

# Introduction to working capital management business essay

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## **Chapter 1**

This Section deals with the introduction of the S&P CNX Nifty 50 Companies and the objective behind selecting nifty 50 companies. Background of the study, statement of the problem, contributions of the study and chapterisation is discusses keeping in view the basic nature of working capital management.

### **Background to the Study**

The progress and prosperity, financial health and stability, of an industrial or business organization, largely depend on the effective and efficient management and control of various parameters of the working capital.

Corporate finance deals with decisions related to capital budgeting, capital structure and working capital management, and the issue related to working capital management are very crucial for the company's profitability. The term working capital refers to a firm's short-term assets, such as inventory, and its short-term liabilities, such as money owed to suppliers. Managing the firm's working capital is a day-to-day activity that ensures that the firm has sufficient resources to continue its operations and avoid costly interruptions. This involves a number of activities related to the firm's receipt and disbursement of cash. Questions about working capital that must be answered are the following: (1) How much cash and inventory should we keep on hand? (2) Should we sell on credit? If so, what terms will we offer (3) How will needed short-term financing being obtain? Will we purchase on credit or will we borrow in the short term and pay cash? If we borrow in the short term, how and where should we do it? Working capital management is

an area Largely Lacking in theoretical perspective. If you minimize the amount tied up in receivables, inventory and maximize the amount tied up in payables, you maximize your cash flow. In reality the decision of how much to invest in working capital is not as straightforward. Like all financing decisions it involves a risk – return trade-off. The Working Capital Management of a firm in part affects its profitability. The ultimate objective of any firm is to maximize the profit. But, preserving Liquidity of the firm is an important objective too. The problem is that increasing profits at the cost of Liquidity can bring serious problems to the firm. Therefore, there must be a tradeoff between these two objectives of the firms. One objective should not be at cost of the other because both have their importance. If we do not care about profit, we cannot survive for a longer period. On the other hand, if we do not care about Liquidity, we may face the problem of insolvency or bankruptcy. Maintaining the smooth and continuous flow of organization is the challenging task for each organization, for this management needs the availability of each and every component of 4M i. e. Man, Machine, Money and Material. Day to day management of these four components is known as " WORKING CAPITAL MANAGEMENT". Working capital is very important component of corporate finance because it directly affects the Liquidity and profitability of the company. Working capital is the base for any organization especially for manufacturing organization. Excessive Levels of current assets can easily result in a firm's realizing a substandard return on investment. However firms with too few current assets may incur shortages and difficulties in maintaining smooth operations (Horne and Wachowicz, (2000) The Working Capital Management of a firm in part affects its profitability. The

ultimate objective of any firm is to maximize the profit. But, preserving Liquidity of the firm is an important objective too. The problem is that increasing profits at the cost of Liquidity can bring serious problems to the firm. Therefore, there must be a tradeoff between these two objectives of the firms. One objective should not be at cost of the other because both have their importance. If we do not care about profit, we cannot survive for a longer period. On the other hand, if we do not care about Liquidity, we may face the problem of insolvency or bankruptcy. For these reasons working capital management should be given proper consideration and will ultimately affect the profitability of the firm. Efficient working capital management involves planning and controlling current assets and current Liabilities in a manner that eliminates the risk of inability to meet due short term obligations on the one hand and avoid excessive investment in these assets on the other hand (Eljelly, 2004). Many surveys have indicated that managers spend considerable (Sak, Seung and Rowland 1992) on day-to-day problems that involve working capital decisions. One reason for this is that current assets are short-lived investments that are continually being converted into other asset types (Rao 1989). With regard to current Liabilities, the firm is responsible for paying these obligations on a timely basis. Liquidity for the ongoing firm is not reliant on the Liquidation value of its assets, but rather on the operating cash flows generated by those assets (Soenen, 1993). Current assets include all those assets that in the normal course of business return to the form of cash within a short period of time, ordinarily within a year and such temporary investment as may be readily converted into cash upon need. Firms may have an optimal Level of working

capital that maximizes their value. Large inventory and a generous trade credit policy may lead to high sales. Larger inventory reduces the risk of a stock-out. Trade credit may stimulate sales because it allows customers to assess product quality before paying (Long, Maltiz and Ravid, 1993, and Deloof and Jegers, 1996). Another component of working capital is accounts payable. Delaying payments to suppliers allows a firm to assess the quality of bought products, and can be an inexpensive and flexible source of financing for the firm. On the other hand, late payment of invoices can be very costly if the firm is offered a discount for early payment. A popular measure of Working Capital Management (WCM) is the cash conversion cycle, i. e. the time Lag between the expenditure for the purchases of raw materials and the collection of sales of finished goods. The Longer this time Lag, the Larger the investment in working capital (Deloof 2003). A Longer cash conversion cycle might increase profitability because it leads to higher sales. However, corporate profitability might also decrease with the cash conversion cycle, if the costs of higher investment in working capital rise faster than the benefits of holding more inventories and/or granting more trade credit to customers.

## **Working Capital Management -Meaning**

Working capital is the Life blood of any business unit. Working capital means that capital which enables the working (operations of the organization)

Working capital is required for the initial as well as regular operations. Its effective management can do much more to the success of the business and vice-versa. Among the most important items of working capital are Levels of inventory, accounts receivable, and accounts payable. Analysts look at these

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items for signs of a company's efficiency and financial strength. Thus, the working capital management comprises the management of all these components, individually and collectively too. In the present scenario of cutthroat competition, the business does not have any other option than cutting the cost of its operations, for this effective management of working capital forms an important part of cost reduction. As it is evidenced by many researches, in any manufacturing unit, the proportion of raw material in the total cost of the product will be the highest and hence if the organization wants to minimize the cost of production it has to tackle the cost of raw material first. If it is interested in improving its Liquidity, it increases the Level of its working capital. However, this policy is Likely to result in a reduction of the sales volume, therefore of profitability. Hence, a company should strike a balance between Liquidity and profitability. A firm is required to maintain a balance between Liquidity and profitability while conducting its day to day operations. Liquidity is a precondition to ensure that firms are able to meet its short-term obligations and its continued flow can be guaranteed from a profitable venture. The importance of cash as an indicator of continuing financial health should not be surprising in view of its crucial role within the business. This requires that business must be run both efficiently and profitably. In the process, an asset-Liability mismatch may occur which may increase firm's profitability in the short run but at a risk of its insolvency. On the other hand, too much focus on Liquidity will be at the expense of profitability and it is common to find finance textbooks (for e. g see Gitman, 1984 and Bhattacharya, 2001) begin their working capital sections with a discussion of the risk and return tradeoffs inherent in

alternative working capital policies. Thus, the manager of a business entity is in a dilemma of achieving desired tradeoff between Liquidity and profitability in order to maximize the value of a firm. Working capital was defined as the money tied up in inventory and receivables less payable. For most product based businesses, the amount of money tied up in working capital can be substantial. If it could reduce its inventory and receivables, it could eliminate some of its debt and related interest costs. The focus is to Looks at ways of managing working capital at an optimum Level, using techniques for reducing the amount of inventory that is held, speeding up the collection of receivables and deferring the settlement of payables. The working capital cycle is shown in Figure 1. 1. There is often debate about whether cash should be included or excluded as part of working capital. Because cash is not " working" for the business, it is normal to exclude it from the calculation and Limit the definition to just the trading items of inventory, receivables and payables.

### **1. 3. Statement of the problem**

Though many Indian manufacturing firms are actively involved in working capital, it is recognized that managers spend considerable time on day-to-day problems that involve working capital decisions and try to trade off between liquidity and profitability. Gitman, (1984) and Bhattacharya, (2001) begin their working capital sections with a discussion of the risk and return tradeoffs inherent in alternative working capital policies, Thus, the manager of a business entity is in a dilemma of achieving desired tradeoff between Liquidity and profitability in order to maximize the value of a firm.

