



Internship Report On

“Working Capital Management and Its Impact on Blue Ocean Footwear Ltd.”

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Letter of Transmittal

19th May, 2020

Mr. Mosabbir Uddin Ahamad
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Dear Sir,

It is an honor and great pleasure for me to submit my internship report on “Working Capital Management of Blue Ocean Footwear Limited”. This report was delivered to me for the incomplete fulfillment of the requirement under BBA program of United International University.

I sincerely hope that it would be able to satisfy your expectations. I respect your collaboration and I think you will call upon me with any queries cause by this report. Thank you for your support and looking forward to receive your approval of my submission.

Sincerely Yours,

Annur Intisar

ID: 111 151 257

Major in Finance

Acknowledgement

At first, I would like to place my gratitude to the Almighty Allah the most gracious and merciful for enabling me to perform the job rightly and make the internship report successfully with full endeavor. I am also thankful to my supervisor Mr. Mosabbir Uddin Ahamad.

This project's and end result required a lot of advice and aid from my supervisor Mr. Mosabbir Uddin Ahamad

I am very grateful to The Blue Ocean Ltd for granting my internship. Here are certain important persons whose names I cannot go on without mentioning Mr. Nasim Habib (Senior Manager, Sales support service department), Mr, Based Ali (Executive), Mr. Ariful Islam (Senior Executive), Md. Anowar Hossain (Senior Engineer), Mr. RolanPatowary and all other employees of The Blue Ocean Ltd who taught me and helped me a lot.

Executive Summary

This research aims to examine the effect of working capital management on the competitiveness of one of the largest footwear exporter corporations in Bangladesh, Blue Ocean Footwear. Working capital, as the current asset, may be defined as the amount exceeding current liabilities. The aim of this paper is for the organization to examine how the currency, the stock cycle, the receivable and the length of its working capital is handled and how it affects the organization's profitability. This project paper starts with aim and methodology for the analysis. The Recherche research report contains the study of BOFL 5-year results from 2014 to 2018.

The degree of efficiency of working capital management was primarily calculated by many researchers by the success or failure of the general activities of an entity. The aim of this study is to examine and link the previous studies to this journal. Basis on all analysis we try to put recommendation on last chapter. The report also covers what we did in last four-month internship period. Then discuss about the trade process of BOFL. As we know Blue Ocean is hundred percent export-oriented company its trading process is little bit difficult to understand.

Chapter three deals with the company's definition including its history, products, organization's vision structure, etc. BOFL is a big part of the social responsibility of businesses. In fiscal year 2013-14, BOFL payed over 843 crore takas as exchequer tax. In this section, the WCM strategy for BOFL is also discussed in detail. Because of their growing use of short-term borrowing, they adopt strict WCM strategy. The quality of inventory management is measured using the transition time of inventory. In accordance with other periods, it was 123 days in the year 2016. The time gap BOFL is very sufficient to collect money from lenders. The company tries to postpone as much as possible the accounts payable. BOFL takes some 101 days to make distributions to lenders.

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CHAPTER 1:
INTRODUCTORY
PART

1.1. Introduction

Working capital management is a field that emphasizes the efficient use of available funds generated through the company's good cash flows, financial solvency, and growth strategies. This reflects the corporate liquidity role which implies the management of short-term assets and liabilities. In fact, a company's net working capital is calculated by deviating current assets and current liabilities. The difference between existing assets and current liabilities basically decides the net working capital of a company. It means that the company is able to pursue its operations when its current assets outweigh current liabilities.

The expertise of managing inventory, borrower, cash flow, and working capital which important elements helps to run the working capital perfectly. BOFL don't have any fund deficiency and also, they don't have any long-term debt.

1.2. Origin

Internship is one of the part United International University's BBA program. The report is based on the BBA program's course criteria. I did my internship at "Blue Ocean Footwear Limited" and did my research on "Working Capital Management and its Effect on Blue Ocean Footwear Limited Profitability." I chose the subject in consultation with my academic supervisor Mr. Mosabbir Uddin Ahamad.

1.4. Objective

The research attempts to understand how working capital in a multinational company is handled and how it impacts the financial performance in an organization.

- a. Assessment of working capital management
- b. Assessment of liquidity conditions & inventory
- c. Assessment of accounts receivable and accounts payable

1.4. Methodology

Methodology is the technique used to conduct research. Primary and secondary data have mostly been used to carry out this research.

Apex is known as one of the leading footwear industries of Bangladesh. This report includes an analysis of the data of the BOFL's three years from the period 2015 to 2018.

1.5. Source of Data

Report type is quantitative and used both primary and secondary sources for procure data. BOFL Accounts and Finance manager and other employee personally help us to collect the data. And all Secondary data collected through web site, annual report as well as working experience on working capital management. Few of the website is given below. They are

- Blue Ocean Footwear official website limited.
- From BOFL employees.
- Frederick C. Update working capital management (lessons and cases) by Ster.

1.6. Data analysis:

With the help of Microsoft Excel, we are able to analyze and interpret number of financial ratio and statistical tools. In the end we try to establish some finding regarding the BOFL working capital.

1.7. Limitation of Report:

As the BOFL is not the listed company, we faced some problem regarding the information disclose issue. They are:

- Availability of data is a major issue to maintain confidentiality of information.
- Availability of data is a major issue to maintain confidentiality of information.
- I am working for an internship of four months duration. And it was difficult to get practical experience within this period.

Despite all these limitations, I have tried to give my best.

Chapter 2: Overview of the Organization

2.1. Company Overview

Blue Ocean Footwear is the best footwear exporter in Bangladesh. It is a private limited company, formed on 30 September 2009, which is a joint venture between Green Ocean International Limited of Taiwan and Apex Enterprise of Bangladesh. Apex Footwear Limited is also a renowned and top exporting company in Bangladesh. Apex Footwear also has over two decades of experience on the footwear industry in Bangladesh. Green Ocean trade worldwide with an annual export of over 10 million pairs through operations in Taiwan, Vietnam, Cambodia and now Bangladesh. Green Ocean has been operating their business for the past 30 years and has extensive experience in the international footwear industry. The company and the factory's custom-built state-of-the-art factory fully conform to industry best standards and practices. Blue Ocean Footwear head office is in Gulshan-1 where they conduct their official activity. The factory first floor consists of two floors with a combined area of over 17400 square meters and has a fast approaching capacity of use. The second floor of the expansion will see an additional two floors to bring the total built-up area to more than 33000 square meters. Next year Blue Ocean will create 4000 new jobs for Bangladeshi people.

They hold the market share of this following regions

- ❖ Americas.
- ❖ Eastern Europe
- ❖ Middle East
- ❖ Africa

2.2. Objectives

Production of boots, hats, sandals, slippers and all sorts of footwear; selling the same internationally.

2.2.1 Visions for the Future

The dream of Blue Ocean Footwear is to use their state-of - the-art innovation to be a leading exporter of footwear in the world.

