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Analysis of Financial Statement of NRC Agro with Special Reference to Goods and Service Tax

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ABSTRACT

The analysis of financial statements is an important aid to financial analysis. They provide information on how the firm has performed in the past and what is its current financial position. Financial analysis is the process of identifying the financial strengths and weakness of the firm from the available accounting data and financial statements. The analysis is done by establishing relationship between the different items of financial statements. The target of this paper is to examine the major features of GST. GST also known as the Goods and Services Tax is defined as the giant indirect tax structure premeditated to maintain and enhances the economic enlargement of a country. Service tax was a tax levied by Central Government of India on services provided or agreed to be provided excluding services covered under negative list and considering the Place of Provision of Services Rules, 2012 and collected as per Point of Taxation Rules, 2011 from the person liable to pay service tax. Person liable to pay service tax is governed by Service Tax Rules, 1994 he may be service provider or service receiver or any other person made so liable. It is an indirect tax wherein the service provider collects the tax on services from service receiver and pays the same to government of India. This paper has also focused on the impact of GST (Goods and Services Tax) will be on Indian Tax Scenario.

Keywords : Financial Statement, Goods, NRC AGRO, Service Tax, value added tax

I. INTRODUCTION

The financial statement provides the basic data for financial performance analysis. The financial statements provide a summarized view of the financial position and operations of a firm. Financial analysis refers to an assessment of the viability, stability and profitability of a business. Financial statement provides meaningful, useful and valuable information periodically regarding financial position and future prospects of the business concern. Various parties interested can utilize the information provided by the financial statement for analysis and interpretation. A tax is a mandatory financial charge or some other type of levy imposed upon a taxpayer (an individual or other legal entity) by a governmental organization in order to fund various public expenditures. A failure to pay, or evasion of or resistance to taxation, is punishable by law. Taxes consist of direct or indirect taxes and may be paid in money or as its labour equivalent. Most countries have a tax system in place to pay for public/common/agreed national needs and government functions: some levy a flat percentage rate of taxation on personal annual income, some on a scale based on annual income amounts, and some countries impose almost no taxation at all, or a very low tax rate for a certain area of taxation. Some countries charge a tax both on corporate income and dividends; this is often referred to as double taxation as the individual shareholder receiving this payment from the company will also be levied some tax on that personal income. There are two types of taxes that the Indian government levies on its citizens – direct tax and indirect tax.

II. Need for the Study

Financial statement provides meaningful, useful and valuable information periodically regarding financial position and future prospects of the business concern. Various parties interested can utilize the information provided by the financial statement for analysis and interpretation.

- To help management to understand the position, Progress and prospects of the business.
- To study helps the management to know about its strength and weakness thereby it can be rectify its faults.
- To help the management to raise the funds increases their order to earn more profit.

III. Scope of the Study

The area chosen for the study is Agro Industry : There are more than 10,000 Agro industries were located in India, out of them S R Agro (storage and DC) is selected for the research because Food is the main source for human being for living. There are various Agro industries are specialized in particular product but the selected company performing operating based on all varieties of food products to fulfill their customer demand on reliable prices. The study going to be done on this industry is Analysis of financial statement with special reference to Goods and Service Tax.

IV. Problem of the study

The main problem of this study is the nature of the company is Agro based Industry. In that main problem of the study is a sudden change of Tax Rates in consumption of goods and services, how far it will bring changes in a financial statement of a company. For this kind of company they have more number of buyers and suppliers has adopted sudden tax rate change and impact in financial statement and position of a company to have sufficient cash in hand to pay creditors, advance payments for the shipment of goods both loading and unloading etc. If they fail to pay the goods will be demerged and will cause loss. Sudden change of tax rate how far it's good for the organization whether it affects financial position of a company and to manage current assets which can be easily converted into cash in order to avoid liquidity and to run day to day operations.

V. Objectives of the Study

- To determine the "Analysis of Financial Statement of NRC Agro with special reference of GST"
- How far it attracts the more Suppliers and Buyers to their products.
- To identify the forces that influencing the Accounting System of a company.
- To evaluate the profitability and liquidity position of the firm.
- To study the short-term and long-term financial position of the company.

6. Research Methodology

6.1 Research Design

The project is based on descriptive research procedure using, which researcher has to use facts or information already available and analyze these to make a critical evaluation of the performance.

6.2 Analytical Tools for the Study

The present study has taken into account Three years 2015-2018. The researcher for the purpose of analysis and interpretation the following tools have been need, Ratio analysis, Comparative balance sheet, Common size balance sheet, Correlation and Regression

6.3 Data Analysis and Interpretation

6.3.1 Ratio Analysis

Financial ratios are useful indicators of a firm`s performance and financial situation. Most ratios can be calculated from information provided by the financial statements. Financial ratios can be used to analyze trends and to compare the firm's financials to those of other firms. In some cases, ratio analysis can predict future bankruptcy. Financial ratios can be classified according to the information they provide. The following types of ratios frequently are used.

Current Ratio

The current ratio is the ratio of total current asset to total current liabilities. This ratio is an indicator of the firms' commitment to meet its short term liabilities. The current ratio is an index of the concern's financial stability since it shows the extent of the working capital which is the amount by which the current assets exceeds the current liabilities.
Current Ratio = Current Assets / Current Liabilities

