

A Summer Internship Project Report  
On  
"Ancillary financial functions Towards Improving  
Financial Performance"

*A Report Submitted In Partial Fulfillment of the Requirement  
For The Award of the Degree Of*

**MASTER OF BUSINESS ADMINISTRATION**

*SUBMITTED BY:*

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*ASTHA SCHOOL OF MANAGEMENT*

*(AFFILIATED TO)*

**Biju Patnaik University of Technology**



*Under The Internal Guidance*

*Mr. Bishnu prasad kar*

*Assistant Professor – Finance*

*Astha School of Management*



# Astha School of Management

(Managed by : Shree Panchamukhi Educational & Charitable Trust)

Approved by : AICTE, Under Ministry of HRD, Govt. of India & Affiliated to Biju Patnaik University of Technology, Odisha

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## INTERNAL GUIDE CERTIFICATE

This is to certify that Mr. Subhasis Behera, a student of Master of Business Administration (MBA) program in ASTHA School of Management, Bhubaneswar, having BPUT Reg. No. 2006284023 has successfully undergone Summer Internship Program (SIP), with a project titled "Ancillary Financial Functions towards Improving Financial Performance" under my guidance.

The project adheres to the BPUT guidelines in all aspects

Bishnu Prasad Kar  
Asst. Professor (Finance)

## **DECLARATION**

I do hereby declare that this project report entitled "**Ancillary Financial Functions Towards Improving Financial Performance**" is prepared by me on the basis of the information collected by me during the duration of 45 days i.e. from **1<sup>st</sup> October, 2021 to 14<sup>th</sup> November, 2021**, under the valuable guidance of **Mr. Bishnu prasad kar Asst. Professor (finance)**

*Subhasis Behera*

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## **ACKNOWLEDGEMENT**

With all humility I would like to express that I am very lucky to undergo summer training on Ancillary Financial Function Towards Improving Financial Performance. It was a golden opportunity for gaining practical experience and self development. Further, I am honored to have so many wonderful people who helped me insistently in several ways for the completion of this project report.

I am extremely thankful to **Mr. Bishnu prasad kar** Asst. professor (finance) who in spite of her busy schedule of work spared her invaluable time to listen and guide all through the project period.

I sincerely acknowledge my gratitude to Assistant Professor-Finance **Mr. Bishnu prasad kar**, of Astha School Of Management, who was not only involved in the entire process but also shared his knowledge, encouraged me and gone through the report before it was submitted for evaluation.

It has been a great and valuable experience for me and I am able to get a clear Idea of the financial activity of the company. This experience will be of great help in the future. I thank to all those who have been connected with my venture.

## **EXECUTIVE SUMMARY**

The main controlling organ of an organization which control both the inflow and outflow of funds or resources and also ensures the profitability of the organization is maintained by keeping intact the interest of all the stakeholders. As Gupta Power Infrastructure Limited has

a wide range of customer base in different corner of the world and having a turnover of Rs 3000 Cr. therefore to maintain and control this huge organization, it has a well established financial department equipped with highly talented financial professionals, and other sophisticated software and infrastructure require to then the MIS.

so far the topic is concerned, I have covered Letter of credit, Bank guarantee, Insurance claim . Bills of exchange along with that I have studied the financial statement of the organization as the real impact of the supporting financial functions is reflected in this treatment.

Insurance is a way to reduce the losses as we all know, so as a manufacturing company. GPIL has secured its properties and stocks with different insurance, and I was also engaged in the process of preparing all the documents and file it for the claim. Letter of credit is a payment system which gives a security position to both the parties. As the Bank is playing an intermediary in this payment process, for that facility bank also charges some fees from the organization. And also I have worked on bank guarantee, which is an assurance for the buyer for performance of supplied goods from the supplier and payment of advance to the supplier. After all these things I have also experienced the changes happen to their tax system as implementation of GST. All the area I have worked is somehow related to the utilization of fund based and non fund based services provided by the bank a special reference to the GPIL.

I have analyze the data through Ratio and Dupont analysis as I was being provided with the financial statement of the company. After analyze the data I found the organizations current ratio is far below from the benchmark. And the debtor and stock has increased in comparison to the previous year. Also the gross and net profit is decreasing ,where the cost of material consumed is increasing with a huge portion.

So the organization has to look into the current asset so that they can strong their liquidity portion and maintain a healthy working capital. For increase in profit the organization has to check their Employee cost benefit and also some other expenses. Optimum utilization of bank services also reduce the financing cost . After all these things GPIL is still performing as he has the proper payment system which helps to mobilize the funds from cash to debtor.

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# INTRODUCTION

The Gupta Power Infrastructure Limited is a manufacturing company which located in different state of India. It's establishment in India is more than five decades. The company is manufacturing the cable, wire etc. and also having a good international client base . So that it is maintaining a big financial department . I have experienced the work in billing and tax section.

