

Research On Financial Management and Earnings at Bharathi Cement Corporation Pvt Ltd., Kadapa Distric, Andhra Pradesh

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Abstract— Effective handling of funds is a crucial component of a company's strategy to enhance shareholder value. Fund management involves the smart and efficient use of funds through the acquisition, distribution, and application of these funds. The effectiveness of fund management is assessed through turnover ratios, which reflect the speed at which assets are converted into sales. Essentially, these ratios show how effectively a company uses its funds and the sales turnover for each rupee invested. The manner in which funds are managed can greatly affect a company's profitability. There's a research question on whether a high turnover ratio leads to increased earnings for a company. A company might achieve higher sales by adopting a lenient credit policy, which could reduce the turnover ratio of its debtors.

Index Terms- Fund Management, Profitability, Turnover, Ratios, Sales, etc.

I. INTRODUCTION

1.1. FUND MANAGEMENT

The purpose of evaluating exchange performance, operational efficiency, profitability, and financial standing arises from concerns highlighted by various financial data. These financial statements are prepared to assess the overall financial health of a company over a specific period. According to management, the utility of the information

provided by these income statements is both effective and efficient. However, they do not fully disclose the nature or characteristics of all transactions. Stakeholders such as management, creditors, and investors need to determine or evaluate the sources and uses of the resources employed by the company's

strategies. In light of this information, it is essential to analyze the allocation of assets and resources across operations and capital among the segments of multi-year financial reports. The examination of these financial statements aids management by providing additional information in a practical manner.

1.2. MEANING OF FUND

The expression "Fund" alludes to Cash, to Cash related or to Working Capital and every single budgetary asset which are utilized in business. These all out assets of a worry are as men, materials, cash, plant and types of gear and others. In a more extensive significance "Fund" alludes to Working Capital. It shows the distinction among current resources and current liabilities. It might be:

(a) Gross Working Capital and (b)Net Working Capital.

"Net Working Capital" speaks to aggregate of every single Current Asset." Net Working Capital" alludes to abundance of Current Assets over Current Liabilities. In a tight sense "Fund" indicates money or cash equivalents.

1.1.3. PROFITABILITY

Profitability is tied in to the earnings of a business and there are three useful calculations that can be applied. The first is the gross profit margin calculation. It is easy to look at increases and decreases in gross profits and make assumptions about performance. However, the gross profit margin scrutinizes the value of the profit being made. This is done by measuring the profit as a proportion of the sales. In other words, it looks at

how wide the gap is between the gross profit and the sales turnover.

- I. The answer will be displayed as a percentage figure and a company will compare the margins with previous years. The information from this calculator might be used to determine whether a company needs to find cheaper suppliers or whether it should increase the price of its products. Both of the section can improve the gross profit margin.
- II. The next profitability calculation is the net profit margin. This is very similar in function to the gross profit margin, but the focuses on identifying whether the company is paying too much in operating expenses. Therefore, to improve the figure, a company might look to see whether they can reduce their overheads and cut operating costs.

III. METHODOLOGY

2.1. NEED FOR THE STUDY

To analyze the various fund management technique followed by the firm and identify the effectiveness of flow of fund in the organization determining the financial performance of the firm. The findings of the study can be used as secondary data for the various future study purposes.

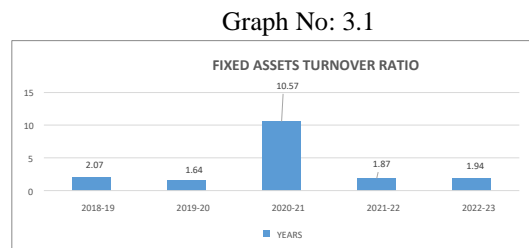
2.2. OBJECTIVE OF THE STUDY

- To evaluate the availability and utilization of funds.
- To examine the profitability position of the firm.
- To determine the relationship between the available fund and profitability.

IV. RESULTS AND DISCUSSION

3.1. FIXED ASSETS TURNOVER RATIO

$$\text{FIXEDASSETSTURNOVERRATIO} = \frac{\text{NET SALE}}{\text{FIXED ASSET}}$$



Interpretation:

Table 3.1 refers that fixed asset turnover ratio of Bharathi Cement Ltd over a period of 5 years from 2018-19 to 2022-23 a fixed assets turnover ratio is fluctuated during the study period. The highest fixed asset turnover ratio is 10.57 in the year of 2018-19 and the least is 1.64 in the year of 2019-20.

Table no 3.1 fixed assets turnover ratio

Year	Net sales	Fixed assets	FATR
2018-19	164	79	2.07
2019-20	151	92	1.64
2020-21	148	14	10.57
2021-22	135	72	1.87
2022-23	132	68	1.94

Source: Annual report of Bharathi Cement Pvt. Ltd

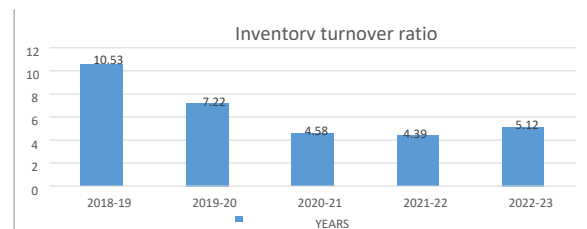
3.2 INVENTORY TURNOVER RATIO

$$\text{INVENTORY TURNOVER RATIO} = \frac{\text{SALE}}{\text{AVERAGE INVENTORY}}$$

Table No: 3.2 Inventory turnover ratios

Years	Sales	Inventory	Inventory ratio	turnover
2018-19	164	15.57	10.53	
2019-20	151	20.89	7.22	
2020-21	148	32.27	4.58	
2021-22	135	30.69	4.39	
2022-23	132	25.75	5.12	

Source: Annual report of Bharathi Cement Pvt. Ltd



Interpretation:

Table 3.2 refers that Inventory turnover ratio of Bharathi Cement Pvt. Ltd Cement Ltd over a period of 5 years from 2018-19 to 2022-23 Inventory turnover ratio is fluctuated during the study period. The highest Inventory turnover ratio is 10.53 in the year of 2018-19 and the least is 4.39 in the year of 2019-20.

