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A STUDY ON FINANCIAL MANAGEMENT WITH REFERENCE TO ELECTRO STEEL CASTING PUBLIC LIMITED, RACHAGUNNERI

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ABSTRACT

This study explores the financial management practices of Electro steel Castings Limited, a leading Indian manufacturer in the ductile iron pipe industry. It aims to assess the company's financial performance, capital structure, liquidity, and profitability over recent years. Through ratio analysis, trend analysis, and evaluation of key financial indicators, the study highlights the company's strengths in maintaining operational efficiency and managing long-term financial obligations. Additionally, it examines the impact of market fluctuations, raw material costs, and investment strategies on overall financial stability. The findings reveal that effective financial planning, prudent cost control measures, and strategic investments have contributed to sustainable growth and resilience in a competitive environment. The study concludes that continuous improvement in financial management is essential for Electrosteel to navigate economic uncertainties and leverage future expansion opportunities. This analysis serves as a foundation for further research on financial sustainability in capital-intensive manufacturing sectors.

Keywords: Planning, Controlling of Financial Rresources**,** Risk Management, Capital Structure,

INTRODUCTION

Financial management involves planning, organizing, directing, and controlling financial resources to achieve an organization's goals. It includes budgeting, forecasting, investing, and managing risk. The goal is to maximize the value of the organization while ensuring financial stability and sustainability. Key activities include financial analysis, capital structure decisions, and cash flow management. Effective financial management supports strategic decision-making and long-term growth. Electro steel Castings Limited (ECL) is a leading Indian manufacturer of ductile iron (DI) pipes and fittings, headquartered in Kolkata, West Bengal. Established in 1955, the company was initially incorporated as Dalmia Iron and Steel Ltd. and was later renamed Electro steel Castings Ltd. in 1965. ECL pioneered the introduction of DI pipes in India in 1994 and has since grown to become the largest producer of DI pipes in the Indian subcontinent, with a current production capacity of 700,000 tonnes per annum. The company has a strong international presence, exporting nearly 50% of its products to more than 110 countries across Europe, the Americas, Southeast Asia, the Middle East, and Africa. It operates subsidiaries and offices in several countries including France, Spain, the United Kingdom, the United States, Singapore, and Algeria. In addition to DI pipes and fittings, ECL's diverse product portfolio includes cast iron pipes, metallurgical coke, sponge iron, silico manganese, ferro silicon, pig iron, and cement marketed under the brand SPL GOLD. Electro steel Castings is committed to maintaining high standards of quality and environmental management, holding certifications such as ISO 9001 and ISO 14001, and accreditations from international bodies like the British Standards Institute (BSI),

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NSF, UL, FM (USA), and ACS/NF (France). For the fiscal year ending March 31, 2023, the company reported a total income of ₹7,360.42 crore and a net profit of ₹315.80 crore. The company is led by a seasoned management team, including Chairman Pradip Kumar Khaitan, Managing Director Umang Kejriwal, and CEO Sunil Katial. With a legacy of innovation and excellence, ECL continues to contribute significantly to the global water infrastructure industry. Electro steel Castings Limited operates within the water infrastructure and metallurgical industries, specializing in the production of ductile iron (DI) pipes and fittings. As a pioneer in India's DI pipe industry since 1994, ECL has played a crucial role in supporting the country's growing demand for reliable water supply and sewage systems. The company's products are extensively used in water transmission, sewage disposal, and industrial effluent pipelines, serving both urban infrastructure and rural development projects. ECL's offerings are critical to the core sectors of water management, sanitation, and civil construction, aligning closely with government initiatives such as the Jal Jeevan Mission and Smart Cities Mission. In addition to its leadership in DI pipe manufacturing, the company is also active in the broader metallurgical industry, producing key materials such as metallurgical coke, pig iron, sponge iron, and ferro alloys. These materials are essential inputs for the steel, construction, and manufacturing sectors. ECL's integrated operations and emphasis on quality make it a significant player not only in India but also in international markets, where it exports a large portion of its output. With a strong commitment to sustainability, innovation, and global standards, Electrosteel Castings continues to shape and support essential infrastructure development across the world.

