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Working Capital Analysis of Welspun Living and Trident Limited

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ABSTRACT

The objective of the study is to explore the relationship between Working Capital Management with special reference to Welspun Living and Trident Ltd. Comparative analysis of current assets, current liabilities and working capital of both companies has been conducted. For the purpose of research on this topic, secondary data has been taken from the published financial report of both companies. Total five years of data (2022-2026) analyzed by using the correlation analysis and P value at 5% level of significance. The findings of the study clearly indicate that there is no significant difference between two companies with regards to current liabilities and current assets. But there is significant difference between both companies regarding working capital.

1. INTRODUCTION

Working capital management is one of the important parts of financial activities of any organization, however, it plays a significant role towards financial management. It is a financial metric that indicates the liquidity levels of organization for managing day-to-day expenses and cover inventory, cash account payables, and receivable. Working capital is the indicator of the short-term financial position of organization and measures it overall efficiency. Working capital is also considered as the life blood of the economic entity of the organization. This study compares the working capital management of two leading textile firms in India, Trident ltd and Welspun living. The research examines their current assets, current liabilities, and working capital of these two companies to assess their efficiency.

The Working Capital

A well-structured working capital management system means maintaining an appropriate balance between current assets and current liabilities so that a company can meet its short-term financial obligations. It ensures that company has sufficient funds to pay short-term obligations such as supplier, wages, and operating expenses. Efficient management of funds helps the business in stopping the excess investment in inventory and improve the return of the business. Adequate working capital allows the textile companies to increase production, manage higher sales and take advantage of new business opportunities. Working capital can be calculated with the following formula.

Working Capital =Current asset -Current liability

2. REVIEW OF LITERATURE

Mihikumar and Chauhan (2024) conducted the study on “An analysis of working capital mangment of HDFC bank. For the puprose of the study data was collected from bank’s annual reports and secondary sources. Data was analysis with the help of ratio analysis. The financial analysis of HDFC bank reveals both strenghts and concern. Positively, the bank shows strong profitablity with an impresive rise of return on equity over the last seven years and a slight improvement in return on assets indicating effective asset management.

Dohar and Prasad (2025) presents a comparative analysis of the working captial management of Reliance Industries Ltd. and Adani Enterprises Ltd. focusing on liquidity, profitability, and efficiency. Financial data was extracted from annual reports of both companies. Key ratios such as current ratio, quick ratio, net profit margin, return on assets, asset turnover, and inventory turnover were analysed. Statistical tools were applied to evaluate trends, correlations, and deviations across the selected financial indicators. The analysis reveals that Reliance Industries has demonstrated strong liquidity and profitability, reflecting sound financial and operational management as compared Adani enterprise. The findings offer valuable insights for investors, analysts, and policymakers, highlighting areas of strength and improvement for both companies. These insights support more informed investment and strategic decisions.

Farhan(2021) evaluates the impact of working capital components on the financial performance of Indian pharmaceutical companies. Moreover, it aims to analyze working capital among small, medium and large firms. Data was collected from 82 pharmaceutical companies for the period from 2008 to 2017. Generalized Method of Moment (GMM) model is used for estimating the results. Findings of the study show that number of days' collection period, number of days' payable period and number of days' inventory holding period positively impact the financial performance of Indian pharmaceutical companies measured by return on assets and net operating margin. Whereas, cash conversion cycle has a negative impact on return on assets, net operating margin.

Khan (2021) explained the several key components of working capital management, including Cash Management, Inventory Management, Accounts Receivable Management and Accounts Payable Management. Companies must consider these factors when developing the working capital management strategies. Effective working capital management can help companies to maintain the financial stability and improve their profitability.

Singh and Kumar (2023) explained that management of a company's working capital entails controlling the balance between its current assets and current liabilities. The term "working capital" refers to money that a company uses to purchase immediate assets. Namely, goods in stock, accounts receivable, cash on hand, and loans and advances made to other parties. These current assets are crucial to the efficient running of the firm and effective utilisation of the fixed assets. Both liquidity and profitability may be affected by how effectively one manages ones working capital. The cash available for daily operations is the engine that keeps a company running. This study analyses shows that SAIL has excess working capital which is used to buy fixed assets rather than it should be used to pay short term dedt to improve short term current ratio.

Reddy and Gowtham (2020) studied the working capital of VJ Engineers. The main purpose of the study is to asess whether the investement of campany in current asseys are sufficient to pay it liabilities. The result of study shows that Working capital maintains by the company is inadequate and the expenditure of that company is very high. Inadequate working capital will lead to lack in liquidity position of the company. The company should main-tain this level in the successive years. To end with, if the company takes the above actions on this suggestion , that would sustain as the leader in the energy industry.

Kothari and Shrivastava (2025) explored the Working Capital Management of HDFC Bank and ICICI Bank. Comparative analysis between working capital of both banks has conducted. The study was based on secondary data which has taken from the published financial report of both banks. Total five years of data (2020-2024) were analyzed by using the correlation analysis at 5% level of significance. The findings indicates that current liabilities and current assets of both companies has not found significantly positive and related to each other, however, relationship between working capital of both companies has found positive and significant.

