

**A STUDY ON WORKING CAPITAL MANAGEMENT AND
PROFITABILITY IN A COMPETITIVE ENVIRONMENT ON
RICE MILLS IN ADDALAICHENAI DIVISION**

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ABSTRACT

The Working Capital Managements very vital for a business survival. This is premised on the fact having too much working capital signifies inefficiency, whereas too little cash at hand signifies that the survival of business is shaky. The purpose of this research is to study the Working Capital Management and profit in the Rice Mills In Addalaichenai division, so as to establish factors influencing Working Capital Management. This study examines that how liquidity, Cash Conversion Cycle and Firm Size affects the profitability, and optimum Working Capital Management of Rice Mills.

Literature bordering on different areas of Working Capital Management was reviewed. Thus, this research employed qualitative and quantitative analysis. Structured questions were drafted based on the issues raised from the review of various literatures. In addition, materials from journal articles, textbooks, and working papers are put into consideration. Analysis on the Rice Mill's financial statement was carried out in order to verify researcher findings. In this research, the theory section looks at various concepts that come up when analyzing the consequences of Working Capital Management and the factors that influence a Rice Mill's profitability. Researcher has therefore chosen the common concept.

In the analysis of the research findings, researcher employed quantitative approach to the data analysis where the impacts of the Working Capital Management on the Rice Mill in profit. The financial statements as interpreted reinforce the validity of this result. The Current Ratio and Quick Ratio are highly determinants on profit, the Cash Conversion Cycle and Firm size also impact on profit o f Rice Mill's. According to the analysis liquidity, Cash Conversion Cycle, Firm Size have highly impact on Rice Mill's profitability, and liquidity has negative impact on profit, which is similar to the previous literature, however Cash Conversion Cycle and firm size has positive impact on profit.