

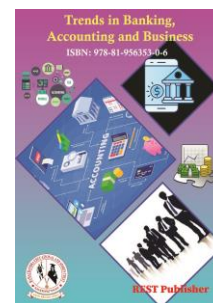


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## **A Study on Working Capital Management in Apollo Home Healthcare Limited at Bengaluru**

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**Abstract:** Working Capital is the required for carrying out day to day business operations. The present-day competitive market environment calls for an efficient management of working capital. Proper management of working capital is essential to a company's fundamental financial health and operational success as a business. A hallmark of good business management is the ability to utilize working capital management to maintain a solid balance between growth, profitability and liquidity. The Project titled 'A Study of Working Capital Management in APOLLO HOME HEALTHCARE LIMITED' aims to study the various aspects of Working Capital Management. This study is based on 'APOLLO HOME HEALTHCARE LIMITED' (AHC) Bengaluru. The period considered for the study is Four years i.e from Financial year 2019-20 to 2023-24.

**Keys words:** Inventory, Cash flow management, Accounts receivable, Accounts payable, Ratio, maintaining optimum working capital, prepaid expenses.

### **1. INTRODUCTION**

Working capital management refers to a company's managerial accounting strategy designed to monitor and utilize the two components of working capital, current assets and current liabilities, to ensure the most financially efficient operation of the company. The primary purpose 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 management is concerned with the problems that arise in attempting to manage the current assets, the current liabilities and the interrelationship that exists between them. The term current assets refer to those assets which in the ordinary course of business can be, or will be, converted in to cash within one year without undergoing a diminution in value and without disrupting the operation of the firm. The goal of working capital management is to ensure that a firm is able to continue its operations and that it has sufficient ability to satisfy both maturing short term debt and upcoming operational expenses. The management of working capital involves managing inventories, accounts receivable and payable, and cash. The excess of \_current assets 'of a business organization over its \_current liabilities 'is termed as the \_working capital 'of that organization. The major current assets are cash, marketable security, account receivable and inventory. Current liabilities are those liabilities which are intended, at their inception, too be paid in the ordinary course of business, within a year, out of the current assets or earning of the concern. The basic current liabilities are account payable, bills payable, bank overdraft and outstanding expenses.

### **2. OBJECTIVES OF STUDY**

To analyze the effective utilization of working capital  
To evaluate the performance of receivables and cash  
To study the structure of working capital

To study the sources of working capital finance  
To study need of working capital requirement in organization

### 3. SCOPE OF THE STUDY

The study is conducted on APOLLO HOME HEALTHCARE LTD. The study of working capital management is purely based on secondary data and all the information is available within the company itself in the form of records. To get proper understanding of this concept, From the study of the balance sheets, profit and loss A/C. So, scope of the study is limited up to the availability of official records and information provided by the finance department. The study is supposed to be related to the period of last three years. The main scope of the study was to put into practical the theoretical aspect of the study into real lifework experience. The study of working capital is based on tools like Ratio Analysis, Statement of changes in working capital. Further the study is based on last five years' balance sheet.

### 4. LIMITATIONS OF THE STUDY

The study is restricted for a period of five years only commencing from 2020- 2024. So it shows limited period data is considered. As the financial information is confidential, they do not want to share accurate data or information. Study duration is very short.

### 5. RESEARCH METHODOLOGY

The proposed study is of ANALYTICAL IN NATURE. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible. A research design for a particular problem usually involves the consideration of the following factors.

**Research Approach and Design:** Research design is a framework or the blueprint for conducting the research report. Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

### 6. DATA COLLECTION

**Secondary data:** Secondary data has been collected from the company's annual report, journal, magazine and website.

### 7. LITERATURE REVIEW

Azhagan R. & Gounasegaran (2020) recognized India's per capita real GDP growth as one of key drivers of growth for country's automobile industry. The central government would be set up various task forces on issue related to taxation, land acquisitions, labour reform and skill development for auto industry.

Maheswari, V. (2015) made an attempt to analyze the financial soundness of the Hero Honda motors limited have identified three factors, namely liquidity position, solvency position and profitability position based on the study of period 2002 to 2010 using ratio analysis.

Daniel A. Moses Joshunar (2021) the study has been conducted to identify the financial strength and weakness of the Tata motors Ltd. using past 5 year financial statements. Trend analysis & ratio analysis used to comment of financial status of company. Financial performance of company is satisfactory and also suggested to increase the loan levels of company for the better performance. Kumar Sumesh & Kaur Gurbachan (2014) Automobile sector is the dominant player in economy of world. After liberalization Indian automobile industry has emerged as a major contributor to India's GDP. The study identified that there is no significant in the means score of various financial ratios of Maruti Suzuki and Tata motors but in meeting their long term obligations and efficacy of utilizing the assets show the significant difference in the efficiency of both the firms.

Kumar Neeraj & Kaur Kuldip (2016) made an attempt to test the size and profitability relationship in the Indian automobile industry. To analyze the relationship linear regression model as well as cross-sectional has been

employed for the year 1998 to 2014. For profitability analysis two different measures have been used (i) ratio of net profit to total sales turnover (ii) ratio of net income to net assets plus working capital and for firm size two indicators used namely, total sales turnover and net assets.

Takeh Ata & Navaprabha Jubiliy (2015) Author has made conceptual model to outline the impact of capital structure on the financial performance i.e. capital structure is independent 13 variable that value is measured by using four ratios namely, financial debt, total debt equity, total asset debt and interest coverage ratio whereas financial performance is dependent variable that value is measured by using four ratios as return on assets, return on equity, operating profit margin and return on capital employed. cost to gain adequate profits.

