

**A
PROJECT
ON
“STUDY OF WORKING CAPITAL MANAGEMENT OF PARLE
COMPANY WITH REFERENCE TO FINANCIAL FEASIBLE FOR THE
PERIOD FY2016-FY2020”**

**Submitted to
G S COLLAGE, Nagpur**

**In partial fulfillment of requirement of
BACHELOR OF BUSINESS ADMINISTRATION**

**Submitted by
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**Under the guidance of
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**G.S. college of commerce & Economics , Nagpur
NAAC Re -Accredited "A" Grade Autonomous Institutions**



CERTIFICATE

This is to be certify that the project entitled ““Study of working capital management of Parle company with reference to financial feasible for the period fy2016-2020”” prepared by “Mahima Sonsare” submitted in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination, 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 she has completed her project as prescribed by G S Collage,Nagpur.

Name of Project Guide
(Co-ordinator)

Dr.. GEETA NAIDU

Place: Nagpur

Date: 30-06-2021

DECLARATION

I here-by declare that the project entitled ““Study of working capital management of Parke company with reference to financial feasible for the period fy2016-2020”” has been completed by me in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by G S Collage, Nagpur and has not been submitted for any other examination and does not form the part of any other course undergone by me.

Place: Nagpur

Date:30-06-2021

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Place: NAGPUR

Date: 30-06-2021

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CHAPTER 01.

INTRODUCTION

Working capital management is significant in Financial Management due to the fact. That it plays a pivotal role in keeping the wheels of a business enterprise running. Working capital management is concerned with short-term financial decisions. Shortage of funds for working capital has caused many businesses to fail and in many cases, has retarded their growth. The need for skilled working capital management has thus become greater in recent years. A firm invests a part of its permanent capital in fixed assets and keeps a part of it for working capital i.e. for meeting day to day requirements. The requirement of working capital varies from firm to firm depending upon the nature of the business, production policy, market condition and seasonality of its operations, conditions of supply etc. Working capital for a company is like a blood to a human body. Working capital management if carried out effectively, efficiently and consistently ensures the health of the organization. A company invests its funds for long term purposes and for short term or current assets to carry on its day to day

Operations are called as working Capital. Working capital refers to a firm's Investment in short term assets viz. cash, short term securities, amounts receivables and inventory of raw materials, finished goods.

Working capital is defined as the excess of current assets over current liabilities. All elements of working capital are quick moving in nature and therefore require constant monitoring. Working capital is also known as circulating capital, fluctuating capital and revolving capital. The magnitude and composition of working capital keeps on changing continuously in course of action of the business. If working capital is not properly managed then it results in unnecessary blockage of scarce resources of a company. Therefore Finance Manager should give utmost care in management of working capital.

Definations

"Working capital is the amount of funds necessary to cover the cost of operating the enterprise." -SHUBIN

"Working capital is descriptive of that capital is not fixed .but, the more common use of working capital use of working capital is to consider it as the difference between the book value of current asset and current liabilities." -HOAGLAND

"Circulating capital means current asset of company that are changed in ordinary course of business from one from other." -GERESTENBERGS

COMPONENTS OF WORKING CAPITAL

Current Assets: Current assets are those assets which are convertible into cash within a period of one year and are those which are required to meet the day to day operations of the business. The working capital management, to be more precisely the management of current assets. The current assets are cash or near cash resource.

These include:

- Cash and bank balance.
- Temporary investments.
- Short-term advances.
- Prepaid expenses.
- Receivables.
- Inventory of raw material, stores.
- Inventory of work in progress.
- Inventory of finished goods.

Current Liabilities: Current liabilities are the claims of outsiders which expected to mature for payment within cash resources . These include:

- Creditors for goods purchased.
- Outstanding expenses.
- Short-term borrowings.
- Advances received against sales.
- Taxes and dividends payable. Other liabilities maturing within a year.

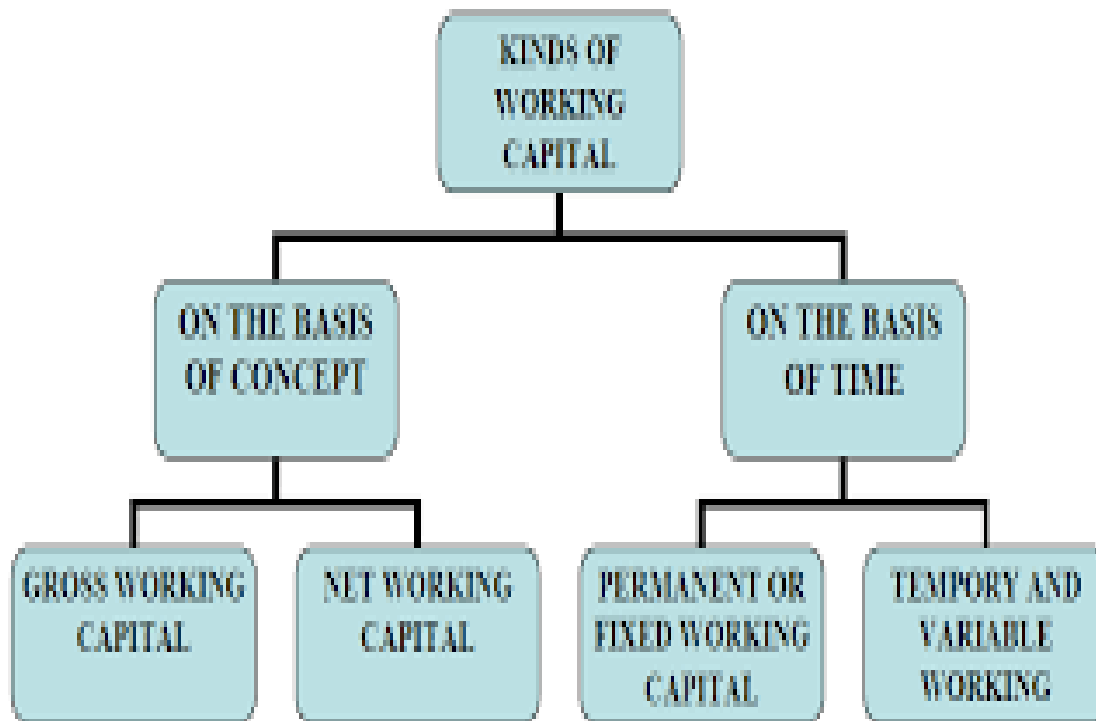
CLASSIFICATION AND KINDS OF WORKING CAPITAL

WORKING CAPITAL CAN BE CLASSIFIED IN TWO WAYS

☑ ON THE BASIS OF CONCEPT

☑ ON THE BASIC OF TIME

On the basis of this concept, working capital is classified as gross working capital and net walking capital. This classification is important from the point of view of the financial manager. On the basis of time, working capital may be classified as permanent or fixed working capital and temporary or variable working capital.



Gross working capital

The gross working capital refers to firm's investment in current assets. According this concept working capital refers to firm's investment in current assets. The amount of current liabilities is not deducted from the total current assets. The

amount of current liabilities is not deducted from the total of current assets. The concept of gross working capital is advocated for the following reason

- Profits of the firm are earned by making investments of the firm in its fixed and current assets. This suggests the part of the earning relate to investment in current assets. Therefore, aggregate of current assets should be taken to mean the working capital.
- The management is more concerned with the total current assets as they constitute the total funds available for operating purposes than with the resources from which the fund come.

An increase in the overall investment in the enterprise also brings an increase in the working capital.

Net Working Capital:

The net working capital refers to the excess of current assets over its current liabilities. It refers to the difference between current assets and current liabilities. The net working capital is the qualitative concept which indicates the liquidity position of the firm and the extent to which working capital needs of the firm may be financed by permanent sources of the funds. A portion of net working capital should be financed through permanent source of fund.

Permanent and Temporary working capital Permanent working capital:

The magnitude of the investment in working capital may increase or decrease over a period of time according to the level of production. But there is a need for minimum level of working capital to carry its business irrespective of change in the level of sales or production. Such minimum level of working capital is called as the permanent working capital.

