

A

Project Report

**“WORKING CAPITAL MANAGEMENT IN HCL
INFOSYSTEMS LIMITED”**

Submitted to

G. S. College of Commerce & Economics, Nagpur

Affiliated to

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfillment for the award of the degree 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

ACADEMIC YEAR 2023-2024



G.S. COLLEGE OF COMMERCE & ECONOMICS, NAGPUR

ACADEMIC YEAR 2023-2024



CERTIFICATE

This is to certify that “**PALAK HARODE**” has submitted the project report titled “Working Capital Management In Hcl Infosystems Limited” towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate. It is further certified that he/she has ingeniously completed his/her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University.

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ACADEMIC YEAR 2023-2024



DECLARATION

I here -by declare that the project with title “**WORKING CAPITAL MANAGEMENT IN HCL INFOSYSTEMS LIMITED**” has been completed by me in partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University. And this has not been submitted for any other examination and does not form part of any other course undertaken by me.

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Date:

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ACADEMIC YEAR 2023-2024



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

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

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

PALAK HARODE

Place:

Date:

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CHAPTER 1
INTRODUCTION

WORKING CAPITAL MANAGEMENT

Working capital management is a business strategy designed to ensure that a company operates efficiently by monitoring and using its current assets and liabilities to their most effective use.

UNDERSTANDING WORKING CAPITAL MANAGEMENT

Working capital management requires monitoring a company's assets and liabilities to maintain sufficient cash flow to meet its short-term operating costs and short-term debt obligations.

Working capital management involves tracking various ratios, including the working capital ratio, the collection ratio, and the inventory ratio.

Working capital management can improve a company's cash flow management and earnings quality by using its resources efficiently.



WHY MANAGE WORKING CAPITAL?

Working capital management helps maintain the smooth operation of the net operating cycle, also known as the cash conversion cycle (CCC)—the minimum amount of time required to convert net current assets and liabilities into cash.


Working capital management can improve a company's cash flow management and earnings quality through the efficient use of its resources. Management of working capital includes inventory management as well as management of accounts receivable and accounts payable.


Working capital management also involves the timing of accounts payable (i.e., paying suppliers). A company can conserve cash by choosing to stretch the payment of suppliers and to make the most of available credit or may spend cash by purchasing using cash—these choices also affect working capital management.


WORKING CAPITAL FORMULA:

Working Capital

$$\text{Working Capital} = \text{Current Assets (Net of Depreciation)} - \text{Current Liabilities}$$







CHAPTER 2
COMPANY PROFILE

HCL INFOSYSTEMS LTD COMPANY PROFILE

Industry	Sector	Employees	Equity Type
Communications & Networking	Technology	179	ORD

HCL Infosystems Limited is an India-based company, which is primarily engaged in the value-added distribution of technology, mobility and consumer electronic products. The Company operates through four segments.

Hardware Products & Solution segment's business comprise of sale of information technology (IT) products and solutions to enterprise and government customers.

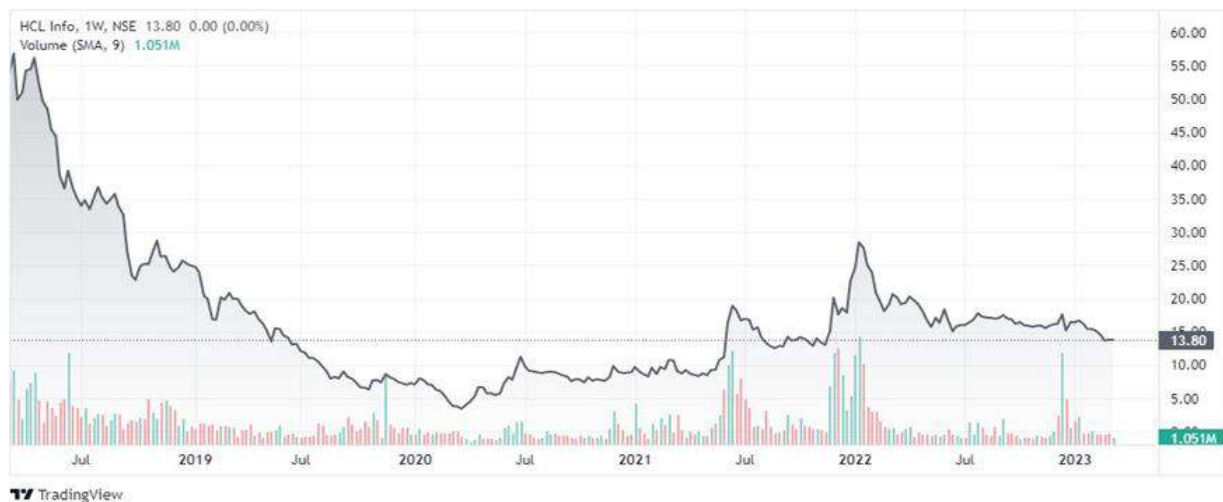
The Services segment's business provides IT infrastructure managed services, multi-vendor technical support, application management, business services activities and support services.

Learning segment's business includes rendering training services, sale of educational digital content and related hardware offers for private schools, colleges, other education institutes and vocational training.

The Distribution segment consists of the distribution of consumer products, including telecommunication, digital lifestyle products, and consumer electronics and home appliances; enterprise products, including IT products and other.

Top Executives

Name	Age	Title
Pawan Kumar Danwar	56	2014 Non- independence & Non- executive director
Sangeeta Talwar	66	2014 Independent & Non- executive director
Nikhil Sinha	62	2009 Non- executive & independent chairman
Kaushik Dutta	60	2014 Independent & Non- executive director
Neelesh Agarwal	0	2022 Aditonal Non- independent Non- executive director
Ritu Arora	49	2015 independet & Non- executive director



OBJECTIVES OF HCL INFOSYSTEMS LTD.

VISION STATEMENT:

“Together we create the Enterprises of Tomorrow”

MISSION STATEMENT:

“To provide world-class Information Technology solutions and services in order to enable our customers to serve their customers better”

CORE VALUES:

- Nothing transforms life like education.
- We shall honour all commitments
- We shall be committed to Quality, Innovation and Growth in every endeavour
- We shall be responsible corporate citizens

QUALITY POLICY:

"We shall deliver defect-free products, services and solutions to meet the requirements of our external and internal customers, the first time, every time."

CHAPTER 3
LITERATURE REVIEW

LITERATURE REVIEW

A Study on Working Capital Management in HCL Infosystems by Apoorv Pandey and his research end up to this:

- The working capital position of the company is sound and the various sources through which it is funded are optimal.
- The company has used its dividend policy, purchasing, financing and investment decisions to good effect can be seen from the inferences made earlier in the project.

A Study on Working Capital Management in HCL Infosystems by Dipankar Hans and his research end up to this:

- Sales are decreasing during the year 2009-10. Hence profitability has declined over this time period
- Due to increase in the time period for the realization of debtors, cash and bank balance has decreased.

