AN ECONOMIC ANALYSIS OF SRIVARI SPICES AND FOODS LIMITED, HYDERABAD : A CASE STUDY

by

Miss. Katkuri Sai Sharwani
(Reg. No. 2023/240)

A Thesis submitted to the
MAHATMA PHULE KRISHI VIDYAPEETH
RAHURI – 413 722, DIST. AHILYANAGAR
MAHARASHTRA, INDIA

in partial fulfilment of the requirements for the degree

of

MASTER OF SCIENCE (AGRICULTURE)

in

AGRICULTURAL ECONOMICS

DEPARTMENT OF AGRICULTURAL ECONOMICS

POST GRADUATE INSTITUTE
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2025

CANDIDATE'S DECLARATION

I hereby declare that this thesis or part
there of has not been submitted
by me or other person to any
other University or Institution
for a Degree or
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Date : / /2025 (Katkuri Sai Sharwani)

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The assistance and help received during the course of this investigation have been duly acknowledged.

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Place : M.P.K.V., Rahuri (Katkuri Sai Sharwani)

Date : / /2025

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LIST OF ABBREVIATIONS

%	:	Per cent
/	:	Per
₹	:	Rupee
BCR	:	Benefit Cost Ratio
Dist.	:	District
et al	:	*et alia* (And other)
etc	:	Et Citra, and so on
FAO	:	Food and Agricultural Organization
Fig.	:	Figure
GDP	:	Gross Domestic Product
Gm	:	Grams
ha	:	Hectare
i.e.,	:	Id Est., that is
Kg	:	Kilogram (s)

ABSTRACT

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A candidate for the degree
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2025

Research Guide	**: Dr. R.B. Hile**
Department	**: Agricultural Economics**

Spices have been an integral part of human civilization, valued for their flavor, aroma, and medicinal properties. The processing of spices enhances their shelf life, potency, and usability, making them more convenient for everyday consumption. Efficient spice processing techniques such as drying, grinding, and packaging ensure quality, safety, and marketability. Beyond culinary applications, spices contribute significantly to health, industry, and economic development. The Agro-based industry all over the world provides vital linkages between the two important pillars of the economy-agriculture and Industry. Thus, it has a direct impact on the lives of the people as well as the environment.

Present study was undertaken on “An economic analysis of Srivari Foods and Spices Limited, Hyderabad: A case study” a company that has established itself as a key player in the spice industry in the states of Telangana and Andhra Pradesh. The present investigation was conducted keeping view the overall objective of studying the economic analysis of the unit as a case study. The study examines the company's journey, organizational structure, examining the costs and returns, economic performance of the unit and challenges faced in maintaining quality and expanding its consumer base. The primary data for the year 2023-24 was collected from the Managing Director and supervisor, secondary data from the annual reports of the unit. The economic analysis was carried out with statistical tools like BCR, BEQ and financial ratios.

Abstract contd…. **Miss. Sharwani**

The result revealed that, there are 6 different products *viz.* chilli powder, turmeric powder, coriander powder, garam masala, sambar masala and whole wheat flour. As Chilli powder, Turmeric powder, Coriander powder contributed 58.6 per cent in total production; and were the initial products manufactured by the unit, these three products were selected for further study. The total employment given by unit were 94 staff in total. The total investment in capital assets was ₹ 646.79 lakhs with the major portion of investment for plant and machinery which was ₹ 434.83 lakh (67.22 per cent) followed by second major investment in land accounting for ₹ 87.48 lakh (13.53 per cent). The total fixed cost of the unit was ₹ 316.52 lakh whereas the total operating cost of the unit was ₹ 718.99 lakh in the year 2023-2024.

During the study period 2023-2024 total production of different products was 812400 kg. The annual gross returns of the unit were estimated ₹ 7828.33 lakhs, with a total cost of ₹ 6825.32 lakhs, and a total net profit of ₹ 703.40 lakhs. The total profitability of the unit was worked out over fixed costs and variable cost. The unit as whole the product wise production of unit was higher than level of break-even quantity. The study shows that low quick ratio and declining cash ratio, might make the unit face short-term liquidity challenges; rise in cash ratio indicates efforts to improve liquidity. The higher asset turnover ratios show that the unit was efficiently utilizing its assets which are contributing in the revenue generation. The relatively lower gross profit and net profit ratios suggest that the unit was operating in a low-margin market and falls under grey area. Although the liquidity and activity ratios were marginally good, there is still room for improvement in the profitability and capital structure ratios. The results show that the unit was operating efficiently but with little liquidity risks.

The study's findings support prioritizing chilli powder production. With a net return of ₹254.42 per kilogram, it was the most profitable product. This high return confirms the unit's economic viability. Focusing on chilli powder will maximize profits and ensure long-term financial success.

1. INTRODUCTION

1.1 General

"Agro-industry" is a broad concept including a wide range of industrial, manufacturing and processing activities that rely on agricultural raw materials, along with ancillary services and inputs that support agricultural production. In India, the food processing industry has emerged as a sunrise sector, gaining economic significance in recent years. Factors such as abundant raw material supply, evolving consumer preferences and supportive fiscal measures have accelerated its growth. Economically, this sector plays a crucial role in bridging agriculture and industry, enhancing overall value chains. Prioritizing this sector, can effectively address issues related to food security. Strengthening this linkage is essential to reduce post-harvest losses, enhance the value and shelf-life of agricultural output and improve nutritional content. Notably, India already holds a strong position as a major exporter of various food products (Shukla *et al.,* 2015).

India is widely known as the “Origin and Land of spices”. No other country has the diversity and volume of spice production found in India because of its favorable agro-climatic conditions. Spices hold significant economic value as key commercial crops, contributing to both domestic consumption and international trade. Domestically, they are extensively used not only in culinary applications but also across sectors like medicine, pharmaceuticals, perfumery and cosmetics. The consistent demand for Indian spices in global markets has substantially boosted the country's export earnings, reinforcing their importance in India’s trade portfolio (Devi and Thyagarajan, 2020).

India offers ideal conditions for the cultivation of nearly all types of spices, with every state and union territory producing at least one spice variety in substantial quantity. Under the act of Parliament, 52 spices fall under the regulatory scope of the Spices Board, while the International Organization for Standardization (ISO) recognizes 109 different spices. Spice products are derived from whole spices and are available in various forms such as powders, essential oils, oleoresins, natural colors and preserved formats including freeze-dried, dehydrated, frozen, brined and syrup-based. Spices, known for their strong aroma and flavor, are plant-based substances

predominantly sourced from tropical regions and commonly used as condiments. Historically, spices were highly valued due to their utility in medicine, preservation and perfumery. Today, India plays dominant role in global spice production (Devi and Jadav, 2018).

1.2 Importance of spices processing industry

There is a significant surge in the consumption of processed foods, reflecting the impact of scientific and technological advancements on daily requirements and lifestyles. Spices, known for their distinctive flavor and aroma, play a vital role in enhancing the taste profile of a wide array of processed food products. Beyond their traditional use in raw or whole form, spices are increasingly processed to meet specific industry needs. You pick any packet of quick savoury around you, it would surely contain added spice powders in it, such is the amount of scope which the processed spice industry has. Processed spices have relatively shorter shelf-life than whole spices and hence they are sold in small packages in retail markets. The spices processing industry in India hence has a wide scope for development due to increasing trend in use of processed spices and in availability of wide range of spices in India.

According to Ranglal Jamuda, former Secretary of the Ministry of Food Processing Industries (MOFPI), Government of India (2015), the country's food processing capacity remains inadequate, leading to considerable post-harvest losses due to limited storage and warehousing infrastructure. He emphasized the lack of sufficient processing units and the untapped potential within the food processing sector. Expanding food processing and storage capabilities not only ensures better price realization for farmers but also contributes significantly to national food security and economic resilience (Babu *et al.,* 2019).

1.3 Processing of spices

Processing is an important component of post-harvest spice technology, playing a key role in preserving quality and market value. Spices consist of rhizomes, bark, leaves, fruits, seeds and other plant parts from various species which undergo several stages after harvest before reaching the consumer. In processing, after harvest, they are bundled by different unit operations till they are ready for the consumer and are designed to retain both the aromatic volatiles and the essential non-volatile compounds

that define the flavor and commercial appeal of spices. Thus, careful handling during processing is essential to minimize losses and maintain nutritional qualities.

Post-harvest spice processing includes operations like cleaning, sorting, grading, specialized treatment and packaging. Given the rising global emphasis on food safety and quality, the demand for hygienically processed and contaminant-free spices is steadily increasing. Many countries have their own quality standards. The Agmark standards of India and ASTA standards are the internationally accepted standards for quality assurances of spices (Sastry, 2013).

Spices are marketed in different forms-fresh pods, whole dried, or ground. The primary stages of processing include:

Sorting and Heating: Initially, spices are sorted to eliminate damaged or moldy parts. They are then briefly heated, typically at 80–90°C for about five minutes, prior to sun drying to reduce microbial load.

Sun Drying: A vital step, sun drying reduces moisture content and prevents microbial spoilage. However, the process can decrease weight and potentially impact the bioactive compounds and color, depending on duration. Direct drying on the ground may also cause contamination, raising concerns about product safety and market rejection.

Milling: Once dried, spices are milled using traditional tools such as stone grinders and mortars or more advanced equipment like plate disc mills and small-scale mechanical mills, depending on scale and output requirements.

Packaging: To ensure shelf stability and product safety, spices are packed in various materials including glass containers, plastic bags, jute sacks, cardboard boxes, multi-wall paper bags and plastic sacks, depending on the intended market and storage conditions (Gidwani *et al*., 2022).

1.4 Present status of spices production in world

The value and demand of Indian spices extend is not limited to domestic boundaries, but extended to substantial international demand. Among these, turmeric stands out as a key commodity with significant potential to boost its share in India's overall spice exports. India is home to the richest biodiversity of *Curcuma* species, having approximately 40 to 45 varieties. The Asia-Pacific region currently leads the

global turmeric market and will continue to flourish its trend of dominance during the forecast period owing to the easy availability of spices through wholesale and retail channels within the region in the forecast period of 2022 to 2029. Meanwhile, North America is projected to witness promising growth due to the rising consumer interest in turmeric for its health benefits and culinary applications.

Recognized as the world's largest producer and exporter of spices, India recorded spice exports worth USD 4.46 billion during the fiscal year 2023–24. These exports are distributed across a broad set of markets, including China, Bangladesh, Sri Lanka, the USA, the UK, the Middle East, Thailand and Germany. As per the India Brand Equity Foundation (IBEF), five key spices chilli, turmeric, cumin, ginger and coriander which make up nearly 76 per cent of India's total spice export volume, underscoring their economic significance.

Globally, turmeric production stands at approximately 1.1 million tonnes annually, with India contributing around 80 per cent of this output. Other notable producers include China (8 %), Myanmar (4 %), Nigeria (3 %) and Bangladesh (3 %). India's leading role as the top producer, consumer and exporter of turmeric highlights its strategic advantage in this segment and presents substantial opportunities for strengthening trade and rural livelihoods through value-added spice exports (Anonymous, 2024).

1.5 Present status of spices production in India

As stated earlier, India is the world's largest spice producer. It is also the largest consumer and exporter of spices with 11.26 million tonnes of major spices produced in 2022-23, (third advanced estimates, spices board of India). The production of different spices has been growing rapidly over the last few years. Production in 2022-23 stood at 11.14 million tonnes compared to 11.12 million tonnes in 2021-22. During 2022-23, the export of spices from India stood at US$ 3.73 billion from US$ 3.46 billion in 2021-22. During 2021-22, the single largest spice exported from India was chilli followed by spice oils and oleoresins, mint products, cumin and turmeric.

Indian spices have had enormous popularity on the global stage. It is due to their rich flavor buds worldwide with rich flavors and fragrant profiles. Indian spices add depth and complexity to cuisines across the globe. India's Spice Market was worth

US$ 7.80 Billion in 2023. It is expected to grow at a CAGR of 8.11 per cent from 2024 to 2032 and be valued at US$ 15.74 Billion by 2032 (Anonymous, 2024).

The largest spices-producing states in India are Madhya Pradesh, Rajasthan, Gujarat andhra Pradesh, Telangana, Karnataka, Maharashtra, Assam, Orissa, Uttar Pradesh, West Bengal, Tamil Nadu and Kerala.

Table 1.1. Major turmeric producing states in India (2023-24)

States/UTs	Area (in '000' ha)	Production (in '000' MT)	Productivity (in MT/ha)
Maharashtra	89.27	325.64	3.65
Telangana	17.84	117.05	4.50
Karnataka	20.68	129.40	6.26
Tamil Nadu	25.37	114.14	4.50
Madhya Pradesh	23.63	88.65	3.75
Andhra Pradesh	20.41	44.90	2.20
Odisha	31.24	69.10	2.21
Mizoram	7.92	29.82	3.77
Assam	16.90	21.71	1.28
Gujarat	5.18	20.26	3.91
Bihar	2.73	2.82	1.03
Haryana	0.55	1.96	3.60
Others	43.46	109.08	2.51
India	**305.18**	**1074.53**	**3.52**

Source: - www.indiastatagri.com(2024)

The Table 1.1 indicates the data on turmeric cultivation across India. As per the table, India has a total of 305.18 thousand hectares under turmeric cultivation. Maharashtra leads in both area (89.27 thousand ha) and production (325.64 thousand MT), accounting for approximately 29.26 per cent of India's total turmeric area and 30.30 per cent of the total production. Karnataka ranks second in production with 129.40 thousand MT and third in area with 20.68 thousand ha, contributing about 6.78 per cent of the area and 12.04 per cent of the national production. Telangana holds the second-largest area (17.84 thousand ha; 5.85 %) and third in production (117.05 thousand MT;

10.90 %). These three states together contribute nearly 42 per cent of India's total turmeric output, highlighting their prominence in turmeric cultivation.

