



Original Article

**A STUDY ON WORKING CAPITAL MANAGEMENT PRACTICES AT DURACUT
CBN PCD TOOLS PVT. LTD., PUNE**

Miss. Pooja Suresh Bhosale¹ & Komal P. Kondubhairi²

¹Student of MBA-II & ²Assistant Professor

^{1,2}SVERI'S Collage of Engineering Pandharpur, An Autonomous Institute

Manuscript ID:

IJAAR-B130314

ISSN: 2347-7075

Impact Factor – 8.141

Volume - 13

Issue - 3

January – February 2026

Pp. 70 - 76

Submitted: 11 Jan.2026

Revised: 21 Jan. 2026

Accepted: 10 Feb. 2026

Published: 28 Feb. 2026

Corresponding Author:

Miss. Pooja Suresh Bhosale

Quick Response Code:



Website: <https://ijaar.co.in/>



DOI: 10.5281/zenodo.20321586

DOI Link:

<https://doi.org/10.5281/zenodo.20321586>



Creative Commons



Abstract:

Working capital management is a crucial component of financial management, particularly in manufacturing organizations where a significant portion of funds is invested in current assets. Efficient management of working capital ensures adequate liquidity and smooth day-to-day operations. The present study aims to analyze the working capital management practices at DURACUT CBN PCD Tools Pvt. Ltd., Pune. The study is based on secondary data collected from the financial statements of the company for a period of three years from 2022 to 2024. Various working capital ratios have been applied to evaluate the liquidity position and efficiency of managing current assets and current liabilities. The findings of the study reveal the strengths and weaknesses in the company's working capital practices and provide suitable suggestions for improvement. The study will be useful for management, academicians, and future researchers.

Keywords: *Working Capital Management, Liquidity, Current Assets, Current Liabilities, Manufacturing Industry, Cash Conversion Cycle*

Creative Commons (CC BY-NC-SA 4.0)

This is an open access journal, and articles are distributed under the terms of the Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License (CC BY-NC-SA 4.0), which permits others to remix, adapt, and build upon the work non-commercially, provided that appropriate credit is given and that any new creations are licensed under identical terms.

How to cite this article:

Miss. Pooja Suresh Bhosale & Komal P. Kondubhairi. (2026). A Study On Working Capital Management Practices At DURACUT CBN PCD Tools Pvt. Ltd., Pune. International Journal of Advance and Applied Research, 13(3), 70 - 76. <https://doi.org/10.5281/zenodo.20321586>

Introduction:

Working capital management refers to the management of a firm's short-term assets and liabilities to ensure sufficient liquidity for smooth business operations. It involves the planning and control of current assets such as cash, inventory, and receivables, as well as current liabilities like

payables and short-term borrowings. Proper management of working capital is essential for maintaining operational efficiency and financial stability. In manufacturing companies, effective working capital management plays a vital role due to high investment in inventory and receivables. Inefficient management may result in liquidity



problems, disruption of operations, and reduced profitability. Therefore, analyzing working capital practices helps in understanding the financial health of an organization.

DURACUT CBN PCD Tools Pvt. Ltd., Pune, is a manufacturing firm engaged in the production of cutting tools. The company requires effective management of working capital to meet its operational requirements and financial obligations. This study focuses on evaluating the working capital management practices of the company over a period of three years using working capital ratios.

In a manufacturing organization, a significant portion of funds is invested in current assets such as raw materials, work-in-progress, finished goods, cash, and receivables. Improper management of these components may lead to excess blockage of funds, liquidity shortages, or interruption in production and sales activities. Therefore, effective working capital management is essential to ensure smooth day-to-day operations and financial stability.

The study aims to assess how effectively the company manages its current assets and current liabilities and to identify strengths and weaknesses in its working capital practices. The findings of the study are expected to provide useful insights to the management for improving liquidity and operational efficiency. Additionally, the study will serve as a reference for academicians and future researchers in the field of working capital management in manufacturing organizations.