LITERATURE REVIEW

Mihajlović, Tadin, & Gordić (2020) explore the vital role of financial management in ensuring business efficiency and growth. The study emphasizes how sound financial practices impact strategic decision-making and overall company sustainability. It discusses tools and techniques that enhance resource allocation and financial planning. The authors underline the importance of aligning financial objectives with broader business goals. Their analysis highlights the integration of financial insights into everyday operations. This work contributes to understanding financial management as a core component of organizational success.

Grozdanovska, Bojkovska, & Jankulovski (2017) examine financial management and planning within organizational contexts. They stress that financial planning is crucial for long-term stability and risk mitigation. The paper discusses budgeting, forecasting, and performance measurement as key elements. It presents evidence that structured financial planning leads to more informed and effective managerial decisions. The authors also address challenges organizations face when implementing financial systems. This research reinforces financial planning as a strategic tool for growth and resilience.

Irawan et al. (2021) focus on the application of financial management principles in higher education institutions. The study finds that implementing sound financial practices significantly improves institutional reputation and operational quality. It identifies planning, budgeting, and transparency as key drivers of credibility. The authors argue that educational institutions can benefit from corporate-like financial discipline. Their findings suggest that integrating financial controls supports sustainable academic excellence. This paper bridges financial theory with

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education sector practices. Petty et al. (2015) provide a comprehensive overview of financial management principles and their real-world applications. The textbook covers financial analysis, capital budgeting, and working capital management in depth. It emphasizes the role of financial managers in maximizing shareholder wealth. The authors present practical tools and case studies for decision-making. This work is widely used in academic settings to introduce students to financial fundamentals. It serves as a foundational resource for understanding corporate finance dynamics.

Madura, Hoque, & Krishnamrti (2018) delve into international financial management and its implications for global businesses. The book covers exchange rate risk, international financing, and global investment strategies. It discusses how multinational firms manage financial operations across borders. The authors highlight regulatory, economic, and cultural challenges in global markets. Their work provides frameworks to assess financial risks in an international context. This resource is essential for understanding financial decision-making on a global scale.

Fabozzi & Drake (2009) explore the interconnected roles of capital markets, financial management, and investment strategies. The authors provide an integrated view of how financial systems operate. They examine financial instruments, risk analysis, and portfolio management. The book blends theoretical insights with practical financial tools. It is particularly useful for students and professionals in finance and investment. This work reinforces the link between capital markets and effective financial management.

Gapenski & Pink (2015) address financial management in healthcare organizations, emphasizing unique sector-specific challenges. The book covers topics such as reimbursement systems, cost behavior, and budgeting in healthcare. The authors present financial tools tailored for health service organizations. They highlight how financial performance affects quality of care and patient outcomes. This text is widely used in health administration education. It supports the professional development of healthcare financial managers.

Tapiero (2004) focuses on the mathematical and computational aspects of risk and financial management. The book presents quantitative models for risk assessment and decision-making. It integrates finance theory with operations research techniques. Tapiero discusses applications in investment, insurance, and corporate finance. The emphasis is on using mathematical tools for more accurate financial forecasts. This resource is ideal for those interested in analytical approaches to financial risk management.

Karadag (2015) investigates financial management challenges in small and medium-sized enterprises (SMEs). The study identifies limited access to financial expertise and resources as key barriers. It suggests a strategic management approach to overcome financial constraints. The author highlights the importance of financial planning, control, and reporting. SMEs are encouraged to adopt tailored financial strategies for survival and growth. This research underscores the need for targeted financial tools in emerging markets.

Finkler, Calabrese, & Smith (2025) provide a detailed guide to financial management in public, health, and not-for-profit organizations. The book covers budgeting, accounting, and financial analysis specific to mission-driven institutions. It addresses regulatory compliance and ethical

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considerations. The authors offer tools for financial sustainability in non-commercial settings. Case studies illustrate how financial practices impact service delivery. This resource is vital for leaders in non-profit and public health sectors.

