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GRT Golden Research Thoughts

FINANCIAL PERFORMANCE OF REGIONAL OILSEEDS GROWERS CO-OPERATIVE SOCIETIES UNION LIMITED HUBBALLI

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ABSTRACT

The Karnataka Co-operative Oilseeds Growers Federation Limited (KOF), the Agency Entrusted with implementation of the Project, Was registered on 26th October 1984, under the Karnataka Co-operative Societies Act. Village Level Primary Co-operative Society's were organized by making the oilseeds growers as members in turn these primary co-operative societies became the member of the apex body at the state level till June 1990. The structure has been re-organized to a three tier cooperative structure with the village level Oilseeds Growers' Cooperative societies affiliated to Regional Unions organized at the district level and in turn the Regional Unions have been affiliated to the state level Federation. A financial ratio technique was used to study financial performance of regional Oil Seed Growers cooperative Union.

KEYWORDS :*Oilseeds Growers Union, financial performance, financial ratio technique.*

1.INTRODUCTION

Government of India in mid 1980's started the "Technology Mission on Oilseed and Pulses" (TMOP) in order to enhance productivity in oilseeds and make India self sufficient in edible oil. On 22.8.1984 Government of Karnataka approved the implementation of Nation Dairy Development Board's (NDDB) project "Restructuring Edible Oil& oilseeds Production and marketing' in Karnataka keeping in mind the objectives laid down in the TMPO

The Karnataka Co-operative Oilseeds Growers Federation Limited (KOF), the Agency Entrusted with implementation of the Project, Was registered on 26th October 1984, under the Karnataka Co-operative Societies Act. The project, which was inspired by the Anand Model of Milk Co-operatives, is designed to create an integrated Co-partite System of production, procurement, processing of Oilseeds and marketing of edible oil and its bi-products

This project aimed at establishing a direct link between the producer and the consumer by eliminating middlemen. Village level primary co-operative society's were organized by making the oilseeds growers as members in turn these primary co-operative societies became the member of the apex body at the state level till June 1990.

During the second phase of the project the structure has been re-

organized to a three tier cooperative structure with the village level Oilseeds Growers' Cooperative societies affiliated to Regional Unions organized at the district level and in turn the Regional Unions have been affiliated to the state level Federation.

2. LITERATURE REVIEW

Smitha et al. (2003) evaluated the business performance of fishery cooperative societies in Vasai taluk of Thane district, Maharashtra. The study was conducted among eight fishery cooperatives of 11 existing primary cooperative societies in Vasai taluk. A financial ratio technique was used to study financial performance of fishery cooperatives. Vasai zone with a production of 32,643 tons had contributed to the tune of about 32 percent of the total marine fish landing of thane district in 1995-96, which has come down to about 9,943 tons by the year 2002-03.This decline was due to over exploitation of fish and loss of fish stock due to increasing population level in the area.

Ashraf (1990) analyzed financial performance of edible oil processing co-operatives in Karnataka. The study was conducted for the period of 1994 to 99.A financial ratio technique was used; it indicated improvement in the liquidity status by reducing its inventories held in stocks and short term borrowings. Further it was also indicated to increase the sales by adapting suitable sales management.

3. OBJECTIVES OF THE STUDY

1.To analyze the performance of Regional oilseeds growers co-operative societies Union Limited in terms of liquidity position

2.To assess the profitability position of Regional oilseeds growers co-operative societies Union Limited

4. METHODOLOGY

This study is mainly based on secondary data which includes records, audited annual reports of the union. Apart from these, necessary secondary data have been collected from journals, books, reports and other publications from various institutions.

5. SCOPE OF THE STUDY

For this study, Regional oilseeds grower's co-operative societies Union Limited Hubli has been purposively selected. The area of operation of this union composed of six districts ie Dharwad Belagavi Vijayapura Bagalkoti Haveri and Gadag districts in Karnataka. Only financial performance of the union has been studied

6. PERIOD OF THE STUDY

The present study covers the period of 14 years to evaluating financial performance of Regional Oilseeds Growers Co-operative Societies Union in the study area. Duration covers from 2001-02 to 2014-15.

7. FINANCIAL PERFORMANCE

Financial ratios can help describe the financial condition of an organization, the efficiency of its activities, its comparable profitability, and the perception of investors as expressed by their behavior in financial markets. Ratios often permit an analyst or decision maker to piece together a story about where an organization has come from, its current condition, and its possible future. In most cases, the story is incomplete, and important questions may remain unanswered. Even though the analyst or decision maker is better informed as a result of doing the ratio analysis, the indiscriminate use of

financial ratios can be extremely dangerous. Decision rules that rely on a specific or minimum value of a ratio can easily lead to missed opportunities or losses. Even the best ratio is not always indicative of the health, status, or performance of an organization.

7.1. ANALYSIS OF LIQUIDITY RATIOS

Liquidity ratios are measures the ability of a company to meet its short term debt obligations. These ratios measure the ability of a company to pay off its short-term liabilities when they fall due.

