

CHAPTER - V

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5:A FINDINGS AND CONCLUSION :

The important findings and conclusions of the present study are -

- 1) The average annual income derived from other sources by Kirloskar Brothers Limited, Kirloskarwadi, during the period under study constitute only 1%.
- 2) The other income of Kirloskar Brothers Limited includes the dividend received from Trade investment and other investment. This investment is made for a dividend of 12.5%. At the same time Kirloskar Brothers Limited, Kiroloskarwadi is paying 14% to 16% interest for their borrowings to various financial institutions like HDFC, LIC, GIC, UTI etc.
- 3) Kirloskar Brothers Limited, Kirloskarwadi, has the practice of showing Agricultural income, as a gross figure, in other income, and the expenses related to this head is included in general expenditure. Being a miscellaneous

income Kirloskar Brothrs Limited can show it as a net figure.

- 4) Material consumption shows an increasing trend throughout, the period covered under study. It is in the range of 48% to 61%.
- 5) Excise duty got a steep fall from 18.22% to 1.10% from 1990-91 to 1991-92 because of the change in policy of accounting the same.
- 6) During the last year the amount paid as commission and brokerage high as compared to the previous periods under study. This dosen't keep pace with sales i.e. proportionately sales is not increasing.
- 7) Eventhough the borrowings by Kirloskar Brothers Limited dosen't have a two fold increase from base year to current year, the interest paid on borrowings by Kirloskar Brothers Limited has more than doubled during the same period.
- 8) Kirloskar Brothers Limited experienced mass retirement during the year 1988-89, the base year of the period covered under study.

Because of this the expenses under the heads salaries, wages, bonus, and other benefits show a markable high of 6.8%. The balance period show an average of only 1.4% payment under voluntary retirement scheme and contribution to superannuation fund etc., are very high in the base year.

- 9) The expenses incurred for the repairs to buildings has increased to four folds of the base year i.e. 1988-89 to 1991-92.
- 10) Donations made by Kirloskar Brothers Limited show a two fold increase in the year 1990-91. Similarly it shows a remarkable fall in the year 1991-92 i.e. to one fourth. During the rest of the period covered under study it is almost constant.
- 11) On scrutiny of capital expenditure, it is observed that, the productive assets constitute around 88% of the total capital expenditures. In this, plant and machinery alone constitute around 65%.

- 12) The investment made in railway siding and weigh bridge show a steep increase during the last two years. In the year 1991-92 it has shot up by almost 18 times, than that of the previous years: investment in this particular area.
- 13) There is no depreciation fund, fixed assets are shown under written down value method and the accumulated depreciation has been deducted from the concerned fixed assets account.
- 14) Out of the total capital employed, major portion constitute loaned fund. It is on an average of 65% of the total capital. For this, Kirloskar Brothers Limited, depends upon financial institutions viz; LIC, GIC, HDFC, UTI, etc.
- 15) On an average 80% to 90% of the owned capital, is being invested in the form of fixed assets. Because of this the company has to depend on borrowed funds to meet their working capital requirement.

- 16) Capacity utilisation of Kirloskar Brothers Limited is not to the optimum level. Though they have an idle capacity, the company maintains a practice of purchasing and reselling certain items from other manufacturers, for a premium.
- 17) In the initial period of study, the liquidity ratio was below average. At present it is in excess. A production unit like Kirloskar Brothers Limited has to stress more on their stability than their liquidity.
- 18) On an average about 50% of the annual turn over is blocked in debtors and inventory.
- 19) Debtors turn over ratio for the period covered under study shows a declining trend except in the year 1990-91. It has become the bearest minimum in the current year.
- 20) The dividend declared indicates satisfactory/increasing trend. From 20% in the year 1988-89 it reached to 35% in the current year.

- 21) As regards assets utilisation conceptionally, one can't pay compliments to the present asset management policy as fixed asset turn over, total assets turn over, current assets turn over, and capital employed turn over is low. This indicates unsound assets management.

5:B SUGGESTIONS :

The researcher would like to make the following important suggestions :

- 1) The trade investment made by Kirloskar Brothers Limited, Kirloskarwadi, fetch a maximum of 12.5% interest. Whereas Kirloskar Brothers Limited is paying about 16% for the borrowings to various financial institutions. By repaying the borrowings Kirloskar Brothers Limited can reduce the interest charges, this will reflect in high profits, it ultimately leads to increase in ploughing back of profit.
- 2) The amount paid as commission and brokerage is very high during the year 1992-93. Accordingly proportionate change in sales is not achieved. This can be achieved by tuning

up the marketing and sales department. These departments should integrate with other functional departments and they have to invest/ implement new promotional campaigns to boost their sales.

- 3) Amount spent towards repair for machinery is very high and is on the increase every year. This may be due to the mis-handling of the machinery by workers. The management may recruit and train qualified and skilled personnel to handle the sophisticated machinery, by which they can bring down the expenses towards repairs on machinery.
- 4) The company is in the practice of purchasing and reselling of some items, from other manufacturers, for a premium, leaving their capacity underutilised. Kirloskar Brothers Limited has to view this with forsight, to fetch high dividends in the long run and hence optimise their capacity utilisation.

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