

**Working Capital Management of KPTCL in Bangalore****Dr.D.Seethanaik****Assistant Prof. Dept of MBA****University of Mysore, Mysore****ABSTRACT**

The main purpose of this paper is to render a better understanding of the concept "Working Capital Management". This paper described the planning and management of working capital at KPTCL. The paper examines the financial founders of the company by analyzing various ratios.

**Key words :** Working Capital Management, KPTCL, Ratios

**Introduction :**

Working capital in general practice, refers to the excess of current assets over current liabilities, management of working capital therefore is concerned with the problems that arise in attempting to manage the current asset and current liabilities and the inter-relationship that exists between them. In other words, it refers total aspects of administration of both current assets and current liabilities.

Working capital management is concerned with decision involving current assets and liabilities, current assets as we know are acquired with an intention of converting into finished goods for sale and include cash and bank balance, raw material, work in progress, finished goods and account receivables. These are the supportive assets which are primarily intended to feed fixed assets and to carryout manufacturing operations and the distributions function.

Working capital refers to the cash a business required for day-to-day operations, or more specifically, for financing the conversion of raw materials into finished goods, which the company sells for payment. Among the most important items of working capital are level of inventory, accounts receivable, and accounts payable. Analysts look at these items for signs of a company's efficiency and financial strength.

The working capital is an important yardstick to measure the company's operational and financial efficiency. Any company should have a right amount of cash and lines of credit for its business needs at all times.

This paper describes how the management of working capital takes place at KPTCL.

"Working Capital is the Life-Blood and Controlling Nerve Center of a Business" The working capital management precisely refers to management of current assets. A firm's working capital consists of its investment in current assets, which include short-term assets such as :

- Cash and bank balance,
- Inventories
- Receivables (including debtors and bills)
- Marketable securities
- Working capital is commonly defined as the difference between current assets and current liabilities.

Working Capital – Current Assets – Current Liabilities

**Objectives of Study :**

The objectives of this paper were mainly to study the inventory, cash and receivable at KARNATAKA POWER TRANSMISSION CORPORATION LTD., but there are some more and they are

- The main purpose of study is to render a better understanding of the concept "Working Capital Management"
- To understand the planning and management of working capital at KPTCL.
- To measure the financial soundness of the company by analyzing various ratios.
- To suggest ways for better management and control of working capital at the concern.

**Research Design**

- This paper requires a detailed understanding of the concept – “Working Capital Management”. Therefore, firstly we need to have a clear idea of what is working capital, how it is managed in KPTCL, what are the different ways in which the financing of working capital is done in the company.

**Scope of the Study**

This paper is vital to me in a significant way. It does have some importance for the company too. These are as follows :

- The paper will be a learning of planning and financing working capital.
- The paper would also be an effective tool for credit policies of the companies
- This will show different methods of holding inventory and dealing with cash and receivables.
- This will show the liquidity position of the company and also how do they maintain a particular liquidity position.

**Industry Profile**

The power sector in the country has been witnessing far-reaching changes in the last few years. Most of the monolithic State Electricity Boards have been unbundled and generation, transmissions and distribution activities separated by creating separate companies. Regulatory Commission has been set up to ensure efficiency and economy in activities of electricity industry besides fixing electricity tariffs in a transparent manner. All these measures were initiated to improve the poor financial health of the State – owned power utilities, overcome the power shortage (particularly during peak hours) and to ensure reliability and quality of power to the consumers.

It is a recognized fact that in the past, of the 3 main segments of the power industry i.e generation, transmission and distribution, the distribution segment was getting the least attention, both technically and financially and needed an immediate action plan. Karnataka is one of the few States in the country, which are in the forefront of power sector reforms. It caused the Karnataka Electricity

Reforms Act in 1999, which paved the way for establishment of KERC and reorganization of KEB into KPTCL and VVNL w.e.f. 1.8.1999.

Later KPTCL was unbundled and retaining the transmission business and KPTCL formed four independent distribution companies. These distribution companies are BESCO, MESCOM, HESCO and GESCOM. All the companies commenced their business w.e.f 1.6.2002. Another Distribution company by name CESCO came into existence w.e.f 01-04-06.