A Study on Working Capital Management in HCL Infosystems by Sanjay Gupta and his research end up to this:

- Stock turnover ratio is decreasing; it shows that capital is blocked into the inventory.
- Fixed asset turnover ratio has decreased this year, which shows that assets have not been used efficiently as they had been used in the previous year.

CHAPTER 4
RESEARCH STUDIES

PROBLEM DEFINITION

At HCL a substantial part of the total assets is covered by current assets. Current assets form around 80% of the total assets. However, this could be less profitable on the assumption that current assets generate lesser returns as compared to fixed assets.

But in today's competition it becomes mandatory to keep large current assets in form of inventories so as to ensure smooth production an excellent management of these inventories has to be maintained to strike a balance between all the inventories required for the production.

So, in order to manage all these inventories and determine the investments in each inventory, the system call for an excellent management of current assets which is really a tough job as the number of inventories required are large in number.

Here comes the need of working capital management or managing the investments in current assets. Thus, in big companies like HCL it is not easy at all to implement a good working capital management as it demands individual attention on its different components.

So, I have been given this topic to make an in-depth analysis and detailed study to come out with a clear magnified view as to whether the management of working capital at HCL is sound or not.

SCOPE OF STUDY

SCOPE OF STUDY

- This project will be a learning device for the finance student.
- Through this project I would study the various methods of the working capital management.
- The project will be a learning of planning and financing working capital.
- The project would also be an effective tool for credit policies of the companies.
- This will show different methods of holding inventory and dealing with cash and receivables.
- This will show the liquidity position of the company and also how do they maintain a particular liquidity position.

OBJECTIVE OF STUDY

OBJECTIVE OF STUDY

The objectives of this project were mainly to study the inventory, cash and receivable at HCL Infosystems Ltd., but there are some more and they are –

- The main purpose of our study is to render a better understanding of the concept “Working Capital Management”.
- To understand the planning and management of working capital at HCL Infosystems Ltd.
- To measure the financial soundness of the company by analysing various ratios.
- To suggest ways for better management and control of working capital at the concern.

LIMITATION OF STUDY

LIMITATION OF STUDY

- We cannot do comparisons with other companies unless and until we have the data of other companies on the same subject.
- Only the printed data about the company will be available and not the back-end details.
- Future plans of the company will not be disclosed to the trainees.
- Lastly, due to shortage of time it is not possible to cover all the factors and details regarding the subject of study.
- The latest financial data could not be reported as the company's websites have not been updated.

HYPOTHESIS

HYPOTHESIS

Hypothesis is usually considered as the principal instrument in research. Its main function is to suggest new experiments and observations. In fact, many experiments are carried out with the deliberate objects of testing hypothesis.

H₀: Working Capital Management is not beneficial for HCL Infosystems Ltd.

H₁: Working Capital Management is beneficial for HCL Infosystems Ltd

CHAPTER 5
RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

Methodology includes the overall research procedures, which are followed in the research study. This includes Research design, the sampling procedures, and the data collection method and analysis procedures. To broad methodologies can be used to answer any research question- experimental research and non-experimental research. The major difference between the two methodologies lies in the control of extraneous variables by the intervention of the investigator in the experimental research.

RESEARCH DESIGN

A research design is defined, as the specification of methods and procedures for acquiring the Information needed. It is a plant or organizing framework for doing the study and collecting the data. Designing a research plan requires decisions all the data sources, research approaches, Research instruments, sampling plan and contact methods.

RESEARCH DESIGN IS MAINLY OF FOLLOWING TYPES: -

- 1. Exploratory research**
- 2. Descriptive studies**

Exploratory Research

The major purposes of exploratory studies are the identification of problems, the more precise Formulation of problems and the formulations of new alternative courses of action. The design of exploratory studies is characterized by a great amount of flexibility and adhoc veracity.

Descriptive Studies

Descriptive research in contrast to exploratory research is marked by the prior formulation of specific research Questions. The investigator already knows a substantial amount about the research problem. Perhaps as a Result of an exploratory study, before the project is initiated. Descriptive research is also characterized by a pre-planned and structured design.

DATA COLLECTION METHODS

Primary Data

These data are collected first time as original data. The data is recorded as observed or encountered. Essentially, they are raw materials. They may be combined, totalled but they have not extensively been statistically processed. For example, data obtained by the peoples.

Secondary Data

The Secondary data collected has been collected from books, journals, brochures, internet and other secondary sources.

- Official Publications
- Publications Relating to Trade
- Journal/ Newspapers etc
- Industry Associations

