DYNAMICS OF WORKING CAPITAL MANAGEMENT OF AMBUJA CEMENT COMPANY – AN ANALYSIS

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ABSTRACT

Working capital is the most vital part of any business firm. Working capital management is the key to success for the manufacturing firm. As a manufacturing firm the profitability of cement industry mainly depends on the efficient management of working capital. Efficient management of working capital is a fundamental part of the overall corporate strategy in creating shareholders’ value. Today, the management of Working Capital is one of the most important and challenging aspects of overall financial management. Optimization of working capital balance means minimizing working capital requirements and realizing maximum possible revenues. Efficient WCM increases firms’ free cash flow, which, in turn, increases the firms’ growth opportunities and returns to shareholders. Even though firms are traditionally focused on long term capital budgeting and capital structure, the recent trend is that many companies across different industries focus on WCM efficiency.

The paper attempts to present an analysis of the relation between the different working capital ratios of Ambuja Cement Company from top ten cement manufacturing companies of India. This study is based only upon secondary data and related data was collected from website of company, company’s annual reports and financial websites like moneycontrol.com for Five years 2012-2016.

Key words: Working capital management, Cement Industry, Financial Ratios.