

ABSTRACT

This study investigates the effectiveness of working capital management practices at Consolidated Pvt. Ltd., with the aim of understanding how these practices influence the company's liquidity, operational efficiency, and overall financial health. Working capital management is a crucial aspect of corporate finance that involves managing the company's short-term assets and liabilities to ensure smooth operations and financial stability.

The research employs both qualitative and quantitative methodologies, including financial ratio analysis, data collection from internal financial statements, and interviews with key management personnel. Key performance indicators (KPIs) such as the current ratio, quick ratio, inventory turnover, receivables collection period, and payables turnover are analyzed to evaluate the company's operational efficiency and liquidity position.

Findings suggest that while Consolidated Pvt. Ltd. has demonstrated a strong ability to manage its short-term assets, there are areas of improvement in its inventory turnover and receivables management. The company's reliance on external credit and the extent of its working capital financing are also examined, revealing a need for better coordination between sales and accounts receivables departments to optimize cash flow.

The study concludes with recommendations for enhancing working capital efficiency, including improving inventory management practices, tightening credit policies, and strengthening supplier relationships to reduce reliance on short-term borrowing. By refining these aspects of working capital management, Consolidated Pvt. Ltd. can potentially achieve higher profitability, better liquidity, and a more resilient financial position in the long run.