2.3. Industry Overview

2.3.1 Local Market

Considering Apex Footwear Limited, Genis, Landmark, Lethex, Bay Footwear, top manufacturer manufactures leather footwear worth approximately Rs 1,700 crore per annum, of which 45 percent are for product shipping. Small-scale retail producers are the domain of the local market, including regulated retailers and distributors with a wide market share such as Bata Footwear (22 per cent) and Apex (6 per cent).

2.3.2. Global Market

Now Bangladeshi shoes are the largest markets in Japan and Germany, but US purchasers are more and more interested. 18 shoe-and leather factories, at least seven large factories are currently under construction, are currently in export production. The footwear complex of the Korean Yangon Company, which has been said to be the largest in Asia, is currently under construction. Yangon's manufacturing sportswear is forecast to exportation of footwear for

Adidas and other major brands for a value of \$56 million. A large production fabric is also under construction in Chittagong by Taiwanese shoe maker Pau Chen with about 400,000 workers in China and 50,000 in Vietnam. Zen Chen and Zenford, Taiwan, suppliers of Hugo Boss, establishing footwear factories in Bangladesh.

2.4. Investment

The primary investment of the project was calculated to be about 500 million. Bangladesh's Apex Enterprise Ltd. have a 51% share and Taiwan's Green Ocean International Ltd. holds a 49% share.

2.5. Production Capacity

Annual manufacturing capacity is 108 million women's shoes, 540000 children's shoes pairs and 180,000 men's shoes pairs Blue Ocean Footwear Limited. Ultimately, they will create 1,8 million pairs of shoes per year.

2.6. Management & Workforce

Under BOFL, 1450 people work together with factory workers. BOFL has 10 administrators, five of whom are citizens of Bangladesh, and five are citizens of Taiwan. Administrators ' names are listed below:

<u>Sayed Monjur Elahu</u>	Chairman
<u>Sayed Nasim Manzur</u>	Director
<u>Niloufer Manjur</u>	Director
<u>Sayed Gias Hossain</u>	Director
<u>Abdul Momen Bhuivan</u>	Executive Director
<u>Liu Kuang Min</u>	Director
<u>Cheng chen Taso</u>	Director
<u>Chen Hung</u>	Director

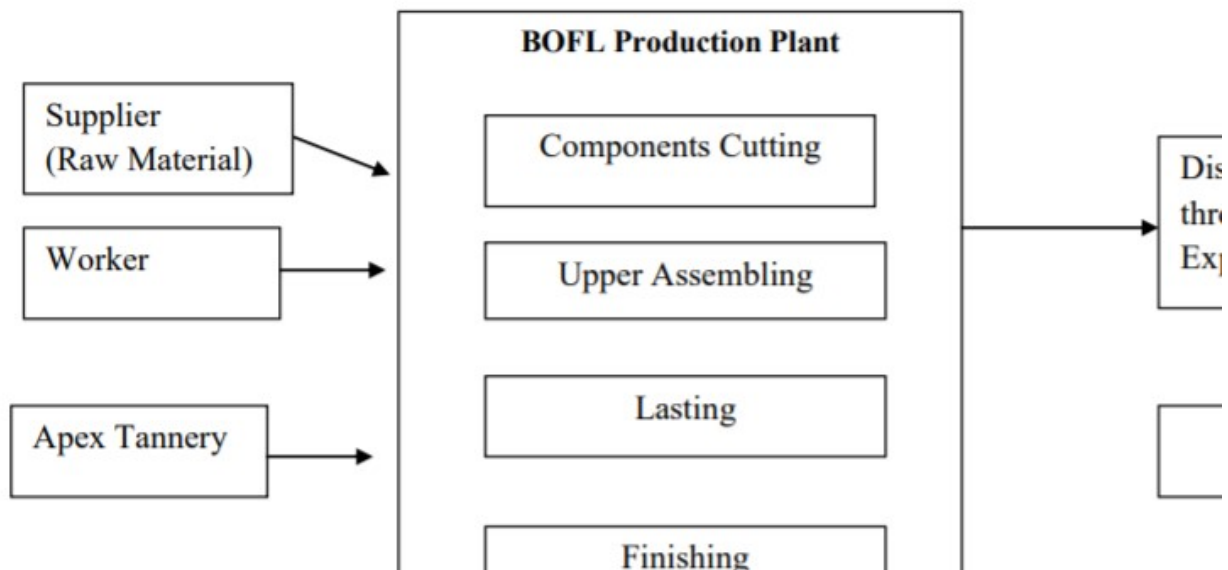
But the surprising thing is Apex enterprise has a very little control over the company. The company most of the crucial work operate by the Green Ocean International.

2.7. Corporate Social Responsibilities:

The company believes that it plays an essential role to help society achieve the balance required to achieve economic growth, conservation of the environment and social progress in ways that create value for every shareholder.

CHAPTER 3: Process of Operation

After processing their product.



Operation Process of BOFL

3.1. Operation Process

3.1.1. Raw Materials

Taiwan, China and Germany is primary machinery manufacturer. And they are buying Apex tannery shoes. They purchase it from Italy China and Tiwan for raw materials such as Outsole, Eva foot pad, Eva bord, toe poff, Insole Foam, Reinforching Tape, Cotton Board, Jelly, PVC paper, Ink, Dust.

3.1.2. Production Process

Upon cutting the raw material, the department removes the leather. BOFL hires professionals in each field to supervise research and to increase efficiency. They give it to the assembly department where they assemble the parts with a sewing machine after the cutting. They dry the heat and dry the air in the permanent part. And they prepare goods for sale in the finishing department.

3.1.3. Supply Chain

Head office ask for complete production factory and Accounts and Finance people calculates the hole production process cost. After that Export and Import task began by the commercial department.

3.2. Organizational Structure

3.2.1. Department of Accounts and Finance

Accounting and finance are mainly intended to handle and distribute wealth as effectively as possible for all business divisions. Such activities include the estimation of production costs and payments to suppliers or to different service providers.

3.2.2. HR Department

The development is monitored by a manager on the activities of the head office staff and the development is overseen by the activities of the factory personnel by an assistant manager located at the factory in Ghazipur.

3.2.3. Department of Commercial

The business department is headed by a manager who keeps the overall business process in keeping with it. Trade tasks include contacting the buyer / seller, L / C releasing, preparing the required information for a smooth running of the company.

For the last 12 weeks I've been working in the BOFL commercial department. The research I was forced to do is outlined in the following sections.

CHAPTER 4: JOB DESCRIPTION

4.1. Nature of the Job:

I have worked in Blue Ocean Footwear Limited's Commercial Department for the past 4 months. During this time, I was appointed to establish linkamong the Commercial Department and the Accounting Department.

Job responsibilities:

1. Bank reconciliation
2. Documentary credit related work
3. Maintaining a database of exports, imports and land costs
4. Generating certificate ofVAT / Tax
5. Approved GSP
6. Billing of landing related work
7. Data Entry on tally ERP

4.1.1. Data Entry on Tally ERP

Collect invoice from the supplier and federal service. Then input on the debit and credit side. Automatically data will organize and recorded. Then I have to collect print out hard copy and attach with necessary document.

