

## FINANCIAL PERFORMANCE ANALYSIS IN GVK INFRATECH PVT. LTD

Illa Geetha Ramya<sup>1</sup>, Dr. S. Deepthi<sup>2</sup>

<sup>1</sup>Department of Management Studies Aristotle PG College, Chilkur, Moinabad, Ranga Reddy District, Telangana, India.

<sup>2</sup>Associate Professor Aristotle PG College, Chilkur, Moinabad, Ranga Reddy District, Telangana, India.

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### ABSTRACT

In our present day economy, “FINANCE” is defined as the provision of money at the time when it is required. Every enterprise, whether big, medium or small, needs finance to carry on its operations and to achieve its targets. Finance is so indispensable today that it is the lifeblood of an enterprise. Without adequate finance, no enterprise can possibly accomplish its objectives.—Finance is the life blood and nerve system of any business organization. Just as circulation of blood, is necessary in the human body to maintain life. Finance is necessary in the business org. for smooth running of the business. Financial Performance involves managerial activities concerned with the procurement and utilization of funds for business purpose the finance function does with procurement of money taking in to consideration of today's as well as future need and its effective utilization. Since finance is required to purchase of machinery and raw materials, to pay salaries and wages also for day-to-day expenses.

Financial Performance entails planning for the future of a person or a business enterprise to ensure a positive cash flow. It includes the administration and maintenance of financial assets. Besides, Financial Performance covers the process of identifying and managing risks.

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

### 1. INTRODUCTION

The primary concern of Financial Performance is the assessment rather than the techniques of financial quantification. A financial manager looks at the available data to judge the performance of enterprises. Managerial finance is an interdisciplinary approach that borrows from both managerial accounting and corporate finance.

Some experts refer to Financial Performance as the science of money management. The primary usage of this term is in the world of financing business activities. However, Financial Performance is important at all levels of human existence because every entity needs to look after its finances.

#### Financial Performance: Levels

Broadly speaking, the process of Financial Performance takes place at two levels. At the individual level, Financial Performance involves tailoring expenses according to the financial resources of an individual. Individuals with surplus cash or access to funding invest their money to make up for the impact of taxation and inflation. Else, they spend it on discretionary items. They need to be able to take the financial decisions that are intended to benefit them in the long run and help them achieve their financial goals.

From an organizational point of view, the process of Financial Performance is associated with financial planning and financial control. Financial planning seeks to quantify various financial resources available and plan the size and timing of expenditures. Financial control refers to monitoring cash flow. Inflow is the amount of money coming into a particular company, while outflow is a record of the expenditure being made by the company. Managing this movement of funds in relation to the budget is essential for a business.

#### At the corporate level, the main aim of the process of managing finances

Is to achieve the various goals a company sets at a given point of time. Businesses also seek to generate substantial amounts of profits, following a particular set of financial processes.

Financial managers aim to boost the levels of resources at their disposal. Besides, they control the functioning on money put in by external investors.

Providing investors with sufficient amount of returns on their investments is one of the goals that every company tries to achieve. Efficient Financial Performance ensures that this becomes possible.

## 2. REVIEW OF LITERATURE

### ARTICLE: 2

**Title: Working of depository system in India with Research and analysis**

**Source: The Journal of Business Ethics**

**Author: Pieter van Beurden**

#### **Purpose**

The purpose of this paper is to carry out a literature review of the quantitative studies that have analyzed the impact of green management on financial performance.

#### **Design/methodology/approach**

An examination of the literature was undertaken to review the quantitative studies that analyze the influence of environmental management on financial performance. A total of 32 studies were identified, examining the environmental variables used, the financial performance variables, the statistical analyses, and the main findings obtained by these studies.

#### **Findings**

Results are mixed, but studies where a positive impact of environment on financial performance is obtained are predominant. In addition, the findings show that the set of firms, industries and countries are varied. Some studies use environmental management variables and other works employ environmental performance variables, and regression analysis prevails.

### ARTICLE: 3

**Title: An Analysis on Financial Performance of Indian Depositories**

**Author Dr. Hari Babu Bathini**

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

The financial system is characterised by the presence of an integrated, organized and regulated financial markets and institutions that meet the short-term and long-term financial needs of both the household and corporate sector. Both financial markets and institution plays an important role in financial system by rendering various financial services to the community. They operate in close combination with each other.

