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Profitability And Working Capital Management In Agro-Based State-Owned Enterprises In Kerala: A Case Study Of Oil Palm India Limited, Kottayam.

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Abstract
The financial performance of public sector enterprises plays a critical role in assessing their operational sustainability and economic contribution. This study focuses on Oil Palm India Limited, a state-owned enterprise (SOE) in Kerala, to evaluate its profitability and the efficiency of working capital utilization over a selected period. The study offers insights into the firm's capacity to turn a profit and efficiently manage its short-term assets and liabilities by examining important financial ratios like the gross profit ratio, operating profit ratio, net profit ratio, Return on Investment (ROI), Return on Capital Employed (ROCE), Return on Assets (ROA), Current ratio, Working capital turnover ratio, Inventory turnover ratio, Receivable turnover ratio, and payable turnover ratio. The company's published financial statements served as the source of secondary data, and performance patterns were interpreted using procedures including trend analysis and ratio analysis. The results show variances in working capital management efficacy and profitability, pointing to the necessity of more stringent operational efficiency controls and strategic financial planning. In addition to providing insightful implications for politicians and company managers seeking to advance public sector reform and improve efficiency, this targeted assessment advances a more comprehensive understanding of the financial performance of state-owned businesses.
Keywords: *State-Owned Enterprises (SOEs), Financial Performance, Public Sector Undertakings (PSUs), Oil Palm India Limited, Agro-Based Industry, Profitability, Working Capital, Ratio Analysis*

INTRODUCTION

State-owned enterprises (SOEs) play a significant role in the economic development of India by ensuring equitable resource distribution, supporting strategic industries, and fostering regional development. State-owned enterprises have long been utilised in Kerala as tools for socio-economic well-being, especially in fields like public services, industry, and agriculture. But in recent years, the operational effectiveness and financial viability of many of these businesses have been questioned, underscoring the necessity of thorough evaluations of financial performance. Oil Palm India Limited, Kottayam is a well-known public sector enterprise that operates in the agricultural sector with a primary focus on oil palm production and processing. It is a joint venture between the Governments of Kerala and India. Being a government-owned business, it must continue to be both profitable and accountable to the public. To make sure it achieves its operational goals while preserving economic efficiency, it is crucial to assess its financial performance. Working capital efficiency and profitability are the two main aspects of financial performance that are the subject of this study. Working capital efficiency measures how well a company manages its short-term assets and liabilities to support daily operations, while profitability shows how well it can create revenues in relation to its spending and other costs incurred over a certain period. When combined, these elements offer a comprehensive view of the business's operational efficiency and financial stability. This study is to evaluate the effectiveness of Oil Palm India Limited's financial resource management by examining pertinent financial ratios and trends over a chosen period. Policymakers, business managers, and other stakeholders interested in improving the performance of Kerala's public sector firms should find value in the findings.

Statement Of The Problem

In India, State-owned Enterprises (SOEs), particularly those in the agricultural sector, are frequently founded with the dual goals of advancing public welfare and guaranteeing business sustainability. However, a number of State Owned Enterprises have been dealing with issues like declining of profitability, poor resource use, and financial inefficiencies. An important factor in advancing oil palm production and satisfying the need for edible oil is Oil Palm India Limited, a state Government-owned business based in Kerala. There is little empirical data assessing its operational effectiveness and financial

stability, despite its strategic significance. In the current competitive and resource-constrained climate, an organization's capacity to generate value and maintain operations is largely determined by its profitability and effective working capital management. The performance of the business and its long-term viability may be impacted by poor working capital procedures, which can also lead to liquidity problems, operational delays, and decreased profitability. Therefore, it is imperative to assess Oil Palm India Limited's profitability and working capital management. Finding strengths, shortcomings, and possible areas for progress can be aided by a targeted financial performance study. By methodically assessing these two critical elements, which are essential to the enterprise's operational and financial viability, this study aims to close the research gap.

