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AN ANALYTICAL STUDY ON WORKING CAPITAL MANAGEMENT IN SELECTED AUTOMOBILE COMPANIES

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ABSTRACT
Effective management of working capital is an essential aspect of financial management, which significantly affects the liquidity of the company, profitability and overall operating efficiency. This research examines the working capital management strategy used by various automotive companies in India and focuses on evaluating critical elements such as current assets, current obligations, cash conversion cycle, reserves, receivables and maturity. The study uses financial data including several fiscal years to detect trends, evaluate the efficiency of working capital and understanding its impact on the performance of the company. Comparative analysis of selected companies reveals significant differences in its strategies and results and offers important knowledge of proven procedures in this industry. The finding suggests that effective working capital management is essential for maintaining financial stability and competitiveness, especially in the capital and rapidly developing automotive sector. This study provides valuable recommendations for financial managers and creators of policy aimed at strengthening working capital and strengthening financial health in the automotive industry.
KEY WORDS: *Working Capital Management, Current Ratio, Quick Ratio, Cash Conversion Cycle.*

1.INTRODUCTION

Working capital management is necessary to maintain the financial stability of the company and operational effectiveness. In heavy capital industries, such as the automotive industry, proficient treatment of short -term assets and obligations affect significantly liquidity, profitability and long -term viability. As the competition intensifies, consumer preferences are shifting, and market conditions are fluctuating, car companies must strategically oversee their working capital to maintain production processes, meet customer requirements and ensure financial flexibility. This research examines the working capital management strategy used by different cars of cars, evaluates their efficiency in solving current assets and liabilities and determines the impact on overall performance. By analysing critical financial metrics, such as the current ratio, reserves turnover and receivables management, he aims to demonstrate exemplary procedures and potential areas for strengthening in this industry. The purpose of the results is to provide valuable findings for financial analysts, managers and stakeholders who seek to optimize the use of working capital for sustainable growth.

2.REVIEW OF LITERATURE

Abuzar M.A. El jelly (2004) in his paper "Liquidity Profitability Tradeoff: An Empirical Investigation in an Emerging Market" The research investigated the connection between liquidity and profitability in joint-stock companies in Saudi Arabia. It emphasized that effective liquidity management requires the regulation of current assets and liabilities to fulfil short-term commitments while preventing over-investment. El Jelly confirmed the association between liquidity, as assessed by the current ratio and cash conversion cycle, and profitability through correlation and regression analysis. The findings indicated that the cash conversion cycle serves as a more significant indicator of liquidity than the current ratio in its impact on profitability. Furthermore, the size variable was identified as having a substantial influence on profitability at the industry level.

Ramachandran & Janakiraman (2009) in their paper "The Relationship between Working Capital Management Efficiency and EBIT" The research concentrated on the paper sector in India, highlighting that effective management

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of working capital significantly influences EBIT (Earnings Before Interest and Taxes) and liquidity. The authors concluded that proper working capital management is essential for sustaining liquidity and improving profitability. The study emphasized that the efficiency of working capital is intrinsically linked to a company's profitability.

Mandal & Dutta (2010) A research study was carried out to examine the effects of working capital management on liquidity, profitability, and non-insurable risk at ONGC (Oil and Natural Gas Corporation) over a span of nine years. The results indicated that ONGC exhibited robust short-term solvency, as demonstrated by its current ratio, quick ratio, inventory turnover, and debtor turnover. The analysis revealed a progressive enhancement in ONGC's liquidity status over the years. Additionally, profitability was deemed adequate, with working capital ratios having a notable impact on the company's profitability.

Gumber & Kumar (2012) A comparative analysis was conducted on the working capital management of three fertilizer companies and two cooperative societies. The researchers utilized ratio analysis to evaluate the working capital management within these sectors. The findings indicated that the cooperative sector had a greater amount of working capital, which positioned it more favourably regarding liquidity and the ability to meet creditor obligations. Additionally, the cooperative sector's shorter credit period in comparison to the public sector enabled it to sustain better liquidity**.**

Panigrahi (2013) The liquidity positions of five prominent Indian cement companies were analysed over a ten-year period. Utilizing Metal's ultimate rank test, the research determined that smaller companies exhibited superior liquidity positions compared to their larger counterparts. The findings indicated a decline in current ratios, quick ratios, and the ratio of working capital to current assets across all companies, reflecting a precarious liquidity situation within the cement sector.