Table 1: Current Ratio

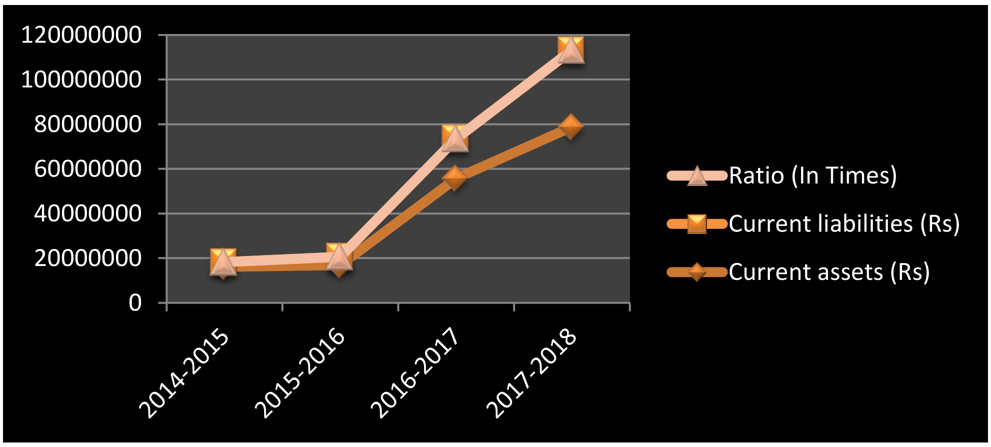
Year	Current assets (Rs)	Current liabilities (Rs)	Ratio (In Times)
2014-2015	16130816	2126225	7.58
2015-2016	16917660	3761457	4.49
2016-2017	55788615	17731422	3.14
2017-2018	78825792	34365356	2.29

Source: balance sheet

Interpretation

It is observed that the ratio is at the dissatisfactory level when compared to the previous year. It was low in the year 2017-2018 with 2.29 times and high in the year 3.14 times. At last the ratio was decreased in the year 2016-2017 with 2.29 times because of the current asset value drastically decreased.

Graph 1



Liquidity Ratio

The liquidity ratio is the ratio between quick current asset and current liabilities. The term quick asset refers to current assets which can be converted into cash immediately or at a short notice without diminution of value .Current asset including cash and bank balance short term marketable securities debtors or receivable.

Liquidity Ratio = Liquid Asset / Current Liabilities

Table 2 : Liquidity Ratio (In Crores)

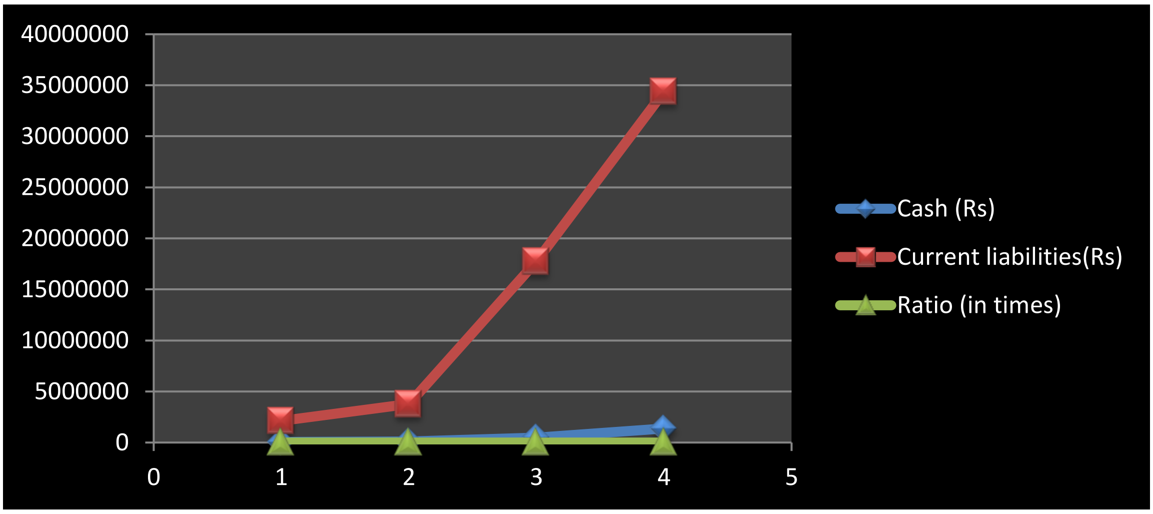
Year	Liquid Asset (Rs)	Current Liabilities (Rs)	Ratio (In Times)
2014-2015	198920	2126225	0.09
2015-2016	227128	3761457	0.06
2016-2017	580612	17731422	0.03
2017-2018	1544233	34365356	0.04

Source : Balance Sheet

Interpretation

From the above table is inferred that ratio was high in the year 2017-2018 with 0.04 times and low in the year 2016-2017 with 0.03 times. The ratio was increased in the year 2017-2018 with 0.04 times due to the increased of liquidity asset.

Graph 2: Liquidity Ratio



Debtor's Turnover Ratio

A concern may sell goods on cash as well as on credit. Credit is one of the important elements of sales promotion. The volume of sales can be increased by following a liberal credit policy. The effect of a liberal credit policy may result in tying up substantial funds of a firm in the form of trade debtors or receivable. Trade debtors are expected to be converted into cash within a short perio d of time and are included in current asset. Hence the liquidity position of concern to pay its short term obligations in time obligations in time depends upon the quality of its trade debtors.

Debtors Turnover Ratio = Sales / Sundry Debtors

Table 3: Debtor's Turnover Ratio

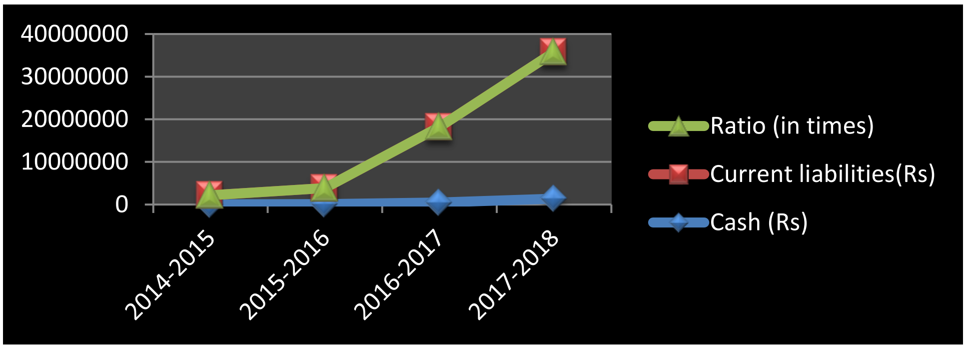
Year	Sales (Rs)	Sundry debtors (Rs)	Ratio (in times)
2014-2015	74887994	5548796	13.49
2015-2016	95783548	7046416	13.59
2016-2017	268483001	18263557	14.7
2017-2018	248045250	21355066	11.61

Source: balance sheet

Interpretation

It is observed that the ratio is at the satisfactory level where it was high in the year 2016-2017 with 14.7 times and low in the year 2017- 2018 with 11.61 times. At present the ratio is decreased due to the increased of sundry debtors in the year (2017-2018).