REVIEW OF LITERATURE

Monteiro, Jenita & John, Nijumon (2017) have analysed the financial performance of general insurance companies in India by considering secondary data for 10 years from 2006-07 to 2015-16, and tools like ratio analysis, correlation, multiple regression analysis, descriptive statistics, etc., were used for analysis. Following liberalisation, the insurance industry saw a number of changes, and numerous private enterprises seized the chance to enter the market, fiercely competing with the established insurance providers. They discovered that, in comparison to private insurance firms, public insurance businesses are more profitable and have sounder management.

Assagaf, Aminullah & Ali, Hapzi (2017) have observed the factors that affect financial performance of 7 State Owned Enterprises in Indonesia selected using purposive sampling method from 2005 to 2016. A number of companies have been chosen, including PT Pertamina, State Electricity Company, PT Garuda Indonesia, PT Aneka Tambang, PT Kereta Api Indonesia, PT Bukit Asam, and PT Perusahaan Gas Negara. According to their findings, capital structure improves and has no discernible impact on SOEs' financial performance. A proxy for accruals earnings management, strategic profitability has a favourable and noteworthy effect on SOEs' financial performance. Financial performance is significantly harmed by government subsidies. Receiving more and more subsidies causes financial performance to continue declining. Government subsidies have no effect on the strategic importance of profitability and flexible capital structure on financial performance.

Verma, Jyoti (2019) studied the financial performance of SAIL from 2000 to 2015 using ratio analysis and statistical tools such as mean, standard deviation, and coefficient of variation. Gross profit, net profit, and return on capital employed were among the measures she used to analyse profitability. Current ratio, quick ratio, asset turnover ratios, inventory turnover, and debtor turnover were used to evaluate working capital. Despite increasing sales, the analysis discovered a drop in profitability, and liquidity ratios showed variations. In contrast to the desired 2:1, the quick ratio decreased from 0.73 to 0.66, while the current ratio fluctuated between 1.59 and 1.74. Verma suggested improved current asset management as well as a well-balanced working capital financing mix of short- and long-term loans.

Ntuli, S. P. A., & Nzuza, Z. W. (2022) have observed the effect of working capital management on the financial performance of state-owned enterprises in South Africa. In order to get information from 51 respondents chosen through a simple sample technique, a cross-sectional, quantitative research and questionnaire approach was utilised to investigate the employees' impressions of the impact of WCM on financial performance. They discovered that adopting automated cash management procedures, keeping cash on hand for operational and precautionary purposes, and creating cash budgets on a regular basis are all examples of good WCM practices that improve financial performance. They advised SOEs to think of WCM as a weapon for their economic growth, but they did not follow the habit of regularly establishing goal cash balances.

Sharma, Shilpa (2022) analysed the financial performance of SAIL, a central SOE, using ratio analysis for the period 2016–2022. Along with important financial statistics, the study used statistical methods such as mean, standard deviation, minimum, maximum, and coefficient of variation to analyse profitability and working capital management. Profitability was evaluated using return on capital employed, net profit ratio, and gross profit ratio. Current, liquid, current assets turnover, total assets turnover, working capital turnover, debtor turnover, and inventory turnover ratios were used to assess working capital efficiency. Sharma discovered that even though SAIL's sales increased, the company's profitability was negative for the first two years. After that, the business started to turn a profit, but during the COVID era, profitability fell once more before rising.

Naseer et al. (2023) investigated how corporate governance influenced the relationship between financial performance and operational efficiency (such as inventory turnover) in Indonesian palm oil enterprises

between 2019 and 2023. Well-governed businesses were more likely to turn efficiency improvements into profits, according to the study, demonstrating how governance practices can improve the relationship between operations and financial results.

Liao and Xu (2023) used a Super-SBM Data Envelopment Analysis (DEA) model to investigate the financial efficiency of China's state-owned banks. State-owned banks outperformed their non-state counterparts in terms of profitability and intermediary efficiency, according to the study, which was based on data from 42 listed banks between 2006 and 2021. The analysis also underlined that better financial performance across bank categories was linked to decreased ownership concentration. The results are especially pertinent to the debate about ownership arrangements and how they affect the financial results of public sector businesses.

