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FINANCIAL MANAGEMENT- KESORAM

¹Shaik Farook Baba, ²Mr.Nagendra Prashad

MBA Student, Associate professor

Dept of MBA, Malla Reddy University, Hyderabad

ABSTRACT: A financial management (also known as a financial report) is an official account of a company's individuals or governments financial transactions and activities. The word account is more often used in British English and United Kingdom business law for financial statements despite the fact that financial statement is frequently used especially among accountants. Financial management refers to the process through which a company's important financial data is collected organized and communicated to its stakeholders in a clear and concise fashion. Standard ones consist of the following four elements of money management Such management is often intricate especially for big organizations and may have a number of footnotes to the financial management and management discussion and analysis. In most cases the notes provide a more in-depth explanation of each line item in the balance sheet income statement and cash flow statement. Financial management notes are an essential aspect of any sound financial plan.


The reason why businesses keep meticulous financial records financial managements end goal is to make available to a broad variety of users information about an enterprise's financial status performance and changes in financial position that is helpful in making economic choices. Management of finances must to be comprehensible applicable trustworthy and similar. The financial health of a business may be inferred from its reported assets liabilities and equity. The profitability of an enterprise may be inferred from its reported revenue and costs. Anybody with a fair understanding of business and economic operations and accounting and who is prepared to study the material attentively should be able to grasp financial management. Management of one's finances may serve a variety of functions depending on the user.

INTRODUCTION

Meaning of Financial Management

To manage a company's finances is to strategize about where and how it will spend its money. Basically, this implies using standard management practices to oversee the company's financial resources. There is a broad range of activities that fall under the umbrella of financial management. Management of the company's finances makes forecasts of its future cash flow requirements. In other words, it determines how much capital the business needs. Acquiring It assembles the necessary funds for the business by soliciting investors.

Allocation The funds are used toward the acquisition of both long-term assets and short-term working capital. Profits of a corporation are allocated to various stakeholders like stockholders debt holders etc. It sets aside some of its earnings for future use. Based on my evaluation it also manages the company's money. When it comes to management functions financial management is paramount. Financial management is the foundation upon which all other managerial spheres—production marketing human resources etc.—are built. For a business to continue operating expand and ultimately succeed solid financial management is essential. Scope/Elements One kind of investment choice involves purchasing permanent objects (called as capital budgeting). Working capital choices include the selection and management of current assets. Making the right choice regarding the source length of funding

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financing cost and potential returns is essential when it comes to financial choices. The financial manager is responsible for determining how dividends will be distributed from the company's net income. In most cases a net profit is split in two ways Dividends for shareholders need to be established as well as the rate at which they will be distributed. The business's development and diversification goals will determine the optimal level of retained earnings which must be determined. Money-Management Duties First a finance manager must estimate the amount of money the business will need to operate. This will rely on the firm's anticipated expenses and profitability as well as its future programming and policies. Profitability of a business may be improved by more accurate forecasting. Next the capital structure must be determined once the estimates have been produced. Debt and equity analysis both short and long term are necessary for this. This will rely on the current equity capital ratio and the amount of money that has to be obtained from other sources.

Third the availability of several funding options gives businesses a variety of ways to raise capital. These options include a. The issuance of stock or debentures

a. Bank and financial institution loans

c. Bonds will be issued in exchange for public deposits.

The advantages and disadvantages of each funding mechanism and time frame will inform the decision-making process.

The fourth step is investment of funds which requires the finance manager to make choices on where the money will be invested to provide a steady stream of returns with little risk.

The financial manager is responsible for deciding how to spend any net gains. It's possible to do this in two ways

a. Declaring dividends which involves specifying the payout rate and any extra perks such as a bonus.

How much of the company's income will be retained is a strategic decision that should take into account its long-term growth innovation and diversification objectives.


Management of cash flow is another important responsibility of the finance manager. Wages and salaries utility bills creditor payments meeting daily operating expenses stocking adequate inventory buying necessary supplies etc. all need the use of currency.

The financial manager's responsibilities extend beyond only budgeting planning and allocating money. Methods such as ratio analysis financial forecasting cost and profit control etc. may help with this.

NEED FOR STUDY

There should be more emphasis on the study of financial management in order to properly interpret financial statements. For the purpose of assessing the company's financial health and profitability. Before making any judgments on the company's financial stability financial analysts do in-depth assessments of the company's financial statements using a variety of analytical methods. Managing money involves more than just bookkeeping. It's not something that can be delegated to the honorary treasurer or the finance department but rather it's an integral component of running the whole business. Budgeting allocating regulating and monitoring financial resources are all components of financial management.

