

Date 24.03.2018

CERTIFICATE

This is certify that **Mr. Akshay H** Reg no **1AY16MBA07** student of **MBA 4th** Sem, at **Acharya Institute of Technology** college. He has successfully completed his academic project report "**A Study on Working Capital Management at Shankar Fab**". During the period from **15th January 2018** to **24th March 2018** in our organization under the guidance of **Mr. Shivaraj**, **Accounts manager** of our firm.

He has showed his extensive interest during her project, which is worth appreciating

For Shankar Fab



(Authorized Signatory)

SHANKAR FAB

Shankar Commercial Complex
Nayarkere, 4th Cross, Ambalapady
N.H. 17, UDUPI - 576101, Mob: 9849333333





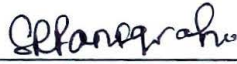
ACHARYA INSTITUTE OF TECHNOLOGY

(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

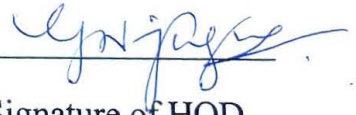
Date: 19/05/2018

CERTIFICATE

This is to certify that **Mr. Akshay H** bearing USN **1AY16MBA07** is a bonafide student of Master of Business Administration course of the Institute 2016-18 batch, affiliated to Visvesvaraya Technological University, Belagavi. Project report on “**A Study on Working Capital Management**” at **Shankar Fab, Manipal, Udupi** is prepared by him under the guidance of **Prof. Swarupa Ranjan Panigrahi** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.



Signature of Internal Guide



Signature of HOD

Head of the Department
Department of MBA
Acharya Institute of Technology
Soldevanahalli, Bangalore-560 107



Signature of Principal

PRINCIPAL
ACHARYA INSTITUTE OF TECHNOLOGY
Soldevanahalli Bangalore-560 107

DECLARATION


I, Akshay H , hereby declare that the Internship report entitled "A Study on Working Capital Management" with reference to "Shankar Fab " prepared by me under the guidance of Prof. Swarupa Ranjan Panigrahi , faculty of M.B.A Department, Acharya Institute of Technology and external assistance by (External Guide Mr. Shivaraj, Accounts Manager and Shankar Fab.).

I also declare that this Internship work is towards the partial fulfilment of the university regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belgaum.

I have undergone a summer project for a period of Ten weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University / Institution.

Place: Bangalore

Date: 26- May-2018


Signature of the student

ACKNOWLEDGEMENT

I am truly grateful to my external guide **Mr. Shivaraj. Acconuts Manager, Shankar Fab.** and my internal research Guide, **Prof. Swarupa Ranjan Panigrahi** , for their research guidance, encouragement, and opportunities provided.

I wish to thank all the respondents from the firms who spent their valuable time in discussing with me and giving valuable data by filling up the questionnaire.

I deem it a privilege to thank our Principal, **Dr.Sharanabasava Pilli, Dr. Mahesh**, Dean Academics and our **HOD Dr.Nijaguna** for having given me the opportunity to do the project, which has been a very valuable learning experience.

My sincere and heartfelt thanks to all my teachers at the Department of MBA, Acharya Institute of Technology for their valuable support and guidance.

Last, but not least, I want to express my deep appreciation to my parents for their unstinted support.

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EXECUTIVE SUMMARY

This fourth semester summer project “ A WORKING CAPITAL MANAGEMENT” in SHANKAR FAB. Deals with ascertaining the efficiency working capital management of the firm.

operational resources management shows the monetary efficiency of the production and also credit worth of the firm then total turnover trend percentage of the firm. Study of the working capital management is most needed to every company. Information was collected through both primary as well as secondary data. Data was collected from various sources like annual reports of the firm for the year 2013-14 to 2016-17 and website of the firm.

Ratio Analysis is the most effective tool used In the working capital management in Shankar roofing system and has been carried information from financial year 2013-14 to2016-17

This report contain 5 major chapter

The report starts from the beginning about internship , manufacturing profile ,firm profile, promoters vision mission and quality policy, product and service, infrastructure facilities provided by the firm, information about competitors, etc. in second chapter deals with background of the study and literature review. Third chapter include statement of problem, need for the study, objective, scope, method used in the research, hypothesis limitation. Fourth chapter about analysis and interpretation of data, results obtained by the tools used. Last chapter about summary about firm and conclusion.

In every chapters as mentioned above, every chapter has been in a systematic manner so as to enable the reader to understand the content easily. Report is including a statistics with information where compulsory with a view to support the reader in developing a clear cut considerate of the topic.

I ensure that this statement will be beneficiary for those it is meant. Constructive and healthy suggestions for improvement of the statement will be great fully valued.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The internship is the very good platform for anyone to gain practical knowledge in the workplace. Internship is a wonderful opportunity for the student to get learning experience, practical knowledge and also to take good decisions for a firm.

This internship helps me to know about myself and discover the different things in different manner. This internship helps me to manage and build up my position and also actions in dealing among different kind of public in different circumstances. Throughout the internship I learned so many things and I have also noticed that my lacking as an individual and employee.

1.2 INDUSTRY PROFILE

Sheet metal roofing manufacturing business fabricates sheets metal roofing products, including aluminum, steel copper and zinc roofing. However, the industry does not manufacture sheet- metal roofing drainage. It also does not install or repair roofs, which are accounted for in the roofing contractors industry.

Shankar Fab are desired in roofing products mainly for their rain proofing property. They are use as saturates and roll cargo as mopping Shankar roofing in covering roofing, and as roofing coating.

Sheet-Metal Roofing mechanized industry fabricate roofs made from thin, flat pieces of metal typically steel or aluminum. In addition to their traditional uses in garages, industrial building and commercial buildings,

1.3 COMPANY PROFILE

Since 1992, Shankar group has carved a niche for itself as a quality dealer of fabrication work mild steel galvanized iron and stainless steel product for residential, commercial and industrial applications. It has executed numerous challenging projects, thus winning the trust and patronage of its valuable customers the group also specialize in providing turnkey contracting services involving design, estimation manufacturing, supply and execution in interiors exteriors divisions.

Shankar Fab is a progressive organization, Shankar Fab is promoted by Mr. Shankar Suvarna a professional with specialization in heavy structure fabrication, PEB executive cabins and Roofing Sheets. His huge experience of over a 26 year is indeed an asset to the organization. Driven by his zeal to ensure total customer satisfaction, Shankar Fab ensure deliveries within the committed time-frame and offers product at value for money price.

Ensured by the rich experience and expertise in the construction industry, the group set up an exclusive company to cater to quality requirements of all categories of customers.

Shankar Fab offers modern and innovative solutions to all buildings. It has state of the art manufacturing facilities for Roofing Sheet and accessories at Civilly Industrial Area, Manipal, Udupi, Karnataka. Managed by highly skilled manpower, the plant has the capacity to roll from over 1,50,000 sq.m roofing sheet per month.

1.4 PROMOTERS, VISION ,MISSION AND QUALITY POLICY.

1.4.1 PROMOTERS

Mr. Shankar Suvarna	: Managing Director
Mrs. Sughuna Shankar	: Assistant Director
Mr. Shivraj	: Accounts manager
Mr. Harsha Bhat	: Designer head

1.4.2 VISION

“To be a market leader in the fabrication industry”.

MISSION

- To achieve the organizational growth.
- To satisfy the local people needs, wants and expectations
- To produce the very good quality roofing design and product.
- To provide a employment opportunities to local people.
- To diversify into sectors product to fulfill the market demand.

QUALITY POLICY

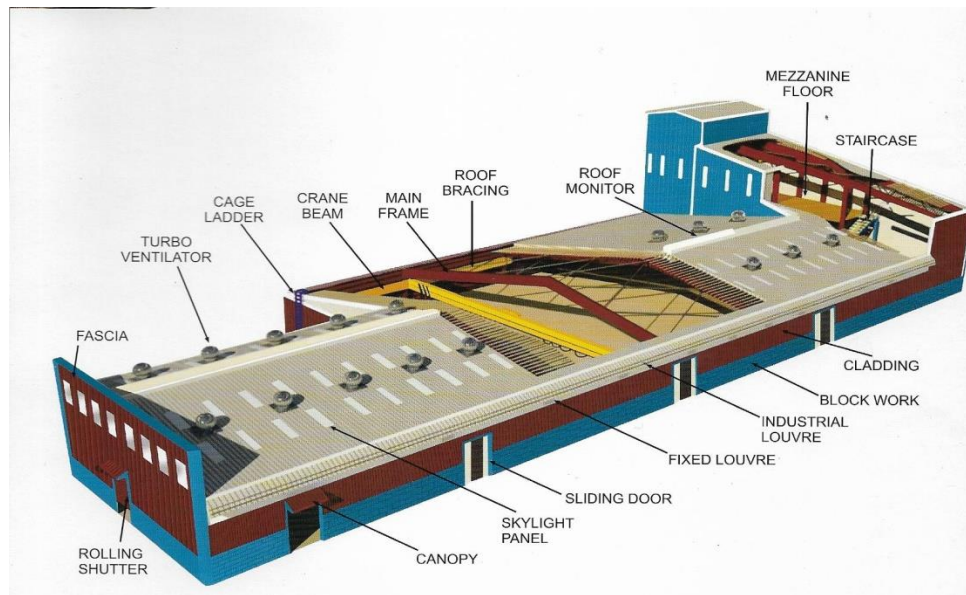
“we are committed towards, providing effective, efficient and progressively better service to over valued customer”.

1.5 PRODUCTS , SERVICES PROFILE AREA OF OPERATION

Products of Shankar roofing

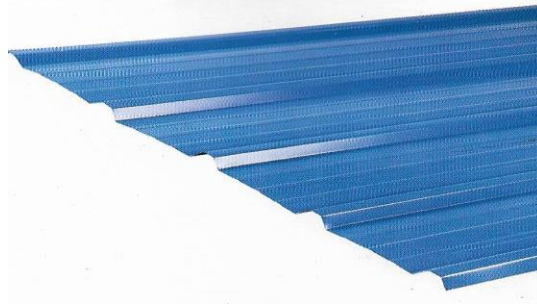
- **Pre-Engineered Building (PEB)**

At a point when demand for convenient workplace and housing space is spiraling pre engineered building equipment has appear has a boon to the construction manufacturer. It offers new, technical and faster building thus ensure well-organized, price effective and rapid conclusion of project.



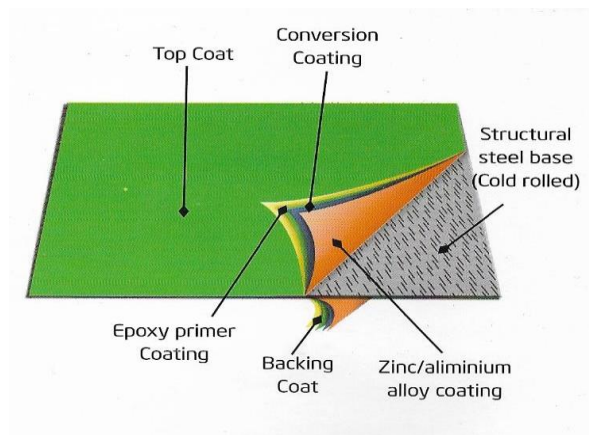
- **Galvalume Roofing/ Cladding sheet and Accessories**

These flagship products are formed to required shapes and length to match requirement. Galvadume is a reputed material which has the combined properties essential for the constructional material i.e. strength to steel and corrosion resistance through aluminum and zinc coating. These are available in color coated and bare forms.



- **Colour Coated Metal Sheets**

Coated Steel sheets have versatile applications. Thanks to the excellent corrosion resistance, these sheets are proffered for construction, worldwide. With an unmatched combination of strength, flexible of use and value-for-money, Colour Coated Metal Sheets can be used in a wide variety of building products.



- **Bunk house and Security House**

Give your workforce a comfortable resting place close to the construction site. Customized according to your requirement and duration needed, the bunk house is built to last and can withstand rough conditions.

A Security House is thoughtfully planned taking into consideration the various security aspects that are needed on the location. It is designed for the comfort and convenience of the security personnel on duty.



is designed for the the security personnel on



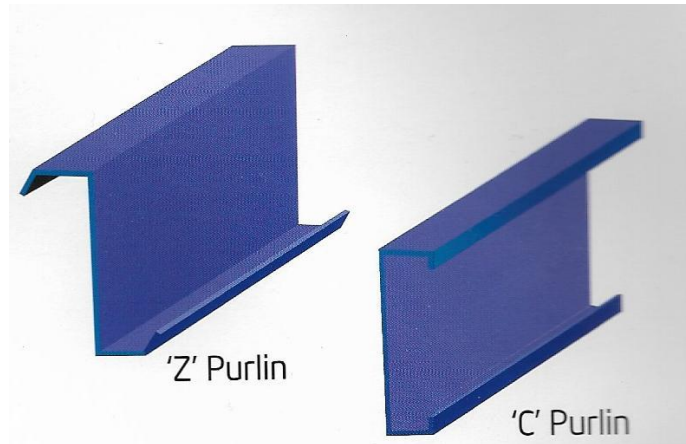
- **Aluminum Composite Panels**

Created with aluminum sheets on the top and bottom, aluminum composite panel are the new age decoration material. With suitable coating they can be cut, slotted, sawed, punched, bent, stuck with glue according to the need.



