

A Project Report on

"A Study of Working Capital Management & Its Impact on Financial Growth with Reference to Mahindra & Mahindra “,

Submitted to

Department of Management Sciences & Research (DMSR)

G.S. College of Commerce and Economics, Nagpur

(An Autonomous Institution)

Affiliated to:

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfilment for the award of the degree of

Master of Business Administration

Submitted by

Harshal Vilas Vaidya

Under the Guidance of
Dr. Madhuri V. Purohit

Department of Management Sciences and Research,

G.S. College of Commerce & Economics, Nagpur

NAAC Accredited “A” Grade Institution



Academic Year 2023-24

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



Academic Year 2023-24

CERTIFICATE

This is to certify that **Mr. Harshal Vilas Vaidya** has submitted the project report titled, " **A Study of Working Capital Management & Its Impact On Financial Growth With Reference To Mahindra & Mahindra,**" under the guidance **Dr.Madhuri.V.Purohit** of towards the partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree examination.

It is certified that he/she has ingeniously completed his/her project as prescribed by **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Reaccredited "A" Grade Autonomous Institution)** affiliated to **Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.**

Dr.Madhuri V. Purohit

Dr.Madhuri V. Purohit

(Name of Guide)

(MBA Coordinator)

Place: Nagpur

Date:

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



Academic Year 2023-24

DECLARATION

I, **Harshal Vilas Vaidya** here-by declare that the project **"A Study of Working Capital Management & Its Impact On Financial Growth With Reference To Mahindra & Mahindra,"** with title has been completed by me under the guidance of **Dr.Madhuri V. Purohit** in partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree examination as prescribed by **DMSR, G. S.College of Commerce and Economics, Nagpur, (NAAC Re-accredited "A" Grade Autonomous Institution)** affiliated to **Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.**

This project was undertaken as a part of academic curriculum and has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Mr. Harshal Vilas Vaidya
Place: Nagpur

Date:

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



Academic Year 2023-24

ACKNOWLEDGEMENT

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

I tender my sincere regards to the Coordinator, **Dr. Madhuri V. Purohit** for giving me guidance, suggestions and invaluable encouragement which helped me in the completion of the project.

I am extremely thankful to my Project Guide **Dr. Madhuri V. Purohit** for her guidance throughout the project.

I would like to thank **Prof. Uday Dhomne** for her constant support & guidance throughout the project.

Last but not the least, I am very much thankful to all those who helped me directly and indirectly in successful completion of my project.

Mr. Harshal Vilas Vaidya
Place: Nagpur

Date:

INDEX

Chapter No.	Title	Page No.
1	Introduction	1
2	Company profile	19
3	Literature review	25
4	Research methodology <ul style="list-style-type: none">▪ Problem statement▪ Need of the study▪ Objectives of the study▪ Hypotheses of study▪ Limitations of study	29
5	Data analysis & interpretation	36
6	Findings & suggestions	50
7	Conclusion	55
8	References	57

CHAPTER I

INTRODUCTION

Introduction of Working Capital:-

Working capital is the employment of current assets and current liabilities in such a way as to increase short- term liquidity. The requirement of working capital varies from firm to firm, depending on the nature of business, production policy, market conditions, seasonality of operation, condition of supply etc. Working capital to a company is like a blood of human body. It is carried out effectively and efficiently, will assure the health of an organization. No business can run successfully without an adequate amount of working capital. Working capital management is an important aspect of financial management. Efficient working capital management is essential for better maintenance of liquidity and profitability trade-off in any Enterprise.

Working capital management is concerned with short-term financial decision. Working capital is called the life blood or heart of the any business.

Meaning of Working Capital:-

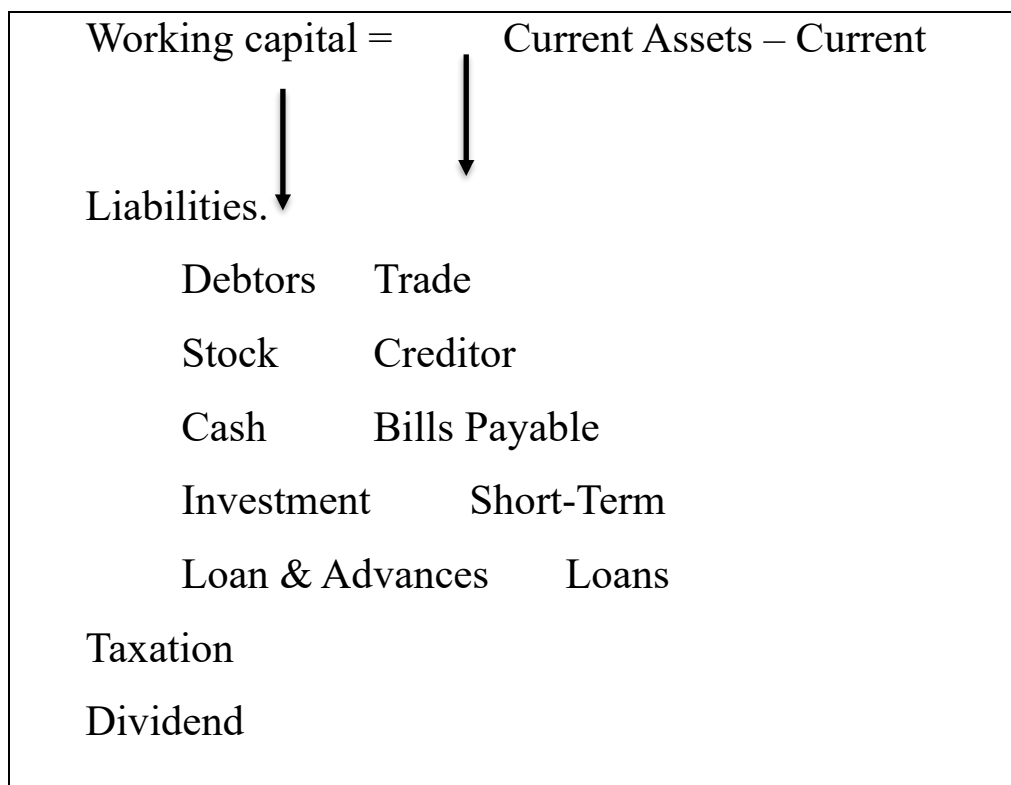
“Working capital management – defined as current assets minus current liabilities – is a business tool that helps companies effectively make use of current assets and maintain sufficient cash flow to meet short-term goals and obligations.” Working capital is also known as

circulating capital & revolving capital.

Definition:-

“Working capital is descriptive of that capital which is not fixed. But the more common use of working capital is to consider it as the difference between the book value of the current assets and the current liabilities.”

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$



Objective of Working Capital Management:-

Effective management of working capital is means of accomplishing the firm's goal of adequate liquidity. It is concerned with the administration of current assets and current liabilities. It has the main following objectives.

To optimize the level of working capital & minimize the cost of such funds.

To maintain sufficient current assets.

To maximize profit of the firm.

To protects the solvency of the firm.

Minimize the rate of interest / cost of capital.

Importance of Working Capital:-

The definition of working capital itself explains significance of it in the business that it is the amount which used to carry on day to day working business. That means without working capital the working of business cannot be possible. The importance of working capital can be explain as under.

The sufficient working capital ensure the payment of wages and salary to staff in time which develop good working environment.

Working capital can be described as the funds required by an enterprise to finance its day-to-day operations.

Increase in activity levels should be backed up by suitable investment in working capital to expand business.

It is possible to take the advantage of favorable & profitable market condition.

1 Current Assets:-

The current assets of Mahindra and Mahindra Ltd included under the board heading are given in detail in various schedules attached to the balance sheet in every annual report.

Current assets are assets that are expected to be converted into cash within a period of one year. These are also known as short-term assets. In other words those assets are very easily convertible into cash or are already available in the liquid form.

❖ Examples:-

Cash in Hand Balance at Bank

2. Receivables

Advances

Deposits

Other receivables.

