

# CHAPTER 3

**Chapter 3**  
**THE FINANCIAL POSITION OF SHRI SANT DAMAJI CO-OPERATIVE**  
**SUGAR FACTROY**

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**Chapter 3**  
**THE FINANCIAL POSITION OF SHRI SANT DAMAJI CO-OPERATIVE**  
**SUGAR FACTROY**

Financial position of any business organization is called as a mirror because it shows actual economic position of the business. The business can formulate different projects who has strong financial position, apart from this it can develop the socio-economic condition of the society. In this chapter the financial position of Shri Sant Damaji Co-operative Sugar factory is examined. It includes position of factory's Share capital, Deposits, Reserve fund, Borrowings the investment position of factory and profit of the factory.

**3.1 Share Capital:-**

It is clear that the financial strength of the co-operative institution depends upon its ability to raise share capital. The share capital was collected from the sugarcane growers and non producers. Moreover factory also took loans from various banks from time to time.

Table No. 3.1

Share Capital & Share Holders in 2006-07

Sr. No.	Class of Share Holders	Total Members	Total Shares	Share Amount (in lakhs)
1	'A' Grade producer Members	13561	13919	545.81
2	Society Members	162	208	7.73
3	Govt. of Maharashtra	01	15052	752.60
4		--	--	19.11
5	Total	13724	29179	1325.25

Source:- Compiled from Annual Reports of the factory

Above Table No. 3.1 shows the class of share holders, total members, total shares and share amount recovered. The total recovered share amount was 1325.25 lakhs in the year 2006-07. In the case of total shares, total shares in 2006-07 were 29179. At the end of 2007 share capital of Govt. of Maharashtra was 752.60 lakhs. Following Table 3.2 shows the growth of share capital of the factory.

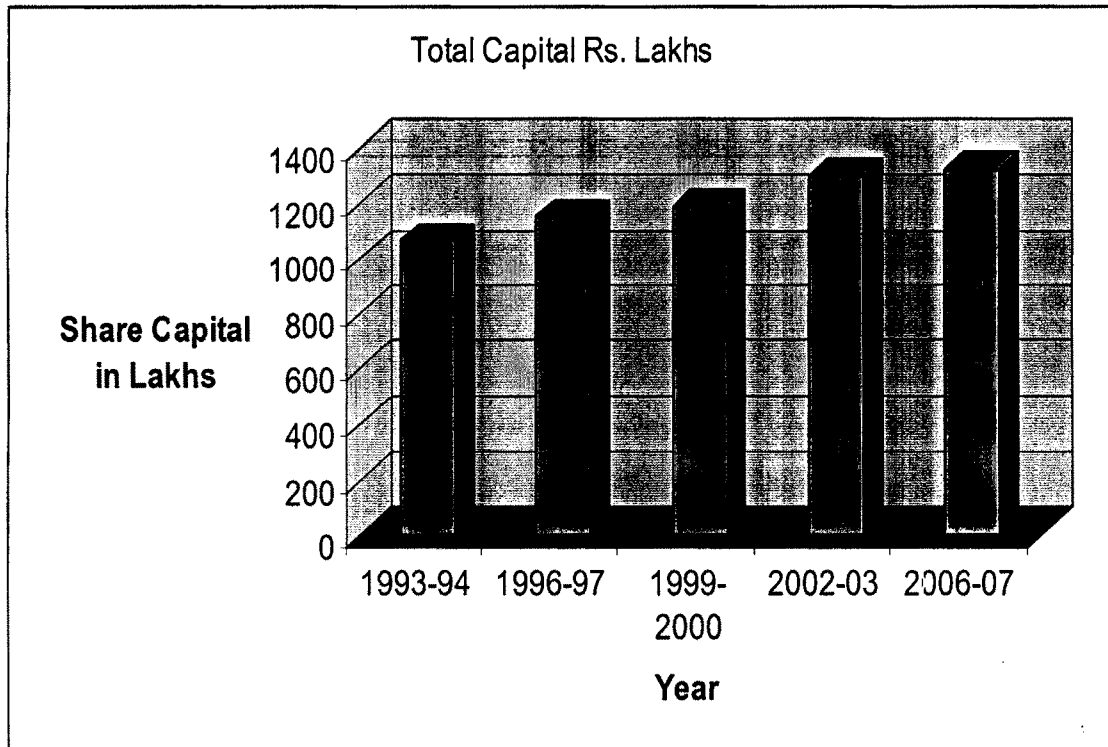
Table No. 3.2  
Progress in Share Capital

