) acquired a 75.1 equity stake in Hisarlar Makina Sanayi ve Ticaret Anonym Şirketi (Hisarlar), a farm equipment company, marking its entry into Turkey.

In September 2017 Mahindra and Mahindra Ltd acquired Erkunt Traktor Sanayii AS, a Turkish tractor maker and its foundry business for 800 crore. Its major competitors in the Indian market include Maruti Suzuki and Tata Motors

SHARE HOLDING

SHAREHOLDERS	SHAREHOLDING
PROMOTERS	19.84%
MUTUAL FUNDS	9.59%
FOREIGN INSTITUTIONAL INVESTOR	34.22%
OTHER INSTITUTIONS	18.46%
PUBLIC	13.49%
OTHER	4.4%
TOTAL	100.0%

CHAPTER 3

RESEARCH STUDY

OBJECTIVIES OF THE STUDY

Study of the working capital management is important because unless the working capital is managed effectively, monitored efficiently planed properly and renewed periodically at regular intervals to remove bottlenecks if any of the company cannot earn profits and increase its turnover. With this primary objective of the study, the following further objectives are framed of a depth analysis.

- To study the working capital management of Mahindra & Mahindra.
- To gain familiarity with various components of working capital in Mahindra & Mahindra.
- To study the liquidity position through various working capital ratios.
- To offer suitable suggestions based on findings of the study.

NEED OF THE STUDY

- Well-managed working capital is crucial to the running of a healthy and successful business.
- An important part of working capital management is a company's cost structure. Working capital represents the liquidity available to a business.
- In this background the present study is needed to know the significance of the working capital is for Mahindra & Mahindra, how the Mahindra & Mahindra managed the working capital for the smooth running of the business.

RELEVANCE OF STUDY

A company spends most of their time and effort on day to day working capital management. Still, due to the inability of financial mangers to properly plan and control the current assets and current liabilities of their company, the failure of business can be attributed to the inefficient working capital management. Inadequate working capital leads to company bankruptcy. On the other hand, too much working capital results in wasting cash and ultimately the decrease in the profitability. A decrease in profitability can leads to the decrease in the company share prices. So it is important to for the company to make effective working capital for the betterment of the company.

HYPOTHESIS OF THE STUDY

A hypothesis is a tentative statement about the relationship between two or more variables. Remember, a hypothesis does not have to be correct. While the hypothesis predicts what the researchers expect to see, the goal of research is to determine whether this guess is right or wrong.

- **Null Hypothesis H0**:

1) the firm is facing difficulty in paying short term debt.

2) the current liabilities are increasing than current asets year by year.

- **Alternative Hypothesis H1 :**

1) the firm is not facing difficulty in paying short term debt.

2) the current liabilities are decreasing than current asets year by year.

BALANCE SHEET

PARTICULAR	MARCH 21	MARCH 20	MARCH 19	MARCH 18	MARCH 17
CURRENT ASSETS					
CURRENT INVESTMENT	4,488.47	2,189.65	2,983.96	3,937.49	3,606.70
Inventories	3,955.47	3,400.91	3,839.27	2,701.69	2,758.01
Trade receivables	2,342.85	2,998.98	3,946.30	3,172.98	2,938.84
Cash And Cash Equivalents	6,255.42	4,236.51	3,731.66	2,893.73	1,687.48
Short Term Loans And Advances	756.94	512.02	673.40	975.16	506.51
Other Current Assets	2,513.15	1,803.42	2,896.47	2,793.42	1,110.46
TOTAL CURRENT ASSETS	**20312.30**	**15,141.49**	**18,071.06**	**16,474.47**	**12,608.00**
CURRENT LIABILITIES					
Short Term Borrowings	24.74	900.00	448.54	668.47	538.88
Trade Payables	9,988.16	6,785.83	9,678.15	8,603.40	6,881.08
Other Current Liabilities	4,633.79	2,691.43	3,518.71	3,383.95	1,648.61
Short Term Provisions	486.48	595.56	688.67	667.39	565.48
TOTAL CURRENT LIABILITIES	**15,133.17**	**10,972.82**	**14,334.07**	**13,323.21**	**9,634.05**

CHAPTER 4

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

- Research methodology is a way to systematically solve the research problem.
- It may be understood as a science of studying now research is done systematically.
- In that various steps, those are generally adopted by a researcher in studying his problem along with the logic behind them.
- It is important for research to know not only the research method but also know methodology.
- "The procedures by which researchers go about their work of describing, explaining and predicting phenomenon are called methodology".
- All this means that it is necessary for the researcher to design his methodology for his problem as the same may differ from problem to problem.
- Data collection is important step in any project and success of any project will be largely depend upon now much accurate you will be able to collect and how much time, money and effort will be required to collect that necessary data, this is also important step.
- Data collection plays an important role in research work. Without proper data available for analysis you cannot do the research work accurately.