1) Closing Stock a) Store & spares

b) Parts & by-product

2) Prepaid expenses.

1.4 Current Liabilities :-

Current liabilities are short-term financial obligations that are due either in one year or within the company's operating cycle. Current liabilities are different from long-term liabilities, which refer to debts or obligations that are due in more than a year. This type of liabilities is taken to achieve the smooth operation of the business.

- **Examples :- 1) Short turn Loans**

Current Liabilities & provisions

Deposits

Interest Payable

A. Current Assets :-

Cash in Hand Balance at Bank

Receivables

Types of Working Capital:-

There are two main types of working capital, They are as follows :-

1) Gross Working Capital:-

This refers to the aggregate amount of funds invested in the current

assets of the business. In other words, Gross Working Capital is the total of the current assets of the business. These include:

Cash

Accounts Receivable

Inventory

Marketable Securities and

Short-Term Investments

2) Net Working Capital :-

Networking capital is the difference between the current assets and current liabilities of the company. If the company's assets are more than current liabilities, it indicates a positive working capital, and the company is in a financial position to meet its obligations.

However, if the company's assets are less than current liabilities, it indicates a negative working capital, and the company is facing financial distress.

3) Permanent Working Capital :-

Also known as "fixed working capital," this is the minimum amount of funds that must be in cash or current assets, required to cover all current liabilities. The amount of fixed capital a business requires

depends on the size and growth of that business. Every firm has to maintain a minimum level of raw material, work-in-process, finished goods and cash balance.

4) Temporary Working Capital :-

Capital that is needed by the enterprise for some specific period of a year is termed as temporary working capital. For instance, this type of working capital might be the need of the hour during festive season due to the increases immediate demands of the business. This type of requirement is thus called temporary working capital.

Need for Working Capital :-

1) Replenishment of Inventory :-

A sufficient stock of inventory is required to support the sales target of the firm depending on the availability of resources.

2) Provision for Operating Expenses :-

To maintain the day-to-day operations of the firm. Working capital is required for the following purpose.

3) Support for Credit Sales:-

Because of extended credit sales, a sufficient working capital is needed to maintain the firm's operations until the receivables are converted into cash.

4) Provision of a Safety Margin:-

To provide for unexpected expenditures, delays in the expected cash inflow and possible decline in revenue.

Advantages of Working Capital:-

1) Enhance Profitability:-

Proper application of working capital management strategy would enhance the company's profitability in the long run. The policy properly manages inventory to avoid any operational failures. Collection from trade receivables would be on time as receivables management is a key part of working capital management. There would be no cases of default in paying the trade payable on the due date because of proper management and allocation of cash.

2) Ensures Liquidity:-

Businesses often get in trouble due to the lack of cash needed for operations and to repay short-term debts. It happens because of an ineffective or no working capital management policy in the enterprise. Working capital management ensures liquidity by monitoring account

receivables, account payable, stock management, and debt management. It assists in keeping sufficient liquid cash in the business at any point in time to pay operational costs and short-term debts. Thus, it helps in allocating the resources in an optimum manner.

3) Improves Financial Health :-

Working capital management basically deals with the management of cash in an enterprise. It assesses the sources of cash inflows and determines cash outflow in the best possible manner. Proper cash allocation makes a scope for the investment of remaining cash or in repaying short-term debts. It allows the business to be financially solvent most of the time and thus evading any legal troubles that could have arisen due to a lack of working capital. Higher profitability would imply a higher return on capital employed.

4) Value Addition :-

As explained earlier, working capital enhances a company's financial health and operational success. It makes the company stand out amongst its peers. A sense of respect emerges in the market for the business. This all, in turn, leads to value addition for the entity.

1.8) Disadvantages of Working Capital :-

1) Problem in Interpretation :-

Working capital management involves techniques of ratio analysis. Ratios are just a number that allows a user to interpret the result. In most cases, it is unclear to a user whether a particular ratio is favorable to the company or not.

2) Cash Discounts :-

As the term cannot buy its requirement in bulk due to inadequate working capital it cannot avail of discounts etc.

3) Based On Data:-

Working capital management operates around data. It is the key soul of any working capital management strategy. Data would include every minute detail about the components of working capital.

4) Loss Reputation:-

A concern with inadequate working capital loses its reputation as it cannot pay its short term liabilities in time.

5) Non-Situational :-

Another disadvantage of working capital management policy is that it's not situational in nature. The strategy does not acknowledge sudden changes in the market conditions as it is based on past events and figures. The time taken to respond to certain recent events is significant in impacting business operations and profitability.

1.9) Factors determining of working capital management :-

The factors influencing the working capital decision of the firm may be classified two groups, such as,

Internal factors

External factors

INTERNAL FACTORS :-

D) Nature & size of the business :-

The first factor which helps in determining the requirement of working capital is the type of business in which the company is involved. A trading company or a retail shop requires less working capital as the length of the operating cycle of these types of businesses is small.

Operating Efficiency:

Operating efficiency means efficiently completing the various business operations. Operating efficiency of every organization happens to be different. Some such examples are: (i) converting raw

material into finished goods at the earliest, (ii) selling the finished goods quickly, and (iii) quickly getting payments from the debtors

Production Policy:

A firm marketed by pronounced seasonal fluctuations in its sales may pursue a production policy which may reduce the sharp variations in working capital requirements. The production cycle starts with the purchase & use of raw materials and completes with the production of finished goods.

Conditions of Supply:

The inventory of raw materials, spares and stores depends on the conditions of supply. If the supply is prompt and adequate, the firm can manage with small inventory. However, if the supply is unpredictable and scant, then the firm, to ensure continuity of production would have to acquire stocks as and when they are available and carry larger inventory on an average.

Availability of Raw Material:

Availability of raw material also influences the amount of working capital. If the enterprise makes use of such raw material which is available easily throughout the year, then less working capital will be

required, because there will be no need to stock it in large quantity.

II) EXTERNAL FACTORS :-

I) Taxation policy :-

The tax policy of the government will influence the working capital decision. If the government follows regressive taxation policy i.e imposing heavy tax burdens on business firms, they are left with very little profits for distributions and retention purpose.

II) Import policy :-

Import policy of the Government may also effect the levels of working capital of a firm since they have to arrange funds for importing goods at specified times.

III) Changes in the technology :-

The technological changes and developments in the area of production can have immediate effects on the need for working capital. If the firm wish to install a new machine in the place of old system.

IV) Infrastructural facilities :-

The firm may require additional funds to minimum the levels of inventory & other current assets, when there is good infrastructure facilities in the company like, transportation and communication.

CYCLE OF WORKING CAPITAL :

An operating cycle refers to the time it takes a company to buy goods, sell them and receive cash from the sale of said goods. In other words, it's how long it takes a company to turn its inventories into cash.

The length of an operating cycle is dependent upon the industry. Understanding a company's operating cycle can help determine its financial health by giving it an idea of whether or not it'll be able to pay off any liabilities.

Thus, the sum total of these times is called an “operating cycle” and it consists of the following six steps:

Conversion of cash into raw materials.