Elfian et al. (2023) used the Economic Value Added (EVA) model to examine the financial performance of Indonesian palm oil enterprises. The study evaluated the effects of CPO price, interest rate, currency rate, and profit on EVA from 2018 to 2022. The study, which used panel data regression on seven listed companies, discovered that while interest rate and earnings had no discernible beneficial effect on EVA, the exchange rate and CPO price did.

The study highlights that compared to conventional profit metrics, EVA is a more accurate indication of value generation. These results are particularly pertinent to commodity-based companies such as Oil Palm India Ltd., where performance evaluations must take capital costs and external economic factors into account.

Palm Oil Magazine (2024) revealed that, in comparison to the first half of 2024, Teladan Prima Agro Tbk (TLDN) saw a 324% increase in net profit. Higher selling prices and a 17.5% decrease in the cost of products sold were the main drivers of the improvement. Overall margins and EBITDA rose despite a decline in sales volume, demonstrating the company's strength in cost and operational management.

Sitepu, Fachrudin, and Siregar (2024) looked into what factors affect the intrinsic value of plantation companies that are listed on the Indonesia Stock Exchange. While productivity and profitability metrics, including FFB yield, ROA, and current ratio, had less pronounced or statistically insignificant effects, they came to the conclusion that business size had a considerable impact on intrinsic value. In contrast to short-term financial metrics, the analysis prioritised scale and capital access using panel data regression spanning 2018–2022.

Engkus et al. (2024) investigated how intellectual capital and good corporate governance (GCG) affected the value and financial performance of Indonesia's state-owned companies (SOEs). The study used structural equation modelling (SEM), which was based on a structured survey of 258 SOE employees, to demonstrate that GCG uses digital capabilities like big data analysis to considerably improve financial performance both directly and indirectly. Despite its geographic limitations, the research provides insightful information about how technology adaptation and governance might influence financial results in state-owned enterprises (SOEs) functioning in emerging economies.

Li (2025) looked into the connection between financial flexibility and environmental, social, and governance (ESG) performance in state-owned businesses that are listed on the Hong Kong Stock Exchange. The study, which used panel data from 2018 to 2022, found that although ESG practices generally improve financial flexibility, the impact is less pronounced in SOEs than in private companies. This study draws attention to structural issues that SOEs face, like strict governance procedures and a lack of market responsiveness, which could impede the successful financial gains of ESG projects.

The Financial Times (2025) released an article that gave a critical summary of the financial strain that China's biggest state-owned banks were under. It stated that by the end of 2024, net interest margins had significantly decreased to about 1.5%. Policy mandates forcing these banks to provide below-market rates to struggling industries like small businesses and real estate were the reason given for the pressure, according to the report. By highlighting the compromises between policy commitments and financial performance in SOEs, this essay adds a real-world perspective to theoretical debates on public enterprise efficiency.

Reuters (2025) reports that Chinese state-owned businesses saw a slight 0.4% year-over-year profit increase in 2024, which was a significant drop from the 7.4% growth in 2023. According to the data, which comes from China's Ministry of Finance, SOE profitability has stagnated while operating limitations have increased. Despite not being a peer-reviewed study, the report is a reliable source of macro-level performance indicators, particularly helpful for recognising current trends and the larger economic landscape in which state-owned enterprises (SOEs) function.

RESEARCH GAP

While many studies have examined the relationship between working capital efficiency and profitability in state-owned enterprises (SOEs) and Indonesian palm oil companies throughout South Africa and Southeast Asia, little scholarly attention has been paid to Indian SOEs in the agro-based sector, particularly Oil Palm India Limited., which is run under a special joint ownership model between the Governments of Kerala and India. The majority of earlier research, which frequently used big datasets of numerous companies in an area, has also concentrated on macro-level analyses or aggregate sector-wide insights. However, there is still a lack of firm-specific case studies that thoroughly examine the working capital dynamics and profitability of a single state-owned agro-enterprise in the Indian setting. By performing a focused assessment of Oil Palm India Limited. and analysing its financial performance using working capital efficiency indicators and profitability ratios, this study aims to close this gap and provide context-specific insights that can help Indian state-owned agro-industries make better financial decisions and formulate more effective policies.

