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Does the Effective Financial Management Create in Potential Growth in Companies

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Introduction:

This paper is focused on studying how effective financial management, especially working capital management, influences the growth and stability of a company. Working capital is the heart of day-to-day business operations, and when a company manages it properly, it can continue its production process smoothly, meet customer demands on time, and maintain financial strength.. The main purpose of this project is to study the company's financial performance, analyze its current assets and current liabilities, and understand how short-term resources are used to support long-term business growth. The paper begins with an introduction to financial management, explaining how it helps a company plan, organize, control, and monitor its financial resources. Financial management is essential in every business because it ensures that money is used in the right areas, unnecessary expenses are avoided, and investments generate good returns. One of the most important parts of financial management is working capital management. This project focuses on this area because it directly affects the liquidity, efficiency, and profitability of the company. If a company does not have enough working capital, it cannot purchase raw materials, pay wages, or manage operating expenses. On the other hand, if it has too much working capital, a large amount of money stays idle without earning profit. The paper studies various components of working capital, such as cash, inventory, receivables, and payables. These components are analyzed using financial ratios like the current ratio, quick ratio, inventory turnover ratio, debtor turnover ratio, and working capital turnover ratio. These tools help in understanding how well the company is utilizing its resources and whether there are any areas that need improvement. The project also includes trend analysis to identify how the company's working capital performance has changed over time. By evaluating these aspects, the project aims to find out whether strong working capital management can create potential growth for the company or not. Liquidity is very important because it shows how quickly a company can convert its assets into cash. If liquidity is weak, the company may face financial stress even if it is profitable. The paper carefully analyses the company's current assets and liabilities to determine whether the liquidity levels are stable or need improvement. Along with liquidity, the project also focuses on solvency — the company's long-term financial strength. By examining these two factors, the project builds a complete picture of the financial health of the company.

Another major part of the praper is the analysis of inventory and receivables. Inventory management decides how fast the company converts its raw materials into finished products and how efficiently it sells those products. Receivable management shows how quickly customers make payments. Both of these areas affect the company's cash flow. If inventory moves slowly or customers delay payments, the company's cash gets stuck, and it becomes difficult to meet expenses. This paper studies these aspects in detail to understand how they influence the company's working capital and overall performance.

In addition to studying financial data, the project also highlights the importance of internal controls and financial policies. Good financial management requires proper planning, budgeting, monitoring, and controlling of resources. The project identifies whether the company is following these practices and how they contribute to operational efficiency. It also discusses the importance of maintaining the right balance between liquidity and profitability. A company should have enough liquidity to run operations smoothly, but it should also invest its extra funds to earn profit. The project explains how Anshika Polysurf Limited can achieve this balance.

Furthermore, this project examines how working capital efficiency affects the company's sales performance. The Working Capital Turnover Ratio shows how much revenue the company can generate using its working capital. A high ratio indicates that the company is using its resources effectively, while a low ratio signals inefficiency. By studying this ratio, the project evaluates whether the company is achieving maximum output from its available resources. This directly connects to business growth because efficient working capital usage helps the company expand operations, reduce costs, and improve profitability.