Table 1.2. Major chilli producing states in India (2023-24)

States/UTs	Area (in '000' ha)	Production (in lakh tonnes)	Productivity (in kg/ha)
Andhra Pradesh	2.37	11.85	5000
Telangana	1.47	6.54	4449
Madhya Pradesh	1.12	2.93	2616
Karnataka	1.34	1.81	1351
Orissa	0.74	0.89	1203
Others	1.68	1.95	1161
India	8.72	25.97	2978

(**Source**: Spice Board of India, *1 st Advance Estimates, 2023-24)

Table 1.2 presents data on the major chilli-producing states in India for the year 2023–2024. Across the country, chilli is being cultivated on 8.72 lakh hectares, yielding 25.97 lakh tonnes, with an average productivity of 2,978 kg/ha. Andhra Pradesh is the leading producer, which constitutes approximately 27.18 per cent of the total area and 45.63 per cent of the national production. Telangana ranks second, with 1.47 lakh hectares and a production of 6.54 lakh tonnes, contributing about 16.85 per cent to the area and 25.18 per cent per cent to total production. Madhya Pradesh is in third place, with 1.12 lakh hectares and 2.93 lakh tonnes, accounting for roughly 12.84 per cent of the area and 11.28 per cent of the total production. These three states together make up over 56 per cent of the area and more than 82 per cent of the chilli production in India, highlighting the prominence of chilli production.

1.6 Present status of spices production in Telangana

Major turmeric growing districts in Telangana in 2023-24 are Nizamabad 8357 ha, Jagtial 4617 ha, Nirmal 3166 ha, Vikarabad 817 ha, Warangal 146 ha and Mahabubabad 146 ha. According to Telangana State Government 3rd advance estimates, turmeric production in 2022-23 is at 1.60 lakh tonnes from 0.23 lakh ha (0.56 lakh acres) with productivity of 7080 kg/ha (2865 kg/acre) (Turmeric Outlook, February, 2024).

In 2023-24, Telangana ranked second in chilli area, production and productivity i.e., 3.63 lakh acres, 6.54 lakh tonnes and 1800 Kg per acre respectively (1 st

advance estimates). Chilli area and production in Telangana account for 16.84 per cent and 26.34 per cent of all India area and production respectively. The major chilli growing districts are Khammam, Mahabubabad, Gadwal, Suryapet and Warangal (Rural) (Chilli Outlook, May 2024).

Table 1.3. Area, production and productivity of Turmeric in Telangana

Year	Area (In '000' ha)	Production (In '000' MT)	Productivity (In MT/ha)
2017-18	51.00	294.00	5.76
2018-19	53.10	345.27	6.50
2019-20	55.44	386.60	6.97
2020-21	41.01	319.76	7.80
2021-22	34.78	216.55	6.23
2022-23	22.74	173.61	7.63
2023-24 (Second advanced estimates)	14.64	98.41	6.72

(Source- www.indiastatagri.com)

Table 1.4. Area, production and productivity of chilli in Telangana

Year	Area (In lakh ha)	Production (In lakh tonnes)	Productivity (In kg/ha)
2017-18	0.63	2.39	3794
2018-19	0.85	3.04	3576
2019-20	0.85	3.28	3859
2020-21	0.90	5.45	6039
2021-22	1.56	7.19	4609
2022-23	1.12	5.73	5116
2023-24 (First advanced estimates)	1.47	6.54	4449

(**Source**: DES, Govt. of Telangana and Spices Board of India, *1 st Advance Estimates, 2023-24)

1.7 Information about the company

The company was incorporated on January 29th 2019 as 'Srivari Spices and Foods Private Limited' a private limited company under the companies act 2013. Subsequently, the company was converted into a public limited company and the name was changed to 'Srivari Spices and Foods Limited'. The corporate identification number of the company is U15494TG2019PLC130131. The company is engaged in the business of manufacturing spices in around Telangana and Andhra Pradesh. The unique business model has helped to penetrate the niche segment of the market and establish a customer base. The

business has two models 'D2C' with 15000 retail stores and 'B2B' involving delivery of products. The company started business operations in 2019 by setting up a state of heart production facility in Rangareddy district Telangana and manufacturing turmeric powder. In December 2022, the business operations were expanded by diversifying the product portfolios into other spices. In 2021 the company was awarded with the title of “Best emerging spices brand” 2021 by Business Mint. Further in 2022, the company expanded its business operations by setting up new manufacturing units and introduced a new product category by manufacturing whole wheat flour. Since the company sources its raw materials directly from the farmers they of the products at a lower range than their competitors there by having a unique pricing model. The strength of the firm include unique and sustainable business model diversified product basket strong and stable management team with proverb and ability well established brand name and Goodwill amongst market players existing client and supplier relationships quality assurance and quality control of products.

1.8 Objectives of the study

1. To study the organizational structure of the unit
2. To estimate the production cost and returns
3. To analyze the financial performance of unit
4. To identify the problems in the unit

1.9 Hypotheses of the study

1. H_0 : The total assets and total liabilities have remained constant over the specified period.

   H_1 : The total assets and total liabilities have changed significantly over the specified period.

2. H_0 : The processing unit is not economically viable.

   H_1 : The processing unit is economically viable.

1.10 Scope and utility of study

India being the largest producer and exporter of spices faces fragmentation in it’s spice processing industries. Seeing the potentiality of processing, the Government of India has started schemes like the PM Formalisation of Micro Food Processing Enterprices (PMFME), Make in India *etc.* To study and prove the potentiality of the the statement, one such sunrise industry is taken to study.This case study is about Srivari

Spices and Foods limited, Hyderabad. The resultant observations with regard to the objectives mentioned, would be applicable to similar food processing industry units in Telangana and India. The entire study revolves mostly around the financial analysis of the firm, the resulting observations and conclusions will be helpful in recognizing the farm business on profitable lines. The study would also emphasize on the financial strengths and weaknesses of the firm by establishing a proper relationship between the items of balance sheet and profit and loss accounts. The study also focuses on the historical data helping in understanding the trends in financial growth and related aspects, which provides insights on how the industry paved way to profitability. It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis. The study would provide information on the cost of production of spice powders including all the factors and their relative contribution in the production process.

1.11 Limitations of the study

The present research is based on the primary and secondary data including the balance sheets, income statements of one particular unit only. So there is a limited extent of generalizing things as the conclusions would only serve right to the areas with similar conditions as the study. Historical data may not represent the true picture of the future. The limitations of the secondary sources hold for this project also. The study has been taken only from the published information and hence analysis can be only macro basis. The study findings need to be verified carefully if they are to be applied to some other units having different time periods, with changing resource prices and return from processing. Thus, the results of the study are interpreted with the above limitations in view.

2. REVIEW OF LITERATURE

In any systematic research, the review of literature on relevant aspect under study forms an integral part of the research work. The exercise would help in highlighting the methodology and the result obtained by the different research worker in similar fields and would serve as a guideline for research to be carried out. Thus, it helps in proper understanding of concepts and the methodological and analytical issues related to the problems under study. Many times, it may be true that the previous research work might have been carried out under different set of conditions. Nevertheless, such knowledge is always useful for improving efficiency and effectiveness of all acts relating to the designing of research problem, adopting suitable methodology and interpreting result of research.

The major theme of project investigation was "An Economic Performance of Srivari Spices and Foods Limited, Hyderabad: A case study". This chapter reviews the literature on different methodological issues and empirical research results brought out by the various researchers from similar studies. For convenience the collected reviews have been grouped under the following major sub-heading.

2.1 Organisational structure of the unit

2.2 Costs and returns of major products

2.3 Financial performance of the unit

2.4 Problems faced by the unit

2.1 Organisational Structure of the unit

Malkar (2014) conducted a study of working of small scale agro-base industries with special reference to Ahmednagar district, Maharashtra, India. He concluded that 41 per cent small scale agro-base industries used two lever organization structure, 30 per cent industries used three lever organization structure, 20 per cent industries used four lever organization structure and 9 per cent industries used one lever organization structure. There is positive correlation between organisation structure of small scale agro-base industries and their profits.

Giagnocavo *et al*. (2017) conducted a study on agricultural cooperatives and the role of organisational models in new intelligent traceability systems and big data analysis. They concluded that a clear model of the organisation at every level affords an

effective management of the traceability data and more effective and efficient adaptation to new conditions, whether normative or as a result of crisis events. By approaching complex supply chains and the inherent challenges of traceability systems, net-chain analysis was useful, particularly when coupled with organisational structures such as cooperatives, which inherently function as net-chains.

Eze *et al*. (2017) studied the effects of organizational structure on the performance of organizations. They emphasized that organizational structure holds an important role on the performance of an organization. Therefore any one managing an organization must understand the importance of structuring an organization. The study recommended that management of organizations used decentralization as a dimension of organizational structure to restructure their organization when centralization was not giving required organizational performance. Perhaps this way they might attain strong positive relationship between decentralization and customers satisfaction and also between decentralization and organizational profit *etc*. It would be good to make the organization less formal allowing employee to have the freedom to get job done efficiently and increase organization performance through whatever means known to the employees of the organization.

Nwachukwu and Chladkova (2018) conducted a study on firm resources, strategic analysis capability and strategic performance; organisational structure as moderator. They concluded that the relationship between human resources, financial resources and strategic analysis capability and strategic performance was enhanced when organisational structure was added as a moderator. Additionally, a flexible organisational structure and governance performance model enhanced strategic performance.

Crespi *et al*. (2018) studied about the alignment of organizational structure and R & D management in internationalized public company. They concluded that organizational structure provided a structural framework for R & D management, promoted knowledge sharing and infrastructure. This made the strategic planning (Agropensa, portfolios and arrangements) to result in R & D projects, via macro programs, generated innovations for the Brazilian agriculture.

Kashapov *et al*. (2020) worked on modeling the processes of forming the organizational structure of management in integrated formations. They found out

interdependence of the long-term plan and the organizational structure of management, in other words, the most important task of modernizing the economy was not to increase the technical equipment of production, but to increase their balance with labour and material resources.

Faridi and Pooja (2021) studied the performance of agro based industry in India. They studied the share of challenges when it comes to agro-based industry. They concluded that the agro-based industries had a lot of issues to deal with. There were two main types of these issues: external and internal. External issues are those that arised from sources outside of the industries themselves, such as power outages or a lack of adequate infrastructure. Organizational, structural, technological, financial, marketing, *etc.* issues were examples of what we call "internal difficulties," since they were not affected by external factors.

Pestrikov *et al*. (2021) conducted a study on formation of conceptual foundations for modeling the organizational structures of agricultural entities based on multilevel cooperation. They found out that the organizational structure of agricultural formations took on a more structurally consistent look, but, with elements of standard administrative management. A new methodology was needed for the formation of organizational structures of agricultural formations. One way to resolve the issue was to create flexible multi-level cooperation systems, allowing to consider the interests of both members of a single cooperative and a group of cooperatives that synergistically consolidate the available and attracted resources. Thus, the organizational structure should be flexible and adaptable. Not only self-organized but striving for self-development.

Singh *et al.* (2022) worked on role of organizational structure and behaviour for ensuring sustainability of farmer producer organisations in Punjab. They concluded that organisational structure also affected behaviour and performance of members in the FPO. They also concluded that attention should be given to build and strengthen organisational structure of the non-functional FPOs for their optimal performance.

Samur (2022) conducted examination of the effect of the organizational structure of the enterprise on profitability. He concluded that the most important

management decisions were financial decisions. Organizational intelligence provides the possibility of using human resources, intangible resources and physical resources with the best use in the organization and through management ability, it promotes social and communication capital in the organization. The quality and quantity of people's relationships with each other in communication networks was one of the important aspects of social capital, which caused the exchange and transfer of information and knowledge. Management ability can control the risks of the company with such interactions and even to guide in the direction of achieving the company's goals.

Review of the above studies highlights that examining an organization's structure is important for understanding how tasks and responsibilities are distributed within a unit. A clear structure supports better coordination, decision-making and overall efficiency. Hence, this study focuses on analyzing the organizational setup of the unit in Hyderabad to understand its role in facilitating smooth operations and management.

2.2 Production cost

Abeynayaka *et al*. (2020) conducted a study on economics of turmeric production in Sri Lanka: An Empirical Analysis in Major Turmeric Growing Districts. They concluded that the turmeric production was profitable in the study area as estimated by net returns and benefit cost ratios.

Agarwal *et al.* (2020) worked on analysis of the financial returns of different spices grown under teak based agri-silviculture system. The economics regarding the cultivation of the crop were calculated separately for different treatment on per hectare basis. The fixed cost of cultivation of crops, fertilizers used in different treatments, cost of seeds, cost of oil extraction, *etc*. were calculated separately for determine the economics of cultivation. They concluded that Teak based agri-silviculture system showed that both net returns and benefit cost ratio were higher with Chilli. The higher net returns and benefit cost ratio realized due to higher returns. It was recorded that the highest gross return was noticed in Chilli with ₹ 2,20,640/- . It was recorded that the highest net return was noticed in Chilli with ₹ 1,66,501.82/-. The lowest net returns and benefit cost ratio was found for Cumin.