Generally, the higher the liquidity ratios are, the higher the margin of safety that the company posses to meet its current liabilities. Liquidity ratios greater than one indicates that the company is in good financial health and it is less likely fall into financial difficulties. The following are the ratios to calculate the liquidity position of a firm.

7.2. CURRENT RATIO

Current ratio is balance-sheet financial performance measure of company liquidity. Current ratio indicates a company's ability to meet short-term debt obligations. The current ratio measures whether or not a firm has enough resources to pay its debts over the next 12 months. The following is the formula for calculating current ratio

Current Ratio = Current Assets ÷ Current Liability

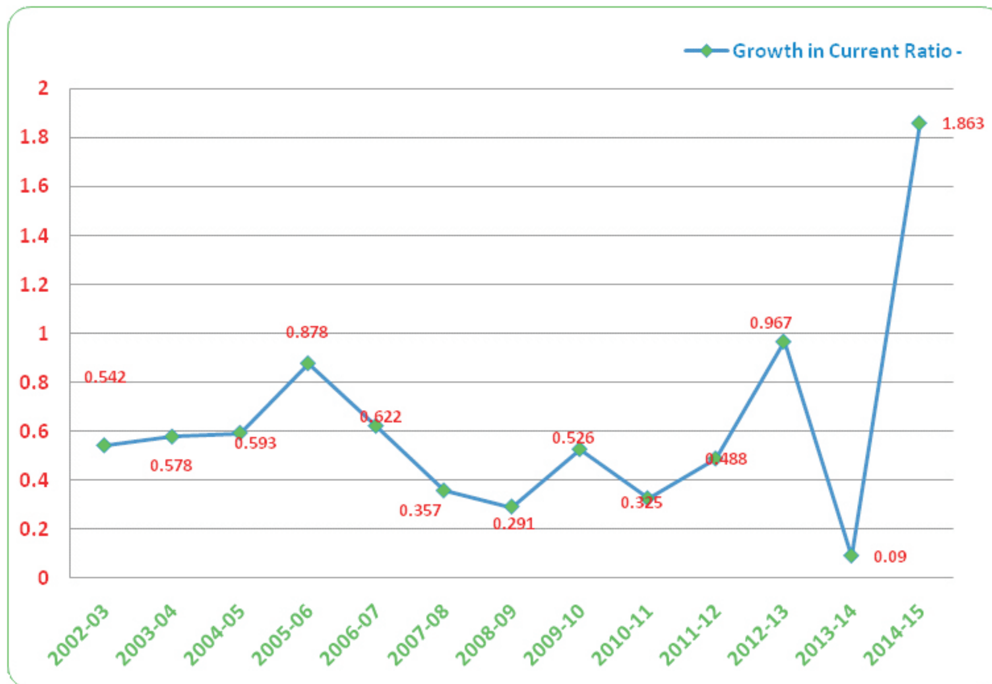
Table 1.1: Analysis of Current Ratio (Rs. Lakhs)

Year	Current Assets	Current Liabilities	Current Ratio	Changes in Current Ratio
2001-02	218.78	124.58	1.76	-
2002-03	200.83	120.09	1.67	0.542
2003-04	230.32	142.50	1.62	0.578
2004-05	416.56	268.65	1.55	0.593
2005-06	397.74	188.53	2.11	0.878
2006-07	481.69	173.96	2.77	0.622
2007-08	647.60	236.36	2.74	0.357
2008-09	763.99	350.25	2.18	0.291
2009-10	1289.33	515.01	2.50	0.526
2010-11	864.15	424.84	2.03	0.325
2011-12	970.73	481.14	2.02	0.488
2012-13	721.82	183.42	3.94	0.967
2013-14	1231.72	887.47	1.39	0.090
2014-15	1043.82	290.90	3.59	1.863

Source; Annual Reports of Regional Oil-seeds Growers' Co-operative Societies Union Ltd. Hubli.

It is evident from table 1.1 that the firms currents liabilities are covered by current assets 2.11 times, 2.77 times, 2.74 times, 2.18 times, 2.50 times, 2.03 times, 2.02 times, 3.94 times and 3.59 times during 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 and 2014-15 respectively. It signifies that the firm has enough current assets to meet the payment schedule of current liabilities with a margin of safety. However, from 2001-02 to 2004-05 and 2013-14, the firm has fails to generate enough current assets to meet the payment obligations of current liabilities. Overall, the firm position in recent year has increasing from the point of safety.

Chart 1.1: Growth of Current Ratio



Source; Annual Reports of Regional Oil-seeds Growers' Co-operative Societies Union Ltd. Hubli.

7.3 NET WORKING CAPITAL RATIO

Working capital is used to run the business and to pay its current liabilities, of which a portion is operating expenses. The sources of working capital include: internal sources; retained earnings, a shorter earnings cycle, which is the time from investing the cash to receiving cash for the finished product or service cash flow from depreciation or deferred taxes. External sources; loans, trade credit, debt and equity financing used for working capital.

