

A COMPARATIVE ANALYSIS OF INVENTORY, CASH AND RECEIVABLES MANAGEMENT PRACTICES OF HINDUSTAN RICE MILL AND NAZEER RICE MILL IN DISTRICT RAMPUR, UTTAR PRADESH

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ABSTRACT- Working capital management is an important component of financial management because it influences the liquidity, operational efficiency and financial sustainability of an enterprise. Its importance is particularly high in rice-milling enterprises because substantial funds are invested in paddy, processed rice, finished goods, receivables and other current assets. Seasonal procurement, fluctuations in agricultural prices, storage requirements, credit sales and delayed realization of receivables create distinctive working-capital requirements for rice mills.

The present study comparatively examines the inventory, cash/liquidity and receivables management practices of Hindustan Rice Mill and Nazeer Rice Mill operating in District Rampur, Uttar Pradesh. The study uses secondary financial data for the five-year period 2019–2023 and applies ratio analysis, trend analysis and comparative statistical analysis. The principal indicators include inventory turnover ratio, inventory conversion period, inventory as a proportion of total assets and current assets, debtor's turnover ratio, average collection period, debtors as a proportion of current assets and total assets, current ratio and working capital.

The findings show that the two mills' working-capital structures varied significantly. Nazeer Rice Mill's average inventory turnover ratio was 5.16 times, whereas Hindustan Rice Mill's was 6.40 times. Despite disparities in turnover ratios, the overall inventory-conversion efficiency of the two companies was strikingly similar, with Hindustan's average inventory conversion duration being 88.60 days and Nazeer's being 88.80 days. Additionally, Hindustan had a higher average debtors' turnover ratio (10.16 times) than Nazeer (7.09 times), indicating a greater turnover of accounts receivable. However, Nazeer's average collecting duration was 74.70 days, while Hindustan's was 53.13 days. Hindustan's average current ratio was 2.373, whereas Nazeer's was 3.333, suggesting a larger current-asset cushion at Nazeer. As a result, the findings show that neither business is dominant in every aspect of working capital management.

The study concludes that Hindustan demonstrates comparatively stronger inventory turnover and receivables realization, whereas Nazeer maintains a stronger current-liquidity position. Both enterprises need an integrated working-capital policy that balances liquidity, inventory efficiency and timely collection of receivables.

Keywords: Working Capital Management, Inventory Management, Cash Management, Receivables Management, Rice Mills, Liquidity, Inventory Turnover, Debtors Turnover, Rampur, Uttar Pradesh.

I. INTRODUCTION

Working capital is the amount of money an organization invests in current assets needed to carry out its daily activities. While current liabilities are short-term obligations, current assets often comprise cash and bank balances, inventories, trade receivables, and other short-term assets. Maintaining a suitable balance between liquidity and profitability is the goal of effective working-capital management.

In the rice-milling industry, working capital is especially important. Paddy acquisition, storage, processing, finished rice, and other operational tasks all demand significant investment for rice mills. Market prices and agricultural cycles have a significant impact on the purchase of paddy. As a result, during procurement seasons, mills could need to keep a sizable inventory. Simultaneously, sales may be made on credit and for quick cash, resulting in receivables and extra financing needs.

One of the most crucial elements of working capital in rice mills is inventory. Overstock can lead to storage costs, degradation, waste, and financial obstacles. On the other hand, a mill's capacity to meet consumer demand may be hampered by insufficient inventory.

Another crucial element is receivables. Although credit sales can improve customer relations and sales volume, they may also cause money to be blocked for a long time. Therefore, suitable credit regulations, client assessment, methodical monitoring, and efficient collection techniques are necessary for effective receivables management.

Since rice mills need liquidity for paddy procurement, labor, electricity, transportation, repairs, taxes, and other running expenses, cash management is equally crucial. On the other hand, storing too much cash can lead to opportunity costs and idle funds. Therefore, maintaining a sufficient liquidity position is just as important as maximizing cash.

The Hindustan Rice Mill and Nazeer Rice Mill in District Rampur, Uttar Pradesh, are the specific subjects of this study. The study's Chapter 4 data, which spans the years 2019–2023, is derived from annual reports and financial statements. Hindustan is referred to as "H Rice Mill" and Nazeer as "NR Rice Mill" in the original Chapter 4.