DATA COLLECTION

TYPES OF DATA COLLECTION

Data can be defined as the quantitative or qualitative values of a variable. Data is plural of datum which literally means to give or something given. Data is thought to be the lowest unit of information from which other measurements and analysis can be done. Data can be numbers, images, words figures, facts or ideas. Data in itself cannot be understood and to get information from the data one must interpret it into meaningful information. There are various methods of interpreting data. Data sources are broadly classified into primary and secondary data.

IMPORTANCE OF DATA AND DATA COLLECTION

Data is one of the most important and vital aspect of any research studies. Researchers conducted in different fields of study can be different in methodology but every research is based on data which is analyzed and interpreted to get information.

Data is the basis unit in statistical studies. Statistical information like census, population variables, health statistics, and road accidents records are all developed from data.

Data is important in computer science. Numbers, images and figures in computer are all data.

TYPES OF DATA

PRIMARY DATA

Primary data is information collected directly from the first-hand experience. This is the information that you gather for the purpose of a particular research project. Primary data collection is a direct approach that fits to specific company needs. It can be a long process but does provide important first-hand information in many business cases. Primary data is original data – from the first source. It is like raw material.

Most popular examples of primary data sources are:

- Interview (personal interview, telephone, e-mail)
- Self-administered surveys and questionnaires
- Field observation
- Experiments
- Life histories
- Action research
- Case studies
- Diary entries, letters, and other correspondence
- Eyewitness accounts
- Ethnographic research
- Personal narratives, memoirs.

Advantages of primary data:

- **Resolve specific research issues**

  Performing your own research allows you to address and resolve issues specific to your own business situation. The collected information is the exact information that the researcher wants to know and he reports it in a way that benefits the specific situation in an organization. Marketers and researchers are asked to find data regarding specific market instead of finding data for the mass market. This is the main difference from secondary data.

- **Better accuracy**

  Primary data is much more accurate because it is directly collected from a given population.

- **Higher level of control**

  the marketer can control easily the research design and method. In addition, you have a higher level of control over how the information is gathered.

- **Up-to-date information**

  the primary market research is a great source of latest and up-to-date information as you collect it directly from the field in real time. Usually, secondary data is not so up-to-date and recent.

- **You are the owner of the information**

  Information collected by the researcher is their own and is typically not shared with others. Thus, the information can remain hidden from other current and potential competitors.

Disadvantages:

- **More expensive** – it could be very expensive to obtain primary data collection because the marketer or the research team has to start from the beginning. It means they have to follow the whole study procedure, organizing materials, process and etc.

- **Time consuming** – it is am matter of a lot of time to conduct the research from the beginning to the end. Often it is much longer in comparison with the time needed to collect secondary data.
- **Can have a lot of limits** - Primary data is limited to the specific time, place or number of participants and etc. To compare, secondary data can come from a variety of sources to give more details

What is secondary data?

Secondary data is the data that have been already collected for another purpose but has some relevance to your research needs. In addition, the data is collected by someone else instead of the researcher himself. Secondary data is second-hand information. It is not used for the first time. That is why it is called secondary. Secondary data sources provide valuable interpretations and analysis based on primary sources. They may explain in details primary sources and often uses them to support a specific thesis or a point of view.

Most common examples of **secondary data sources are:**

- Previous research
- Mass media products
- Government reports
- Official statistics
- Web information
- Historical data
- Journal articles
- Biography
- Research analysis

- Financial sources such as profit and loss statements balance sheets, inventory records, sales records and etc.

Advantages of Secondary Data:

Time and Cost Effective

Generally, the secondary data can be collected very easily where researchers have to find the source of that data and then collect it at all. Besides, the time and cost required to collect this type of data is very lesser as compared to that of primary data. Hence, it can be said that it is primary advantage of secondary data. This thing helps the researchers to collect the data easily and without spending much time and financial resources.

Ease of Access

In order to access good secondary data, the marketers visit libraries or the places where the secondary data can be found easily. Besides, internet has also made the secondary data also very much easier to access and it can be said as another advantage of the secondary data. As an example of a research study, the literature review can be said as a secondary data which can be accessed very easily.

Disadvantages of Secondary Data

The disadvantages of the secondary data can include a number of things. Following are some of them:

- **Not Specific to One's Needs**

In many forms of the secondary research data, it is not specific to the needs of a researcher. Therefore, the researcher cannot only rely on the secondary research data and it is not of much use to him. It can be exemplified better by stating a simple scenario. For example, a person or organization that collected the data for it will be saved as secondary data for future researches. However, the future researchers who will use that data as secondary data might not find it appropriate and specific to their needs.

