



A Study on Working Capital Management of R.C.F. LTD.

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ABSTRACT

This project is based on the study of WORKING CAPITAL of the RCF Ltd. An insight view of the project will encompass- what it is all about, what's its aim to achieve, what is the purpose and scope, the various method used for collecting data and their sources.

Further for clear understanding for the user the analysis is accompanied with graphical representation to visualize the performance and progress of the company through graphs. The interpretation of the result is done with the established as per the guidance. The working capital management refers to the management of current assets. A firm's working capital consists of its investments in current assets, which includes short-term assets and bank balance, inventories, receivable and marketable securities. As the research has done the internship in the r.c.f ltd. For getting more insightful and first hand information to add value of the project. And thus by getting the expertise guidance of the company's personals and professors of b.m.s and got the certificate for the same. This ensures the perfection of the analysis and study.

1. Introduction

The project proposed is to study the Working Capital Management at RASHTRIYA CHEMICAL & FERTILIZERS Limited Thal. With an aim to learn how RCF manage his working capital. How they arrange capital for day to day operation. How much working capital required for production. Major part of working capital requirement companies get from bank, so bank have to follow certain norms in granting working capital finance to companies. The norm of working capital financing followed by bank since mid-70s. And these norms are made by some committee recommendation to strength the procedures for working capital finance by banks.

2. About the study

2.1 Need Of The Study

The study has a great significance and provides benefits to various parties who are directly and indirectly interact with company.

- It is beneficial to management as it entails the financial status of the company.
- It is useful for investors for making judgment for investment in company.
- It is beneficial for employees for accessing their company's financial status.

2.2 Scope Of Study

- This research is done on financial position of the company which is base on financial statement.
- This study is very helpful to find out the performance of the company which is helpful to take decisions in future and improve the company performance.
- This study report helps in the assessment of the liquidity, operating efficiency, profitability and solvency of a firm.
- The study is also beneficial to employees and offers motivation by showing how actively they are contributing for company's growth.
- This study is helpful to shareholders, creditors, lenders & Government to know the company financial position.

2.3 Objective Of Study

The study of working capital is the yardstick which measures the financial health of the business. The other objective of study are as follows:

- To identify financial strength and weakness of the company.

- To study the working capital of Rashtriya Chemicals and Fertilizers Ltd. (RCF)
- Evaluating company's performance relating to financial statement analysis.
- To study the various components of working capital.
- To study the liquidity position of the same company through various ratios relating to working capital.
- Through the net profit, understand the profitability of the company.
- To study the position of RCF in comparison with other firms.

2.4 Structure

Files must be in MS Word only and should be formatted for direct printing, using the CRC MS Word provided. Figures and tables should be embedded and not supplied separately.

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3. Research Methodology

Research Methodology is a way to systematically solve the research problem. It is used for finding out the solution of the research problem is analytical research methodology and some extend descriptive research methodology.

The basic type of research used to prepare this project is descriptive. The study is mainly based on primary data which are collected and from the company. These include internal sources within the company and external sources like books and periodically published annual report of RCF. Interaction with various employees of Finance department had a major source of information. The study is limited to four financial year i.e. from 2012-2016. The data used in this study has taken from the financial statement and their related schedules of RCF THAL. Calculation of various ratios related to working capital (like current, quick, working capital ratio) has done in this report to know the liquidity position of RCF.

3.1 Primary Data

To solve the problems on fundamental analysis on steel sector

- Primary data collect by discussing with my guide and other staff member of the company.
- Observation
- Group discussion with co-trainees.

3.2 Secondary Data

Secondary data consist of the information that already exist or someone has collected it for specific purpose.

- Company Annual Report.
- Company Internal Data.
- Reference to the various report, material, publishes by the company.

3.3 Data Type

- Company Annual Report
- Balance Sheet
- Income Statement
- Detail of Major Expenditure
- Budgeted VS Actual data

3.4 Data Collection Tools

- My guide and other staff member of the company
- Company Library
- Company Employee
- Internet
- Co-trainees

3.5 Data Analysis Techniques To Be Used

- Variance analysis
- Graphical analysis
- Chart analysis
- Comparative analysis

3.5 Benefit

- Having a structural approach to making your cost reduction initiatives a success.
- Identifying and avoiding inefficiency in business practices.
- Increasing profitability and enhance shareholders value.
- Having benchmarks to measure your costs against
- Avoiding redundant or efficient operational processes.
- Ensuring that the cost efficient cost management practices are in Place.

3.6 Limitations

There is time limitation to actual implementing the ideas generated through project. Any small change in product has influence on various departments. Hence 6 weeks span is short to imply cost reduction ideas. This is also a drawback of large scale company.

3.7 Experience

- Cost reduction programs for various organizations are most important part.
- Numerous reviews of facility operations and staffing levels with a view to cost reduction.
- Numerous planning studies involving the development of operating budgets.

4. Working Capital

4.1 Introduction

"WORKING CAPITAL IS THE BLOOD AND CONTROLLING NERVE CENTER OF A BUSINESS"

Working capital is the capital available for conducting the day-to-day operations of an organization; normally the excess of current assets over current liabilities. Working capital management is the management of all aspects of both current assets and current liabilities, to minimize the risk of while maximizing the return on assets. The main objective of working capital management is to get the balance of current assets and current liabilities right.

4.2 Financing Policy

Working capital can be divided into two viz. Permanent and Temporary. Permanent Working capital is the level of working capital which is always required and maintained. Temporary working capital is the part of working capital which keeps on fluctuating. It is high in good seasons and low in bad seasons. There are two types of financing available. They are long term financing and short term financing. Three strategies are possible with respect to financing of working capital. Efficient financing of working capital reduces carrying cost of capital.

