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A Study on Working Capital Management of Travancore Cochin Chemicals Ltd, Kochi

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ABSTRACT: The analysis of working capital is the process of evaluating the relationship between component part of financial statement to gain better knowledge. The primary objectives of the study is the analysis of working capital management of Travancore Cochin Chemicals LTD Cochin. The research design adopted in the study is descriptive research. Study consisting of quantitative and qualitative factors. The sample size of the study is 5 years annual report. Statistical tools used in the study are Ratio Analysis and Trend Analysis.

KEYWORDS; Ratio Analysis, Trend Analysis

I. INTRODUCTION

Every business whether big, medium or small, needs finance to carry on its operations and to achieve its target. In fact, Finance is so indispensable today that its rightly said to be the lifeblood of an enterprises. Without adequate finance, no enterprise can possibly accomplish its objectives. So this chapter deals with studying various aspects of working capital management that is necessary to carry out the day to day operations. The term working capital refers to that part of firms capital which is required for financing short term or current as set such as cash, marketable securities, debtors and inventories funds invested in current as set keep revolving fast and are being constantly converted into cash and this cash flows out again in exchange for other current assets. Hence it is known as revolving or circulating capital. On the whole, working capital management performs a key function and is of top priority for every finance manager. All managers must, however, keep in mind that and their pursuit to liquidity, they should not lose sight of their basic goal of profitability. They should be able to attain a judicious mix of liquidity and profitability while managing their working capital.

1.1 STATEMENT OF THE PROBLEM

The study has been conducted for gaining practical knowledge about working capital management & activities of Travancore Cochin Chemicals Ltd. Investment in fixed assets only is not sufficient to run the business. Working capital or investment in current assets, however small it is, is a must for purchase of raw materials, and for meeting the day to day expenditure on salaries, wages, rents, advertising etc., and for maintaining the fixed assets. Working capital is just like a heart of industry if it weak, the business cannot prosper and survive, although there is a large body of fixed assets. Adequacy of the working capital is the lifeblood and controlling nerve centre of a business. Working capital is a daily necessity for business, as they require a regular amount of cash to make routine payments, cover unexpected costs and purchase basic material used in the production of good.

1.2 OBJECTIVES OF THE STUDY

- To measure the operational and financial efficiency of the company.
- To ascertain the liquidity and profitability position of the company.
- To analyse the various components of the working capital and its share in total capital and to study their efficiency.
- To analyse the credit policy of the company.
- To give suggestions to improve working capital management of the company.

1.3 RESEARCH DESIGN

Research Design is the strategy for the study and the plan by which the strategy is to be carried out. It is the set of decisions that make up the master plan specifying the methods and procedures for the collection, measurement and analysis of data.

DATABASE DESIGN

Collection of data is a process of enumeration together with proper recording or result. Proper collection of data is necessary for the successful completion of any research study. The analysis of financial condition and performance of the enterprise requires accurate and reliable data. Mainly the data collection involved two types of data namely, primary data and secondary data

- **Primary data**

Primary data are those Which are collected for the first time. The primary data is collected with the personal discussion with the finance manager and various persons in that department

- **Secondary data**

The secondary data are those which have already collected and stored. Secondary data will save time, money and affords to collect data. The major source of data for this project was collected through annual reports, company journals, company websites and some more information collected from internet and text source.

STATISTICAL DESIGN

The principle technique used in the project is ration analysis. For the purpose of financial analysis, the profit and loss account and balance sheet of the company has been analyzed.

TOOLS USED FOR ANALYSIS

The data has been arranged to apply simple tools as;

- Trend Analysis
- Ratio Analysis

II. SCOPE OF THE STUDY

The scope of the study is identified after and during the study is conducted. The main scope of the study was to put into practical the theoretical aspect of the study into real life work 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 5 years annual reports of Travancore Cochin Chemicals Ltd.

COMPANY PROFILE

The Travancore Cochin Chemicals Ltd, popularly known as TC Ltd is a state public sector undertaking owned by the government of Kerala. TCC is situated at Udyogamandal in Cochin Industrial belt. Incorporated in 1951, TCC is one of the oldest chlora-Alkali unites in the country. TCC is a large chemical industry engaged in the manufacture and marketing of caustic soda, chlorine, Hypochlorite acid, soda bleach and related chemicals. TCC is an ISO 9001-2000 certified company. The company supports a large number of Industrial units of strategic importance by supplying basic chemicals.

III. REVIEW OF LITERATURE

1. **Lovell** (2011) modified Metzler's formulation based on simple acceleration principle and obtained, the relationship based on flexible accelerator principle. There are several reasons physical, financial and technical those motivate partial adjustment. Among the physical factors, mention may be made of procurement lags between orders and deliveries. The length of such lags is connected with the source of supply, foreign or domestic availability. Import licensing procedures on account of foreign exchange scarcity could cause further delays in adjustment.
2. **Misra** (2012) studied the problems of working capital with special reference to six selected public sector undertakings in India over the period 1960-61 to 1967-68. Analysis of financial ratios and responses to a questionnaire revealed somewhat the same results as those of NCAER study with respect to composition and utilization of working capital. In all the selected enterprises, inventory constituted the more important element of working capital.
3. **Vinod Prakash** (2013) was a time series analysis with mostly undeflated data taken from CMI and Annual Survey of Industries (ASI) for the period 1946-63. It examined the influence of structural changes in manufacturing activity on the relative size and composition of inventory in the large scale-manufacturing sector in India. Three different models for industry groups and for six important individual industries had been tried. Output/sales, capacity utilization, short term rate of interest, money supply, foreign exchange availability, price index, size and

time trend were taken as explanatory variable. The simple accelerator model with output gave better results for industrial groups, whereas the ratio model seemed to perform better in the analysis of individual industry.