The study seeks to determine whether the two mills differ in their management of inventory, liquidity and receivables and to identify their respective strengths and weaknesses.

II. REVIEW OF LITERATURE

Working capital management has received substantial attention in financial-management research because of its influence on liquidity, profitability and firm value.

Shin and Soenen (1998) emphasized the relationship between working-capital efficiency and corporate profitability and highlighted the importance of managing the operating cycle effectively.

Deloof (2003) examined working capital and profitability and reported that efficient management of inventory and receivables could influence corporate profitability. The study suggested that firms can improve financial performance through effective management of the individual components of working capital.

Lazaridis and Tryfonidis (2006) examined working-capital management and profitability and reported an association between working-capital practices and financial performance.

Raheman and Nasr (2007) investigated working-capital management and profitability and highlighted the importance of receivables, inventory, cash conversion and short-term financing.

Sharma and Kumar (2011) examined Indian firms and reported the importance of efficient working-capital management for profitability.

The majority of the literature concentrates on large corporations and structured manufacturing enterprises, despite the fact that these studies offer a solid theoretical foundation. District-level individual rice mills have received relatively less attention. Due to seasonal paddy procurement, large inventory requirements, and variations in sales and

receivables, rice mills have particular working-capital characteristics.

The present study therefore extends the working-capital literature by providing a focused comparative examination of two rice mills operating in the same district.

III. RESEARCH GAP

The following research gaps are addressed:

1. Limited empirical research is available on working-capital management in small and medium-sized rice mills.
2. Existing research generally examines working capital as an aggregate concept rather than separately examining inventory, liquidity and receivables.
3. District-level comparative studies of rice mills are relatively limited.
4. The effect of seasonal procurement and inventory requirements makes rice mills different from many conventional manufacturing enterprises.
5. A comparison of two rice mills operating in the same geographical region provides a useful basis for identifying differences in financial management practices.

IV. OBJECTIVES OF THE STUDY

The study has the following objectives:

1. To examine the inventory management practices of Hindustan Rice Mill and Nazeer Rice Mill.
2. To compare the inventory turnover efficiency of the two rice mills.
3. To examine the inventory conversion period of the selected mills.
4. To analyse the liquidity and cash-management position of Hindustan and Nazeer Rice Mills.
5. To compare the receivables management efficiency of the two enterprises.
6. To examine trends in working capital during 2019–2023.
7. To identify the relative strengths and weaknesses of the two enterprises.
8. To provide suggestions for improving working-capital efficiency.

V. HYPOTHESES OF THE STUDY

The following null hypotheses are proposed:

H01: There is no significant difference in inventory management efficiency between Hindustan Rice Mill and Nazeer Rice Mill.

H02: There is no significant difference in liquidity management between Hindustan Rice Mill and Nazeer Rice Mill.

H03: There is no significant difference in receivables management efficiency between Hindustan Rice Mill and Nazeer Rice Mill.

H04: There is no significant difference in inventory conversion period between Hindustan Rice Mill and Nazeer Rice Mill.

The statistical comparison reported below uses the five annual observations for each enterprise. Because the two mills are observed over the same five years, the results should be interpreted as exploratory evidence rather than as a large-sample test.

VI. RESEARCH METHODOLOGY

A. Research Design

The study adopts a descriptive, analytical and comparative research design. Descriptive analysis is used to examine the financial position of the two mills, analytical methods are used to calculate financial ratios, and comparative analysis is used to determine differences between Hindustan and Nazeer.

B. Sample

Two rice mills were selected:

- Hindustan Rice Mill (H Rice Mill)
- Nazeer Rice Mill (NR Rice Mill)

The study period is 2019–2023.

C. Sources of Data

The study is based primarily on secondary financial data contained in the Chapter 4 material. The Chapter 4 tables identify annual reports as the source of the financial information.

D. Tools of Analysis

The following tools have been used:

- Ratio analysis
- Trend analysis
- Comparative analysis

- Mean/average analysis
- Current ratio analysis
- Inventory turnover analysis
- Inventory conversion period
- Debtors' turnover ratio
- Average collection period
- Working-capital analysis
- Comparative t-test for the two selected mills

VII. MEASUREMENT OF VARIABLES

A. Inventory Turnover Ratio

$\text{Inventory Turnover Ratio} = \text{Cost of Goods Sold} / \text{Average Inventory}$

A higher ratio generally indicates faster movement of inventory.

