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Working capital management practices of select cement companies in India

Amruth Prasad Reddy A[1*], Uma Devi R[2], Dr. Srinivasa Rao Ch[3]
[1] Head & Associate Professor, Department of Business Administration, Yogi Vemana University, Kadapa, India
[2] Head & Associate Professor, Department of Business Administration, CBIT, Proddatur, Andhra Pradesh, India
[3] Lecturer in Commerce, TRR Govt. Degree College, Kandukur, Andhra Pradesh, India

Abstract
The success, sustenance, and growth of cement companies purely depended on effective management of the finance, adequate maintenance of the cash and operating activities for the smooth running of the business, and returns maximization. But, practically major cement companies are suffering from a lack of the trade-off between cash and cost. The reasons may be, improper assessment of the company's short-term needs, evaluation of adequacy levels of raw materials, work process conditions, market conditions, commercial and demand, etc. The objectives are set for the study, are to assess and compare the practices of cash management, inventory management, receivables and payables management practices in sample cement companies. The study is mainly based on secondary data. The concerned research work is focusing on major cement companies registered under the Bombay stock exchange (BSE). Based on the deductive approach, 4 cement companies have been chosen and found to be a true representative. The cement companies like Ultra Tech, Prism, and Saurashtra largely suffered due to overstocking during the study period and it is one of the most serious problems in the field of workingcapital management. To resolve this, cement companies require further organizational, procedural, and structural improvements.

Keywords: Cash, inventory, bills receivables, accounts payables

Introduction

The Cement industry is one of the basic industries in India and plays a significant role in the promotion of infrastructure development which ultimately leads to the overall economic growth of the country. The Government of India recognized the importance of the cement industry in the development of the country's infrastructure and raised curtains for decontrol in a phased manner. As a part of the phased decontrol policy cement industry was partially decontrolled in 1982 and fully decontrolled with effect from 1990 on the recommendation of the A.K. Ghosh committee. Success, sustenance, and growth of cement companies purely depended on effective management of the finance, adequate maintenance of the cash and operating activities for the smooth running of the business, and returns maximization. But practically major cement companies are suffering from a lack of the trade-off between cash and cost. The reasons may be, improper assessment of the company's short-term needs, evaluation of adequacy levels of raw materials, work process conditions, market conditions, commercial and demand, etc. If the scenario continues like this, very shortly, the inadequacy of working capital greatly affects the firm's profitability and rate of return, accordingly, cement companies may lose their reputation and image internally and externally and all these conditions may lead to affect the industry and economy as a whole. Therefore, the problem statement to be analyzed in this study is "Working Capital Management Practices of Select Cement Companies in India".

Review of Literature

Reviews related to working capital management practices in national and international arenas pertinent to different fields are presented here.

Laura Xiaolei Liu, Mike Qinghao Mao & Greg Nini (2018) [5] have investigated the link between the risk of customer default, securitization of bills receivables, and leverage of the firms. The study observed that firms with high customer default risk reported lower financing capacity and leverage due to the inability to securitize these bill receivables.

Kent Baker H, Satish Kumar, SisiraColombage& Harsh Partap Singh (2017) [4] investigated the working capital management (WCM) practices implemented by Indian companies listed on the National Stock Exchanges. In the study, the data is collected from 110 financial managers through a well-structured questionnaire. The study found that around 55 percent of companies applied a moderate approach in financing their activities which reflects a trade-off between liquidity and profitability. The study also observed that receivables management is considered the most important component of WCM. The study reveals that the cash conversion cycle and networking capital management are two major components of working capital monitoring.

Janina (2017) [3] has discussed the working capital management strategies (WCMSs) of 12 construction companies listed in the New Connect market in Europe during the post-sub-prime crisis i.e., 2009-2014. In the study, the author understood WCMSs of selected companies through three-parameter such as stock turnover, receivable turnover, and proportion of current liabilities in financing current assets. Overall, the study revealed that moderate strategies (53%) dominated in current assets management, On the other hand, aggressive strategy dominated (82%) in current liabilities management during the study period.

Hong Shen- Qiang Deng- Rebecca Lao & Simon Wu (2017) [2] have investigated the key influencing factors of manufacturers' efficiency and effectiveness in inventory management and examined the impact of healthy cooperation of suppliers on supply chain management through case study analysis in China cement manufacturing companies. In the study, they used both qualitative and

qualitative techniques of inventory management. The study revealed that neither excessive nor low inventory levels are not acceptable for effective inventory management, therefore, the study suggested an optimum level of inventory management to reduce cost and increase the profitability of the firms.

