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Original Research Article

Analysis of the Factors That Affect the Financial Performance of Kerala Minerals and Metals Limited by Electronic Monitoring

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Abstract

Financial management is frequently labeled as Business Finance / Corporate Finance. Without proper financial management, every business organization or commercial entity will collapse. It is a source of strength and aid. Financial resources are the wealth of an organization that can be used in achieving its goals. Kerala Minerals and Metals Ltd is one of the unsurpassed performing Public Sector Units in India. The present study is related to turnover and its influence on profitability with the help of Electronic monitoring system (EMS) in KMML. Here the researcher has decided to collect data from KMML. The secondary data is used from the period of 2016-17 to 2018-19 for the present study. It is concluded that throughout the year there has been continuous growth noted in the turnover of KMML. But awkwardly, in the year 2018-19, a declining trend was noted in the net profit. Compared to 2015-16, the KMML was able to maintain a growth rate of 50.40 times the net profit in 2018-19. Also, it noted from the Time series, Turnover, and Net profit can be predicted with the support of the Year. Both Turnover and Net profit showed a remarkable value during the year 2023. **Keywords:** Financial Management, Business Finance, Corporate Finance, Turnover, Net profit, EMS Factors.

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INTRODUCTION

Financial management is of overriding significance for the success of any organization. The term "Business Finance" or "Corporate Finance" is commonly used to refer to financial management. Without proper financial management, corporate or commercial entities will collapse. [1] It is a source of strength and aid. Financial resources are the wealth of an organization that can be used in achieving its goals. Financial management is concerned with the management of money in an organization. [2] It imitates a novel stance that views an organization's financial resources as its resources and assets. Financial management is the management of money, whether it is owned funds or borrowed funds, the sources of funds, procurement of funds, administration of the funds, equitable distribution of the funds under the financial rationing policy, effective utilization, and ensuring a reasonable return for the organization. In the current intricate setting, no business or organization can survive and nurture without proper financial resources. So Financial management has become the focus of consideration of every progressive organization. [3]

Keeping a company's finances in order is difficult in today's highly competitive business environment. [4] Every company strives to improve its financial situation. Liquidity, productivity, and solvency are all hallmarks of sound financial management, and they can be safeguarded by adhering to certain basic principles of management of working capital. [5] Capital on hand for everyday operations is known as "working capital," and it is crucial to any business's success. Much empirical research points to inefficient management of working capital as a key reason for industrial stagnation or decline. [6] It follows that a healthy organization must have effective working capital management in place.

The operational cycle idea, as well as the balance sheet methodology, are the two primary frameworks for understanding working capital. [7] While the net and gross working capital are part of the balance sheet idea, the operating cycle concept provides operational assistance for the firm. Gross working capital is the sum of a firm's profitability in its immediate resources. [8]

Net A firm's "working capital" is its available liquid assets less its immediate debts. The time it takes to go from raw materials to cold hard cash is known as the operating cycle. Raw materials, WIP, Finished Goods, Sales, Debtors, and finally Cash are all involved in this procedure. Finding a happy medium between cash flow and profit is the number one challenge for any financial manager. [9] Consequently, it is crucial to plan for and control both cash inflows and outflows to maintain an organization's liquidity. It's not uncommon for new businesses to struggle financially in the early going. Effective money management is crucial right now. Throughout the first few months of operation, managers need to establish a healthy cash reserve. Needs-based financial forecasting and budgeting are crucial. Managers of the company's finances must decide whether or not to use internal funds for growth or to seek financing from other sources. [10-12] The goal of financial management is to maximize shareholder value by minimizing the cost of capital and the likelihood of a downgrade in the company's credit rating through excessive leverage of the balance sheet through debt.

NEED AND SIGNIFICANCE OF THE STUDY

Mining, mineral extraction, synthetic rutile, and other pigment-production facilities are all part of Kerala Minerals and Metals Ltd's operations as a comprehensive titanium dioxide-producing public sector initiative in Kollam, Kerala, India. As far as Indian government agencies go, it has one of the best track records ever. KMML has consistently been speedy to react to monetary and economic factors. KMML's economic growth has been dramatically altered by certain of the company's programs.