As I found that the company is adopting a good payment process and policy. By the help of that the company is one of the market leader in Odisha . And every penny of the stock and property has gone under insurance to make the loss amount to minimum. As in my study of a short period , I found that the companies policy is good and as a finance student I also grab the experience of their talents. Availability of different financial fund and non-fund based services by different bank with special reference to the Gupta Power Infrastructure Limited giving a strongly support to the organization.

But after all these things, the financial statement of the organization shows that the company is a very low rate of net and gross profit as well. The expenses of the company is increasing . and it has to evaluate all these thing for a better profitability. At the time of my internship I found the liquidity position, equity multiplier , Debt-equity proportion is at risk. The company has a less promotional activity which will a constraint for its revenue.

The Company has also adopted the changes happens in the indirect taxation policy by the Govt. of India. At that time the sales are may be affected but still the company performing well . the experience I have gathered through the internship is a value added to me as I work in a leading manufacturing company and also got to know the corporate life as well.

## **OBJECTIVE OF THE STUDY**

- To study different Fund based & Non-Fund based services availed by GPIL from different Financial Institution.
- To understand the application of non-fund based facilities along with the procedure of claim settlement at GPIL.
- To understand the financial health of the organization.
- To know the impact of fund & non-fund based item towards the financial position of the organization.

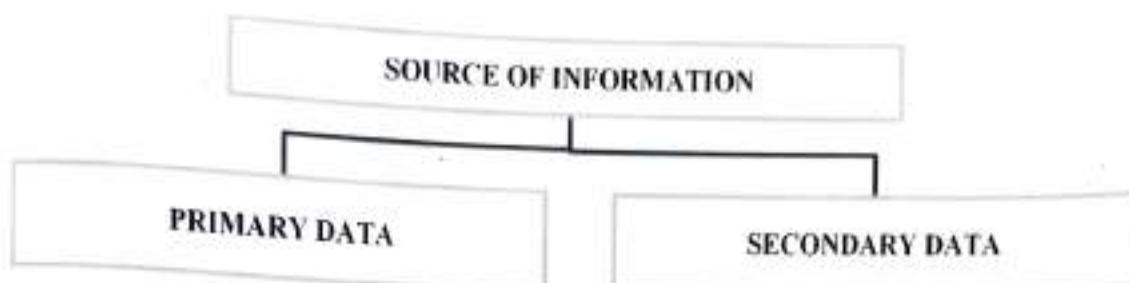
## **SCOPE OF THE STUDY**

The present study covers all the functional areas related to finance in which all these ancillary functions such as Insurance, Bank Guarantee , Letter of Credit , Bills of Exchange and an Introductory Knowledge about GST are applied . As the financial system of Gupta Power Infrastructure Limited is very vast and occupied with high talented resources, it creates an opportunity for me to grab their knowledge for my experience .

The data collection has been done for a period starting from the FY 2015-2017, I have worked at their Corporate office for all the time. It has a wide range of foreign customer base so there are many opportunity for a employee to get more diversified knowledge in different work.

# METHODOLOGY

Methodology of study refers to the methods used to collect the required data for the project.



## Primary data

Primary data are those which are collected a fresh & for the first time & thus happen to be original in character , collection of these data is time consuming but these are most important & reliable. This data is the result of interaction between me and their employee.

## Secondary data

Secondary data are those which have already been collected by someone else & which have already passed through statistical process. These either are published data.

## DATA COLLECTION

The maximum data in my project is based on the secondary data.

## PERIOD OF THE STUDY:

In this summer internship project report I have analyzed the financial position and health of Gupta Power Infrastructure Limited (GPIL) for past financial year of 2016-17.

## AREA OF THE STUDY:

In this project report I have prepared the report entitled "ANCILLARY FINANCIAL FUNCTIONS AT GPIL TOWARDS IMPROVING FINANCIAL PERFORMANCE " of Gupta Power Infrastructure Limited. The area of study is as follows:

- ❖ DuPont analysis
- ❖ Ratio analysis

## LIMITATION OF THE STUDY

- The study is limited to only a part of the whole financial dept. of GPIL.
- The data used in the study have been taken from balance sheet & their related schedules of Gupta Power Infrastructure Limited., as per the requirement & necessity; some data are grouped & sub-grouped.
- From different division of financial department my work was limited to commercial billing and tax department .
- Changing in indirect taxation system & immediate implementation at GPIL made hectic in the working of finance department.
- To comment on financial health of the organization may be considered as partial view.

## **COMPANY PROFILE OF GPIL**

### **INTRODUCTION OF GPIL**

Gupta Power is a leading brand manufacturing a complete range of Power Cables and Conductors with a market presence across the world.

