**on**

**FUND MANAGEMENT**

**In**

**NATIONAL THEROMAL POWER CORPORATION**

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**Abstract:**

Efficient fund management is an integral part of the overall corporate strategy to create share holders value. Fund management implies the efficient and effective acquisition and allocation and utilization of funds. The Efficiency with which funds are managed gleaned from turnover ratios. Turnover ratio measure how rapidly the assets are being turned over into sales. In other words they indicate how well the company managers it funds and indicates sales turnover for every rupee of fund the way in which funds are managed can have a significant impact on the profitability of the company. It is an empirical question whether a high value of turnover ratio as a positive influence on the companies earning capability. A company can have larger sales with a very liberal Credit policy which shrinks the Debtor’s turnover ratio. In this case, the lower Debtors turnover ratio may result in higher profitability. However as for the traditional view, a low value of turnover ratio hits company’s profitability

**Keywords:** Consumer Perception, Proposed Tools.

**INTRODUCTION:**

**FUND MANAGEMENT**

Every enterprise needs inventory for smooth running of its activities. It serves as a link between the recognition of a need and its fulfillment. The greater the time-lag, the higher the requirement for inventory. The unforeseen fluctuations in demand and supply of goods also necessitate the need for inventory. It also provides a cushion for future price fluctuations.

The investment inventories constitute the most significant part of current assets/working capital in most of the under takings. Thus, it is very essential to have proper control of Fund Management is to ensure availability of materials in sufficient quantity as and when required and also to minimize investment in inventories.

**MEANING AND NATURE OF INVENTORY:**

The dictionary meaning of inventory is stock of goods. The word ‘inventory’ is understood differently by various authors in according language it may mean stock of finished goods only. In a manufacturing concern it may study it form the usage side of from the “side of point of entry” in the operations. Inventory includes the following things.

**A) Raw Material:** Raw material from a major input the organization. These are required to carry but production activities uninterruptedly. The quantity of raw material required will be determined by the rate of consumption and the time required for replenishing the suppliers.The factors like the availability of raw material and government regulation etc. to effect the stock of raw materials.

**B) Work-in-Progress:** The work-in-progress in that stage of stocks which are in between raw material and finished goods. The raw materials enter the process of manufacture by they are yet to attain a final shape of finished goods. The quantum of work-in-progress depends upon the time taken in manufacturing. The more will be the amount of work in progress.

**C) Consumables:** These are the materials which are needed to smoothen the process of production. These materials do not directly enter production but they act as catalysts, etc. consumables may be classified according to their consumption and critically, generally, consumables stores do not create any supply problem and form a

**REVIEW OF LITERATURE:**

**ARTICLE: 1**

**Tile: Investments: A Literature Review**

**Author: Rifat O. Shannak, Associate Professor of MIS**

**Source: Business Transformation through Innovation and Knowledge Management:**

**Abstract**

The capital market is the place where the medium term and long-term financial needs of business are met. Primary capital market is a market for raising fresh capital from public by floating fresh capital instruments like shares, debentures and bonds Recently Indian capital market strengthened itself by the floatation of Initial Public Offer by means of companies. The paper is visualizing the need for recent Initial Public Offer for National Thermal Power Corporation.

**ARTICLE: 2**

**TITLE: Model for investment decision making by applying the multi-criteria analysis method**

**Author:** **Adis Puška**

Interpretation of the available financial data. The primary objective of financial performance evaluation is to give an accurate picture of the financial condition of a concern in condensed form. The present study has been undertaken to examine the financial performance of NTPC for a period of ten years from 2006-07 to 2015-16. Data have been collected from various published annual reports and financial statements. Liquidity, profitability, management efficiency, solvency and market valuation ratios have been calculated and analyzed. Multiple regression technique has been used to evaluate the impact of liquidity, solvency and management efficiency on profitability of NTPC. ROCE, ROA, and ROE have been taken as proxy measures of profitability. The findings highlighted that there is no significant impact of current ratio and inventory turnover ratio on profitability. However, debt-equity ratio has a significant impact on profitability of NTPC.

**ARTICLE: 3**

**TITLE** Financial Performance Evaluation of National Thermal Power Corporation Limited (NTPC)

**Author:** [**Dong, Ming-Gao**](https://content.iospress.com/search?q=author%3A%28%22Dong%2C+Ming-Gao%22%29)**|**[**Li, Shou-Yi**](https://content.iospress.com/search?q=author%3A%28%22Li%2C+Shou-Yi%22%29)

Singh [7] examined the liquidity position of IDBI Bank since 1997 to 2001 and found that the financial position of the bank in the last five years remained satisfactory. Sami and Khan [8] in their study entitled, “Financial Performance Appraisal of Paper Industry in India: A Study of Selected Paper Mills” investigated the financial performance of paper industries namely Ballarpur Industries Limited (BILT) and Tamil Nadu Newsprint and Papers Limited (TNPL) with the application of independent sample t-test. The findings showed significant differences in gross profit, net profit, current ratios, quick ratios and debt equity ratios in BILT and TNPL. Khan and Dalayeen [9] in their research paper entitled, “Financial Performance of Cement Companies- A Critical Appraisal” evaluated the financial performance of Indian cement companies like UltraTech Cement, Shree Cement, Ambuja Cements Limited, Associate Cement Companies Limited.