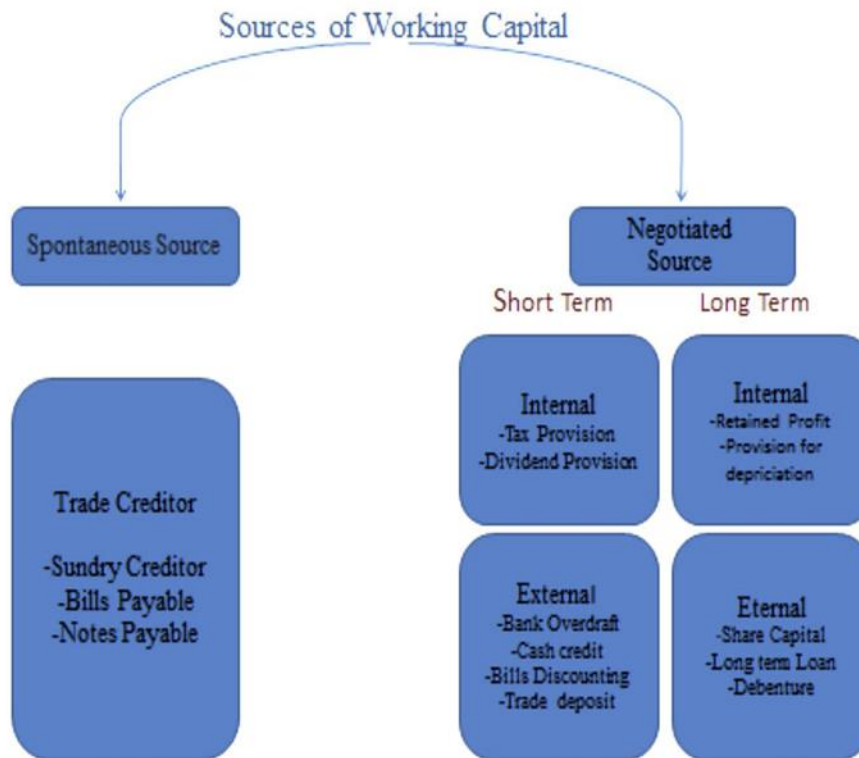
1. Long term financing is used for both permanent and temporary WC.

2. Long term financing is used for permanent and some part of temporary WC. Remaining part of temporary WC is financed through short term financing as and when required.

3. Long term financing is used for permanent and short term financing for temporary WC.

These strategies should be chosen so as to match the maturity of source of finance with the maturity of the asset.

4.3 Sources



4.4 Types

1. Gross Working capital It refers to firm's investment in current assets are the assets which can be converted into cash within a financial year. The gross working capital points to the need of arranging funds to finance current assets.

2. Net Working Capital It refers to the difference between current assets and current liabilities. Net working capital can be positive or negative. A positive net working capital will arise when current assets exceed current liabilities. And vice-versa for negative net working capital. Net working capital is a qualities concept. It indicates the liquidity position of the firm and suggests the extent to which working capital need may be financed by permanent sources of funds. Net working capital also covers the question of judicious mix of long-term and short term funds for financing current assets.

3. Permanent Working Capital There is always a minimum level of working capital, which is continuously required by a firm in order to maintain its activities. Every firm must have a minimum of cash, stock and other current assets, which must be maintained by any firm all the times, is known as permanent working capital for that firm. This amount of working capital is constantly and regularly required in same way as fixed assets are required. So it may also be called as fixed working capital.

4. Temporary Working capital Any amount over and above the permanent level of working capital is temporary, fluctuating or variable working capital. The position of the required capital is needed to meet fluctuation is demand consequent upon changes in production and sales as a result of seasonal changes.

5. Basic Accounting & Terminology

Introduction Every human being consciously engaged himself in some meaningful activity. Although the measure of success may vary in each case one has to careful and cautions at every stage in his life. Bookkeeping and accountancy is a science, which has attracted the attention all such human activities. Accounting enables a person to assess the risk appropriate steps:

- **Accounting:** Process of identifying, measuring, and reporting financial information of an entity
- **Account:** It is device, which contains a systematic record of increase or decrease in an item during a certain particular period of time.

- **Assets:** The basic accounting terms Assets means anything valuable possessed by a firm with the following three features qualifies as assets.

1) the legal title of ownership

2) Right to use

3) Right to sale/dispose off

- **Bad Debts/ Uncollectable:** The amount which cannot be received from debtors is called bad debts.
- **Capital:** A financial asset and its value, such as cash or goods. Working capital is calculated by taking your current assets subtracted from current liabilities.
- **Balance Sheet:** Summary of a company's financial status, including assets, liabilities, and equity
- **Profit and Loss Statement:** A financial statement that is used to summarize a company's performance and financial position by reviewing revenues, costs and expenses during a specific period of time; such a quarterly or annually.
- **Liabilities:** A company's debts or financial obligations it incurred during business operations. Current liabilities are those debts that are payable within a year, such as a debt to suppliers. Long-term liabilities are typically payable over a period of time greater than one year. An example of a long-term liability would be a bank loan.
- **Expenses:** The fixed, variable, accrued or day-to-day costs that a business may incur through its operations. Examples of expenses include payments to banks, suppliers, employees or equipment.
- **Credit:** An accounting entry that may either decrease assets or increase liabilities and equity on the company's balance sheet, depending on the transaction. When using the double-entry accounting method there will be two recorded entries for every transaction: a credit and a debit.
- **Debit:** An accounting entry where there is either an increase in assets or a decrease in liabilities on a company's balance sheet.
- **Journal:** A record where transactions are recorded, also known as an "account"
- **Loan:** Money borrowed from a lender and usually repaid with interest
- **Drawings:** The cash or commodities withdraw by the owner for his personal uses from business are known as drawings.
- **Debtor:** A debtor is a person or enterprise that owes money to another party.
- **Creditors:** A creditor is a person, bank, or other enterprise that has lent money or extended credit to another party.
- **Sales:** The good sold by a business for cash or on credit are called sales. The sales may be classified as:

1) cash sales

2) credit sales

- **Purchase:** The goods bought for resale or manufacture are called purchases. Purchases may be classified as:

1) cash purchase

2) credit purchase

- **Entry:** The term entry refers to the recording of a transaction in the books of Account. It is the primary record of a transaction in the books called journal or any other subsidiary journal.
- **Posting:** Transaction entered in the original books of entry are also to be recorded in the ledger on the basis of the entry made in the original books called posting.
- **Transaction:** A transaction are an exchange of money or money's worth between two parties. It's dealing between two or more persons.
- **Trial balance:** After posting the transaction to respective ledger accounts they are balanced and then a trial balance is drawn. A trial balance is a statement which shows the list of accounts showing debit balances and list of accounts showing credit balance. If double entry income are strictly opposed the total of the entire debit balance must agree with the total of all the credit balance.
- **Final accounts:** The final accounts are prepared to find out the profit or loss and know the financial position of the business. This Account consist of:

1) the trading account

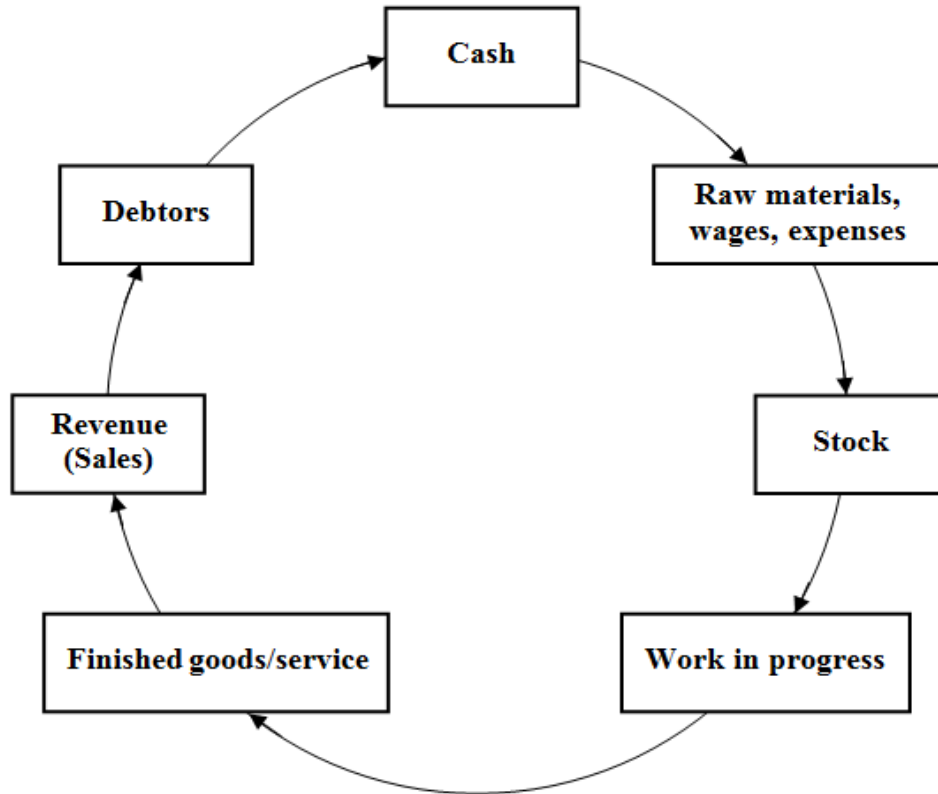
2) the profit & loss account

3) balance sheet

- **Trading account:** A trading account is prepared to find the gross or profit loss in the business done during the year. The gross profits the difference between the cost of goods sold and the sale proceed without any deduction of indirect expenses. Hence in the trading account it is necessary to include all items of expenses directly affecting the cost of goods Sold.
- **Stock:** Goods unsold lying with a business on any given date are called as stock.
- **Revenue:** It represent the accomplishment of the enterprise until the company has been successful in selling its products no revenue is realized.

Revenue is the amount that adds to capital.

6. Cycle



Operating

- The chain starts with the firm buying raw materials on credit.
- In due course this stock will be used in production work will be carried out on the stocks, and it will become part of the firm's work in progress
- Work will continue on the WIP until it eventually emerges as the finished products.
- As production progress, labour cost and overhead will need to be meet.
- Of course at same stage trade creditors will need to be paid.
- When the finished goods are sold on credits, debtors are increased.
- They will eventually pay, so that cash will be injected into the firm.

7. Methods Of Estimating Working Capital

Conventional methods This method is matching of cash inflows & outflows. This method ignores time value money.

Operating cycle method Debtors + stock (RM/WIP/FG) – creditors. This method takes into account length of time which is required to convert cash into resources, resources to final product, final product to debtors & and debtors to cash again.

Cash cost technique Working capital forecast is done on cost basis (i.e. taking p&l items into accounts).

Balance sheet method Working capital forecast is done on various assets & liabilities (i.e. taking b/s items into account.) Research Methodology

8. Company Profile

8.1 History

Rashtriya Chemicals and Fertilizers Limited (A GOVT. OF INDIA UNDERTAKING.) (RCF) was established in 1978 consequent to the reorganization of Fertilizer Corporation of India. RCF manufactures Urea and Complex fertilizers (NPK) along with a wide range of Industrial Chemicals. It is 4th largest Urea manufacturer in India after IFFCO, NFL and KRIBHCO

Department of Fertilizers comes under the ambit of Ministry of Chemicals and Fertilizers. This Department was earlier used to be named as Department of Chemicals Fertilizers. The genesis of the Department of Chemicals and Fertilizers can traced to the erstwhile Ministry of Production in the fifties. During that time, while "Fertilizer" subject was being dealt as a part of the Section, the subject matter of chemical was assigned to Ministry of Commerce and Indus.

The importance of the fertilizer and chemical sectors was recognized in 1963 when the subjects concerned were placed in once Department in the newly set up Minis, of Petroleum and Chemicals. In 1975, with the appointment of a separate Cabinet Minister for Chemicals & Fertilizers, the Ministry of Chemicals & Fertilizers comprising the Department of Petroleum and the Department of Chemicals & Fertilizers came into being.

A separate Ministry of Chemicals & Fertilizers came into existence in September, 1982 headed by a Cabinet Minister who is assisted by Minister of State. It was part of the Ministry of Agriculture till 1984. In June, 1991, it becomes part of newly created Minis, of Chemicals & Fertilizers. Department of Fertilizers came into exigency as a separate Department in September, 1985 consequent upon the bifurcation of the then Mini, of Chemicals & Fertilizers. Thereafter, this Department was brought under the ambit of Ministry of Agriculture for a short duration. However, the earlier position was restored in 1992. Trombay fertilizer complex a unit of the erstwhile Fertilizer commotion of India went on stream on 15. October 1965 it was significant day in the history of Indian Fertilizer Industry, since a complex fertilizer was available to Indian farmers to improve their productivity. The RASHTRITA CHEMICALS AND FERTILIZERS LTD (THAI.) was incorporated on March 6. 1978 on recognition A the former Fertilizer Corporation of India.

8.2 Overview

Rashtriya Chemicals And Fertilizers Limited (RCF) A Government Of India Undertaking Is A Leading Fertilizer And Chemical Manufacturing Company With About 80% Of Its Equity Held By The Government Of India. It Has Two Operating Units, One At Trombay In Mumbai And The Other At Thal, Raigad District, About 100 KM From Mumbai. Government Of India Has Accorded "Mini-Ratna" Status To RCF. RCF Is One Of The Earliest Units Set Up In The Country With A Vision Of Growth In Fertilizer Production For Food Security. It Manufactures Urea, Complex Fertilizers, Bio-Fertilizers, Micro-Nutrients, 100 Per Cent Water Soluble Fertilizers, Soil Conditioners And A Wide Range Of Industrial Chemicals. It Produces 23 Lac MT Urea, 6.5 Lac MT Complex Fertilizers And 1.6 Lac MT Of Industrial Chemicals Every Year. The Company Is A Household Name In Rural India With Brands "Ujjwala" (Urea) And "Suphala" (Complex Fertilizers) Which Carry A High Brand Equity. RCF Has Countrywide Marketing Network In All Major States. Apart From the Own Manufactured Products, the Company Is Also Engaged In Marketing of SSP and Imported Fertilizer Inputs Like, DAP, MOP & NPK Fertilizers. Besides Fertilizer Products, RCF Also Produces Almost Twenty Industrial Chemicals That Are Important For The Manufacture Of Dyes, Solvents, Leather, Pharmaceuticals And A Host Of Other Industrial Products. Chemicals Essential For Every Industry From Food And Drugs To Synthetic Fibres, From Textiles And Cement To Pesticides And Paints; From Explosives To Specialty Solvents And Dye Stock Are Produced By RCF. RCF Also Pioneered the Manufacture of Basic Chemicals Such a Methanol, Ammonia, Ammonium Nitrate, Sodium Nitrate, Sodium Nitrite, Ammonium Bicarbonate, Methylamines, Dimethyl Form amide And Dimethyl Acetamide, Formic Acid, Argon In India. Today RCF Is The Only Manufacturer Of Dimethyl Formamide In India.