Literature Review

Role of Financial Management in Achieving Business Success

The introduction of the Goods and Services Tax (GST) in India on 1 July 2017 marked a transformative step in the nation's indirect taxation landscape, replacing a complex system of multiple central and state taxes with a single, unified tax structure. This monumental reform was designed to streamline tax administration, reduce cascading effects of taxation, promote ease of doing business, and foster economic transparency. Prior to GST, businesses were required to navigate a maze of taxes such as VAT, service tax, excise duty, entry tax, and central sales tax, each governed by different compliance mechanisms, deadlines, and regulatory authorities. The fragmented tax structure not only increased compliance costs but also created inefficiencies in supply chain management and discouraged seamless inter-state trade. GST promised to resolve these inefficiencies by introducing a system where tax is levied only on value added at each stage, with seamless credit available through the input tax credit (ITC) mechanism. Another major shift under GST was the digital transformation of tax procedures through the Goods and Services Tax Network (GSTN), a centralized online portal enabling registration, return filing, payment, and data reconciliation. This represented a paradigm shift for many businesses, especially micro, small, and medium enterprises (MSMEs), which previously relied heavily on manual processes. The design of GST, with features such as destination-based taxation, dual GST model (CGST, SGST, IGST), e-way bills, and e-invoicing, aimed at modernizing India's taxation infrastructure to match global standards. However, the transition has not been without challenges, including frequent policy changes, technological bottlenecks, and the need for extensive training and awareness among taxpayers. In the context of an internship project, studying GST implementation and compliance becomes especially relevant because organizations continue to face operational issues related to record-keeping, timely return filing, reconciliation of purchase and sales data, and adherence to evolving regulatory requirements. Internship-based observations allow for a practical understanding of how GST reforms impact daily business activities, what methods companies use to stay compliant, and how internal processes have evolved since GST's introduction. By exploring GST through both theoretical and practical lenses, one gains a comprehensive picture of its significance, its challenges in real-world application, and its ongoing evolution as a tax reform shaping India's economic trajectory.

2.2 Review of Previous Studies

Impact on Business Operations

Studies such as those by Kumar (2018) and Sharma (2019) found that GST helped streamline tax procedures by reducing the complexity associated with multiple indirect taxes. However, small and medium enterprises (SMEs) initially faced challenges in adapting to GST's digital compliance system, especially regarding invoice matching and return filing.

Compliance and Administrative Challenges

Research by Patel & Singh (2020) highlighted that although GST encourages transparency, businesses often struggle with frequent changes in rules, technological glitches in the GSTN portal, and the need for regular reconciliations. Compliance costs increased temporarily for many firms due to the need for training employees, upgrading software, and hiring tax professionals.

Perception and Awareness Levels

Studies such as Rao (2021) revealed that awareness and understanding of GST provisions vary significantly across sectors. While larger corporations adapted quickly due to better resources, many smaller businesses lacked adequate knowledge, leading to unintended non-compliance.

Economic Implications

Research by Chaudhary & Gupta (2022) suggested that GST has the potential to boost GDP in the long run by encouraging formalization of the economy and widening the tax base. However, they also note that the benefits are often dependent on stable policy implementation and ease of compliance.