4.1.2. Bank Reconciliation

The difference between company statement date and bank statement date. Normally cheque payment may arise this situation. I had to submit the report to the Accounts and Finance manager.

4.1.3 Operating a database of Export, Import and Landed cost

Operating and arrange Export and Import List, FDBP Number, Credit Date Statement, which includes Number, CI Number, Item Buyer, Amount, Design Number and Time, Export Number, Invoice Menu, etc. Besides that, I had to build a database for C&F and logistics too.

4.1.4 Work related with Letter of Credit

bank from Proforma Invoice have been fill out the credit form and submit it to the bank with other important documents, and collect the acceptance bill.

4.1.5. Creating VAT/TAX Certificate

BOFL providing VAT/TAX certificate depends on Invoice paid BOFL. They provide it on behalf of other company.

4.1.6. GSP approval

Obtaining GSP (Generalized System of Preference) approved by LFMEAB (Bangladesh Association of Leather Goods and Footwear Manufacturers and Exporters), and sending it later to EPB (Bangladesh Export Promotion Bureau).

4.1.7. Work related with Bill of Lading

Match the commercial invoice with the bill of lading to find out if there is a mismatch of information and send corrections by mail for freight.

4.2. Trading Process

Blue Ocean Footwear is a B2B company; its goods are not served directly to the consumer. Only for reselling their merchandising services and purchasing from other businesses. According to the demand of the company they can response to producing goods and services.

1. The importer demand a quotation for each product.
2. The exporter is responsible to send the price of product.
3. The purchase order send by importer based on exporter.
4. The importer received purchase order from the exporter based on order.
5. The exporter then sends a shipping notice to the importer that meets the exact date and quantity of the products to be delivered.
6. The importer have to open an Bank account to the exporter country.
7. Issuing loan applications for advice and credit verification from a central bank in the country of Seller.
8. Exporter is told by the advising bank that a letter of credit has been opened to him.
9. Exporter then deliver the goods through the freight forwarder in accordance with the terms stated in the letter of credit.
10. They review documents against L / C and approve transaction by advising bank to issue bank documents.
11. The issuing bank then collects the importer's fee.
12. The importer gets the goods, issues a statement of importation and pays the liable authority customs duties.

4.2.1. Issuing Letter of Credit

There are two types

4.2.1.1. Letter of Credit Revocable

It can be canceled or changed until the records are sent without the Exporter's permission. Revocable credit letters have been used very seldom in the last few days. Because of its nature it becomes redundant.

4.2.1.2 Irrevocable Letter of Credit

The most common use of irrevocable credit letter is because without the consent of every participating party to the proceeding; it can't be revoked or amended. Blue Ocean Footwear Limited issues the City Bank's often irrevocable letter of credit. They order bank issuing The City Bank to give a dealer (beneficiary) credit. The purchaser (importer) must apply for the issuance of a credit in the standard form of the issuing bank. The loan document containing the complete details of the approved payment also acts as a contract between the lender and the borrower. After being persuaded of the necessary conditions in the application form and appropriate conditions for opening credits to be met by the purchaser, bank then continues to release the credit to the receiver.

4.2.2. L/C Advising

The risk of non-payment becomes high if buyers and sellers are in different countries and the validity of the credit letter becomes a major issue. In this case, it is the duty of foreign and regional banks or other approved banks to direct the letter of credit to the account of the seller or retailer. The sender gets the credit letter immediately and the validity is tested if the vendor will start the process of delivering the goods to the customers on time.

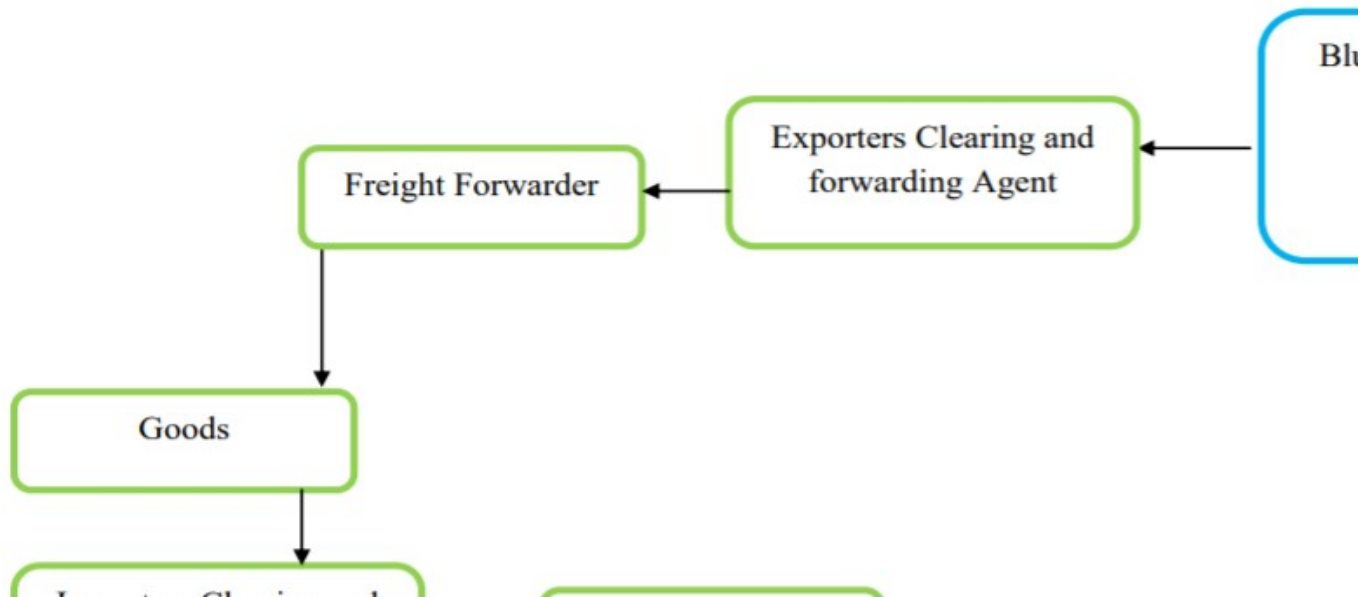
4.2.3. L/C Confirmation

The letter of credit BOFL starts working on the delivery of the goods after the City Bank agrees. L / C verification means that the City Bank will now take responsibility for the fee pledge after examining the records encryption and providing banks legitimacy.

4.2.4. Shipment through freight forwarder

BOFL communicate with freight forwarder such as APL Logistics, CMA CGM and Kuehne + Nagel and send goods to the destination after L/C verification.

4.2.5. Flow of Goods



4.2.6. Transportation agent

The transportation agent of BOFL is MRT Impexco LTD. They are transporting goods from the factory to port which mentioned in the invoice as well as they also make agreement with Bangladesh customs.

4.2.9. Pro forma Invoice:

A retailer or exporter ready invoice that is not a purchase contract and can be exchanged. It is typically sent to the importer by exporter as a response to the item from importers RFQ (Quotation Request).