**SEARCH GAP:**

# The project is visualizing the need for recent fund management for National Thermal Power Corporation.

# **OBJECTIVES:**

* To calculate the variables like Profit before interest and tax margin, Fixed asset turnovers ratio, Inventory turnover ratio, Debtors turnover ratio, Working capital turnover ratio
* To measure the impact of Independent variables (PBITM, FATR, INVENTORY TURNOVER RATIO, DEBTORS TURNOVER RATIO , WORKING CAPITAL TURNOVER RATIO) on Profitability (Profit before interest and tax margin) using multiple regression.
* To draw inference and to offer suggestions where ever it is felt appropriate.
* To gain the overall idea about the organization.
* To gain a firsthand knowledge about the structure and the functioning of the Finance department and investment policy.

**RESEARCH METHODOLOGY:**

**Need For The Study**

* The “Fund Management” is an integral part of the overall corporate strategy to create share holders value.
* Fund management implies the efficient and effective acquisition and allocation and utilization of funds.
* The Efficiency with which funds are managed gleaned from turnover ratios.
* Turnover ratio measure how rapidly the assets are being turned over into sales.
* It seems that one of the important problems faced by public enterprises is ineffective control measures felt quite appropriate to make a micro study on inventory control methods and policies.

**Scope Of The Study:**

* The data and information required for this study for the period 2010-2015 have been collected from the annual reports of NTPC for various years.
* Too much dependence on secondary data.
* A lot of relevant data is inaccessible because of the data being confidential.
* The data analysis of the study in purely based on the financial information provided by the accounts department of the NTPC

**Data Collection**

**Sources of Data**

**Primary data:**

This method includes the data collected from the personal discussions with the authorized clerks and members of the NTPC.

**Secondary Collection Method**:

The Secondary Collection Methods includes the lectures of the superintend of the Department of Market Operations, EDP etc, and also the data collected from the Annual financial reports of the company, Balance sheets, profit loss a/c’s etc..

**HYPOTHESIS OF THE STUDY:**

A null hypothesis is a type of statistical hypothesis that proposes that no [statistical significance](https://www.investopedia.com/terms/s/statistical-significance.asp) exists in a set of given observations. [Hypothesis testing](https://www.investopedia.com/terms/h/hypothesistesting.asp) is used to assess the credibility of a hypothesis by using sample data. Sometimes referred to simply as the "null," it is represented as H0.

**DATA ANALYSIS & INTERPRETATION:**

**Correlation between DEBTORS TURNOVER RATIO and PBITM**

CORRELATIONS

 /VARIABLES=DEBTORS TURNOVER RATIO PBITM

 /PRINT=TWOTAIL NOSIG

 /MISSING=PAIRWISE.

| **Correlations** |
| --- |
|  |  | DEBTORS TURNOVER RATIO  | PBITM |
| DEBTORS TURNOVER RATIO  | Pearson Correlation | 1 | -.025 |
| Sig. (2-tailed) |  | .942 |
| N | 11 | 11 |
| PBITM | Pearson Correlation | -.025 | 1 |
| Sig. (2-tailed) | .942 |  |
| N | 11 | 11 |

**Interpretation:**

The Pearson correlation relationship was found between debtor turnover ratio and profit before interest and tax(PBITM) it r= -.025,and sig p=0.942 which is greater than to 0.05 and it is having a significant relationship and low negative association between them.