B. Inventory Conversion Period

$\text{Inventory Conversion Period} = 365 / \text{Inventory Turnover Ratio}$

A lower period generally indicates faster conversion of inventory into sales.

C. Inventory to Total Assets

$\text{Inventory to Total Assets} = \text{Inventory} / \text{Total Assets} \times 100$

This measures the proportion of the asset base committed to inventory.

D. Debtors Turnover Ratio

$\text{Debtors Turnover Ratio} = \text{Net Credit Sales} / \text{Average Trade Receivables}$

A higher ratio generally indicates faster collection of receivables.

E. Average Collection Period

$\text{Average Collection Period} = 365 / \text{Debtors Turnover Ratio}$

A lower collection period generally indicates more efficient collection.

F. Current Ratio

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

A higher current ratio generally represents a stronger short-term liquidity cushion, although an excessively high ratio may also indicate underutilization of current assets.

VIII. COMPARATIVE ANALYSIS OF HINDUSTAN AND NAZEER RICE MILLS

A. Current Assets, Current Liabilities and Working Capital

The Secondary data show the following position:
“Current Assets, Current Liabilities and Net Working Capital (in million)

TABLE NO. A RICE MILLS OF DISTRICT RAMPUR

Years	Nazeer Rice Mill	Hindustan Rice Mill
2019	3.19	3.40
2020	2.24	2.10
2021	4.97	4.97
2022	7.84	5.49
2023	7.54	16.02
Average	5.16	6.40

The data indicate that Hindustan's working capital increased substantially after 2020 and reached ₹28.583 million in 2023. Nazeer's working capital increased sharply in 2021 but subsequently declined. The underlying Chapter 4 data report average working capital of approximately ₹18.76 million for Hindustan and ₹22.47 million for Nazeer. Thus, although Hindustan showed stronger growth in working capital in the later years, Nazeer maintained a higher five-year average working-capital position.

IX. INVENTORY MANAGEMENT

Inventory management is particularly important for rice mills because paddy and processed rice constitute major investments.

A. Inventory Turnover Ratio

TABLE NO. 9.1 INVENTORY TURNOVER RATIO

Rice Mill	Particulars	2019	2020	2021	2022	2023
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H Rice Mill (Hindustan)	Current Assets	25.61	20.85	22.737	36.53	45.032
	Current Liabilities	14.10	12.48	3.473	12.148	16.449
	Working Capital	11.50	8.37	19.263	24.382	28.583
NR/Nazeer Rice Mill	Current Assets	32.47	38.67	23.382	25.293	23.569
	Current Liabilities	20.72	28.65	4.178	5.725	6.322
	Working Capital	11.75	10.01	19.204	19.568	17.248

Source: Compiled from Annual reports

The secondary data show that Hindustan's inventory turnover ratio declined from 3.40 times in 2019 to 2.10 times in 2020. It subsequently increased to 4.97 times in 2021, 5.49 times in 2022 and a very high 16.02 times in 2023. Its five-year average was 6.40 times, the highest among the rice mills included in the broader Chapter 4 comparison. Nazeer recorded 3.19 times in 2019, declined to 2.24 times in 2020 and then improved substantially to 4.97, 7.84 and 7.54 times in 2021, 2022 and 2023 respectively. Its average was 5.16 times.

Comparative interpretation

Hindustan performed better on the basis of the five-year average inventory turnover ratio. The difference became particularly pronounced in 2023 when Hindustan recorded 16.02 times compared with 7.54 times for Nazeer.

However, the extremely high 2023 ratio for Hindustan should be interpreted cautiously because an unusually high turnover ratio can arise from a sharp reduction in closing inventory and does not

necessarily imply that the mill was universally superior in every aspect of inventory management.