Countries where central banks have foreign currency controls, pro forma invoice must be authorized by the central bank of the state of importers for currency conversion purposes.

4.2.10. Commercial Invoice:

Negotiated bill that both sides approve. Cost, amount, location etc. are variables that can be discussed. A business invoice contains the name and address of the vendor, the name and address of the purchaser, Request Date, Invoice Number, Shipping Marks and Figures, Term of Purchase, Shipping Information, L / C Important Information, Country of Origin, L / C Number, Notify Committee, P.I. Amount, cost per item, overall value and so on.

A comprehensive product packaging list; this explains the location of the actual cartoon material. The packaging does not include costs, but it articulates the product by the number of cartons, boxes, etc., and each material.

4.2.11. Bill of Lading

Document published by forwarder covering import costs, volume, size, type of product, number of ships, launching port, discharged port, shipping firm, consignor, community note, etc. This paper protects the goods the Forwarder has got.

4.2.12. Export proceeds

The exporter keep possession on the goods and services until they received payment from the importers. The Bank is responsible for the transection process completion.

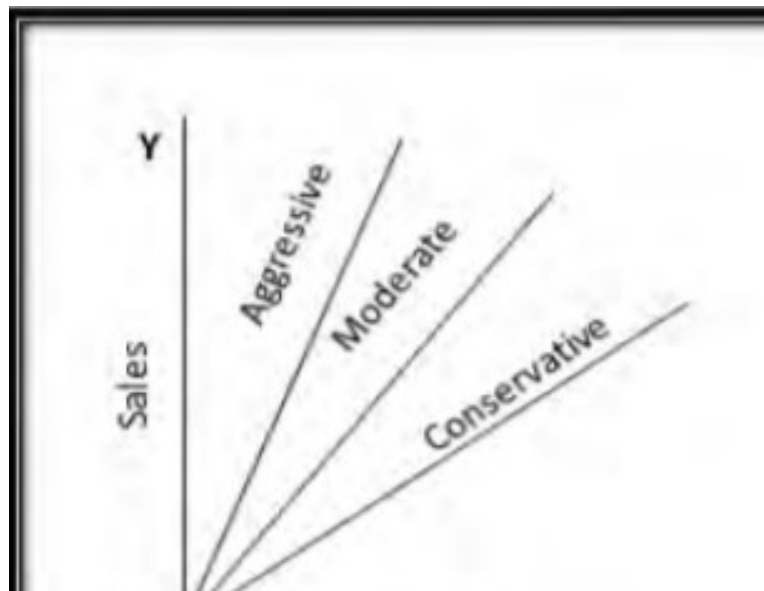
In the meantime, Bank is responsible for collect all document and analyze the hole data during the settlementperiod. When the transaction is complete, the lender on behalf of the exporter liaises with the buyer's account, arranges the paperwork to be submitted to the bank and receives the fee.

CHAPTER 5:

REPORT PART

5.1. Working Capital Policy:

We can identify working capital through deduct current liabilities from current asset. When a company fail to maintain liabilities the liquidity issue arises through its current asset. The company may face bankruptcy issue. On the other side, Company management should invest the surplus of current asset in different types of short-term bond to maximize the shareholder value. There are three types of working capital. There isenormous way to describe the working capital such predict revenue level, production time cycle, receivable turnover, finished goods processing time and other element of working capital. In the case of misunderstanding, the outlay on existing assets may consist of a specific element designed to meet standard requirements and a portion of protection designed to meet particular standards and conditions. Build a strategy depends on company current situation and also make sure it's a caution and hostile. The company must maintain a healthy current asset related to sales.



If the company holds moderate approach, a moderate level of current asset compares to sells would be available where company will face less risk then aggressive approach. In the end, If the company follow aggressive strategy, they will hold less current asset compare to the sales and its most challenging strategy for the management of the company. These three situations are shown on the graph perfectly. As we see the current conservative strategy is tend to less risky and the management don't face any difficulties to maintain it. On the other side, the conservativity strategy is less productive than other strategy. The scheme is thought to be cheap because funds such as overdraft may be used as necessary, and interest can only be paid if overdraft is taken as opposed to long-term loans where interest needs to be charged for the full duration of the loan for the year.

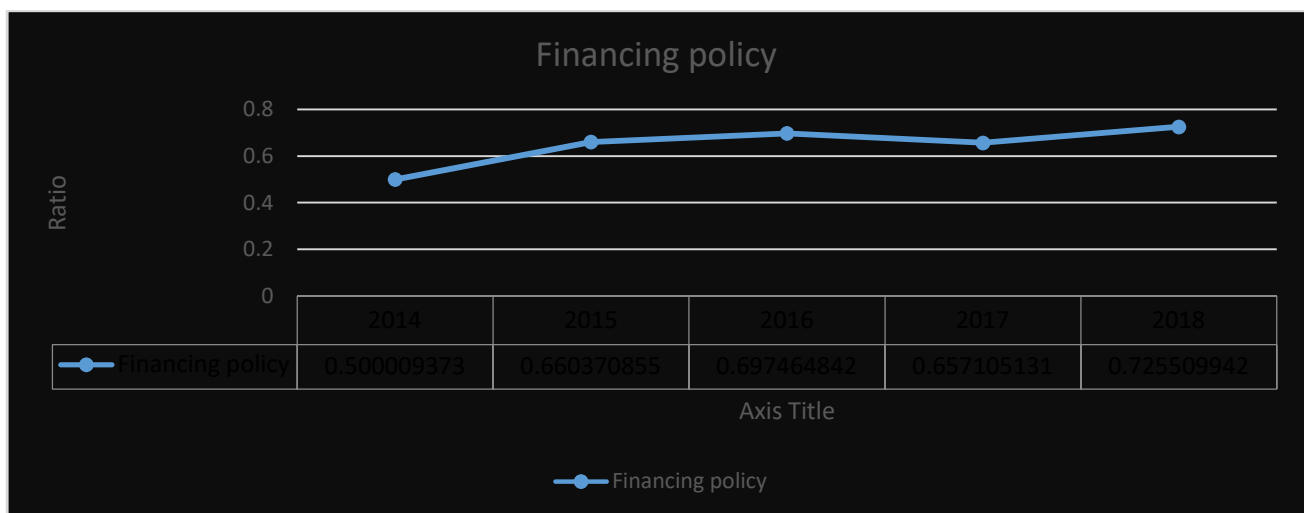
4.2. Working Capital Policy in BOFL

It can be said that BOFL practices an ambitious working capital approach based on previous debate. The organization funds its working capital, such as loan overdraft, by short-term borrowing. The entire amount of current assets is funded by short-term borrowing in an ambitious working capital plan. Some non-current assets will also be financed through short-term debt. The strategy would force the department of finance to always be cautious about handling working capital, as they need to sell stocks efficiently to receive receivables on a timely basis. To pay on time the short-term debts. Because BOFL has higher sales or growth, they are most in agreement with aggressive working capital policy. If a company pursues a highly aggressive approach, as described above, it would have a low level of current capital compared with revenues. Let's take a look at BOFL's current selling capital situation. From the table below it is clear that the volume of the current asset is less than that of the revenues of the product.

