



A STUDY ON FINANCIAL PERFORMANCE OF BASAVARJ RICE TECH, DAVANGERE, KARNATAKA STATE

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Abstract

Finance is the blood of every business organisation. Finance is the root level requirement of every business including rice mills also. Rice is that the staple food for 65% of the population in India. It is the most important consumed calorie source among the food grains. India paddy occupies the first place both in areas and production. Meanwhile, there is a need for rice mills which would convert the raw paddy into consumable rice to the human being. Hence there is need for healthier and surviving rice mill units to better working of conversion of paddy into rice. The strong and efficient rice mills will create a market for a paddy of the farmers and necessary grain to human society. Financial strengths and weakness are necessary to evaluate to know the problems and financial health of any business including rice mill units. Hence it is necessary to evaluate the financial and operating performance of the rice mill unit to find the overall performance of the mill. For analysing the business performance of the rice mill unit, the financial statements play a vital role. To evaluate the financial performance of the business organisation, financial statements playing a vital role not only to evaluate and know the financial performance but also to make strategic decisions, policy formation and implication etc. In this modern world, industry plays an important role in growth and development of the economy. (IJCRT1892404.Pdf, n.d.) So the present study intended to throw its light on the financial performance of Basavaraj rice tech with its annual reports. The present paper or study tends to explore financial performance through various performance indicators such as ratio analysis, trend analysis. The present study intended to evaluate the status of Basavaraj Rice tech with various ratios also. The present study intended to evaluate the financial strength and weaknesses of the sample rice mill unit even with the help of the DuPont analysis model.

Keywords: Rice Mill Unit, Financial Performance, DuPont Analysis, Financial Statements.

Introduction:

India is the second-largest country within the world. "Rice (*Oryza sativa* L.) being the second largest consumed cereal (after wheat) shapes the lives of millions of people; more than half the world's population depends on rice for about 80 percent of its food calorie requirements." The country has rich natural resources and productive population. To meet the food requirements of such a large population. The country also has been made itself a larger system of agriculture. In the country, more than 60% of the people are dependent on agriculture. In producing food agriculture products, the country is in a better position. In meeting the food requirement of the population, the rice plays a vital role. "Rice production in India is a crucial part of the economy." India is the world's 2nd largest producer with approximately 43 Mio Ha planted area, accounting for 22% of the world's rice production. Rice may be a basic food crop and being a tropical plant, it flourishes in hot and humid climate" ([www.cropscience.com](http://www.cropsscience.com)). For making possible of reaching the consumable rice to the population, the rice mills at different sizes play an excellent role. Rice milling is that the oldest and therefore the largest agro-processing industry of the country. At present, it has a turnover of more than 25,500 crores per annum. It processes about 85 million tonnes of paddy per annum and provides staple grain and other valuable products required by over 60% of the population. The rice mills are supposed to survive so as to make available the consumable rice to the population. Reviewing the financial and operating performance of the rice mill would help in a greater manner to know the financial health of the rice milling firms. Hence the study would focus on the evaluation and analysis of overall performance with innovative, advanced and widely accepted analysis models.

Objectives of the Study

1. To examine the liquidity and profitability position in the Rice Mill.
2. To know the inventory management and Debtors management of the sample rice mill unit.
3. To evaluate the overall performance of the rice mill unit.
4. To suggest the organisation to make suitable alterations.

Review of Literatures

(Sirpy & Iyyappan, 2018) they explained how the selected rice mills which are situated in Kakinada (rural), Mandal, Ramachandrapuram Mandal, Rayavaram Mandal and Peddapuram Mandal. Totally five mills selected and evaluated the financial performance of those five units. During the analysis of the financial performance of the rice mill units, the study has been used percentage change analysis, financial ratio analysis and Garrett's Ranking technique. The also said that both current and quick ratios of any rice mills could not maintain the standard norm. Out of the study the authors emphasised on up-gradation fund scheme for better improvement of the mills with advanced machinery.



