

Working capital Management in Cement Industry – A study of Anjani Portland Cements

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ABSTRACT

The effective management of the Working Capital is essential for the effective performance of any organization. Working Capital is one of the key determinants of the productivity of cement Industry. The effective management of Working Capital is expected to result in smooth operating working capital cycle, lowest possible amount of working capital, lower rate of interest or cost of capital and optimal, return on current asset investment. In the last few over with spiraling inflation in the prices of inputs, the share of working capital to total assets have gone up and gradually problem of resources is becoming more serious than ever before. In general working capital is not properly managed in India and cement industry is no exception. Keeping this in mind the present work has been undertaken to analyze the composition and measure the effective management of working capital in Anjani Portland Cement located in Telangana State.

Key Words: Working Capital, Cement Industry, Liquidity and Profitability

1. INTRODUCTION

Working capital is a part of the total capital which is employed by a company and working capital management is the process of managing the short-term assets and liabilities so that a firm has adequate funds to run all its operations smoothly. The management of working capital includes management of inventories, receivables management and cash.

The Working capital management refers to a company's accounting approach which is intended to examine and make use of the current assets and current liabilities, to ensure the most efficient and effective financial operation of the firm. The most important function of working capital management is to ensure that the company always maintains sufficient cash flow to meet its short-term operating costs and short-term debt obligations too.

Working capital is that part of the current assets which are financed by non-current liabilities. It is often determined by taking the difference between short-term assets and short-term liabilities. In Practice, it is the cash required to run the daily, weekly and monthly operations of a business. Therefore working capital management is the procedure of managing the short-term assets so as to maintain sufficient liquidity to run its business operations smoothly.

2. Objectives of Working Capital Management

The crucial objective of working capital management is to ensure smooth functioning in their business operations. The other objectives are to optimize the level of working capital and minimize the cost of such funds. The primary objective of financial management is wealth maximization coupled with sustainable growth and development of the organization. For sustainable growth and development, the objectives of all the stakeholders including customers, suppliers, employees, etc should be aligned to the growth of the organization.

- a) Smooth Operating Working Capital Cycle
- b) Lowest Working Capital
- c) The Rate of Interest or Cost of Capital should be low
- d) Optimal Return on Current Asset Investment

To have a proper understanding of the working capital requirements needs of cement industry and management of working capital, this study has selected certain companies whose main activity is “manufacture of Cement”.

3. CEMENT INDUSTRY

Cement industry is the backbone of economic growth in any country and a thick relationship can be found between the level of economic growth and the quantum of cement consumption in developed as well developing countries. Cement industry provides the maximum stimulus to growth in other industry also. One employee employed in cement industry will generate employment opportunities to eight persons in its allied industries or activities. In India much concentration was laid on the development of the cement industry since 1947. It is one of the major fundamental industries in India. It plays dominant role in the national economy. The quantity of cement consumed per person i.e., the per capita consumption is considered to be one of the development indicators and standard of living in a country. Keeping in mind, it is the present study has been taken up.

4. REVIEW OF LITERATURE

According to Gaur and Bhattacharya (2011), finished goods inventory is inversely related to business performance while raw material inventory and work in progress did not have much effect on same. They emphasised that instead of focusing on total inventory, an attempt should be made to concentrate on individual components of inventory so as to adequately manage the same. Panigrahi (2013) undertook a study of inventory management practices of Indian cement companies and its affect on working capital efficiency. The study also investigated the relationship between profitability and inventory conversion days, concluded that a considerable inverse linear relationship existed between inventory conversion period and profitability. According to a study conducted by Srinivas Rao Kasisomayajula (2014) “Inventory Management in Commercial Vehicle Industry In India”, it was concluded that all the units in the commercial vehicle industry have significant relationship between Inventory and Sales. Efficient management of inventory is important to maintain and improve the health and profitability of an organization.

5. NEED FOR STUDY

Working capital in addition to fixed capital is necessary to run any business though their importance and share varies according to the nature of the industry. Fixed capital requirement will be more compared to working capital requirement in heavy industries like cement industries but in due to inflation in the input prices over the period, the importance of working capital increased and slowly the problem is becoming serious. Inventory is not properly managed in India in general and cement industry is no exception. No effort has been taken up to take the advantage by reducing inventories in a number of factories which belong to a limited number of business groups. In order to understand properly the working capital Management needs of cement industry the following are needed:

- Smooth Operating Working Capital Cycle
- Lowest Working Capital
- The Rate of Interest or Cost of Capita should be low
- Optimal Return on Current Asset Investment

6. OBJECTIVE OF THE STUDY

The present work has been undertaken to analyze the composition and measure the effective management of working capital in Anjani Portland Cement during the period of study.