RCF Has Always Striven For Upkeep Of The Plants Through Modernizing And Upgrading Technology. Revamping And De-Bottlenecking Is The Secret That Has Kept The Company Thriving For Five Decades. As Part of Modernization, RCF Has Recently Modernized Its Ammonia – I, Nitric Acid, Methanol and ANP Plants. This Has Facilitated Plants To Sustain Operations And Meet Technological Challenges Of Improved Efficiency, Lower Energy Consumption And Maintain Environmental Norms. It Has Also Resulted In Company Achieving The Highest Standards Of Safety And Product Quality. Safety Is Paramount Important Factor Of RCF Work Culture. Safety Work Culture Is Always Practiced In RCF. Depending Upon The Job Scope And Sensitivity Of Job, Safety Work Permits (Class I And Class II) Are Issued For Carrying Out The Job. Training Of Safety Practices, Use Of Personal Protective Equipment, Rescue Operations, Fire Fighting Methods Are Imparted Not Only To RCF Personnel But Also To The Contractor Personnel In Various Training Sessions Including Refresher Courses. RCF Also Has A Disaster Management Plan In Place In Case Of Exigencies. At The Root Of Every Successful Product and Project Is A Strong R&D Base and Its Sound Planning, Innovative Ideas and Perfect Project Management. Product Development Is A Continuous Process At RCF.

Advanced Technical Equipment And Highly Skilled Technicians Enhance The Values Of Innovation. Since Inception, RCF Has Successfully And Safely Operated Two Dozen Chemical And Fertilizer Plants For The Past Five Decades At Trombay. The Company Has Operated Plants At Thal For Last Thirty Years And Maintained The Quality Of Environment. This Itself Has Been A Huge Challenge and Demonstrates Company's Commitment towards Environment And

Concern about the Neighborhood. RCF Has Spent More Than Rs. 400 Crore Over The Years In Various Pollution Abatement And Environment Improvement Schemes. This Includes Massive Drive For Tree Plantation Under "Chembur Green" Project. Complete Transparency Is Maintained By The Company In Dissemination Of Environment Related Data And Information. Through Four Dedicated Continuous Ambient Air Monitoring Systems Located Around The Boundary Of The Factory, Real Time Emission Levels Are Displayed Through An Illuminated Board Placed At The Entrance Of The Factory For Public Viewing. No Wonder That The Company Is Maintaining ISO 14000 Accreditation For Environment Since Fifteen Years. Both The Manufacturing Units Are Accredited With ISO 9000 For Quality And OHSAS 18000 For Occupational Health And Safety. RCF Also Strongly Believes In Discharging Its Corporate Social Responsibility Diligently With An Objective To Benefit The Needy And For General Good Of The Society. A Host Of CSR Activities Are Undertaken By The Company Which Includes Adoption Of Villages, Providing Drinking Water, Providing Schooling Facilities And Scholarship, Providing Mid-Day Meal,

Providing Special Coaching Facilities To Poor Students To Enable Them Get Admission In Its And Nits, Community Medical Facility Through Mobile Medical Vans, Special Measures For SC/ST And Under Privileged, Providing Training To Farmers Etc. As Part Of Its Social Efforts, The Company Has Adopted 63 Villages In Maharashtra, Karnataka And Andhra Pradesh For Overall Development, A Program That Has Brought About Qualitative Changes In The Economic Status Of The Farmers And People Of Various Professions In The Village. RCF Believes In Providing One Stop Shop To Farmers By Marketing Its Own Products And Procuring Other Products For Farmers Through Imports Or Tie-Ups With Other Manufacturers. Though The Manufacturing Plants Are Distributed In Two Locations Within Maharashtra, RCF Markets Its Products Throughout The Length And Breadth Of The Country With Its Products Reaching Even The Far Off North Eastern States Of India. To Promote Balanced Use Of Fertilizers For Improving The Farm Productivity And Also To Help In Maintaining Soil Health, RCF Has Established 12 (Twelve) Static Soil Testing Laboratories (STL) In The Country At Strategic Locations, Namely Mumbai, Kolhapur, Nagpur, Ahmednagar Satara, Latur Hassan, Vijayawada, Kolar, Suryapet, Raipur, Nanded And Lucknow Covering The Soil Testing Activity In The Districts Around These Stls. In Addition To The Static Stls, The Company Also Operates 6 (Six) Mobile Soil Testing Labs. This Service Is Rendered Free Of Cost To Farmers. Since Last 40 Years, RCF Has Analyzed More Than 50 Lakh Soil Samples. RCF Has Sought To Bridge The Gap Between Research Scientist And The Farmer By Setting Up Dedicated Farmer Training Centres At Nagpur And Thal. RCF Publishes A Monthly Farm Magazine Which Started In 1967 And Was Called "Trombay Sheti Patrika".

This Farm Magazine Is Now Renamed As "RCF Sheti Patrika". Sheti Patrika Disseminates Latest Agricultural Information & Practices To The Farming Community. This Magazine Is Distributed Free Of Cost to the Farmers and Presently It Has A Readership of Over 1.50 Lakh Farmers. The Company Has Also Introduced A "Toll Free Helpline – 1800 22 3044" Service Through Which The Farmers Can Get Advice And Suggestions On Their Agriculture And Farming Related Queries. The Company Is Poised For Growth Through Implementation Of Major Projects Which Will Help Reduce The Demand-Supply Gap Of Fertilizer In The Country. Company Is Engaged In Developing A Project For 1.27 Million MT Urea Plant At Thal And Another Of 1.27 Million MT Urea Plant Based On Coal Gasification At Teacher. Apart From the Proposed Fertilizer Projects in India, RCF Is Looking For Opportunities For Setting up Joint Venture Projects In

Resource Rich Countries. RCF Does What It Commits. The Commitment Is Translated In A Written Document – The Memorandum Of Understanding (MOU) With Government Of India. The Performance Is Evaluated Independently By The Department Of Public Enterprises. RCF Has Been Consistently Achieving Best Rating Of "Excellent" For Past Several Years. Having Accredited With "Mini-Ratna" Status By The Government Of India, It Is Now Poised To Get "Navratna" Status. RCF Has Maintained A Good Financial Position.