Academicians have also conducted many studies in an attempt to explain

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trade off. Thus the major problem faced by managers involves to have a trade off between liquidity and profitability. According to Deloof, (2003) most firms had a large amount of cash invested in working capital. It can therefore be expected that the way in which working capital is managed will have a significant impact on profitability of those firms. The focus of one group of existing studies is the examination of the ratio of working capital management for a specific industries or company. According to Akkihal (1984) the application of ratio analysis has revealed that the mismanagement of working capital had adverse effect on the performance of the industry. Hence the current study focused on Various impact of ratio on profitability of the companies was examined. According to Ghosh and Maji (2003) examined the efficiency of working capital management of the Indian cement companies during 1992 – 1993 to 2001 – 2002. For measuring the efficiency of working capital management, performance, utilization, and overall efficiency indices were calculated instead of using some common working capital management ratios. Other studies done by Indrasena , Someswar (1996) study in Hindustan Cables Ltd., for the period from 1989-1994. Having studied current ratio, quick ratio, working capital turnover ratio, inventory turnover ratio, debtor's turnover ratio, current assets turnover ratio, and average collection period, the authors concluded that liquidity position of the company was unsatisfactory. The work of existing research is not only limited because it overlook the importance of sectorial analysis but also it is limited to individual companies analysis. Working capital management is important because Working capital is required for the initial as well as regular operations. Its effective management can do much

more to the success of the business and vice-versa. Among the most important items of working capital are levels of inventory, accounts receivable, and accounts payable. Analysts look at these items for signs of a company's efficiency and financial strength. In the present scenario of cutthroat competition, the business does not have any other option then cutting the cost of its operations, for this effective management of working capital forms an important part of cost reduction. Working capital is the life blood of any business unit. Working capital means that capital which enables the working (operations of the organization) Working capital is required for the initial as well as regular operations. Its effective management can do much more to the success of the business and vice-versa. Among the most important items of working capital are levels of inventory, accounts receivable, and accounts payable. Analysts look at these items for signs of a company's efficiency and financial strength. In the present scenario of cutthroat competition, the business does not have any other option then cutting the cost of its operations, for this effective management of working capital forms an important part of cost reduction. As it is evidenced by many researches, in any manufacturing unit, the proportion of raw material in the total cost of the product will be the highest and hence if the organization wants to minimize the cost of production it has to tackle the cost of raw material first. Sources of funds for working capital are banks, financial institutes, public deposit, inter- company loans etc., the rates of interest on these sources are generally higher, besides this, the security to provide to the lenders is also an issue If a company desires to take a greater risk for bigger profits and losses, it reduces the size of its working capital in relation

to its sales. If it is interested in improving its liquidity, it increases the level of its working capital. However, this policy is likely to result in a reduction of the sales volume, therefore of profitability. Hence, a company should strike a balance between liquidity and profitability. According to R Sathyamoorthi , L B Wally-Dimal (2008) studied working capital management of retail domestic companies that are listed on the Botswana Stock Exchange and concluded Working capital management is very important because a company that neglects its working capital management will soon run out of cash and may even have to close down. Thus it suggests that the effect of the firms' profitability has concern for the working capital invested and it's important for the both corporate planners and managers to focus on the trade- off between liquidity and profitability. Subsequently there is clear need to develop a model for the prediction of the liquidity and profitability of the various companies

#### **1. 4. Objectives of the study**

The purpose of the study is to understand how manufacturing firms listed in S&P CNX Nifty Index Companies manages its working capital. It is designed to develop an integrated framework to examine the influence of working capital measures like average collection period, average payables period, inventory turnover and current ratio influence the profitability of the companies. As its main focus, the study seeks empirical identification of variables underlying the increase in net operating profitability. Factors studies by Raheman & Nasr , (2007) are considered as basis for this study, but the focus in on the S&P CNX Nifty Index Companies in India. In

developing this area in more depth, the research objectives are adapted as follows;

### **Research objectives:**

1. To study the impact of Average collection period, Inventory turnover in days, and Average payment period in predicting the net operating profitability of listed Nifty 50 companies as a whole indices  
2. To study the impact of Average collection period, Inventory turnover in days, and Average payment period in predicting the net operating profitability of listed Nifty 50 companies as individually.  
3. To study the impact of Average collection period, Inventory turnover in days, and Average payment period in predicting the net operating profitability of different sector listed in Nifty 50 companies  
4. To study the impact of Current ratio in predicting the net operating profitability of companies listed in Nifty 50, as a whole , as sectorial, as well as individually.  
5. To study the impact of measures of working capital on Earning Per share of companies listed in Nifty 50 as a whole , as sectorial, as well as individually.

### **1. 5. Need of the Study**

This dissertation seeks to add to the growing bodies of empirical research that focuses on the working capital management scenario of CNX Nifty index companies. The literature on this subject has grown over the ten decades and would be important for both the research on and practicing managers of the companies. Townsend, James E. (1975) point out, however, a survey of the literature produced little evidence which had sought to determine the impact of a company's liquidity position on the market price and profitability.

Normally for determination of relationship between output and profit, fixed capital is taken in to account as explanatory variable amongst others, the role of working capital is ignored. It is therefore felt that there is the need to study the important role of working capital in profit generating process. Most studies investigate effect of working capital management from the perspective of the individual companies and industries without much consideration on overall indices. Indrasena , Someswar (1996) conducted a study in Hindustan Cables Ltd., for the period from 1989-1994. Having studied current ratio, quick ratio, working capital turnover ratio, inventory turnover ratio, debtor's turnover ratio, current assets turnover ratio, and average collection period, the authors concluded that liquidity position of the company was unsatisfactory, further studies related to working capital practices in carried out in other countries indices , Smith (1997) on the industrial firms listed on the Johannesburg Stock Exchange (JES) focused on measuring the associations between traditional and alternative methods of working capital measures and the return on investment (ROI). thus studies conducted in the international scenario may not accurately reflect the impact of working capital management in Indian market indices. A deeper look into the literature review indicates that were only few studies available abroad and plentiful of studies in India. The review also revealed that, though a few case studies on individual automobiles, sugar, cement, pharmaceuticals etc., and companies were available, no attempt was made in India to study the working capital management in any specific Market indices. thus by this study the researcher try to fill the gap by studying impact of working capital management on S&P CNX Nifty Index Companies. Effective management and

control of the various components of working capital has been rated as one of the most important and vital functions of financial management in any of the industrial and business units, based on varied parameters, Satish B. Mathur (2002). It has felt the need to study working capital management because of parameters as follows: Flexibility: Working capital management is highly flexible in nature, so much so that it can very easily be adapted to suit even extreme conditions, like rising and falling demands in peak and off seasons, buoyant and sluggish economic and market conditions, etc. further, if some inappropriate policy or procedure is detected at a later stage, remedial and right steps can be adopted henceforth, any time. Level of investment in various components of current assets: investment in current assets constitute a very substantial percentage usually more than 50 per cent of the total investment in most of the larger scale sector, Indian companies and firms. Criticality: in early nineties, an empirical study had revealed that most of the Indian companies had reported some losses, as per the un-audited Balance sheet and Profit and Loss account for the respective half-year period. And it further reported that if the companies would have reduced the level of their inventories just by 1 per cent, most of the loss making companies would have shown at least some marginal profits. This, if only one components of the Working Capital can make such a dramatic difference, the importance of meticulous management of all the components of the Working Capital can very well be imagined and appreciated, and hence there arises a need to study the working capital management in fifty 50 companies. Quantum of efforts and time: Empirical study and observations have revealed that a major portion of the time of the finance

