

A Study on Working Capital Management And Its Impact on Profitability In Amcor Flexible India Private Limited

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Abstract- This study examines how working capital management affects the profitability of Amcor Flexibles India Private Limited during 2020–2024. The analysis uses secondary data from the company's financial statements and applies tools such as ratio analysis, schedules of changes in working capital, and regression analysis. Results show that the company maintained a positive working capital position, though liquidity remained below ideal levels. Profitability ratios displayed moderate fluctuations, indicating varying efficiency. Regression analysis revealed a strong but statistically insignificant relationship between working capital efficiency and profitability. Overall, the study highlights the importance of effective working capital management in improving financial performance.

Keywords: Analysis, Company, Financial, Profitability, Ratios, Relationship, Working capital.

I. INTRODUCTION

This study examines how working capital management influences the profitability of Amcor Flexibles India Private Limited, a major player in the packaging industry. Since the company operates in a capital-intensive and fast-moving market, effective management of inventory, receivables, payables, and cash flow is essential for maintaining liquidity and supporting profitability. Amcor's operations involve large volumes of raw materials and require timely production and delivery, making efficient working capital practices a strategic necessity. The study explores how Amcor balances its current assets and liabilities, manages credit terms, and adopts best practices to ensure financial stability, cost efficiency, and improved profit performance.

II. OBJECTIVES OF THE STUDY

- To study the components of working capital management of Amcor Private Ltd.

- To examine the profitability position of the Amcor Private Ltd.

III. REVIEW OF LITERATURE

Deloof: In his study on the impact of working capital management on corporate profitability, Deloof concluded that firms can improve profitability by reducing the number of days accounts receivable and inventory are held. This is particularly relevant for packaging firms like Amcor, which deal with large-scale operations and must optimize their cash conversion cycle to maintain competitiveness.

Lazaridis and Tryfonidis: This research explored the relationship between working capital management and profitability in the Athens Stock Exchange. The authors found a strong negative relationship between the cash conversion cycle and profitability, suggesting that companies like Amcor can enhance their financial performance by improving receivables and inventory turnover.

Gill, Biger, and Mathur: Their study of U.S. manufacturing firms showed that efficient working capital management directly influences a firm's profitability. The findings support the idea that global packaging companies such as Amcor must manage their current assets and liabilities effectively to sustain profitability in a highly competitive market.

Sharma and Kumar: Focusing on Indian firms, the authors discovered a positive relationship between working capital management and profitability, especially in capital intensive industries. Since Amcor operates in manufacturing and packaging—a sector requiring significant investment in working capital—their findings highlight the importance of strategic financial planning.

Amcor Annual Reports: Am cor's own annual financial reports reflect the practical application of working capital principles. Through strategic inventory management, supplier credit optimization, and receivables collection, Amcor

demonstrates consistent efforts to balance liquidity and profitability, supporting academic research with real-world data.

Raheman and Nasr: They analysed the relationship between working capital management and firm profitability. The study found that better management of receivables, payables, and inventory increases profitability. A negative relationship was observed between the cash conversion cycle and firm performance. Efficient management enhances liquidity and reduces dependence on external funding. These findings are relevant for firms like Amcor to maintain financial efficiency.

Jose, Lancaster, and Stevens: This study introduced the concept of the cash conversion cycle as a measure of working capital efficiency. Firms with shorter cycles had better profitability. The authors emphasized managing receivables and inventory promptly. Amcor can adopt such practices to improve operational flow. It highlights the link between liquidity timing and profitability.

Padachi: Padachi found that high investment in current assets can reduce profitability. Poor inventory and receivable control weakness financial results. The study emphasized the need for balance in working capital components. Amcor can apply these insights to control costs and enhance returns. Efficient asset usage leads to improved business performance.

IV. RESEARCH METHODOLOGY

Research Design:

This study uses a descriptive research design.

Data Collection:

Secondary Data:

Secondary data refers to information that has already been collected, compiled, and processed by someone else. In this study, secondary data was obtained from annual reports, company manuals, and other relevant documents. The study also made use of literature provided by the organization. Additionally, data was gathered through library references, as well as by reviewing various articles and previous research studies available on platforms such as ResearchGate.

