

# A Study on Working Capital Management of Nandi Pipes Pvt.Ltd in Nandyala

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*Abstract- The working capital management practices of Nandi Pipes Pvt. Ltd., Nandyala, with the aim of understanding how effectively the company utilizes its short-term assets and liabilities to maintain liquidity and operational efficiency. Working capital management is crucial for any manufacturing firm, as it directly impacts profitability, cash flow, and overall financial stability. The study examines the company's current assets such as inventory, receivables, and cash, along with current liabilities like payables and short-term borrowings. By analyzing financial data and management strategies, the research highlights the efficiency of Nandi Pipes in balancing liquidity with profitability, ensuring smooth production and distribution processes*

the related techniques are now being employed successfully in industrial practice. By contrast, far less attention has been paid to the area of short-term finance, in particular that of working capital management. Such neglect might be acceptable were working capital considerations of relatively little importance to the firm, but effective working capital management has a crucial role to play in enhancing the profitability and growth of the firm. Indeed, experience shows that inadequate planning and control of working capital is one of the more common causes of business failure.

## I. INTRODUCTION

One of the most important areas in the day-to-day management of the firm is the management of working capital. Working capital management is the functional area of the finance that covers all the current accounts of the firm. It is concerned with management of the level of individual current assets as well as the management of total working capital. Financial management means procurement of funds and effective utilization of these procured funds. Procurement of funds is firstly concerned for financing working capital requirement of the firm and secondary for financing fixed assets.

Herzfeld B 1990), studied that “Cash is king” so say the money managers who share the responsibility of running this country’s businesses. And with banks demanding more from their prospective borrowers, greater emphasis has been placed on those accountable for so-called working capital management. Working capital management refers to the management of current or short-term assets and short-term liabilities. In essence, the purpose of that function is to make certain that the company has enough assets to operate its business. Here are things you should know about working capital management.

## II. REVIEW OF LITERATURE

The purpose of this chapter is to present a review of literature relating to the working capital management. The following are the literature review by different authors and different research scholars. Pass C.L., Pike R.H (1984), studied that over the past 40 years major theoretical developments have occurred in the areas of longer-term investment and financial decision making. Many of these new concepts and

Samiloglu F. And Demirgunes K (2008), studied that the effect of working capital management on firm profitability. In accordance with this aim, to consider statistically significant relationships between firm profitability and the components of cash conversion cycle at length, a sample consisting of Istanbul Stock Exchange (ISE) listed Appuhami, Ranjith B (2008), studied impact of firms’ capital expenditure on their working capital management. The author used the data collected from listed companies in the Thailand Stock Exchange. The study used Schulman and Cox’s (1985) Net Liquidity Balance and Working Capital Requirement as a proxy for working capital

measurement and developed multiple regression models. The empirical research found that firms' capital expenditure has a significant impact on working capital management. The study also found that the firms' operating cash flow, which was recognized as a control variable, has a significant relationship with working capital management.

Hard castle J (2009), studied that Working capital, sometimes called gross working capital, simply refers to the firm's total current assets (the short-term ones), cash, marketable securities, accounts receivable, and inventory. While long-term financial analysis primarily concerns strategic planning, working capital management deals with day-to-day operations. By making sure that production lines do not stop due to lack of raw materials, that inventories do not build up because production continues unchanged when sales dip, that customers pay on time and that enough cash is on hand to make payments when they are due. Obviously without good working capital management, no firm can be efficient and profitable.

Thachappilly G (2009), "Working Capital Management Manages Flow of Funds", (2009) describes that Working capital is the cash needed to carry on operations during the cash conversion cycle, i.e. the days from paying for raw materials to collecting cash from customers. Raw materials and operating supplies must be bought and stored to ensure uninterrupted production. Wages, salaries, utility charges and other incidentals must be paid for converting the materials into finished products.

### III. OBJECTIVES OF THE STUDY

- To examine the working capital management practices of Nandi Pipes Pvt. Ltd.
- To analyze the composition and management of current assets and current liabilities.
- To evaluate the liquidity position of the company using liquidity ratios such as Current Ratio, Quick Ratio, and Cash Ratio.
- To provide suitable recommendations for improving the efficiency of working capital management

### IV. NEED FOR THE STUDY

1. Efficient working capital management is essential for maintaining adequate liquidity and smooth day-to-day operations of the company
2. Manufacturing companies like Nandi Pipes require effective control over inventory, receivables, and cash to reduce operating costs.
3. Proper management of current assets and current liabilities helps in improving profitability and solvency.
4. The study helps in identifying strengths and weaknesses in the existing working capital management practices of the company

### V. SCOPE OF THE STUDY

1. The study covers the structure and composition of working capital, including current assets and current liabilities of the company.
2. It examines the management of major current assets such as cash, inventory, and trade receivables.
3. It includes an analysis of current liabilities, particularly trade payables and short-term borrowings.
4. The study evaluates the liquidity position of the company using appropriate financial ratios and tools of analysis.