X. INVENTORY CONVERSION PERIOD

TABLE NO. 10. INVENTORY CONVERSION PERIOD

Year	Hindustan (days)	Nazeer (days)
2019	114	107
2020	174	163
2021	73	73
2022	66	46
2023	23	48

Source: Compiled from Annual reports

The Annual reports findings indicate that Hindustan's inventory conversion period increased from 107 days in 2019 to 174 days in 2020, before declining sharply to 73 days in 2021, 66 days in 2022 and 23 days in 2023.

Nazeer's inventory conversion period increased from 114 days in 2019 to 163 days in 2020, followed by a substantial decline to 73 days in 2021, 46 days in 2022 and 48 days in 2023.

The average conversion periods were almost identical: **88.60 days for Hindustan and 88.80 days for Nazeer.**

This is an important finding. Although Hindustan had the higher inventory turnover ratio, both enterprises converted inventory into sales over almost the same average period. This suggests that year-specific fluctuations, particularly Hindustan's exceptionally high turnover in 2023, had a major effect on the average turnover ratio.

XI. INVENTORY AS A PERCENTAGE OF TOTAL ASSETS

TABLE NO. 11. INVENTORY AS A PERCENTAGE OF TOTAL ASSETS

Year	Hindustan (%)	Nazeer (%)
2019	70.41	29.21
2020	48.17	37.91*
2021	24.70*	40.60*
2022	24.70*	40.60
2023	5.83	37.55
Average	42.79	34.42

Source: Compiled from Annual reports

*The Chapter 4 extraction contains some table-alignment ambiguity in the middle-year values; the published interpretation confirms that Nazeer's average was 34.42% and Hindustan's was 42.79%.

The Chapter 4 analysis reports that Nazeer had an average inventory-to-total-assets ratio of 34.42%, whereas Hindustan recorded 42.79%. Hindustan experienced a particularly sharp reduction, falling from 70.41% in 2019 to 5.83% in 2023.

This suggests that Hindustan initially had a considerably greater proportion of its asset base committed to inventory, but this dependence reduced substantially over the study period.

XII. INVENTORY AS A PERCENTAGE OF CURRENT ASSETS

The Chapter 4 data show an average inventory-to-current-assets ratio of approximately **44.28% for Hindustan** and **43.31% for Nazeer**. Hindustan's ratio declined substantially from 84.84% in 2019 to 13.35% in 2023, while Nazeer's ratio increased from 35.12% to 51.83% over the same period.

This indicates a contrasting strategy.

Hindustan reduced the proportion of current assets tied up in inventory, whereas Nazeer became increasingly dependent on inventory within its current-asset structure.

XIII. RECEIVABLES MANAGEMENT

TABLE NO. 13.1 DEBTORS TURNOVER RATIO

Year	Hindustan	Nazeer
2019	20.98	3.61
2020	11.06	2.51
2021	10.72	5.47
2022	3.94	13.14
2023	4.12	10.73
Average	10.16	7.09

Source: Compiled from Annual reports

Hindustan recorded a very high debtors' turnover ratio of 20.98 times in 2019. However, the ratio declined to 11.06 times in 2020, 10.72 times in 2021, 3.94 times in 2022 and 4.12 times in 2023. Its five-year average was 10.16 times.

Nazeer recorded substantially lower turnover in 2019 and 2020 at 3.61 and 2.51 times respectively.

However, it improved to 5.47 times in 2021, 13.14 times in 2022 and 10.73 times in 2023, resulting in an average of 7.09 times.

Comparative interpretation

On average, Hindustan had better receivables turnover. However, the trend is important. Hindustan's performance deteriorated substantially after 2019, whereas Nazeer demonstrated significant improvement after 2020.

Therefore, Hindustan's historical advantage should not be interpreted as a continuing advantage. Nazeer's recent performance indicates considerable improvement in receivables management.

XIV. AVERAGE COLLECTION PERIOD

TABLE NO. 14. AVERAGE COLLECTION PERIOD

Year	Hindustan (days)	Nazeer (days)
2019	17.40	101.00
2020	32.99	145.48
2021	34.05	66.00
2022	92.64	27.00
2023	88.59	34.00
Average	53.13	74.70

Source: Compiled from Annual reports

Hindustan had a very short collection period of 17.40 days in 2019, but this increased progressively and reached 92.64 days in 2022 and 88.59 days in 2023. Its average collection period was 53.13 days. Nazeer had a substantially longer collection period in 2019 and 2020—101 and 145.48 days respectively—but improved considerably thereafter. The period declined to 66 days in 2021, 27 days in 2022 and 34 days in 2023. Its average was 74.70 days.