3.OBJECTIVES OF STUDY

1**.**To study on working capital position of 5 automobile companies for a period of 10 years.
2.To analyse the variability in working capital using standard deviation as a measure of volatility.
3.To provide recommendations for improving working capital management to enhance financial stability and competitiveness in the automotive sector.

4.WORKING CAPITAL

Working capital concerns short -term efficiency of financial health and business operation. It represents the difference between the company's current assets and the current obligations. Effective working capital management ensures that the company maintains sufficient cash flow to meet its short -term obligations and operating needs.

Working Capital=Current Assets - Current Liabilities

5.TOOS FOR ANALYSIS

The tools for analysis used in the study are mainly analytical and partly descriptive. The following techniques have been adopted:

- Working capital analysis
- Ratio analysis

6.DATA ANALYSIS AND INTERPRETATION

WORKING CAPITAL ANALYSIS

Year	Maruti Suzuki India Ltd	Mahindra & Mahindra Ltd	Tata Motors Ltd	Bajaj Auto Ltd	Eicher Motors Ltd
2015	-6,251	1,154	-11,798	5,049	294
2016	-41,405	940	-7,045	8,101	-22
2017	-46,214	2,997	-9,060	8,211	-93
2018	-75,207	3,151	-9,247	5,124	330
2019	-17,887	3,737	-9,712	2,189	2,401

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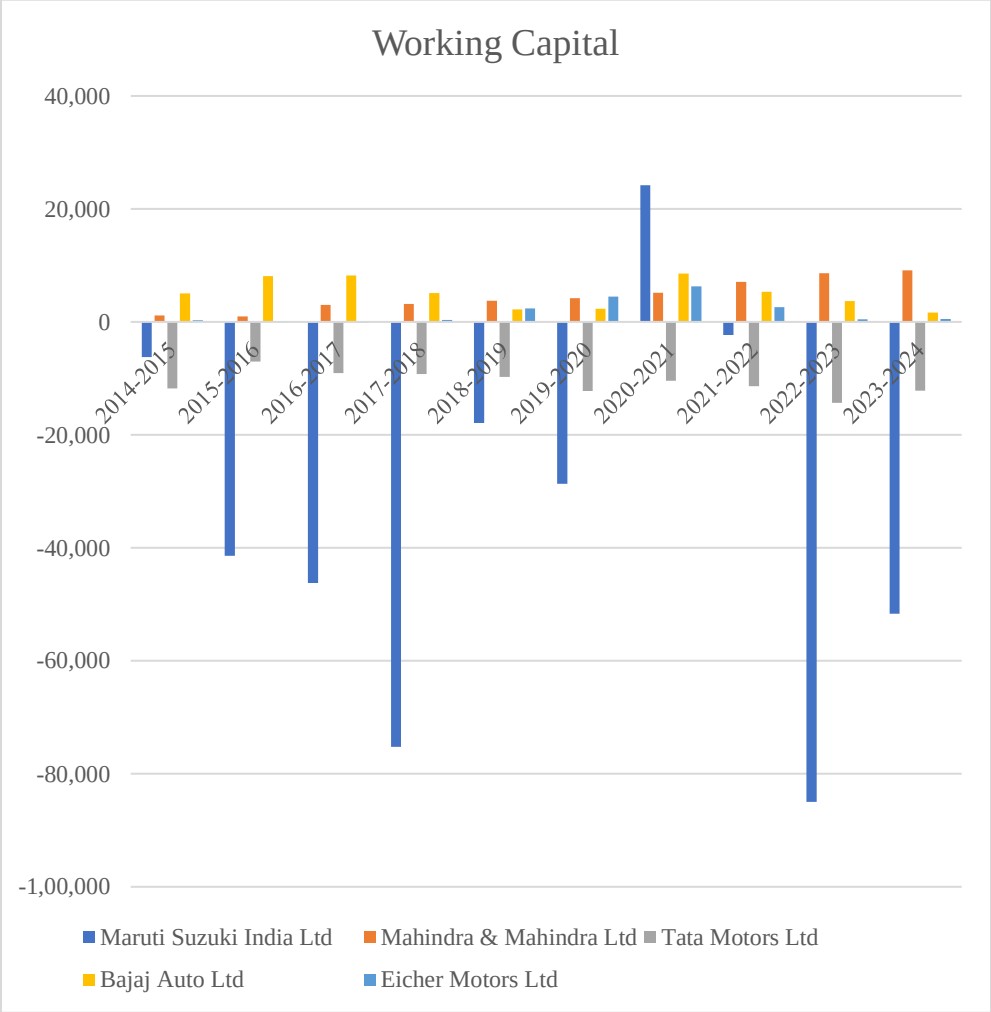
2020	-28,674	4,169	-12,242	2,344	4,475
2021	24,200	5,179	-10,397	8,532	6,319
2022	-2,325	7,097	-11,373	5,305	2,619
2023	-84,994	8,604	-14,304	3,672	455
2024	-51,663	9,127	-12,155	1,631	515
SD	**33753.63734**	**2866.741249**	**2064.483688**	**2594.435361**	**2194.723017**
MEAN	**-33042.00**	**4615.50**	**-10733.30**	**5015.80**	**1729.30**