- **Biasness**

The secondarily collected data is usually collected by someone else than the one who uses it. Hence, generally the secondary data is biased in the favour of one who collected it and might not necessarily meet with the requirements of another researcher. In addition, biasness can also refer to the disadvantage in terms of the researcher manipulating the secondary data.

- **Lack of Availability**

This can also be said as other disadvantages where the secondary data might not be available and accessible easily. Sometimes, it can be the case that researcher may not be able to find the exactly relevant and appropriate secondary available data. Sometimes, a researcher conducting a study on a particular topic does not find himself in a position to find the data which addresses his research question and purpose in a proper manner.

- **Time Lag Issues**

Information which is collected from secondary sources such as books and historical surveys might not sync with the times and it can change drastically. Hence, this can emerge as another disadvantage of the secondary research data where the time lag issue rises and as a result, it can be highly risky for the business or a project.

In my project report I have used secondary data for analysis of working capital management of Mahindra & Mahindra.

CHAPTER 5

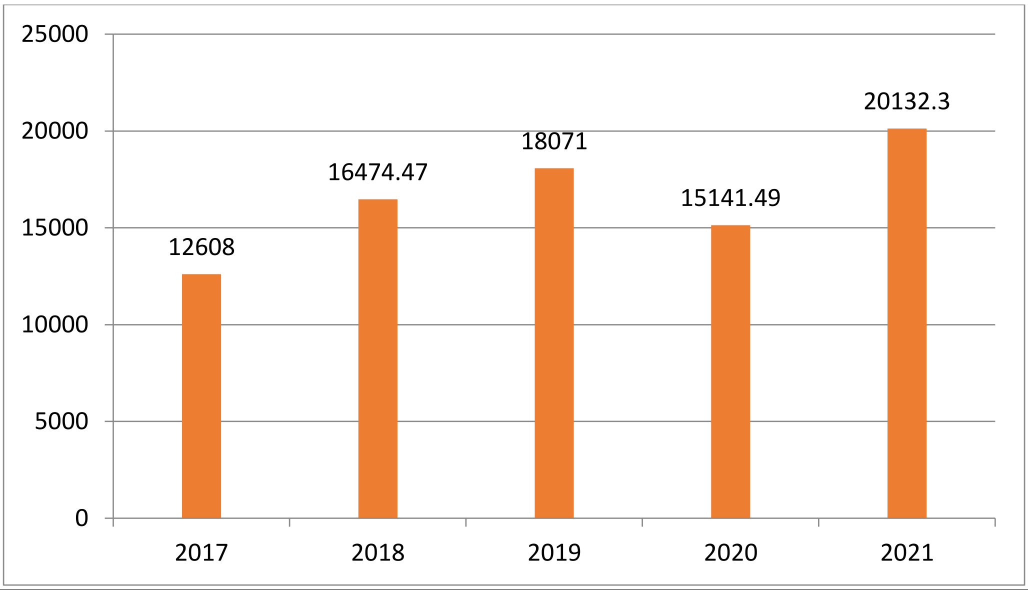
DATA ANALYSIS AND INTERPETION

DATA ANALYSIS AND INTERPRETATION

LIQUIDITY RATIOS:-

- **CURRENT ASSET:-**

YEAR	CURRENT ASSETS
MARCH 17	12608
MARCH 18	16474.47
MARCH 19	18071.0
MARCH 20	15141.49
MARCH 21	20312.30

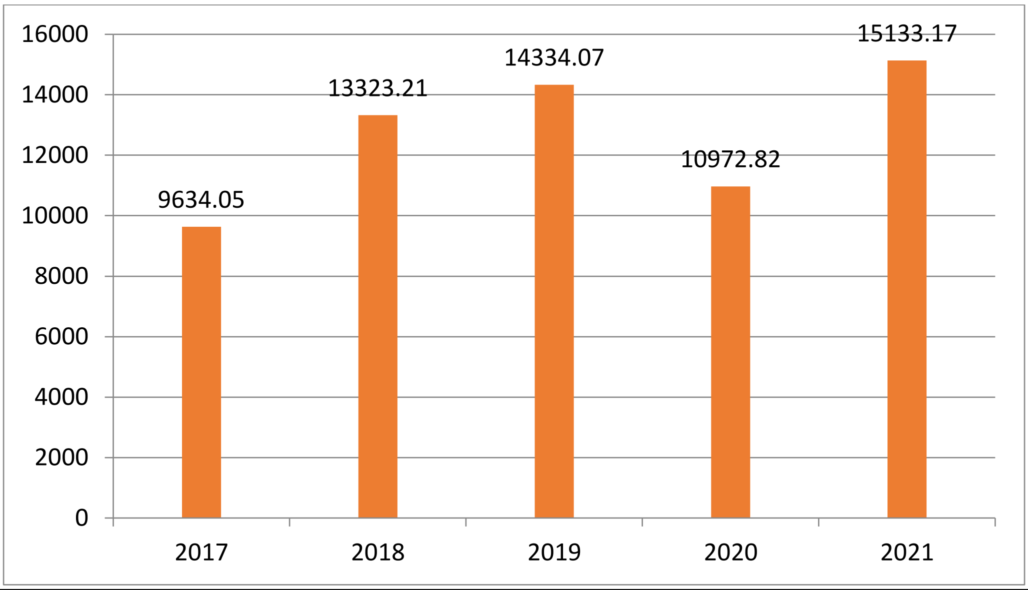


INTERPRETATION

Current assets of the company are increasing continuously from 10128.21 to 18071 from the year march 2015 to march 2019.

- **CURRENT LIABILITY:-**

YEAR	CURRENT LIABILITIES
MARCH 17	9634.05
MARCH 18	13323.21
MARCH 19	14334.07
MARCH 20	10972.82
MARCH 21	15133.17



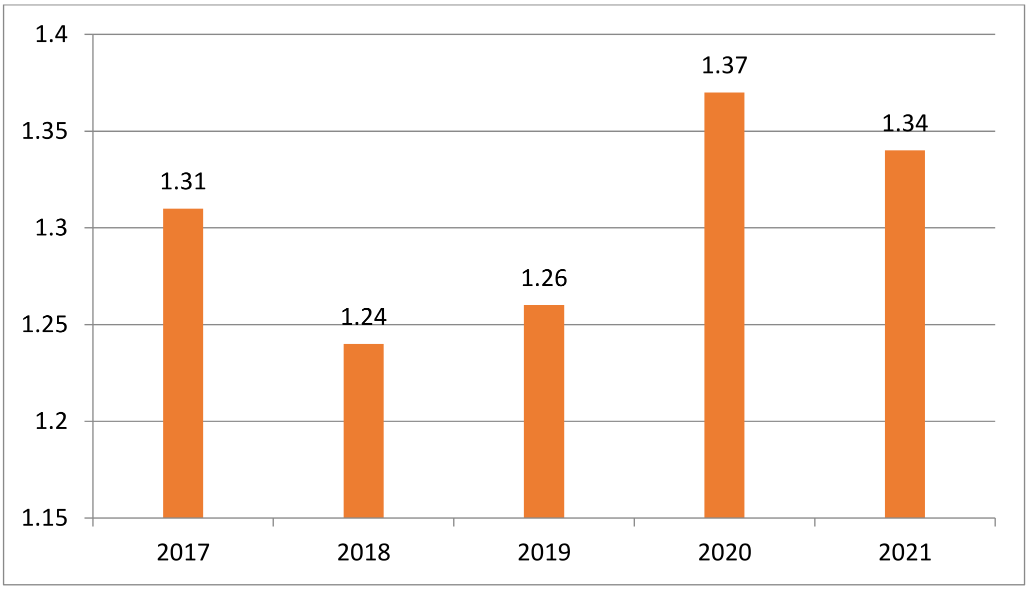
INTERPRETATION

Current liabilities of the company are increasing continuously from 8974.27 to 14334.07 from the year march 2015 to march 2019. When companies have minimum liabilities it creates a better goodwill in market. High current liabilities indicate that company is using credit facilities by creators.

- **CURRENT RATIO:-**

$$\text{CURRENT RATIO} = \frac{\textit{CURRENT ASSETS}}{\textit{CURRENT LIABILITIES}}$$

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	RATIOS
MARCH 17	12608	9634.05	1.31
MARCH 18	16474.47	13323.21	1.24
MARCH 19	18071.0	14334.07	1.26
MARCH 20	15141.49	10972.82	1.37
MARCH 21	20132.30	15133.17	1.34