<b>Year</b>	<b>Total Capital Rs. Lakhs</b>	<b>Govt. Contribution</b>	<b>Net Contribution</b>	<b>Absolute Increase (in Lakhs)</b>
1993-94	1068.25	856.00	212.25	--
1996-97	1152.36	908.32	244.04	31.80
1999-2000	1187.92	848.07	339.85	95.81
2002-03	1298.83	787.82	511.01	171.16
2006-07	1325.25	752.60	572.65	61.64

Source:- Compiled from Annual Reports of the factory

In above Table 3.2 we have considered total capital, Govt. contribution, Net contribution and Absolute increase in the net contribution. In the case of total capital, the total capital in 1993-94 was 1068.25 lakhs and it has increased up to 1325.25 lakhs in 2006-07. In the case of Govt. contribution in the total capital, in the year 1993-94 the Govt. contribution was 856.00 lakhs and its decreased up to 752.60 lakhs in the year 2006-07. In 1993-94 the net contribution in the total capital was 212.25 lakhs and it's increased up to 572.65 lakhs in 2006-07. In 1996-97 the percentage change of net contribution was 31.80

and it has increased up to 61.64 in 2006-07. In short Shri Sant Damaji Co-operative Sugar factory's share capital has continuously increased.



### 3.2 Deposits:-

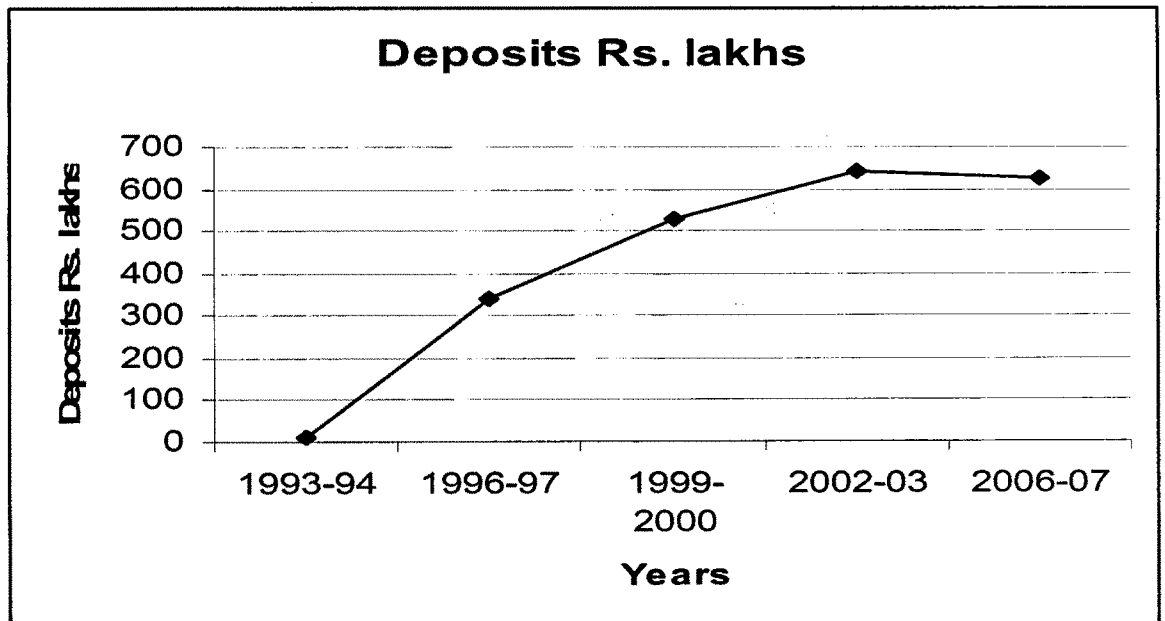
In a developing countries the income of the persons is low. They are partly saved owing to the operation of subjective factors like thriftness desires to build fortune. In the absence of saving institutions like post office, banks, credit societies etc. organized efforts made to mobilize savings in the area of factory. People in the area used to hoard them in various trades forms. This type of hoarding undermines development efforts. Co-operative society is imperative as it transforms potential trade hurding into institution aliated saving. The rural people in the areas around the factory are sufficiently convinced about the safety and profitability of their saving especially in the sugar factory. The table no 3.2 shows the position of deposits during the period from 1993-94 to 2006-07.

