

Abstract

Effective working capital management is essential for ensuring smooth operational efficiency, maintaining liquidity, and sustaining financial stability in any organization. This study examines the working capital management practices of Sree Vidhya Rubber Industries Private Limited, Madurai, focusing on the optimization of current assets and liabilities to balance operational needs and financial efficiency. The research evaluates critical components such as inventory management, receivables and payables turnover, and cash flow practices.

A mixed-method approach, involving the analysis of financial statements, ratio analysis, and interviews with financial managers, was utilized to gain insights into the company's working capital management practices. The findings indicate that while the company has effectively managed its receivables and inventory turnover, challenges such as high dependency on credit cycles and occasional cash flow mismatches were identified as areas of concern.

The study concludes that improving working capital management is vital for Sree Vidhya Rubber Industries to enhance liquidity, reduce costs, and achieve sustained growth. Recommendations include adopting advanced inventory management systems, implementing stringent credit policies, and optimizing cash flow forecasting techniques. This research provides actionable insights for the company to strengthen its working capital practices and maintain a competitive edge in the rubber manufacturing industry.