Ravichandran, M. & Subramaniam M Venkata (2016) the main idea behind this study is to assessment of viability, stability and profitability of Force motors limited. Operating position of the company can be measured by using various financial tools such as profitability ratio, solvency ratio, comparative statement & graphs etc. This study finds that company has got enough funds to meet its debts & liabilities. Company can further improve financial performance by reducing the administrative, selling & operating expenses.

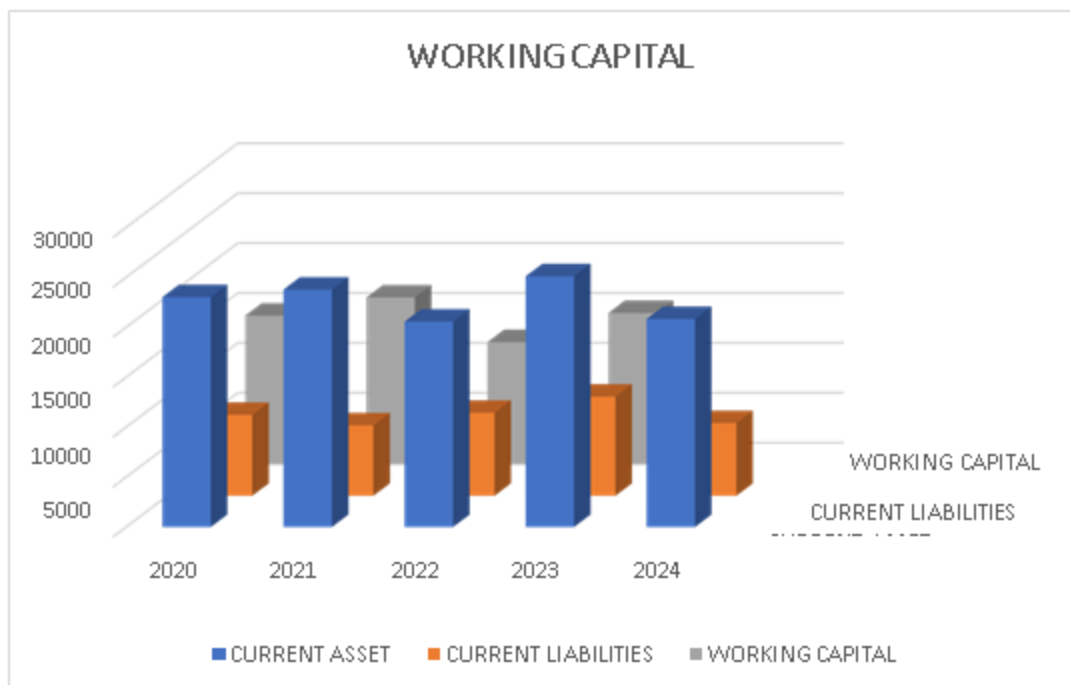
Jothi, K. & Kalaivani, P. (2015) studied the comparative performance of Honda Motors and Toyota Motor that both companies have satisfactory short term liquidity position. As for as cash ratio concerned Honda company has upper hand upper hand in sound cash management practice during the study period. In case of profitability it is rising from the both of companies but remained much higher earning potential in Honda Motor ltd.

## 8. DATA ANALYSIS AND INTREPRETATION

### Calculation of working capital

Year	Current assets	Current liabilities	Working capital (in lakhs)
2020	23023	8108	14915
2021	23785	7052	16733
2022	20577	8316	12261
2023	25114	9933	15181
2024	20837	7280	13557

**Source of Data:** Company annual report from 2020-2021 to 2023-2024



**Interpretation:** From the above table and chart its identified that, Working Capital is decreasing year by year but it has risen to Rs.16733 lakhs during the year 2021.

## 9. FINDINGS

The end result of the statement of changes in working capital after comparing all the increases and decreases is the net increase in the amount of working capital is Rs.164cr during year 2020 - 2021. The end of the table and chart inferred that, Current Assets are fluctuating, whereas Current Liabilities are decreasing from Rs.810.8 crores to Rs.728.00 crores. At the table and chart its identified that, Working Capital is decreasing year by year but it has risen to Rs.1673.30 crores during the year 2021. At the table and chart its identified that, Working Capital is decreasing year by year but it has risen to Rs.1673.30 crores during the year 2021.

## 10. SUGGESTIONS

The company should concentrate on the current ratio by utilizing current asset for productive purpose in order to achieve the standard ratio. The company should take necessary steps to make use of the quick asset for the development of the company and should balance with the standard ratio. Current assets turnover ratio is fluctuating. It's not good for company so in order to increase the current assets turnover ratio a company need to increase its sales. Gross profit ratio is not stable. So in order to increase the gross profit the company wants to increase the production.

## 11. CONCLUSION

The study conducted on working capital management on "APOLLO HOME HEALTHCARE LIMITED." gives a view of assessing the performance of working capital management of the society by analyzing the financial data with the help of ratio analysis. During the period of study, there were a few up and downs in the working capital and ratio analysis it will affect the operations of the society but it is observed that the overall financial position is good. The APOLLO HOME HEALTHCARE LIMITED resources utilization has been very low. The society has to take necessary steps to utilize current asset for improve profitability. It is anticipated that the profitability will improve in the coming years. Based on the analysis and interpretation. From the findings we can say that company should take effective remedies to control and reduce the cost. They should clearly observe and review the cost every time. Sufficient fund has to allocated Sufficient fund have to be allocated every year for repairs and maintenance. There should be improve inventory polices which reduces the inventory carrying cost.

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