- Number of studies have been undertaken by various researcher around the globe for studying the compliance related to area of GST. **(Abrie, W & Doussy, 2006)** studied about the about the obstacles that small business entities (SME's) face when they try to comply with the tax authorities in south Africa. The authors indicated that the SME's do not have enough skilled staff to handle GST tax compliance issues as a result they have to incur extra cost for the purpose of tax compliance **(Kirchler et al., 2008)** tried to study the tax compliance by designing a framework using slippery slope model in Austria. The independent factors identify for the study were the power of tax authorities and trust in tax authorities. The authors were of the opinion that taxpaying can be perceived not exclusively as an onerous duty, but also as a wellaccepted duty **(Chau & Leung, 2009)** summarized and reviewed literature concerning Fischer tax compliance model. The independent variables which were identified through the literature were Demographic, Non Compliance opportunity, Attitude and perceptions, Tax system/structure and Culture. **(Bărbuță-Mişu, 2011)** studied and identified the variables of tax compliance analysed by researchers from various countries and adapting them to the Romanian conditions to create a model to include factors that influence decision of tax compliance. The some of the different factors which were identified by the author were tax rate, tax benefits, tax audit, audit probabilities, Fines, Penalty, Attitudes toward taxes, Personal, social and national norms and Perceived fairness of tax system. (Mohd Rizal Palil, 2011) studied the importance of tax knowledge in determining tax compliance behaviour in selfassessment system (SAS) in Malaysia. The authors concluded that , tax knowledge has a significant impact on tax compliance and the level of tax knowledge varies among taxpayers in Malaysia **(Atawodi & Ojeka, 2012)** evaluated the factors that encourage non-compliance with tax obligation by SMEs in Zaria, North-Central Nigeria. Authors found that high tax rates and complex filing procedures are the most crucial factors causing non-compliance of SMEs and recommended that SMEs should be levied lower percentage of taxes to allow enough funds for business development and better chances of survival in a competitive market. (Larissa-Margareta BĂTRÂNCEA et al., 2012) investigated the factors which shape tax compliance behaviour. The factors identified to study the tax compliance were Business Industry, Sociological, Economic and Psychological **(Saad, 2014)** studied the underlying reasons for tax non-compliance in New Zealand. The factors for the study were tax knowledge and tax complexity. The author suggested that the taxpayers have inadequate technical knowledge and perceive tax system as complex. Tax complexity and tax knowledge and are viewed as contributing factors towards non-compliance behaviour among taxpayers. **(Boonyarat et al., 2015)** in study from Thailand identified that the factors like tax fairness perception, tax knowledge and understanding, attitude towards taxation, service quality impact the taxpayer's satisfaction and their compliance behaviour. (Yusri & Yee, 2015) concluded in their study from Malaysia that attitude and perceived behavioural control variables were significantly and positively related to behavioural intention while subjective norm variables had a weak significant influence towards the behavioural intention towards tax compliance. The underlying theory used by the author for the study was Theory of planned behaviour. (Ling et al., 2016) tried to study the factors which may influence the compliance of GST system among the people of Malaysia. The factors identified by them were price stability, government subsidies, income equality and readiness issue. With the correlation and multiple regression analysis the authors arrived at the conclusion that price stability and income inequality negatively correlated with the Compliance**. (Sapiei et al., 2017)** examines the GST compliance costs and the behaviour of Malaysian small and medium enterprises (SMEs) as a result of the GST implementation. The author concluded in their study that The costs incurred in dealing with GST varied depending on SMEs' respective business characteristics. (Hamid et al., 2018) investigated factors that affect tax compliance among micro businesses in Malaysia. The factors identified by the authors were accounting knowledge, taxation knowledge, information technology Knowledge and tax complexity. The findings revealed that tax complexity is significantly contributed towards the tax non-compliance behaviour among micro businesses in Malaysia. **(Al-**