4. **Adesh Sharma** (2014) applied accelerator model with financial variables to determine the factors influencing investment in inventories in pesticides industry in India. Data had been taken from the Stock Exchange Official Directory, Mumbai for the period 1978-1992 in respect of 18 firms in this industry. The coefficients of the accelerator and financial variables were found to be significant and positive. The coefficient of inventory of inventory stock was significant and negative. The above brief review of studies in Indian context shows that no attempts has been made to analyse working capital management in Hotel industry in India. Secondly, there have been many studies exploring the determinants of inventory investment, no attempt has been made to study the factors influencing investment in total working capital. On the basis of previous studies, the present study aims at filling both these gaps.
5. **Agarwal** (2015) also studied working capital management on the basis of sample of 34 large manufacturing and trading public limited companies in ten industries in private sector for the period 1966-67 to 1976-77. Applying the same techniques of ratio analysis, responses to questionnaire and interview, the study concluded the although the working capital per rupee of sales showed a declining trend over the years but still there appeared a sufficient scope for reduction in investment in almost all the segments of working capital. An upward trend in cash to current assets ratio and a downward trend in cash turnover showed the accumulation of idle cash in these industries. Almost all the industries had overstocking of raw materials shown by increase in the share of raw material to total inventory while share of semi-finished and finished goods came down. It also revealed that long- term funds as a percentage of total working capital registered an upward trend, which was mainly due to restricted flow of bank credit to the industries.
6. **Chakraborty** (2016) approached working capital as a segment of capital employed rather than a mere cover for creditors. He emphasized that working capital is the fund to pay all the operating expenses of running a business. He pointed out that return on capital employed, an aggregate measure of overall efficiency in running a business, would be adversely affected by excessive working capital. Similarly, too little working capital might reduce the earning capacity of the fixed capital employed over the succeeding periods. For knowing the appropriateness of working capital amount, he applied Operating Cycle (OC) Concept
7. **Appavadhanulu** (2017) recognizing the lack of attention being given to investment in working capital, analysed working capital management by examining the impact of method of production on investment in working capital. He emphasized that different production techniques require different amount of working capital by affecting goods-in-process because different techniques have differences in the length of production period, the rate of output flow per unit of time and time pattern of value addition. Different techniques would also affect the stock of raw materials and finished goods, by affecting lead-time, optimum lot size and marketing lag of output disposals. He, therefore, hypothesised that choice of production technique could reduce the working capital needs.

IV. DATA ANALYSIS AND INTERPRETATION

Data analysis and interpretation is the core factor of any project. The financial data become meaningless unless they are analysed and interpreted. The data analysis and interpretation consist of analytic part based upon empirical study. In this project the researcher used annual report for data collection. The study is based on primary and secondary data. Primary data is collected by means of interview. Secondary data is collected by annual reports.

Managerial decisions often depend on the result of analysis of financial statement and their interpretation. Interpretation refers to drawing inferences or conclusions on the basis of analysis conducted on the financial statement. Proper interpretation leads to proper conclusion and judgement and taking effective measures for improvement.

The working capital tools used for data analysis and interpretation are as follows:

- Ratio Analysis
- Trend Analysis

RATIO ANALYSIS

Ratio Analysis is the process of determining and presenting in arithmetical terms in relation between figures drawn from statements. The ratio analysis is one of the tools in the hands of those who want to know something more from the



financial statement. The technique of ratio analysis can be employed for measuring short-term liquidity or working capital position of a firm.

NET WORKING CAPITAL

Net working capital is the difference between a company’s current assets and current liabilities. A positive net working capital indicates a company has sufficient funds to meet its current financial obligations and invest in other activities.

Net working capital= current assets- current liability THE TABLE SHOWING NET WORKING CAPITAL

CURRENT RATIO

Current Ratio is the most common ratio for measuring liquidity. Current assets normally mean assets convertible and mean to be converted into cash within a year time. Current assets usually include cash in hand and at bank, debtors, bills receivables, prepaid expenses, short-term investments etc. Current liabilities are those amounts which are payable within a period of one year. Current liabilities are creditors, bills payable, bank overdraft, outstanding expenses, income tax payable, proposed dividend.

Current ratio establishes the relation between the current assets and current liabilities. Conventional rule, idle current ratio should be 2:1. The ability of a company to meet its short term commitment is normally assessed by comparing current assets with current liabilities.

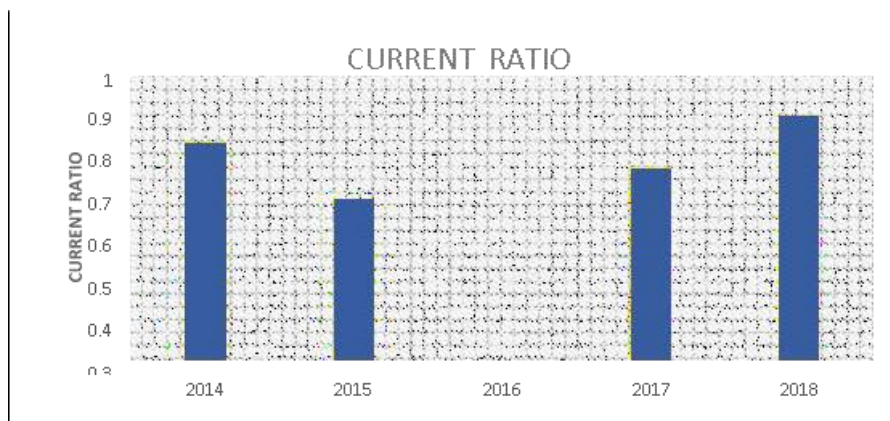
FORMULA:

Current Ratio= Current assets/current liabilities

Table 4.2

Year	Current assets	Current liability	Current ratio
2014	4028.03	5279.7	0.76292
2015	3848.09	6773.91	0.56807
2016	6511.61	9564	0.68084
2017	8034.09	11897.93	0.67525
2018	8880.32	10282.64	0.86362

Figure 4.2





QUICK RATIO

The quick ratio expresses the relationship between quick assets and quick liabilities. In finance, the Acid-test or quick ratio or liquid ratio measures the ability of a company to use its near cash or quick assets to extinguish or retire its current liabilities immediately.

FORMULA:

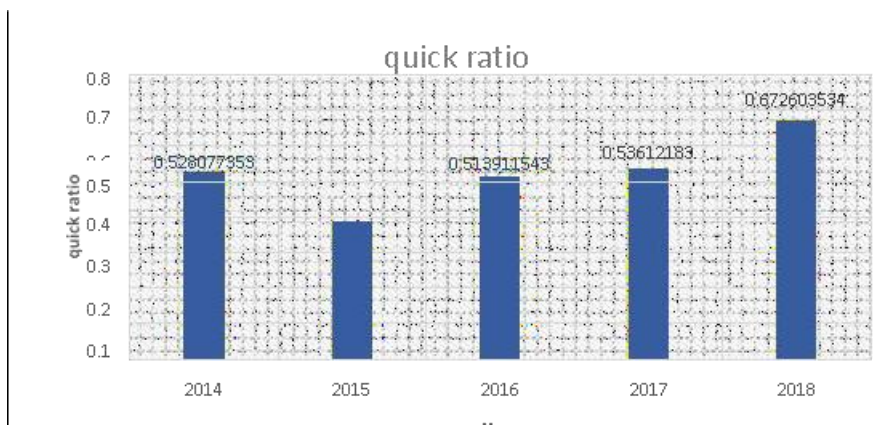
Quick ratio= Quick assets/quick liabilities

Quick assets include cash balance, bank balance, debtors, bills receivables and short term marketable securities. The term quick liabilities include all current liability excluding bank overdraft. This ratio is ideal when it is 1:1 indicates a highly solvent position.