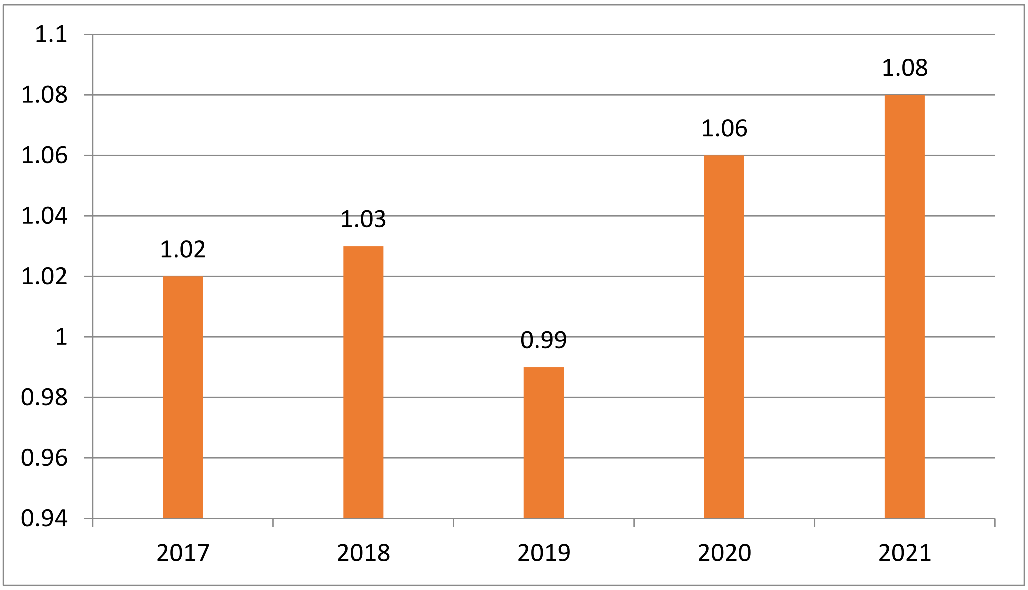
INTERPRETATION

Current ratio of the company is increasing continuously from 1.31 to 1.34 from the year march 2017 to march 2019. And it decreases from 1.31 to 1.24 from march 2017 to march 2018 and it further slightly increase from 1.24 to 1.26 from march 2018 to march 2019. As the current ratio in slightly decline from March 2017 to march 2019 the company needs to improve its position.

- **QUICK RATIO:-**

$$\text{QUICK RATIO} = \frac{\textit{CURRENT ASSET} - \textit{INVENTOTY}}{\textit{CURRENT LIABILITIES}}$$

YEAR	CURRENT ASSETS - INVENTORY	CURRENT LIABILITIES	RATIOS
MARCH 17	9849.99	9634.05	1.02
MARCH 18	13772.78	13323.21	1.03
MARCH 19	14231.79	14334.07	0.99
MARCH 20	11740.58	10972.82	1.06
MARCH 21	16356.83	15133.17	1.08



INTERPRETATION

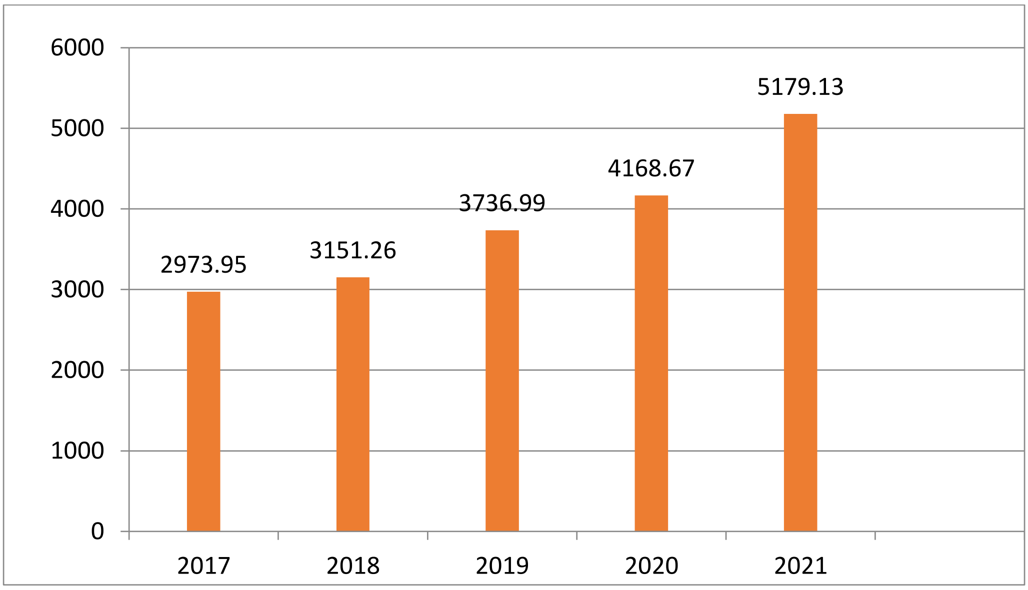
Quick ratio of the company is increasing continuously from 1.02 to 1.03 from the year march 2017 to march 2018 but it slightly decreases from 1.03 to 0.99 from March 2018 to March 2019. A company should have quick ratio greater than 1 so that it can pay for its current liabilities easily. The company has to improve its quick ratio for smooth pay of current liabilities.