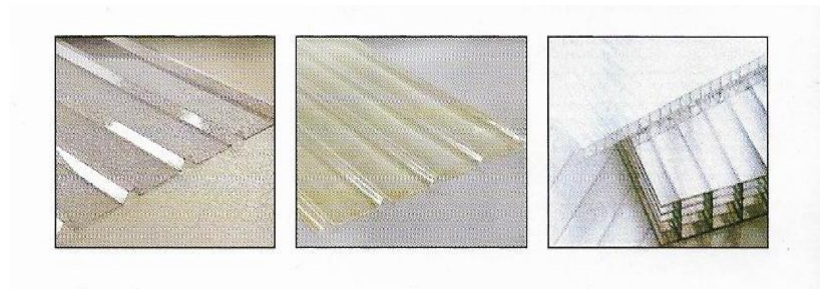
- **Z & C Purlin**

These are secondary members used to support the wall and roof panels. In additions, they play the role of struts that with stand longitudinal load due to wind the earthquake. Used at the intersections of the sidewall and roof they increase the frame capacity. Available in two standard finishes, Mild steel, Galvanized and three standard thicknesses.



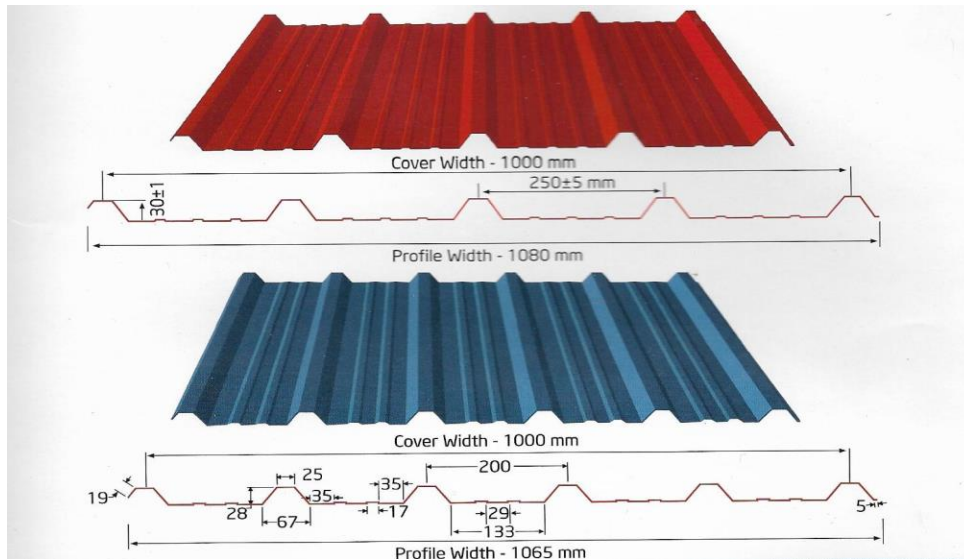
- **Polycarbonate Sheets**

Polycarbonate is a form of durable material with high impact resistance. Thanks to its inherent strength, it can be used over a greater temperature range. Being transparent, it allow light to pass through, thus utilizing natural light to a greater extent. It can be processed without deformations, cracking or breaking. Polycarbonate sheet find many applications.



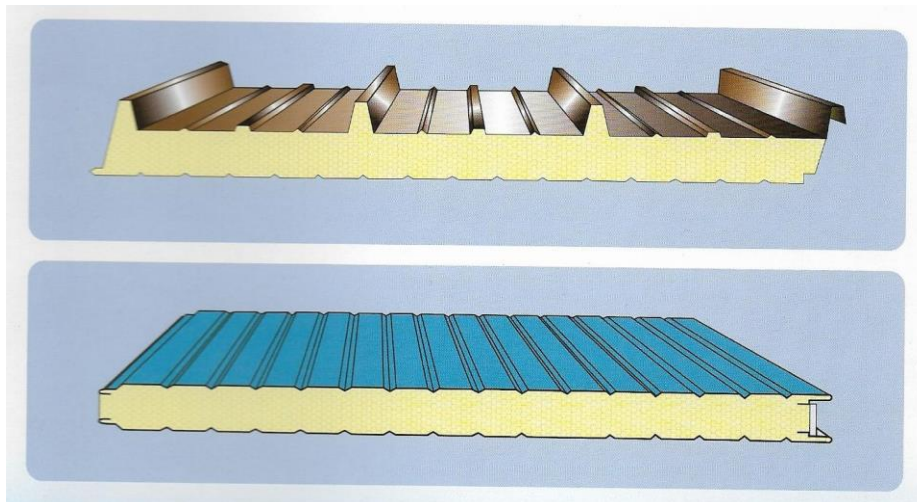
- **Roof and Wall Panels**

Our cover and Wall Panels gather the extent demand of varied market and are available in a diversity of profiles, base metal, substrates and coating.



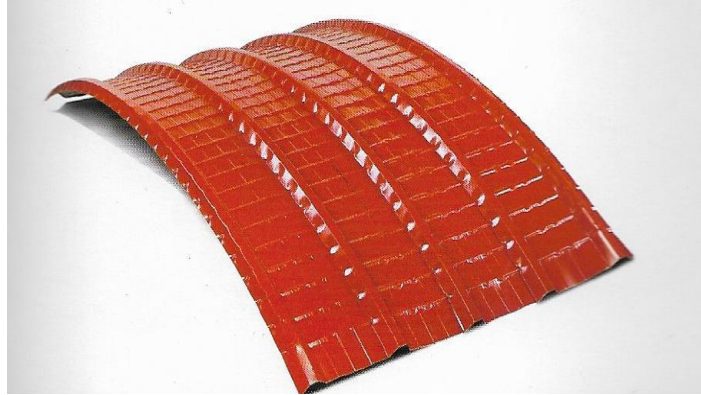
- **Sandwich PUF Panels**

These pre-fabricated elements comprise of an innermost protection center between two shading covered steel sheet layers. They are utilize as a part of veneer, parcel dividers and roofs. They are eco-friendly and can be used for a range of applications, including food industry and clean rooms.



- **Crimp Curved Sheet**

planned to create a faceted, curved covering line, curvy sheets need less supporting structure for parapets and roof. These curved shaped sheets added to the aesthetic value and the strength of the roofing/ cladding system thus providing a refreshing new look to modern constructions.

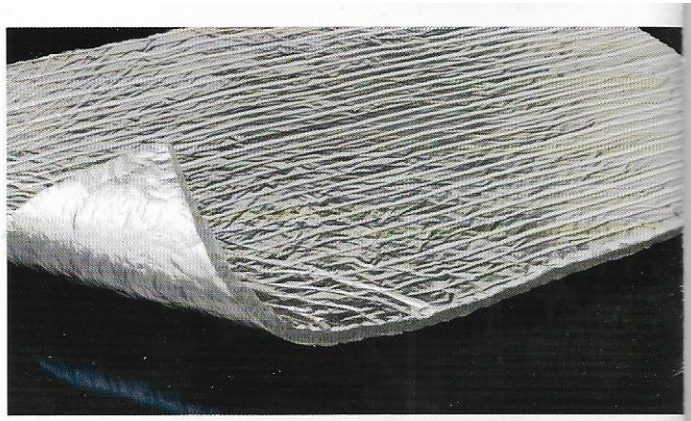


- **Reflective Thermal Insulation**

thoughtful padding is a kind of unique fabric to reflects most of the radiated heat and serves heating cost in summer. It is manufacture from pure aluminum and support during different fabric such as hard spume, air bubble polyethylene film, plastic material and cardboard.

- **Striping Lights**

This type of lighting is designed to consume low power and emit bright light. Thus it is the preferred choice for lighting can be used in innovative ways to add attractive lighting to workplaces and homes



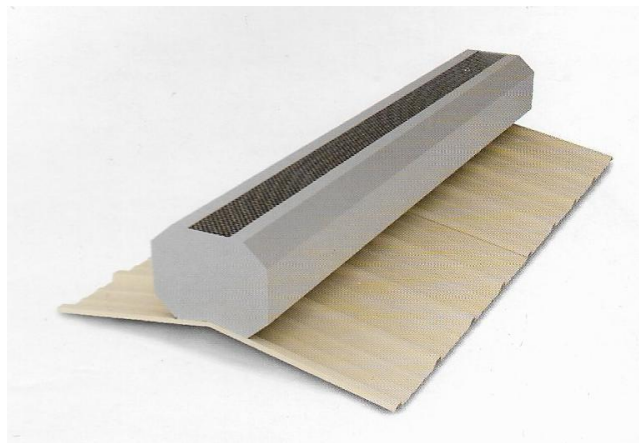
- **Turbo Ventilators**

Turbo ventilators are powered by the wind to create effective ventilation. Depending on the wind speed, turbo ventilators remove the heat, smoke, flumes, humidity and pollutants, making the ambience a pleasant one.



- **Ridge ventilators**

A ridge ventilator is installed at the upper most point of the roof. It is the natural system of year round dependable ventilation. Ridge ventilators are designed to provide an aesthetic solution to roof ventilation at the ridge level. The advantage are many like driving stale air from within, inflow of fresh air and prevention of moisture from becoming trapped in the insulation.



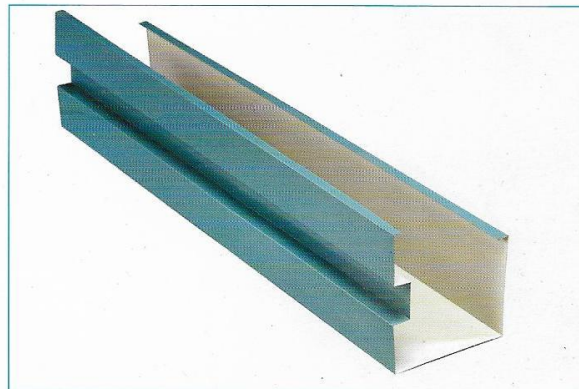
- **Fixing Accessories and Installation**

Roofing Accessories are designed so as to blend with the appearance of the building. They are fixed to roofing sheet by the help of accessories like, hook, bolt, nut and screw. We offer a complete range of accessories to simplify installation and enhance the life of the product.



- **Standard Gutter and Flashings**

Gutter flashings are unique water proofing tool. It helps keep an area dry by diverting the flow of water. Its stop water from seeping into the building. Gutter flashings come in standard size, but can be customized according to requirement.



- **Louvre**

Louvre Panel Systems find application to provide good ventilation in manufacturing and commercial buildings. They block the entry of rainwater and act as a screen. They also enhance the aesthetic look of the building.

Louvers



1.4.4 INFRASTRUCTURE FACILITIES

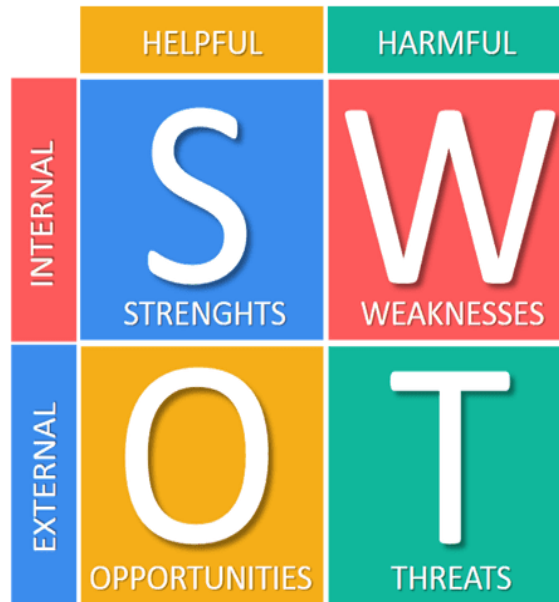
- Restrooms for men and women workers separately.
- Canteen facilities provided to the employee by the company at discounted rate .
- Emergency facilities provided to the labour for their health reasons.
- Wi-Fi facilities provided to the staff one who are worked in the design development department.
- Quarters are provided by the employer for their workers.

1.4.5 Competitors Information

- GuruCharan industries
- Vishak Industries Limited
- Kailash Roofing Solutions Pvt. Ltd.
- Subhadra Industries
- Alfa Steel Building Solutions
- Lotus Roofing Private Limited
- Aravind PEB Structure.
- Monier Roofing Pvt. ltd.
- Ghayathri Structurai & Roofing Pvt.ltd.

1.4.6 SWOT Analysis

SWOT analysis is nothing but analyzing the strength and weakness of organization and opportunities available in the market, analysis of threats. Those analysis helps the organization in realizing their strength and also helps to overcome from its weakness



STRENGTH

- Shankar Fab used more machinery rather than the work force it helps to quick production and maximum output .
- The whole production activity is fully mechanized except some car painter work and welding works.
- Shankar Fab have a very good marketing condition or demand to its product there are 3 branches across the karnataka.
- Regular customers for their fabrication work
- Very well skilled labour In designing process and in welding works here only labour force required.

WAEINESS

- Regular labour turnover.
- Spent more money for transportation of raw material and rendering the services
- there is no advertisement for their product.
- Shortage of raw material in the market or over valued
- Unskilled part time labour

OPPORTUNITY

- Labor available at a low cost in the surrounding.
- Marketing can expand by increasing advertisement or expanding export to other state.
- Production of firm may be increase by installing additional machinery.
- The production is increased by through expatiation of the building.

THREATS

- More number of competitors.
- Shortage of raw material or availability of raw material.
- Some customers are go for construct the building rather than the fabrication work

1.4.7 FUTURE GROWTH AND PROSPECTS

The main intention of the Shankar Roofing System is maintaining the goodwill of the company. Providing more employment to the local people and come up with the new layout with producing fabrication products and expansion of the business whole Karnataka. Retain the old customers and attracting the new customers and satisfied the customer needs with our products, company plans to increase up to 50 crore rupees sales in next five years.


Shankar roofing Already have the 3 branches and one head office already they are trying to expand the their business. Shankar suvarna trying to expand the business to north Karnataka fabrication work rarely we can find in the north Karnataka so that there will be good market conditions in that area.