Table 4.3

Year	Liquid assets	Current liability	Quick ratio
2014	2788.09	5279.7	0.52807
2015	2634.7	6773.91	0.38894
2016	4915.05	9564	0.51391
2017	6378.74	11897.93	0.53621
2018	6916.14	10282.64	0.67260

Figure 4.3





Interpretation

Thus company with a high value of quick ratio can suffer from shortage of funds if it has slow paying. There during the year 2018 was high value of quick ratio, the low value of quick ratio in the 2015.

CASH RATIO

Cash Position Ratio or Over Due Liability Ratio. This ratio established the relationship between the absolute liquid assets and current absolute liquid assets include cash in hand, cash at bank, and marketable securities or temporary investments. The optimum value for this ratio should be one, i.e., 1:2.

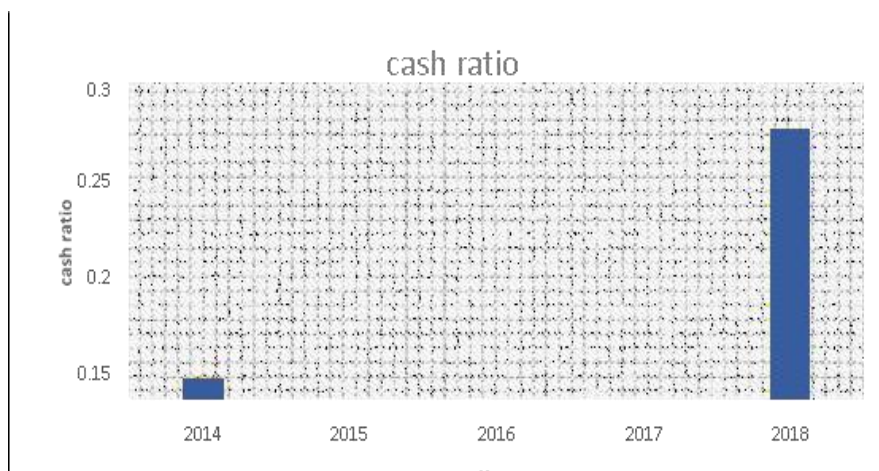
FORMULA:

Cash ratio= cash + marketable security/current liabilities

Table 4.4

Year	Cash and cash equivalent	Current liability	Cash ratio
2014	109.20	5279.7	0.02068
2015	71.79	6773.91	0.01059
2016	111.11	9564	0.01161
2017	2948.95	11897.93	0.24785
2018	2641.71	10282.64	0.25690

Figure 4.4





Interpretation

The cash ratio of TCC LTD was not up to the mark of during the year 2016. The situation is due to verysmall balance of cash maintain by the firms for its working capital requirements. It shows an increasing trend up to next year 2017 and 2018.

PROPRIETARY RATIO

The proprietary ratio is also known as the equity ratio. It is the proportion of shareholder’s equity to the total assets, and as such provides a rough estimate of the amount of capitalization currently used to support a business. Thus, the equity ratio is general indicator of financial stability

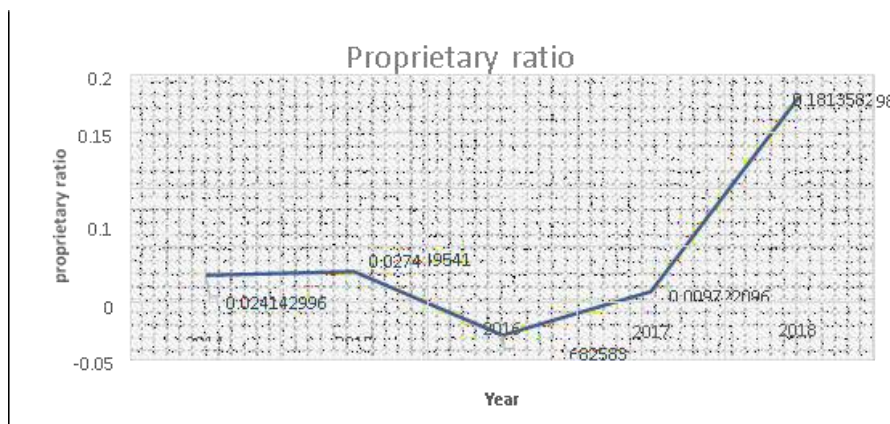
Formula

$$\text{proprietary Ratio} = \frac{\text{Proprietor's Fund}}{\text{Total Asset}}$$

Table 4.5

Year	Shareholders fund	Total asset	Proprietary ratio
2014	255.43	10579.88	0.02414
2015	321.5	11712.40	0.02744
2016	-404.61	14106.47	-0.02868
2017	152.56	15692.09	0.97220
2018	2899.6	15988.24	0.18135

Figure 4.5



Interpretation

The proprietary ratio shows the contribution of shareholders in total capital of the company. A high proprietary ratio, therefore indicates a strong financial position of the company and greater security for creditors. The higher ratio in the year 2018. And low ratio in the year 2016.



FIXED ASSET RATIO

Fixed asset ratio is a type of solvency ratio (long term solvency) which is found by dividing total fixed asset of a company with its long-term funds. It shows the amount of fixed asset being financed by each unit of long-term funds.

Formula

Fixed Asset Ratio= Net Fixed Asset / Long-term funds

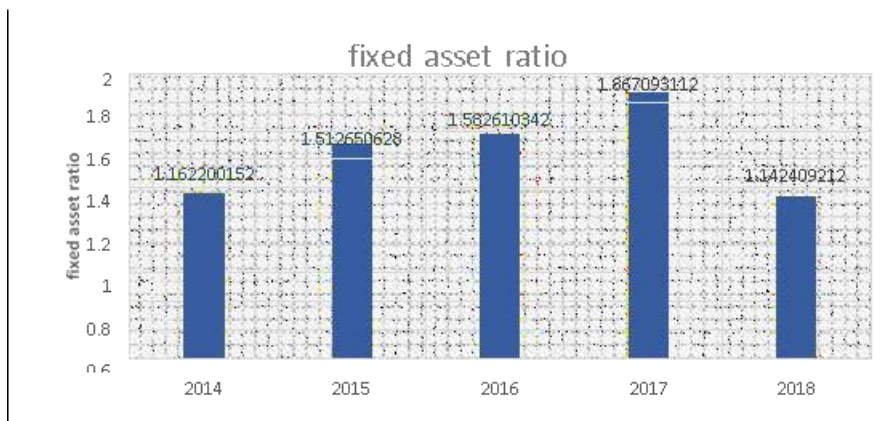
Net Fixed Asset:(Total of fixed assets- Total depreciation till date)+Trade investments including shares in subsidiaries

Long-term funds: Share capital+ Reserves+ Long-term loans

Table 4.6

Year	Net fixed asset	Long-term funds	Fixed asset ratio
2014	6159.87	5300.18	1.16220
2015	7470.21	4938.49	1.51265
2016	7188.96	4542.47	1.58261
2017	708.05	3794.16	1.86709
2018	6518.13	5705.6	1.14240

Figure 4.6





Interpretation

This ratio relationship between net fixed asset and net worth. It shows that the high ratio in the year 2017. The ratio was low in the year 2018. It shows that the average ratio in the year 2016 was 1.5826.