- **WORKING CAPITAL:-**

WORKING CAPITAL

$$= \boldsymbol{CURRENT\ ASSETS - CURRENT\ LIABILITIES}$$

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL
MARCH 15	12608	96634.05	2973.95
MARCH 16	16474.47	13323.21	3151.26
MARCH 17	18071.0	14334.07	3736.99
MARCH 18	15141.49	10972.82	4168.67
MARCH 19	20312.30	15133.17	5179.13



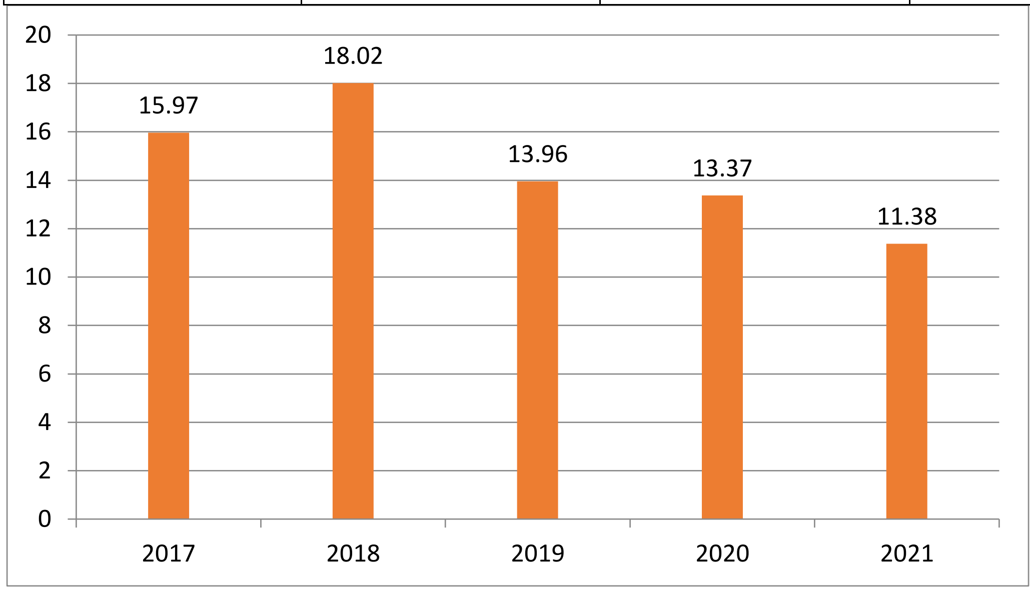
INTERPRETATION

Working capital of the company is increasing continuously from 2973.95 to 5179.13 from the year march 2017 to march 2021. From this we can conclude that the current assets of the company are higher than the current liabilities.

- **INVENTORY TURNOVER RATIO:-**

$$\text{INVENTORY TURNOVER} = \frac{\textit{SALES}}{\text{INVENTORY}}$$

YEAR	SALES	INVENTORY	RATIOS
MARCH 15	43785.36	2758.01	15.97
MARCH 16	48685.55	2701.69	18.02
MARCH 17	53614	3829.27	13.96
MARCH 18	45487.78	3400.91	13.37
MARCH 19	45040.98	3955.47	11.38