The financial market exists to facilitates sales and purchases of financial instruments and comprises of two major markets namely the capital market (deals in medium and long-term investment) and money market (deals in short-term investment). These markets can be divided into two segments viz, primary and secondary.

The primary market is used by issuer for raising fresh capital by making initial public offer or rights issue or offer for sale of equity or debt. The secondary market is the place for old securities which have been already issued and granted stock exchange quotations. It provides a regular and continuous market for buying and selling of securities. Thus, the capital market is important for raising funds for capital formation and investments and forms a very vital link for economic development of any country

#### **SEARCH GAP:**

This project is designed using a qualitative approach through literature study. Reviews on corporate finance performance are carried out by reading and analysing 25 peer-review journal articles and summarised in two tables, namely journal articles and publisher distribution and article categories based on their subject.

#### **OBJECTIVES:**

- ❖ To ensure regular and adequate supply of funds to the concern in GVK Infratech Limited.
- ❖ To ensure adequate returns to the shareholders this will depend upon the earning capacity, market price of the share, expectations of the shareholders in GVK Infratech Limited.
- ❖ To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
- ❖ To ensure safety on investment, i.e, funds should be invested in safe ventures so that adequate rate of return can be achieved.
- ❖ 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.

### 3. RESEARCH METHODOLOGY

#### Need For The Study

Financial Planning is an integral part of any individual life, in particular in this modern global where cost of the whole lot is expressed in phrases of cash. The energetic running span of human existence is short compared to the life span. This method humans might be spending about the identical variety of years in after retirement what they have got spent in their energetic running life. Thus it becomes important to save and make investments whilst running so that man or woman will retain to earn a fulfilling profits and revel in a cozy life-style.

Financial Planning enables a person to pick out their desires, assess the modern function and takes essential steps to acquire the desires. It facilitates us to understand how economic decisions made impact our lifestyles. Financial Planning is not pretty much funding planning however it's miles approximately life time making plans. Thus via proper financial planning someone may have a smooth and secured financial life.

#### Scope Of The Study:

Analysis of financial statement can be undertaken by different persons and for different purposes, therefore, the scope of the AFS may be varying from one situation to another. However, the following are some the techniques of the AFS:

- Comparative financial statements.
- Common-size financial statements.
- Trend percentage analysis.
- Statement of changes in financial position.
- Cost-volume-profit relations, and
- Ratio analysis and others

#### 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:

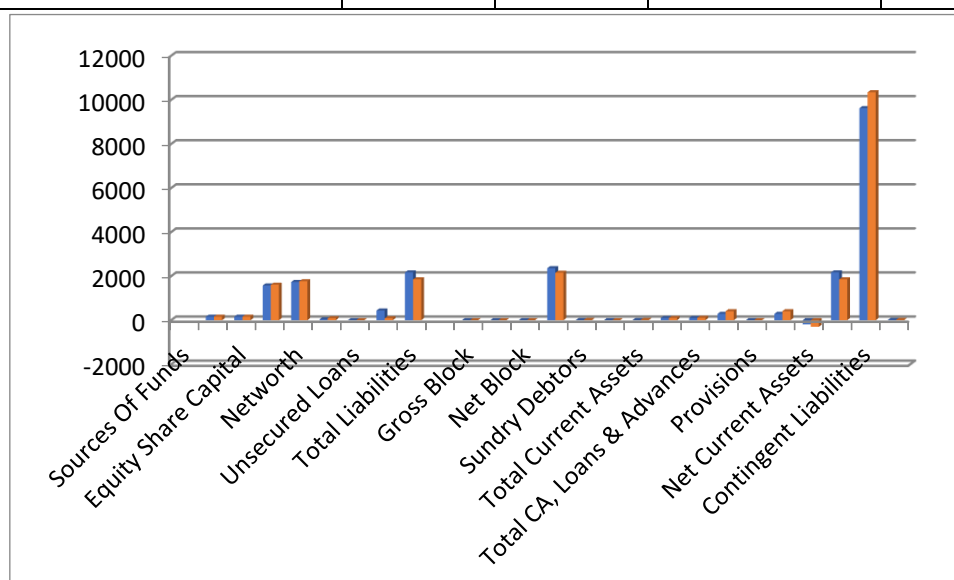
A null hypothesis is a type of statistical hypothesis that proposes that no statistical significance exists in a set of given observations. Hypothesis testing is used to assess the credibility of a hypothesis by using sample data. Sometimes referred to simply as the "null," it is represented as  $H_0$ .