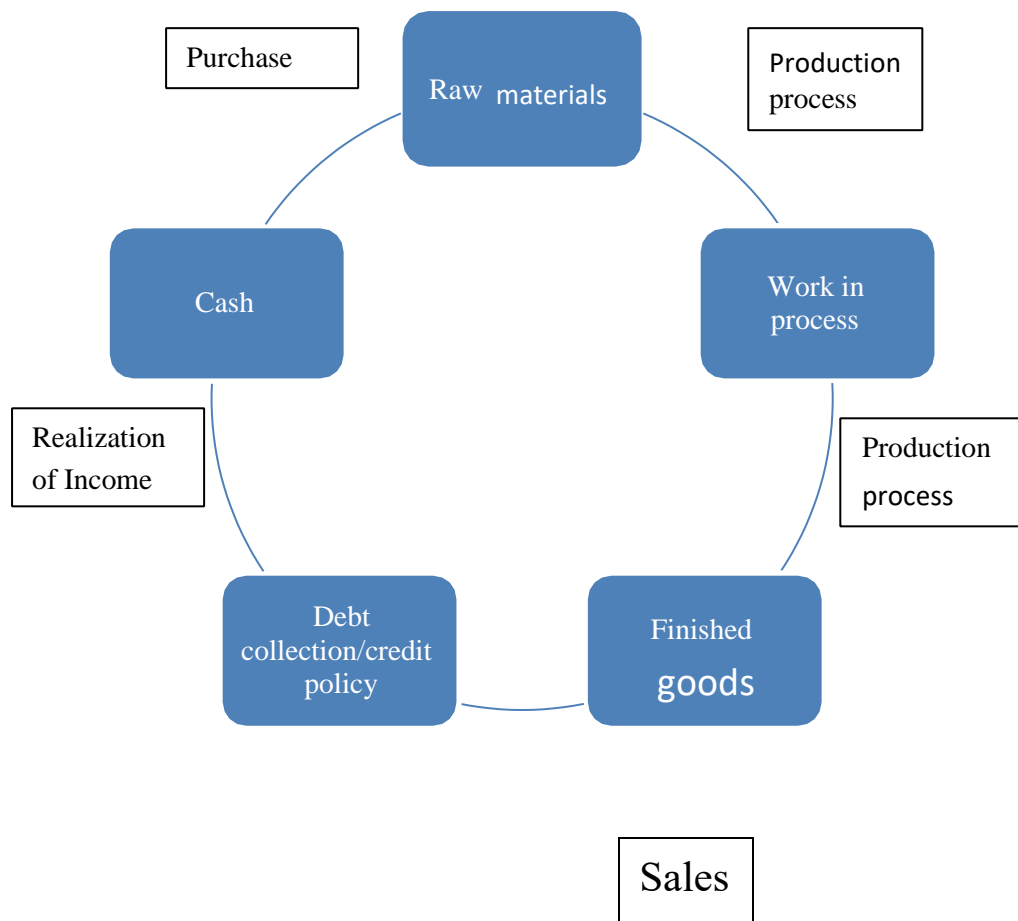
Conversion of raw material into work-in-process.

Conversion of work in process into finished products.

Time for sale of finished goods- cash sales and credit sales.

Time for realization from debtors and bills receivables into cash.

Credit period allowed by creditors for credit purchase of raw materials, inventory and creditors for wages and overhead.



Operating Cycle of a Business

Principles of Working Capital Management:-

The following are the general principles of a sound working capital management policy.

1) Principle of Optimization:-

The level of working capital must be so kept that the rate of return on investment is optimized. In other words, the working capital should be maintained at an optimum level. This is the point at which the

increase in cost due to decline in working capital is equal to the increase in the gain associated with it.

2) Principle of Maturity of Payment:-

This principle states that the working capital should be so raised from different sources that the firm is able to repay them on maturity out of its inflows of funds. Otherwise the firm would fail to repay on maturity and ultimately, it would find itself into liquidation though it is earning huge profits.

3) Principle of Cost of Capital:-

Each source of working capital has different cost of capital. The degree of risk also differs from one source to another. The type of capital used to finance working capital directly affects the amount of risk that a firm assumes as well as the opportunity for gain or loss and cost of capital.

4) Principle of Equity Position:-

According to 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 working capital should contribute to the net worth of the firm.

1.12) Forecasting Techniques of Working Capital :-

The forecast of working capital recruitments of a concern is not an easy task. The concept of working capital is closely related to the current assets. So some experts of finance suggest that in estimations, of the working capital recruitments that title current assets recruitment should be forecast.

There are three popular methods available for forecasting working capital requirements.

1. Cash Forecasting Method :-

Total cash receipts and cash disbursement for a particular period are taken into consideration under cash forecasting method. Cash receipts may be estimated cash sales, cash collected from debtors, and bills receivables, other miscellaneous cash receipts and sale of fixed assets and investments. Delay in cash receipts is taken into consideration.

2. Balance Sheet Method :-

A balance sheet is prepared by adjusting the anticipated transactions for the ensuing year in the opening balances. The closing balances of all accounts are arrived other than cash and bank balances. The accountant has confirmed that all the assets and liabilities are

CHAPTER NO. II
COMPANY PROFILE



Mahindra & Mahindra Limited (M&M) is an Indian multinational automotive manufacturing corporation headquartered in Mumbai. It was established in 1945 as Mahindra & Mohammed and later renamed as Mahindra & Mahindra. Part of the Mahindra Group, M&M is one of the largest vehicle manufacturers by production in India. Its subsidiary Mahindra Tractor Company is the largest manufacturer of tractors in the world by volume. It was ranked 17th on a list of top companies in India by Fortune India 500 in 2018. Its major competitors in the Indian market include Maruti Suzuki and Tata Motors. Recently Mahindra tractor company has launched TREM IV pollution norms tractors, which have common rail direct injection technology. Mahindra has launched total 6 tractors with CRDI technology one of these is Arjun Novo 605 DI PP which is with common rail direct injection technology and provides different power output with different modes i.e. tractor has 3 modes.

Mahindra & Mahindra Ltd traded as BSE:500520 NSE: M&M BSE SENSEX Constituent NSE NIFTY 50 Constituent And ISIN is INE101A01026. It is a type of industry is automotive and it founded on

2 october 1945; 77 years ago jassowal, Ludhiana,
Punjab, India. The Founder of Mahindra & Mahindra Ltd is J.C.
Mahindra, K.C.Mahindra,
M.G. Muhammad. Headquarters at Mumbai, Maharashtra, India

In 1948, the company changed its name to Mahindra & Mahindra. They eventually saw a business opportunity in expanding into manufacturing and selling larger MUVs and started assembling under license of the Willys Jeep in India. Soon, M&M was established as the Jeep manufacturer in India, later commenced manufacturing light commercial vehicles (LCVs) and agricultural tractors.

Jeep was bought by American Motors Corporation in 1970 and thereafter Jeeps continued to be built under license from AMC, and in turn under Chrysler after Chrysler bought AMC in 1987.

In 1999, Mahindra purchased 100% of Gujarat Tractors from the Government of Gujarat and in 2017 Mahindra renamed it as Gromax Agri Equipment Limited, as part of new brand strategy and the models continue to be sold as Trakstar.

In 2007, M&M acquired Punjab Tractor Limited (PTL) making it the world's largest tractor manufacturer. Subsequent to this take-over, the former PTL was merged into M&M and transformed as Swaraj division of Mahindra & Mahindra in the year 2009.

Over the past few years, the company has taken interest in new

industries and in foreign markets. In 2008, they entered the two-wheeler industry by taking over Kinetic Motors in India.

In 2010, M&M took a 55% stake in the REVA Electric Car Company and in 2016, they renamed it Mahindra Electric Mobility Ltd after taking 100% ownership.

In 2011 Mahindra and Mahindra acquired South Korea's SsangYong Motor Company.

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

In May 2015 Mahindra acquired a 33.33% stake in Japanese tractor manufacturer Mitsubishi Agricultural Machinery (MAM), a subsidiary of the Mitsubishi Heavy Industries. 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 March 2016, Mahindra acquired 35% in Finland-based Sampo Rosenlew, entering the combine harvester business, subsequently increasing its stake in the company to 49.04% in December 2019.

In January 2017, Mahindra and Mahindra Ltd acquired a 75.1 equity stake in Hisarlar Makina Sanayi ve Ticaret Anonym Şirketi (Hisarlar), a farm equipment company, marking its entry into Turkey and in September 2017 acquired another Turkish tractor and foundry business

Erkunt Traktor Sanayii AS for ₹800 crore.

In November 2017, Mahindra signed a memorandum of understanding (MOU) agreement with Belgium-based Dewulf, a supplier of a full line of potato and root crop machinery. Under the agreement, Mahindra will manufacture and market potato planting equipment in India, for which the co-branded planter is developed.