Introduction to Organization:

DURACUT CBN PCD Tools Pvt. Ltd., Pune, is a well-established manufacturing company engaged in the production and supply of high-precision cutting tools. The company specializes in the manufacturing of Cubic Boron Nitride (CBN) and Polycrystalline Diamond (PCD) tools, which

are widely used in various industrial applications such as automotive, aerospace, engineering, and metal machining industries. The company has earned a reputation for delivering quality products through technological expertise and consistent innovation. The company operates from Pune, Maharashtra, which is one of India's prominent industrial hubs. Its strategic location provides easy access to raw materials, skilled manpower, and major industrial customers. DURACUT CBN PCD Tools Pvt. Ltd. focuses on meeting customer requirements through customized solutions and maintains high standards of quality control in its manufacturing processes.

DURACUT emphasizes the use of advanced manufacturing technology and modern machinery to ensure precision and durability in its products. The company follows strict quality assurance practices and adheres to industry standards to maintain product reliability and customer satisfaction. Continuous improvement and adoption of new technologies form a key part of the company's operational strategy.

From a financial perspective, DURACUT CBN PCD Tools Pvt. Ltd. places significant importance on effective financial management to support its manufacturing activities. As a manufacturing organization, the company maintains substantial investment in current assets such as inventory, trade receivables, and cash balances. Efficient working capital management is therefore critical for ensuring uninterrupted production, timely procurement of raw materials, and smooth cash flow operations.

The finance department of the company plays a vital role in budgeting, cost control, cash management, and monitoring liquidity. Regular analysis of financial statements and working capital ratios is carried out to evaluate the company's short-term financial position. Proper coordination



between production, sales, and finance departments ensures effective utilization of working capital resources.

DURACUT CBN PCD Tools Pvt. Ltd. aims to achieve sustainable growth by balancing operational efficiency with financial stability. The company continuously strives to improve its working capital management practices to enhance liquidity, reduce operational risks, and improve overall financial performance. The focus on sound financial planning and control supports the company's long-term objectives and competitiveness in the manufacturing sector.

Objective Of the Study:

1. To analyze the efficiency of working capital management in DURACUT CBN PCD PVT LTD.FIRM
2. To analyze the company's liquidity position using ratios.
3. To analyze their financial health and identify areas for improvement. (Financial Health refers to revenue and sales performance, profitability metrics cost management cash flow health).

Scope Of the Study:

1. This study will focus on the working capital management practices of DURACUT CBN PCD PVT.LTD.FIRM for the last three years (2022 to 2024).
2. The analysis will include data from the company's annual financial statements, particularly focusing on key areas such as accounts receivable, inventory management, cash conversion cycle, and current ratios. Study limited to DURACUT CBN PCD operations in India.
3. The research aims to assess the company's operational liquidity and suggest strategies to improve working capital efficiency.

4. The study will explore key components of working capital management, such as accounts receivable, accounts payable, inventory, and cash conversion cycles, and will assess how these factors contribute to or hinder the company's financial performance."

Limitations Of the Study:

1. **Fluctuating Raw Material Prices:** The company relies on high-cost raw materials such as Cubic Boron Nitride and Polycrystalline Diamond. Fluctuating prices can significantly impact working capital requirements, as more funds may be tied up in purchasing raw materials during price hikes.
2. **Longer Payment Cycles from Clients:** Customers in the precision tooling industry may have long payment cycles. This could result in a lag between production and payment collection, affecting the company's liquidity.
3. **Inventory Management:** Managing inventories of expensive raw materials, semi-finished, and finished goods is a key challenge. Holding too much inventory ties up capital that could be used elsewhere, while holding too little could result in stock outs and production delays.

Research Methodology:

Research Design:

The study is based entirely on **secondary data**, which has been collected from the published financial statements of the company, including balance sheets and profit and loss accounts for a period of five years from 2022 to 2024. Since the objective of the research is to evaluate past and present working capital practices, the use of secondary data is considered reliable and relevant

Type of Data: Secondary data only.

Sources of Data:



1. Balance Sheet
2. Profit & Loss Account
3. Internal financial records of the company

Tools For Data Analysis:

1) Working Capital Ratios such as:

- Current Ratio
- Quick Ratio
- Working Capital Turnover Ratio
- Cash Ratio

2) **Comparative Analysis:** Compares different data

sets or time periods to assess performance and identify significant differences.

