Financial Performance of KSE Ltd Irinjalakuda with Special Reference to Liquidity Position

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Abstract: *In 1976, KSE LTD entered the cattle feed industry, setting up new plant manufacturing ready mixed cattle feed. The last 3 decades have seen KSE LTD emerging as leader in ready mixed cattle feed in the country. Today KSE LTD commands the resources, expertise and infrastructure of manufacture arrange of livestock feed in high volumes, driven by a commitment to high quality. On the road to success, there were many hurdles. Initially, the mobilization of capital posed the greatest challenge. The future looked grim. But determination and optimism paid off. Thus on 25 September 1963 the Kerala Solvent Extraction Limited was registered as a public limited company.*

Keywords: Financial Performance, Financial Statements

I. INTRODUCTION

Financial management is concerned with the managerial financial decisions that result in the acquisition and financing of short term and long term credit of the firm. Financial management the money activities of a company such as buying, selling and using money to its best results to maintains weather or produce best value for money. It is basically applying general management consents the cash of the company. Financial management can also be defined as - The management of the finance of business/organization in order to achieve financial objectives. According to Guthaman and Dowgal defines "financial management is the activity concerned with planning, raising, controlling and administrating of funds used in the business" In the words of massie defines "financial management is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations".

II. REVIEW OF LITERATURE

The chapter review of literature is the strong pillar to support the present study.

1. Odel.Sumninder and Samiya(2009) analyzed how size, solvency, liquidity, equity capital, and leverage impacted on the profitability of some life insurance companies. The research employed multiple linear regression analysis to quantity the extent to which the specified indicators influenced the profitability of the firms over a 5 year period.
2. Sangmi and Nazir(2010) appraised the financial performance of two key banks in India after a reform in the banking sector. The work was centered on a 5 year secondary data obtained from annual reports of the individual banks. The CAMEL model was used for the analysis.
3. Mikailu et al(2012) employed pooled ordinary least squarer egression to examine how corporate governance mechanisms relate to their financial performance. The parameters used in measuring firm performance were RoE, RoA, Price- Earnings ratio and Tobin's Q. The study advocated for concentrated instead of the ownership of diffused equity. It also made a case for a ten membership board and contended for a separate CEO position from board chair.
4. Duarte et al(2013) studied the interrelatedness between particular operational practices (TQM, JIT, services out sourcing and ISO certification) and the firm's profitability and growth as financial indicators. This work sourced secondary data from PAEP database. Data from 3,589 companies in the industrial sector were sampled for the study.
5. Adesina et al (2014) evaluated how the capital structure of quoted Nigerian banks relates with their financial performances. Parameters used were profit before tax, equity and debt. The survey research design was employed and data analysis was undertaken by deploying the Ordinary Least Square (OLS) regression to capture

the kind of the associations between the banks' financial performances and the corresponding capital structure.

2.1 Statement of the Problem

The research has been conducted in Kerala Solvent Extraction Limited, Irinjalakuda, Thrissur. In order to understand the financial performance of the company before going for the diversification into Vesta Ice Creams using financial ratios, with the help of the financial statements prepared on Mar 2018, Mar2017, Mar2016, Mar2015, Mar2014 and Mar2013. Analysing financial performance is the process of evaluating the common parts of financial statements to obtain a better understanding of firm's position and performance. Financial performance analysis enables the investors and creditors to evaluate past and current performance. Performance Analysis is to diagnose the information contained in the financial statement to judge the profitability and financial soundness of a firm.

2.2 Scope of the Study

The scope of the study is limited to collecting financial data published in the annual of the company every year. The analysis is done to suggest the possible solutions. The analysis is done on Mar18, Mar17, Mar 16, Mar15, Mar14, and Mar13. Using the ratio analysis, comparative statement and common size statement, firms past present and future performance can be analysed and this study has been divided as short term analysis and long term analysis. The firm should generate profits not only to meet the expectations of owner, but also to expand activities.

2.3 Objectives of the Study

- To analysis the financial position of the company
- To know about the liquidity and profitability ratio of the business
- To make a comparison of financial statements
- To get an awareness about the percentage change in financial statements.

III. RESEARCH METHODOLOGY

The present study is conducted to assess the financial performance of Kodessery Elinjipra service co-operative bank Ltd. The information may collect from both primary as well as secondary sources. Secondary data are collected from the annual report and thers official record of the organization.

Period of the Study

The period of the study is 5 years from the year 2013-2017.

Tools Used for Data Analysis and Interpretations

The collected data has been analyzed and interpreted by using various tools such as ratio, percentages, balance sheet analysis are also used for better presentations of data.