CHAPTER 6
DATA ANALYSIS
AND
INTERPRETATION

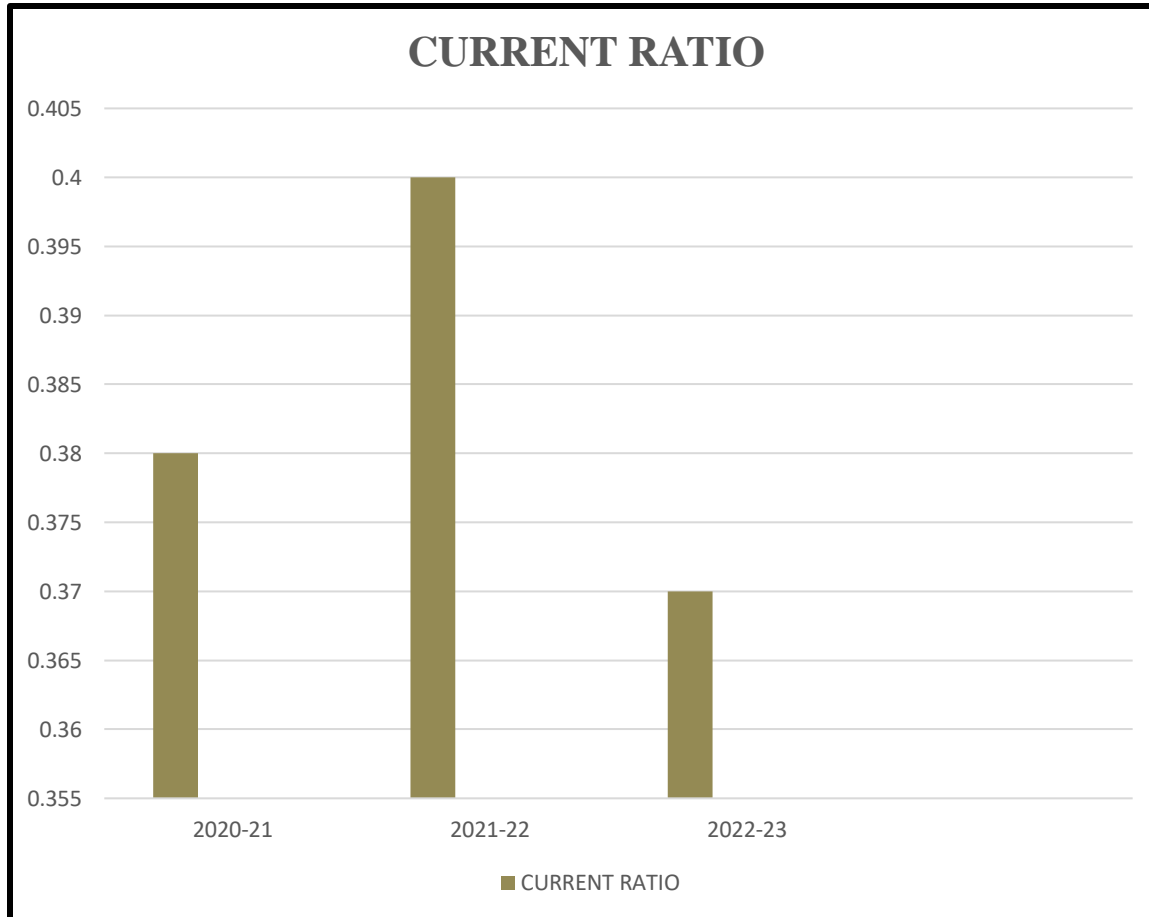
CURRENT RATIOS: -

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

Formula:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Year (Ended on 31st March)	Current Assets (₹ in Crores)	Current Liabilities (₹ in Crores)	Current Ratio (times)
March 2021	311	827	0.38
March 2022	279	690	0.40
March 2023	287	757	0.37

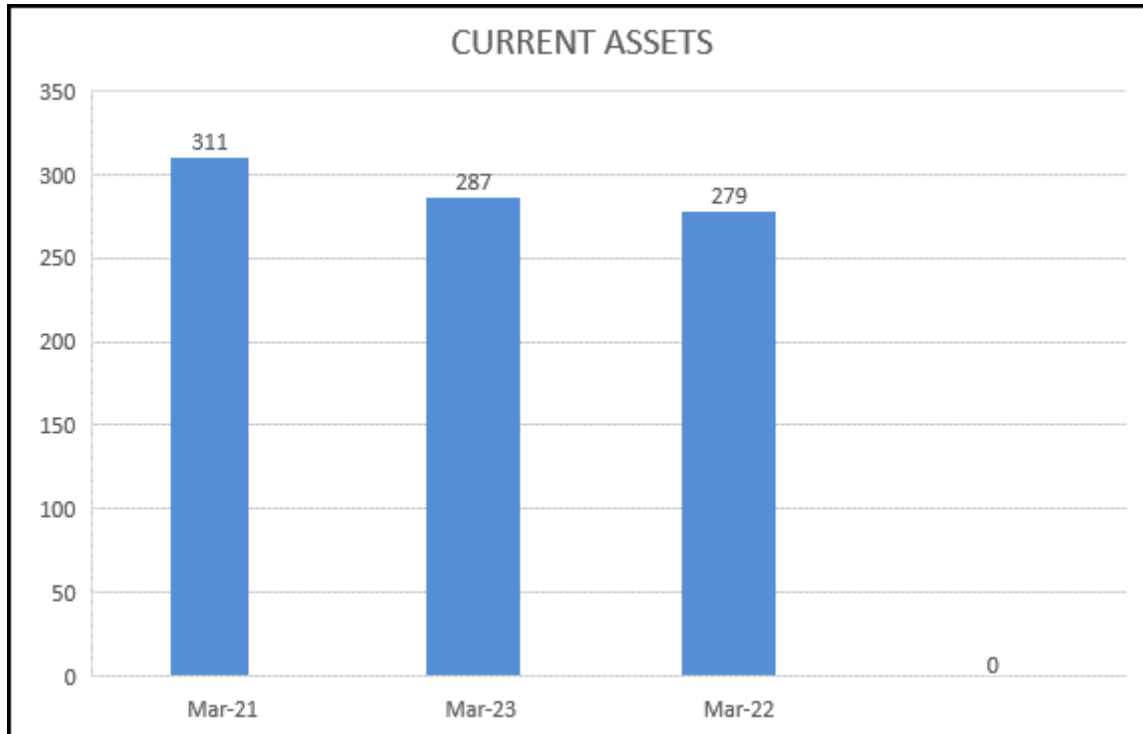


INTERPRETATION FROM PAST 3 YEARS CURRENT RATIO:

- ✓ Current ratio is decreasing continuously from past 3 years except 2022.
- ✓ The ratio Increased by 0.03 in 2022 as compared to that in 2021.
- ✓ The ratio Decreased by. 0.02 in 2023 as compared to that in 2022.
- ✓ Current Ratio has Increased in only 2022

CURRENT ASSETS: -

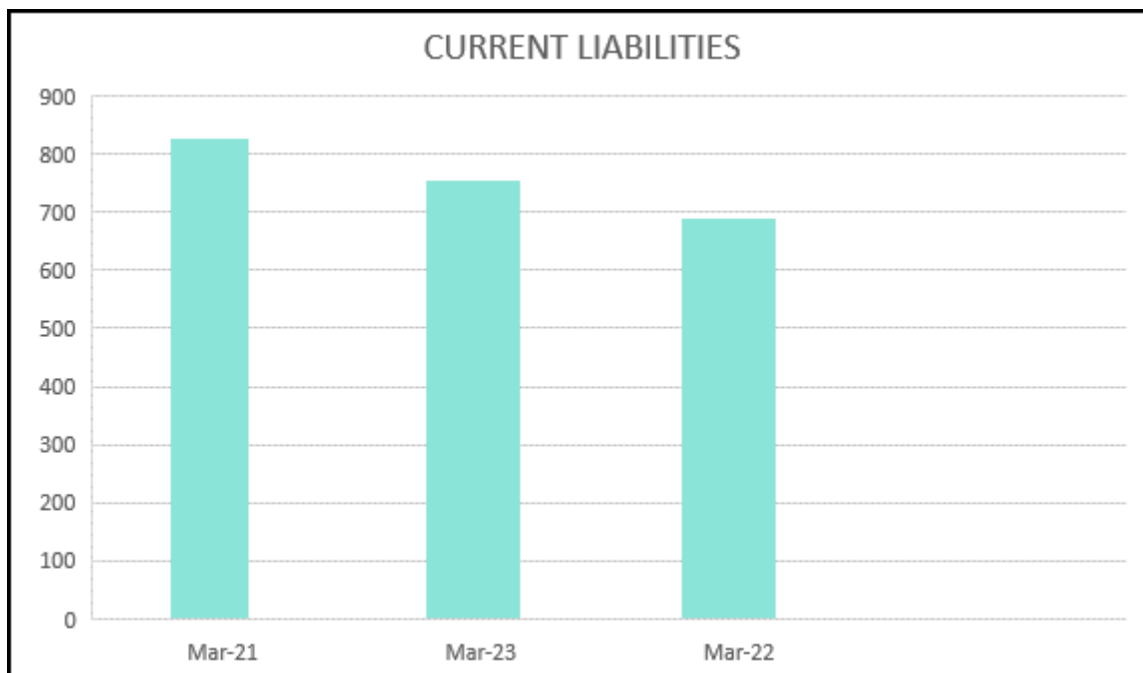
The Current Assets account is a balance sheet line item listed under the Assets section, which accounts for all company-owned assets that can be converted to cash within one year. Assets whose value is recorded in the Current Assets account are considered current assets.