Graph 3



Debt Collection Period

The term debtor collection period indicates the average time taken to collect trade debts. In other words a reducing period of time is an indicator of increasing efficiency. It enables the enterprise to compare the real collection period with the granted/theoretical credit period.

Average Collection Period = 365 Days / Debtors Turnover Ratio

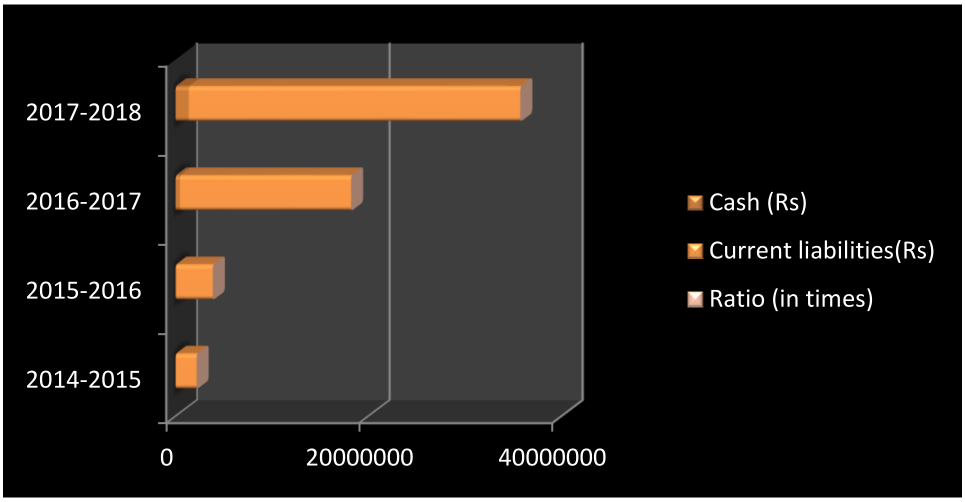
Table 4

Year	Days in a year	Debtor turnover ratio	Period
2014-2015	365	13.49	27.05
2015-2016	365	13.59	26.85
2016-2017	365	14.7	24.82
2017-2018	365	11.61	31

Source : balance sheet

Interpretation It is observed that the debtor collection period is less in the year 2016 – 2017, 24 days and its maximum in the period 2017 – 2018, 31 days.

Graph 4



Creditors Turnover Ratio

A short term liquidity measure used to quantify the rate at which a company pays off its suppliers. Creditor's turnover ratio is also called as 'Accounts payable turnover ratio'. It is calculated by taking the total purchases made from suppliers and dividing it by the average accounts payable amount during the same period. Accounts payable turnover ratio is an accounting liquidity metric that evaluates how fast a company pays off its creditors or suppliers. The ratio shows how many times in a given period a company pays its average accounts payable. An accounts payable turnover ratio measures the number of times a company pays its suppliers during a specific accounting period.

Turnover Ratio = Total Sales / Total Creditors

Creditors or Average Collection Period = 365 Days / Creditors Turnover Ratio

Table 5

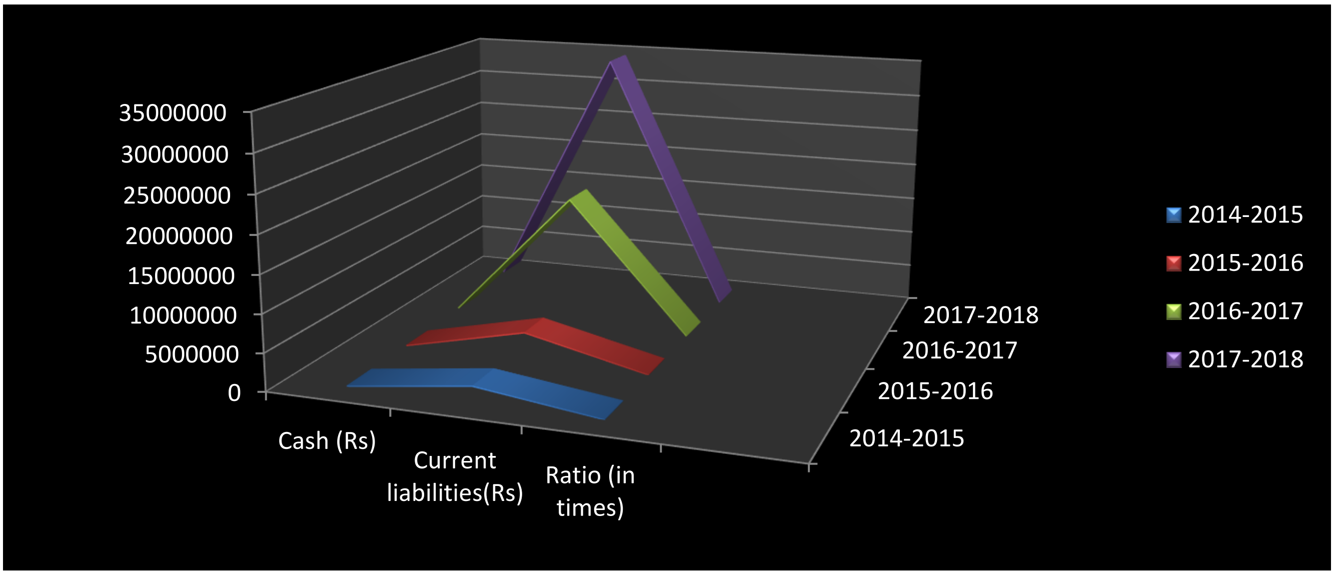
Years	Total Sales	Total Creditors	Creditors Turnover Ratio	Period
2014-2015	74887994	1781568	42.03	8
2015-2016	95783548	3423109	27.98	13
2016-2017	268483001	13780092	19.48	18
2017-2018	248045250	16998257	14.59	25

Source: balance sheet

Interpretation

It is observed that the ratio is at the satisfactory level where it was high in the year 2014-2015 with 42.03 times and low in the year 2017- 2018 with 14.59 times.

