

A

PROJECT REPORT ON

“WORKING CAPITAL MANAGEMENT”

OF

ARSS INFRASTRUCTURE LIMITED

BHUBNESWAR



SUBMITTED BY: RAJAT KUMAR SAHOO

REGD NO : 1813258005

IMBA 8th SEMESTER BATCH (2018-2023)

(For the partial fulfilment of the requirement for the degree of I-MBA)



**Biju Patnaik Institute of Information
Technology & Management Studies**

(AFFILIATED TO BPUT, ODISHA)

Internal Guide

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DECLARATION

I do hereby declare that the project title **Working Capital Management** of ARSS infrastructure project Ltd, Bhubaneswar submitted by me for the partial fulfilment of the degree of integrated master in administration it is the original piece of work carried out by me under the guidance and supervision of Mr . R.R. Singh, General Manager Finance and Accounts of ARSS Infrastructure Project Ltd. Bhubaneswar and my internal guide DR Ramkrushna Mishra the information has been collected from genuine and authentic sources. It is my original work and the same has not been submitted for the award of any other degree diploma/fellowship or other similar titles or prize.

Place: Bhubaneswar

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Date:

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CHAPTER:1

INTRODUCTION

1.1.WORKING CAPITAL MANAGEMENT:

Liquidity Management is otherwise known as capital management. Working capital may be defined as the life blood of a business. Its effective provision can do much to ensure the success of a business. Its ineffective management can lead only to loss of profit but also to the ultimate downfall of what otherwise might be considered as promising concern.

Much has been rightly made of the long term planning project. But the cost to the industry due to inadequate planning in the use of working capital is one of the major. Important to internal and external analysis of working capital is close relationship with the current day to day operation of a business. So inadequate or mismanagement of working capital is the leading cause of business which are used in, or related to current operation and represented at any one time by the operating cycle of such items as against receivable, inventories of raw material, stores, work-in-progress and finished goods.

1.1.1. IMPORTANCE OF WORKING CAPITAL

Working capital is essential to the smooth running of a business can run successfully without an adequate amount of working capital is as follows:

- a) It is possible to pay the current obligations promptly and to take advantages of cash discounts.
- b) It permits the carrying of inventories at a level that would enable a business to serve satisfactorily the need of its customers.
- c) It protects a business from the adverse effect of shrinkages in the values of current assets.
- d) It enables a company to operate its business more efficiently because there is no delay in obtaining material etc. because of difficulties.
- e) It enables a business to face business crisis in emergencies like depression.
- f) Sufficient working capital enables a business concern to make prompt payment and hence helps in creating and maintaining goodwill.
- g) There may be an unwise dividend policy.
- h) It enables a company to extend favourable credit term of customers.
- i) It creates an environment of securities, of confidence, and high moral and creates overall efficiency in a business.
- j) It enables a company to make regular payment of salaries, wages and other day-to-day commitments which raise the moral of employees.

1.1.2.Factors Affecting Working Capital

There are no determined factors which influences the working Capital requirement. A large no. of factors, each having a different important influence working capital need of firms. The importance of factors also changes for a firm over of time.

I. Nature of business

Working capital requirement of a firm are basically influenced by the nature of business. Trading and financial firms have a very small amount of assets, but require large sum money to be invested in working capital. In contrast public utility services like railways, infrastructure oriented projects etc there requirements of working capital is less.

II. Length of production cycle

In some business like machine tools industry, the time gap between the acquisition of raw material till the end of final production of finished goods itself is quite high. As such amount may be blocked either in raw material or work in progress or finished good of even in debtors. Naturally there need of working capital is high.

III. Size and growth of business

In very small company the working capital is quite high due to high overhead, higher buying and selling cost etc. But if the business starts growing, the working capital requirement may positively affect by the increasing size.

IV. Business / trade cycle

If the company is operating in the time of boom, the working capital requirement may be more as the company may like to buy more raw materials, may increase the production and sales to take the benefits of favourable market, due to increase in the sales, there may more amount of funds blocked in stocks and debtor etc. Similarly in the case of depression also working capital may be high as the sales terms of value and quality may be reducing this may not recovered In time etc. This is the case of ARSS infrastructures project limited.