Scope And Period Of The Study

The current study is limited to assessing Oil Palm India Limited's financial performance, with a particular emphasis on two crucial aspects: working capital efficiency and profitability. Secondary data from the company's published financial statements for 10 years from 2014–15 to 2023–24 served as the basis for the analysis. In addition to working capital-related ratios like current ratio, working capital turnover ratio, inventory turnover ratio, receivables turnover ratio, payables turnover ratio, and debtors turnover ratio, the study looks at some profitability ratios, including gross profit ratio, operating profit ratio, net profit ratio, return on investment (ROI), return on capital employed (ROCE), and return on assets (ROA). These metrics are employed to evaluate the company's profitability and short-term asset and liability management.

Objectives Of The Study

1. To assess the profitability of Oil Palm India Limited. Kottayam
2. To analyse the effectiveness of using working capital of Oil Palm India Limited, Kottayam.
3.

METHODOLOGY OF THE STUDY

With an emphasis on working capital efficiency and profitability, the current study uses an analytical research approach to assess the financial performance of a chosen state-owned firm (SOE) in Kerala. Kerala is home to 131 state-owned businesses that operate in a variety of industries, including public utilities, engineering, electrical, information technology, infrastructure development, and agriculture. Based on its sectoral significance and data accessibility, Oil Palm India Limited, a state-owned enterprise (SOE) involved in the agricultural sector, has been taken as a case study method. The Secondary data used in the study is published annual reports, audited financial statements, and official publications from the company and pertinent government agencies. The study uses trend analysis to find trends and changes over the chosen time period and ratio analysis to look at important indicators of profitability and working capital efficiency in order to do a thorough financial assessment. In Indian state-owned agro-industrial firms, the methodological approach aims to offer empirical insights that can guide management and policy decision-making.

RESULTS AND DISCUSSIONS

A. Analysis of Profitability

1. Operating Profit of Oil Palm India Limited, Kottayam

Operating profit is the amount of money a business makes from its main operations after deducting taxes and interest. It is a measure of profitability. It is computed by deducting operating costs from gross profit, such as rent, labour, and cost of products sold. Because it demonstrates how effectively a business is handling its routine business operations, operating profit is significant. It is used by analysts and investors to evaluate a company's operational strength and compare performance over time or with rivals.

TABLE 1: Operating Profit of Oil Palm India Limited, Kottayam

Year	Operating Profit/Loss (Rs. In Lakhs)	Revenue from Operations (Rs.in lakhs)	Trend in Operating Loss	Operating Profit Ratio
2014- 15	(468.38)	4467.38	100.00%	-10.48
2015- 16	(912.83)	4646.99	194.89%	-19.64

2016- 17	(765.59)	5,265.43	163.45%	-14.54
2017- 18	(1081.91)	4,584.72	230.99%	-23.60
2018- 19	(388.19)	4,704.12	82.88%	-8.25
2019- 20	(1056.37)	3,301.71	225.54%	-31.99
2020- 21	(356.20)	3,654.05	76.05%	-9.75
2021- 22	416.19	6,218.98	-88.86%	6.69
2022- 23	2133.78	8,071.60	-455.57%	26.44
2023- 24	227.07	6,864.55	-48.48%	3.31

Source: Compiled from Annual Reports of Oil Palm India Limited., Kottayam

An analysis of operating profitability from 2014-15 to 2020-21 demonstrates that Oil Palm India Limited. continuously posted operating losses, indicating long-standing inefficiencies in its fundamental operations. The operating profit ratio was negative throughout this time, reaching a low of -31.99% in 2019-20, indicating unsustainable cost structures and inadequate margin management. In 2021-22 and 2022-23, operating earnings increased from ₹416.19 lakhs to ₹2133.78 lakhs, indicating improved operational efficiency in the short term. In 2023-24, operational profit fell to ₹227.07 lakhs, with an operational Profit Ratio of 3.31%, reversing the previous rising trend. This suggests that the organisation continues to encounter issues in maintaining operational scalability and cost control, both of which are critical for long-term profitability.

