

# PROJECT FINANCING AT KESORAM CEMENT

U JYOTHI <sup>[1]</sup>

MBA Student

Dr Chandra Sekhar Pattnaik <sup>[2]</sup>

PROFESSOR

<sup>[1,2]</sup>MASTER OF BUSINESS ADMINISTRATION

<sup>[1,2]</sup>Megha Institute of Engineering and Technology for Women, Sy. No. 7, Edulabad  
Road, Edulabad, Ghatkesar, Telangana.

## ABSTRACT

A **financial management** (or **financial report**) is a formal record of the financial activities of a business, person, or other entity. In British English—including United Kingdom company law—a financial statement is often referred to as an **account**, although the term financial statement is also used, particularly by accountants.

For a business enterprise, all the relevant financial information, presented in a structured manner and in a form easy to understand, are called the financial management. They typically include four basic financial management:

For large corporations, these management are often complex and may include an extensive set of notes to the financial management and management discussion and analysis. The notes typically describe each item on the balance sheet, income statement and cash flow statement in further detail. Notes to financial management are considered an integral part of the financial management.

### Purpose of financial management by business entities

"The objective of financial management is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions." Financial management should be understandable, relevant, reliable and comparable. Reported assets, liabilities and equity are directly related to an organization's financial position. Reported income and expenses are directly related to an organization's financial performance.

Financial management are intended to be understandable by readers who have "a reasonable knowledge of business and economic activities and accounting and who are willing to study the information diligently." Financial management may be used by users for different purposes.

### INTRODUCTION ABOUT FINANCE

#### Meaning of Financial Management

Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise.

#### Financial management has a wide scope.

Anticipation: Financial management estimates the financial needs of the company. That is, it

finds out how much finance is required by the company.

Acquisition: It collects finance for the company from different sources.

Allocation: It uses this collected finance to purchase fixed and current assets for the company.

Appropriation: It divides the company's profits among the shareholders, debenture holders, etc. It keeps a part of the profits as reserves.

Assessment: It also controls all the financial activities of the company. Financial management is the most important functional area of management. All other functional areas such as production management, marketing management, personnel management, etc. depends on Financial management. Efficient financial management is required for survival, growth and success of the company or firm.

### Scope/Elements

1. Investment decisions includes investment in fixed assets (called as capital budgeting). Investment in current assets are also a part of investment decisions called as working capital decisions.
2. Financial decisions - They relate to the raising of finance from various resources which will depend upon decision on type of source, period of financing, cost of financing and the returns thereby.

Dividend decision - The finance manager has to take decision with regards to the net profit distribution. Net profits are generally divided into two:

- a. Dividend for shareholders- Dividend and the rate of it has to be decided.
- b. Retained profits- Amount of retained profits has to be finalized which will depend upon expansion and diversification plans of the enterprise.

### Objectives of Financial Management

The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. The objectives can be-

1. To ensure regular and adequate supply of funds to the concern in **KESORAM CEMENTS LIMITED**.
2. To ensure adequate returns to the shareholders this will depend upon the earning capacity, market price of the share, expectations of the shareholders in KESORAM.
3. To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
4. To ensure safety on investment, i.e, funds should be invested in safe ventures so that adequate rate of return can be achieved.
5. To plan a sound capital structure-There should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.
6. Interpret financial reports Including income statements, Profits and Loss or P&L, cash flow

statements and balance sheet statements.

7. Improve the allocation of working capital within business operations.

8. Review and fine tune financial budgeting, and revenue and cost forecasting.

## **RESEARCH METHODOLOGY**

### **RESEARCH DESIGN**

This is a systematic way to solve the research problem and it is important component for the study without which researches may not be able to obtain the format. A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine for collection and analysis of data relevance to the research purpose with economy in procedure.

### **LIMITATIONS OF FINANCIAL STATEMENT:**

#### **1. ONLY INTERIM REPORTS:**

Only interim statements don't give a final picture of the concern. The data given in these statements is only approximate. The actual position can only be determined when the business is sold or liquidated.

#### **2. DON'T GIVE EXTRA POSITION:**

The financial statements are expressed in monetary values, so they appear to give final and accurate position. The values of fixed assets in the balance sheet neither represent the value for which fixed assets can be sold nor the amount which will be required to replace these assets.

#### **3. HISTORICAL COSTS:**

The financial statements are prepared on the basis of historical costs or original costs. The value of assets decreases with the passage of time current price changes are not taken into account. The statements are not prepared keeping in view the present economic conditions. The balance sheet loses the significance of being an index of current economic realities.

#### **4. ACT OF NON MONITORY FACTORS IGNORED:**

There are certain factors which have a bearing on the financial position and operating results of the business but they don't become a part of these statements because they can't be measured in monetary terms. Such factors may include in the reputation of the management.

#### **NO PRECISION:**

The precision of financial statement data is not possible because the statements deal with matters which can't be precisely stated. The data are recorded by conventional procedures followed over the years. Various conventions, postulates, personal judgments etc.

### **LITERATURE REVIEW**

Financial Management is the process of managing the financial resources, including accounting and financial reporting, budgeting, collecting accounts receivable, risk management, and insurance for a business.

The financial management system for a small business includes both how you are financing it as well as how you manage the money in the business.

In setting up a financial management system your first decision is whether you will manage your financial records yourself or whether you will have someone else do it for you. There are a number of alternative ways you can handle this. You can manage everything yourself; hire an employee who manages it for you; keep your records in-house, but have an accountant prepare specialized reporting such as tax returns; or have an external bookkeeping service that manages

financial transactions and an accountant that handles formal reporting functions. Some accounting firms also handle bookkeeping functions. Software packages are also available for handling bookkeeping and accounting.