			EMPLOYED RATIO
2018-19	73.78	1.59	4640.25
2019-20	103.97	2.04	5096.56
2020-21	30.4	0.61	4983.60
2021-22	169.62	2.83	5993.63
2022-23	157.57	2.62	6014.12

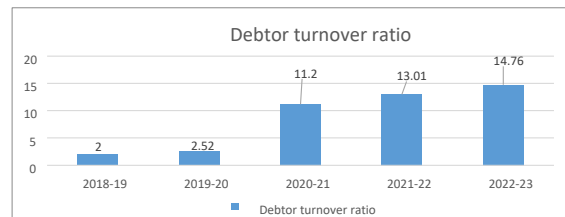
3.3. DEBTOR TURNOVER RATIO

$$\text{DEBTOR TURNOVER RATIO} = \frac{\text{CREDIT SALES}}{\text{AVERAGE DEBTORS}}$$

Table no:3.3 debtor turnover ratio

Year	Net sales	Average debtors	Debtor turnover ratio
2018-19	164	81.74	2.00
2019-20	151	59.77	2.52
2020-21	148	13.21	11.20
2021-22	135	10.37	13.01
2022-23	132	8.94	14.76

Source: Annual report of Bharathi Cement Pvt. Ltd



Interpretation:

Table 3.3 refers that debtor turnover ratio of Bharathi Cement Pvt. Ltd Cement Ltd over a period of 5 years from 2018-19 to 2022-23 Inventory turnover ratio is fluctuated during the study period. The highest debtor turnover ratio is 14.76 in the year of 2018-19 and the least is 2.00 in the year of 2019-20.

3.4. WORKING CAPITAL TURNOVER RATIO

$$\text{WORKING CAPITAL TURNOVER RATIO} = \frac{\text{SALES}}{\text{NET WORKING CAPITAL}}$$

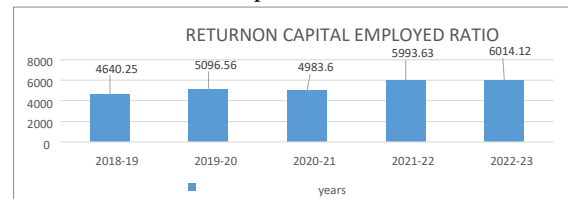
Table no: 3.4 working capital turnover ratio

year	PBITM	CAPITAL EMPLOYED	RETURNON CAPITAL
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3.5. RETURN ON CAPITAL EMPLOYED RATIO:

$$\text{RETURN ON CAPITAL EMPLOYED RATIO} = \frac{\text{NET SALES}}{\text{CAPITAL EMPLOYED}} * 100$$

Graph No: 3.5



3.6. PROFITS BEFORE INCOME AND TAX MARGIN:

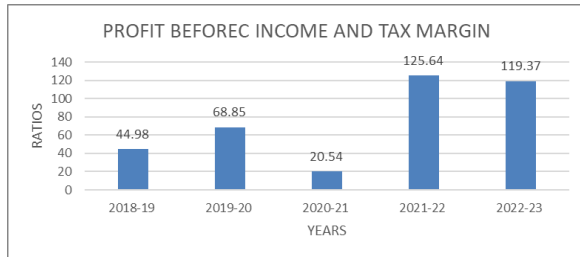
$$\text{PROFITS BEFORE INCOME AND TAX MARGIN} = \frac{\text{PBITM}}{\text{NET SALES}} * 100$$

Table no: 3.6 PBIM

YEAR	PBITM	NET SALES	PROFIT BEFOREC INCOME AND TAX MARGIN
2018-19	73.78	164	44.98
2019-20	103.97	151	68.85
2020-21	30.4	148	20.54
2021-22	169.62	135	125.64
2022-23	157.57	132	119.37

Source: Annual report of Bharathi Cement Pvt. Ltd

Graph No: 3.6



V. FINDINGS

The Financial Asset Turnover Ratio (FATR) showed a high value of 10.57 in 2020-21 due to increased sales and net fixed assets, while the Inventory Turnover Ratio (ITR) had a high value of 10.53 in 2018-19 because of increased sales and inventory. The Debtors Turnover Ratio (DTR) recorded a high value of 14.76 in 2022-23 due to decreased net sales and average debtors. Additionally, the Working Capital Turnover Ratio (WCTR) exhibited a high value of 1.03 in 2021-22 attributed to decreased net sales and net working capital. Conversely, the FATR, ITR, DTR, and WCTR showed low values in previous years due to different factors.

CONCLUSION

The research on the "fund management and profitability position of Bharathi Cement Pvt. Ltd" indicates that both the Fixed Asset Turnover Ratio (FATR) and profitability have shown positive trends, attributed to increases in net sales and fixed assets at various intervals. However, the Inventory Turnover Ratio (ITR) has exhibited fluctuations. Both the Return on Capital Employed (ROCE) and the Working Capital Turnover Ratio (WCTR) have also experienced variability, influenced by sales and working capital dynamics. It can be concluded that Bharathi Cement Pvt. Ltd has maintained an average profit level, with certain years reflecting losses, primarily due to high turnover rates. Overall, the inventory ratios are favorable, and effective fund management is contributing to profit enhancement.

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