Net working capital is what remains after subtracting current liabilities from current assets; hence, it is money to run the business. The following is the formula for calculating Quick ratio

Net Working Capital Ratio = Current Assets – Current Liabilities

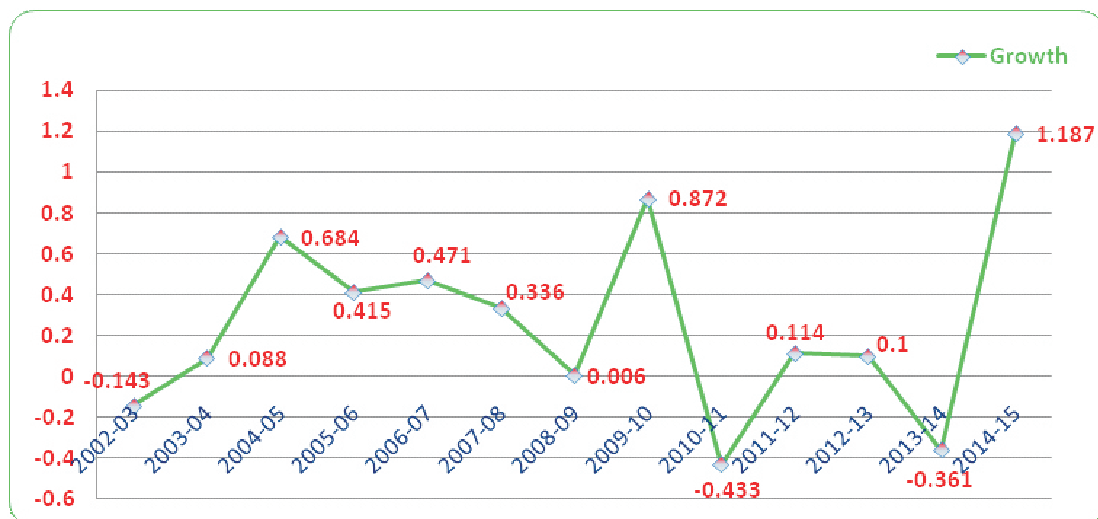
Table 1.2
Analysis of Net Working Capital Ratio (Rs. Lakhs)

Year	Current Assets	Current Liabilities	NWC	Growth in NWCR
2001-02	218.78	124.58	94.20	-
2002-03	200.83	120.09	80.74	-0.143
2003-04	230.32	142.50	87.82	0.088
2004-05	416.56	268.65	147.91	0.684
2005-06	397.74	188.53	209.21	0.415
2006-07	481.69	173.96	307.73	0.471
2007-08	647.60	236.36	411.24	0.336
2008-09	763.99	350.25	413.74	0.006
2009-10	1289.33	515.01	774.32	0.872
2010-11	864.15	424.84	439.31	-0.433
2011-12	970.73	481.14	489.59	0.114
2012-13	721.82	183.42	538.40	0.100
2013-14	1231.72	887.47	344.25	-0.361
2014-15	1043.82	290.90	752.92	1.187

Source: Annual Reports of Regional Oil-seeds Growers' Co-operative Societies Union Ltd. Hubli.

It is clear from the table 1.2 that the net working capital ratio of the business is showing positive trend during all the year except 2003-04, 2010-11 and 2013-14 because the growth of ratio is negative. Hence, the positive trend is shows the business has timely meet the working capital of the business.

Chart 1.2: Growth of Net Working Capital Ratio



7.4. QUICK RATIO

The quick ratio is a more stringent measure of liquidity. Only liquid assets are taken into account such as Cash, Cash at Bank, Marketable Securities and Account Receivables. Inventory and other assets are excluded, as they may be difficult to dispose of.