Year	Current Asset	Gross turnover
2014	2,112,271,352	1,123,435,692
2015	2,033,891,689	2,517,039,692
2016	2,427,659,730	1,858,107,074
2017	1,745,330,983	3,257,276,689
2018	1,922,608,518	2,596,423,434

Afza& Nazr (2007) shows another way to determine the essence of working capital reform. According to them, prudent investment strategy promotes the use of high levels of current liabilities as opposed to long-term liabilities. Formula is:

$$\text{Financing Policy} = \text{Current Liabilities} / \text{Total}$$

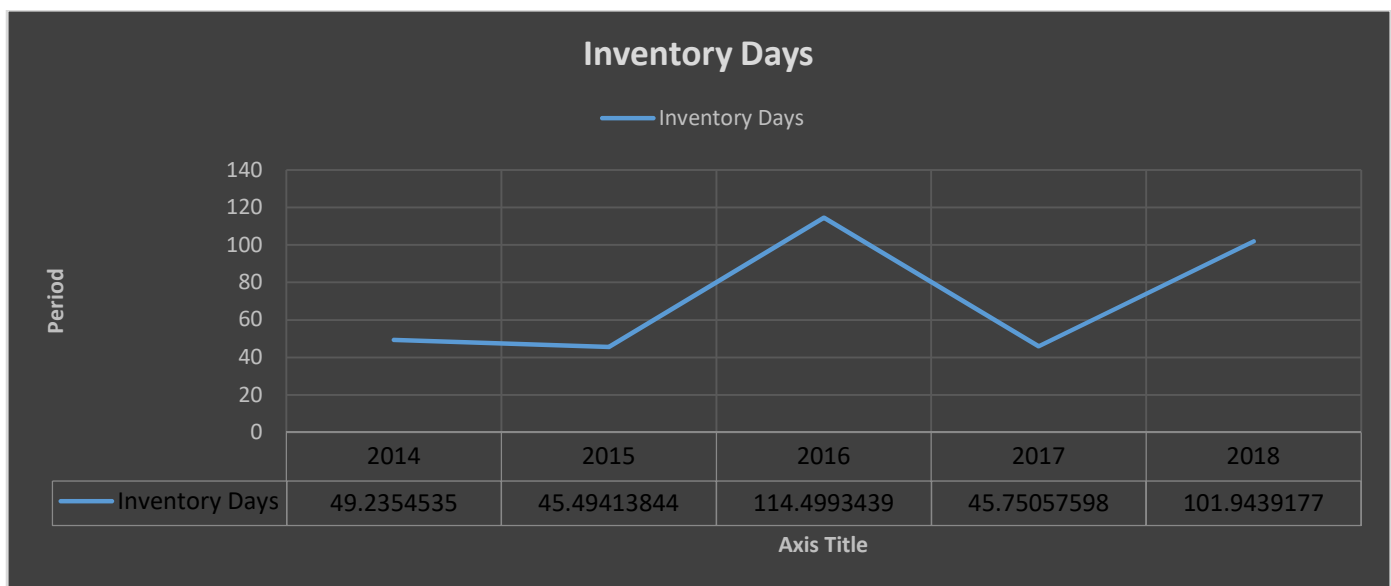


Current assets are large at the net asset ratio, which means a significant portion of their current liabilities used to fund the total assets.

4.3. Inventory Management:

Inventory current asset ratio shows the efficiency level of firm to deliver goods and services in particular time period. Inventory period isn't required for all industries such as grocery stores and departmental stores. It means company sells is lower and inventory level is too high. The calculation is inventories divided by average cost of goods sold. It helps management to make operation smooth and take better decision

$$\text{Inventory Period} = \text{Inventories} / (\text{COG})$$



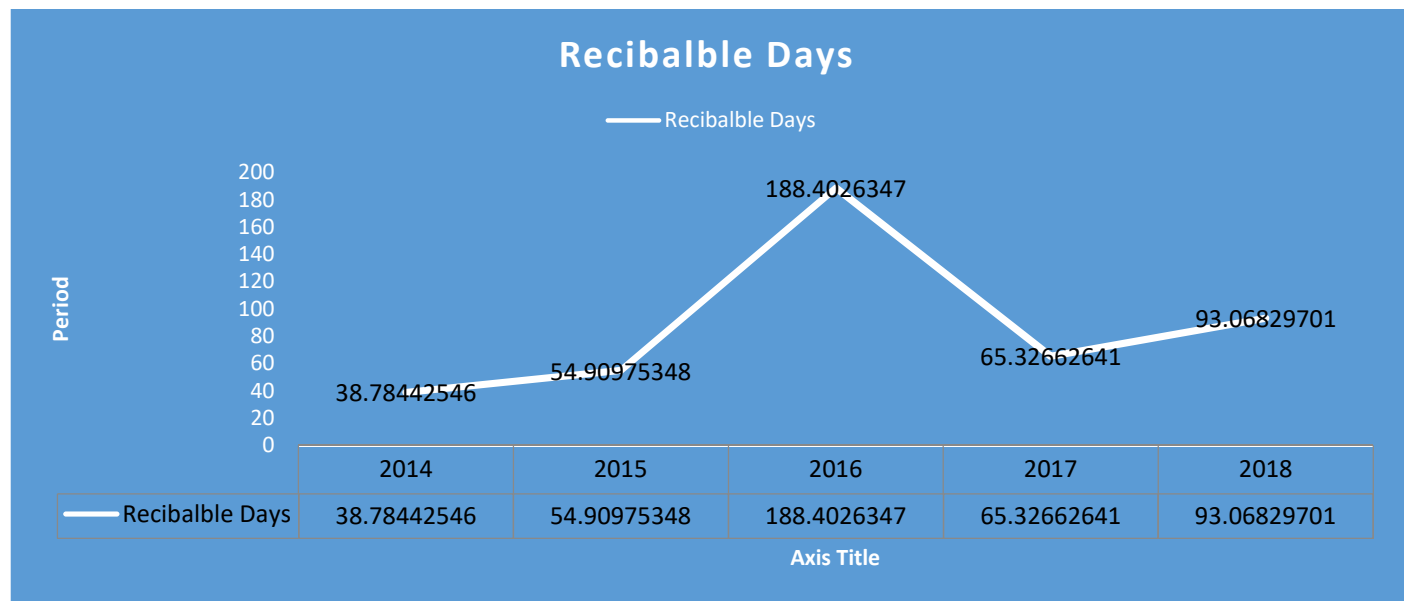
From the analysis graph inventory conversion period is lowest in the year 2016 & 2017. And 2016 & 2017 conversion period is high, which is the bad sign for the company. The reason behind this different type of international law restriction and government policy. The period becomes unpredictable. But we hope that it will decrease in future years.