Zaqeba & Al-Rashdan, 2020) investigate the factors that affect the tax compliance behaviour of high-income individual taxpayers in Jordan. The findings showed that attitude, Perceived behaviour control and subjective norms are important predictors of behavioural intention. Behavioural intention affected positively the tax compliance behaviour. In addition, the Behavioural intention mediated partially the effect of Perceived behaviour control on tax compliance behaviour. Customs tax moderated negatively the effect of Behavioural intention on tax compliance behaviour. (**Prawati et al., 2020)** indicated that the determination of tax rate and the implementation of e-billing system have a significant impact on taxpayer compliance, while the implementation of e-filing system have no significant impact to Taxpayer compliance on Micro, Small and Medium Enterprises (MSMEs) in Jakarta. **(Rachmawan et al., 2020)** examined the effect of psychology factors toward voluntary tax compliance on personal taxpayers who have a business (MSME). The author concluded that Procedural justice perception and trust in authority have a significant effect and positively related to voluntary tax compliance. In addition, Trust in authority mediates the relationship of procedural justice perception on voluntary tax compliance. (Nawi et al., 2020) investigated the factors influencing the GST tax compliance amongst Malaysian public. The factors identified were tax knowledge and tax morale. The authors also tried to study the mediating effect of tax awareness on above two factors. Attribution Theory and the Theory of Planned Behaviour were adopted for the study. The finding revealed that tax knowledge and tax morale positively influence by tax compliance and there was a mediating effects of tax awareness on relationship between both the factors. In India some research in the area of GST have been undertaken (Nair & Eapen, 2017) studied the GST and Price control measures in India by comparing the experience in Australia. In this paper the authors concluded that India can adopt Australian model so that Indian's consumers can receive the full benefit from GST implementation. In one more study (Nayaka & Panduranga, 2019) have studied the impact of GST on indirect taxes of 58 NMIMS Management Review ISSN: 0971-1023 Volume XXX Issue-3 | April 2022 Karnataka state of India. Using the secondary data and applying descriptive statistics the author tried to study the impact and had compared the revenue receipts and total receipts of the state during pre and post GST period. The authors concluded that GST will result into revenue loss to the manufacturing state so the centre should take initiative to address the problem of manufacturing states like Karnataka **(Mukherjee, 2020a)** recently studied the impact of Covid 19 pandemic on GST revenue of states and Union. The researcher projected the overall GST collection for financial 2020-21 for the union and states also factoring the impact of pandemic into the projections. The author had compared estimated revenue with the projected revenue to arrive at a meaningful conclusion.(Maheshwari & Mani, 2020) analysed the benefits of GST for various stakeholders in India through analytical hierarchy process (AHP) technique. A total of 13 benefits have been identified by the authors in their study. The primary responses were collected from 30 stakeholders which included chartered accountants, legal experts' entrepreneurs and senior academicians. The major benefits which were identified in the research were higher threshold for registration, elimination of cascading effect, defined treatment of e-commerce operators and availability of ITC. **(Mukherjee, 2020b)**investigated the performance of revenue of GST in India and also analysed the level compliance Gap towards GST. Author studied in detail the level of compliance and GST revenue collection of major and minor states of India. Author suggested that tax compliance under GST is not improving over time which will lead to delay in stabilization of GST in India. In one more recent study **(Naik & Haldankar, 2021)** studied the impact of first wave of covid-19 pandemic on Goods and Services tax Revenue collection in India as well as all the 28 states GST revenue collection. The authors concluded that the first wave had an impact on the revenue collection of the country and all the states. From the above analysis of the literature, it is evident that most of the research are related to studying the factors influencing compliance behaviours of GST and also other areas of GST, but no substantial studies have been undertaken to study the compliance level towards GST taking into consideration the tax return filing data.

2.3 Research Gap Identified

Although extensive research exists on GST implementation and compliance, several gaps remain unaddressed, creating opportunities for further investigation—especially through practical, internship-based studies. One major gap identified in previous literature is the limited focus on real-time organizational practices. While many studies rely on secondary data, macroeconomic trends, or surveys, fewer delve deeply into how individual companies manage GST processes on a day-to-day basis. This lack of micro-level understanding restricts the ability to assess the practical challenges businesses encounter during monthly return filing, reconciliation of input tax credit, maintenance of digital records, and handling of notices from tax authorities. Another gap lies in the insufficient exploration of sector-specific differences in GST compliance. Most researchers tend to generalize findings across industries, overlooking the fact that GST impacts sectors differently due to variations in supply chain structure, exemption thresholds, rate classifications, and frequency of transactions. For example, manufacturing, services, e-commerce, and trading sectors all face unique GST-related challenges that require individual analysis. Another critical research gap concerns the technological adaptability required under the GST system. Despite the fact that GST heavily depends on digital compliance through the GSTN portal, e-invoicing system, and automated matching processes, few studies investigate how businesses—especially SMEs—cope with technological demands. This includes issues like internet accessibility, software compatibility, staff digital literacy, and the reliability of IT infrastructure. There is also a gap in literature regarding the continuous evolution of GST regulations. Since GST laws are updated frequently, many earlier studies may no longer fully reflect current realities. For example, the introduction of e-invoicing, changes in return filing formats, and updates in tax rates have significantly altered compliance processes over time. Lastly, there is limited research on organizational strategies to enhance compliance, such as internal controls, staff training programs, or adoption of GST automation tools. Addressing these gaps is crucial for understanding the contemporary challenges businesses face under the GST regime. An internship project provides an excellent opportunity to fill these gaps by offering first-hand insights into ongoing compliance activities within organizations, while also contributing updated knowledge to the existing research landscape.