GROSS PROFIT RATIO

Gross profit ratio is a profitability ratio that shows the relationship between gross profit and total net sales revenue. It is a popular tool to evaluate the operational performance of the business. The ratio is computed by dividing the gross profit figure by net sales

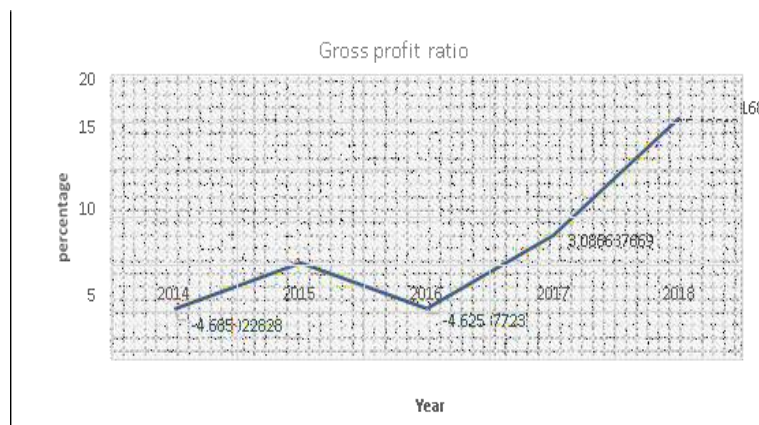
Formula

Gross profit ratio= gross profit/ net sales

Table 4.7

Year	Gross profit	Net sales	Gross profit ratio
2014	767.15	16374.52	-4.68502
2015	29.86	15656.57	0.19071
2016	770.03	16646.14	-4.62587
2017	618.16	20026.97	3.08663
2018	3767.15	24309.79	15.496

Figure 4.7





Interpretation

This ratio shows that the relationship between gross profit and total sale of revenue. It shows that the low ratio in the year 2016. The ratio was high in the year 2018.

NET PROFIT RATIO

Net profit ratio is the ratio of net profit (after taxes) to net sales. It is expressed as a percentage. The two basic components of the net profits are the net profit and sales. The net profit is obtained after deducting income tax and generally, non-operating expenses and incomes are excluded from the net profit for calculating this ratio. Thus income such as interest on investment outside the business, profit on sales of fixed assets and losses on sales of fixed assets, etc. are excluded

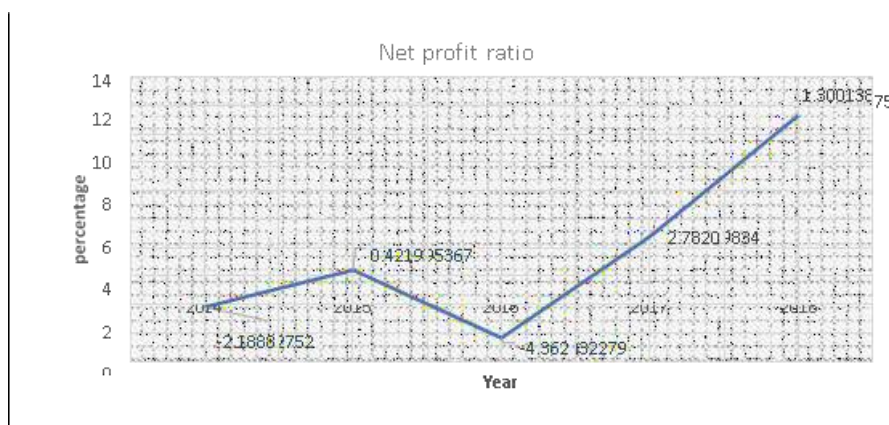
FORMULA:

$$\text{Net profit ratio} = (\text{net profit} / \text{net sales}) * 100$$

Table 4.8

Year	Net profit	Net sales	Net profit ratio
2014	-358.41	16374.52	-2.1888
2015	66.07	15656.57	0.4219
2016	-726.11	16646.14	-4.3620
2017	557.17	20026.97	2.7820
2018	2747.04	24309.79	11.300

Figure 4.8



Interpretation

If the cost of sales is lower than the net profit will be higher and then divide it with the net sales, the result is the sales efficiency. The ratio was low in during the year 2016, the ratio was high in the year 2018, and still continuing so there is a chance of increasing the ratio through improved efficiency of the concern



RETURN ON INVESTMENT

Return on investment is a financial metric that is widely used to measure the probability of gaining a return from an investment. It is a ratio that compares the gain or loss from an investment relative to its cost. It is as useful in evaluating the potential return from a stand-alone investment as it is in comparing returns from several investments.

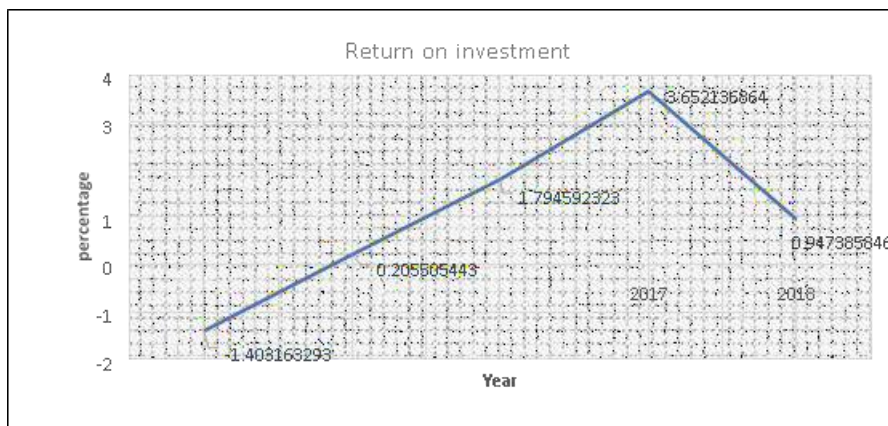
FORMULA

$ROI = \text{Net Profit} / \text{Total investment} * 100$

Table 4.9

Year	Net profit	Shareholder's fund	Return on investment
2014	-358.41	255.43	-1.4031
2015	66.07	321.5	0.2055
2016	-726.11	-404.61	1.7945
2017	557.17	152.56	3.6521
2018	2747.04	2899.6	0.9473

Figure 4.9



Interpretation

Return on investment ratio measures the efficiency with which the investment made by shareholders and creditors is used in the business. It is a ratio of overall profitability and a higher ratio is, therefore, the higher ratio in the year 2017, but during the year 2018 was declined in the ratio.