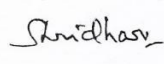
1.4.8 Financial Statement


<u>SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.</u> <u>SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.</u> <u>PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2015</u>			
Rs.		Rs.	
To Opening Stock	1,55,76,214.48	By Contract Receipts	6,00,53,958.51
To Contract expenses	4,53,74,787.13	By Sales	4,09,305.83
To Freight & Cooli	6,22,388.93	By Bank Interest Received	22,431.27
To Salary	37,75,456.00	By Rent Received	5,28,500.00
To EPF Contribution	2,95,444.00	By Miscellaneous Income	44,496.00
To ESI Contribution	3,67,950.00	By Other Income	1,62,195.00
To Repairs & Maintenance	2,15,989.45	By Closing Stock	1,67,37,607.61
To Tender Charges	1,500.00		
To Travelling Expenses	85,891.00		
To Vehicle Insurance	73,605.00		
To Vehicle Repairs & Maintenance	9,30,153.00		
To Factory Insurance	17,524.00		
To Interest & Bank Charges	33,74,696.59		
To Pooja Expenses	43,000.00		
To Accounting charges	50,000.00		
To Discount	9,43,435.81		
To Water & Electricity Charges	3,19,234.00		
To Miscellaneous Expenses	1,42,855.00		
To Profession Tax Paid 2012-13	2,500.00		
To Profession Tax Paid 2013-14	2,500.00		
To Professional Fees	10,000.00		
To Consultancy Charges	23,236.00		
To Membership fees	3,371.00		
To Post & Telephone	51,307.38		
To Profession Tax Paid	5,000.00		
To Printing & Stationery	18,500.00		
To Rent	1,52,000.00		
To Security Charges	50,665.00		
To Staff & Labour Welfare	3,35,452.00		
To Depreciation	18,38,291.00		
To Net Profit	32,55,547.45		
Total	7,79,58,494.22	Total	7,79,58,494.22

Place: Udupi
Date: 28-09-2015

Vide Compulsory Tax Audit Report of even date.


Shankar Suvarna
 (Proprietor)


C A Shridhara
 Chartered Accountant.



SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.

BALANCE SHEET AS ON 31-03-2015

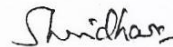
<u>Funds & Liabilities</u>			<u>Properties & Assets</u>		
	Schedule	Rs		Schedule	Rs
Capital Account	1	1,04,15,255.06	Investments & Deposits	4	18,66,779.20
Secured Loans	2	2,35,58,556.23	Loans & Advances	5	7,30,540.00
Curent Liabilities	3	1,57,80,703.63	Current Assets	6	2,89,50,962.54
			Fixed Assets	7	1,82,06,233.18
Total		<u>4,97,54,514.92</u>	Total		<u>4,97,54,514.92</u>

Place: Udupi
Date: 28-09-2015

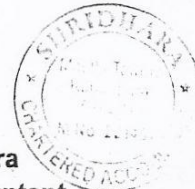
Vide Compulsory Tax Audit Report of even date.



Shankar Suvarna
(Proprietor)



C A Shridhara
Chartered Accountant.




**SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.**

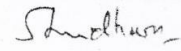
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2016

	Rs.		Rs.
To Opening Stock	1,67,37,607.61	By Contract Receipts	6,33,82,077.00
To Contract Expenses	6,97,00,479.62	By Sales	1,11,35,707.00
To Freight & Cooli	12,86,561.00	By Bank Interest Received	14,555.00
To Salary	39,50,397.00	By Rent Received	5,70,580.00
To EPF Contribution	3,03,371.00	By Miscellaneous Income	1,000.00
To ESI Contribution	66,384.00	By Closing Stock	3,09,50,457.00
To Rent	1,50,000.00		
To Post & Telephone	63,537.27		
To Printing & Stationery	40,116.00		
To Staff & Labour Welfare	5,24,423.00		
To Business Promotion Expenses	12,585.00		
To Accounting charges	60,000.00		
To Travelling Expenses	90,517.00		
To Repairs & Maintenance	2,99,058.00		
To Water & Electricity Charges	5,72,432.03		
To Vehicle Insurance	95,728.00		
To Vehicle Repairs & Maintenance	7,72,990.00		
To Factory Insurance	15,247.00		
To Commission paid	4,00,000.00		
To Consultancy Charges	1,71,280.00		
To Tender Charges	2,310.00		
To Labour Cess	25,963.00		
To Municipality Tax	30,203.00		
To SBC	210.00		
To Profession Tax Paid	2,500.00		
To CBF	2,596.00		
To Discount	9,750.72		
To Miscellaneous Expenses	2,11,549.07		
To Bank Charges	1,67,030.99		
To Bank Interest	28,83,048.16		
To Int on HVSS Loan A/c	4,86,622.00		
To KVAT paid -Enforcement	15,00,000.00		
To Depreciation	15,49,349.00		
To Net Profit	38,70,532.42		
Total	10,60,54,377.89	Total	10,60,54,377.89

Place: Udupi
Date: 03/10/2016

Vide Compulsory Tax Audit Report of even date.


Shankar Suvarna
(Proprietor)


C A Shridhara
Chartered Accountant.


SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.

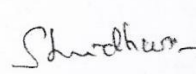
BALANCE SHEET AS ON 31-03-2016

<u>Funds & Liabilities</u>			<u>Properties & Assets</u>		
	Schedule	Rs		Schedule	Rs
Capital Account	1	2,02,81,826.26	Investments & Deposits	5	77,65,589.31
Subsidy	2	5,00,000.00	Loans & Advances	6	5,78,134.00
Secured Loans	3	3,14,84,763.08	Current Assets	7	5,66,30,582.85
Curent Liabilities	4	2,91,16,776.00	Fixed Assets	8	1,64,09,059.18
Total		<u>8,13,83,365.34</u>	Total		<u>8,13,83,365.34</u>

Place: Udupi
Date: 03/10/2016

Vide Compulsory Tax Audit Report of even date.


Shankar Suvarna
(Proprietor)


C A Shridhara
Chartered Accountant.



**SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.**

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2017

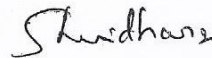
	Rs.		Rs.
To Opening Stock	3,09,50,457.00	By Contract Receipts	8,10,64,905.56
To Contract Expenses	6,58,27,658.45	By Sales	1,11,62,936.07
To Freight & Coolie	5,25,191.89	By Bank Interest Received	11,412.00
To Professional Charges	35,000.00	By Discount	44,503.20
To Bank Charges	6,50,803.63	By Interest on RD	11,840.00
To Bank Interest	26,45,860.00	By Rent Received	6,00,000.00
To Building Tax	5,886.00	By Miscellaneous Income	6,673.00
To Commission Paid	70,000.00	By Closing Stock	2,43,70,241.87
To Consultancy Charges	6,06,335.60		
To EPF Contribution	4,42,928.00		
To ESI Contribution	1,06,319.00		
To Int on HVSS Loan	11,75,887.00		
To KVAT Paid - 2009-10	3,72,527.00		
To K VAT PAID 2010-11	2,00,000.00		
To Miscellaneous Expenses	2,56,813.94		
To Municipality Tax Paid	27,047.00		
To Office Maintenance Expenses	30,690.00		
To Postage & Telephone	1,10,522.24		
To Printing & Stationary	11,690.00		
To Profession Tax Paid 2016-17	5,000.00		
To Rent	1,28,500.00		
To Repairs & Maintenance	2,16,121.02		
To Salary	53,76,086.00		
To S B Cess Paid	2,318.38		
To Staff and Labour Welfare	4,66,912.00		
To Stock Insurance	12,670.00		
To Travelling Expenses	5,17,293.00		
To Vehicle Insurance	75,900.00		
To Vehicle Repairs & Maintenance	6,56,677.18		
To Water & Electricity	7,31,063.88		
To Depreciation	13,85,424.00		
To Net Profit	36,46,929.49		
Total	11,72,72,511.70	Total	11,72,72,511.70

Place: Udupi
Date: 03/10/2017

Vide Compulsory Tax Audit Report of even date.



Shankar Suvarna



C A Shridhara
Chartered Accountant.


SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.

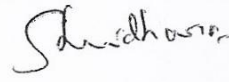
BALANCE SHEET AS ON 31-03-2017

<u>Funds & Liabilities</u>			<u>Properties & Assets</u>		
	Schedule	Rs		Schedule	Rs
Capital Account	1	2,39,46,918.12	Investments & Deposits	5	3,17,72,637.18
Subsidy	2	10,00,000.00	Loans & Advances	6	3,78,134.00
Secured Loans	3	4,03,42,758.41	Current Assets	7	4,55,72,266.36
Current Liabilities	4	2,82,55,862.19	Fixed Assets	8	1,58,22,501.18
Total		<u>9,35,45,538.72</u>	Total		<u>9,35,45,538.72</u>

Place: Udupi
Date: 03/10/2017

Vide Compulsory Tax Audit Report of even date.


Shankar Suvarna
(Proprietor)


C A Shridhara
Chartered Accountant.

CHAPTER II

CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

2.1 Theoretical background of the study

operational resources management is a piece of the financing hesitation that a fund administrator of the association needs to decide. Other than the capital formation and planning of the capital. In see that each firm exercises on expecting the tremendous gaining that can created from their business concern, an ever increase number of studies had been directed on the impact of operational resources structure and working investment administration in deciding the winning, which the outcomes accordingly in sight of the investigation embraced. In this investigation, working capital administration part and working capital administration approach are ponder on their achievement towards the organization profit.

The fund supervisor must need to consider into the organization operational capital administration, its primarily imply that dealing with the firm current resources and current liabilities at agreeable level (dong and Su,2010; Gill, Biger and Mathur,2010) fundamentally in a monetary record, current resources including crude materials, work in advance, completed merchandise or records receivables inventories money and bank adjust which are here and now in nature that are utilized for creation and deals. Which can changed over inside the year. on the opposite side Current liabilities speaks to the commitment the should be paid inside the year or not consistently or not past the business working cycle, which on is speedier. From that point onward, the benefits of having a proficient working capital administration are the organizations ready to meet its quick commitment and keep up satisfactory liquidity position so as to proceed with the generation of the organizations.

operational capital is also net existing assets in the surplus of existing assets above existing liabilities. All firms has to take working capital in the form or other. The effective management of working capital is required from the point of vision to together earning as well as liquidity position.

The working capital management means that assets in the form of easy convertible cash. The requirement for operational resources management arises from two careful thoughts. primary, survival of operational resources management is vital in any organization and the second, it

involves investments of funds of the organization if the operational resources standard is not correctly maintained and managed, then it may result in unnecessary blocking of scarce resources of the organization. So, the working capital administration needs all the consideration of all the money related supervisors. The working capital is characterized as the administration of the organization's sources and employments of working capital with a specific end goal to amplify the abundance of the investors. The adequate working capital administration requires both the medium term arranging and furthermore the quick selection to changes emerging because of high points and low points in working levels of the association.

Working capital management is broadly classified into two different categories

1. Gross working capital: it means organizational investment in all current assets together.
2. Net working capital: it refers to the surplus of the total current assets over the current liabilities.

The net working capital measures the liquidity position of the firm, higher the net working capital the better it will be. It assures that in all several existing assets will be changed into money to pay the existing liabilities. The cash inflow and outflow for any firm are rarely co-occur and so, some working capital is required. The organization's cash inflows must maintain higher and higher of current assets sufficient to cover the current liabilities.

2.2 LITRETURE REVIEW WITH RESEARCH GAP

The target of this part is to clarify a survey of writing identifying with the operational capital administration. Albeit working capital is a basic fixing in the smooth working of business elements, it has not pulled in much consideration of researchers. These investigations which investigated the work in the zone have been directed research contemplates spearheading the diverse parts of working capital. Different investigations have been attempted.

Working capital management are reviewed here.

- ❖ **Wellter**, in his study(1970)begins that operational capital started because of comprehensive deferral between the moment utilization for purchase of crucial raw material was made and the moment when settlement were gotten for the offer of the last yield.
- ❖ **Weston and Bringham** (1972) additionally broadened the second appropriation recommended by Walker by isolating commitment should be used as a piece of the place of whole deal credit and without a moment's hesitation credit. They admonished that transient acknowledge must be used as a piece of the place of whole deal commitment at whatever point their use would under the typical cost of income to the affiliation. They admonished that a business would hold at this very moment alluring securities only if there were wealth sponsors in the wake of meeting here and now credit necessity
- ❖ **Sagan:** in his paper(1995) possibly the essential speculative paper on the theory of working capital organization, stress the necessity for the organization of working capital records and required that it could fundamentally change the wellbeing firm. Cash director must be comfortable with what is being finished with the dealing with the crude material, accounts receivables and payables since every one of these records will influenced money position of the firm.
- ❖ **Walkar** contemplated impacts of the adjustments in the stage of operational resources on the rate of the arrival in dig corporate for the period 1961 and establish the connection among the stage of operational resources and the rate of come back to be unfavorable. Walker defined three after extents:

- Proportion 1 – if the measure of operational resources is to settled capital, the measure of danger of the firm accept is likewise shifted and the open doors for benefit or misfortune are lifted.
- Proportion 2 The varieties of resources used to fund working capital straightforwardly harmed the measure of hazard the firm expect and additionally the open doors for acquiring or misfortune.
- ❖ Proportion 3 The more prominent refinement between the developments of the organization obligation instruments and its stream of inside produced stores the more noteworthy the hazard and the other way around.
- ❖ **Lambrix and singhvi (1979)** embracing the operational capital cycle way to deal with the working capital administration, in like manner suggested that in working capital could be constrained and wage could be expanded by diminishing the time traverse of the physical spill out of receipt of rough material to shipment of finished items i.e stock organization, and by upgrading the terms on which firm offer stock and furthermore receipt of cash.
- ❖ **Warren and Shelton (1971)** connected monetary articulation to influence future money related explanation of a firm, in light of an arrangement of synchronous conditions. Money related duplication get to makes it conceivable to fuse both the equivocalness without bounds and the numerous interrelationship among existing resources ,existing liability and other asset report financial records. Quality of the reenactment as an apparatus of investigation is that it allows the budgetary chief to fuse in his arranging in cooperation the no doubt estimation of an activity and the edge of blunders related by his assessment.
- ❖ **Coperland and khoury (1980)** connected monetary articulation to influence future money related explanation of a firm, in light of an arrangement of synchronous conditions. Money related duplication get to makes it conceivable to fuse both the equivocalness without bounds and the numerous interrelationship among existing resources ,existing liability and extra asset report financial records. The quality of the reenactment since an apparatus of investigation is that it allows the budgetary chief to fuse in his arranging together the no doubt estimation of an activity and the edge of blunders related with his assessment.
- ❖ **Abramovitz (1950) and Modigliani (1957)** said the result of the limit usage on stock risk. Existing provide of inventory is relied upon to levy change procedure to the coveted levels. The proportion of inventories is relied upon to take of change procedure to the coveted

levels. The proportion of inventories previously and along these lines likewise calling for high interest in inventories in the present time frame.