**Table No. 3.3**  
**Position of Deposits**

<b>Year</b>	<b>Deposits Rs. lakhs</b>	<b>Absolute Increase Rs. lakhs</b>	<b>Working Capital Rs. lakhs</b>	<b>% of deposits to working capital</b>
1993-94	9.38	--	3641.58	0.25
1996-97	339.31	+329.93	6338.06	5.35
1999-00	530.16	+190.85	8385.63	6.32
2002-03	640.79	+110.63	9232.07	6.94
2006-07	626.64	-14.15	10044.58	6.23

Source:- Compiled from Annual Reports of the factory

Above Table No. 3.3 shows the condition of deposits. In the case of deposit, total deposits in 1993-94 were 9.38 lakhs and it's increased up to 640.79 lakhs in year 2002-03. In the year 2006-07 deposits was decreased by 626.64 lakhs. In the case of absolute increase in 1996-97 was 329.93 lakhs and its decreased was 110.63 lakhs in year 2002-2003. The percentage of deposits to working capital in 1993-94 was 0.25 and it's increased by 6.23 in the year 2006-07.



### 3.3 Borrowings:-

The Shri Sant Damaji Co-operative Sugar factory required to borrow from the various agencies. This borrowing is long term as well as short term. The long term borrowing is undertaken for the purpose of making capital investment by way of installation of the machinery.

Maharashtra state co-operative bank, Bank of Badoda, District Central Co-operative bank and various commercial banks supply the long term credit as well as short term credit to the factory. The factory needs loans for the short term operations like procurement of sugarcane, payment of salaries, working expenses etc. Following table 3.4 shows the various type of borrowing of the factory.

Table No. 3.4  
Borrowings of the factory

Year	Borrowing on Security (in lakhs)	Borrowing without Security (in lakhs)	Total Borrowing (in lakhs)	Absolute Increase (in lakhs)
1993-94	NA	NA	2555.23	--
1996-97	3976.97	327.61	4304.58	1749.35
1999-00	4732.81	576.57	5309.38	1004.8
2002-03	5251.05	573.91	5824.96	515.58
2006-07	5279.63	908.31	6187.94	362.98

Source:- Compiled from Annual Reports of the factory

In above table 3.4 we have considered borrowing on security, borrowing without security, total borrowing and absolute increase in borrowing. In the case of borrowing on security, borrowing on security in 1996-97 was 3976.97 lakhs and it has increased up to 5279.63 lakhs in 2006-07. In case of borrowing without security in 1996-97 was 327.61 lakhs and it has tremendously increased up to 908.31 lakhs in the year 2006-07. In case of total borrowing, in 1993-94 total borrowing was 2555.23 lakhs and it has increased up to 6187.94 lakhs in the year 2006-07.

### 3.4 Reserve Funds:-

Reserve funds are the very important to institution, factory etc. The term of reserve means that something has been kept for the future use or emergency. Reserve fund is a part of capital which set aside from net profit for meeting any known or unknown contingency. The Shri Sant Damaji Co-operative Sugar factory is also expected to build up reserve funds out of its profits.

Table 3.5  
Reserve Funds of factory

Year	Reserve Funds (Rs. Lakh)	Absolute Increase (Rs. Lakh)	Working Capital (Rs. Lakh)	Reserve Funds to Working Capital (%)
1993-94	8.72	--	3641.58	0.23
1996-97	541.81	533.09	6338.06	8.54
1999-00	1358.17	816.36	8385.63	16.19
2002-03	1467.49	109.32	9232.07	15.90
2006-07	1904.75	437.26	10044.58	18.96

Source:- Compiled from Annual Reports of the factory

Above table 3.5 shows that factory has increased its reserve funds from Rs. 8.72 lakhs in 1993-94 to Rs. 1904.75 lakhs in 2006-07. The percentage of reserve funds to working capital was 0.23 in the period 1993-94-2006-07. In 1999-2000 the percentage of reserve funds to working capital was 16.19 and it decreased by 15.90 in the year 2002-2003, but it is increased by 18.96 in the year 2006-07. Thus it showed that factory has been making continuous progress in reserve funds over a period of time.