In January 2018, Mahindra announced its foray into the sprayers business through the acquisition of a 26% equity stake in M.I.T.R.A. Agro Equipments Pvt Ltd, a Maharashtra-based AgTech company (MITRA). In March 2020, Mahindra further increased its stake in the company to 39%.

In February 2018, Mahindra acquired a minority stake of 22.9% percent in Carnot

Technologies. Carnot Technologies owns and operates smart car solutions firm CarSense.

In May 2018, Mahindra signed a share subscription agreement to acquire up to 10% share capital of Canada's IT firm Resson Aerospace Corporation. Resson is focussed on providing technology solutions for agriculture. It has developed a system that captures and interprets images to give farmers information about the state of their fields and crops.

In June 2019, Mahindra purchased an 11.25% stake in Switzerland-based agro technology firm Gamaya SA. The acquisition enabled Mahindra to further develop and deploy next-generation farming capabilities such as

precision agriculture and digital farming technologies.^{[34][35]}

In October 2019, Mahindra entered into a joint venture with Ford by establishing Ford India in which Mahindra & Mahindra acquired a controlling 51% stake. In January 2021, Mahindra ended its collaboration with Ford owing to global economic and business conditions caused by the pandemic.

In April 2020, the company ended its joint venture with Renault, with Mahindra & Mahindra buying out Renault's stake. Renault continues to license and supply key components such as engines and transmissions to Mahindra & Mahindra.

CHAPTER III LITERATURE REVIEW

1. Impact of Working Capital Management on the Profitability of Automobile Industry in India-

Author Name: Syed Noorul Shajar

Year: 1, June 2016

CONCLSION The study has analyzed impact of profitability on working capital management of some selected Indian automobile companies. For this purpose ROCE is used as a dependent proxy variable for profitability where as CR, ITR & DTR is used as

independent proxy variable for working capital. The companies taken are Maruti Suzuki India Ltd., Tata motors Ltd & Mahindra and Mahindra Ltd. Based on the above analysis it is found that only debtors turnover ratio in case of Maruti Suzuki India limited and current ratio in case of Tata motors limited are positively related with the profitability and their impact is also found to be significant. And the remaining independent proxy variable in each company are found to be positively but less correlated with the dependent proxy variable of profitability (ROCE). It is also found that rate of inventory turnover is very low in all the companies.

2. Impact of Working Capital Management Practices of Automobile Firms on their Profitability: An Example of Mahindra & Mahindra Ltd.

Author Name: Dr. Gitika Mayank*

Year: 8, February 2014

Conclusion:

Working capital management practices at Ranbaxy its impact on profitability has exhibited relationships on the negative as well as the positive dimensions. For a company like Mahindra and Mahindra Ltd the current assets composition is almost equitably distributed among inventory, debtors, cash and loans and advances. Out of the 13 variable initially selected it was observed that the variables related to the operational efficiency of the firm played the most significant role and had the highest impact on Return on Assets (ROA) i.e the working capital turnover ratio, inventory turnover ratio and receivables turnover ratio. For further investigation of the association, Multiple Regression Analysis was carried out. The results of this analysis explored that the developed model is a good fit and explains as high as 99% of the variation in the dependent variable.

3 Relationship between Working Capital Management and Profitability of Indian Automobile Manufacturers

Author Name: Abdul Rahman

Years: 9 Aug 2022

CONCLUSIONS: The relationship between working capital management and profitability of Indian vehicle manufacturers is

examined in this article for the period 2006–2020. The research is essential for investors, competitors, policymakers, and companies at the time since that operates as a growth direction. Thus, it is believed that a well-designed and managed working capital management system would contribute favorably to the profitability and value of the business. Efficient working capital management is crucial for every company organization's existence, liquidity, solvency, and profitability. Additionally, effective working capital management adds value to any business.

4. Study the Relation between Working Capital System and Profitability in Auto Manufacturing Industry in India

Author Name: Fatemeh Jafari

Year 2015

Conclusion:

In the analysis of working capital management and its components six India Auto manufacturing companies have been selected. The major objective and analysis made here was the relation between working capital management and turnover ratios. In turnover ratio there were four ratios analyzed for working capital, namely the inventory turnover ratio, the debtor turnover ratio, the fixed assets turnover ratio and the total asset turnover ratio. Hero Motocorp and Maruti Suzuki have a shortage of average inventory which may lead to decline in their sales therefore the company needs to increase the average inventory. Tvs Motor was marked by poor sales performance and low inventory hence there should be improve in the sales of the company and as per the sales rose the inventory requirements to be enhanced. Ashok Leyland has major capital tied up in inventory, so the company needs to increase their sales and also reconsider their inventory

5 Working Capital Management and its Impact on the Profitability: – A Study

Author Name: Dr. Pramod Sharma

Years: March-2019

Conclusion: If we look at Ecommerce with a positive attitude, then it

seems to have a bright future. It is very much on customer side as then competition will only increase which will thus offer the customer more options. However, we should also keep in mind of all the online fraud and spam side of this game. As the business will grow, so will the crimes. With the boost in online business and E commerce, the bar of online frauds and illegal spam will also be raised high. Either way, the dark side of it can be neglected if the customer plays the game carefully and learn about online money management and financial education. banking is also experiencing its biggest crest in the graph and it will only keep on increasing only.

CHAPTER IV
REASEARCH METHODOLOGY

The research methodology is a way to systematically solve the research problem. It may be understood as a science of studying new 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.

The procedure by which a researcher goes about their work of describing, explaining predicting phenomenon is called methodology.

Research Design

A research design is an arrangement of condition for collection at analysis of data in a manner that combines relevance to the research purpose with the economy in the process.

Process of Research

Formulating the objective of the study (What the study is about and why it is being made)

Designing the method of data collection (What technique of gathering data will be adopted)

Selecting the sample (How much material will be needed)

Collecting the data (Where can be required data can be found and with what time period should the data be related)

Processing and analysis the data

Reporting and finding

Sample Design

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure adopted in selecting items for the sample. The main constituents of the sampling design below-

Sampling unit

Sample size

Sampling unit

A sampling framework, i.e. developed over the target population that will be sampled. i.e.

Who is to be surveyed

- Sample unit taken by me - Financial statement of the company

Sample size

It is the substantial portions of the largest population that are sampled achieve reliable results.

- Sample size - the last four years, i.e. 2017-2018 to 2021-2022 financial statements of the company.

.

Data collection

The data have been collected from two types-

Primary Data:-

The Information is collected through the primary sources like.

Taking with the employees of the department.

Getting information by observation e.g. in manufacturing processes.

Discussion with the head of the department.

Secondary Data:-

The data is collected through the secondary sources like.

Annual Reports of the company.

Office manuals of the department.

Magazines, Reports in the company.

Policy documents of various departments.

PROBLEM STATEMENT

In the competitive landscape of the automotive and farm equipment industry, effective working capital management is critical for sustaining financial growth and operational efficiency. However, there is a lack of empirical research focused on the specific impact of working capital management on the financial growth of Mahindra and Mahindra in Nagpur. This study aims to fill this gap by investigating the current practices, challenges, and optimization strategies of working capital management at Mahindra and Mahindra. By addressing these issues, the research will provide valuable insights and actionable recommendations to enhance the company's financial performance and growth.

NEED OF STUDY

- Understanding the efficiency of working capital management in optimizing financial resources.
- Analyzing the relationship between working capital management practices and overall financial performance.
- Identifying strategies to enhance working capital management for sustainable financial growth.
- Assessing the impact of effective working capital management on liquidity, profitability, and investment opportunities.

OBJECTIVES OF THE STUDY

- To study working capital methods and policy adopted by Mahindra and Mahindra ltd.
- To analyses the concept of working capital.
- To understand working capital methods and procedures at Mahindra and Mahindra ltd.
- To know the performance of Mahindra and Mahindra ltd by using different ratio related to working capital.

