

# DATA ANALYSIS OF SMALL SCALE SECTORES

Gellu Sanjeeva Raju

Lecturer In Commerce

Department Of Commerce

V.V.Giri Government Kalasala, Dumpagadapa

## ABSTRACT:

Every country's economic condition depends upon the performance of its industry. But it is not easy for a layman to understand or to property analyze the performance of the company. To understand the performance of the company we have to do financial statement analysis.

Ratio analysis is a widely used tool of financial analysis. It is defined as the systematic use of ratio to interpret the financial statements so that the strength and weakness of a firm as well as its historical performance and current financial conditional can be determined. The term ratio refers to the numerical or quantitative relationship between two variables. With those of pervious years and if some weak spots are thus located remedial measures are taken to correct them.

Ratio analysis is very helpful in forecasting and preparing plan for the future. Ratio analysis discloses the liquidity, solvency and profitability of the business enterprise. Such information enables management to assess the changes in comparison another figure. Ratio analysis is very helpful in forecasting and preparing the plan for the future

## INTRODUCTION

### INDUSTRY PROFILE

Every country's economic condition depends upon the performance of its industry. But it is not easy for a layman to understand or to properly analyze the performance of the company. To understand the performance of the company we have to do financial statement analysis.

Ratio analysis is a widely used tool of financial analysis. It is defined as the systematic use of ratio to interpret the financial statements so that the strength and weakness of a firm as well as its historical performance and current financial condition can be determined. The term ratio refers to the numerical or quantitative relationship between two variables. With those of previous years and if some weak spots are thus located remedial measures are taken to correct them.

Ratio analysis is very helpful in forecasting and preparing plan for the future. Ratio analysis discloses the liquidity, solvency and profitability of the business enterprise. Such information enables management to assess the changes in comparison another figure. Ratio analysis is very helpful in forecasting and preparing the plan for the future.

Financial Statement Analysis is a method of reviewing and analyzing a company's accounting reports (financial statements) in order to gauge its past, present or projected future performance. This process of reviewing the financial statements allows for better economic decision making.

### NEED FOR THE STUDY

The study has significance as it provides information to various parties who directly or indirectly interact with the industry.

It is beneficial to management of the Jagannadha agro industries by providing a clear picture regarding important aspects like liquidity, leverage, activity and profitability.

The study is also beneficial to employees and offers motivation by showing how actively they are contributing for industry's growth.

The investors who are interested in investing in the industry's shares will also get benefited by going through the study and can easily take a decision whether to invest or not to invest in the company share.

## OBJECTIVES OF THE STUDY

1. To review the agro industry in India.
2. To present the profile of jaganadha agro industries,Taderu:
3. To examine the financial statement analysis jaganadha agro industries,Taderu:
4. To offer suggestions wherever necessary.

## METHODOLOGY OF THE STUDY

Methodology adopted is collection of information in a systematic manner in order to analyses and verify a phenomenon. The information is collected through primary and secondary sources during the course of the study. That information was utilized for computing ratios after the analysis of which interpretations were made.

There are two types' data collection methods.

### Primary data:

The information is collected directly without any references. In this study, the data gathered through interviews with concerned officers and staff, Either individually or collectively. Some of the information was verified and supplemented through personal observation.

The data collection includes:

Conducting personal interviews with the concerned officers of finance department of jaganadha agro industries,Taderu:

### Secondary data:

- Most of the computations are made from the figures contained in the financial statements provided by the industry.
- Collection of some of the information regarding theoretical aspects by referring standard text and books.
- Observation of functioning of the Finance Department.

## COMPANY PROFILE

The Jagannadha agro industries, taderu ,bhimavaram super foods rice mill was started in 1983.It was started by Kuriseti satya narayana murthy. The rice mill has been working for 41 years. The money required for building the rice mill is approximately 2lakhs at that time. because they only built the rice mill. There was no working of machines. The work done by the workers. but nowadays the money is required to build a rice mill is 2crores.because the machines should do all the works in the mill. The total income of the rice mill is 20-25lakhs per year. It depends on the business. The loss or profit of the rice mill is approximately same.

Now a days the tax of the rice mill including GST is 10lakhs.But in olden days the tax of the rice mill is 45lakhs.So GST is better for rice mill industry. The cost of all the machines in the rice mill is nearly 1crore.

The rice mill is in Dumpagadapa. Because there are so many local fields. It is easy to collect the paddy from farmers .The rice mill works in two seasons .They are

Kharif -December to January

Rabi – April to May

In olden days the paddy was collected from the farmers by the owners .But now a days the paddy is provided by the Government for certain rate and the Government will take the rice .The rice is transported to food cooperation of India and International export for Government purpose.50 tons of rice is daily goes out.

