

Summer Internship Report on
CRITICAL REVIEW OF WORKING CAPITAL MANAGEMENT
AT RELIANCE INFRASTRUCTURE Ltd

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DECLARATION

I, SHUBHAM GUPTA, Roll No 1120812275, student of MBA-Power Management (2011-13) at National Power Training Institute, Faridabad hereby declare that the Summer Training Report entitled “CRITICAL ANALYSIS OF WORKING CAPITAL MANAGEMENT AT RELIANCE INFRASTRUCTURES Ltd.” is an original work and the same has not been submitted to any other Institute for the award of any other degree.

A Seminar presentation of the Training Report was made on _____ and the suggestions as approved by the faculty were duly incorporated.

Presentation In-Charge

(Faculty)

Signature of the Candidate

Countersigned

Director/Principal of the Institute

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SHUBHAM GUPTA

EXECUTIVE SUMMARY

A well designed and implemented working capital management is expected to contribute positively to the creation of a firm's value. The purpose of this project is to examine the trends in working capital management (WCM) and its impact on the performance of RELIANCE INFRA Ltd. (RIL) during the last few years. This project aims at learning various facets of working capital management at RIL by studying the day to day activities at its EPC division which mainly deals in power projects.

These projects also draws a comparison between RIL and other prominent players active in the infrastructure segment and tries to find out the reasons playing an active role behind the numero uno status of RIL in the infrastructure segment. Working capital management involves not only managing the different components of the current assets, but also managing the current liabilities, or to be more precise, financing the current assets. A firm is required to maintain a balance between liquidity and profitability while conducting its day to day operations.

Liquidity is a precondition to ensure that firms are able to meet its short-term obligations and its continued flow can be guaranteed from a profitable venture. The importance of cash as an indicator of continuing financial health should not be surprising in view of its crucial role within the business. This requires that business must be run both efficiently and profitably. In the process, an asset-liability mismatch may occur which may increase firm's profitability in the short run but at a risk of its insolvency. On the other hand, too much focus on liquidity will be at the expense of profitability.

There are three main areas in working capital management and the project focuses on the following:

- Receivables management
- Cash management
- Inventory management

By using the financial statements of RIL, an analysis has been carried out to understand the trends that have been followed. Also a comparative study is carried out with respect to the

company's competitors to further understand its position in the market .Based on the above study, certain recommendations are made.

The financial statements (mainly balance sheet along with profit & loss accounts) are used to work out various ratios which help us in better understanding the organisation's working capital management. The key variables used in the analysis are inventories days, accounts receivables days, accounts payable days and cash conversion cycle. These ratios are then compared with industry's standard to get an insight to understand the nuances of the working of the organisation.

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INTRODUCTION

1.1 MEANING OF WORKING CAPITAL

Working capital (abbreviated **WC**) is a financial metric which represents operating liquidity available to a business, organization or other entity, including governmental entity. Along with fixed assets such as plant and equipment, working capital is considered a part of operating capital. Net working capital is calculated as current assets minus current liabilities. It is a derivation of working capital that is commonly used in valuation techniques such as DCFs (Discounted cash flows). If current assets are less than current liabilities, an entity has a working capital deficiency, also called a working capital deficit. A company can be endowed with assets and profitability but short of liquidity if its assets cannot readily be converted into cash. Positive working capital is required to ensure that a firm is able to continue its operations and that it has sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses. The management of working capital involves managing inventories, accounts receivable and payable, and cash.

Current assets and current liabilities include **three accounts** which are of special importance. These accounts represent the areas of the business where managers have the most direct impact:

- Accounts receivable (current asset)
- inventory (current assets), and
- accounts payable (current liability)

The current portion of debt (payable within 12 months) is critical, because it represents a short-term claim to current assets and is often secured by long term assets. Common types of short-term debt are bank loans and lines of credit. An increase in working capital indicates that the business has either increased current assets (that it has increased its receivables, or other current assets) or has decreased current liabilities, **for example** has paid off some short-term creditors.

Implications on M&A: The common commercial definition of working capital for the purpose of a working capital adjustment in an M&A transaction (i.e. for a working capital adjustment mechanism in a sale and purchase agreement) is equal to:

Current Assets – Current Liabilities excluding deferred tax assets/liabilities, excess cash, surplus assets and/or deposit balances.

Cash balance items often attract a one-for-one purchase price adjustment.

Working capital management

Decisions relating to working capital and short term financing are referred to as *working capital management*. These involve managing the relationship between a firm's short-term assets and its short-term liabilities. The goal of working capital management is to ensure that the firm is able to continue its operations and that it has sufficient cash flow to satisfy both maturing short-term debt and upcoming operational expenses.

A popular measure of working capital management is the cash conversion cycle, that is, the time span between the expenditure for the purchases of raw materials and the collection of sales of finished goods for example, found that the longer the time lag, the larger the investment in working capital. A long cash conversion cycle might increase profitability because it leads to higher sales. However, corporate profitability might decrease with the cash conversion cycle, if the costs of higher investment in working capital rise faster than the benefits of holding more inventories and/or granting more trade credit to customers.

For many manufacturing firms the current assets account for over half of their total assets. The management of working capital may have both negative and positive impact of the firm's profitability, which in turn, has negative and positive impact on the shareholders' wealth. The present study seeks to explore in detail these effects. Firms may have an optimal level of working capital that maximizes their value. Large inventory and generous trade credit policy may lead to high sales. The larger inventory also reduces the risk of a stock-out. Trade credit may stimulate sales because it allows a firm to access product quality before paying. Another component of working capital is accounts payables. It is believed that delaying payment of accounts payable to suppliers allows firms to access the quality of bough products and can be expensive if a firm is offered a discount for the early payment. By the same token, uncollected accounts receivables can lead to cash inflow problems for the firm.

By definition, working capital management entails short term decisions - generally, relating to the next one year period - which is "reversible". These decisions are therefore not taken on

the same basis as Capital Investment Decisions (NPV or related, as above) rather they will be based on cash flows and / or profitability.

- One measure of cash flow is provided by the cash conversion cycle - the net number of days from the outlay of cash for raw material to receiving payment from the customer. As a management tool, this metric makes explicit the inter-relatedness of decisions relating to inventories, accounts receivable and payable, and cash. Because this number effectively corresponds to the time that the firm's cash is tied up in operations and unavailable for other activities, management generally aims at a low net count.
- In this context, the most useful measure of profitability is Return on capital (ROC). The result is shown as a percentage, determined by dividing relevant income for the 12 months by capital employed; Return on equity (ROE) shows this result for the firm's shareholders. Firm value is enhanced when, and if, the return on capital, which results from working capital management, exceeds the cost of capital, which results from capital investment decisions as above. ROC measures are therefore useful as a management tool, in that they link short-term policy with long-term decision making. See Economic value added (EVA).
- Credit policy of the firm: Another factor affecting working capital management is credit policy of the firm. It includes buying of raw material and selling of finished goods either in cash or on credit. This affects the cash conversion cycle.

Management of working capital

Guided by the above criteria, management will use a combination of policies and techniques for the management of working capital. The policies aim at managing the *current assets* (generally cash and cash equivalents, inventories and debtors) and the short term financing, such that cash flows and returns are acceptable.

- **Cash management.** Identify the cash balance which allows for the business to meet day to day expenses, but reduces cash holding costs.
- **Inventory management.** Identify the level of inventory which allows for uninterrupted production but reduces the investment in raw materials - and minimizes reordering costs - and hence increases cash flow. Besides this, the lead times in production should be lowered to reduce Work in Process (WIP) and similarly, the Finished Goods should be kept on as low level as possible to avoid over production - see Supply chain management; Just In Time (JIT); Economic order quantity (EOQ); Economic quantity

• **Debtors management.** Identify the appropriate credit policy, i.e. credit terms which will attract customers, such that any impact on cash flows and the cash conversion cycle will be offset by increased revenue and hence Return on Capital (or *vice versa*); see Discounts and allowances.

• **Short term financing.** Identify the appropriate source of financing, given the cash conversion cycle: the inventory is ideally financed by credit granted by the supplier; however, it may be necessary to utilize a bank loan (or overdraft), or to "convert debtors to cash" through "factoring".

1.2 OBJECTIVE

To study and analyse working capital management at Reliance Infrastructure Ltd. which includes

- ❖ Inventory management
- ❖ Receivable management
- ❖ Cash management

The aim is to learn how to manage working capital needs of the organization and to learn the different ways through which theoretical learning is applied practically in the organization. The project is aimed to learn and gain knowledge of the day to day working of the organization as to how does the different decision are taken and on what basis. The project will help in gaining the knowledge of different steps of raising the short term funds and their effective management so as to ensure adequate availability of funds. The various analyses will help the management to assess the efficiency of the working capital management of the company.

1.3 SIGNIFICANCE OF THE PROJECT

Financial Analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationships between the items of the balance sheet and the profit & loss account. Financial analysis can be undertaken by management of the firm, viz. Owners, creditors, investors and others. Ratio analysis is a powerful tool of financial analysis. A **ratio** is defined as “the indicated quotient of two mathematical expressions” and as “the relationship between two or more things”.

Ratios help to summarise large quantities of financial data and to make qualitative judgement about the firm's financial performance. **WORKING CAPITAL MANAGEMENT** deals with the management of current assets. The management of current assets is similar to that of fixed assets in the sense that in both cases firm analyses their effect on their return and risk profile. The management of fixed assets and current assets, however, differ in three aspects. First, in managing fixed assets, time is a very important factor; consequently, discounting and compounding techniques play a significant role in capital budgeting. Second, the large holding of current assets, especially cash, strengthens the firm's liquidity position (and reduces risk). Third, levels of fixed as well as current assets depend upon expected sales, but it is only current assets that can be adjusted with sales fluctuations in the short run.

Thus with such importance attached, a due diligence should be given to proper management of the working capital.

1.4 CONCEPTUALIZATION

There are two concepts of working capital- gross and net.

Gross Working Capital refers to the firm's investment in current assets. Current assets are the assets which can be converted into cash within an accounting year and include cash, short-term securities, debtors, (accounts receivable or book debts) bills receivables and stock (inventory).

Net Working Capital refers to the difference between current assets and current liabilities. Current liabilities are those claims of outsiders which are expected to mature for payment within an accounting year and include creditors (accounts payable), bills payable, and outstanding expenses. Net working capital can be positive or negative. A positive net working capital will arise when current assets exceed current liabilities.

$$\text{Net Working Capital (+)} = \text{Current Assets} - \text{Current Liabilities}$$

Also, negative net working capital will arise when current liabilities exceed current assets.

$$\text{Net Working Capital (-)} = \text{Current Liabilities} - \text{Current Assets}$$

1.5 COMPANY PROFILE

1.5.1 The Vision

To be amongst the most admired and most trusted integrated utility companies in the world, delivering reliable and quality products and services to all customers at competitive costs, with Inter-national standards of customer care – thereby creating superior value for all stakeholders.

“To set new benchmarks in standards of corporate performance and governance through the pursuit of operational and financial excellence, responsible citizenship, and profitable growth.”

1.5.2 The Mission – Excellence in Infrastructure

- To attain global best practices and become a world-class utility.
- To provide uninterrupted, affordable, quality, reliable and clean power to millions of customers.
- To achieve excellence in service, quality, reliability, safety and customer care.
- To earn the trust and confidence of all customers and stakeholders and by exceeding their

expectations, make the company a respected household name.

- To work with vigor, dedication and innovation, towards achieving the ultimate goal of total customer satisfaction.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organization.
- To be a responsible corporate citizen, nurturing human values and concern for society, the environment and above all, people.
- To contribute towards community development and nation building.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

1.5.3 Statement of Values

RIL believes that any business conduct can be ethical only when it rests on the nine core values of **Honesty, Integrity, Respect, Fairness, Purposefulness, Trust, Responsibility, Citizenship and Caring**. These values are not to be lost sight of by anyone at RELIANCE INFRASTRUCTURE LIMITED. Under any circumstances irrespective of the goals that are intended to be achieved.

To them, means are as important as the ends.

1.5.4 Background

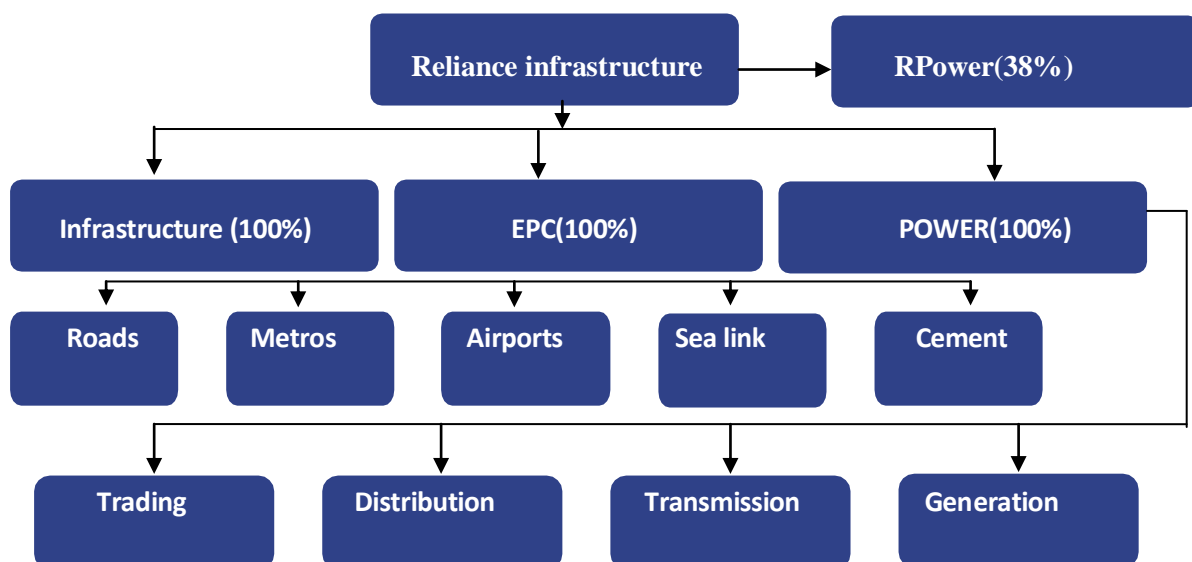
RInfra, formerly known as Reliance Energy Ltd, with a market cap of more than \$3 billion, was incorporated in 1929 and ranks amongst top performing Indian private sector companies in the country. The company operates in three business segments: Infrastructure, Engineering, Procurement and Contracts (EPC) and Power. The company is the largest private sector infrastructure developer on ownership basis and is having presence in all high growth sectors viz; Roads, Metro, Sea Link, Cement and Airports. The company is having 11

roads projects worth `120 billion under its portfolio. Further, it is also having 3 Metro projects worth `170 billion, 1 sea link project of `46 billion, 2 cement projects in Maharashtra and Madhya Pradesh worth `47 billion and 5 airports projects worth `5 billion. Reliance Infrastructure has also emerged as the leading player in India in the Engineering, Procurement and Construction (EPC) segment of the power sector. RInfra is having a healthy EPC order book of `212 billion spread across power, Roads and Transmission projects. In addition to this, RInfra has also emerged as the largest private sector player in the utility sector. Currently, it is having power generation capacity of 941 MW and 37,000 MW through Reliance Power. It is having the power distribution license in Mumbai and Delhi serving over 5.4 million customers and distributes over 5,000 MW of power. Under its Transmission segment, RInfra is having 5 projects worth `66 billion.

RInfra also owns 38% stake in Reliance Power (R Power) with an aggregate investment of `17.2 billion. R Power is likely to develop all future power generation assets in India and overseas with having 600 MW of operational capacity and over 20,000 MW under execution. Further, the company is targeting 5,000 MW of operating capacity by 2012. R Power is also having largest coal resources of ~ 4 billion tonnes.

1.6 BUSINESS OVERVIEW

Figure 1—Business overview of Reliance Infrastructure Ltd



1.7 SUBSIDIARY & ASSOCIATE COMPANIES

- BSES Kerala Power Ltd.
- BSES Rajdhani Power Ltd.
- BSES Yamuna Power Ltd.
- Reliance Energy Trading Ltd.
- Reliance Energy Transmission Ltd.
- Utility Powertech Ltd.
- North Eastern electricity Supply Company of Orissa Ltd. (NESCO)
- Western Electricity Supply Company of Orissa Ltd. (WESCO)
- Southern Electricity Supply Company of Orissa Ltd. (SOUTHCO)
- Reliance Natural Resource Ltd.
- Reliance Power ltd

1.8 BUSINESS PROFILE

1.8.1 Generation:

As the integrated power utility RIL has setup; a full-fledged generation division having proven expertise in designing, engineering, erection, installation, commissioning, operations and maintenance of power projects. The division implements project plans for in house power projects and supports ventures undertaken by other affiliate companies. The division is fully integrated and has in house capabilities to address every aspect of power projects including:

- Mechanical
- Civil
- Electrical
- Instrumentation
- Environmental

The division also provides engineering consultancy to external agencies and projects.