(Selvanayaki et al., 2016) They analysed the financial management practices adopted by modern rice milling firms in the Kangayam cluster of Tamil Nadu. For the study, 40 firms management practices adopted by modern rice milling firms in the Kangayam cluster of Tamil Nadu. For the study, 40 firms were selected using simple random sampling method and data were collected through personal interviews with the owner/managers of the firm using a pre-tested interview schedule. The data concerning the financial performance were obtained from the records maintained by the firms for three financial years, from 2011-12 to 2013-14 Sreewin, they examined the long term liquidity position of the company, profitability position of the company. They also compare and interpret the financial statement of the company. They also analysed the financial strength and weakness of the company along with its efficiency. To meet the objectives of the study, the author has used ratio analysis, common size statement analysis and comparative statement analysis. Authors found satisfactory in relation to gross profit, debt-equity ratio, working capital turnover indicates the efficient working capital utilization. They also suggested that the company must effectively utilize its fixed assets to maintain its profit. It is found by the authors that; the rice mill unit must procure the quality raw materials arrangement since it has been suffered from inferior quality of raw materials. They also suggested that, the rice mill unit should work out for proper credit terms collection period.

(Thirunavukurasu Velnampy 2015.) has made an effort in application of investment appraisal techniques in kanchivaram modern rice mill. In the present study ROI, NPV, IRR and Profitability Index are employed appraise the investment in Modern Rice Mill. Further forecasted and actual data are compared to spot its performance and efficiency.

(Shriwin 2019) The study determined the profitability of rice processing and marketing in Kano State. The objective of the study was to assess the profitability levels of rice processing and marketing, evaluate the value added to the commodity at each stage in the study area and determine the most efficient services produce. Primary data were collected from 120 randomly selected respondents comprising parboilers, millers, retailers and wholesalers using interview schedule. The findings indicated that Net Milling Income of millers was N3,378,855.08 per respondent per year; the value added was N5,736,658.82 and service efficiency was 243.3.

(Chung et al., 2016), They examined long-run profitability of rice milling operation in Malaysia and see how sensitive it is to changes in paddy purchases, rice recovery ratio and paddy price. Using a purposive sampling technique and semi-structured interviews, seven rice mills in Malaysia were selected to obtain data on operational details and business accounts. The study provides a qualitative and descriptive account of the rice mill's profitability by using cost curves, a simple linear regression and the Monte Carlo simulation. The rice milling operation in Malaysia is profitable in the long run, provided that there is a market for by-products. Large private mills have lower average costs, helping them obtain higher profit margins. Public mills that receive a rice miller subsidy are more protected than small private mills that operate without the rice miller subsidy and under price controls. Changes in paddy purchases, paddy price and recovery ratio affect the profitability to varying degrees.

(Abdikani Shire Anshuret., al,2018) In this study, the research team studied the role of inventory management on the financial performance in some selected manufacturing companies in Mogadishu with the major objective of the study is to determine the inventory management practices used in manufacturing firms and to investigate the relationship between inventory management and financial performance in manufacturing firms. The research team selected 72 respondents with the use of questionnaire as instrument and data was analysed using both descriptive and correlation statistics of mean and frequency (percentage) for SPSS. After gathering and analyzing data, the study found that there is significant positive relationship between the inventory management and financial performance where $r=0.683$.

(Selvanayaki& Sivakumar, 2015),The study was taken up to assess the capital investment decision making practices adopted by the rice milling firms and to analyse the impact of capital structure on profitability. Primary data on financial management practices were collected using interview schedule and financial data were obtained from the records maintained by the firms. The source of information for new investments in technology, discounted and undiscounted capital budgeting techniques used in the decision-making process and future investment options for the firms were assessed in the study. The debt equity ratio during the study period was 2.13:1. Leverage and modernisation had a significant positive relationship with profitability of the firms.