manager, in most of the companies, is devoted towards the management of the various components of the working capital, with a view to maximizing their profitability, and the prospects and prosperity therewith. For this reason there arises a need to analysis and monitoring of the behavior of each component of the working capital individually and separately, and as a whole, is of great help in the management and control of working capital. In this regards, the (i) time-series analysis (like the intra-firm comparison with in one companies over a period of time, in respect of the same company), (ii) cross – section analysis of nifty 50 companies (like the inter –firm comparison with some other companies with the similar sector) and overall analysis of nifty 50 indices is been done in this thesis. Further based upon the respective analyses and findings, suitable corrective steps are enunciated. The results of this study would be important Working capital management is a very important component of corporate finance because it directly affects the liquidity and profitability of the company. Many surveys have indicated that managers spend considerable time on day-to-day problems that involve working capital decisions, hence the present study will help S&P CNX Nifty Index Companies to know about working capital policy and its impact on profits, company will also know about their shareholder value, and how to strike a balance between liquidity and profitability. Academic practitioners will be able to know the relationship between working capital and profitability of the S&P CNX Nifty Index Companies, it will help them to do any further researches in the same area, and it will help them to teach working capital management effectively with practical focus. For student it will be a new insight to working capital and its relation with profitability, they

can go for further research in the same field. This study is aimed at improving our knowledge about impact of working capital management on profitability of the S&P CNX Nifty Index Companies and the study results would therefore be of value to practicing financial managers, banking personnel's, academic practitioners and students. Investors would also be interested since they can know about the profitability situation of the companies and able to improve their investment decisions. Results would be value to companies not listed in S&P CNX Nifty Index, since they would get idea about how to manage working capital as S&P CNX Nifty, is the leading index for large companies on the India. It will be benchmark for the non listed companies to become listed companies in nifty 50. According to Rao, Rao (1991) the working capital planning and control was found to be disorderly and ineffective and hence, the urgent need for full focus on working capital management.

## **1. 6Chapterization of the Study**

Chapter 1: describes introduction to working capital management, familiarizes the reader with the main problem, gives a potential contribution of the study. Chapter 2 this introductory chapter discuss the S&P CNX Nifty Index , focusing on the importance of the indices. Chapter 3 this chapter deals with the introduction of the various manufacturing companies listed in S&P CNX Nifty Index, focusing on basic nature of the company and the industry as a whole. Chapter 4 consists of review of the specific literature on the working capital management and measuring efficiency for increasing the profitability using working capital. Chapter 5 this chapter focuses on the proposed model for the study, a number of objectives, testable hypothesis,

variables under study, sample design and use of statistical analysis, and the rationales behind their development are also provided. Chapter 6 data collection procedures, data taken for the analysis are provided and data calculations using various ratios under study are focused for the analysis and statistical testing. Chapter 7 the research methods are developed in this chapter and data are analyzed and interpreted using statistical testing of the hypothesis are presented. Chapter 8 a detail chapter for the hypothesis testing is presented focusing on the significance and hence a working capital prediction model is developed based on the efficiency of the measures of working capital in predicting net operating profitability. Chapter 9 discusses the results, the managers and corporate planners can apply.

## **Chapter 2**

### **Nifty 50 and its Companies: Introduction**

This Section deals with the introduction of the S&P CNX Nifty 50 Companies and the objective behind selecting nifty 50 companies. Introduction of 33 companies from the list of 50 companies as per the basic characteristics of working capital management are described. All are Manufacturing Companies.

#### **2. 1 Introduction of Nifty 50 and its Companies**

S&P CNX Nifty is a well-diversified 50 stock index accounting for 24 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives, structured products, ETFs and index funds. S&P CNX Nifty is based upon solid economic research and is well respected internationally as a pioneering effort in better understanding how

to make a stock market index. As the companies are listed authentication of the financial statement is much reliable and hence nifty 50 companies are taken as the sample. The Standard & Poor's CRISIL NSE Index 50 or S&P CNX Nifty nicknamed Nifty 50 or simply Nifty (NSE: ^NSEI), is the leading index for large companies on the National Stock Exchange of India. Nifty is owned and managed by India Index Services and Products Ltd. (IISL), which is a joint venture between NSE and CRISIL. IISL is India's first specialized company focused upon the index as a core product. IISL has a marketing and licensing agreement with Standard & Poor's. Nifty has shaped up as the largest single financial product in India, with an ecosystem comprising: exchange traded funds (onshore and offshore), exchange-traded futures and options (at NSE in India and at SGX and CME abroad), other index funds and OTC derivatives (mostly offshore). The S&P CNX Nifty covers 24 sectors of the Indian economy and offers investment managers exposure to the Indian market in one portfolio. The S&P CNX Nifty stocks represent about 60% of the total market capitalization of the National Stock Exchange (NSE).

## **2. 2 Highlights**

S&P CNX Nifty is owned and managed by India Index Services and Products Ltd. (IISL), which is a joint venture between NSE and CRISIL. IISL is India's first specialized company focused upon the index as a core product. IISL has a licensing and marketing agreement with Standard and Poor's (S&P), who are world leaders in index services.

## **2. 2. 1Market Representation**

S&P CNX Nifty stocks represent about 63.94% of the total free float market capitalization of the universe of the stocks traded on NSE as on June 30, 2011.

## **2. 2. 2Diversification:**

S&P CNX Nifty is a diversified index, accurately reflecting overall market conditions. The reward-to-risk ratio of S&P CNX Nifty is higher than other leading indices, making it a more attractive portfolio hence offering similar returns, but at lesser risk. 2. 2. 3LiquidityMarket impact cost is the best measure of the liquidity of a stock. It accurately reflects the costs faced when actually trading an index. For a stock to qualify for possible inclusion into the S&P CNX Nifty, it has to reliably have market impact cost of below 0.50 % when doing S&P CNX Nifty trades of Rs. 20 million.

## **2. 3Eligibility Criteria for Selection of Constituent Stocks**

The constituents and the criteria for the selection judge the effectiveness of the index. S&P CNX Nifty is unique in this respect. Selection of the index set is based on 3 criteria: LiquidityFloating StockOthersFor inclusion in the index, the security should have traded at an average impact cost of 0.50% or less during the last six months for 90% of the observations, for the basket size of Rs. 20 Million. Impact cost is cost of executing a transaction in a security in proportion to the weightage of its market capitalization as against the index market capitalization at any point of time. This is the percentage mark up suffered while buying / selling the desired quantity of a security compared to its ideal price

$$= (\text{best buy} + \text{best sell}) / 2$$

### **2. 3. 1 Floating Stock**

The companies eligible for inclusion in the S&P CNX Nifty Index should have free float of at least 10%. Free float factor (Investible Weight Factor-IWF) for each company in the index will be determined based on the public shareholding of the companies as disclosed in the shareholding pattern submitted to the stock exchanges by these companies on a quarterly basis. Promoters' holding, government holding in case of public sector undertaking, shares held by promoters through ADRs/ GDRs, associate companies, employee welfare trusts, strategic stakes by corporate bodies, investments under Foreign Direct Investment (FDI) category (where identifiable) and public lock-ins are subtracted to arrive at Free Float factor.

### **Others**

A company which comes out with an IPO will be eligible for inclusion in the index, if it fulfills the normal eligibility criteria for the index like impact cost, market capitalization and free float, for a 3 month period.

### **2. 4 Method of Computation**

S&P CNX Nifty is computed using free float market capitalization method, wherein the level of the index reflects the total free float market value of all the stocks in the index relative to a particular base market capitalization value. The method also takes into account constituent changes in the index and importantly corporate actions such as stock splits, rights, new issue of shares etc. without affecting the index value.

## 2. 4. 1Base Date and Value

The base period selected for S&P CNX Nifty index is the close of prices on November 3, 1995, which marks the completion of one year of operations. The value of the index has been set at 1000 and a base capital of Rs. 2. 06 trillion.

## 2. 5Index Governance

A professional team at IISL, a company setup by NSE and CRISIL manages S&P CNX Nifty. There is a three-tier governance structure comprising the Board of Directors of IISL, the Index Policy Committee, and the Index Maintenance Sub-Committee.