V. Profitability

The profitability of the business may vary in each and every individual case, which in turn depends on numerous factors, but profitability will positively reduce the strain on working capital requirements of the extent that they earned in case may be used to meet the working capital requirements of the company.

1.1.3. Gross working capital and net working capital

1. Gross Working capital

Gross Working capital refers to the firm's investment in current assets.

2. Net working capital

Net working capital refers to the difference between the current asset and current liabilities are those claims of outsiders which are expected to mature for payment within an accounting year. It can be positive or negative. A negative net working capital-gross and net-are not exclusive, rather they have equal significance from management viewpoint.

Efficient working capital requires that firm should operate with some amount of net working capital, the exact amount varying from the firm to firm and depending, among other things on the nature of industries. Networking capital is necessary because the cash outflow and inflow coincide.

1.2. OBJECTIVE OF THE STUDY:

- To study the working capital Management of ARSS INFRASTRUCTURE PROJECT LIMITED.
- To study the working capital component of the company.
- To study the liquidity position through various working capital related ratio.
- To study estimate the working capital requirement of ARSS Infrastructure Project Limited.

1.3.METHODOLOGY:

Data collection plays an important role in research work. Without proper data available for analysis we can't do the research work accurately.

- **Types of data collection:**

There are two types of data collection methods available.

1. Primary data collection.
2. Secondary data collection.

- **Primary Data:**

The primary data is that data which is collected fresh or first hand, and for first time which is original in nature. Primary data can be collected through personal interview, questionnaire etc. to support the secondary data.

- **Secondary Data:**

- Secondary data are those data which is already collected and stored. Secondary data can easily get from the Annual Reports, journals etc. secondary data are collected from internal sources as well as from external sources.

- Secondary data source include
 - Annual Report
 - Commercial data
 - Files
 - Books on subject
 - Published reports relevant to the topic
 - News, letters and other publications
 - Websites

This project is based on primary data collected through personal interview of head account department and other concerned staff member of finance department. But primary data collection had limitation such as matter confidential information. This project is based on secondary information collected through three year annual report of the company supported by various books and internet sites. The data collection was aimed at study of working capital management of the company.

1.4. SCOPE OF THE STUDY:

Scope of the study is identified after and during the study of the project. The study of the Working Capital is totally based on trend analysis, ratio analysis, working capital leverage, etc. and five years annual reports of the company while other things like competitor analysis, industry analysis, discussed in the part of company's profile.

1.5. LIMITATION OF STUDY:

- Company does not allow for entering into some kind of account as per their company policy.
- They did not give the task in proper time, that is why I have lost some time.
- The study conducted with the data available and analysis was made accordingly.
- Due to the confidential financial records, the data is not exposed so that the study may not be detailed and fully fledged.
- Since the study is based on the financial data are obtained from the company's financial statement shall be equally applicable.

CHAPTER: 2

COMPANYS PROFILE

2.1. INTRODUCTION

ARSS is one of the fastest growing construction companies of India, focusing on infrastructure construction segment including highways, buildings and railways. Incorporated in 17th May 2000 by a group of professionals, it has rapidly achieved a turnover of Rs. 1013.00 crores. It has completed 80 projects across India, with aggregate contract value of over Rs. 7000 million, for various clients all over India.

ARSS has a unique business model, with proven expertise in innovative thinking, project and cost management. We are focused on delivering high quality work within budgeted time and costs, as evident in the various accolades and repeat business. We have also developed an appropriate blend of entrepreneurs and hands on professionals, constantly thinking & executing innovative and cost effective solutions to clients' requirements.

Today it is acknowledged as a company that continues to empower India, enabling the nation to surge ahead in different core sectors. At the heart of all our development efforts is the attempt to touch and improve the quality of life of people across the length and breadth of the country.

In fact, ARSS, as an industry leader in engineering construction, currently nurtures projects that span across such diverse segments as railway, real estate and highways, all of which impact the nation of India, and the progress of its people.

ARSS, even as you read this, is bringing to bear its wealth of engineering and construction expertise to develop infrastructure aimed at further propelling the nation forward, into the 21st century and beyond.