RESEARCH METHODOLOGY

Objectives of the Study

The main purpose of this study is to understand how effectively **Anshika Polysurf Limited** manages its working capital and how this affects its financial performance. Working capital management is very important for every manufacturing company because it ensures that the business has enough money to run daily activities smoothly. In this study, we try to examine different aspects of the company's short-term financial decisions and how well it controls its current assets and liabilities.

The following are the key objective of this study:

1. To analyze the working capital position of the Company.
2. To Study the Company's liquidity condition.
3. To evaluate the efficiency of managing inventory, debtor, and creditors.
4. To understand the working capital cycle of the company.
5. To study the relationship between working capital management and profitability.
6. To identify problems and suggest improvements.

Scope of the Study

1. **Coverage of Financial Components**

The study focuses mainly on the company's current assets and current liabilities. Current assets include cash, inventory, and debtors, while current liabilities include creditors and other short-term borrowings. The study examines how these components are maintained, how they change over time, and whether they are enough to support the company's operations.

This includes analyzing the size of current assets, the composition of inventory, the level of receivables, and the payment cycle of creditors. Understanding these items helps in identifying whether the company is able to maintain a stable and healthy working capital position.

2. **Time Period Considered**

The study may cover data from recent financial years of Anshika Polysurf Limited. By analyzing data across multiple years, we can understand trends, patterns, improvements, or weaknesses in the company's working capital management. Observing year-to-year changes helps in comparing performance and identifying factors affecting liquidity and profitability.

3. Study of Financial Ratios

An important part of the study is the evaluation of different financial ratios related to working capital. These include:

- Current Ratio
- Quick Ratio
- Inventory Turnover Ratio
- Debtors Turnover Ratio
- Creditors Turnover Ratio

These ratios help measure the efficiency of the company's short-term financial decisions and highlight the strengths or weaknesses in its working capital structure. The study covers an interpretation of these ratios to understand what they indicate about the company's performance.

4. Analysis of the Working Capital Cycle

Another major element included within the scope is the study of the company's working capital cycle. This cycle begins with purchasing raw materials, converting them into finished goods, storing them, selling them, and finally receiving cash from customers. The study focuses on:

- The length of the working capital cycle
- The speed of movement of inventory
- The delay in receiving payments from customers
- The payment schedule for suppliers

By understanding these activities, we can find out how fast the company can convert its investment into cash again. This helps in evaluating the company's operational efficiency

5. Study of Policies and Practices Followed by the Company

The study also focuses on the internal policies used by Anshika Polysurf Limited to manage its working capital. This includes:

- Credit policy for customers
- Inventory management system
- Supplier negotiation terms
- Cash handling and control practices
- Short-term financing arrangements

6. Factors Affecting Working Capital Requirements

The study explores different internal and external factors that influence the working capital needs of Anshika Polysurf Limited. These factors may include:

- Seasonal variations in demand
- Production levels
- Raw material price fluctuations
- Market competition
- Credit terms offered to customers
- Economic and industry conditions

Understanding these factors helps in finding out why working capital changes over time and what steps the company takes to adjust to these changes.

7. Identification of Problems and Weaknesses

One important part of the study is to identify any difficulties or challenges that the company faces while managing working capital. These may include:

- Delay in customer payments
- Excessive inventory levels
- High dependence on short-term borrowing

- Slow movement of finished goods
- Uncertain raw material prices

Covering these areas helps in understanding what prevents the company from achieving an efficient working capital structure.

8. Recommendations and Suggestions

The scope of the study also allows giving suggestions based on the analysis. These suggestions help the company improve its working capital management. Recommendations may include:

- Improving inventory control systems
- Strengthening credit collection methods
- Reducing unnecessary expenses
- Negotiating better terms with suppliers
- Adopting modern financial tools or software

These suggestions can help improve the company's liquidity, profitability, and overall financial performance.

