

Project Report (17MBAPR407)

On

**“A STUDY ON WORKING CAPITAL MANAGEMENT AT
KARNATAKA SILKS INDUSTRIES CORPORATION LIMITED,
BANGALORE”**

By

RAKSHITH R

1AY17MBA39

Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY,

BELAGAVI



In partial fulfillment of the requirements for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION Under the guidance of

INTERNAL GUIDE

Mr. Om Prakash C
Assistant Professor
AIT, Dept. of MBA

EXTERNALGUIDE

Mr. Chandrashekhara G S
Assistant Manager, KSIC
Bangalore.



Department of MBA
Acharya Institution of Technology, Soldevanahalli
Hesaraghatta Road, Bangalore-90
March - 2019



MysoreSilk
Heritage weaves

GI-11



ಕರ್ನಾಟಕ ರೇಷ್ಮೆ ಉದ್ಯಮಗಳ ನಿಗಮ ನಿಯಮಿತ

Karnataka Silk Industries Corporation Ltd.

(A Government of Karnataka Enterprises)

AN ISO 9001 - 14001 CERTIFIED COMPANY

No. KSIC/PER/Proj-Cer/19-20 /2553

Date: 03.04.2019

CERTIFICATE

TO WHOM SO EVER IT MAY CONCERN

This is to certify that, Mr. Rakshith R, USN: 1AY17MBA39 MBA student of Visvesvaraya Technological University, Belagavi has completed the Project work in "A Study on working capital management at Karnataka silk Industries Corporation Limited", in KSIC Head Office Bangalore, for the period from 03.01.2019 to 16.02.2019. During the tenure of his training we found him sincere and hard working. He has successfully completed his project work.


GENERAL MANAGER (P)

3/4/2019

Registered Office: III & IV Floor, Public Utility Building, Mahatma Gandhi Road, Bangalore - 560001, INDIA. Phone: 25586550, 25586399, 25588559, 25586402 Fax: 25587020 / 25598442, E-mail: info@ksicsilk.com, Website: www.ksicsilk.com

MANUFACTURERS OF ORIGINAL MYSORE SILK SINCE 1912



ACHARYA INSTITUTE OF TECHNOLOGY

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

Date: 27/03/2019

CERTIFICATE

This is to certify that **Mr. Rakshith R** bearing USN **1AY17MBA39** is a bonafide student of Master of Business Administration course of the Institute 2017-19 batch, affiliated to Visvesvaraya Technological University, Belagavi. Project report on “**A Study on Working Capital Management at Karnataka Silk Industries Corporation Ltd., Bengaluru**” is prepared by him under the guidance of **Prof. Om Prakash. C**, 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

Soladevanahalli, Bangalore-560 107

Signature of Principal/Dean Academics

Dr. Devarajaiah R.M.

Dean-Academics

ACHARYA INSTITUTE OF TECHNOLOGY

Bengaluru-107.

DECLARATION

I **Rakshith R**, hereby declare that the Project report entitled "A study on Working capital management at Karnataka Silks Industries Corporation Limited, Bangalore" prepared by me under the guidance of **Mr. Om Prakash C**, Assistant Professor, Department of M.B.A, AIT and external assistance by **Mr. Chandrasekhar G S**, Asistant manager KSIC Ltd Bangalore. I also declare that this Project work is towards the partial fulfilment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of Six 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: Bengaluru
Date: 08/04/2019

Rakshith.R
Signature of the student

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Finally, I express my sincere thanks to my Parents, Friends and all the Staff of MBA department of AIT for their valuable suggestions in completing this Project Report.

Place: Bengaluru

Date:08/04/2019

Rakshith R

USN: 1AY17MBA39

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Executive summary

Silk was found during 2640 B.C. in China. Chinese Empress, His LingShi concentrated the silkworm and educated the craft of loosening up the silk from the case and made silk texture from it. This was the start of silk industry in China. The Karnataka Silk Industries Corporation (KSIC) has been granted the Certificate of Geographical Indication for Mysore Silk, raising it to a brand name for its restrictive utilize. From now on, all Mysore Silk saris sold by the KSIC will accompany the logo IPI, which means Intellectual Property India.

The internship duration was from 03-01-2019 to 16-02-2019. The topic I have selected for the study is “A study on Working capital Management at KSIC Limited, Bangalore”.

The significant objective of this study is to analysis the working capital of the company, to calculate the working capital ratio and profitability ratio, to find out the effective working capital for profitability to check the working capital management performance different financial ratios were used. For this study data was collected from secondary sources. This is an analytical study, sample size for the study is 5 years financial statement is taken.

In this study researcher find out working capital turnover is varying from year to year and the working capital turnover is least in 2018, Company has a quite favorable progress in the inventory turnover, Debtors turnover is claiming up every year which shows better management. Creditors turnover ratio decreasing consequently which claiming that company may perhaps use that money to outlay in other endeavors. and researcher concludes that the financial performance of the company is satisfactory because the company as maintain the maximum current ratio of 6.50 as compared with the standard 2:1 as a government sector under taking the company has excel in all aspect in terms financial performance the revenue has been increased year after year.

CHAPTER 1
INTRODUCTION

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

It is on the task for plenty expert jobs greater frequently taken up by means of college and college students during under graduation (or) master degree of their free time to supplement their formal teach and reveal to enterprise. This report is prepared based on 1 month practical experience at KSIC Ltd that helps to know about.

The challenge is task training for white collar and expert careers.

The research study helps the company in predicting the future financial position and also helps in better decision making regarding financial investment.

Generally, an assignment includes a change of offering for enjoy among the pupil and a company. College students also can use a challenge to decide if they have an interest in a selected career to create a community of contacts to gather a recommendation letter to characteristic to their curriculum vitae or to benefit university credit score. A few interns find everlasting paid employment with the business for which they labored upon final touch of the challenge.

Internship helps to meet the new people who are highly knowledgeable, talented and learn things which are helpful for future career and also helps to select the future career path.

TOPIC CHOSEN FOR THE STUDY

“A study on Working capital Management at KSIC Limited, Bangalore”.

1.2 INDUSTRY PROFILE

It is said that silk was found during 2640 B.C. in China. Chinese Empress, His LingShi concentrated the silkworm and educated the craft of loosening up the silk from the case and made silk texture from it. This was the start of silk industry in China. Though India is the second biggest silk maker in the World after China, it represents only 5% of the worldwide silk showcase, since the majority of Indian silk string and silk material are expended locally, Germany is the biggest buyer of Indian silk. The sericulture business is land — based as silkworm raising includes more than 700,000 ranch families and is moved in the three Southern conditions of Karnataka, Tamilnadu and Andhra Pradesh. The conditions of Assam and WestBengal are likewise required in the business to a specific degree.

The present market setting for silk in India is one of enthusiastically developing inside interest for silk textures, with development rates of over 10% every year. It is generally for customary (sari sort) plan and does not force advanced quality necessities upon the business. This Circumstance is probably going to proceed, unless Indian sericulture can give adequate amounts of crude silk at moderate costs. The present patterns speak to a constraint to cost increments for Silk delivered in India by import from other silk creating nations like China, Brazil, Korea and so forth, and in addition by substitution with different filaments including by simulated silk. It likewise Seems impossible that the present requests can be met just by growing mulberry range so as to expand case and crude silk creation. Future extra yield is crude silk will along these lines for the most part need to originate from considerable profitability increments, predominantly zone and work efficiency.

Simultaneously there is a developing interest for silk texture among the developing Indian middle class and youthful urban purchasers. These present day silk textures commonly are delivered by the growing force linger weaving industry. The quality requirements imposed by this pattern must be met by bivoltine crude silk for traditional power looms. The main part of today's reality send out request is only in view of high graded quality bivoltine crude silk. In the event that Indian sericulture can't create a considerable generation of bivoltine crude silk, these important market fragments will keep on being lost outside competitor

The important market segment that offers opportunities to silk industry were as follows:

- The widening residential conventional request multi bivoltine based
- The local interest for non-conventional silk textures, based in any event halfway on Non-reviewed bivoltine crude silk
- The immense and growing universal market for crude silk, silk textures and readymade, in view of evaluated bivoltine silk, a fare potential as yet relatively minimal misused by India

In one of the endeavors of the Indian Government to advance the sericulture Industry, the National Sericulture Project (NSP) was started as a national venture operational in 17 States in India. The anticipated subsidized by the Central and State Governments together with an contribution of remote assets, has a credit divide from the world bank and a grant contribution from Swiss Development Corporation. The venture was begun in 1989 for a time of six years with the targets arranged toward expanded creation, enhanced efficiency, quality and value. One of the basic components contemplated by the venture was the overwhelming inclusion of the Central and State Government organizations in the advancement of sericulture

Top leading silk industry's in India:

- ❖ Eslar Enterprise
- ❖ Libas Group
- ❖ Satyashree silks & sarees
- ❖ Obadiah international
- ❖ Aurum Exim
- ❖ Om shree silk India international Pvt Ltd.
- ❖ Gini silk mills limited

SIZE OF THE INDUSTRY:

The production yield of Indian Silk Industry in India is 17,300 tons of silk and the nation produces 4 sorts of silk viz., Mulberry, Muga, Tasar, and Eri.

MARKET CAPITALIZATION:

The Government of India, Ministry of textiles, go to revive the silk industry for the steps that are listed in the Central Silk Board is induction. India, the Government has increased the use of seed for cultivation and utilization of bivoltine seeds by collaborated with Japan Government for technology cooperation. Further, the 10th plan had visualized to increase in the silk production of 21800 MT, 15%, for the next few years about the creation of livelihoods for people 61 lakhs as exports increase.

1.3 COMPANY PROFILE



KSIC: The Karnataka Silk Industries Corporation (KSIC) has been granted the Certificate of Geographical Indication for Mysore Silk, hoisting it to a brand name for its select utilize.

It's currently official. Mysore Silk has a place with Mysore area.

The Karnataka Silk Industries Corporation (KSIC) has been granted the Certificate of Geographical Indication for Mysore Silk, raising it to a brand name for its restrictive utilize. From now on, all Mysore Silk saris sold by the KSIC will accompany the logo IPI, which means Intellectual Property India.

KSIC is likewise the main state government venture to get a logo from the Geographical Indication Registry (GIR), a Central government body situated in Chennai. GIR was framed to ensure the Intellectual Property Rights for Indian products underneath the Geographical Indication of Goods (Registration and Protection) Act, 1999. The GIR testament is a sign utilize on commodities that have an extraordinary topographical commencement and contain qualities or notoriety of their place of origin. The KSIC additionally will have the patent privileges of Mysore Silk mark and no other association can utilize a similar name for other silk items. Alternate items which have been granted GIR declarations incorporate Kanjeevaram Sarees, Basmati Rice, Swiss Watches and Dutch Tulips.

KSIC was set up in the year 1980 with its corporate office at 3rd & fourth Floor, Public Utility Building, and Bangalore in M G road. The fundamental business of KSIC is creation and offer of incredibly famous "Mysore Silks". The Silk Weaving Factory (SWF) is arranged at Mysore on the Mysore-Mananthodi Road, around 2.5 Km's Far from City Railway Station. This Silk Filature is arranged at T.Narasipura around 30 KMS from Mysore City. The significant crude material for assembling the texture is delivered at the T.Narasipura Filature Unit. Part of the necessity is met from outside sources. The items are promoted through a system of organization possessed retail outlets/showrooms, display cum-deals subterranean insect institutional deals. The corporate office contains staff, Marketing and Accounts Departments. By guaranteeing conformance to pertinent guidelines and details and strict adherence to set up techniques and practices, KSIC makes great textures.

The Silk Weaving Production in Mysore presently possessed by KSIC, Was set up in the year 1912 by the Maharaja of Mysore Area. At initial the silk surfaces were created and given to meet the requirements of the grand family and favor surfaces to their armed. The unit was started with 10 weaving machines and over the time extended to 44 Weaving machines. The weaving machines preparatory machines were transported in from Switzerland and were the first of its kind in India. After India got Freedom the Mysore state sericulture Division took control of the Silk Weaving Plant. In 1980 the Silk Weaving Manufacturing plant was offered over to Karnataka Silk Industries Corporation Limited, a Govt. of Karnataka Venture and is predominantly known as KSIC.