METHODOLOGY

The study confined to the Anjani Portland Cement plants located in Telangana state, with a main objective to examine the working capital management practices of the select cement plant. To achieve the said objective of the study the required data was collected from the annual reports of Anjani Portland Cement. The study covers a time frame of 10 financial years i.e., 2008-09 to 2017-18 financial year. The collected was be arranged in the respective Tables and averages, percentages, growth rates, compound annual growth rates and ratios were used to analyze the data. The Four important aspects covered under this study are composition of current assets, composition of current liabilities, net working capital and liquidity ratios are presented as under:

ANALYSIS OF CURRENT ASSETS IN ANJANI PORTLAND CEMENT LIMITED

Efficient management of working capital involves effective control over the current assets and current liabilities, which are the main components of working capital. Table-1 shows the composition of Current Assets of the Anjani Portland Cement, consisting of inventory, sundry debtors, cash and bank, loans and advances and other current assets. Of the total current assets on an average, other current assets recorded the highest proportion of 45.28 per cent followed by inventories with 30.35 per cent, sundry debtors with 30.35 per cent during the study period.

The data further shows that the inventories were fluctuating during the study period. The proportion inventories total current assets reveal that, the proportion is 20.66 per cent during 2008-2009 and raised to 37.99 per cent during 2016-17 financial year. The

COMPOSITION OF CURRENT ASSETS OF ANJANI PORTLAND CEMENT LIMITED

| YEAR | INVENTORY | | SUNDRY DEBTORS | | CASH BALANCE | | LOANS & ADVANCES | | OTHER CURRENT ASSETS | | TOTAL CURRENT ASSETS |
|--------------------|-----------|-------|----------------|-------|--------------|-------|------------------|-------|----------------------|------|----------------------|
| | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT |
| 2008-09 | 836.05 | 20.66 | 842.80 | 20.82 | 248.87 | 6.15 | 2119.70 | 52.37 | 0 | 0.00 | 4047.42 |
| 2009-10 | 1233.54 | 21.53 | 1116.28 | 19.48 | 259.86 | 4.53 | 3120.46 | 54.46 | 0 | 0.00 | 5730.14 |
| 2010-11 | 3378.21 | 37.68 | 1487.47 | 16.59 | 227.49 | 2.54 | 3873.29 | 43.20 | 0 | 0.00 | 8966.46 |
| 2011-12 | 2956.38 | 26.68 | 2094.97 | 18.91 | 360.28 | 3.25 | 5668.25 | 51.16 | 0 | 0.00 | 11079.88 |
| 2012-13 | 3986.19 | 31.05 | 2357.63 | 18.37 | 382.42 | 2.98 | 6111.03 | 47.60 | 0 | 0.00 | 12837.27 |
| 2013-14 | 3037.74 | 27.84 | 1564.37 | 14.34 | 491.44 | 4.50 | 5804.67 | 53.19 | 14.49 | 0.13 | 10912.71 |
| 2014-15 | 3741.27 | 36.21 | 1531.67 | 14.82 | 309.48 | 2.99 | 4748.27 | 45.95 | 2.83 | 0.03 | 10333.52 |
| 2015-16 | 1972.11 | 30.41 | 1215.66 | 18.74 | 411.21 | 6.34 | 2883.64 | 44.46 | 2.83 | 0.04 | 6485.45 |
| 2016-17 | 3396.00 | 37.99 | 1754.00 | 19.62 | 869.00 | 9.72 | 2829.00 | 31.64 | 92.00 | 1.03 | 8940.00 |
| 2017-18 | 3129.00 | 33.50 | 2358.00 | 25.25 | 1066.00 | 11.41 | 2689.00 | 28.79 | 98.00 | 1.05 | 9340.00 |
| Average | 2766.65 | 30.35 | 1632.29 | 18.69 | 462.61 | 5.44 | 3984.73 | 45.28 | 21.02 | 0.23 | 8867.29 |
| Standard Deviation | 1062.33 | 6.22 | 514.30 | 3.12 | 281.88 | 3.02 | 1480.06 | 8.82 | 39.27 | 0.43 | 2707.49 |
| CAGR (in %) | 14.11 | | 10.84 | | 15.66 | | 2.41 | | 99.12 | | 8.72 |