## 2. 5. 1Index Performance

### Figure 1: Index Performance from the year 1995-2011

#### Table 1: Yearly Return-Volatility

Period	Returns(%)	Volatility(%)	Avg. DailyReturns(%)
1 year	6. 30	1. 07	0. 033
3 years	39. 77	1. 96	0. 065
5 years	80. 53	1. 87	0. 071
10 years	409. 74	1. 66	0. 08
Since inception	464. 74	1. 70	0. 06

## Sector-wise Break up

### Table 2: Free Float Market Capitalization as on June 30 2011

Sr. No.	Industry	Mkt. Cap*Rs. Cr.	Weight (%)
1	Banks	34265720. 92	22
2	Computer – Softwer	23363714. 26	3
3	Refineries	1599019. 76	4
4	Cigarettes	1080726. 60	5
5	Finance – Housing	918455. 61	6
6	Automobile – Four		

(%)

1Banks34265720. 922Computer – Softwer23363714. 263Refineries1599019. 764Cigarettes1080726. 605Finance – Housing918455. 616Automobile – Four

Wheeler 825865. 047Power 746314. 548Steel and Steel Product 740304.  
 529Pharmaceuticals 630443. 8510Telecommunication – Services 538983.  
 2911Oil Exploration/ Production 485632. 9612Engineering 433592.  
 6513Electrical Equipment 399892. 4414Automobiles – Two & Three  
 Wheeler 367972. 2515Diversified 352022. 1516Metals 239121.  
 4617Aluminums 232021. 4218Cement and Cement Products 200481.  
 2219Gas 198181. 2120Construction 167831. 0221Financial Institution 157470.  
 9622Textiles – Synthetic 133050. 8123Mining 110000. 6724Finance 65160.  
 40Total 1638272100. 00\* Free Float Market Capitalization as on June 30 2011

## Company size Rs in crores

### Table 3: Company size Rs in crores

Largest 151498 Smallest 6348 Average 33850

## S&P CNX Nifty Constituents

### Table 4: S&P CNX Nifty Constituents

Company Name Mkt. Cap\*Rs. Cr. Weight

(%)

Jindal Steel & Power Ltd 253501. 50Sterlite Industries ( India ) Ltd. 239121.  
 41NTPC Ltd. 238881. 41Hindalco Industries Ltd. 232021. 37Tata Power Co.  
 Ltd. 211711. 25Wipro Ltd. 211681. 25Gail (India) Ltd. 198181. 17Dr. Reddy's  
 Lab. Ltd. 192771. 14Bajaj Auto Ltd. 188831. 12Sun Pharmaceutical Ind. Ltd.  
 187901. 11Hero Honda Motors Ltd. 179141. 06Kotak Mahindra Bank Ltd.  
 169671. 00Cipla Ltd. 167990. 99IDFC Ltd. 157470. 93Power Grid Co. of India  
 Ltd. 155020. 92Maruti Suzuki India Ltd. 153450. 91Punjab National  
 Bank 144250. 85Grasim Ind. Ltd. 133050. 79HCL Technologies Ltd. 120220.  
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71Cairn India Ltd. 115670. 68Ambuja Cement Ltd. 110000. 65Sesa Goa Ltd. 110000. 65Jaiprakash Asso. Ltd. 91480. 54ACC Ltd. 90470. 53Bharat Petroleum Cor. Ltd. 84020. 50Ranbaxy Lab. Ltd. 82600. 49Steel Authority of India Ltd. 80540. 48DLF Ltd. 76340. 45Siemens Ltd. 75880. 45Reliance Infrastructure Ltd. 74350. 44Reliance Capital Ltd. 65160. 39Reliance Power Ltd. 63660. 38Reliance Communication Ltd. 63480. 38Reliance Ind. Ltd. 1514988. 95Infosys Ltd. 1403038. 29ICICI Bank Ltd. 1260827. 45ITC Ltd. 1080726. 39Larsen & Turbo Ltd. 975915. 77HDFC Ltd. 918455. 43HDFC Bank Ltd. 899245. 31State Bank of India619903. 66Tata Consultancy Services Ltd. 601443. 55Bharti Airtel Ltd475512. 81Tata Steel Ltd406262. 40ONGC Ltd369962. 19Hindustan Unilever Ltd. 352022. 08Tata Motors Ltd. 348772. 06Axis Bank Ltd. 332701. 97Bharat Heavy Electricals Ltd. 324011. 91Mahindra & Mahindra Ltd. 323641. 91

## **Total**

**1692504**

**100. 00**

\* Free Float Market Capitalization as on June 30 2011

## **Chapter 3**

### **3. 1Nifty 50' s Companies: Introduction**

This Section deals with the introduction of the 33 companies listed in S&P CNX Nifty 50 indices. A brief overview of each companies is been studied keeping in view the basic nature of Working Capital Management.

### **3. 1. 1Hindalco Industries Ltd.**

An industry leader in aluminium and copper, Hindalco Industries Limited, the metals flagship company of the Aditya Birla Group is the world's largest aluminium rolling company and one of the biggest producers of primary aluminium in Asia. Its copper smelter is the world's largest custom smelter at a single location. Established in 1958, commissioned aluminium facility at Renukoot in eastern Uttar Pradesh, India in 1962. Later acquisitions and mergers, with Indal, Birla Copper and the Nifty and Mt. Gordon copper mines in Australia, strengthened position in value-added alumina, aluminium and copper products. The acquisition of Novelis Inc. in 2007 positioned HIL among the top five aluminium majors worldwide and the largest vertically integrated aluminium company in India. Today they are a metals powerhouse with high-end rolling capabilities and a global footprint in 13 countries. Consolidated turnover of USD 15. 85 billion (Rs. 72, 078 crore) places them in the Fortune 500 league.

### **3. 1. 2National Aluminum Company Ltd (NALCO)**

Incorporated in 1981, as a public sector enterprise of the Government of India, National Aluminum Company Limited (Nalco) is Asia's largest integrated aluminum complex, encompassing bauxite mining, alumina refining, aluminum smelting and casting, power generation, rail and port operations. Commissioned during 1985-87, Nalco has emerged to be a star performer in production, export of alumina and aluminum, and more significantly, in propelling a self-sustained growth. National Aluminium Company Ltd. (Nalco) is considered to be a turning point in the history of Indian Aluminium Industry. In a major leap forward, Nalco has not only

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addressed the need for self-sufficiency in aluminium, but also given the country a technological edge in producing this strategic metal to the best of world standards. Nalco was incorporated in 1981 in the Public Sector, to exploit a part of the large deposits of bauxite discovered in the East Coast.

### **3. 1. 3Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.)**

Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.) is the world's largest manufacturer of two - wheelers, based in India. In 2001, the company achieved the coveted position of being the largest two-wheeler manufacturing company in India and also, the 'World No. 1' two-wheeler company in terms of unit volume sales in a calendar year. Hero MotoCorp Ltd. continues to maintain this position till date. The story of Hero Honda began with a simple vision - the vision of a mobile and an empowered India, powered by its bikes. Hero MotoCorp Ltd., company's new identity, reflects its commitment towards providing world class mobility solutions with renewed focus on expanding company's footprint in the global arena. Hero MotoCorp's mission is to become a global enterprise fulfilling its customers' needs and aspirations for mobility, setting benchmarks in technology, styling and quality so that it converts its customers into its brand advocates. The company will provide an engaging environment for its people to perform to their true potential. It will continue its focus on value creation and enduring relationships with its partner. Hero MotoCorp's key strategies are to build a robust product portfolio across categories, explore growth opportunities globally, continuously improve its operational efficiency, aggressively expand

its reach to customers, continue to invest in brand building activities and ensure customer and shareholder delight.