Ashwini *et al*. (2021) studied on the Performance of spice-based enterprises facilitated through Agri Business Incubators. They found the breakeven

analysis of average data from spice enterprises involved with spice powder facilitated through the ABI. Average data of 19 enterprises involved in spice powder production (both ordinary and fortified) were used for the performance analysis. All the enterprises included in the study were started between 2013-2018 and had spice powders like turmeric powder and chilli powder as the major products. The enterprises had an average initial investment of ₹ 25,000 and these enterprises operated at an average unit production cost of ₹ 250/kg and marketed it at the average rate of ₹ 300/kg. The enterprises needed to produce and market on an average of 500 units products to enter the profitability zone. The average production cost to produce 500 kg was ₹ 1,50,000. It was inferred from the results that marketing of 500 units of output could fetch A1,50,000 of income which covers both fixed (A25,000) cost and variable cost (A125,000) and was the breakeven point for the spice powder enterprises. These results suggested that every unit needs to produce at least 500 units to cover the investments and enter the profitable zone. The spice powder enterprises in the study were producing on an average 570 units/month, it showed that the enterprises started to make profit from first month of their initiation itself.

Jaiswal *et al*. (2021) conducted a study on an economic analysis of production, processing and marketing of turmeric: A case study of Sambhav farmer producer organization, Raigarh district of Chhattisgarh. They concluded that the major share of cost on the cultivation of turmeric was observed as high labour charges which was average estimated 32.7 per cent. The next major cost was observed as seed cost 22.79 per cent.

Singh *et al*. (2021) conducted a study on spice based rural economy of north eastern hill region of India: value chain analysis of organically produced major spices. From their analysis of cost of production of turmeric and its by-product it was clear that the processed product has fetched higher returns of the product. Therefore, the establishment of slice/flakes maker, dryers, grinders and packing machines were need of hours. As per estimation 5.44, 3.69, 11.89, 25.44 per cent of turmeric processed in the form of powder in the state of Mizoram, Meghalaya, Manipur and Sikkim, respectively. The large quantity of turmeric of the state of Mizoram and Meghalaya was disposed in the form of slice/flakes to the pharmaceutical industries. Hence, benefits of value addition

through processing plants should be tapped. Similar to turmeric, the chilli crop disposed in three forms *viz*. green, dry, powder and pickle. As per estimation about 19.46 per cent of chilli was disposed in powder form in the state of Mizoram. Whereas, in the state of Nagaland chilli has been disposed only in the form of green chilli or dry chilli. The chilli of Sikkim mostly in green form followed by processed in the form of pickles. Hence, still there are many scope of chilli processing.

Bhaskar *et al*. (2021) studied on an economics analysis of processing and marketing of spices in Mungeli district of Chhattisgarh. They concluded that in these 3 products maximum Input- Output ratio was 1:1.25 and minimum variable: cost (V: C) ratio was 0.80 for turmeric powder. The minimum Input-Output ratio was 1:1.07 and maximum VC ratio was 0.93 for Chilli Powder. The business performance of Spices product Turmeric powder, Coriander powder and Chilli powder in deep women SHG Gailugoan, Lormi were - the total sale of Turmeric powder was quintal, net return 40 ₹/kg and total return was 16000 ₹/ year. This was the maximum among all three products. The total sale of Coriander powder was 3.5 quintal, net return 30 ₹/kg and total return was 10500 ₹/year. Whereas the total sale of Chilli powder was 3 quintal, net return 20 ₹/kg and total return was 6000 ₹/year.

Rashid *et al*. (2022) worked on financial and economic profitability of selected spices crops in Bangladesh. They concluded that the profitability of a commodity production crucially depended on its prices, cost of production and availability of technology. Profitability depended on the costs involved in production and returns from its product. On the other hand, the amount of input use affected directly the cost. So, it was worthwhile to know the existing technology in terms of agronomic practices and input use in the area.

Wakale *et al.* (2022) conducted an analysis on Economics of production of turmeric in Amravati district. They observed that the input-output ratio which was an indicator of economic efficiency in crop production for the crop and other discussion indicated that turmeric registered a good input output ratio 1:1.69 at overall level. Which means turmeric production was profitable venture in Amravati district.

Kambale and Gadakh (2023) conducted an analysis on Economics of production of turmeric in Akola district. They observed that the per hectare total cost of

cultivation of Turmeric was highest in the large size group *i.e*. ₹ 320584.94 per hectare followed by medium size group (₹ 310859.56) and small size group (₹ 299825.93), respectively. The average yield and gross returns per hectare increased with the increase in size of farms. The benefit cost ratio of Turmeric at cost 'C3' was 1.65 in small group, 1.69 in medium group and 1.72 in large group. This indicated that, cultivation of turmeric crop was economically profitable.

Pramoth *et al.* (2023) conducted a study on Cost and Returns Analysis of Turmeric Production in Kodumudi Block of Erode District from Tamil Nadu, India. They concluded that the human labour, manures and planting supplies were most expensive among sampled farms on turmeric. The benefit cost ratio was ₹ 2.28 and the cost of production per quantity was ₹ 4395.53.

Navyashree *et al.* (2024) conducted a study on economic analysis of cost and returns in turmeric production and processing in the Chamarajanagar district of Karnataka, India. They concluded that the Cost-Benefit analysis of turmeric production without and with primary processing was found to be 1.21 and 1.25, respectively, indicated that the production of turmeric was highly remunerative for growers in the study area.

As highlighted in the above studies, analyzing production costs and returns is important for evaluating the economic efficiency of processing units. It helps in identifying cost-effective practices and assessing profitability. Therefore, this study attempts to examine the cost structure and returns of spice powder production at the unit level in Hyderabad to provide insights into its financial viability and operational sustainability

2.3 Financial performance

Sharma *et al*. (2010) investigated the financial viability of Himachal Pradesh's agro processing industries by survey method for the year 2006-07. He analysed the liquidity position of the 900 small agro-processing enterprises by calculating the current ratio and quick (acid test) ratio. According to the acid test, most processing sectors had high current ratios but low quick ratios. This suggested that many companies had large amounts of unsold inventory rather than receivable cash balances. The debt-to-equity, profitability and sales turnover ratios were favorable to small units compared to

large units. Overall, the agro-processing units performed admirably in liquidity, profitability, investment and leverage.

Katchova and Enlow (2013) studied financial performance of publicly-traded agribusinesses. They concluded that agribusinesses outperformed at the median the group of all firms in terms financial ratios related to profitability, liquidity and market ratios, but they had slightly lower liquidity and debt ratios. The strong financial performance of food processing agribusinesses made them valuable investing options particularly during the recent economic recession. These findings contributed to existing research by examining the common indicators of corporate success on agribusinesses.

Dutta and Borah (2016) carried out a similar study on the financial performance of Assam's food processing businesses was evaluated using data from 1998-99 to 2011-12 from ASI data for the production of food goods and drinks at the two-digit level. For both Assam and India, the Debt-Equity Ratio (DER) was unsatisfactory. The performance of FPI in terms of profitability is deteriorating at both the state and national levels. Over time, it had become clear that Assam's current ratio was unsatisfactory.

Nirgude *et al*. (2018) evaluated economics of farmer producer organization (FPO): A case study of Abhinav Farmers Group, Narayangaon, Pune. The findings demonstrated that current assets contributed 11.37 per cent whereas intermediate assets contributed 12.51 per cent and fixed assets share was 76.12 per cent amongst total assets. In current assets highest share was contributed by pre cooling and cold storage receipt *i.e.* 10.94 per cent. In case of intermediate assets highest share was contributed by cold storage *i.e.* 6.36 per cent. In case of fixed assets highest share was contributed by building *i.e.* 76.12 per cent. In total liabilities highest share was contributed by long term liabilities (51.25 %) followed by current liabilities (30.35 %) and intermediate liabilities (18.40 %). In current liabilities highest share was contributed by labour payment (8.31 %) followed by container loading charges (4.93 %) and employee payment (4.71 %). Benefit-cost ratio of FPO was 1.32 at 30 per cent discounted rate and internal rate of return was 32.10 per cent along with payback period of 18.4 years.

Begum *et al.* (2019) conducted a study on economic analysis of turmeric cultivation; Evidence from Khagrachari district. They concluded that production of turmeric was profitable as farmers earned higher level of net returns from turmeric they

produced. ₹ 127219 per ha in turmeric farming. It was observed that turmeric farms were able to generate positive returns to variable costs. This indicated that farms were willing to pursue turmeric farming as the returns to variable costs were positive. The BCR of sampled farmers was 2.20.

Rao and Lokeswari (2020) conducted a study on financial performance evaluation of selected agro- based industries in Chittoor district of Andhra Pradesh. They found out that the current ratio (1.49) and quick ratio (0.90) of the industry are lower than the respective standards (2.00 and 1.00 respectively), but were higher than the practical standards recommended by bankers (1.33 and 0.66 respectively). Therefore, liquidity position of the industry was satisfactory. The profitability ratios of the industry were satisfactory as the average gross profit ratio (18.86 %). The profitability ratio indicated the fact that the production and operating efficiency of the industry was moderate.

Liu *et al*. (2021) studied the determining factors of financial performance of agricultural listed companies in China. They concluded that financial performance of China's agricultural listed companies had a fluctuating downward trend. Firm size, long-term liability ratio and sales growth rate could improve financial performance. Third, debt ratio, capital intensity and export intensity hindered financial performance.

Sawalkar *et al*. (2021) conducted a study on financial performance analysis of small scale agro processing units in Pune district. Liquidity ratios and profitability ratios were calculated analyzing the financial performance. They found out that the average current ratio of industry was 1.84 which was less than conventional standard ratio i.e. 2 but banks accept standard current ratio of 1.33. Industry had maintained higher average current ratio than bank standards. This was a good signal for industry for financial healthiness. The average liquid ratio was 0.88 which was less than conventional standard ratio of 1. Banks accept 0.66 as standard liquid ratio, hence industry average was greater than 0.66 and indicates satisfactory position in terms of average liquid ratio. The industry average gross profit ratio was 22.58 per cent indicated satisfactory profitability position of the industry. It was observed that industry average net profit ratio for small scale agro processing units was 12.73 per cent. Overall performance of small scale agro processing units was satisfactory.

Kondepudi and Saxena (2022) worked upon use of financial ratios to measure the performance of food processing industries of Andhra Pradesh. They emphasized that in industrial economics, financial ratios analyzed an industry's financial conditions and business performance. Financial success may be measured by looking at things like solvency, liquidity, profitability and turnover, among other things. The ratios indicated the business's strong and weak points, indicated the management about the difficulties occurring and how to take appropriate corrective action to ensure the industry's efficient operation.

Baral *et al.* (2021) conducted a study on production and marketing of turmeric (Curcuma longa) in Sunsari District, Nepal. They concluded that Gross margin analysis, higher net profit, benefit-cost ratio showed that turmeric cultivation was a profitable and lucrative enterprise in Sunsari. Therefore, the investment in turmeric enterprise was found financially viable in the study area. The results of the study further revealed that farming was done traditionally and the farmers were the main input suppliers themselves.

Chandok and Dave (2023) conducted an analysis of liquidity of selected companies from the agro-based manufacturing sector in India. They stated that use of financial ratios had been multi-dimensional for understanding a company’s financial performance, easing comparison, to track a company’s financial trend and to spot areas of strengths and weaknesses. The technique of ratio analysis was used to measure liquidity of the selected agro-based manufacturing companies of India and to understand and interpret their short-term financial soundness.

According to the available literature review, calculating the financial ratios is critical to examine the financial performance of the unit. As a consequence, at the micro level, it is an effort to assess the financial performance of this unit in Hyderabad.

2.4 Constraints in unit

Singh *et al.* (2012) conducted a study upon the food processing industry in India: challenges and opportunities. They concluded that major constraints for the growth of the Indian food processing industry included the absence of adequate infrastructure, particularly rural road connectivity, inadequacy of information and marketing linkages, lack of electricity supply and the absence of cold chain systems. The cold chain capacity

catered to less than 10 per cent of the produce and within that facilities were so rudimentary that over 80 per cent were only capable of handling potatoes. Maintaining the standards of quality was another major constraint and there were two aspects to it. First, there was poor infrastructure for storing raw food materials. The two main types of storages – the warehouses and the cold storages, lag in storage standards. The pests infested the grains sometimes due to lack of monitoring, proper use of pesticides and proper ventilation. Similarly, the power outages resulted in sub optimal function of the cold-storages and the quality of food material in the cold storages becomes questionable. The second important aspect was having poor quality standards and control methods for implementing the quality standards for processing and packaging the processed foods.

Prakash and Varadharaj (2014) mentioned post-harvest constraints like poor transportation facilities connecting villages to the central market, lack of proper storage facilities, refrigerated trucks and adequate highways inadequate cold storage, poor weighing procedures for grading and sorting, weighing facilities, generator, electricity, telephone, internet, toilets, cafeteria, stalls for merchants, transport, *etc*. services in market yards. Under developed spice parks in very few region of seed spice belt had to be taken care in years to come.

Akpo-Djènontin *et al*. (2016) worked upon processing, storage methods and quality attributes of spices and aromatic herbs in the local merchandising chain in Benin. It is understood by their findings that the duration of the storage of spices was a function of the storage methods used (refrigeration, drying, packaging). The dried products last longer and can be stored during two years as mentioned by 86 per cent of the processors. The survey also showed that the major storage problems faced by the processors were the rotting of fresh SAH (cited by 65.3 % of the respondents), the attack by mould related to the no ground dried products pointed out by 63.3 per cent and powder products mentioned by 26 per cent of the interviewees. The presence of dead maggots (38.2 %) of processors, the loss of weight (18.1 %) and aroma (9.98 %) during the storage were also reported for dried products in general and the ground ones in particular. Other major problems observed were the general unhygienic conditions of the processing sites and the processing material leading to the contamination of the product.