Statement of the problem

The study has undertaken to evaluate the financial status and health of the Basavaraj Rice mill by considering some major key performance indicators such as long term current assets and liquidity position, profitability etc. To evaluate the return on capital employed or total assets employed by the rice mill unit for whole five years from 2013-14 to 2017-18 the would help lot. The study also has been undertaken to know the financial strength and weakness of the company, finally evaluate the overall performance of the rice mill unit including both financial efficiency of the Basavaraj Rice Tech. Need for the Study: The study is said to be important as it enables the research and firm to asset the financial position of an organization. It also signifies the company's future performance by studying and evaluating the previous performances. Thus the study will help the company to assess its overall performance so that changes can be made in future perspectives.



Research Methodology: The study covers secondary data, which reveals financial performance, liquidity and profitability. Obtained from annual reports of the Rice Mill containing Balance Sheets and Profit and Loss Statements.

Nature of the data: The data so far collected in the secondary data. To fulfil the study requirements, the study has been used annual reports, articles, journals and internet.

Tools applied: To analyse the data and to interpret meaningfully the study has been used Ratio analysis. In order to meet the objectives of the study, the present study has been using only selected ratio types Such as Current ratios, Profitability ratios, activity ratios and also used DuPont Analysis to overview the return on capital employed.

Scope of the Study: The study covers the financial performance of Basavaraj Rice Tech, Davangere. The study covers the five years of its operation from 2013-14 to 2017-18. The study involves the various factors that affect the efficiency of the rice mill unit.

Limitations of the study: The present study was not possible to made an attempt to analyse the working capital structure or management in the Rice Mill. The study covers only five years' annual reports of Basavaraj Rice Tech, Davangere. The study period is restricted only from 2013-14 to 2017-18.

Meaning and Objectives of Financial Statements

Introduction to the Financial statement analysis.

Financial statement analysis means study of relationship among various factors in a business as disclosed by financial statements of a firm. The analysis of financial statements is done to obtain better insight into a firm's position and performance. Methods of Analysing financial statements: The primary objective of monetary statement analysis is to know and diagnose the information contained in financial statement with a view to judge the profitability and financial soundness of the firm, and to form forecast about future prospects of the firm. The focus of financial analysis is on key figures in the financial statements and the significant relationship that exists between them.

Ratio Analysis: To fulfil the objectives of the study, the study will be using some of the types of ratios such as liquidity ratios, leverage ratios, profitability ratios.

Current ratio or working capital ratio: **Current ratio= current assets/ current liabilities**, it is a relationship of current assets to current liabilities. It helps to assess the short-term financial position of the enterprise. Current assets that are either in the form of cash or cash equivalent or can be converted into cash and cash equivalent in a short term. Current liabilities are liabilities repayable in the short time. Current ratio of 2:1 is considered satisfactory.

Liquid ratio or Quick ratio or Acid test ratio

Liquidity ratio= liquid assets or quick assets/ current liabilities.

It is a relationship of liquid assets to current liabilities Quick assets: current assets – (stock + prepaid expense) Quick ratio 1:1 is usually considered favourable. Stocks is excluded from liquid assets because it may take some time before it is converted into cash. Prepaid expenses do not provide cash and, excluded from liquid assets. Current Assets, loans and advances – Inventories/Current liabilities and provisions – Bank Overdrafts.

Profitability ratio: In general terms, overall efficiency in business is measured by profitability. Thus, profitability is of utmost importance for a concern. If a concern goes on losing money, its financial condition will definitely be bad sooner or later. Thus, a measure of concern. If a concern goes on losing money, it financial condition will definitely be bad sooner or later. Thus, a measure of profitability is the overall measures of efficiency.

Gross profit ratio: **Gross profit ratio = gross profit / net sales * 100**. It establishes the relationship of gross profit on sales to net sales of a firm. It is a reliable guide to the adequacy of selling prices and the efficiency of trading activities. It helps to determine the selling price so that there is adequate gross profit to cover the operating expenses, fixed charges, dividends, and building up reserves. It helps to determine, how much the selling price per unit may decline without resulting in losses on operations of the firms.