### **3. 1. 4Mahindra and Mahindra Ltd.**

Founded in 1945 as a steel trading company, entered automotive manufacturing in 1947 to bring the iconic Willys Jeep onto Indian roads. Over the years, Mahindra and Mahindra Ltd diversified into many new businesses in order to better meet the needs of customers. They follow a unique business model of creating empowered companies that enjoy the best of entrepreneurial independence and Group-wide synergies. This principle has led growth of US \$12. 5 billion multinational group with more than 137, 000 employees in over 100 countries across the globe. Today, they operates in span 18 key industries that form the foundation of every modern economy: aerospace, aftermarket, agribusiness, automotive, components, construction equipment, consulting services, defense, energy, farm equipment, finance and insurance, industrial equipment, information technology, leisure and hospitality, logistics, real estate, retail, and two wheelers.

### **3. 1. 5Maruti Suzuki India Ltd.**

Maruti Suzuki India Limited (MSIL, formerly known as Maruti Udyog Limited) is a subsidiary of Suzuki Motor Corporation, Japan. MSIL has been the leader of the Indian car market for over two and a half decades. The company has two manufacturing facilities located at Gurgaon and Manesar, south of New Delhi, India. Both the facilities have a combined capability to produce over a 1. 2 million (1, 200, 000) vehicles annually. The company plans to expand its

manufacturing capacity to 1.75 million by 2013. The company offers a wide range of cars across different segments. It offers 15 brands and over 150 variants - Maruti 800, people movers, Omni and Eeco, international brands Alto, Alto-K10, A-star, WagonR, Swift, Ritz and Estilo, off-roader Gypsy, SUV Grand Vitara, sedans SX4, Swift DZire and Kizashi. In an environment friendly initiative, in August 2010 Maruti Suzuki introduced factory fitted CNG option on 5 models across vehicle segments. These include Eeco, Alto, Estilo, Wagon R and Sx4. . In fiscal 2009-10 Maruti Suzuki became the only Indian company to manufacture and sell One Million cars in a year. Maruti Suzuki has employee strength over 8,500 (as at end March 2011). In 2010-11, the company sold over 1.27 Mn vehicles including 1,38,266 units of exports. With this, at the end of March 2011, Maruti Suzuki had a market share of 44.9 per cent of the Indian passenger car market. .

### **3.1.6 Tata Motors Ltd.**

Tata Motors Limited is India's largest automobile company, with consolidated revenues of Rs. 1,23,133 crores (USD 27 billion) in 2010-11. It is the leader in commercial vehicles in each segment, and among the top three in passenger vehicles with winning products in the compact, midsize car and utility vehicle segments. The Company is the world's fourth largest truck manufacturer, and the world's third largest bus manufacturer. The Company's over 25,000 employees are guided by the vision to be "best in the manner in which we operate, best in the products we deliver, and best in our value system and ethics." Established in 1945, Tata Motors' presence indeed cuts across the length and breadth of India. Over 5.9 million Tata vehicles ply on Indian roads, since the first rolled out in 1954. The

Company's manufacturing base in India is spread across Jamshedpur (Jharkhand), Pune (Maharashtra), Lucknow (Uttar Pradesh), Pantnagar (Uttarakhand), Sanand (Gujarat) and Dharwad (Karnataka). Following a strategic alliance with Fiat in 2005, it has set up an industrial joint venture with Fiat Group Automobiles at Ranjangaon (Maharashtra) to produce both Fiat and Tata cars and Fiat powertrains. The Company's dealership, sales, services and spare parts network comprises over 3500 touch points; Tata Motors also distributes and markets Fiat branded cars in India.

### **3. 1. 7ACC Ltd.**

ACC (ACC Limited) is India's foremost manufacturer of cement and concrete. ACC's operations are spread throughout the country with 16 modern cement factories, more than 40 Ready mix concrete plants, 21 sales offices, and several zonal offices. It has a workforce of about 9, 000 persons and a countrywide distribution network of over 9, 000 dealers. Since inception in 1936, the company has been a trendsetter and important benchmark for the cement industry in many areas of cement and concrete technology. ACC has a unique track record of innovative research, product development and specialized consultancy services. The company's various manufacturing units are backed by a central technology support services centre - the only one of its kind in the Indian cement industry. ACC has rich experience in mining, being the largest user of limestone. As the largest cement producer in India, it is one of the biggest customers of the domestic coal industry, of Indian Railways, and a considerable user of the country's road transport network services for inward and outward movement of materials and products.

Among the first companies in India to include commitment to environmental

protection as one of its corporate objectives, the company installed sophisticated pollution control equipment as far back as 1966, long before pollution control laws came into existence. Today each of its cement plants has state-of-the art pollution control equipment and devices. ACC has made significant contributions to the nation building process by way of quality products, services and sharing expertise. Its commitment to sustainable development, its high ethical standards in business dealings and its on-going efforts in community welfare programmes have won it acclaim as a responsible corporate citizen. ACC's brand name is synonymous with cement and enjoys a high level of equity in the Indian market. It is the only cement company that figures in the list of Consumer SuperBrands of India.

### **3. 1. 8Ambuja Cement Ltd.**

Ambuja Cements Ltd. (ACL) is one of the leading cement manufacturing companies in India. The Company, initially called Gujarat Ambuja Cements Ltd., was founded by Narotam Sekhsaria in 1983 with a partner, Suresh Neotia. Sekhsaria's business acumen and leadership skills put the company on a fast track to growth. The Company commenced cement production in 1986. The global cement major Holcim acquired management control of ACL in 2006. Holcim today holds little over 46% equity in ACL. The Company is currently known as Ambuja Cements Ltd. ACL has grown dynamically over the past decade. Its current cement capacity is about 25 million tonnes. The Company has five integrated cement manufacturing plants and eight cement grinding units across the country. ACL enjoys a reputation of being one of the most efficient cement manufacturers in the world. Its environment protection measures are on par with the finest in the country. It is one of the

most profitable and innovative cement companies in India. ACL is the first Indian cement manufacturers to build a captive port with three terminals along the country's western coastline to facilitate timely, cost effective and environmentally cleaner shipments of bulk cement to its customers. The Company has its own fleet of ships. ACL has also pioneered the development of the multiple bio-mass co-fired technology for generating greener power in its captive plants. ACL has always met tough challenges and seized the opportunities that have come its way. It has nurtured the same spirit of enterprise and search for cutting-edge technology with which it started. It thus continues to be the driving force and in many ways a benchmark for the cement industry in India.

### **3. 1. 9Grasim Industries Ltd.**

Grasim Industries Ltd., a flagship company of the Aditya Birla Group, ranks among India's largest private sector companies, with consolidated net revenue of Rs. 202 billion and a consolidated net profit (before extraordinary items) of Rs. 27. 6 billion (FY2010). Starting as a textiles manufacturer in 1948, today Grasim's businesses comprise viscose staple fibre (VSF), cement, chemicals and textiles. Its core businesses are VSF and cement, which contribute to over 90 per cent of its revenues and operating profits. The Aditya Birla Group is the world's largest producer of VSF, commanding a 21 per cent global market share. Grasim, with an aggregate capacity of 333, 975 turnover per annum has a global market share of 10 per cent. It is also the second largest producer of caustic soda (which is used in the production of VSF) in India. In cement, Grasim through its subsidiary UltraTech Cement Limited (" UltraTech") has a capacity of 52 million tpa and is a leading player

in India. In July 2004, Grasim acquired a majority stake and management control in UltraTech. One of the largest of its kind in the cement sector, this acquisition catapulted the Aditya Birla Group to the top of the league in India. The amalgamation of Samruddhi Cement Limited (SCL) with UltraTech w. e. f. 1 July 2010 completed the restructuring of the cement business. Earlier, Grasim's cement business was demerged into SCL. The merger has created the largest cement company in India, providing a platform that will help in pursuing aggressive growth going forward .