**INTERPRETATION FROM PAST 3 YEARS CURRENT ASSETS:**

- ✓ Current assets are declining continuously in past 3 years, which is not good for the company.
- ✓ 2021 marked the highest current asset in past 3 years with the amount touching ₹311.61 crores.
- ✓ 2022 marked the lowest current asset in past 5 years with the amount touching ₹279 crores.
- ✓ In year 2022, the current asset shown a drop of ₹32.33 crores.
- ✓ In year 2023, the current asset shown a higher than 2022 with a ₹8.03 crores

CURRENT LIABILITIES: -

Current liabilities are a company's short-term financial obligations that are due within one year or within a normal operating cycle. An operating cycle, also referred to as the cash conversion cycle, is the time it takes a company to purchase inventory and convert it to cash from sales. An example of a current liability is money owed to suppliers in the form of accounts payable.



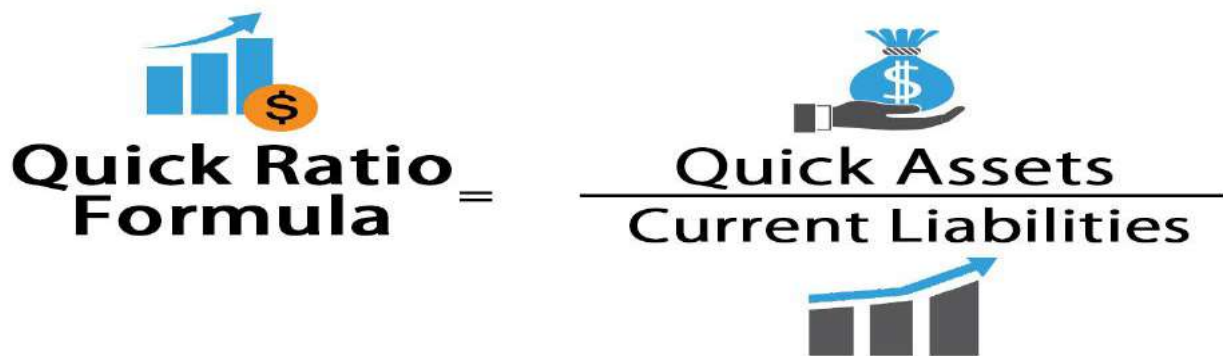
INTERPRETATION FROM PAST 5 YEARS CURRENT LIABILITIES:

- ✓ Current liabilities are also decreasing every year in past 3 years but at a slower rate than current asset, that is also not good for the company.
- ✓ Current liabilities show its highest point in past 3 years in 2021, with the amount of ₹827.86 crores.
- ✓ In year 2022, current liabilities show drop of ₹136.88 crores.
- ✓ In year 2023, current liabilities show drop of ₹70.14 crores.

QUICK RATIO: -

The quick ratio is an indicator of a company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets.

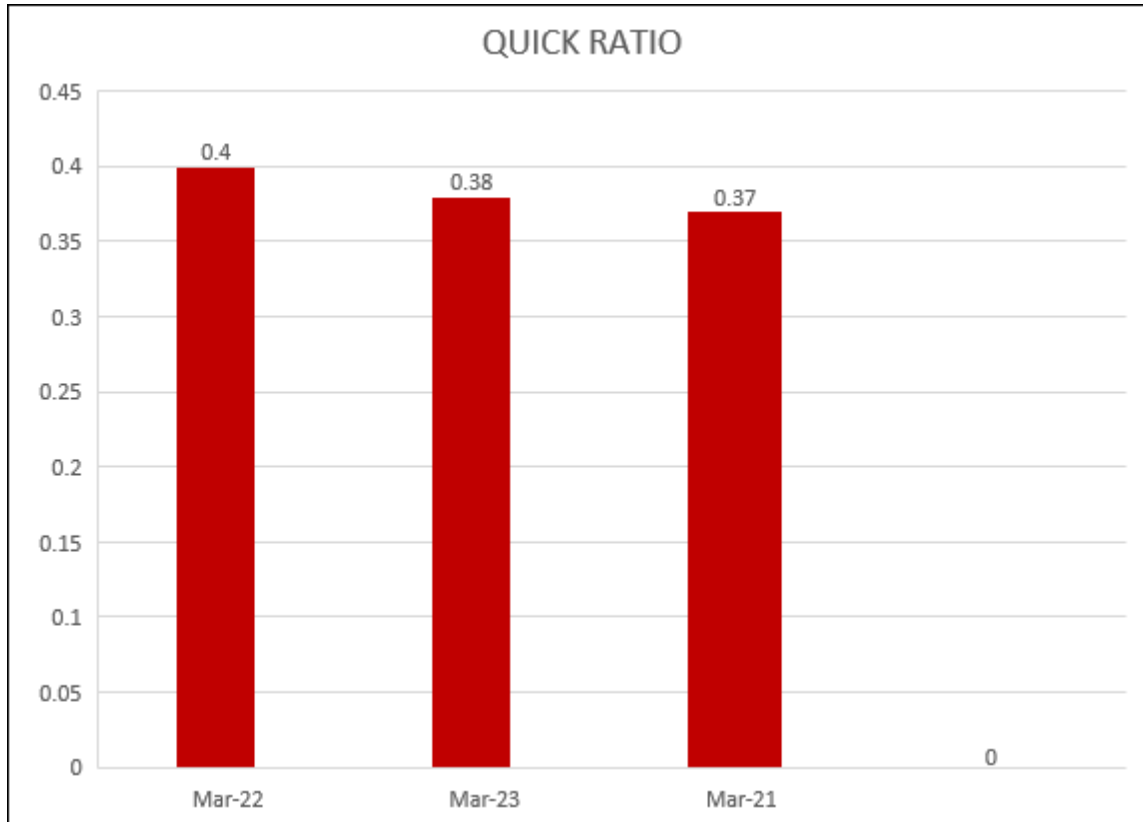
FORMULA OF QUICK RATIO:



The diagram illustrates the Quick Ratio Formula. On the left, the text "Quick Ratio Formula" is written in a large, bold, black font. To its right is an equals sign. On the right side of the equals sign, the formula is presented as a fraction: "Quick Assets" over "Current Liabilities". The fraction is flanked by two bar charts with upward-pointing arrows. The top bar chart is blue and has a dollar sign (\$) next to it. The bottom bar chart is grey.

$$\text{Quick Ratio Formula} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

Year	Quick Ratio
March 2021	0.37
March 2022	0.40
March 2023	0.38



INTERPRETATION FROM PAST 3 YEARS QUICK RATIO:

- ✓ Quick ratio is also decreased in the past 3 years except 2022.
- ✓ In comparison to 2021, the quick ratio increased by 0.03 in 2022.
- ✓ The quick ratio has increased only in the year 2022.
- ✓ A company should have quick ratio greater than 1 so that it can pay for its current
- ✓ liabilities easily. The company has to improve its quick ratio for smooth pay of current
- ✓ liabilities.

