

“A STUDY ON THE SIGNIFICENCE OF FINANCE DEPARTMENT IN KSE LIMITED.

With Special Reference to Irinjalakuda KSE”

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INTRODUCTION OF THE STUDY

Finance is that business activity which is concerned with the acquisition and conservation of capital funds in meeting financial needs an overall objective of a business enterprise.

Harward and Upten says “Finance is an administrative area or set of administrative functions in an organization which relate with arrangement of cash and credit so that the organization may have the means to carry out its objective as satisfactory as possible.”

MEANING AND DEDINITION

According to Solomon “Financial management is concerned with the efficient use of an important economic resources, namely capital funds”.

According to I.M.Panday, “Financial analysis is the process of identifying the financial strength and weakness of the firm by properly establishing relationship between the items of the balance sheet and profit and loss account.

Thus financial management is mainly concerned with the proper management of funds. The financial manager must see that the funds are procured in a manner that the risk cost and control considerations are properly balanced in a given situation and there is optimum utilization of funds.

IMPORTANCE OF FINANCIAL MANAGEMENT

Financial functions are drawing more and more attention of all those who are responsible for running financial administration. It keeps the enterprise dynamic. Therefore it is necessary that there should be proper administration of finance that is, in flow and out flows of cash should be regularized and controlled according to the needs of the firm. The importance of financial management may be discussed as below.

- ◆ Finance administration co-ordinates various financial activities
- ◆ It measures the performance of the business
- ◆ Success of promotion depends upon financial administration
- ◆ Smooth running of an enterprise depends upon financial administration
- ◆ Profitability is the focal point of decision making

OBJECTIVES OF THE STUDY

Financial management without confining to raising and allocation of funds, is a use of financial, financial management is helpful. It helps in :

- Financial planning and successful promotion of an enterprise
- Acquisition of funds as and when required at a minimum possible cost
- Proper use and allocation of funds
- Taking sound financial decision
- Improving the wealth of the investors and the national and
- Promoting the mobilizing individual and corporate saving.

REVIEW OF LITERATURE

Anisha Sam K.A.(2013) made “ A study on financial performance of Steel Industry Kerala Ltd” from 2007-2008 to 2011-2012. The objective of the study were to analyze the liquidity position of the company to suggest ways and means to improve the present state of working capital. The major tool used for the analysis is the ratio analysis and the major findings and conclusion from the above analysis says that the working capital management was very poor and below average and another suggested that the inventory management have to be corrected.

RESEARCH METHODOLOGY

The term ‘research’ refers to the systematic method consisting of enunciating the problem, formulating a hypothesis, collecting the facts or data, analyzing the facts and researching certain conclusion either in the form of solutions towards the concerned problem or in certain generalizations for some theoretical formulation.

Nature of Research

The nature of study of this project is analytical study. In analytical study, one has to use facts or information already available and analyze those to make critical evaluation of the material. The objective of this research is to generate new idea.

COLLECTION OF DATA

There are two types of data; they are primary data and secondary data.

PRIMARY DATA

The data which are collected from the field under the control and supervision of an investigators is known as primary data. These data are collected for the first time. They are truthful and further suit for the purpose. The collection of primary data is very expensive and time consuming.

SECONDARY DATA

Secondary data are those which have been collected by some other persons for their purpose and published. So the researcher is said to make use of secondary data if he makes use of data already compiled by some other person. Secondary data are usually in the shape of finished products. Collection of secondary data has the advantage of being less expensive and less time consuming.

The data for KSE used in this study has been taken from secondary sources that is, from published annual reports of the company. Editing, classification and tabulation of the financial data, which are collected from the above-mentioned sources, have been done as per the requirements of the study.

SIGNIFICANCE OF THE STUDY

This study helps to understand the practical use of theoretical perspective. It has brought me in contact with different personals of the company who has provided me with information of various aspects and has been invaluable help and assistance to me. The project work program has been highly beneficial to me.

It gives the practical experience to the students. The quick and apparent result of the study was,

- The main aim of the study is to develop some specific skills in an individual in the area of finance,
- The study makes a researcher to be confident. He can easily identify the level of performance.

INDUSTRY PROFILE

As we all knows KSE means Kerala Solvent Extraction. The cattle feed industry in India was under service strain till mid of year 2003 and there after slowly recovered due to the consistent fall in prices of raw materials to fair levels. This happened as a result of cattle feed industry’s improved performance in terms of profitability. Sales volume

of the industry increased to 9%. Due to wide spread rain and bumper crop for oilseeds and grains during the year it is expected that the production of cattle feed will be firm in the coming years.