Graph 5



Absolute Liquid Ratio

In additional to computing current and quick ratio, some analysts also compute absolute liquid ratio to test the liquidity of the business. Absolute liquid ratio is computed by dividing the absolute liquid assets by current liability.

Absolute Liquid Ratio = Absolute Liquid Assets / Current Liabilities

Table 6

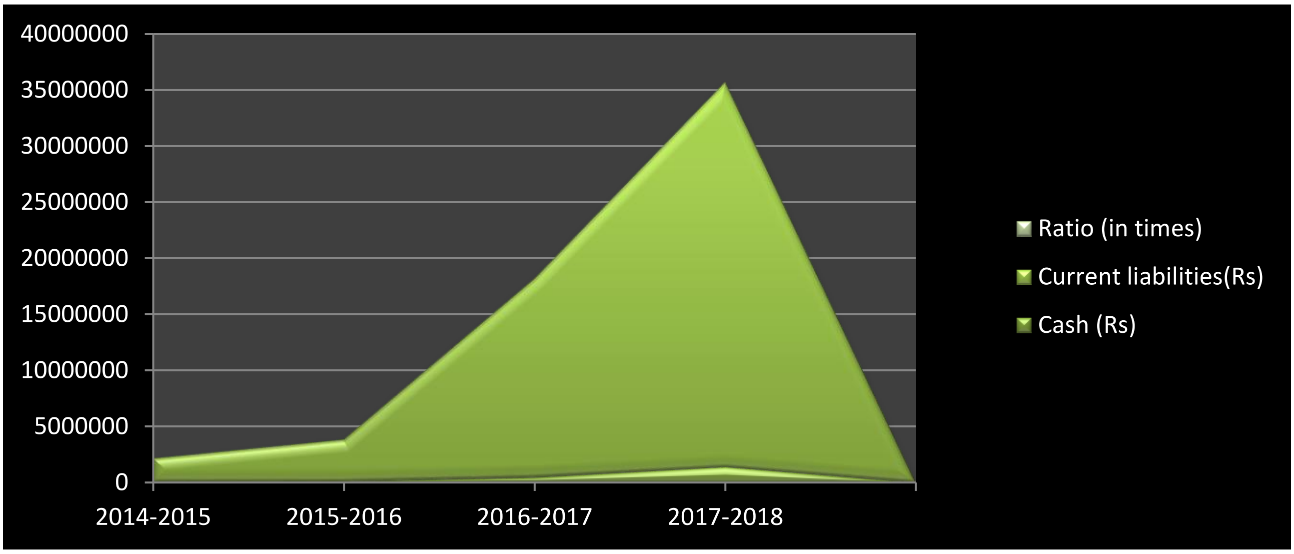
Year	Absolute Liquid Assets (Rs)	Current Liabilities(Rs)	Ratio (in times)
2014-2015	57788	28448479	0.0020
2015-2016	100954	39241988	0.0025
2016-2017	468447	79981173	0.0058
2017-2018	1377154	87539244	0.0157

Source: balance sheet

Interpretation

From the above table it is clear that the absolute liquid ratio is high in the year 2017-2018with 0.015 times and low in the year 2014-2015 with 0.0020 times. The ratio has increased due to drastically increased liquid asset in the year 2017-2018 than the previous year 2016-2017liquid assets.

Graph 6



Loans and Advances to Current Asset Ratio

Loans and advances are utilized for making payment of current liabilities, wages and salaries of employees and also the tax liability of business. Current assets are those assets that are expected to be used (sold or consumed) within a year, unlike fixed assets. Current assets are shown on the balance sheet, and are listed in order of increasing liquidity. Usually stocks will be listed first, followed by debtors, with cash last. The current assets position of a company is important both for assessing its financial strength financial position (see current assets ratio) and for gauging its operational efficiency.

Loans & Advances to Current Assets Ratio = Loans & Advances / Current Asset

Table 7

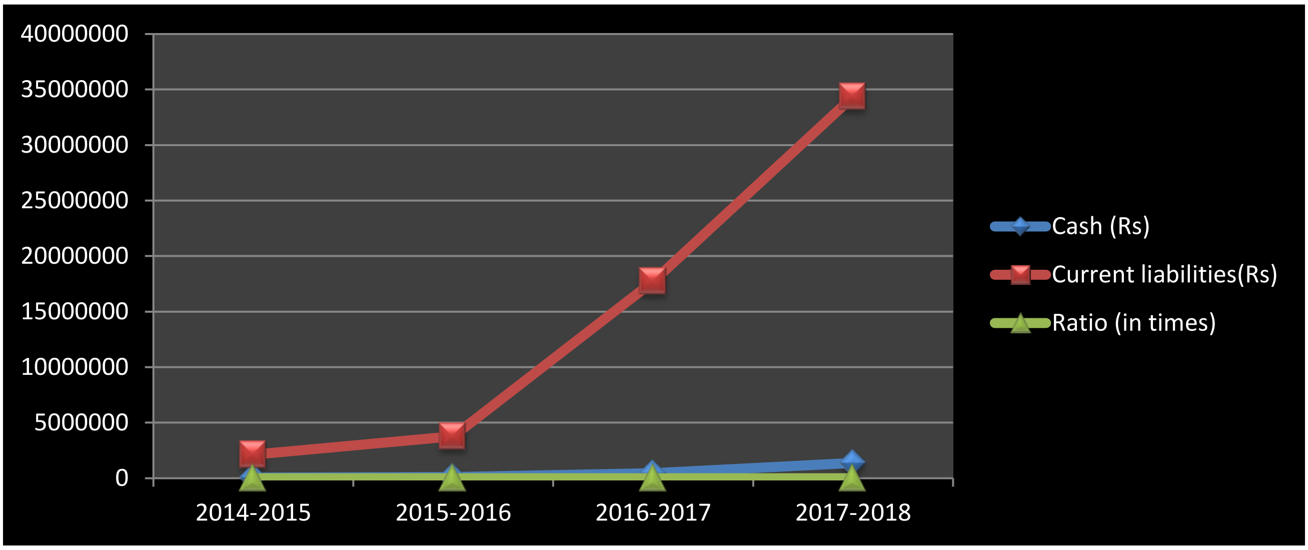
Year	Loans & Advances(Rs)	Current Asset (Rs)	Ratio (In Times)
2014-2015	26666911	16130816	1.65
2015-2016	35818879	16917660	2.11
2016-2017	66201081	55788615	1.18
2017-2018	70540987	78825792	0.89