### 4. DATA ANALYSIS & INTERPRETATION

**Table -4.1** Comparative Statement Analysis 2023 of GVK Infrastructure limited Amount in Rs. Cr

	Mar '22	Mar '23	ABSOLUTE INCREASE/ DECREAES	CHANGEIN %
<b>Sources Of Funds</b>				
Total Share Capital	157.92	157.92	0	0
Equity Share Capital	157.92	157.92	0	0
Reserves	1573.17	1609.25	-36.08	-0.0224
<b>Networth</b>	<b>1731.09</b>	<b>1767.17</b>	-36.08	-0.0204
Secured Loans	36.92	86.2	-49.28	-0.5717
Unsecured Loans	0	0	0	

<b>Total Debt</b>	<b>436.92</b>	<b>86.2</b>	350.72	4.06868
<b>Total Liabilities</b>	<b>2168.01</b>	<b>1853.37</b>	314.64	0.16977
<b>Application Of Funds</b>				
Gross Block	0.76	0.76	0	0
Less: Accum. Depreciation	0.41	0.28	0.13	0.46429
<b>Net Block</b>	<b>0.35</b>	<b>0.48</b>	-0.13	-0.2708
<b>Investments</b>	<b>2356.61</b>	<b>2152.37</b>	204.24	0.09489
Sundry Debtors	1.3	9.16	-7.86	-0.8581
Cash and Bank Balance	0.56	0.16	0.4	2.5
Total Current Assets	1.86	9.32	-7.46	-0.8004
Loans and Advances	96.69	97.51	-0.82	-0.0084
Total CA, Loans & Advances	98.55	106.83	-8.28	-0.0775
Current Liabilities	287.03	406.08	-119.05	-0.2932
Provisions	0.02	0.23	-0.21	-0.913
Total CL & Provisions	287.05	406.31	-119.26	-0.2935
<b>Net Current Assets</b>	<b>-188.5</b>	<b>-299.48</b>	110.98	-0.3706
<b>Total Assets</b>	<b>2168.01</b>	<b>1853.37</b>	314.64	0.16977
Contingent Liabilities	9618.8	10341.8	-723.04	-0.0699
Book Value (Rs)	10.96	11.19	-0.23	-0.0206

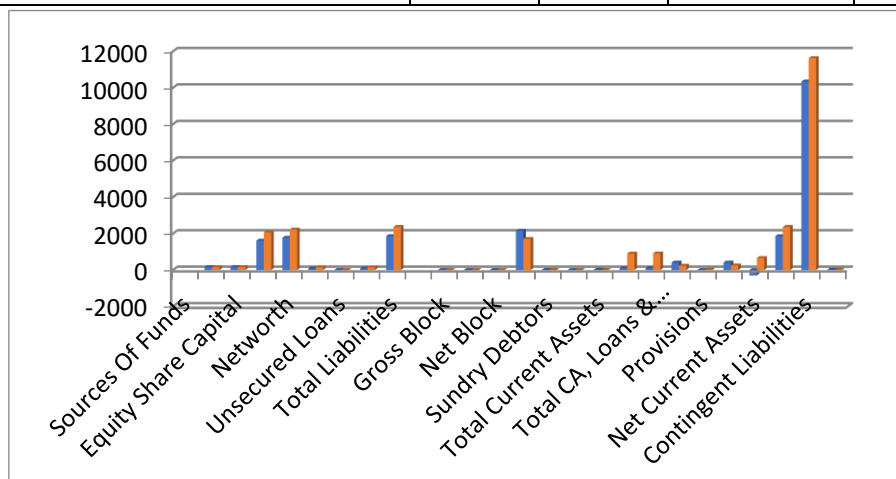


#### Interpretation:

From the above table the net worth is in the year 2022 is 1767.17 but it was slightly decreased in the year 2023 with 30%. Secondly about the total debt is in the year 2022 is 86.20 afterwards it was more than the above percentage, In addition to, total liability is in the year 2022 of 1853.37 and then drastically increased with the percentage by the year 2021. After then the investments are in the year 2022 is 2152.37 and then it was increased by the year 2023 with the 2356.61. About the net block is in the year 2020 is 0.48 but it was fluctuated in the year 2023. After then the net current asset is in the year 2022 is -299.48. Then slightly increases with the year 2023 with -188.50. Finally the total assets are in the year 2022 is 1853.37 then it increased with the percentage 2168.01 by the year 2023.