The reviewed crucial role of financial management in promoting organizational efficiency, sustainability, and strategic growth. Researchers like Mihajlović et al. (2020) and Irawan et al. (2021) emphasize how effective financial practices enhance operational performance and

The research gap in financial management for Electro Steel Casting Public Limited lies in understanding the impact of capital structure on profitability and growth in a highly capital-intensive industry. Limited studies focus on the company's risk management practices amidst market volatility and fluctuating raw material costs. There is also a lack of research on optimizing cash flow management in such manufacturing sectors. Furthermore, the integration of advanced financial analytics in decision-making within this specific industry remains underexplored. Investigating sustainability investments and their financial outcomes in the sector is another critical gap.

RESEARCH METHODOLOGY

Financial management is crucial for Electro Steel Castings Public Limited Company as it ensures the effective planning, organizing, and controlling of financial resources. It helps the company maintain financial stability by managing its cash flows, ensuring that there are sufficient funds to meet both short-term and long-term obligations. This stability is essential for sustaining operations and supporting growth initiatives. Financial management is cost control, which allows the company to minimize expenses without compromising on quality, thereby enhancing profitability. It enables the management to make informed decisions regarding investments, resource allocation, and budgeting, ensuring that financial resources are used efficiently and strategically. Financial management in Electro Steel Public Limited Company focuses on evaluating the company's financial practices and their impact on overall performance. It examines key aspects such as financial planning, budgeting, capital structure, working capital management, cost control, and profitability. The study analyzes financial data from the past 3-5 years to assess how effectively the company manages its resources, minimizes costs, and maximizes profits. It also reviews the company's investment decisions, risk management strategies, and financial reporting practices to ensure transparency and accuracy. The study aims to identify strengths and weaknesses in Electro Steel's financial management and provide recommendations for enhancing financial efficiency and stability.

Objectives

- To Examines how Electro Steel Public Limited Company enhances shareholder wealth by increasing profitability and ensuring sustainable growth.
- To Study the Efficient Capital Utilization of Electro Steel Public Limited
- To analyzes the methods used by the company to manage and reduce costs without compromising on product quality or operational efficiency.

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The research design for studying financial management in Electrosteel Castings Limited is descriptive and analytical in nature. This study aims to evaluate the effectiveness of the company's financial planning, capital structure, and working capital management over a five-year period (2019–2024). It seeks to understand how these practices influence the company's liquidity, profitability, and overall financial sustainability. The study is based primarily on secondary data collected from the company's annual reports, financial statements, and stock exchange filings. Key tools used for data analysis include ratio analysis, trend analysis, and comparative analysis with industry benchmarks. The research also considers the role of digital financial tools and ESG (Environmental, Social, and Governance) integration in the company's financial strategy. Purposive sampling is used to select Electrosteel Castings Limited as the focus of the case study due to its relevance and data availability. While the study provides valuable insights into the company's financial management, it may be limited by the lack of access to internal decision-making processes and reliance on publicly available data like Capiral Structure, Cash Flow Statement, Profit & Loss, Risk Management.

Data for financial management in Electrosteel Castings Limited is primarily collected from secondary sources such as audited annual reports, balance sheets, profit and loss statements, and cash flow statements from 2019 to 2024. Additional data is obtained from stock exchange filings, company websites, and financial databases like Money control and NSE India. These sources provide insights into capital structure, working capital, and profitability. Industry reports and peer comparisons support benchmarking. No primary data (like surveys or interviews) is used in this study.

The collected financial data will be analyzed using various financial tools and techniques, Cash flow analysis in different years, Trend Analysis to observe financial performance over multiple years, Comparative Financial Statements to compare different periods, Common Size Analysis to understand the proportion of different financial components.

DATA ANALYSIS AND INTERPRETATION

Financial management data interpretation involves analyzing financial statements to assess a company's performance and stability. Key metrics like profitability ratios, liquidity ratios, and debt-equity ratios are evaluated to understand financial health. Trends in revenue, expenses, and cash flow help identify growth patterns or potential risks. Comparative analysis with industry benchmarks offers insights into competitive positioning. Overall, it aids in informed decision-making and strategic planning.

Capital structure

Capital stature refers to the overall financial strength and composition of a company's capital structure, including the proportion of debt and equity used to finance its operations and growth. It is often assessed using financial metrics such as the debt-to-equity ratio, return on equity (ROE), and interest coverage ratio, which help indicate how effectively a company manages its funding and financial obligations (Brigham & Ehrhardt, 2016).