Source: balance sheet

Interpretation

From the above table it is inferred that the ratio was high in the year 2015-2016 with 2.11 times and low in the year 2017-2018 with 0.89 times. The ratio was decreased in the year 2017-2018 from 2016-2017 due to the decrease of loans and advances.

Graph 8



Cash to Current Asset Ratio

The cash to current asset ratio measures company liquidity, basing how liquid a company is by its cash. Important of cash to current assets is high or increasing cash to current asset ratio is generally a positive sign, showing the company's liquid assets represent a larger portion of its total current assets. It also indicates the company may be better able to convert its non-liquid assets.

Cash to current asset ratio = cash / current asset

Table 8

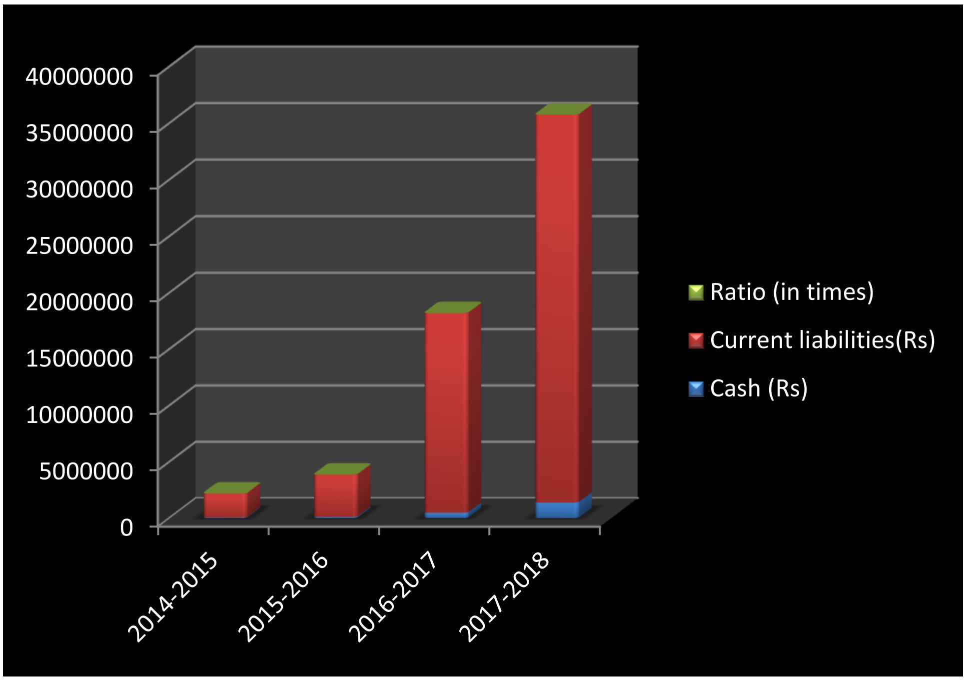
Year	Cash (Rs)	Current asset(Rs)	Ratio (in times)
2014-2015	57788	16130816	0.003
2015-2016	100954	16917660	0.0059
2016-2017	468447	55788615	0.0084
2017-2018	1377154	78825792	0.017

Source: balance sheet

Interpretation

It is observed that the ratio was high in the year 2017-2018 with 0.017 times and low in the year 2016-2017 with 0.0084 times. At the present year 2017-2018 the ratio was in 0.017 times. It was drastically increased from 0.0084 times due to increase in the cash.

Graph 9



Cash to Sales Ratio

The cash to sales ratio indicates the number of times that cash turns over per year. High cash to sales ratio may indicate inadequate cash on hand. This may lead to financial problems if further financing is not available at reasonable prices.