3) **Data Visualization:** Uses charts, graphs, and dashboards to present data visually, making it easier to identify patterns and insights.

4) **Qualitative Analysis:** Interprets non-numerical data (e.g., interviews, surveys) to understand underlying themes and motivations.

Data Analysis:

1) **Working capital turnover ratio –**

Table No. 1. Working Capital Turnover Ratio Analysis

Years	Net sales	Working capital	Working capital turnover
2022	2,60,00,000	67,00,000	3.88 times
2023	3,00,00,000	96,00,000	3.13 times
2024	3,40,00,000	38,00,000	2.46 times



Graph No. 1. Working Capital Turnover Ratio Analysis

Table no.1 and graph no. 1. show that the working

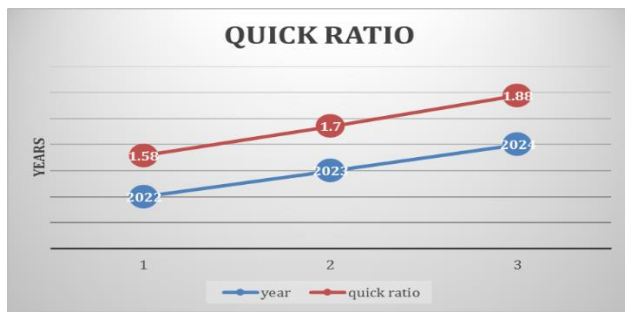
capital turnover ratio has continuously decreased from 3.88 times in 2022 to 2.46 times in 2024. This indicates that the efficiency of working capital utilization has declined over the years, even though net sales have increased.

Quick Ratio:

Current Assets- (stock prepaid) / current Liabilities-(overdraft +o/s exp.)

Table no.2. Quick Ratio Analysis

Year	Current Assets	Inventory	Quick Assets	Current liabilities	Quick ratio
2022	1,05,00,000	45,00,000	60,00,000	3,80,00,000	1.58:1
2023	1,40,00,000	65,00,000	75,00,000	44,00,000	1.70:1
2024	1,90,00,000	92,00,000	98,00,000	52,00,000	1.88:1



Graph No. 2. Quick Ratio Analysis

Table no. 2 and graph no.2 show the Quick Ratio of the company for the years 2022 to 2024. The Quick Ratio increased from 1.58:1 in 2022 to

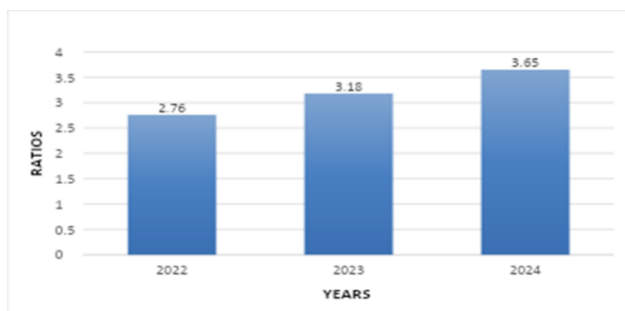
1.70:1 in 2023, and further to 1.88:1 in 2024. This indicates that the company’s liquidity position improved steadily over the period, meaning it had more quick assets available to meet its current liabilities each year. The rising trend suggests that the company is managing its short-term obligations more efficiently and is in a stronger financial position to cover immediate debts.

Current Ratio:

$$\text{Current Assets} / \text{Current Liabilities}$$

Table No. 3. Current Ratio Analysis

Year	Current Assets	Current Liabilities	Ratio
2022	1,05,00,000	38,00,000	2.76:1
2023	1,40,00,000	44,00,000	3.18:1
2024	1,90,00,000	52,00,000	3.65:1