The comparison produces an important managerial finding: **Hindustan was superior on average, but Nazeer showed a much stronger improvement trend.**

XV. DEBTORS AS A PERCENTAGE OF CURRENT ASSETS

The Chapter 4 data indicate that Nazeer had an average debtors-to-current-assets ratio of **42.97%**, whereas Hindustan recorded **37.89%**. Nazeer's ratio was particularly high in 2019 and 2020 before falling

considerably and then increasing again in 2023. Hindustan's ratio increased substantially from 13.35% in 2019 to 70.68% in 2022 before declining to 43.74% in 2023.

This indicates that Nazeer had a greater average dependence on receivables as a component of current assets.

For Hindustan, the sharp increase in receivables during the later years deserves managerial attention because it may create liquidity pressure even when sales and profitability are satisfactory.

XVI. CASH AND LIQUIDITY MANAGEMENT

The Chapter 4 material contains a table on the percentage of cash to current assets. However, the extracted data for this table contain apparent formatting/alignment anomalies—for example, some reported observations are extremely small while later observations are unusually large. Consequently, these values should not be silently reinterpreted as clean percentages.

For this reason, the present paper uses the **current ratio and working-capital position as the more reliable liquidity indicators**, while retaining the cash-management discussion conceptually.

TABLE NO. 16.1 CURRENT RATIO

Year	Hindustan	Nazeer
2019	1.815	1.567
2020	1.670	1.350
2021	3.560	5.600
2022	2.600	4.420
2023	2.220	3.730
Average	2.373	3.333

Source: Compiled from Annual reports

The Chapter 4 data report an average current ratio of **2.373 for Hindustan** and **3.333 for Nazeer**. Hindustan's current ratio increased substantially after 2020 and remained above two in the later years. Nazeer also experienced a major improvement, particularly in 2021, when its current ratio reached 5.60.

On the basis of the average current ratio, **Nazeer had the stronger liquidity position.**

However, a high current ratio does not automatically indicate superior working-capital management.

Excessively high current assets can indicate idle funds or inefficient utilization. Thus, liquidity must be considered together with inventory and receivables turnover.

XVII. OVERALL COMPARATIVE POSITION

TABLE NO. 17.1 The major indicators can be summarized as follows:

Indicator	Hindustan	Nazeer	Comparative Result
Average Inventory Turnover	6.40 times	5.16 times	Hindustan better
Average Inventory Conversion Period	88.60 days	88.80 days	Almost equal; Hindustan marginally better
Average Inventory/Total Assets	42.79%	34.42%	Nazeer has lower inventory intensity
Average Debtors Turnover	10.16 times	7.09 times	Hindustan better
Average Collection Period	53.13 days	74.70 days	Hindustan better
Average Debtors/Current Assets	37.89%	42.97%	Hindustan lower dependence
Average Current Ratio	2.373	3.333	Nazeer better liquidity
Average Working Capital	₹18.76 million	₹22.47 million	Nazeer higher

Source: Compiled from Annual reports

The comparison clearly demonstrates that the two enterprises have different working-capital strategies. **Hindustan's principal strengths** are inventory turnover and receivables realization. **Nazeer's principal strengths** are liquidity and the substantial improvement in receivables management during the later years.

XVIII. STATISTICAL COMPARISON

TABLE NO. 18.1 To supplement the ratio analysis, a comparison of the five annual observations was undertaken.

Variable	Hindustan Mean	Nazeer Mean	p-value	Interpretation

Inventory Turnover	6.40	5.16	0.666	Not significant
Inventory Conversion Period	88.60	88.80	0.995	Not significant
Debtors Turnover	10.16	7.09	0.438	Not significant
Collection Period	53.13	74.70	0.450	Not significant
Current Ratio	2.373	3.333	0.327	Not significant

Source: Compiled from Annual reports

At the 5% significance level, none of the differences between the two mills is statistically significant in this five-observation exploratory comparison.

Therefore:

- H01 is not rejected.
- H02 is not rejected.
- H03 is not rejected.
- H04 is not rejected.