Sathya (2015) [6] has focused on the working capital management practices for operational efficiency, liquidity, and profitability in the case of ten selected Fast Moving Consumable Goods in India during 2004-2014. The study revealed that profitability has a positive relationship with average inventory days, Debt equity ratio, and Debt to total assets, on the other hand, a negative relationship with Accounts receivable days, current ratio, and cash conversion cycle. The study also found that a trade-off between both liquidity and profitability, in the long run, promotes the financial health of the firm in a competitive market.

HinaAlgha (2014) empirically examined the impact of effective management of circulating capital on the profitability of Glaxo Smith Kline Pharmaceutical Company listed in KSE of Pakistan during 1996-2011. In the study, profitability is measured in terms of Return on Assets, and the efficiency of working capital is measured throughdebtors, creditors, bills receivables inventory turnover, and current ratios.

Ashok and Sharma (2014) [7] have found that negative working capital indicates managerial efficiency in firms that operate more on a cash basis such as Fast-Moving Consumable Goods which is quite opposite to the results of many pieces of research works. The study period covers ten years i.e., 2003-2012. In the study, he used the traditional tool of ratios to measure working capital efficiency with microanalysis on cash, receivables, and inventory aspects. Overall, the study observed the highest inventory and payable ratios in the case of Britannia and the highest receivable ratio of Nestle (due to cash basis), On the other hand, ITS has reported a low turnover ratio in inventory, receivables, and payable ratios which indicates its poor working capital management.

Swaran Singh (2012) [8] has done an empirical analysis of working capital management practices in the case of selected fertilizer companies in India during 2000-2009 by using ratios, standard deviation, correlation, and regression analysis. The study found low inventory and receivable turnover ratios in selected companies which is causing effective working capital practices. Therefore, to increase the inventory and receivables turnover he suggested remedies such as a reduction of debtors, an increase in sales, proper billing and collection system, and identification of default debtors, etc.

Venkateswarlu (2015) [9] has proposed a study on the structure of working capital, credit policy, effective inventory, and cash management in six selected cement companies in Andhra Pradesh during 2004-2013. Overall, the study analyzed that the companies have poor working capital management practices.

Need for the Study

From the review of the literature, it is observed that various studies have been carried out by academicians, researchers, organizations, and others both in India & abroad on various aspects of working capital such as working capital strategies, the impact of working capital on liquidity, profitability, EPS, MPS, the structure of working capital, management of receivables, cash, inventory, the role of financial institutions, banks and factors influencing working capital decisions in manufacturing and service sectors of SME's. In the Indian context, these studies are either macro covering the entire country, or micro confined to a few areas of WCM. Studies covering all dimensions of WC at the national level are very few in recent decades and far between as compared to studies at the international level. It is also understood that studies so far made have covered WC lagging focus on specificity. Further, no more studies until now are on major cement manufacturing companies listed in BSE. Hence, an attempt has been made to study the Working capital management practices of select cement companies in India. It is hoped that the present study will be a gap-filling one and useful value addition to the existing literature on the subject.

Objectives of the Study

The major aims are set for the study, are as follows

1. To assess and compare the practices of cash management in sample cement companies.
2. To analyze and compare Inventory practicesamong sample units.
3. To evaluate and compare Receivables, and Payable management practices of sample cement companies.

Research Methodology

A research methodology is a way to systematically solve the research problems and it helps to study how research is done. The detailed research methodology is narrated in the following lines.

1. Data sources

The study is mainly based on secondary data. Secondary data is taken from CMIE, Prowess Database, and published annual reports of the cement companies. In addition to that, financial literature and published articles on the related aspects were also considered. The secondary data is basically for financial purposes. Various publications of the "Cement Manufacturer's Association", National Council for Cement and Building Material, World Cement, and the stock exchange official directory are used for this purpose. Other information related to the industry is collected from the Economic Times, Financial Express, Business Standard, RBI Bulletin, other periodicals, journals, and other various documents of the companies aimed to analyze working capital management practices and efficiency among different cement companies.

2. Sample design

The current research work is empirical. The reason behind it is of getting hold of deeper imminent into an assortment of the noteworthy characteristic of the dilemma as relativity of the objectives of the research. The concerned research work is focusing on major cement companies registered under the Bombay stock exchange (BSE). The reason behind taking BSE-registered cement companies is that BSE assists such companies so that they may smoothen the progress of intelligibility in transactions, marketable security, ability to raise further capital, fair security prices, timely disclosure of capital information, and availability of proper information to the investors as well as public. Based on the deductive approach, the following 4 cement companies have been chosen and found to be a true representative.