WORKING CAPITAL TURNOVER RATIO

The different use of overall capital in a firm can be measured with the help of working capital turnover ratio. The ratio indicates the ratio of working capital utilization in the firm. A higher ratio indicates the efficient utilization of working capital and vice-versa.

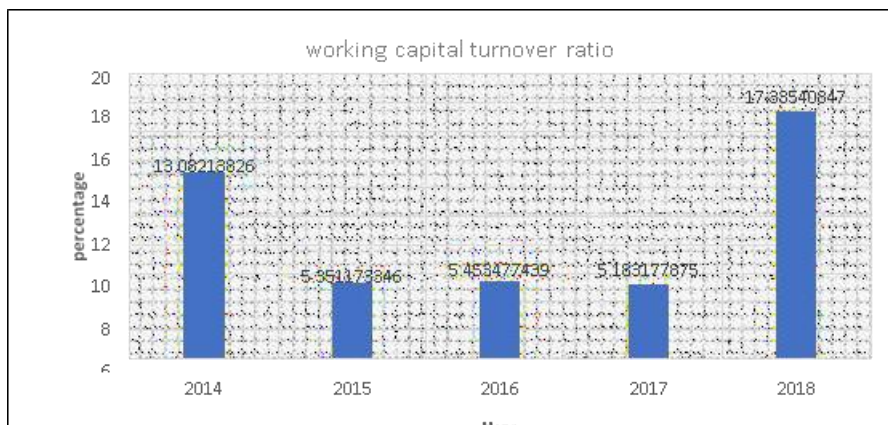
FORMULA:

Working capital turnover ratio= net sales/net working capital

Table 4.10

Year	Net sales	Net Working capital	Working capital turnover ratio
2014	16374.52	1251.67	13.0821
2015	15656.57	2925.82	5.3511
2016	16646.14	3052.39	5.4534
2017	20026.97	3863.84	5.1831
2018	24309.79	1402.32	17.335

Figure 4.10



Interpretation

This ratio measures the number of times the Working Capital is turned over. The Company could maintain a satisfactory level of Working Capital Turnover Ratio in the period of analysis. The working capital turnover ratio stood at the highest level in the year 2018, at the lowest level in the year 2015.

INVENTORY / STOCK TURNOVER RATIO

The inventory turnover ratio indicates the efficiency of the firm’s inventory management. In short it shows the number of time, the average stock is sold during a given period and average stock during that period. A ratio showing how many times a company’s inventory is sold and replaced over a period. The days in the period can then be divided by the inventory turnover formula to calculate the days it takes to sell the inventory on hand or “inventory turnover days”.



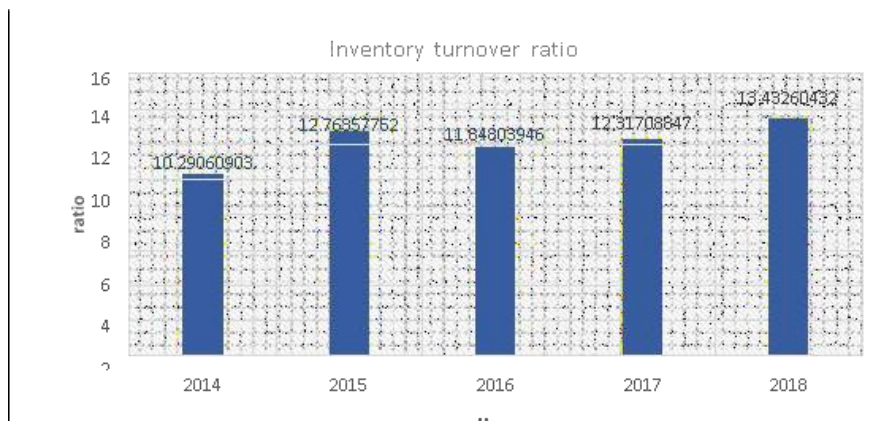
FORMULA:

Stock turnover ratio= Net Sales/ Inventory

Table 4.11

Year	Net sales	Average inventory	Inventory turnover ratio
2014	16374.52	1591.21	10.290
2015	15656.57	1226.66	12.763
2016	16646.14	1404.97	11.848
2017	20026.97	1625.95	12.317
2018	24309.79	1809.76	13.432

Figure 4.11



Interpretation

It studies the frequency of conversion of inventory of finished goods into revenue from operations. Low turnover of inventory may be due to bad buying, and is a danger signal. The higher ratio during the year was 2018, and low ratio is 2014. Therefore, the company is a safe position.

CURRENT ASSET TURNOVER RATIO

This ratio reveals the relationship between cost of goods sold and current assets. The higher ratio, the better is the condition of a firm in utilizing its current assets. The higher the ratio, the better is the firm in utilizing its current assets. The lower the ratio indicates that investment in current assets has not brought commensurate gain to the firm.



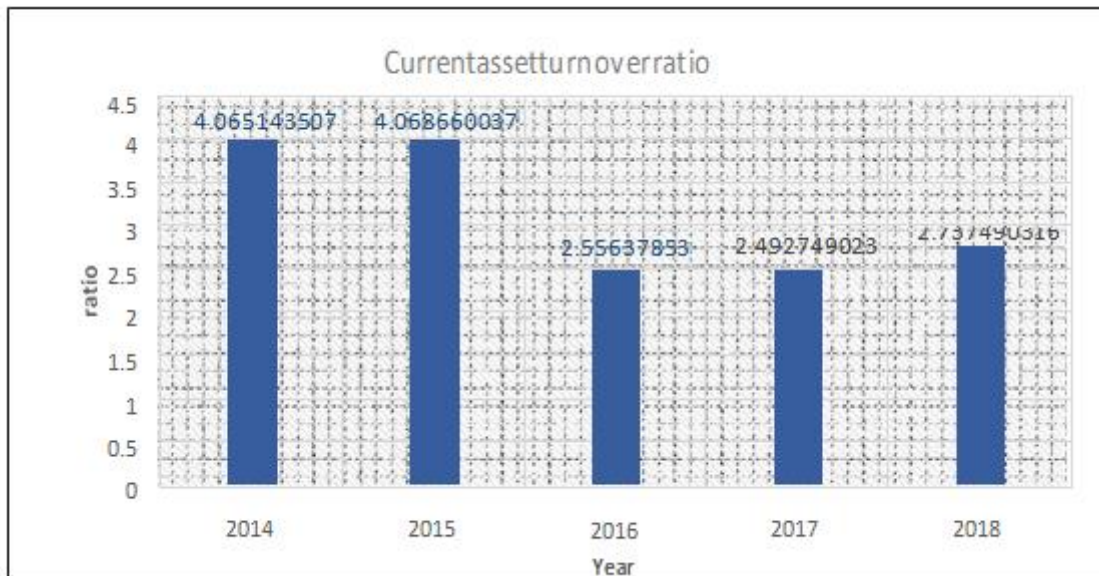
FORUMLA:

Current assets turnover ratio= Total sales/ current asset

Table 4.12

Year	Net sales	Current asset	Current asset turnover ratio
2014	16374.52	4028.03	4.0651
2015	15656.57	3848.09	4.0686
2016	16646.14	6511.61	2.5563
2017	20026.97	8034.09	2.4927
2018	24309.79	8880.32	2.7374

Figure 4.12





Interpretation

The Company was found satisfactory with the level of Current Assets turnover ratio. There was an increasing trend in the ratio till the 2015 after that the ratio gradually started decreasing, but during the year 2018 was a trend up to increasing.

FIXED ASSET TURNOVER RATIO

The Fixed asset turnover ratio is a metric that measures how effectively a company generates sales using its fixed assets.

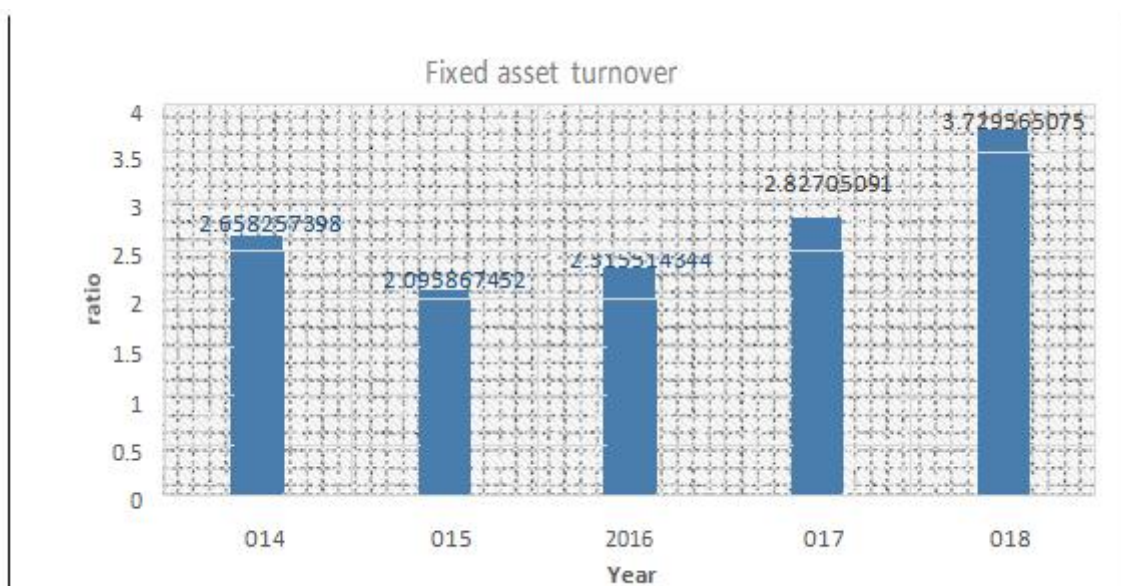
Formula

Fixed asset turnover=Net sales/ average fixed assets

Table 4.13

Year	Net sales	Fixed asset	Fixed asset turnover ratio
2014	16374.52	6159.87	2.6582
2015	15656.57	7470.21	2.0958
2016	16646.14	7188.96	2.3155
2017	20026.97	7084.05	2.8270
2018	24309.79	6518.13	3.7295

Figure 4.13





Interpretation

The fixed asset turnover ratio provides the best estimate of the operating leverage of the firm. If increase in fixed assets leads to disproportionate increase in sales, then the firm has high operating leverage. The high ratio of fixed turnover in the year 2018, lower ratio in the year 2015.

DEBTORS / RECEIVABLES TURNOVER RATIO

Debtors receivable turnover ratio is an accounting measure used to measure how effective a company is in extending credit as well as collecting debts. The receivables turnover ratio is an activity ratio measuring how efficiently a firm uses its assets.

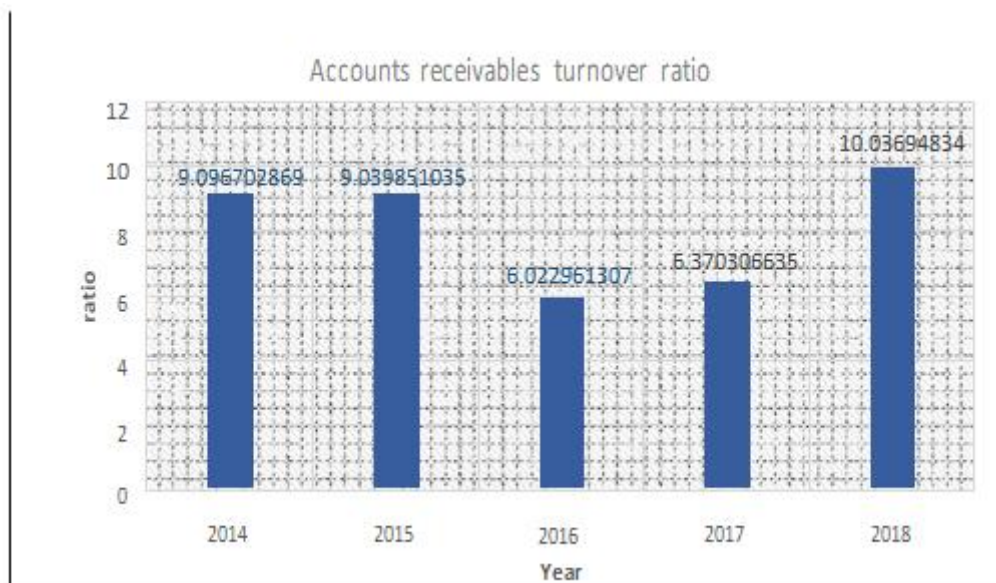
Formula

Debtors Receivable turnover ratio= Net Credit Sales/ Average Debtors

TABLE 4.14

Year	Net sales	Average accounts receivables	Receivables turnover ratio
2014	16374.52	1800.05	9.0967
2015	15656.57	1731.95	9.0398
2016	16646.14	2763.78	6.0229
2017	20026.97	3143.8	6.3703
2018	24309.79	2422.03	10.0369

Figure 4.14





Interpretation

The above chart shows that highest turnover ratio in the year 2018 of 10 times and lowest ratio is 6 times in the year 2016. The average turnover ratio during the year is 2014 and 2015.