1.4 PROMOTERS:

Sl. No.	Name	Designation
1	Sri. D. Basavaraja	Chairman, KSIC Ltd.
2	Smt. Neela Manjunath, IAS	Managing Director
3	Sri. Rajiv Chawla, IAS	Principal secretary to Govt., Horticulture department
4	Sri. G. Satish, IFS	Commissioner for sericulture development & Director of sericulture
5	Sri. D.V. Prasad, IAS	Addl. Chief secretary to Govt., DPE
6	Smt. Dipti Aditya Kanade IAS.,	Deputy secretary to Govt., finance department
7	Dr. H. Nagesh Prabhu, IFS	Member secretary, Central silk board
8	Dr. R. Raju, IFS.,	Commissioner for textiles and director for handlooms and textiles.
9	Sri. Paramesh Pandey, IAS.	Director

1.5 VISION, MISSION & QUALITY POLICY OF KSIC:

VISION:

“To provide employment directly and indirectly by producing goods, products and marketing effectively in the market”.

MISSION:

“Manufacturing and marketing of Mysore silk sarees”

- To amplify their benefit.
- To increment their deals.
- To increment their new advancement of plans for outlining their sources.
- To increment their item improvement.

QUALITY POLICY OF KSIC:

ISO CERTIFICATES OF KSIC ISO 9002

KSIC Promises to ‘customer delight’ over total quality management & stays upgrading by Participation of all its organizations.

The value of the control and the final goal of the innovative work organization and quality control has been set to the segment. As a result of the continuous innovative work program in your organization, they can recognize new product offerings. Ensure predictable quality control item amount.

Destinations of value control:-

- Continue change in operations
- Improvement in fare turnover
- Consumer fulfillment

ELEMENTS OF QUALITY POLICY

- **Quality Investigation**
Nature of silk and surfaces are checked in the midst of various periods of formation, for instance, coloring, weaving, stenciling, etc on the off possibility that the idea of the thing is past the benchmarks suggested, at that point it is rejected.
- **Product Developments**
This limit includes the enhancement of matchless items, alterations and these limits are done according to the taste and tendency of customers.
- **Designing**
Outlining of silk things are done by both planners of worldwide reputations and national

1.6 PRODUCT / SERVICE PROFILE AREA OF OPERATION:

The products profile of KSIC is:

Women's segment	Men's segment	Home Decors
Printed sarees	Shirts	Curtains
Embroidery sarees	Ties	Pillow covers
Plain sarees	Kurtas	Soft covers
Sunrise design sarees	Dhotis	
Chiffon sarees	Handkerchiefs	
Printed with gold sarees		
Georgette sarees with gold sarees		

Based on the essence of the preferences of the end customers the sarees are printed & color with suitability different assortments of sarees are manufactured. Because of its 100% unadulterated silk manufacturing the KSIC silk items are famous all over India

The area of operation

The company offers & delivers different kinds of silk fabric items in different states of India.

KSIC has showrooms in urban areas is as follows:

- Bangalore
- Mysore
- Chennai
- Hyderabad
- Kerala

1.7 INFRASTRUCTURE FACILITIES

- Importance is given to cleanliness in the showrooms
- Refreshments are given to the customers
- Free WIFI facility to the customers
- Billing counter
- Restroom and washroom.

1.8 COMPETITOR INFORMATION:

Mysore silk sarees are well known for its high quality for its pure silk, it contains 0.65% of silver in zari. It is the best zari as compare to other silk zari sarees in Country.

Now a day the demand for the Mysore silk saree and its other silk products as being increasing because of the not only the rich and higher class people preferring the Sarees but also the middle class people also preferring the silk sarees and other silk Products.

A private owned company who produce the silk sarees and other silk products are The main competitor of Mysore silk.

The following are the some of the competitors of Mysore silk' are.,

- Kanchipuram silk's
- Varanasi silk's
- Deepam silk's
- Karishma silk's
- Sudharshan silk's
- Chennai silk's
- Kalamandir
- Kalyan silk's

1.9 SWOT ANALYSIS

SWOT analysis to evaluate the strengths, weaknesses, opportunities, and threats involved in a project in the manufacturing industry is a strategic planning tool used to. It involves specifying the goal of the industry and identifying favorable and unfavorable that are internal and external factors and achieve their goals.

STRENGTHS:

- Brand ‘Mysore Silk’ is the sole proprietor, hence unlicensed manufacturers are prohibited for using the brand name Mysore Silk.
- The company has tie up arrangements with National Institute Of Fashion Technology (NIFT) for designing purpose
- KSIC is a public limited company a Government of Karnataka.
- KSIC procure the ISO 9001/2008 quality certificate.
- The brand have good name in south Indian customers.
- KSIC had decades of experience in silk manufacturing from 1912.
- There are around 640 employees who have technically trained in their professional and well experienced.
- The company manufacturer’s unique zari sarees which provides 100% guarantee to its customers.
- The silk products of a company are tested in national test house, government of India Chennai.
- The company uses only raw silk yarn which is discharged from cocoon.
- The quality of silk yarn is tested at central silk technological research institute (CSTRI).
- KSIC is the reputed company because of its quality, geographical indication.
- Registration of brand name KSIC’s can’t be copied by other competitor.

WEAKNESSES:

- More interference of Government to decision making policy.
- Limited number of outlets at majority areas such as urban.
- Delay in major decisions & constructive work because the state government has control over it.
- Due to climatically changes there is a fluctuation in supply of good quality cocoons.
- Difficult to expand market of KSIC. Because the company is in practice of direct marketing channels.
- Duplication of the products is one of the challenges for KSIC.

OPPORTUNITIES:

- Up gradation of advance technology in order to produce more products & provide best service to its end customers.
- Flexible enough to adopt the government policies by providing education & training to the employees.
- Advance technology to serve customers efficiently and quickly.
- Updating the new strategies of the company in order to tap foreign market efficiently.
- Establishing more outlets all over the country in order to increase the sales.
- Encouraging FDI.
- KSIC has an opportunity in terms of sericulture development.
- KSIC has an opportunity to open a new branch in western nation.
- KSIC Mysore silk company is well known for producing traditional silk sarees.

- There is an opportunity for participating in international traditional grounds which helps them to promote their products in world wide.
- More imports from china at cheaper rates.

THREATS:

- Changing in labour laws & policies may affect the company's growth potential because of more government interference.
- Competition from new entry & existing rivalry's.
- Inflation may also affect the company's market share.
- Unanticipated rise in price of silk yarn due to stoppage of former growing silk warms.
- Cost of Kanchipuram sarees, Banaras sarees are lesser than Mysore silk.
- Due to changes in people life style there are highly influencing towards western style.

1.10 FUTURE GROWTH AND PROSPECTS:

The newer strategies being adopted towards widening the scope for their market, the new designs and prints will be added to the market strategy. Mysore silk was registered as a geographical indication and become sole proprietor, which has envisaged achieve better revenue with higher profits.

1. To open some retail entities in Mysore, Hyderabad, Garuda mall.
2. To open soft silk unit at Channapatna.
3. To have a franchisee showroom with other brands to expand the marketing networks
4. Exploring the marketing of company's products in home country & abroad.
5. Investment in R & D.
6. Having collaborations with other major brands in order to increase the networks.
7. Online shopping facility mainly targeting NRI customers this helps in increasing sales.
8. To increase productivity of the company has to take a step to improve technological upgradation.
9. Company has signed MOU with national institute of fashion technology Bangalore for the better development in design.

1.11 FINANCIAL STATEMENT

Showing balance sheet as on 2016-2018

Particulars	2016-2017	2017-2018
	Rs	Rs
EQUITY AND LIABILITIES		
1. Shareholders fund		
Share capital	360047000	360047000
Reserves and surplus	884842795	1240614639
Sub-total	1244889795	1600661639
2. Non-Current Liability		
Long term borrowings		
Differed tax liabilities	7525670	5854673
Other long term Liabilities	10653822	11813795
Long term provisions	23442976	20901887
Unsecured loans		
Sub-total	41622468	38570355
3. Current Liabilities		
Short term borrowing		
Trade Payables	73645174	92076797
Other current liabilities	69503309	84822014
Short term provisions	90478563	96812608
Sub-total	233627046	273711419

Total Equity and liabilities	1520139309	1912943413
ASSETS		
1. Non-Current Assets		
A. Fixed Assets		
- Tangible Assets	44744759	117036066
- Intangible Asset	-	-
- Capital Work-in-progress	3968000	4046500
B. Non-Current Investment	13100	13100
C. Long term loans and advance	12174926	12341426
D. Other non-current Assets		
Sub-total	60900785	133437093
2. Current assets		
Inventories	373502851	441524825
Trade receivables	158512961	131965445
Cash and cash equivalents	83945952	1091335376
Short- term loans and advances	72115496	91072723
Other current assets	15461264	23607951

Sub-total	1459238524	1779506320
Total assets	1520139309	1912943413

RATIO ANALYSIS

1.11.1 Current ratio

Formula:

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Table 1.11.1: Table showing current ratio

Year	Current assets	Current liabilities	Ratios
2016-17	1459238524	233627046	6.25
2017-18	1779506320	273711419	6.50

The above table shows current ratio. In the year 2016-17 it is 6.25 and it increases in subsequent year 2017-18 to 6.50. This indicates that the company has very high current ratio which indicates the company is in good position to repay its obligations.

1.11.2 Liquidity ratio

Formula:

$$\text{Liquidity ratio} = \frac{\text{Quick assets}}{\text{Current liabilities}}$$

Table 1.11.2: Table showing liquidity ratio

Year	Quick assets	Current liabilities	Ratios
2016-17	1085735673	233627046	4.64
2017-18	1337981495	273711419	4.89

The above table shows liquidity ratios. In the year 2016-17 it is 4.64 and it increases in subsequent year 2017-18 to 4.89. This shows the company has more than sufficient amount to repay the due obligations.

1.11.3 Debt equity ratio

Formula:

$$\text{Debt equity ratio} = \frac{\text{Long term Debt}}{\text{Shareholders Equity}}$$

Table 1.11.3: Table showing debt equity ratio

Year	Long term Debt	Shareholders' equity	Ratios
2016-17	34096798	1244889795	0.03
2017-18	32715682	1600661639	0.02

The above table shows debt equity ratios. In the year 2016-17 it is 0.03 and it decreases in subsequent year 2017-18 to 0.02. This shows the company has low debt equity ratio which indicates the company's equity position is strong but the company is not maintaining its debt position.

1.11.4 Shareholders equity ratio

Formula:

$$\text{Shareholders equity ratio} = \frac{\text{Shareholders fund}}{\text{Total Assets}}$$

Table 1.11.4: Table showing shareholders equity ratio

Year	Shareholders equity	Total assets	Ratios
2016-17	1244889795	1520139309	0.82
2017-18	1600661639	1912943413	0.84

The above table shows shareholders equity ratios. In the year 2016-17 it is 0.82 and it increases in subsequent year 2017-18 to 0.84. This shows the company has financed almost all of its assets with equity, instead of taking on debt.

CHAPTER-2
CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

CHAPTER-2

CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

2.1 THEORITICAL BACKRROUND OF THE STUDY

INTRODUCTION

Each business needs finance. It is the existence blood of business association. The reserve required by firm can be broadly isolated two, to be specific long term fund and short term fund, the long term fund resources are required for settled capital need while short term fund is required for working capital basic

In the present focused condition, the achievement of firm objective fundamentally verifies upon its fruitful control of working capital and it very well may be described as that bit of capital which is important to do its ordinary task. Effective association of working capital needs to expand general points of interest and also for the static improvement of business undertaking.

