CHAPTER 3

METHODOLOGY

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3.1 INTRODUCTION

The present study is a case study of Nina Foods Kolhapur, one of the successful food processing unit in Western Maharashtra. The researcher has deliberately selected this topic because of the fact that Western Maharashtra, particularly Kolhapur district is endorsed with adequate natural resources in terms of fertile land, rainfall and the irrigation facilities. Nina Foods is a good example of successful fruit processing organization in Western Maharashtra.

3.2 STATEMENT OF THE PROBLEM

As the title suggests the present study is in the form of critical evaluation of performance of Nina Foods. The main issues which are studied in the present research work are as follows.

a) The product profile and processing
b) A novel experiment of contract farming
c) Marketing strategies
d) Financial performance

3.3 OBJECTIVES OF THE STUDY

Following are the important objectives of the study.

a) To understand the business profile of Nina Food products.
b) To view the progress of Nina Food of the last five years.
c) To understand the product range, market both domestic and overseas.
d) To assess the success of contract farming scheme implemented.
e) To measure the internal efficiency and profitability.
f) To understand the financial position.

3.4 COLLECTION OF DATA

The present study is a case study of Nina Foods. The researcher has collected both primary and secondary data.

i) Primary data

The researcher has actually visited the organization many times. Nina Foods is a partnership firm. There are four partners. All of them ar personally known to the researcher. The researcher is given total access to collect the information. In various visits all the partners were contacted in person and interviewed by the researcher. Partners along with their colleagues were very helpful. Mrs. Vaijayanti Kale, in-charge of all accounting activities, Mr. Anil Kale, In-charge of fruit and vegetable procurement, Mr. Mohan Kale, in-charge of cash and bank transactions all of them extended their whole-hearted support in supplying the information to the researcher.

It is well understood that Nina Foods is basically a family business. But it is managed on professional lines. All this information is collected with the help of discussion with partners.

ii) Secondary data

The main base of the present study is secondary data. The required information is made available to the researcher in the form of several documents describing the product range, process of production in detail, quality management system, safety system, contract farming details, marketing management of the firm etc.

The main thrust of the study is on the evaluation of the performance in terms of financial ratio analysis. For this purpose the annual accounts of three years i.e. 2004-2005, 2005-2006 and 2006-2007 are made available after making the required rearrangements, financial ratios are computed.

3.5 PROCESSING OF DATA

The data which is collected is processed by way of classification, tabulation, the necessary quantity, techniques, mainly "Ratio Analysis" is used. Ratio analysis is well accepted method evaluating financial performance. An appropriate package of financial ratios is used to evaluate the performance.

Table of package of ratios

1] Financial or Liquidity Ratios

a) Current Ratio

b) Acid Test / Quick Ratio

c) Debt Equity Ratio

d) Proprietary Ratio

2] Profitability Radios

a) Gross Profit Ratio

b) Net Profit Ratio

c) Return on Investment Ratio (ROI)

d) Return on Capital Employed Ratio (ROC)

3] Turnover or Activity Ratios

a) Inventory Turnover Ratio

b) Debtors Turnover Ratio

As the ratios are computed for three consecutive years, the researcher has also analyzed the trend.