The following is the formula for calculating Quick ratio

Quick/Liquid Ratio= Quick/Liquid Assets ÷ Current Liabilities

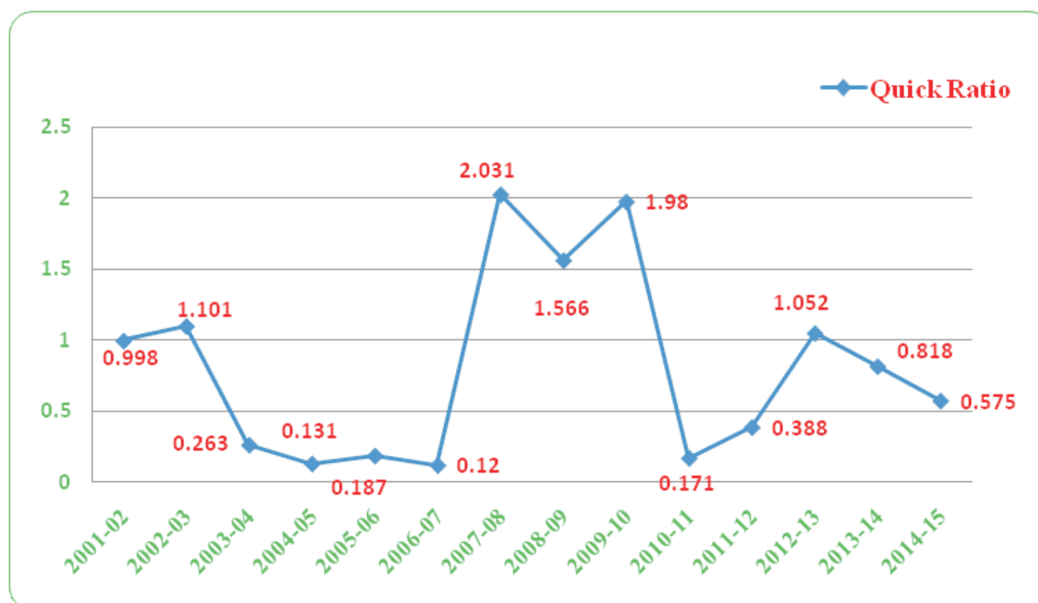
Table 1.3
Analysis of Quick Ratio (Rs. Lakhs)

Year	Quick Assets	Current Liabilities	Quick Ratio
2001-02	124.35	124.57	0.998
2002-03	132.19	120.09	1.101
2003-04	37.42	142.49	0.263
2004-05	35.09	268.65	0.131
2005-06	35.26	188.52	0.187
2006-07	20.90	173.95	0.120
2007-08	480.14	236.36	2.031
2008-09	548.48	350.25	1.566
2009-10	1019.78	515.01	1.980
2010-11	72.46	424.84	0.171
2011-12	186.53	481.14	0.388
2012-13	192.97	183.42	1.052
2013-14	725.79	887.47	0.818
2014-15	167.30	290.90	0.575

Source: Annual Reports of Regional Oil-seeds Growers' Co-operative Societies Union Ltd. Hubli.

It is evident from table 1.3 that the quick ratio of the firm is satisfactory (ratios are in between 0.5 and 1) in the year 2001-02, 2002-03, 2007-08, 2008-09, 2009-10, 2012-13, 2013-14, and 2014-15. It signifies that the business can meet its obligations even if any adverse conditions' occurs. However, the firm fails to meet its business obligations during the 2003-04 to 2006-07 and 2010-11 to 2011-12.

Chart 1.3: Year-wise Change in Quick Ratio



7.5 CASH RATIO

The cash ratio is the most stringent and conservative of the three short-term liquidity ratios (current, quick and cash). It only looks at the most liquid short-term assets of the company, which are those that can be most easily used to pay off current obligations. It also ignores inventory and receivables, as there are no assurances that these two accounts can be converted to cash in a timely matter to meet current liabilities. Very few companies will have enough cash and cash equivalents to fully cover current liabilities, which isn't necessarily a bad thing, so don't focus on this ratio being above 1:1. The following is the formula for calculating Cash Ratio

Cash Ratio = (Cash + Cash Equivalents + Invested Funds) ÷ Current Liabilities

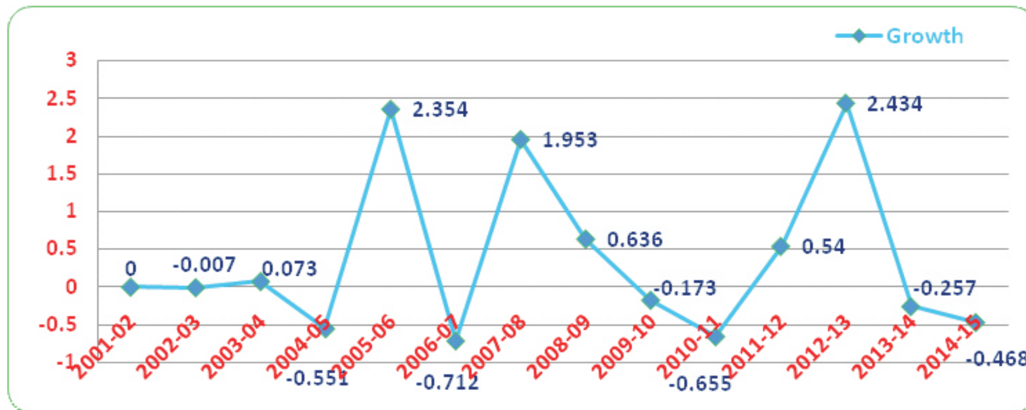
Table 1.4
Analysis of Cash Ratio (Rs. Lakhs)