WORKING CAPITAL: -

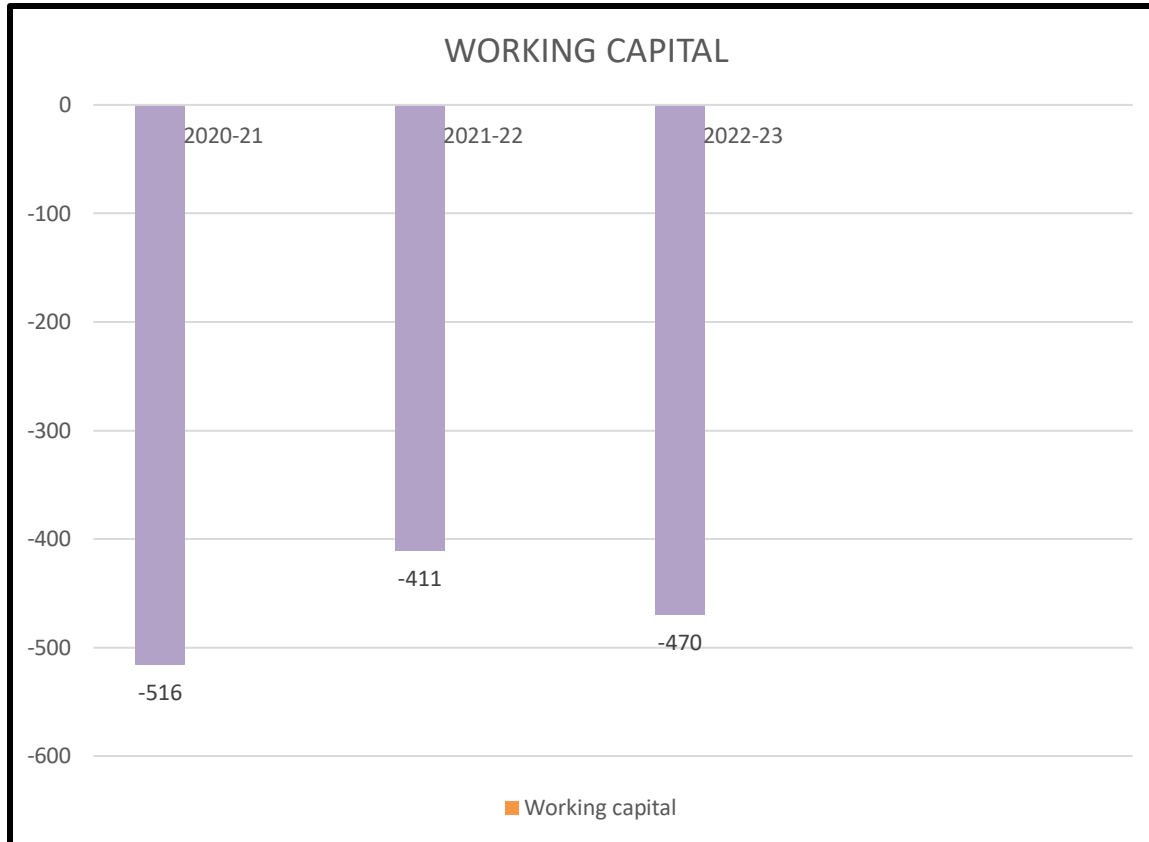
Working capital, also known as net working capital (NWC), is the difference between a company's current assets—such as cash, accounts receivable/customers' unpaid bills, and inventories of raw materials and finished goods—and its current liabilities, such as accounts payable and debts. It's a commonly used measurement to gauge the short-term health of an organization.

FORMULA OF WORKING CAPITAL:



The diagram illustrates the formula for Working Capital. On the left, there is a calculator icon. In the center, there is an icon of a wallet with coins and a green bill. On the right, there is a money bag icon with a dollar sign. The text reads: **Working Capital Formula = Current Assets – Current Liabilities**.

Year (Ended On 31 st March)	Current Assets (₹ in Crores)	Current Liability (₹ in Crores)	Working Capital (₹ in Crores)
March 2021	₹ 311	₹ 827	₹ -516
March 2022	₹ 279	₹ 690	₹ -411
March 2023	₹ 287	₹ 757	₹ -470

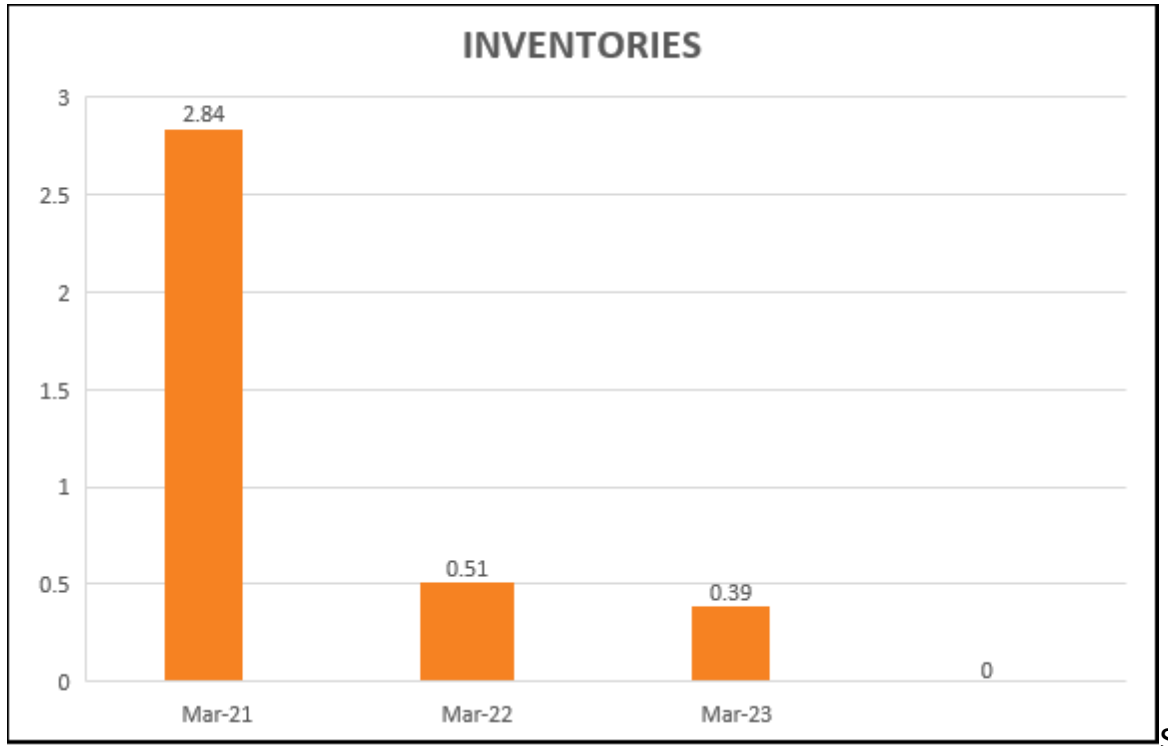


INTERPRETATION FROM PAST 3 YEARS WORKING CAPITAL:

- ✓ Company's working capital is too low
- ✓ Company's working capital of past 3 years is innegative numbers.
- ✓ Working capital of year 2021 is 20% less than the working capital of 2020.
- ✓ Working capital of year 2022 is 20% more than the working capital of 2021.
- ✓ The working capital has only increased in the year 2022 yet it is not positive.
- ✓ To further understand what causes such significantly lower working capital, let's take a closer look at current assets and current liabilities. Because the working capital is greatly influenced by current assets and current liabilities.

