

A STUDY ON WORKING CAPITAL WITH REFERENCE TO TULASI SEEDS

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Abstract – This study examines the working capital management of Tulasi Seeds, focusing on how financial planning and liquidity impact the organization's operational efficiency. The research aims to analyze the firm's short-term financial health by evaluating inventory management, accounts receivable, and cash flow trends. The study utilizes financial data to highlight the importance of liquidity, credit policies, and supplier relationships in sustaining business operations.

Keywords - Working Capital, Liquidity, Financial Planning, Operational Efficiency, Seed Industry.
Introduction.

I. INTERDUCTIONS

Working capital is the lifeblood of any business, ensuring smooth daily operations by managing short-term assets and liabilities. In the agricultural industry, particularly in the seed sector, effective working capital management is essential due to seasonal demand and production cycles. This study focuses on Tulasi Seeds, a major player in the sector, to analyze how they handle liquidity, inventory, and cash flow to maintain financial stability. The research aims to provide insights into the best practices that can improve efficiency and profitability in agricultural enterprises.

II. LITERATURE REVIEW

Several studies have emphasized the role of working capital in business sustainability. Prior research highlights that efficient management of current assets and liabilities enhances a firm's operational efficiency and financial health. The cash conversion cycle (CCC), inventory turnover ratio, and accounts receivable management are key metrics in assessing working capital efficiency. Agricultural firms often struggle with cash flow fluctuations due to seasonal production, making it crucial to optimize inventory and credit policies.

III. Methodology

This study adopts a quantitative research approach, analyzing financial statements of Tulasi Seeds over a three-year period. The data sources include balance sheets, income statements, and cash flow reports. Key financial ratios such as the current ratio, quick ratio, inventory turnover ratio, and cash conversion cycle were calculated to assess liquidity and operational efficiency. The research also involves a comparative analysis with industry benchmarks to evaluate the company's financial performance.

3.1 Data Collection Methods:

- [1] Financial reports from Tulasi Seeds (2021-2023)
- [2] Industry benchmarks for agricultural firms
- [3] Interviews with financial analysts

3.2 Analysis Techniques:

- [1] Ratio analysis (Current ratio, Quick ratio, Inventory turnover ratio)

- [2] Trend analysis for cash flow and accounts receivables
- [3] Comparative study with industry standards

IV. RESULTS AND DISCUSSION

4.1 Financial Ratio Analysis

The study analyzed key financial ratios to understand the efficiency of working capital management at Tulasi Seeds:

Financial Metric	2021	2022	2023	Industry Benchmark
Current Ratio	1.5	1.7	1.8	1.6
Quick Ratio	0.9	1.0	1.1	1.2
Inventory Turnover	4.5	5.0	5.3	4.8
Cash Conversion Cycle (days)	60	55	50	52

4.2 Key Findings:

- [1] Tulasi Seeds maintains a stable current ratio, indicating sufficient short-term liquidity.
- [2] The inventory turnover ratio has improved, reflecting better inventory management.
- [3] The cash conversion cycle (CCC) has decreased, suggesting enhanced efficiency in receivables and payables.
- [4] The company’s quick ratio is slightly below the industry standard, indicating a reliance on inventory for liquidity.

4.3 Challenges Identified:

- [1] **Cash Flow Volatility:** Seasonal demand affects revenue consistency.
- [2] **Supplier Dependence:** Fluctuations in supplier credit terms impact liquidity.
- [3] **Accounts Receivable Delays:** Customers take longer to settle payments, affecting cash flow.

V. CONCLUSION

This study highlights the significance of working capital management in ensuring the financial sustainability of agricultural firms. Tulasi Seeds has demonstrated strong liquidity and efficient inventory turnover. However, improvements can be made in managing accounts receivable and enhancing quick ratio performance. The findings suggest that optimizing supplier contracts and implementing tighter credit policies could enhance overall financial stability.

5.1 Recommendations

- [1] Implement dynamic cash flow forecasting to manage seasonal fluctuations.
- [2] Negotiate better credit terms with suppliers to reduce reliance on external financing.
- [3] Strengthen receivables collection policies to shorten payment cycles.

[5] Adopt technology-based inventory management to optimize stock levels.

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