Project is based on three year annual reports. They are under follows:

MAJOR PROJECTS EXECUTED:

- Improvement to Fulnakhara-Niali-Madhab-Gop-Konark-Puri Road from 2/200 Km to 2/300 Km, 19/000 Km to 23/720 Km and 24/000Km in the District of Cuttack under NABARD Assistance Scheme RIDF-X.
- Improvement to Pipili-Nimapara-Gop-Konark-Puri Road from 52.00 Km to 80.00 Km under ACA. Reach 2.
- Improvement to Berhampur-Chikiti Road Via-Lathi-Jamara from 0/0 to 25/0 Km under NABARD Assistance RIDF-IX.
- Improvement to Chordol-Dubani Road from 0/0 to 6/400 Km. under NABARD Assistance RIDF-X.
- Improvement to Sukinda-Ashokjhara Road from Km. 9.450 in Jajpur District under RIDF-VII(NABARD Assistance)
- Repair such as Construction of Khandagiri Udayagiri Peripheral road from NH-5 to Kolothia Chhak Via craft Village and Sivananda High School (3:100 Km.) and Widening to 4 Laning Under 12th FCA of 2006-07.
- Repair such as widening to six lane Bhubaneswar-Nandankanan Road from Damana Square to end municipality area Raghunathpur from 4.15 Km to 8.150 Km for the year 2007-08

BOARD OF DIRECTORS:

DIRECTOR	EXPERIENCE
Mr. Subash Agarwal: Age:52: Chairmen	24 years of industrial and entrepreneurial experience in the execution of railway and road projects.
Mr. Rajesh Agarwal: Age:43; Managing Director	Over 18 years of Industrial and entrepreneurial experience; He is a civil Engineer by profession.
Mr. Swarup Chandra Parija : Age:75; Independent Director	40 years of service with government of india, with involvement in various administrative assignments as director of income tax investigation, commissioner of income tax and Director General of Income-Tax, Investigation.
Mr. Pareswar Panda : Age: 60 ; Independent Director	Mr. Panda is having total of 37 years of work experience which includes 7 years in M/s Essel Mining & Industries Ltd. 30 years in National Aluminium Company Limited (NALCO).
Mr. Krishna Chandra Raut: Age:70; Nominee Director	Retired Chief General Manager, State Bank of India.
Mrs. Janhabi Deo: Age:47; Women Independent Director	She is a Chartered Accountants by profession having 17 years of experience in this field. Mrs. Deo has also qualified DISA, IFRS, & concurrent

2.2.Vision & Mission

2.2.1.ARSS VISION:

To be India's most trustworthy, growth-oriented and forward-looking construction company providing eco-friendly, customer-satisfying and safe solutions of international standard in residential, commercial, and industrial as well as infrastructure sectors throughout the country; meeting challenges effectively; and setting trends in quality, integrity and efficiency of services.

2.2.2.ARSS MISSION:

- To deliver such construction solutions as to become a global leader in product costing and designing while proving excellence in meeting most stringent requirements in quality, timely delivery, safety and environmental sustainability.
- To thrive on an organizational culture based on productivity, systematic capacity development, unfailing commitment to results, and continuous product innovation and customization in fulfilling customer requirements; and
- To sustain organizational growth, establish distinct global identity and leadership in real estate and infrastructure sectors, and diversify such leadership to other sectors (i.e. marine, power, aviation, etc.) in a planned manner.

2.3. SWOT ANALYSIS:

Strength of the company:

- Rising net cash flow and cash from operating activity.
- Effectively using its capital to generate profit- ROCE improving in last 2 years
- Growth in Net Profit with increasing profit margin.
- Increasing profits every quarter for the past 2 quarters.
- Majority of the clients are the governments of the states or central government, public sectors undertakings, and other government agencies.
- The company is continuously growing in their bid capacity, and prequalification capability largely depends upon technical capacity, financial capability and past experience in similar projects.

Weakness of the company:

- Declining revenue every quarter for the past 3 quarters.
- Low Piotroski score: Companies with weak financials.
- Weak momentum: Price below short, medium and long term averages.
- The company incurred loss in previous years which can affect the business of the company.
- The company has not carried out an independent appraisal of the working capital management.
- The Working capital requirement of the company is dependent on the bank finance. Any changes in interest rates or banking policy will adversely affect the company's business.

