

CHAPTER - 9.

SUMMARY

In analysing working capital management in this company, we have to take notice of the fact that the company has two independent factories, both of which are not connected, so far as production is concerned. So, while analysing the working capital condition, the factories have to be viewed independently, except in respect of cash management, which is satisfactory.

Regarding other constituents of working capital, analysis has been made separately for both the factories and for spares for resale, which is only a trading activity. It is seen that sundry debtors in respect of railcoach factory and sale of spares, raw material inventory in both the factories and stock of spares for resale and work in process (to a certain extent) are at higher levels than norms developed and require review and detailed examination to find out whether there is scope for reduction further.

In respect of goods in transit, the position in respect of railcoach factory requires review to find out whether the order for wheel sets can be suitably staggered. The advances to suppliers are also appear to be at a higher level and will bear looking into.

The procedures adopted for inventory control in the company will also bear looking into. The review of ordering quantities, safety levels and reorder levels should be under-taken to bring down inventories.

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