TOOLS FOR DATA ANALYSIS

- Gross working capital
- Profitability ratio

V. DATA ANALYSIS AND INTERPRETATION

1. TABLE SHOWING THE GROSS WORKING CAPITAL OF AMCOR 2020-2024

Year	Inventories	Trade Receivable	Cash & Cash Equivalent	Current Investment	Short-Term Loans & Advances	Other Current Assets	Total GWC
2020	1832 (17.44%)	1616 (17.69%)	743 (20.38%)	0 (0.00%)	0 (0.00%)	8 (3.36%)	4199
2021	1991 (18.95%)	1864 (20.40%)	850 (23.32%)	0 (0.00%)	0 (0.00%)	21 (8.82%)	4726
2022	2439 (23.22%)	1935 (21.18%)	775 (21.26%)	0 (0.00%)	0 (0.00%)	202 (84.87%)	5351
2023	2213 (21.06%)	1875 (20.52%)	689 (18.90%)	0 (0.00%)	0 (0.00%)	3 (1.26%)	4780
2024	2031 (19.33%)	1846 (20.21%)	588 (16.13%)	0 (0.00%)	0 (0.00%)	4 (1.68%)	4469
TOTAL	10506 (100%)	9136 (100%)	3645 (100%)	0 (0%)	0 (0%)	238 (100%)	23525

INTERPRETATION:

Amcor’s gross working capital increased until 2022, mainly driven by higher inventories and receivables, but declined in 2023 and 2024. Cash and cash equivalents showed a steady fall, reflecting reduced liquidity strength. Overall, the company relied heavily on inventories and receivables, while other current assets remained minimal and irregular.

2. TABLE SHOWING GROSS PROFIT RATIO OF AMCOR

Particulars	2020	2021	2022	2023	2024
Gross working capital (₹ Cr)	2,536	2,732	2,820	2,725	2,712
Total Revenue (₹ Cr)	12,468	12,861	14,544	14,694	13,640
Gross profit Ratio (%)	20.34	21.24	19.39	18.54	19.88



INTERPRETATION:

The Gross Profit Ratio peaked in 2021 at 21.24%, reflecting efficient cost management during that year. A gradual decline followed in 2022 and 2023, reaching a low of 18.54%, indicating rising production or procurement costs. In 2024, the ratio recovered slightly to 19.88%, suggesting improved cost control or better pricing strategies. Overall, the trend shows moderate fluctuations in profitability, with efforts likely needed to stabilize margins consistently.

VI. FINDINGS

Amcor's financials show a mixed trend, with gross working capital rising until 2022 due to higher inventories and receivables, then declining in 2023–2024. Liquidity weakened as cash balances consistently fell, indicating dependence on non-cash assets. Heavy reliance on inventories and receivables suggests slower turnover and delayed collections.

Profitability peaked in 2021 with a GPR of 21.24% but declined in the following years due to rising costs, before slightly improving in 2024. Overall, the company faces fluctuating profitability and liquidity pressures, highlighting the need for better inventory and receivable management.

VII. FINDINGS

The financial analysis reveals that Amcor's gross working capital increased up to 2022 due to growth in inventories and receivables, but declined in 2023 and 2024, indicating pressure on liquidity. Cash and cash equivalents consistently decreased, reflecting weaker short-term financial flexibility. The company's profitability also fluctuated, with the Gross Profit Ratio reaching its highest level in 2021 before dropping over the next two years, then showing a mild recovery in 2024. Overall, the findings suggest rising cost pressures, over-dependence on inventory and receivables, and the need for stronger liquidity and cost management practice

VII. CONCLUSION

The analysis shows that Amcor's gross working capital fluctuated over the years, rising until 2022 due to higher inventories and receivables, but declining afterward as liquidity weakened. Cash levels consistently fell, indicating reduced short-term financial strength. Profitability also showed variation, with the Gross Profit Ratio peaking in 2021, declining in the following years, and slightly improving in 2024. Overall, Amcor needs to strengthen liquidity management and maintain tighter cost control to ensure stable and sustainable profitability in the future.

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