9. About the Industry

9.1 Chemical Industry In India

Industrial chemicals are widespread in Consumer products and in the environment. A large number of industrial chemicals are known to cause harm to our environment and to our health. Industrial chemicals are used for solving problems, through the consequences or the price to be paid in the form of environment degradation and poor public health is not known.

Commercially available industrial chemicals are used as starting materials or precursors, in the production of chemical agents. Industrial chemicals include chlorine, ammonia, solvents, pesticides, fertilizers and petrochemicals such as ethylene glycol and chlorinated hydrocarbons (such as chloroform and TCE). Industrial chemicals are extensively used in plastic manufacturing. Many toxic industrial chemicals might be used as weapons. For example, methyl isocyanate, the deadly gas that killed thousands in Bhopal, India.

9.2 Agriculture Chemicals

Agricultural chemicals are a generic term for the various chemical product used in agriculture. In most cases, agri chemical refers to board range of pesticide, herbicides, and fungicides, but it may also include synthetic fertilizers, hormones and other chemicals growth agents and concentrated stores of raw animal manure. Most agri chemicals are toxic and all agri chemicals in bulk storage pose significant environment and/or health risks, particularly in the event of accidental spills.

In many countries, access to and use of agri chemicals is highly regulated. Government issued permits for purchase and use of approved agri chemicals may be required and significant penalties can result from misuse, including improper storage resulting in spillage on farms, proper storage facilities and

labelling, emergency clean-up equipment and procedures, and safety equipment and procedures for handling, application and disposal are specific area of concern, often subject to mandatory standards and regulations.

10. Management Of Working Capital In India

- INDIAN corporates seem to have adequate and satisfactory level of working capital as reflected in their liquidity ratio. The foreign controlled companies are placed in a better position relative to the domestic companies.
- There are wide inter-industry variations in the liquidity ratios of the corporate enterprises. With the exception of sugar, all other industry groups have safe and satisfactory liquidity position.
- The majority of Indian companies maintains relatively lower cash/bank balances. Marketable securities are yet to emerge as a popular means of cash management. The excess cash is deployed to retire short-term bank deposits.
- In spite of the notable decline over the years, inventory constitutes a sizeable part of the total current assets of Indian corporates. The most important objective of inventory management in India is 'avoid loss of production/sales'. The popular control techniques are ABC, FSN and SDE and inventory turnover ratio and comparison with competitors are widely used to assess the performance of inventory management.
- Debtors/receivables also constitute a significant component of current assets. 'Growth in sales' is the most important objective of the credit policy and the 'open credit with approval if exceeds a specified limit' is the most favored policy. It is common practice to prepare 'ageing schedule' of debtors' to assess the financial health of the customers before granting credit and monitoring purposes. To speed up collections, the corporates offer cash discount. The majority of the companies also charge penal interest.
- Accounts payable and short-term loans/advances are the major components of current liabilities.
- The 'length of the operating cycle' is the most widely used method to determine working capital need. The working capital financing policy is based on matching approach. The majority of the companies have occasionally experienced working capital shortage due mainly to excess inventory accumulation and poor debt collection.

11. Corporate Social Responsibility

Corporate social responsibility is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Corporate social responsibility is represented by the contributions undertaken by companies to society through its business activities and its social investment. This is also to connect the concept of sustainable development to the company's level.

- Supports schools
- Scholarship to meritorious students
- Supply of mid-day meal
- Program for underprivileged children
- RCF super -30 programme
- Farmers education
- Supply of drinking water to villages
- Community medical facility
- Running of mobile medical van
- Running of pathology lab
- Assistance to differently abled persons
- Distribution of sanitary napkins (moksha)
- Chembur green project
- Conservation of natural resources(solar system)
- Contribution to "SWACHH BHARAT KOSH"
- Rural sports
- Livelihood enhancement project

12. Mission & Vision

12.1 Mission Statement

"Exponential growth through business excellence with focus on maximizing stakeholder value by manufacturing and selling fertilizers and chemicals in a reliable, ethical and socially responsible manner".

12.2 Vision Statement

"To be a world class corporate in the field of fertilizers and chemicals with dominant position in Indian market, ensuring optimal utilization of resources, taking due care of environment and maximizing value of stake holders".

12.3 Value Statement

"RCF shall deal in all aspects of Business with integrity, honesty, transparency and with utmost respect to the stakeholders, by honoring our commitments, providing results and striving for highest quality."

13. Function Of Finance Department In RCF

Payment The Major Function of Finance Department to Make Payment to the Wander 1 Parties Who Supplies Material or Give Services To R.C.F Ltd
Payment Can Be Two Types

Revenue Payment Is Day To Day Expenses.

Capital Payment Is Pay for Purchasing Assets

Costing In Costing We Have Cost Sheet To Compute Cost Of Production And Get Selling Price Of Product Profitability Report, In Payment Of Assets Fortnightly.

Taxation We Have Pay Tax To Government Income Tax Service Tax File Return Also And We Have Summit Corporate Government Report.

Conversance We Have Concern To The Personal Build On Summated By Parties We Have Concurred To Tender Guidance Day Delegation Of Power.

Miscellanies Income / Expenses:

Security Expenses of Factory

Electricity Charges

Advertisement

Bank Charges.

Promotion of Publicity.

Cash Bank Payments Cash Payment In Case Of Emergencies And Case Of Advance To Employees Most We Do Bank Payment Of NEFT.

Internal Audit Is To Check Internal Control Or Activity Running.

14. Competitors

1. CHEMICALS FERTILIZERS & CHEMICALS LTD.
2. GUJARAT STATE FERTILIZERS CO. LTD.
3. KRIBHO (co-operative)
4. MADRAS FERTILIZERS LTD.
5. MAGALORE CHEMICALS & FERTILIZERS LTD.
6. MANGALORE CHEMICALS & FERTILIZERS LTD.
7. NATIONAL FERTILIZERS LTD.
8. NATIONAL FERTILIZERS LTD. panipat
9. NATIONAL FERTILIZERS LTD. bhatida

10. INDIAN FARMER FERTILIZERS CO. kalal
 11. INDIAN FARMER FERTILIZERS CO. (co-operative)
 12. NAGARJUNA FERTILIZERS LTD.
 13. TATA CHEMICALS LTD.
 14. KIBHO SHYAM CO. LTD.

