

# Working Capital Management At Camino Infotech Private Limited, Kochi

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**Abstract-** *This study examines the working capital management practices of Camino Infotech Private Limited, a technology-driven software services firm based in Kochi, India. Effective working capital management is critical to sustaining liquidity and operational efficiency, especially in the fast-paced IT industry. The research evaluates Camino's financial performance over a four-year period (2020– 2024) through ratio analysis, common-size statements, and assessments of changes in working capital.*

*The research concludes with recommendations to strengthen liquidity, streamline receivables and payables, and implement effective cost-control strategies. Overall, the study underscores the importance of consistent and strategic working capital management to enhance financial health and support long-term growth.*

**Keywords-** Working Capital Management, Profitability Ratio Analysis, Current Ratio, Quick Ratio, Net Profit Ratio, Operating Ratio, Debtors Turnover Ratio, Creditors Turnover Ratio, Proprietary Ratio

## I. INTRODUCTION

The success or failure of any business ultimately depends on cash flow. Even a company that is losing money can survive if it has enough cash. On the other hand, a profitable business can still fail if it doesn't have enough cash to cover its expenses. That's why efficient cash management is crucial. A well-planned and timely cash budget helps a business maintain the right amount of working capital, manage cash shortages, and invest surplus funds wisely for growth. Many businesses focus on increasing profits but often overlook the importance of managing their working capital. Poor working capital management is one of the biggest reasons companies fail— not because they aren't making money, but because they can't pay their bills on time. Working capital management is all about balancing short-term assets (like cash, inventory, and receivables) with short-term liabilities (like payables and short-term debt).

- Ratio Analysis can be used to monitor overall trends in working capital and to identify areas requiring management.
- The individual components of working capital can be effectively managed by using various techniques and strategies. When considering these techniques and strategies, the company needs to recognize that each department has a unique mix of working capital components.

## II. REVIEW OF LITERATURE

- **Asare et al. (2023)** conducted a systematic literature review focusing on WCM within the construction industry. Their findings highlighted a scarcity of dedicated research in this sector, underscoring the need for more in-depth studies to understand and improve WCM practices in construction.\
- **Chen and Kieschnick (2021)** explored the relationship between WCM and shareholder value in technology firms. Their research indicated that optimized WCM contributes positively to shareholder wealth, particularly in high-growth environments.
- **Garcia-Teruel and Martinez-Solano (2022)** studied the impact of WCM on SME profitability in European markets. They concluded that shorter cash conversion cycles are associated with higher profitability among SMEs.
- **Roy et al. (2025)** examined the impact of the COVID-19 pandemic on WCM efficiency among large firms listed on India's BSE 500 index. The study found that resilient firms maintained shorter cash conversion cycles and effective receivables and inventory management during the crisis, highlighting the importance of robust WCM practices in enhancing firm resilience.

## III. OBJECTIVES OF THE STUDY

### PRIMARY OBJECTIVE

- To evaluate the working capital management practices of Camino Infotech Private Limited.

## SECONDARY OBJECTIVES

- To analyse the impact of working capital management on the company's financial performance.
- To review how Camino Infotech Pvt. Ltd. has managed the key components of its working capital over the last four years.
- To assess the company's liquidity position during this period.

## IV. RESEARCH METHODOLOGY

Research design used in this study is Analytical Research design. Analytical research is methodical approach to investigating complex topics, aiming to understand them through detailed examination and interpretation of their components and interactions. This process involves scrutinizing data, facts, and information to derive significant conclusions, detect patterns, and acquire insights. It relies on diverse methodologies like statistical analysis, data modeling, and experimentation to unveil fundamental principles and facilitate informed decision-making.

Analytical research finds application across scientific, academic, business, and policy realms, serving to address challenges, optimize procedures, and deepen comprehension by rigorously analyzing and interpreting data and evidence.