INVENTORIES:

The term inventory refers to the raw materials used in production as well as the goods produced that are available for sale. A company's inventory represents one of the most important assets it has because the turnover of inventory represents one of the primary sources of revenue generation and subsequent earnings for the company's shareholders.

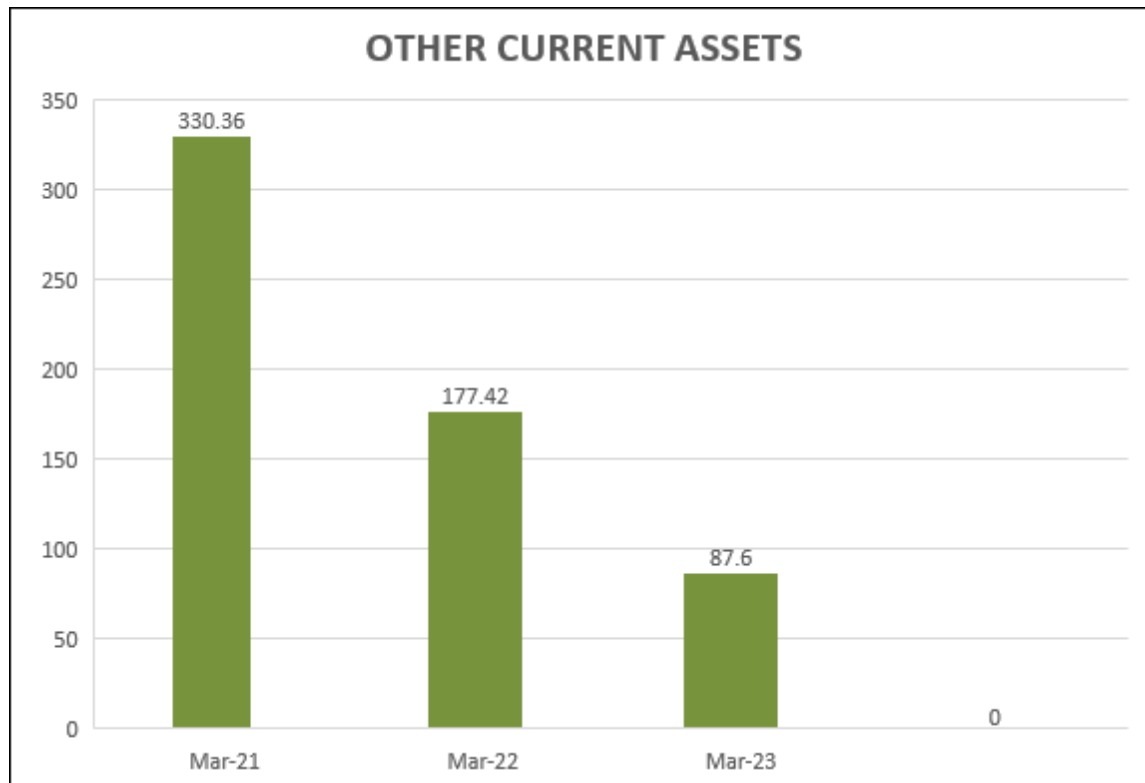


INTERPRETATION FROM PAST 3 YEARS CURRENT RATIO:

- Compared to the previous 3 years, the company's inventories are at their greatest level in 2021 i.e., ₹2.84 crores.
- In 2022 the company has ₹2.33 crores less than the year 2021.
- In 2023 the company has ₹0.12 Crores less than the year 2022.
- As we can see by the data company is not at all concerned about its stock.

OTHER CURRENT ASSETS:

Other current assets (OCA) are a category of things of value that a company owns, benefits from, or uses to generate income that can be converted into cash within one business cycle. They are referred to as “other” because they are uncommon or insignificant, unlike typical current asset items such as cash, securities, accounts receivable, inventory, and prepaid expenses.

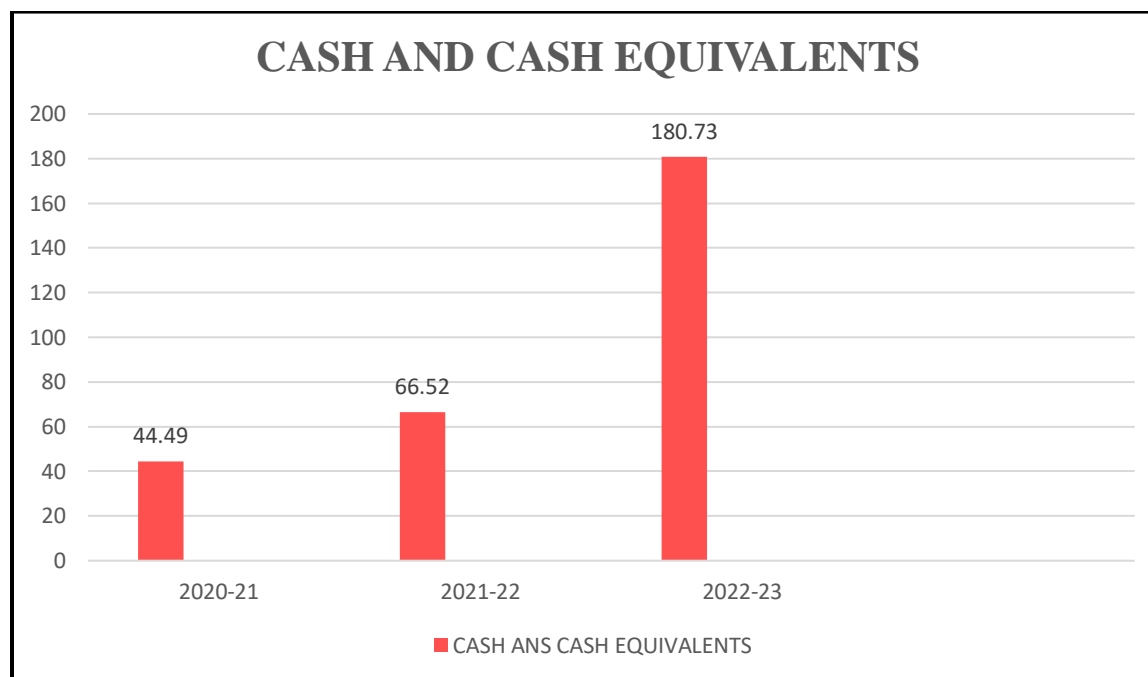


INTERPRETATION FROM PAST 3 YEARS OTHER CURRENT ASSETS:

- ✓ In 2021, Other current assets are recorded highest i.e., ₹330.36 crores.
- ✓ In 2023, other current assets are recorded lowest i.e., ₹87.6 crores.
- ✓ By comparing year 2022 by 2021 we found that the other current assets are decreased by ₹152.94 crores, which is a huge drop.
- ✓ Same as year 2021 the other current assets also decreased in year 2022 by ₹152.94 crores.
- ✓ In year 2023, other current assets shown a drop of ₹87.6 crores.
- ✓ It is bad for a company that its other current assets are increasing

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents refer to the line item on the balance sheet that reports the value of a company's assets that are cash or can be converted into cash immediately. Cash equivalents include bank accounts and marketable securities, which are debt securities with maturities of less than 90 days. However, oftentimes cash equivalents do not include equity or stock holdings because they can fluctuate in value.