Source: Annual reports of anjani Portland cement from 2008-09 to 2017-18

TABLE NO 1

proportion of inventories again fall to 33.50 per cent 2017-18 financial year. The average of inventories to the total current assets stood at 30.35 per cent with a standard deviation of 6.22 per cent during the study period. This implies that the level of inventories is moderately high in Anjani Portland Cement.

The analysis of sundry debtors as a percentage of current assets shows that, the proportion of sundry debtors is as high as 25.25 per cent during 2017-18 and the lowest (14.34 per cent of total current assets) was recorded in 2013-14 financial year. The average of sundry debtors to the current assets stood at 18.69 per cent with a standard deviation of 3.62 per cent during the study period.

The cash and bank balances proportion is less than 6 per cent of the total current assets during the study period except during 2017-18 which is 11.42 per cent and a lowest of 2.54 per cent was recorded in 2010-11 financial year. The average of cash and bank balances to the total current assets account for 5.44 per cent for the study period.

An analysis of other current assets proportion to the total current assets showed a mixed trend. In the initial year of study its proportion was very high of the total current assets. The highest was recorded during 2009-10 financial year with 54.46 per cent of the total current assets and in the most recent year i.e., 2017-18 it is only 28.79 per cent. The average of other current assets to total assets is high among the components and recorded at 45.28 per cent during the study period. Further, the analysis of loans and advances reveal that they are about only less than one per cent of total current assets during the study period and very negligible.

From the foregoing discussion it can be concluded that there is a CAGR of 15.66 per cent in cash and bank balances, 14.11 per cent in inventories and 10.84 per cent in sundry debtors during the study period.

ANALYSIS OF CURRENT LIABILITIES IN ANJANI PORTLAND CEMENT

The data in Table-2 reveals the components of current liabilities of the selected company consisting of sundry creditors, deposits and retentions, other liabilities and provisions, interest accrued and provision for taxation. The short borrowing of Anjani Portland Cement account for 18.92 per cent total current liabilities with a standard deviation of 17.57 per cent during the study period. The proportion of S.T. borrowings was very less during the initial period of study, and came to 40 per cent in 2012-13. The CAGR showed a positive growth of 199.26 per cent during the study period. On an average the sundry creditors recorded the highest proportion of 38.96 per cent with a standard deviation of 38.96 per cent with a CAGR of 6.73 per cent and followed by other current liabilities with an average 36.73 per cent and a standard deviation of 31.26 per cent and with a CAGR of 43.55 per cent. The ST provisions are minimal and account for 5.39 per cent of current liabilities during the study period.