COMPANY PROFILE



HISTORY OF THE COMPANY

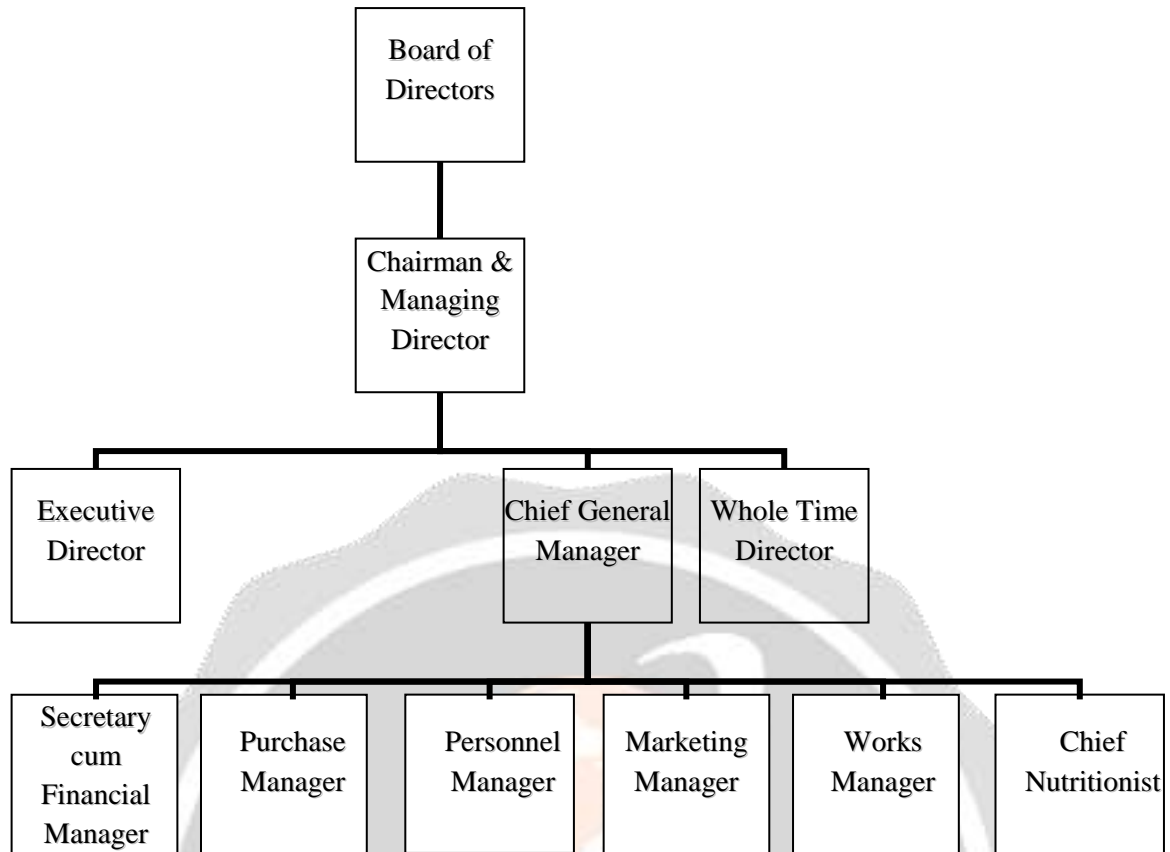
The solvent extraction units would help to extract the remaining oil from the oil cakes through a process in which a continuous counter current extractor is used for extraction. The solvent extraction plant went on stream in 1872 and in 1976 a new plant was set up to manufacture ready mixed cattle feed, which was a pioneering step. Since then there was no looking back. The last 3 decades have seen KSE emerging as a leader in solvent extraction and ready mixed cattle feed in the country. The de-oiled coconut cake after solvent extraction was the main ingredient of these cattle feed. They also sold de-oiled coconut cake as such in the brand name called JERSY. As part of diversification in 1976, the cattle feed has emerged as one of the major product of Kerala Solvent Extraction Limited. During the recent past it has emerged as the number one cattle feed in India in the private sector. It is making annually about 1.80 lakhs tones of superior quality cattle feed.

KSEL is in the oil extraction industry for the last 33 years. It has two solvent plants, the processing capacity of 200 tones per day. The company has also a chemical oil refining plant of 20 tones per day.

The very new area in which KSEL has entered is dairy sector. The field includes the procurement. Processing and marketing of liquid milk and milk products. KS MILK, KS CURD and KS BUTTERMILK have already become popular in Thrissur, Ernakulam, Malapuram and Allapey districts. KSEL successfully launched its VESTA brand Ice Cream on August 2002, which has been well accepted in the market as it complies with the international quality standards.

In the year 1996 the Kerala Solvent Extraction Limited changed its name as KSE LIMITED. It is now listed in the stock exchanges of Bombay, Madras and Cochin. The company is having an annual turnover of around 372 crore. KSE Limited facilitates its customers with extensive network of dealers and retailers.