Opportunity:

- Turnaround companies- loss to profit QoQ.
- Stock with low (PE<=!0)

Threats:

The followings can be threats for the company:

- Increasing competition in bidding process; face completion from national and international companies
- High working capital requirement; if deficiency will affect the financial strength of the company
- Increase in cost or non-availability of equipment, materials or fuel
- Engagement of subcontractor or other agencies in the course of execution of road and railway projects
- A significant person of the revenues and the order book being concentrated in eastern india .
- Seasonality and weather condition.
- Changes in government policies and the political situation in India
- Statutory taxes and levies, which may affect the margin in the event of inability to factor such expenses in bid or contract.

2.4. COMPANY'S CUTOMER & COMPETITOR

THE CUSTOMERS:

The company is totally entrusted in its customer's satisfaction and confidence based on its providing services. The company's valued customers are;

- Govt. of Odisha
- Govt. of Haryana
- Rail Vikash Nigam Limited
- RITES Limited
- National Thermal Power Corporation (NTPC)
- National Highway Authority of India
- ESSEL mining
- Damodar valley corporation
- Odisha state disaster mitigation authority(OSDMA)
- Hindustan petroleum corporation limited(HPCL)
- Jaupur development authority
- East coast railway
- South eastern railway
- North western railway
- Southern railways
- Central Railway
- Northeast frontier railways
- Tamil Nadu industrial road infrastructure limited
- Jindal steel and power limited
- Rourkela steel and power limited
- Vedanta Aluminium limited

From time to time, the company's customers have pruned or increased their budgets for construction services on a year-on-year basis.

COMPETITORS:

- L&T Construction
- Tata Projects Ltd.
- Hindustan Construction Company
- Shapoorji Pallonji & Co Ltd
- GMR Group
- Nagarjuna Construction Company Ltd.
- NPCC Ltd

CHAPTER :3

DATA ANALYSIS & INTERPRETATION

3.1.STATEMENT OF CHANGES IN WORKING CAPITAL

TABLE NO. 1

STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR ENDING 31st MARCH 2016 AND 2017

PARTICULAR	31.3.2017 In (Rs)	31.3.2016 In (Rs)	Absolute Change
A)CURRENT ASSETS			
Inventories	587,399,614	5,578,319,164	(4,990,919,550)
Trade Receivables	1,255,286,201	2,698,913,298	(1,443,627,097)
Cash and Cash Equivalents	750,492,205	760,257,451	(9,765,246)
Short Term loans and advances	4,613,062,082	2,602,035,355	2,011,026,747
Total current Asset	7,206,540,102	11,639,525,268	(4,432,985,166)
B) CURRENT LIABILITIES			
Short term borrowings	10,196,635,027	9,494,774,888	701,860,139
Trade Payable	547,676,918	604,676,186	(56,999,268)
Other current liabilities	601,089,285	2,679,439,959	(2,078,350,674)
Short term provisions	-	12,699,868	(12,699,868)
Total Current Liabilities	11,345,401,230	12,791,590,901	(1,446,189,671)
Net working Capital	4,138,861,128	1,152,065,633	2,986,795,495

INTERPRETATION:

In the table it shows that total current asset have decreased from the previous year and current liability have also decreased but the net working capital have increased which is good for the compa

TABLE NO. 2

**STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE
YEAR ENDING 31st MARCH 2017 AND 2018 (in Rs. lakhs):**

Particular	31.3.2018	31.3.2017	Absolute change
A)CURRENT ASSET			
Inventories	6,175	5,869	308
Trade Receivables	5,080	8,214	(3,134)
Cash & Bank Balance	6,510	1,698	4,812
Loans	4965	4107	858
Other Financial Assets	290	37,492	(37,202)
Current Tax Assets	5018	6325	(1,307)
Other current Assets	1456	1875	(419)
Total Current Assets	29,494	65,580	(48,040)
B)CURRENT LIABILITIES			
Borrowings	102,152	101,966	186
Trade Payables	4,982	4,896	86
Other Financial Liabilities	9,090	4,771	4,319
Provisions	27	18	9
Other Current Liabilities	1655	1623	32
Total Current Liabilities	117,906	113,274	4,632
Net Working Capital	88,412	47,694	43,408

Interpretation

In the table it shows that the change in current asset is negative whereas change in current liability is positive that means current asset have decreased and current liability have increased which indicates that the company's working capital management is not good.