Methods of Data Collection

There are mainly two ways through which the data required for the research is collected

- **Primary Data:** The primary data is that data which is collected fresh or first hand, and for the first time which is original in nature. For this process the primary data has been collected from personal interactions with Mr. M.C Paul and other executives.
- **Secondary Data:** The secondary data are those which have already been collected and stored. Secondary data are easily available from those secondary data of records, annual reports of the company etc.

IV. DATA ANALYSIS AND INTERPRETATION

The analysis and interpretation of financial statement is used to determine the profitability position and results of operation as well. A number of methods or devices are used to study the relationship between statements. An effort is made to use those devices which clearly analysis the position of the business firm. The process of evaluating data using analytical and logical reasoning to examine each component of the data provided is called data analysis. This form of analysis is just one of the many steps that must be completed when conducting a research experiment. Data from various sources is gathered, reviewed and then analysed to from some of finding or conclusion.

4.1 Current Ratio

Table showing current ratio

Year	Current assets	Current liabilities	Current ratio
2017-18	10917.54	6038.41	1.81
2018-19	8802.19	3725.38	2.36
2019-20	12553.67	6215.84l	2.01
2020-21	20029.79	7925.3	2.53
2021-22	16903.07	6034.01	2.8

The standard norm of current ratio is 2: 1. From the table, the higher current ratio is 2.80 in the year 2019-20. Therefore, the working capital position of the company is satisfactory.

4.2 Liquidy Ratio

Table showing liquidity ratio

Year	Current assets	Current liabilities	Current ratio
2017-18	4316.88	6038.41	0.71
2018-19	1502.47	3725.38	0.40
2019-20	5121.67	6215.84	0.82
2020-21	10977.9	7925.30	1.39
2021-22	8140.46	6034.01	1.35

The standard liquidity ratio is 1: 1. From the table, the higher liquidity ratio is 1.39 in the year 2018-19. Therefore, the working capital position of the company is satisfactory.

4.3 Proprietary Ratio

Table showing proprietary ratio

Year	Shareholder's Funds	Total Asset	Proprietary Ratio
2017-18	7181.07	13802.54	0.52
2018-19	7168.85	11558.75	0.62
2019-20	8730.48	15673.84	0.56
2020-21	14379.14	22964.73	0.62
2021-22	12977.15	19723.50	0.66

The BCe standard norm of the proprietary ratio is 0.5: 1. From the table, the higher proprietary ratio is 0.66 in the year 2019-20. Therefore the working capital position of the company is financially sound.

4.4 Total Asset Turnover Ratio

Table showing total asset turnover ratio

Year	Sales	Total asset	Total Asset turnover Ratio
2017-18	90133.16	13802.54	6.53
2018-19	92723.45	11558.75	8.02
2019-20	104923.78	15673.84	6.69
2020-21	130936.40	22964.73	5.70
2021-22	121706.91	19723.50	6.17

From the table, the higher total asset turnover ratio is 8.02 in the year 2016-17. It indicates that the management is efficient in the utilization of total assets.

4.5 Debt-Equity Ratio

Table showing debt-equity ratio

Year	Borrowed fund	Shareholders fund	Debt equity ratio
2017-18	166621.47	7181.07	0.92
2018-19	174389.94	7168.85	0.61
2019-20	186943.36	8730.48	0.79
2020-21	198585.59	14379.14	0.59
2021-22	206746.3	312977.15	0.52

The standard debt-equity ratio is 1: 1. From the table, the higher debt-equity ratio is 0.92 in the year 2015-16. Therefore the working capital position of the company is financially sound.

V. FINDINGS

- The data from the balance sheet is used to calculate the liquidity ratio of the company
- The current ratio is increasing. It indicates high efficiency in the use of liquidity ratio.
- Liquid ratio has increased year by years, it shows that company's liquidity position is high.
- The proprietary ratio is increasing. It indicates that the management is efficient in the utilization of total asset.
- Debt-equity ratio was increased year by years, it shows that company position is good.

VI. SUGGESTIONS

- Debt ratio of the company has been increased year to year. High debt ratio is unfavorable of the company.
- The company deeds to increase the total assets turnover ratio for efficiency.
- The current liability of the company is very high and it affects the liquidity of the company.
- The reason why the provision is going up is because they are using short term debt to pay their working expenses and the employees.
- From the study it is found that the funds are used for short term asset which should be avoided. The long term source of fund should be used for long term assets and not for short term assets.

VII. CONCLUSION

The project named KSE Limited Irinjalakuda the study on the financial performance analysis of liquidity of the company. The various analysis of liquidity of the company can be analysed using various statistical methods. The liquidity ratio, indicates the number of liquidity over during a year. It signifies the efficiency of the management in the use of current or short term source of a firm. It is not feasible for the company to carry on with a low liquidity. They can look in to factors banking and it is needed for better performance of the company safety at the factory must be looked into and it can increase the trust of the employees on the company.

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