Cash to Sales Ratio = Cash / Sales

Table 9

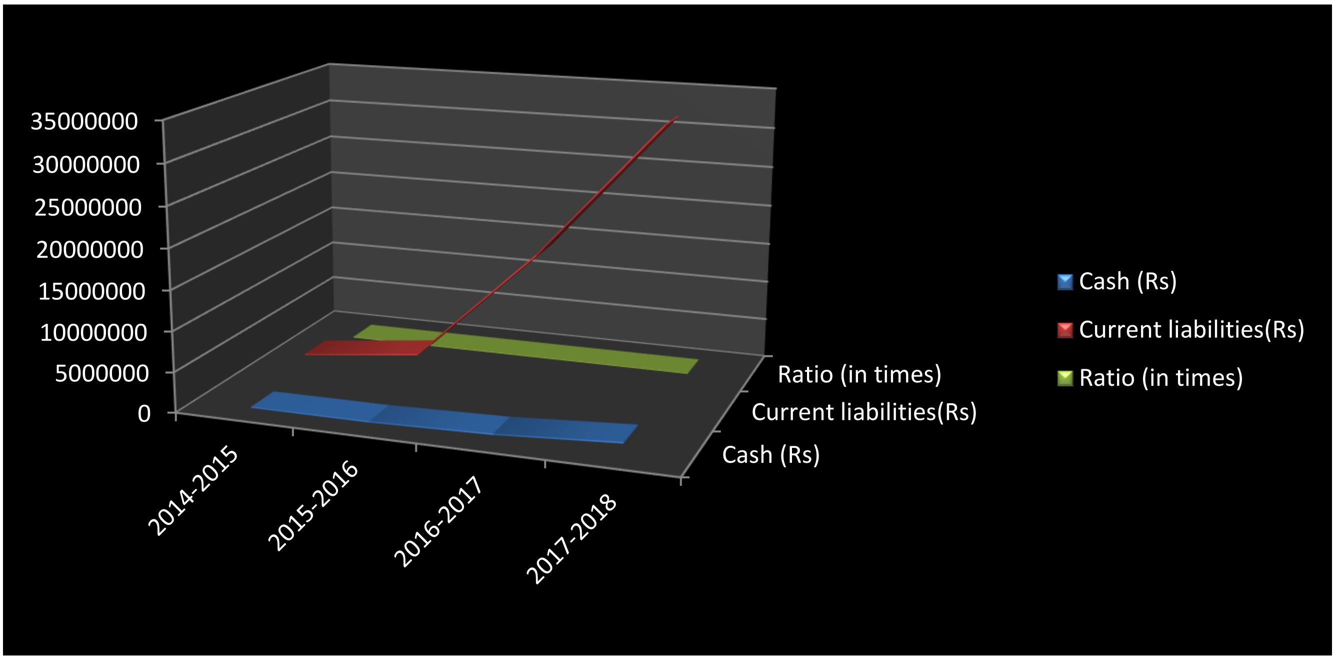
Year	Cash (Rs)	Sales (Rs)	Ratio (in times)
2014-2015	57788	74887994	0.0007
2015-2016	100954	95783548	0.00105
2016-2017	468447	268483001	0.0017
2017-2018	1377154	248045250	0.0055

Source: balance sheet

Interpretation

It is observed that the ratio was high in the year 2017-2018 with 0.0055 times and low in the year 2016-2017 with 0.0017 times. Due to increase of sales value than the cash value, the ratio was decreased.

Graph 9



Cash Ratio: This indicates the relationship between cash and balances to current liability for the study period. It is calculated for comparing the cash with current liability. The higher proportion denotes idleness of cash, which affects the profitability position of the firm, and a low proportion of cash means shortage of cash liquidity.

Cash Ratio = Cash / Current Liabilities

Table 10

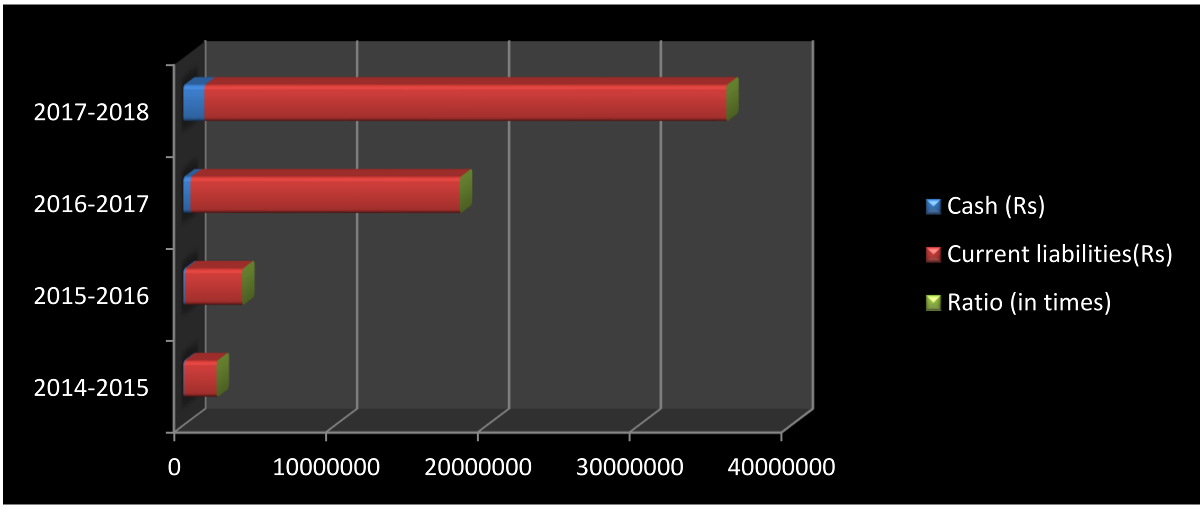
Year	Cash (Rs)	Current liabilities(Rs)	Ratio (in times)
2014-2015	57788	2126225	0.027
2015-2016	100954	3761457	0.02684
2016-2017	468447	17731422	0.02642
2017-2018	1377154	34365356	0.04007

Source : balance sheet

Interpretation

It is observed that the ratio is at the satisfactory level when compared to previous year it was high in the year 2017-2018 with 0.04007 times and it was low in the year 2016-2017 with 0.02642 times. Due to the increased of the cash value the ratio was high in the year 2017-2018.