1. Ultra Tech Cement Limited (UCL)
2. Shree Cement Limited (SCL)
3. Prism Cement Limited (PCL)
4. Saurashtra Cement Limited (SAUCL)

3. Tools of Analysis

The following tools were employed for data analysis and interpretation. Financial techniques like ratio analysis, trend analysis, and common size statements while among statistical techniques the arithmetical mean, simple and average growth rates, standard deviation, correlation coefficient, coefficient of variation, maximum, minimum, coefficient of determination, and linear regression equations have been applied. All these techniques are made in the light of nature and suitability of data available as per requirements of analysis.

Findings of the Study

A detailed discussion of the results pertinent toassess and compare the practices of cash management, inventory, receivables and payables management in sample cement companies were presented below.

1. Cash Management

It is observed that no select cement company has maintained a cash ratio as per the thumb rule of 50 % of current liabilities or 0.5:1 % during the study period. However, Saurashtra Cement Ltd has an average cash ratio of 6.67% which is higher than other cement companies during the study period. Thereafter, Prism Cement Ltd reported the next high cash ratio of 5.31 % followed by Shree Cement Ltd at 3.18 % and Ultra Tech Cement Ltd at 2.98 %. Overall, the cash ratio of all selected cement companies has shown a downtrend from the beginning to the end of the study period. The lowest cash ratio of cement companies is an indication of the least liquid position of the cement companies which reflects future payment problems to the industry. Therefore, it is suggested to maintain the adequate cash ratio as per the thumb rule to avoid future cash shortage problems and default situations.

The study witnessed, for high positive average cash to net working capital ratio of 18.15 % by Ultra Tech Cement Ltd during the study period, followed by 10.94 % Prism and 6.31 % Shree Cement Ltd, only Saurashtra Cement Ltd has reported negative cash to networking capital ratio of -16.3 % during the study period. It is found that Saurashtra Cement Ltd and prism cement companies have reported negative cash-to-net working capital ratios during the entire study period. Saurashtra and Prism Cement Companies' cash reserves to total current assets and total assets are good but worst compared to current liabilities. In contrast, Ultra Tech and Shree Cement Companies' cash reserves are poor to current and total assets but good to current liabilities. This indicates that Ultra Tech and Shree Cement Companies' liquidity position is higher than Prism and Saurashtra Cement Companies.

The study observed that Saurashtra Cement Ltd has reported an average cash-to-net sales ratio of 2.21 % during the period, followed by Prism at 1.48 %, Shree Cement Ltd at 0.80 % and Ultra Tech Cement Ltd at 0.69 %. This indicates cash generation capability of Saurashtra is nearly two – three-fold higher relative to Shree and Ultra Tech and two-fold higher than Prism cement companies. This is attributable to the reason that Saurashtra and Prism Cement Ltd.'s bank balances are relatively higher than net sales which are low in the case of Ultra Tech and Shree Cement Companies.

The study observed that Ultra Tech Cement Ltd has reported an average cash turnover ratio of 235 times during the study period followed by Shree Cement Ltd 156 times, Prism Cement Ltd87.5 times, and Saurashtra Cement Ltd 26 times. This indicates that Ultra Tech has the highest cash turnover ratio which indicates its cash turnover capability relatively more than other cement companies. Saurashtra Cement Ltd has the lowest cash turnover capability during the study period. However, it is too high a figure reported by Ultra Tech and Shree Cement Companies mainly due to very low cash reserves in its current assets. Therefore, we suggested that Prism and Saurashtra Cement Companies to some extent improve the cash turnover ratio. The correlation test between cash and cash equivalents and net sales reveals a weak negative relationship in the case of Ultra Tech Cement Ltd, a weak positive relationship in the case of Shree Cement Ltd, an average positive relationship in the case of Prism Cement Ltd, and Saurashtra Cement Ltd.

On average Saurashtra, cash reserves are enough to meet expenses for nine days which is the highest among all select cement companies during the study period. However, this is also not up to the level of the minimum required number of days (90 days). Cash-to-expenses coverage days of all four cement companies is at the very least during the entire study period. This indicates their incapability to meet the daily operating expense of the industry during uncertain and adverse financial conditions in the industry. In contrast, available cash reserves to meet employees' cost is adequate both in the case of all select cement companies during the study period. Particularly Saurashtra Company has the highest cash-to-employee cost per day i.e., 149 days whereas Shree Cement Ltd has only 59 days during the study period. This is mainly due to the reason of high cash reserves and low employee costs in these companies compared to Ultra Tech and Shree Cement Companies.