The company has completed 50 Glorious Years of manufacturing excellence .A proud moment indeed for stakeholders, the employees and customers.

During its long 50 year journey the company has developed a pool of satisfied customers consisting of major power players like POWERGRID, NIPPC, NHPC, State Utilities, Public Sector Undertakings and other EPC contractor.

At ISO 9001:2008 & ISO 14001:2004 accredited companies the Group had started with the production of Aluminum Conductors. It later moved to the production of AAAC, ACSR Extra High Voltage Conductors, and AACSR. A strategy for backward integration saw the setting up of proper plants for production of Aluminum & Alloy wire rods which is the only one of its kind of plant in the state of Odisha.

The G-Power brand was developed which has under its aegis, HT Power Cables up to 33 KV, XLPE/PVC Power Cables 1.1 KV, Control Cables, Instrumentation Cables, Thermocouple Extension Cables, House Wiring Cables, Mining Cables and special cables.

A specially formulated quality control regimen monitors every new innovation and its application from conception to execution. 55 years of diligence and Perseverance has today paid off in significant brand presence and trade relations that span the globe.

**GUPTA POWER INFRASTRUCTURE LIMITED** is a public company established in the year 1961. Its registered office is situated at Salt Lake City, Kolkata. The other offices are also situated in the city like Bhubaneswar followed by Chennai, Delhi, & Mumbai.

And its workstations/plants are situated at the places like

- Khurda(ODISHA)
- Uttarakhand
- Tamil Nadu
- Bangalore
- Bhopal
- Hyderabad
- Raipur
- Ranchi
- Delhi
- Lucknow

## **GUPTA POWER STRATEGIES**

- To attract committed personnel with growth potential and develop their skill and capabilities in congenial work and social environment through opportunity for training, recognition, career development and incentives.

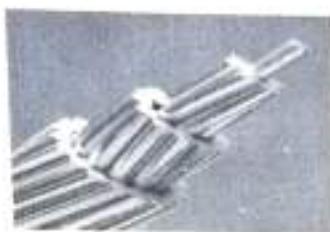
## Conductors

Since inception, Gupta Power has offered conductors that ensure smooth and stable power supply. The quality range of Wire Rods and Overhead Conductors are designed to not only meet the industry's varied voltage requirements, but be at par with the industry standards.

The collaboration with Mercury Cables, USA for manufacturing HVCRC conductors is just



one



End

of its  
many



avour's to tap into dormant  
possibilities, one that is likely to  
power transmission.

pen success stories for the world of

## **FINDINGS**

1. The Liquidity position of the organization as reflected by the QR & CR is at risk. They are well below the bench mark .
2. A deep analysis into the compositions of CA along with the total expenditure reveals that huge amount has been block in stock and debtor. This has lead to increase financing cost into the financial statement.
3. Due to timely Support given by the Banks in terms of Bank Guarantee. Letter of Credit, Bills of exchange etc. The organization is able to procure more business , improve turnover.
4. GPIL has a sufficient insurance coverage over its stock and other properties , due to which it is in a position to recover losses to a great extent in the form of insurance claim.
5. The cost of material has increased by 8.30% ,where as the sales has increased by 9.90%. the company has to look into this matter.
6. The company has increase its short term borrowing and trade payable. Which has already affect their liquidity position.
7. Income from other sources has reduces to 99% , cause to reduced the profit.
8. Changes in the indirect tax system by implementation of GST has been affect the sales.
9. The Company has very less promotional activities.

## **SUGGESTIONS**

- The organization should attempt to increase the profitability. This will only happen if the debtor collection activity has to be more prompt to convert it into cash as soon as possible.
- As the bank guarantee are associated with financing cost attempt should be made to reduce their usage.
- The company has to follow efficient distribution or a better supply chain management so that the inventories will be dispatch to the customer as soon as possible . It will reduce the holding cost.
- Company has to use the substitute or cost reduction technique to reduce the cost of material.
- The company should have collect the debtor and paid to the creditor so that interest payment and interest foregone will be reduced.
- Instead of increasing the short term loan, the company should increase the long term borrowings.

## CONCLUSION

From this research it is observed that GPIL is having a healthy financial position. Though the study is for a limited period it is clearly evident that GPIL is having a robust finance department which is efficiently managing all the resources available in a well managed manner.

Further more the nature of the company is a very competitive one. it is one of the fastest growing organization in the state of Odisha as well as in India. For better survival the company has to adopt innovative methods which must be latest and should be reducing the cost of production along with maintaining quality. There are some factors where, even a more closer look is required like receivable management, stock holding, long term liability & short term liability management etc. for improving the financial position of the company.

The overall study specifies GPIL is adopting any changes in the financial system of the economy as a priority basis and is trying to make its impact not only nation wide but also globally.