- ❖ **Cohn and Pringle** in their examination (1973) delineated the expansion of capital resources evaluating model(CAPM) for working capital administration choices. They endeavored to related long haul speculation and financing choice and working capital administration choices and working capital administration choice through CAPM. They offered that an arrangement utilizing CAPM could be presented for the matter of attractive securities portfolio to such an extent that the proper hazard level anytime was what keeps up the hazard level anytime which keeps up the hazard level anytime was what keeps up the danger of the danger of the organization's basic stock at a consistent level.

- ❖ **Lovell(1965)** altered Meltzer's plan in view of basic speeding up standard and get the association in light of customizable speeding up agent rules. present are a considerable measure of reason material, budgetary and focused those rouse halfway adjustment. Among the physical elements, say might be made of acquisition slacks between put request and conveyances. The length of such slacks is submitted with the supply of source, outside the nation or inside the nation accessibility. This exhortation a positive connection between value changes and stock.

- ❖ **Gupta study(1987)** inspected the determinants of aggregate crude material interest in aluminum and non-ferrous semi firms in private area. The information had been taken from stock trade, official catalog, Mumbai for a long time 1966-67to 1974-75.

- ❖ **R.N. Agarwal(1982)** Estimated general crude material venture equation for singular firms in vehicle creating industry. His investigation depended on the information for 1959-60 through 1978-79. A few different factors as profits, limit usage and liquidity proportion werefound to be of no significance in clarifying crude material speculation conduct.

- ❖ **Vijay Kumar and Venkatachalam (1995)** thought about the impact of working capital on profit in sugar industry in Tamilnadu by picking a case of 13 associations, 6 associations in co-specialist part and 7 companies in private portion over the period 1982-83 to 1991-92 they associated direct relationship and different backslide examination on working capital and profitability extents. They also assessed the demand components of working capital and its parts. i.e receivables, inventories net working capital net working capital by applying backslide examination they shower the impact of offers and eagerness of the working capital and its fragments.

- ❖ **Verma (1989)** assess operational resources administration in level and steel manufacturing by taking an example of choose unit in both personal and open division in excess of open segment in regards of working capital and deals were practically related that personal sector had completely an frame over open segment over the period 1978-79 to 1985-86 by utilizing the procedures of proportion investigation, growth rates and basic line are decline examination, the examination related the private area in view of operational resources management. clear-cut decline comes about exposed that operational and deals were basically related ideas. They consider moreover demonstrates that all the firm in the business had made extreme utilization of bank obtaining to gather their operational resources administration.

- ❖ **Examination with George (1972)** was cross segment investigation of conclusive records of 52 open restricted organizations for the period 1967-70 quickening agent, inner and outer back factors were considered in the condition for crude marterials incorporating merchandise in process and aggregate inventories. In any case, condition for completed products inventories thinks about just out factor.

- ❖ **Kamta Prasad Singh**, Anil Kumar Sinha and Subas Chandra Singh(1986)examined diverse parts of operational capital organization in compost business in India in the midst of the year 1978-79 to 1982-93. In light of extent - examination and responses to a poll, consider revealed the inefficient organization of working capital was, in a manner of speaking, accountable for the setbacks caused by the FCI. So far as financing of working capital was concerned, whole deal stores had been financing a low degree of current assets in view of speedy addition of existing liability.

- ❖ **Agarwal (1983)** additionally considered working capital administration on trial of 34 significant amassing and trading open constrained associations in ten ventures in private division for the year 1966-67. apply comparative frameworks of extent examination, responses to study and meeting, the examination completed the regardless of the way that the operating capital per rupee of offers shut the disregarding the way that the working capital per rupee of offers exhibited a declining design consistently yet in the meantime there showed up a sufficient augmentation for diminish in enthusiasm for each one of the segments of working capital.

- ❖ **Misra (1975)** examined the issues of operational resources with unusual mention to six choose open part activities in India over the year 1960-61 to 1967-68. Investigation of money related size and reaction to a survey exposed to a few degree an the same outcomes from those of NCAER examine regarding creation and use of effective capital. The examination additionally uncovered the overloading of stock as to its every segment, low receivables income and more cash than justified by equipped fundamentals and along these lines add up to bungle of operational capital out in the open part activities.

- ❖ **Chakraborty (1973)** moved toward operating capital as a section of resources utilized as opposed to a minor cover for lenders. He underscored that operating capital is the keep to pay all the operational costs of maintain a business. He bring up that appearance on resources utilized, a total measure of general proficiency in maintain a business, would be adversely influenced by over the top operational capital. For expressing the propriety of working capital sum, he connected Operating Cycle(OC) Concept. He stretched out the examination to four organizations over the period 1965-69 of every 1974 investigation. OC Concept can similarly be efficiently utilize by banks to assess the operational capital wants of the barrowers.

- ❖ **Appavadhanulu (1971)** perceiving the nonexistence of thought being given to attention in operational capital, broke down operational capital management by analyzing the outcome of technique for generation on concentration in operational capital. He underscored that particular age methodologies require different measure of working capital by affecting stock in-process in light of the fact that assorted strategies have differentiates in the length of creation period, the rate of yield stream per unit of time and time case of critical worth extension.

CHAPTER 3

RESEARCH DESIGN

“A STUDY ON WORKING CAPITAL MANAGEMENT using ratio analysis AT SHANKAR ROOFING SYSTEM ”.

3.1 Statement of the problems.

Shankar roofing System is one of the sole proprietor firms in Karnataka, the cut-throat competition and vision to survive and grow has emerged in the here liberalize situation. One feature every corporation has to bear in brain power to reduce the cost to increase profit.

The study being explored in breaking down on the impact of working capital administration on the benefit of firms, the outcomes uncovered blended discoveries and distinctive analysts utilized diverse technique or approach in estimating the working capital administration, for example, current proportions, and so on.

There is likewise separate investigation being led on the impact of working capital administration segments and working capital administration arrangement on the gainfulness of the organizations by the scientists.

3.2 Need for the study

Every firm must maintain a required level of working capital position otherwise; its business activities may be adversely affected. The significance of conducting this learning is it allows firm manager to study their learning curve to decrease the opportunity of fail to pay, particularly in confused time; in outlook that operational resources management has influence on the profitability performance of the firms.

The firm should have neither the extreme operational capital nor insufficient operational resources. The excessive working capital might effect in,

- Needless buildup of raw materials consequential in waste, stealing, spoil etc.
- Delay in gathering of receivable ensuing in extra moderate credit terms to consumers than necessary by the selling circumstances.
- Adverse effect on the performance of management.

On the other hand, inadequate working capital situation may have arise the following problems,

- The fixed assets may not be efficiently used.
- Firms expansion may inactive .
- Lowering of profits due to disturbance in production.
- Organizations goodwill in the business is affected.

Thus, the operational capital level of the company should be maintain and manage at an suitable level. The operational capital administration refers to the procedures and plans necessary to manage the working capital.

3.3 Objectives

- To check the response of operational assets administration components on the benefit of administrations and assembling firms.
- To look at the impact of number of days Debt Receivable (ARD) towards the gainfulness of the administrations and assembling company.
- To look at the impact of number of days Inventories (INV) towards the gainfulness of the administrations and assembling company.
- To look at the impact of number of days Debt Payable (AP) towards the gainfulness of the administrations and manufacture company.
- To look at the impact of money change cycle (CCC) towards the benefit of the administrations and creation organization.
- To decide the working capital policy of the firm.
- Sources if working capital finances.
- To study the financial soundness of the company through Ratio Analysis.

3.4 Scope of the study

The study has been conducted at Shankar Roofing System, Manipal during the period 15th Jan to March 24th 2018. The study focuses on acquiring knowledge regarding the functioning of various departments like marketing, financing, human resource, information technology, operations in the organization.

Analysis of working capital management by use of ratios and comparison has a wide scope. Thus the study could be useful to the top, middle and low level of management. Further the organization itself could understand its own strength and weakness by using different tools. The field of working capital analysis comprises of a ratio analysis, fund flow statement analysis, and the profitability analysis with respect to income statement, financial statement with required tables, ratio for providing suggestion for improving methods the study was undertaken to the company as a support services.

3.5 Research methodology

An analytical study is undertaken on working capital analysis. The study essential data to be collected from the mainly secondary sources. This chapter discuss on the research method adopted in the study which include evaluation of the investigated design, research structure, kind and basis of information collected , variety technique, statistics collection, function of data analysis techniques to analyze the data composed and formulation of the research hypothesis.

3.5.1 Type of research:

The type of research is being conducted here is in the nature of research. Here the analyses of different proportions that represent the position of profitability are clearly elucidated.

3.5.2 Sources of data:

Primary data: Primary data was collected through direct interaction with various employees of the firm.

Secondary data:- In case of derivative data, the information collect from financial reports, yearly information, financial records of firm, from company websites, magazines.

3.5.3 Tools used in analysis of data:

The tools and technique is used for the analyzing data, which includes tables, column chart, Pie-charts, Bar-charts, trend analysis, ratio analysis have been used for the purpose of analysis and presentation. Ratio analysis to know the financial position and performance of the firm. For data analysis a subsequent interpretation has been interpreted.

3.7 Limitations

- The study analysis depended on the information supplied by the company.
- The study is confined to only one branch.
- The information available is limited, as it is confidential.
- The study is limited number of years data collected

3.8 Chapter scheme

Chapter 1: Gives a brief idea about the Industry profile and company profile like product and services profile area , promoters of the company, vision and mission. SWOT analysis.

Chapter 2: It gives the theoretical background of the study and 20 literature review with research gap.

Chapter 3: Deals with various functional departments in the organization, research design.

Chapter 4: Analysis and interpretation of data collected.

Chapter 5: Giving conclusion to the report with findings and suggestion

CHAPTER 4

ANALYSIS & INTERPRETATION

4.1 Analysis and Interpretation of the data collected with relevant tables and graphs.

Data Analysis:

Data Analysis is the method of seriously investigative in detail bookkeeping data specified within the budgetary statement for the reason of supporting the management in decision making process for good decision. Analysis is that the method by which the whole body of gathered information, facts, figures and ideas is reborn into meaningful and helpful data. The information is placed on its acceptable setting and consistent relationship drawing general inferences.

Data Interpretation:

Data interpretation means that the applying method to investigate specific ascertained or assumed facts from a selected study is understood as information interpretation. Interpretation is that the relationship with the collected information. It's the mechanism through that the issue that seems to clarify what has been ascertained by investigator throughout the course of analysis.

Analysis and interpretation area unit closely connected. Interpretation isn't attainable while out analysis. Numerous account balances seems within the budgetary statements these balance don't represents the homogeneous information so it's troublesome to grasp. Thus the information analysis and interest area need to grasp to those homogeneous data and to require to an improved decision.

FINANCIAL TOOLS FOR ANALYSIS AND INTERPRETATION OF DATA:

Financial investigation (also called as financial statement study or bookkeeping analysis) an evaluation of the capability, stability and profit of a trade, sub-business or task. It's ready by creating use of ratios that build use of data taken from financial statement and deferent information.

Finance is central to all or any trade activities for continued existence and a typical live in monetary terms within the same means all the comparisons with the past or with the competitors all goals, objectives and performance is measured or analyses monetary information.

Tools applied for profit analysis of the firm:

- ✚ Trend analysis
- ✚ Ratio analysis
- ✚ Comparative balance sheet.

TREND ANALYSIS: analytical thinking is solo amongst the tools for investigation of the company’s financial statement for the speculation purpose. investor use this examining tool a lot in order to decide the financial situation of the firm. In investigation, the monetary statement of the firm are compare with one another for the many years after changing them into percentage. During this the sales of every year are regenerated into percentage from so as to check them with one another. Then got to confirm why the amendment occurred, whether or not optimistic or harmful. Are sale trending up? Are cost trending downward? Are income trending up? Is cash flow improving? These are the categories of thing to appear at in monetary account investigation.

Following formula used to calculate trend percentage:

$$\text{Trend percentage} = \frac{\text{Current year figure}}{\text{Base Year}} * 100$$

Table 4.1 : Figures showing the Trend percentage of Sankar Fab.