4.3.1 Accounts Receivable Days:

Amount of Accounts Receivable Days is the period of the accumulation of money receipts. (Hillier and others, 2010). It's also named "Outstanding Selling Week." Less time to collect reports, which ensures more productive CCC. AR is a very critical WCM module that fulfills the

effectiveness definition. Receivable accounts are evaluated by divided the receivables by the actual net profit.

$$\text{Accounts Receivable Period} = \text{Receivables} / (\text{Net Sales} / 365)$$

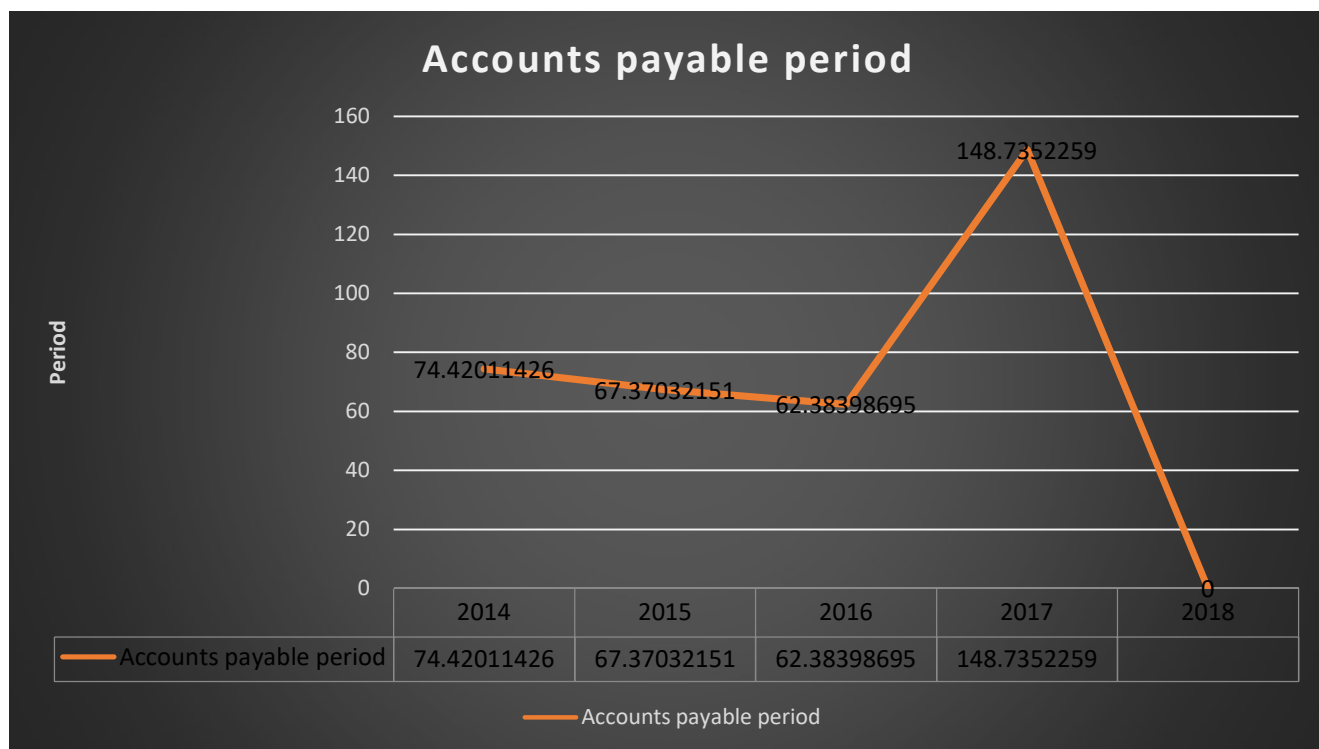


As the BOFL is hundred percent export-oriented company and their receivable collection from customer is different. They have very few and fixed amount of customer that's why customer payment procedure is lengthy. This indicate inefficient in cash conversion circle.

4.3.2. Accounts Payable Period:

One of the best parts of company working capital management is Accounts Payable. It shows the payment failure after purchasing raw materials from the supplier. If the company takes time to pay account payable that means company save some interest expense of short-term debt. But on the other side it makes negative effect to the company reputation. The equation of calculating AP is total payable divided by average price of cost of goods sold.

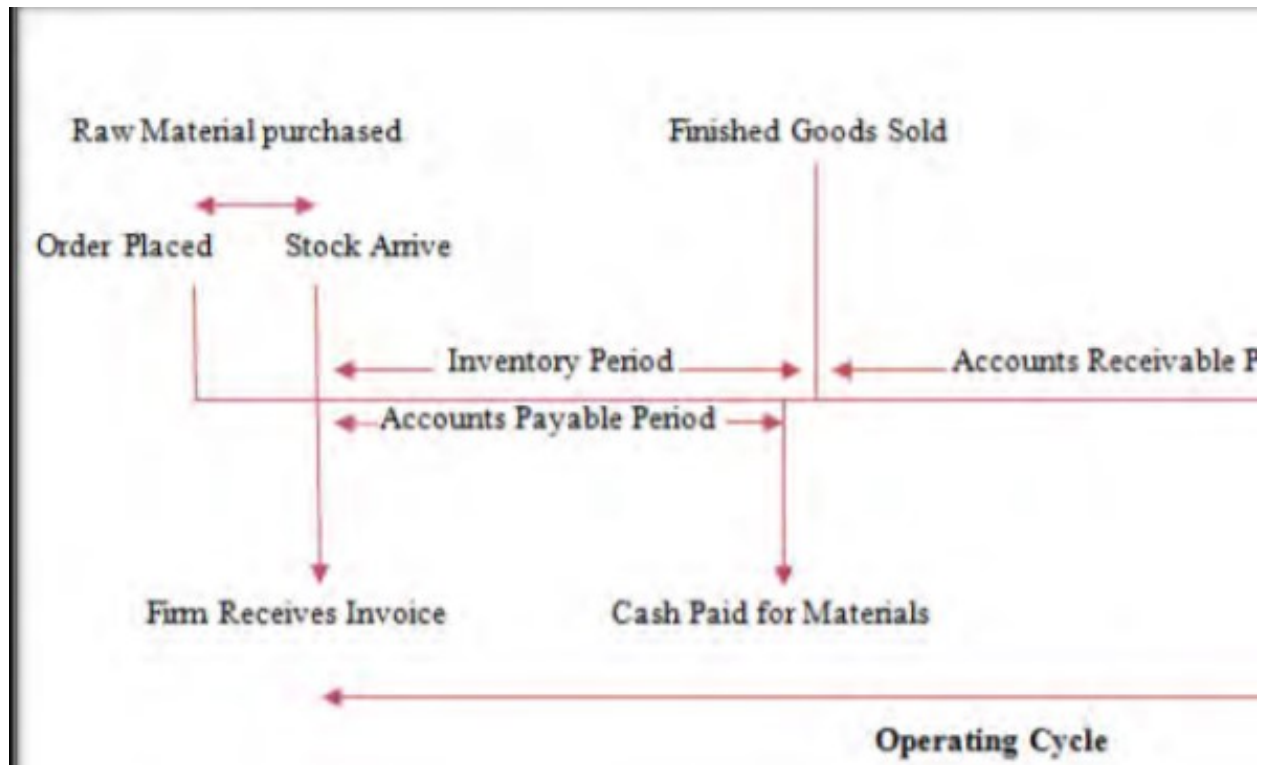
$$\text{Accounts Payable} = \text{Trade Payables} / (\text{COGS} / 365)$$



For the client, expanded payment period is a good sign. BOFL holds a good position in the comparison between the other footwear companies. According to the chart review, you can see almost the same duration in accounts payable in 2014 to 2017 and dramatically rise after that account payable. To ensure the highest possible amount of cash was increased to 148.74 in the manually payable period.