TABLE NO. 3

**STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE
YEAR ENDING 31st MARCH 2018 AND 2019 (Rs in lakh):**

Particulars	31.3.19	31.3.18	Absolute Change
A)CURRENT ASSETS			
Inventories	6,698	6,175	523
Trade Receivables	7,406	5,080	2,326
Cash & Bank Balance	7,819	6,510	1,309
Loans	4,855	4,965	(110)
Other Financial Assets	660	290	370
Current Tax Assets	5,388	5,018	370
Other Current Assets	1,000	1,456	(456)
Total Current Assets	33,826	29,494	4,332
B)CURRENT LIABILITIES			
Borrowings	1,75,051	1,02,152	72,899
Total Outstanding dues other than MSME	5,374	4,982	392
Provisions	1,992	9,080	(7,088)
Other Current Liabilities	31	27	4
Current Tax Liability	3,967	1,655	2,312
Total Current Liability	186,415	117,896	82,695
Net Working Capital	152,589	88,402	78,363

INTERPRETATION:

The statement shows that the increase in the inventory of the company this means that the company has some operational problem in it. Cash and bank balance also increased this means that that the company may not face any financial crisis in the future. The net working capital of the company is increased because in the increase in the current asset and in the current liability.

TABLE NO. 4**STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR
ENDING 31st MARCH 2019 AND 2020 (Rs in lakh):**

Particulars	31.3.2020	31.3.2019	Absolute Change
A)CURRENT ASSET			
Inventories	7,994.81	6,697.55	1297.26
Trade Receivables	1,387.93	7,406.49	(6018.56)
Cash & Bank Balance	2,019.76	7,819.10	(5,799.34)
Loans	5,649.76	4,855.27	794.49
Other Financial Assets	522.12	659.61	(137.49)
Current Tax Assets	5,069.89	5,338.21	(268.32)
Other Current Assets	1,647.48	1,000.22	647.26
Total Current Asset	24,291.75	33,776.45	(9,484.7)
B)CURRENT LIABILITIES			
Borrowings	164,688.07	175,050.80	(10,362.73)
Total outstanding dues other than MSME	3,410.13	5,373.99	(1,963.86)
Other Financial Liabilities	775.19	1,9921.79	(19146.6)
Provisions	31.00	31.00	0
Other current Liabilities	4,300.59	3,967.47	333.12
Total Current Liabilities	173,204.98	204,345.05	(31,806.31)
Net Working Capital	148,913.23	170,568.6	(22,321.61)

INTERPRETATION:

This statement shows that the inventory of the company is increased as compared to the previous year, an increasing inventory to the working capital means that the company is facing an operational problem which may result in difficulties In paying the short-term liabilities and clear the account payable. The company's net working capital is decreased because the current liability of the company is increased. This means the company may face problems in the future.

TABLE NO. 5

**STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR
ENDING 31st MARCH 2020 AND 2021 (Rs in lakh):**

Particulars	31.3.21	31.3.20	Absolute Change
A)CURRENT ASSET			
Inventories	2,641.67	7,994.81	5,353.14
Trade Receivables	2,258.17	1,387.93	870.24
Cash & Bank Balance	2,851.59	2,019.76	831.83
Loans	4,402.66	5,649.76	1,247.1
Other Financial Assets	2,528.33	522.12	2,006.21
Current Tax Assets	4,328.07	5,069.89	7,41.82
Other Current Assets	3,272.11	1,647.48	1,624.63
Total current assets	22,282.6	24,291.75	2009.15
B)CURRENT LIABILITIES			
Borrowings	163,027.71	164,688.07	1,660.36
Total outstanding dues other than MSME	3,187.16	3,410.13	222.97
Other Financial Liabilities	610.74	775.19	164.45
Provisions	-	31.00	31.00
Other current Liabilities	3993.30	4300.59	307.29
Total current Liabilities	170,818.91	173,204.98	2,386.07
Net Working Capital	148,536.31	148,913.23	376.92

Interpretation:

The statement of working capital shows that the inventory of the company is reduced as compared to the previous year data. Less inventory means the inventory turnover of the company is not good. But the company has treasury named as cash and bank balance has increased as compared to the previous years ,this means that the company will not face financial problem in the future. The liability of the company is also decreased that is a good sign of the company. But the total current asset of the company has reduced which is not

a good sign for the company. And the current liability of the company is also decreasing which means the company is getting debt free slowly.