Graph 10



6.4 Comparative Balance Sheet for Four Years

Comparative Balance Sheet of NRC Agro Chennai, as on 31st March 2015-2016

Table 11

Particulars	2015 (Rs)	2016 (Rs)	Increase/Decrease In Amount (Rs)	Increase/Decrease In Percentage (%)
Assets				
Current Assets				
Cash in hand	22496	68112	45616	202%
Sundry Debtors	5548796	7046416	1497620	26.9%
Short Term Investments	35292	32842	-2450	-6.9%
Total Current Assets (A)	5606584	7147370	1540786	27.4%
Fixed Assets (B)	16130816	16917660	786844	4.87%
Total Assets (A+B)	21737400	24065030	2327630	10.7%

Table 12

Particulars	2015 (Rs)	2016 (Rs)	Increase/Decrease In Amount (Rs)	Increase/Decrease In Percentage (%)
Liabilities				
Current Liabilities				
Sundry Creditors	1781568	3423109	1641541	92%
Amount due on Loan and Advances	26666911	35818879	9151968	34.3%
Total Current Liabilities (A)	28448479	39241988	10793509	37.9%
Capital &Reserve Funds (B)	1848341	9268299	-7419958	-80%
Total Investments (C)	62663	226900	164237	262%
Total Liabilities (A+B+C)	30359483	30200589	-158894	-0.5%

Interpretation

Compared to 2015-16, Current assets have increase by 27.4% that Sundry debtors have increased 26.9% due to payment to employees and other parties. Cash in hand represent amount from central government has increased 202% which shows less lending, also Current liabilities have increased by 37.9% mainly due to increase in checks and bill payables and security deposit received. Total investment has been raised by 262% which has been successfully invested in fixed assets.

Table 13

Comparative Balance Sheet of NRC Agro Chennai, as on 31st March 2016-2017

Particulars	2016(Rs)	2017 (Rs)	Increase/Decrease In Amount (Rs)	Increase/Decrease In Percentage (%)
Assets				
Current Assets				
Cash in hand	68112	267659	199547	292 %
Sundry Debtors	7046416	18263557	11217141	159%
Short Term Investments	32842	200788	167946	511%
Total Current Assets (A)	7147370	18732004	11584634	162%
Fixed Assets (B)	16917660	59669591	42751931	252%
Total Assets (A+B)	24065030	78401595	54336565	225%

Table 14

Particulars	2016 (Rs)	2017 (Rs)	Increase/Decrease In Amount(Rs)	Increase/Decrease In Percentage (%)
Liabilities				
Current Liabilities				
Sundry Creditors	3423109	13780092	10356983	302%
Amount due on Loan and Advances	35818879	66201081	30382202	84.8%
Total Current Liabilities (A)	39241988	79981173	40739185	103%
Capital & Reserve Funds (B)	-9268299	36100073	45368372	79.99%
Total Investments (C)	226900	944986	718086	316%
Total Liabilities (A+B+C)	30200589	117026232	86825643	287%

Interpretation

Compared to 2016-17, Current assets have increase by 162% that Sundry debtors have increased 159% due to payment to employees and other parties. Cash in hand represent amount from central government has also increased 292% which shows more lending, also Current liabilities have increased by 103% mainly due to increase in checks and bill payables and security deposit reserved. Total investment has been raised by 316% which has been successfully invested in fixed assets.

Table 15

Comparative Balance Sheet of NRC Agro Chennai, as on 31st March 2017-2018

Particulars	2017 (Rs)	2018 (Rs)	Increase/Decrease In Amount (Rs)	Increase/Decrease In Percentage (%)
Assets				
Current Assets				
Cash in hand	267659	549354	281695	105%
Sundry Debtors	18263557	21355066	3091509	16.9%
Short Term Investments	200788	827800	627012	312%
Total Current Assets (A)	18732004	22732220	4000216	21.3%
Fixed Assets (B)	59669591	61169935	1500344	2.5%
Total Assets (A+B)	78401595	83902155	5500560	7.01%

Table 16

Particulars	2017(Rs)	2018 (Rs)	Increase/Decrease In Amount (Rs)	Increase/Decrease In Percentage (%)
Liabilities				
Current Liabilities				
Sundry Creditors	13780092	16998257	3218165	23.3%
Amount due on Loan and Advances	66201081	70540987	4339906	6.5%
Total Current Liabilities (A)	79981173	87539244	7558071	9.43%
Capital & Reserve Funds (B)	36100073	26449860	-9650213	-26.9%
Total Investments (C)	944986	1342800	397814	42.1%
Total Liabilities (A+B+C)	117026232	115331904	-1694328	-1.44%

Interpretation

Compared to 2017-18, Current assets have increase by 21.3% that Sundry debtors have increased 16.9% due to payment to employees and other parties. Cash in hand represent amount from central government has also decreased 105% which shows less lending, also Current liabilities have increased by 9.43% mainly due to increase in checks and bill payables and security deposit reserved. Total investment has been decreased by 42.1% which has been unsuccessfully invested in fixed assets.

Table 17

Common Size Balance Sheet for Four Years

Common Size Balance Sheet of NRC Agro Chennai, as on 31st March 2015-2016

Particulars	2015(Rs)	2015(%)	2016(Rs)	2016(%)
Assets				
Current Assets				
Cash in hand	22496	0.10%	68112	0.28%

Sundry Debtors	5548796	25.53%	7046416	29.28%
Short Term Investments	35292	0.16	32842	0.14%
Total Current Assets (A)	5606584	25.79%	7147370	29.70%
Fixed Assets (B)	16130816	74.21%	16917660	70.30%
Total Assets (A+B)	21737400	100%	24065030	100%

Table 18

Particulars	2015(Rs)	2015(%)	2016(Rs)	2016(%)
Liabilities				
Current Liabilities				
Sundry Creditors	1781568	5.87%	3423109	7.02%
Amount due on Loan and Advances	26666911	87.84%	35818879	73.49%
Total Current Liabilities (A)	28448479	93.71%	39241988	80.52%
Capital &Reserve Funds (B)	1848341	6.09%	9268299	19.02%
Total Investments (C)	62663	0.21%	226900	0.47%
Total Liabilities (A+B+C)	30359483	100%	48737187	100%

Interpretation

YEAR OF 2015 : In the sources of funds out in 2015 is 100%, total current assets was 25.79%, fixed asset was 74.21% in the application of funds in 2015 is 100%, capital and reserve funds was 6.09% total current liabilities where by 93.714% and total investment was 0.21%

YEAR OF 2016 : In the sources of funds out in 2016 is 100%, total current assets was increased by 29.70%, fixed asset was decreased by 70.30% in the application of funds in 2016 is 100%, capital and reserve funds was increased by 19.02% total current liabilities where decreased by 80.52% and total investment was increased 0.47% .