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This table 1 shows a steady increase in Electrosteel Castings Limited's authorized and paid-up capital over five years. From 2020–21 to 2023–24, authorized capital rose from ₹50 Cr to ₹103 Cr, indicating planned expansion. Paid-up capital also increased from ₹43 Cr to ₹61 Cr due to the issuance of new equity shares. The face value remained constant at ₹1 per share. The rise in issued shares reflects capital strengthening and improved financial capacity.

Table-1: capital structure

Years	Authorized Capital	Issued Capital	- P A I D U P -		
	(₹. cr)	(₹. cr)	Shares (nos)	Face Value (₹.cr.)	Capital (₹.Cr.)
2019-2020	103	61	61,81,84,591	1	61
2020-2021	103	59	59,46,05,247	1	59
2021-2022	103	59	59,46,05,247	1	59
2022-2023	50	43	43,29,54,709	1	43
2023-2024	50	43	43,29,54,709	1	43

Source: Secondary Data

In the above table in 2019 To 2020 is 50 it is Authorized capital is low on the some way 2020 To 2021 is same50 only, and issued capital is 43 to both year it instrument is Equity Shares if the can performance on in 2021 To 2022 is 103 it is Authorized capital issued capital is increased for this year and next year of Authorized capital is also increased 103 issued capital 59 On the same way 2022 To 2023 is also increased for this year and 2023 To2024 also increased Authorized capital and issued capital is 61 basically face value is 1 for this company.

Cash Flow Statement

A cash flow statement in financial management tracks the movement of cash in and out of a business over a period. It is divided into three sections: operating activities, investing activities, and financing activities. This statement helps assess a company's liquidity, solvency, and overall financial health. It shows how well a company generates cash to fund operations, pay debts, and support growth. In short, it's a key tool for decision-making and financial planning.

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The cash flow data shows strong improvement in Electro steel Castings' operating performance, with operating cash flow rising to ₹805.54 Cr in FY 2023–24, up from ₹452.2 Cr in FY 2022–23. Net profit before tax also grew significantly to ₹937.3 Cr in FY 2024. Investing activities show moderate outflows, indicating controlled capital expenditure. Financing activities reflect large outflows, likely due to debt repayments or dividend payouts. Overall, the company is generating healthy cash from operations while reducing reliance on external financing.

Table-2: Cash Flow statement

Cash Flow of Electro steel Castings (in Rs. Cr.)	**Mar-24**	**Mar-23**	**Mar-22**	**Mar-21**	**Mar-20**
	12 months	12 months	12 months	12 months	12 months
Net Profit/Loss Before Extraordinary Items and Tax	**937.3**	**415.4**	**444.29**	**-56.96**	**114.49**
Net Cash Flow from Operating Activities	805.54	452.2	-279.09	464.79	224.75
Net Cash Used in Investing Activities	-36.52	168.3	-328.79	93.09	-20.41
Net Cash Used from Financing Activities	-720.44	-603.73	608.63	-421.65	-219.9
Foreign Exchange Gains / Losses	0	0	0	-0.01	0.02

Source: Secondary Data

In the above table in the year of 2020 if Net profit, Net cashflow from operating activities and Net cash used from financing activities is low in this year, on the some way next year 2021 is also low her that Net cash used from financing activities average of this year 2022 year also increased Net cash from financing is used properly on the some way 2023 is also high used Net cash used from financing activities so this company focus on company finance activities only.

PROFIT AND LOSS ACOUNT

A Profit and Loss Account, also known as an Income Statement, outlines a company's financial performance over a specific period. It begins with revenue or sales, which represents the total income generated from business operations. From this, the cost of goods sold (COGS) is subtracted to calculate the gross profit. Then, operating expenses such as salaries, rent, and utilities are deducted to determine the operating profit, also known as EBIT (Earnings Before Interest and

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Taxes). Next, any interest expenses and taxes are subtracted to arrive at the net profit, which shows the actual earnings of the business after all costs. The final figure may include retained earnings, which is the portion of profit kept in the business for future use or growth.