2. Net Profit of Oil Palm India Limited, Kottayam

A company's net profit is the amount of money left over after subtracting all of its expenses, such as interest, taxes, operational costs, and other non-operating items, from its total revenue. Net income or the bottom line is another name for it. Because it shows the total profitability and financial health of a company, net profit is significant. It assists managers, creditors, and investors in assessing the business's operational efficiency and profitability.

Table 2: Net Profit Ratio of Oil Palm India Limited, Kottayam

Year	Net Profit/loss (Rs.in Lakhs)	Revenue from operations (Rs.in lakhs)	Trend in Net Profit	Net Profit Ratio
2014- 15	94.97	4467.38	100.00%	2.13%
2015- 16	(498.16)	4646.99	-524.54%	-10.72%
2016- 17	180.73	5,265.43	190.30%	3.43%
2017- 18	(746.83)	4,584.72	-786.39%	-16.29%
2018- 19	(373.58)	4,704.12	-393.37%	-7.94%
2019- 20	(848.27)	3,301.71	-893.20%	-25.69%
2020- 21	(406.87)	3,654.05	-428.42%	-11.13%
2021- 22	587.25	6,218.98	618.35%	9.44%
2022- 23	1,360.31	8,071.60	1432.36%	16.85%
2023- 24	144.92	6,864.55	152.60%	2.11%

Source: Compiled from Annual Reports of Oil Palm India Limited., Kottayam

The company's net profitability pattern reflects the volatility observed in its operational performance. The company experienced significant net losses in 2015-16, 2017-18, and 2019-20. The greatest loss was ₹498.16 lakhs in 2015-16, with a Net Profit Ratio of -10.72%. In 2021-22 and 2022-23, net profits increased to ₹587.25 lakhs and ₹1360.31 lakhs, respectively, indicating a financial recovery. This resulted in a peak Net Profit Ratio of 16.85% in 2022–2023. In 2023-24, the company's net profit decreased to ₹144.92 lakhs, and the net profit ratio fell to 2.11%, putting renewed pressure on its ability to generate sustainable bottom-line returns.

3. Return-Based Profitability Metrics

ROI (Return on Investment) compares an investment's profit to its cost in order to determine how efficient it is. It is significant since it aids in determining if an investment is worthwhile and profitable. Return on Capital Employed measures how well a business uses its total capital, long-term debt plus equity, to create a profit. It is crucial for assessing how well companies that mostly depend on capital investment are performing. Return on Equity gauges how well a business generates net profit from the equity held by shareholders. It is significant because it shows how investors are receiving their money back and how well management is able to expand the business. Return on Assets measures how well a business uses all of its assets to produce net income. It is significant because it aids in evaluating how effectively

the business is turning its assets into earnings, which is particularly helpful in sectors with a high asset concentration.

TABLE 3: Return of Investment in Oil Palm India Limited, Kottayam

Year	Return on Investment	Return on Capital Employed	Return on Equity	Return on Assets
2014- 15	0.98%	1.64%	1.12%	0.78%
2015- 16	-5.46%	-4.21%	-6.22%	-4.18%
2016- 17	1.97%	1.39%	15.35%	1.42%
2017- 18	-9.09%	-9.84%	-10.70%	-6.29%
2018- 19	-4.93%	-2.12%	-5.65%	-3.31%
2019- 20	-12.58%	-12.20%	-14.73%	-8.57%
2020- 21	-6.39%	-5.59%	-7.60%	-4.55%
2021- 22	8.31%	8.26%	9.98%	5.96%
2022- 23	16.51%	28.76%	18.78%	11.57%
2023- 24	1.75%	2.93%	1.98%	1.26%