DEBTORS COLLECTION PERIOD

In accounting the term Debtor Collection Period indicates the average time taken to collect trade debts. The debtors collection period ratio is calculated by dividing the amount owed by trade debtors by the annual sales on credit and multiplying by 365

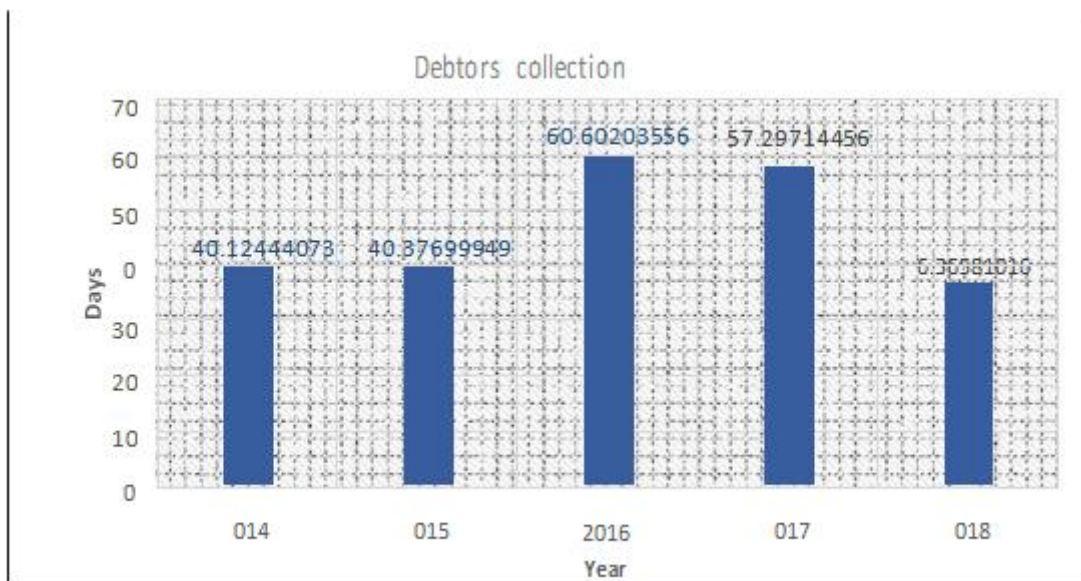
Formula

Debtors collection period= debtors / sales turnover *365= number of days taken to collect money owned

Table 4.15

Year	Days in a year	Debtors turnover ratio	Debtors collection period
2014	365	9.0967	40.12 days
2015	365	9.0398	40.37 days
2016	365	6.0229	60.60 days
2017	365	6.3703	57.29 days
2018	365	10.0369	36.36 days

Figure 4.15





Interpretation

The above chart shows during the year 2016 the company has highest debtors collection period is 60 days, but after that the debtors collection period was gradually started decreasing.

TREND ANALYSIS

Trend analysis means general tendency. Analysis of these general tendencies is called trend analysis. It means the analysis of general tendencies in each item of the financial statements on the basis of the data of the base year. In short comparing the past data over a period of time with a base year is called trend analysis. Trend ratios are those ratios of different times for various periods are calculated and then comparison is made. An analysis of the ratios over the past few years may well suggest the trend or direction in which the concern is going upward or downward.

Under this technique, information for a number of years is taken up and one year is taken as base year. Each item of base year is taken as 100 and on that basis the percentage for other year is calculated. Objective of trend analysis are:

- To find the trend or direction of movement over a period of time.
- To make comprehensive and comparative study of financial statements.
- To have a better understanding of financial and profitability position.

FORMULA

Trend Percentage = Current Year Amount/ Base Year Amount * 100

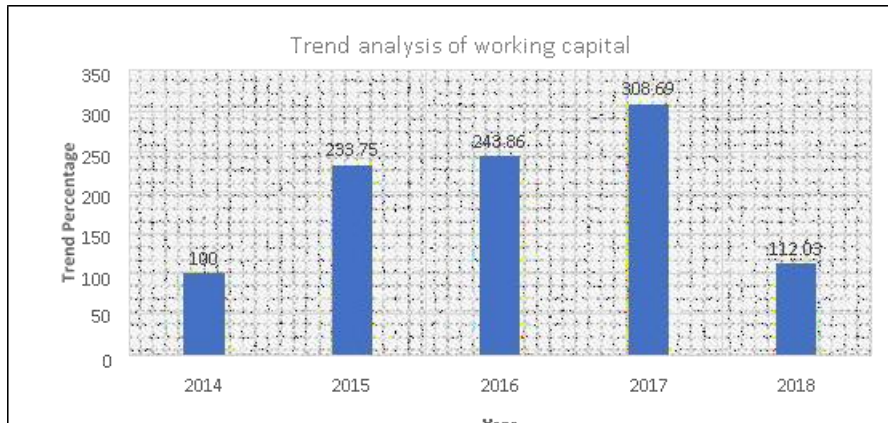
TREND ANALYSIS OF NET WORKING CAPITAL

Table 4.16

Year	Net working capital	Trend	Increase or decrease
2014	1251.67	100	0
2015	2925.82	233.75	133.75
2016	3052.39	243.86	143.86
2017	3863.84	308.69	208.69
2018	1402.32	112.03	12.03



Figure 4.16



Interpretation

Here we analyse the trend of net working capital of TCC. This analyse shows that net working capital shows a fluctuating trend during the study period. Fluctuations in working capital is high in all over the years.

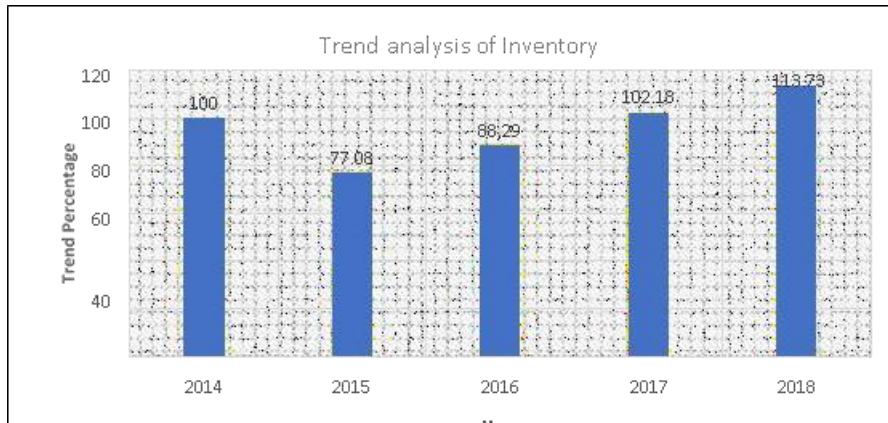
TREND ANALYSIS OF INVENTORY

Table 4.17

Year	Inventory	Trend	Increase or decrease
2014	1591.21	100	0
2015	1226.66	77.08	-23.08
2016	1404.97	88.29	-12.29
2017	1625.95	102.18	2.18
2018	1809.76	113.73	13.73