Working capital is the money which the business needs to do diverse everyday activity, for instance, payment of wages, buy of rough material, and some other use. The need for working capital rises as a result of the time break between methods, for instance, purchase of crude materials; creations, sales and realization of money.

Working capital association worried with the issues that rise in endeavoring to deal with the current assets, the present liabilities and the bury relationship exist between them. The current assets ought to be satisfactorily to cover current liabilities recalling a definitive target to keep up a reasonable security control.

The changing sections of working capital are to be appropriately adjusted if the nonappearance such condition, the money related position in admiration of the firm. Liquidity may not be adequate despite to current ratio or liquidity ratio.

Meaning:

Working capital management refers to monitoring and controlling strategy of the management company, the current assets and current liabilities of the company, to ensure the most efficient operation of financially two components designed to take advantage of. The main objective of working capital management is to make sure the company always maintains sufficient cash flow to meet its short-term operating costs and short term debt obligations.

Working capital is calculated using the following formula:

Working Capital = Current Assets - Current Liabilities.

Key notes to be considered while knowing about working capital:

- Working Capital can likewise be negative. Around at that point, we join single word "need" in the rear of working capital. It endorses if Current Liabilities are more than current resources, it is known as working capital lack or reverse working capital or negative working capital.
- Working capital can be adequately accustomed, if accounts chief knows diverse systems of overseeing working capital. He can endeavor to get here and now advance or he can create working capital by fitting relationship of stock and massive benefit and borrowers.
- Working capital be able to in like way path change by Changing in real money transformation period. Money change period is a period in which association converts current assets into cash or bank.
- Working capital can also route optimistic by creating advancement rate of organization. If association does not contribute additional cash and development advantage, a for all intents and purposes indistinguishable entire will redesign in the money position of association and through money association can create their working capital arrangement.

2.2 WORKING CAPITAL IMPORTANCE

Working capital is dependably a bit of all out capital utilized by an organization and is a significant part of the time portrayed as contrast between short term assets and short term liabilities. It means the money required to run the everyday activities of a business. Working capital aides in keep up the sufficient measure of advantages and liabilities with the goal that it can rundown its task effectively.

Working capital policy concerned with the following factors:

- To know the part of the total cash required to finish the present task of the firm.
- Deciding the arrangements of current assets.
- Developing right methodology approach and revealing framework for managing the single kind of current assets.

WORKING CAPITAL CONCEPT

Working capital has two concepts:-

- Net working capital
- Gross working capital

➤ NET WORKING CAPITAL:-

It is considered as the distinction between the current assets and current liabilities. Net working capital is of accounting which enable firm to choose the right total accessible available to it's for operational necessities, it is the pointer of the money related soundness of an endeavor or it reflect the liquidity position of organization.

- Current liabilities
- Bills payable
- Bank over draft
- Sundry creditor
- Outstanding expenses
- Accrued expenses

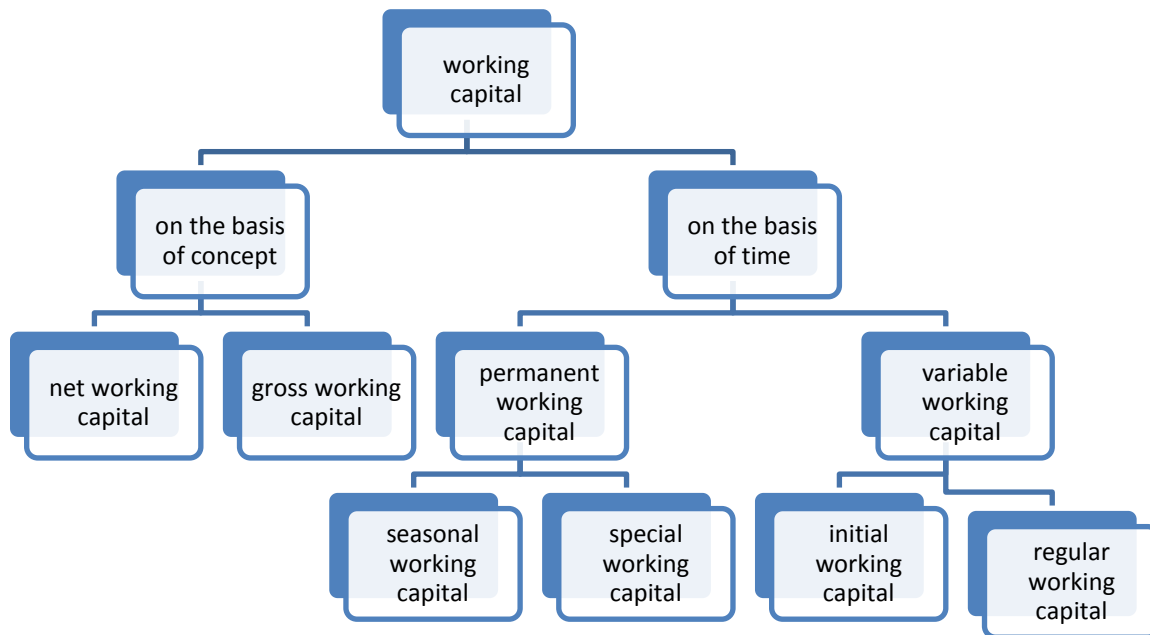
➤ **GROSS WORKING CAPITAL:-**

The collective current assets which demonstrates the part of investment that stream beginning with one shape then onto the following in the standard direct of business by the day's end; it is the aggregate current resource of firm.

Total of current asset

- Short term loans
- Prepaid expenses
- Accrued income sundry debtors
- Temporary investment
- Cash in hand
- Cash at bank

2.3 CLASSIFICATION OF WORKING CAPITAL



2.4 WORKING CAPITAL DETERMINANTS

The factors to be considered to determine the working capital

Nature:

Compositing of current assets in an element of the proportion of the business and industry to which it has a spot. An open utility concern toward the representation, generally uses settled asset in its operation, while promoting division depends generally on stock and receivable

Size of the business:

An organization size can be measure with the assistance of its activity and greater organization require additionally working capital when contrasted and organization with lesser task.

Manufacturing cycle:

Prerequisites of the working capital is likewise relies upon the type of manufacturing cycle adopted by the organization.

Production policy:

Production Policy adopted by the organization likewise effect on the level of inventories. In a circumstance like labor oriented industry the prerequisite of working capital will be more and in the event of automated plant necessity will be more.

Purchase and Sales Terms:

A firm, which grants liberal credits to its customers may appreciate higher deals yet will require all the all the more working capital when diverged from a firm maintaining strict credit terms.

Growth and expansion:

In the case that the organization designs towards its extension and development of existing business will prompts to more working capital to satisfy the objective.

Fluctuation in the supply of raw material:

Certain organizations need to secure and keep up enormous spare of crude material due to their unpredictable sales and discontinuous supply. In this way working capital necessities of such ventures are costly.

Price level changes:

Increasing price level of a firm to keep up higher proportion of working capital. A similar level of current resources will needs extended outlay when costs be growing.

Operating efficiency:

Refers to perfect use of assets at the base cost. The firm will be capability including to its working capital the remote possibility that it is capable in controlling the activity costs. Better utilization of benefits upgrades profit and thusly. Help in releasing the weight on working capital.

Profit margin:

Net income adds to working capital pool and in actuality net profit is a basis of working capital to degree it has been received in real cash.

Profit appropriation:

Despite the possibility that net benefit are earned in genuine cash toward the completion of the period, whole of it isn't open for working capital reason. The dedication towards working capital would be influenced by the way in which advantage are appropriated. The availability of cash made from tasks this depends on tax assessment, segregating and maintenance strategy and depreciation policy.

2.5 WORKING CAPITAL SOURCES

There are 2 Sources for working capital

- **Internal sources**
- **External sources**

Internal sources

- Debentures
- Shares
- Retaining earnings
- Long term loans
- Sale of fixed assets
- Depreciation funds
- Using the resource meant for taxation

External sources

- Bank credit
- Customer advance
- Short term public deposit
- Installment credit
- Factoring
- Commercial papers
- Indigenous banker
- Trade credit
- Outstanding expenses

2.6 ELEMENTS OF WORKING CAPITAL MANAGEMENT

- 1. Management of cash**
- 2. Receivables management**
- 3. Management of inventories**

1. Management of cash

Cash is the mainly fluid resource that a business claims. It incorporates cash and such instrument as cheques, money order and bank draft. The essence of effective administration is the synchronization of the rates of the receipts with the rate of outflows of cash disbursement.

OBJECTIVE OF CASH MANAGEMENT

1. To make cash payments:-

The objective of holding cash is to meet the diverse sort of utilization to be achieved in business activity. A couple of kind of utilization must be met at different concentrations if time and the firm should get ready to make such payments the firm should remain liquid to meet the responsibilities.

2. To minimize the cash balance:-

The subsequent focus of money the board is to limit cash stability. Greater accessibility of cash equalization will helps in earlier payments, yet pointless cash may remain idle and reduces benefit of the business. Oppositely, when cash open with firm is less, firm can't pay its liabilities in time. Thus perfect dimension of cash be supposed to be kept up.

MOTIVE FOR HOLDING CASH

- **Transaction motive –**

Transaction motive require a firm to hold money to working costs, operating expenses, and other unavoidable installments. They have to hold money as a result of emerge of cash receipts and cash payments are not perfectly coordinated. The firm needs to keep up some money balance to make the fundamental installments.

- **Precautionary motive –**

Cash is kept up by the firm and even by individual to meet unexpected costs at a future rate. There are uncontrollable factors like governments policies, natural calamities, purchaser conduct which will have overwhelming effect on business task. Subsequently, the firm should hold cash reserves to meet such possibilities.

- **Speculative motive –**

To make favorable position of unexpected opportunities, a firm holds money for investing resources into benefit making openings such a thought process is purely speculative in nature.

- **Compensatory motive-**

A business has keep up least measure of money balance in saving bank account, the minimum balance of these account will be demanded by the banks autonomously to provide several facilities to the customer viz. cheque book, pass book, statement of transaction.

2. RECEIVABLES MANAGEMENT

Account receivable is a changeless and is a consistently moving account; the finance manger has to decide the dimension of this record appropriate so that there will a simple of working capital. Maintenance of debtors at optimum level , the level of credit sales, making the borrowers turn quick includes the "account receivable management" therefore account receivable management is a decision making process which considered the creation of debtor's turnover and limiting the expense of borrowing of working capital because lack of fund in accounts receivables.

DETERMINATION OF ACCOUNT RECEIVABLES

- **Credit sales volume** - So as to Increase the Profit and push sales, numerous organizations will have "credit sales" higher the volume of credit sales, higher will be account receivables. The dimension of credit sales will likewise be determined by the custom that exists in that business.

- **Credit policy** - Another critical factor which decides the volume of "account receivables" is credit policy of the business. By credit we mean the policy adopted to expand credit sales which include:
 - The time period permitted collecting the debts
 - The type of discount allowed
 - The assessment of customer's credit worthiness
 - Collection policy

- **Competition** - Another essential factor which governs the record receivables is competition. in the event that firm is having a competition environment, it will have liberal credit policy and this builds the size to the accounts with target of pushing sales.

- **Location** - Location of business unit likewise contributes for the size of accounts receivables. In the event that the business firms are situated in faraway places, they are compelled to adopt a credit policy which pulls in the customers. If the product is selective, location will act be an issue and customer development will be good. In such a case the organization can adopt a stringent approach which decreases the accounts receivable.

- **New product** - At the point when the new product are introduced the firm has to extent the liberal credit policy till such time the product gets the market and even a while later the policy needs to keep on maintain customer, this normally builds the extent of accounts receivable.

3. MANAGEMENT OF INVENTORIES:

“Inventory” for small business is more noticeable and substantial in the aspect of doing business. Inventories are framed Raw materials, products in procedure and finished goods. Every sort represents money secured up until the inventory leaves the organization as secured product. In like manner, merchandise shares in retail store add to profits just when their sales put money into the cash record.

Stock intends to supplies of anything which is important to do business. Stock ought to be overseen well to build the profit and numerous small businesses can't take the losses which emerge because of poor inventory.