**Company Profile :**

Karnataka Power Transmission Corporation Limited is a registered company under the Companies Act, 1956 was incorporated on 28-7-1999 and is a company wholly owned by the Government of Karnataka with an authorized share capital of Rs. 808.38 crores. KPTCL was formed on 1-8-1999 by carving out the Transmission and Distribution functions of the erstwhile Karnataka Electricity Board. Due to the enforcement of Reforms Act, the entire power sector in Karnataka was divided into three depending upon the Activity Viz., Generation, Transmission and Distribution.

The Generation Activity is carried out by Karnataka Power Corporation Limited. Karnataka Power Corporation Limited is a company owned by State Government of Karnataka which generates and operates major power generating projects in the state consisting of Hydel, Thermal and other sources.

The Transmission Activity is carried out by Karnataka Power Transmission Corporation Limited. Karnataka Power Transmission Corporation Limited is mainly vested with the functions of Transmission of power in the entire State of Karnataka. It operates under a license issued by Karnataka Electricity Regulatory Commission.

KPTCL is headed by a Chairman and Managing Director at the corporate office. He is assisted by four functional Directors. The Board of KPTCL consists of a maximum of twelve directors.

Distribution Activity is vested with 5 Distribution Companies viz., BESCO, MESCOM, CESC, HESCO and GESCO.

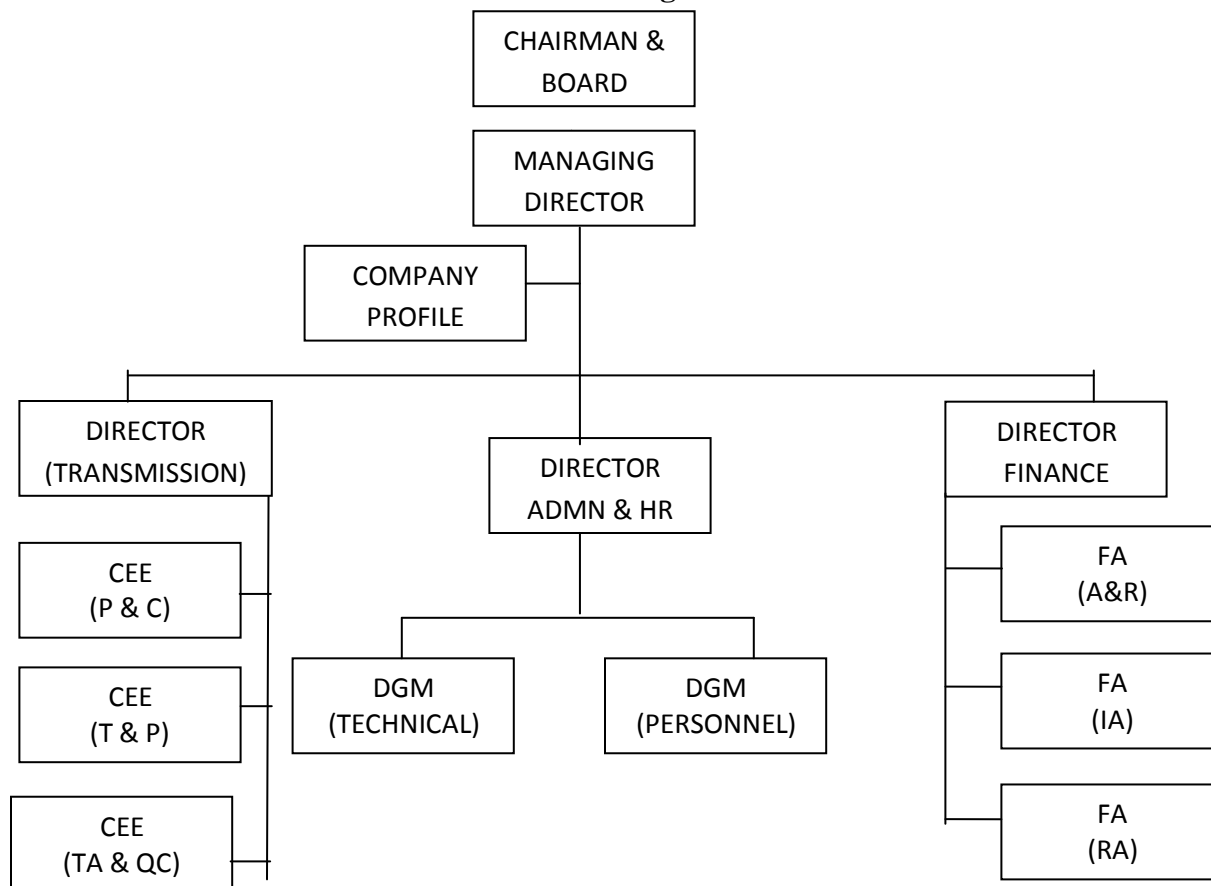
#### Organization Structure :