The 941 MW Generation capacity of the Division comes from five projects:

- Dahanu TPS - the 2x250 MW multi fuel based thermal power station at Dahanu near Mumbai.
- 8 MW Wind Farm Project at Jogimatti in the district of Chitradurga in Karnataka.
- **BSES Kerala Limited:** The 165 MW combined cycle power station at Kochi, Kerala.
- **BSES Andhra Power Limited:** The 220 MW combined cycle power plant at Samalkot in Andhra Pradesh.
- **Goa Power Station:** The 48 MW naphtha based combined cycle power plant at Goa

Reliance Infrastructure distributes more than 36 billion units of electricity to over 30 million consumers across different parts of the country including Mumbai and Delhi in an area that spans over 1, 24,300 sq. kms. It also generates 941 MW of electricity, from its power stations located in Maharashtra, Andhra Pradesh, Kerala, Karnataka and Goa. Reliance Infrastructure has emerged as the leading player in India in the Engineering, Procurement and Construction (EPC) segment of the power sector.

In the last few years, Reliance Infrastructure has expanded its foot-print much beyond the power sector. Currently, Reliance Infrastructure group is engaged in the implementation of projects not only in the fields of generation, transmission, distribution and trading of power but also in other key infrastructural areas such as highways, roads, bridges, metro rail and other mass rapid transit systems, special economic zones, real estate, airports, cement, etc

1.8.2 Transmission:

The Transmission department has successfully implemented and operated a 2 x 220 kV transmission system. It has been responsible for the laying of the double circuit transmission system from Dahanu to Mumbai. It has planned, constructed and commissioned two modern 200kV receiving stations having a capacity of 300 MVA each at Ghodbunder, & Versova . It has also commissioned a 400 MVA station at Aarey for receiving power from the Dahanu plant. It is one of the select few electricity companies to commission a network of 4 circuit transmission towers for economical and efficient power transmission. The Engineering cell of the department coordinates the engineering activities of the company's transmission network. The Transmission Division is an intermediary between Generation & Distribution Division and is responsible for transmission of power at 220 kV from DTPS to the company's area of

supply in Mumbai Suburbs. RInfra is presently working in the development of five power transmission projects across the North-western part of the country. Of which, the WRSS (Western Region System Strengthening) project is likely to see completion by the end of 2012, providing higher revenue visibility for FY13. Meanwhile, the six EHV stations commissioned in Mumbai also ensure hassle free power transmission in the city

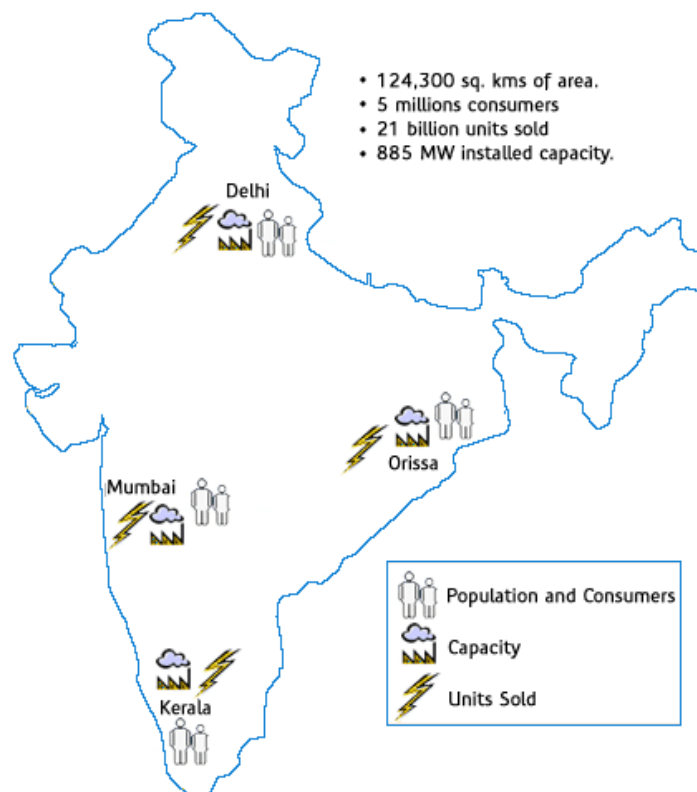
1.8.3 Distribution:

Distribution is the key to efficient and reliable power supply. Seven decades of experience and continuous investment in modernizing its distribution infrastructure have helped the company achieve the enviable distinction of operating its network with **99.93% reliability!**

The efforts made towards achieving higher levels of efficiency have reduced distribution losses to **12.01%** - The lowest in the country!

Reliance Energy Limited's Mumbai operations cover a population of 9.0 million within an area of about 384 sq. kilometers .Reliance Infrastructures Limited continually upgrades its distribution network. This is accomplished through a process of decentralized operation in supply management to maintain very high on-line reliability

Fig 2: RELIANCE Presence in Distribution



1.8.4 Infrastructure

Road

It is the largest developer of road and highway projects for the National Highways Authority of India (NHAI) under the build, own, transfer (BOT) scheme. With an investment involving Rs 3150 crores, the company is developing 5 major road projects in Tamil Nadu totaling over 400 kms of length. Financial closure of all the projects is done and the projects are currently under construction.

Urban Infrastructure

It is also the country's first and only private sector builder and operator for Metro System. It is already into construction of the first line of Mumbai's Metro system stretching 12 kms from Versova to Ghatkopar.

Specialty Real Estate

It is also the country's first and only private sector builder to build India's first 100 storied building, a trade tower and business district in 80 acres of land in Hyderabad, The total investment for this project is Rs 6,500 crores.

Special Economic Zones

It is also developing over 180 mn sq ft of SEZ for IT/ITES, retail hospitality in Mumbai and Noida with an investment worth Rs 31,000 crores.

1.8.5 EPC (Engineering, Procurement and Construction) Division

Reliance Energy has significant presence in the field of execution of the Power projects on EPC basis with a strong track record of the execution and commissioning of projects on time. Reliance Energy has received wide acclaim for the initiatives in corporate governance. These awards and recognition's greatly motivates and envisages the Reliance Energy team to set fresh benchmarks in corporate governance, particularly in the Indian Power Sector. Reliance Energy with its affiliates and sister companies in the Reliance group, own and operate over 2,000 MW of Generating capacities in the country. These comprise conventional thermal plants; gas turbine based combined cycle power plants, Cogeneration plants and wind electric generators. Most of its Projects have been executed by Reliance Energy through its EPC division. The EPC division of Reliance Energy was set up in 1966 and was undertaking

engineering, procurement and construction contracts on a turnkey basis and other value added services for major public and private sector projects both in India and Abroad. The Division has to-date undertaken the total engineering, supply of electrical and mechanical equipment, installation and commissioning services and civil works for the following range of projects:

- thermal, hydro, Co-generation and gas based power generating stations;
- 400/132 KV transmission lines and switch yards;
- overhead and underground electrical networks;
- industrial electrification works for petrochemicals, fertilizers, steel, cement plants, refineries, ports and hotels;
- pre-molded accessories for extra high voltage electrical cables;
- Renovation and Modernization of Delhi distribution network; and

Experience and Achievements:

EPC division has undertaken and successfully commissioned the following major projects:

- ❖ Its first ever IPP, 2 x 250 MW Coal based Thermal Power Station at Dahanu, Maharashtra



- ❖ Reliance Energy Limited-Samalkot Power Station: 220 MW Dual Fuel based (Natural gas & Liquid Fuel) Combined Cycle Power Plant at Samalkot, Andhra Pradesh. The Power Plant is already operational and supplying power to the State Grid of Andhra Pradesh.



- ❖ 165 MW liquid-fuels based combined cycle power project for its subsidiary, Reliance Energy Limited - Kochi Power Station at Kochi in Kerala with an aero-derivative unit of 40 MW along GE's LM6000 module, completed on 15 June 2001. .



- ❖ 106 MW Combined Cycle Power Plant of Gujarat State Electricity Corporation Ltd. at Dhuvaran, Gujarat



- ❖ 24 MW Bagasse based Co-generation Power Plant for Godavari Sugar Mills Limited at Sameerwadi, Karnataka.
- ❖ 20 MW Diesel based D.G.Sets for Surya Chakra Power Ltd. at Islands of Andaman and Nicobar.
- ❖ 12.5 MW Lignite Based Power Project for Grasim Industries Limited at Ariyalur, Tamil Nadu



- ❖ 10.5 MW (5 x 2 MW + 1 x 0.5 MW) Diesel based captive power project for IT-Park for TIDEL- Chennai.
- ❖ 7.5 MW Thermal Power Plant for Monnet Power Ltd. at Raipur, Madhya Pradesh.
- ❖ 3 x 2.5 M DG based Power Plant for National Institute of Biological, Noida.

- ❖ 5 MW Bagasse based Thermal Power Plant for Global Energy Ltd. Belgundi, Karnataka,
- ❖ 3 MW Captive Power Project for Alok Industries Limited at Vapi, Gujarat.
- ❖ 2.5 MW D.G. set based Captive Power Plant for ITC, Bangalore.
- ❖ 2x250 MW Tau Devilal Thermal Power Station for Haryana Power Generation Corporation Haryana- Balance of Plant, Civil and Structural works.



- ❖ Renovation and Modernization of Delhi Distribution System



1.9 ORGANIZATIONAL STRUCTURE:

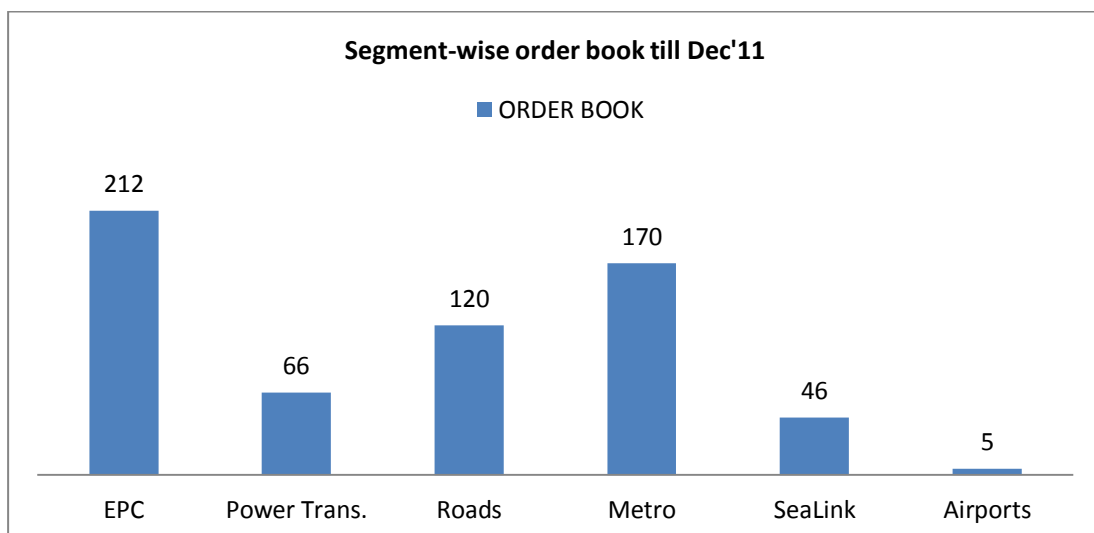
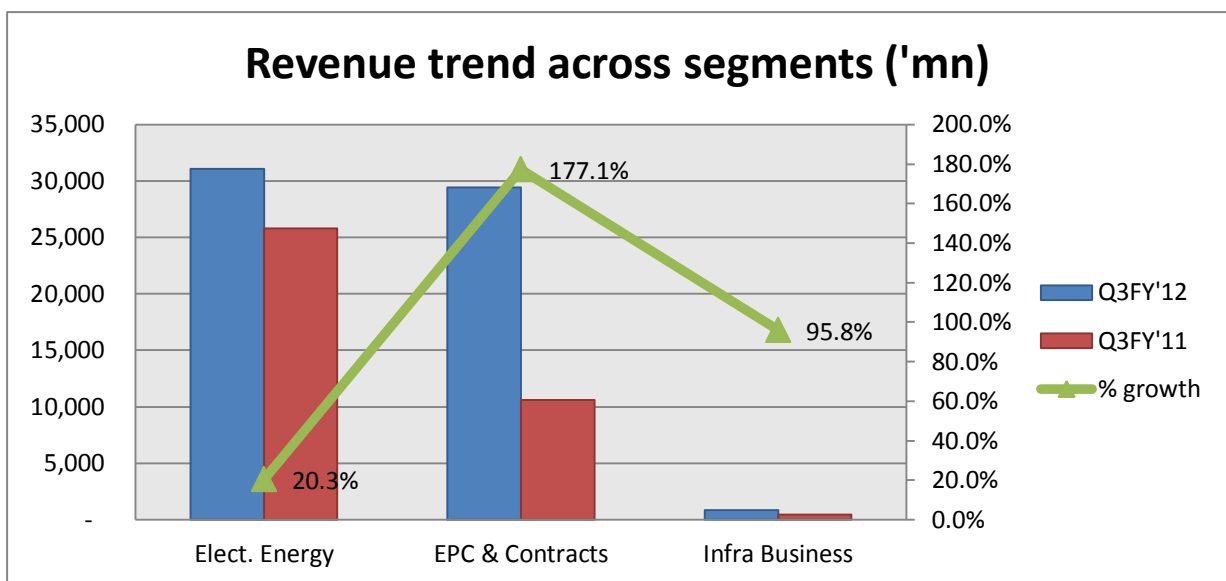
FIGURE 3: RIL'S TOP MANAGEMENT CONSISTS OF THE UNDER MENTIONED EMPLOYEES



1.10 CURRENT SCENARIO

RInfra, the infrastructure development arm of the Anil Ambani-led Reliance Group reported a 66.3% growth in its net sales on consolidated basis to `61,302.5 million in Q3FY'12, driven by higher sales from its engineering and construction (EPC) business and electrical segment. The EPC business clocked revenue of `29,405.9 million, up 177.1% on YoY basis, as it largely undertakes construction of in-house projects and is benefiting from a large number of projects that are under construction. On contrary, operating profit margin (OPM) depreciated by 220bps to 13.0% on YoY basis, due to 193.6% rise in material cost & sub contract charges, which in turn capped the operating profit growth of the company to 42.5% YoY at `795.5 million. Owed to 109.5% rise in interest charges and 13% rise in taxation charges, the PAT before share of profit from associate and minority interest reported a decline of 8% in Q3FY'12 on YoY basis at `3,186.5 million as against `3,468.8 million in Q3FY'11.. As a result, the NPM depreciated by 410bps YoY to 6.5%. RInfra's EPC business reported income of `29,405.9 million in Q3FY'12, up 177.1% YoY driven by better execution in RPower projects. As on December 2011, EPC segment had an order book position of `215,550 million. The order book comprises of 6 power projects of over 9,900 MW, one transmission

project of 1,500 kms along with 6 road projects totaling 570 kms. Further, revenue from the electricity and infrastructure business grew by 20.3% and 95.8% respectively on YoY basis. The company has also added 190,000 customers in its power distribution circles in Mumbai and Delhi in 2011. The units sold in Mumbai and Delhi stood at 1,599 million (-11.2% YoY) and 3,358 million (+8.4% YoY) respectively. Besides, the company is developing 11 road projects out of which its 5 projects are already operational, while five additional would begin generating revenue in next three months. Meanwhile, the total assets under BOT basis reported a growth of 96% YoY at `850 million and with the induction of Mumbai metro into BOT portfolio will add value for the company.



Sasan and Samalkot Mega Power Project to drive EPC Division in FY13E

RInfra's EPC Division undertakes the Engineering, Procurement and Construction (EPC) turnkey contracts for power generation projects in coal based thermal and gas, transmission, distribution and road projects. During Q3FY12, the EPC segment outperformed the other business divisions of the Indian conglomerate with 177% growth in its business turnover at `29.4 billion against `10.6billion in the same period prior year. The unit's operating profits also skyrocketed 212% to `3.50 billion, keeping margins elevated at 10% level. The division is currently working on 11 projects that comprises of 6-power projects at an aggregate of 9,900 MW, 1 transmission project of 1500 kms and 6 road projects of 570 kms. Equipped with high state-of-the-art technology in engineering, design and project management, the EPC division's order book stays elevated at `211.5 billion at the end of the first nine month of the fiscal. With persistent efforts to develop a strong foothold in engineering, construction and technology for the effective execution of mega and ultra-mega power projects, the EPC division is well positioned for building large power projects. We expect RInfra's turnover from the segment to stay buoyant for the coming 12 months horizon, larger part of which is expected to be driven by the 6 x 660 MW Sasan Ultra Mega Power Project and 2,400 MW Samalkot Combined Cycle Power Plant.