Inventory refers to any resource that has a specific esteem, which can be utilized at a future event when the demand emerges, on the other hand stock may characterized as "stock of item kept a hand by on association to be utilized to satisfy customer demand"

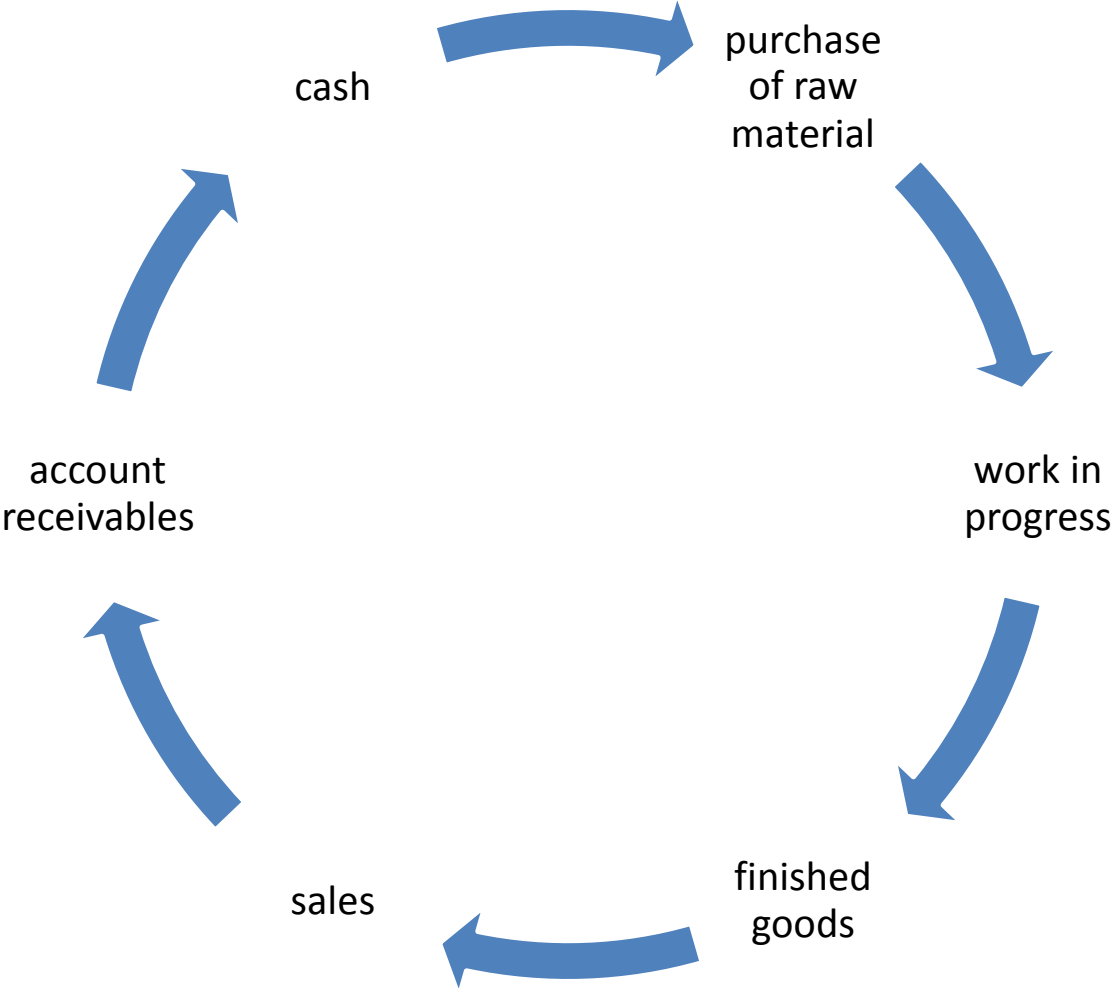
Working Capital Advantages:

- It shields a business from diminishing in the estimations of current assets.
- It helps in keeping up continuous flow of production
- It is helps to pay all commitments on time and take cash discount
- Helps to invest Current funds in noncurrent asset.
- It enables an organization to stretch out credit term to clients.

Disadvantages of working capital:

- It is not possible to make production efficient without the assistance of working capital
- Insufficient working capital could lead to not offer cash discounts.
- Insufficient working capital may not provide any chance to invest in profitability business.
- It may lead the company to borrow funds for excess interest rates.
- It is not possible to make necessary payments of dividends
- Low liquidity will prompt low or less productivity
- With less rate of return the worth of shares will also decrease.

2.7 OPERATION CYCLE OF WORKING CAPITAL



Review of Literature

1. Kesseven Padachi(2006) with the objective of knowing the impact of working capital management of companies in performance with the help of total assets to know profitability and know the relation of working capital management. The result was that lower profit was due to more investment in inventories and receivables and working capital financing is increasing in short term

2. Mr. Lalit Kumar Joshi and Mr. Sudipta Ghosh(2012) to know performance of working capital with the assistance of statistical econometric technique and financial ratios. The conclusion was that there was positive growth in the selected performance indicators and improvement in liquidity and negative relationship was seen between profitability and liquidity.

3. Mr. N. Suresh Babu(2014) to know the relationship between profitability of firm and working capital using the cash conversion cycle and average payment period to measure working capital. The conclusion was that positive relationship was seen in inventory conversion period and average collection period and working capital has profitability impact on firm.

4. K. Madhavi(2014) to know working capital adequacy and the relationship between liquidity of firm and profitability. The statistical tools like percentages, averages, Net Working Capital Ratio, Cash Ratio, Quick Ratio and Current Ratio were used. The outcome of the study the company should use its bank balance and idle cash in paying short term liability and make investments

5. Mrs. Poonam Gautam Sharma & Ms. Risham Preet Kaur(2016) to know the liquidity and profitability relationships, liquidity position and performance of working capital in the selected companies with the help of various ratio like current asset turnover ratio, current ratio, working capital ratio, quick ratio, debtors turnover ratio, absolute liquid ratio and inventory turnover ratio. The conclusion of the study was the positive growth was seen in selected indicators expect bank balance and cash at the time of study.

6. Parul Mehra (2013) to know the relationship of working capital management with debt, liquidity and profitability. Maximum and minimum values of variables, average and standard deviation were used. The conclusion was that profit can be increased by decreasing the cash conversion cycle and use of more debt can decrease the profitability.

7. Muhammad Yasir Gondal and Zubair Arshad (2013) in their research work to know the working capital management efficiencies and to reach the target level in the working capital management with the help of inventory turnover ratio, current ratio, working capital turnover ratio, quick ratio and net current assets to total assets ratio. The conclusion was the positive relation was seen between expected profit and growth.

8. Arunkumar O.N & T. Radha Ramanan (2013) to know the variables that have impact on profitability and to establish relationship with the variables affecting the firms and profitability using financial assets to total assets, debtors days, assets turnover ratio, inventory days, creditors days, assets turnover ratio, current ratio and ratio of current assets to total assets. The conclusion was that profitability, debtors' days and inventory days have positive relationships.

9. Sagan (1995) in study, working capital management theory perhaps most important theoretical study, emphasized the need for working capital account management, and warned that it could affect the company's extremely healthy.

10. Lawder (1989) financial ratios are the most meaningful information data in financial statements to officials and administrators. The author breaks down the consequences of two overviews intended to rank the level of significance and usefulness of these ratios to a some client groups.

11. Chundawat and Bhanawat (2000) analysis of the working capital management approach IDBI, with the help of some of the relevant ratio under, they observed, IDBI affiliates working capital management than the industry as a whole more efficient.

12. Bagachi and Khamrui (2012), in a positive sense, it explored the effect of working capital administration on binary important pointers of profitability, return on total assets and return on investment.

13. Goswami and Sarkar (2011) made a different status airway namely liquidity and profitability of the company's attempts to provide an insight into the trade-off between liquidity and profitability concepts sides and evaluation. Air India, Indian Airlines, Jet Airways and Kingfisher in the six year period (from 2000-012 to 2005-060. Finally, the article concludes that the relationship between efficiency and overall profitability between debtor management systems was found to be negative for Kingfisher Airlines.

14. Deloof (2003) discussed, most companies have to invest a lot of cash working capital. Thus, it is contemplated that, which will significantly affect the way the management of liquidity of these companies profitability.

15. Venkataraman and Ramanujan (1987) however noted that in addition to sales growth, net income progress and return on outlay is a measure of the economic performance of enterprises is very important.

16. Shin and Soenen (1998) with a sample of 1975 to 1994, during which 58985 companies in the survey is used to measure the relationship between the profitability and working capital management of the business efficiency of the net trade cycle. They formed a negative correlation between the company's net trade cycle lengths between its profitability.

17. Weinraub and visscher (1998) observed trends in construction companies and the current low rate levels also have low levels of current liabilities. Accounts receivable and payable accounts to a question of combining billing.

18. Ganesan (2007) the use of telecommunications Equipment Company samples for analysis company working capital management efficiency. Turnover is used to represent the variables, at the same time, profitability and liquidity is cash conversion efficiency, with total assets and total sales revenue. The results of this support materialized, although the days of working capital was

adversely related to profitability, however, it does not affect the company's profitability a significant way'

19. Singh and Pandey (2008) said that working capital management is to manage current assets and current liabilities. Due to the scarcity of maintaining high stock dimensions to reduce the loss of business or costs may interrupt the production process, reduce supply costs, prevent price fluctuations.

20. Appuhami (2008) Impact on the company's profitability study of capital expenditure. To this end, the Thai Stock Exchange listed company to be used as a data source in this study. Schulman and Cox (1985) net balance of liquidity and working capital requirements are used as a proxy measure of the multiple regression model developed liquidity Panel data has been used in a cross-sectional regression analysis to test hypotheses.

CHAPTER 3
RESEARCH DESIGN

CHAPTER 3

RESEARCH DESIGN

Statement of the problem:

Objective of each organization is to guarantee they can proceed with activities and they have sufficient cash flow to fulfill both maturing the short-term debts and operational costs. Efficient management of working capital includes making fast and optimal short term decisions. Without proper knowledge of working capital management, hierarchical pioneers may enter with non-optimal decisions which will affect tasks.

Relies upon the criticality of the decisions, there might be the losses for the organization at minimal or as radical impact prompting to genuine dysfunctional status of the organization. Wrong working capital management could likewise impact long term strategic planning of the organization and their development prospects.

Thus in the present highly competitive world financial terms and pioneers in the organization must be very much aware of effective methods to ensure appropriate working capital management

Need for the study

The study of the place crucial role for determine the silky way of undertaken their business. The KSIC is well known silk industry in the India. The firm maintain better financial position and able to strength in their activities. As per records KSIC has plan to increase their production from 25000meters to 30000meters, obviously which leads into increase the cost. If the costs are increased there is an impact on liquidity position of firm. There will be a need to maintain a firm's liquidity for meeting the need of stake holders of business. The short term obligations of the business are achieved through proper way of managing day to day expenses of the business.

Sometimes, most profitable business has possibilities of run their activities in to trouble. Hence, the researcher wants to identify the working capital management at KSIC. In this backdrop, the researcher analyzes effectiveness of working capital and its impact on profitability of KSIC.

Objectives of the study

- To analyze the working capital of the KSIC Ltd.
- To calculate the working capital ratio and profitability ratio.
- To find out the effective working capital for profitability.

Scope of the study

- Helpful in financial analysis investigation of KSIC Limited.
- It is helpful in assessing the operational ability.
- It is useful to be familiar with the weakness of KSIC.
- To make out the evaluation of performance.
- It's supportive in simplifying bookkeeping information.

Research methodology

1) **Type of research:** Analytical research.

2) **Sources of data:**

- **Secondary sources:** necessary data collected from published annual reports, text books, journals, website links, profit and loss account and balance sheet

3) **Sample size:** 5years financial data is measured 2013 to 2018.

Data analysis tool:

- Ratio analysis.