HYPOTHESIS

H0: There is no significant relationship between Mahindra & Mahindra working capital management and its financial performance.

H1: There is a significant relationship between Mahindra & Mahindra working capital management and its financial performance

Limitations

- **Access to Detailed Data:** There may be restricted access to proprietary or detailed financial data of Mahindra & Mahindra, leading to potential gaps in the analysis.
- **Incomplete or inconsistent historical data** can affect the accuracy of trend analysis and long-term assessments.
- **[Quantitative vs. Qualitative Data: Over-reliance on quantitative data** might neglect qualitative aspects of working capital management, such as managerial expertise and employee efficiency.

CHAPTER NO. V
DATA ANALYSIS AND
INTERPRETATION

BALANCESHEET
MAHINDRA AND MAHINDRA PVT LTD (Rs. In Cr.)
FOR THE YEAR ENDED 2017-18 2018-19 2019-20 2020-21 2021-
22

PARTICULARS	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	12,004.37	7,872.59	7,980.76	7,614.71	6,507.95
Intangible Assets	2,544.25	2,306.76	2,413.83	2,467.04	1,351.46
Capital Work-in-Progress	1,521.52	1,708.88	1,196.68	706.77	1,079.72
Other Assets	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	19,566.79	15,011.51	14,404.05	12,501.54	10,988.12
Non-Current Investments	17,207.75	19,576.60	17,748.48	19,032.07	16,645.48
Deferred Tax Assets (Net)	0.00	0.00	0.00	0.00	0.00
Long Term Loans And Advances	960.20	1,652.72	138.86	37.55	43.01
Other Non-Current Assets	3,477.82	3,035.67	3,069.18	3,054.84	3,265.67
TOTAL NON-CURRENT ASSETS	41,212.56	39,276.50	35,360.57	34,626.00	30,942.28

CURRENT ASSETS					
Current Investments	7,902.06	4,488.47	2,189.65	2,983.96	3,937.49
Inventories	5,882.85	3,955.47	3,400.91	3,839.27	2,701.69
Trade Receivable	3,035.11	2,342.85	2,998.98	3,946.30	3,172.98
Cash And Cash Equivalents	3,650.53	6,255.42	4,236.51	3,731.66	2,893.73
Short Term Loans And Advances	1,845.52	756.94	512.02	673.40	975.16
Other Current Assets	3,601.63	2,513.15	1,803.42	2,896.47	2,793.42
TOTAL CURRENT ASSETS	25,917.70	20,312.30	15,141.49	18,071.06	16,474.47
TOTAL ASSETS	67,130.26	59,588.80	50,502.06	52,697.06	47,416.75

PARTICULARS	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUND					
Equity Share Capital	598.30	597.39	596.80	595.80	594.97
TOTAL SHARE CAPITAL	598.30	597.39	596.80	595.80	594.97
Reserves And Surplus	38,139.19	33,649.65	33,606.36	33,613.43	29,699.07

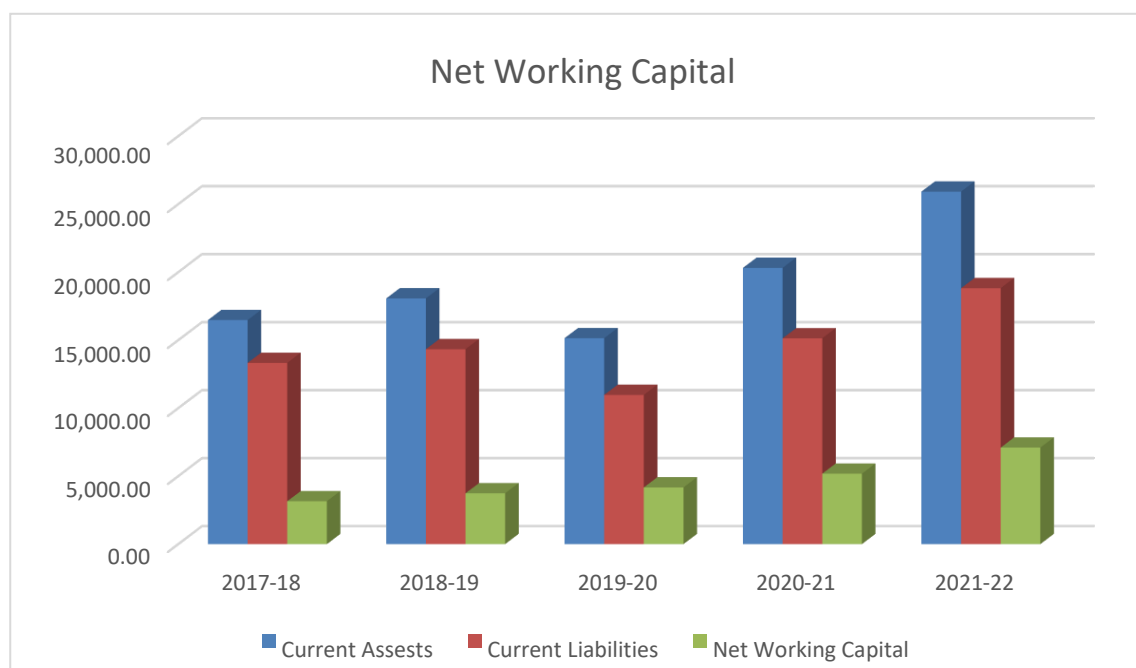
TOTAL RESERVES AND SURPLUS	38,139.19	33,649.65	33,606.36	33,613.43	29,699.07
TOTAL SHAREHOLDERS FUNDS	38,960.95	34,501.92	34,467.84	34,209.23	30,294.04
NON-CURRENT LIABILITIES					
Long Term Borrowings	5,678.02	7,070.03	2,032.03	2,031.78	2,195.90
Deferred Tax Liabilities (Net)	1,700.80	1,343.15	1,408.17	634.13	277.24
Other Long Term Liabilities	1,057.54	585.11	698.22	604.38	464.55
Long Term Provision	912.66	955.42	922.98	882.93	861.81
TOTAL NON-CURRENT LIABILITIES	9,349.02	9,953.71	5,061.40	4,153.76	3,799.50
CURRENT LIABILITIES					
Short Term Borrowings	811.93	24.74	900.00	448.54	668.47
Trade Payables	12,893.54	9,988.16	6,785.83	9,678.15	8,603.40
Other Current Liabilities	4,661.21	4,633.79	2,691.43	3,518.71	3,383.95
Short Term Provisions	453.61	486.48	595.56	688.67	667.39
TOTAL CURRENT LIABILITIES	18,820.29	15,133.17	10,972.82	14,334.07	13,323.21
TOTAL CAPITAL AND LIABILITIES	67,130.26	59,588.80	50,502.06	52,697.06	47,416.75

POSTIONS OF NET WORKING CAPITAL

Net Working Capital = Current Asset – Current Liabilities

(Amt. in. Cr)

Sr. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Current Assets	16,474.47	18,071.06	15,141.49	20,312.30	25,917.70
2.	Current Liabilities	13,323.21	14,334.07	10,972.82	15,133.17	18,820.29
	Net Working Capital	3,151.26	3,736.99	4,168.67	5,179.13	7,097.41



INTERPRETATION

In the year of 2018 Net Working Capital are 3,151.26 Cr., in 2019 it is 3,736.99 Cr., in 2020 it is 4,168.67 Cr., in 2021 it is 5,179.13 Cr., and 2022 it is 7,097.41

WORKING CAPITAL RATIO ANALYSIS:-

Analysis of working capital management is done with the help of certain ratios. Like a Current ratio, Quick ratio, Inventory Turnover ratio, Debtors turnover ratio, Creditors turnover ratio, Working capital turnover ratio etc. The working capital ratios has been calculated and mean also shown for last three years in the company.

PURPOSE OF THE RATIO ANALYSIS:-

To study the short-term solvency of the company-liquidity of the company.