3.2. WORKING CAPITAL RATIO ANALYSIS

INTRODUCTION:

Ratio analysis is the powerful tool of financial statements analysis. A ratio is defined as ratio analysis quotient of two mathematical expressions and as the relationship between two or more things. The absolute figures reported in the financial statement do not provide meaningful understanding of the performance and financial position of the firm. Ratio helps to summaries large quantities of financial data and to make qualitative judgement of the financial performance.

ROLE OF RATIO ANALYSIS:

Ratio analysis helps to appraise the firms in the term of profitability and efficiency of performance, either individually or in relation to other firms in the same industry. Ratio analysis is one of the best possible techniques available to management to impact the basic functions like planning and control. A is closely related to the immediately passed, ratio calculated on the basis historical financial data may be of good assistance to predict the future. e.g. on the basis of inventory turnover ratio or debtor turnover ratio in the past, the level of inventory and debtors can be easily ascertained for any given amount of sales similarly, the ratio analysis may be able to locate the point out the various areas which need the management attention in order to improve the situation.

CLASSIFICATION OF RATIO:

Basically on the basis of working capital management is can be characterised into following ratios.

1. Activity ratio :- Activity ratio is an indicator of how rapidly a firm converts various accounting into cash or sales. The soonest management can convert assets into sales or cash, the more actively the firm run. This ratio is also called asset management ratio. As the assets basically categorized as fixed assets and current assets and again further the current assets classified according to individual components of current assets viz. Inventories, sundry debtor, and receivables etc. the important activity ratios are as follows

i) Working capital turnover ratio

ii) Inventory turnover ratio

iii) Receivable Turnover ratio

iv) Current asset turnover ratio

Working capital turnover ratio:

A company uses working capital to fund operations and purchase inventory. These operation and inventory are then converted into sales revenue for the company. The working capital turnover ratio is used to analyse the relationship between the cash used to fund operation and sales generated from these operations. In a general sense, the higher the working capital turnover, the better because it means that the company is generation a lot of sales compared to the cash uses to fund the sales.

Working capital turnover ratio= Sales/ Net working capital

Inventory turnover ratio

Inventory turnover ratio=cost of goods sold/ Average inventory

Debtor turnover ratio:

A firm sells goods and or services for cash and credit. When the firm extends credits to its customers, debtors (Accounting Receivables) are created in the firm's accounts. The liquidity position of the firm depends on the quality of debtors to great extent.

Debtors turnover ratio= Gross sales/ Average debtors

Current Assets Turnover Ratio:

Current assets turnover ratio is calculate to know the firms efficiency of utilizing the current assets. Current assets includes the assets like inventories sundry debtors, bill receivable, cash in hand or bank, marketable securities, prepaid expenses and short term loans and advances. This ratio includes the efficiency with which current assets turn into sales. A higher ratio implies a more efficient use of funds thus high turnover ratio indicate to reduce the lock up of funds in current assets. An analysis of this ratio over a period of time reflects working capital management of a firm.

Current asset ratio= sales/ Current assets

3.2.1 CURRENT RATIO GRAPHICAL REPRESENTATION & INTERPRETATION

The current ratio is a crude and quick measure of the firm's liquidity. The current is calculated by dividing current assets by current liabilities.

Current ratio= current Assets/ current liabilities

Current assets include cash and those assets which can be converted in to cash within a year, such marketable securities, debtors and inventories. All obligations within a year are include in current liabilities. Current liabilities include creditors, bills payable accrued expenses, short term bank loan, income tax liabilities and long term debt maturing in the current year. Current ratio indicates the availability of current assets in rupees for every rupee of current liability.

This ratio is important as the current assets may decrease or increase but the value of the current liabilities is always constant. That has to be paid.