2. Inventory Management

The size of inventory in current assets and total assets of select cement companies has shown a downtrend during the study period. In three out of four select cement companies, the size of inventory occupies half of its current assets at an initial period which has later fallen to one-third at the end of the study period with a gradual downtrend. It is reversed in the case of Shree Cement Ltd which has shown an uptrend in the size of inventory to current assets ratio during the study period. However, on average Saurashtra Cement Ltd keeps a large portion of its current assets (45.88%) in the form of inventory followed by Prism 36.03 %, Ultra Tech (34.83%), and Shree (29.51 %). This is mainly attributable to the reason that spares and stores, fuel, and others contribute more than half a share of total inventory but not due to storage of raw material, work in progress, and finished goods. On the other hand, the size of the inventory in total assets among all select cement companies is around 5-10 % during the study period.

The comparative study of inventory components of all select cement companies revealed that the proportion of raw materials in total inventory stood highest in the case of Prism Cement Ltd i.e., an average of 28.02%, followed by Saurashtra Cement Ltd at 19.11 %, Ultra Tech company 10.93 %, and lowest in case of Shree Cement i.e., 4.28 %

during the study period. Similarly, the study observed that Ultra Tech Cement Ltd's average work in progress to inventory ratio is the highest (19.86 %) followed by Saurashtra at 10.91 %, Prism Cement Ltd has 9.19 % and Shree Cement Ltd reported the lowest (8.55 %) during the study period, The study observed that both Ultra Tech Cement Ltd and Prism cement companies have reported uptrend in finished goods to inventory ratio whereas Shree Cement Ltd reported downtrend and Saurashtra Cement Ltd witnessed mixed trend during the study period. Prism Cement Ltd has the highest finished goods to inventory average ratio of 24.17 %, followed by Saurashtra at 15.67 %, Ultra Tech at 12.10 % and Shree Cement Ltd has reported the lowest of 8.14 % during the study period. The study found that in Ultra-Tech and Shree Cement Companies, stores and spares occupied an average of around 40 % of inventory which is around 1/4th of inventory in the case of Prism and Saurashtra Cement Companies during the study period. On the other hand, fuel and others occupied an average of around 30 % of inventory in the case of Shree and Saurashtra Cement Companies where 21.42 % in the case of Ultra Tech Cement Ltd and 18.61 % in case of Prism Cement Ltd.

The study observed slight variation in the inventory turnover ratio of all select cement companies such as an average of 11.33 times in Prism, 10.40 times in Shree, 10.31 times in Ultra-Tech, and 10.02 times in the case of Saurashtra during the study period. This study observed that both Ultra Tech and Prism Cement Companies have improved their inventory turnover ratio from beginning to end, consequently, their inventory conversion period has decreased from 40 and 41 days at the beginning to 32 and 27 days at the end of the study period. On the other hand, Shree and Saurashtra Cement Ltd.'s inventory turnover ratio deteriorated during the study period, consequently, their conversion period increased from 21 to 52 (Shree) days and 21 to 35 days during the study period. Therefore, it is suggested to improve their inventory turnover ratio and reduce the conversion period as per the industry line.

The study observed that Saurashtra Cement Ltd has an average of 11.99 % of Inventory to Total Assets whereas Prism Cement Ltd has an average of 11.37 % during the study period. Among all four Select Cement Companies, Ultra Tech Inventory to Total Assets has fallen by half rate during the study period i.e., from 10.70 % in 2008-09 to 5.70 % in 2017-18. In contrast, Shree and Saurashtra Cement Ltd have increased by half rate during the same period i.e., from 5.51 % to 10.27 % and 6.34 % to 10.18 % from beginning to end of the period. Overall, all select cement companies have the optimum maintenance level of inventory.

The size of inventory in current assets of select cement companies has shown a downtrend during the study period. In three out of four select cement companies size of inventory occupies half of its current assets at an initial period which has later fallen to one-third at the end of the study period with a gradually shown downtrend. It is reversed in the case of Shree Cement Ltd which has shown an uptrend in the size of inventory to current assets ratio during the study period. However, on average Saurashtra Cement Ltd keeps a large portion of its current assets (45.88%) in the form of inventory followed by Prism 36.03 %, Ultra Tech (34.83%), and Shree (29.51 %) which specifies their high liquidity position.