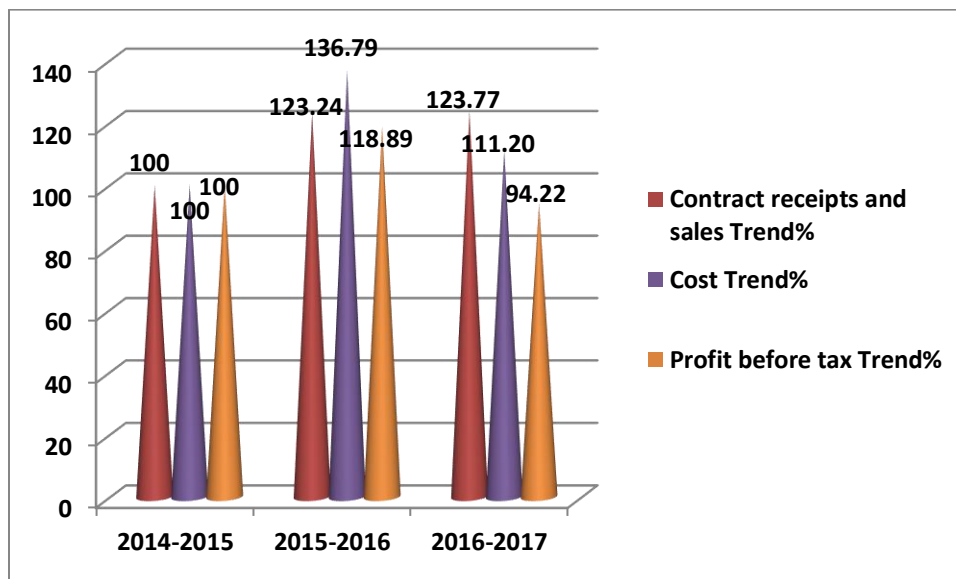
Year	Contract receipts and Sales		Cost		Profit before tax	
	Amount(Rs)	Trend%	Amount(Rs)	Trend%	Amount(Rs)	Trend%
2014-2015	60463264.34	100	31873631.32	100	3255547.45	100
2015-2016	74517784.6	123.24	102183845.5	136.79	3870532.42	118.8
2016-2017	92227841.63	123.77	113625582.2	111.2	3646929	94.22

Analysis: From the above table its investigated that the agreement receipt and deals both are constantly expanded in every one of the years.2014-15 year take as a base year Pattern level of agreement receipt and deals in the year 2015-16 was 123.24% pattern level of offers for the year 2016-17 was 123.77% .

Above table additionally demonstrates that cost caused and level of the cost this rate was 136.79% in the year 2015-16 and it's likewise expanded to 111.20%in the year 2016-17

What's more, the above table likewise demonstrates the pattern levels of benefit before impose. The level of benefit before impose was 118.8% in the year 2015-16 and its decreased nearly earlier year i.e. 94.22% in the year 2016-17.

Graph 4.1 : chart showing the Trend percentage of Sankar Fab.



Interpretation : from the above chart we can identify the trend percentage of sales and contract receipt , cost trend and profit before tax trend sales trend comparatively increased sales increasing is favorable condition to firm. Cost trend is fluctuating year by year. and profit before tax is decreased in the year 2016-17 i.e. 94.22% its comparatively low. Profitability is decreased drastically.

RATIO ANALYSIS: Quantitative connection investigation could be a technique for figuring, determinate and displaying the connection of things or gathering of things of money related proclamations to supply an important comprehension of the execution and budgetary position of a business concern. Henceforth, proportion investigation is a strategy of examining the money related proclamation by processing bookkeeping quantitative connection and deciphering it to make significant inference.

Liquidity Ratios

1. Current ratio

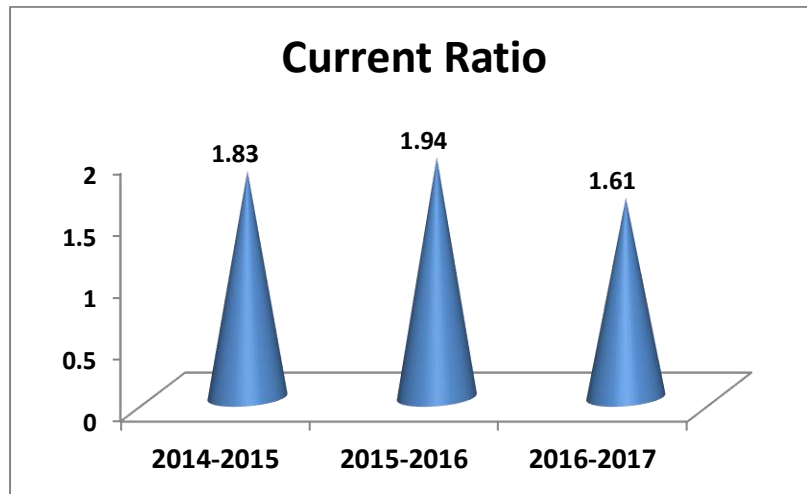
$$\text{Current Ratio} = \frac{\text{Current Asstes}}{\text{Current Liabilities}}$$

Table 4.2 : Figures showing the Current Ratio of Sankar Fab.

Year	Current Assets	Current Liabilities	Current Ratio
2014-2015	28950962.54	15780703.63	1.83
2015-2016	56630582.85	29116776.00	1.94
2016-2017	45572266.36	28255862.19	1.61

Analysis: the above of table examined that the Current Ratio for the year 2014-15 was 1.83 times and it was marginally expanded to 1.94 times in the year 2015-16 it was the 0.9 times higher than the earlier year. In the year 2016-17 estimation of the present resources diminished contrast with past and current liabilities are expanded however in the proportion investigation its diminished relatively earlier year i.e. 1.61

Graph 4.2 : chart showing the Current Ratio of Sankar Fab.



Interpretation: from the mentioned above graph it's understood that this current ratio of the firm was 1.83 then its increased to 1.94 in the next year slightly increased. But in the upcoming year current ratio was decreased to 1.61. Overall liquidity position of the Shankar roofing is good they still able to meets their liabilities on time

2. Quick Ratio

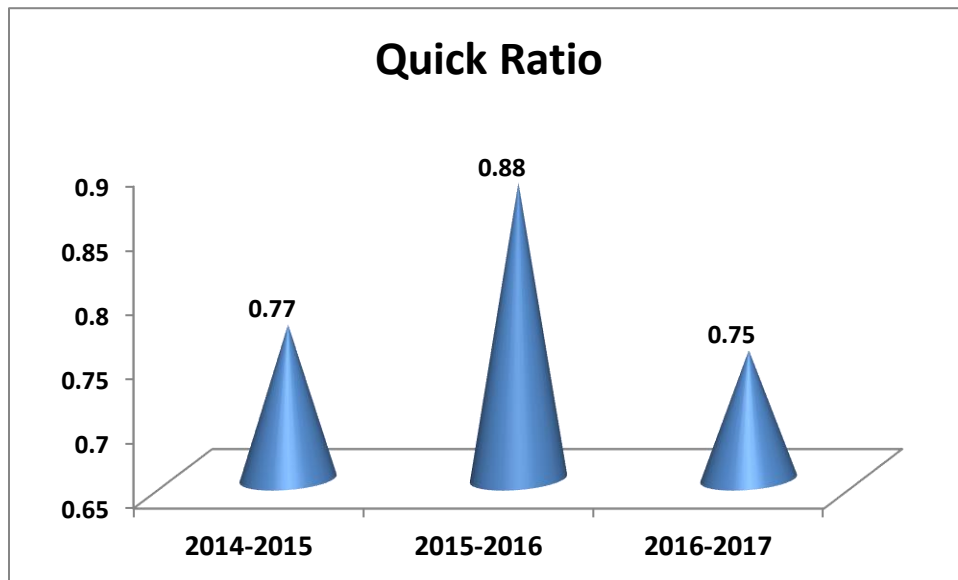
$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

Table 4.3 : Figures showing the Quick Ratio of Sankar Fab.

Year	Quick Assets	Current Liabilities	Quick Ratio
2014-2015	12213354.93	15780703.63	0.77
2015-2016	25680125.85	29116776.00	0.88
2016-2017	21202024.49	28255862.19	0.75

Analysis: the above mentioned table analyzed that the quick ratio of the firm is 0.77 in the year 2014-15, there is slight increase to 1.22 in the year 2015-16. Then it's decreased to 0.75 in the year 2016-17. Quick ratio is used to measure the immediate requirement of cash convertible possibility

Graph 4.3 : chart showing the Quick Ratio of Sankar Fab.



Interpretation:

From the above chart it's interpreted that quick ratio for the year 2014-15 to 0.77, its slightly increased in the year 2015-16 to 0.88 and declined in the year 2016-17 to 0.75 from the three year quick ratio shows that firm financial position is not good ratio is fluctuating year by year. this executes that the firm is not able to meet its short term obligations promptly. If the quick ratio is below 1:1 ratio Shankar roofing system quick ratio is on an average 0.77 so it's not good to firm.

3. Absolute Liquid Ratio

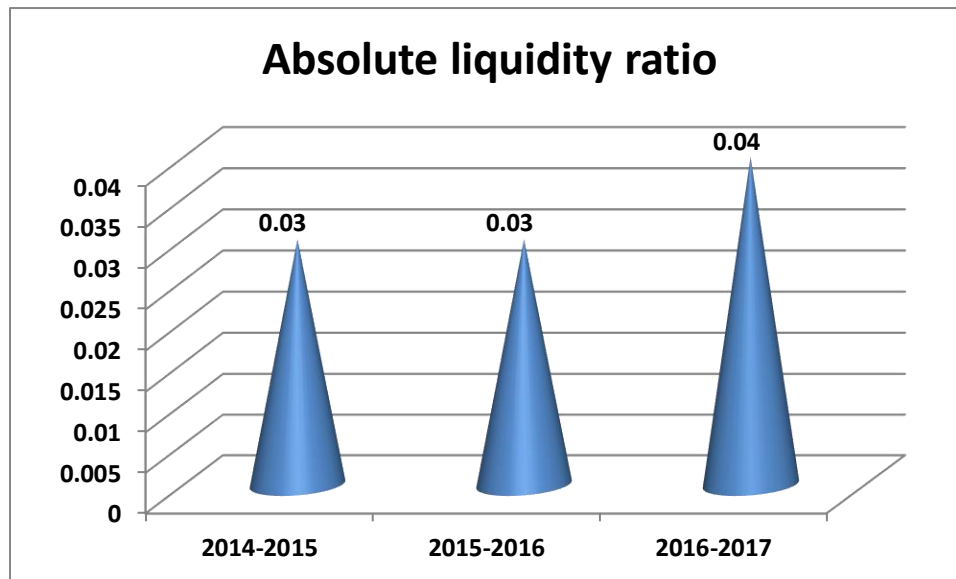
$$\text{Absolute Liquidity Ratio} = \frac{\text{Absolute Liquid Assets}}{\text{Current Liabilities}}$$

Table 4.4 : Figures showing the Absolute Liquidity Ratio of Sankar Fab.

Year	Absolute Liquid Assets	Current Liabilities	Absolute Liquidity Ratio
2014-2015	546876	15780704	0.03
2015-2016	823593	29116776	0.03
2016-2017	1131163	28255862	0.04

Analysis : from the above table it's broke down that the working capital turnover proportion for the year 2014-15 was 0.03 and it was diminished to 0.03 in the year 2015-16 and furthermore diminished to 0.04 in the year 2016-17 individually.

Graph 4.4 : chart showing the Absolute Liquidity Ratio of Sankar Fab.



Interpretation: the above chart plainly tells without a doubt the fluid proportion in the year 2015-16 is not as much as the earlier years. In the year 2015-16, we can see that the fast proportion was 0.08 which is not better when contrasted with alternate years. This says the organization has a genuine obligation paying capacity which relies upon the money assets accessible as well as in its ability to obtain from the market at the short notice. Also, the execution of the organization isn't agreeable.

Activity Ratios

4. Working capital turnover ratio

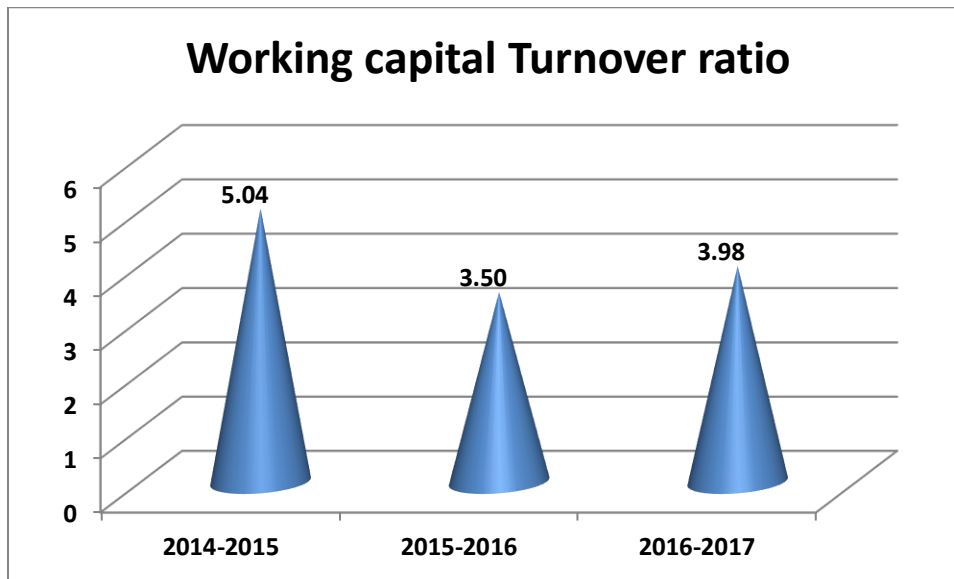
$$\text{Working capital turnover ratio} = \frac{\text{Cost of Goods Sold}}{\text{Average Working Capital}}$$

Table 4.5 : Figures showing the Working capital turnover ratio of Sankar Fab.

