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A STUDY ON FIXED ASSET MANAGEMENT OF KESORAM INDUSTRIES LTD

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Abstract

Fixed asset management is a crucial process employed by organizations to effectively acquire, maintain, and utilize their tangible assets. This abstract provides an overview of fixed asset management, its significance, and key considerations for optimizing the management of fixed assets within organizations. Fixed assets, such as property, plant, and equipment, play a vital role in supporting organizational operations and generating value. Fixed asset management involves the strategic planning, acquisition, tracking, maintenance, and disposal of these assets throughout their lifecycle. This abstract explores the importance of fixed asset management in maximizing the return on investment, ensuring asset availability and reliability, and complying with regulatory requirements. It highlights how effective fixed asset management contributes to cost control, improved operational efficiency, and enhanced financial reporting accuracy. Furthermore, the abstract discusses key considerations in fixed asset management, including asset identification and categorization, accurate recordkeeping, asset valuation, depreciation, and tracking maintenance activities. It emphasizes the need for organizations to implement robust asset management systems, policies, and procedures to ensure proper control and utilization of fixed assets.

KEYWORDS:Fixed Assets, Capital Management, Fixed Asset Management.

I. Introduction:

Fixed assets are generally ticketed as the most valuable items in a company. The benefits of a proper fixed asset management solution will often spread across the vari

Apart from keeping accurate records on fixed assets, it will also save money through accurate insurance premiums and tax liabilities, save time by producing

easily accessible audit reports, eliminate headaches such as unnecessary y purchases, and can even improve overall workplace productivity. Before implementing a fixed asset management solution, it is important to distinguish between the various asset classes of your organization and what can, or should, in fact, be classified as a fixed asset.

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DEFINITION:

Fixed asset management is the process of tracking and maintaining an organization's physical assets and equipment. Asset types include vehicles, computers, furniture and machinery. Using an asset management system, organizations can:

- Track and monitor fixed assets.
- Oversee equipment and machinery in multiple locations.
- Lower maintenance costs.
- Improve operational efficiency.
- Maintain a record of retired, sold, stolen or lost assets.

Fixed asset management enables organizations to monitor equipment and vehicles, assess their condition, and keep them in good working order. In this way, they minimize lost inventory, equipment failures and downtime — and improve an asset's lifetime value.

II. Review of literature

Prof. Marshall mentioned about the activities of money changers in the temple of Olympia and other sacred places in Greece, around 2000 B.C. He wrote "Private Money Metallic Currencies, More or less exactly, to a Common Unit of value, and even to accept money on deposit at interest, and to lend it out at higher interest permitting meanwhile drafts to be drawn on them".

Sayers R.S. 2013: we can define bank as an institution whose debts (bank deposits) are widely accepted in settlement of other people's debts to each other. S.B. Gupta A bank is an institution that accepts deposits of money from the public withdrawals by cheque and used for lending. Thus, there are two essential functions which make a financial institution a bank:

The literature review included asset management concepts, current asset management practices and philosophies of

other state departments of transportation (DOTs) and the FHWA, and research efforts focused on right-of-way acquisition. The purpose of this review was to ensure that TxDOT and the research team will benefit from state-of-the-art concepts and practices for asset management.

ASSET MANAGEMENT CONCEPTS 1

Asset management is an emerging effort to integrate finance, planning, engineering, personnel, and information management to assist agencies in managing assets cost-effectively (**AASHTO 1997**). In its broadest sense, asset management is defined as "a systematic process of maintaining, upgrading, and operating assets, combining engineering principles with sound business practice and economic rationale, and providing tools to facilitate a more organized and flexible approach to making the decisions necessary to achieve the public's expectations" (**OECD 2001**).

The main objective of asset management is to improve decision-making processes for allocating funds among an agency's assets so that the best return on investment is obtained. To achieve this objective, asset management embraces all of the processes, tools, and data required to manage assets effectively (**Nemmers 2004**). For this reason asset management is also defined as "a process of resource allocation and utilization" (**AASHTO 2002**). The framework needed to carry out this process effectively encompasses an agency's policy goals and objectives, performance measurements, planning and programming, program delivery, and system monitoring and performance results.

III. Need for the study:

- The owner's funds and long term liabilities are invested in fixed assets. Since, fixed assets play dominant role

in the business and the firm has utilization of fixed assets. So, ratio contributes in analyzing and evaluating the performance of the business.

- If firms fixed assets are idle and not utilized properly it affects the long-term sustainability of the firm, which may affect liquidity and solvency and profitability positions of the company.
- The idle of fixed assets leads to a tremendous loss in financial cost and intangible cost associate of it. So, this will lead to evaluation of fixed assets performance.
- Every year company invests an additional fund in these assets directly or indirectly. The survival and other objectives of the company depend on operating performance of management i.e. effective utilization of these assets.

IV. Objectives of the study:

- The study is conducted to understand the amount of capital expenditure made by the company during study period 2017-18 to 2021-22.
- To assess fixed assets performance/turnover of Kesoram Industries Limited.
- To evaluate depreciation and method of depreciation adopted by Kesoram Industries Limited.
- To analyze the amount of finance made by long-term liabilities and owners funds towards fixed assets.
- To examine if fixed assets are liquidated, what proportion of it will contribute for the payment of owners' fund and long-term liabilities.

V. Scope of the study:

- The project is covered on fixed assets of KESORAM. Drawn from annual reports of the company
- The subject matter is limited to fixed assets, its analysis and its performance but not to any other areas of accounting corporate, marketing and financial matters.