Limitations:

- The study is limited only to KSIC Ltd.
- The study is restricted to five year's data of KSIC Ltd.
- Time limit is the difficult for the research study.
- The authenticationof information relies upon the accessibility of the secondary data.
- Many facts and data they are not to be uncovered on account of secret nature of the company.

3.7 CHAPTER SCHEME:

This report on “A study conducted on Working capital at KSIC LTD. is divided into five chapters and Annexure component. The info referring to every five specific chapters are given underneath:

CHAPTER-1

This chapter consists of the general introduction of the file, industry profile and organization information concerning vision, mission, and great quality polices, merchandise profile, areas of operation, an infrastructure facility, competitor’s data, SWOT evaluation, future boom and prospectus and financial announcement which are provided with the aid of the agency.

CHAPTER-2

Chapter two provides information regarding theoretical background of the study in addition to literature evaluate.

CHAPTER-3

This chapter consists of the information consisting of the title, assertion of the problem, goals, wishes, and Scope of the take a look at, study’s methodology, limitations and additionally an overview of the project.

CHAPTER-4

This chapter deals with the analysis and interpretation of the various primary and secondary data collected which has been collected in the organization for the study.

CHAPTER-5

This chapter offers records about the findings and some suggestions.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

RATIOS:-

4.1 Inventory Turnover Ratio

The average stock for the duration of the inventory turnover is cost of goods sold as compared to average inventory for a period, effectively demonstrate the efficiency ratio. The average number of sales during the year.

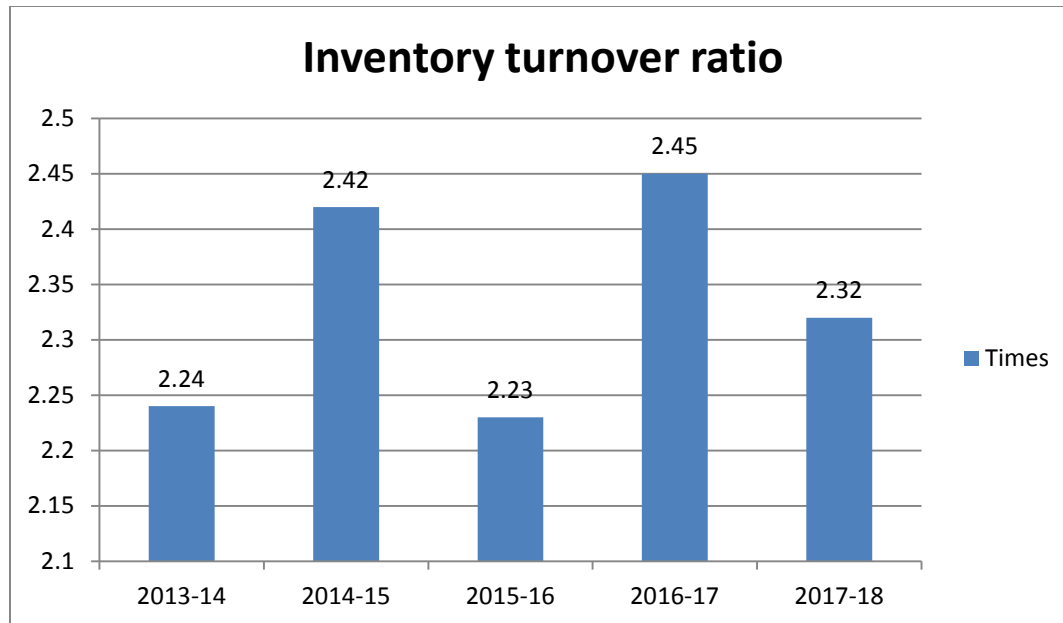
Formula:

$$\text{Inventory turnover ratio} = \frac{\text{Cost of goods sold}}{\text{Average Inventory}}$$

Table 4.1: Table showing inventory turnover ratio

Year	Cost of goods sold	Average inventory	Times
2013-14	822632943	366335705	2.24
2014-15	911636477	376748121	2.42
2015-16	871739105	390990869	2.23
2016-17	952644519	388528652	2.45
2017-18	946523032	407513838	2.32

Graph 4.1: Graph showing inventory turnover ratio



Interpretation:

The above table and graph shows inventory turnover ratios for 5 consequent years. In the year 2013-14 it is 2.24 and it is increasing in subsequent year 2014-15 to 2.42 and it decreases to 2.23 in the year 2015-16 and it increased to 2.45 in the year 2016-17 and for the year 2017-18 decreased to 2.32. This shows the company's is not utilizing inventory properly so there is a quite demand for products and sales.

4.2 Inventory ratio

It express the relationship between current assets and inventory. It indicates the proportion of inventory to the current assets.

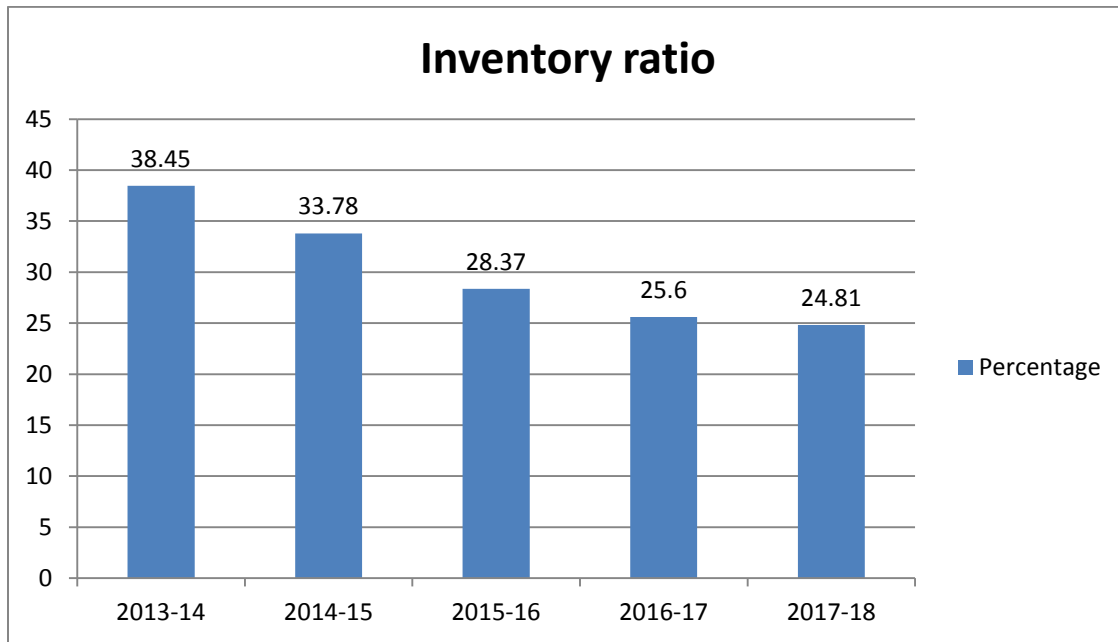
Formula:

$$\text{Inventory Ratio} = \frac{\text{Inventory}}{\text{Current Assets}} \times 100$$

Table 4.2: Table showing inventory ratio

Year	Inventory	Current Assets	Percentage
2013-14	375068958	975406318	38.45
2014-15	378427284	1120200045	33.78
2015-16	403554454	1422053747	28.37
2016-17	373502851	1459238524	25.60
2017-18	441524825	1779506320	24.81

Graph 4.2: Graph showing inventory ratio



Interpretation:

The above table and graph shows inventory ratios for 5 consequent years. In the year 2013-14 it is 38.45 and it is decreasing in subsequent year 2014-15 to 33.78 and it decreases to 28.37 in the year 2015-16 and it decreased to 25.6 in the year 2016-17 and for the year 2017-18 decreased to 24.81. This shows the company's inventory ratio indicates that the proportion of inventory is decreasing year to year in current assets which indicates it is good sign of a company there is a increases demand from year to year.

4.3 Debtors turnover ratio

Account receivable turnover is to collect the accounts receivable of the business many times per year the average account. Non-issuance of credit to customers, efficiently and in a timely manner to collect funds from them to evaluate the ability of a company.

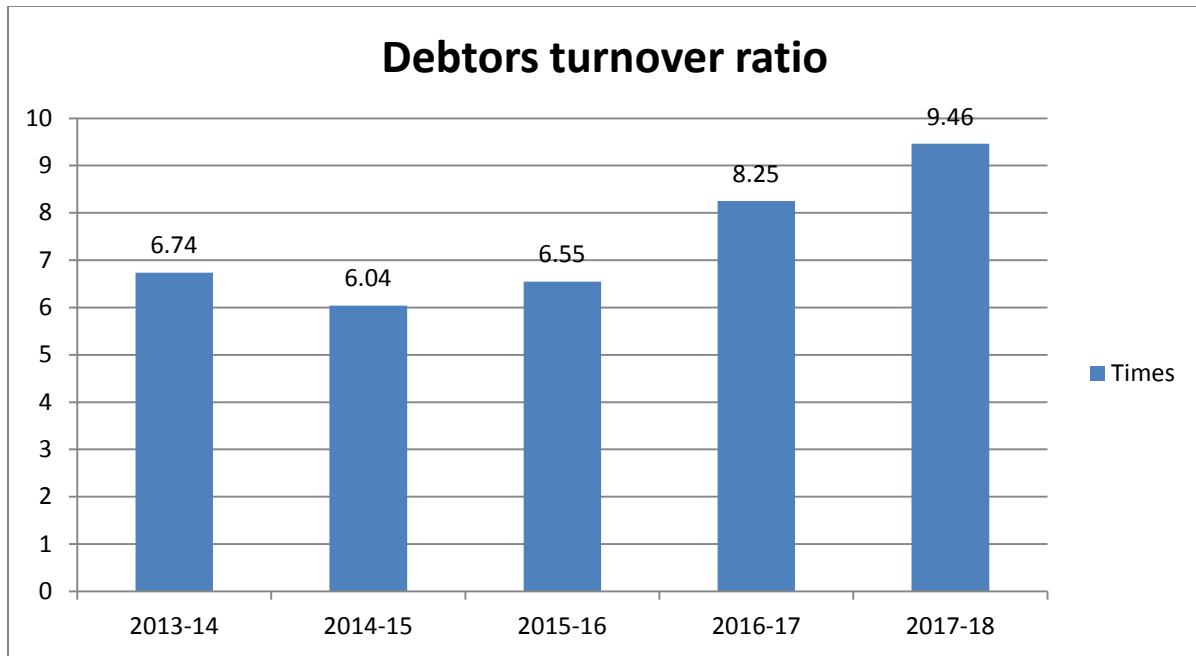
Formula:

$$\text{Debtors turnover ratio} = \frac{\text{Net sales}}{\text{Average debtors}}$$

Table 4.3: Table showing debtors turnover ratio

Year	Net sales	Average Debtors	Times
2013-14	1039328540	154116078	6.74
2014-15	1180238579	195393238	6.04
2015-16	1261454913	192465649	6.55
2016-17	1384629523	167765994	8.25
2017-18	1374191303	145239203	9.46

Graph 4.3: Graph showing debtors turnover ratio



Interpretation:

The above table and graph shows Debtors turnover ratios. In the year 2013-14 it is 6.74 and it decreased in subsequent year 2014-15 to 6.04 and it has raised to 6.55 in the year 2015-16 and it is increased to 8.25 for the year 2016-17 and in the year 2017-18 increased to 9.46. This shows the company's Debtor's turnover ratio which indicates there is quick and frequent collection of payment from the debtors for maintaining working capital throughout the year.

4.4 Debtors collection period

The debtor collection period, the average number of days it takes to get the money owed in debt trading for the business task.