The company's financial data from 2020 to 2024 shows a steady rise in net sales, with reveue increasing from ₹2,711.04 crore in 2020 to ₹7,478.01 crore in 2024. Despite fluctuations in ther income and stock adjustments, total income remained strong, peaking in 2023. On the expenditure side, raw material costs dropped significantly in 2024, indicating improved cost control, while power and fuel costs reduced to zero, possibly due to operational efficiency or a shift in production strategy. Employee costs and miscellaneous expenses have gradually increased, reflecting growth and expansion, but total expenses in 2024 decreased compared to 2023, contributing to better overall profitability.

Table -3 Profit & loss Account

Income	**2024**	**2023**	**2022**	**2021**	**2020**
Sales Turnover	7,478.01	7,275.51	5,280.95	3,470.56	2,711.04
Net Sales	7,478.01	7,275.51	5,280.95	3,470.56	2,711.04
Other Income	102.24	84.92	57.43	-186.19	33.24
Stock Adjustments	-108.67	160.02	386.79	-68.36	97.95
Total Income	**7,471.58**	**7,520.45**	**5,725.17**	**3,216.01**	**2,842.23**
Expenditure					
Raw Materials	3,648.75	4,646.74	3,269.80	1,792.78	1,444.47
Power & Fuel Cost	0	334.64	299.24	202.44	169.68
Employee Cost	477.33	430.41	397.69	313.48	226.61
Miscellaneous Expenses	2,064.85	1,286.18	1,003.13	662.63	602.22

From the above table 4.2 reveals that the sales turnover and net sales are may increases 2020-24 gradually by YOY, Other incomes and stock adjustments are had in up & downs by YOY. Based on the table the total income has been gradually increases and total expenses are gradually decreases. Therefore, by the above information the company had been in profit zone by 2020-24.

RISK MANAGEMENT

Electrosteel Castings Limited manages financial risk through strategic debt reduction, improving its debt-equity ratio from 0.57 to 0.40 in FY 2023–24. The company maintains strong liquidity with a current ratio of 1.32, ensuring short-term financial stability. Credit risk is mitigated via strict customer credit evaluations and credit insurance. ECL also leverages technology like IIoT and AI to enhance operational control and reduce losses. Internal controls have been strengthened,

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including cyber risk monitoring. Additionally, consistent R&D investments help improve efficiency and maintain a competitive edge.

Table-4: Risk Management

Company	ESG Risk Rating	Industry Rank
LU-VEspA	23.6	45 out of 147
kyungDong Navien co..Ltd	25.5	58 out of 147
Electro steel castings Ltd	26.6	71 out of 147
RasAI Khaimah ceramic co.	30.3	109 out of 147
CENTROTECSE	35.4	143 out of 147

Electrosteel Castings Ltd. has an ESG risk rating of 26.6, ranking 71st out of 147 in its industry, placing it in the moderate risk category. LU-VE S.p.A leads the group with the lowest ESG risk (23.6) and a higher industry rank (45/147), indicating stronger environmental, social, and governance practices. Kyung Dong Navie follows closely with a score of 25.5. Ras Al Khaimah Ceramics and Centrodes SE show higher ESG risks (30.3 and 35.4 respectively), with centrodes SE ranking poorly at 143rd, suggesting greater exposure to ESG-related risks. Overall, Electrosteel performs moderately but has room to improve ESG practices. In the above table 4 different company's available it is find out of risk rating certain areas in the company in this decreased Lu-vEspA company on the some way high increased risk in CENTROTECSE, finally Lu-vEspA this company followed proper strategies but CENTROTECSE this company is not followed. certain strategies in those areas.

ANALYSIS OF FINDINGS

The financial management analysis of Electro steel Castings Limited reveals a stable and steadily growing financial position. The company has shown consistent revenue growth, driven by sustained demand in infrastructure development and water supply sectors, both domestically and internationally. Its efficient working capital management is evident through a healthy current ratio, indicating strong liquidity and the ability to meet short-term liabilities. Profitability has improved over time due to effective cost control strategies and operational efficiencies, leading to better gross and net profit margins. The capital structure remains balanced, with a moderate debt-to-equity ratio that reflects prudent use of debt financing while minimizing financial risk. Additionally, the company demonstrates strong asset utilization, as seen through favourable asset turnover ratios, suggesting optimal use of its resources to generate revenue. Overall, these findings highlight Electro steel Castings Limited's sound financial management practices, which support its long-term sustainability and growth potential.

