



WORKING CAPITAL MANAGEMENT: A COMPARATIVE ANALYSIS OF WORKING CAPITAL MANAGEMENT BETWEEN LUPIN LIMITED AND CIPLA LIMITED

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ABSTRACT

The purpose of the present study is to explore comparative analysis of working capital management between Lupin limited and Cipla limited. In order to explore the relationship between both companies last five years of data (2019-2023) has been taken from the published financial report of the both companies. The study is based on secondary data. the findings of the study indicates that the working capital status of Lupin limited and Cipla limited is significantly different with respect to current asses and current liabilities

INTRODUCTION

Working capital management is most important process for each and every organizations. However, it is life blood for the organizations. Which is directly related with financial performance of the organization. On the other hand management of working capital is treated as most important head in the entire financial management system. Most of the research study clearly explore that working capital management for any organization is most important part because it helps the organization to run smoothly. However, on the other hand success and failure of the organization is largely depends on the proper management of working capital. The present research study is related with comparative analysis of working capital between Lupin limited and Cipla limited. Both the selected companies are the biggest players of market in the field of pharmaceutical area. The last five year financial data has been adopted to conduct comparative analysis of working capital between the both selected companies. The study systematically compare current assets and current liabilities in order to explore the current status of working capital between Lupin and Cipla limited.

Working Capital Management

Management of working capital is also known as management of net working capital of the organization. However, it is the difference between current assets and current liabilities of the organization. Under the working capital current assets related with account receivable, dues bills, inventories of finished goods and raw material, while current liabilities related with account payable and debts. Most of the research study has been suggested that working capital of the company is related with liquidity and short-term financial position of the organization. However, working capital may be define as the difference receive after deducting the current liabilities from the current assets in a particular financial year. The working capital can be calculated by using the following steps and formula.

Working capital = Current assets - Current liabilities

REVIEW OF LITERATURE

Verma (2015), conducted a research study to explore the working capital management between Tata iron and steel company limited, Indian iron and steel company and steel authority of India limited. The research study has been covered the period of 1978-1979 to 1985-1986. To measure the working capital of various selected companies. After analysis of the data by using the appropriate tools the study concluded that among all these selected companies three companies are using bank borrowing to fiancé the working capital requirement. Furthermore study conclude that the working capital of Tata steal is much better then various other companies.

Vijay Kumar et al., (2016), has been conducted a research study on working capital management of tamilnadu sugar corporation. In order to examine the working capital author has been gather financial data of the company during the year of 1885-1986 to 1993-1994 the study was based on secondary data which has been gathered from the balance sheet and other financial information of the company. The study compares current assets and current liabilities of the company for calculating working capital. Findings of the study has been clearly indicates that the Tamilnadu sugar corporation is maintaining moderate level of working capital. Furthermore the study also concludes that company using their long term funds for meeting short term and access liabilities.

Bansal (2017), has been conducted a research study on working capital management of Himanchal Pradesh aggro industries. The study was based on secondary data which was collected from the balance sheet and other financial resources of the company. The data related to working capital for the present study were taken during the year between 1985-1986 to 1994-1995. After the tabulation of data it has been analyse by using tools of statics. Furthermore the result of the study indicates that the company is not managing their working capital effectively because various financial heads such as cash inventory, receivable and production capacity of the company is not properly managing as found by the study.



Reheman Abdul et.al.,(2018), has been conducted a research study on working capital management and its impact on liquidity and profitability of the firm in order to collect financial data for examine working capital author has been selected 94 firm in the Karachi stock exchange. Data for the present study was collected during 1999-2004 in order to examine working capital and its impact author has been used Pearson correlation and regeneration analysis. The result of the study clearly indicated that the working capital management of the selected firm have a negative and positive impact both.