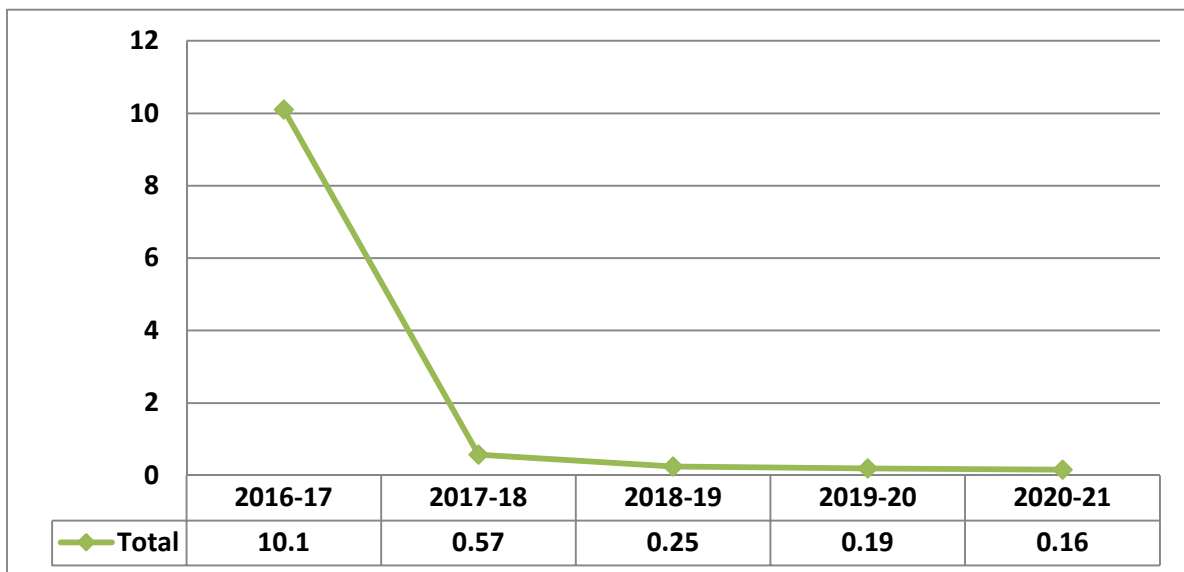
TABLE NO.6

- **Current ratio of five financial year (Rs in lakh)**

YEAR	CURRENT ASSET	CURRENT LIABILITIES	CURRENT RATIO
2016-17	116395.25	1,1520.65	10.10
2017-18	65,580	113,274	0.57
2018-19	29,494	117,896	0.25
2019-20	33,776.45	170,568.6	0.19
2020-21	24,291.75	148,913.23	0.16

FIGURE NO. 1

CURRENT RATIO



Interpretation:

The ratio is mainly used to give an idea of the company's ability to pay back its short term liabilities (debt and payables) with its short assets (cash, inventory, receivables). The higher the current ratio, the more capable the company is of paying its obligations. A ratio in each year suggests that the company has shown in first year it is increased then decreasing trend in its financial health in its subsequent year, since low current ratio does not necessarily mean that the firm will bankrupt, but it is definitely not good sign for the company.

3.2.2. QUICK RATIO ANALYSIS & INTERPRETATION

Quick ratios establish the relationship between quick or liquid assets and liabilities. An asset is liquid if it can be converting into cash immediately or reasonably soon to be relatively liquid and include in quick asset are debtors, bills receivable and marketable securities. Inventories are considered as less liquid. Inventory normally required some time for realizing into cash.

Their value also is tendency to fluctuate. The quick ratio is found out by dividing quick asset by current liabilities.

Quick ratio= $\frac{\text{Current assets}-\text{inventories}}{\text{current liabilities}}$.