EPC order book at a glance

POWER PROJECTS	ROAD PROJECTS
<ul style="list-style-type: none"> 3960 MW Sasan UMPP 	<ul style="list-style-type: none"> Gurgaon Faridabad Toll Road
<ul style="list-style-type: none"> 600 MW Butibori Thermal power project 	<ul style="list-style-type: none"> Jaipur Reengus Toll Road
<ul style="list-style-type: none"> 2400 MW Samalkot power project 	<ul style="list-style-type: none"> Pune Satara Toll Road
<ul style="list-style-type: none"> Western Region Strengthening System project 	<ul style="list-style-type: none"> Kandla Mundra Toll Road

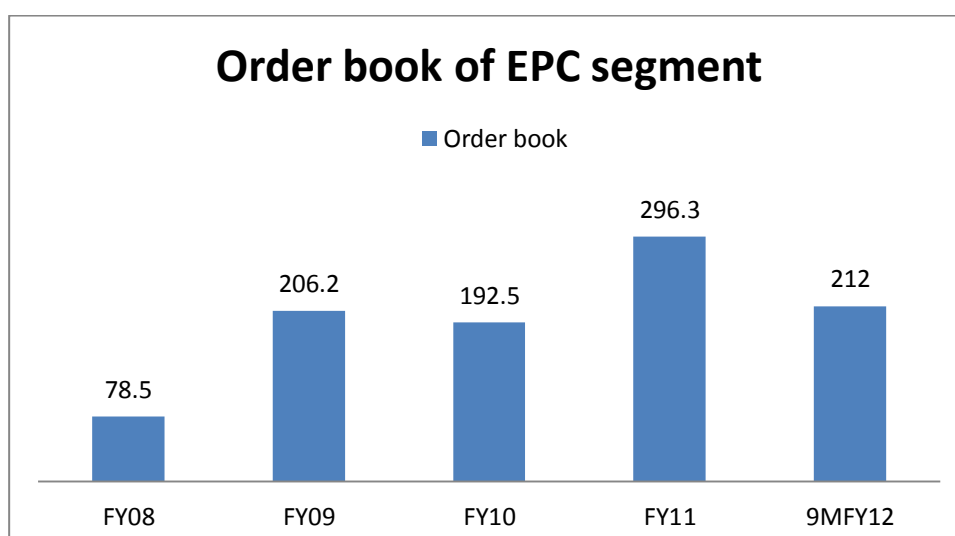


Table 1: RInfra's Power transmission projects-At a glance

Projects	Project cost('billion)	Project Status
Western Region Strengthening Scheme (WRSS) SPV	13.8	<ul style="list-style-type: none"> • First 100% privately owned transmission line commissioned in India. • More than half of the lines commissioned in Maharashtra & Gujarat • Project to be commissioned in 2012
Parbati Koldam SPV	10.7	<ul style="list-style-type: none"> • Signed financing agreement with PFC & REC for debt amount of Rs 7.7 bn. • Obtained approval from MOP for commencement of work. • Construction activities started at project site.
Mumbai Strengthening System	18.0	<ul style="list-style-type: none"> • License renewed for next 25 yrs. i.e. till 2036. • All major equipment orders such as GIS, Transformers, Cables placed. • Registered all time high availability of 99.8% v/s regulatory target of 98%. • 6 EHV stations operational till date.
North Karanpura (UMTP) SPV	15.5	<ul style="list-style-type: none"> • Acquisition process completed • Applied for force majeure.
Talcher II (UMTP) SPV	8.2	<ul style="list-style-type: none"> • Acquisition process completed • Applied for force majeure.
Total	66.2	

Largest Private Sector Player in Metro Segment

RInfra is the largest private player in metro rail sector of India, which has implemented three metro rail projects, two in Mumbai and one in Delhi on a build, own and transfer basis, worth around `170 billion. RInfra's metro link that connects New Delhi railway station to the International Airport and with further connection to Dwarka, which was constructed at a record time of 27 months from the date of signing of Concession Agreement with Delhi Metro Rail Corporation Limited (DMRC), completed its first full year of operation

- The link has witnessed a significant rise in the daily commuters from 4,000 in February 2011 to 20,000 by March 2012. RInfra intends to increase the ridership to 50, 000 passengers per day by the end of FY13E.
- The division runs trains for 18 hours a day at a frequency of 12 mins during peak hours

and 15 mins for remaining day. It intends increase the frequency of trains in the Airport express link to 10 mins and thereby enhances ridership to around 100,000 by FY15-16E.

- RInfra's metro unit has around 120,000 square feet of retail area in two stations of New Delhi and Connaught Place, out of which 30,000 has got leased out to the prime retailers like WH Smith, KFC Cafe Coffee Day, Samsonite etc. The company expects to lease the remaining space by the third quarter of FY13E.
- Besides, the advertising properties at its stations both inside and outside the train have also got huge demand and top retailers like Pepsi, Volkswagen, and McDonald have all shown great interest and are taking up these properties.
- RInfra, in association with Mumbai Metropolitan Region Development Authority (MMRDA) is also working to build the metro connectivity in Mumbai to give the much needed east to west connectivity to about 6 lakh commuters in the city through the implementation of Versova-Andheri-Ghatkopar (VAG) Corridor Mass Rapid Transit System (MRTS) project. With all approvals in hand, the company has completed around 90% of the civil work of the Mumbai Metro Line I and has also received a funding of `4 billion from MMRDA for the timely commissioning of the project, scheduled on 2012. Meanwhile, for Mumbai Metro Line II, the company has completed the Topographical Survey of the alignment. The company has also qualified for Jaipur Metro Rail project Phase-I, along with other three bidders

CRITICAL ASSESSMENT AND EVALUATION OF THE ORGANIZATION (SWOT ANALYSIS)

Strengths:

Leadership

- Enormous amount of civic pride
- One of the most successful Private Power Utility in the Country
- Responsive Governance (Across the Board: Cooperation across management).
- Maintains good relation with high profile people in the country.

Infrastructure

- High Capital sustenance.
- Sound and state of the art Physical Infrastructure.

Human Recourse

- Human resource is among the best in the industry.
- Numerous Training Courses for the employees

Others

- Long experience in creation of world class assets at competitive schedules and costs.
- Transparent Management System

Weaknesses:

Human Recourse

- High employee turnover.

Sharing Information

- Still some departments work in isolation.

Financial

- Increase in debt to cover operating expenses.
- Decrease in number of full paying client.

Opportunities:

Economic Opportunities

- To compete economically with anybody in the country as well as in the world.

- Optimizing size and strong enough base of wealth for quality of life.
- Competitive advantage and bringing money into our county.
- Take advantage of technological revolution

Others

- Ultra Mega Power Projects.
- Mergers and acquisitions.
- Open access implementation.
- Parallel distribution for distribution companies.
- Opportunity of power trading.

Threats:

Non Sustainable Energy

- Escalating Energy and fuel costs.

Labour

- Inability to plan to manage growth: Erosion of high tech highly skilled labour force.
- Deteriorating work ethic.
- High competition from other companies.
- Change in Govt. policies.

SUGGESTION AND RECOMMENDATION TO THE ORGANIZATION

The Employee turnover is quite high. Many productive man hours are wasted in order to get the new employee get accustomed to the working environment of the organization. The company can look at the root cause of this issue and try to reduce their employee turnover. No doubt that retaining the talent is not an easy task for the private companies but a little appreciation and remuneration can really boost the morale of the employees. With the rapid change in the business environment and to keep its position in the sector, Reliance Infrastructure Limited should focus on these key success factors: -

- Organizational efficiency improvements through cost reductions.
- Wrestling growth opportunities in power sector business and.

- Organizational transformation for meeting the challenges due to changed environment.

1.11 COMPETITORS

Though there are many power generation companies in India but some major competitors of Reliance Infrastructure in power generation sector are:

- ESSAR Power ltd
- Kirloskar Electric Company
- National Thermal Power Corp (NTPC)
- Tata Power
- Jaiprakash Hydro Power ltd

Some major players in power transmission sector in India are:

- GMR Group
- KPTCL
- PCI Limited

Some major players in power distribution sector are:

- Brihanmumbai electricity supply & transport
- Calcutta electricity supply corporation
- Damodar valley corporation
- Karnataka power corporation ltd
- National thermal power corporation
- Torrent power

Some major players in Infrastructure sector are:

- L&T Ltd
- Punj Lloyd

- LANCO INDIA
- GMR Infrastructure
- Maytas Infra Limited
- Patel Engineering

HR POLICIES

The liberalization of the power sector in India has paved way for new business opportunities. It has also redefined the nature of the power business.

Envisioning future and to make the power sector credit worthy and capable of funding future investment needs, these reforms have opened arenas for new technologies.

In this new environment of opportunities, RIL with its competitive edge of resources is playing a key role in the transformation process and aims to emerge as a world class power utility offering uninterrupted, affordable, quality, products and services to all customers at competitive costs, with international standards of customer care - thereby creating superior value for all stakeholders.

To achieve this vision we at RIL believe that investment in people and their potential is one of the greatest investments we can make. For this, we are constantly in search of talent that can perform excellently with determination and win.

Our HR systems and policies are thereby designed to unleash the latent capability of our people by fostering a continuous learning and performance based culture where our people have the opportunity to grow and succeed and realize their true potential while delivering high quality services.

To achieve these objectives our HR Policy is pivotal and aims to:

- # Achieve organizational and business goals with firm belief that "***Our Employees are our Future***".
- # Have *empowered and accountable employees* to take decisions in response to emerging challenges and opportunities in a competitive environment.
- # Endeavour to make our employees "***The Best***" with an urge for and commitment to excellence.

In the past one year, HR team has recruited 862 employees, making this organization a strong group of 1527 high calibre, multifunctional professionals with an average age of 31 years.

Many initiatives taken by ESG/SAP team are:

- **Mentoring:** The in-house mentoring initiative named “Sankalp-2009”
- **RIPE:** A major initiative named RIPE has been rolled out to capture functional competencies and skill matrix of all employees.
- **Employee service automation:** The entire gamut of employee services was automated by linking it with SAP. The bio-metric attendance system was brought online and linked with payroll.
- **Employee database maintenance through SAP:** SAP modules have been implemented for Organisation Management, Personnel Administration, Pay roll and leave and attendance management.

**LITERATURE REVIEW, RESEARCH METHODOLOGY & RELEVANCE OF
THE PROJECT**

2.1 LITERATURE REVIEW

- ***Strategies for improving working capital management* by Dorothy Rule, Director and Global Head of Liquidity and Investments, Citigroup Global Transaction Services:** The article explains the importance of information integration and the need for liquidity management. It also discusses contrasting approaches to maximising liquidity like concentrating funds worldwide, Asian subsidiaries funding each other and global treasury or moving excess balances directly to global treasury.
- ***Trends in Working Capital Management and its Impact on Firms' performance* by Kesseven Padachi:** The paper examines the trend in working capital needs and profitability of firms to identify the causes for any significant differences between the industries. The dependent variable, return on total assets is used as a measure of profitability and the relation between working capital management and corporate profitability is investigated for a sample of 58 small manufacturing firm.
- ***Liberating cash- Reducing working capital levels* by Laura Greenberg:** The paper discusses that well-capitalized companies are positioned not only to survive the financial crisis today, but also to emerge victorious and thrive when skies turn blue again. Establishing and adhering to tight working capital standards enables a firm to continue its operations with sufficient funds to both satisfy maturing short-term debt and meet upcoming operational expenses.
- ***Best practices for treasury and working capital management:*** The PricewaterhouseCoopers' Global Best Practices team researches and writes about leading business practices in today's global marketplace. Best practices are the means by which leading companies have achieved top performance, and they serve as goals for other companies striving for excellence. Best practices are not the definitive answer to a business problem but should serve as a source of creative insight for business process improvement.

- ***The new liquidity paradigm: Focus on working capital:*** The article focuses on the efforts of corporate treasurers to improve working capital management in line with the emergence of the new liquidity paradigm brought about by the recent economic crisis. It outlines some of the common misperceptions about working capital optimization initiatives. It presents the findings of an in-depth analysis of working capital-intensive industries conducted by Citi's Financial Strategy Group. It discusses the components of working capital such as procure to pay and order to cash.

- ***KPMG report: Working capital management***
This report tells us how companies in Europe manage their Working capital. It also tells us about the relevance of Working capital management for a firm.

2.2 RESEARCH METHODOLOGY

The previous chapter discussed the objectives of this study and in this chapter I will discuss about the research methodology which is followed to carry out this project i.e. the universe, locale of our study, Sample selection, Data Collection, data analysis and field experience.

As in organizations like RIL, working capital constitute a major portion of its resources, a thorough study of its working capital management has been done broadly covering: Receivables Management, Cash Management, and Inventory Management.

Universe of study: The universe of the study is power sector.

Locale of study: Locale of study is Reliance infrastructure ltd EPC division which mainly deals in power sector projects.

Data collection:

- The secondary data used is collected from the articles on WCM published in magazines and from the various papers by Ernst and Young and Price WaterHouse Coopers.
- The secondary data is collected from the employees working in RIL's finance department. An Interview was conducted with number of people working in Finance Department particularly in Accounts and tax department.
- Visits were also done to accounts department of another office to get details on required documents.

Analysis of Data

The study is qualitative in nature and not much primary data is there. So no analytical tools have been used in the preparation. The report has been prepared after doing a qualitative analysis of the data collected. Some bar charts, graphs and pie charts are used to make the data more understandable to the reader.

Field Experience

The research was a positive and enriching experience as it provided useful insights about the current practices in working capital management and the process through which it is handled in the real world. Besides this, there was immense learning about other facets of the organization and corporate world as a whole.

Limitations

The study and analysis is based on the figures available in the annual report of the organization and quarterly results published by the company. Only some figures which are used by different departments will be made available as they are confidential and cannot be provided by the organization. The availability of time was limited for the analysis of the huge power project.

2.3 RELEVANCE OF THE PROJECT

The working capital management is crucial for some industries as the capital required/blocked is different in each case. When a company has too little working capital, it can face financial difficulties and may even be forced toward bankruptcy. This is true of both very small companies and billion-dollar organizations. A company with this problem may pay creditors late or even skip payments. It may borrow money in an attempt to remain afloat. If late payments have affected the company's credit rating, it may have difficulty obtaining a loan at an affordable interest rate.

In some types of businesses, it isn't as much of a problem to have a lower amount of working capital. Companies that are operated on a cash basis, have fast inventory turnovers, and can generate cash quickly don't necessarily need as much working capital. For example, a grocery store might meet these requirements and do well with less working capital.

RIL being a working capital intensive company requires knowing the effect of its current methods. The company made a team to study the working capital management and to conduct a financial analysis of RIL. And in the process we also determine creditworthiness of the company as well as study its position with respect to its competitors.

WORKING CAPITAL MANAGEMENT

3.1 INTRODUCTION TO WORKING CAPITAL MANAGEMENT

Working Capital Management is a significant fact of financial management due to the fact that it plays a pivotal role in keeping the wheels of a business enterprise running. Working capital management is concerned with short term financial decisions that have been relatively neglected in the literature of finance. The ‘non-ideal’ production technology and imperfect market and distribution systems are responsible for the generation of current assets which block the funds of an enterprise. Working capital is needed to release such blockage of funds.

3.1.1 Meaning of working capital

The concept of working capital is, perhaps, one of the most misunderstood issues in the literature of finance. The reason is that it is subject to multiple connotations. Some define it as excess of current assets over current liabilities. These net concepts are based on ‘gone concern’ approach. A ‘going concern’ approach takes a total view of the business and considers gross current assets as the gross working capital requirement of a business, and management of working capital as management of current assets and current liabilities to ensure dynamic stability between generation of current assets and their funding operations.

Gross working capital:-

It refers to the firm’s investment in current assets. The sum of total current assets is called gross working capital. Current assets are the assets, which can be converted into cash within a one accounting year or operating cycle, & include cash short-term securities, debtors, receivable, & stock.

Net working capital:-

It is the difference between the current assets & current liabilities. Current liabilities are those claim of outside which are expected to mature for payment within one accounting year. Net working capital is positive & negatives both. If a current asset is more than current liabilities, it will call positive net working capital & Current liabilities is more than current assets, it will call negative working capital.

3.1.2 Scope of working capital:

- Maintain the adequate level of working capital, always to meet the rising turnover, this way peak needs can be taken care of.

- Sufficient liquidity to meet short-term obligation & when they arise also to avail market opportunities like purchase of raw material at low prices or at attractive discount.
- Proper interdepartmental co-ordination to minimize working capital investment. I.e. co-ordination between the marketing department & production department.
- Selection of appropriate sources of working capital viz trades credit, bank finance, or other short-term finance as well as long term finance.
- It becomes easy to avail finance for the working capital if the firm banker relationship are good and built on strong good faith.

For the purposes of optimizing working capital, the most important factors are:

- Accounts receivables management
- Inventory management
- Liquidity and Cash management
- Accounts payable management

3.1.3 Receivable Management

Trade credit arises when a firm sells its product or services on credit and does not receive cash immediately. It is an essential marketing tool, acting as a bridge for the movement of goods through production and distribution stages of customers. A firm grants trade credit:

- To protect its sales from the competitors and,
- To attract the potential customers to buy its product at favourable terms.

Trade credit creates account receivable. The customers from whom receivables or book debt have to be collected in near future are called as trade debtors or simply as debtors and represent the firm's claim or asset. The credit sales have three characteristics:-

It involves an element of risk that should be carefully analyzed

- Credit sales is based on economic value
- The buyer will make the cash payment for good or services received by him in a future period

Debtors constitute a substantial portion of current assets of several firms. Trade debtors are the major part of current assets. The interval between the date of sale and the payment has to be financed out from working capital of an organization. This necessitates the firm to get funds from banks or other sources. Thus, trade debtors represent investment. If substantial amounts are tied-up in trade debtors; it needs careful analysis and proper management.

3.1.4 Inventory Management

“Inventory refers to the stockpile of the products a firm is offering for the sale and the components that make up the product”.

In other words, inventory management is a process of maintaining the raw materials when entered in the company till it is converted into finished goods.

