



A STUDY ON THE COMPARATIVE ANALYSIS OF WORKING CAPITAL MANAGEMENT BETWEEN ITC LIMITED AND HUL LIMITED

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ABSTRACT

The purpose of the present study is to conduct comparative analysis between working capital of ITC Limited and HUL limited. The data for the present study was taken from the published annual report of both organizations. Total five years of data from 2019 to 2023 taken as sample. In the process of data analysis person correlation has been applied to compute current liabilities, current assets and working capital of the both companies. The findings of the study explored that there is a significant difference between current status of working capital between both companies.

INTRODUCTION

Management of working capital played a significant role for the management of entire financial system of the Organization. However, working capital management is the relationship between current assets and current liabilities of the organization. Management of working capital is most important for manage and carry day to day financial activities of the organization. Management of working capital mainly involve inventories management, account receivables, account payables and cast conversion cycle of the organization financial system. On the other hand management of working capital of concerned with the financial problem attempting to manage the current assets and current liabilities. Management of working capital deals with the management of making action is influence the usefulness of the working capital of the organization. The present study deals with the working capital of ITC Limited and working capital of HUL limited. In this process a comparative analysis has been conducted to examine the status of working capital of both companies. The comparison of working capital done on the basis of exploring the relationship between current assets and current liabilities of last five years (2019-2023). The working capital is measure as

Working Capital= Current Assets-Current Liabilities

Or

WC=CA-CL

Working Capital Strategy

Working capital strategies has become the accountability of the finance department, however today's in this changing scenario role of finance department is playing a significant role for significantly exploring the relationship between current assets and liabilities of the organization in order to find out status of the working capital. The long term success of the companies is largely depends on the properly management of its working capital. Working capital is a is the distinction between current assets and current liabilities which is the part of companies capital need to pay more attention in short as well as long terms.

Working capital management system

Development of working capital management system is most important process of the organization in order to properly management of its working capital in the form of current assets and liabilities. However an effective system must be applicable towards each and every activity of the financial activities. Apart from management of working capital this system includes management goal, business environment, management policy, and management mode and performance assessment

REVIEW OF LITERATURE

T. Chandrabai D. J., (2011), has been conducted a comparative research study on working capital between Electrical Equipment Industry and it is limited to the companies BHEL and ABB Ltd represent public and private sector enterprises respectively. The study was based on secondary data which has been obtained from yearly financial statement of the companies. Total five years of financial data has been used to explore the comparison between working capital is from 2005-06 to 2009-10. The findings of the study explore that there is need for such improvement in the policy related to debtors and debt policy. The management of various selected companies must be proper utilize the debtors in order to properly maintain the working capital

Ebenezar (2013), has been conducted a research study in order to explore the impact of working capital management on the profitability of the companies are listed with Ghana stock exchange. The study was based on secondary data which has been collected from the financial reports of the companies and data published by Ghana stock exchange. In order to explore the impact of working capital the metropolis process has been used. The findings of the study explore that working capital of the companies has significantly and positively impact the profitability of the companies

Owolabi (2010), has been conducted a research study to explore the impact of working capital management on the

liquidity and profitability of the firm with respect to Nestle Nigeria public limited company. The secondary data has been used to explore the impact. The data for present study was taken during 2004-2009 for last five years. In order to explore the direct effect of working capital management current ratio and collection days on gross profit has been taken and analysed with the help of co-efficient. The findings of the study indicate that, with the reducing of collection day profitability of the company automatically increase. Furthermore it has been recommended that firm must be more aggressive towards the management of working capital in order to improve the profitability.

Sharma M. G. (2016), has been conducted a research study to explore the working capital management of Bharti Airtel Limited. The study was based on secondary data which has been collected from yearly published report of the company during the period of 2007-08 to 2014-15, the analysis of working capital done with the help of ratio analysis. The data

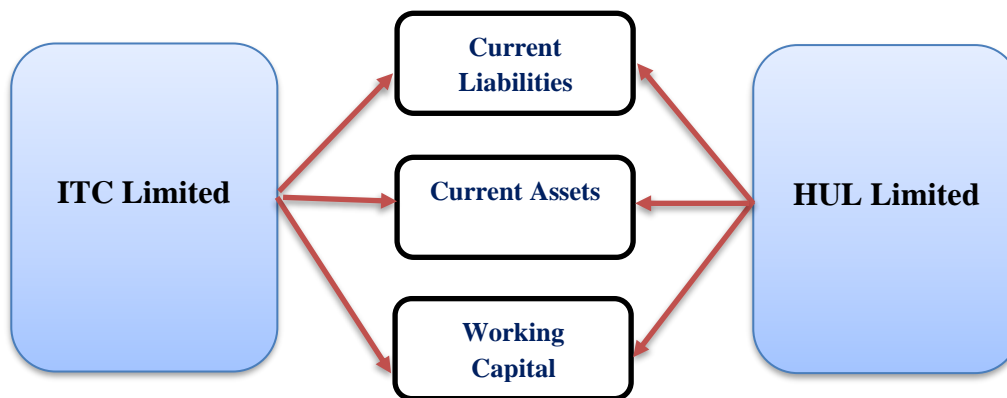
has been analysed with the help of Motaals test and it has been indicates that there is need for significant improvement towards the liquidity performance of the company because it has not been found good during selected period. Furthermore study explore that negative relationship has been exist between liquidity and profitability of the company. In the conclusive remark study explore that Bharti Airtel limited has been used optimal liquidity during this period.