Temporary working capital:

It is also called as fluctuating -working capital It depends upon the changes in production and sales over and above the permanent working capital. It is the extra working capital needed to support the changing business activities.

Positive & Negative Working Capital

☐ The net working capital of a firm may be positive or negative.

☐ The positive working capital represents excess of current assets over current liabilities

Sometimes the net working capital turns to be negative when current liabilities are exceeding the current assets. The negative working capital may adversely affect the operations of the firm and its profitability. The chronic negative working capital situation will lead to closure of the business and the enterprise is said to be technically insolvent

Cash Working Capital:

It is one, which is calculated from the items appearing in the Profit and Loss Account. It shows the real flow of money or value at a particular time and considered to be most realistic approach in working capital management. It is the basic of the operation cycle concept, which has assumed a great importance in financial management in recent year. The reason is that the cash working capital indicates the adequacy of the cash flow which is an essential pre requisite of a business.

Principles of working capital

There are some principles of sound working capital management

1) Principle of Risk Variation:

Risk here refers to inability of a firm to meet its obligation when they become due for payment. Large investment in current assets with less dependence on a short

term borrowing increase liquidity, reduces dependence on short term borrowing increases liquidity, reduces risk.

On the other hand less investment in current assets and greater dependence on debt increase the risk reduces liquidity and increases profitability. In other word these is a definite inverse relationship between the degree of risk and profitability.

A conservative management prefers to minimize risk by maintaining a higher level of current assets or working capital while a liberal management should be to establish a suitable trade off

2) Principles of cost of capital

The various sources of rising of working capital finance have different cost of capital and the degree of risk involved. Generally higher the risk lower is the cost and lower the risk higher is the cost..

3) Principle of Equity position:

According this principle, the amount of working capital invested in each component should be adequately justified by a firm's equity position. Every rupee invested in the current position.

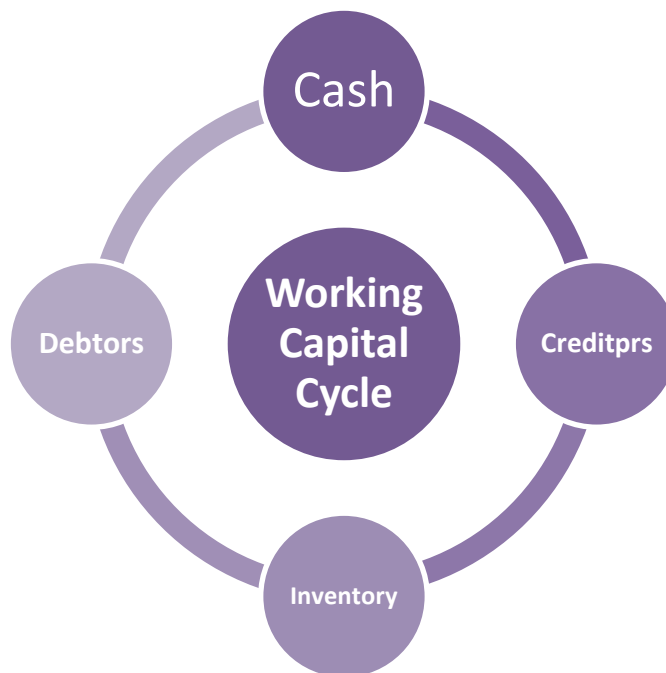
4) Principle of maturity of payment

This principle is concerned with planning he sources of finance for working capital.

WORKING CAPITAL CYCLE

The working capital cycle is also known as operating cycle. It refers to the duration between the firm's payment of cash for raw material, entering into production and inflow of cash from debtors and realization of receivables. Simply speaking, operating cycle is the duration between the outflow of cash and inflow of cash and this may be evidenced from the following working capital cycle.

The above and network diagram may offer a clear picture of a complete working capital i.e. it is a cash phenomenon. In the diagram, raw material, stock refers to material only. In work in process, components involve raw material, wages, and overhead more specifically manufacturing of material, wages and overheads inclusive of factory, office and administration and selling and distribution. Debtors include material, wages, overheads and profits. Credit involves for the components of raw material, etc. something a contingency margin is also given while estimating the working capital requirement.



SOURCES OF WORKING CAPITAL

Mainly there are two sources of working capital:

- ☒ Permanent or Fixed working capital
- ☒ Temporary or variables working capital

In any concern, a part of the working capital investments are as investment in fixed assets. This is so because there is always a minimum level of current assets, which are copiously required by the enterprise to carry out its day-to-day business operation and this minimum, cannot be expected to reduce at any time.

Similarly, some amount of working capital may be required to meet the seasonal demands and some special exigencies such as rise in prices, strikes, etc. this gives rise to short term working capital which is required for day to day transaction also.

The fixed proportion of working capital should be generally financed from the fixed capital sources while the temporary or variable working capital equipment may be met from the short term sources of capital.

LONG TERM SOURCES	SHORT TERM LOANS
1) Shares 2) Debentures 3) Public Deposits 4) Ploughing back of Profits 5) Loans from Financial institution	1) Commercial Banks. 2) Indigenous Banks. 3) Trade Creditors. 4) Installment Credit. 5) Advances. 6) Account receivable.

OPERATING CYCLE CONCEPT

Working capital is the life blood of the business, without which the fixed assets are inoperative. Working capital circulates in the business and the current assets change from one form to another. Cash used for procurement of raw materials and stores items and for payment of operating expenses, then converted into work in progress, then to finished goods. When the finished goods are sold on credit terms receivables balances are formed. When the receivables are collected, it is again converted into cash. The need for working capital arises because of the time gap between production of goods and their actual realisation after sales . This time gap is called as the operating cycle or working capital cycle.

Operating cycle can be ascertained as follows:	(Days)
Raw material holding period	XX
Work-in-progress period	XX
Finished goods holding period	XX
Receivables collection period	XX
Gross operating cycle	XX
Less: Creditors payment period	XX
Net operating cycle	XX

The above said period are ascertained as follows:

❓ Raw material holding period:-

Average raw material stock

Average consumption of raw material/365

❓ Work-in-progress period:-

Average work-in-progress

Average cost of goods sold/365

❓ Finished goods holding period:-

Average finished goods stock

Average cost of goods sold/365

❓ Receivables collection period:-

Average receivables

Average sale/365

❓ Creditors payment period:-

Average creditors

Average purchase of raw material/365

The operating cycle of Parle Company for 2016-17 is worked out as follows:

Raw material holding period	Days (51)
Work-in-progress period	13
Finished goods holding period	24
Receivables collection period	64
Gross operating cycle	152
Less: Creditors payment period	61
Less: Creditors payment period	91

In General

O-R+W+F+D-C

Where O= Operating cycle (in days)

R= Raw material holding period

W=Work-in-progress period.

F =Finished goods period.

D= Debtors collection period.

C=Creditors payment period.

❓ Reasons for prolonged operating cycle

- Purchase of raw materials in excess/short of requirements.
- Buying inferior defective material.
- Failure to get trade discount, cash discount.
- Inability to purchase during seasons.
- Defective inventory policy.
- Lack of production planning, coordination and control.
- Mismatch between production policy and demand.
- Use of outdated machinery and technology.
- Defective credit policy and slack collection policy.
- Inability to get credit from suppliers, employees.
- Lack of proper monitoring of external environment.

❓ OPERATING CYCLE MANAGEMENT

The aim of every management is to reduce the length of operating cycle or to reduce the number of operating cycle, only then the need for working capital decreases. The following remedies may be used to reduce the length of operating cycle period.

❓ Purchase management-

The purchase manager owes a responsibility in ensuring availability of right type of material of right quantity of right quality at right price on right time and at right place. This six Rs contribute greatly in improvement of length of operating cycle. Further streamlining of credit from supplier and inventory policy also help the management.

Production management-

The production manager affects the length of operating cycle by managing and controlling manufacturing cycle, which is a part of operating cycle and influences directly. Longer the manufacturing cycle longer will be the operating cycle and higher will be the firm's requirement for working capital. The following measures may be taken like :

- ☒ Proper maintenance of plant, machinery and other infrastructural facilities.
- ☒ Proper planning and coordination at all levels of operations.
- ☒ Up gradation of manufacturing system, technology.
- ☒ Selection of shortest of manufacturing cycle out of various alternatives.