To study the long-term solvency of the company-Leverage position of the company.

To interpret the profitability of the company-profit earning capacity of the firm.

Current Ratio:-

This is a measure of the ability of a firm to meet its short-term obligation. It is has perhaps the best knows as measure of financial strength at a given point of time. Too small a ratio may indicate that he firm has too many assets tied up in current assets & is not making efficient use of them. Table no. 4 indicates current ratio of the company.

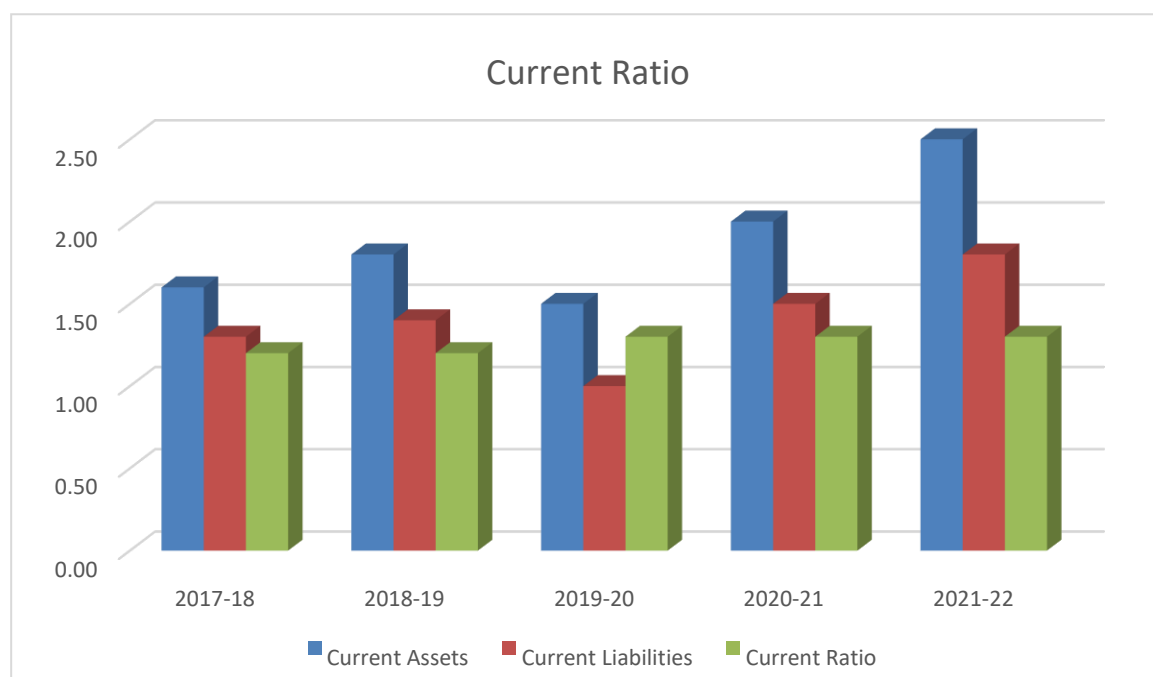
CURRENT RATIO

CURRENT RATIO = CURRENT ASSETS / CURRENT LIABILITIES

(Amt. in. Cr)

Year	Current Assets	Current Liabilities	Current Ratio
2017-18	16,474.47	13,323.21	1.2
2018-19	18,071.06	14,334.07	1.2
2019-20	15,141.49	10,972.82	1.3
2020-21	20,312.30	15,133.17	1.3
2021-22	25,917.70	18,820.29	1.3

Current Ratio



In the year of 2018 Current Assets are 1.2 Cr., in 2019 it is 1.2 Cr., in 2020 it is 1.3 Cr., in 2021 it is 1.3 Cr., and 2022 it is 1.3 Cr.

LIQUID / QUICK / ACID TEST RATIO

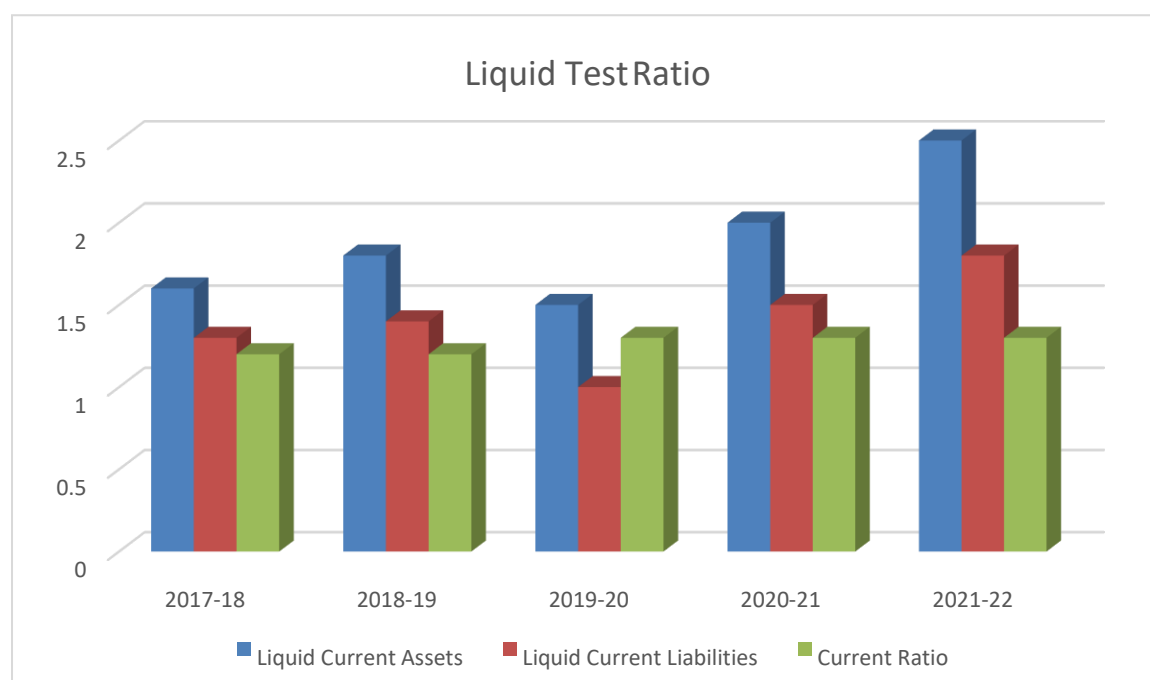
LIQUID TEST RATIO = LIQUID CURRENT ASSETS / LIQUID CURRENT LIABILITIES

(Amt.in Cr.)

Year	Liquid Current Assets	Liquid Current Liabilities	Current Ratio
2017-18	16,474.47	13,323.21	1.2
2018-19	18,071.06	14,334.07	1.2
2019-20	15,141.49	10,972.82	1.3
2020-21	20,312.30	15,133.17	1.3
2021-22	25,917.70	18,820.29	1.3

Sources :- Secondary Data

Liquid / Quick / Acid Test Ratio



INTERPRETATION:-

In the year of 2018 Liquid Test Ratio are 1.2 Cr., in 2019 it is 1.2 Cr., in 2020 it is 1.3 Cr., in 2021 it is 1.3 Cr., and 2022 it is 1.3 Cr.