ORGANIZATION CHART



PRODUCT PROFILE

Products:

- CATTLE FEED
- DE-OILED COCONUT CAKE
- DIARY PRODUCTS
- REFINED COCONUT OIL

PRODUCT MIX OF COMPANY

Cattle Feed	Refined Oil	Diary Product
K.S. Super K.S. Ordinary K.S. Special K.S. Delux Pellet K.S. Delux Plus Pellet K.S. Supreme Pellet K.S. Premium Pellet K.S. Forte K.S. Mineral Mixture	K.S. Supreme	K.S. Milk K.S. Ghee K.S. Sambharam Vista Ice Creams

FINANCE DEPARTMENT

Capital budgeting

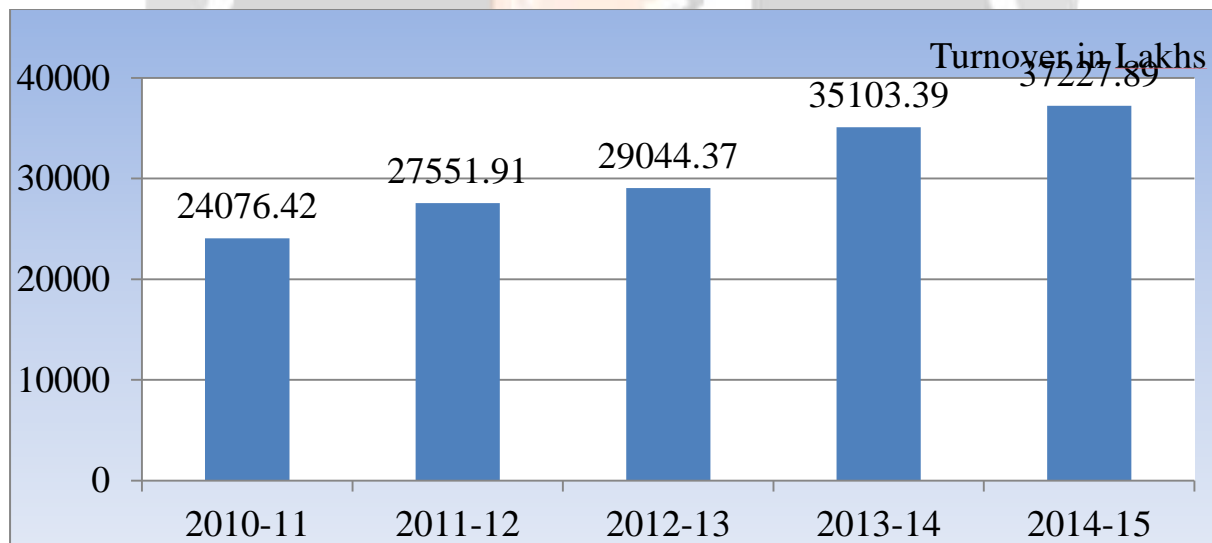
The budgeting is done after scrutinizing the actual requirement of the unit, which is discussed in a committee. Generally the budgeting is done for every departmental requirements, this may be accepted, partially accepted, or may be rejected as a whole.

The KSEL normally does not invest in other company shares, but sometime there is a possibility for this due to the pressure from the government banks. The KSEL purchase the shares in every limited way so as to fulfill the requirement and sells it at the earliest, but the company do invest in short term investments like mutual funds. An example of this is ICICI Prudential Growth Plan. These investments are generally done for two to three days. These kinds of transactions will be closed by March 28th as it could have a direct influence on the annual report of the company.

FUNCTIONS

- Maintain salary records.
- Monthly accounting of invoices.
- Payments of bill to the vendors as per the bill of materials.
- Providing discount to the purchases of the product.
- Taking loan from banks for facilitating the flow of work in the organization.
- Making correction in the price of the product.
- Preparing financial statements ie income statement and Balance sheet.

Graph showing Turnover of the company:



FINDINGS

- The net profit shows an increasing trend compared with operating ratio which is complimentary to show the overall efficiency in relation with production, administration, selling, financing, pricing, and tax management. Net profit ratio show financial strength of KSE limited.
- Return on equity of KSE Ltd indicates the firms' ability to generate funds. Earnings available on per-share basis are also gaining strength year after which is favorable and desirable to every shareholders.
- Share capital has been maintained steady for the last five years.
- Cost of goods sold to net working capital shows an increasing trend. The increasing trends of ratio indicates better utilization of working capital.
- Unsecured loans are very high in recent years. This is one of the reasons for suffering loss.

SUGGESTIONS

- The current ratio is more than the standard form 2:1, so the company should try to reduce the investment in current asset otherwise it may lead to idle investment.
- The fixed assets ratio represents the percentage of fixed assets from long term funds which are less in relation with the company and it should improve.
- Better consideration should be maintained in relation with working capital.
- KSE Ltd producing as per demand of their products in the market. An old technique of inventory management is being used. Shifting from old method to just in time will save much cost of the company.

CONCLUSION

From this analysis it is concluded that KSE Limited has a satisfactory financial performance in terms of profitability, liquidity, returns and earnings per share etc.

Profitability is the key to the business. Searching and developing strategic control points in an industry simultaneously with the business redesign process can go a long way. Customer centric thinking is extremely essential for survival in today's business environment. Every good business design should have least one strategic control point. "Yesterdays profit zones are fast becoming today's no profit zone". It's high time the organization reinvested their strategies and shift their focus from products to customers and starts building new business design based on the properties of customers.

The company has good opportunities in future ahead, as the company can become one of the major companies in India, by maintaining the quality of services to its customers. Also, the company can review their strategy according to the changing scenario in the company's environment by adopting suitable organizational structures, increasing role of it and redesigning their product portfolio.

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