The structure of KPTCL is basically a horizontal one where most of the authority and power rests within the top-level management. A high level of board of director's provides the strategic architecture for the company. The chief minister himself is the Chairman of KPTCL. The managing director and other government nominee director are senior IAS officers besides being sector technocrats with proven record. Under the managing director are the other Chief Executives, Directors, Engineers etc.

KPTCL today realized that if one sits on the lid of progress they will be blown by it. The organization believes that competing for the future is competing for the opportunity shares with the current portfolio of core competencies. It today challenges the logic that public office is the last refuge of the incompetent. Changes has become a way of life for this organization.

KPTCL believes that chaotic action is better than orderly inaction. People here know that they have just not joined a company but they have joined and objective. KPTCL has an efficient management system as an integral part of its Total Quality Management (TQM) pursuit. In keeping with its commitment to TQM, several management disciplines in KPTCL subject themselves to the uncompromising eyes to TQM.

#### Charts show the organization structure



## Data Analysis and Interpretation

### Finance Department

Finance is the lifeline of any company. The same applies to much of the funds are self KPTCL, rising of equity capital, debenture capital, public deposits and also term loans from other financial institutions. The organization though being a Government of Karnataka Enterprise does not rely on any of the funds/ grants from the government treasury.

Financial Adviser (A&R), who is under the direct control of Finance Director Heads, Finance Department in KPTCL next in the order are Controllers, Deputy Controllers and other officers.

Budgetary activities are centralized in this department. It consolidates all the activities of budget from market to all department, giving estimated budgeted activity and based on the budget the actual will be analyzed by each department.

The finance department is divided between wings or sections such as :

- Budget section
- Loan section
- Establishment section
- Compilation section
- Internal audit section

### Bankers

- State Bank of India
- Syndicate Bank
- Union Bank of India
- Canara Bank
- Vijaya Bank
- State Bank of India
- ICICI Bank

**Table -1 Financial Performance from 2007-2012**

Category	2007-8	2008-09	2009-10	2010-11	2011-12
Revenue	766.00	799.02	925.56	1215.23	1663.00
Other Income	203.87	173.54	306.33	239.62	22.98
Subsidy					
Total	969.87	972.56	1231.89	1454.84	1685.98
Power purchase	22.89	71.04	8.17	1.15	.53
R&M Expenses	21.18	23.78	66.67	71.01	85.64
A&G Expenses	53.13	55.22	40.35	34.76	36.95
Employee Cost	241.68	222.98	246.72	410.57	489.27
Depreciation	138.43	185.96	358.57	406.98	449.53
Interest	256.20	372.24	483.70	537.32	590.59
Other costs	175.09	27.33	19.23	11.30	5.30
Roe/Surplus	61.27	14.01	8.48	.86	7.66
Total	969.87	972.56	1231.89	1454.84	1685.98

**Table No.2 : Showing the Components of Working Capital**

Particulars	Years (Rs. in Crores)				
	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Current Assets</b>					
Inventories	75.99	111.55	101.14	106.08	108.20
Sundry debtors	352.99	221.94	264.09	244.97	202.99
Cash and bank loans and advances	168.99	146.83	163.77	393.04	173.81
Other assets	223.38	1308.33	59.09	161.47	2.82
<b>Total Current assets</b>	<b>4133.87</b>	<b>2451.09</b>	<b>2249.01</b>	<b>2376.66</b>	<b>2400.00</b>
<b>Current Liabilities</b>					
<b>Liabilities &amp; Provisions</b>	<b>5454.30</b>	<b>4240.09</b>	<b>2838.01</b>	<b>3282.19</b>	<b>2887.82</b>
Total Current Liabilities	4027.51	4167.94	4218.86	3174.00	3673.18
	4027.51	4167.94	4218.86	3174.00	3673.18
<b>Working Capital</b>	<b>1426.79</b>	<b>-377.86</b>	<b>-1380.85</b>	<b>108.19</b>	<b>-785.36</b>

**Analysis**

The above total current asset is in 2011-12 Rs. 2887.82 crores and the total current liabilities Rs. 785 crores.