3. OBJECTIVE OF THE STUDY

The various objective of the study are as under

1. To examine current assets of Welspun Living and Trident Ltd.
2. To examine the current liabilties of Welspun Living and Trident Ltd.
3. To examine the working capital of Welspun Living and Trident Ltd.

4. HYPOTHESIS OF THE STUDY

The hypothesis of the study is as under

H01: There is no significant difference between current assets of Welspun Living and Trident Limited.

Ha1: There is significant difference between current assets of Welspun Living and Trident Limited.

H02: There is no significant difference between current liabilites of Welspun Living and Trident Limited.

Ha2: There is significant difference between current liabilties of Welspun Living and Trident Limited.

H03: There is no significant difference between working capital of Welspun Living and Trident Limited.

Ha3: There is significant difference between working capital of Welspun Living and Trident Limited.

5. RESEARCH DESIGN

The present study is based on analytical research design. Secondary data of financial reports of both from the year 2022 to 2026 has been used to conduct the research. Judgement sampling technique has been used to collect the data for the study. Correlation anaylsis and P value was used for data analysis.

TABLE NO:5.1 RESEARCH DESIGN

Sample Unit	Welspun living and Trident Limited
Data Covered For Analysis	Financial reports of both companies from 2022 to 2026

Technique Of Sampling	Judgement Sampling technique
Method For Analysis	Correlation and p value at 5% significant level
Source Of Data	Secondary data was used for the study taken from journals and websites
Type Of Study	Analytical research design was used for the study

6. DATA ANALYSIS AND INTERPREATION

H01: There is no significant difference between Current assets of Welspun living and Trident Ltd.

TABLE NO 6.1: CURRENT ASSETS OF WELSPUN LIVING AND TRIDENT LIMITED

Year	Current Asset Welspun Living	Current Assets Trident Limited	r	P Value	Sig.
2022	2,602.93	2,489.54	0.765	0.132	0.05
2023	2,510.85	1,968.48			
2024	3,584.78	2,691.01			
2025	3,344.90	2,490.77			
2026	3,153.71	2,506.84			

Source <u>www.moneycontrol.com</u>

Interpretations – Correlation coefficient current assets of two companies are 0.765. because the value of Correlation is positive, it means the two companies' current assets move in same directions. but P-value (0.132) is much higher than 0.05 indicating a not highly statistically significant difference between current assets of Welspun and Trident ltd Therefore, null hypothesis accepted and the alternative hypothesis is rejected.

H02: There is no significant difference between Current liabilities of Welspun living and Trident Ltd.

TABLE NO 6.2: CURRENT LIABILITIES OF WELSPUN LIVING AND TRIDENT LIMITED

Year	Current liabilities Welspun Living	Current Liabilities Trident Limited	r	P Value	Sig.
2022	1,963.54	1,992.16	0.131	0.834	0.05
2023	1,726.36	1,453.43			
2024	2,188.95	1,700.73			
2025	2,052.78	1,255.01			
2026	1,839.78	1,605.78			

Source www.moneycontrol.com

Interpretations – Correlation coefficient current assets of two companies are 0.131. because the value of Correlation is positive, but it very weak it means that there is only weak positive relationship between the current liabilities of Welspun living and Trident limited. but P-value (0.834) is much higher than 0.05 indicating a not highly statistically significant difference between current liabilities of Welspun and Trident ltd Therefore, null hypothesis accepted and the alternative hypothesis is rejected.

H03: There is no significant difference between working capital of Welspun living and Trident Ltd.

TABLE NO 6.3: WORKING CAPITAL OF WELSPUN LIVING AND TRIDENT LIMITED

Year	Working Capital Welspun Living	Working Capital Trident Limited	r	P Value	Sig.
2022	639.39	497.68	0.966	0.007	0.05
2023	784.49	515.05			
2024	1395.83	990.28			
2025	1492.12	1235.76			
2026	1313.93	901.06			

Source www.moneycontrol.com

Interpretations – Correlation coefficient of working capital of two companies are 0.966. because the value of Correlation is positive, it means the two companies' working capital move in same directions. but P-value (0.007) is much lower than 0.05 indicating a highly statistically significant difference between working capital of Welspun and Trident ltd Therefore, null hypothesis rejected and the alternative hypothesis is accepted.

7. FINDING OF THE STUDY

1. Finding and results of the study indicate that Correlation coefficient current assets of two companies are positive. It means the two companies' current assets move in same direction. but P-value (0.132) is much higher than 0.05 indicating a not highly statistically significant difference between current assets of Welspun and Trident Ltd Therefore, null hypothesis accepted and the alternative hypothesis is rejected.
2. Finding and results of the study indicate that Correlation coefficient current assets of two companies are weak but positive, but P-value (0.834) is much higher than 0.05 indicating a not highly statistically significant difference between current liabilities of Welspun and Trident Ltd Therefore, null hypothesis accepted and alternative hypothesis is rejected.
3. Correlation coefficient of working capital of two companies are 0.966. because the value of Correlation is positive, it means the two companies' working capital move in same directions. but P-value (0.007) is much lower than 0.05 indicating a highly statistically significant difference between working capital of Welspun and Trident Ltd Therefore, null hypothesis rejected and the alternative hypothesis is accepted

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