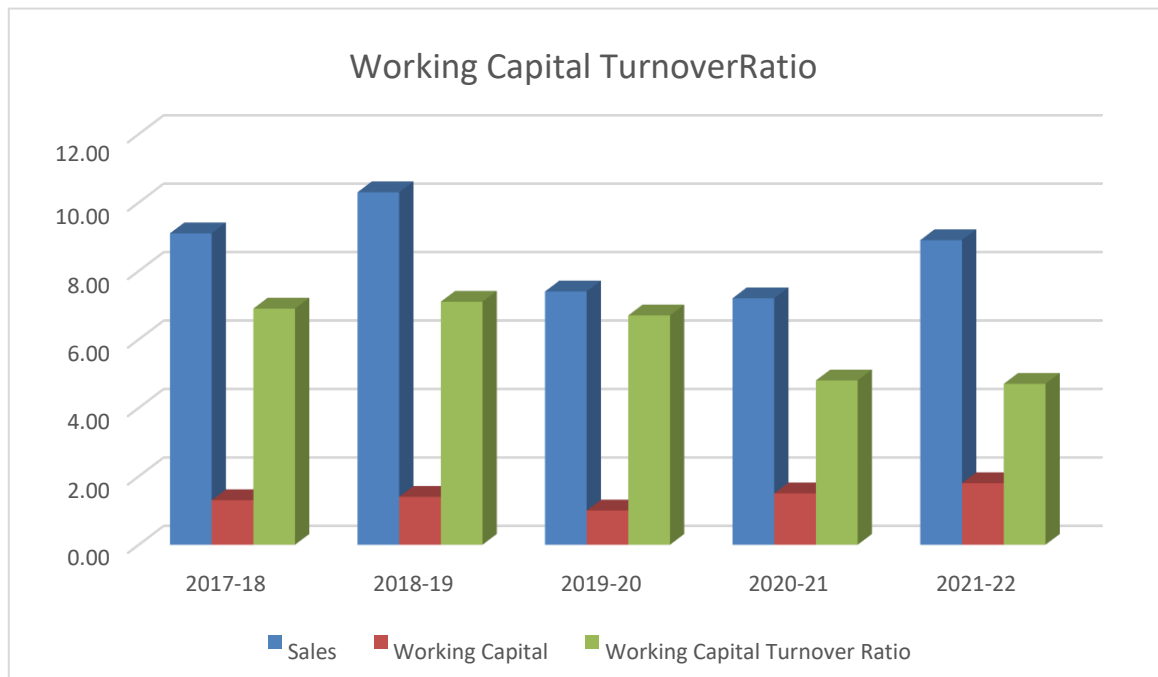
WORKING CAPITAL TURNOVER RATIO :-

WORKING CAPITAL TURNOVER RATIO = SALES / WORKING CAPITAL

(Amt.in Cr.)

Year	Sales	Working Capital	Working Capital Turnover Ratio
2017-18	91,941.50	13,323.21	6.9
2018-19	103,015.23	14,334.07	7.1
2019-20	74,304.07	10,972.82	6.7
2020-21	72,678.98	15,133.17	4.8
2021-22	89,353.96	18,820.29	4.7

Working Capital Turnover Ratio



✦ INTERPRETATION:-

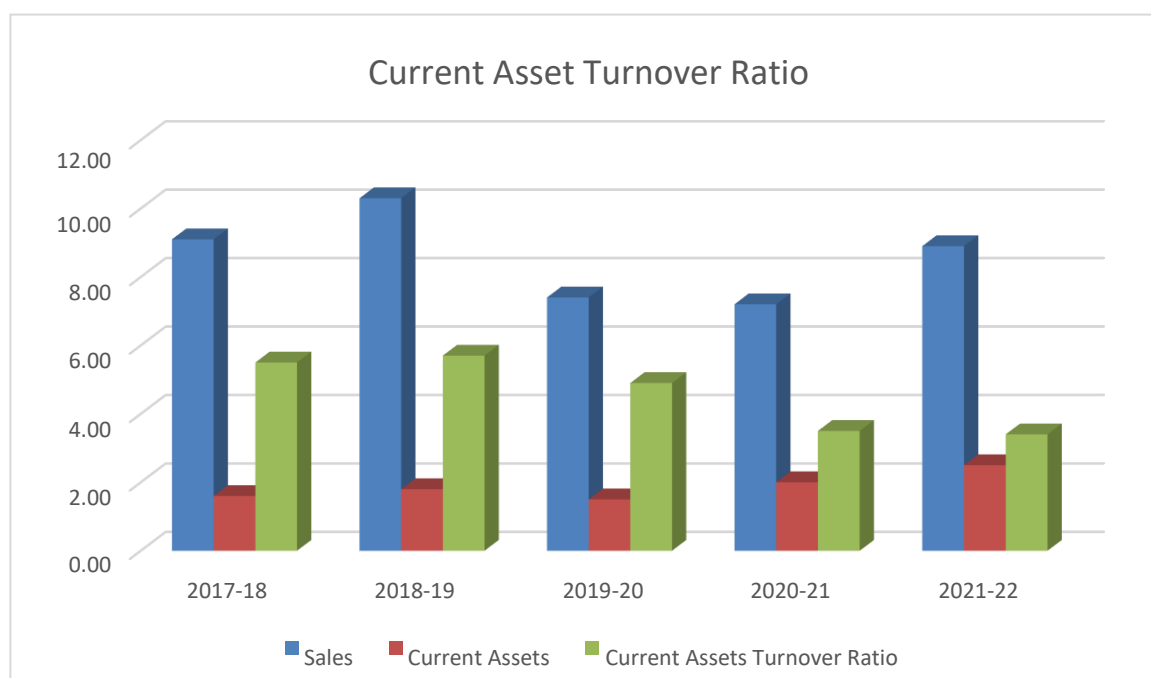
In the year of 2018 Working Capital Turnover Ratio are 6.9 Cr., in 2019 it is 7.1 Cr., in 2020 it is 6.7 Cr., in 2021 it is 4.8 Cr., and 2022 it is 4.7 Cr.

CURRENT ASSETS TURNOVER RATIO:-

$$\text{CURRENT ASSETS TURNOVER RATIO} = \frac{\text{SALES}}{\text{CURRENT ASSETS}}$$

(Amt.in) Cr.)

Year	Sales	Current Assets	Current Assets Turnover Ratio
2017-18	91,941.50	16,474.47	5.5
2018-19	103,015.23	18,071.06	5.7
2019-20	74,304.07	15,141.49	4.9
2020-21	72,678.98	20,312.30	3.5
2021-22	89,353.96	25,917.70	3.4



Interpretation: □

In the year of 2018 Current Assets are 5.5 Cr., in 2019 it is 5.7 Cr., in 2020 it is 4.9 Cr., in 2021 it is 3.5 Cr., and 2022 it is 3.4 Cr.

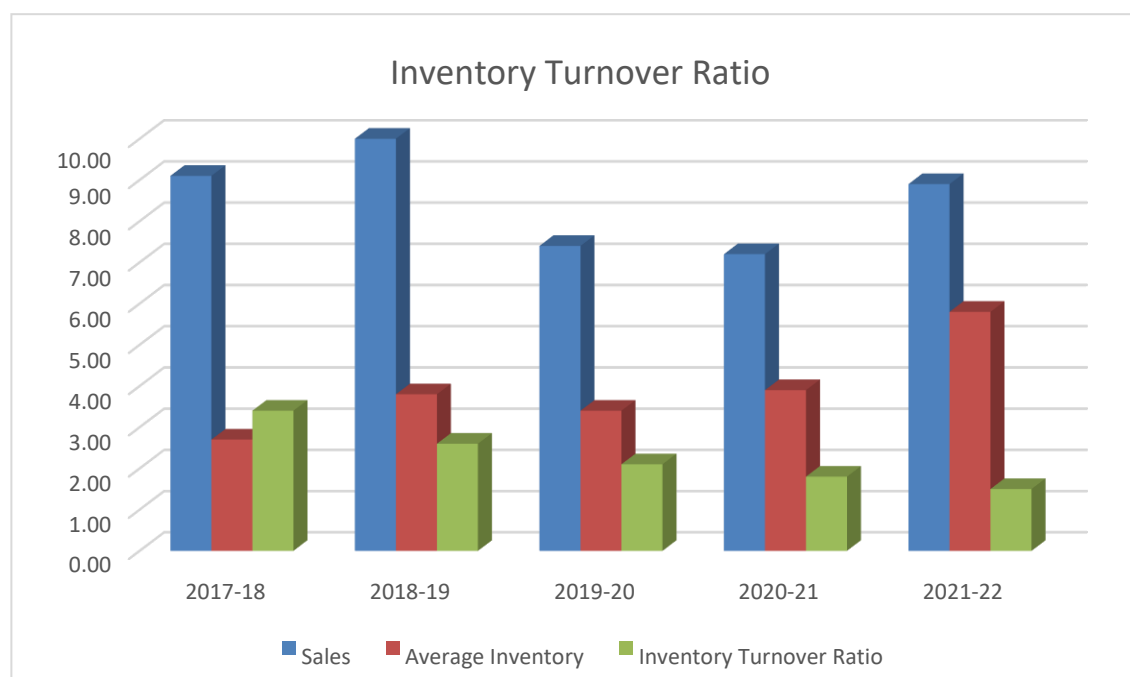
INVENTORY TURNOVER RATIO:-

(INVENTORY TURNOVER RATIO = SALES / AVERAGE INVENTORY)

(Amt.in Cr.)