**Interpretation :**

From the above working capital statement it has been analyzed that the net working capital has been from 2007-8 Rs. 1426.79 crores, after that 2009, 10, 12 years it has been increased in the year it is showing negative values. But last 3 years it is showing negative values. Reason of decreasing the values of other assets year to year by comprising the last years now it has come down at 50% of values poor performance in the collection of the debtors from the customers here current asset is decreasing compare to current liabilities.

**Proportion of Current Assets to Total Assets****Table No. 3 : Showing proportion of current asset to total assets  
(Rupees in crores )**

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Current assets (in crores)	5454.30	4240.09	2838.01	3282.25	2887.82
Total assets (in crores)	7831.95	9147.25	8340.69	8938.00	11427.00
Result (%)	69.00%	46.00%	51.00%	36.72	25.27

Current Asset

$$= \frac{\text{Current Asset}}{\text{Total asset}} * 100$$

**Analysis**

The total asset in 2011-12 Rs. 11427 crores and current asset is 2887.82 in the year of 11-12.

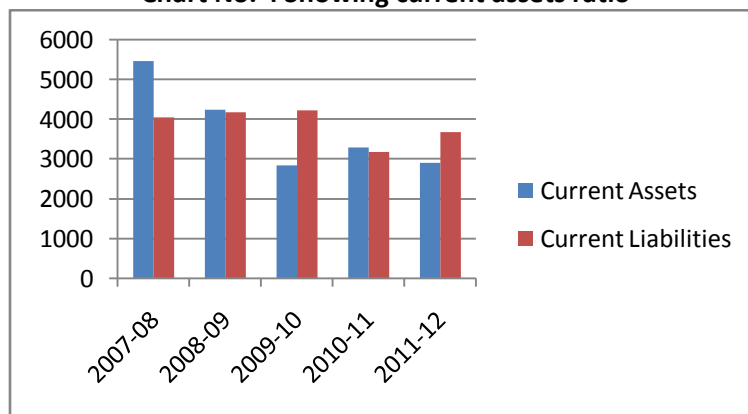
**Interpretation :**

It is evident from the above that the portion of current asset in the total asset of company is showing downwards trend. The fixed assets have been increase at than current asset decreased from the analysis the company's current assets compare to the total asset ratio in last 3 years now again slightly increases during year 2007-08 current Asset from 69% of total asset and the year 2011-12 it has been decreased 25.27%.

**Table No. 4. Showing the current ratio**

Particulars	Rs. in crores				
	2007-08	2008-09	2009-10	2010-11	2011-12
Current assets	5454.30	4233.23	2838.01	3282.25	2887.82
Current liabilities	4037.36	4167.94	4218.86	3174.00	3673.18
Ratio	1.35	0.91	0.68	1.03	0.79

$$\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current Liability}}$$

**Chart No. 4 Showing current assets ratio****Analysis :**

In this current ratio values are not a constant in the year 2011-12 current asst is Rs. 2887.82 crores and current liability is 3673.18 the ratio is 0.79.

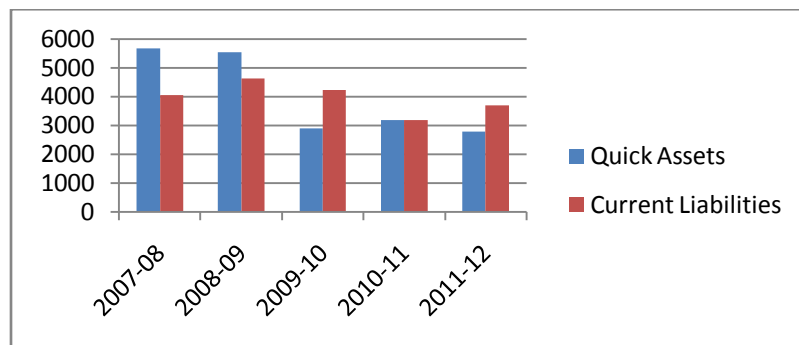
**Interpretation**

Ratio or the working capital ratio reveals the liquidity position of the firm; this ratio is used to judge the company's ability to meet. It's short term obligation to remain solvent in the event of adversities. The conventional current ratio is held to be 2:1 but from the table. It can be seen that in KPTCL the current ratio is quite decreased. The current ratio is quite higher in 2009-10 i.e 1.35 in the shown above table it is not constant and it has decreased in 2011-12 at 0.79 the current asset also not constant and current liability also be same. It is also not a stagnant.