Marketing management-

The sale and production policies should be synchronized as far as possible. Lack of matching increases the operating cycle period. Production of qualitative products at lower costs enhances the sales of the firm and reduces finished goods storage period. Effective advertisement, sales promotion activities, efficient salesmanship, use of appropriate reduce of storage of finished goods.

Credit collection policies:

Sound credit and collection policies enable the finance manager in minimising investments in working capital in the form of book debts. The firm should be discretionary in granting credit terms to its customers. In order to see that receivable conversion period is not increased a firm should follow a rationalized credit policy based on the credit standing of the customers and other relevant factors

External environment:

The length of operating cycle is equally influenced by external environment. Abrupt changes in basic conditions would affect the length of operating cycle. Fluctuations in demand, competitors, production and sales policies, government fiscal and monetary policies, changes on export import front *etc* should be evaluated carefully by management to minimise their adverse impact on the length of operating cycle.

FACTORS DETERMINING WORKING CAPITAL REQUIREMENT

Nature of business

The working capital requirement of a firm is closely related to the nature of the business. If we look at the balance sheet of any trading company, we find major part of resources deployed is on current assets, particularly stock in trade. Where as in trading organizations major part of resources are locked in fixed assets like motor vehicle, spares and work shades and the working capital component is negligible. The service organizations need lesser working capital than trading and financial organizations. Therefore requirement of working capital depends upon nature of business carried by the organization.

Manufacturing cycle

Time span required for conversion of raw materials into finished goods is a block period. The period in reality, extends a little before and after the WIP. This cycle determines the need of working capital. In case of industries with long manufacturing process or production cycle, more funds are required for working capital. The industries involved in quick conversion of raw material into finished units or having lesser production cycle requires lesser amount of working capital.

Production process

In case of labour intensive industries high working capital is needed. But in case of capital intensive industries the production process is faster and it requires lesser amount of working capital due to lesser conversion costs.

Business cycle-

This is another factor which determines the need level. Barring exceptional cases, there are variations in the demand for goods/ services handled by any organizations. Economic boom or recessions have their influence on the transactions and consequently on the quantum of working capital required. More working capital is needed during peak or boom conditions. But in case of economic recessions or low inflationary conditions working capital requirement is low or moderate.

Seasonal variations-

Variation apart, seasonality factor creates production or even storage problem. Mustard and many other oil seeds are Rabi crops. These are to be purchased in a season to ensure continuous operation of oil plant. Further there are wooden garments which have demand during winter only. But manufacturing operation has to be conducted during the whole year resulting in working capital blockage during off season.

Scale of Operations

Operational level determines working capital requirement during a given a period. Higher the scale, higher will be the need for working capital. However, pace of sales turnover is another factor. Quick turnover calls for lesser investment in inventory, while low turnover rate necessitates larger investment.

Inventory Policy

The traditional production system generates more stocks of finished goods and high levels of raw materials and WIP stocks are maintained and the stock holding period is also more. In such cases more working capital is needed. The adoption of JIT, supply chain management, vendor management will drastically reduce the level of raw materials, WIP and finished goods stocks and therefore fewer amounts of funds are invested in inventory.

Credit Policy

Credit policy of the business organization includes to whom, when and to what extent credit may be allowed. Amount of money locked-up in account receivables has its impact on working capital. The liberal credit period and follow-up procedures will increase the investment in debtors' balances and simultaneously increase the working capital requirement, than concerns restoring to strict credit and collection procedures.

Accessibility to credit

Creditworthiness is the precondition for assured accessibility to credit. Accessibility in banks depends on the flow of credit *Le.*, the level of working capital.

Business standing

In case of newly established concerns the materials are required to be purchased in cash and sales are to be made on credit basis Such new concerns require high levels of working capital. But the established companies can negotiate for credit terms with suppliers and sell products at lesser credit period to customers. Therefore it requires less working capital than concerns with lesser business standing.

Growth of Business

Growth and diversification of business call for larger volume of working fund. The need for increased working capital does not follow the growth of business operations but precedes it. Working capital needs is in fact assessed in advance in reference to the business plan.

Market Condition

In a buyer's market i.e., the market with fierce competition, the companies are forced to sell on credit, with liberal credit and collection policies. This increases the level of investment in working capital due to increased debtors balances and its administration costs. But if seller's market prevails, the quick disposals of stocks high percentage of cash sales, strict credit and collection policies He reduces the need of working capital.

Supply situation

In easy and stable supply situation, no contingency plan is necessary wd precautionary steps in inventory investment can be avoided. But in case of supply uncertainties, lead time may be longer necessitating larger basic inventory, higher carrying cost and working capital need for the purpose. Aggressive approach cannot be adopted in such situation.

Environment factors

Political stability brings in stability in money market and trading world. Things mostly go smooth. Risk ventures are possible with enhanced need for working capital finance. Similarly, availability of local infrastructural facilities like road, transport, storage and market etc influence business and working capital need as well.

CHAPTER 02.

COMPANY PROFILE



Parle Products company was founded in 1929 in British India by the Chauhan family of Vile Parle, Bombay. Parle began manufacturing biscuits in 1939. In 1947, when India became independent, the company launched an ad campaign showcasing its Gluco biscuits as an Indian alternative to the British biscuits. The Parle brand became well known in India following the success of products such as the Parle-G biscuits and cold beverages like Gold Spot, Thums Up and Frooti.

Type:- Private limited

Traded as:- Unlisted

Industry:- Food

Founded:- 1929

Founder:- Chauhan family

Headquarters:- Vile Parle (East), Mumbai, Maharashtra, India

Products:- Parle-G, 20-20 Cookies, Happy Happy, Hide & Seek, Krackjack, Magix Creme, Milano, Monaco

Owner:- Vijay Chauhan, Sharad Chauhan & Raj Chauhan

Number of employees:- 50,500

Website:- www.parleproducts.com

Parle Products Private Limited is a Non-govt company, incorporated on 09 Dec, 1950. It's a private unlisted company and is classified as 'company limited by shares'.

Company's authorized capital stands at Rs 372.9 lakhs and has 52.05149% paid-up capital which is Rs 194.1 lakhs. Parle Products Private Limited last annual general meet (AGM) happened on 28 Sep, 2016. The company last updated its financials on 31 Mar, 2016 as per Ministry of Corporate Affairs (MCA).

Parle Products Private Limited is majorly in Manufacturing (Food stuffs) business from last 71 years and currently, company operations are active. Current board members & directors are VIJAY KANTILAL CHAUHAN, SHARAD PITAMBER CHAUHAN, ARUP SHARAD CHAUHAN, AJAY VIJAY CHAUHAN, SAMAR SHARAD CHAUHAN and RAJ KANTILAL CHAUHAN .

Company is registered in Mumbai (Maharashtra) Registrar Office. Parle Products Private Limited registered address is NORTH LEVEL CROSSING, VILE PARLE EAST MUMBAI MH 400057 IN.

CHAPTER 03. **RESEARCH STUDY**

OVERVIEW OF THE TOPIC

Managing human resources in today's dynamic environment is becoming more & more complex as well as important recognition of people as a valuable resource in the organisation has led to increase trend in employees maintenance , job security , etc. My research Project deals with

“STUDY OF WORKING CAPITAL MANAGEMENT OF PARLE COMPANY WITH REFERENCE TO FINANCIAL FEASIBLE”

In this report , I have studied & evaluated the performance appraisal process as it is carried out in the company.