Operating ratio: Operating ratio = cost of goods sold + operating expenses / net sales * 100 It establishes the relationship between operating costs and net sales. This ratio indicates the proportion that the value of sales or operating expense bears to sales. It excludes non-operating incomes and expenses. It tests the operational efficiency of the business. Net profit ratio: net income ratio = net income / income * 100. It establishes the relationship between net profit and sales. It is an indicator of the overall efficiency of the business. A higher net profit ratio betters the business. An increase in the ratio over the previous period shows improvement in operational efficiency and decline means otherwise.



Activity Ratio

Working capital turnover ratio:

Working capital turnover ratio = sales / current assets-current liabilities It establishes the relationship between working capital and sales. It indicates whether the working capital has been effectively utilised or not. It is better than the stock turnover ratio since it shows the efficiency or inefficiency in the use of entire working capital and not merely a part of it. A higher ratio indicates higher sales.

Inventory Turnover Ratio: Inventory (stock) turnover ratio= cost of goods sold/ Average stock or inventory.

It establishes a relationship between the cost of goods sold during a given period and the average amount of inventory carried during that period. It indicates whether the investment in stock has been efficiently used or not. A higher ratio indicates that more sales are being produced by a unit of investment in stock. A low inventory turnover may reflect inefficient use of investment.

Debtor turnover ratio or Receivable turnover ratio:

Debtors turnover ratio = Total Sales-Cash sales / Average accounts receivable

It establishes the relationship between net credit sales and average debtors of the year. The term accounts receivable includes Trade Debtors and Bills Receivable. It indicates the number of times the receivable is turned over in a year in relation to sales. It shows how quickly debtors are converted into cash. A high ratio is good since it would indicate that debts are being collected more promptly and quickly.

Return on Investment (ROI) or Return on Capital Employed Ratio Capital employed ratio = Profit before interest, tax, and dividend/capital employed * 100. It establishes the relationship of profit (profit means profit before interest and tax) with capital employed. It judges the overall performance of the enterprise. It measures how efficiently the sources entrusted to the business are used. Non-operating assets are excluded while determining capital employed, income from an investment should also be excluded from profit.

Return on Equity (ROE): Return on Equity = Profit after Tax/Net sales x Net Sales/Total Assets x Total Assets/ Net worth.

That is ROE = Net Profit margin x Total assets turnover ratio x Total assets to Net worth. DuPont Analysis: The Du Pont Company of USA has introduced a system of financial analysis which has received wider acceptance

Du Pont Chart

Return on Total Assets

Net Profit Margin (as % of sales) x Total Assets Turnover

Net Profit Margin (as % of sales) =Net Profit After Tax/ Net Sales

Net Profit After Tax= Net Sales Non-operating surplus/Deficit-Total Costs

Total Costs = Cost of Goods Sold + Operating Expenses + Interest Charges + Corporate Income Tax

Total Assets Turnover = income / Total Assets

Total Assets = Current Assets + Fixed Assets

Current Assets= Cash, Bank, and Marketable Securities, Receivables, Inventories, Other Current assets.

The obvious generalizations that can be made about ROI that any action is beneficial provided that it: (1) boosts sales, (2) reduces invested capital, and (3) reduces cost (while holding the other two factors constant)

Company and Industry Profile

Rice Mill industry

Company and Industry Profile Rice Mill Industry Rice is that the staple food for nearly 65% of the population in India. Paddy in its raw form can't be consumed by the citizenry. It must be suitably processed for obtaining rice. Rice milling is the process which helps in removal of hulls and barns from paddy grains to supply white rice. Rice forms the essential primary processed product obtained from paddy and this is often further processed for obtaining various secondary and territory products. The basic rice milling processes consists of the following process.