**Table – 4.2** Comparative Statement Analysis 2022 of GVK Infrastructure limited Amount in Rs. Cr

	Mar '21	Mar '22	ABSOLUTE INCREASE/ DECREAES	CHANGEIN %
<b>Sources Of Funds</b>				
Total Share Capital	157.92	157.92	0	0
Equity Share Capital	157.92	157.92	0	0
Reserves	1609.25	2061.09	-451.84	-0.21922
<b>Networth</b>	<b>1767.17</b>	<b>2219.01</b>	-451.84	-0.20362
Secured Loans	86.20	143.50	-57.3	-0.3993
Unsecured Loans	0.00	0.00	0	0.00
<b>Total Debt</b>	<b>86.20</b>	<b>143.50</b>	-57.3	-0.3993
<b>Total Liabilities</b>	<b>1853.37</b>	<b>2362.51</b>	-509.14	-0.21551
<b>Application Of Funds</b>				
Gross Block	0.76	1.82	-1.06	-0.58242
Less: Accum. Depreciation	0.28	1.19	-0.91	-0.76471
<b>Net Block</b>	<b>0.48</b>	<b>0.63</b>	-0.15	-0.2381
<b>Investments</b>	<b>2152.37</b>	<b>1703.95</b>	448.42	0.263165
Sundry Debtors	9.16	7.32	1.84	0.251366
Cash and Bank Balance	0.16	0.89	-0.73	-0.82023
Total Current Assets	9.32	8.21	1.11	0.135201
Loans and Advances	97.51	900.68	-803.17	-0.89174
Total CA, Loans & Advances	106.83	908.89	-802.06	-0.88246
Current Liabilities	406.08	235.73	170.35	0.722649
Provisions	0.23	15.23	-15	-0.9849
Total CL & Provisions	406.31	250.96	155.35	0.619023
<b>Net Current Assets</b>	<b>-299.48</b>	<b>657.93</b>	-957.41	-1.45519
<b>Total Assets</b>	<b>1853.37</b>	<b>2362.51</b>	-509.14	-0.21551
Contingent Liabilities	10341.48	11622.27	-1280.79	-0.1102
Book Value (Rs)	11.19	14.05	-2.86	-0.20356



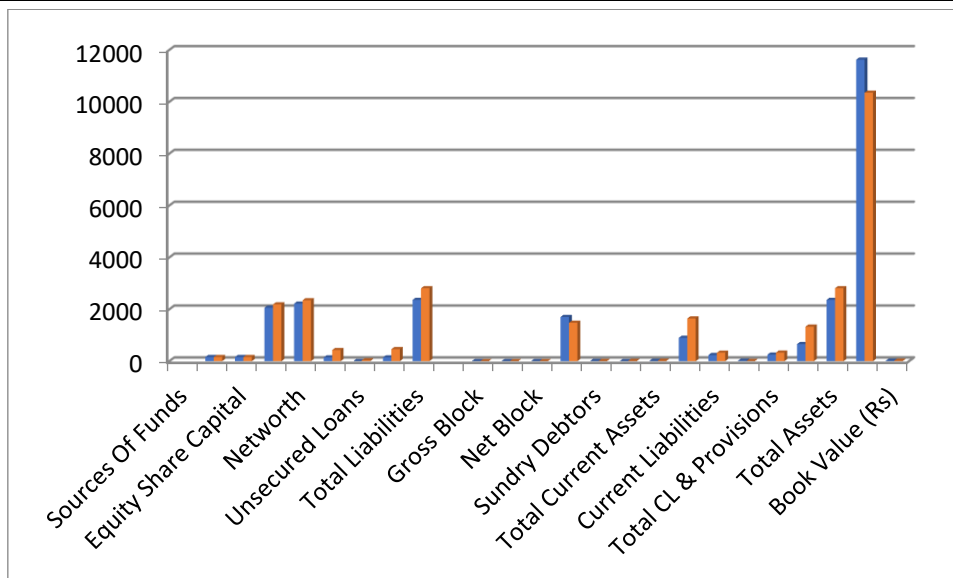
### Interpretation:

From the above table the net worth is in the year 2021 is 2219.01 but it was slightly decreased in the year 2022 with 1767.17. Secondly about the total debt is in the year 2021 is 143.50 afterwards it was below the above percentage, In addition to, total liability is in the year 2021 of 2362.51 and then drastically decreased with the percentage by the year 2022. After then the net block are in the year 2021 is 0.63 and then it was decreased by the year 2022 with the 0.48. About the investments is in the year 2021 is 1703.95 but it was fluctuated in the year 2022. After then the net current asset is in the year 2021 is 657.93 then slightly decreases with the year 2022 with -299.48. Finally the total assets are in the year 2021 is 2362.51 then it decreased with the percentage 1853.37 by the year 2022.