**Table No. 5 : Showing quick ratio or acid ratio :**

Particulars	Years				
	2007-08	2008-09	2009-10	2010-11	2011-12
Quick assets	5677.68	5541.56	2897.1	3176.11	2779.6
Current liabilities	4037.36	4617.94	4218.86	3174.00	3678.18
Ratio	1.38	1.17	0.66	1.00	0.76

Current assets – inventories  
= -----  
Current Liability



### Analysis

The analysis of quick assets in 2007-8 have more value compare to 2011-12 and current liability have got more value in 2008-09 more than last year is 3678.18.

### Interpretation :

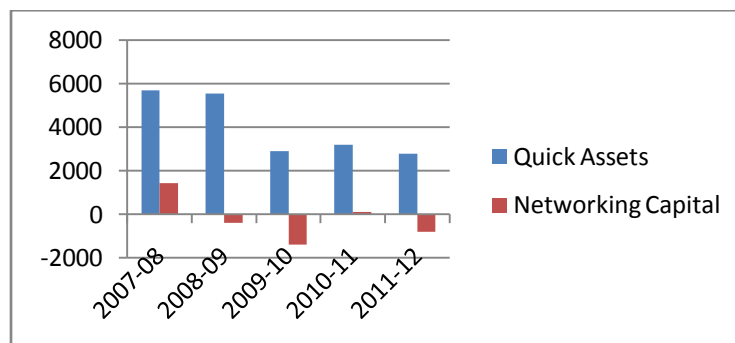
In the above analysis quick assets include current asset and loans and advances less inventory and quick liability include current liabilities, fewer banks over draft. It will be shown the ratio's in 07-08 to 11-12 are 1.38 to 0.76. It indicates amount of quick assets available for amount of current liability a quick ratio 1:1 considered to be not satisfied ratio shows that KPTCL has lower than the standards ratio.

**Table No. 6 : Showing quick asset to net working capital ratio**

Particulars	Years				
	2007-08	2008-09	2009-10	2010-11	2011-12
Quick assets	5677.68	5541.56	2897.1	3176.11	2779.6
Net Working Capital	1426.79	-377.81	-1380.85	108.19	-785.36
Ratio	4.00	-14.40	-2.1	29.35	-3.54

Quick asset  
= -----  
Net Working Capital

**Chart No. 6 : Showing quick asset to net working capital ratio**



### Analysis :

The quick asset is 5677.68 it is showing positive values but in net working capital showing negative value is 1380.85 in 09-10 and 11-12 is 785.

**Interpretation :**

From analysis the company's quick asset net working capital ratio. It increased in 2007-08 to 4.00%. But it shows negative value in the year 2011-12 to 2.1% in net working capital also it shows negative values, but in quick asset value slightly increased compare to 2007-08 year.

**Table No. 7 : Showing debtors in total current asset**

(Rupees in crores)

Particulars	Years				
	2007-08	2008-09	2009-10	2010-11	2011-12
Debtors	352.08	221.94	264.09	244.97	202.99
Current asset	5454.31	4233.23	2838.01	3282.25	2887.82
Debtors to current asset	0.15	0.052	0.093	0.07	0.07

$$\frac{\text{Sundry Debtors}}{\text{Total Current Asset}}$$

**Analysis :**

The debtors is getting the values in hundred digits and the current asset is in the value of thousands in 2011-12. The value of debtors are 202.99 and current assets are 2887.82.

**Interpretation :**

The amount of debtors in the company shows the above table clearly depicts the trend of debtors, which cross 10% of the total current asset in the year 2007-08. It shows slightly increased and decrease. The debtor's value is 352.08 in the year 2007-08 and it will decrease in the 2011-12.