The study on turnover and net profit on the financial performance becomes a parameter for judging the performance of KMML. Management of Financial resources spells the difference between the success and failure of any organization and hence it is the principal challenge now. The relationship between the turnover and the net profit is always a keen interest for the financial manager and monitoring these resources. To strike a tuneful balance between the turnover and the net profit, the expectations and long-term organizational goals have to be streamlined, and superior Financial Management practices must reign in KMML. Hence an attempt is done to appraise the relationship between the turnover and the net profit and EMS in KMML.

STATEMENT OF THE PROBLEM

KMML, like every other company, relies heavily on its financial resources. To be of use to the company, it must conform to its standards. Each enterprise needs a steady stream of cash flow to function efficiently, and its leaders must tread carefully to ensure the company reaches its objectives. Only with skillful financial management will the corporate goal be reached. Finance always has an impact, regardless of the circumstances. The projection of key indicators of financial parameters is always helpful for the financial manager. Here an attempt has been done by the researcher to overview the Electronic monitoring of factors that affect the Financial Performance of Kerala Minerals and Metals Ltd.

OBJECTIVES OF THE STUDY

- A. To know the pattern of growth between turnover and profit of KMML by using EMS.
- B. To project the turnover and profit of KMML after implementing the EMS system

HYPOTHESES OF THE STUDY

- There is no significant pattern of growth between the turnover and profit of KMML by using EMS
- There is no linear relationship between projected the turnover and profit of KMML after implementing the EMS system

THE METHODOLOGY OF THE STUDY

Of the functional management categories, finance is the vicinity that can have the most momentous influence on organizations' development, efficiency, and prosperity. The present study is related to turnover and its influence on profitability in KMML after implementing EMS. Here the researcher has decided to collect data from KMML. The secondary data is used from the period of 2016-17 to 2018-19 for the present study. The research design used in this study is analytical. The data was collected from the official website of KMML. The statistical test used was Correlation, Regression, and Time Series Analysis.

RESULTS AND DISCUSSION

Table 1. Financial indicators						
Financial Year	Turnover (Rs. Crore)	Growth Rate	Net Profit (Rs. Crore)	Growth Rate		
2015-16	653.91	1.00	3.24	1		
2016-17	727.04	1.11	40.37	12.46		
2017-18	740.58	1.13	181.11	55.90		
2018-19	829.89	1.27	163.29	50.40		

Table 1: Financial Indicators

Source: Annual Reports KMML

From the above Table 1, it is noted that in the year 2015-16, the turnover and net profit of KMML

were Rs. 653.91 Crore and Rs. 3.24 Crore respectively. In the year 2016-17, the figures increased to Rs.727.04

Crore and Rs. 40.37 Crore respectively with a growth rate of 1.11 times and 12.46 times. Similarly, during 2017-18, Figure 1 suggests an increase to Rs.740.58 Crore and Rs. 181.11 Crore respectively with a growth

rate of 1.13 times and 55.90 times. In the year 2018-19, eventually the turnover increased to Rs.829.89 Crore, and the net profit declined to Rs. 163.29 with an annual growth rate of 1.27 times and 50.40 times respectively.



Figure 1: Financial indicators from 2015-16 to 2018-19

able 2. Financial inductors - Turnover - Regression Analysis						
r ²		0.957				
r	-	0.968				
	Std. Error	22.154	Dep. Var.	TURNOV	ER (Rs. Crore))
ANOVA table						
Source	SS	df	MS	F	p-value	
Regression	14,660.0295	1	14,660.0295	29.87	.0319	
Residual	981.5646	2	490.7823	Result		
Total	15,641.5941	3		Significan	t	
Regression out	put				confidence interval	
variables	coefficients	std. error	t(df=2)	p-value	95% lower	95% upper
Intercept	-108,505.7350					
t	54.1480	9.907	5.465	.0319	11.5199	96.7761
Durbin-Watso	on =	3.31				
Predicted values for TURNOVER (Rs. Crore)						
		95% Confidence Intervals				
t	Predicted	lower			upper	
2,016	656.633	576.883			736.383	
2,017	710.781	658.572			762.990	
2,018	764.929	712.720			817.138	
2,019	819.077	739.327			898.827	
2,020	873.225	756.483			989.967	
2,021	927.373	770.747			1,083.999	
2,022	981.521	783.863			1,179.179	
2,023	1,035.669	796.420			1,274.918	