TABLE NO.7

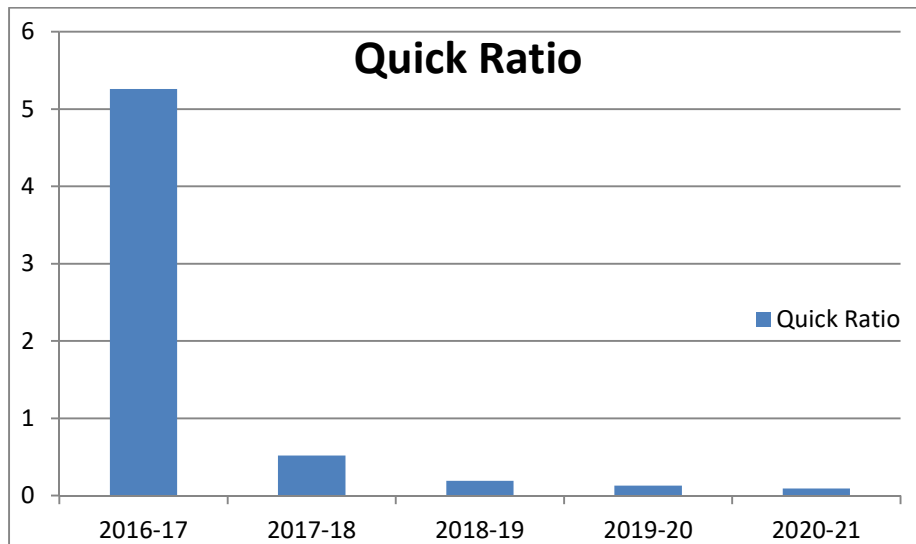
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QUICK RATIO (Rs in Lakh)

YEAR	CURRENT ASSETS	INVENTORIES	QUICK ASSETS	CURRENT LIABILITIES	QUICKRATIO
2016-17	116395.25	55783.19	60,612.06	11520.65	5.26
2017-18	65,580	5,869	59,711	113,274	0.52
2018-19	29,494	6,175	23,319	117,896	0.19
2019-20	33,776.45	6,697.55	27,078.9	204,345.05	0.13
2020-21	24,291.75	7,994.81	16,296.94	173,204.98	0.09

FIGURE NO.2

- **QUICK RATIO (Rs in Lakh)**



Interpretation:

Usually a high ratio is an indication that firm is liquid and has ability to meet its current obligations, on the other hand a low ratio represent that the firm liquidity position is not good. As a thumb rule quick ratio of 1:1 is considerable satisfactory.

Companies with ratio of less than it can't pay their current liabilities and should be looked at extreme caution. If the acid test ratio is much lower than the current ratio, it means current assets are highly dependent on inventory.

CHAPTER: 3

FINDINGS

- Current Asset of the company is not stable, It is fluctuating .
- Current Liability of the company was first increased then decreased.
- Cash and Bank Balance of the company increase in 2017 and 2018, but after that it decreased due to reduction in site.
- The current liability of the company is decreasing.
- Company is maintaining more stock as inventory.
- Loan is increasing every year.
- Through ratio analysis, it is clear that the current ratio of the company is declining.

CHAPTER: 5

SUGGESTIONS

The study provides with the useful data from data from the respondents. There has a lot to recommend following are the recommendation

- As the company is taking the projects like roadwork, railway work. bridge work, airport and power etc. and it's doing really good in these sectors so now it's the right time for ARSS infrastructure it had to explore to other sectors like commercial mall, building and residential houses and apartment etc.
- The main objectives of the company are to maximize its profits and minimize its costs by giving better service to its clients. So it has to explore new market by creating new and more joint ventures.
- The overall profitability position of the company is good and it should try to maintain it.
- There should be improved the completion process of project of ARSS because completion process of project of ARSS is taken more time.
- There should good communication between each department of ARSS.
- The cash position of the company sound, the company should maintain it and as well as try to declare dividend to its shareholders from time to time.
- As the company has satisfactory financial position and planning for more growth and diversification, it should try to maintain its financial position.
- Company should diversify its business towards construction building in city like Bhubaneswar.

CHAPTER: 6

CONCLUSION

- Growth prospects of ARSS

With a short span, ARSS emerged as one of the leading infrastructure developer not only in the eastern India but also in southern northern western India spreading over in 14 states and executing projects with outstanding quality, reliability, affordability and efficient services.

ARSS is operating in competitive market but the credential, capability and decades of experience in construction sector sets it apart from its competitors. Today the organisation is one of the leading civil engineering construction companies on eastern, southern and north-western India. The company flyovers and has strong priorities comprise of the following.

- Negotiation with clients for the extension of delayed projects without any penalty clause.
- Better management of working capital.
- Development of infrastructure through the effective use of cutting-edge technology.
- Rationalization of cost to enhance competitiveness.
- Attract and retain best industry talent.
- The overall financial position of the company is satisfactory.
- Profit after tax also increases due to increase in contract revenue and other income.

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