Tiru *et al*. (2017) worked on spice production, marketing and utilization in South Wollo, Ethiopia. From their results, though spices have various utilizations, the emphasis given by research and extension activities were very unsatisfactory. Hence, there was lack of awareness on spice production, processing, storage and marketing among producers. Farmers used their traditional farming practices and usually harvest very low yield. Similarly, the marketing system was not managed through organized efforts. Collecting, characterizing and analyzing essential oils and other important ingredients of spices would add value to spice production, so that spices would play great role in improving farmers' livelihoods. Detailed study needs to be done on spice value chain to identify value chain actors and value chain constraints. Strong market linkages need to be established between farmers, retailers, wholesalers and consumers so that farmers could get better price.

Bhushan and Mishra (2018) studied about spices industry in India: challenges & opportunities. They key challenges listed by them were poor product quality, competition, low productivity, insufficient quantities of quality spices, insufficient mechanization of spice production and processing, poor post-reap handling, drying of spices on non-clean surfaces making further tainting from microorganisms, for example, organisms, germs and microbes including unsafe ones like Salmonella, Proper drying of spices inside 8-12 for each penny of dampness was not done in the wake of gathering, bringing about microbial defilement.

Patel and Rathod (2019) analysed problems and constraints to the development of agro processing industries in Gujarat. The study concluded that lacking of resources required for sustainability of enterprise like physical facility of place, stock of raw material, professional management system, marketing of products, coordination between different industrial agencies, technological development, adequate finance, sources of finance, working capital, substitute of raw material, export facility, adequate power supply, project execution, easy government and licensing procedure, development of marketing linkages were needs to seriously concentrate. The finding from study suggested important area for training by entrepreneurs were quality management, packing techniques, technology upgradation, marketing channel development, marketing management, brand promotion, export promotion, advertising and promoting agricultural

products, Research and development, Branding of products for suitable units. Agro-based industries must faster the spirit of interdependence between agriculture and industry. Such industries must use the raw materials provided by agriculture and their output must have a market among the rural population. Surplus rural manpower must be absorbed by these industries.

Tanimonure *et al*. (2020) conducted a study on exploring economic opportunities in some selected spices farming enterprise in Ondo state, Nigeria. They emphasized that only 7 per cent were faced with problems of pest and diseases; 26 per cent had inefficient market channels and links with the international market; and 19 per cent had problems with processing and storage to meet industrial standards. Inefficient market channels were the prominent problems they faced in the study area.

Aradwad *et al.* (2021) studied key issues and challenges in spice grinding. They concluded that spice grinding had a significant impact on the physical and chemical properties of powders. Finer particles might affected the hydration and absorption properties. The grinding method and improved grinding techniques significantly affect the retention of volatile oil and its flavoring compounds. Cryogenic grinding showed higher retention of these compounds compared with other grinding methods. Spice grinding had a significant impact on the physical and chemical properties of powders. Finer particles might affect the hydration and ab sorption properties.

Chavan *et al*. (2022) studied problems faced in *rabi* sorghum grain production in economics of *rabi* sorghum grain production and certified seed production in Satara district of Maharashtra. In which the major problem faced by the grain producer farmer was labour scarcity at peak season with RPI value 0.66 having rank I followed by higher wages rates with RPI value 0.63 (rank II) and higher prices of pesticides with RPI value 0.51 (rank III), lack of availability of good quality seed, insufficient institutional credit, higher cost of fertilizer, lack of technical knowledge, non-availability of inputs in time.

Kumar *et al.* (2024) had worked on Assessing risk and sustainability factors in spice supply chain management. They had concluded that adulteration of spices, chemical pollution, pesticide residues and other issues arose in the spice industry. In many situations, lack of infrastructure, sun drying of spices on the ground, unsuitable

storage houses and other factors contribute to the degradation of spice quality, flavor and aroma. Due to overburdening businesses with spice demands, chemical residuals were not properly crosschecked, posing serious health and environmental risks. Furthermore, in the spice supply chain system, insufficient technology and policies are insufficient which do not synchronize. The entire system was additionally hampered by a lack of technology and investment resources for effective spice handling from producer to end user, as well as the lack of a coordinated market with private participants, which affected promotion and profit.

To summarize, the above researchers have studied the economic analysis in different areas of study. An attempt, therefore, will be made in the present investigation to study structure and economic performance and financial ratios and problems associated with the processing unit in order to find the actual cost, profit, employment generation and problems incurred by the unit in the process of running.

3. METHODOLOGY

Every research project has to be planned and adopted with appropriate methods and procedure to obtain the desired results of the scientific study chosen**.** This chapter deals with the explanation of method and techniques was used in conducting the present study. The study has been carried out to analyses the organizational structure, production costs of major products, financial performance and constrains of the unit.

The methodology adopted for the present investigation has been discussed under following headings.

3.1 Selection of the Study Area

Hyderabad district of Telangana was purposively selected. Srivari Spices and Foods Limited have wide variety of product mix. So, it has been selected purposively for the study. In addition to wider product mix, maintenance of detailed data and records and easy accessibility to data prompted to its selection.

3.2 Data Requirement

The required data for the financial year 2023-2024 was collected from the annual budget provided. For calculating the cost of manufacturing, data was collected by taking actual observations of the activity of the unit by conducting interview with the supervisors and from the records maintained by the unit for the year 2023-2024. Discussions were held with machine operators and in-charge of different sections. The detailed data on various aspects like raw material used for different sections of the unit for manufacturing different products, output of different products was acquired from the production manager. Information regarding salary, manpower in each section of the plant and other benefits of the staff were collected from account section and the managing director. Information regarding spare parts, sundry items, electricity bills, telephone bills, interest paid on loans after recurring expenditure on plants, chemicals used for testing of sample in quality control section from the log book maintained by different sections.

3.2.1 The major aspects of data requirements were as under

i. Primary information of the unit.
ii. Initial investment of the unit.
iii. Fixed and operating cost of the unit
iv. Repairs and maintenance cost.

v. Fees, taxes, insurance and other relevant expenses.

vi. Labours, supervisory staff and decision makers engaged with their bills, salaries and allowances.

vii. Problems encountered by the unit in acquisition of raw materials, production processes

3.3 Method of Analysis

The data collected from the unit was compiled according to different products. The compiled data was further analysed to obtain a results of the study.

3.3.1 Estimation of Production Costs and Returns

The production cost was estimated with the help of fixed cost and variable cost concept. Components such as depreciation on building and machinery, interest and tax are included in fixed cost. Components such as raw material, procurement cost, labour wages, packaging material cost, supervision charges and overhead charges are included in variable cost. Total cost was estimated by considering fixed cost and variable cost involved in manufacturing of various products which is represented by

Total cost = Total fixed cost + Total variable cost

3.3.1.1 Fixed costs

Fixed costs are those cost which do not change or vary upon the level of production.

3.3.1.1.1 Depreciation on building and machinery

Depreciation is the loss in the value of an asset due to its wear and tear and time obsolesces. Depreciation was calculated by straight line method. The life of buildings depends upon the quality of construction as well as its care and maintenance. Life span of equipment and machinery depends upon depreciation rate. Higher the depreciation rate lesser is the life span. Depreciation on plant, property and equipment was calculated on a written down value method as per useful life of asset prescribed under Schedule II of the Companies Act, 2013.

3.3.1.1.2 Interest on Fixed Capital

The interest rate on fixed capital was taken into account as per the current interest rate offered by the bank.

3.3.1.2 Variable cost

Variable cost is those cost which vary with the level of production. Higher the production, higher will be the extent of variable cost. The following costs were grouped as variable cost

3.3.1.2.1 Raw material cost

The raw material cost includes all the expenditure on raw material inputs like raw turmeric, red chillies, coriander seeds and all other ingredients which are needed depending upon product. Fluctuations in price of raw materials were observed during the period of study so the weighted average of price was taken into account.

3.3.1.2.2 Labour charges

Salaries, wages and other benefits and facilities entitled to the employees taken under labour charges. The time studies conducted to arrive at labour-time spent in manufacturing of individual products and labour cost was apportioned.

3.3.1.2.3 Packaging charges

The manufactured spice products must be packed with a packaging material. The cost incurred on such material is considered in this charge.

3.3.1.2.4 Overhead charges

While drying and processing of spices and manufacturing of the final spice powders, expenses which were incurred on stores and maintenance, quality control, resource utilized cost (electricity) were considered under this heading.

3.3.1.2.5 Repair and Maintenance

The expenditure incurred on repair and maintenance of equipment; machinery was allocated as per the records maintained.

3.3.2 Total Cost and Return of the unit

The total revenue earned from the unit was calculated by multiplying the total quantity of product marketed with the price of that product per unit. Net returns per product is also calculated by subtracting total cost from total revenue of that product to check higher returns from particular product.

3.3.3 Financial Performance Analysis

3.3.3.1 Break even analysis

The break-even point is the level of operation at which total revenue equals to total costs. The break-even quantity is estimated by using the formula,

$$BEQ = \frac{TFC}{P - VC}$$

Where,

BEQ = Break even quantity

TFC = Total annual fixed cost (₹)

P = Price per kg produced (₹)

VC = Variable cost per kg produced (₹)

3.3.4 Financial Indicators

Tests of liquidity were framed to test the ability of the farming units to meet the current financial obligations. Liquidity plays a prominent role in business enterprises through its sensitive characters of meeting immediate financial demands.

3.3.4.1 Ratio Analysis

In order to evaluate financial condition and performance of any firm, one of the widely used and powerful tools is ratio or index. Ratio analysis plays an important role in determining the financial strengths and weaknesses of a company relative to that of other companies in the same industry. The analysis also reveals whether the company's financial position has been improving or deteriorating over time. The value of ratio analysis enables the equity or credit analyst, lenders, traders and other users to evaluate past performance, assess the current financial position of the Company and gain insights useful for projecting future results.

3.3.4.1.1 Liquidity Ratio

These ratios depict the unit's ability to meet short-term obligations with short-term resources. Current assets are those that can be realized in one year or less. Cash and cash equivalents, accounts receivables, inventory, marketable securities, prepaid expenses and other liquid assets are all included in this category. For the purposes of this study, the following ratios were calculated (Vijayalakshmi and Sowndarya, 2017).

i. $$\text{Current ratio} = \frac{\text{Current asset}}{\text{Current Liabilities}}$$

ii. $$\text{Quick ratio} = \frac{\text{Quick asset}}{\text{Quick Liabilities}}$$

iii. $$\text{Cash ratio} = \frac{\text{Cash + Marketable securities}}{\text{Current Liabilities}}$$

3.3.2.1.2 Activity Analysis

These ratios are used to assess how effectively a unit manages and utilizes its assets. Because they show how quickly assets are transformed or turned over into sales, these ratios are also known as turnover ratios. As a result, activity ratios entail a link between sales and assets. To assess the efficiency of asset utilization, a variety of activity ratios will be evaluated. For the purposes of the study, the following ratios were calculated,

i. $$\text{Fixed Asset Turnover Ratio} = \frac{\text{Net sales}}{\text{Net fixed asset}}$$

ii. $$\text{Current Asset Turnover Ratio} = \frac{\text{Net sales}}{\text{Current asset}}$$

iii. $$\text{Current Asset Turnover Ratio} = \frac{\text{Net sales}}{\text{Total asset}}$$

3.3.2.1.3 Profitability Analysis

The ratio analysis will be utilized to investigate the profitability situation. It's a measure of control and efficiency. It refers to the efficiency or efficacy with which a unit's activities are carried out. Profitability is the ability to make a profit, which is a critical aspect in a unit's survival. Every business wants to get the most profit out of its invested money. The company's success is usually determined by the profits it generates. For the purpose of profitability analysis, the following ratios were calculated; (Idhyajothi *et al.*, 2014).

$$\text{i. Net profit ratio} = \frac{\text{Net profit}}{\text{Net sales}} \times 100$$

$$\text{ii. Gross profit ratio} = \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

$$\text{iii. Operating ratio} = \frac{\text{Cost of goods sold}}{\text{Net sales}} \times 100$$

4. RESULTS AND DISCUSSION

This present chapter has been devoted to explain the results of data analysis, with certain linkage of facts arrive at some meaningful inference, in relation to objectives under study. The major emphasis of the study is on resource structure, costs and returns of Srivari Spices and Foods Limited, Hyderabad. The employment pattern and problems in production of spices were also studied. The required data for the year 2023-24 regarding the production, sales, financial information and production cost of the spices were collected by survey method through personal interview with the manager of unit and the results are presented as below. In general, this chapter deals and presents the objective wise findings of the study under the following major heads

4.1 Study of organizational structure of the unit

4.2 Cost and return structure of the unit

4.3 Financial performance of the unit

4.4 Problems faced by the unit

4.1 Study of organisational structure of the unit

As there is an objective for the study of organization structure of the unit, in this section the background and history of the unit, the organization of the unit, its hierarchy structure, the role of people employed for different sections, strategic management and the processes or activities undertaken in various sections are discussed in detail.