The importance of keeping the right level of inventory lies in the fact that a maximum proportion of working capital remains blocked in the inventory until it is completely sold off and debtors realized.

Objectives:

- To minimize investments in inventory
- To meet a demand for the product by efficiently organizing the production and sales operations

Thus the objective of the inventory management is to maintain an optimum level of inventory at right place with minimum of cost to avoid a stock out option.

- Maintaining optimum level of inventory also has other benefits like:
- Meeting the market demand when it arises
- Meeting the unexpected demand when it arises
- Handling seasonal or cyclical fluctuations
- Customer satisfaction
- Minimizing cost of sales so that affordability of sales remains

Cost of holding inventory:

- Those cost that arise due to storing of inventory (Carrying Cost)
- The opportunity cost of fund

Benefits of holding inventory:

There are various benefits of holding inventory-

- Benefits in Purchasing
- Benefits in Production
- Benefits in Work in Process
- Benefits in Sales

Inventory includes all types of stocks. For effective working capital management, inventory needs to be managed effectively. The level of inventory should be such that the total cost of ordering and holding inventory is the least. Simultaneously, stock out costs should also be minimized. Business, therefore, should fix the minimum safety stock level, re-order level and ordering quantity so that the inventory cost is reduced and its management becomes efficient.

The basic responsibility of the finance manager is to make sure the firm's cash flows are managed efficiently. Efficient management of inventory should ultimately result in the maximization of the owner's wealth. In order to minimize cash requirements, inventory should be turned over as quickly as possible, avoiding stock-outs that might result in closing down the production line or lead to loss of sales.

3.1.5 Liquidity and Cash Management

Cash is the lifeline of an organization. A sustained growth of an organization depends on the cash ability of the profit, not the profit per se as reflected in the income statement. The rising profit curve of an organization may mislead managers into high rates of growth, which are unsustainable due to the actual cash position of the company. This leads to continuous erosion of liquidity and may even make a company sick.

There has not been much of cash management in Indian enterprises due to easy availability of working capital finance from banks. However, recently, cash management as a discipline is emerging in the country.

Three main activities contribute to the cash flow:

- Operating activities cover cash flows relating to all revenue generating activities of the organisation.
- Investing activities cover cash flows arising from investments.
- Financing activities cover cash flows arising out of all capital and debt issues of the organisation.

3.1.6 Need of WCM

Historically, infrastructure companies have managed with very little capital.

The economics of this sector are interesting. It is not capital intensive, but working capital intensive. It does not need huge capital expenditure to set up manufacturing plants, etc., but it needs a lot of free cash to keep the projects going. In this business, one could implement a Rs 1,000-crore project with a net worth of only Rs 25 crore. Approximately 15-20 per cent of the billing value of a project is locked up as working capital.

To implement orders worth Rs 5,000 crore, the cos. need at least Rs 1,000 crore in working capital. While working capital can be funded through borrowings, they still need a substantial net worth against which they can borrow.

The size of projects a company can bid for is determined by its net worth, among other things. This urgent need for net worth has forced companies to take some rather peculiar decisions. In December 2004, Gammon India raised about Rs 140 crore through a preferential allotment of shares to foreign institutional investors (FIIs). In normal course, this Rs 140 crore could be added to its net worth only when accounts were finalized after 31 March 2005 (its financial year-end). But Gammon was bidding for a few big projects and it needed to increase its net worth. So, it closed its financial year in December 2004, drafted a balance sheet with the higher net worth and managed to qualify for the bid!

Similarly, when Nagarjuna Construction raised \$105 million, it kept off the FCCB (foreign currently convertible bond) route and opted for a GDR (global depositary receipt) issue instead. Now, FCCBs are corporate India's most popular fund raising instruments. A big chunk of capital raised by Indian industry recently has come through this route. So,

Nagarjuna's choice of a GDR issue puzzled many. The reason, though, was not far to seek. FCCBs are treated as debt on the balance sheet till converted into shares. So, they do not add to the net worth immediately. But GDR issues do.

Most of the time, the cash generated from operations is eaten up by working capital needs, leaving little or no free cash. As a result of the capital-intensive, negative free cash nature of the construction business, there is constant pressure to raise capital. What adds to the misery is that these companies don't earn much on capital, hence the sustainable growth rate is low. This magnifies the need for additional capital on a near-permanent basis," observes a recent report by First Global.

FINDINGS OF THE PROJECT & COMPARITIVE ANALYSIS

4.1 FINDINGS OF THE PROJECT

In order to determine the performance of reliance infrastructure on the front of working capital management, we have accumulated data for the last five years and tried to analyze the going of reliance infra on various fronts of working capital. In this way, we'll be able to better understand the nature of change (if any) in the working capital situation of the organisation.

So first we'll look at various working capital ratios for the past five years and examine the findings.

4.1.1 WORKING CAPITAL RATIO

The difference between current assets and current liabilities excluding short term bank borrowing is called net working capital (NWC). Net Working Capital is sometimes used as a measure of a firm's liquidity.

$$\text{Net Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

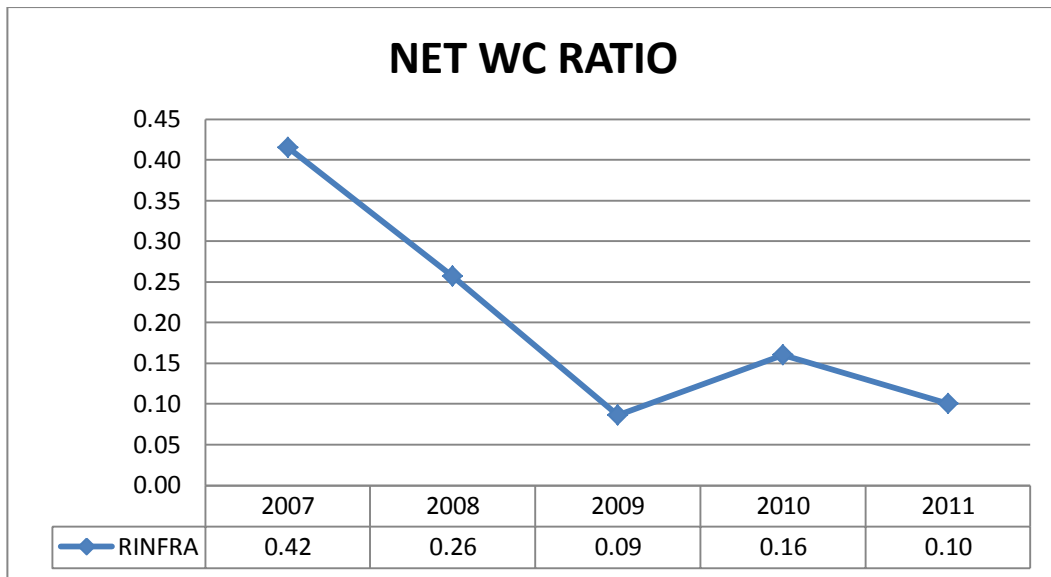
$$\text{Net Working Capital Ratio} = \frac{\text{Net Working Capital}}{\text{Net Assets}}$$

Net working capital measures the firm's potential reservoir of funds.

Analysis:

As it is shown in the graph, the following observations can be made:

- A company having a higher NWC ratio has a greater ability to meet its current obligations. From a conservative position of 2007 where the ratio was as high as 0.42, it has now settled at 0.10 which is slightly on the lower side. As this ratio represents a firm's potential reservoir of funds, a declining trend should be taken seriously and appropriate remedial measures need to be taken so as to avert a more troubled situation.



4.1.2 CURRENT RATIO

Current ratio is calculated by dividing current assets by current liabilities:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Current assets include cash and those assets that can be converted into cash within a year, such as marketable securities, debtors, inventories, loans and advances. All the obligations maturing within a year are included in current liabilities.

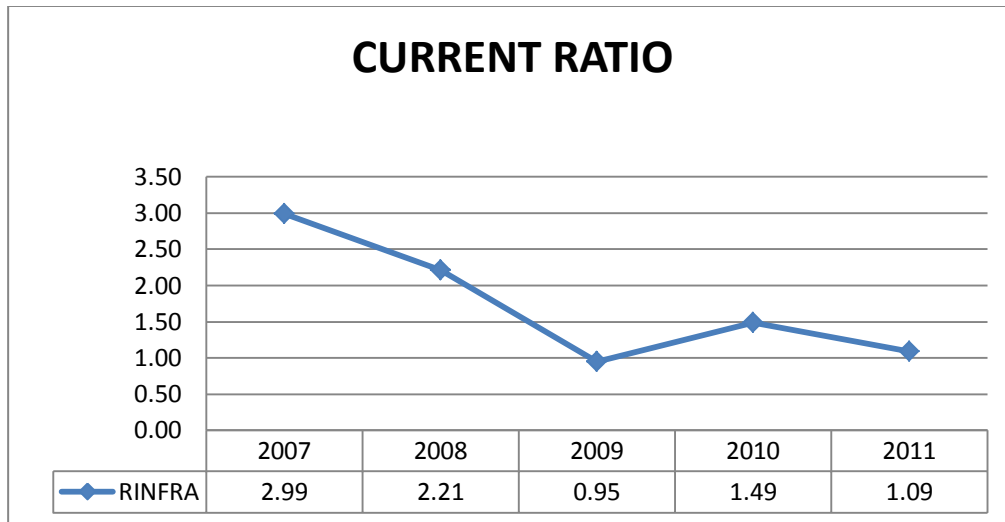
Current liabilities include creditors, bills payable, accrued expenses, short term bank loan, income tax liability and long-term debt maturing in the current year.

Significance

- It indicates the availability of current assets in rupees for every one rupee of current liability. A ratio of greater than one means that the firm has more current assets than current claims against them. In India, the conventional rule is to have a ratio of 1.33(internationally it is 2).

- The current ratio represents the margin of safety for the creditors. The higher the current ratio, the greater the margin of safety; the larger the amount of current assets in relation to current liabilities, the more the firm's ability to meet its current obligations.

Analysis



For the year 2007, Reliance Infra had a current ratio of 2.99 which got offset during the subsequent years reaching as low as 0.95 in 2009. The situation got better in 2010 with a ratio of 1.49 but again it has become critical with a ratio of 1.09 at the end of FY 11. A company with a falling current ratio needs to take strict actions otherwise in longer run, the firm can find themselves in a difficult situation to clear their current liabilities.

4.1.3 ACID RATIO TEST (Liquid/Quick Ratio)

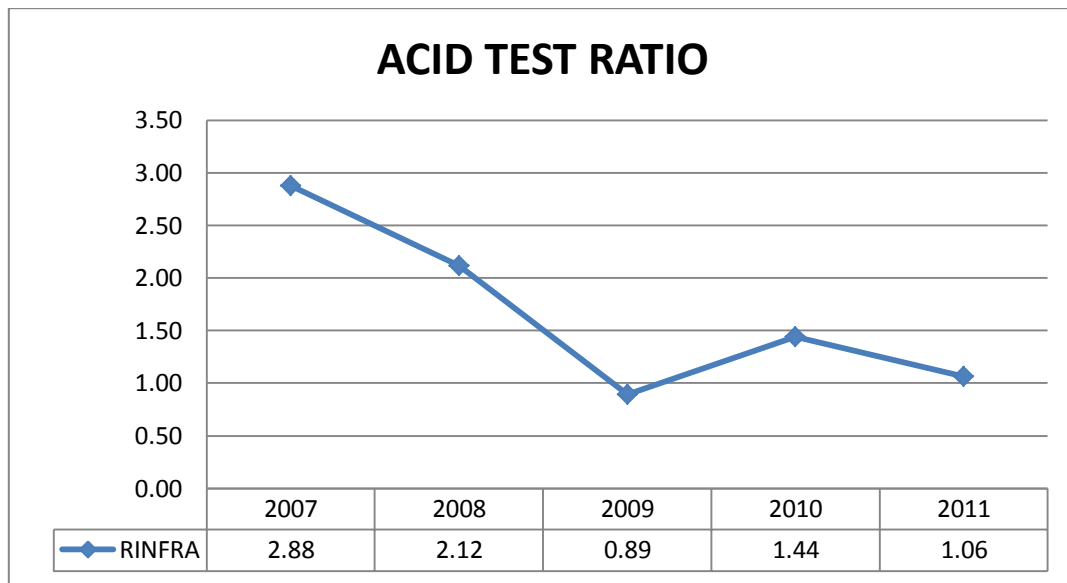
This ratio establishes the relationship between quick or liquid assets and current liabilities.

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

An asset is liquid if it can be converted into cash immediately without a loss of value. e.g. Cash, Debtors, Bills receivable and marketable securities. Inventories are considered to be less liquid as it requires time for realizing into cash, their value also has tendency to fluctuate.

Significance

Generally a quick ratio of 1:1 is considered to represent a satisfactory current financial condition. This test is more significant as compare to current ratio to fulfill the firm's obligations.

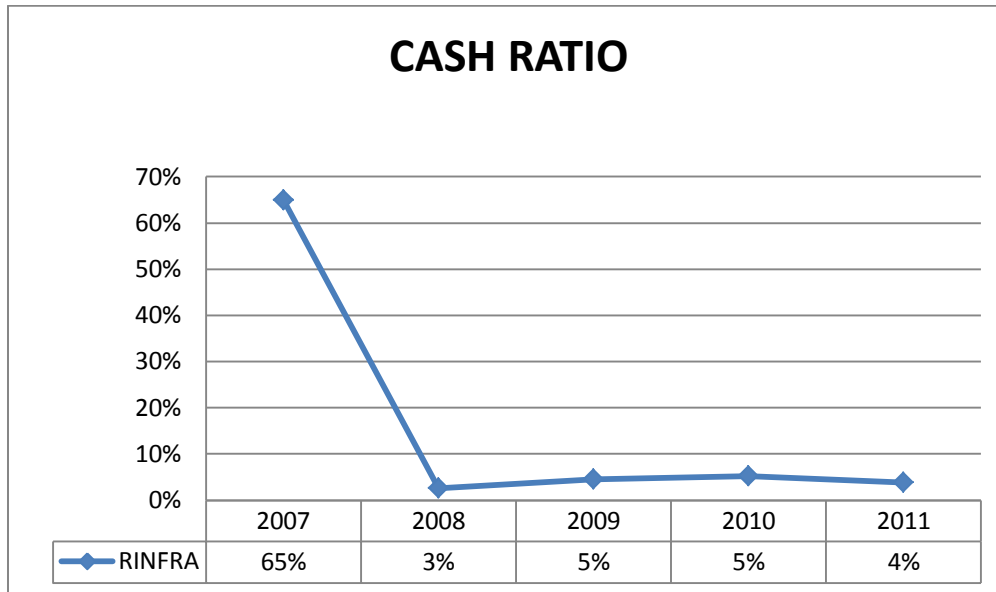


Reliance Infra has a quick ratio of 1.06 at the end of FY11 which is consistent with the current ratio for the same year. Generally a quick ratio of 1:1 is considered to represent a satisfactory current financial situation, but it does not imply a sound financial position. It should be kept in mind that all debtors may not be liquid, and cash may be immediately needed to pay operating expenses. Thus a company with a high value of quick ratio can suffer from shortage of funds if it has slow paying, doubtful and long duration outstanding debtors. On other hand, a company with a low value of quick ratio may really be operating with prosperity and paying its obligations in time if it has been turning over its inventories efficiently.

4.1.4 CASH RATIO

It shows the relationship between absolute liquid or super quick current assets and liabilities. Absolute liquid assets include cash, bank balances, and marketable securities. Since cash is the most liquid asset, a financial analyst may examine cash ratio and its equivalent to current liabilities. Trade investments or marketable securities are equivalent of cash; therefore, they may be included in the computation of cash ratio.

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Marketable securities}}{\text{Current liabilities}}$$



- 1) The situation of 2007 is never recommended to have that much cash sitting idle with the company. In the subsequent years the company has put the cash up to use by investing it in different projects thus maintaining a cash ratio of 4-5%.

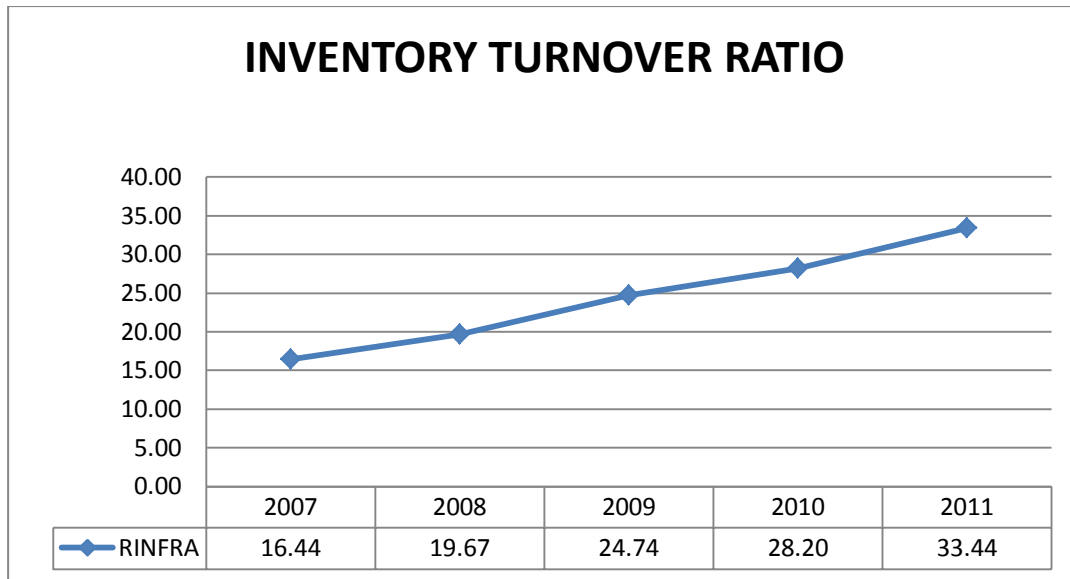
- 2) There is nothing to be worried about the lack of cash if the company has reserve borrowing power. In India, firms have credit limits sanctioned from banks, and can easily draw cash.