4.3.3. Cash Conversion Cycle:

Cash conversion cycle movement.



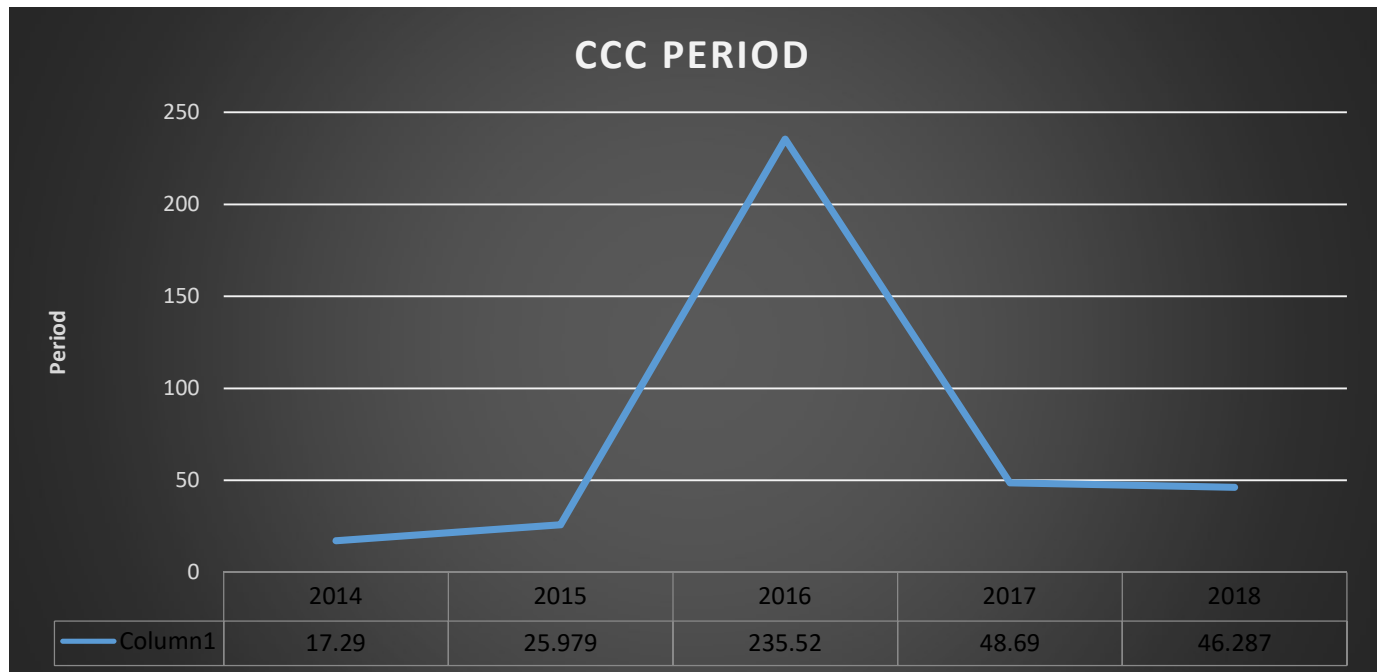
Operating Period is the time and the date of receipt of the money between the orders of inventory stock. And CCC occurs once the company pays cash for the manufactured products to suppliers and ends as customers earn cash for credit purchases. Basically,

$$\text{CCC} = \text{Operating Cycle} - \text{Accounts Payable Period}$$

Or

$$\text{CCC} = (\text{Inventory Period} + \text{Accounts Receivable Period}) - \text{Accounts Payable Period}$$

Generally, the flows of money during the period of the company evaluated by the Cash Conversion Cycle. If the CCC is less that means the company has much money available for use, such as investment in machinery and new methods of production and sale. On the other hand, as CCC lengthens, money tied up in the continuing operations of the organization in which there is very little space for other expenses.



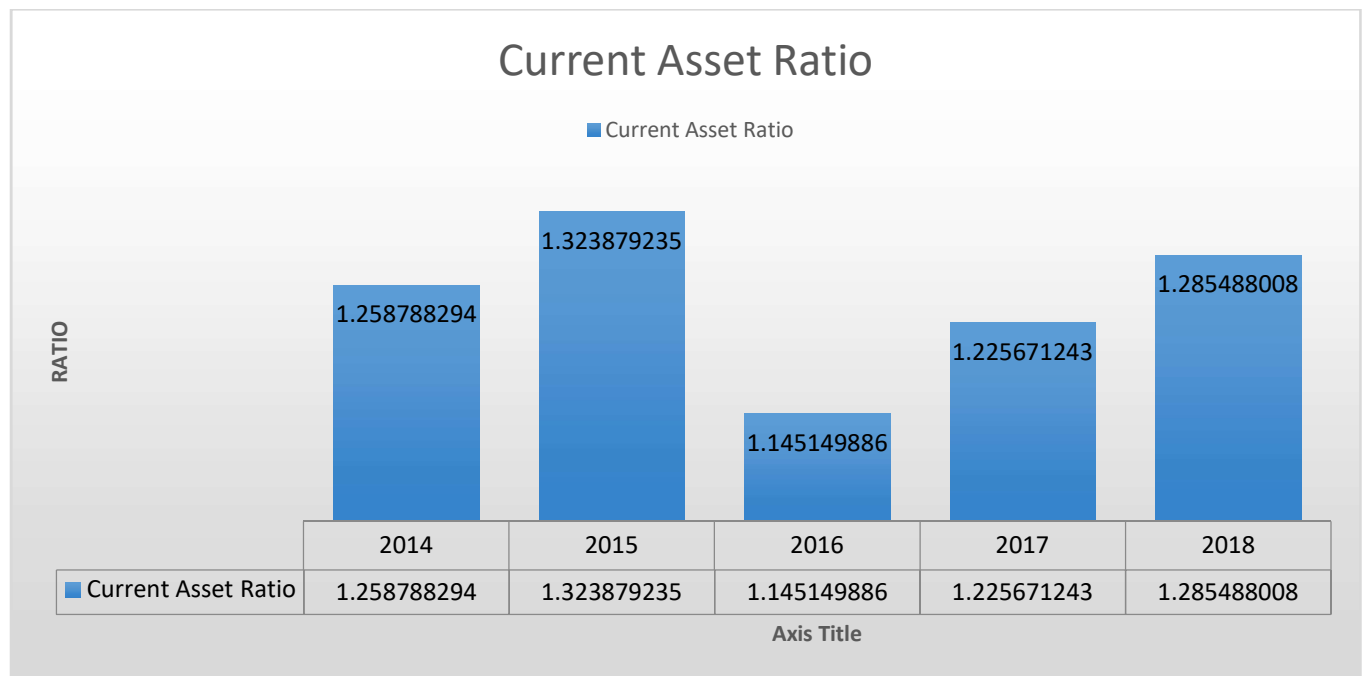
That simply means that after they pay their suppliers they get paid by their customers. It's fluctuating in tolerable range except 2016. Mainly its system of procure fund without paying any kind of interest.