4.1.1 Background and History of Srivari Spices and Foods Ltd

Srivari Spices and Foods Private Limited is a company incorporated on 29th January, 2019 as a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated 30th January, 2019 issued by the Deputy Registrar of Companies, Central Registration Centre. Subsequently, the Company was converted into a public limited company and consequently the name of our Company was changed to ‘Srivari Spices and Foods Limited’ and a fresh certificate of incorporation dated 27th December, 2022 was issued by the Registrar of Companies, Telangana at Hyderabad. The corporate identification number of our Company is

L15494TG2019PLC130131. The registered capacity of the unit is 15000 Million Tonnes Per Annum. The Corporate office is located at 4-1-875, RDB Blue Hope, Tilak Road, Abids, Hyderabad and the production facilities are located at survey number 234/4 and 234/5,Jalpally Village, Balapur Mandal, Ranga Reddy District, Telangana and another at 365/A, Raikal Village, Farooqnagar, Ranga Reddy District, Telangana. The brand name used for marketing its products is “SRIVARI”. Its products are marketed in states of Telangana and Andhra Pradesh with a unique business model, firstly comprising of “D2C” (Direct To Customer) where products are delivered at the doorstep of the customers using approximately 15,000 retail stores. Secondly, “B2B” (Business To Business) wherein products are supplied to suppliers.

4.1.2 Organization structure

An organizational structure tells us how the activities are taken place in a unit such as allocation of tasks, coordinating activities of procurement, production, marketing and supervision of overall activities which subsequently are directed towards the goals of the organization. Organizational structure plays a key role in affecting the organizational plan and provides a foundation on which other operations rest.

Board of Directors: There are six directors in total. The details are as follows:

Table 4.1. Board of Directors

Sr. No.	Name	Designation
1	Mr. Narayan Das Rathi	Chairman & Whole Time Director
2	Ms. Neihaa Rathi	Whole Time Director
3	Mr. Uday Kiran Reddy Sama	Independent Director
4	Ms. Rashida Younus Ahmedabadwala	Independent Director
5	Mr. Hari Prasad Puttumurthi	Independent Director
6	Mr. Venkata Srinivasan Kodakalla	Independent Director (Additional)

In the year 2023-2024, the directors had 20 board meetings throughout the year. During the meet, the evaluation of the working of the Board, its committees, experience and expertise, performance of specific duties and obligations etc were carried out. The general manager and the supervisors meet quarterly to discuss on the supervision activities. For better management, the company also has four committees of the Board,

namely:

Table 4.2. Committees and members of the unit

1. Audit Committee	
Mr. Uday Kiran Reddy Sama	Chairman
Ms. Rashida Younus Ahmedabadwala	Member
Mr. Hari Prasad Puttumurthi (ceased w.e.f. 28.05.2024)	Member
Mr. Venkata Srinivasan Kodakalla (w.e.f. 28.05.2024)	Member
2. Nomination and Remuneration Committee	
Mr. Uday Kiran Reddy Sama	Chairman
Ms. Rashida Younus Ahmedabadwala	Member
Mr. Hari Prasad Puttumurthi (ceased w.e.f. 28.05.2024)	Member
Mr. Venkata Srinivasan Kodakalla (w.e.f. 28.05.2024)	Member
3. Stakeholders Relationship Committee	
Mr. Uday Kiran Reddy Sama	Chairman
Ms. Rashida Younus Ahmedabadwala	Member
Mr. Hari Prasad Puttumurthi (ceased w.e.f. 28.05.2024)	Member
Mr. Venkata Srinivasan Kodakalla (w.e.f. 28.05.2024)	Member
4. Corporate Social Responsibility Committee (constituted w.e.f. 04.09.2024)	
Mr. Uday Kiran Reddy Sama	Chairman
Ms. Rashida Younus Ahmedabadwala	Member
Mr. Narayan Das Rathi	Member
Mr. Venkata Srinivasan Kodakalla	Member

The roles of the following committees are:

1. Audit Committee

The audit committee is responsible for the company's financial reporting process, disclosure of its financial information to ensure if the financial statements are correct, sufficient and credible; Recommendation for appointment, remuneration of auditors of company; reviewing the quarterly and annual financial statements; monitoring the end use of funds raised through public offers; valuation of assets of company; evaluation of internal financial controls and risk management systems.

2. Nomination and Remuneration Committee

The powers and the role of the Nomination and Remuneration Committee include: the formulation of the criteria for determining qualifications, positive attributes and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; formulation of criteria for evaluation of performance of independent directors and the board of directors; framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws.

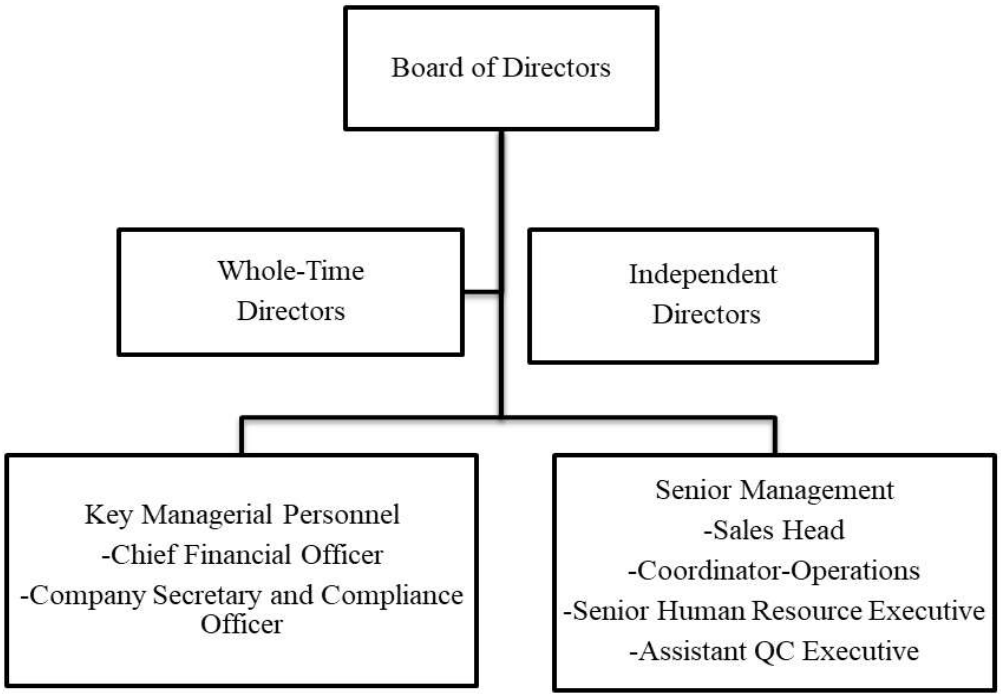
3. Stakeholder's Relationship Committee

The powers and scope of the stakeholder's committee include: Resolving the grievances of the security holders of the company including complaints related to transfer of shares, non-receipts of annual reports, issue of new/duplicate certificates; review of measures taken for the effective exercise of voting rights of by shareholders; ensuring timely receipts of dividend warrants/ annual reports/ statutory notices by the stakeholders of the company.

4. Corporate Social Responsibility Committee

The provisions of CSR are applicable to the company for the financial year 2024-25, based on the profit for the financial year 2023-24. Accordingly, the Board of Directors of the Company in its meeting held on 04th September 2024 constituted a Corporate Social Responsibility Committee. The role of this committee is to formulate CSR policies; approving CSR initiatives and budgets; monitoring and evaluating CSR activities; ensuring compliance with laws and regulations; communicating CSR impact to the shareholders.

Figure 4.1 Organisational structure



4.1.2.1 Organizational structure and roles of the Unit

The organizational structures and role definitions have been established to ensure efficient operations and effective management. This includes clearly demarcating responsibilities across departments and levels of authority.

i. Whole-Time Directors (WTDs)

Whole-time directors are full-time executives responsible for the day-to-day operations of a company. They are actively involved in strategic decision-making, financial planning and policy implementation. They act as a bridge between the board and the management team, ensuring that corporate objectives align with business strategies.

ii. Independent Directors

Independent directors provide an unbiased perspective in corporate governance. They are not involved in the day-to-day operations but play a crucial role in ensuring transparency, fairness and ethical business practices. They oversee risk management, internal controls and financial reporting while protecting the interests of shareholders and stakeholders.

iii. Chief Financial Officer (CFO)

The CFO is responsible for managing the financial health of the company. They oversee budgeting, financial planning, risk management and investment decisions. The CFO ensures compliance with tax regulations, audits and corporate financial policies while maintaining transparency in financial reporting, maintaining financial statement of the plant.

iv. Company Secretary (CS)

The CS ensures that the company complies with legal and regulatory requirements. They manage board meetings, maintain statutory records and oversee corporate governance matters. They serve as a key advisor to the board on legal and compliance issues.

v. Compliance Officer

The Compliance Officer ensures that the company adheres to all legal, ethical and regulatory guidelines. They develop compliance policies, conduct audits and

mitigate legal risks. They work closely with regulatory authorities and internal teams to maintain transparency.

vi. Sales head

The Sales Head is responsible for driving revenue growth and achieving sales targets. They develop sales strategies, manage key client relationships and lead the sales team. They also analyze market trends and customer demands to optimize sales performance.

vii. Coordinator of Operations

The Coordinator of Operations ensures smooth workflow across departments. They oversee procurement of raw material, logistics, drying operations, resource allocation and process improvements, supervision. Their role includes optimizing efficiency, managing supply chains and ensuring operational goals align with corporate objectives.

viii. Senior Human Resource Executive

The Senior HR Executive manages talent acquisition, employee engagement, performance management, feedback systems and workplace policies. They ensure compliance with labour laws, oversee training programs and maintain a positive work culture to enhance productivity.

ix. Assistant Quality Check Executive

This role involves inspecting and ensuring the quality of products and services before they reach the market. The executive follows quality assurance protocols, conducts testing with the laboratory equipment, maintaining moisture percentage as recommended and ensures compliance with industry standards. They help in reducing defects and improving customer satisfaction.

x. Human Resource Utilization

Agro-based industries are an important source of generating employment. There is a significant requirement of manpower in the unit for performing several operations.

4.1.3 Employment patterns

Employment patterns within units refer to the various ways individuals engage in paid work within a specific organization or economic unit, encompassing

different types of jobs, working conditions and career paths within that unit. They can also describe the shifts and changes in these patterns over time within the unit, including factors like job roles, work arrangements and career progression opportunities offered by the organization. These patterns are influenced by individual choices of employees within the context of the unit, structural factors relevant to the unit's industry and operations and institutional mechanisms such as the unit's policies and management practices.

It is revealed from the Table 4.3 the information related to employment pattern of the unit reveals the concentration of manpower in operations which are divided into sales, administration, manufacturing and others.

Table 4.3. Employment pattern of unit

Sr. No.	Division/Department	Number of Employees	Percentage share
1	Sales Division	39	41.49
2	Administration	9	9.57
3	Manufacturing	39	41.49
4	Others	7	7.45
	Total	**94**	**100.00**

From the table, it is evident that there was a human resource of 94 employees in the unit. It was observed that a major share of human resource is concentrated in manufacturing and in the sales division *i.e.*, 39 employees each. The organizational structure is thus well organized and the human resource was used efficiently. Because of the regular meetings between the board of directors amongst themselves and with the employees, there is a good coordination between different sections of the unit which is ensuring the enhancement in the production process and aligning to the goals of the organization.

The results here are in close alignment to Malkar Vinod Ramchandra (2014), who worked on the Study of working of small scale agro-base industries with special reference to Ahmednagar district, Maharashtra, India, highlighting a positive co-relation between the organisational structure and profits of small scale agro-base industries.

The results also follow the trends observed by Pestrikov *et al.* (2021), who put importance on breaking the consistent organizational structures of agricultural formations and put forth that a flexible multi-level cooperation system, like the one shown above, could help resolve this issue.

4.2 Production cost of major spice powders

This section includes the capital investments of the unit, its financial indicators, analysis of production costs of major products of the unit for the year 2023-2024. The production cost of spice powders varies depending on the specific spice, raw material costs, packaging, labor and other operational expenses.

4.2.1 Capital Investment in the unit

The capital investment is the expenditure of money to fund a company's long-term growth. The term often refers to a company's acquisition of permanent fixed assets such as real estate and equipment. Capital assets are reported as non-current assets and most are depreciated. For the efficient functioning of the unit, a significant amount of investment is required in different capital assets like land, factory buildings, godowns and sheds, machinery, tools, lab equipment, furniture and vehicles.

4.2.1.1 Total initial capital investment of the unit

The details of the different capital assets are listed in the Table 4.4. It was revealed from the table, the total investment in capital assets was ₹ 646.79 lakhs. The major part was invested for plant and machinery which accounted to ₹ 434.83 lakh (67.22 %). The second major investment was made on land which was accounting to ₹ 87.48 lakh (13.53 %). Investment were also done in factory building and shed, electrical installation and equipment, vehicles, furniture and fixture, computers, lab equipment, office equipment which was ₹ 75.3 lakhs, 14.91 lakhs, ₹11.72 lakhs, 10.88 lakhs, 6.5 lakhs, 4.11 lakhs and ₹1.06 lakhs, respectively.

Table 4.4. Total initial capital investment of the unit

Sr. No.	Particular	Total investment of unit	
		Amount ₹ (Lakh)	Percentage to total
1.	Land	87.48	13.53
2.	Computers and Data Processing Units	6.50	1.00
3.	Electrical Installation and Equipment	14.91	2.31
4.	Factory Building and Shed	75.30	11.64
5.	Lab Equipment	4.11	0.64
6.	Furniture and Fixtures	10.88	1.68
7.	Plant and Machinery	434.83	67.23
8.	Office Equipment	1.06	0.16
9.	Vehicles	11.72	1.81
	Total	**646.79**	100

(Source: Annual report of Srivari Spices and Foods Limited)

4.2.1.2 Total cost of different machinery

The information related to the machineries of the spice unit and it's cost are presented in Table 4.5. From the table, it was observed that grinders and duct collectors account for 23.58 per cent each of the total investment made in machinery, followed by packaging machines (18.46 %), sewers (10.25 %), mixer (9.23 %), cleaner (7.69 %) and raw material feeder (7.17 %), respectively.