**Table No. 8 Showing inventories to net working capital**

Particulars	Years				
	2007-08	2008-09	2009-10	2010-11	2011-12
Inventories	75.99	111.55	101.14	106.08	108.20
Net Working Capital	1426.79	-377.86	-1380.85	108.19	-785.36
Ratio	0.053	-0.29	-0.073	0.98	0.14

$$\frac{\text{Inventories}}{\text{Net Working Capital}}$$

**Analysis :**

Inventor's net working capital inventory in 2011-12 is Rs. 108.20 but in net working capital is -785.36 it is in negative value.

**Interpretation :**

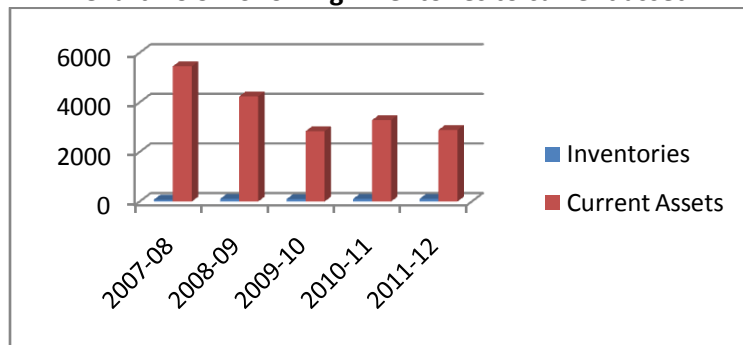
Above analysis, the company's inventories has been increased from the year to year, this is because of investments on inventories have been increased. But in 2009-10 it has been decreased, after that again it covered the value in net working capital, it totally decreased in the 2011-12 it is showing totally negative values.



**Table No. 9 : Showing inventories to current asset**

Particulars	Years				
	2007-08	2008-09	2009-10	2010-11	2011-12
Inventories	75.99	111.55	101.14	106.08	108.20
Current asset	5454.31	4240.09	2838.01	3282.25	2887.82
Ratio	0.013	0.026	0.035	0.03	0.04

$$\frac{\text{Inventories}}{\text{Current asset}}$$

**Chart No 9 : Showing inventories to current asset****Analysis :**

The current assets have been decreased compare to 2008-09 to 2011-12, 2887.82 but it inventories 202.04 it has been increase compare to last year.

**Interpretation :**

From the above analysis, the inventories to current asset ratio have inventories in the current asset, it is not a stagnant values, it decreased from 2009-10 and increased in 2010-11 and again decreased in the year 2011-12 this is because of the debtors also constant 1:1 investment in the inventories.

**Table No. 10: Showing receivable to net working capital**

Particulars	Years				
	2007-08	2008-09	2009-10	2010-11	2011-12
Receivable	709.86	852.08	114.23	244.97	202.20
Net Working Capital	1426.79	-377.86	-1380.85	108.19	-785.36
Ratio	0.49	0.60	-0.72	2.26	0.25

$$\frac{\text{Receivable}}{\text{Net Working Capital}}$$

**Analysis :**

Receivable in the year 2009-10 has been decreased compare to 2008-09 and net working capital is showing negative values in 2009-10 and 2011-12

**Interpretation :**

From the above table information receivable compare to the net working capital value has been decreased. It shows totally negative value in the year of 2009-10. But receivable still is in positive value, but it has been decreasing in the year to year.

**Table No. 11 : Showing receivable to current asset ratio**

Particulars	Years				
	2007-08	2008-09	2009-10	2010-11	2011-12
Receivable	709.86	852.08	114.23	244.97	202.99
Net Working Capital	5454.31	4240.09	2838.01	32825.25	2887.82
Ratio	0.18	0.15	0.02	0.07	0.07

$$= \frac{\text{Receivable}}{\text{Current Asset}}$$

**Analysis :**

In the receivable and current asset, both the values have been decreased, by comparing 2008-09 to 2009-10 the receivable value is Rs. 114.23 crores and current asset is Rs. 2838.12 crores.

**Interpretation :**

From the above analysis the company receivable to current ratio has been increased from 2007-08 up to 2008-09 but in the ratio it has only been decreased in the year 2009-10.