4.1.5 INVENTORY TURNOVER RATIO

Inventory turnover is calculated by dividing the cost of goods sold by the average inventory. This ratio indicates the efficiency of the firm in producing and selling its product, by indicating the number of times the inventory has been converted into sales during the period.

$$\text{Average Inventory} = \frac{\text{Inventory at beginning of a year} + \text{Inventory at end of the year}}{2}$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Good Sold}}{\text{Average Inventory}}$$



1. This ratio indicates the efficiency of the firm with which it manages and utilises its assets, the speed with which the assets are converted into sales. As is evident from the graph, RInfra has managed to outperform its previous year performances consistently.
2. This comes out as a good sign of the efficiency of the management in converting its assets into sales. The ratio also implies continuous improvement in the operations of the company.

4.1.6 DEBTOR'S TURNOVER

A Firm sells goods for cash and credit. Credit is used as a marketing tool by a no. of companies. When the firm extends credits to its customers, **debtors** (accounts receivables) are created. Debtors are convertible into cash over a short period of time, therefore included in the current assets.

Debtor's turnover is found by dividing credit sales by average debtors. Average debtors are nothing but the average of the opening and closing balances of debtors.

Average Debtors

$$= \frac{\text{Debtors at the beginning of the year} + \text{Debtors at the end of the year}}{2}$$

$$\text{Debtors Turnover} = \frac{\text{Net Sales}}{\text{Average Debtors}}$$

Net credit sales consist of gross credit sales minus sales return.

When the information about credit sales, opening and closing balances of trade debtors is not available then the ratio can be calculated by dividing total sales by closing balances of trade debtors.

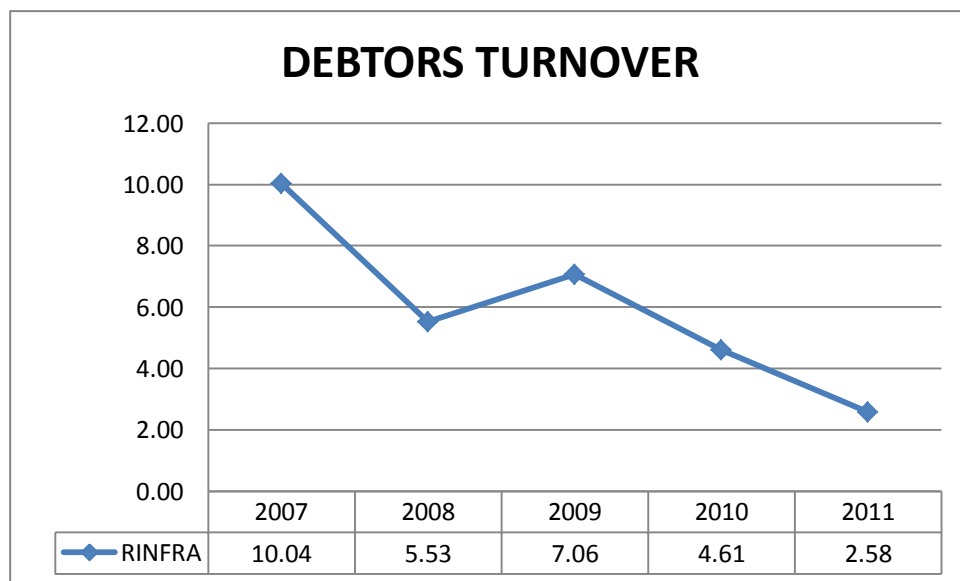
$$\text{Debtors turnover ratio} = \frac{\text{Total Sales}}{\text{Trade Debtors}}$$

Significance:

Debtors Turnover indicates the number of times debtors turnover each year. Generally, the higher the value of debtors turnover, the more efficient the management of the company.

Analysis:

- 1) As stated earlier, the higher the value of debtors turnover, the more efficient the management of the company. But as it is evident from the graph that the ratio is dipping with each successive year, it serves as a sign of caution for the management to look after.
- 2) Also, this ratio must be seen in conjunction with the creditors' turnover ratio. Being a capital intensive company, it is still considered if your debtors' turnover is fairly good in comparison with creditors' turnover. But nonetheless the management should keep a vigil eye.



4.1.7 CREDITORS TURNOVER

Creditors' turnover ratio indicates the number of times sundry creditors have been paid during a year. It is calculated to judge the requirements of cash for paying sundry creditors. It is calculated by dividing the net credit purchases by average creditors.

$$\text{Creditors turnover} = \frac{\text{Trade credit Purchases}}{\text{Average creditors}}$$

$$\text{Average creditors} = \frac{\text{Opening balance of creditors} + \text{Closing balance of creditors}}{2}$$

Net credit purchases consist of gross credit purchases minus purchase return.

When the information about credit purchases, opening and closing balances of trade creditors is not available then the ratio is calculated by dividing total purchases by the closing balance of trade creditors.

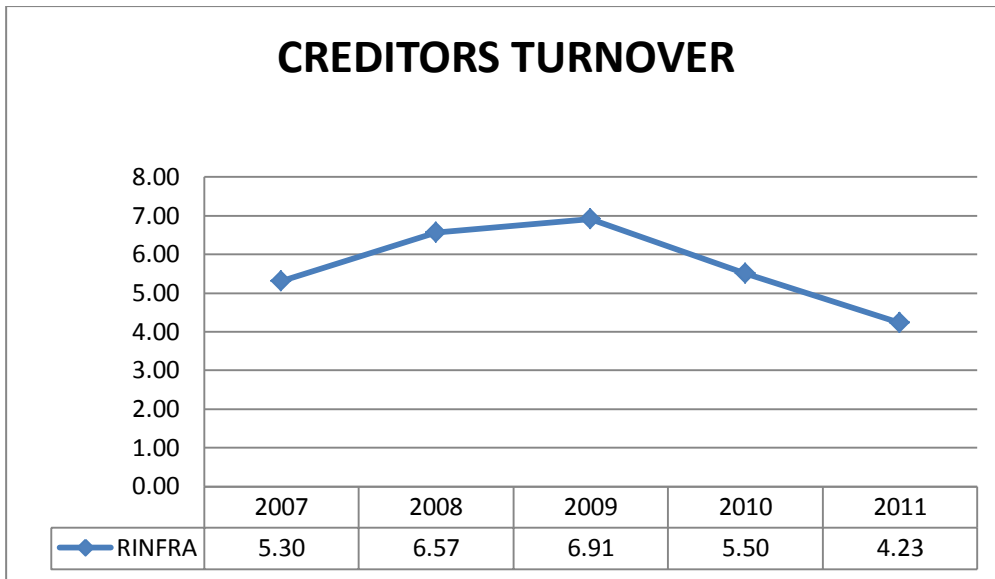
$$\text{Creditor Turnover Ratio} = \frac{\text{Total purchases}}{\text{Total Trade Creditors}}$$

Significance:

A high creditor's turnover ratio or a lower credit period ratio signifies that the creditors are being paid promptly. This situation enhances the credit worthiness of the company. However a very favorable ratio to this effect also shows that the business is not taking the full advantage of the credit facilities allowed by the creditors. We can interpret this ratio in exactly the same way as the debtors' turnover ratio.

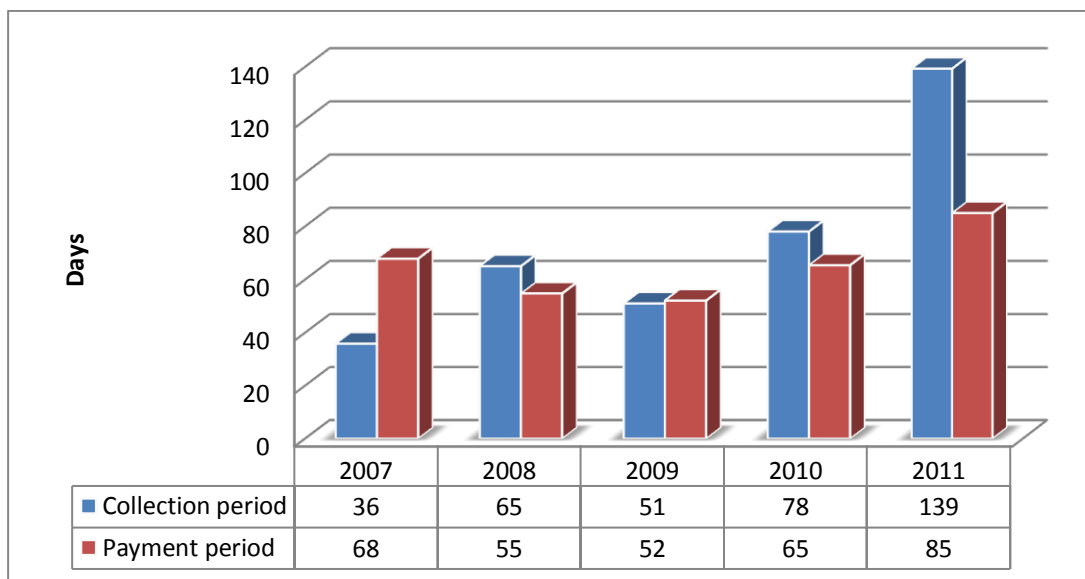
Analysis:

As is evident, the company has tried to maintain a moderate creditor's ratio so as to avail the full advantage of the credit facility as well as to maintain its rapport with its creditors. The ratio at the end of FY11 stands at 4.23 as compared to the debtors' turnover ratio of 2.58 in the same financial year.



COMPARISON OF THE COLLECTION AND PAYMENT PERIOD

A comparison is made between the collection period and the payment period which can help us to better understand the credit policy being followed at Reliance Infra.



The comparison shows the divergence between the no. of days taken by RInfra to pay its creditors and receive payment from its debtors. During the last two years, the collection period has exceeded the payment period which is not an encouraging sign. As its debtors are taking more time to pay their debts while the credit period is almost half, it proves to be a great threat to the current assets of the company.

4.1.8 CURRENT ASSETS TO TOTAL ASSETS RATIO

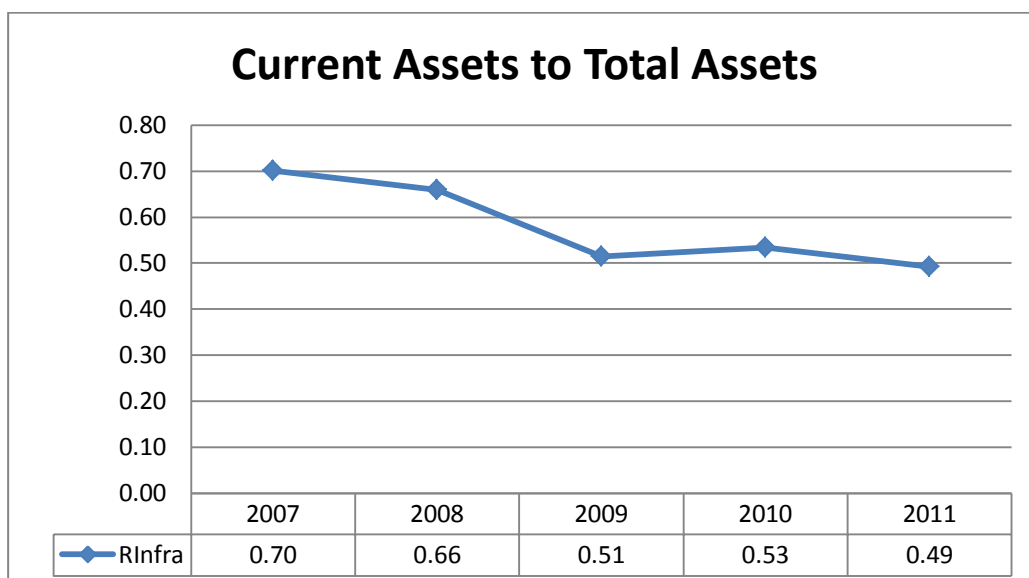
This ratio depicts the relationship between the current assets and the total assets. The total assets of a company comprises of both net fixed assets and current assets.

$$\text{Total Assets} = \text{Net fixed Assets} + \text{Current Assets}$$

Significance:

As the working capital management of a company depends upon its current assets, it is of great significance to know how much of the total assets are current. The level of current assets helps us to keep our business afloat

Analysis:



- 1) RInfra during the last five years has managed to keep a pretty healthy current assets ratio with an average of 50%. For an infrastructure company such levels of current assets help to carry on daily operations without any difficulty and projects completed without such glitches also results in huge cost savings thus ultimately resulting in higher profits.

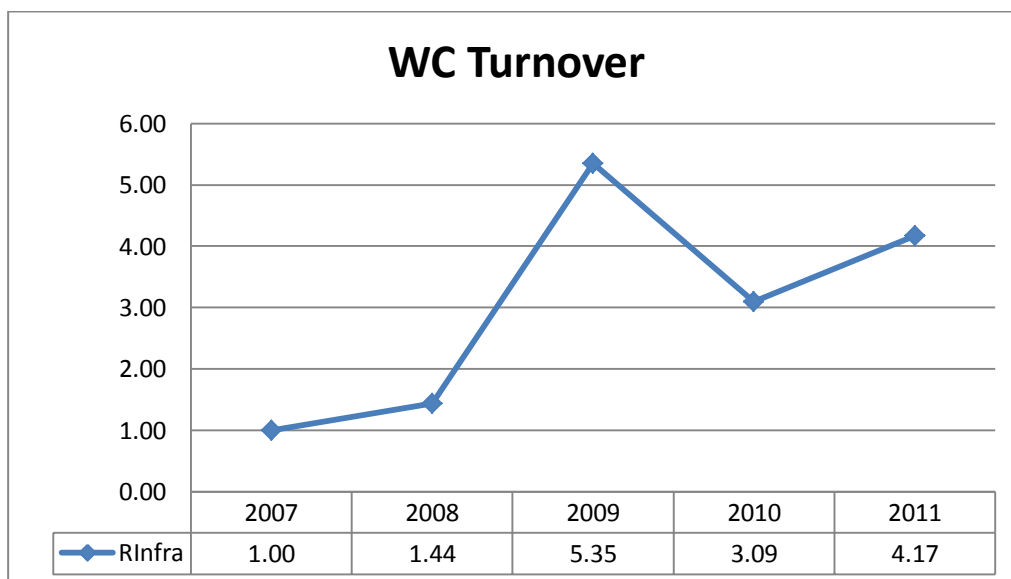
- 2) A high ratio also guarantees that the company would never default on its current obligations thus maintaining a steady relationship with its suppliers.

4.1.9 WORKING CAPITAL TURNOVER RATIO

It shows the relationship between the working capital and sales.