Interpretation

Maruti Suzuki and Tata Motors effectively process receivables and maintain permanently negative numbers. Mahindra & Mahindra, on the other hand, faces delay in collections and the Bajaj car is experiencing variability. Eicher Motors has made progress, yet it still reports positive values. In short, Maruti Suzuki and Tata Motors show strong performance, while Mahindra & Mahindra and Eicher Motors require further strengthening.

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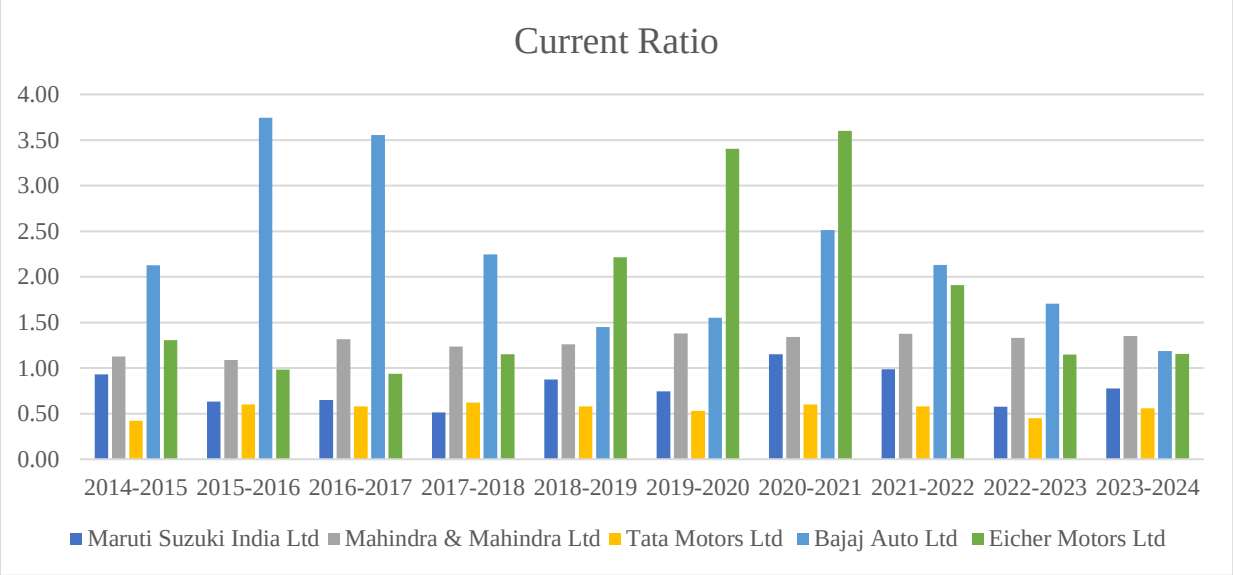
CURRENT RATIO