4.4. Cash Management

One of the methods used to assess the allocation of working capital is to calculate cash management efficiency. The finance manager should maintain sufficient liquidity to enable the company to pay off its obligations. One of the best techniques that can be used to assess a firm's stability is the volatility ratios.

4.4.1. Current ratio

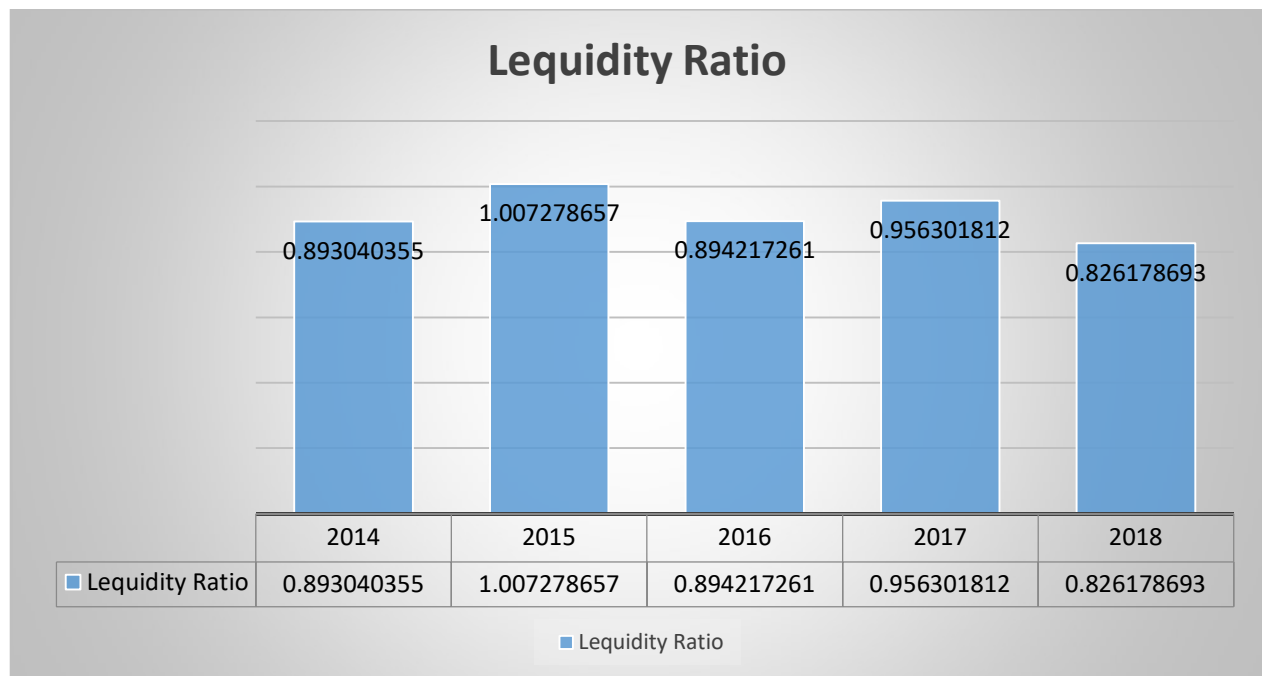
Present ratio is also the leverage or profitability ratio which measures the willingness of a company to pay off its short-term liabilities using the current assets.



As we know the ratio 1 to 1.30 is sound liquidity ratio. This analysis chart show that the rate is fluctuate between that areas. So we can say BOFL CA ratio is in sound position.

4.4.2. Quick Ratio

Quick ratio shows the maximum efficiency level of the company that it can easily pay the short-term debt of the company. To calculate the ratio, we should subtract working capital from current asset and then divide by the current liabilities.



A fluctuating constant BOFL ratio can be detected over the years from the above chart. But a quick ratio of 1:1 is considered to be satisfactory. So, we can say that a few years have not been satisfactory and that the maximum year has been approximately satisfactory. The optimal liquidity ratio was 1:1 in 2015. It becomes the lowest proportion in 2018 that is not expected to be. The rest of the year is the music. Currently management will take care of things in the near future.

CHAPTER 6:

FINDINGS AND

CONCLUSION

Findings

Several conclusions have been found after conducting the study through different analyzes and evaluations of WCM's effect on BOFL Profitability; Positive and negative both findings are contained.

BOFL's corporate finance role is distinct and certain. This has audio, standard operating procedures for executing any mission. BOFL has a delivery system that is efficient and effective. BOFL pursues an aggressive policy of working capital. Its revenue profit collection system and disbursement of funds processes are useful for both consumers and vendors. For an efficient fund collection system, the collection of receivable accounts is outstanding over the years and it takes 2 to 6 days to raise fund that is sufficient. For successful liquidity management the organization will make payment to its lender as soon as possible. Accounts payable period in this organization, which is 68.78 and above in the year 2017, was therefore relatively low.

BOFL Bangladesh's stock turnover time is too high to reach a peak of 114.11 in 2016. Since it cannot quickly sufficiently turn stock into revenue, the inventory rises, leading to a decrease in the rapid ratio. A shorter inventory period means that the items are shipped to consumers efficiently.

Upon studying the connection between profitability and working capital factors, it was found that the duration of stock, the CCC and the company's scale had a significant impact on profitability. Study of regression reveals a favorable productivity correlation with the company's payable days, gearing ratio and volume. The analysis shows a negative relationship of productivity between the receivable duration and the stock period.

Conclusion

One of the best ways to judge the cash flow health of a company is to take a deep look at its management of working capital. The better a company can manage the borrowing needs of the lower company with its working capital.

BOFL Ltd.'s management of working capital is highly effective. It's a very lucrative venture. The inner source of the funding is possible due to a sufficient amount of time during the period under review. We do not have any issues with inventory management, debtors, cash balances, or current liabilities. Due to good retention in current assets, stock debtors and cash balances, the company's financial status is also very satisfactory. Although the company's borrowing amount is very low, the company enjoys good cash credit facility and other working capital loans. There is no problem in repaying current operating loss obligations.

The business was made very significant by BOFL Working Capital Management. It has many challenges as competition increases on the market, and it also has a great deal of scope to develop in several areas. If technical challenges can be met with continuous support from sales teams and suppliers then the credit management process of this company can be more successful for organization overall development.

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