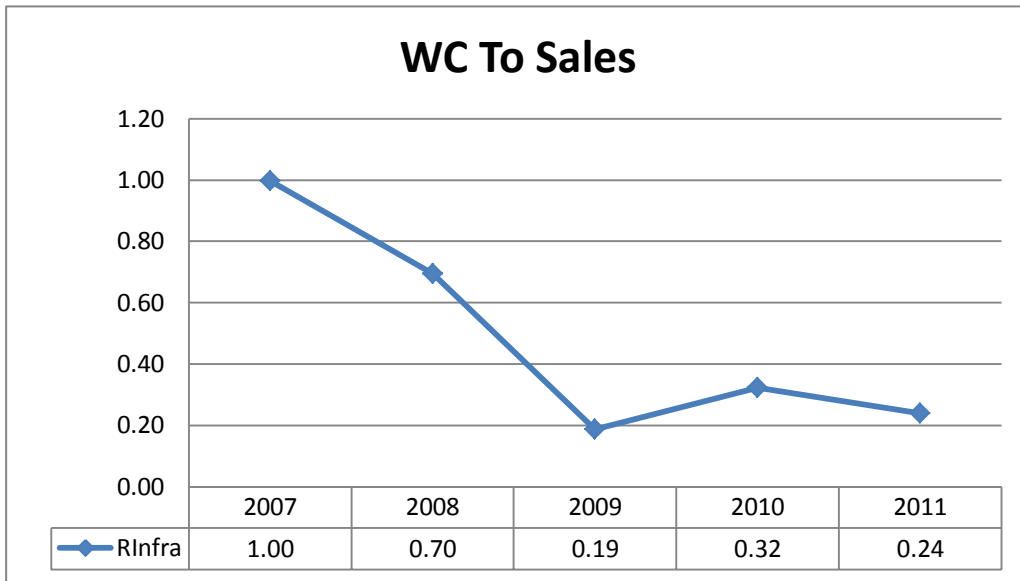
$$\text{Working Capital Turnover} = \frac{\text{Sales}}{\text{Working Capital}}$$

Analysis



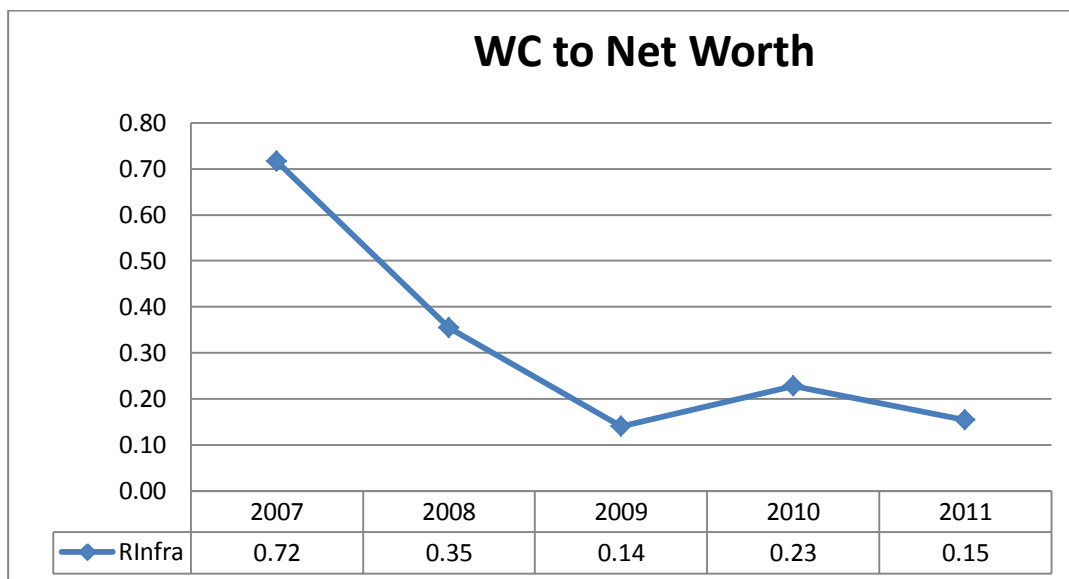
The firm should maintain a steady working capital position. It should have adequate working capital to run its business operations. Both excessive and inadequate working capital positions are dangerous from a firm's point of view excessive working capital means holding costs and idle funds which earns no profits for the firms. Paucity of working capital not only impairs firm's profitability but also results in production inefficiencies and interruptions and also sales disruptions

4.1.10 WC TO SALES:



From the above two graphs, the relationship between working capital and net sales is depicted. If we look at the results of the second graph, for FY 11 the ratio of WC to sales is 0.24 i.e. for one rupee of sales, the company needs Rs 0.24 of net current assets (working capital). This gap will be met from bank borrowings and long term sources of funds.

4.1.11 WORKING CAPITAL TO NET WORTH RATIO



Similar to the previous ratio, WC to Net Worth ratio is used to represent the relationship between the shareholder's money and the net worth. Similar to previous ratio, for FY11 the ratio of 0.15 shows that for each rupee of net worth, the company needs Re. 0.15 of working capital. This gap will be met from bank borrowings and long term sources of funds

4.2 COMPETITOR ANALYSIS

Top infrastructure companies of India

- 1) **L & T CONSTRUCTION:** Larsen & Toubro (L&T) is India's largest technology, engineering, manufacturing and construction organization with a record of over 70 years. L&T is also adjudged India's best managed and most respected company on various attributes of customer delight and shareholder value. L&T Construction is the largest construction organization in the country. It figures among the World's 77th Top Contractors and ranks 29th in global ranking as per the survey conducted by the reputed international construction magazine Engineering News Record, USA (August 2011). L&T Construction's cutting edge capabilities cover every discipline of construction – civil, mechanical, and electrical and instrumentation engineering and services extend to large industrial and infrastructure projects from concept to commissioning. L&T Construction has played a prominent role in India's industrial and infrastructure development by executing several projects across length and breadth of the country and abroad. For ease of operations and better project management, in-depth technology and business development as well as to focus attention on domestic and international project execution, entire operations of L&T Construction are structured into four Independent Companies.

PARTICULARS	Year ended 31 march ,2011	Year ended 31 march ,2010
TURNOVER	53,204.46	46,563.51
NET PROFIT/LOSS	4079.67	5,243.59

(in crores)

- 2) **LANCO INFRATECH :** As one of India's leading business entities, LANCO Infratech Limited has been driving growth in the domains of Engineering, Procurement and Construction (EPC), Power, Solar, Natural Resources and Infrastructure over the last two-and-a-half decades. Its continuous focus on innovation and expansion together with its commitment to quality and excellence has contributed significantly to the progress that the company has made over a short span of time. The

25-year-old LANCO group is, today, uniquely poised to attain leadership position in its areas of operation. LANCO's gross revenue before elimination as on March 2011 was over Rs. 11,265 crores (USD 2.56 billion).

PARTICULARS	Year ended 31 Mar, 2011	Year ended 31 Mar, 2010
TURNOVER	8,041.93	8,291.50
NET PROFIT/LOSS	446.06	458.54

(in crores)

- 3) **PUNJ LLOYD:** This Company is a diversified conglomerate, which has forayed into aviation, defense, real estate and marine. With integrated design, and management services for infrastructure projects like roads, highways, flyovers, bridges, elevated railroads, metro rail, underground tunnels, seaports and airport terminals, this company has stood up the test of time.

PARTICULARS	Year ended 31 Mar, 2011	Year ended 31 Mar, 2010
TURNOVER	8,187	10,874.78
NET PROFIT/LOSS	(59.52)	(108.40)

(in crores)

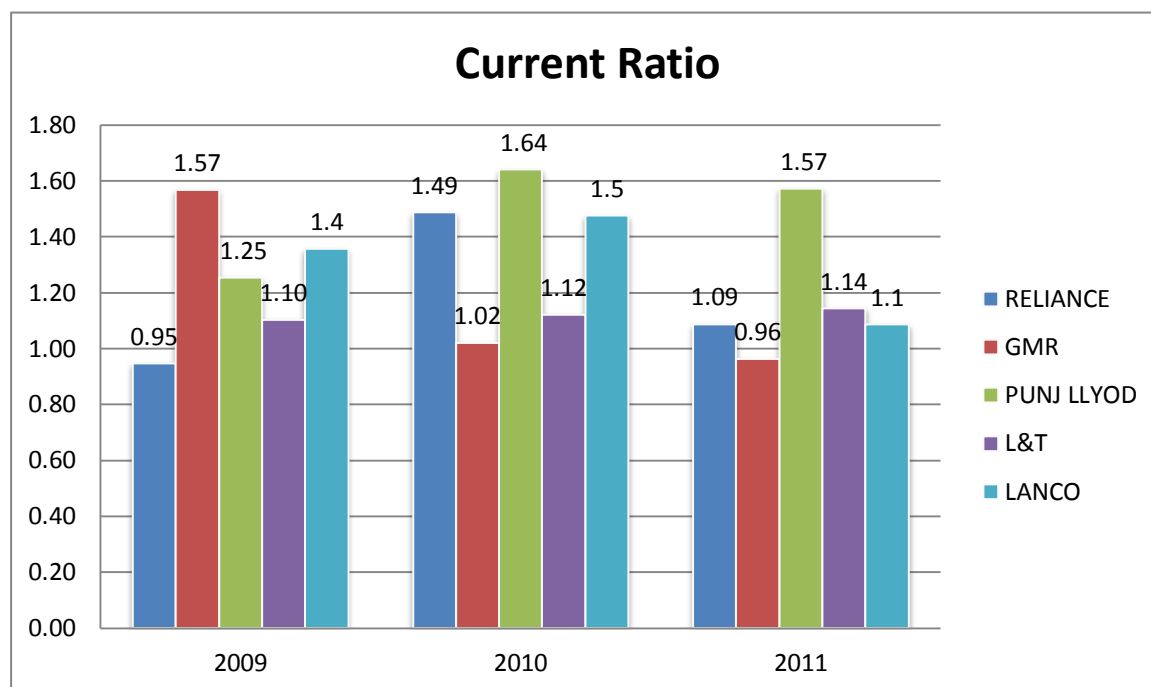
- 4) **GMR INFRASTRUCTURE:** GMR Group is one of the fastest growing infrastructure enterprises in the country with interests in **Airports, Energy, Highways and Urban Infrastructure** sectors. Employing the Public Private Partnership model, the Group has successfully implemented several iconic infrastructure projects in India. The Group also has a global presence with infrastructure operating assets and projects in several countries including Turkey, South Africa, Indonesia, Singapore and the Maldives. **GMR Infrastructure Limited** is the infrastructure holding company formed to fund the capital requirements of various infrastructure projects across the sectors. It undertakes the development of the infrastructure projects through its various subsidiaries. With interests in the Airports, Energy, Highways and Urban infrastructure (including SEZ) sector, GMR Group has been the pioneer in the core infrastructure areas.

PARTICULARS	Year ended 31 Mar, 2011	Year ended 31 Mar, 2010
TURNOVER	6,085.08	4,857.85
NET PROFIT/LOSS	(929.64)	158.4

(in crores)

4.3 COMPARISON OF MAJOR PLAYERS IN THE MARKET

1) CURRENT RATIO:

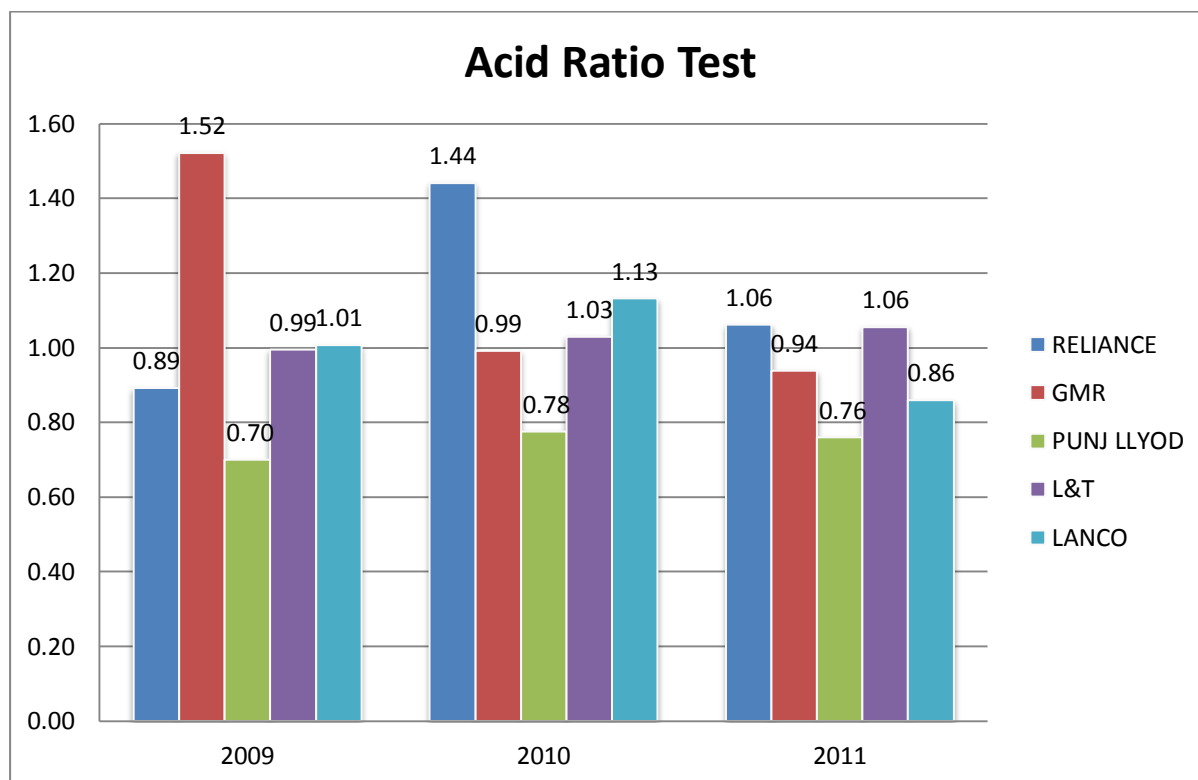


The current ratios for the companies during the period of three years (2009-2011) are as follows:

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	1.09	1.49	0.95
GMR	0.96	1.02	1.57
PUNJ LLOYD	1.57	1.64	1.25
L&T	1.14	1.12	1.10
LANCO	1.40	1.50	1.10

It is clear from the above table that all the major infrastructure companies are maintaining an aggressive current ratio as compared to the standard ratio of 2:1. This is mainly attributed to the cut throat competition and also to testify the changing market scenario. All the players are trying to maintain their current assets to that level which are just able to satisfy their current liabilities.

2) ACID RATIO TEST:

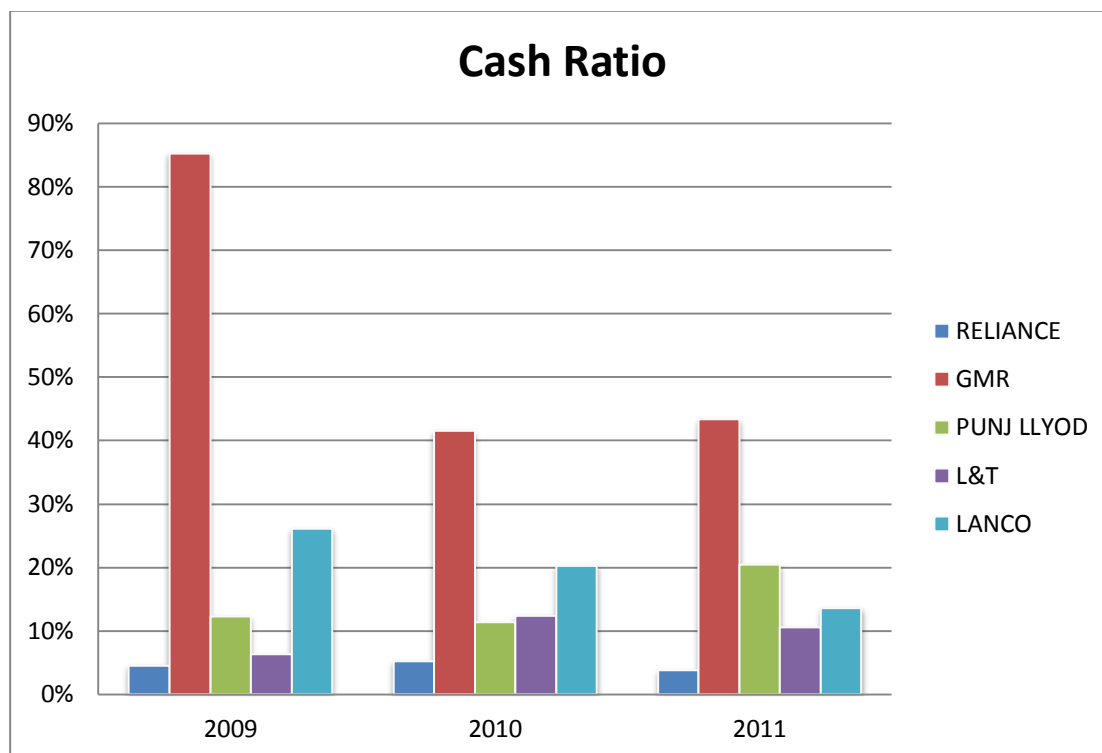


The values for the liquid ratios of the companies during the period of three years (2009-2011) are as follows:

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	1.06	1.44	0.89
GMR	0.94	0.99	1.52
PUNJ LLOYD	0.76	0.78	0.70
L&T	1.06	1.03	0.99
LANCO	0.86	1.13	1.01

Liquid ratio presents a clearer picture of the liquidity position of a firm as it involves those current assets only which are readily convertible into cash i.e. current assets minus inventories. If we take a look at the ratios, we see that reliance has a liquid ratio of 1.06 during FY11 as compared to GMR's 0.94, PUNJ LLOYD's 0.76, L&T has the liquid ratio of 1.06 also and LANCO maintained a ratio of 0.86 in the last fiscal.