Table 4.5. Cost of different machinery

Sr. No.	Items	Total cost of different machinery		
		Quantity	Amount (₹ Lakh)	Percentage
1.	Raw material feeder	2	14	7.18
2.	Cleaner	3	15	7.69
3.	Duct collectors	4	46	23.59
4.	Grinders	4	46	23.59
5.	Mixer	2	18	9.23
6.	Sewer	2	20	10.26
7.	Packaging machine	4	36	18.46
	Total		**195**	**100**

(Source: Annual report of Srivari Spices and Foods Limited, 2023-2024)

4.2.2 Financial strength of the unit

The financial strength of a unit refers to its overall financial health and its capacity to meet its financial obligations, both in the short term and the long term. It indicates the unit's ability to generate revenue, manage its expenses, handle debt and invest in future growth. Assessing the financial strength of a unit is crucial for various stakeholders, including management, investors, lenders and suppliers, as it provide insights into the unit's stability and sustainability.

Out of the many elements which are included in the successful running of a firm, most important ones are the share capital funds, working capital, assets and liabilities of the unit. The analysis of the unit for the period 2023-2024 were made to know the composition of assets, liabilities, analysis of sources and utilization of funds by the unit. The information of financial strengths of the unit is presented in the Tables 4.6 and 4.7.

Total assets represent the sum of everything a unit owns that has economic value. These resources are expected to provide future economic benefits to the unit. They are listed on the asset side of the balance sheet and are categorized based on their liquidity (how easily they can be converted into cash) and their nature. Current assets these are assets that are expected to be converted into cash or used up within one year or one operating cycle, whichever is longer. Non-Current assets are assets that are not expected to be converted into cash or used up within one year. They are intended for long-term use in the unit's operations.

4.2.2.1 Total Assets of Srivari Spices and Foods Limited

It is observed from Table 4.6, maximum share of assets was in the form of inventories (53.67 %). The share of trade receivables was 33.58 per cent, which was followed by tangible assets having share of 10.57 per cent, short-term loans and advances1.55 per cent, other non-current assets0.35 per cent, other current assets 0.16, different tax assets 0.09 and non-current investment and cash equipment 0.02 per cent.

Table 4.6. Total assets of Srivari Spices and Foods Limited

Sr. No.	Assets	2023-2024	Per cent share
A.	**Non-Current Assets**		
1.	Tangible Assets	579.80	10.57
2.	Intangible Assets	0.15	0.00
3.	Non-current Investments	1	0.02
4.	Deffered Tax Assets (net)	4.76	0.09
5.	Other non-current assets	19.01	0.35
B.	**Current Assets**		
1.	Inventories	2,944.31	53.67
2.	Trade Receivables	1,842.07	33.58
3.	Cash and Cash Equivalents	0.97	0.02
4.	Short-term loans and advances	85.22	1.55
5.	Other current assets	8.67	0.16
	Total	**5,485.95**	**100.00**

(Source: Annual report of Srivari Spices and Foods Limited, 2023-2024)

4.2.2.2 Total liabilities of Srivari Spices and Foods Limited

Table 4.7 revealed that the total liability of Srivari Spices and Foods Limited was ₹ 5,485.95 lakh for the year 2023-2024. The maximum share was in the form of reserve and surplus (30.71 %) which was followed by short term borrowings (26.55 %), share capital (13.02 %), long term borrowings (8.57 %), total outstanding dues of creditors other than micro and small enterprises (8.20 %), total outstanding dues of micro enterprises and small enterprises (6.41 %), short term provisions (5.49 %), other current liabilities (1.04 %) and long term provisions (0.01 %).

Table 4.7. Total liabilities of Srivari Spices and Foods Limited

Sr. No.	Equity and Liabilities	2023-2024	Per cent share
A	**Equity and Liabilities**		
I	Share Capital	714.2	13.02
Ii	Reserve and Surplus	1,684.55	30.71
B	**Non-Current Liabilities**		
I	Long Term Borrowings	470.38	8.57
ii	Long Term Provisions	0.77	0.01
C	**Current Liabilities**		
i	Short Term Borrowings	1,456.29	26.55
ii	Total outstanding dues of micro enterprises and small enterprises	351.86	6.41
Iii	Total outstanding dues of creditors other than micro and small enterprises	449.67	8.20
iv	Other Current Liabilities	57.2	1.04
v	Short Term Provisions	301.02	5.49
	Total	**5,485.95**	100

(Source: Annual report of Srivari Spices and Foods Limited, 2023-2024)

4.2.3 Fixed and Operating Cost

In business, operating costs encompass all expenses a company incurs to run its day-to-day operations. These costs can be divided into fixed costs and variable costs. The variable costs that vary according to level of output. These are incurred on the production component with which they are closely related and are included in the enterprise budget for that component only. Fixed costs remain constant regardless of production or sales levels, while variable costs fluctuate with changes in output.

Table 4.8. Total fixed cost of Srivari Spices and Foods Limited (2023-2024)

Sr. No	Particular	Fixed cost of unit	
		Amount ₹ (Lakh)	Per cent share
1	Annual Rent expenses	37.08	11.71
2	Depreciation of computers	5.81	1.84
3	Depreciation of Electrical Installation and Equipment	9.24	2.92
4	Depreciation of Factory Building and Shed	22.42	7.08
5	Depreciation of Lab Equipment	2.88	0.91
6	Depreciation of Furnitures and Fixtures	4.24	1.34
7	Depreciation of Plant and Machinery	188.18	59.45
8	Depreciation of Office Equipment	0.83	0.26
9	Depreciation on vehicles	12.26	3.87
11	Insurance	8.08	2.55
12	Taxes	25.5	8.06
	Total fixed cost	**316.52**	**100**

(Source: Annual report of Srivari Spices and Foods Limited, 2023-2024)

It is noticed from the Table 4.8 that the total fixed cost of the unit for the year 2023-2024 was ₹ 316.52 lakh. The share of depreciation of plant and machinery was highest amounting for 59.45 per cent due to them had high investment and business value. The expenditure on the annual rent expenses (11.71 %) and taxes (8.06 %) and the other factors contributing 20.77 per cent to the total fixed costs.

4.2.4 Total operating cost of the unit

The information related to the total operating cost of unit during 2023-24 is presented in Table 4.9.

From the above table, it can be concluded that the total operating cost of the unit was ₹718.99 lakh. Salary amounts for ₹340.49 lakh, or 47.35 per cent of the total operating costs, followed by business promotion expenses which contribute about 21.55 per cent and legal and professional fees contributing about 8.07 per cent. The remaining items contributed about 22.95 per cent to total operating costs. It is hence concluded that salaries accounted for highest share in the operating costs.

Table 4.9. Total operating cost of the unit (2023-2024)

Sr. No	Particular	Operating cost of Unit	
		Amount ₹ (lakh)	Percent
1	Salary	340.49	47.35
2	Power and Fuel charges	36.29	5.047
3	Business Promotion expenses	154.98	21.55
4	Repair and maintenance	14.89	2.07
5	Travelling expenses	13.34	1.85
6	Software and Subscription	6.37	0.88
7	Provision for bad and doubtful debts	6.58	0.91
8	Rates and Taxes	25.5	3.54
9	Office expenses	8.73	1.21
10	Legal and Professional fees	58.08	8.07
11	Statutory Audit fees	5.71	0.79
12	Advertisement expenses	31.07	4.32
13	Printing and stationery	0.59	0.08
14	Contribution to Provident Fund and other	2.04	0.28
15	Staff Welfare and Gratuity expenses	0.69	0.09
16	Miscellaneous expenses	13.64	1.89
	Total	**718.99**	**100**

(Source : Annual report,2023-2024)

4.2.5 Product wise Production

It is observed from Table 4.10, that the unit produces six different products. Whole wheat flour is being produced from December 2023. Leaving that product, among the spice powders processed, chilli powder accounts for the highest share of product (35.45 %) of total processing of unit followed by turmeric powder share12.56 per cent, coriander powder share 10.64 per cent whereas the share of other two products is only 5.04 per cent of total processing of unit during 2023-24. Therefore for further economic analysis, first three spice products were selected.

Table 4.10. Production of different products during 2023-2024

Sr. No	Products	Production (000 kg)	Share of product (%)
1	Chilli powder	288.00	35.45
2	Turmeric powder	102.00	12.56
3	Coriander powder	86.40	10.64
4	Madras sambar powder	22.60	2.78
5	Garam masala	18.40	2.26
6	Whole wheat flour	295.00	36.31
	Total	**812.400**	**100**

4.2.6 Cost of Raw material

The information related to procurement of raw material for the production of different spice powders during 2023-24 with their cost, rate and their final products after processing is presented below in Table 4.11.

Table 4.11. Total cost of raw material for different spice powders

Sr. No.	Name of Product	Raw material (000 kg)	Rate per kg (₹)	Raw material total cost (₹ Lakh)	Final product (kg)
1	Red Chilli	360.00 (100.00)	160	576.00	324.00 (90.00)
2	Raw turmeric	120.00 (100.00)	150	180.00	111.60 (93.00)
3	Coriander seeds	96.00 (100.00)	130	124.80	91.20 (95.00)

(Note: Figures in parentheses are the per cent to the respective total raw material)

It is seen from Table that from 360 tonnes of raw material, 324.00 tonnes of final product was produced which means that the recovery was 90 per cent. Similarly, 12 tonnes of raw turmeric fingers were procured for the production of, 111.60 tonnes of final product, accounting to a recovery of 93 per cent and 96 tonnes of coriander seeds were procured which produced a final product of 91.20 tonnes with a recovery rate of 95 per cent. Over all, it is observed from Table that the quantity of final product is less than the quantity of raw material used in the production process, which is due to the loss of minimal amounts of moisture and weight, or material loss during the production purpose.

4.2.7 Per kilogram cost of raw material

The information related to per kilogram raw material cost of different masala products is presented in Table 4.12.

Table 4.12. Per kilogram raw material cost for different spice powders

Sr. No.	Name of product	Raw material total cost (₹ lakh)	Quantity of final product (000 kg)	Raw material cost per kg (₹)
1.	Chilli powder	576.00	324.00	177.78
2.	Turmeric powder	180.00	111.60	161.29
3.	Coriander powder	124.80	91.20	136.84

It is observed from the table, the per kilogram raw material cost for chilli powder, turmeric powder and coriander powder was ₹ 177.78, ₹161.29 and ₹136.84, respectively. Turmeric powder has the highest raw material cost than any other products whereas for coriander powder, it was lower in comparison to the three products.

4.2.8 Per kilogram fixed cost

The information related to the total fixed cost and per kilogram fixed cost for different masala products is presented in Table 4.13.

Table 4.13. Per kilogram fixed cost for different spice powders

Sr. No.	Name of product	Per cent product share	Total fixed cost (₹ lakh)	Share of fixed cost (₹ lakh)	Quantity of final product (000 kg)	Fixed cost per kg (₹)
1	Chilli powder	35.45	316.52	112.20	324.00	34.63
2	Turmeric powder	12.56	316.52	39.74	111.60	35.60
3	Coriander powder	10.64	316.52	33.66	91.20	36.91

It is observed from the table, the per kilogram fixed cost for chilli powder, turmeric powder and coriander powder are ₹ 34.63, ₹35.60 and ₹ 36.91, respectively. The highest fixed cost (₹/kg) was observed coriander powder followed by turmeric powder and chilli powder due to economies of scale.

4.2.9 Per kilogram operating cost

The information related to the total operating cost and per kilogram operating cost is given in Table 4.14.

Table 4.14. Per kilogram operating cost for different spice powders (2023-2024)

Sr. No.	Name of product	Per cent product share	Total fixed cost (₹ lakh)	Share of operating cost (₹ lakh)	Quantity of final product (kg)	Operating cost per kg (₹)
1	Chilli powder	35.45	718.99	254.88	324.00	78.67
2	Turmeric powder	12.56	718.99	902.72	111.60	80.89
3	Coriander powder	10.64	718.99	764.65	91.20	83.84

From the above table, it is observed that, the per kilogram operating cost for chilli powder, turmeric powder and coriander powder are ₹ 78.67, ₹ 80.89 and ₹83.84

respectively. The maximum operating cost of different spice powders was high in coriander powder product followed by turmeric powder and chilli powder.

4.2.10 Per kilogram packaging cost

The information related to the total packaging cost for different spice powders and per kilogram packaging cost is given in Table 4.15.

Table 4.15. Per kilogram Packaging cost for different spice powders (2023-2024)

Sr. No.	Name of product	Per cent product share	Share of packaging cost(₹ lakh)	Quantity of final product (000 kg)	Packaging cost per kg (₹)
1	Chilli powder	35.45	47.00	324000	14.51
2	Turmeric powder	12.56	20.00	111600	17.92
3	Coriander powder	10.64	17.30	91200	18.97

From the above Table for the year 2023-24, it is observed that, the packaging costs for chilli powder, turmeric powder and coriander powder based on the fraction of products processed per kg are ₹14.51, ₹17.92 and ₹18.97 respectively.

4.2.11 Per kilogram production cost of different spice powders (2023-2024)

The information related to per kilogram net returns from different spice powders is presented in Table 4.16.