Source: Compiled from Annual Reports of Oil Palm India Limited, Kottayam

The measurement of return indicators, such as Return on Investment (ROI), Return on Capital Employed (ROCE), Return on Equity (ROE), and Return on Assets (ROA), reinforces the company's issues. From 2015-16 to 2020-21, all of these metrics remained negative or negligible, indicating inefficient capital deployment and sustained net losses. In 2022-23, these indices improved dramatically (ROI: 16.51%, ROCE: 28.76%, ROE: 18.78%, ROA: 11.57%), indicating a transitory period of effective resource utilization and profitability. However, the ensuing fall in 2023-24 (ROI: 1.75%, ROCE: 2.93%, ROE: 1.98%, ROA: 1.26%) indicates the reemergence of structural inefficiencies or external financial pressures that undermine profitability. Oil Palm India Limited's profitability analysis over the last decade shows a pattern of persistent financial underperformance, with occasional short-term recoveries. While operating and net profitability improved in 2021-22 and 2022-23, indicating potential gains from restructuring efforts or favourable market conditions, the drop in 2023-24 across all profitability measures demonstrates a lack of consistency and durability. This volatility highlights the company's ongoing challenges in translating operational recovery into long-term financial success. It suggests a strategic focus on cost optimization, asset efficiency, and long-term profit planning. To increase and stabilize profitability, Oil Palm India Limited, Kottayam must focus on improving internal efficiencies and mitigating external risks.

B. Analysis of the effectiveness of using working capital

1. Current Ratio of Oil Palm India Limited

The current ratio evaluates how well a business can use its short-term assets to pay off its short-term liabilities. Current assets are divided by current liabilities to arrive at this figure. The company's short-term financial health and liquidity situation are shown by this ratio, which is significant because higher values indicate a stronger ability to satisfy immediate obligations.

TABLE 4: Current Ratio of Oil Palm India Limited, Kottayam

Year	Current Assets (Rs.in Lakhs)	Current Liabilities (Rs. in Lakhs)	Current Ratio
2014- 15	7923.43	2428.08	3.26
2015- 16	7366.52	2782.31	2.65
2016- 17	4170.89	3189.35	1.31
2017- 18	7731.27	3652.59	2.12
2018- 19	7389.92	3707.07	1.99
2019- 20	6016.33	3158.53	1.90
2020- 21	5082.00	2572.88	1.98
2021- 22	5972.49	2792.14	2.14
2022- 23	8177.27	3519.35	2.32
2023- 24	7738.30	3225.58	2.40

Source: Compiled from Annual Reports of Oil Palm India Limited, Kottayam

Current ratio demonstrated enough liquidity for the majority of the time by staying over the widely recognized benchmark of 1.5. In 2016–17, a brief decline to 1.31 suggested a possible liquidity problem, although this was promptly addressed. The ratio steadily fell between 1.90 and 2.40 from 2018–19 to

2023–2024, when it reached 2.40. This signals that some current assets may continue to be underutilized in terms of generating revenue, even while it also shows smart liquidity management.

2. **Turnover Ratios of Oil Palm India Limited, Kottayam**

Working Capital turnover ratio calculates how well a business makes use of its working capital to produce income. While a low ratio can imply underutilisation or surplus working capital, a higher ratio shows greater use of short-term assets and liabilities in boosting sales. The inventory turnover ratio illustrates how frequently a business sells and replaces its stock over time. It matters because a high ratio denotes effective inventory control and robust sales, while a low ratio can point to overstocking or sluggishly moving inventory. The receivables turnover ratio assesses how well a business collects payments from its clients. While a low ratio could indicate receivables collection delays that impact liquidity, a high percentage suggests effective credit and collection procedures. The payables turnover ratio calculates the speed at which a business reimburses its suppliers. While a smaller ratio signifies better credit conditions or delayed payments, a larger ratio suggests timely payments and potentially stronger supplier connections, but it may also put pressure on cash flow.