PROBLEM OF DEFINATION

Working capital is the fund invested by a firm in current assets. The competitive era where each firm competes with each other to increase their production and sales. The problem is, less attention paid to the area of short-term finance in particular that of working capital management. Effective working capital management has a crucial role to play in enhancing the profitability and growth of the firm. The success of a company involves with the management of the current assets and the current liabilities. If the resources are optimized in efficient manner this will enable to increase the profitability of the concern and the firm could be able to meet its current obligation. The proper working capital management requires both the medium term planning and the immediate to changes arising due to fluctuation in operating levels of the company. The management of working capital of a company, those raw materials is convertible into cash or cash equivalents within a period of one year because there is a time lack between the sale of a product and the realization of cash

OBJECTIVES OF THE STUDY

- To study concept of working capital management of Parle Company.
- To study the short term liabilities and short term assets of the Parle Company.
- To study the impact of working capital, calculation method used by company for its requirement.
- To study the working capital management of Parle Company
- To study about utilization of current assets and current liabilities.
- To access the efficiency of working capital management by applying ratio analysis

HYPOTHESIS OF THE STUDY

1. To find out relation of company's profile with its working capital management.
2. To analyze the effect of market structure.
3. To check whether the markets are efficient when any news about company is received.
4. To determine the appropriate probability distribution and select the appropriate option available.
5. To check flexibility in work arrangements.
6. There is a significant difference in preference of customers towards
7. There is a significant difference in preference of customers towards resale
8. To find out relation of company's profile with its working capital management.
9. To find out any relation between different inventories methods
10. To analyze the effect of inventory management decisions in terms of creating abnormality in the price and volume of the company.

SCOPE OF STYDY

- ✦ The study is restricted to the several of working capital
- ✦ Management at PARLE COMPANYS ltd in Nagpur city.
- ✦ The accuracy of the data are doubtful as the respondents were
- ✦ Ignorant & hesitant toward their response.
- ✦ The chance of biased response can't be eliminated through all
- ✦ necessary steps were taken to avoid the same.

THEORETICAL PERSPECTIVE

Working capital is that capital which is involved in the current assets of the business. Basically it is the capital which is required to meet the day to day expenses of the business. These involve managing the relationship between firm's short-term assets and its short-term liabilities. The goal of working capital management is to ensure that the firm is able to continue its operations and it has sufficient cash flow to satisfy both maturing short-term debt and upcoming operational expenses. Working capital management policies of a firm have a great effect on its profitability, liquidity and structural health of the organization

CHAPTER 4

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem, as to how research is done scientifically. It consists of the different that generally adopted by researcher to study his research problem along with logic behind them. It is necessary for the researcher to develop certain test.

The research methodology is surely and simply the framework of plan for collection and analysis of data. A good methodology is very important to carry out research. It concluded research design, research approach and research instrument and sampling.

Collection of information about product and its shares. Consultation were carried out with stockiest and retailer of Nagpur districts.

Marketing research calls for developing an efficient plan for gathering the needed information. Designing research plan calls for decision on the at source research instrument research approaches sampling plan and contact method the table below shows this.

RESEARCH DESIGN

Research design is a pre-planned sketch for the explanation of a problem. It is the first step to take and the whole research. Study will conduct on the basis of this research design. It gives us a due that how the further process would be taking place and how would be the research study carry into classification, interpretation and suggestions. This is a guideline for the whole work.

TYPES OF RESEARCH

The basic types of research are as follows:

[1] DESCRIPTIVE VS. ANALYTICAL

Descriptive research includes survey and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. In social science and business research we quite often use the term Ex post facto research for descriptive research studies. Example, frequency of shopping, preferences of people, or similar data. Ex post facto studies also include attempts by researchers to discover causes even when they cannot control the variable. The methods of research utilized in descriptive research are survey methods of all kinds, including comparative and correlation methods

[2] APPLIED VS. FUNDAMENTAL

Research can either be applied (or action) research or fundamental (to basic or pure) research. Applied research aims at finding a solution for an immediate problem facing a society or an industrial/business organization, whereas fundamental research is mainly concerned with generalization and with the formulation of a theory. “Gathering knowledge for knowledge’s sake is termed ‘pure’ or ‘basic’ research. Research concerning some natural phenomenon or relating to pure mathematics are example off fundamental research. Similarly, research studies, concerning human behaviour carried on with a view to make generalization about human behaviour, are also example off fundamental research, but research aimed at certain conclusions (say, a solution) facing a concrete social or business problem in an example of applied research.

[3] CONCEPTUAL VS. EMPIRICAL

Conceptual research is that related to some abstract ideas or theory. It is generally used by philosophers and thinkers to develop new concepts or to interpret existing ones. On the other hand, empirical research relies on experience or observation alone, often without due regard for system and theory. It is data-based research, coming up with conclusions which are capable of being verified by observation or experiment.

We can also call it as experimental type of research. He then sets up experimental designs which he thinks will manipulate the persons or the materials concerned so as bring forth the desired information.

[4] SOME OTHER TYPES OF RESEARCH

All the types of research are variation of one or more of the above stated approaches, based on either the purpose of research, or the time required to accomplish research, on the environment in which research is done, or on the basic of some other similar factor.

RESEARCH TECHNIQUE:

A researcher is using descriptive research for the research.

TYPES OF RESEARCH METHOD

QUANTITATIVE VS. QUALITATIVE

Quantitative research is based on the measurement of qualitative or amount. It is applicable to phenomena that can be expressed in terms of qualitative. Quantitative research, on the other hand, is concerned with qualitative phenomena relating to or involving quality or kind. for instance, in investigating the reasons for humans behaviour, we quite often talk of motivation research an important type of qualitative research. This type of research aims at discovering of such research are word association tests, sentence completion test, story completion tests and similar other projective techniques.

RESEARCH METHOD

A researcher is using quantitative research method for the research.

SAMPLE DESIGN

A sample design is made up of two elements. Sampling method refers to the rules and procedure by which some elements of the population are included in the sample. Some common sampling methods are simple random sampling, stratified sampling,

TYPES OF SAMPLING METHODS

Sample designs are basically divided into two types

PROBABILITY SAMPLING

NON-PROBABILITY SAMPLING

[1] PROBABILITY SAMPLING:

The method in which all units of the universe is given equal chance of being selected in the sample, is known as probability sampling. There is an assurance of the result in terms lies of probability that are obtained through probability or random sampling.

TYPES OF PROBABILITY SAMPLING:

Simple Random Sampling Stratified Random Sampling Systematic Sampling
Cluster Sampling
Multi-stage Sampling Area Sampling

[2] NON-PROBABILITY SAMPLING:

Non-probability sampling is that type of sampling procedure which does not have any ground for estimating the probability that whether or not each item in the population has been included in the sample is known as non-probability sampling.

TYPES OF NON-PROBABILITY SAMPLING:

Convenience Sampling Purposive
Sampling Panel Sampling Snowball

SAMPLING METHOD

Researcher is using probability sampling for these research which is based on the fact that every member of a population has a known & equal chance of being selected.

SAMPLE TECHNIQUES

A Researcher is using simple random sampling technique for the research. A sample technique is the name or other identification of the specific process by which the entities of the sample have been selected.

SAMPLE SIZE: -

The Sample Size chosen for this study is 50 Respondent

SAMPLE AREA: -

Online

CHAPTER 5

DATA COLLECTION

DATA COLLECTION

1. PRIMARY DATA

2. SECONDARY DATA

A research plan was followed for gathering primary data, secondary data or both.

PRIMARY DATA

Primary data consisted of original information gathered for the specific purpose. Data was collected from the primary sources i.e. questionnaire was developed with the help of which personal interview were carried out. Also along with this I earned out personal interviews with direct users like contractor and domestic users. Primary data is information that you collect specifically for the purpose of your research project. An advantage of primary data is that it is specifically tailored to your research needs. A disadvantage is that it is expensive to obtain.

Sources of Primary Data

The source of your primary data is the population sample from which you collect the data. The first step in the process is determining your target population. For example, if you are researching the marketability of a new washing machine, your target population may be newlyweds that have just purchased a home within the last 90 days.

Once you have determined your target population, you will need to decide how to represent this population in your study. Obviously, it's impracticable to collect data from everyone, so you will have to determine the sample size and the type of sample. The sample should be random and a stratified random sample is often advisable.

A stratified random sample involves dividing the population to be studied into subpopulations of distinct characteristics and then drawing your random sample from each subpopulation. In our washing machine example, subpopulations may include young couples, middle-aged couples, old couples and previously married couples.