Figure 4.17



Interpretation

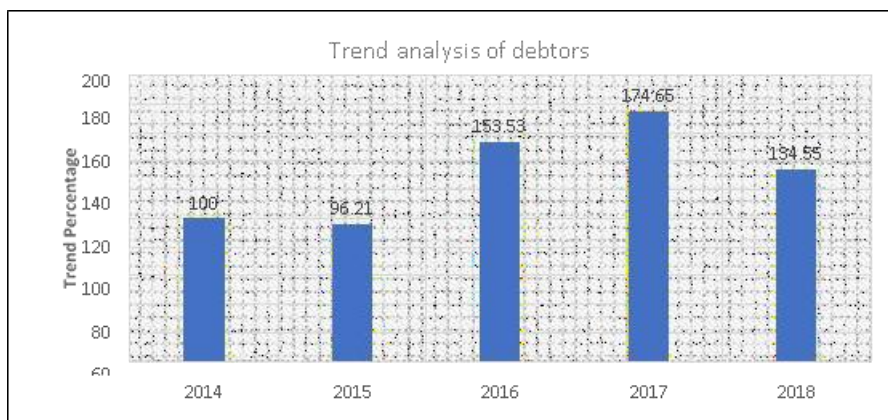
The above table and graphs shows the trend of inventory in the study period, it is also shows a fluctuating trend. In 2014-2015 it shows a high decline, later it covers. But compared to 2014, now company shows a increasing trend.in 2018.

TREND ANALYSIS OF DEBTORS

Table 4.18

Year	Average accounts receivables	Trend	Increase or decrease
2014	1800.05	100	0
2015	1731.95	96.21	-4.21
2016	2763.78	153.53	53.53
2017	3143.8	174.65	74.65
2018	2422.03	134.55	34.55

Figure 4.18



Interpretation

Trend of debtors of TCC Company shows fluctuating trend. Compared to 2014, company has better debtor position in 2016 and 2017. but in last year it shows a decreasing trend from previous year

IV. FINDINGS

- The company shows negative working capital for the last five years, due to the increase in current liabilities and decrease in current assets.
- Current ratio of the company shows a fluctuating trend. An ideal current ratio is 2:1. Average ratio of the company for the last five years is 0.68. Showing the liquidity position of the company is not satisfactory.
- Company's average quick ratio for the last five years is 0.513. The standard norm fixed for quick ratio is 1:1. This again shows that the company's liquidity position is not satisfactory. This is unfavorable to the creditors. The quick ratio is decreasing year to year. But the last year it is slightly increased.
- The company's average cash ratio is 0.247. The situation is due to very small balance of cash maintain by the firms for its working capital requirements. It shows an increasing trend up to next year 2017 and 2018.
- The proprietary ratio shows the contribution of shareholders in total capital of the company. A high proprietary ratio, therefore indicates a strong financial position of the company and greater security for creditors. The higher ratio in the year 2018. And low ratio in the year 2016.
- Fixed asset ratio relationship between net fixed asset and net worth. It shows that the high ratio in the year 2017. The ratio was low in the year 2018. It shows that the average ratio in the year 2016 was 1.5826.
- During the year 2017 and 2018, the company had satisfactory gross profit ratios. Which indicating increasing sales. A high profit margin in ratio is assign of good and efficient management.
- The ratio was low in during the year 2016, the ratio was high in the year 2018, and still continuing so there is a chance of increasing the ratio through improved efficiency of the concern.
- Return on investment ratio measures the efficiency with which the investment made by shareholders and creditors is used in the business. It is a ratio of overall profitability and a higher ratio is, therefore, the higher ratio in the year 2017.
- This ratio measures the number of times the Working Capital is turned over. The Company could maintain a satisfactory level of Working Capital Turnover Ratio in the period of analysis. The working capital turnover ratio stood at the highest level in the year 2018. The company is a satisfactory level.
- The average turnover ratio is 12.31. A high inventory turnover ratio is indicative of good inventory management.
- The Company was found satisfactory with the level of Current Assets turnover ratio. There was an increasing trend in the ratio till the 2015 after that the ratio gradually started decreasing, but during the year 2018 was a trend up to increasing.
- The fixed asset turnover ratio provides the best estimate of the operating leverage of the firm. If increase in fixed assets leads to disproportionate increase in sales, then the firm has high operating leverage.
- The debtors' turnover ratio is 9.096 times. This is satisfactory. It shows that the company's credit policy is effective. The average debt collection period is 40 days.
- During the year 2016 the company has highest debtors collection period is 60 days, but after that the debtors collection period was gradually started decreasing.
- Here we analyze the trend of net working capital of TCC. This analyse shows that net working capital shows a fluctuating trend during the study period. Fluctuations in working capital is high in all over the years.
- The trend of inventory in the study period, it is also shows a fluctuating trend. In 2014-2015 it shows a high decline, later it covers. But compared to 2014, now company shows a increasing trend. TCC has high amount of inventory in 2018.
- Trend of debtors of TCC Company shows fluctuating trend. Compared to 2014, company has better debtor position in 2016 and 2017. but in last year it shows a decreasing trend from previous year.

SUGGESTIONS

- The company shows a negative working capital since 2018. This should be maintained through adequate current asset for its daily operations. The company should increase the current assets by increasing its cash and bank balances.
- The increasing liabilities should be controlled by the company and adequate measures are to be taken henceforth.
- Inventory management of the company is not satisfactory. Therefore the company should reduce the holding period as much as possible.
- The liquidity position of the company being unsatisfactory should be tired to be in par with required ratio.

- The debtors of the company is fluctuating over the years, company should adopt a competent credit policy to attract the customers. Increasing debtors is a solution to overcome the liquidity problem.
- The company can reduce the cost of production and try to improve its profitability.
- The cash management should be done effectively as a major portion comprises of current assets which are present in the company.

V. CONCLUSION

In this study an attempt has been made to analyse the working capital position of Travancore Cochin chemicals. The study shows that the overall performance of the company is not satisfactory. Through the company is a profit making organisation, its profit is not up to the mark with respect to the asset employed in the organisation. Since the working capital amount shows a negative trend it reveals that the company is not in a position to meet its day to day obligations. The analysis and interpretation of various data relating to working capital management helped to reach into conclusion that the efficiency of the working capital is not sufficient. .

. Therefore the company should be strict measure in every sphere of its activities to bring the company back to sufficient working capital position and improve its financial performance.

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