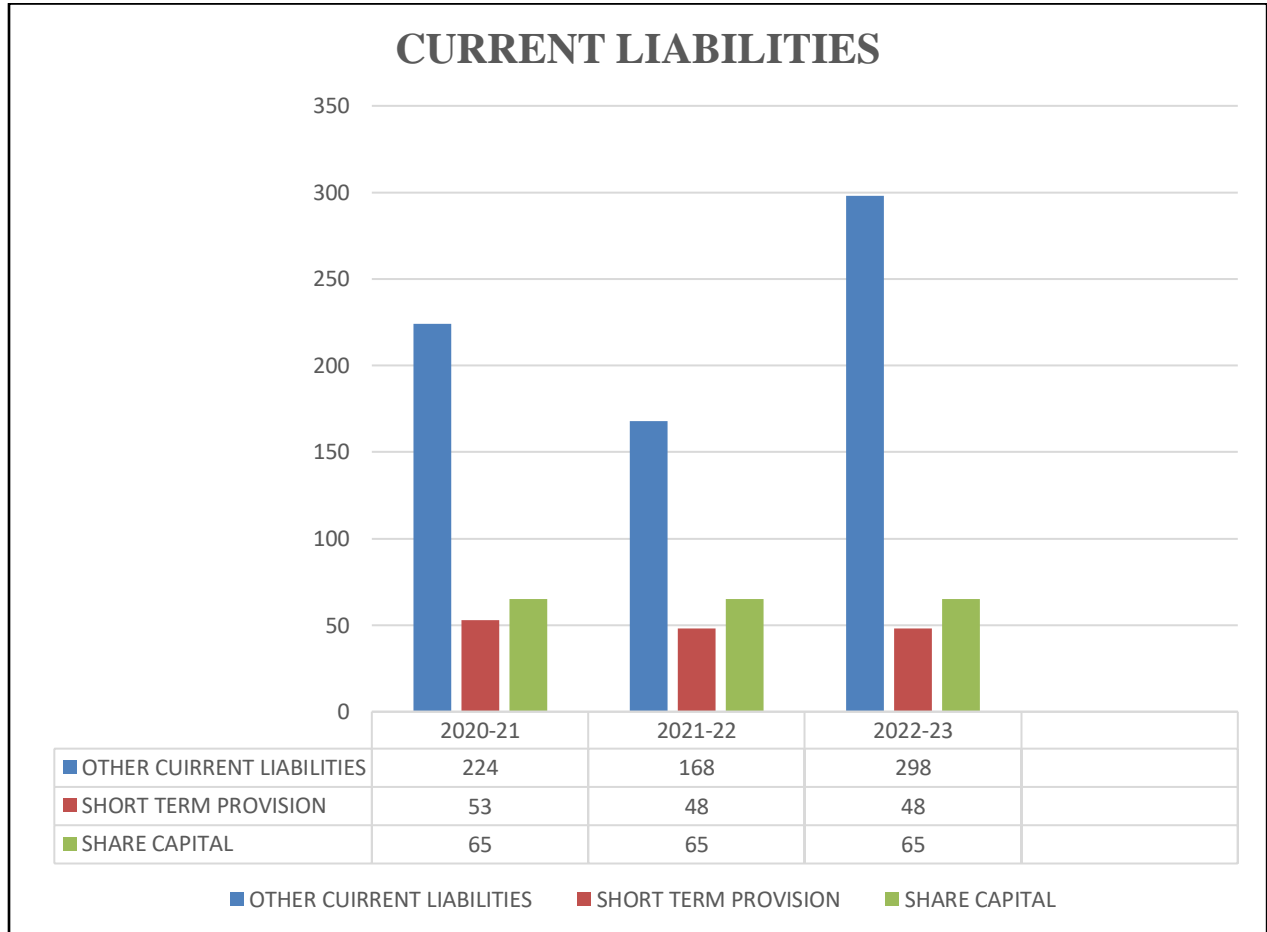


INTERPRETATION FROM PAST 3 YEARS CASH AND CASH EQUIVALENTS:

- ✓ Cash and cash equivalents are volatile in past 3 years.
- ✓ The highest cash and cash equivalents were in year 2023 with ₹180.73 crores.
- ✓ The lowest cash and cash equivalents were in year 2021 with ₹44.49 crores.
- ✓ The cash and cash equivalents rose by ₹22.03 crores in 2022.
- ✓ The cash and cash equivalents dropped by ₹ 114.21 crores in 2023

CURRENT LIABILITIES:

Current liabilities are a company's short-term financial obligations that are due within one year or within a normal operating cycle. An operating cycle, also referred to as the cash conversion cycle, is the time it takes a company to purchase inventory and convert it to cash from sales. An example of a current liability is money owed to suppliers in the form of accounts payable.



We can see that the current liabilities are decreasing yearly, but slightly improving. To understand it better, we must examine each current liability in isolation.

CHAPTER 7
HYPOTHESIS TESTING

HYPOTHESIS TESTING

Hypothesis is usually considered as the principal instrument in research. Its main function is to suggest new experiments and observations. In fact, many experiments are carried out with the deliberate objects of testing hypothesis

H0: Working Capital Management is not beneficial for the HCL Infosystems Ltd.

H1: Working Capital Management is beneficial for the HCL Infosystems Ltd.

According to the study the working capital management is beneficial for the HCL Infosystems Ltd., but the company's working capital management is too bad and doesn't help the company in its growth.

By this we can say that H1 is proved to be true i.e., Working Capital Management is beneficial for the HCL Infosystems Ltd., but the company is not managing the working capital in a right way

And the hypothesis H0 is proved to be false, as we can see the see the current state of company, which is not following working capital management at all.