Year	Cost of goods sold	Average working capital	Working capital Turnover ratio
2014-2015	57965340	11508001	5.04
2015-2016	71233388	20342033	3.50
2016-2017	89255341	22415106	3.98

Analysis: from the above chart it's analyzed that the working capital turnover ratio for the year 2014-15 was 5.04 and its drastically decreased to 3.50 in the year 2015-16 and further slightly increased to 3.98 in the year 2016-17.

Graph 4.5 : chart showing the Working capital turnover of Sankar Fab.



Interpretation : From the above chart it is discovered that there is no standard or perfect working capital proportion. Working capital turnover proportion measures the effectiveness with which the working capital is being utilized as a part of the firm. Working capital continuously fluctuating.

5. Inventory Turnover Ratio

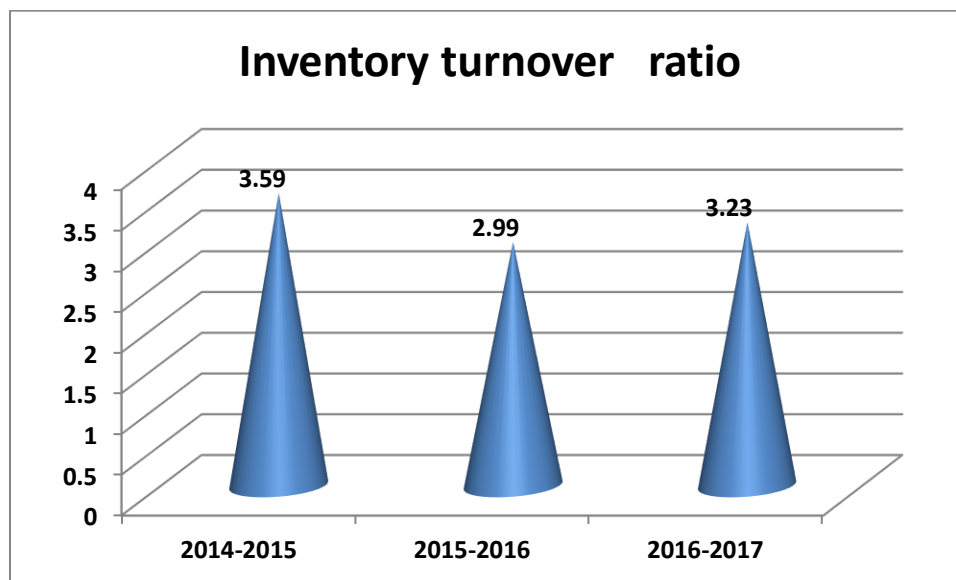
$$\text{Inventory turnover ratio} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

Table 4.6 : Figures showing the Inventory Turnover Ratio of Sankar Fab.

Year	Cost of Goods Sold	Average Inventories	Inventory Turnover Ratio
2014-2015	57965340	16156911	3.59
2015-2016	71233388	23844033	2.99
2016-2017	89255341	27660350	3.23

Analysis: From the previously mentioned table demonstrates that Inventory turnover ratio for the year 2014-15 was 3.59 and its diminished to 2.99 in the year 2015-16 and further it's expanded to 3.23 in the year 2016-17

Graph 4.6 : chart showing the Inventory Turnover Ratio of Sankar Fab.



Interpretation: From the above outline elucidates that Inventory turnover ratio for the primary year 2014-15 was 3.60 that is was declined to 3.00 on the year 2015-16 estimations of cost of products sold and inventories both are expanded however proportion of stock turnover is diminished. In the year 2016-17 by and by stock proportion shoot up to 3.20. inventories turnover ratio is 1:3 it's a good position to the firm in inventory availability.

6. Debtor Turnover Ratio

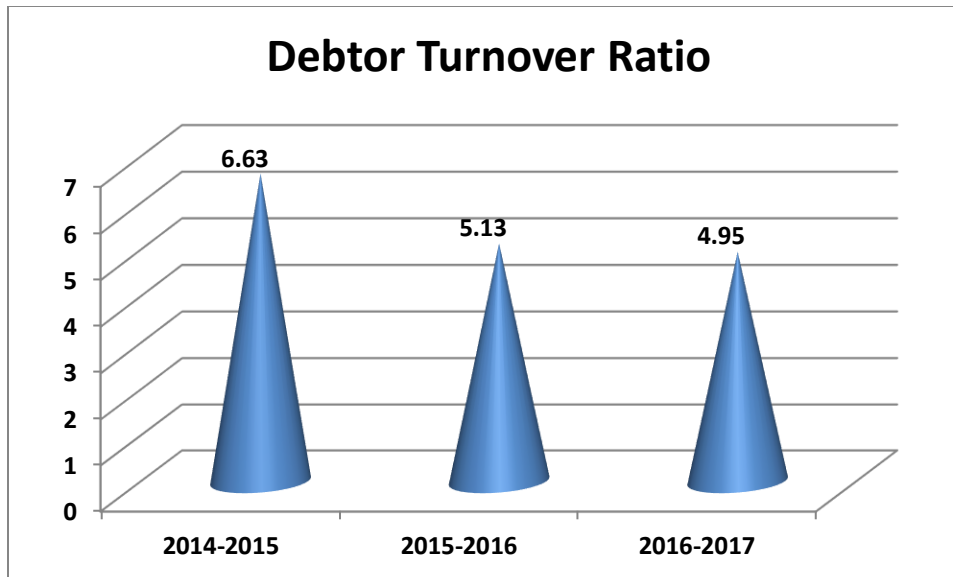
$$\text{Debtor turnover ratio} = \frac{\text{Net Annual Credit Sales}}{\text{Average Trade Receivable}}$$

Table 4.7 : Figures showing the Debtor Turnover Ratio of Sankar Fab.

Year	Net Annual Credit Sales	Average Trade Receivables	Debtor Turnover Ratio
2014-2015	60463265	9123778	6.63
2015-2016	74517785	14530157	5.13
2016-2017	89255341	15822501	4.95

Analysis: As per the above table debtor turnover ratio was for the year 2014-15 is 6.63 and for the next year its reduced to 5.13 in 2015-16 and in the year 2016-17 is 4.95 the ratio is continuously decreased year by year.

Graph 4.7 : chart showing the Debtor Turnover Ratio of Sankar Fab.



Interpretation: from the above chart its represent that debtor turnover ratio is consciously decreasing it's a good sign to firm. It shows that customers are able to pay for their work debt is decreasing. in the base year 2014-15 the ratio is over a 6 and its reduced to 5.13 and it continually decreasing in the year 2-16-17 i.e. 4.95.

7. Creditors Turnover Ratio

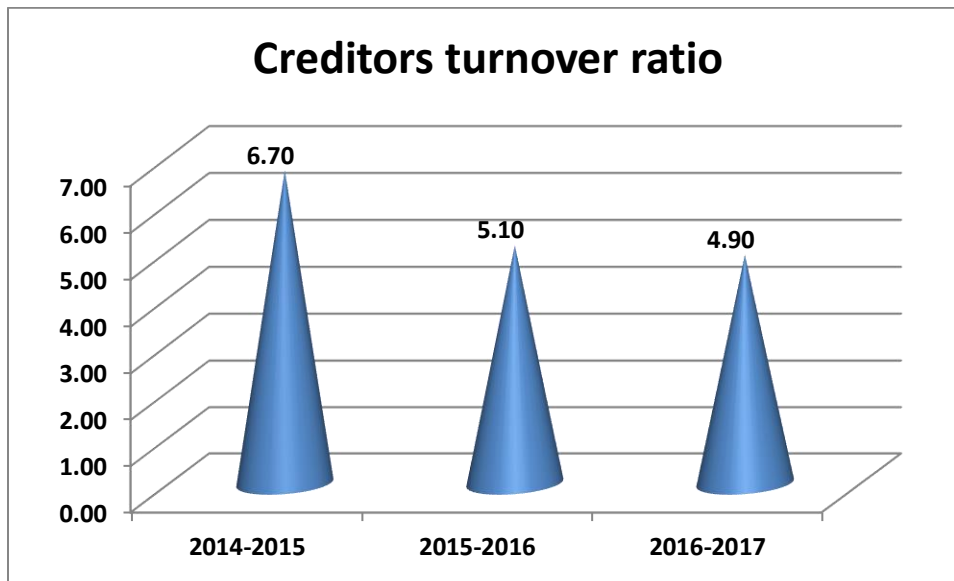
$$\text{Creditors turnover ratio} = \frac{\text{Net Annual Credit Purchases}}{\text{Average account payable}}$$

Table 4.8 : Figures showing the Creditors Turnover Ratio of Sankar Fab.

Year	Net Annual Credit Purchases	Average account payable	Creditors turnover ratio
2014-2015	45374787	6810793	6.66
2015-2016	69700480	8792604	7.93
2016-2017	92227842	18638353	6.41

Analysis: as per the above slab shows that creditors Ratio for the year 2014-15 was 6.70 and its ratio s decreased to 5.10 in the year 2015-16 and ratio for the year 2016-17 is 4.90 ratio was continually decreased in the past previous year.

Graph 4.8 : chart showing the Creditors Turnover Ratio of Sankar Fab.



Interpretation: from the above mentioned chart shows that creditor turnover ratio is declining in the slop downward side it show the firm use the cash for the meet their raw material purchases and other activities its shows that company able to meet the expenses in the monitory mode. So starting firm is use the credit mode to purchase the raw material then firm turn into cash mode. the ratio 6.70 in 2014-15,5.10 in 2015-16 and 4.90 in 2016-17.

8. Average Collection Period

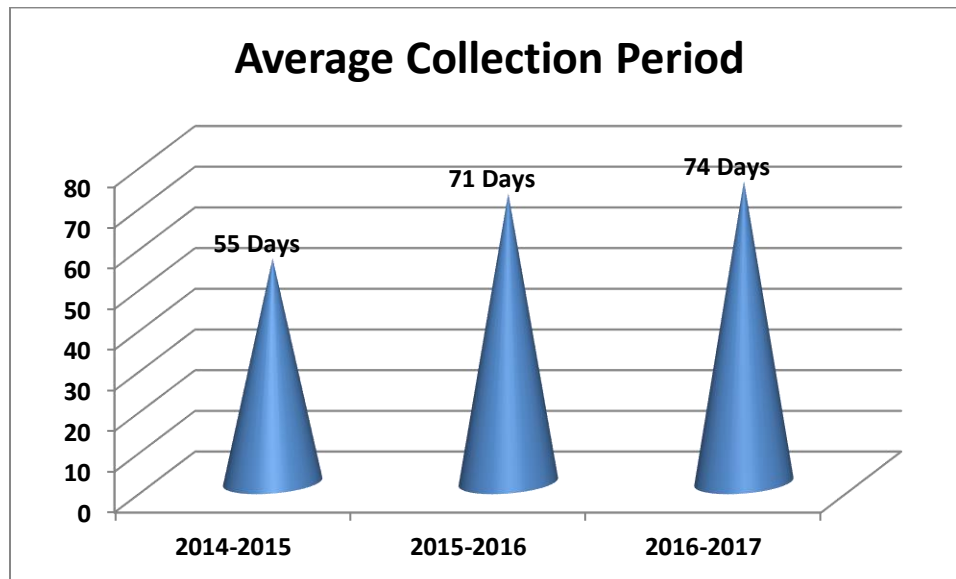
$$\text{Average Collection Period} = \frac{\text{Number of Days}}{\text{Debtor TurnOver Ratio}}$$

Table 4.9 : Figures showing the Average Collection Period of Sankar Fab.

Year	Number of Days	Debtor Turnover Ratio	Average Collection Period
2014-2015	365	6.63	55 days
2015-2016	365	5.13	71 days
2016-2017	365	4.95	74 days

Analysis: from the above chart shows that Average collection period for debtors for the period 2014-15 is 55days collection period is increased to 71 days in 2015-16 and 74 days in 2016-17 collection period of debt is continuously increased .

Graph 4.9 : chart showing the Average Payment Period of Sankar Fab.



Interpretation : above chart shows the average collection period in this method lower collection period is more favorable if high collection period is not favorable to the firm. Average collection period is high in the year 2016-17 it shows that organization collection payment slow compare to the previous years. It show that the credit term of the firm is so simple.

9. Average Payment Period

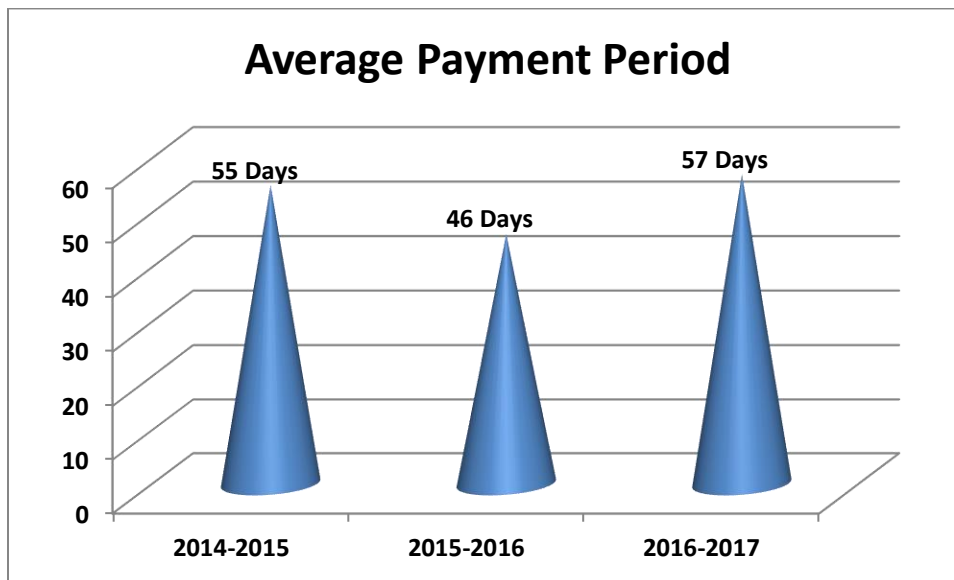
$$\text{Average Payment Period} = \frac{\text{Number of Days}}{\text{Creditor TurnOver Ratio}}$$

Table 4.10 : Figures showing the Average Payment Period of Sankar Fab

Year	Number of Days	Creditor Turnover Ratio	Average Payment Period
2014-2015	365	6.66	55 days
2015-2016	365	7.93	46 days
2016-2017	365	6.41	57 days

Analysis : as per the above table Average payment Period for the year 2014-15 was 55days, in the year 2015-16 was 46 days and for the year 2016-17 was 57 days

Graph 4.10 : chart showing the Average Collection Period of Sankar Fab.