Good financial management requires a well-developed system of organization. In this sense having a plan indicates that goals have been established and that the policies strategies tactics and actions to attain those objectives have been discussed agreed upon and reviewed. In order

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to handle your finances effectively you'll need to think both long and short term. Include these budgetary considerations in your companies regular planning sessions. Developing a method for managing money involves writing financial statements. Planning to prepare financial statements regularly can help you manage proactively. You need an income statement a balance sheet and a cash flow statement to complete your financial statements.

There are two guiding philosophies in the world of financial management. Bad funding sources are reined in by one hypothesis. This theory sheds light on the fact that while accepting financial aid from other sources we should choose the least expensive option while also minimising the amount of risk and giving up the most control. Only effective financial management can provide a financially sound structure one in which interest rates risks and other borrowing costs are kept to a minimum. The second hypothesis sheds light on the importance of weighing time risk and return when deciding where to put ones financial resources. As a minimum our return on investment must be greater than our financing expenses. The investment risk should be minimal for us. In a short amount of time we should see a significant return on our investment.

Objectives of Financial Management

- In a nutshell financial management is all about getting allocating and keeping tabs on a business money. One goal may be to guarantee a steady flow of capital into KESORAM CEMENTS LIMITED.
- A company's ability to provide satisfactory returns to its investors is contingent on a number of factors including its earnings potential the market price of its shares and investor expectations for KESORAM.
- Third to make the most of available resources. After the money is collected it has to be put to the best and most efficient use feasible.
- In order to get a good enough return on your money you should only put it into businesses that are known to be secure.
- Capital should be planned out in a way that maintains a healthy ratio of debt to equity.
- Decode financial statements of cash flow balance sheets and income statements/profit and loss accounts.
- Seven restructure how your company uses its operating capital.
- To improve your financial situation, review your income and expense projections and your budget.
- 9 Evaluate both long- and short-term finance alternatives for company growth.
- Analyze the gearing ratio profit per employee and weighted cost of capital among others to get a sense of the companies or divisions financial well-being.
- Realize the many methods used for asset and project appraisals.
- Use sound methods for making important financial decisions while deciding whether or not to continue with an investment.
- Be familiar with models used to value companies' portfolios and intangible assets.

RESEARCH METHODOLOGY RESEARCH DESIGN

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This is a methodical approach to the research topic and a crucial part of the study without which researchers may not be able to get the format they need. A research design is a plan for gathering information that takes into account both the research's goals and the resources available to conduct the study.

REFLECTIONS ON THE IMPORTANCE OF RESEARCH STRATEGY

Formidable as the task of defining the research problem maybe it is only the beginning the next step is to prepare the design of the research project also known as the research design. This involves making decisions about the who what where when how much and how to conduct an inquiry of a research study. A research design is the plan made by a management to gather and analyses data in a way that maximizes efficiency while yet providing sufficient information to answer the research question at hand.

DATE AND INFORMATION SOURCES

We based our data collection on information from two different places.

In other words, we have primary data and secondary data.

Source material

When talking about data primary means first-ever or original data that has not been seen before.

Tertiary Sources

This Secondary data refers to information that has previously been gathered and processed by another organisation. Secondary data may be found in places like annual reports online research and print periodicals. Information from KESORAM CEMENTS LIMITEDs annual reports is included in the report. The content shown here has been compiled from the KESORAM CEMENTS LIMITED website.

USED METHOD

1.THE MOST POPULAR FORMATS FOR FINANCIAL STATEMENTS


There are two main sorts of financial statements used to assess a companys financial health a b. Financial reports detailing earnings.

2. ANALYSIS METHODS FOR THE FINANCIAL STATEMENTS

The following methods of financial analysis are used in order to make sense of the companys finances.

LIMITATIONS OF FINANCIAL STATEMENT

ONE-HALFT YEAR REPORTS One-half year reports dont paint the whole picture of the problem. All information here is approximative at best. Only after a sale or liquidation will the true financial standing be known. The financial statements are stated in monetary values making it seem like they represent a definitive and correct situation. BUT THEY DONT GIVE ANYTHING EXTRA. There is a discrepancy between the book value of fixed assets and the amount needed to replace them. Third Original Costs or Historical Costs are Used in Preparation of Financial Statements. Assets depreciate over time even if adjusted for inflation. No consideration was given to the current economic climate in the preparation of these remarks. Once this happens the balance sheet can no longer accurately reflect the state of the economy. Some events and circumstances that affect the companys financial position and operational outcomes are not included in the financial statements and the related income

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statement and balance sheet because they cannot be quantified in monetary terms. The managements reputation is one such example of such a factor.