### **3. 1. 10ITC Ltd.**

ITC Ltd., is one of India's foremost private sector companies with a market capitalisation of over US \$ 33 billion and a turnover of US \$ 7 billion. ITC is rated among the World's Best Big Companies, Asia's 'Fab 50' and the World's Most Reputable Companies by Forbes magazine, among India's Most Respected Companies by Business World and among India's Most Valuable Companies by Business Today. ITC ranks among India's `10 Most Valuable (Company) Brands', in a study conducted by Brand Finance and published by the Economic Times. ITC also ranks among Asia's 50 best performing companies compiled by Business Week. ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Personal Care, Stationery, Safety Matches and other FMCG products. While ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agri-Exports, it is rapidly gaining market share even in its nascent businesses of Packaged Foods & Confectionery, Branded Apparel, Personal Care and Stationery. ITC's

Agri-Business is one of India's largest exporters of agricultural products. ITC is one of the country's biggest foreign exchange earners (US \$ 3. 2 billion in the last decade). The Company's 'e-Choupal' initiative is enabling Indian agriculture significantly enhance its competitiveness by empowering Indian farmers through the power of the Internet. This transformational strategy, which has already become the subject matter of a case study at Harvard Business School, is expected to progressively create for ITC a huge rural distribution infrastructure, significantly enhancing the Company's marketing reach. ITC's wholly owned Information Technology subsidiary, ITC Infotech India Ltd, provides IT services and solutions to leading global customers. ITC Infotech has carved a niche for itself by addressing customer challenges through innovative IT solutions. ITC's production facilities and hotels have won numerous national and international awards for quality, productivity, safety and environment management systems. ITC was the first company in India to voluntarily seek a corporate governance rating. ITC employs over 24, 000 people at more than 60 locations across India. The Company continuously endeavors to enhance its wealth generating capabilities in a globalising environment to consistently reward more than 4, 22, 000 shareholders, fulfill the aspirations of its stakeholders and meet societal expectations. This over-arching vision of the company is expressively captured in its corporate positioning statement: " Enduring Value. For the Nation. For the Shareholder."

### **3. 1. 11DLF Ltd.**

The DLF Group was founded in 1946. They developed some of the first residential colonies in Delhi such as Krishna Nagar in East Delhi, which was

completed in 1949. Since then DLF LTd is been responsible for the development of many of Delhi's other well known urban colonies, including South Extension, Greater Kailash, Kailash Colony and Hauz Khas. Following the passage of the Delhi Development Act in 1957, the state assumed control of real estate development activities in Delhi, which resulted in restrictions on private real estate colony development. , commenced acquiring land at relatively low cost outside the area controlled by the Delhi Development Authority, particularly in the district of Gurgaon in the adjacent state of Haryana. This led to the first landmark real estate development project – DLF Qutab Enclave, which has now evolved into DLF City. DLF City is spread over 3, 000 acres in Gurgaon and is an integrated township, which includes residential, commercial and retail properties in a modern city infrastructure with schools, hospitals, hotels and shopping malls. It also boasts of the prestigious DLF Golf and Country Club with night golfing facilities. DLF has over 60 years of track record of sustained growth, customer satisfaction, and innovation. The company has 363 msf of planned projects with 52 msf of projects under construction. DLF's primary business is development of residential, commercial and retail properties. The company has a unique business model with earnings arising from development and rentals. Its exposure across businesses, segments and geographies, mitigates any down-cycles in the market. DLF has also forayed into infrastructure, SEZ and hotel businesses.

### **3. 1. 12Unitech Ltd.**

India's leading Real Estate Developer Established in 1972, Unitech is today a leading real estate developer in India. Known for the quality of its products, it

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is the first developer to have been certified ISO 9001: 2000 in North India and offers the most diversified product mix comprising residential, commercial/IT parks, retail, hotels, amusement parks and SEZs. The well-recognised brand was yet again conferred with the title of "Superbrand" by Superbrands India in 2009. The Company is also the recipient of the CW Architect and Builders Award, 2008 for being one of India's Top Ten Builder. Unitech has long partnered with internationally acclaimed architects and design consultants including SOM (USA), BDP (UK), Maunsell AECOM (HK), MEA Systra (France), Callison Inc. (USA), FORREC (Canada), SWA and HOK (USA) for various projects. It has an enviable clientele for commercial projects including Fidelity, McKinsey, Bank of America, Ford Motors, Nike, EDS, Hewitt, Amdocs, Ernst & Young, Reebok, Keane, Seagrams, Perfetti, Exxon Mobil and AT Kearney. Unitech Scrip is one of the most liquid stocks in the Indian stock markets and was the first real estate company to be part of the National Stock Exchange's NIFTY 50 Index. The company has over 600,000 shareholders. Unitech and Norway based Telenor Group - the 6th largest mobile communication provider in the world, came together to build Uninor - a telecommunication services company providing GSM services across India. Recently the Company has ventured into the infrastructure business by launching Unitech Infra, thus leveraging its decades of experience and expertise in real estate.

### **3. 1. 13HUL**

Hindustan Unilever Limited (HUL) is India's largest Fast Moving Consumer Goods Company with a heritage of over 75 years in India and touches the lives of two out of three Indians. HUL works to create a better future every

day and helps people feel good, look good and get more out of life with brands and services that are good for them and good for others. With over 35 brands spanning 20 distinct categories such as soaps, detergents, shampoos, skin care, toothpastes, deodorants, cosmetics, tea, coffee, packaged foods, ice cream, and water purifiers, the Company is a part of the everyday life of millions of consumers across India. Its portfolio includes leading household brands such as Lux, Lifebuoy, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Vaseline, Lakmé, Dove, Clinic Plus, Sunsilk, Pepsodent, Closeup, Axe, Brooke Bond, Bru, Knorr, Kissan, Kwality Wall's and Pureit. The Company has over 16, 000 employees and has an annual turnover of around Rs. 19, 401 crores (financial year 2010 - 2011). HUL is a subsidiary of Unilever, one of the world's leading suppliers of fast moving consumer goods with strong local roots in more than 100 countries across the globe with annual sales of about €44 billion in 2011. Unilever has about 52% shareholding in HUL. In 2007, the Company name was formally changed to Hindustan Unilever Limited after receiving the approval of share holders during the 74th AGM on 18 May 2007. Brooke Bond and Surf Excel breached the the Rs 1, 000 crore sales mark the same year followed by Wheel which crossed the Rs. 2, 000 crore sales milestone in 2008. On 17th October 2008 , HUL completed 75 years of corporate existence in India.

### **3. 1. 14ABB Ltd.**

As one of the world's leading engineering companies, ABB helps customers to use electrical power effectively and to increase industrial productivity in a sustainable way. The ABB Group of companies operates in over 100 countries and employs about 124, 000 people. ABB operations in India

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include 14 manufacturing facilities with over 8000 employees. Customers are served through an extensive countrywide presence with more than 23 marketing offices, 8 service centers, 3 logistics warehouses and a network of over 550 channel partners. The ABB Group is increasingly leveraging the Indian operations for projects, products, services, engineering and R&D. The Company was incorporated on 24. 12. 1949 as The Hindustan Electric Company Limited. On 24. 09. 1965, the Company's name was changed to Hindustan Brown Boveri Limited (HBB). Pursuant to the Scheme of Amalgamation of Asea Limited with HBB with effect from 1st January 1989, the name was further changed to Asea Brown Boveri Limited, with effect from 13. 10. 1989. Effective 16. 04. 2003, the name was further changed to ABB Limited. Flakt India Limited was amalgamated with ABB with effect from 5th October 1995. During 1994-95, a joint venture Company - 'ABB Daimler-Benz Transportation AG' (Adtranz) was established by ABB Zurich and Daimler-Benz AG, Germany, in Germany. A subsidiary of Adtranz was incorporated in India viz. 'ABB Daimler-Benz Transportation Limited which took over the Transportation Business of the Company effective 1st January 1996. ABB's power generation business was globally transferred into the new 50-50 JV with Alstom in 1999. In India the power generation business has been demerged and transferred to ABB Alstom Power India Ltd. with effect from 1st April 1999. In consideration of the transfer of the power business, each shareholder of ABB has been allotted one share in ABB Alstom Power India Ltd. for every share held in the company. .