Table 19

Common Size Balance Sheet of NRC Agro Chennai, as on 31st March 2017-2018

Particulars	2017(Rs)	2017(%)	2018(Rs)	2018(%)
Assets				
Current Assets				
Cash in hand	267659	0.34%	549354	0.65%
Sundry Debtors	18263557	23.29%	21355066	25.45%
Short Term Investments	200788	0.26%	827800	0.99%
Total Current Assets (A)	18732004	23.89%	22732220	27.09%
Fixed Assets (B)	59669591	76.11%	61169935	72.91%
Total Assets (A+B)	78401595	100%	83902155	100%

Table 20

Particulars	2017(Rs)	2017(%)	2018(Rs)	2018(%)
Liabilities				
Current Liabilities				
Sundry Creditors	13780092	11.78%	16998257	14.74%
Amount due on Loan and Advances	66201081	56.57%	70540987	61.16%
Total Current Liabilities (A)	79981173	68.34%	87539244	75.90%
Capital &Reserve Funds (B)	36100073	30.85%	26449860	22.93%
Total Investments (C)	944986	0.81%	1342800	1.16%
Total Liabilities (A+B+C)	117026232	100%	115331904	100%

Interpretation

YEAR OF 2017 : In the sources of funds out in 2017 is 100%, total current assets was decreased 23.89%, fixed asset was increased by 76.11% in the application of funds in 2017 is 100%, capital and reserve funds was increased 30.85% total current liabilities where decreased by 68.34% and total investment is increased 0.81%.

YEAR OF 2018 : In the sources of funds out in 2018 is 100%, total current assets was increased by 27.09%, fixed asset was decreased by 72.91% in the application of funds in 2018 is 100%, capital and reserve funds was decreased by 22.93%, total current liabilities where increased by 75.90%, and total investment was increased 1.16%.

6.3.2 Correlation

The degree of relationship between the variables under consideration is measured through correlation analysis. It is also known as simple linear correlation or product moment method. It is the most widely used method of discovering the extent of correspondence. The formula for finding correlation between variables is

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x^2 - (\sum x)^2}\sqrt{n\sum y^2 - (\sum y)^2}}$$

Table Showing Correlation between Deprecation and Profit\ Loss

S. No	Depreciation	Net Loss
1	2,954,689	1,035,120
2	845,542	4,473,135
3	3,006,554	2,184,556
4	2,751,056	1,895,926
Total	**9,557,841**	**9,588,737**

Interpretation

Since the value of correlation coefficient between depreciation and Net Loss is **-0.940** which indicates that there is a negative relationship between deprecation and Profit\Loss. This makes major drawback for Net Loss to the company.

6.3.3 Regression

Regression is a statistical measure used in finance, investing and other disciplines that attempts to determine the strength of the relationship between one dependent variable (usually denoted by Y) and a series of other changing variables (known as independent variables). Regression helps investment and financial managers to value assets and understand the relationships between variables, such as commodity prices and the stocks of businesses dealing in those commodities.

Null Hypothesis (H0):

- There is a positive relationship between the VAT Payable and Net Loss of a company.

Alternative Hypothesis (H1):

There is a negative relationship between the VAT Payable and Net Loss of a company.

S. No	VAT Payable	Net Loss
1	83,394	1,035,120
2	111,448	4,473,135
3	130,800	1,895,926
Total	325,642	7,404,181

Summary Output

Regression Statistics	
Multiple R	0.341538948
R Square	0.116648853
Adjusted R Square	-0.766702293
Standard Error	31681.83787
Observations	3

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	132546367.8	132546367.8	0.132052643	0.778103746
Residual	1	1003738851	1003738851		
Total	2	1136285219			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	97316.38	35913.24119	2.7098	0.22507	-359004.6	553637.38	-359004.61	553637.38
Net Loss	0.004551	0.012522387	0.3634	0.7781	-0.154561	0.1636625	-0.1545615	0.16366253

Regression value = 0.116649

Value is positive so there is a positive relationship between the VAT Payable and Net Loss to the company.

Interpretation

Since value is 0.116649so there is a positive relationship between the VAT Payable and Net Loss to the company. It is major reason causes Loss to the company.

Finally, NRC Agro has increasing their operation efficiency and expanding their business Activities all over India. In future this will results in Profit to their business. Faster conversion cycle of debtors or accounts receivables: faster rolling of money via debtors will keep the current ratio in control. At least the ratio will show a correct picture if the debtors are liquid. A constant follow up with the debtors can improve the collection from them. In the first dealing itself, the payment terms should be made clear and should negotiate credit period as low as possible. Pay off current liabilities: not only does the current ratio depend on current assets, it is equally dependent on the current liability which is the denominator. They should be paid off as often and as early as possible. It would decrease the level of current liabilities and therefore improve the current ratio. Early payments to creditors can save interest cost and earn discount which will have direct impact to the profits of the firm. Sell-off unproductive assets: cash level can be increased by selling unused fixed assets. Otherwise the money is unnecessarily blocked into them and idle money accrues interest cost.

VI. CONCLUSION

Change is definitely never easy: The government is trying to smoothen the road to GST. It is important to take a leaf from global economies that have implemented GST before us, and who overcame the teething troubles to experience the advantages of having a unified tax system and easy input credits. GST came into effect in the middle of the financial year: As GST was implemented on the 1st of July 2017, businesses followed the old tax structure for the first 3 months (April, May, and June), and GST for the rest of the financial year. Businesses may find it hard to get adjusted to the new tax regime, and some of them are running these tax systems parallels, resulting in confusion and compliance issues.GST will mean an increase in operational costs: As we have already established that GST is changing the way how tax is paid, businesses will now have to employ tax professionals to be GST-complaint. GST eliminates the cascading effect of tax: GST is a comprehensive indirect tax that was designed to bring the indirect taxation under one umbrella. More importantly, it is going to eliminate the cascading effect of tax that was evident earlier. Cascading tax effect can be best described as 'Tax on Tax'.

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