Interpretation : A shorter installment period demonstrates incite installments to lenders. short installment period might be an indication that the organization isn't taking full favorable position of the credit terms permitted by providers. Here average payment period is near to two months it's a better period to give repay to creditors.

10. Fixed Assets Turnover Ratio

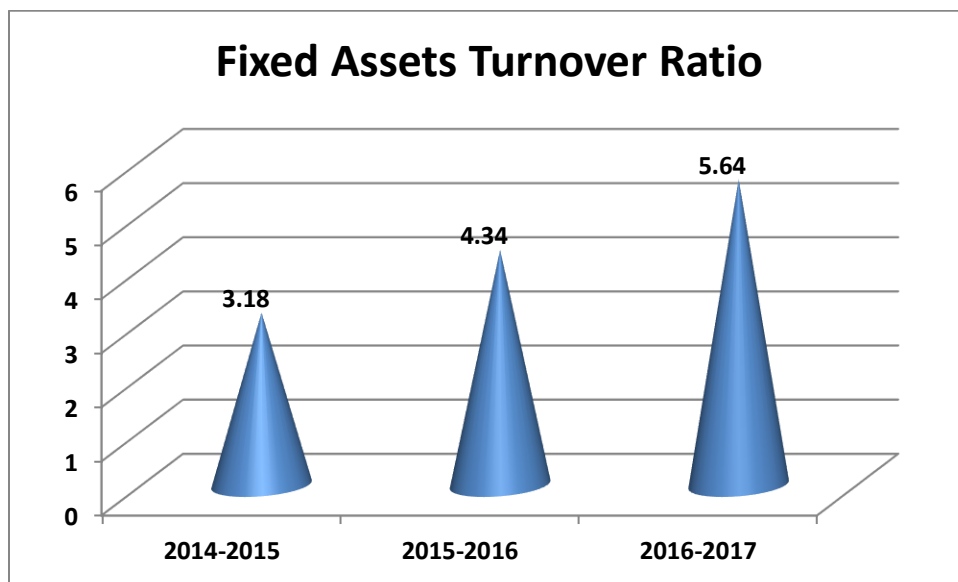
$$\text{Fixed Assets Turnover Ratio} = \frac{\text{Cost of Goods Sold}}{\text{Average Fixed Assets}}$$

Table 4.11 : Figures showing the Fixed Assets Turnover Ratio of Sankar Fab

Year	Cost of Goods Sold	Average Fixed Assets	Fixed Assets Turnover Ratio
2014-2015	57965340	18206233	3.18
2015-2016	71233388	16409059	4.34
2016-2017	89255341	15822501	5.64

Analysis : on the above chart shows the fixed turnover Ratio for the year 2014-15 was 3.18, in the year 2015-16 is 4.34 and in the year 2016-17 was 5.64 this ratio is continuously increasing year by year.

Graph 4.11 : chart showing the Fixed Assets Turnover Ratio of Sankar Fab.



Interpretation : From the above chart shows the fixed assets turnover ratio here higher the ratio indicates that maximum utilization of fixed assets and a low ratio means inadequate or under consumption of fixed assets.

Profitability Ratios

11. Gross profit Ratio

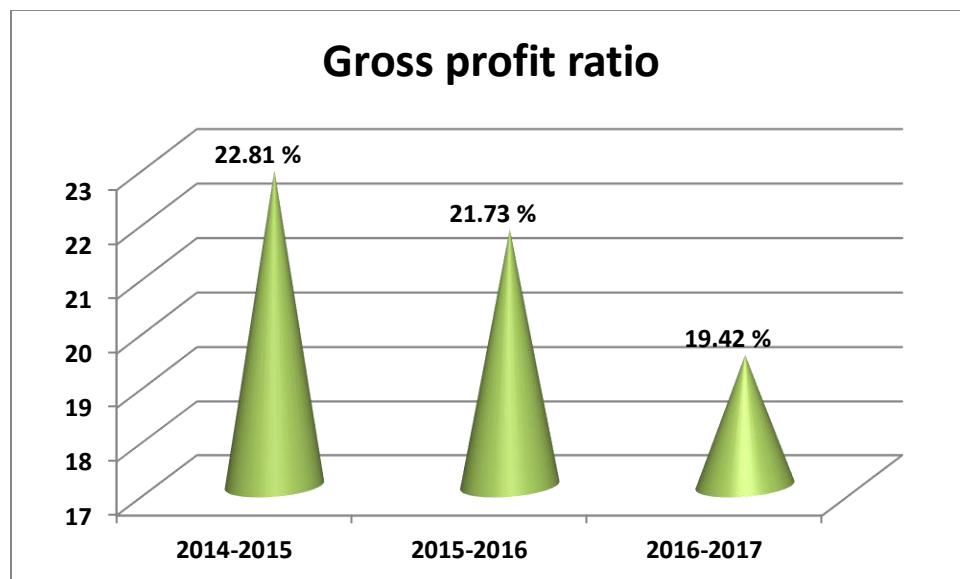
$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Net sales}}$$

Table 4.12 : Figures showing the Gross profit Ratio of Sankar Fab

Year	Gross profit	Net sales	Gross profit turnover ratio
2014-2015	13789192	60463265	22.81%
2015-2016	16194244	74517785	21.73%
2016-2017	17909353	92227842	19.42%

Analysis: in the above chart shows that is for the year 2014-15 was 22.81%, in the year 2015-16 was 21.73% and in the year 2016-17 here we absolved that ratio continually declining .

Graph 4.12 : chart showing the Gross profit Ratio of Sankar Fab.



Interpretation : From the above chart gross profit turnover ratio is most important for every business. It must be sufficient to cover the expenses. This ratio is continuously reducing year by year.

12. Operating Profit Ratio

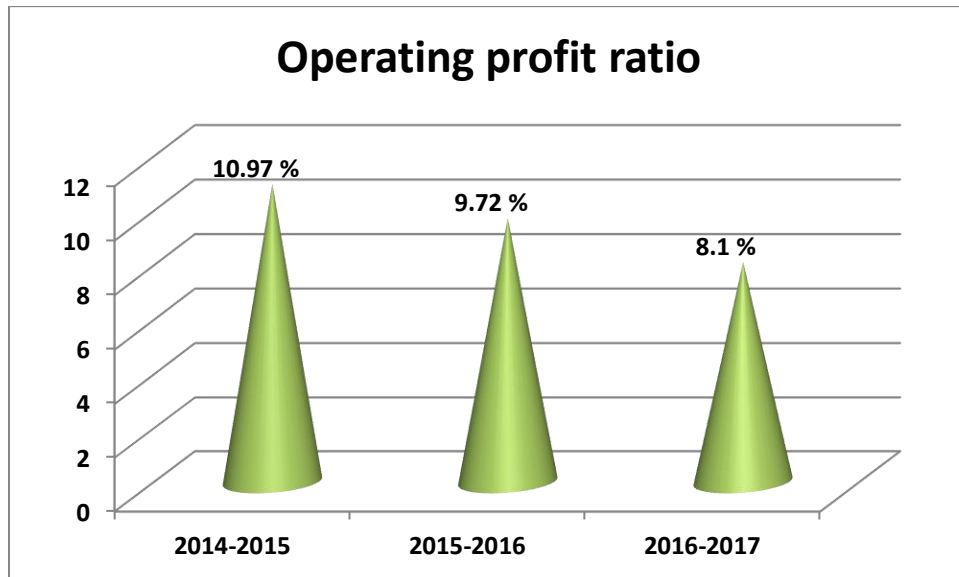
$$\text{Operating Profit ratio} = \frac{\text{Operating Profit}}{\text{Net Sales}} * 100$$

Table 4.13 : Figures showing the Operating Profit Ratio of Sankar Fab

Year	Operating incomes	Net Sales	Operating profit ratio
2014-2015	6630244	60463265	10.97%
2015-2016	7240202	74517785	9.72%
2016-2017	7468676	92227842	8.10%

Analysis : from the above data operating profit ratio for the year 2014-15 was 10.97 % and upcoming its decreased to 9.72 % in the year 2015-16 and for the year 2016-17 further decreased to 8.10%. operating incomes and net sales both are increased year by year but percentage of the operating profit ratio is declining.

Graph 4.13 : chart showing the Operating Profit Ratio of Sankar Fab.



Interpretation : operating profit ratio is used to measure the company pricing method and efficiency of the operating activities. Operating profit is decreasing year by year in the 2014-15 ratio percentage near to 11 and upcoming years its declined to 8% it shows that earning percentage of the firm is declining in each year.

13. Net Profit Ratio

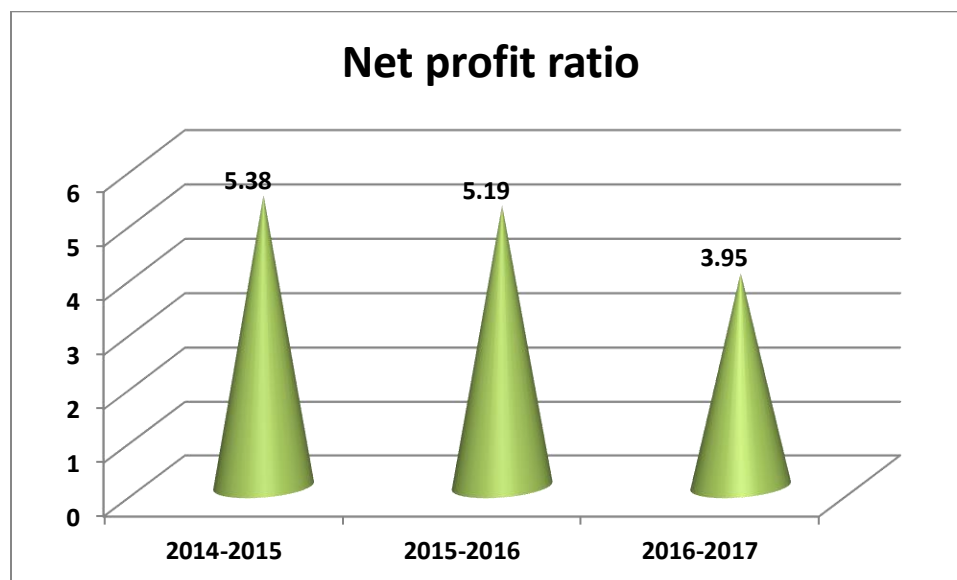
$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}}$$

Table 4.14 : Figures showing the Net Profit Ratio of Sankar Fab

Year	Net profit	Net sales	Net profit ratio
2014-2015	3255547	60463265	5.38%
2015-2016	3870532	74517785	5.19%
2016-2017	3646929	92227842	3.95%

Aanalysis : from the above chart shows that net profit ratio for the base year 5.38% and its slowly decreased to 5.19% and in the year 2016-17 was drastically down by over 1.35%

Graph 4.14 : chart showing the Net Profit Ratio of Sankar Fab.



Interpretation: from the above diagram we can identify the net profit ratio is continually decreased year by year net profit ratio is used to identify the total profitability position of the firm. Here profitability position is drastically down compare to the past previous year

14. Operating Ratio

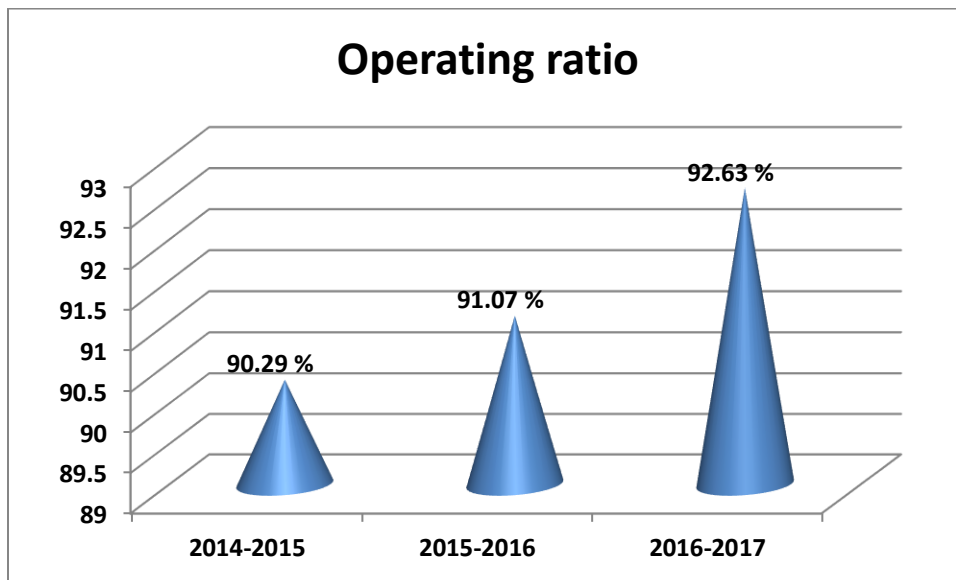
$$\text{Operating Ratio} = \frac{\text{Operating Cost}}{\text{Net Sales}} * 100$$

Table 4.15 : Figures showing the Operating Ratio of Sankar Fab

Year	Operating Cost	Net Sales	Operating ratio
2014-2015	54590643	60463265	90.29%
2015-2016	67863718	74517785	91.07%
2016-2017	82433594	92227842	92.63%

Analysis : From the above table show that operating Ratio for the year 2014-15 was 90.29% , its increased in the year 2015-16 was 91.07% and in the last year further increased to 92.63%.