### **3. 1. 15Bharat Heavy Electricals Ltd.**

BHEL is the largest engineering and manufacturing enterprise in India in the energy-related/infrastructure sector, today. BHEL was established in 1964, ushering in the indigenous Heavy Electrical Equipment industry in India - a dream that has been more than realized with a well-recognized track record of performance. The company has been earning profits continuously since 1971-72 and paying dividends since 1976-77. BHEL caters to the core sectors of the Indian Economy, viz. Power, Transmission, Industry, Transportation, Renewable Energy, Oil & Gas and Defence. The wide network of BHEL's 15 Manufacturing Divisions, 4 Power Sector Regional Centres, 8 Service Centres, 15 Regional Offices, 4 Overseas Offices, 2 Subsidiaries and over 150 project sites spread all over India enables the Company to promptly serve its customers and provide them with suitable products, systems and services -- efficiently and at competitive prices. The high level of quality & reliability of its products is due to the emphasis on design, engineering and manufacturing to international standards by acquiring and adapting some of the best technologies from leading companies in the world, together with technologies developed in its own R&D centres. BHEL has acquired certifications to Quality Management Systems (ISO 9001: 2008), Environmental Management Systems (ISO 14001: 2004) and Occupational Health & Safety Management Systems (OHSAS 18001: 2007) and is also well on its journey towards TotalBHEL's vision is to become a world-class engineering enterprise, committed to enhancing stakeholder value. The company is striving to give shape to its aspirations and fulfill the expectations of the country to become a global player. The greatest strength

of BHEL is its highly skilled and committed workforce of 46, 748 employees. Every employee is given an equal opportunity to develop himself and grow in his career. Continuous training and retraining, career planning, a positive work culture and participative style of management - all these have engendered development of a committed and motivated workforce setting new benchmarks in terms of productivity, quality and responsiveness.

### **3. 1. 16Siemens Ltd.**

The Siemens Group in India has emerged as a leading inventor, innovator and implementer of leading-edge technology enabled solutions operating in the core business segments of Industry, Energy and Healthcare. The Group's business is represented by various companies that span across these various segments. Siemens brings to India state-of-the-art technology that adds value to customers through a combination of multiple high-end technologies for complete solutions. The Group has the competence and capability to integrate all products, systems and services. It caters to Industry needs across market segments by undertaking complete projects such as Hospitals, Airports and Industrial units. The Siemens Group in India comprises of 17 companies, providing direct employment to over 18, 000 persons. Currently, the group has 21 manufacturing plants, a wide network up of Sales and Service offices across the country as well as over 500 channel partners. Today, Siemens, with its world-class solutions plays a key role in India's quest for developing modern infrastructure. Siemens was founded in Berlin by Werner von Siemens in 1847. As an extraordinary inventor, engineer and entrepreneur, Werner von Siemens made the world's first pointer telegraph and electric dynamo, inventions that helped put the spin in the industrial

revolution. He was the man behind one of the most fascinating success stories of all time - by turning a humble little workshop into one of the world's largest enterprises. As Werner had envisioned, the company he started grew from strength to strength in every field of electrical engineering. From constructing the world's first electric railway to laying the first telegraph line linking Britain and India, Siemens was responsible for building much of the modern world's infrastructure. Siemens is today a technology giant in more than 190 countries, employing some 440, 000 people worldwide. Our work in the fields of energy, industry, communications, information, transportation, healthcare, components and lighting have become essential parts of everyday life.

### **3. 1. 17Suzlon Energy Ltd.**

Conceived in 1995 with just 20 people, Suzlon is now a leading wind power company with: Over 13, 000 people in 32 countriesOperations across the Americas, Asia, Australia and EuropeFully integrated supply chain with manufacturing facilities in three continentsSophisticated R&D capabilities in Belgium, Denmark, Germany, India and The NetherlandsMarket leader in Asia, Suzlon Market Share (Combined with Repower) is 6. 9% thereby making Suzlon one of the leading wind turbine manufacturing groups in the world.

### **3. 1. 18Larsen & Toubro Ltd.**

Larsen & Toubro Limited (L&T) is a technology, engineering, construction and manufacturing company. It is one of the largest and most respected companies in India's private sector. More than seven decades of a strong, customer-focused approach and the continuous quest for world-class quality

have enabled it to attain and sustain leadership in all its major lines of business. L&T has an international presence, with a global spread of offices. A thrust on international business has seen overseas earnings grow significantly. It continues to grow its overseas manufacturing footprint, with facilities in China and the Gulf region. The company's businesses are supported by a wide marketing and distribution network, and have established a reputation for strong customer support. L&T believes that progress must be achieved in harmony with the environment. A commitment to community welfare and environmental protection are an integral part of the corporate vision.

### **3. 1. 19Gail (India) Ltd.**

Started as a natural gas pipeline company in 1984, GAIL has successfully evolved into a major integrated gas company with presence across the natural gas value chain and with global footprints.. GAIL's success lies primarily in its project management skills that is evident from the number of pipeline and petrochemical projects been taken up and completed efficiently. Being a lean and thin organization, GAIL believes in containing quality talent who form a part of the GAIL family . GAIL (India) Limited has shown organic growth in gas transmission through the years by building large network of trunk pipelines covering length of around 11000 Km. Leveraging on the core competencies, GAIL also laid 1900 Km of LPG pipeline across the country which includes world's longest exclusive LPG pipeline, Jamnagar-Loni pipeline. GAIL played a key role as gas market developer in India for decades catering to major industrial sectors like power, fertilizers, and city gas distribution. Currently GAIL transmits more than 160 mmscmd of gas

through its dedicated pipelines and have more than 70% market share in both gas transmission and marketing. GAIL diversified from gas marketing and transmission into Polymer business by setting up North India's first gas based Petrochemicals complex at Pata, UP. Even without having any prior experience in petrochemicals, GAIL commissioned the plant successfully in year 1999 by rigorous team work and project management capabilities. Currently petrochemical business is one of the core focus area of GAIL. GAIL recently set up a JV, Brahmaputra Cracker and Polymer Limited, to construct a Greenfield petrochemical plant in Assam. GAIL also has equity stake in OPAL petrochemical plant led by ONGC

### **3.. 1. 20Sterlite industries (India) Ltd.**

India's largest non-ferrous metals and mining company and are one of the fastest growing private sector companies. listed on the BSE and NSE in India and are the First Indian Metals & Mining Company to list on the New York Stock Exchange. primary businesses; Aluminum, Copper, Zinc & Lead and Commercial Energy. Sterlite Industries India Limited (SIIL) is the principal subsidiary of Vedanta Resources plc, a diversified and integrated FTSE 100 metals and mining company, with principal operations located in India and Australia. Sterlite's principal operating companies comprise Hindustan Zinc Limited (HZL) for its fully integrated zinc and lead operations; Sterlite Industries India Limited (Sterlite) and Copper Mines of Tasmania Pty Limited (CMT) for its copper operations in India/Australia; and Bharat Aluminium Company (BALCO), for its aluminium and alumina operations and Sterlite Energy for its commercial power generation business . A majority of company's operations are certified to the International Standards like ISO

9001, ISO 14001 and OHSAS 18001. SIIL laboratories at Tuticorin and Silvassa have been recognized with ISO 17025: 2005 certification from National Accreditation Board for Testing and Calibration Laboratories (NABL). The company is LME approved copper tester. Our copper products meet the requirement of Restriction of Hazardous Substances (RoHS complied) and certified by Underwriters Laboratories Inc. SIIL's Central lab at Silvassa is a Gol approved R&D laboratory. The company has also won numerous awards for safety and environmentSterlite develops and manages a diverse portfolio of mining and metals businesses to provide attractive returns to its shareholders whilst carrying out its activities in a socially and environmentally responsible manner and creating value for the communities where it operates. As one of the largest metals and mining groups in India, Sterlite remains continually committed to managing its business in a socially responsible manner. The management of environment, employees, health and safety and community issues, in respect of its operations is central to the success of company's business.

