ABSTRACT
In any manufacturing company after the establishment of the fixed assets main fund required to keep the business survive is working capital. Working capital management is a very important component of corporate finance because it directly affects the liquidity of the firm. Liquidity plays a significant role in the successful functioning of a business firm. The study is carried out to monitor the management of working capital of the textile company and the impact of working capital on the liquidity of the companies. The study conducted on the sample of ten selected textile company for the period of 2004–2013. The result has been obtained by applying ANOVA for identifying the relationship between working capital management and firms’ performance. The study revealed that of all the current assets across the industry, inventories, and formed the highest percentage, followed by trade receivables, loans and advances whereas cash in hand and fixed deposits formed negligible part. It also concluded that good current ratio leads to sound liquidity position of the company.


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