TABLE 4: Turnover Ratios of Oil Pam India Limited, Kottayam

Year	Working Capital Turnover Ratio	Inventory Turnover Ratio	Receivables Turnover Ratio	Payables Turnover Ratio
2014- 15	0.80	2.74	77.37	10.99
2015- 16	0.92	3.65	92.44	11.47
2016- 17	1.89	9.24	63.35	10.00
2017- 18	1.81	3.44	31.04	8.49
2018- 19	1.21	3.07	24.92	6.11
2019- 20	1.01	1.40	24.05	5.41
2020- 21	1.36	2.49	40.77	11.58
2021- 22	2.19	3.66	72.47	17.36
2022- 23	2.06	3.48	39.89	9.44
2023- 24	1.50	4.66	17.31	11.96

Source: Compiled from Annual Reports of Oil Palm India Limited, Kottayam

The working capital turnover ratio assesses how well working capital is used to produce income. From 0.80 in 2014–15 to a peak of 2.19 in 2021–22, the corporation demonstrated a consistent improvement, indicating a more efficient use of working capital. The ensuing reduction to 1.50 in 2023–2024, however, points to a decline in efficiency, perhaps as a result of decreased turnover or overinvestment in present assets. This decrease emphasizes the need for improved coordination between the financial and operational cycles and may indicate inefficiencies in the management of payables, inventory, or receivables. The inventory turnover ratio, which gauges how well inventory management is working, fluctuated a lot. High efficiency was indicated by a peak of 9.24 in 2016–17, but overstocking or slower sales were suggested by the decline to 1.40 in 2019–20. The increase to 4.66 in 2023–2024 indicates that remedial actions were implemented, and inventory control has improved to better reflect real sales, which has improved working capital utilization. From a peak of 92.44 in 2015–16 to a mere 17.31 in 2023–24, the receivables turnover ratio clearly and steadily declined, suggesting that the business is taking longer and longer to collect payments from clients. Because it suggests that an increasing amount of working capital is locked up in receivables, which lowers liquidity and overall efficiency, this trend is cause for serious concern. The cash conversion cycle is directly hampered by the deterioration in receivables management, which also negates the advantages of otherwise robust liquidity. There are notable variations in the payable turnover ratio between 2014–15 and 2023–24, which suggests irregularities in the business's supplier payment cycle. The ratio steadily decreased from 2015–16 (11.47) to 2019–20 (5.41), indicating that suppliers may have extended their credit periods or delayed payments. But in 2020–21, it significantly improved (11.58) and peaked in 2021–22 (17.36), suggesting shorter credit terms or quicker payments. A mild trend in recent years, with a stabilisation between 9.44 and 11.96, indicates that the corporation has regained some control over its payables management. A continuously healthy current ratio indicates that Oil Palm India Limited. has shown good management over its liquidity position, according to the report. Nevertheless, there have been conflicting findings about the efficiency of working capital utilisation. Declining working capital turnover and receivables turnover ratios show a diminishing efficiency in turning working capital into revenue, notwithstanding improvements in inventory and payables management. Oil Palm India Limited needs to concentrate on improving inventory planning to

avoid overstocking and obsolescence, optimising payables strategies to balance supplier relationships with cash flow requirements, and strengthening receivables management through stricter credit policies and speedier collection processes in order to increase working capital effectiveness. In order to maximise returns and promote sustainable operational growth, these actions are essential for quickening the working capital cycle and guaranteeing effective use of short-term resources.

CONCLUSION

Over the past 10 years, Oil Palm India Limited's financial analysis has shown recurring issues with working capital management and profitability. Deeper operational and financial inefficiencies were exposed in 2023–24 as a result of the notable improvements in 2021–22 and 2022–23, which included improved return indicators and positive operating and net profits. Deteriorating working capital and receivables turnover ratios suggest inefficient resource conversion into revenue, even though the current ratio demonstrated strong liquidity. The cash cycle suffered from the declining performance of the receivables, notwithstanding improvements in the management of inventory and payables. These patterns highlight the necessity of a long-term, strategic emphasis on working capital optimisation, operational effectiveness, and cost control. Achieving steady profitability and long-term growth requires bolstering inventory planning, enhancing receivables collection, and balancing payables.

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