Year	Cash Assets	Current Liabilities	Cash Ratio	Growth in Cash Ratio
2001-02	3912.58	12457.9	0.314	-
2002-03	3743.97	12009.2	0.312	-0.007
2003-04	4768.158	14249.9	0.335	0.073
2004-05	4034.433	26865.4	0.150	-0.551
2005-06	9495.624	18852.7	0.504	2.354
2006-07	2522.811	17395.5	0.145	-0.712
2007-08	10123.57	23636.2	0.428	1.953
2008-09	24545.75	35024.9	0.701	0.636
2009-10	29839.66	51501.1	0.579	-0.173
2010-11	8487.868	42483.7	0.200	-0.655
2011-12	14804.75	48114.3	0.308	0.540
2012-13	19381.93	18341.7	1.057	2.434
2013-14	69724.38	88746.8	0.786	-0.257
2014-15	12152.67	29089.8	0.418	-0.468

Source: Annual Reports of Regional Oil-seeds Growers' Co-operative Societies Union Ltd. Hubli.

It is exhibits from table 1.4 that the cash ratio of the business is highest i.e. 1.057 in the year 2012-13 and 0.150 in the year 2004-05. It shows that the firm can cover 105.7 per cent of its current liabilities with its cash and short term marketable securities and least 15 per cent of its current liabilities with its cash and short term marketable securities in the year 2004-05. It is clear from the study that higher the cash assets the cash ratio is more and it is good sign from the point of liquidity position of the firm.

Chart 1.4: Analysis of Growth Rate of Cash Ratio



8. ANALYSIS OF PROFITABILITY RATIOS

Profitability ratios measure a company's ability to generate earnings relative to sales, assets and equity. These ratios assess the ability of a company to generate earnings, profits and cash flows relative to relative to some metric, often the amount of money invested. They highlight how effectively the profitability of a company is being managed.

8.1. GROSS PROFIT MARGIN RATIO

The gross margin ratio is also known as the gross profit margin or the gross profit percentage. The gross margin ratio is computed by dividing the company's gross profit by its net sales. A company should be continuously monitoring its gross margin ratio to be certain it will result in a gross profit that will be sufficient to cover its selling and administrative expenses.

Table 1.5
Analysis of Gross Profit Margin Ratio (Rs. Lakhs)

Year	Gross Profit	Revenue	GPM Ratio	Growth in MR
2001-02	91.591	-22.50	-4.071	00
2002-03	111.23	7.5	14.831	-4.643
2003-04	144.36	32.71	4.413	-0.702
2004-05	163.79	46.89	3.493	-0.209
2005-06	218.86	62.07	3.526	0.009
2006-07	188.16	27.03	6.961	0.974
2007-08	228.97	51.97	4.406	-0.367
2008-09	264.53	36.02	7.344	0.667
2009-10	380.08	100.52	3.781	-0.485
2010-11	361.01	54.23	6.657	0.761
2011-12	409.10	70.74	5.783	-0.131
2012-13	450.67	72.67	6.202	0.072
2013-14	480.988	55.63	8.646	0.394
2014-15	557.19	72.91	7.642	-0.116

Source: Annual Reports of Regional Oil-seeds Growers' Co-operative Societies Union Ltd. Hubli.

Gross margin is calculated as follows:
Gross Margin = Gross Profit ÷ Revenue

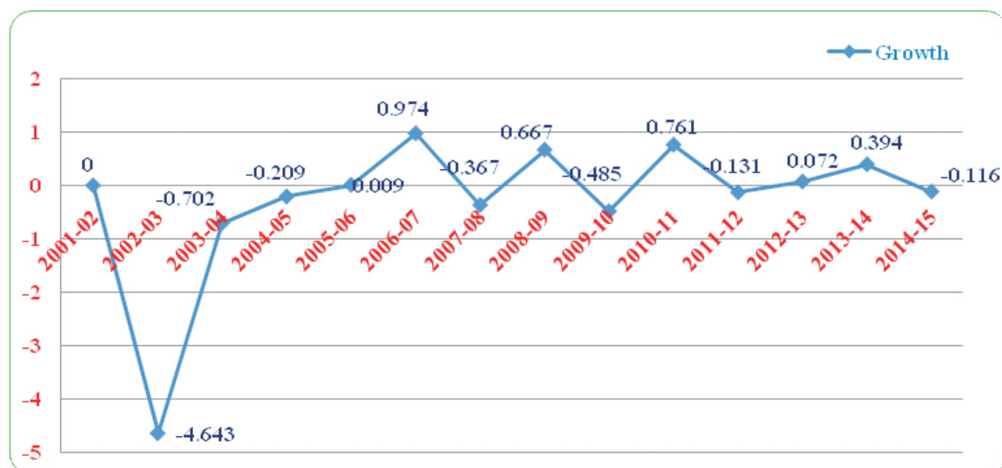
Gross profit and revenue figures are obtained from the income statement of a business. Alternatively, gross profit can be calculated by subtracting cost of goods sold from revenue. Thus gross margin formula may be restated as:

Gross Margin = (Revenue – Cost of Goods Sold) ÷ Revenue

It is favorable because more profit will be available to cover non-production costs. But gross margin ratio analysis may mean different things for different kinds of businesses.