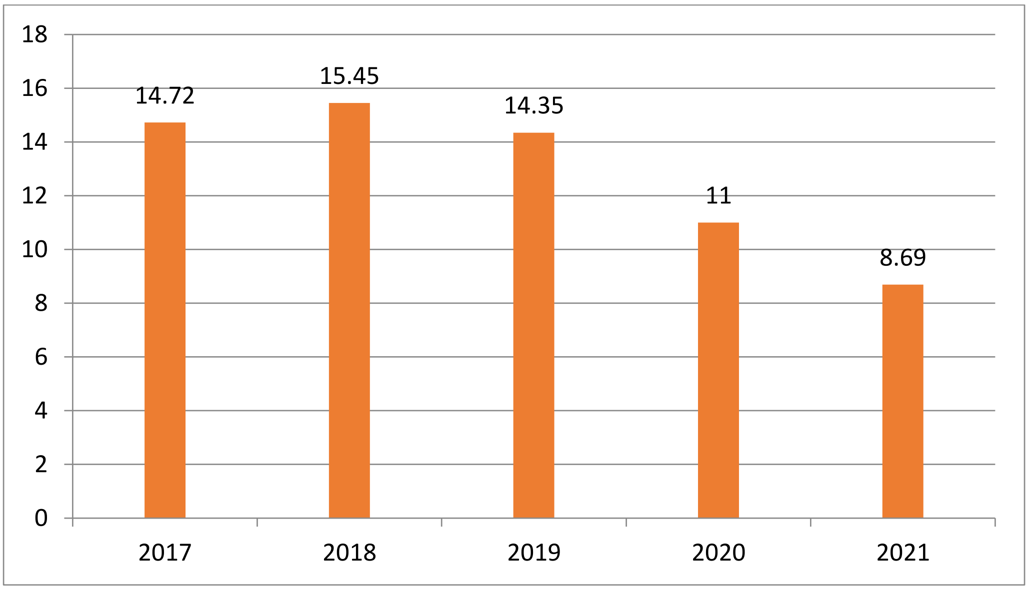
INTERPRETATION

Inventory turnover ratio of the company is increasing from 15.97 to 18.02 from the year march 2017 to march 2018. But in March 2018 to march 2019 it slightly decreases from 18.02 to 13.96. The company has to improve its position so that the stocks are frequently sold and less amount of money is required to finance the inventory

- **WORKING CAPITAL TURNOVER RATIO :-**

YEAR	NET SALES	WORKING CAPITAL	RATIOS
MARCH 17	43785.36	2973.95	14.72
MARCH 18	48685.55	3151.26	15.45
MARCH 19	53614	3736.99	14.35
MARCH 20	45487.78	4168.67	11.0
MARCH 21	45040.98	5179.13	8.69

$$\textbf{WORKING CAPITAL} = \frac{\boldsymbol{SALES}}{\boldsymbol{WORKING\ CAPITAL}}$$



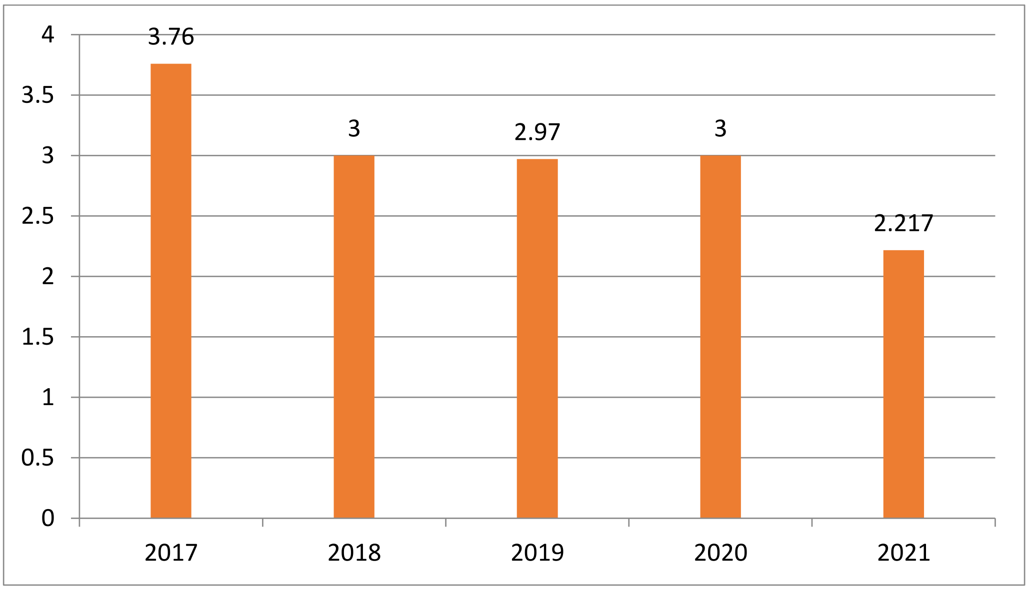
INTERPRETATION

Working capital turnover ratio of the company is decreasing continuously from 14.72 to 8.69 from the year march 2017 to march 2021. This is because the current liabilities are increasing therefore the working capital turnover ratio is decreasing.

- **CURRENT ASSET TURNOVER RATIO:**

$$\textbf{CURRENT ASSET TURNOVER RATIO} = \frac{\textit{NET SALES}}{\textit{CURRENT ASSETS}}$$

YEAR	NET SALES	CURRENT ASSETS	RATIOS
MARCH 15	43785.36	12608	3.76
MARCH 16	48685.55	16474.47	3.00
MARCH 17	53614	18071.06	2.97
MARCH 18	45487.78	15141.49	3.00
MARCH 19	45040.98	20312.30	2.217