15. Ranking Of RCF

RCF ranks 348th among top 500 companies in India.

243	Sadbhav Engg.	343	Carborundum Uni.	443
244	GE Shipping Co	344	Suven Life Scie.	444
245	Godrej Propert.	345	VRL Logistics	445
246	Videocon Inds.	346	Responsive Ind	446
247	Edelweiss.Fin.	347	Adani Transmissi	447
248	Persistent Sys	348	R C F	448
249	Kaveri Seed Co.	349	Sharda Cropchem	449
250	Allahabad Bank	350	CEAT	450
251	BASF India	351	Dhanuka Agritech	451
252	Schneider Elect.	352	Ingersoll-Rand	452
253	J & K Bank	353	Blue Star	453
254	Dalmia Bhar.	354	G M D C	454
255	MMTC	355	G S F C	455
256	Sintex Inds.	356	Raymond	456
257	Rallis India	357	Astrazeneca Phar	457
258	I O B	358	Indo Count Inds.	458
259	Motil.Oswal.Fin.	359	S B T	459
260	Future Retail	360	Techno Elec.	460
261	Cox & Kings	361	OCL India	461
262	Vardhman Textile	362	Yamini Invest	462
263	TTK Prestige	363	FDC	463
264	NCC	364	Aegis Logistics	464
265	Westlife Develop	365	Vinati Organics	465
266	eClerx Services	366	Godfrey Phillips	466
267	Advanta	367	Rupa & Co	467
268	Essar Ports	368	Bajaj Electrical	468

16. Data analysis, Interpretation & Graphical Representation

16.1 Balance Sheet As At 31st March 2016 (In Lakhs)

Particulars	Note No.	AS AT 31.03.2016	AS AT 31.03.2015
I. EQUITY & LIABILITIES			
1. SHAREHOLDERS FUNDS			
a) Share Capital	1	551.69	551.69
b) Reserves & Surplus	2	2277.43	2159.24
		2829.12	2710.93
2. NON-CURRENT LIABILITIES			
a) Long Term Borrowings	3	152.88	374.56
b) Deferred Tax Liabilities (Net)	4	210.60	196.73
c) Other Long Term Liabilities	5	191.18	55.17
d) Long Term Provisions	6	144.96	150.68
		699.62	777.14
3. CURRENT LIABILITIES			
a) Short Term Borrowings	7	2603.16	1511.07
b) Trade Payables	8	12.20	120.5
A) Outstanding dues of micro enterprises & small enter prices			
B) Outstanding dues of creditors other than micro enter prices & small enter prices			
c) Other Current Liabilities	9	593.45	584.67
d) Short Term Provisions	6	771.64	408.16
TOTAL		176.83	210.41
		4157.28	2726.41
		7686.02	6214.48
II. ASSETS			
1. NON CURRENT ASSETS			
(a) FIXED ASSETS	10		
i) Tangible Fixed Assets		1490.98	1495.08
ii) Intangible Assets	11	5.58	5.24
iii) Capital Work in Progress		149.97	61.16
(b) Non-current Investments	12	0.19	0.17
(c) Long Term Loans & Advances		406.29	199.35
(d) Other Non-Current Assets	13	10.70	9.83
		2063.71	1770.83
2. CURRENT ASSETS			
(a) Investments	14	1215.45	991.64
(b) Trade Receivables	15	4311.42	3297.36
(c) Cash & Bank Balance	16	3.15	85.33
(d) Short Term Loans & Advances	12	74.31	38.81
(e) Other Current Assets	13	17.98	30.51
		5622.31	4443.65
TOTAL		7686.02	6214.48

16.2 Statement Of Profit & Loss For The Year Ended 31st March 2016

PARTICULARS	NOTE No.	Year Ended 31.03.2016	Year Ended 31.03.2015
I. Revenue from operations(Gross)	17	8791.62	7861.66
Less: Excise Duty		(142.19)	(148.21)
Revenue from operations(Net)		8649.43	7713.45
II. Other Income	18	112.21	74.36
III. Total Revenue(I+II)		<u>8761.64</u>	<u>7787.81</u>
IV. Expenses:			
Cost of Material Consumed	19	3499.45	3112.49
Purchase of stock in Trade	20	867.28	525.88
Changes in Inventories of Finished Goods & stock in Trade	21	(232.43)	(7.53)
Employee Benefit Expense			
Finance Cost	22	492.44	526.24
Depreciation/Impairment	23	142.32	116.95
Other Expenses	10	145.13	258.12
Total Expenses	24	3556.35	2746.3
V. Profit before Tax(III-IV)		<u>8470.54</u>	<u>7278.18</u>
VI. Tax Expense		291.10	509.63
1. Current tax			
2. Deferred tax		105.51	248.41
3. Taxation adjustment of earlier years Excess(-)/Short(+)		13.87	(60.27)
VII. Profit for the year			
VIII. Earning per equity share		(19.51)	(0.57)
Basic & Diluted Earnings per share		<u>191.23</u>	<u>322.06</u>
	38	3.47	5.84