### VI. RESEARCH METHODOLOGY

1. Research Design: Descriptive and Analytical.
2. Data collection:  
In data collection, as basically used the secondary data as available in the records of the financial statements in the company annual reports during the study period
3. Tools and Techniques of Analysis  
Ratio analysis (Current ratio, Quick ratio, Inventory turnover ratio Debtors turnover ratio, etc.) Trend analysis Working capital and operating cycle analysis

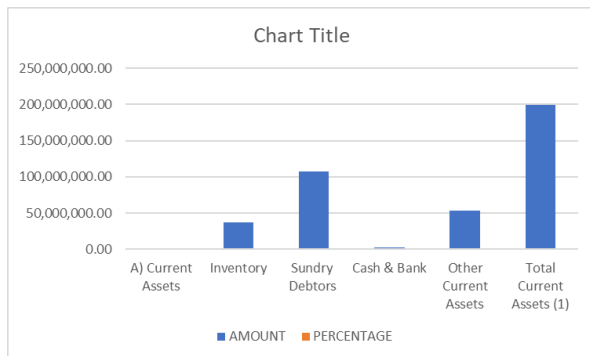
VII. LIMITATIONS OF THE STUDY

1. The study is confined to the available information.
2. The study is purely based on secondary data.
3. The project is done with in a small duration here the time duration is a major constraint.
4. The results or suggestion may not be applied to the whole.

VIII. DATA ANALYSIS & INTERPRETATION

1. Statement Of Changes in Working Capital

PARTICULARS	AMOUNT	PERCENTAGE
A) Current Assets		
Inventory	3,72,05,827.00	19%
Sundry Debtors	10,70,02,423.80	54%
Cash & Bank	20,05,025.83	1%
Other Current Assets	5,31,46,646.18	27%
Total Current Assets (1)	19,93,59,922.81	100%

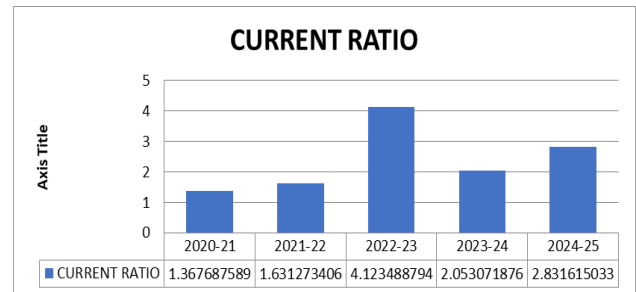


Interpretation:

Balanced inventory and other assets (~17% each) suggest moderate stock levels but require efficiency monitoring.

CURRENT RATIO

Year	Current assets	Current liabilities	Current ratio
2020-2021	199,359,922.81	145,764,226.03	1.367688
2021-2022	152,014,203.95	93,187,446.93	1.631273
2022-2023	129,314,642.54	31,360,493.26	4.123489
2023-2024	240,816,141.81	117,295,524.12	2.053072
2024-2025	209,661,441.43	74,043,059.87	2.831615

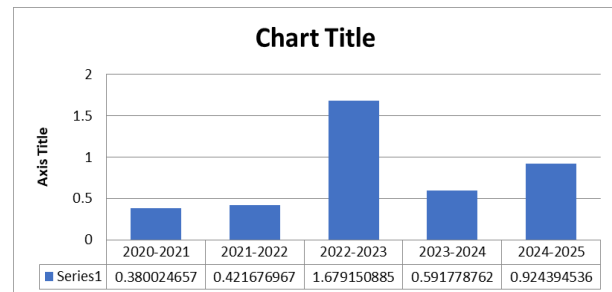


Interpretation:

The current ratio gradually decreases due to increasing current liabilities and decreasing loans and advances. For the last five years the liquidity position of the firm is precarious.

Quick Ratio;

YEAR	Quick Asset	Current Liabilities	Ratio
2020-2021	5,53,94,000	14,57,64,226.03	0.380025
2021-2022	3,92,95,000	9,31,87,446.93	0.421677
2022-2023	5,26,59,000	3,13,60,493.26	1.679151
2023-2024	6,94,13,000	11,72,95,524.12	0.591779
2024-2025	6,84,45,000	7,40,43,059.87	0.924395



Interpretation:

The Quick ratio gradually decreases from 2021 – 22 due to increasing in inventories year by year. The Quick ratio was better in the year 2024-25 when compare with the other years.

#### IX. FINDINGS

- NWC rose from ₹53.60M to ₹135.62M (2020-25), showing strong short-term health and growth capacity.
- Debtors form 54–66% of current assets, making cash flow heavily dependent on timely customer collections.
- Inventory remains 16–20% of current assets, indicating moderate stockholding and low obsolescence risk.
- Cash & Bank only 1–2% of assets, showing liquidity relies primarily on receivables.
- Current liabilities are 100% Sundry Creditors, providing flexibility in payments and enhancing NWC.

#### X. SUGGESTIONS

- Use the improving Net Working Capital to fund growth, repay debt, or invest in short-term opportunities without straining liquidity
- Tighten credit policies, follow up on overdue accounts, and consider early payment incentives to reduce dependence on sundry debtors.
- Maintain moderate inventory levels through demand forecasting and just-in-time practices to avoid overstocking.
- Build a slightly higher cash buffer to cover unexpected short-term liabilities, complementing receivables-based liquidity.

#### XI. CONCLUSION

The company is performing exceptionally well due to up wising in the Global market followed by the domestic market it is upcoming on with good and innovative ideas and believe in improving all the area of its operations. The company has a good quality position and does not delay commitment in case of but its creditors and debtors. The company being mostly depends on working capital facilities it is maintaining very good relationship with their banks

and their banks and their working capital management is we balanced.

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