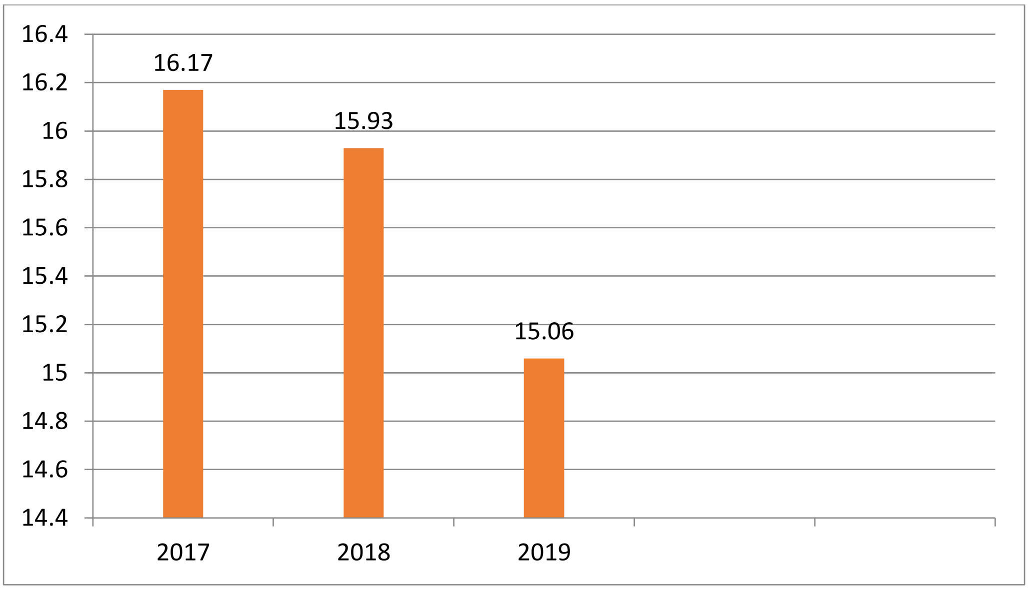
INTERPRETATION

Current assets turnover ratio of the company is decreasing continuously from 3.76 to 2.217 from the year march 2017 to march 2021. High current assets indicate the capability of the organisation to achieve maximum sales with the minimum investment in current assets. But the current asset turnover ratio is decreasing so the company needs more source of finance.

- **<u>DEBETORS TURNOVER RATIO:-</u>**

$$\textbf{Debtors Turnover Ratio} = \frac{\textit{NET SALES}}{\textit{AVERAGE ACCOUNTS RECEIVABLE}}$$

YEAR	RATIO
MARCH 17	16.17
MARCH 18	15.93
MARCH 19	15.06



INTERPRETATION

Debtor's turnover ratio of the company is decreasing from 16.17 to 15.06 from March 2017 to March 2019. This means that the average collection is taking longer time.

HYPOTHESIS TESTING

- Null Hypothesis H0:

1) The firm is facing difficulty in paying short term debt.
2) The current liabilities are increasing than current assets year by year.

- Alternative Hypothesis H1 :

1) The firm is not facing difficulty in paying short term debt.
2) The current liabilities are decreasing than current assets year by year.

1. From the above research study it is found that the null hypothesis 1 among HO i.e. the firm is facing difficulty in paying short term debt found to be correct/ true hence it is accepted Whereas Alternative hypothesis 1 among H1 the firm is not facing difficulty in paying short term debt is rejected.
2. From the above research study it is found that the null hypothesis 1 among HO i.e. the current liabilities are increasing than current assets year by year. difficulty in paying short term debt found to be correct/ true hence it is accepted Whereas Alternative hypothesis 1 among H1 i.e. the current liabilities are decreasing than current assets year by year is rejected.

CHAPTER 6

LIMITATIONS AND CONCLUSION

LIMITATIONS OF THE STUDY

- This project has completed with the annual reports; it just constitutes one part of data collection i.e secondary data.
- This project is based on 5 years annual report. Conculsion and recommendation are based on such limited data. The trend of last 5 years may or may not reflect the real working capital position of the company.
- Many facts and data are such that they are not to be disclosed because of the confidential nature of the same.
- There may be some fractional differences in the calculated ratios.
- Also this project is completely based on secondary data collected from various sources like internet, books, etc.

CONCLUSION

- Working capital of the company is increasing and showing positive working capital per year. It shows goods liquidity position.
- Positive working capital indicates that company has the ability of payment of short term debts.
- Working capital of the company increases because the current assets of the company are more than the current liabilities of the company.
- Current ratio of the company is increasing which means company has the ability to pay the short terms debts.
- Quick ratio is less than 1 in march 2019 which means the company may not able to fully pay off its current liabilities.
- Current assets turnover ratio of the company is decreasing means the company needs more finance.
- Debtor’s turnover ratio is decreasing means the average collection is taking longer time.

CHAPTER 7

SUGGESTIONS

SUGGESTIONS

- The company should follow the present working capital.
- The company should maintain the same current ratio.
- The company should increase its quick ratio so that it is able to pay off its current liabilities.
- The company should increase its current assets turnover ratio.
- Debtor’s turnover ratio should be increase.

CHAPTER 8

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