This result should be interpreted carefully because the statistical comparison is based on only five annual observations per mill. The ratio differences are economically meaningful, but the small sample limits statistical power.

The broader Chapter 4 study, which compared **ten rice mills**, did find statistically significant differences in inventory turnover, with $F = 2.377$ and $p = 0.029$. It also found significant differences in debtors' turnover across the ten mills, with $F = 2.650$ and $p = 0.016$. These broader results support the existence of differences in working-capital practices across rice mills, although they should not be presented as a statistical test specifically comparing only Hindustan and Nazeer.

XIX. MAJOR FINDINGS

The major findings of the study are as follows:

1. Hindustan recorded a higher average inventory turnover ratio of 6.40 times compared with 5.16 times for Nazeer.

2. Hindustan's inventory turnover improved dramatically in 2023, reaching 16.02 times.
3. Nazeer's inventory turnover also improved considerably after 2020 and remained above seven times during 2022 and 2023.
4. The average inventory conversion periods were almost identical—88.60 days for Hindustan and 88.80 days for Nazeer.
5. Hindustan's inventory-to-total-assets ratio averaged 42.79%, compared with 34.42% for Nazeer.
6. Hindustan's inventory dependence declined sharply during the study period.
7. Nazeer recorded a higher average current ratio of 3.333 compared with 2.373 for Hindustan, indicating stronger liquidity.
8. Hindustan recorded a higher average debtors' turnover ratio of 10.16 times compared with 7.09 times for Nazeer.
9. Hindustan's average collection period was 53.13 days, compared with 74.70 days for Nazeer.
10. Nazeer nevertheless showed substantial improvement in collection efficiency, reducing its collection period from 145.48 days in 2020 to only 34 days in 2023.
11. Hindustan's receivables performance deteriorated after 2019, with its collection period increasing to more than 88 days in 2023.
12. Nazeer maintained higher average working capital of ₹22.47 million compared with ₹18.76 million for Hindustan.
13. The overall comparison shows that **Hindustan is relatively stronger in efficiency**, while **Nazeer is relatively stronger in liquidity**.

XX. DISCUSSION

The comparative results demonstrate that working-capital efficiency cannot be assessed through a single financial ratio.

Hindustan's high inventory turnover suggests faster inventory movement, particularly in 2023. However, its inventory-to-total-assets ratio and inventory conversion data indicate that its working-capital structure changed considerably during the study period. The extremely high turnover in 2023 should therefore be interpreted alongside the sharp reduction in inventory investment.

Nazeer, in contrast, maintained a stronger current ratio and higher average working capital. This provides a stronger liquidity cushion but may also imply that more funds are held in current assets.

The receivables analysis provides another interesting contrast. Hindustan had the better average debtor's turnover and collection period, but its performance deteriorated substantially after 2019. Nazeer started with comparatively weak collection efficiency but improved considerably from 2021 onward.

Thus, the two firms appear to follow different working-capital strategies. Hindustan appears relatively more efficiency-oriented, whereas Nazeer appears relatively more liquidity-oriented.

Neither approach is inherently superior. Excessive liquidity can reduce profitability through idle funds, while excessive efficiency achieved through very low inventories or cash balances may increase operational and liquidity risks.

XXI. MANAGERIAL IMPLICATIONS

A. Inventory Management

Hindustan should examine the reason for its exceptionally high inventory turnover in 2023. Management should determine whether the increase resulted from improved sales, lower inventory, changes in procurement practices or changes in accounting valuation.

Nazeer should continue the improvements achieved after 2020 and maintain inventory at levels consistent with production requirements and market demand.

Both firms should:

- Establish minimum and maximum inventory levels.
- Monitor slow-moving inventory.
- Coordinate procurement with storage capacity.
- Maintain systematic stock records.
- Conduct regular physical verification.
- Consider seasonal fluctuations when planning procurement.

B. Cash and Liquidity Management

Nazeer should avoid excessive accumulation of current assets merely to maintain a high current ratio.

Its stronger liquidity should be balanced against the opportunity cost of idle funds.

Hindustan should maintain sufficient liquidity to support procurement and operating expenditures while avoiding excessive dependence on short-term financing.

Both mills should prepare monthly or quarterly cash budgets.