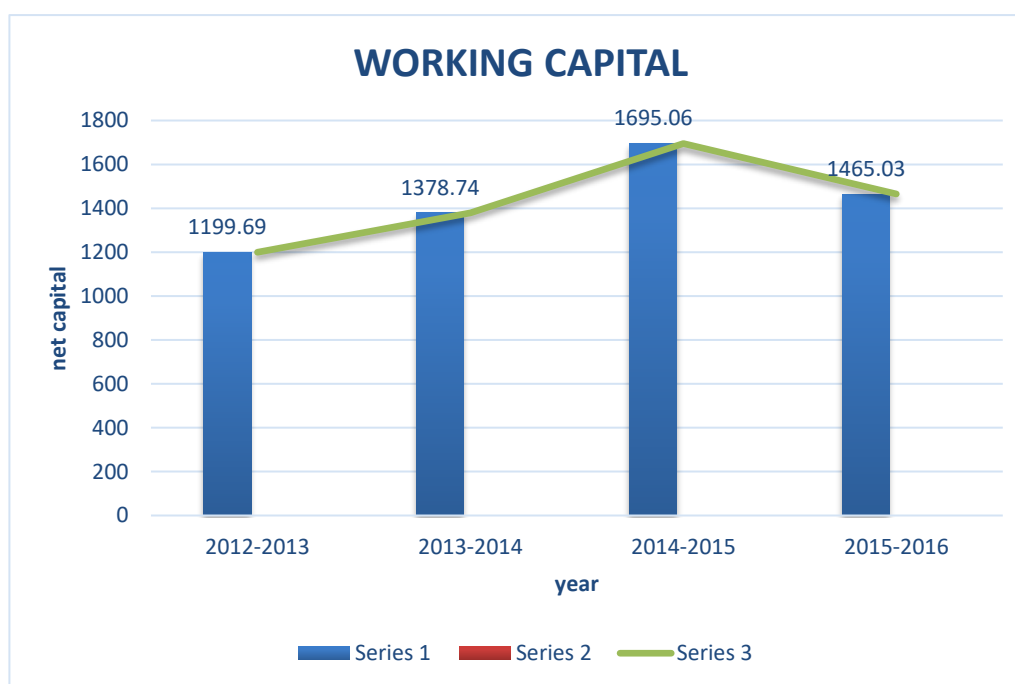
16.3 Working capital

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
1.CURRENT LIABILITIES		
a)Short term borrowing	2603.16	1511.07
b)Trade payables		
(A)outstanding dues of micro enterprises and small enterprises	12.20	12.05
(B)outstanding dues of creditors other than micro enterprises and small enterprises	593.45	584.67
c)Other current liabilities		
d)short term provisions	771.64	408.16
	176.83	210.46
TOTAL	4157.28	2726.41
2.CURRENT ASSETS		
a)Inventory	1215.45	991.64
b)Trade receivables	4311.42	3297.36
c)Cash and bank balances	3.15	85.33
d)Short term loans and advances	74.31	38.81
e)Other current assets	17.98	30.51
TOTAL	5622.31	4443.65

16.4 Statement Of Changes In Working Capital

Particular	2015-2016	2014-2015	2013-2014	2012-2013
1.Current assets				
Inventories	1215.45	991.64	802.54	1205.6
Trade receivables	4311.42	3297.36	2769.09	2579.21
Cash and cash equivalents	3.15	85.33	70.95	175.74
Short term loans and advances				
Other current assets	74.31	38.81	37.08	71.36
Total	17.98	29.79	58.02	30.25
Total	5622.31	4442.93	3737.68	4061.62
2.Current liabilities				
Short term borrowing	2603.16	1509.89	1334.98	1456.84
Trade payable	605.65	596.72	492.97	738.07
Other current liabilities	771.64	405.48	331.39	475.07
Short term provisions	176.83	235.78	199.61	191.47
Total	4157.28	2747.87	2358.95	2861.95
Net working capital	1465.03	1695.06	1378.74	1199.67

16.5 GRAPHICAL PRESENTATION



16.6 Data Interpretation

If we analysis the four year working capital positions of the company, we find out company has sufficient working capital to meets its short time liability, it is good indicators for the company as in 2015-2016 working capital is decreased by certain amount due to the increase in current liabilities.

Ratio A ratio is a simple arithmetical expression of relationship of one number to another, it may be defined as the indicated quotient of two mathematical expression.

Ratio Analysis Ratio analysis is quantitive analysis of information contained in a company financial statement. Ratio analysis is based o line items in financial statements like balance sheet, income statement, cash flow statement; The ratio of one item or a combination of items to another item or a combination are then calculated. Ratio analysis is used to evaluate various aspects of a company's operating and financial performance such as its efficiency, liquidity, profitability and solvency.

Ratio analysis isn't just comparing different numbers from the balance sheet, income statement and cash flow statement. Its comparing the number against previous year, other companies the industry or even the economy in general.

Current Ratio Current ratio is used to measure short term solvency of the company

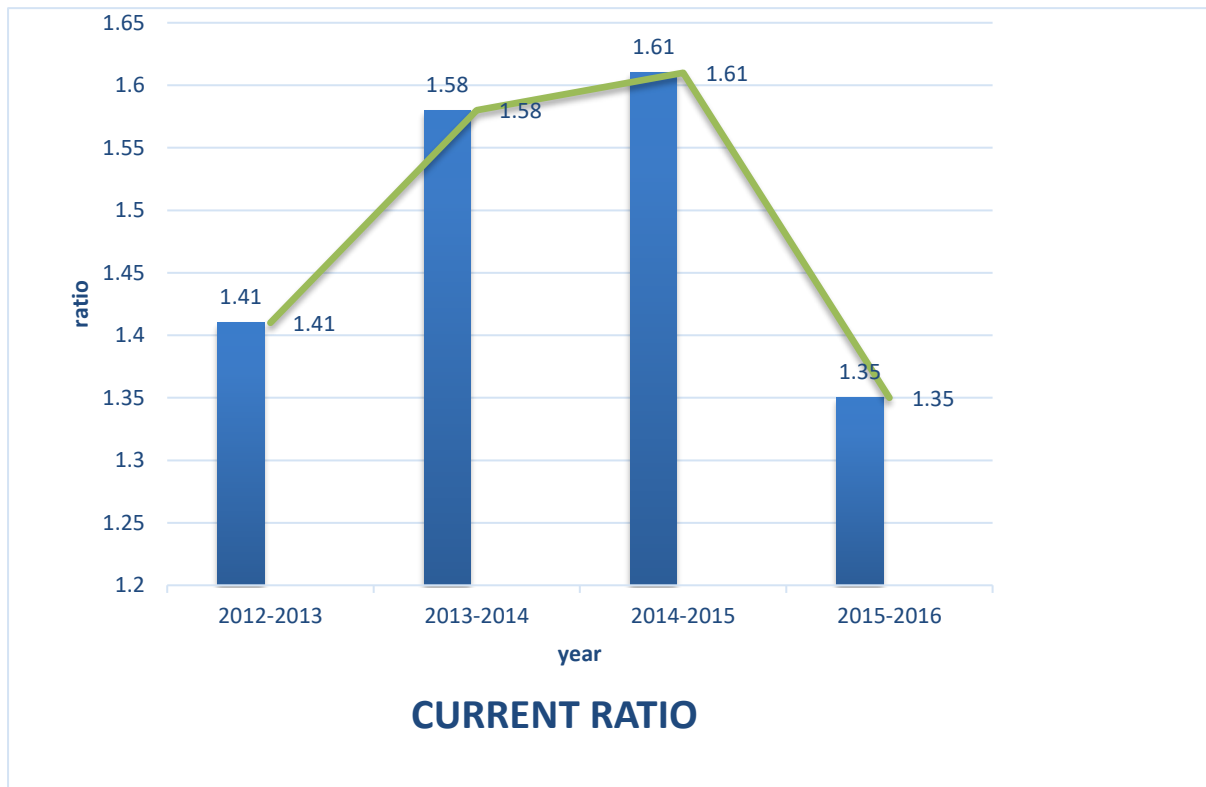
Current Ratio=(Current assets)/(Current liabilities)

Year	2012-2013	2013-2014	2014-2015	2015-2016
Current assets	4061.62	3737.68	4442.93	5622.31
Current liabilities	2861.95	2358.95	2747.87	4157.28
Current ratio	1.41	1.58	1.61	1.35

Graphical Presentation

16.7 Interpretation

The ideal current ratio is 2:1. If the ratio is more than 1 then current assets are more than current liabilities which means company has more current assets to pay off its liabilities.