It is inferred from table 4.5 that the gross profit margin of the firm is favorable during all the study period except 2001-02 i.e. -4.071. This signifies that the gross profit of a business is sufficient to cover the selling and administrative expenses. Further, it signifies from the growth of ratio that the there is widely fluctuations in the growth ratio. This indicates that the increase in the ratio over the year is very less. Hence, there is need to improve the profit margin ratio by reducing administrative costs.

Chart 1.5: Analysis of Profit Margin Ratio



8.2. OPERATING MARGIN RATIO

Operating margin ratio or return on sales ratio is the ratio of operating income of a business to its revenue. It is profitability ratio showing operating income as a percentage of revenue. Operating income is same as earnings before interest and tax (EBIT). Both operating income and revenue figures can be obtained from the income statement of a business.

Thus a higher value of operating margin ratio is favorable which indicates that more proportion of revenue is converted to operating income. An increase in operating margin ratio overtime means that the profitability is improving. It is also important to compare the gross margin ratio of a business to the average gross profit margin of the industry. In general, a business which is more efficient is controlling its overall costs will have higher operating margin ratio. The operating margin ratio is calculated by the following formula:

Operating Margin = Operating Income ÷ Net Sales

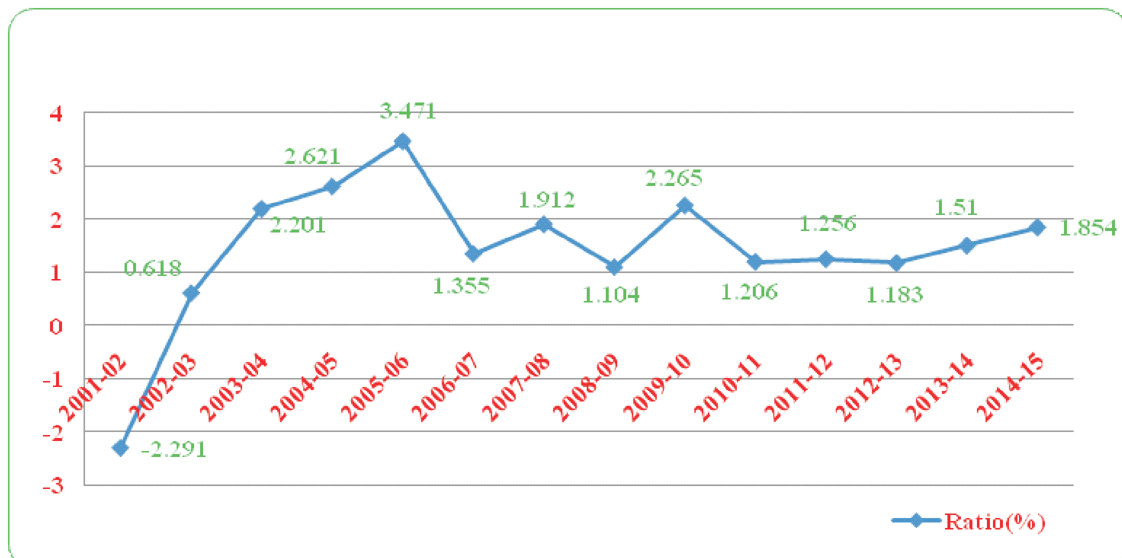
Table 1.6
Analysis of Operating Margin Ratio (Rs. Lakhs)

Year	Operating Income	Net Sales	OM Ratio(%)
2001-02	-22.50	982.10	-2.291
2002-03	7.5	1212.89	0.618
2003-04	32.71	1486.00	2.201
2004-05	46.89	1788.69	2.621
2005-06	62.07	1788.28	3.471
2006-07	27.03	1994.70	1.355
2007-08	51.97	2718.59	1.912
2008-09	37.11	3360.30	1.104
2009-10	101.43	4478.47	2.265
2010-11	57.858	4798.26	1.206
2011-12	70.73	5633.14	1.256
2012-13	72.67	6145.19	1.183
2013-14	79.78	5282.88	1.510
2014-15	102.91	5551.16	1.854

Source: Annual Reports of Regional Oil-seeds Growers' Co-operative Societies Union Ltd. Hubli.

It is clear from table 1.6 that the operating margin ratio of a business has increasing in 2001-02 to 2005-06 (i.e. from -2.291 to 3.471). However, it fell down from 3.471 to 1.335 in the year 2006-07. From above table it reveals that, in the year 2005-06 the percentage of the operating margin ratio is higher and the same is lowest in the year 2001-02. This signifies that the higher the ratio is favourable for the business and more proportion of revenue is converted to operating income. An increase in operating margin ratio overtime means that the profitability is improving.