**COMPOSITION OF CURRENT LIABILITIES IN ANJANI PORTLAND CEMENT LIMITED
(AMOUNT IN RS. LAKHS)**

| YEAR | S.T. BORROWINGS | | SUNDRY CREDITORS | | OTHER CURRENT LIABILITIES | | S.T. PROVISIONS | | TOTAL CURRENT LIABILITIES |
|--------------------|-----------------|-------|------------------|--------|---------------------------|--------|-----------------|-------|---------------------------|
| | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT |
| 2008-09 | 0.00 | 0.00 | 1213.86 | 56.77 | 181.78 | 8.50 | 742.49 | 34.73 | 2138.13 |
| 2009-10 | 0.00 | 0.00 | 1886.63 | 104.23 | -228.54 | -12.63 | 151.91 | 8.39 | 1810.00 |
| 2010-11 | 0.00 | 0.00 | 2756.41 | 110.34 | -293.52 | -11.75 | 35.12 | 1.41 | 2498.01 |
| 2011-12 | 3678.49 | 33.92 | 1817.43 | 16.76 | 4885.35 | 45.05 | 463.56 | 4.27 | 10844.83 |
| 2012-13 | 5081.92 | 40.24 | 1913.71 | 15.15 | 5582.24 | 44.20 | 52.32 | 0.41 | 12630.19 |
| 2013-14 | 7416.03 | 39.59 | 3779.38 | 20.17 | 7512.58 | 40.10 | 25.98 | 0.14 | 18733.97 |
| 2014-15 | 1573.40 | 28.71 | 700.21 | 12.78 | 3069.88 | 56.01 | 137.52 | 2.51 | 5481.01 |
| 2015-16 | 2467.96 | 33.20 | 698.06 | 9.39 | 4191.49 | 56.38 | 76.58 | 1.03 | 7434.09 |
| 2016-17 | 720.00 | 7.62 | 1899.00 | 20.10 | 6811.00 | 72.08 | 19.00 | 0.20 | 9449.00 |
| 2017-18 | 576.00 | 5.92 | 2329.00 | 23.92 | 6754.00 | 69.36 | 78.00 | 0.80 | 9737.00 |
| Average | 2151.38 | 18.92 | 1899.37 | 38.96 | 3846.63 | 36.73 | 178.25 | 5.39 | 8075.62 |
| Standard Deviation | 2527.34 | 17.57 | 931.65 | 38.34 | 3030.80 | 31.26 | 237.44 | 10.62 | 5368.89 |
| CAGR (in %) | 199.26 | | 6.73 | | 43.55 | | -20.17 | | 16.37 |

Source: Annual reports of Anjani Portland cement from 2008-09 to 2017-18

TABLE NO 2

From the analysis it is observed that the sundry creditors and other liabilities are accounting for about 75 per cent of the total current liabilities during the study period.

ANALYSIS OF NETWORKING CAPITAL

In Table-3 an attempt is made to understand the trend of net working capital of the Anjani cement company during the study period. It is observed from the Table that on an average the growth of current assets is 13.59 per cent whereas current liabilities is 46.29 per cent during the study period, with this we can say current liabilities of the Anjani Portland Cement are growing at a higher proportion than the current assets during the study period. With this we conclude that the selected organization is investing short term funds in current assets.

**ANALYSIS OF NET WORKING CAPITAL IN ANJANI PORTLAND CEMENT
LIMITED
(AMOUNT IN RS. LAKHS)**

| YEAR | CURRENT ASSETS | | CURRENT LIABILITIES | | NET WORKING CAPITAL | |
|--------------------|----------------|-------------|---------------------|-------------|---------------------|-------------|
| | AMOUNT | GROWTH RATE | AMOUNT | GROWTH RATE | AMOUNT | GROWTH RATE |
| 2008-09 | 4047.42 | | 2138.13 | | 1909.29 | |
| 2009-10 | 5730.13 | 41.57 | 1810.00 | -15.35 | 3920.13 | 105.32 |
| 2010-11 | 8966.46 | 56.48 | 2498.01 | 38.01 | 6468.45 | 65.01 |
| 2011-12 | 11079.86 | 23.57 | 10844.83 | 334.14 | 235.03 | -96.37 |
| 2012-13 | 12837.27 | 15.86 | 12630.19 | 16.46 | 207.08 | -11.89 |
| 2013-14 | 10912.71 | -14.99 | 18733.97 | 48.33 | -7821.26 | -3876.93 |
| 2014-15 | 10333.52 | -5.31 | 5481.01 | -70.74 | 4852.51 | -162.04 |
| 2015-16 | 6485.45 | -37.24 | 7434.09 | 35.63 | -948.64 | -119.55 |
| 2016-17 | 8940.00 | 37.85 | 9449.00 | 27.10 | -509.00 | -46.34 |
| 2017-18 | 9340.00 | 4.47 | 9737.00 | 3.05 | -397.00 | -22.00 |
| Average | 8867.28 | 13.59 | 8075.62 | 46.29 | 791.66 | -462.76 |
| Standard Deviation | 2707.49 | 29.91 | 5368.89 | 113.83 | 3954.18 | 1283.12 |
| CAGR (in %) | 8.72 | | 16.37 | | | |

Source: Annual reports of anjani Portland cement from 2008-09 to 2017-18

TABLE NO 3

It is also observed from the Table that the networking capital of the organization is showing fluctuating during the study period with highest value of Rs. 6468.45 lakhss in 2010-11 from lowest value of Rs. -7821.26 lakjs in 2013-14. On an average the growth of net working capital of the selected organization is negative. The CAGR of current liabilities is (16.37per cent) is higher than current assets (8.72 per cent) during the study period, and thus the networking capital is negative and the firm is compelled to go for ST liabilities.