Objectives of the study

The various objectives of the study are as under

1. To describe the relationship between current liabilities of ITC Limited and HUL Limited
2. To describe the relationship between current Assets of ITC Limited and HUL Limited
3. To describe the relationship between Working Capital of ITC Limited and HUL Limited

Research Framework



Formulation of Hypothesis

The hypothesis of the study are as under

H_{a1}: Current Liabilities of ITC Limited and Current liabilities of HUL Limited is positively and significantly related with each other

H_{a2}: Current Assets of ITC Limited and Current Assets of HUL Limited is positively and significantly related with each other

H_{a3}: Working Capital of ITC Limited and Working Capital of HUL Limited is positively and significantly related with each other

Research Methodology

The research methodology for present study has been designed for exploring the relationship between working capital management of ITC limited and HUL Limited. Descriptive method of research used to prepare the research framework. The study was based on secondary data which has been obtained from published financial report of both companies and different published research papers etc.

Sample Design

Sample for present study taken from published financial report for last five years that is 2019-2023. The data related to

current liabilities and current assets were taken from the report and working capital status has been calculated.

Sample Size: Last five years of data have been taken as sample size for present study

Sample Area: Sample area for the study was based on financial data related to working capital of ITC limited and hull limited

Statistical tools: Correlation and t test has been used to explore the relationship between working capital of ITC limited and testing of hypothesis

Data Analysis

Data analysis for present study has been classified in three parts such as Relationship between Current liabilities, relationship between Current assets and relationship between working capital of both companies

Testing of Hypothesis

Hypothesis First

H_{a1}: Current Liabilities of ITC Limited and Current liabilities of HUL Limited is positively and significantly related with each other



Table: 1
Comparison between Current Liabilities of ITC and HUL Limited

Year	Current Liabilities of ITC Limited	Current Liabilities of HUL Limited	r- Score	P Value	Significant	Result
2019	9,621.56	8,353.00	0.6989	0.3011	P ≤ 0.05	Not Significant
2020	9,089.41	9,104.00				
2021	10,173.95	10,841.00				
2022	11,478.09	10,944.00				
2023	12,415.62	11,627.00				

Table explore the comparison between current liabilities of ITC limited and HUL Limited. Since the r score is 0.6989 and p

value is 0.3011 not significant at P ≤ 0.05. Hence study rejected alternative hypothesis ($H_{a1} = \text{Rejected}$)

Table: 2
Comparison between Current Assets of ITC and HUL Limited

Year	Current Assets of ITC Limited	Current Assets of HUL Limited	r- Score	P Value	Significant	Result
2019	29,568.96	11,374.00	0.8591	0.1409	P ≤ 0.05	Not Significant
2020	36,506.91	11,908.00				
2021	31,815.24	13,640.00				
2022	30,942.01	14,647.00				
2023	35,203.44	16,049.00				

Table explore the comparison between current liabilities of ITC limited and HUL Limited. Since the r score is 0.8591 and p

value is 0.1409 not significant at P ≤ 0.05. Hence study rejected alternative hypothesis ($H_{a2} = \text{Rejected}$)

Table: 3
Comparison between Working Capital of ITC and HUL Limited

Year	Working Capital ITC Limited	Working Capital of HUL Limited	r -Score	P Value	Significant	Result
2019	19447.4	3021.00	-0.2133	0.79	P ≤ 0.05	Not Significant
2020	27408.5	2804.00				
2021	21641.29	2799.00				
2022	19463.92	3703.00				
2023	22787.82	4422.00				

Table explore the comparison between Working capital of ITC limited and HUL Limited. Since the r score is -0.2133 and p value is 0.79 not significant at P ≤ 0.05. Hence study rejected alternative hypothesis ($H_{a3} = \text{Rejected}$)

3. Table 3 explore the relationship between working capital of of ITC limited and HUL Limited. The result clearly stated that the relationship between working capital between both companies is not significant. However it can be describe that working capital of ITC limited is much more different from the working capital of HUL.

FINDINGS

The various findings of the study are as under

1. Table 1 explore the relationship between current liabilities of ITC limited and HUL Limited. The result clearly stated that the relationship between current liabilities between both companies is not significant. However it can be describe that Current liabilities of ITC limited is much more different from the current liabilities status of HUL.
2. Table 2 explore the relationship between current Assets of ITC limited and HUL Limited. The result clearly stated that the relationship between current assets between both companies is not significant. However it can be describe that Current Assets of ITC limited is much more different from the current Assets of HUL.

CONCLUSIONS

The present study explore the comparative analysis of working capital management between ITC and HUL limited. Current liabilities, current assets and working capital of both companies examined with the help of Pearson correlation analysis. Findings of the study clearly reveals that there is a biggest difference between working capital of both companies because r-score is not significant at the level of significant. It means status of working capital for both the companies are different in the form of current liabilities and current assets.



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