Graph No. 3. Current Ratio Analysis

Table no.3.and graph no.3. show the Current Ratio

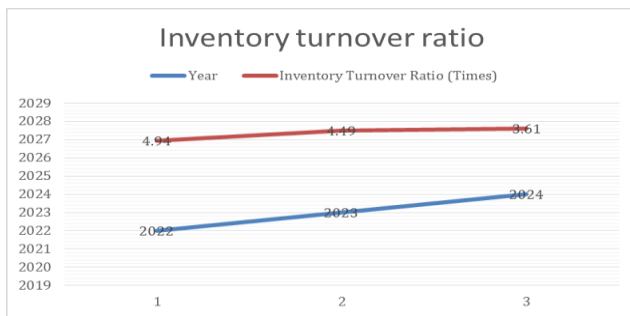
of the company from 2022 to 2024. The ratio increased steadily from 2.76:1 in 2022 to 3.18:1 in 2023 and further to 3.65:1 in 2024. This rising trend indicates that the company’s liquidity position is improving, meaning it has more current assets available to cover its current liabilities each year. Overall, the company is becoming financially stronger and more capable of meeting short-term obligations.

Inventory Turnover Ratio:

$$\text{COGS} / \text{Average inventory}$$

Table No. 4. Inventory Turnover Ratio Taken Comparative data of 3 years

Year	COGS	Opening inventory	Closing inventory	Average inventory	Ratio (times)
2022	2,10,00,000	40,00,000	45,00,000	42,50,000	4.94
2023	2,47,00,000	45,00,000	65,00,000	55,00,000	4.49
2024	2,83,00,000	65,00,000	92,00,000	78,50,000	3.61



Graph No. 4 Inventory Turnover Ratio

Table no.4. and graph no. 4. Shows that the Inventory Turnover Ratio decreased from 4.94 in 2022 to 3.61 in 2024, showing a steady decline over the three years. This suggests that the company is holding inventory for a longer period, which may impact efficiency and increase holding costs.

Major Findings:

Key Summary Of Findings:

- 1) The company maintains a satisfactory current ratio during most of the study period.
- 2) Quick ratio indicates dependence on inventory for meeting short-term obligations.
- 3) Working capital turnover ratio suggests moderate efficiency in utilization of working capital.
- 4) Fluctuations in ratios indicate the need for consistent working capital planning.

Suggestions:

- 1) The company should improve receivables management to enhance liquidity.
- 2) Excess investment in inventory should be avoided to reduce blockage of funds.
- 3) Proper cash management techniques should be adopted.
- 4) Regular monitoring of working capital ratios is recommended.

Conclusion:

Efficient working capital management is essential for maintaining liquidity and ensuring smooth operations in manufacturing firms. The present study analyzed the working capital management practices of DURACUT CBN PCD Tools Pvt. Ltd. for the period 2020 to 2024 using working capital ratios. The study concludes that although the company maintains a satisfactory liquidity position, there is scope for improvement in the management of inventory, receivables, and cash. Implementing the suggested measures will help the company improve its overall financial performance.

References Reference Books:

1. The General Model of Working Capital Management (2022/2023) Author: Rodrigo Zeidan.
2. Working Capital Management: Concepts and Strategies (2023) Authors: H. Kent Baker, Greg Filbeck & Tom Barkley.
3. Working Capital Management by Devaraj Kinslin, S. Edmund Christopher & Srinivasan Lakshmanan (2024).
4. Annual Reports and Financial Statements of Duracut CBN PCD Tools Pvt. Ltd., Pune (2022–2024).

Online References:

- 1) **Optimal Working Capital Management: Balancing Liquidity and Profitability:** This article discusses working capital management concepts, ratios, and their link to liquidity and profitability.

<https://revistas.unan.edu.ni/index.php/reic/en/article/view/2546>

- 2) **Strategic Approaches to Working Capital Management: Insights from a Case Study :** Highlights key strategies for managing current assets and liabilities.

<https://veterinaria.org/index.php/REDVET/article/vi>



[ew/1581](#)

3) Profitability and Working Capital Management: A Meta-Stud: Examines how working capital management affects profitability across studies and worldwide contexts.

<https://link.springer.com/article/10.1007/s40622-023-00372-x>

4) Working Capital Structure and Liquidity Analysis (Indian Manufacturing Context) : Empirical research on liquidity and working capital ratios.

<https://www.indianjournalofmarketing.com/index.php/IJF/article/view/72400/0>