### ❖ Permissions:

1. Step 1: Register a Company. ...
2. Step2: Udyog Aadhaar MSME Registrations: ...
3. Step 3 - Factory License: ...
4. Step 4 - NOC from pollution department: ...
5. Step 5 - PFA and ESIC Registration: ...
6. Step 6 - FSSAI License: ...
7. Step 7 - GST Registration:

### Vision ,Mission And Values Of The Rice Mill:

To preserve and enrich the legacy of rice in India by ensuring genetic integrity of the seed .We encourage farmers to adopt scientific agricultural practices and world .Class rice processing technologies to emerge as the industry bench mark for product quality and customer service.

As one of the world leading rice millers and exporters. We are committed to deliver precision perfect quality to our customers ;nurture a professional work environment. Which fasters employee excellence, growth and job satisfaction and build a financially strong, growth oriented company that creates value for our.

## Policy Of The Rice Mill, In Relation To The Intern Role:

Rice has been a controlled crop since 1949 and it was traded only through the Government.

A. Through a levy system, rice mills were required to give 75% of their produce to the Government and they were free to the Government and they were free to sell the rest in the open market .They levy system was abolished in 2015 by the central Government. Which was duly followed by the State Government as well.

## RATIO ANALYSIS

### 1. LIQUIDITY RATIO:

**A. CURRENT RATIO:** Current Ratio has been calculated by considering Current Assets and Current Liabilities for the last five years.

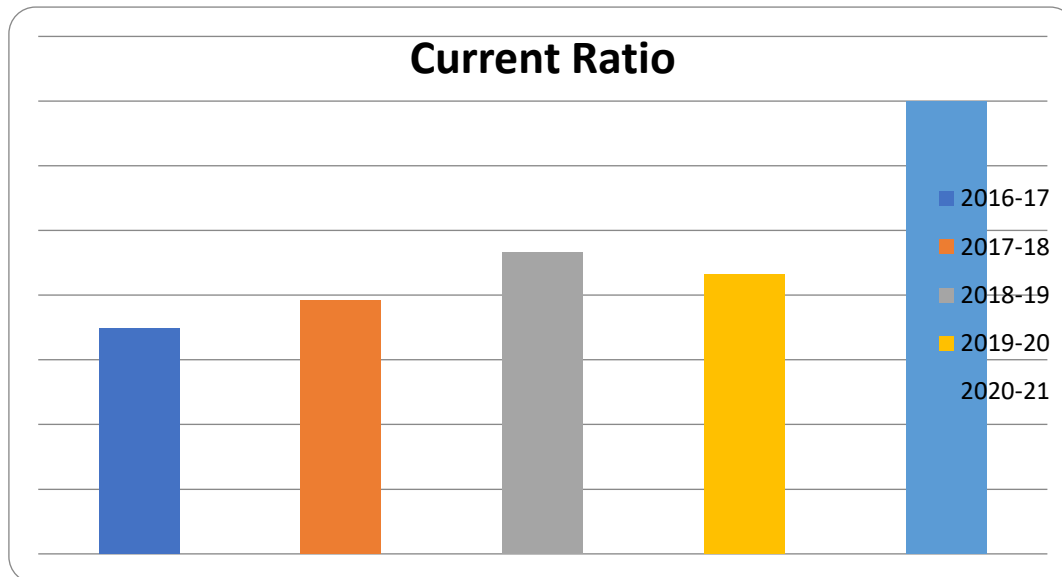
$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

### Calculation of Current Ratio of jaganadha agro industry 2016-2017 to 2020-2021

Years	Current Assets	Current Liabilities	Current Ratio
2016-2017	96986.59	55885.81	1.74
2017-2018	117147.09	59854.25	1.96
2018-2019	194495.44	83593.45	2.33
2019-2020	380736.45	176256.61	2.16
2020-2021	351012.75	100305.66	3.50

## GRAPHICAL REPRESENTATION:

### INTERPRETATION:



From the above table it is clear that the ratio is increased in the year 2015-16 by 12.64%. This is due to increase in current assets. In the year 2016-17 the ratio is increased by 18.87% due to increase in current assets. In the year 2017-18 the ratio is decreased by 7.30% and in the year 2018-19 it was increased by 62% this is due to increase in current assets and this shows how the firm maintain the margin of safety.

### B. QUICK RATIO:-

Quick ratio is also known as Liquid Ratio or Acid Test Ratio. The term liquidity reforms to the ability of a firm to pay its short term obligation as and when they become due. Quick ratio may be defined as the relationship between quick/liquid assets and current or liquid liabilities. An asset is said to be liquid if it can be converted into cash within a short period without loss of values.