Paul (2018), has been conducted a research study to analyse working capital management of motor industry company limited the secondary data for the study were taken from the period 2001-2005 (five years of data collected). The study

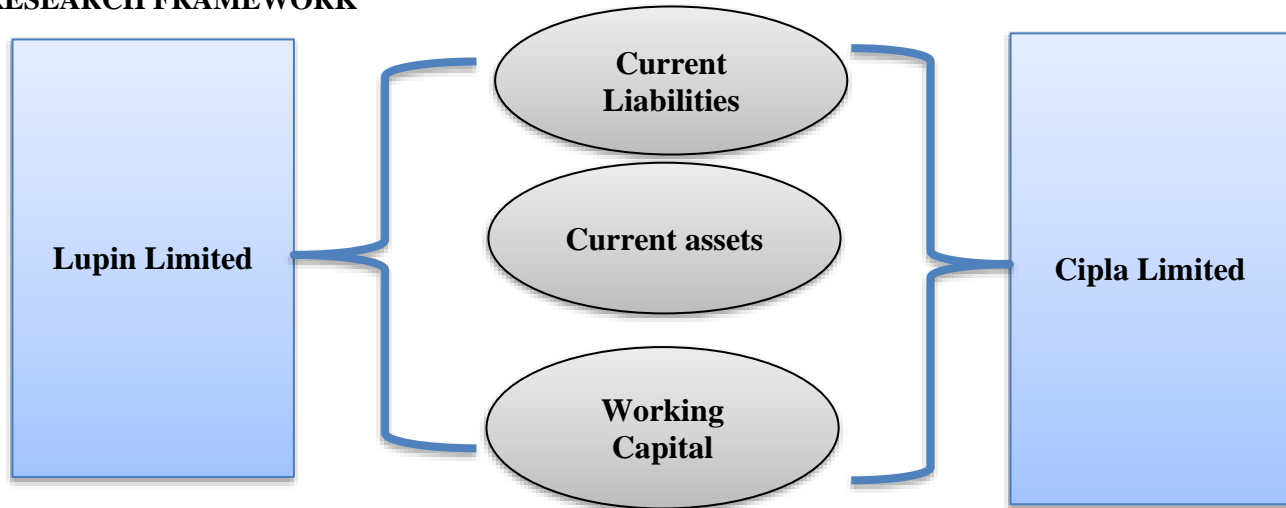
usage and calculated various kinds of ratio having a positive relationship with working capital management. Furthermore study concludes that management of working capital of motor industry has not found significant because it is not effectively managed.

OBJECTIVES OF THE STUDY

The objectives of the present study are as under

1. To describe the relationship between current liabilities of Lupin limited and Cipla limited.
2. To describe the relationship between current assets of Lupin limited and Cipla limited.
3. To describe the relationship between working capital of Lupin limited and Cipla limited

RESEARCH FRAMEWORK



FORMULATION OF HYPOTHESIS

The hypothesis of the study are as under

- H₀₁: There is no significant and positive association between current liabilities of Lupin limited and Cipla limited.
- H_{a1}: There is a significant and positive association between current liabilities of Lupin limited and Cipla limited.
- H₀₂: There is no significant and positive association between current assets of Lupin limited and Cipla limited.
- H_{a2}: There is a significant and positive association between current assets of Lupin limited and Cipla limited.
- H₀₃: There is no significant and positive association between working capital of Lupin limited and Cipla limited.
- H_{a3}: There is a significant and positive association between working capital of Lupin limited and Cipla limited.

RESEARCH DESIGN

The present study is related with comparative analysis of working capital management between Lupin limited and Cipla limited. In this purpose the study adopted descriptive research design which has been framed by using secondary data. The last five years (2019-2023) financial data has been taken to explore the comparative analysis.

SAMPLE DESIGN

Sample for the present study has been design on the basis of financial data of Lupin limited and Cipla limited related to working capital management. In the last five year study covered the period from 2019-2023

TOOLS FOR DATA ANALYSIS

In order to explore the relationship between Lupin limited and Cipla limited with respect to current assets, current liabilities and working capital, correlation analysis has been applied at 5% level of significance.

DATA ANALYSIS AND HYPOTHESIS TESTING

Data analysis and hypothesis testing for the present study has been conducted in three step such as relationship between current liabilities, current assets and working capital of Lupin and Cipla limited. The hypothesis testing of the present study can be seen in table 1, table 2 and table 3.