C. Receivables Management

Hindustan should focus particularly on the deterioration in collection performance after 2019.

Nazeer should consolidate the substantial improvement achieved between 2020 and 2023.

Both enterprises should:

- Establish formal credit limits.
- Conduct customer credit assessment.
- Maintain receivables ageing schedules.
- Follow up overdue accounts.
- Establish collection targets.
- Review credit terms periodically.

XXII. SUGGESTIONS

Based on the empirical findings, the following suggestions are made:

1. Hindustan should investigate the reasons for its exceptionally high inventory turnover in 2023.
2. Nazeer should maintain the improvements achieved in inventory turnover after 2020.
3. Both firms should establish optimum inventory levels.
4. Seasonal paddy procurement should be coordinated with storage capacity.
5. Slow-moving inventory should be identified and monitored.
6. Both mills should prepare periodic cash budgets.
7. Nazeer should ensure that its relatively high liquidity does not result in idle funds.
8. Hindustan should maintain an adequate liquidity reserve.
9. Both mills should introduce systematic receivables ageing.
10. Hindustan should reduce the collection period from its relatively high 2022–2023 levels.
11. Nazeer should prevent a reversal of the improvement in collection efficiency achieved after 2020.

12. Credit limits should be established according to customer creditworthiness.

13. Working-capital ratios should be reviewed regularly.

14. Inventory, cash and receivables should be managed as an integrated system rather than independently.

15. Management should use financial information systems for timely working-capital decisions.

XXIII. LIMITATIONS OF THE STUDY

The study has several limitations.

First, it is based on only two rice mills and therefore the findings cannot automatically be generalized to all rice mills in Uttar Pradesh.

Second, the study covers five financial years, 2019–2023. A longer time period could provide stronger evidence concerning long-term trends.

Third, the analysis depends on the availability and consistency of financial data in the annual reports.

Fourth, some cash-to-current-assets data in the extracted Chapter 4 table appear to contain formatting or alignment inconsistencies. Therefore, these figures have not been artificially corrected or converted into alternative values.

Fifth, ratio analysis cannot capture all qualitative aspects of working-capital management. Supplier relationships, customer creditworthiness, procurement practices, market conditions and managerial policies may also influence working-capital requirements.

Finally, the small number of annual observations limits the statistical power of firm-level hypothesis testing.

XXIV. CONCLUSION

The present study provides a comparative assessment of inventory, liquidity and receivables management practices of Hindustan Rice Mill and Nazeer Rice Mill in District Rampur, Uttar Pradesh, using financial data for 2019–2023.

The analysis demonstrates that the two enterprises followed different working-capital patterns. Hindustan recorded the higher average inventory turnover ratio of 6.40 times compared with 5.16 times for Nazeer. Its inventory conversion period,

however, averaged 88.60 days, almost identical to Nazeer's 88.80 days.

In receivables management, Hindustan also performed better on average, recording a debtor's turnover ratio of 10.16 times and an average collection period of 53.13 days, compared with 7.09 times and 74.70 days respectively for Nazeer.

However, Nazeer demonstrated a stronger liquidity position. Its average current ratio of 3.333 exceeded Hindustan's 2.373, while its average working capital was also higher at ₹22.47 million compared with ₹18.76 million for Hindustan.

The findings therefore do not support the conclusion that one enterprise is universally superior. Rather, the evidence indicates that **Hindustan has comparatively stronger working-capital efficiency in inventory and receivables, while Nazeer has comparatively stronger liquidity.**

An especially important finding is the improvement shown by Nazeer in receivables management. Its collection period fell from 145.48 days in 2020 to 34 days in 2023. Hindustan, in contrast, moved from a highly efficient 17.40-day collection period in 2019 to 88.59 days in 2023.

The study consequently recommends an integrated working-capital strategy. Hindustan should concentrate on improving receivables collection and maintaining an appropriate liquidity cushion, while Nazeer should continue improving inventory and receivables efficiency without compromising its liquidity position.

Overall, the study contributes to the literature by providing an industry-specific comparison of two rice mills operating within the same geographical region. It demonstrates that efficient working-capital management requires balancing **liquidity, inventory turnover and receivables realization**, rather than maximizing any single ratio.

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