Year	Maruti Suzuki India Ltd	Mahindra & Mahindra Ltd	Tata Motors Ltd	Bajaj Auto Ltd	Eicher Motors Ltd
2015	0.93	1.13	0.42	2.13	1.31
2016	0.63	1.09	0.6	3.74	0.98
2017	0.65	1.32	0.58	3.56	0.94
2018	0.51	1.24	0.62	2.25	1.15
2019	0.87	1.26	0.58	1.45	2.21
2020	0.75	1.38	0.53	1.55	3.40
2021	1.15	1.34	0.6	2.51	3.60
2022	0.99	1.38	0.58	2.13	1.91
2023	0.58	1.33	0.45	1.71	1.15
2024	0.77	1.35	0.56	1.19	1.15
SD	**0.20067281**	**0.10239716**	**0.066633325**	**0.855067188**	**0.995745645**
MEAN	**0.78**	**1.28**	**0.55**	**2.22**	**1.78**



Interpretation

Auto Bajaj shows the highest average current ratio of 2.22, albeit with considerable fluctuations. Eicher Motors ranks on another with a robust ratio of 1.78, although it also experiences significant variability. Mahindra & Mahindra shows stable liquidity to 1.28, characterized by the least variability between the group. Maruti Suzuki and Tata, on the other hand, have a ratio of 0.78 and 0.55, in this order, both of which do not reach the ideal benchmark, while Tata does not consistently achieve the engines. Overall, Mahindra & Mahindra maintains the most balanced position of liquidity.

QUICK RATIO

Year	Maruti Suzuki India Ltd	Mahindra & Mahindra Ltd	Tata Motors Ltd	Bajaj Auto Ltd	Eicher Motors Ltd
2015	0.63	0.86	0.19	1.95	1.09
2016	0.36	0.84	0.33	3.33	0.73
2017	0.40	1.03	0.33	3.33	0.71
2018	0.20	0.88	0.37	2.07	0.98
2019	0.64	0.99	0.37	1.25	1.91
2020	0.46	0.43	0.38	1.30	3.13

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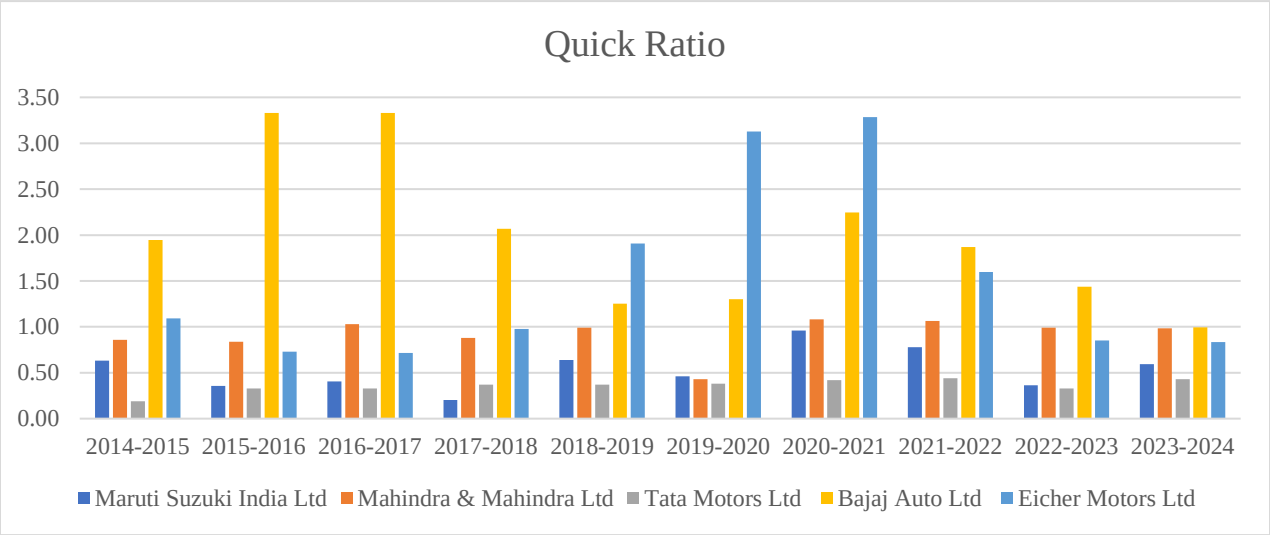
2021	0.96	1.08	0.42	2.25	3.29
2022	0.78	1.06	0.44	1.87	1.60
2023	0.36	0.99	0.33	1.44	0.85
2024	0.60	0.99	0.43	0.99	0.84
SD	**0.22543661**	**0.19064382**	**0.072334101**	**0.816374051**	**0.972872985**
MEAN	**0.54**	**0.91**	**0.36**	**1.98**	**1.51**