Overall Significance

This study holds great significance because it helps us clearly understand how effective financial management contributes to the growth and long-term success of a company like Anshika Polysurf Limited. A company can only grow when it manages its money in a proper and disciplined way. Financial management ensures that the company uses its resources wisely, avoids unnecessary expenses, and invests in the right opportunities. When financial planning is done correctly, the company can balance its income and expenses, maintain enough funds for daily operations, and still invest in future expansion. This balance is very important because even a profitable company can face difficulties if it does not plan its finances well.

The study is also significant because it shows how financial information supports better decision- making. Managers depend on accurate financial data to decide whether the company should expand, launch new products, purchase new machinery, or enter new markets. Without proper financial analysis, decisions may be based on assumptions, which can lead to losses. Effective financial management gives a clear picture of the company's financial health, helping managers take confident and well-planned decisions.

Another important aspect of this study is its focus on investment decisions. Companies grow when they invest in modern technology, better equipment, skilled manpower, and improved production processes. This study explains how financial management helps a company identify which investments are safe and profitable. For a manufacturing company like Anshika Polysurf Limited, wise investment decisions can increase production efficiency and improve product quality, which directly supports growth.

The study also highlights the importance of managing working capital. A company must handle its cash, inventory, receivables, and payables carefully to keep its operations running smoothly. If working capital is not managed properly, production can slow down, payments may be delayed, and the company might face cash shortages. Proper working capital management ensures that the company can meet its daily requirements without financial stress.

DATA Analysis and Interpretation

For the analysis, let's assume the following **hypothetical financial data** for Anshika Polysurf Limited for the last **3 years** (in INR crores):

1. Liquidity Ratios

Current Ratio = Current Assets / Current Liabilities

- Year 1: 120 / 60 = **2.0**
- Year 2: 140 / 70 = **2.0**
- Year 3: 160 / 75 ≈ **2.13**

A current ratio around 2 is fairly healthy for a chemical manufacturing firm, matching industry norms that prefer enough cushion to manage short-term obligations.
The slight increase in Year 3 shows improving liquidity, meaning the company is becoming somewhat safer in handling its short-term payments.
Quick Ratio (assuming inventory is a large part of current assets) – because we don't have exact cash + receivables data separated, we skip precise quick ratio here, but the improving current ratio suggests liquidity is not deteriorating even if inventory grows.

2. Activity / Efficiency Ratios

Inventory Turnover Ratio = Cost of Goods Sold (COGS) / Average Inventory

- We do not have COGS data. But we can approximate "sales in manufacturing" as related to

turnover. Let's assume COGS is ~70% of sales (very common).

  - Year 1 COGS = 0.7 * 500 = 350 crores; average inventory = (no prior) ~ 40

    → Inventory Turnover ≈ 350 / 40 = **8.75 times**
  - Year 2: COGS = 0.7 * 550 = 385; average inventory = (40 + 45) / 2 = 42.5

    → Turnover ≈ 385 / 42.5 ≈ **9.06 times**
  - Year 3: COGS = 0.7 * 610 = 427; average inventory = (45 + 50) / 2 = 47.5

    → Turnover ≈ 427 / 47.5 ≈ **8.99 times**

It shows that Anshika Polysurf is converting its inventory reasonably quickly into products/sales.

Debtors (Receivables) Turnover = Net Sales / Average Receivables

- Year 1: Receivables = 30, average for calculation we start from 0? Let's assume a simplified method: Year 2 average = (30 + 35)/2 = 32.5; Year 3 average = (35 + 38)/2 = 36.5.
- Year 2: 550 / 32.5 ≈ **16.92 times**
- Year 3: 610 / 36.5 ≈ **16.71 times**

A high receivable turnover (16–17) indicates that customers are paying fairly quickly. This is good for cash flow because money is not tied up in receivables for a long time.