**Table No. 12 : Showing cash and bank balance to Current asset**

Particulars	Years				
	2007-08	2008-09	2009-10	2010-11	2011-12
Bank balance	168.99	146.83	163.77	393.04	173.81
Current asset	5454.31	4240.09	2838.01	3282.25	2887.82
Ratio	0.030	0.034	0.057	0.12	0.06

$$= \frac{\text{Cash and Bank Balance}}{\text{Current Asset}}$$

**Analysis :**

In this percentage of bank balance to current asset is 2011-12 all the value have been decreased compare to 2007-08

**Interpretation :**

On the analysis it is clear that cash and bank balance is reducing every year up to 2009-10. Again it has recovered in the year of 2010-11, but in the current asset values has been decreasing year to year but in ratio is 0.06 in the year of 2011-12.

**Table No. 13 : Showing Debtors turnover ratio**

The liquidity position of a concern to pay its short term obligation in time depends upon the quality of its debtors. Debtors turnover ratio indicates the velocity of debtor's collection firm (i.e) it indicates the number of times average debtors are turned over during a year.

(Rupees in crores)

Year	Credit sales	Debtors	Ratio
2007-08	766	352.08	2.18
2008-09	799.02	221.94	3.60
2009-10	925.52	264.09	3.50
2010-11	1215.23	244.97	4.96
2011-12	1663.00	202.99	8.19

Credit Sales (Total Sales)

Debtor Turnover Ratio = -----

Debtors

**Interpretation :**

The above table indicates the debtor's turnover ratio for year 2007-08 is 2.18 t slightly increased in 2008-09 as 3.60 and finally it reaches to 8.19 is 2008-09. It is infavorable for the company.

**Table no. 14****BALANCE SHEET FOR THE YEAR ENDING 31<sup>st</sup> MARCH**

Particulars	As on 31/03/2009	As on 31/03/2010	As on 31/03/2011
Share holder's Funds			
Share capital	690.32	690.32	690.32
Share deposit	22.62	342.94	485
Share deposit Adj A/c			
Reserves and Surplus	285.21	308.88	345.93
Loans Funds			
Secured Loans	2420.07	4451.46	5182.05
Unsecured Loans	816.74	22.08	16.7
Other funds			
Service line and Security Deposit	40.95	43.08	66.93
Deferred Tax Liability		274.29	274.28
<b>TOTAL</b>	<b>4275.9</b>	<b>6133.79</b>	<b>7061.24</b>
<b>APPLICATION OF FUNDS</b>			
Fixed assets			
(a) Gross Block	3813.58	6884.31	7808.59
(b) Less ; Depreciation	1453.93	1977.15	2305.91
(c) Net Block	2377.65	4907.16	5502.67
(d) Increase in foreign currency Liabilities (Net)			
(e) Capital Work in Progress	463.05	1598.04	2922.22
<b>Investments</b>			
<b>Current Assets, Loans and Advances</b>			
(a) Interest accrued on investments and deposits			
(b) Inventories, Stores and Spares and Work in progress	75.99	111.55	101.14
(c) Sundry Debtors	852.08	221.94	264.08
(d) Cash and Bank Balances	168.99	146.83	163.77

(e) Loans and Advances	223.38	1308.33	59.08
(f) Other Assets	4133.87	2451.44	2249.92
<b>Total Current Assets</b>	<b>5454.31</b>	<b>4240.09</b>	<b>2838.01</b>
<b>Less</b>			
<b>Current Liabilities &amp; Provisions</b>			
(a) Liabilities	4027.51	4617.94	4218.86
(b) Provisions			
<b>Total Current Liabilities</b>	<b>4027.51</b>	<b>4617.94</b>	<b>4218.86</b>
<b>Net Current Assets</b>	<b>1426.79</b>	<b>-77.86</b>	<b>-1380.84</b>
Miscellaneous Expenditure to the extent not written off/or adjusted	8.4	6.44	17.18
Deferred Revenue Expenditure			
Profit and Loss Account			
<b>TOTAL</b>	<b>4275.9</b>	<b>6133.91</b>	<b>7061.24</b>