- Ratio analysis is used for evaluating fixed assets performance of KESORAM CEMENT INDUSTRIES.
- Duration of the study consists of financial reports from 2017-2022.

VI. Research methodology:

The data used for the analysis and interpretation is from annual reports of the company i.e., secondary forms of data. Ratio analysis is used for calculation purpose.

The project is presented using tables, graphs and with their interpretations. No survey is undertaken or observation study is conducted by evaluating fixed assets performance of the company.

Sources of data:

The data needed for this project is collected from the following sources:

- The data is adopted purely from secondary sources.
- The theoretical contents are gathered purely from eminent text books and references.
- The financial data and information is gathered from annual reports of the company.

VII. Limitations of the study:

The following are the limitations for the study

- The study is limited into the date and information provided by the KESORAM and its annual reports.
- The report may not provide exact fixed assets status and position of KESORAM; it may be varying from time to time and situation to situation.
- This report is not helpful in investing in KESORAM Either through disinvestments or capital market.
- The accounting procedure and other accounting principles are limited by the changes made by the company, may vary fixed assets performance.

VIII. Empirical results:

Trend analysis:

In financial analysis the direction of

change over a period of years is of initial importance. Time series and trend analysis of ratio indicates the direction of changes. This kind of analysis is particularly applicable to the profit and loss account. It is advisable that trends of sales and net income may be studied in the light of two factors. The general price level that might be found in practice is that a number of firms would be shown at persistent growth over period of years but to get a true trend of growth, the sales figure should be adjusted by a suitable index of general prices.

In other words, sales figures should be deflated for raising price level. Another method of securing trend of growth and the one which can be used instead of adjusted sales figure or as to check on them is to tabulate and lot the output of physical volume of the sales expressed in suitable units of measure. The general price level is not considered while analyzing trend in growth as it can mislead management. They may become unduly optimistic in period of prosperity and pessimistic in dual periods.

For trend analysis the use of index numbers is generally advocated, the procedure followed is to assign the numbers to items of base years and at calculated percentage change in each item of other years in relation to base year. This procedure may be called as Fixed percentage method. This margin determines the direction of upward or downward and involves the implementation of the percentage relationship of each statement item means on the same in the base year. Generally, the first year is taken as the base year. The

S. N O	YEA R	NETBLOC K (FIXEDAS SETS)	CAPITAL (W\ P)	TOTAL
1	2017-18	3691.72	437.81	4129.53
2	2018-19	3587.21	680.65	4267.86
3	2019-20	3446.77	704.49	4151.26
4	2020-21	3227.10	730.83	3957.93
5	2021-22	1544.28	548.32	2092.60

figures of the base year are taken as 100

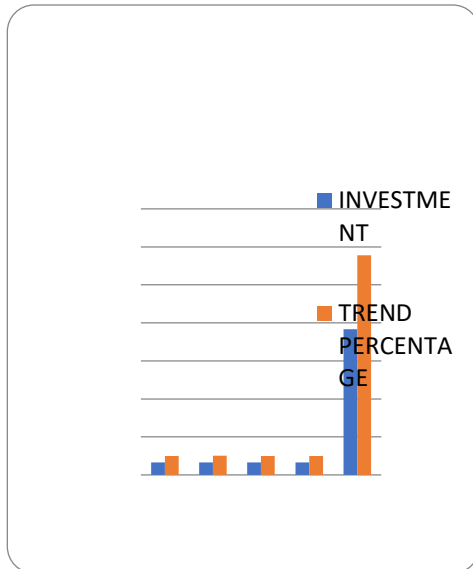
and trend ratio for the other years is calculated on the basis of first year. Here an attempt is made to know the growth rate in total investment and fixed assets of the KESORAM for 5 years that is 2017-18 to 2021-22.

Tabular representation of assets of the Kesoram 2017-2022

GROWTH IN TOTAL INVESTMENT: Tabular representation of Investment & Trend Percentage

Graphical representation of Growth of Total Investment

S.NO	YEAR	INVESTMENT	TREND PERCENTAGE
1	2017-18	65.82	100
2	2018-19	66.36	100.820419
3	2019-20	66.36	100
4	2020-21	66.36	100
5	2021-22	766.41	1154.92767



By observing the above table, it reveals that the investment in the net block is in decreasing trend. It was 2092.60 over the total fixed assets during the year 2022 and it has decreased. From the analysis of above table it can be observed that Total Investment of KESORAM had change and the growth rate is increased and in the year 2018 it is the increasing stage and in the year 2018 it is increased due to increase in the current block. It is constant from 2018-19 to 2021-22. Investment in the cement sector by the company may leads to success in the future.

IX. Findings, Suggestions and

Conclusion:

Findings

- Regarding to the fixed assets to net worth ratio shows a continuous increase in net worth and fixed assets. This shows the satisfactory position of the company.
- Regarding the long-term funds to fixed assets they show an increase.
- Regarding the total investment turnover ratio it is observed sales had an increase from 2017-18.
- Regarding the Fixed Asset turnover ratio, sales had an increased.
- Regarding the Return on total assets ratio it has been observed that
- There is profit. This shows the favorable position of the company.

- From the above study it can be said that the KESORAM overall financial position on fixed assets is satisfactory.

Suggestions

- It is suggested to improve the position of the company by effective's utilization of fixed assets.
- Growth rate in fixed assets can be increase by employing more investment.
- Total investment to sales can be improved.
- 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.

Conclusion

The Fixed asset management 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 fixed asset management statements is true and fair view in accordance with the provisions of the companies Acts, and Accounting standards. The overall fixed asset management of the company appears to be more than satisfactory.

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