Collection of Primary Data

You can collect data from your sample population in different ways. Some common collection methods include:

Focus Groups

A focus group usually consists of a discussion among 8-12 people from your sample facilitated by a moderator. The moderator tries to encourage in-depth discussions on the product or concept that is the focus of the research. It's a flexible means of data collection that lets you get to information not easily obtained by other means.

Surveys

These are basically questionnaires with a set of carefully designed questions posed to your target population. Surveys can be administered by mail, telephone or by the Internet. Response rates are typically very low, so you will have to use a large sample to get sufficient responses.

The data is collected from secondary data only.

SECONDARY DATA

The secondary data are collected from Nagpur city Authorized dealer of, from brochures, from website of the company, news papers, and magazines. Secondary data refers to data that was collected by someone other than the user. Common sources of secondary data for social science include censuses, information collected by government departments, organisational records and data that was originally collected for other research purposes. Primary data, by contrast, are collected by the investigator conducting the research.

Secondary data analysis can save time that would otherwise be spent collecting data and, particularly in the case of quantitative data, can provide larger and higher- quality databases that would be unfeasible for any individual researcher to collect on their own. In addition, analysts of social and economic change consider secondary data essential, since it is impossible to conduct a new survey that can adequately capture past change and/or developments. However, secondary data analysis can be less useful in marketing research, as data may be outdated or inaccurate.

Sources of secondary data

Secondary data can be obtained from different sources:
information collected through censuses or government departments like housing, social security, electoral statistics, tax records internet searches or libraries
progress reports

Administrative data and census Government departments and agencies routinely collect information when registering people or carrying out transactions, or for record keeping

– usually when delivering a service. This information is called administrative data. It can include:

personal information such as names, dates of birth, addresses information about schools and educational achievements information about health information about criminal convictions or prison sentences tax records, such as income

A census is the procedure of systematically acquiring and recording information about the members of a given population. It is a regularly occurring and official count of a particular population. It is a type of administrative data, but it is collected for the purpose of research at specific intervals. Most administrative data is collected continuously and for the purpose of delivering a service to the people.

Advantages and disadvantages of secondary data

Secondary data is available from other sources and may already have been used in previous research, making it easier to carry out further research. It is time-saving and cost-efficient: the data was collected by someone other than the researcher.

Administrative data and census data may cover both larger and much smaller samples of the population in detail. Information collected by the government will also cover parts of the population that may be less likely to respond to the census (in countries where this is optional).

A clear benefit of using secondary data is that much of the background work needed has already been carried out, such as literature reviews or case studies. The data may have been used in published texts and statistics elsewhere, and the data could already be promoted in the media or bring in useful personal contacts. Secondary data generally have a pre-established degree of validity and reliability which need not be re-examined by the researcher who is re-using such data.

Secondary data can provide a baseline for primary research to compare the collected primary data results to and it can also be helpful in research design.

However, secondary data can present problems, too. The data may be out of date or inaccurate. If using data collected for different research purposes, it may not cover those samples of the population researchers want to examine, or not in sufficient detail administrative data, which is not originally collected for research, may not be available in the usual research formats or may be difficult to get access to.

- Website of the company
- Annual Report
- Balance sheet of the company

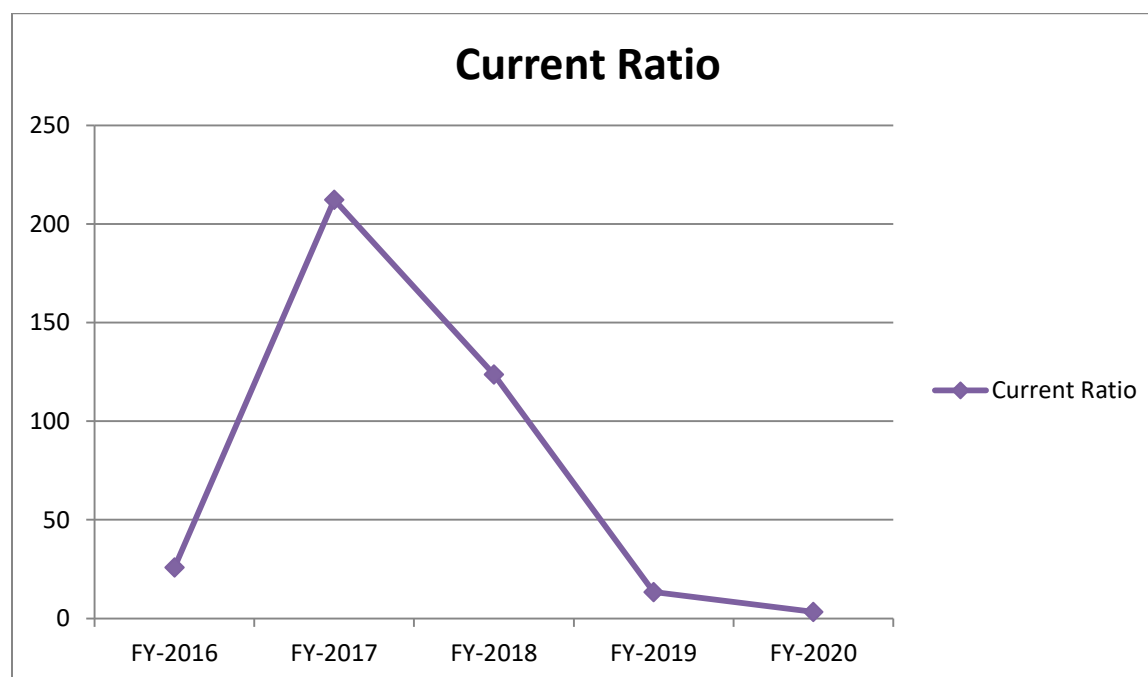
CHAPTER 6
DATA ANALYSIS AND
INTERPRETATION

1. CURRENT RATIO :-

CURRENT ASSETS (C.A.)/CURRENT LIABLITIES (C.L.)

Rs (in cr)

PARTICULAR	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
CURRENT ASSETS (C.A)	1.81	19.12	17.33	22.56	24.51
CURRENT LIABLITIES (C.L)	0.07	0.09	0.14	1.68	7.31
CURRENT RATIO	25.85	212.4	123.78	13.42	3.35



Interpretation:

1 CURRENT RATIO:

A high ratio shows that the firm is liquid and is able to meet its current obligations.

A low current ratio shows that the firm is not equipped to meet its short-term obligation as and when they become due. The ideal current ratio is 2:1, which denotes that short term assets should be twice the value of short term liability. This is to provide for an expected delay and defaults. However, this measure shouldn't be followed blindly.

The quality as well as the quantity of the assets should be measured for effective evaluation. A high current ratio is considered good but at the same time, it may also indicate stagnant inventory. current ratio may also be high due to uncollected debts. Ideal cash and bank balance may also cause the current ratio to be high.