FISCAL STATEMENT DATA CANNOT BE PRECISE because they pertain to topics that cannot be described exactly. Conventional methods used regularly throughout time capture the information. many presumptions norms subjective evaluations etc.


LITERATURE REVIEW

Accounting and financial reporting budgeting collecting accounts receivable risk Management and insurance are all aspects of financial management. How a small firm is financed and the internal controls in place to manage cash flow are both components of financial management. One of the first things to decide when organising ones financial resources is whether or not one will handle the books themselves or hire a professional service. You may deal with this in a variety of different ways. You have the option of handling everything on your own having an employee take care of it maintaining records in-house but having an accountant write specialist reporting like tax returns or outsourcing both to a professional bookkeeping firm. Besides accounting bookkeeping is another service provided by certain companies. Bookkeeping and accounting functions may also be performed with the help of dedicated software.

Simply said bookkeeping is the process of maintaining an accounting system on a regular basis by entering transactions into the corresponding accounts. The accounting process is the methodology for recognising measuring documenting and disseminating a companys financial data. As a result the bookkeeping process is an integral part of the larger accounting infrastructure. A bookkeeper is responsible for compiling all of the data that will be entered into the system. An accountant can make sense of the numbers revealing insights about your company. They are able to provide expert guidance on the systems that will best serve your company and provide reports whose veracity can be attested to by their qualifications. While there are software solutions for just about every kind of accounting having an accountant at least go through your books may help establish your companys legitimacy particularly when dealing with banks and other governmental bodies.

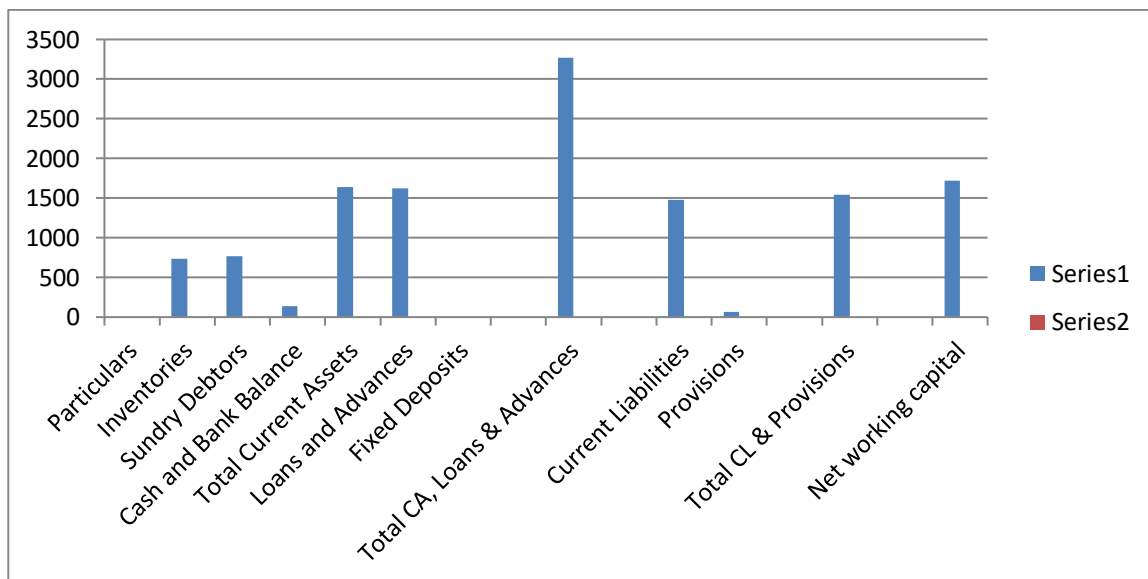
Establishing an accounting system collecting invoices and making timely payments to workers suppliers and government agencies are all essential tasks for any small company owner. And unless accounting is your main line of work it may be a real pain in the neck for proprietors of smaller enterprises. Implementing a system that meets your requirements with little upkeep may make operating a small company not only more pleasurable but also more cost-effective in the long term.