Chart 1.6: Year-wise Analysis of Operating Margin Ratio



8.3. NET PROFIT MARGIN RATIO

It measures the percentage of net income of an entity to its net sales. It represents the proportion of sales that is left over after all relevant expenses have been adjusted.

Net Profit Margin = Net Income ÷ Net Sales

Net Sales = Gross Sales – Sales Tax – Discounts –Sales Returns

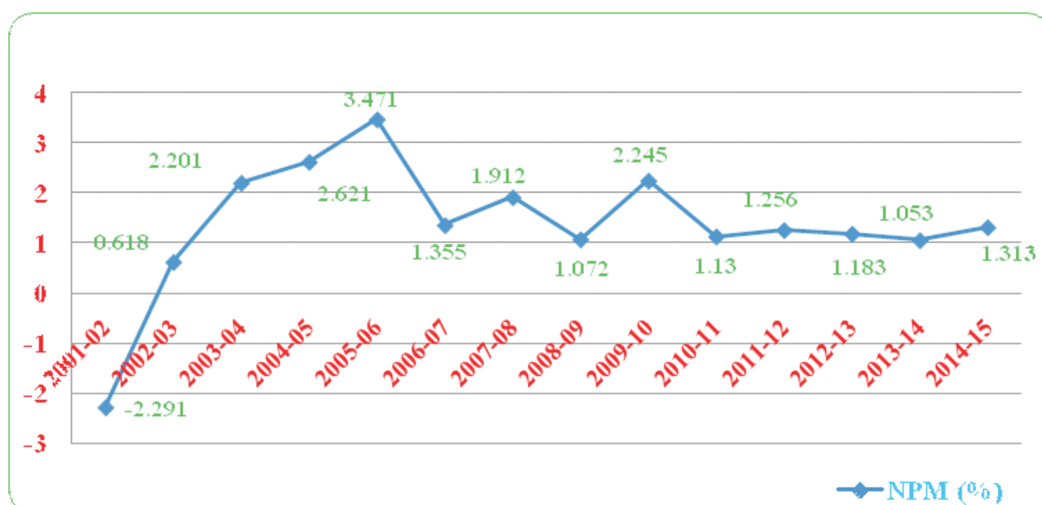
Table 1.7
Analysis of Net Profit Margin Ratio (Rs. Lakhs)

Year	Net Income	Net Sales	NPM (%)
2001-02	-22.50	982.10	-2.291
2002-03	7.5	1212.89	0.618
2003-04	32.71	1486.00	2.201
2004-05	46.89	1788.69	2.621
2005-06	62.07	1788.28	3.471
2006-07	27.03	1994.70	1.355
2007-08	51.97	2718.59	1.912
2008-09	36.02	3360.30	1.072
2009-10	100.52	4478.47	2.245
2010-11	54.23	4798.26	1.130
2011-12	70.74	5633.14	1.256
2012-13	72.67	6145.19	1.183
2013-14	55.63	5282.88	1.053
2014-15	72.91	5551.16	1.313

Source: Annual Reports of Regional Oil-seeds Growers' Co-operative Societies Union Ltd. Hubli.

It is evident from table 1.7 that the net profit margin ratio of the firm is not favourable in the year 2001-02 and 2002-03. It signifies that the net profit margin ratio of the business in initial year was not meeting the all expenses of the firm. Therefore, the firm during the period shows a loss. Moreover, it is also explained from table that the net profit margin ratio from 2003-04 to 2014-15 is showing the favourable condition from the view of profit.

Chart 1.7: Analysis of Net Profit Margin Ratio



8.4. RETURN ON ASSETS RATIO

Return on assets indicates the number of cents earned on each rupee of assets. Thus higher values of return on assets show that business is more profitable. This ratio should be only used to compare companies in the same industry. An increasing trend of ROA indicates that the profitability of the company is improving. Conversely, a decreasing trend means that profitability is deteriorating. The return on Assets is calculated by the following formula:

Return on Assets = Annual Net Income ÷ Average Total Assets

Table 1.8
Analysis of Return on Assets (Rs. Lakhs)

Year	Annual Net Income	Average Total Assets	ROA (%)	Trend
2002-03	-22.50	18.866	-119.262	-
2003-04	7.5	15.507	48.365	-1.41
2004-05	32.71	21.187	154.387	2.19
2005-06	46.89	22.519	208.224	0.35
2006-07	62.07	15.545	399.292	0.92
2007-08	27.03	24.215	111.625	-0.72
2008-09	51.97	15.097	344.241	2.08
2009-10	36.02	15.145	237.834	-0.31
2010-11	100.52	18.106	555.175	1.33
2011-12	54.23	31.241	173.586	-0.69
2012-13	70.74	54.737	129.236	-0.26
2013-14	72.67	62.545	116.188	-0.10
2014-15	55.63	69.232	80.353	-0.31
2015-16	72.91	71.756	101.608	0.26

Source: Annual Reports of Regional Oil-seeds Growers' Co-operative Societies. Union Ltd. Hubli.