3) CASH RATIO

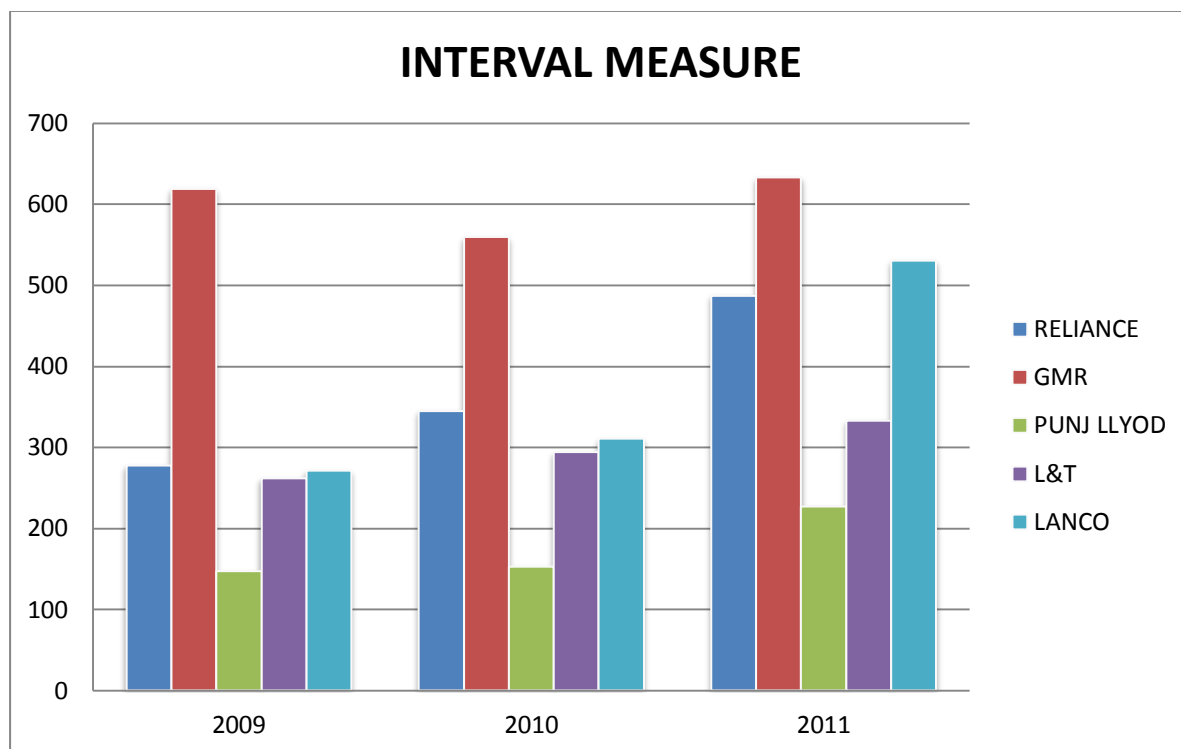


The values for the cash ratios of the companies during the period of three years (2009-2011) are as under :

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	4%	5%	5%
GMR	43.33%	41.48%	85.2%
PUNJ LLOYD	20%	11%	12%
L&T	11%	12%	6%
LANCO	14%	20%	26%

The position of available cash with the company depends on a variety of factors. It may be due to the fact that the company may have no appropriate investment opportunity at present or it may be high because of some internal policy of the company to maintain a certain level of cash ratio. As it is visible from above ratios, GMR has maintained a very high percentage of cash right throughout with 85.2% in FY09, 42% in FY10 followed by 43% in the last fiscal. Reliance on the other hand along with all the other players have maintained cash ratio more or less at the same level during the course of the last three fiscals.

4) INTERVAL MEASURE RATIO:

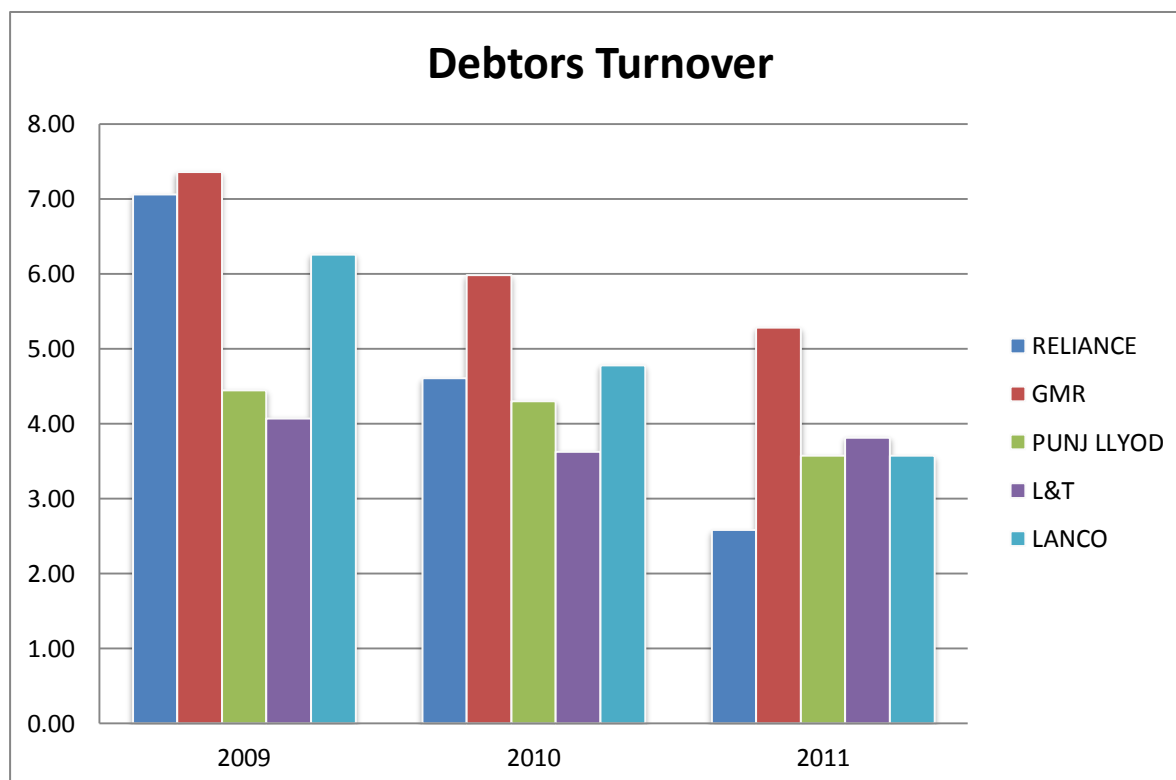


COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	487	345	278
GMR	633	559	619
PUNJ LLOYD	227	153	147
L&T	333	294	262
LANCO	272	311	530

The following ratio assesses a firm's ability to meet its regular cash expenses. Interval measure relates liquid assets to average daily operating cash flows. The daily operating expenses will be equal to cost of goods sold plus selling, administrative and general expenses less depreciation (and other non-cash items) divided by the number of working days in a year (say 360).

$$\text{Interval measure} = \frac{\text{Current assets} - \text{Inventory}}{\text{Average daily operating expenses}}$$

5) DEBTORS TURNOVER:



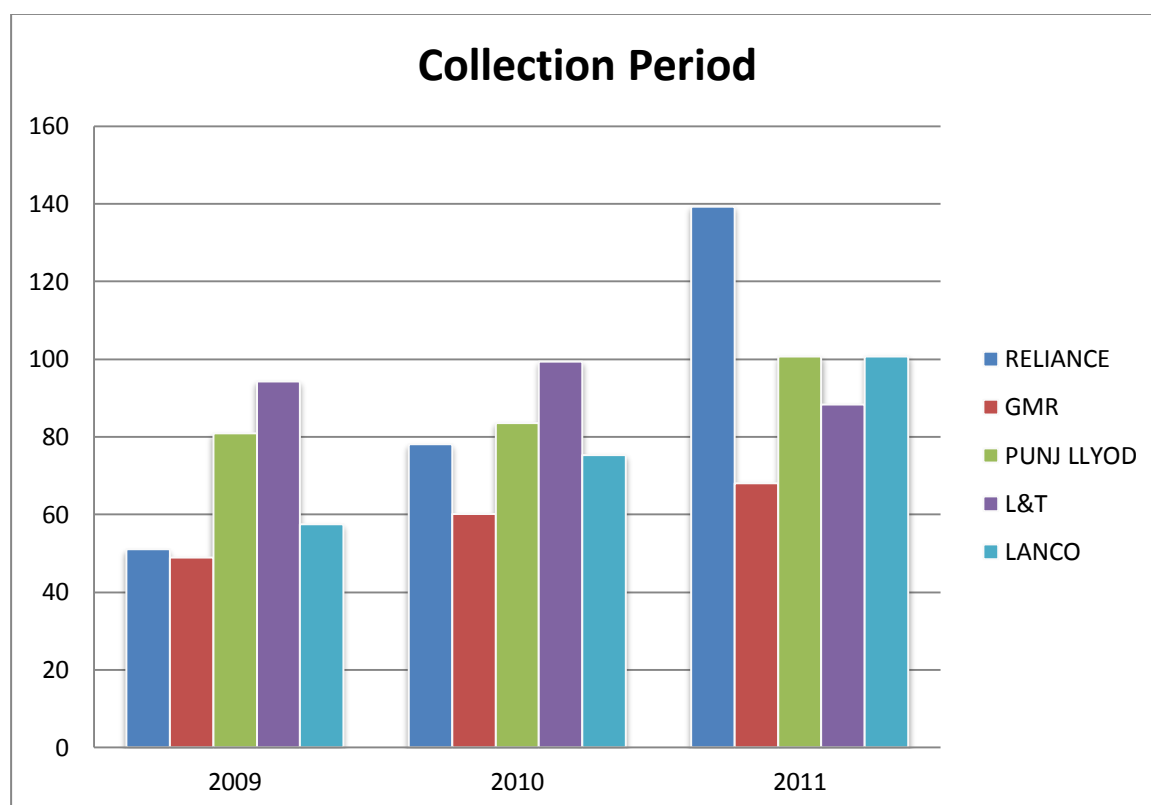
Debtor's turnover ratio for the companies during the period of three years (2009-2011) is as follows:

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	2.58	4.61	7.06
GMR	7.36	5.99	5.29
PUNJ LLOYD	4.45	4.31	3.58
L&T	4.07	3.62	3.82
LANCO	6.26	4.78	3.57

Debtors turnover indicate the number of times debtors are converted into sales each year. Generally, the higher the value of debtor's turnover, the more efficient is the management of credit. For reliance it had been a downslide since FY09 where it had a debtor's ratio of 7.06.

During FY11 it had gone down to 2.58 which is a cause of worry for the management. Further if we compare it with the creditor's turnover ratio, then we'll be able to get a clearer picture.

6) COLLECTION PERIOD



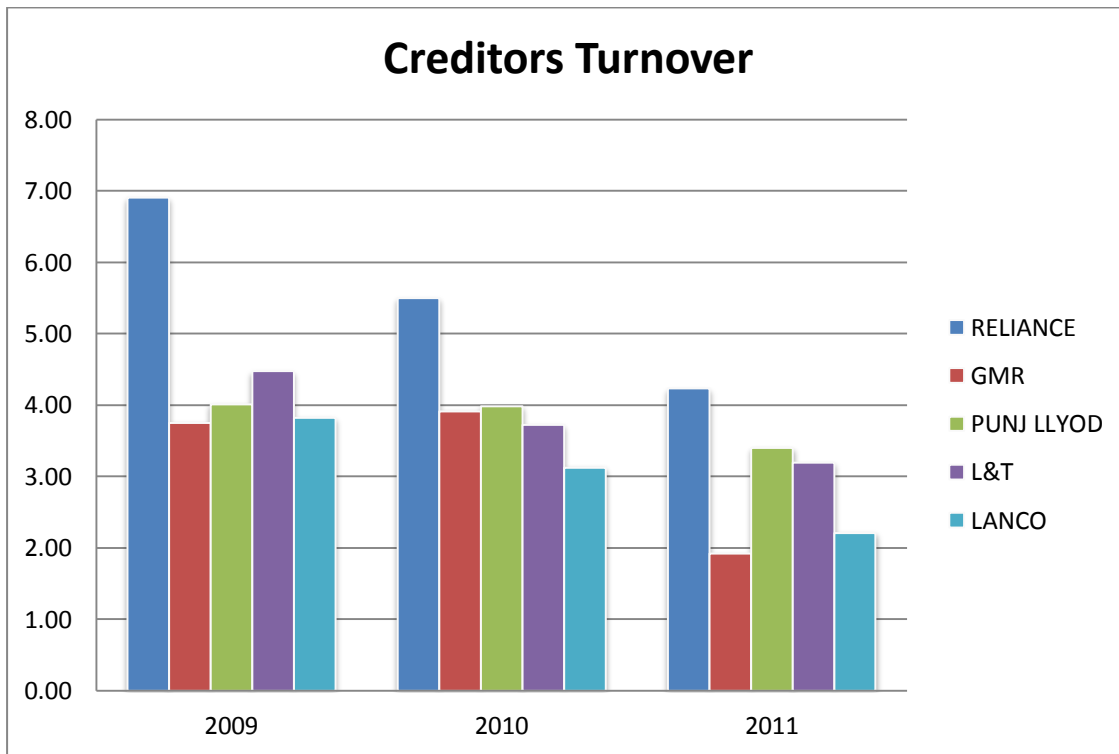
The values for the collection period of the companies during the period of three years (2009-2011) are as :

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	139	78	51
GMR	68	60	49
PUNJ LLOYD	101	84	81
L&T	88	99	94
LANCO	101	75	57

(in days)

The average collection period measures the quality of debtors since it measures the speed of their collection. The shorter the average collection period, the better the quality of debtors, since a short collection period implies the prompt payment by debtors. The average collection period should be compared against the credit terms and policies to judge its credit and collection efficiency

7) CREDITORS TURNOVER:

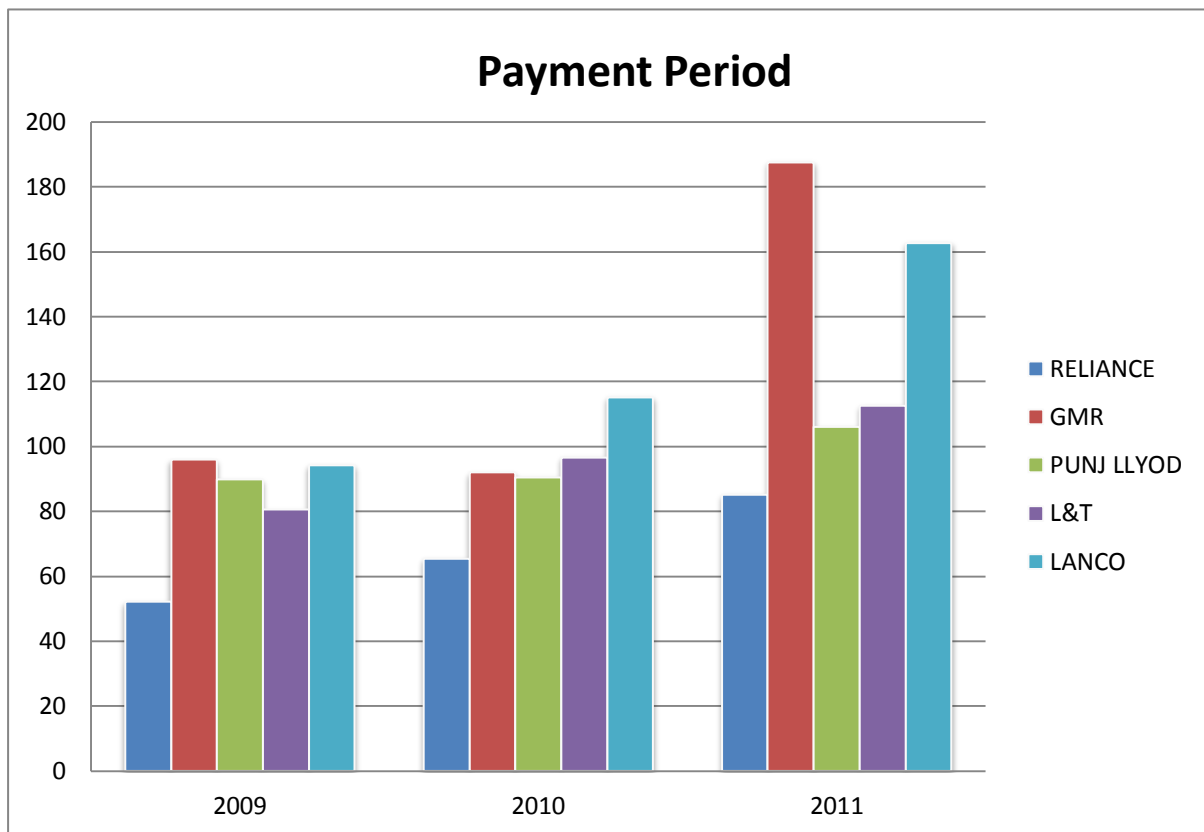


The values for the creditors turnover of the companies during the period of three years (2009-2011) are as :

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	4.23	5.5	6.91
GMR	1.92	3.91	3.75
PUNJ LLYOD	3.40	3.98	4.01
L&T	3.20	3.73	4.47
LANCO	2.21	3.13	3.82

Creditors turnover indicate the promptness of a firm in paying its suppliers. In order to maintain a cordial relationship with its suppliers, the management needs to maintain a healthy creditor's turnover ratio. It requires a trade-off between the times the management can hold on to cash without provoking the suppliers

8) PAYMENT PERIOD:

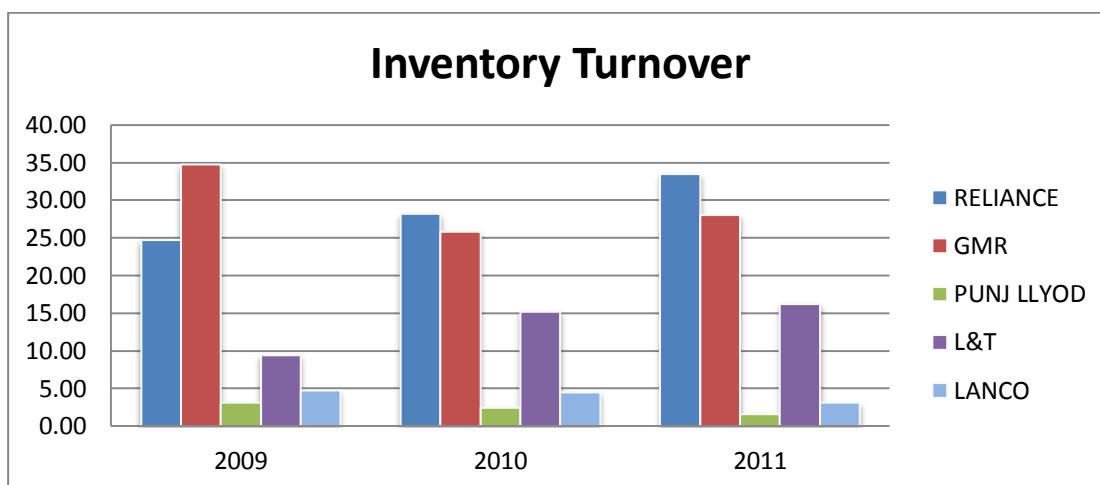


COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	85	65	52
GMR	187	92	96
PUNJ LLYOD	106	90	90
L&T	112	97	80
LANCO	163	115	94

(in days)

As it was clear from the graph of creditor's turnover ratio, reliance is quiet prompt in paying its suppliers as compared to its competitors. But when we compare this figure with debtor's turnover ratio then it becomes a cause of concern for the management of reliance. So necessary steps should be taken so that situation does not worsen any further.