DATA ANALYSES AND INTERPRETATION


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STATEMENT OF CHANGES IN WORKING CAPITAL 2020-21

Particulars	Mar '21	Mar '20
Inventories	734.06	894.13
Sundry Debtors	766.72	904.00
Cash and Bank Balance	140.27	77.21
Total Current Assets	1,641.05	1,875.34
Loans and Advances	1,626.12	332.74
Fixed Deposits	0.00	0.00
Total CA, Loans & Advances	3,267.17	2,208.08
Current Liabilities	1,475.24	1,644.47
Provisions	69.42	73.23
Total CL & Provisions	1,544.66	1,717.70
Net working capital	1,722.51	490.38
Increase\decrease in net working capital	1232.13	




Interpretation

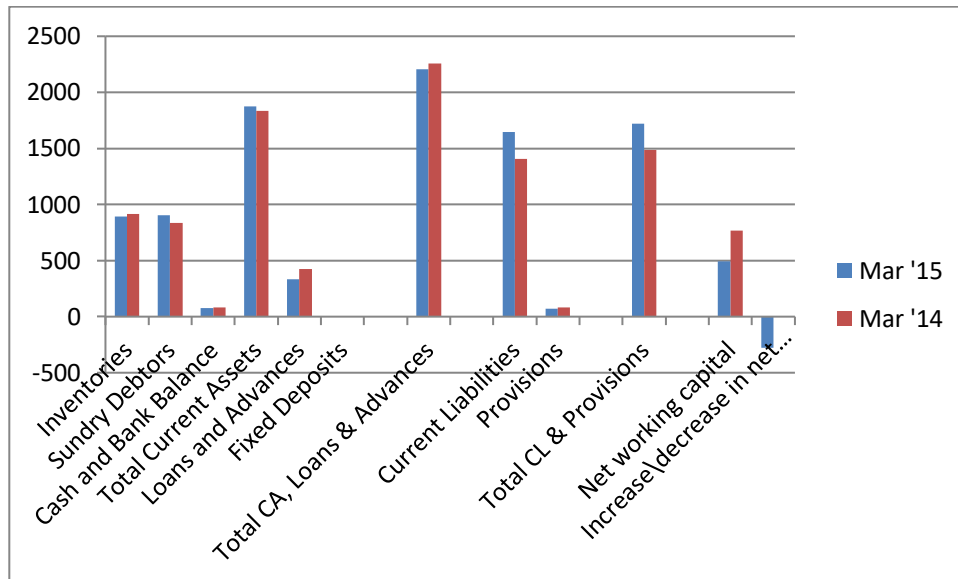
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The networking capital of Kesoram has been increased to 1232.13 the financial position i.e. the performance of kesoram has increased and the current assets exceeds its current liability.

STATEMENT OF CHANGES IN WORKING CAPITAL 2021-20

Particulars	Mar '21	Mar '20
Inventories	894.13	912.75
Sundry Debtors	904.00	835.67
Cash and Bank Balance	77.21	83.66
Total Current Assets	1,875.34	1,832.08
Loans and Advances	332.74	424.20
Fixed Deposits	0.00	0.00
Total CA, Loans & Advances	2,208.08	2256.28
Current Liabilities	1,644.47	1,408.72
Provisions	73.23	79.75
Total CL & Provisions	1,717.70	1,488.47
Net working capital	490.38	767.81
Increase\decrease in net working capital	-277.43	

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Interpretation

The networking capital of kesoram has been decreased to -277.43 the financial position i.e. the performance of kesoram has decreased and the current assets defects its current liability.

FINDNGS


- One trend Ive seen is that annual sales keep going up. Its a promising indicator for the companys future. Competition and high spending on fixed assets cause annual fluctuations.
- Every year the company saw a decline in its gross profit. Thats because the cost of selling such things has been steadily rising over the years.
- Third in 2018 they had a rise in debtors and expenditures related to raw material sealing and distribution transportation costs and administrative costs. In 2018 operational profit was down due to the shows.
- The average cash and bank balances have climbed annually but fixed deposit receipts have fallen and stock inventories are in a healthy state.
- During the year 2018 they took measures to reduce the cost of storing and maintaining inventory. But other costs such as those for shipping and packaging supplies rose sharply.

CONCLUSION

With a healthy dose of both debt and equity Kesoram is in a secure financial position. The overall evaluation of the financial statement indicates the investments loans and advances were used effectively. The growth of the companys reserves and surplus is indicative of its exceptional profitability. The financial statements as well as the auditors discussion and analysis of management provide a truthful and fair perspective in compliance with the requirements of the Companies Acts and generally accepted accounting principles. A cursory glance at the companys balance sheet reveals a lot of positives.

SUGGESTIONS

Notes should be included in the annual report to clarify discrepancies between the income statement and the balance sheet.

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- It will be more informative to report the decrease/(increase) in trade and other receivables as a decrease/(increase) in debtors and loans advances separately.
 - As economies around the world become increasingly interconnected and as more and more companies issue stock to investors in the capital market the companies diverse and demanding audience will require transparent and comprehensive reporting on the companies financial health in the form of an annual report.
- To forecast EPS sustainability in the future a comparison of basic and diluted EPS should be presented in the annual report.

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