Table 1.8 explains that the return on assets of the firm show a favourable only in the year 2004-05, 2008-09 and 2010-11. It signifies that the business is earning more than its investment. Further, the return on assets of the business of the firm is showing unfavourable condition of the business. Hence, it shows that the negative relationship between annual net income and total investment in assets. Overall, the firm profitability is negative.

8.5. RETURN ON CAPITAL EMPLOYED RATIO

Return on capital employed (ROCE) is the ratio of net operating profit of a company to its capital employed. It measures the profitability of a company by expressing its operating profit as a percentage of its capital employed. Capital employed is the sum of stockholders' equity and long-term finance. Alternatively, capital employed can be calculated as the difference between total assets and current liabilities. The formula to calculate return on capital employed is:

Return on Capital Employed = Net Operating Profit ÷ Capital Employed

A higher value of return on capital employed is favorable indicating that the company generates more earnings per rupee of capital employed. A lower value of ROCE indicates lower profitability. A company having less assets but same profit as its competitors will have higher value of return on capital employed and thus higher profitability.

Table 1.9
Analysis of Return on Capital Employed (Rs. Lakhs)

Year	Net Operating Profit	Capital Employed	ROCE	Trend
2001-02	-22.50	16.629	-1.353	-
2002-03	7.5	32.698	0.229	-1.17
2003-04	32.71	13.074	2.502	9.91
2004-05	46.89	13.074	3.587	0.43
2005-06	62.07	13.074	4.748	0.32
2006-07	27.03	13.074	2.067	-0.56
2007-08	51.97	13.099	3.967	0.92
2008-09	37.11	13.149	2.822	-0.29
2009-10	101.43	13.149	7.714	1.73
2010-11	57.858	38.596	1.499	-0.81
2011-12	70.73	64.813	1.091	-0.27
2012-13	72.67	76.351	0.952	-0.13
2013-14	79.78	87.042	0.917	-0.04
2014-15	102.91	93.535	1.100	0.20

Source: Annual Reports of Regional Oil-seeds Growers' Co-operative Societies Union Ltd. Hubli.

Table 1.9 shows that the return on capital employed ratio of the firm is favourable only in the year 2003-04 to 2005-06 and 2009-10 and the same is negative over the study period. It is indicating that the business fails to generate more earnings per rupee of capital employed.

8.6. RETURN ON EQUITY RATIO

Return on equity or return on capital is the ratio of net income of a business during a year to its stockholders' equity during that year. It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity. The formula to calculate return on equity is:

Return on Equity = Annual Net Income ÷ Average Stockholders' Equity

Return on equity is an important measure of the profitability of a company. Higher values are generally favourable meaning that the company is efficient in generating income on new investment. Investors should compare the ROE of different companies and also check the trend in ROE over time. However, relying solely on ROE for investment decisions is not safe.

Table 1.10 Analysis of Return on Equity (Rs. Lakhs)

Year	Annual Net Income	Average Stockholders' Equity	ROE	Growth
2001-02	-22.50	4.684	-4.804	-
2002-03	7.5	4.689	1.599	1.60
2003-04	32.71	4.694	6.968	3.36
2004-05	46.89	4.694	9.989	0.43
2005-06	62.07	4.694	13.223	0.32
2006-07	27.03	4.694	5.758	-0.56
2007-08	51.97	4.719	11.013	0.91
2008-09	36.02	4.719	7.633	-0.31
2009-10	100.52	4.719	21.301	1.79
2010-11	54.23	4.724	11.480	-0.46
2011-12	70.74	4.729	14.959	0.30
2012-13	72.67	4.779	15.206	0.02
2013-14	55.63	4.886	11.386	-0.25
2014-15	72.91	4.828	15.101	0.33

Source: Annual Reports of Regional Oil-seeds Growers' Co-operative Societies. Union Ltd. Hubli.

It is inferred from table 1.10 that the return on equity of the business has showing continuous increase over the year except 2006-07, 2008-09, 2010-11 and 2013-14. Increase over the period is good sign from the point of investor investment. Further, it also signifies that the higher value of the ratio attract the more cash inflows for the business. Therefore, the business tries to optimise its equity ratio.

9. CONCLUSION:

After reviewing each aspect of financial performance of Regional Oilseeds Growers' Co-operative Societies Union Limited, Hubli, there is significant change in performance over the period of study and that concluded from the study that the overall financial performance of the firm is negative. Moreover, the firm has fails to generate enough current assets to meet the payment obligations of current liabilities over the period. Hence, the firm has to increase the current assets by reducing unwanted expenses through proper management of funds. Profit margin ratio of the firm and under utilisation of major source of finance these results in restricted growth of the firm. Further, the firm fails to generate more earning per rupee of capital employed. Therefore, there is urging to expand the efficiency of the firm management, proper utilisation of financial sources and deduction in operating and administrative expenses are the major suggestion for improving profitability and efficiency of the firm.

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