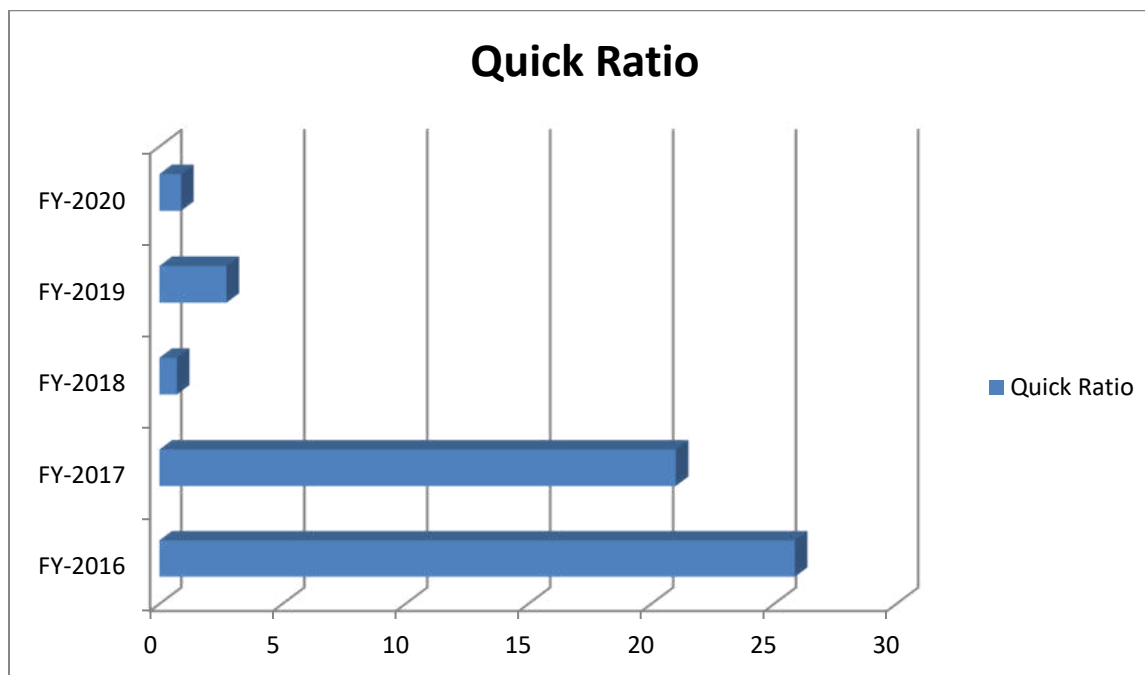
Low current ratio may indicate that the business does not have sufficient funds to honor its obligations. It may also show that the business is trading over and above its capacity.

2. QUICK RATIO:-

CURRENT ASSETS (-) INVENTORIES
CURRENT LIABILITIES

Rs(in cr)

PARTICULAR	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
CURRENT ASSETS (C.A)	1.81	19.12	17.33	22.56	24.51
INVENTORIES	0.00	17.23	17.23	17.97	18.18
CURRENT LIABLITIES(C.L)	0.07	0.09	0.14	1.68	7.13
QUICK RATIO	25.85	21.00	0.71	2.73	0.88



Interpretations:

2 QUICK RATIO:

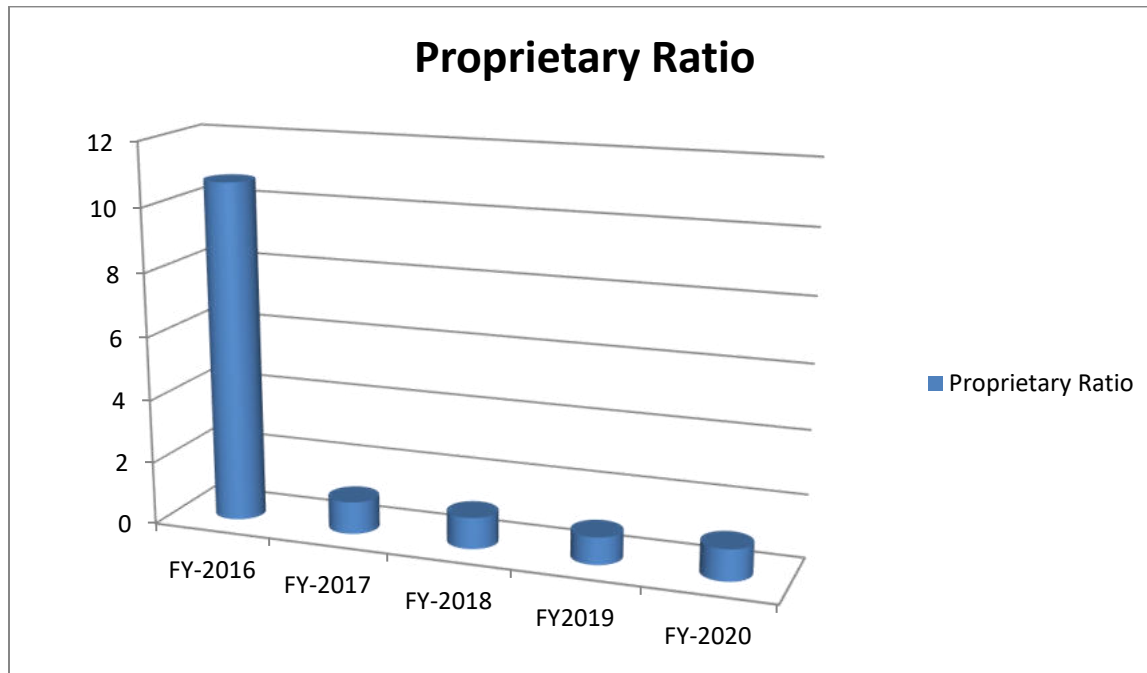
Quick ratio is considered to be a better measure of short term liquidity than current ratio. Current ratio is quantitative in its scope and does not adequately address the liquidity concerns of the firms. Quick ratio, on the other hand, is qualitative and offers a more stringent test as it uses only cash and near-cash assets. As a rule of thumb, quick ratio of 1:1 is considered ideal. This ratio is widely used by banks and financial institutions. It should be used in conjunction with current ratio in order to assess short term solvency and financial soundness of the firm.

3. PROPRIETARY RATIO:-

SHAREHOLDERS FUND
TOTAL ASSET

Rs(in cr)

PARTICULAR	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
SHAREHOLDERS FUND	19.71	19.75	19.76	20.71	20.76
TOTAL ASSETS	1.83	19.10	19.76	23.71	20.76
PROPRIETARY RATIO	10.7	1.03	1.00	0.87	1.00



Interpretation:

3 PROPRIETARY RATIO:

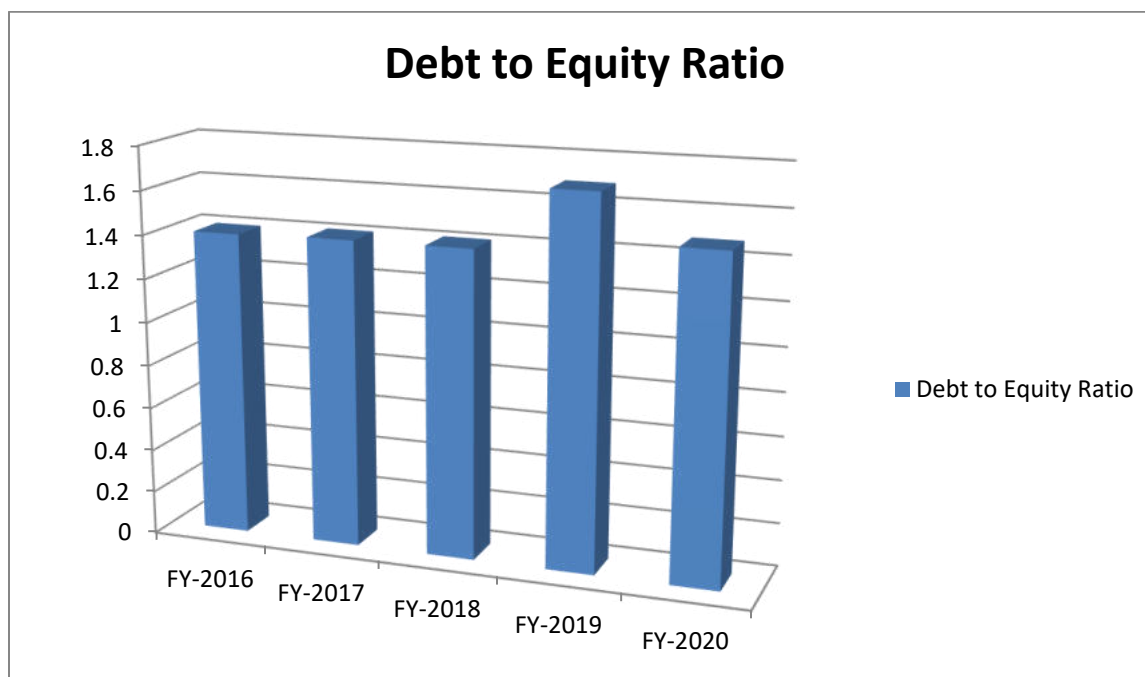
Higher proprietary ratio shows that company are mainly funded using shareholders funds, which is considered good for the company's long term solvency. The ratio also shows the extent to which the company may lose its assets and not impact the Interest of its creditors.