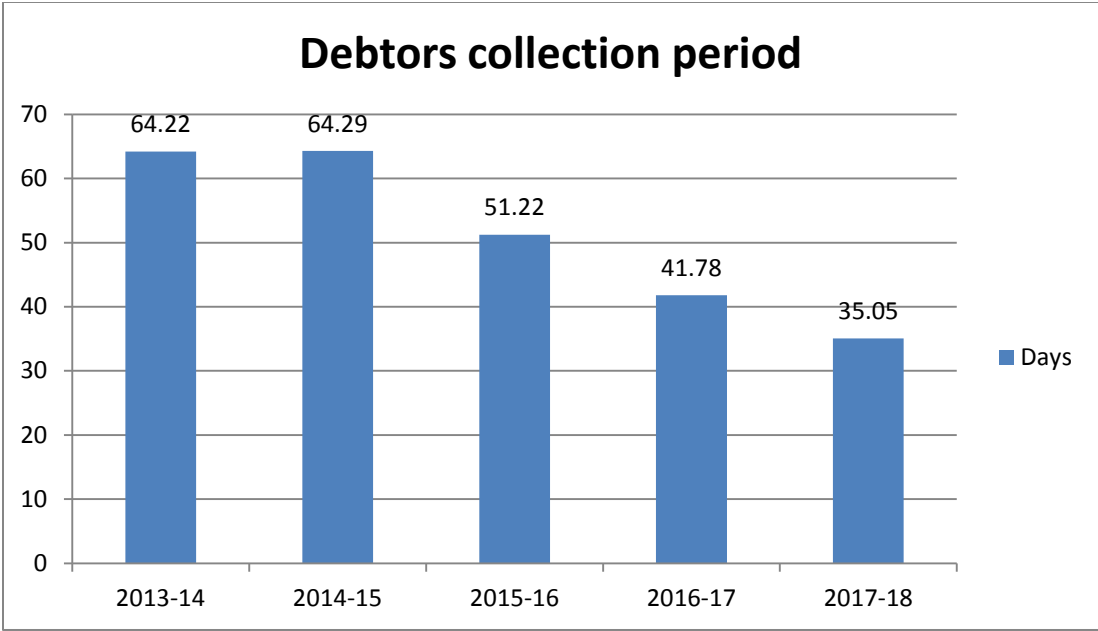
Formula:

$$\text{Debtors collection period} = \frac{\text{Debtors}}{\text{Sales}} \times 365(\text{in days})$$

Table 4.4: Table showing debtors collection period

Year	Debtors	Sales	Days
2013-14	182874205	1039328540	64.22
2014-15	207912271	1180238579	64.29
2015-16	177019026	1261454913	51.22
2016-17	158512961	1384629523	41.78
2017-18	131965445	1374191303	35.05

Graph 4.4: Graph showing debtors collection period



Interpretation:

The above table and graph shows Debtors collection period. In the year 2013-14 it is 64.22 and it increased in subsequent year 2014-15 to 64.29 and it has reduced to 51.22 in the year 2015-16 and it is decreased to 41.78 for the year 2016-17 and in the year 2017-18 decreased to 35.05. This shows the company’s debtor’s collection period which indicates there is a advantage for the company that collects the receivables early.

4.5 Creditors turnover ratio

The short-term liquidity credit turnover velocity, the company used to assess suppliers pay. Indicates how often the credit sales during the period, the company paid its payable.

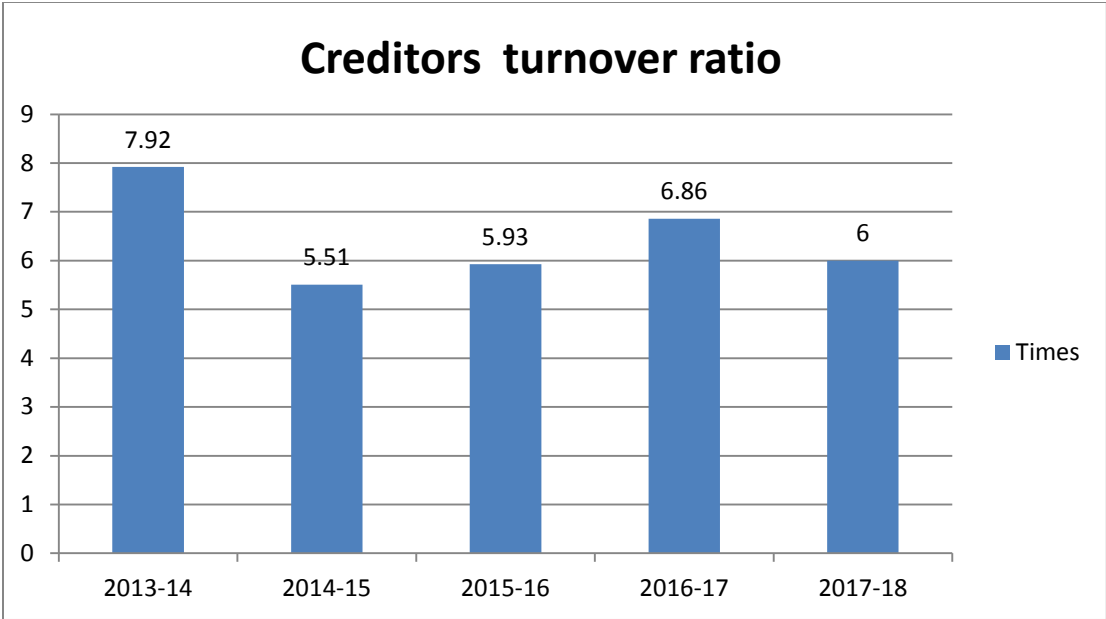
Formula:

$$\text{Creditors turnover ratio} = \frac{\text{Raw material purchased and consumed}}{\text{Creditors}}$$

Table 4.5: Table showing creditors turnover ratio

Year	Raw material purchased and consumed	Creditors	Times
2013-14	441840423	55777519	7.92
2014-15	441116215	80051952	5.51
2015-16	439030474	73980335	5.93
2016-17	505423183	73645174	6.86
2017-18	552793525	92076797	6.00

Graph 4.5: Graph showing creditors turnover ratio



Interpretation:

The above table and graph shows Creditor turnover ratios. In the year 2013-14 it is 7.92 and it decreased in subsequent year 2014-15 to 5.51 and it has raised to 5.93 in the year 2015-16 and it is increased to 6.86 in the year 2016-17 and for the year 2017-18 decreased to 6. This shows company has favorable credit turnover ratio which indicates that company supervision its debts and cash flow effectively.

4.6 Creditors payment period

Credit payment period means that the average days takes to pay its bills and settlement of invoices to its trade creditors.

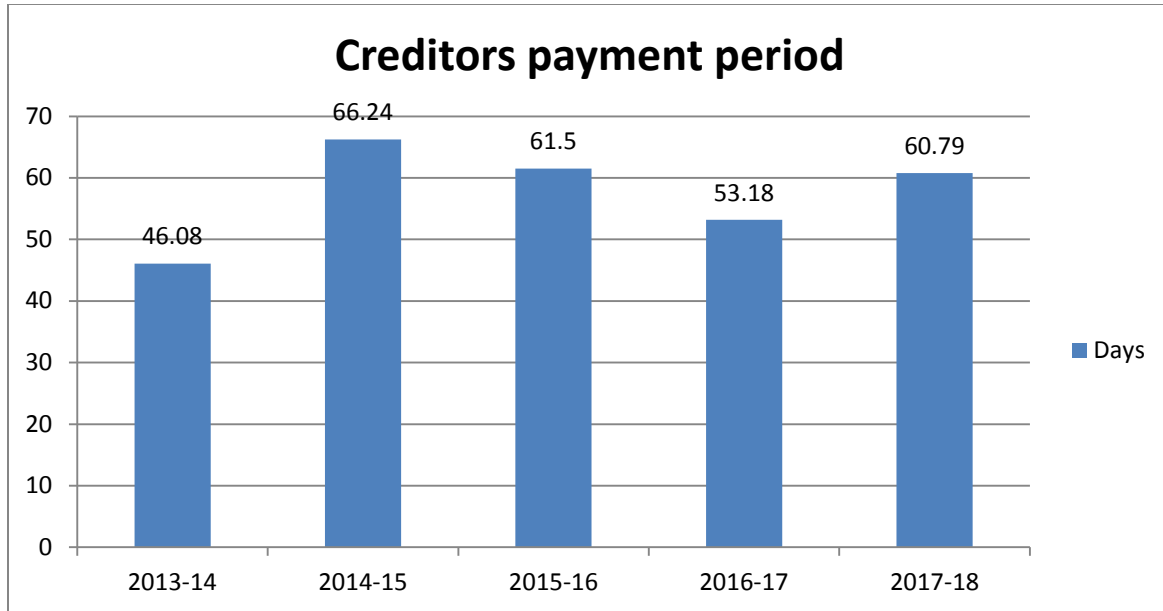
Formula:

$$\text{Creditors payment period} = \frac{\text{Creditors}}{\text{Raw material purchased and consumed}} \times 365$$

Table 4.6: Table showing creditors payment period

Year	Creditors	Raw material purchased and consumed	Days
2013-14	55777519	441840423	46.08
2014-15	80051952	441116215	66.24
2015-16	73980335	439030474	61.50
2016-17	73645174	505423183	53.18
2017-18	92076797	552793525	60.79

Graph 4.6: Graph showing creditors payment period



Interpretation:

The above table and graph shows Creditors payment period. In the year 2013-14 it is 46.08 and it increased in subsequent year 2014-15 to 66.24 and it has decreased to 61.5 in the year 2015-16 and it is decreased to 53.18 in the year 2016-17 and for the year 2017-18 increased to 60.79. This shows company has favorable credit payment period which indicates that company retains the funds available for a longer period. It may allow the company an chance to utilize the available funds in a better way to increase the benefits.

4.7 Fixed assets turnover ratio

It shows how well business uses its fixed assets to produce sales and it is also called as sales to fixed asset ratio.

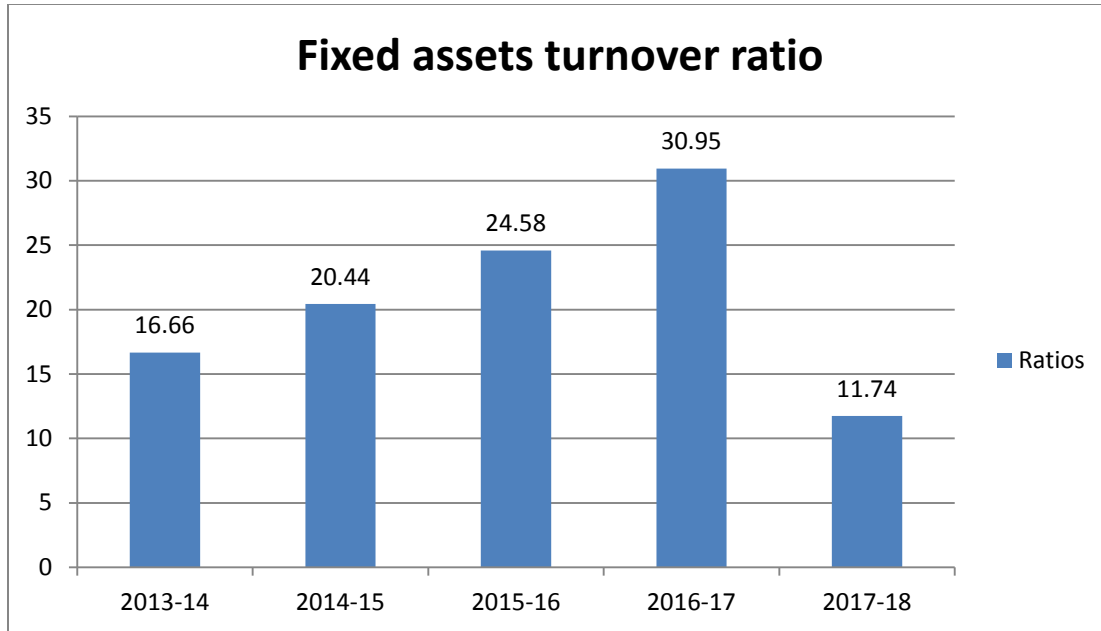
Formula:

$$\text{Fixed assets turnover ratio} = \frac{\text{Net sales}}{\text{Net fixed assets}}$$

Table 4.7: Table showing fixed assets turnover ratio

Year	Net sales	Net fixed assets	Ratios
2013-14	1039328540	62375735	16.66
2014-15	1180238579	57739903	20.44
2015-16	1261454913	51311386	24.58
2016-17	1384629523	44744759	30.95
2017-18	1374191303	117036066	11.74

Graph 4.7: Graph showing fixed assets turnover ratio



Interpretation:

The above table and graph shows fixed assets turnover ratios. In the year 2013-14 it is 16.66 and it increased in subsequent year 2014-15 to 20.44 and it has raised to 24.58 in the year 2015-16 and it is increased to 30.95 for the year 2016-17 and in the year 2017-18 reduced to 11.74. This shows the company's fixed assets turnover ratio which indicates there is raise in the year 2013-14 to 2016-17 which shows there is better utilization of fixed assets to increase the sales but there is sudden decrease in the year 2017-18 which indicates lack of utilization of fixed assets for the year.