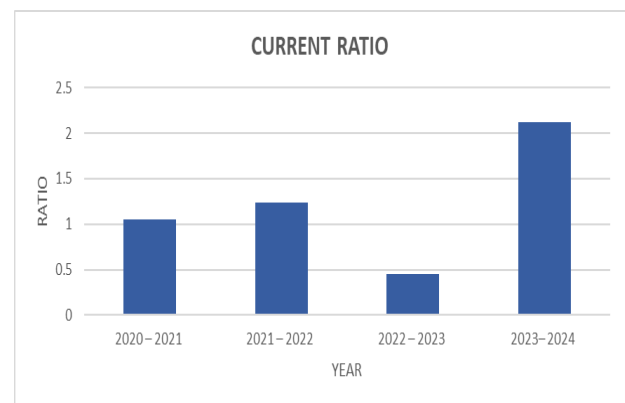
## V. DATA ANALYSIS

### RATIO ANALYSIS

#### CURRENT RATIO

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	RATIO
2020 – 2021	4,14,541.91	3,95,787.40	1.05
2021 – 2022	6,95,962.65	5,61,631.39	1.24
2022 – 2023	3,04,025.88	6,75,641.03	0.45
2023 – 2024	2,91,322.00	1,37,122.00	2.12

**Current Ratio = Current Assets / Current Liabilities**



### INTERPRETATION

The company's current ratio fluctuated over the years, indicating variations in its liquidity position. In 2020-2021, the ratio was 1.05, suggesting a stable ability to cover short-term liabilities. It improved to 1.24 in 2021-2022, showing a stronger liquidity position. However, in 2022-2023, the ratio dropped drastically to 0.45, indicating financial stress and an inability to cover short-term obligations. The situation improved significantly in 2023-2024, with the ratio rising to 2.12, suggesting a strong liquidity position and better financial stability.

### STATEMENT OF CHANGES IN WORKING CAPITAL

Working capital (2023-2024)

PARTICULARS	2023	2024	INCREASE IN WC	DECREASE IN WC
<b>CURRENT ASSETS (a)</b>				
Account receivables	1,56,732.00	39,537.00		1,17,195.00
Cash and cash equivalents	98,736.00	86,785.00		11,951.00
Other current assets	48,530.88	1,65,000	1,16,469.12	
<b>TOTAL</b>	<b>3,04,998.88</b>	<b>2,91,322.00</b>		
<b>CURRENT LIABILITIES (b)</b>				
Account payables	-	-		
Short-term provisions	1,31,663.64	1,37,122.00		5,458.36
Other current liabilities	-	-		
<b>TOTAL</b>	<b>1,31,663.64</b>	<b>1,37,122.00</b>		
Net working capital (a-b)	1,73,335.00	1,54,210.00		
Net decrease in working capital	19,125			

## INTERPRATATION

The Statement of Changes in Working Capital (2023-2024) shows a net decrease of ₹19,125 in working capital. This decline is primarily due to a significant reduction in account receivables (₹1,17,195) and cash and cash equivalents (₹11,951), indicating possible challenges in cash collection and liquidity. However, other current assets increased by ₹1,16,469.12, which partially offsets the decline. On the liabilities side, short-term provisions slightly increased by ₹5,458.36, adding to financial obligations. Overall, the company's working capital position has weakened, reflecting potential liquidity concern.

<b>PARTICULARS</b>				
<b>EQUITY AND LIABILITIES</b>	<b>2023</b>	<b>2024</b>	<b>%2023</b>	<b>%2024</b>
Share capital	1,00,000	1,00,000	12.63	13.98
Reserves and surplus	5,60,014.24	4,77,877.94	70.73	66.83
<b>NON-CURRENT LIABILITIES</b>				
Long term borrowings	-	-	-	-
<b>CURRENT LIABILITIES</b>				
Account payables	1,31,663.64	1,37,122.00	16.63	19.17
Short-term provisions				
Other current liabilities				
<b>TOTAL</b>	<b>7,91,677.88</b>	<b>7,15,000.00</b>	<b>100</b>	<b>100</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets				
Tangible assets	4,87,652.00	4,23,678.00	61.59	59.25
Other non-current assets				
<b>CURRENT ASSETS</b>				
Account receivables	1,56,732.00	39,537.00	19.79	5.52
Cash and cash equivalents	98,763.00	86,785.00	12.47	12.13
Other current assets	48,530.88	1,65,000.00	6.13	23.07
<b>TOTAL</b>	<b>7,91,677.88</b>	<b>7,15,000.00</b>	<b>100</b>	<b>100</b>

## COMMON SIZE BALANCE SHEET (2023-2024)

## VI. CONCLUSION

The company's financial performance has shown fluctuating liquidity, declining profitability, and unstable turnover ratios in recent years. While the proprietary ratio improved, indicating financial stability, the decline in net profit ratio and liquidity indicators suggests a need for better cost control and financial management. By addressing cash flow inefficiencies, reducing operating expenses, and maintaining stable working capital, the company can enhance its financial health and sustainability.

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