### 3.5 Financial Investment:-

The factory has invested monetary resources in various institutions and co-operative societies like purchasing the shares and bonds. The Shri Sant Damaji Co-operative Sugar factory is the share



holders of several co-operative societies and invested in certificate bonds such as -

1. The M.S.C. Bank Ltd Mumbai Shares
2. Solapur D.C.C. Bank Shares
3. Sakhar Sang housing Society
4. National Sakhar Karkhana Sang, Dilli
5. Fixed deposits for long term
6. Other investments

Table 3.6

Financial Investment of Sugar Factory

Year	Investment (Rs. Lakhs)	Working Capital (Rs. Lakhs)	Percentage of Investment to Working Capital
1993-94	9.65	3641.58	0.26
1996-97	37.85	6338.06	0.59
1999-2000	46.16	8385.63	0.55
2002-03	163.01	9232.07	1.76
2006-07	161.50	10044.58	1.60

Source:- Annual Reports of the factory

Above table No. 3.6 we have considered investment in lakhs, working capital and percentage of investment to working capital. In the case of investment in 1993-94 it was 9.65 lakhs and it was increased up to 163.01 lakhs in the year 2002-03. Then in year 2006-07 it was decreased by 161.50 lakhs. In 1993-94 percentage of investment to working capital was 0.26 which decreased 1.60 in year 2006-07.

### 3.6 Composition of Working Capital:-

Working capital is a very important factor to the factory. The working capital of the sugar factory which determines its ability to function consists of the share capital, Deposits, Borrowings and Reserve funds.

**Table 3.7**  
**Composition of Working Capital 1993-94 to 2006-07**

<b>Particulars</b>	<b>1993-94</b>	<b>1996-97</b>	<b>1999-00</b>	<b>2002-03</b>	<b>2006-07</b>
Share Capital (Rs. in lakhs)	1068.25 (29.33)	1152.36 (18.18)	1187.92 (14.16)	1298.83 (14.06)	1325.25 (13.19)
Reserve Funds (Rs. in lakhs)	8.72 (0.23)	541.81 (8.54)	1358.17 (16.19)	1467.49 (15.90)	1904.75 (18.96)
Deposits (Rs. in lakhs)	9.38 (0.25)	339.31 (5.35)	530.16 (6.32)	640.79 (6.94)	626.64 (6.23)
Borrowings (Rs. in lakhs)	2555.23 (70.16)	4304.58 (67.91)	5309.38 (63.31)	5824.96 (63.09)	6187.94 (61.60)
Total Working Capital (Rs. in lakhs)	3641.58 (100%)	6338.06 (100%)	8385.63 (100%)	9232.07 (100%)	10044.58 (100%)

Source:- Annual Reports of the factory

Above table No. 3.7 showed composition of working capital in 1993-94 to 2006-07. The total working capital in 1993-94 was Rs. 3641.58 lakhs and it has increased up to Rs. 10044.58 in 2006-07. In short the total working capital was continuously increased.

### **3.7 Per Quintal Cost of Sugar Production:-**

While getting the average cost of per quintal we have to consider to

- 1) Sugar cane price
- 2) Other production cost rather than sugarcane price

Average cost of per quintal of The Shri Sant Damaji Co-operative Sugar factory was included sugarcane price and other production cost rather than sugarcane price.

Table No. 3.8

Total Cost of Sugar Production per Quintal of Sugar

Year	Bag of Sugar produced in lakhs	Cost in total Rs. lakhs	Cost per Bag in Rs. lakhs
1993-94	0.86	1120.46	1302.87
1996-97	2.54	3115.90	1226.73
1999-00	6.49	10261.33	1581.10
2002-03	3.00	3842.4	1280.80
2006-07	6.58	10206.76	1551.18

Source: - Annual Reports of Factory

Above table No. 3.8 we have examined sugar production, total cost of sugar production in lakhs and cost per quintal in rupees. In the case of sugar production in the year 1993-94 it was 0.86 lakhs and it was increased up to 6.58 lakhs quintals in the year 2006-07. Total cost of sugar production in 1993-94 was 1120.46 lakhs and it was increased up to 10206.76 lakhs in year 2006-07. In the year 1993-94 cost per quintal was Rs. 1302.87 and it was increased Rs. 1551.18 in the year 2006-07.