4.8 Total assets turnover ratio

It shows how efficient the company's turnover total assets are employed in order to generate sales. Investors and creditors of the company, to give you an idea about how to do this and take advantage of the assets to generate revenue.

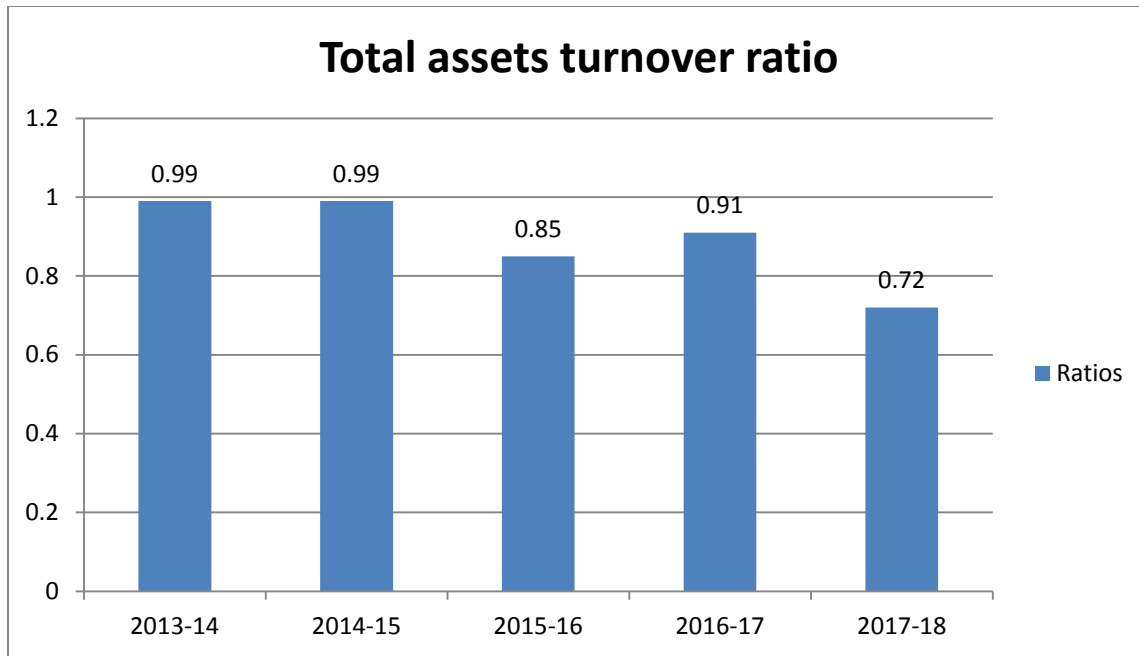
Formula:

$$\text{Total assets turnover ratio} = \frac{\text{Net sales}}{\text{Total assets}}$$

4.8: Table shows total assets turnover ratio

Year	Net sales	Total assets	Ratios
2013-14	1039328540	1052530295	0.99
2014-15	1180238579	1192648275	0.99
2015-16	1261454913	1487972371	0.85
2016-17	1384629523	1520139309	0.91
2017-18	1374191303	1912943413	0.72

Graph 4.8: Graph showing total assets turnover ratio



Interpretation:

The above table and graph shows Total assets turnover ratio. In the year 2013-14 it is 0.99 and it is same in subsequent year 2014-15 to 0.99 and it has reduced to 0.85 in the year 2015-16 and it is increased to 0.91 for the year 2016-17 and for the year 2017-18 decreased to 0.72. This shows the company has favorable total assets turnover ratio which indicates the company is utilizing the assets efficiently and generating good amount of sales.

4.9 Working capital turnover ratio

It expresses the relationship between working capital and sales. It indicates difference between current asset and current liability.

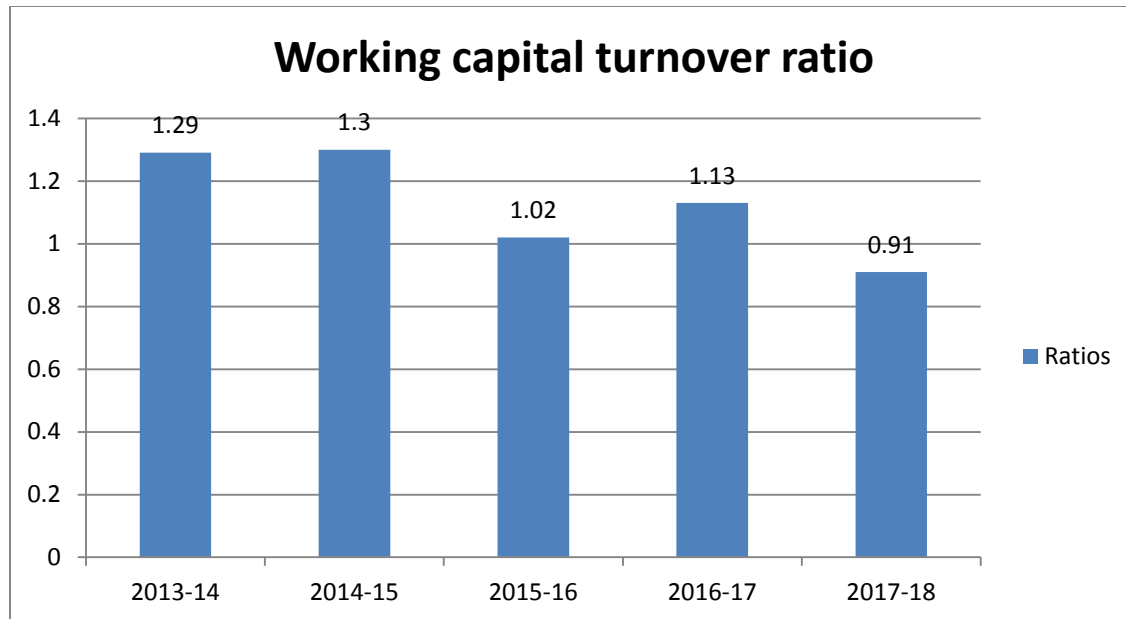
Formula:

$$\text{Working capital turnover ratio} = \frac{\text{Net sales}}{\text{Working capital}}$$

4.9: Table shows working capital turnover ratio

Year	Net sales	Working capital	Ratios
2013-14	1039328540	804693899	1.29
2014-15	1180238579	909638627	1.30
2015-16	1261454913	1230359237	1.02
2016-17	1384629523	1225611478	1.13
2017-18	1374191303	1505794901	0.91

Graph 4.9: Graph showing working capital turnover ratio



Interpretation:

The above table and graph shows Working capital turnover ratio. In the year 2013-14 it is 1.29 and it is increased in subsequent year 2014-15 to 1.30 and it has reduced to 1.02 in the year 2015-16 and it is increased to 1.13 in the year 2016-17 and for the year 2017-18 decreased to 0.91. This shows the company has favorable working capital turnover ratio but in the year 2017-18 is 0.91 it shows company is not running efficiently can't cover its current debt properly.

4.10 Gross profit ratio

Indicates the total percentage of the average margin on goods sold. It shows whether the appropriate selling price is adequate or not.

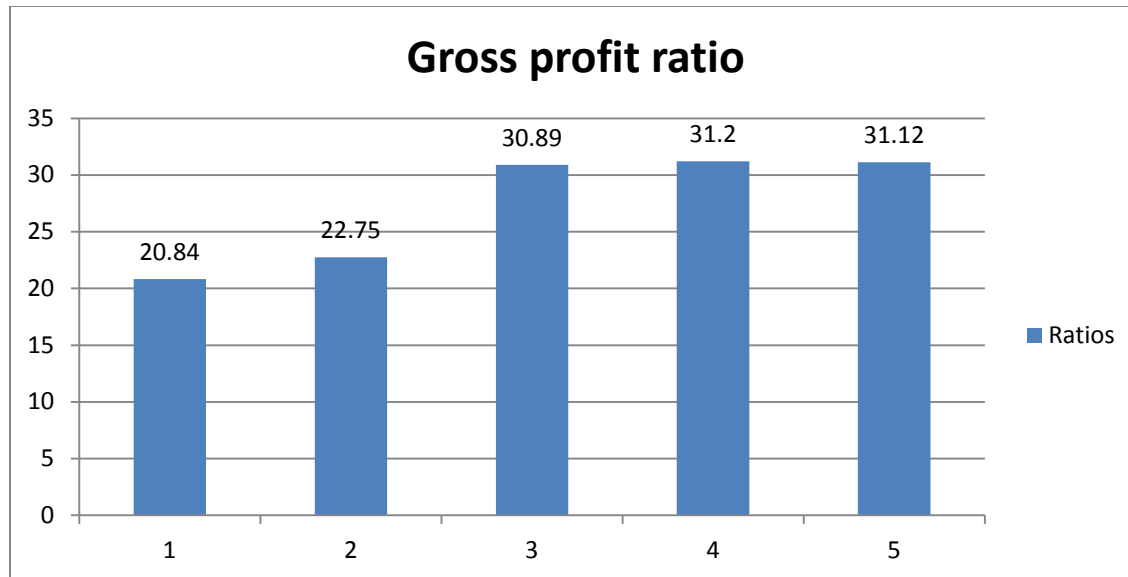
Formula:

$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

Table 4.10: Table showing gross profit ratio

Year	Gross profit	Net sales	Ratios
2013-14	216695597	1039328540	20.84
2014-15	268602102	1180238579	22.75
2015-16	389715808	1261454913	30.89
2016-17	431985004	1384629523	31.20
2017-18	427668271	1374191303	31.12

Graph 4.10: Graph showing gross profit ratio



Interpretation:

The above table and graph shows Gross profit ratios. In the year 2013-14 it is 20.84 and it increases in subsequent year 2014-15 to 22.75 and it has raised to 30.89 in the year 2015-16 and it is increased to 31.20 for the year 2016-17 and in the year 2017-18 reduced to 31.12. This shows the company has good gross profit ratio which indicates there is reduction in cost of production compared to the previous year's which has resulted in raise in profits.

4.11: Net profit ratio

Net profit ratio. The percentage of net profit is the ratio of after tax profits to net sales. It uncovers the residual profit after all costs of production, administration, and financing have been deducted from sales, and income taxes documented.