Now if we analyse the four year data we can see that the ratio has kept on improving from the previous year which is a good sign.

Quick Ratio QUICK ratio is the number of times quick assets are over quick liabilities. For calculating this ratio inventories are not considered because it consumes time to convert into cash.

Quick Ratio=(Quick Assets)/(Quick Liabilities)

Year	2012-2013	2013-2014	2014-2015	2015-2016
Quick assets	2856.02	2935.14	3451.29	4406.86
Quick liabilities	2861.95	2358.95	2747.87	4157.28
Quick ratio	0.99	1.24	1.25	1.06

16.8 Graphical Presentation



16.9 Interpretation

Company is in good position to satisfy its immediate solvency. As its quick ratio is near an above the standard ratio of quick ratio i.e.1:1

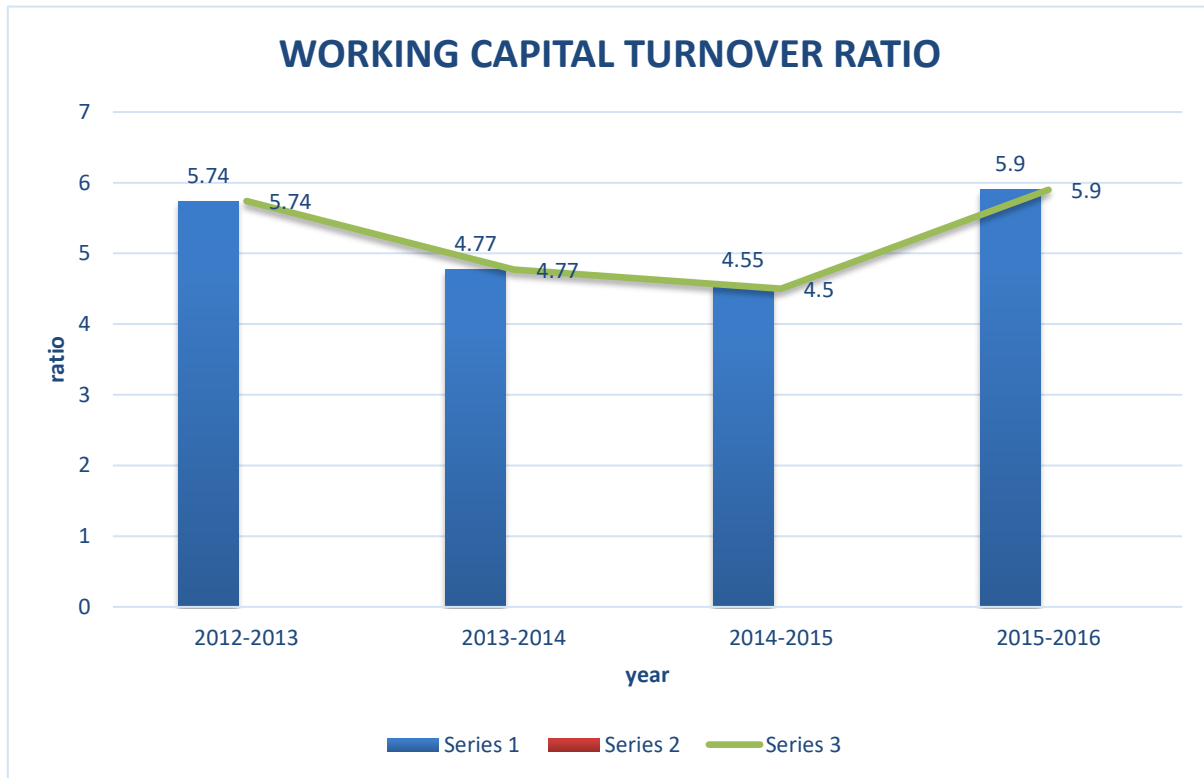
16.10 Working Capital Turnover Ratio

This ratio indicates the number of time the working capital is turned over in the course of the year. This ratio measures the efficiency with the working capital is used by the firm.

$$\text{Working Capital} = \frac{\text{Net Sales}}{\text{Net Working Capital}}$$

Year	2012-2013	2013-2014	2014-2015	2015-2016
Net sales	6894.49	6587.60	7713.45	8649.43
Net working capital	1199.67	1378.74	1695.06	1465.03
Working capital ratio	5.74	4.77	4.55	5.90

16.11 Graphical Presentation



16.12 Interpretation

Working capital ratio many times applied as indicators for firm's liquidity. As per analysis of above table indicates sound financial health of RCF but there is decrease in working ratio due to decrease in net sales.

16.13 Financial Highlights

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Sales	4053.15	3807.03	3296.59	3713.51	3472.67
Turnover	9013.43	8057.65	6877.89	7102.49	6662.36
Profit Before Interest, Depreciation And Tax (S.B.D.I.T.A)	573.24	887.29	628.59	612.72	531.24
Depreciation	145.13	258.12	141.75	173.15	142.44
Dividend Rate	11	18	15	15	14
Capital Employed	5564.75	4705.99	3841.74	4132.74	3433.26
Working Capital	1465.03	1695.06	1378.73	1199.67	1116.04

17. Facts & Findings

- The working capital position of the company is sound and the various sources through which it is funded are optimal.
- The company has used its purchasing financing and investments decisions to good effect can be seen from the inferences made earlier in the project.
- The short term debt are almost negligible in last years but their percentage on the debts has almost become half. This implies a sales and collection policy that get along with receivables management of the firm.
- The various ratio calculated are in indicators as to the fact that the profitability of firm and sales are on a rise and also the deletion of the inefficiencies in the working capital management.

- The firm has not compromised on profitability despite the high liquidity is commendable.
- RCF ltd. Reached a position where the default cost are low as negligible and where they can readily factor their accounts receivables for availing finance is note worthy.

18. Conclusion

Working capital is one such niche area that needs to get aggressively and tactfully addressed in every company. At the same time working capital is an effective tool that synergizes the total profitability of the company.

The study was conducted on working capital with the help of ratio analysis etc. some of the limitations faced while conducting the study were as follows

- The main limitation was time. The study was conducted for only 25 days which was restricted the scope of the study.
- As the financial information of every company is very confidential, obtaining the data for study was limited.

1. An example appendix

Authors including an appendix section should do so before References section. Multiple appendices should all have headings in the style used above. They will automatically be ordered A, B, C etc.

Example of a sub-heading within an appendix

There is also the option to include a subheading within the Appendix if you wish.

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2012-13

2013-14

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