### **3. 1. 21Oil and Natural Gas Corporation Ltd.**

ONGC was set up under the visionary leadership of Pandit Jawahar Lal Nehru, going against the wisdom of the then multinational oil companies operating in the country, who had almost written India off as a " Hydrocarbon Barren" country. Pandit Nehru reposed faith in Shri Keshav Dev Malviya who laid the foundation of ONGC in the form of Oil and Gas division, under Geological Survey of India, in 1955. A few months later, it was converted into an Oil and Natural Gas Directorate. The Directorate was converted into Commission and christened Oil & Natural Gas Commission on 14th August 1956. In 1994, Oil

and Natural Gas Commission was converted in to a Corporation, and in 1997 it was recognized as one of the Navratnas by the Government of India. Subsequently, it has been conferred with Maharatna status in the year 2010. Over 50 years of its existence ONGC has crossed many a milestones to realize the energy dreams of India. The journey of ONGC, over these years, has been a tale of conviction, courage and commitment. ONGCs' superlative efforts have resulted in converting earlier frontier areas into new hydrocarbon provinces. From a modest beginning, ONGC has grown to be one of the largest E&P companies in the world in terms of reserves and production . ONGC as an integrated Oil & Gas Corporate has developed in-house capability in all aspects of exploration and production business i. e., Acquisition, Processing & Interpretation (API) of Seismic data, drilling, work-over and well stimulation operations, engineering & construction, production, processing, refining, transportation, marketing, applied R&D and training, etc. Today, Oil and Natural Gas Corporation Ltd. (ONGC) is, the leader in Exploration & Production (E&P) activities in India having 72% contribution to India's total production of crude oil and 48% of natural gas. ONGC has established more than 7 Billion Tonnes of in-place hydrocarbon reserves in the country. In fact, six out of seven producing basins in India have been discovered by ONGC. ONGC produces more than 1. 27 million Barrels of Oil Equivalent (BOE) per day. It also contributes over three million tonnes per annum of Value-Added-Products including LPG, C2 - C3, Naphtha, MS, HSD, Aviation Fuel, SKO etc.

### **3. 1. 22 Cipla Ltd.**

Khwaja Abdul Hamied, the founder of Cipla, was born on October 31, 1898. The fire of nationalism was kindled in him when he was 15 as he witnessed a wanton act of colonial highhandedness. The fire was to blaze within him right through his life. In 1935, he set up The Chemical, Industrial & Pharmaceutical Laboratories, which came to be popularly known as Cipla. He gave the company all his patent and proprietary formulas for several drugs and medicines, without charging any royalty. On August 17, 1935, Cipla was registered as a public limited company with an authorised capital of Rs 6 lakhs. The search for suitable premises ended at 289, Bellasis Road (the present corporate office) where a small bungalow with a few rooms was taken on lease for 20 years for Rs 350 a month. Cipla was officially opened on September 22, 1937 when the first products were ready for the market. The Sunday Standard wrote: " The birth of Cipla which was launched into the world by Dr K A Hamied will be a red letter day in the annals of Bombay Industries. The first city in India can now boast of a concern, which will supersede all existing firms in the magnitude of its operationsDr K A Hamied sets up " The Chemical, Industrial and Pharmaceutical Laboratories Ltd." in a rented bungalow, at Bombay Central. As the Second World War cuts off drug supplies, the company starts producing fine chemicals, dedicating all its facilities for the war effort. Sets up first research division for attaining self-sufficiency in technological development. Starts operations at second plant at Vikhroli, Mumbai, producing fine chemicals with special emphasis on natural products Cipla manufactures ampicillin for the first time in the country Starts Agricultural Research Division at Bangalore, for scientific

cultivation of medicinal plants Cipla launches medicinal aerosols for asthma

The company pioneers the manufacture of the antiretroviral drug, zidovudine, in technological collaboration with Indian Institute of Chemical Technology, Hyderabad Cipla's fifth factory begins commercial production at Kurkumbh, Maharashtra. Launches transparent Rotahaler, the world's first such dry powder inhaler device now patented by Cipla in India and abroad.

The palliative cancer care centre set up by the Cipla Foundation, begins offering free services at Warje, near Pune. Launches lamivudine, becoming one of the few companies in the world to offer all three component drugs of retroviral combination therapy (zidovudine and stavudine already launched).

Launches Nevirapine, antiretroviral drug, used to prevent the transmission of AIDS from mother to child. Cipla became the first company, outside the USA and Europe to launch CFC-free inhalers – ten years before the deadline to phase out use of CFC in medicinal products. Four state-of-the-art manufacturing facilities set up in Goa in a record time of less than twelve months. Launches TIOVA (Tiotropium bromide), a novel inhaled, long-acting anticholinergic bronchodilator that is employed as a once-daily maintenance treatment for patients with chronic obstructive pulmonary disease (COPD).

Commissioned second phase of manufacturing operations at Goa. Set-up state-of-the-art facility for manufacture of formulations at Baddi, Himachal Pradesh. Set-up state-of-the-art facility for manufacture of formulations at Sikkim. Set up state-of-the-art facility for manufacture of formulations at Indore.

### **3. 1. 23Ranbaxy Laboratories Ltd.**

Ranbaxy Laboratories Limited (Ranbaxy), India's largest pharmaceutical company, is an integrated, research based, international pharmaceutical company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies.

Ranbaxy today has a presence in 23 of the top 25 pharmaceutical markets of the world. The Company has a global footprint in 46 countries, world-class manufacturing facilities in 7 countries and serves customers in over 125 countries . In June 2008, Ranbaxy entered into an alliance with one of the largest Japanese innovator companies, Daiichi Sankyo Company Ltd., to create an innovator and generic pharmaceutical powerhouse. The combined entity now ranks among the top 20 pharmaceutical companies, globally. The transformational deal will place Ranbaxy in a higher growth trajectory and it will emerge stronger in terms of its global reach and in its capabilities in drug development and manufacturing. Ranbaxy's mission is ' Enriching lives globally, with quality and affordable pharmaceuticals.'.

### **3. 1. 24Sun Pharmaceuticals industries Ltd.**

an international speciality pharma company, with a large presence in the US and India, and a footprint across 40 other markets. In the US, which is our largest market, we have built a strong pipeline of generics, directly and through our subsidiaries Caraco and Sun Pharmaceutical Inc. Taro adds strong dermatology In India and rest of the world markets, our brands are prescribed in chronic therapy areas like cardiology, psychiatry, neurology, gastroenterology, diabetology etc. We are market leaders in speciality therapy areas in India range to this portfolio. We retain the drive for growth

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that marked our early days, when we had begun in 1983 with just 5 products. Since then, we have crossed several milestones to emerge as a leading pharma company in India where we are the 6th largest by prescription sales, a rank that we have retained over a decade. (IMS ORG Stockist Audit, Sept. 2010) Since the mid- nineties, we have used a combination of growth and acquisition to drive growth. important acquisitions have included those of the US, detroit-based Caraco Parma Labs and a plant at Halol which now holds UKMHRA and USFDA approvals. The 2010 acquisition of Taro Pharmaceuticals doubles our US business and brings us strengths in dermatology and pediatrics Sun Pharma began in 1983 with just 5 products to treat psychiatry ailments. Sales were initially limited to two states in Eastern India. Sales were rolled out natiowide in 1985. Products for cardiology were introduced in 1987, and Monotrate, one of the first products launched then, continues to be sold even today. Important products in Cardiology were later added; several of these introduced for the first time in India, and these brought patients the latest treatments at a sensible cost, a belief we've always lived by Realizing the fact that research is a critical growth driver, we established our first research center, SPARC, in 1993 and this created the base for strong product and process development that enabled growth in the subsequent years.