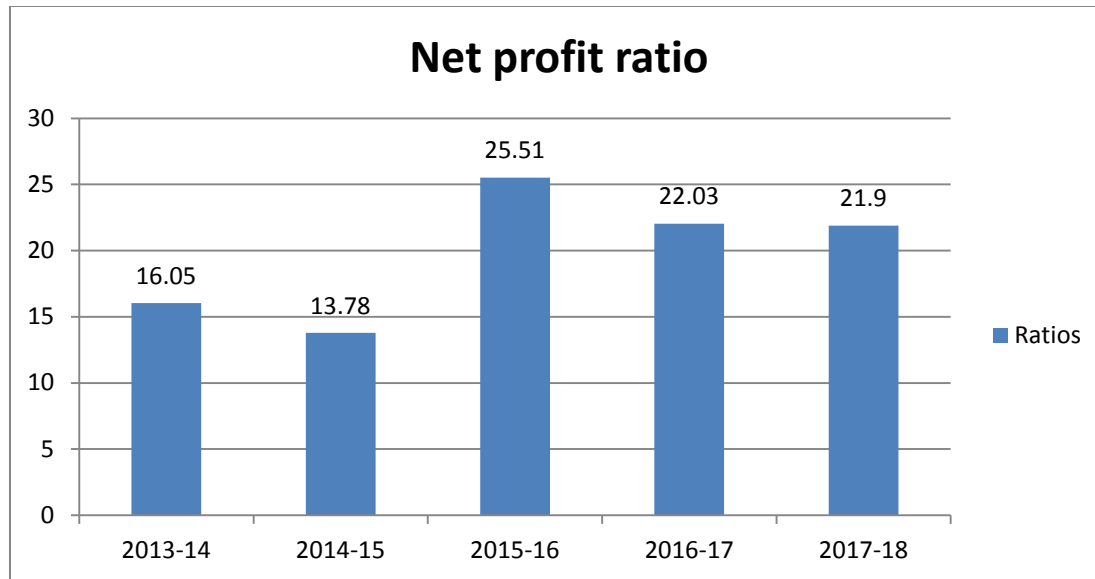
Formula:

$$\text{Net profit ratio} = \frac{\text{Net profit}}{\text{Net sales}} \times 100$$

Table 4.11: Table showing net profit ratio

Year	Net profit	Net sales	Ratios
2013-14	166821803	1039328540	16.05
2014-15	162594338	1180238579	13.78
2015-16	321835454	1261454913	25.51
2016-17	305034182	1384629523	22.03
2017-18	300996866	1374191303	21.90

Graph 4.11: Graph showing net profit ratio



Interpretation:

The above table and graph shows Net profit ratios. In the year 2013-14 it is 16.05 and it decreases in subsequent year 2014-15 to 13.78 and it has raised to 25.51 for the year 2015-16 and it is reduced to 22.03 for the year 2016-17 and in the year 2017-18 it has come down to 21.90. This shows the company has favorable Net profit ratio which indicates there is raise in non operating expenses and boosts the firm to improve its production.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 Findings:

- Inventory turnover is fluctuating from year to year where the company is not utilized the inventory.
- Inventory proportion in the current asset is decreasing from year to year and which indicates there is a increases demand from year to year.
- Debtor turnover ratio is sudden fall in the year 2014-15 and thereafter increasing consequently which indicates that company has quick and frequent collection of debt.
- Debt collection period has decreased from year to year which indicates that there is a advantage for the company that collects receivables early.
- Creditors turnover ratio has variations from 2013-2018. But in the year 2013 it has been highly recorded by 7.92. Thereafter decreasing consequently which indicates that company may perhaps use that money to outlay in other endeavors.
- Creditors payment period is recorded in 2013-14 is 46.08 which was low and thereafter rising consequently which indicates that company holds the fund and to make use of the available funds in a better way to enhance the benefits.
- Fixed assets turnover ratio of company's there is raise in the 2013-14 to 2016-17 but there is sudden decrease in the year 2017-18 which indicates lack of utilization of fixed assets for the year 2017-18.

- Total assets turnover ratio is fluctuating from year to year. But the company has favorable total assets turnover ratio which indicates utilization by the company of assets efficiently and generating good amount of sales.
- The working capital ratio displayed a constant growth from 2013-2015. However , the working capital ratio dropped slightly in 2016 before showing minor improvement in 2017 and again slight fall in the year 2017-18 is 0.91.
- Gross profit ratio is increasing constantly over the years 2013-18. It has good revenue over their expenses.
- Net profit ratio has witnessed variations throughout the years from 2013-18. A sharp increase by 25.51 has been recorded in the year 2016.

5.2 Suggestions:

- Inventory turnover ratio was fluctuating from year to year, so the firm needs to maintain the inventory level very stable and need to use the inventory level in production very efficiently.
- Inventory proportion in the current asset is decreasing from year to year and which indicates there is a increases demand from year to year. Company should maintain the same in future years also.
- The firm face the inefficiency in using of working capital, therefore the firm need to use the working capital very effectively and accurately in day to day operations.
- Debtors from a key part of the current assets. The company has to concentrate on quick receivables from its customers.
- The company's debtor's collection period was decreasing which indicates company that collects the receivables early in all the years of study. It is a good signal of financial progress. The corporation has to maintain in future also.
- Creditors turnover ratio is in favorable position should maintain the same in future years also.
- Creditors payment period should not be high it is not good for the business. Because the company may also missed out any discounts on regular interval payment.
- The company invests in fixed assets to be supported by long term sources of funds to have proper financial policy.
- Total assets turnover ratio is fluctuating from year to year. So the firm needs to use the total assets more effectively.

- The gross profit was increasing, so there is reduction in cost of production and other costs associates with production. Company should maintain the same in future years also.
- The company has favorable net profit ratio. But decreasing in last two years, therefore the firm was needing focus on non-operating expenses and losses where the NPR was decreasing.

5.3 Conclusion:-

KSIC is one of the reputed manufacturing world renowned Mysore silk sarees as we all are aware that KSIC are very much refreshing in the market because of its 100% immaculate silk mixed with 100% unadulterated zari (65% of silver and 0.05% of gold). Innovation of new product, maintain good quality of products and active involvement with entire activities made it reputed across the country as well as around the world.

From the study it is concluded that the financial performance of the company is satisfactory because the company has maintain the maximum current ratio as compared to standard 2:1 as a government sector under taking the company has excel in all aspect in terms financial performance the revenue has been increased year after year. This reflects good sign of the company need have a concentration over the minimization of current liabilities and also company need to invest in appropriate profitable operations instead of maintain idle cash flow.

The company should take the necessary steps in the study area as a whole is found cash and inventory management and investment decisions. In order to improve overall performance, you must take all possible measures to manage, review and modify a wide various policies, cash budgeting and inventory state management allows you to control a variety of close to sound information management system to work.

Finally the research concluded that the company has to focus on proportion of working capital of their revenue part.

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ANNEXURE
FINANCIAL STATEMENT / BALANCE SHEET

KSIC LIMITED

Profit and loss account as on 2013 to 2018

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
	Rs	Rs			
1. Revenue from operation (Gross)	1039328540	1180238579	1261454913	1384629523	1374191303
Less: Excise Duty	00.00	00.00		00.00	0.00
Revenue from operation (Net)	1039328540	1180238579	1261454913	1384629523	1374191303
2. Other Income	32581045	28792119	55262119	64527981	65625830
3. Total revenues (1+2)	1410719095	1209030698	1316717032	1449157504	1439817133
	85				
4. Expenses					
a. Cost of materials consumed	441840423	441116215	439030474	505423183	552793525
b. Purchase of stock-in-trade	3310347	14066137	42535228	3669736	3435762
c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	(30272335)	19708372	(22276368)	45902226	(42045649)
d. Employee benefit expenses	336946233	327002463	305216900	303263939	316126904
e. Other expenses	98622477	122434044	154269206	151290715	175072517
f. Finance cost	252969	5730809	232840	782365	177810
g. Depreciation and amortization expenses	45138754	10370556	7992944	6840336	6587993
Total expenses	855213988	940428596	927001224	1017172500	1012148863
5. Profit before exceptional tax	216695597	268602102	389715808	431985004	427668271

(3-4)					
6. Exceptional items	--	--			
7. Profit before extraordinary item and tax (5-6)	216695597	268602102	389715808	431985004	427667271
8. Extraordinary items (note 38)	--	--	93837939	32264333	33324573
9. Profit before tax(7+8)	216695597	268602102	483553747	464249337	460992844
10. Tax expenses					
Current tax	46680597	81897773	171032213	156611999	161666975
Deferred Tax	00.00	2199503	(12772873)	(800960)	(16709975)
Profit/loss for the period from continuing operations(9-10)	170015000	165604826	325294407	308438298	300996866
11. Profit/ loss from the discounting operations	(3193197)	(3010488)	(3458953)	(3404116)	0.00
12. Gain or loss from disposal of assets and liabilities of discontinuing operations	00.00	00.00	0.00	0.00	0.00
	(3193197)	(3010488)	(3458953)	(3404116)	0.00
13 tax expenses of discounting operations	00.00	00.00	00.00	0.00	0.00
14 Profit or loss from discounting operations (after tax 12-13)	(3193197)	(3010488)	(3458953)	(3404116)	0.00
15 profit for the period (11+14)	166821803	162594338	321835454	305034182	300996866
Earning per equity share					
Basic and diluted(RS)	463.33	451.59	893.87	847.21	835.99

Balance sheet:**KSIC LIMITED****Balance sheet as on 2013-2018**

Particulars	2013-2014	2014-2015	2015-16	2016-17	2017-18
	Rs	Rs	Rs	Rs	Rs
EQUITY AND LIABILITIES					
4. Shareholders fund					
Share capital	580047000	580047000	580047000	360047000	360047000
Reserves and surplus	204650386	347277824	674408148	884842795	1240614639
Sub-total	7846,97386	927324824	1254455148	1244889795	1600661639
5. Non-Current Liability					
Long term borrowings	—	—	-		
Differed tax liabilities	—	21099503	8326630	7525670	5854673
Other long term Liabilities	9633202	10403615	10315941	10653822	11813795
Long term provisions	87487288	23258915	23180142	23442976	20901887
Unsecured loans					
Sub-total	97120490	54762033	41822713	41622468	38570355

6. Current Liabilities					
Short term borrowing	—	—			
Trade Payables	55777519	80051952	73980335	73645174	92076797
Other current liabilities	51607905	56033749	61011712	69503309	84822014
Short term provisions	63326995	74475717	56702463	90478563	96812608
Sub-total	170712419	210561418	191694510	233627046	273711419
Total Equity and liabilities	1052530295	1192648275	1487972371	1520139309	1912943413
ASSETS					
3. Non-Current Assets					
A. Fixed Assets					
- Tangible Assets	61736188	57598731	51311386	44744759	117036066
- Intangible Asset	639547	141172	-	-	-
- Capital Work-in-progress	3968000	3968000	3968000	3968000	4046500
B. Non-Current Investment	13100	13100	13100	13100	13100
C. Long term loans and advance	10767142	10727229	10626138	12174926	12341426
D. Other non-current Assets	—	—			

Sub-total	77123977	72448232	65918624	60900785	133437093
4. Current assets					
Inventories	375068958	378427284	403554454	373502851	441524825
Trade receivables	182874205	207912271	177019026	158512961	131965445
Cash and cash equivalents	396709922	503774724	766100169	83945952	1091335376
Short- term loans and advances	6026616	15842624	55126434	72115496	91072723
Other current assets	14726617	14243140	20253664	15461264	23607951
Sub-total	975406318	1120200045	1422053747	1459238524	1779506320
Total assets	1052530295	1192648275	1487972371	1520139309	1912943413



ACHARYA INSTITUTE OF TECHNOLOGY

DEPARTMENT OF MBA

PROJECT (17MBAPR407) -WEEKLY REPORT

NAME OF THE STUDENT: Rakshith R

INTERNAL GUIDE: OM Prakash.c

USN: 1AY17MBA39

COMPANY NAME: Karnataka Silk Industrial Corporation Limited

WEEK	WORK UNDERTAKEN	EXTERNAL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
3 rd Jan 2019 – 9 th Jan 2019	Industry Profile and Company Profile		
10 th Jan 2019 – 17 th Jan 2019	Preparation of Research instrument for data collection		
18 th Jan 2019 – 25 th Jan 2019	Data collection		
26 th Jan 2019 – 2 nd Feb 2019	Analysis and finalization of report		
3 rd Feb 2019 – 9 th Feb 2019	Findings and Suggestions		
10 th Feb 2019 – 16 th Feb 2019	Conclusion and Final Report		



Company Seal



College Seal

HOD Signature
24/19

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