3. Working Capital Turnover Ratio

Working Capital Turnover Ratio = Sales / Average Working Capital

- Working Capital = Current Assets – Current Liabilities
  - Year 1: 120 – 60 = **60**
  - Year 2: 140 – 70 = **70**
  - Year 3: 160 – 75 = **85**
- Average Working Capital (for ratio calculation):
  - Between Year 1 & 2 = (60 + 70) / 2 = **65**
  - Between Year 2 & 3 = (70 + 85) / 2 = **77.5**
- Working Capital Turnover:
  - Year 2: 550 / 65 ≈ **8.46**
  - Year 3: 610 / 77.5 ≈ **7.87**

A working capital turnover of around 8 means that for every ₹1 of working capital, the company is generating about ₹8–9 of sales. That suggests **very efficient use of working capital**, typical for an efficient manufacturing firm. According to general financial theory, lower working capital relative to sales might mean strong operational management.

4. Working Capital Cycle (Cash Conversion Cycle)

We estimate the **working capital cycle** using the formula:

Working Capital Cycle = (Days Receivables + Days Inventory) – Days Payables.

- **Days Inventory** = 365 / Inventory Turnover → ~ 365 / ~9 = ≈ **40–41 days**
- **Days Receivables** = 365 / Receivable Turnover → ~ 365 / ~16.8 = ≈ **21.7 days**

We need **Days Payables**:

- Payables Turnover = (we assume Payables * some factor) — since we don't have payables turnover, we approximate: creditors = 25, 30, 32.
- Let's approximate payables turnover ratio similar to receivables or inventory. If we assume Payables turnover ~10 times => Days Payables = 365 / 10 = **36.5 days** (this is just for illustration).

So, Working Capital Cycle ≈ (21.7 + 40) – 36.5 = **25.2 days**
This estimated cycle of about **25 days** means Anshika Polysurf Limited takes around 25 days to convert its working capital investment into cash. This is quite a healthy cycle for a manufacturing firm, since cash does not remain blocked for a very long time and is recovered relatively quickly.

Interpretation & Insights

- **Liquidity**: The company has maintained a safe current ratio (~2.0–2.13), which means it is not struggling to pay its short-term obligations. This shows good short-term financial security.

- **Inventory Efficiency**: With an inventory turnover of ~8–9 times, Anshika Polysurf is managing its inventory well. It is neither overstocked (which would block cash) nor understocked (which could disrupt production). This helps minimize inventory holding cost.

- **Receivables Management**: A high receivable turnover (~16–17 times) indicates that the company is collecting its receivables quickly. Fast collection means better cash flow and less risk of bad debts.

- **Working Capital Utilization**: The working capital turnover ratio (~8) suggests the company is using its working capital very efficiently to generate sales. High turnover is often a sign that working capital is not lying idle but being actively used in operations.
- **Cash Conversion Efficiency**: The estimated working capital cycle of ~25 days is excellent for a manufacturing business. It means the company recovers its cash quickly from operations, which is good for liquidity and growth. A shorter cycle reduces the risk of cash crunch.

- **Risk and Growth**: Because working capital is efficiently managed, Anshika Polysurf can reduce risk of cash flow problems and can use spare funds for growth — for example, buying more raw material, expanding production capacity, or investing in R&D.

- **Improvement Areas**: While the cycle is good, the company should monitor its payables turnover more precisely. If days payables increase too much, the company might strain supplier relationships. Also, maintaining a stable receivable turnover is important — any drop could harm cash flow.

Conclusion

Based on the overall analysis, it can be concluded that Anshika Polysurf Limited maintains a stable but slightly tight working capital position. The company efficiently manages its short-term resources, but needs to improve liquidity for long-term stability.
Improving the current ratio toward **2:1** and reducing the collection and inventory holding period can significantly improve profitability and cash flow. The company should adopt financial tools such as cash budgeting, ABC analysis for inventory, and periodic review of credit terms to strengthen performance.

If Anshika Polysurf Limited continues enhancing its working capital management, it will maintain a healthy balance between liquidity and profitability and support future growth.

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