**3.8 Profit/Loss of Sugar Factory:-**

we have consider the period of 14 years while considering the profit and loss of The Shri Sant Damaji Co-operative Sugar factory, and for that purpose we have consider the income aspect and expenditure aspect. If the supply of sugar cane is liberal, proper proportion of sugar recovery is maintained which in turn lead to increase production in sugar and which can lead in increase in profit. Thus if shows efficiency of Management of the factory.

Table No. 3.9  
Profit/Loss of Sugar Factory

Year	Total Cost of factory (Rs. Lakhs)	Total Income of factory (Rs.Lakhs)	Profit/Loss (Rs. Lakhs)
1993-94	---	---	---
1996-97	4716.93	4721.50	+4.57
1999-00	9050.29	9060.04	+9.75
2002-03	4422.74	4107.62	-315.12
2006-07	8164.22	7150.68	-1013.54

Source:- Annual Reports of Factory

In above table 3.9 we have analysed total cost of sugar factory, total income of factory and profit or loss of sugar factory. In the case of total cost of sugar factory, the total cost of factory in 1996-97 was 4716.93lakhs and total income of factory was 4721.50 lakhs means factory get 4.57 lakhs profit in the year 1996-97, also factory get 9.75 lakhs profit in the year 1999-00, but then factory goes losses. Total loss of sugar factory was 315.12 lakhs in 2002-03 and it was increased up to 1013.54 lakhs in the year 2006-07.

Table No. 3.10  
Balance Sheet of Factory (2006-07)

Debit	Amount in lakhs	Credit	Amount in lakhs
Share Capital	1325.24	Holding in Banks & Hand	64.25
Reserve Funds & Other Funds	1904.75	Investment	161.50
Borrowings on Security	5279.62	Advances	822.30
Govt. & other Borrowings	908.30	Deposits	38.18
Deposits	626.64	Other credit	149.19
Current debit & Investment	4551.00	Current Assets	6429.53
	219.41	Fixed Assets	3699.30
		Extra Expenditure	12.53
		Total Loss	3438.18
Total(Rs. lakhs)	14814.96	Total(Rs. lakhs)	14814.96

Source:- Compiled from Annual Reports of the factory

In above table 3.10 it shows balance sheet of the sugar factory in year 2006-07. In debit side included Share capital, Reserve & Other funds, Borrowings on security, Govt. and Other Borrowings, Deposits, Current debit and Interest.

In credit side included Holding in Banks & Hand, Investment, Advances, Deposits, Other credit, Current and fixed assets, extra expenditure and Total loss of factory. In 2006-07 total loss of factory was Rs. 3438.18 lakhs. Thus shows the factory's economic condition was not a very good.

### **3.9 Conclusion:-**

In this chapter it was examine the financial position of The Shri Sant Damaji Co-operative Sugar factory. Its include share capital, deposits, reserve funds, borrowings, working capital, investments of the factory, profit & loss of the factory.

In the year 1993-94 the total capital of the factory was 1068.25 lakhs and it was increased continually by 1325.25 lakhs in 2006-07. in 2006-07, the total no of share holders of the factory were 29179 and the total share amount recovered was Rs. 1325.25 lakhs. The deposits of the factory are continually increased and reached to Rs. 626.64 lakhs in 2006-07. also the reserve funds amount is also increased and reached up to Rs. 1904.95 lakhs. In the situation of borrowings, in the year 1993-94 the total borrowing was 2555.23 lakhs and its increased up to 6187.94 lakhs in 2006-07.

The working capital consists of share capital reserve funds, deposits and borrowings. The working capital of the factory has been increased from Rs. 3641.58 lakhs in 1993-94 to Rs. 10044.58 lakhs in year 2006-07. The Shri Sant Damaji Co-operative Sugar factory has invested various institutions and co-operative societies. The investment of this sugar factory is increased year by year. In year 2006-07 the investment was 161.50 lakhs as comparatively 9.65in the year 1993-94, total cost of sugar per quintal was Rs.1302.87 in the year 1993-94 and it was increased up to Rs. 1551.18 in the year 2006-07.