CHAPTER 8
FINDINGS

FINDINGS

- ✓ HCL Infosystems's net working capital last quarter was -₹470 crores.
- ✓ HCL Infosystems's net working capital for fiscal years ending March 2021 to 2023 averaged -₹ 465.667 crores
- ✓ HCL Infosystems's operated at median net working capital of -₹ 465.667 crores from fiscal years ending March 2021 to 2023
- ✓ Looking back at the last 53 years, HCL Infosystems's net working capital peaked in March 2022 at -₹ 411 crores.
- ✓ HCL Infosystems's net working capital hit its 3-year low in March 2021 of -₹516.00 crores.
- ✓ Company's working capital of past 3 years is in negative numbers.
- ✓ The difference in working capital in past 3 years is ₹.46 crores.
- ✓ The working capital has only increased in the year 2023 yet it is not positive.
- ✓ Company's current assets are declining in past 3 years
- ✓ .Company's current liabilities are also declining in past 3 years.
- ✓ The rate at which current liabilities are declining is too much lesser than the current assets, which results in the lesser working capita even negative working capital.
- ✓ HCL Infosystems's current assets of 2022 was ₹46 crores, which is the lowest in past 3 years.
- ✓ Current liabilities show its highest point in past 3 years in 2021, with the amount of ₹
- ✓ -516 crores.

CHAPTER 9

CONCLUSION

CONCLUSION

- ✓ Current assets are decreasing and Current liabilities are also decreasing but at a slower rate than current asset and that will lead to lower current ratio.
- ✓ Current ratio is decreasing continuously from past 3 years except 2022.
- ✓ Current Ratio is Increased in 2022 because of end of covid-19 recession.
- ✓ A good current ratio is typically considered to be anywhere between 1.5 and 3. And HCL Infosystems highest current ratio is 0.40 times in the year 2022.
- ✓ Current ratio less than 1 means that it has insufficient capital to pay off its shortterm debt because it has a larger proportion of liabilities relative to the value of its current assets.
- ✓ Quick ratio is also decreased in the past 3 years except 2022
- ✓ .• Quick ratio is also increased in 2022 because of end of covid-19 recession.
- ✓ A good quick ratio is anything above 1 or 1:1. A ratio of 1:1 would mean the company has the same amount of liquid assets as current liabilities. A higher ratio indicates the company could pay off current liabilities several times over. But the quick ratio of HCL Infosystems Ltd. never touched 1, highest quick ratio of HCL Infosystems Ltd. is 0.40 in year 2022.
- ✓ If a business's quick ratio is less than 1, it means it doesn't have enough quick assets to meet all its short-term obligations. If it suffers an interruption, it may find it difficult to raise the cash to pay its creditors. In addition, the business could have to pay high interest rates if it needs to borrow money.
- ✓ If we stare at working capital of the company, we can see some hilarious numbers as working capital has always been in negative numbers.
- ✓ The difference in working capital in past 3 years is ₹46 crores.
- ✓ There are number of disadvantages if the company has a negative working capital:
 - o Businesses that have Negative Working Capital have little headroom to take up the many opportunities that come their way to innovate, expand or take over rivals.
 - o It can also impact plans to fund expansion, as investors who see Negative Working Capital on the balance sheet may take it as a sign that sales are poor, or that customer invoices are not being paid.
 - o Managing your business' cash flow can be a tough balancing act - especially when the end of the month draws near, and bills are due.

- ✓ If a company's working capital is seen to be negative, any investor attempting to value the business "will want to see rising revenues". That's because falling revenues often signal poor liquidity – an inability to readily convert any assets the company owns into cash. A company that consistently has more current liabilities than current assets will not look like an attractive prospect to investors.
- ✓ And the reason for less working capital is the growth rate of current asset is less than that of current liabilities. And this is creating a big gap between them and causing the working capital of company to be very less. Let us see this with a chart:

CHAPTER 10
SUGGESTIONS

SUGGESTIONS

- ✓ As we can see the company's working capital is not sound at all, so company should work on its working capital management.
- ✓ Working capital is going down because of poor state of current asset and current liabilities.
- ✓ Growth rate of current assets are lower than that of current liabilities. So, the company should look after its current assets and current liabilities.
- ✓ HCL Infosystems Ltd., should increase its current assets.
- ✓ HCL Infosystems Ltd., should reduce its current liabilities.
- ✓ Company should follow strict working capital management policies.
- ✓ Company should use accounting tools to measure its Liquidity using:
 - Current Ratio
 - Quick Ratio
 - Working Capital Ratio.
- ✓ Collect payments from customers faster is an obvious route to keeping more working capital in your company.
- ✓ Company should Shorten its Operating Cycles because Longer operating cycles, due to delayed invoicing, could very well translate into lost income and poor liquidity.
- ✓ A customer's bad credit score could have a direct impact on your accounts receivable. So, HCL Infosystems Ltd. should make sure your customers can afford to pay their bills.
- ✓ Collect Outstanding Invoices on Time because Late-paying customers can cause a cash flow crunch, but a small payment discount can go a long way in getting the payments to come in ahead of net terms.
- ✓ HCL Infosystem Ltd., should focus on expanding its sales force and exploring new marketing channels.
- ✓ HCL Infosystem Ltd., should focus on quickly converting inventory into cash, then it will have less capital tied up. Another benefit is that the company will need less storage space, which will also cut some additional costs.

- ✓ HCL Infosystem Ltd., should Maintain a good relationship with its creditors and it is a good way to improve company's working capital.
- ✓ HCL Infosystem Ltd., should make its invoices and reporting process more transparent. By this company can also identify bottlenecks that can be easily tended to and resolved, further increasing company's access to working capital and strengthening company's cash position, resulting in a more favourable balance sheet.
- ✓ Another way to increase your working capital is to take advantage of any tax incentives available for HCL Infosystem Ltd.

CHAPTER 11

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CHAPTER 12
ANNEXURE

BALANCE SHEET OF PREVIOUS 3 YEARS OF HCL Infosystems

PARTICULARS	MARCH 2023	MARCH 2022	MARCH 2021
ASSETS			
Fixed Assets	2.87	4.29	35.7
Current Investments	44.25	97	0
Cash and Cash Equivalents	180.73	66.52	44.49
Other Current Assets	87.6	177.42	330.36
Total Assets	505.9	491.25	649.22
<u>Total Current Assets</u>	287.31	279.28	311.61
LIABILITIES			
Share capital	65	65	65
Reserves Surplus	-319	-280	-305
Other Current Liabilities	298	168	224
Short Term Provisions	48	48	53
<u>Total Current Liability</u>	757.72	690.98	827.86
Other Info			
Contingent Liabilities	633	650	643

INTERPRETATION FROM PAST 3 YEARS BALANCE SHEET:

- Company's Reserve and surplus has been decreasing continuously in past 3 years.
- Reserve and surplus have gone negative in past 3 years.
- Current liabilities are decreasing year by year.
- Difference between current liabilities of 2021 and 2023 is 70.14 Crores.
- Current Assets are also decreasing year by year.
- Difference between current assets of 2021 and 2023 is 143.1 Crores.
- Current assets are decreasing and Current liabilities are also decreasing and that will affect the Current ratio.
- Fixed assets are also decreasing at a tremendous rate.
- Company has to face lots of Contingent liabilities in the past few years.
- There is no change in the share capital of the company.

But in order to find the Working Capital, we only need the current assets and current liabilities of the company, and finding the current ratio and quick ratio will also help us analyse the working capital of the firm.

Now we will look closely to the current assets and current liabilities using accounting tools like current ratio, quick ratio, etc.