9) INVENTORY TURNOVER RATIO

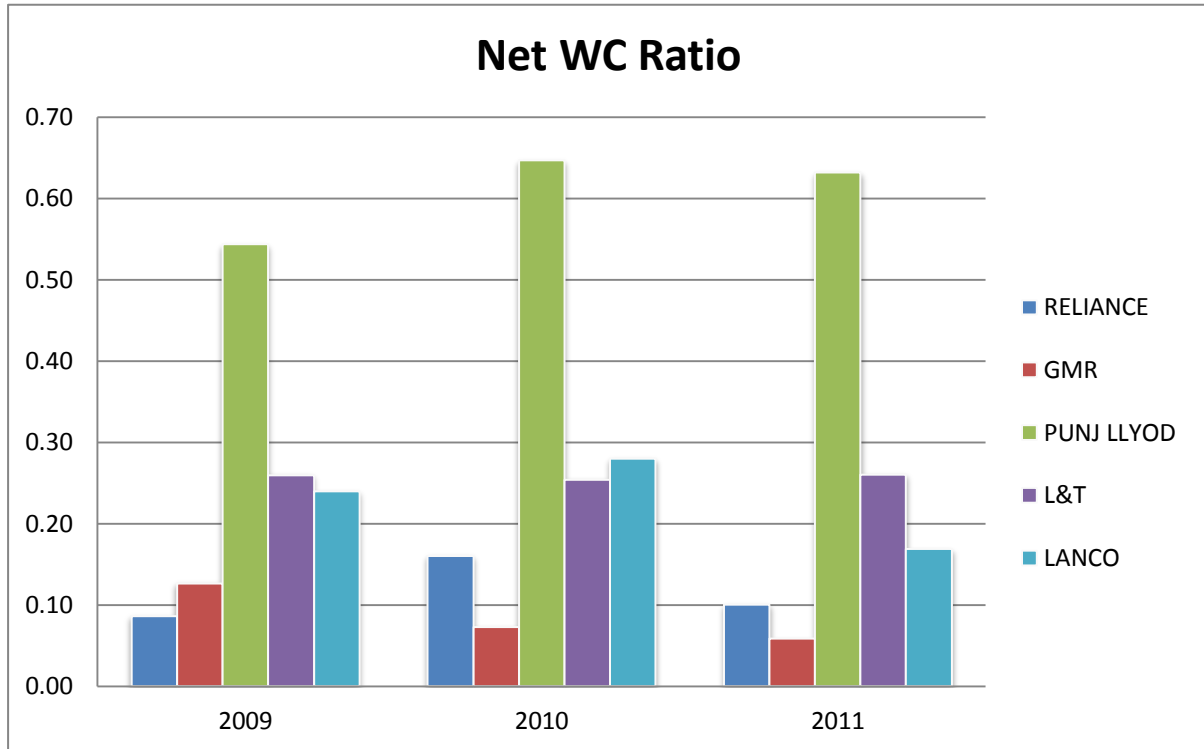


The values for the inventory turnover of the companies during the period of three years (2009-2011) are as

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	33.44	28.20	24.74
GMR	28.08	25.85	34.75
PUNJ LLYOD	1.57	2.42	3.13
L&T	16.18	15.20	9.44
LANCO	3.13	4.46	4.77

This is the criterion where reliance leaves the pack behind with an inventory turnover ratio of 33.44 in the last fiscal. The second in line is GMR with a ratio of 28.08 followed by L&T, LANCO and PUNJ LLYOD. Inventory turnover ratio represents the efficiency of the firm in converting its inventory into sales in a particular period. Thus it implies that reliance during the last couple of fiscals has been able to convert its inventory into sales a considerable number of times and that too on a consistent basis with 33.44 times in the last fiscal.

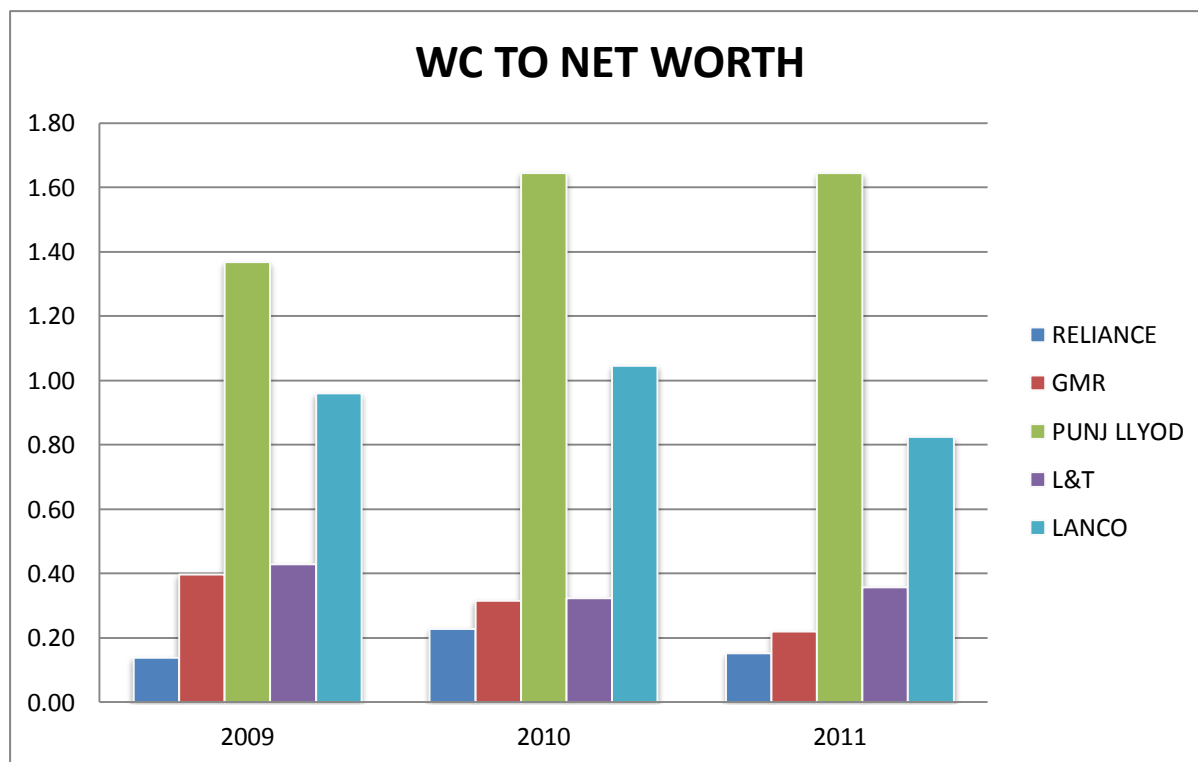
10) NET WC RATIO:



The values for the net working capital of the companies during the period of three years (2009-2011) are as

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	0.10	0.16	0.09
GMR	0.06	0.07	0.13
PUNJ LLYOD	0.63	0.65	0.54
L&T	0.26	0.25	0.26
LANCO	0.17	0.28	0.24

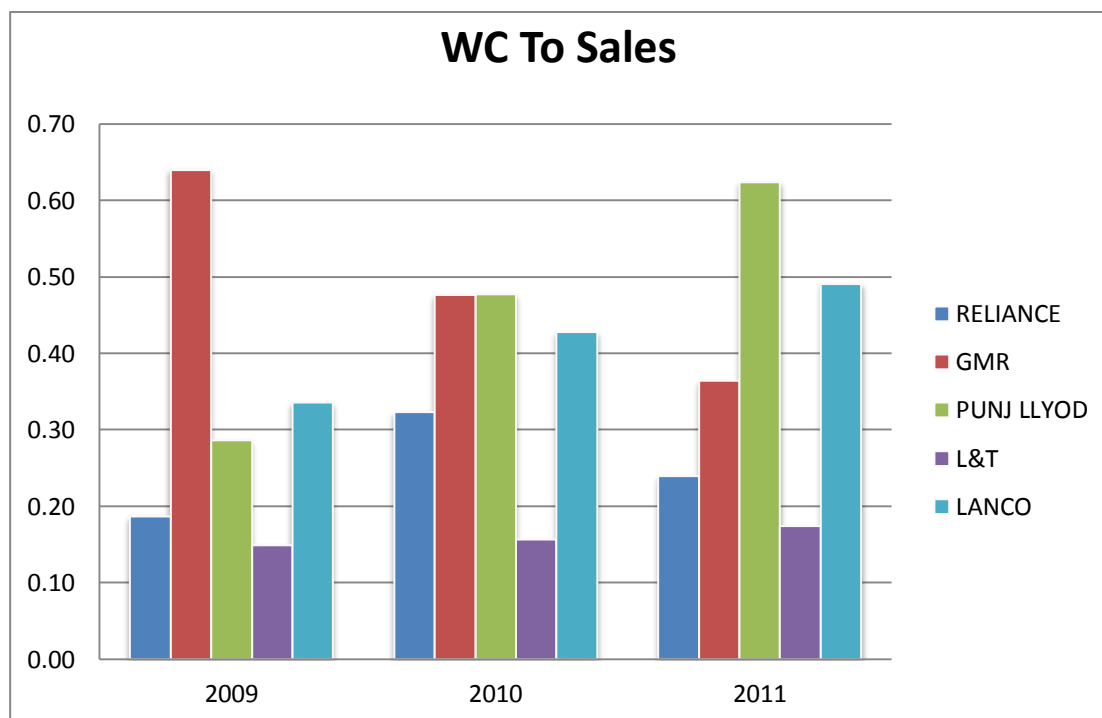
11) WC TO NET WORTH:



The following table provides the values of the ratio of working capital to net worth for the companies during the period of three years (2009-2011) :

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	0.15	0.23	0.14
GMR	0.22	0.32	0.40
PUNJ LLYOD	1.64	1.65	1.37
L&T	0.36	0.33	0.43
LANCO	0.83	1.05	0.96

12) WC TO SALES:



The following table provides the values of the ratio of working capital to sales for the companies during the period of three years (2009-2011) :

COMPANY	2010-2011	2009-2010	2008-2009
RELIANCE	0.24	0.32	0.19
GMR	0.36	0.48	0.64
PUNJ LLOYD	0.62	0.48	0.29
L&T	0.17	0.16	0.15
LANCO	0.49	0.43	0.34

This ratio indicates how much working capital a firm requires for each rupee of sales. Thus if we take the example of reliance infra, during the last fiscal reliance requires Re. 0.24 for each rupee of sales. The remaining of the gap is met through bank borrowings and long term loans. This ratio helps us to understand how efficiently a firm uses the mix of both short term as well as long term finances to generate sales

RESULTS & THE WAY FORWARD**5.1 RESULTS AND CONCLUSIONS**

After doing the individual as well as comparative analysis, we now are in a stage to provide a clear picture of how well or worse the company is doing individually as well as in comparison to other players of the industry.

The following table provides us with information regarding the results in a tabulated manner.

COMPANY	RINFRA	GMR	PUNJ LLOYD	L&T	LANCO
TURNOVER (in crores)	16,102.90	6085.08	8,187	53,204.46	8041.93
PAT (in crores)	2,510.29	(929.64)	(59.52)	4079.67	446.06
CAGR	15.6%	20.8%	(11.9%)	8.9%	9.88%
CURRENT RATIO	1.09	0.96	1.57	1.14	1.10
LIQUID RATIO	1.06	0.94	0.76	1.06	0.86
INVENTORY TURNOVER	33.44	28.08	1.57	16.18	3.13
CASH RATIO	4%	43.33%	20%	11%	14%
DEBTOR TURNOVR	2.58	5.29	3.58	3.82	3.57
CREDITORS TURNOVER	4.23	1.92	3.40	3.20	2.21
D:E RATIO	0.52	2.54	1.52	1.31	3.35
ROTA	3.67%	(3%)	0.13%	13%	4%
ROCE	3.75%	(2.84%)	0.21%	11%	5%
WC TO SALES	0.24	0.36	0.62	0.17	0.49
NET WC RATIO	0.10	0.06	0.63	0.26	0.17
WC TO NET WORTH	0.15	0.22	1.64	0.36	0.83

DIH(in days)	11	13	230	22	115
PAYMENT PERIOD(days)	85	187	106	112	163
INTERVAL MEASURE(days)	487	633	227	333	530
CURRENT ASSET TURNOVER	0.83	0.77	0.84	1.31	0.76
COLLECTION PERIOD(days)	139	68	101	94	101
EPS	62.05	(2.4)	(1.79)	73.56	1.92
DPS	7.18	–	0.15	14.6	1.92

The results for the first quarter of FY'13 are out and present a pretty healthy picture in front of us. Some of the major highlights for the quarter ended 30 JUNE 2012 are:

- Consolidated total operating income of ` 5,383 crore (~\$ 1 billion) for the quarter – an increase of 4%
- Consolidated net profit of ` 412 crore (us\$ 74 million) for the quarter – an increase of 2%
- Consolidated earnings per share of Rs 15.7 (us\$ 0.3) for the quarter– an increase of 3%
- consolidated net worth of ` 24,650 crore (\$ 4.4 billion) and book value of ` 937 (\$ 17) per share
- The Company is conservatively financed with **debt to equity ratio of 0.74** as on June 30, 2012.
- Total Operating Income of ` 5,383 crore (US\$ 1.0 billion), against ` 5,176 crore in the corresponding quarter of previous year, an increase of 4%

5.2 RECOMMENDATIONS AND THE WAY FORWARD

The following recommendations are made to the authorities at reliance infrastructure in order to maintain and improve on their current performance. The recommendations made are based purely on my understanding of the situation. Some of the major things which I would like the authorities to take notice of include:

- **Current ratio is slightly on a lower side against the industry standard of 1.33 followed in India.** Current ratio indicates the ability of a company to stay afloat irrespective of the prevailing market situations. Internationally, a current ratio of 2:1 is accepted. The investors also seek this ratio in order to examine whether the company has adequate current resources so that it does not default on its obligations and is able to generate sufficient returns to maximize shareholder's money.
- **Debtor's turnover ratio needs a tune up as against creditor's turnover.** This ratio helps to examine whether the management of the concerned organisation is not being complacent in recovery of its debts on time. Generally it is required that debtors turnover ratio be high as compared to creditors turnover which implies that the firm is generating sales adequate enough to cover its production cost. If we look at the situation for reliance infra, the ratios were fine enough until FY09 but then afterwards the debtor's turnover took a dip but because of adequate liquidity the management is able to take care of its obligations as for now. But if a proper solution is not formulated then it can become a huge problem which will affect not only the performance of the firm but may also deteriorate the confidence of the investors in the company.
- **The inventory turnover ratio for reliance infra has been a success story for the last couple of years** so the management should do everything possible thing to maintain this inclination in the coming years and try to encourage its human resources to keep up the good work.
- With many a projects in line and at different levels of execution, it is required that all the aspects are dealt with equal importance whether it is the case of long term ratios or the short term ratios. The company has so many projects in line for which it will require funds. With stellar performance in various sectors it has the confidence of investors. So the management just need to continue on the good work.

- Up to now the Company enjoys the **top end ratings of ‘AA+’ and ‘AA’** from CRISIL and FITCH respectively. So the management must make sure that investor’s confidence remains the same.

Some of the recent initiatives of reliance infra are:

- The company is likely to merge five wholly-owned subsidiaries with it in order to reduce the administrative costs, remove multiple-layer inefficiencies and to achieve operational as well as management efficiency. Further, the company is also mulling to raise funds worth `3.6 billion via non-convertible debentures.
- In the metro segment, RInfra intends to increase the frequency of trains at the Airport express metro link in Delhi and thereby increase the number of daily commuters to 50,000 passengers per day by the end of FY13E and to around 100,000 by FY15-16E. Besides, the company has also qualified for Jaipur Metro Rail project Phase-I, along with other three bidders.
- RInfra is presently working in the development of five power transmission projects across the North-western part of the country. Of which, the WRSS project is likely to see completion by the end of 2012, providing higher revenue visibility for FY13. Meanwhile, the six EHV stations commissioned in Mumbai also ensure hassle free power transmission in the city

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