**Table – 4.3** Comparative Statement Analysis 2021 of GVK Infrastructure limited Amount in Rs. Cr...

	Mar '20	Mar '21	ABSOLUTE INCREASE/ DECREASES	CHANGEIN %
<b>Sources Of Funds</b>				
Total Share Capital	157.92	157.92	0	0
Equity Share Capital	157.92	157.92	0	0
Reserves	2061.09	2190.70	-129.61	-0.05916
<b>Networth</b>	<b>2219.01</b>	<b>2348.62</b>	-129.61	-0.05519
Secured Loans	143.50	428.80	-285.3	-0.66535
Unsecured Loans	0.00	33.90	-33.9	-1
<b>Total Debt</b>	<b>143.50</b>	<b>462.70</b>	-319.2	-0.68986
<b>Total Liabilities</b>	<b>2362.51</b>	<b>2811.32</b>	-448.81	-0.15964
<b>Application Of Funds</b>				
Gross Block	1.82	1.82	0	0
Less: Accum. Depreciation	1.19	1.03	0.16	0.15534
<b>Net Block</b>	<b>0.63</b>	<b>0.79</b>	-0.16	-0.20253
<b>Investments</b>	<b>1703.95</b>	<b>1480.76</b>	223.19	0.150727
Sundry Debtors	7.32	3.75	3.57	0.952
Cash and Bank Balance	0.89	8.91	-8.02	-0.90011
Total Current Assets	8.21	12.66	-4.45	-0.3515
Loans and Advances	900.68	1644.96	-744.28	-0.45246
Current Liabilities	235.73	324.64	-88.91	-0.27387
Provisions	15.23	3.21	12.02	3.744548
Total CL & Provisions	250.96	327.85	-76.89	-0.23453
<b>Net Current Assets</b>	<b>657.93</b>	<b>1329.77</b>	-671.84	-0.50523
<b>Total Assets</b>	<b>2362.51</b>	<b>2811.32</b>	-448.81	-0.15964
Contingent Liabilities	11622.27	10348.88	1273.39	0.123046
Book Value (Rs)	14.05	14.87	-0.82	-0.05514





#### Interpretation:

From the above table the net worth is in the year 2020 is 2348.62. but it was slightly increased in the year 2021 with the percentage of 2219.01. Secondly about the total debt is in the year 2020 is 462.70 afterwards it was more than the below the percentage, In addition to, total liability is in the year 2020 of 2811.32 and then drastically decreased with the percentage by the year 2021. After then the net block are in the year 2020 is 0.79 and then it was decreased by the year 2021 with the 0.63. About the investments is in the year 2020 is 1480.76 but it was fluctuated in the year 2021. After then the net current asset is in the year 2020 is 1329.77 then gradually increases with the year 2021 with the 657.93%. Finally the total assets are in the year 2020 is 2811.32 then it decreased with the percentage 2362.51 by the year 2021.

### 5. CONCLUSION

The budgeting exercise in GVK Infrastructure limited also covers the long term capital budgets, including annual planning and provides long term plan for application of internal resources and debt servicing translated in to the corporate plan. The scope of capital budgeting also includes expenditure on plant betterment, and renovation, balancing equipment, capital additions and commissioning expenses on trial runs generating units. To establish a close link between physical progress and monetary outlay and to provide the basis for plan allocation and budgetary support by the government. The manual recommends the computation of NPV at a cost of capital / discount rate specified from time to time. A single discount rate should not be used for all the capacity budgeting projects. The analysis of relevant facts and quantifications of anticipated results and benefits, risk factors if any, must be clearly brought out. Inducting at least three non-official directors the mechanism of the Search Committee should restructure the Boards of these PSUs. Feasibility report of the project is prepared on the cost estimates and the cost of generation.

### 6. REFERENCES

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