Year	Sales	Average Inventory	Inventory Turnover Ratio
2017-18	91,941.50	2,701.69	3.4
2018-19	103,015.23	3,839.27	2.6
2019-20	74,304.07	3,400.91	2.1
2020-21	72,678.98	3,955.47	1.8
2021-22	89,353.96	5,882.85	1.5

Inventory Turnover Ratio



† INTERPRETATION:-

In the year of 2018 Inventory Turnover Ratio are 3.4 Cr., in 2019 it is 2.6 Cr., in 2020 it is 2.1 Cr., in 2021 it is 1.8 Cr., and 2022 it is 1.5 Cr.

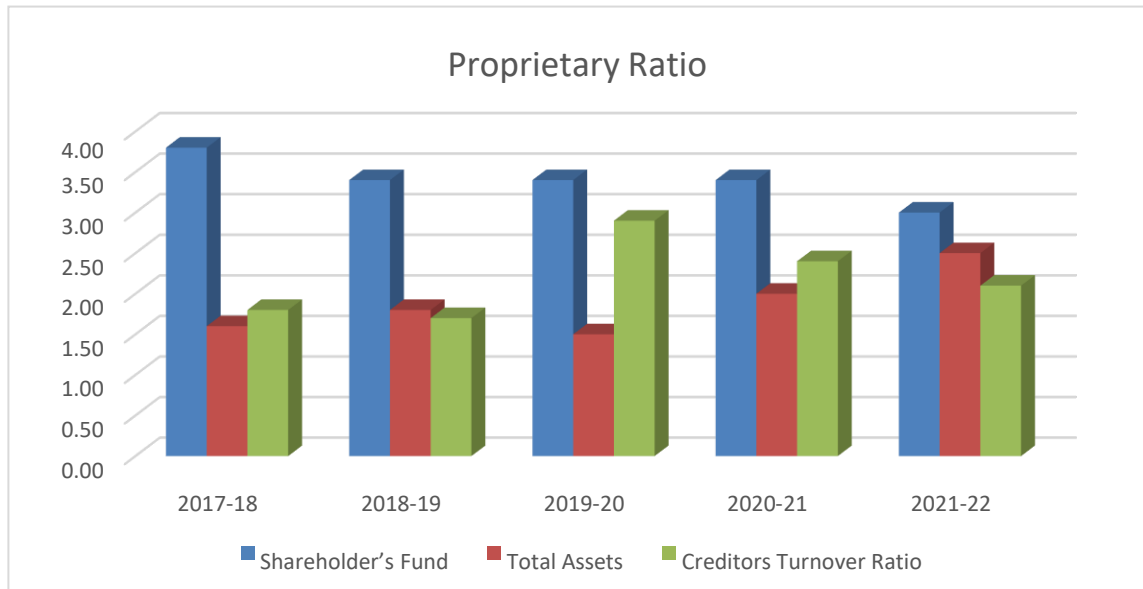
PROPRIETARY RATIO

$$\text{Proprietary Ratio} = \frac{\text{Shareholder's Funds}}{\text{Total Assets}}$$

(Amt.in Cr.)

Year	Shareholder's Fund	Total Assets	Proprietary Ratio
2017-18	38,960.95	16,474.47	1.8
2018-19	34,501.92	18,071.06	1.7
2019-20	34,467.84	15,141.49	2.9
2020-21	34,209.23	20,312.30	2.4
2021-22	30,294.04	25,917.70	2.1

Proprietary Ratio



† INTERPRETATION:-

In the year of 2018 Proprietary Ratio are 1.8 Cr., in 2019 it is 1.7 Cr., in 2020 it is 2.9 Cr., in 2021 it is 2.4 Cr., and 2022 it is 2.1 Cr.

CHAPTER NO. VI
FINDING & SUGGESTION

1. Net Working Capital :-

There is Increase in net working capital of company during all 5 years from 2018 to 2022.

Due to increase in current asset there is also increasing working capital.

2. Current Asset :-

The current assets are increasing for all five years

3. Current Liabilities :-

From above chart it is observed that short term borrowing is decreased in 2020-21 is 24.74 Cr.

4. Total Current Assets :-

From above chart it is observed that current liabilities is decreased in 2019-20 by 10,972.82 Cr.

5. Total Current Liabilities:-

Following the above chart 2017-18 & 2018-19 is increases by 16,474.47 and 18,071.06 but in 2019-20 is decreases by 15,141.49 then in 2020-21 & 2022 is also increase by 20,312.30 & 25,917.70

6. Current Ratio:-

From the above chart current ratio is stable in the year 2018 and 2019 is 1:2, Then in the year 2020 To 2022 is increases by 1:3

7. Liquid / Quick / Acid Test Ratio :-

From the above chart Liquid Test Ratio is stable in the year 2018 and 2019 is 1:2, Then in the year 2020 To 2022 is increases by 1:3

8. Working Capital Turnover Ratio :-

The working capital turnover ratio in 2018, 2019, 2020, 2021 and 2022 is 6:9, 7:1, 6:7, 4:8 and 4:7 respectively. In year 2018 is stable but in year 2019 is increasing, then in year 2020 to 2022 is decreases.

SUGGESTIONS

1) Working Capital:-

The company need to continue the trend of increase in working capital throughout in the future to meet its current liabilities.

2) Current Assets :-

The current assets increasing trend is good throughout the all five years. The company can continue the plan for increase the current assets in the future.

3) Current Liabilities :-

The most of the portion of current liabilities is covered by the trade payables. The company need to decrease the trade payables in future.

4) Total Current Assets :-

The total current assets of the company are increasing throughout years of study i.e. 2018 to 2022. The company need to stable the increase in current assets of the company in future.

CHAPTER NO. VII
CONCLUSION

CONCLUSION

The study on Working Capital Management conducted in Mahindra And Mahindra Ltd. To analysis the financial position of the company. The company's financial position is analyzed by using the tool of annual reports from 2018 to 2022. The financial status of Mahindra And Mahindra Ltd is good.

In this project the various ratios are calculated are an indicator as to the fact that the profitability of the firm. As of now, the company has maintain good financial position by controlling the current liabilities & other expenses it has suggested that the company should maintain the same performance in the future. Companies working capital condition is very lowful because current assets exceeds current liability. It is not satisfied. So I suggest company maintain the balance between current assets & current liabilities

In conclusion of hypothesis the

(H0) null hypothesis is rejected as there is no significant relationship between Mahindra & Mahindra working capital management and its financial performance, Whereas

(H1) Alternative hypothesis is Accepted as There is a significant relationship between Mahindra & Mahindra working capital management and its financial performance.

CHAPTER VII
REFERENCES

REFERENCES:

<http://www.google.com>

<http://moneycontrol.com>

<http://mahindraandmahindraltd.com>

Research Methodology (Methods and Techniques) by C.R.Kothari, New Delhi, New age International Pvt. Ltd. Second Revised Edition.

Dr. Mahajan, Dr. Kulkarni Management Accounting Page no (2.23- 2,46,3.13,4.01- 4.13).