Graph 4.15 : chart showing the Operating Ratio of Sankar Fab.



Interpretation : from the above chart Operating Ratio is increasing year by year. This ratio was used to measure operational efficiency of the firm. If the operating ratio is less, then only net profit will be high.

CHAPTER V

FINDINGS, CONCLUSION AND SUGGESTIONS

SUMMARY OF FINDINGS

- ❖ The trend level of the organization is moving in an expanding request which is of good sign for the association.
- ❖ Current ratio of the firm is smidgen varied year by year yet its relatively high and the business can meet their liabilities on time.
- ❖ Quick ratio displays that the firm can meet their short term or quick commitment instantly
- ❖ Absolute Liquid Ratio is relatively diminished year by year organization look on to this is vital otherwise organization can't able to full fill their prompt trade necessity out the future days.
- ❖ There is an adequate liquidity resources accessible. So the liquidity position of the firm is great.
- ❖ From the profit proportions it is fluctuating which isn't satisfactory. Firm needs to use its benefits in a proportionate way.
- ❖ Return on assets and Return on investment both the proportion are fluctuating so organization it should be enhanced with compelling usage of speculations.
- ❖ The earning of the company is fluctuating in increasing order. It means the firm is giving good returns to the owner.
- ❖ From the balance sheet we can found that firm is expanded year by year and earning good profit every year.
- ❖ From comparative balance sheet it is found that company is growing year by year and earning good amount profits every year.

SUGGESTIONS

Based on the information broke down and rundown of discoveries, proposals towards change of productivity at Shankar Roofing System is as fallows

- ❖ It is proposed that to keep up a similar advance of the organization current assets to meet the short term liability.
- ❖ Company has used long term debt so that the entrepreneur get benefited by increasing his earning profit.
- ❖ Organization can use the investors store to put resources into development of the organization which can build the riches expansion of the investors.
- ❖ The organization needs to expand the use of advantages for increment gainfulness through appropriate advertising procedure.
- ❖ The organization needs to utilize more obligation store to expand the working benefit.

5.3 CONCLUSION

position This is the write about the examination led in Shankar Roofing System. In this, the investigation is centered around the working capital administration of the organization. The investigation uncovers that the liquidity of the organization is great contrasted with alternate years. It additionally demonstrates the effectiveness with which the organization is dealing with its working capital needs. Benefit proclamation help an organization to know diverse between pay or picks up and costs or misfortune the general position of organization needs to enhance their resources for repair the credit later on more even the organization is having the verity of items which helps the organization expanding the offer and keeping up a decent benefit of the organization. Amid the procedure of assessment of execution of SHANKAR ROOFING SYSTEM the investigation featured that, organization's general monetary execution is very solid and sound. The budgetary wellbeing condition is great from year to year. Organization is having solid capacity to meet a wide range of possibilities; the majority of the monetary outcomes are not static but rather fluctuating in nature. Through the money related explanation investigation the budgetary position is likewise examined and it demonstrates that the transient dissolvability is in a decent position than the long haul dissolvability. All in all, it can be diminishing each year.

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- www.shankar roofing system.com
- www.fabrication industry .com

ANNEXURE

SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2015

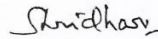
	Rs.		Rs.
To Opening Stock	1,55,76,214.48	By Contract Receipts	6,00,53,958.51
To Contract expenses	4,53,74,787.13	By Sales	4,09,305.83
To Freight & Cooli	6,22,388.93	By Bank Interest Received	22,431.27
To Salary	37,75,456.00	By Rent Received	5,28,500.00
To EPF Contribution	2,95,444.00	By Miscellaneous Income	44,496.00
To ESI Contribution	3,67,950.00	By Other Income	1,62,195.00
To Repairs & Maintenance ✓	2,15,989.45	By Closing Stock	1,67,37,607.61
To Tender Charges	1,500.00		
To Travelling Expenses	85,891.00		
To Vehicle Insurance	73,605.00		
To Vehicle Repairs & Maintenance	9,30,153.00		
To Factory Insurance	17,524.00		
To Interest & Bank Charges	33,74,696.59		
To Pooja Expenses	43,000.00		
To Accounting charges	50,000.00		
To Discount	9,43,435.81		
To Water & Electricity Charges	3,19,234.00		
To Miscellaneous Expenses	1,42,855.00		
To Profession Tax Paid 2012-13	2,500.00		
To Profession Tax Paid 2013-14	2,500.00		
To Professional Fees	10,000.00		
To Consultancy Charges	23,236.00		
To Membership fees	3,371.00		
To Post & Telephone	51,307.38		
To Profession Tax Paid	5,000.00		
To Printing & Stationery	18,500.00		
To Rent	1,52,000.00		
To Security Charges	50,665.00		
To Staff & Labour Welfare	3,35,452.00		
To Depreciation	18,38,291.00		
To Net Profit	32,55,547.45		
Total	7,79,58,494.22	Total	7,79,58,494.22

Place: Udupi
Date: 28-09-2015

Vide Compulsory Tax Audit Report of even date.



Shankar Suvarna
(Proprietor)



C A Shridhara
Chartered Accountant.



SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.

BALANCE SHEET AS ON 31-03-2015

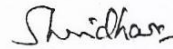
<u>Funds & Liabilities</u>			<u>Properties & Assets</u>		
	Schedule	Rs		Schedule	Rs
Capital Account	1	1,04,15,255.06	Investments & Deposits	4	18,66,779.20
Secured Loans	2	2,35,58,556.23	Loans & Advances	5	7,30,540.00
Curent Liabilities	3	1,57,80,703.63	Current Assets	6	2,89,50,962.54
			Fixed Assets	7	1,82,06,233.18
Total		<u>4,97,54,514.92</u>	Total		<u>4,97,54,514.92</u>

Place: Udupi
Date: 28-09-2015

Vide Compulsory Tax Audit Report of even date.



Shankar Suvarna
(Proprietor)



C A Shridhara
Chartered Accountant.




**SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.**

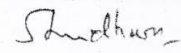
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2016

	Rs.		Rs.
To Opening Stock	1,67,37,607.61	By Contract Receipts	6,33,82,077.00
To Contract Expenses	6,97,00,479.62	By Sales	1,11,35,707.00
To Freight & Cooli	12,86,561.00	By Bank Interest Received	14,555.00
To Salary	39,50,397.00	By Rent Received	5,70,580.00
To EPF Contribution	3,03,371.00	By Miscellaneous Income	1,000.00
To ESI Contribution	66,384.00	By Closing Stock	3,09,50,457.00
To Rent	1,50,000.00		
To Post & Telephone	63,537.27		
To Printing & Stationery	40,116.00		
To Staff & Labour Welfare	5,24,423.00		
To Business Promotion Expenses	12,585.00		
To Accounting charges	60,000.00		
To Travelling Expenses	90,517.00		
To Repairs & Maintenance	2,99,058.00		
To Water & Electricity Charges	5,72,432.03		
To Vehicle Insurance	95,728.00		
To Vehicle Repairs & Maintenance	7,72,990.00		
To Factory Insurance	15,247.00		
To Commission paid	4,00,000.00		
To Consultancy Charges	1,71,280.00		
To Tender Charges	2,310.00		
To Labour Cess	25,963.00		
To Municipality Tax	30,203.00		
To SBC	210.00		
To Profession Tax Paid	2,500.00		
To CBF	2,596.00		
To Discount	9,750.72		
To Miscellaneous Expenses	2,11,549.07		
To Bank Charges	1,67,030.99		
To Bank Interest	28,83,048.16		
To Int on HVSS Loan A/c	4,86,622.00		
To KVAT paid -Enforcement	15,00,000.00		
To Depreciation	15,49,349.00		
To Net Profit	38,70,532.42		
Total	10,60,54,377.89	Total	10,60,54,377.89

Place: Udupi
Date: 03/10/2016

Vide Compulsory Tax Audit Report of even date.


Shankar Suvarna
(Proprietor)


C A Shridhara
Chartered Accountant.


SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.

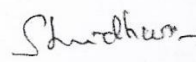
BALANCE SHEET AS ON 31-03-2016

<u>Funds & Liabilities</u>			<u>Properties & Assets</u>		
	Schedule	Rs		Schedule	Rs
Capital Account	1	2,02,81,826.26	Investments & Deposits	5	77,65,589.31
Subsidy	2	5,00,000.00	Loans & Advances	6	5,78,134.00
Secured Loans	3	3,14,84,763.08	Current Assets	7	5,66,30,582.85
Curent Liabilities	4	2,91,16,776.00	Fixed Assets	8	1,64,09,059.18
Total		<u>8,13,83,365.34</u>	Total		<u>8,13,83,365.34</u>

Place: Udupi
Date: 03/10/2016

Vide Compulsory Tax Audit Report of even date.


Shankar Suvarna
(Proprietor)


C A Shridhara
Chartered Accountant.



**SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.**

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2017

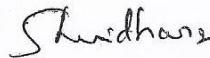
	Rs.		Rs.
To Opening Stock	3,09,50,457.00	By Contract Receipts	8,10,64,905.56
To Contract Expenses	6,58,27,658.45	By Sales	1,11,62,936.07
To Freight & Coolie	5,25,191.89	By Bank Interest Received	11,412.00
To Professional Charges	35,000.00	By Discount	44,503.20
To Bank Charges	6,50,803.63	By Interest on RD	11,840.00
To Bank Interest	26,45,860.00	By Rent Received	6,00,000.00
To Building Tax	5,886.00	By Miscellaneous Income	6,673.00
To Commission Paid	70,000.00	By Closing Stock	2,43,70,241.87
To Consultancy Charges	6,06,335.60		
To EPF Contribution	4,42,928.00		
To ESI Contribution	1,06,319.00		
To Int on HVSS Loan	11,75,887.00		
To KVAT Paid - 2009-10	3,72,527.00		
To K VAT PAID 2010-11	2,00,000.00		
To Miscellaneous Expenses	2,56,813.94		
To Municipality Tax Paid	27,047.00		
To Office Maintenance Expenses	30,690.00		
To Postage & Telephone	1,10,522.24		
To Printing & Stationary	11,690.00		
To Profession Tax Paid 2016-17	5,000.00		
To Rent	1,28,500.00		
To Repairs & Maintenance	2,16,121.02		
To Salary	53,76,086.00		
To S B Cess Paid	2,318.38		
To Staff and Labour Welfare	4,66,912.00		
To Stock Insurance	12,670.00		
To Travelling Expenses	5,17,293.00		
To Vehicle Insurance	75,900.00		
To Vehicle Repairs & Maintenance	6,56,677.18		
To Water & Electricity	7,31,063.88		
To Depreciation	13,85,424.00		
To Net Profit	36,46,929.49		
Total	11,72,72,511.70	Total	11,72,72,511.70

Place: Udupi
Date: 03/10/2017

Vide Compulsory Tax Audit Report of even date.



Shankar Suvarna



C A Shridhara
Chartered Accountant.

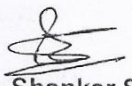
SHANKAR SUVARNA, PROP: M/S. SHANKAR FAB.
SHANKAR COMMERCIAL COMPLEX, AMBALAPADY, UDUPI.

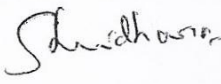
BALANCE SHEET AS ON 31-03-2017

<u>Funds & Liabilities</u>			<u>Properties & Assets</u>		
	Schedule	Rs		Schedule	Rs
Capital Account	1	2,39,46,918.12	Investments & Deposits	5	3,17,72,637.18
Subsidy	2	10,00,000.00	Loans & Advances	6	3,78,134.00
Secured Loans	3	4,03,42,758.41	Current Assets	7	4,55,72,266.36
Current Liabilities	4	2,82,55,862.19	Fixed Assets	8	1,58,22,501.18
Total		<u>9,35,45,538.72</u>	Total		<u>9,35,45,538.72</u>

Place: Udupi
Date: 03/10/2017

Vide Compulsory Tax Audit Report of even date.


Shankar Suvarna
(Proprietor)












C A Shridhara
Chartered Accountant.



ACHARYA INSTITUTE OF TECHNOLOGY
DEPARTMENT OF MBA
INTERNSHIP WEEKLY REPORT(16MBAPR407)

Name of the Student : Akshay H
Internal Guide : Prof Swarupa Ranjan Panigrahi
USN No : 1AY16MBA07
Specialization : Finance
Title of the Project : A Study on Working Capital Management
Company Name : Shankar Fab
Address : Manipal, Udupi (Dist)

Week	Work undertaken	External Guide Signature	Internal Guide Signature
1 Week	Under standing structure, culture and functioning of the organization		
2 Week	Training period: understanding the fabrication product and service of the company		
3 Week	Training period: know about the pre-design process in involved in the firm		
4 Week	Presentation of the research instrument		
5 Week	Collecting the primary and secondary data required for the research		

6 Week	Data Collection		
7 Week	Analysis of the data collected by various statistical tool		
8 Week	Analysis and interpret, finding, suggestion and giving conclusion.		
9 Week	Preparation of final report		
10 Week	Submission of final report		


HOD

Head of the Department
Department of MBA
Acharya Institute of Technology
Hevanahilli, Bangalore-560 10.

SHANKAR FAB
Shankar Company
Shankar Commercial Complex
Nayarkere, 4th Cross, Ambalige
Mcd. 17, UDUPI - 576101, Mob: 95 42 36 11