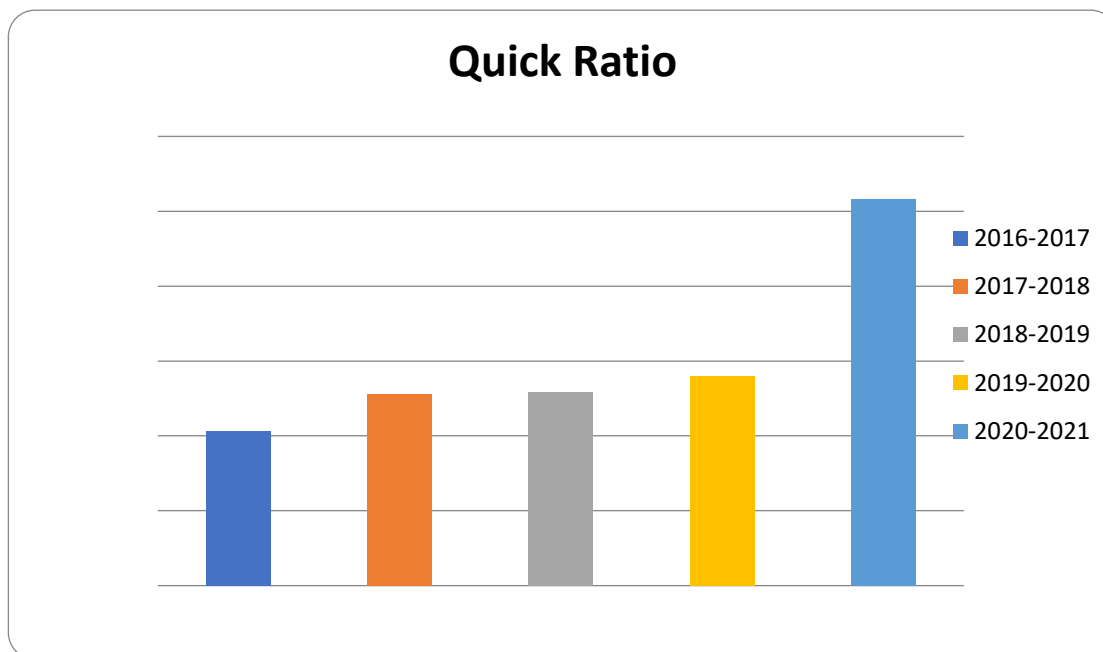
$$\text{QUICK RATIO} = \frac{\text{QUICK ASSETS}}{\text{CURRENT LIABILITIES}}$$

$$\text{QUICK ASSETS} = \text{CURRENT ASSETS} - (\text{INVENTORIES} + \text{PREPAID EXPENSES})$$

### Calculation of Quick Ratio of jaganadha agro industry 2016-2017 to 2020-2021

Years	Quick Assets	Current Liabilities	Quick Ratio
2016-2017	57336.93	55885.81	1.03
2017-2018	76665.67	59854.25	1.28
2018-2019	108008.61	83593.45	1.29
2019-2020	245985.40	176256.61	1.40
2020-2021	258370.48	100305.66	2.58

### GRAPHICAL REPRESENTATION



## INTERPRETATION:

From the above table it is clear that the ratio is increased in the year 2016-17 by 24.27%. This is due to increase in Quick Assets & Current liabilities. In the year 2017-18 the ratio is increased by 0.78%. In the year 2016-17 the ratio is increased by 8.52% due to increase in liquid assets. In the year 2018-19 the ratio is increased by 84.29% due to increase in liquid assets quick ratio is satisfactory.