Table 4.16. Per kilogram net returns from different spice powders

Sr. No.	Name of product	Fixed cost per kg (₹)	Opera -ting cost per kg (₹)	Raw material cost per kg (₹)	Packing cost per kg (₹)	Total cost of production per kg (₹)	Rate of final product per kg (₹)	Net return per kg (₹)
1	Chilli powder	34.63	78.66	177.77	14.50	305.58	560	254.42
2	Turmeric powder	35.60	80.88	161.29	17.92	295.70	450	154.29
3	Coriander powder	36.91	83.84	136.84	18.96	276.56	450	173.43

From the Table 4.16, it is observed that the per kilogram production cost of chilli powder, turmeric powder and coriander powder was ₹ 305.58, ₹ 295.70 and ₹ 276.56 respectively. It is concluded that chilli powder accounts for the highest cost of production (₹ 305.58 per kg).

The per kilogram net returns from chilli powder, turmeric powder and coriander powder was ₹ 254.42, ₹ 154.29 and ₹ 173.43, respectively. It is concluded

that, chilli powder (₹ 254.42 per kg) had highest per kilogram net returns because of better marketing prices and turmeric powder (₹ 154.29 per kg) had lowest.

4.2.12 Total cost and Total returns of different spice powders (2023-2024)

The information related to total cost, total returns of different spice powders is presented in Table 4.17.

Table 4.17. Total cost and total returns of different spice powders

Sr. No.	Name of Product	Total cost (₹ lakh)	Total returns (₹ lakh)
1	Chilli powder	990.09	1814.40
2	Turmeric powder	330.01	502.20
3	Coriander powder	252.22	410.40
4	Total	157.23	2727.00

The information about the total cost and total returns of different spice powders were estimated and presented in Table 4.17. It is seen from the table; the net profit of Srivari Spices and Foods Limited was obtained ₹ 2727 lakhs during the study period. The total cost of Srivari Spices and Foods Limited unit were ₹ 157.23 lakhs.

The highest total return was obtained from chilli powder (₹ 1814 lakhs) followed by turmeric powder (₹ 502.2 lakhs) and coriander powder (₹ 410.4lakh), because those two chilli and turmeric powder products had higher demand and higher price with low production cost. The similar findings were confirmed by Agarwal *et al*. (2020) with higher net returns and benefit cost ratio with chilli powder and Navyashree *et al.* (2024), confirming remunerative cost-benefit for production and processing of turmeric in Chamarajanagar district of Karnataka.

4.3 Financial performance

The financial analysis has great importance to various accounting users or various matters of the unit. The income statement, balance sheets and other financial data provides information about expenses and sources of the income, profit or loss and also helps in assessing the financial position of business. The analysis of financial statement helps the finance manager in assessing the operational efficiency and managerial effectiveness of the hydroponic unit. The financial analysis is used to evaluate economic trends, set financial policy, build long term plans for business activities and identify unit for investment.

In general, BEP is the point at which gains equal losses. At breakeven point, the revenues of the business are equal to its total costs and its contribution margin equals its total fixed costs**.** The break-even point is calculated by dividing the total fixed costs of production by the price per individual unit less the variable costs of production. Fixed costs are costs that remain the same regardless of how many units are sold (Investopedia).

The breakeven analysis of different spice powders unit were estimated and presented in Table 4.18.

4.3.1 Break-even analysis for different spice powders (2023-2024)

The information related to the Break-even points for different spice powders are given in Table 4.18.

Table 4.18. Break-even point for different spice powders (2023-2024)

Sr. No.	Name of product	Quantity of final product (kg)	BEP (kg)	Total returns (₹)	BEP (₹)
1	Chilli powder	324000	36,964.77	181440000	20700273.15
2	Turmeric powder	111600	19,122.40	50220000	8605080.87
3	Coriander powder	91200	14,679.61	41040000	6605825.136

From the Table 4.18, it is concluded that, the break-even for the three spice powders in both physical and monetary terms were more than actual production. The unit produced more than its break-even quantity for all the three spice powders. As a result, all of the items are risk- free and their worth has been surpassed by their respective production levels. The similar result was confirmed by Bhaskar *et al.* (2021) and Ashwini *et al.* (2021).

4.3.2 Benefit: Cost ratio

A Benefit-cost Ratio is a ratio used in a benefit-cost analysis to characterise the overall relationship between a proposed project's relative benefits and cost. BCR can be stated quantitatively or qualitatively. A project with a BCR greater than 1.0 is predicted to provide a positive net present value for a corporation and its investors. Benefit-cost ratios (BCRs) are commonly used in capital planning to assess the total

worth of launching a new project. The information related to total returns, total cost and B:C ratio of unit is presented in Table 4.19.

Table 4.19. B:C ratio of major spice powders (2023-2024)

Sr. No.	Name of Product	Total cost (₹)	Total returns (₹)	B:C ratio	BEP (₹)
1	Chilli powder	99009364.84	181440000	1.83	20700273.15
2	Turmeric powder	33001233.38	50220000	1.52	8605080.87
3	Coriander powder	25222809.45	41040000	1.63	6605825.13

The information regarding major spice powders B: C ratio is presented in Table 4.19.It is revealed that, the B:C ratio for Chilli powder, Turmeric powder and Coriander powder was 1.83, 1.52 and 1.63 respectively. The overall total returns and cost of production of unit were estimated at ₹ 2727.00 lakhs and ₹ 1572.33 lakhs respectively.

Among the spice powders, the highest B: C ratio was observed in chilli powder (1.83), followed by coriander powder (1.63) and turmeric powder (1.52), respectively. The lowest B: C ratio was obtained higher turmeric powder due to higher production cost. Thus, it is concluded that all the products have greater B:C ratio than 1, which indicate that unit is run on profitable manner.

These results align with the conclusions of Baral *et al.* (2021) where the benefit-cost ratio showed that turmeric cultivation was a profitable enterprise in Sunsari, confirming that the investment in turmeric enterprise was found financially viable in the study area.

4.3.3 Financial Ratio Analysis

The net worth statement is also known as balance sheet. It is summary of assets, liabilities and owners' equity at given point of time. A project is considered solvent if the value of assets exceeds debt level. It is very useful for the lender for scrutinizing the loan application. The test of liquidity was worked out by using ratios *viz.,* Current ratio, quick ratio, cash ratio, turnover ratio, net profit ratio and gross profit ratio with the help of balance sheet. Tests of liquidity and solvency were framed to test the ability of the farming units to meet the current financial obligations. Liquidity plays a

prominent role in business enterprises through its sensitive characters of meeting immediate financial demands.

In order to evaluate financial condition and performance of any firm, one of the widely used and powerful tools is ratio or index. Ratio analysis plays an important role in determining the financial strengths and weaknesses of a company relative to that of other companies in the same industry. The analysis also reveals whether the company's financial position has been improving or deteriorating over time. The value of ratio analysis enables the equity or credit analyst, lenders, traders and other users to evaluate past performance, assess the current financial position of the company and gain insights useful for projecting future results.

Tests of liquidity and solvency were framed to test the ability of the farming units to meet the current financial obligations. Liquidity plays a prominent role in business enterprises through its sensitive characters of meeting immediate financial demands.

The information of Net worth statement of Spices and Foods Limited unit for the year 2019-2024 was presented in Table 4.20, 4.21 and 4.22. It shows the direction of financial change from the year 2019-2024. It is seen from the table; the total assets of the unit were year wise increases. For the year 2019-2020 the net fixed assets and quick assets were ₹ 123.21lakh and ₹ 178.09 lakh and in the year 2023-2024 it was increased on ₹579.8 lakh and ₹ 1937.95 lakh. The current asset contributes maximum shares that includes cash in bank, cash in hand and short term savings. The lowest share assets were contributed by cash and cash equivalents. In total liabilities highest share was contributed by current liabilities (₹2616.05lakh) and equity and liabilities (₹22398.74616.05lakh) for the year 2023-24. The revenue and sales of unit net profit was₹703.39Lakh for the year20243-24. The net profit of the unit increases with year increasing trends. The hypothesis state that the ratio of total assets to total liabilities has changes significantly over the specified period has been proved.

Table 4.20. Total assets of unit from 2019-2024

(₹ lakh)

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Assests					
1	Non-Current Assets	120.33	327.27	454.58	505.88	603.71
2	Current Assets	212.32	627.38	1067.62	2062.25	4882.26
i	Inventories	34.23	101.68	195.34	833.56	2944.31
ii	Trade receivables	58.23	169.61	412.76	1150.78	1842.07
iii	Cash and Cash Equivalents	36.75	25.7	4.94	1.27	16.99
iv	Other current assets	0	0	0	3.64	78.89
3	**Total Assets**	332.65	627.38	1067.62	2568.13	5485.97
4	Net Fixed Assets	123.21	319.46	446.08	485.6	579.8
5	Quick assets	178.09	525.7	872.28	1228.69	1937.95

(Source: Secondary data from company's annual reports)

Table 4.21. Total liabilities of unit from 2019-2024

(₹ lakh)

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1.	Equity and Liabilities	0	426.9	499.74	910.02	2398.74
2.	Non-Current Liabilities	0.52	1.01	88.46	402.91	471.18
3.	Current Liabilities	96.7	199.47	479.42	1255.2	2616.05
	Total Liabilities	266.52	627.38	1067.62	2568.13	5485.97

Source: Secondary data from company's annual reports.

The hypothesis stating that the total assets to total liabilities has changed significantly over the specified period has been proved. Similar findings were reported by Sharma *et al.* (2010) and Chandok and Dave (2023).

Table 4.22. Revenue and sales of unit from 2019-2024

(₹ lakh)

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1.	Revenue from operations	321.22	1139.9	1764.21	3582.01	7828.33
2.	Cost of material consumed	128.64	976.1	1501.86	2694.72	6327.15
3.	Profit before tax	10.35	47.66	101.13	432.84	1003.2
4.	Trade receivables	82.45	169.61	412.76	1150.78	1842.07
5.	Sale of products	321.22	1139.9	1764.21	3582.01	7828.33
7.	Gross Profit	10.35	47.66	101.13	432.84	1003.2
8.	Net Profit	8.21	35.26	72.84	312.61	703.39

(Source: Secondary data from company's annual reports.)

4.3.3.1 Liquidity analysis

These ratios represent the capacity of the business unit to meet its short-term obligation from its short-term resources. Liquidity has to do with a firm's assets and liabilities. In particular, liquidity looks at whether or not a firm can pay its current debt with its current assets.

4.4.3.1.1 Current Ratio

Fig. 4 depicts the current ratio for five years from 2019 to 2024. The current ratio was fluctuating throughout the study. In the year 2019, it was 2.2 and then it increased in next year to 3.15 percent and then again decreased to 2.23 in the year 2022. The average current ratio is 2.21. In other words, the unit had 2.21 rupees in current assets available to meet 1 rupee in liabilities on average. It is significantly high, meaning the company has enough short-term assets to meet obligations. The current ratio (2.21) of the unit is higher than the standard 2.00 and higher than the practical standard recommended by bankers which is 1.33. Hence, it is satisfactory.

These results align with the findings of Sharma *et al*. (2010) where processing sectors have high current ratios and performed admirably in liquidity. Similarly, Rao and Lokeswari (2020) emphasized that current ratio of the industry were lower than the respective standards but were higher than the practical standards recommended by bankers confirming that the liquidity position of the industry was satisfactory.

As noted by Sawalkar *et al.* in their study (2021), the average current ratio of industry was less than conventional standard ratio. Industry had maintained higher average current ratio than bank standards, resulting in a good signal for industry for financial healthiness.

4.3.3.1.2 Quick Ratio

Fig. 5 depicts that the quick ratio during the study period was lower than the average in the years 2022-23 and 2023-24 which was 0.98 and 0.74. The average quick ratio was 1.60. A quick ratio of 1:1 is considered satisfactory and desired. Here, the annual average quick ratio was 1.60 which was fully satisfactory. It states that the company could be able to meet its current obligation when they fell due if inventory, which take time to convert into cash, was excluded. Quick ratios i.e., 1.60 of the unit is higher than the standard, and are higher than the practical standard which is 0.66 Therefore, it is fully satisfactory.

These results align with the findings of Sharma *et al*. (2010) where most of the processing companies had lower quick ratios yet performed admirably in liquidity. Similarly, Rao and Lokeswari (2020) emphasized that quick ratio of the industry were lower than the respective standards, but were higher than the practical standards recommended by bankers, stating that the liquidity position of the industry was satisfactory**.**

4.3.3.1.3 Cash ratio

Fig.6 depicts the cash ratio for five years during study period 2019 to 2024. The cash ratio in 2019 is 0.38 and then decreased for the next four years straight i.e., 0.13, 0.01, 0.00 and 0.01 respectively. The cash ratio kept declining from 2019 to 2023 and then rose in 2024. The highest cash ratio was 0.38 in 2019-2020. The average cash ratio was 0.11.A decreasing ratio indicates decreasing cash reserves, may be due to

increased expenses or investments. The rise in 2023-2024 may be due to improved cash management or external funding. An ideal cash ratio of not lower than 0.5 to 1 is usually preferred. Here, the company's cash ratio is less than the required limit, so there are more current liabilities than cash. In this situation, there was insufficient cash on hand to pay off short term debt. In other words, company will not be able to pay off its current liabilities with cash and cash equivalents and have funds left over.

4.3.3.2 Activity analysis

These ratios are employed to evaluate the efficiency with which firm manages and utilizes its assets. These ratios are also called turnover ratios because they indicate the speed with which assets are being converted or turned over into sales. Activity ratios, thus, involve a relationship between sales and assets. Several activity ratios can be calculated to judge the effectiveness of assets utilization.