Bookkeeping refers to the daily operation of an accounting system, recording routine transactions within the appropriate accounts. An accounting system defines the process of identifying, measuring, recording and communicating financial information about the business. So, in a sense, the bookkeeping function is a subset of the accounting system. A bookkeeper compiles the information that goes into the system.

### COMPANY PROFILE

Kesoram Cement Industry is one of the leading manufactures of cement in India. It is a day process cement Plant. The plant capacity is 8.26 lakh tones per annum It is located at Basanthnagar in Karimnagar district of Andhra Pradesh. Basanthnagar is 8 km away from the Ramagundram Railway station, linking Madras to New Delhi. The Chairman of the Company is syt. B.K.Birla,

#### HISTORY :

**The first unit at Basanthnagar with a capacity of 2.3 lakh** tones per annum incorporating humble suspension preheated system was commissioner during the year 1969. The second unit was setup in year 1971 with a capacity of 2.1 lakh tones per annum went on stream in the year 1978. The coal for this company is being supplied from Singereni Collieries and the power is obtained from APSEB. The power demand for the factory is about 21 MW. Kesoram has got 2 DG sets of 4 MW each installed in the year 1987.

Kesoram Cement has setup a 15 KW captor power plant to facilitate for uninterrupted power supply for manufacturing of cement at 24<sup>th</sup> august 1997 per hour 12 mw, actual power is 15 mw.

The Company was incorporated on 18th October, 1919 under the Indian Companies Act, 1913, in the name and style of Kesoram Cotton Mills Ltd. It had a Textile Mill at 42, Garden Reach Road, Calcutta 700 024. The name of the Company was changed to Kesoram Industries & Cotton Mills Ltd. on 30th

August, 1961 and the same was further changed to Kesoram Industries Limited on 9th July, 1986. The said Textile Mill at Garden Reach Road was eventually demerged into a separate company.

The First Plant for manufacturing of rayon yarn was established at Tribeni, District Hooghly, West Bengal and the same was commissioned in December, 1959 and the second plant was commissioned in the year 1962 enabling it to manufacture 4,635 metric tons per annum (mtpa) of rayon yarn. This Unit has 6,500 metric tons per annum (mtpa) capacity as on 31.3.20013.

The plant for manufacturing of transparent paper was also set up at the same location at Tribeni,

District Hooghly, West Bengal, in June, 1961. It has the annual capacity to manufacture 3,600 metric tons per annum (mtpa) of transparent Paper.

**DATA ANALYSES AND INTERPRETATION**  
**1.1 STATEMENT OF CHANGES IN WORKING CAPITAL 2022-23**

<b>Particulars</b>	<b>Mar '23</b>	<b>Mar '22</b>
Inventories	912.75	995.16
Sundry Debtors	835.67	673.58
Cash and Bank Balance	83.66	69.59
Total Current Assets	1,832.08	1,738.33
Loans and Advances	424.20	1,154.09
Fixed Deposits	0.00	1.07
Total CA, Loans & Advances	2256.28	2,893.49
Current Liabilities	1,408.72	1,800.10
Provisions	79.75	407.26
Total CL & Provisions	1,488.47	2,207.36
Net working capital	<b>767.81</b>	<b>686.13</b>
Increase\decrease in net working capital	<b>81.68</b>	

## FINDINGS

1. I found that every year the sales are increases in increased manner. It shows good sign for the organization. It fluctuates only one year due to competition and heavy expenditure in fixed assets.
2. The gross profit was decreased every year. This was happened due to increasing of cost of goods sold every year
3. In the year 2023, they spend more money towards raw material sealing and distribution transportation and administration expenses and debtors also increased. The shows results in reduction of operating profit in 2023.
4. On overall ever year cash & bank balance were increased fixed deposits receipts are decreased inventories on average are in good position.
5. In the year 2022 they minimized the exp .of stores maintenance. But other expensed like packing materials and transportation charges increased rapidly

## CONCLUSION

The financial position of Kesoram is quite comfortable with a judicious mix of debt and equity. The overall assessment of financial statement signifies efficient utilization of the investments, loans and advances. The profitability of the company appears to be impressive, as judged by increase in reserves and surplus.

The management discussions and analysis by Director's report and opinions expressed by Auditor's report through financial statements is true and fair view in accordance with the provisions of the companies Acts, and Accounting standards.

The overall financial position of the company appears to be more than satisfactory.

## SUGGESTIONS

- The company should provide notes to explain items not tallying with the profit and loss and balance sheet in the Annual report.
- Instead of disclosing the combined flows of debtors and loans advances as decrease/(increase) in trade and other receivables, their separate disclosure will be more meaningful.
- Globalization of economies and the requirement of shares from investors in capital market, diverse and demanding audience to the company, need a clear and in-depth in information about the company's financial position in Annual report.
- Comparison of basic and diluted EPS to be included in Annual report to predict the EPS sustainable in future.

**BIBLIOGRAPHY**

<b>SL. No.</b>	<b>BOOKS:</b>	<b>AUTHOUR NAME</b>
1.	Financial Management	Kahan & JAIN
2.	Financial Management	I.M.Pandey
3.	Management Accounting	R.P.Trivedi

**NEWS-PAPERS & JOURNALS:**

1. BUSINESS TODAY
2. THE ECONOMIC TIMES

**WEBSITES & SEARCH ENGINES**

1. [www.kesoram.com](http://www.kesoram.com)
2. [www.moneycontrol.com](http://www.moneycontrol.com)
3. [www.googlefinance.com](http://www.googlefinance.com)

Annual reports of KESORAM Industries limited 2022-2023.