Process

Pre-Cleaning: Removing whole impurities and unfilled grains from dry paddy grains from paddy

De-Stoning: Separating small stones from paddy.

Parboiling (Optional): Helps in improving the nutritional quality by gelatinisation of starch inside the rice grain. It improves the milling recovery per cent during deshelling and polishing or whitening operation.

Husking: Removing husk from paddy.

Husk Aspiration: Separating the husk from brown rice or unhusked paddy, Paddy separation: Separating the unhusked paddy from rice.

Whitening: Removing husk from brown rice or unhusked paddy, Paddy separation: Separating the unhusked paddy from rice



Whitening: Removing all or a part of the bran layer and germ from rice.

Polishing: Improving the looks of milled rice by removing the remaining bran particles and by polishing the outside of the milled kernel.

Length Grading: Separating small and enormous broken from head rice.

Blending: Mixing head rice with a predetermined amount of broken, as needed by the customer.

Weighing and bagging: Preparing the milled rice to make move to the customer.

Status of Rice Milling Units in India

Rice milling is the oldest and the largest agro-processing industry in the country. The industry has a turnover of more than Rs. 25,500 crores per year. The rice milling industry processes about 85 million tonnes of paddy per annum and provides staple grain and other valuable products required by over 60% of the population. Paddy grain is milled neither in raw condition nor after par-boiling, mostly by single hullers of which over 82,000 are registered in the 37 countries. Apart from it there also are an outsized number of unregistered single hulling units within the country. A good number (60%) of those also are linked with par-boiling units and sun-drying yards. Most of the small hullers of about 250-300 kg/hr capacities are employed for custom milling of paddy. Apart from it double hulling units' number over 2,600 units, underrun disc shellers cum cone polishers numbering 5,000 units and rubber roll shellers cum friction polishers numbering over 10,000 units are also present in the country. Moreover, the years there has been a steady growth of improved rice mills in the country. Most of those have capacities starting from 2 tonnes /hr to 10 tonnes/ hr. India is the second-highest producer of rice in the world.

Need for improved rice mills

The whole grains recovery in a traditional rice mill using steel hullers for dehusking is around 52-54%. There is an extensive loss in the form of coarse and fine broken. Furthermore, loss of a large portion of endosperm layers in the process dehusking operation further accentuates the problem. Against to output of traditional mills, the recovery per cent of whole grains in modern rice mills using rubber roll Sheller for dehusking operation is around 62-64%. The whole grain recovery per cent further increases to 66-68% just in case of milling of parboiled paddy. Hence it can be observed that there is an overall improvement of recovery of whole grains by about 10-14% if one uses rubber roll shellers for rice milling operations.

About the Organization

BASAVARAJ RICE TECH INDUSTRIES was established in the year 2006 with a consolidate the fragmented rice industry. In a short span of time, it has risen to be one of leading millers and exporters in the industry under MrRajashekarappa K B. A unique business model, the goodwill of the purchasers has enabled the corporate to consolidate on its leadership position. The rice mill is located in KIADB Industrial area near Lokikere Road, Davangere. With grand customer relationship with customers and the quality of the product, the rice mill has got a good recognition.

Data Analysis and Interpretation

Following are the ratios to analyse the financial performance of the rice mill unit.

Table 1. Current Ratio

Years	2013-14	2014-15	2015-16	2016-17	2017-18
Current Ratio	1.45	1.34	1.30	1.10	0.94

Source: Annual Reports of Basavaraj Rice Tech from 2013-14 to 2017-18.

The table 1 Indicates the current ratio of the rice mill unit. In the year 2013-14 it is found that, rice mill unit is about 1.45 portion of current assets to one portion of current liabilities. Whereas in the year 2014-15 it has come down to 1.34 portion against. In the same way in the subsequent years of the study period also the ratio has been decreased and at the end during 2017-18 the ratio has reached to 0.94 portion. It depicts that, the unit could not able to reach its height to the industry standard norm that is 2:1.