4.4.3.2.1 Fixed Assets Turnover Ratio

Fig.7 depicts an increasing trend in fixed assets turnover ratio for five years during study period from 2019 to 2024. The fixed asset turnover ratio was 2.61 in the initial year of study period. Later, the ratio has increased at an increasing rate in the next four consecutive years to 3.57, 3.95, 7.38 and 13.50, respectively. The average fixed assets turnover ratio was 6.20. A higher ratio means the company is generating more sales revenue from its fixed assets. It is suggested that the management is effectively deploying its long-term assets to drive revenue generation. It strongly indicates better asset utilization by the unit and potentially higher profitability. Therefore, it is indicated that unit generates a sale of ₹ 6.20 for 1 rupee of investment in fixed assets which indicates that the unit was using its assets more efficiently reflecting unit's good management.

These results are aligned with the findings of Kondepudi and Saxena (2022) who emphasized that the turnover ratios aid in analysing financial conditions and business performance.

4.3.3.2.2 Current Asset Turnover Ratio

Fig.8 depicts a fluctuating trend in the current assets turnover ratio for five years during study period from 2019 to 2024. Current asset turnover ratio initially increased in the second year to 3.80. Later year onwards, then the company experienced a

decline in the next three consecutive years to 2.88, 1.74 and 1.60. It decreased at a decreasing rate. The average current assets turnover ratio was 2.52. Therefore, it is indicated that company generates a sale of ₹ 2.52 for 1 rupee of investment in current assets. Though there is a decreasing trend, the average current asset turnover ratio is above the ideal ratio i.e., 1, which depicts that the company is efficiently using its current assets in generating revenue.

4.3.3.2.3 Total Assets Turnover Ratio

Fig.9 depicts a fluctuating trend in total assets turnover ratio for five years during study period from 2019 to 2024. Total asset turnover ratio increased in the second year to 1.82. And then the company experienced a decline in the next two consecutive years to 1.65 and 1.39. After which the company tried to gear up in the next year of the study period. The decline in ratio indicates that the company was limiting its utilization of assets to generate sales. The average total assets turnover ratio was 1.52. Therefore, it is indicated that company generates a sale of ₹ 1.52 for 1 rupee of investment in net assets which also means that the company was using its assets more efficiently reflecting company's good management.

4.3.3.3 Profitability analysis

These ratios are used to determine a company's profitability. It is calculated to determine the company's operational efficiency. The profitability of the company is also important to creditors and owners. This is only achievable if the company generates sufficient income. For the purposes of the study, the following ratios were calculated.

4.3.3.3.1 Gross Profit Ratio

Fig.10 depicts the gross profit ratio from 2019 to 2024. The ratio increased at an increasing rate in the first four years and then at a decreasing rate in the last year. The maximum gross profit was in year 2023-2024 which was 12.81. The average gross profit ratio was 7.61. An increasing gross profit ratio indicated that the company became more efficient at managing its production costs and increasingly generated higher profits from its core operations, suggesting better financial health and profitability. It actually indicates a relatively low gross profit margin means the unit is operating in the market with low pricing.

Similar results were found by Rao and Lokeswari (2020) where the profitability ratios of the industry were satisfactory as the average gross profit ratio (18.86 %).

4.3.3.3.2 Net Profit Ratio

Fig. 11 depicts net profit ratio from the year 2019 to 2024. It can be observed that there is an increasing trend in the net profit ratio throughout the study period. The maximum net profit is 8.99 in the year 2023-2024.The average net profit ratio is 5.50. It means the company is keeping a considerable amount of its sales as profit, implying that it can manage its costs well, has effective pricing strategies and is also generating a decent profit. An average net profit ratio of 5.50 indicates that for every 100 units of revenue, the unit retains 5.50 units as profit after deducting all the expenses, taxes and interests, suggesting a moderate level of profitability, suggesting that the unit retains a small portion of its revenue as profit.

Similar findings about the financial performance was evaluated by Sawalkar *et al.* (2021) where the industry average net profit ratio for small scale agro processing units was 12.73 per cent, showing that the overall performance of small scale agro processing units was satisfactory

Table 4.23. Different financial ratios from the study period

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Liquidity ratios					
1	Current Ratio	2.20	3.15	2.23	1.64	1.87
2	Quick Ratio	1.84	2.64	1.82	0.98	0.74
3	Cash Ratio	0.38	0.13	0.01	0.00	0.01
	Activity Analysis					
4	Fixed Assets Turnover Ratio	2.61	3.57	3.95	7.38	13.50
5	Current Asset Turnover Ratio	1.51	1.82	1.65	1.74	1.60
6	Total Assets Turnover Ratio	0.97	1.82	1.65	1.39	1.43
	Profitability Analysis					
7	Net Profit Ratio	2.56	3.09	4.13	8.73	8.99
8	Gross Profit Ratio	3.22	4.18	5.73	12.08	12.81

(Source: Secondary data from the company's annual reports)

Similar findings were reported with results of Sharma *et al.* (2010), Rao and Lokeshwari (2020) and Ashwini *et al.* (2021). The hypothesis state that the processing unit is economically viable has been proved.

4.4 Problems faced by the unit

The information of problems faced by the unit to run its business is shown in the Table 4.24.

Table 4.24. Problems faced by the unit

Sr. No.	Problems
1.	Price fluctuations of raw material
2.	Variability in procurement of raw materials
3.	Technological advancements
4.	Grinding issues
5.	Consumer preferences
6.	Moisture sensitivity

It is revealed from table, that the seasonal variations, off season availability and market demand affect the prices of raw material like red chillies and turmeric rhizomes, impacting raw material cost predictability. Raw materials sourced for the production of spice powders vary because of the differences in farming practices, regional differences and post-harvest handling. In case of turmeric, sourcing turmeric with consistent color, aroma and curcumin could be difficult.

The existing processing equipment for grinding the raw material is functional but lacks advanced technological features when compared to competitors, which impacts efficiency and overall operational performance of the unit. During the grinding process, heat is generated. Overheating during the grinding process reduces the quality and aroma of turmeric powder; reducing essential oils, pungency and flavour of chilli powder. Also, the equipment used for grinding, wear and tear due to the hardness of turmeric rhizomes. Coming to the consumer preferences, a considerable section of the markets prefer organic spice powders, while others demand high-curcumin varieties, requiring product diversification. Some markets prefer spicier chilies, while others focus on milder varieties with strong color.

Turmeric powder absorbs moisture, leading to caking and loss of quality. The natural oil content in coriander can make the powder sticky, leading to clogging in machinery or might lead to clumping if gets in contact with moisture. These findings confirmed the results reported by Singh *et al.* (2012), Padam and Swati (2018) and Patel and Rathod (2019).

5. SUMMARY AND CONCLUSION

5.1 Summary

Agro-industry is a broader term which encompasses several industrial, manufacturing and processing activities that directly or indirectly rely on agricultural raw materials. The food processing industry, particularly in India, has experienced significant growth due to the availability of raw materials, evolving consumer lifestyles and favourable fiscal policies. This sector plays a pivotal role in bridging agriculture and industry and playing a critical role in ensuring food security, minimizing post-harvest wastages and aiding in the value addition of agricultural products taken from field. Strengthening food processing capabilities has diverse advantages like providing consumers with affordable, diversified and high-quality food products. India is already a leading exporter of several food items, demonstrating the economic potential of this sector.

Among the key aspects of the agro-industry, the spice processing industry holds significant economic importance. India is known as the "Land of Spices" and dominates global spice production due to its favourable climatic conditions. Spices are not only vital for domestic consumption but also for exports, contributing significantly to India's foreign exchange earnings. Spices have multiple applications in daily life, including food flavouring, pharmaceuticals, perfumery and cosmetics. India's spice exports have significant international demand, particularly for chili, turmeric, cumin, ginger and coriander. The Spices Board of India regulates and promotes this sector, ensuring that high-quality standards are maintained to meet international requirements.

Processed spice powders, extracts and preserved forms, have witnessed rising demand due to changing consumer preferences and increased consumption of processed foods. However, India's food processing capacity remains low, leading to substantial wastage of agricultural produce due to inadequate storage and limited processing facilities. This gap underscores the need for improved processing infrastructure, which can significantly reduce post-harvest losses, thereby strengthening food security.

Turmeric which is a major spice in India, holds considerable economic significance in both, domestic and international markets. India produces around 80 per

cent of the global turmeric supply, with major cultivation in Telangana, Maharashtra, Tamil Nadu and Andhra Pradesh. Telangana is a key turmeric-producing state, with districts such as Nizamabad and Jagtial leading the production. The demand for turmeric continues to rise due to its culinary and medicinal properties. The Asia-Pacific region dominates the turmeric market, with North America showing increasing interest due to its health benefits.

Chili production is another significant aspect of India's spice industry, with Telangana ranking second in area and production. Major chili-growing districts include Khammam, Mahabubabad and Warangal. Telangana accounts for a notable percentage of India's total chili production, reinforcing the state's importance in the spice trade.

The economic impact of spice processing is substantial, making it a critical area for further research. A detailed study on this aspect, would provide valuable insights into enhancing processing capabilities, reducing waste, improving supply chain efficiencies and increasing export potential. Identifying gaps in processing and infrastructure and proposing policy measures to address these issues can contribute to overall development. Given India's dominance in spice production, research in this area is essential for optimizing economic benefits and ensuring long-term sustainability in the global spice market. In order to make the best judgments for product manufacture, policy and planning goals to ensure maximum output from the plant, management must estimate the cost of procurement, resource utilisation in the plant, manufacturing cost and breakeven level of various products. The following precise goals were pursued in the current study, “Economic analysis of Srivari Spices and Foods Limited, Hyderabad: A Case Study”, which was undertaken in light of the specific objectives mentioned below:

1. To study the organizational structure of the unit
2. To estimate the production cost and returns
3. To analyse the financial performance of unit
4. To identify the problems in the unit

The current investigation was conducted in the city of Hyderabad. Srivari Spices and Foods Limited have a wide variety of product mix. In addition to wider product mix, maintenance of detailed data and records and easily accessibility to data

prompted to its selection. So, it has been selected for the study. Personal interviews with the unit's managing director, production unit supervisor resulted in the collection of the core data needed for the study. A book of accounts created by Srivari Spices and Foods Limited, makes up the secondary data. To determine the goals of the study, the acquired data were analyzed. Data for the study was collected from the records of the Srivari Spices and Foods Limited for the financial years 2019-2024.

5.2 Conclusions

1. The unit was divided in different hierarchy levels. At the top were the Board of directors divided into Whole-time and independent directors. The key managerial personnel and the senior management were under the whole-time directors. The key managerial personnel included the chief financial officer, company secretary and the compliance officer. The senior management included the sales head, coordinator of operations, senior human resource executives and the assistant quality check executive. The managing director used to look after day-to-day activities of the unit, he used to conduct quarterly and annual meetings with board of directors to discuss on the working of unit. The production manager used to look after the production activities. The organizational setup of the unit was well organized and good co-ordination was seen among different levels of hierarchy.
2. The study as whole, total investment in capital assets is ₹ 646.79 lakhs, with the major portion in plant and machinery at ₹ 434.83 lakhs (67.23 %). Land accounted for the second major investment at ₹ 87.48 lakhs (13.53 %). The remaining 19.25 per cent (not 29.25 %) was invested in electrical installations, computers and data processing units, vehicles, furniture and fixtures and factory building and shed.
3. The study revealed that, the financial year 2023-24, chilli powder yielded the highest net return per kilogram at ₹ 254.42, followed by coriander powder at ₹ 173.43 and turmeric powder at ₹ 154.29. Chilli powder also demonstrated the most favourable Benefit-Cost (B:C) ratio at 1.83, exceeding turmeric powder (1.52) and coriander powder (1.63). This superior performance of chilli powder is attributed to strong market demand, minimal post-harvest losses and consistent price stability of its year-round raw material supply. The per kilo gram net returns

was maximum for chilli powder (₹ 254.42) followed by, coriander powder (₹ 173.43) and turmeric powder (₹ 154.29) respectively.

4. The study reveals that the unit produces more than its break-even quantity for all three spice powders. Therefore, it is concluded that all the products overtake the value in the production, in monetary terms and are risk-free and their worth has been surpassed by their respective production levels.
5. For the financial year 2023-24, the B:C ratios for chilli powder, turmeric powder and coriander powder were 1.83, 1.52 and 1.63 respectively, with chilli powder exhibiting the highest ratio due to higher market demand, low post harvest losses and also a better price stability of raw material which is available throughout the year.
6. The unit's financial performance was analysed with the help of financial ratios such as solvency and liquidity ratios, showing that the unit was more efficient. The liquidity ratios revealed that the unit was in a better position to meet the long-term financial obligations and, hence, did not suffer from a need for working capital. Liquidity ratios were higher in the unit, employing a satisfactory position with good velocity of conversion of current assets into cash.
7. Major problems faced by the unit are price fluctuations in raw material, variability in procurement of raw material, technological advancements, grinding issues, consumer preferences and moisture sensitivity.

5.3 Policy Implications

1. Among all the different spice powders chosen, chilli powder has greatest per kilogram net returns (₹ 254.42) and has shown more economic profitability as compared to others, hence production of chilli powder must be focused upon. Hence, the unit should focus on increasing the production of chilli powder for more economic returns.
2. Adopting advanced machinery in spice processing can enhance grinding precision and may control moisture levels, which might aid in improving product quality. This leads to greater operational efficiency, lower variable costs and increased profitability.

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7. VITAE

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in

AGRICULTURAL ECONOMICS

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