

# FINANCIAL PERFORMANCE ANALYSIS: A COMPARISON OF RCF AND KCFL COMPANIES.

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**ABSTRACT:** Financial statements is key to overall investment and fundamental stock research. Financial is regarded as the life blood of a business enterprise. In the modern oriented economy, finance is one of the basic foundations of all kinds of economics activities. Finance statements are prepared primary for decision -making. They play a dominant role in setting the frame work and managerial conclusion and can be drawn from these statements is of immense use in decision- making through analysis and interpretation of financial statements. The goal was to enhance to make a sound judgment about the company 's financial strength and future prospects by showing to the benefit and using financial statements in our personal research investments. The five company should not run only the profit basis even they run in loss also so that every investors should aware about the share and market value of the prices and should follow the future the price of share in all types of the industries.

**KEY WORDS:** Personal investments, Sound Judgment ,Methodology, Life Blood.

## I. INTRODUCTION

The role of financial reporting for companies is to provide information about their fiscal health and financial performance. As investors, we use financial performance of past, current, and future prospective performance of company. These statements allow to the one firm to another firm the basis of valuating the work of a stock. The chemicals industry compares the companies that out of our investment research like that central to modern worlds economy , it cover to the materials ,oil, natural gas, water, metals into more than 70000 products. The fertilizers company that out of product like NPK, DAP, phosphors, Nitrogen and many others products of the fertilisers.

## OBJECTIVES

- To study about the capital structure of each firm in the industry.
- To study the performance analysis of Chemical and fertilisers industries.
- To calculate ratio of the Chemical and fertilisers industries.
- Tocalculate the correlation between net working capital and sales, inventory and sales, cash and working capital.

## SCOPE

- The study covers almost the entire area of financial operations covered by ‘ ‘ Chemical and Fertilisers industries ‘ ‘ the study has been conducted with the help of data obtained by audited financial records.
- The audited financial records are the company annual reports pertaining of the last 5 years audited annual reports of the companies.
- Financial is very essential for the smooth running of the business. Finance controls of the policies, decision and activities.
- The researcher tries to measure the performance of the organisation and its working capital management in terms of financial wealth.
- Finance is the life blood of the business and it is rightly terms as the decision of every business.

## LIMITATIONS

- The study is restricted for a period of five years.
- Assume that 5 years are a responsible period to get fault accurate picture policies and practices of management of the company.
- The analysis is based on annual reports of the company.
- Authorities were reluctant to reveal full information about the working of the company.

**II. RESEARCH METHODOLOGY**

Research methodology is a way to systematically solve the research problem. One can also define research as a scientific and systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation. The Advanced Learner’s Dictionary of Current English lays down the meaning of research as “a careful investigation or inquiry specially through search for new facts in any branch of knowledge. The overall research design is split into the following parts.

1. Ratio analysis – Dividend per share, Equity per share, Net profit, Capital turnover and Return on investment.
2. Capital structure analysis- Net operating income approach.

The data collection classified into two types are

- Primary data
- Secondary data

**STATEMENT OF THE PROBLEM**

In a financial analysis the statements of the problems is to calculate the five year of the fertilisers and chemical industries and their past five year of profit/loss and balance sheet in each and every company. The five company should not run only the profit basis even they run by the loss also so that the every investors should aware about the share and market price of them.

- Inability to identified variables investments opportunities
- Decreasing returns from investments.
- Decline the overall profitability of the company.

**III. REVIEW OF LITERATURE**

**(1). Pai, Vadivel& Kamala (1995) have studied about the diversified companies and financial performance”.** Principle reason for existing of examination might have been found crazy those. Association between differentiated organizations and their monetary execution. For those. Reason for research, they bring chosen seven vast organizations and analysed the individuals. Firm which Hosting different products-both related What's more otherwise-in their. Portfolio and operating On different commercial enterprises. In this study, An set of performance. Measures / proportions might have been utilized will focus the level from claiming fiscal execution. Also variety over execution starting with particular case firm should in turn need been watched What's more. Statistically made. They uncovered that the differentiated organizations concentrated on bring. Been solid fiscal execution.

**(2). Vijayakumar A. (1996) has studied about ‘Assessment of Corporate Liquidity - a discriminate analysis approach”** In this investigate he need uncovered. That the Growth rate for sales, leverage, present ratio, working costs will deals. And vertical woodwind might have been the critical variables which determine the. Productivity of organizations in the sugar fruit business. Likewise he need concentrated on the short. Haul liquidity position in twenty-eight chose sugar fruit production lines over co-operative. Also private parts. To examination a separate Investigation need been utilized Toward those. Researcher, with embraced will recognize the great hazard organizations starting with poor hazard. Organizations in view of present and liquidity proportions. In this consider segregating ‘Z’ scores have been ascertained with those assistance from claiming separate work What's more as stated by the ‘Z’ scores the organizations would positioned in the request of liquidity.

**COMPANY PROFILE**

**1.KHAITAN CHEMICALS AND FERTILIZER LIMITED :**

KCPL began its operation in 1987 at Nimrani near Indore, West Madhya Pradesh and has earned cash profits each and every year , since its inception even though SSP Industry has gone through tumultuous times. Today KCPL has earned the distinction of being the largest manufacturer of SSP in india.

**2. RASHTRIYA CHEMICAL AND FERTILIZER LIMITED :**

**RCF** was established in 1978 consequent to the reorganisation of Fertilizer Corporation of India. RCF manufacturer Urea and Complex fertilizer along with a wide range of Industrial Chemicals. It is 4<sup>th</sup> largest Urea manufacturing in India.

**IV. ANALYSIS AND INTERPRETATION :**

1. Ratio Analysis is a form of financial Statements analysis that is used to the obtain quick indication of the financial performance in several key areas. The Debt equity Ratio are given below.

**Table : 1 Debt Equity Analysis :**

COMPANY NAMES	2015	2016	2017	2018	2019
<b>RCF</b>	0.70	0.97	0.57	0.43	1.09
<b>KCFL</b>	1.71	1.74	1.80	1.48	0.92

**Table2. t-Test : Pairs of two sample for Means**

	<i>RCF</i>	<i>KCPL</i>
Mean	0.752	1.53
Variance	0.07532	0.131
Observations	5	5
Pearson Correlation	-0.510407628	
Hypothesized Mean Difference	0	
Df	4	
t Stat	-3.136077144	
P(T<=t) one-tail	0.017489843	
t Critical one-tail	2.131846786	
P(T<=t) two-tail	0.034979685	
t Critical two-tail	2.776445105	

P

Value < Criti Value So, H0 Accepted There is no significant difference in Debt Equity Ratio of RCF and KCPL companies.

**V. REFERENCE**

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