MEASUREMENT OF LIQUIDITY

An attempt is made to study whether the size of working capital held by Anjani Portland Cement Limited is adequate, inadequate or excessive. In fact, the determination of the adequacy of working capital is really problematic area. There is no satisfactory Standard by which we can measure adequacy. However, practitioners very often use current and quick ratios to decide this issue. Generally, a current ratio of 2:1 and a Quick ratio of 1:1 are considered appropriate indicators for measuring adequacy. Since the amount of working capital and the size of current ratio depend upon many factors, a standard or common current ratio cannot be designated appropriate for all under takings. However, is the absence of other indicators, current and quick ratio are generally considered as a fair indication the good financial condition of the under taking such an analysis in Anjani Portland Cement Limited reveals some interesting observations.

Liquidity refers to the ability of an undertaking to meet its current obligations as and when become due. In fact, liquidity is a pre-requisite for the survival of a firm. The creditors who have given short-term credit are generally interested the liquidity position of the company. The liquidity ratios measure the ability of a firm to meet its short term obligations and reflect the short-term financial solvency of a firm. The ratios which are used to measure the liquidity of a firm are Current Ratio, Acid Test Ratio and Absolute Liquid Ratio.

CURRENT RATIO

Current ratio expresses the specific relation between current assets and current liabilities. The ratio is also called as working capital ratio. It is calculated by dividing the current assets with current liabilities.

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

It indicates the availability of current assets in rupee for every one rupee of current liabilities. A high ratio means that the firms have more investment in current assets whereas a low ratio indicates that the firm is unable to meet its current obligations. But in fact, it is difficult to judge the satisfactory current ratio for any given firm. For most manufacturing undertakings a ratio of 2:1 is considered a benchmark of adequate liquidity. A larger current ratio indicates excess investment in adequate liquidity. A larger current ratio indicates excess investment in less profit generating assets and lower ratio indicates the inefficient management of working capital. If inventory forms a high proportion of current assets, the 2:1 ratio might not be adequate as a measure of liquidity.

In Anjani Portland Cement the current ratio varied from the lowest 0.58 times in 2013-14 to the highest 3.59 times in 2010-11 with an average 1.59 times with a the standard deviation of 1.04 per cent which shows that the liquidity position of the company was not satisfactory from the point of view of creditors. Moreover, the ratios were always less than the standard norm of 2:1, except in the years 2009-10 and 2010-11. As per the ideal current ratio, the liquidity position of the selected company is not `sound`, and the company prevailed position was illiquid.

ACID TEST OF QUICK RATIO

Recognizing that inventory might not be very liquid, this ratio takes the quickly realizable assets and measures them against current liabilities. It is calculated by dividing quick assets with current liabilities. The quick assets include cash like assets and all current assets other than inventory and prepaid expenses.

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

It signifies the ability of a firm to settle all its current liabilities. Conventionally, a quick ratio of 1:1 considered to be a more satisfactory measure of liquidity of an enterprise. In fact, this ratio does not fully replace the current ratio; rather it partly supplements current ratio and when used in combination with it, will give a better picture of the firm's ability to meet its claims out of short-term assets.

It is clear from the data in Table-4 that the quick ratio fluctuated between 0.42 times in 2013-14 to 1.20 times in 2014-15. Moreover, the ratio was always more than 0.5 (average 1.11 times) except during 2013-14 financial year which shows over dumping of liquid funds than the required, resulting a negative impact on profitability. Consequently to this to lower earning capacity, decline in share value, raising the price of power per unit, lower wage as well as adverse working conditions in the sample company.