Table 2. Quick Ratio

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Quick Ratio	0.02	0.01	0.02	0.31	0.13

Source: Annual Reports of Basavaraj Rice Tech from 2013-14 to 2017-18

The above table shows the quick ratio of the rice mill unit. It has shown in the year 0.02 portion of quick assets against to the current liabilities and in the year 2016-17 the rice mill unit highest portion of quick assets that is 0.31. In remaining years of the study period, the quick ratio has been fluctuated in moderate mode. The rice mill unit in quick ratio case also could not reach its industry norm that is 1:1.

**Table 3. Super Quick Ratio**

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Super Quick Ratio	0.05	0.01	0.03	0.02	0.01

Source: Annual Reports of Basavaraj Rice Tech from 2013-14 to 2017-18

The table 3 depicts the super quick ratio. The very beginning year of the study period the super quick ratio is 0.05 against to the current liabilities. In the remaining years the super quick ratio has been surrounded with 0.05 portion of super quick ratio. Here the rice mill unit could not focus on maintaining sufficient cash availability to meet very urgent dues of the unit.

Table 4. Gross Profit Ratio

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Gross Profit Ratio	14.27%	13.21%	13.52%	13.46%	12.08%

Source: Annual Reports of Basavaraj Rice Tech from 2013-14 to 2017-18

The above table has been shown the gross profit ratio of the firm against to its sales. The highest gross profit ratio has been happened in the rice mill is 14.27%. In the next years in between 2014-15 and 2016-17 the gross profit ratio is ranged in between 13.21% to 13.52%. Again, in the year 2017-18 the ratio has been decreased to 12.08%. As whole it can summarized that, the rice mill unit has been lost its spirit of hiking the gross profit in the unit.

Table 5. Net Profit Ratio

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Net Profit Ratio	1.73%	1.97%	2.09%	2.23%	1.98%

Source: Annual Reports of Basavaraj Rice Tech from 2013-14 to 2017-18

This table explains the net profit ratio of the firm. Net profit ratio of the firm has been ranged from 1.73% to 2.23% during the study period. The net profit ratio of the firm has been increased at its peak during 2016-17 with 2.23%. In the year 2013-14 the ratio has been found lease during the study period. It is not necessarily moving the net profit ratio as the gross profit moves. Since the net profit ratio might be affected with indirect income and indirect expenses. The net profit ratios movement direction may not be necessarily as like the gross profit ratio movement.

Table 6. Networking Capital turnover ratio

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Networking capital turnover ratio	19.68	24.62	25.56	60.28	87.99

Source: Annual Reports of Basavaraj Rice Tech from 2013-14 to 2017-18

The above table show, the working capital portion to the sales of the rice mill unit. Unlike the gross working capital turnover ratio, this ratio has increased from 19.68 to 87.99 during the study period from 2013-14 to 2017-18. Considerably, from 2013-14 to 2015-16 the increasing rate of the networking capital turnover ratio increased moderately, but afterwards it increased in a greater rate. It shows, the working capital fund of the ratio after meeting the current liabilities was sufficient and used efficiently so as to support the sales.

Table 7. Inventory Turnover Ratio

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Inventory Turnover Ratio	8.78	9.80	7.38	7.55	6.35

Source: Annual Reports of Basavaraj Rice Tech from 2013-14 to 2017-18

The above table shows the inventory turnover ratio. The inventory turnover ratio of the firm has been ranged in between 6.35 times to 9.80 times. In the year 2017-18 the inventory turnover ratio of the firm is 6.35, whereas in the year 2014-15 it is 9.80. The table shows that, there is a gradual decrease in the inventory turnover ratio of the rice mill unit.