**Table No. 15**  
**BALANCE SHEET FOR THE YEAR ENDING 31<sup>st</sup> MARCH**

Particulars	As on 31/03/2011	As on 31/03/2012
Share holder's Funds		
Share capital	690.32	1123.26
Share deposit	885.00	Nil
Share deposit Adj A/c		
Reserves and Surplus	422.34	499.52
<b>Loans Funds</b>		
Secured Loans	4970.16	4539.44
Unsecured Loans	536.50	
Other long term liability	Nil	1351
Long term provisions	Nil	33.41
<b>Other Funds</b>		
Service Line and Security Deposits	100.62	
Deferred Tax Liability	274.28	274.28
<b>TOTAL</b>	<b>7879.03</b>	<b>6198.92</b>
<b>APPLICATION OF FUNDS</b>		
Fixed assets		
(a) Gross Block	9025.50	
(b) Less ; Depreciation	-2696.01	
(c) Net Block	6329.49	6828.27
(d) Increase in foreign currency Liabilities (Net)		
(e) Capital Work in Progress	2591.29	1789.53
<b>Investments</b>		
<b>Current Assets, Loans and Advances</b>		
(a) Interest accrued on investments and deposits	Nil	
(b) Inventories, Stores and Spares and Work	106.08	108.20

in progress		
(c) Sundry Debtors	244.97	202.99
(d) Cash and Bank Balances	293.40	173.81
(e) Loans and Advances	161.47	2.82
(f) Other Assets	2376.66	131.44
<b>Total Current Assets</b>	<b>3282.25</b>	<b>619.28</b>
<b>Less</b>		
<b>Current Liabilities &amp; Provisions</b>		
(a) Liabilities	4341.30	3673.18
(b) Provisions		
<b>Total Current Liabilities</b>	<b>4341.30</b>	<b>3673.18</b>
<b>Net Current Assets</b>	<b>-1059.05</b>	<b>-3053.9</b>
Miscellaneous Expenditure to the extent not written off/or adjusted Deferred Revenue Expenditure		
Profit and Loss Account		
<b>TOTAL</b>	<b>7879.03</b>	<b>4292.46</b>

#### Findings :

The finance division of KPTCL is looking very aggressive in its approach to handle working capital. The finance department in the year 07-08, it is approaching negatively but it is not a big loss for a company to the needs of working capital requirements. Following are the few findings made by the researcher about the company's performance during the study.

From the study conducted at KPTCL, the following findings were observed.

- Quick ratio is lower than the standard of 1:1 which shows that the company has not good liquidity position in 2010 and 2011-12
- Credit turnover ratio and average payment period shows that the company is prompt in its payments.
- The investment in working capital shows decrease i.e the proportion of investing in current assets is more as compared to investing current liability.
- Current liabilities to total liabilities ratio is very low, where corporation should depend on fixed asset meets its obligations.
- The company is fully computerized and maintaining a good working environment.
- The company has made maximum payments as well as received receipts in the month of March due to more demand and supply.

#### Suggestions :

As a researcher, I would like to add few suggestions to the company, which I find useful for the company's operations in near future. The suggestions are listed below.

- The management should take effective measures like appointing the more number of recovery agents to recover the outstanding income of KPTCL.
- KPTCL should also revise their old tariff for increasing their profitability.
- The cash balance of the company needs to be increased in order to have immediate liquidity position.
- Government of Karnataka needs to help the KPTCL by extension financial help in capital expenditure

- The management should take effective measures to recover the outstanding debts of KPTCL as the major portion of current assets in the form of debtors.
- KPTCL has borrowed lot of funds by pledging its fixed assets. The company should use its own earnings to reduce the burden of interest payments.
- In order to increase the profit, the company should reduce the purchase of fixed assets, rather going for acquiring them on lease.
- The cash balance of the company is required to be improved in order to have immediate liquidity position.

### **Conclusion**

The project done at Karnataka Power Transmission Corporation Ltd “Analysis of Working Capital Management” was very helpful and Informative. To improve the performance of the company needs to implement new policies.

Karnataka Power Transmission Corporation Ltd is a public sector unit. Comparing to the other Indian Power Companies, KPTCL stands 5<sup>th</sup> in the position at all India level. This success is mainly attributed to Human Resource, the most important factor in Supplying the Power to five distribution companies (BESCOM, MESCOM, HESCOM, GESCOM, CESC).

Net working capital has been from 2007-08 is Rs. 142 cr it showing positive value we can consider company working capital is good position and after the year 2009-10,12 showing negative value it means every year current value is decrease and liability is increase its not good for company.

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