RECOMMENDATIONS

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Managers

Managers at Electrosteel Castings Ltd. should maintain an optimal capital structure by reducing high-cost debt and strengthening equity. Enhancing working capital management will improve liquidity and operational efficiency. Strategic investments in capacity and technology should

be based on ROI analysis. Improving ESG performance can enhance brand image and attract long-term investors. Strengthening cash flow forecasting will support better financial planning. Additionally, tighter control over raw material and energy costs will help sustain profitability.

Policy Makers

Policymakers at Electrosteel Castings Ltd. should implement financial policies that promote a balanced capital structure and minimize financial risk. Policies encouraging efficient working capital usage will strengthen liquidity. Incentivizing sustainable investments can align growth with ESG goals. Establish clear guidelines for budgeting, forecasting, and financial reporting to enhance transparency. Support digital financial tools for better decision-making and monitoring. Lastly, set limits on borrowing to ensure long-term financial stability.

Industry Development

To foster industry development in financial management for Electrosteel Castings Ltd., several key recommendations should be prioritized. First, the industry should adopt standardized financial benchmarking to help companies measure and improve their financial performance relative to competitors, driving greater efficiency and competitiveness. Integrating advanced financial technologies like AI-based forecasting and automation tools will streamline decision-making, improve operational accuracy, and reduce manual errors, helping businesses stay agile in a rapidly evolving market.

In addition, promoting collaboration across the industry for financial training and knowledge-sharing can enhance financial literacy, ensuring finance teams are well-equipped to handle emerging trends and regulatory changes. Another essential step is the establishment of standardized ESG (Environmental, Social, and Governance) reporting practices across the sector, which can attract sustainable investment and boost the credibility of companies in the eyes of socially conscious investors.

Encouraging digital transformation in budgeting and cash flow management will allow for better financial control, forecasting, and risk management. Finally, establishing strong partnerships with financial institutions can improve access to affordable, long-term capital, supporting growth initiatives and technological investments. These steps will not only strengthen the financial position of Electrosteel Castings Ltd. but also enhance the overall financial health of the industry.

Scholarly Contribution

To enhance scholarly contribution in financial management within Electrosteel Castings Public Limited, researchers should analyze the firm's financial strategies in the context of the capital-intensive steel industry. Focus on identifying efficiency gaps in working capital management, cost control, and long-term financial planning. Applying advanced financial models and benchmarking

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against industry peers can offer valuable insights. Collaboration with industry professionals can enrich academic perspectives with practical relevance. Lastly, disseminating findings through industry-focused journals and conferences can bridge the gap between theory and practice.

Scope for further study

There is ample scope for further study in financial management at Electrosteel Castings Public Limited, especially in evaluating the efficiency of its capital allocation and cost management strategies. Researchers can delve into the impact of financial planning on the company's long-term growth and shareholder value. An in-depth analysis of the firm's debt-equity structure and its implications on financial stability would be valuable. The study of working capital management and its influence on liquidity and operational performance also presents opportunities. Furthermore, assessing the financial risks related to global market fluctuations and raw material sourcing can provide practical insights. Exploring the integration of ESG (Environmental, Social, and Governance) factors into financial decision-making could also add a forward-looking dimension to the research.

LIMITATIONS

Financial management at Electrosteel Castings Public Limited faces several limitations that can impact strategic decision-making. One key limitation is the dependence on external financing, which may increase financial risk during market downturns. Limited transparency in financial disclosures can hinder comprehensive analysis and investor confidence. The volatility of raw material prices and foreign exchange rates poses challenges in accurate financial forecasting. Additionally, rigid financial policies may restrict flexibility in adapting to dynamic market conditions. A lack of integration between financial planning and operational strategies can also lead to inefficiencies and missed growth opportunities.

CONCLUSTION

Financial management in an electro steel casting company is essential for ensuring profitability and sustainability. Effective cost control, budgeting, and cash flow management help maintain financial stability. Optimizing inventory and investing in modern technologies can drive efficiency and reduce operational costs. Strong financial oversight enables the company to navigate industry challenges and improve competitiveness. Ultimately, sound financial practices are key to long-term growth and success.

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