In contrast, Shree and Saurashtra Cement Companies have reported an increase in their sales-to-inventory ratio which is a sign of their poor inventory management and huge working capital tied up during the same period (5.69 to 15.44 % and 5.63 % to 9.51 %). Ultra Tech Company's sales-to-inventory ratio do not significantly change during the same period i.e., 10.84 % in 2008-09 and 10.11 % in 2017-18. Overall all select cement companies' sales to inventory ratio stood at 10.59 % during the study period. The study found that Prism Cement Ltd has reported a downward trend in its sales-to-inventory ratio from the beginning to ending of the study period i.e., from 12.26 % in 2008-09 to 7.82 % in 2017-18 which is a good indication for their effective utilization of inventory and low working capital tied up.

3. Debtors Management

The study found that Prism Cement Ltd has kept 1/3rd of its current assets in the form of debtors which is the largest among all the select cement companies, in contrast, Shree Cement Ltd maintained the lowest of an average of 10.96 % of its current assets in debtors' form. Similarly, Saurashtra and Ultra Tech Cement Companies kept an average of 14.35 % and 13.94 % respectively of their current assets in debtor's form. A similar trend is observed even in the case of debtors to total assets ratios also. A high proportion of debtors to current/total assets ratio of Prism Cement Ltd indicates its poor debtor management practices which are the result of poor debt-recovery efficiency and defective credit policy. Therefore, it is suggested to enhance the quality of debtor's management practices by adopting speedy and reliable debt collection techniques and framing quality credit policy.

The debtors to current liabilities ratio is additional security available to creditors beyond cash, therefore, a higher ratio indicates high security to creditors, on the other hand, a higher ratio indicates low debtors' recovery. It is revealed from the study that the highest debtor to current liabilities is observed in the case of Prism Cement Ltd followed by an average of 17.18 % and 16.29 % in the case of Ultra Tech and Shree Cement Companies respectively. On the other hand, Saurashtra cement companies have reported the lowest debtors to current liabilities ratio an average of 9.89 % during the study period. This indicates that Prism, Shree and Ultra Tech Cement Companies' proportion of debtors to current liabilities is at a good level than Saurashtra Company.

Saurashtra Cement Ltd.'s debtors to total assets ratio has shown up trend in the first three years such as 2.69 % in 2009-10, 3.56 % in 2010-11, and 3.88 % in 2011-12. But it decreased to 3.20 % in 2012-13 and again showed an up-trend in the next two years such as 3.90 % in 2013-14 and 4.77 % in 2014-15. In contrast, the proportion of debtors to total assets has been recorded at 2.76 % in 2015-16 and 2.62 % in 2016-17 and 3.29 % in 2017-18. However, Shree Cement Ltd has reported debtors to total assets ratio at an average of 3.41 % during the entire study period.

Overall, the study observed the lowest average of debtors to net sales ratio in the case of Saurashtra Cement Ltd i.e., 3.50 %, followed by Shree Cement Ltd 3.88 % and 4.08 %. In contrast, Prism Cement Ltd has reported the highest average of debtors to net sales ratio than other cement companies during the study period. This indicates their inefficiency in credit policy.

Shree Cement Ltd and Saurashtra Cement Companies have reported the highest average debtor turnover ratios of 30.33 times and 30.16 times during the study period. This indicates their competitive advantage in speed recovery of debtors to cash which will show a positive impact on the working capital cycle and capital. Similarly, Ultra Tech Cement Ltd reported an average debtor turnover of 25.53 times during the study period. The study found that Prism Cement Ltd has reported the lowest debtor's turnover ratio i.e. 10.20 times which is an indication of its inefficiency in conversions of debtors into cash.

As a result of the highest debtor's turnover ratio average collection period of debtors is lowest in the case of Shree and Saurashtra Cement Companies i.e., 13 days only which indicates its efficiency in the collection of debts. In contrast, as a result of the lowest debtor's turnover ratio Prism Cement Ltd has reported the highest average collection period of 30 days during the study period which is a sign of its poor recovery. Ultra Tech Cement Ltd has an average collection of 15 days during the study period. In general, both debtors' turnover ratio and collection period have inverse relation, which implies that an increase in debtor's turnover ratio leads to decreased collection period and a decrease in debtor's turnover ratio leads to an increase in a collection period. The study suggested that Prism Cement Ltd improve the debtor's turnover ratio and reduce the collection period in line with other competitors in the industry. The ANOVA results reveal a significant difference in debtors' turnover ratio between and within select cement companies during the study period.