## C. NET WORKING CAPITAL

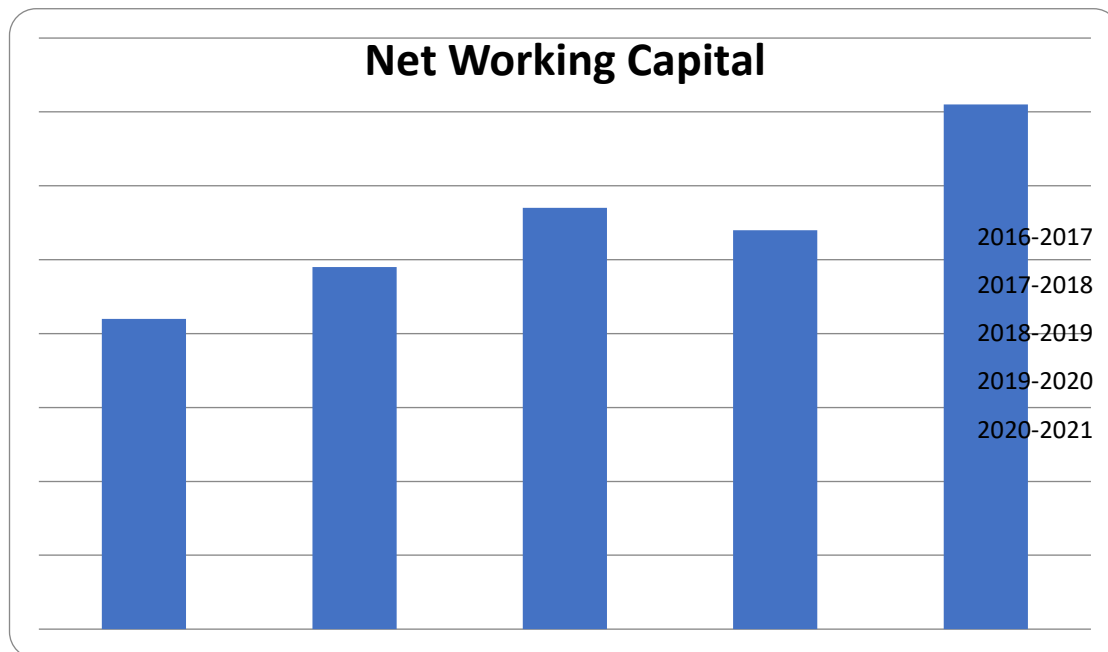
$$\text{NET WORKING CAPITAL} = \frac{\text{WORKING CAPITAL}}{\text{TOTAL ASSETS}}$$

Calculation of Net Working Capital Ratio of jaganadha agro industry 2016-2017 to 2020-2021

Years	Working Capital	Total Assets	Net Working Capital
2016-2017	41100.78	96986.59	0.42
2017-2018	57292.84	117147.09	0.49
2018-2019	110901.99	194495.44	0.57
2019-2020	204479.84	380736.45	0.54
2020-2021	250707.09	351012.75	0.71



## GRAPHICAL REPRESENTATION:



## INTERPRETATION:

From the above table it is clear that the ratio increased in the year 2016-17 by 16.67% due to increase in current assets. In year 2017-18 the ratio is increased by 16.32% and in the year 2018-19 the ratio decreased by 5.26% due to increase in total assets. In the year 2017-18 the ratio increased by 31.48%.

## WORKING CAPITAL TURNOVER RATIO:

Working Capital Turnover Ratio indicates the velocity of the utilization of net working. This ratio indicates the number of times the working capital is turnover over in the course of a year. This ratio measures the efficiency with which the working capital being used by a firm. A higher ratio indicates efficient utilization of working capital and a low ratio indicates otherwise.

$$\text{WORKING CAPITAL TURNOVER RATIO} = \frac{\text{COST OF GOODS SOLD}}{\text{NET WORKING CAPITAL}}$$

**Calculation of Working Capital Turnover Ratio of  
jaganadha agro industry 2016-2017 to 2020-2021**

Years	Net Sales	Net Working Capital	Working Capital Turnover Ratio
2016-2017	5077.4	41100.78	0.124
2017-2018	1089.02	57292.84	0.02
2018-2019	17498.45	110901.99	0.157
2019-2020	8241.82	204479.84	0.040
2020-2021	8678.90	250707.09	0.034

## FINDINGS

The jaganadha agro industries has been earning good profits over the year's which has touched the sales for the year 2018-19 of Rs. 9379.18 Lakhs compared to Rs. 9037.23 Lakhs in the previous year (2016-17), recording a growth of about 3.78. The rise in sales and the firm's efficient use of capital employed has been the reason for taking up this study.

The financial statement has been prepared on a going concern basis.

By observing Income statement it is found that profit is increasing yearly and current year (2018-19) increased by 3582.15 Lakhs compared to previous year (2017-18)

Increase in funds from operations from 2015 to 2018 but in 2019 decreases due to less percentage increase in reserve funds.

The current ratio is increased in the year 2016-17 by 12.64%. This is due to increase in current assets. In the year 2016-17 the ratio is increased by 18.87% due to increase in current assets. In the year 2020-21 current ratio was decreased

In the year 2020-21 it was increased by 62% this is due to increase in current assets.

By observing quick ratio there was a gradual increase in every year (2016-2021)

## SUGGESTIONS

It is suggested that firm should control its monetary aspects of the firm with proper planning.

Firm should maintain gross profit and net profit at optimum level. It is suggested that firm should capture good market reputation.

Financial management should identify the financial weakness take necessary corrective actions with in a time.

Team work and interdepartmental to coordination must be elevated to finish the jobs within the stipulated time by leaving personal fancies.

The management and employees should trust each other to overcome their inventory crisis situation by performing the entrusted jobs properly.

It is supposed to make sure that the shareholder's interest is to be protected.

The company has to improve the cost minimization technique & utilizing assets efficiency inorder to increase the return of invest