4. DEBT TO EQUITY RATIO:-

$\frac{\text{TOTAL LIABLITIES}}{\text{TOTAL SHAREHOLDERS EQUITY}}$

Rs (in cr)

PARTICULAR	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
TOTAL LIABLITIES	19.71	19.75	19.76	23.71	20.76
TOTAL SHAREHOLDERS EQUITY	14.00	14.00	14.00	14.00	14.00
DEBT TO EQUITY RATIO	1.40	1.41	1.41	1.69	1.48



Interpretation:

4 DEBT EQUITY RATIO:

High debt equity ratio shows that the business is making more use of debt funds and thus is aggressive in its financial decisions.

High debt financing helps the business in generating higher magnitude of earnings than it may have without

resource to debt funding. This benefits the shareholders

if the business increases its earning more than its interest commitments. Sometimes, the situation of bankruptcy occurs when the cost of debt financing is

more than the income generated from the raised funds

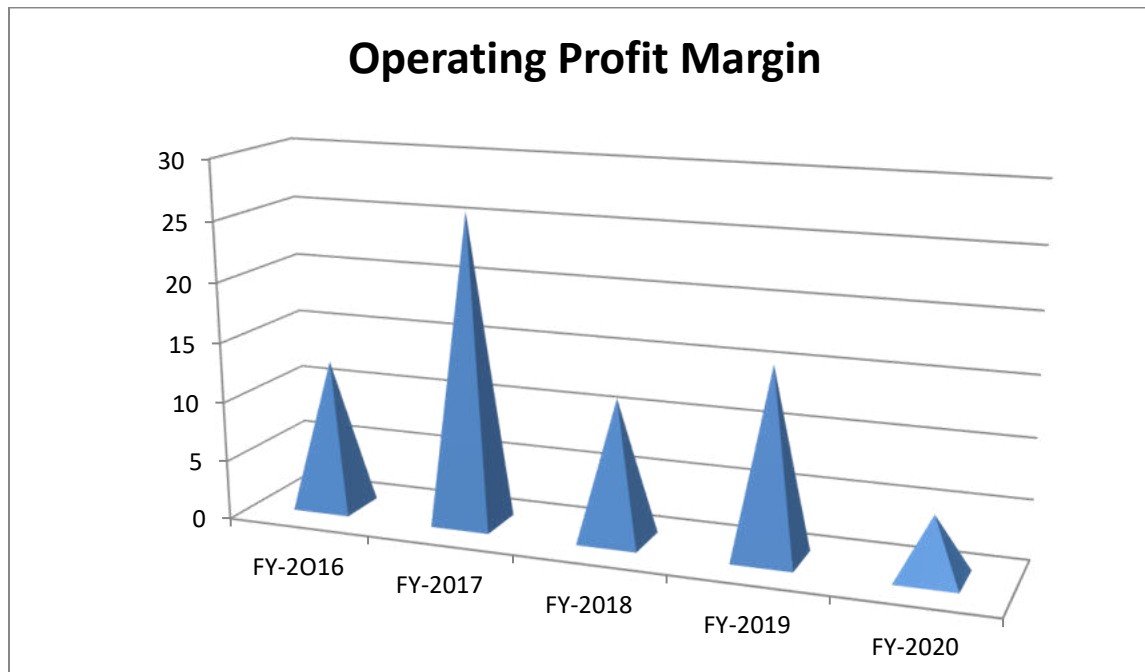
in the business activities.

5. OPERATING PROFIT MARGIN:-

$$\frac{\text{OPERATING PROFIT} * 100}{\text{NET SALES}}$$

Rs(in cr)

PARTICULAR	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING PROFIT	0.03	0.07	0.02	1.78	0.28
NET SALES (*100)	0.24	0.27	0.17	11.35	5.49
OPERATING PROFIT MARGIN	12.5	25.92	11.76	15.68	5.10



Interpretation:

5 OPERATING PROFIT MARGIN:

Operating margin measures how much profit a company makes on a dollar of sales after paying for variable costs of production, such as wages and raw materials, but before paying interest and tax.

7. CONCLUSION

Current assets of Parle company mainly consist of stock, 90% of the current assets constituted by stock.

The quick ratio of the company from the FY-2018 to FY-2020 are satisfactory. Therefore the company will not face any problems for availing short term loans from any financial institute.

The long term ratios i.e., proprietary ratio and debt to equity ratio of Parle are satisfactory, therefore the company will not have any problem even in availing long term loans.

Operating profit of Parle has shown a significant decline in FY-2020 but while analyzing the quarterly profits for FY-2020 it has come forth that the company has made significant improvement in the last quarter of FY-2019. It shows the company's sales are improving.

8. FINDINGS & Recommendation

Working capital of Parle company was increasing and showing positive changes each year.

The Parle company has higher current and quick ratio . So the company's liquidity position is good . It shows that it is able to meet its current obligations .

Working capital of the company has increasing every year . Profit also increasing every year this a good sign for the company . It has to maintain it further , to run the business long term.

The current and quick ratios are almost up to the standard requirement. So the WCM of Parle company is satisfactory and it has to maintain it further.

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- b. www.capitalmarket.com
- c. www.moneycontrol.com
- d. www.harvestcfo.com
- e. www.economicstimes.com
- f. <http://www.studyfinance.com>

CHAPTER 10

APPENDICES

BALANCE SHEET

Parle Industries Balance Sheet

Report Type: Standalone ▼

Particulars	Mar 2020 (₹).Cr	Mar 2019 (₹).Cr	Mar 2018 (₹).Cr	Mar 2017 (₹).Cr	Mar 2016 (₹).Cr
SOURCES OF FUNDS :					
Share Capital	14.00	14.00	14.00	14.00	14.00
Reserves Total	6.76	6.71	5.76	5.75	5.71
Equity Share Warrants	0.00	0.00	0.00	0.00	0.00
Equity Application Money	0.00	0.00	0.00	0.00	0.00
Total Shareholders Funds	20.76	20.71	19.76	19.75	19.71
Secured Loans	0.00	0.00	0.00	0.00	0.00
Unsecured Loans	0.00	3.00	0.00	0.00	0.00
Total Debt	0.00	3.00	0.00	0.00	0.00
Total Liabilities	20.76	23.71	19.76	19.75	19.71
APPLICATION OF FUNDS :					
Gross Block	3.97	3.18	2.90	0.40	0.40
Less : Accumulated Depreciation	0.50	0.37	0.37	0.36	0.35
Less: Impairment of Assets	0.00	0.00	0.00	0.00	0.00
Net Block	3.47	2.81	2.53	0.04	0.05
Lease Adjustment	0.00	0.00	0.00	0.00	0.00
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00
Producing Properties	0.00	0.00	0.00	0.00	0.00
Investments	0.00	0.00	0.00	0.00	0.00
Current Assets, Loans & Advances					
Inventories	18.18	17.97	17.23	17.23	0.00
Sundry Debtors	2.51	2.51	0.07	0.05	0.06
Cash and Bank	0.67	0.02	0.02	0.26	0.23
Loans and Advances	3.15	2.06	0.00	1.58	1.52
Total Current Assets	24.51	22.56	17.33	19.12	1.81
Less : Current Liabilities and Provisions					
Current Liabilities	6.81	1.36	0.11	0.05	0.04
Provisions	0.32	0.32	0.03	0.04	0.03
Total Current Liabilities	7.13	1.68	0.14	0.09	0.07
Net Current Assets	17.38	20.88	17.19	19.03	1.74
Miscellaneous Expenses not written off	0.00	0.00	0.00	0.00	0.00
Deferred Tax Assets	0.02	0.03	0.04	0.04	0.04
Deferred Tax Liability	0.10	0.01	0.00	0.00	0.00
Net Deferred Tax	-0.08	0.02	0.04	0.04	0.04
Total Assets	20.76	23.71	19.76	19.10	1.83
Contingent Liabilities	0.00	0.00	0.00	0.00	0.00