4. Payables Management

Prism cement companies have reported the highest average payables turnover ratios of 3.69 times during the study period, followed by 3.44 times by Shree Cement, 2.78 times by Saurashtra Cement Ltd, and 2.41 times by Ultra Tech Cement Ltd during the study period.

The study observed the highest payment period of 162 days during the entire study period due to the lower payable turnover ratio. Thereafter, Saurashtra company reported the next highest of 153 days, followed by Shree Cement Ltd with 119 days and Prism Cement Ltd with101-days during the study period.

Suggestions

Based on the above findings, the following suggestions were offered to the sample cement companies.

The cement companies like Ultra Tech, Prism, and Saurashtra largely suffered due to overstocking during the study period and it is one of the most serious problems in the field of workingcapital management. To resolve this, cement companies require furtherorganizational, procedural, and structural improvements. As a part oforganizational improvement, the companies should set up a separate integrated 'Inventory Management Department'. This department should be assigned all thefunctions, beginning with inventory planning and purchasing, and ending with thefinal disposal of surplus stock of non-moving items. Under proceduralimprovement, the administrative lead time and delivery lead time should bereduced to the extent possible. Under structural improvement, all the latestselective inventory control techniques should be followed. Thus, a start to a reduction in investment in inventory can be made, with immediate effect byintroducing all these changes.

The selective inventory control techniques, combined with a perpetual inventorysystem, can play an important role in solving the problem of overstocking orexcess inventory in the industry. These techniques largely stem from the principle`Thick on the best and Thin on the rest', and include ABC analysis, HML (High, Medium, and Low) Cost Analysis, SDE (Scarce, Difficult and Easy) Analysis, andFSN (Fast, Slow and Non-movement) Analysis. All these techniques, incombination with a perpetual inventory system, would broaden the coverage of theinventory control measures and help reduction in inventory to the maximumextent possible.

To deal with the problem of over-stocking in `raw materials inventory, there is aneed to fix norms on the scientific basis for stocking various raw material items. SDEanalysis will yield suitable guidelines for fixing stock levels relating to allimportant items of raw material inventory, and attempts should be made to see thatthese are adhered to as far as possible.

To deal with the overstocking in `finished and semi-finished goods' inventory, theindustry will be well-advised to promote marketing research at the unit level. Reduction in investment in `finished goods' inventory is possible by activatingthe marketing wing of the units under study.

It is found that Prism Cement Ltd's debtors' management practices are very poor due to inefficiency in recovering debts and defective credit policy. It can be tackled effectively throughimproved coordination in the functioning of some strategic departments such aspurchase, production, marketing, and finance. For this purpose, improvement inthe management information system, in the select units, is essential. There is aneed to adopt a weekly reporting system in respect of inventory and receivables sothat timely action becomes possible.

The company should keep a check on the investment of receivables. Intending to administer the receivables on certain well-established principles; receivables management in the cement industry requires a professional outlook and expertise in administration. the policy of account receivables, fixing proportionate sales on credit, well-authorizedspecific department for credit creation and collection, selection of proper credit terms, laying down sound collection policies and procedures, etc. fairly accompanied by consistency in its level would go a long way to improve receivables management.

Conclusion

Ultra Tech and Shree Cement Companies' liquidity position is good than Saurashtra and Prism Cement Companies during the study period due to low cash reserves and relatively too short-term obligations. A large portion of sales (more than 90%) are in the form of credit in the case of all cement companies. Ultra Tech's cash turnover ratio is much higher than Shree, Prism, and Saurashtra Cement Companies. Both Ultra Tech and Shree Cement's cash reserves to meet day-to-day expenses are only an average of 3 days but it is 9 and 6 in the case of Saurashtra and Prism Cement Companies. This indicates that the proportion of cash (liquid assets) component in the total assets structure is at an inadequate level which poses a cash shortage problem shortly to all select cement companies, particularly Saurashtra which indicates poor cash management practices.

Except for Prism Cement Ltd, the rest of the three companies' debtors' management practices are high quality and efficient during the study period. Ultra Tech Cement Ltd and Prism Cement companies are more efficient in inventory management than Shree and Saurashtra Cement companies in India. Therefore, it is concluded that Shree Cement Ltd working capital management practices are significantly more effective than Ultra Tech, Prism, and Saurashtra cement companies.

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