HYPOTHESIS FIRST

- H₀₁: There is no significant and positive association between current liabilities of Lupin limited and Cipla limited.
- H_{a1}: There is a significant and positive association between current liabilities of Lupin limited and Cipla limited.



Table 1
Comparative Analysis of Current liabilities between Lupin and Cipla limited

Year	Current Liabilities Lupin	Current Liabilities Cipla limited	r	P Value	Sig.
2019	2555.79	2619.29	0.713	0.175	0.05
2020	2585.83	2691.94			
2021	3537.91	2728.56			
2022	3627.85	2699.74			
2023	3693.94	2862.25			

Interpretation: Table 1 explore the comparative analysis of current liabilities between Lupin and Cipla limited. The correlation analysis shows that r value is 0.7136 and p value is 0.175871. However, the result is not significant because study strongly rejected the alternative hypothesis and accepted null hypothesis.

Second Hypothesis

H₀₂: There is no significant and positive association between current assets of Lupin limited and Cipla limited.

H_{a2}: There is a significant and positive association between current assets of Lupin limited and Cipla limited.

Table 2:
Comparative Analysis of Current Assets between Lupin and Cipla limited

Year	Current Assets Lupin Limited	Current Assets Cipla Limited	r	P Value	Sig.
2019	10838.51	9027.26	0.654	0.230	0.05
2020	9617.37	10192.18			
2021	8437.82	12024.63			
2022	7570.92	13371.13			
2023	9287.87	14906.80			

Interpretation: Table 2 explore the comparative analysis of current assets between Lupin and Cipla limited. The correlation analysis shows that r value is **0.6548** and p-value is **0.230**. However, the result is not significant because study strongly rejected the alternative hypothesis and accepted null hypothesis.

Third Hypothesis

H₀₃: There is no significant and positive association between working capital of Lupin limited and Cipla limited.

H_{a3}: There is a significant and positive association between working capital of Lupin limited and Cipla limited.

Table 3:
Comparative Analysis of Working Capital between Lupin and Cipla limited

Year	Working Capital of Lupin Limited	Working Capital of Cipla Limited	r	P Value	Sig.
2019	8282.72	6407.97	0.7875	0.113	0.05
2020	7031.54	7500.32			
2021	4899.91	9296.07			
2022	3943.07	10671.39			
2023	5593.93	12044.55			

Interpretation: Table 3 explore the comparative analysis of working capital between Lupin and Cipla limited. The correlation analysis shows that r value is **0.787** and p-value is **0.113**. However, the result is not significant because study strongly rejected the alternative hypothesis and accepted null hypothesis.

not significant at 5% level of significant. However, study rejected the alternative hypothesis. Hence, there is no significant association between current assets of Lupin and Cipla limited.

3. It has been observed from the table 3 that correlation between working capital of Lupin limited and Cipla limited is not significant at 5% level of significant. However, study rejected the alternative hypothesis. Hence, there is no significant association between working capital of Lupin and Cipla limited.

FINDINGS OF THE STUDY

The various findings of the study are as under

1. It has been observed from the table 1 that correlation between current liabilities of Lupin limited and Cipla limited is not significant at 5% level of significant. However, study rejected the alternative hypothesis. Hence, there is no significant association between current liabilities of Lupin and Cipla limited.
2. It has been observed from the table 2 that correlation between current assets of Lupin limited and Cipla limited is

CONCLUSIONS

The study explore the comparative analysis of working capital; between Lupin limited and Cipla limited. The study was based on comparative analysis of working capital with respect to current liabilities and current assets. The findings of the study have been explore that the status of working capital between



Lupin and Cipla is not been found significant and related to each other. However, findings indicates that there is a high difference between current liabilities and current assets of both companies, which represent the significant difference in working capital status of the companies. On the other hand study conclude that working capital of Lupin and Cipla is quick different and not evidently explore the positive relationship because in every cases study rejected the alternative hypothesis and rejected the null.

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