Interpretation

Bajaj Auto shows the leading ratio of 1.98, although it shows significant fluctuations. Eicher Motors with a fast 1.51 ratio also maintains strong liquidity, but is experiencing some variability. Mahindra & Mahindra, 0.91, remains stable and is close to the optimum level. Maruti Suzuki and Tata Motors, on the other hand, show weak liquidity, with tata engines permanently underline 0.36.

7.FINDINGS

- Maruti Suzuki and Tata Motors have a negative working capital over the years, indicating effective short -term operations, but may be too reliable on current obligations.
- Mahindra & Mahindra maintains a positive and constantly growing working capital, indicating a more conservative strategy with a higher liquid buffer.
- The Bajaj Auto experiences working capital fluctuations, reflecting the variability in the area of cash conversion and the management of asset disturbances.
- Eicher Motors usually has positive working capital, which has been improving and better management of current assets and obligations in recent years.
- Bajaj car leads in terms of current ratio (2.22), indicating a strong ability to meet short -term obligations, albeit with remarkable fluctuations in its liquid position.
- Mahindra & Mahindra is the most stable artist with a current ratio of 1.28, which shows effective and consistent liquidity management.
- Tata Motors and Maruti Suzuki consistently show the current conditions below 1, signalling challenges when meeting short -term liabilities, while Tata Motors are the weakest to 0.55.
- Bajaj Auto has the highest rapid ratio (1.98), suggesting that it can fulfil short -term duties without relying on inventory, albeit with significant fluctuations over time.
- Eicher Motors has a solid rapid ratio of 1.51, but variability suggests inconsistent Ness in the control of short -term liquidity.
- Tata Motors has the weakest rapid ratio (0.36), which indicates poor short -term liquidity and severe relying on stocks or slower receivables with duties.

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8.SUGGESTIONS

Organizations such as Maruti Suzuki and Tata Motors, which permanently show negative working capital, should reconsider their dependence on current obligations to guarantee long -term viability. Companies that experience significant volatility, such as Bajaj Auto and Eicher engines, should focus on stabilizing their cash conversion cycles. Mahindra & Mahindra, demonstrating stable liquids of liquidity, should maintain its balanced strategy and at the same time strive to increase efficacy without endangering stability.

9.CONCLUSION

Examination of working capital management between different cars of cars reveals different strategies on liquidity and financial stability. Mahindra & Mahindra excels as the most reliable artist, represents stable working capital and robust liquidity conditions. On the other hand, the car Bajaj Auto shows expertise in solving short -term commitments, albeit with inconsistent performance. Tata Motors and Maruti Suzuki encounter difficulty in liquidity management, as evidenced by their permanently low and fast conditions, indicating the requirement to improve their financial frames.

In conclusion, effective management of working capital is essential for long -term viability of automotive companies. Although some companies, such as Eicher Motors, have shown progress, others, including Tata Motors, have to improve their strategies to improve liquidity and fortification of their financial situation in the progressively competitive landscape.

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