Table 2:	Financial	Indicators	-Turnover-	Regression	Analysis
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Source: Secondary Data

From the above Table 2, it is clear that a Time series was tried to project by the researcher. Accordingly, the F test was conducted to know the

model fit. It noted that the p-value is 0.0319 (p < 5%), showing the model is fit for prediction. The relation between the independent variable (Time) and the

dependent variable (Turnover) is 0.968, a very high positive relationship, and the r square value is 0.937, showing a high degree of model accuracy. The OLS equation is explained below

Turnover= -108,505.73 + Time (54.1480).

The Durbin-Watson value is 3.31, which is greater than the r square value of 0.937, showing the Regression equation is not spurious, as depicted in Figure 2. The researcher is also interested to project the Turnover for the future period and it is estimated that in the year 2020, the turnover of KMML becomes Rs.873.225 and in the year 2022 it will increase to Rs.981.521, and finally, in the year 2023, the turnover of KMML will be Rs.1035.669. In this regard, it may note that at 95%_Confidence Intervals, the chance of minimum turnover is Rs.796.42 and a maximum of Rs. 1,274.918.





Table 3: Financial Indicators –Net Profit- Regression Analysis

r ²		0.821					
r 0.906							
	Std.Error	45.780	45.780 Dep. Var.		NET PROFIT (Rs. Crore)		
ANOVA table	2						
Source	SS	df	df MS		F	p-value	
Regression	19,275.2196	1	1 19,275.2196		19.20	.0377	
Residual	4,191.5311	2 2,095.7655		Result			
Total	23,466.7507	3		Significant			
Regression output confidence interval					nterval		
variables	coefficients	std. error		t(df=2)	p-value	95% lower	95% upper
Intercept	-125,167.5550						
t	62.0890	20.4732		3.033	.0937	-26.0002	150.1782
Durbin-Watson = 3.31							
Predicted values for TURNOVER (Rs. Crore)							

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		95% Confidence Intervals		
t	Predicted	lower	upper	
2,016	3.869	-160.931	168.669	
2,017	65.958	-41.929	173.845	
2,018	128.047	20.160	235.934	
2,019	190.136	25.336	354.936	
2,020	252.225	10.983	493.467	
2,021	314.314	-9.346	637.974	
2,022	376.403	-32.050	784.856	
2,023	438.492	-55.907	932.891	

Source: Secondary Data

From above Table 3, it is clear that a Time series was tried to project by the researcher. Accordingly, the F test was conducted to know the model fit. It noted that the p-value is 0.0377 (p<5%), showing the model is fit for prediction. The relation between the independent variable (Time) and the dependent variable (Net profit) is 0.906, a very high positive relationship, and the r square value is 0.821, showing a high degree of model accuracy. The OLS equation is explained below.

The Durbin-Watson value is 3.31, which is greater than the r square value of 0.821, showing the Regression equation is not spurious. As depicted in Figure 3, the researcher is also interested to project the Net profit for the future period and it is estimated that in the year 2020, the net profit of KMML becomes Rs.252.225 and in the year 2022 it will increase to Rs.376.403, and finally, in the year 2023, the net profit of KMML will be Rs.438.492. In this regard, it may note that at 95% Confidence Intervals, the chance of minimum net profit is Rs.-55.907 and a maximum of Rs. 932.891.

Turnover= -125,167.5550 + Time (62.0890).



Figure 3: Net point-Linear curve fit

CONCLUSION

It is concluded that throughout the year there has been continuous growth noted in the turnover of KMML. But awkwardly, in the year 2018-19, a declining trend was noted in the net profit. Compared to 2015-16, the KMML was able to maintain a growth rate of 50.40 times the net profit in 2018-19. Also, it noted

from the Time series. Turnover, and Net profit can be predicted with the support of the Year. Both Turnover and Net profit showed a remarkable value during the year 2023, so by analyzing the factors we can conclude that EMS has a positive effect on the turnover and net profit of the company throughout the year.

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