LIQUIDITY RATIOS OF ANJANI PORTLAND CEMENT LIMITED (AMOUNT IN RS. LAKHS)

| YEAR | CURRENT ASSETS | | CURRENT LIABILITIES | | CURRENT RATIO | INVENTORY | | QUICK ASSETS | | QUICK RATIO | INVENTORY TO CURRENT ASSETS RATIO |
|--------------------|----------------|-------------|---------------------|-------------|---------------|--------------|-------------|--------------|-------------|-------------|-----------------------------------|
| | AMOUNT | GROWTH RATE | AMOUNT | GROWTH RATE | | AMOUNT | GROWTH RATE | AMOUNT | GROWTH RATE | | |
| 2008-09 | 4047.42 | -- | 2138.13 | -- | 1.89 | 836.05 | -- | 3211.37 | -- | 1.50 | 20.66 |
| 2009-10 | 5730.13 | 41.57 | 1810.00 | -15.35 | 3.17 | 1233.54 | 47.54 | 4496.59 | 40.02 | 2.48 | 21.53 |
| 2010-11 | 8966.46 | 56.48 | 2498.01 | 38.01 | 3.59 | 3378.21 | 173.86 | 5588.25 | 24.28 | 2.24 | 37.68 |
| 2011-12 | 11079.86 | 23.57 | 10844.83 | 334.14 | 1.02 | 2956.38 | -12.49 | 8123.48 | 45.37 | 0.75 | 26.68 |
| 2012-13 | 12837.27 | 15.86 | 12630.19 | 16.46 | 1.02 | 3986.19 | 34.83 | 8851.08 | 8.96 | 0.70 | 31.05 |
| 2013-14 | 10912.71 | -14.99 | 18733.97 | 48.33 | 0.58 | 3037.74 | -23.79 | 7874.97 | -11.03 | 0.42 | 27.84 |
| 2014-15 | 10333.52 | -5.31 | 5481.01 | -70.74 | 1.89 | 3741.27 | 23.16 | 6592.25 | -16.29 | 1.20 | 36.21 |
| 2015-16 | 6485.45 | -37.24 | 7434.09 | 35.63 | 0.87 | 1972.11 | -47.29 | 4513.34 | -31.54 | 0.61 | 30.41 |
| 2016-17 | 8940.00 | 37.85 | 9449.00 | 27.10 | 0.95 | 3396.00 | 72.20 | 5544.00 | 22.84 | 0.59 | 37.99 |
| 2017-18 | 9340.00 | 4.47 | 9737.00 | 3.05 | 0.96 | 3129.00 | -7.86 | 6211.00 | 12.03 | 0.64 | 33.50 |
| Average | 8867.28 | 13.59 | 8075.62 | 46.29 | 1.59 | 2766.65 | 28.91 | 6100.63 | 10.52 | 1.11 | 31.20 |
| Standard Deviation | 2707.49 | 29.91 | 5368.89 | 113.83 | 1.04 | 1062.33 | 66.10 | 1797.27 | 25.94 | 0.73 | 0.06 |
| CAGR (in %) | 8.72 | | 16.37 | | | 14.11 | | 6.82 | | | |

Source: Annual reports of Anjani Portland cement from 2008-09 to 2017-18

TABLE NO 4

Further the ratio of inventories to current assets reveals that on an average the inventories are 31.20 per cent of current assets during the study period which is very high. The inventories recorded a highest proportion in 2016-17 financial year with 37.99 per cent and lowest in 2008-09 financial year with 20.66 per cent. As the organisation mainly involved in manufacturing of cement only, the proportion of inventories observed are very high.

LIQUIDITY VS PROFITABILITY

The company would make sufficient investment in current assets if it is possible to estimate working capital needs exactly. Under perfect certainty, current assets holdings would be at the minimum level. The investments in current assets will not earn any high return; hence a larger investment in current assets would earn a low rate of return. On the other hand, if a small investment is made in current assets, it leads to interruption in production and sales due to frequent out of stock and lag in payment to creditors. As it is difficult to estimate the need for working capital precisely, the firm can decide about the amount of investments in current assets. The investment required in current assets will depend on the working capital policy of the firm given the other factors. The company may practice an aggressive or conservative policy. These policies involve risk-return and risk-return trade-offs. If the company practices conservative policy it earns lower return with low risk, if it practices an aggressive policy it earns higher return with high risk.

7. CONCLUSION

The proper estimation of working capital along with individual components is essential activities of the management, at the managements fail in this aspect because accurate estimation of working capital needs is not possible. The Anjani Portland cements too also invested large amount of money in inventories which account for about 31 per cent, results in lower profits and low liquidity also. Further it has high quick ratio than the standard norm which indicates the high liquid assets than the required. Therefore the management should concentrate on excessive inventories and other current assets which are idle and divert them to other profitable activities.

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