Table 8. Debtor Turnover Ratio

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Inventory turnover ratio(times)	30.09	36.28	29.63	28.45	35.67

Source: Annual Reports of Basavaraj Rice Tech from 2013-14 to 2017-18



The table shows the debtor turnover ratio in the rice mill unit. The ratio has been ranged from 28.45 times in the year 2016-17 to 36.28 times in the year 2014-15. There is a moderate amount of fluctuations in the study period years. From 2013-14 to 2014-15 it is found a greater rate increased in the ratio, but subsequently the ratio has been drastically decreased from 2015-16 to 2016-17 with 29.63 times and 28.45 times. And again in the year 2017-18 the rice mill unit came to right track by increasing the debtor turnover ratio with 35.6709.

To explore the overall performance of the unit following is the analysis

Table 9. DuPont Analysis

Years	2013-14	2014-15	2015-16	2016-17	2017-18
Return on Capital Employed	1.1283	1.1872	1.4819	1.6486	1.9916

Source: Annual Reports of Basavaraj Rice Tech from 2013-14 to 2017-18

Interpretation: It is a good sign on the part of the rice mill unit, Since the Return on Capital Employed of the unit is 1.1283 in 2013-14, in 2014-15 it is 1.1872, in further coming years the return on capital employed has been increased up to 1.9916 in the year 2017-18. The rice mill unit's overall performance is showing very much positive sign; hence the unit is performing well. It is concluded that the unit has been performing very good for return on capital, whereas, in case of maintaining current assets and quick assets, the rice mill unit may have supposed to bear the liabilities from the profit of the unit or with the reserves in the unit.

Suggestions

1. The rice mill unit should try to improve the current ratio portion by reducing the current liabilities with a sufficient amount of current assets. The unit also should try to increase the availability of the liquid assets in the unit with a reduction in current liabilities.
2. The proper management of the inventory can improve liquidity position and efficiency of the company.
3. Super quick ratio has been decreased year by year throughout the study period. It is depicting the lack of cash and cash equivalents availability in the rice unit. Hence to meet the cash requirements in the rice mill unit, the unit must make necessary arrangements to make sufficient cash and cash equivalents in the unit.
4. The rice mill unit may increase the sales with proper control over cost goods sold may result in best possible gross profit.
5. The net working capital ratio of the unit has been shown there is good rate of increase in the ratio, which may be due to effective management of receivables. The unit also may manage and support to the sales with no additional fund raising.
6. The rice mill unit should delay the payables and make policies to recover the receivables early as possible so that, sales will boost up.
7. The inventory turnover ratio has been volatile throughout the study period. In most years of the study period shown the decreased inventory turnover ratio. It indicates the dull in sales and lock up of fund in inventory and increased inventory cost. So the rice mill unit should compete in the market to boost its sales and try to maintain the adequate amount of inventory in the mill unit.
8. Since there is no standard norm for this ratio. The rice mills should maintain high rice ratio which indicates the effective management of sales or debtors and liquid of debtors and vice versa.
9. Return on Capital which is calculated through the DuPont analysis shows that, the rice mill unit has been increased the return on capital employed year by year. But the rice mill unit should work out more on increase the net profit with reduction in indirect expenses and increase in other incomes also.
10. Debtor turnover is good in relation to total sales of the unit. Still it is the opportunity on the part of rice mill unit to focus on increasing the number of times receivables turned over in a year in relation to sales. It may reduce the bad debts and doubtful debts.

Conclusion:

Finally, it is concluded that, the rice mills in the Davangere district needs to be survived. The present study has tried a sample units financial and operating performance for the period five years' period. It is true that, the rice mill units should work on some key areas like sales, adequate amount of current assets, proper maintenance of inventory etc. As the study made on the Basavaraj rice tech, it is found that, the unit may not be fit with respect to sufficient current assets, increased sales, reduction in indirect expenses. And also the rice mill should work for the speedy recovery of receivables, adequate amount of cash in hand. At the outset the improvement of a business would be the sign of economic development. Hence the efforts should be continuous to review the business units and finding the weakness and strengths of those and try to bring some possible solutions to the inferiors of the business.



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