PROFIT & LOSS STATEMENT

Parle Industries Profit and loss account					
Report Type: Standalone v					
Particulars	Mar 2020 (₹).Cr	Mar 2019 (₹).Cr	Mar 2018 (₹).Cr	Mar 2017 (₹).Cr	Mar 2016 (₹).Cr
INCOME :					
Sales Turnover	5.49	11.35	0.17	0.27	0.24
Excise Duty	0.00	0.00	0.00	0.00	0.00
Net Sales	5.49	11.35	0.17	0.27	0.24
Other Income	0.39	0.00	0.00	0.00	0.00
Stock Adjustments	0.20	0.74	0.00	0.00	0.00
Total Income	6.08	12.09	0.17	0.27	0.24
EXPENDITURE :					
Raw Materials	3.53	9.80	0.00	0.00	0.00
Power & Fuel Cost	0.08	0.01	0.00	0.01	0.01
Employee Cost	1.29	0.18	0.05	0.10	0.10
Other Manufacturing Expenses	0.05	0.00	0.00	0.00	0.00
Selling and Administration Expenses	0.64	0.28	0.09	0.09	0.08
Miscellaneous Expenses	0.20	0.04	0.00	0.00	0.02
Less: Pre-operative Expenses Capitalised	0.00	0.00	0.00	0.00	0.00
Total Expenditure	5.79	10.31	0.15	0.20	0.21
Operating Profit	0.28	1.78	0.02	0.07	0.03
Interest	0.00	0.39	0.00	0.00	0.00
Gross Profit	0.28	1.39	0.02	0.07	0.03
Depreciation	0.13	0.00	0.00	0.02	0.02
Profit Before Tax	0.15	1.39	0.02	0.05	0.01
Tax	0.00	0.42	0.00	0.02	0.00
Fringe Benefit tax	0.00	0.00	0.00	0.00	0.00
Deferred Tax	0.10	0.01	0.00	0.00	0.00
Reported Net Profit	0.05	0.96	0.00	0.04	0.01
Extraordinary Items	0.00	0.00	0.00	0.00	0.00
Adjusted Net Profit	0.05	0.96	0.00	0.04	0.01
Adjst. below Net Profit	0.00	0.00	0.00	0.00	0.00
P & L Balance brought forward	2.80	1.85	1.84	1.80	1.79
Statutory Appropriations	0.00	0.00	0.00	0.00	0.00
Appropriations	0.00	0.00	0.00	0.00	0.00
P & L Balance carried down	2.85	2.80	1.85	1.84	1.80
Dividend	0.00	0.00	0.00	0.00	0.00
Preference Dividend	0.00	0.00	0.00	0.00	0.00
Equity Dividend %	0.00	0.00	0.00	0.00	0.00
Earnings Per Share-Unit Curr	0.04	0.68	0.00	0.03	0.01
Earnings Per Share(Adj)-Unit Curr	0.04	0.68	0.00	0.03	0.01
Book Value-Unit Curr	14.83	14.79	14.11	14.11	14.08

SYNOPSIS

“A study on Working capital management of Parle with reference to financial feasibility.”

Affiliated to

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfillment of the award of the degree of

Bachelor of Business Administration

Submitted by:

Mahima Sonsare

Under the guidance of:

Prof. Dr. Afsar Sheikh

G.S. college of commerce & Economics , Nagpur

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1) Introduction
2) Company Profile
3) Objective of the study / research
4) Research methodology
5) Hypothesis
6) Plan of work
7) Bibliography

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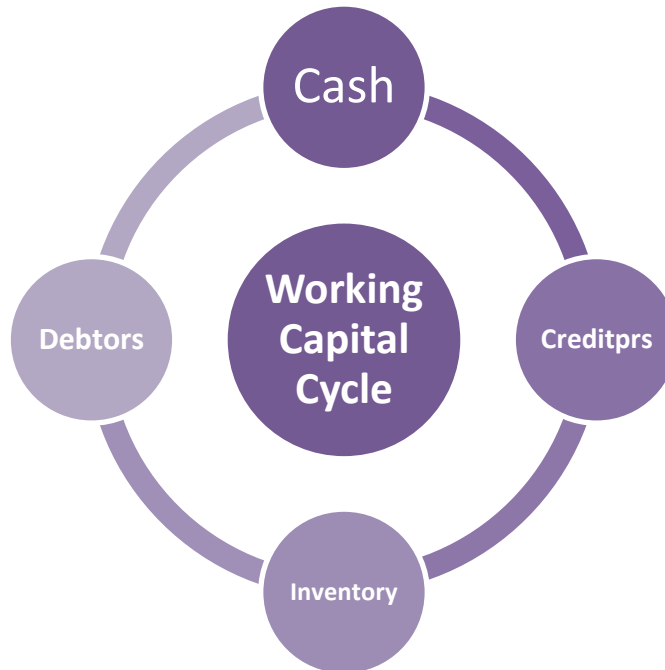
Academic Year 2020-21



Working Capital Management

Introduction :

Working capital management is a business tool that helps companies effectively make use of current assets, helping companies to maintain sufficient cash flow to meet short term goals and obligations. By effectively managing working capital, companies can free up cash that would otherwise be trapped on their balance sheets. As a result, they may be able to reduce the need for external borrowing, expand their businesses, fund mergers or acquisitions, or invest in R&D.



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Company Profile

Parle Products company was founded in 1929 in British India by the Chauhan family of Vile Parle, Bombay. Parle began manufacturing biscuits in 1939. In 1947, when India became independent, the company launched an ad campaign showcasing its Gluco biscuits as an Indian alternative to the British biscuits. The Parle brand became well known in India following the success of products such as the Parle-G biscuits and cold beverages like Gold Spot, Thums Up and Frooti.

Type:- Private limited

Traded as:- Unlisted

Industry:- Food

Founded:- 1929

Founder:- Chauhan family

Headquarters:- Vile Parle (East), Mumbai, Maharashtra, India

Products:- Parle-G, 20-20 Cookies, Happy Happy, Hide & Seek, Krackjack, Magix Creme, Milano, Monaco

Owner:- Vijay Chauhan, Sharad Chauhan & Raj Chauhan

Number of employees:- 50,500

Website:- www.parleproducts.com

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Objective of study /Research

- To assess the working capital need of the company.
- To know the various working capital finance provided by the bank.
- To analyse in detail the procedure of assessment of working capital finance extended by the bank.
- To apply these procedures at a practical level with the help of case study.

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Research methodology:

What is Research...?

Research means search for facts in order to find answers to certain questions or to find solutions to certain problems. It is often referred to as 'scientific inquiry' or 'scientific investigation' into a specific problem or situation

There are two types of data:-

- Primary Data
- Secondary Data

The present study is based on secondary data which is collected using company website .

- Research design (Method,data collection)

Primary data

The primary data is that data which is collected fresh and first hand and for first time which is original in nature.

But in this project we are collecting data from secondary data

The secondary data are those data which are collected by web based , publication in the newspaper , magazines and information available in the internet.

Various tools and techniques have been used to graph and pie charts we are collecting from company website

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Hypothesis

A hypothesis (plural hypotheses) is a precise, testable statement of what the researcher(s) predict will be the outcome of the study.

Types of Hypothesis

1) Research Hypothesis:-

2) Statistical Hypothesis:-

I] Null Hypothesis:-

II] Alternative Hypothesis:-

Here, in the present case study

Null Hypothesis i.e., $H_0 : \mu = X$ (i.e., the bank will permit our working capital to full requirement)

Here , $X =$ amount of working capital

Alternative Hypothesis i.e., $H_1 = \mu_0$

Here the alternative hypothesis could be

a) $H_1: \mu \neq \mu_0$

b) $H_1 : \mu > \mu_0$, or,

c) $H_1 : \mu < \mu_0$

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Plan of work:

- Literature review (5 days)
- Data collection and analysis (15-20 days)
- Writing of research project (10 days)
- Printing and binding (soft copy) because of Covid

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THANK YOU