**Correlation between PBITM and WORKING CAPITAL TURNOVER RATIO**

CORRELATIONS

 /VARIABLES=PBITM WORKING CAPITAL TURNOVER RATIO

 /PRINT=TWOTAIL NOSIG

 /MISSING=PAIRWISE.

| **Correlations** |
| --- |
|  |  | PBITM | WORKING CAPITAL TURNOVER RATIO |
| PBITM | Pearson Correlation | 1 | -.056 |
| Sig. (2-tailed) |  | .869 |
| N | 11 | 11 |
| WORKING CAPITAL TURNOVER RATIO | Pearson Correlation | -.056 | 1 |
| Sig. (2-tailed) | .869 |  |
| N | 11 | 11 |

**Interpretation:**

The Pearson correlation relationship was found between profit before interest and tax margin(PBITM) and working capital turnover ratio (WORKING CAPITAL TURNOVER RATIO)with r=-0.056,which is negative, and sig p=0.869 which is greater than 0.05 and it is having a insignificant negative relationship between them

**Correlation between FATR and ROCE**

CORRELATIONS

 /VARIABLES=FATR ROCE

 /PRINT=TWOTAIL NOSIG

 /MISSING=PAIRWISE.

| **Correlations** |
| --- |
|  |  | FATR | ROCE |
| FATR | Pearson Correlation | 1 | .550\* |
| Sig. (2-tailed) |  | .080 |
| N | 11 | 11 |
| ROCE | Pearson Correlation | .550\* | 1 |
| Sig. (2-tailed) | .080 |  |
| N | 11 | 11 |
| \*. Correlation is significant at the 0.05 level (2-tailed). |

**Interpretation:**

The Pearson correlation relationship between fixed assets turnover (FATR) and return on capital employed (ROCE) ratio with r=0.550 which is having a strong relationship and both FATR and ROCE are moving in a same direction. and sig p= 0.080 which is greater than 0.05 and it is having a insignificant positive association between FATR and PBITM.

**Correlation between ROCE and INVENTORY TURNOVER RATIO**

CORRELATIONS

 /VARIABLES=ROCE INVENTORY TURNOVER RATIO

 /PRINT=TWOTAIL NOSIG

| **orrelations** |
| --- |
|  |  | ROCE | INVENTORY TURNOVER RATIO |
| ROCE | Pearson Correlation | 1 | .026 |
| Sig. (2-tailed) |  | .940 |
| N | 11 | 11 |
| INVENTORY TURNOVER RATIO | Pearson Correlation | .026 | 1 |
| Sig. (2-tailed) | .940 |  |
| N | 11 | 11 |

 /MISSING=PAIRWISE.

**Interpretation:**

The Pearson correlation relationship between return on capital employed (ROCE) and inventory turnover ratio with r=0.26. And sig p=0.940 which is greater than0.05 which is having a insignificant relationship and having very low association between two variables.

**Correlation between DEBTORS TURNOVER RATIO AND ROCE**

CORRELATIONS

/VARIABLES=DEBTORS TURNOVER RATIO ROCE

 /PRINT=TWOTAIL NOSIG

 /MISSING=PAIRWISE.

| **Correlations** |
| --- |
|  |  | DEBTORS TURNOVER RATIO  | ROCE |
| DEBTORS TURNOVER RATIO  | Pearson Correlation | 1 | .168 |
| Sig. (2-tailed) |  | .622 |
| N | 11 | 11 |
| ROCE | Pearson Correlation | .168 | 1 |
| Sig. (2-tailed) | .622 |  |
| N | 11 | 11 |

**Interpretation:**

The Pearson correlation relationship was found between debtor turnover ratio(DEBTORS TURNOVER RATIO ) and return on capital employed(ROCE) with r= 0.168, and sig p=0.622 which is greater than 0.05 and there is a insignificant relationship and having low association between two variables.

**orrelation between WORKING CAPITAL TURNOVER RATIO and ROCE**

CORRELATIONS

 /VARIABLES=WORKING CAPITAL TURNOVER RATIO ROCE

/PRINT=TWOTAIL NOSIG

/MISSING=PAIRWISE.

| **Correlations** |
| --- |
|  |  | WORKING CAPITAL TURNOVER RATIO | ROCE |
| WORKING CAPITAL TURNOVER RATIO | Pearson Correlation | 1 | .257 |
| Sig. (2-tailed) |  | .446 |
| N | 11 | 11 |
| ROCE | Pearson Correlation | .257 | 1 |
| Sig. (2-tailed) | .446 |  |
| N | 11 | 11 |

**Interpretation:**

The Pearson correlation relationship was found between working capital turnover ratio (WORKING CAPITAL TURNOVER RATIO) and return on capital employed with r=0.257, sig p=0.446 which is greater than 0.05 and it is having a insignificant relationship between them.

**CONCLUSION**

* From the analysis it was observed that the coefficient of correlation between,
* Profit before interest and tax margin & FATR is 0.531 and significant.
* Profit before interest and tax margin & Inventory Turnover Ratio is -0.077 and in significant.
* profit before interest and tax margin & Debtors Turnover Ratio is -0.025 and in significant
* profit before interest and tax margin & Working Capital Turnover Ratio is 0.056 and in significant
* Adjusted R 2 is also0.337.
* Hence it is concluded that turnover ratio will not significantly affecting the profit before interest and tax margin of the company, during the study period.

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