

Chapter-V

Conclusion

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CONCLUSION

5.1 INTRODUCTION

The present study was undertaken to study the comparative financial assessment of Hutatma Kisan Ahir Sahakari Sakhar Karkhana Ltd. Walwa and Kranti Sahakari Sakhar Karkhana Ltd. Kundal. In this chapter the researcher has give the observations, suggestions and conclusion on the basis of analysis, evaluation and interpretation made in chapter IV, moreover suggestions are given for improving the performance of selected two sugar factories.

The major findings and conclusions are given below on the basis of detailed analysis and interpretation of the collected data.

5.2 FINDINGS RELATED TO HKASSK LTD. –

5.2.1 Findings related to Liquidity of HKASSK Ltd.:

1. The current ratio of HKASSK Ltd. shows the good liquidity position of the factory, because the current ratio of factory was more than standard (2:1) over the study period.(Table 4.1)
2. The quick ratio of HKASSK Ltd. was moving between 0.45 to 0.17 which was every lower than the standard ratio (1:1) it shows the poor liquidity in very short turn of the factory.(Table 4.2)
3. The cash ratio of HKASSK Ltd. was also very lower, which was moving between 0.01 to 0.16 It shows the poor liquidity position of the factory.(Table 4.3)

5.2.2 Findings Related to Solvency of HKASSK Ltd.:

1. The debt to equity ratio of the HKASSK Ltd. more than the standard (1:1) it shows the bad solvency position of factory in study period. This ratios is every time more than the one. It shows the more use of debt capital in total capital. (Table 4.4)
2. The shareholders contribution in total assets of the HKASSK Ltd. was very low because the shareholders equity ratios were stay between 0.17 to 0.23. It shows the week solvency position of the factory (Table 4.5)

3. The debt to net worth ratio of HKASSK Ltd. were also higher which shows the poor solvency of the factory in long term (table 4.6)
4. The proportion of equity shareholders fund and fixed interest fund of HKASSK Ltd. was not good. The capital gearing ratio was lower than 0.50 which shows the bad solvency position (table 4.7)
5. The fixed assets to long terms fund ratio of HKASSK Ltd. were also lower which shows the use of long term fund in fixed assets was lower. It adversely affected the solvency (Table 4.8)
6. The proprietary ratio of HKASSK Ltd. was shows the bad solvency position because the contribution of equity capital in total assets was very low (Table 4.9)

5.2.3. Findings Related to Profitability of HKASSK Ltd.:

1. The gross profit ratio of HKASSK Ltd. were shows the fluctuating trend. The ratio moves between 5.71% to 20.79 this ratio shows the good profitability but not satisfactory (Table 4.10)
2. The net profit ratio of the HKASSK Ltd. was very low in study period. In year 2006-07 there was huge loss as -11.70%. This ratio shows the poor profitability of the factory. (Table (4.11)
3. The earning per share of HKASSK Ltd. was shows large fluctuations in study period. Overall this ratio shows the good return on equity shares of the sugar factory. (Table 4.12)
4. The ratio of return on assets of HKASSK Ltd. was very low, it was moving between -6.98% to 2.24% in study period, The ratio shows the weak profitability of the factory (Table 4.13)
5. Return on capital employed of HKASSK Ltd. was not satisfactory because the firm does not earn adequate profit on the investment. This ratio change between -9.58% to 3.47% (table 4.14)

5.2.4 Findings Relating to Operational Efficiency of HKASSK Ltd.:

1. There is large fluctuating in the material cost ratio of HKASSK Ltd. in study period. This ratio shows that the material cost of sugar factory change highly year after year. It was adversely affected the operational efficiency of factory (Table 4.15)

2. The labour cost ratio of HKASSK Ltd. was stay between the 9.10% to 13.45% in 7 years. This ratio shows the good efficiency of the sugar factory (table 4.16)
3. The operational efficiency of HKASSK Ltd. about the Factory overhead expenses is better, because the ratio was lower as changes between 4.13% to 7.65% (Table 4.17)
4. Administrative expenses ration of HKASSK Ltd. shows the fluctuating trend, but the ratio was lower in study period. This ratio shows the good operational efficiency (Table 4.18)
5. The selling and distribution expenses ratio of HKASSK Ltd. was very low, it shows that the factory does not take more efforts on sale there production. This ratio shows the better operational efficiency of the factory (Table 4.19)

5.2.5 Findings Relating to Growth of HKASSK Ltd.:

1. The growth of HKASSK Ltd. about the share capital shows the fluctuating trend, it shows the growth in share capital of sugar factory was not satisfactory. The growth rate were change between -1.16% to 2.53% (Table 4.20)
2. There is not a good position in the growth of the sales HKASSK Ltd. in study period. The growth ratio shows the large fluctuating in growth of sales (table 4.21)
3. The requirement of working capital of HKASSK Ltd. fluctuated over the years. The growth in working capital of the sugar factory is not significant (table 4.22)
4. There are huge changes in the growth of Profit of the HKASSK Ltd. The growth ratio moves between -5894.66% to -7991.21% it shows that the sugar factory does not earn constant profit.(Table 4.23)
5. In HKASSK Ltd. the growth in long term investment is shows the fluctuating trend. There is not on significant growth in investment of the sugar factory. (Table 4.24)

5.3 FINDINGS RELATED TO KSSK LTD. –

5.3.1 Findings Related to Liquidity of KSSK Ltd.:

1. The current ratio of KSSK Ltd. was changes between 1.75 to 2.61. This ratio shows the good liquidity position of the factory, but not satisfactory, because in middle three years this ratio were goes down below the standard (2:1) (Table 4.25)
2. The short term liquidity position of the KSSK Ltd. on the basis of quick ratio was not good. The quick ratio of KSSK Ltd. was very low which was between 0.19 to 0.52 it was lower than standard ratio (1:1)(Table 4.27)
3. The cash ratio of KSSK Ltd. was very lower it was moved between 0.02 to 0.15. This ratio shows the poor liquidity position of the sugar factory. (Table 4.27)

5.3.2 Findings Related to Solvency of KSSK Ltd.:

1. The debt to equity ratio of the KSSK Ltd. was near about standard (1:1) in study period. It shows the good solvency position of sugar factory in study period. This ratio was in between 0.90 to 1.87 through put study period (table 4.28)
2. The shareholders equity ratio of the KSSK Ltd. was lower, which shows the less contribution of equity capital in total assets. This ratio changes between 0.27 to 0.36, it show the poor solvency position of the factory (Table 4.29).
3. The debt to net worth ratio of KSSK Ltd. was also shows the good solvency position of the factory. This ratio stay between the 0.90 to 2.01 in study period (Table 4.30)
4. The capital gearing ratio of KSSK Ltd. express the contribution of fixed interest fund is more than equity capital in total capital. This ratio not shoes the satisfactory solvency position (table 4.31)
5. The fixed assets to long terms fund ratio of KSSK Ltd. shows that the use of long term fund in fixed assets is in between 0.49 to 0.61. This ratio shows the good solvency position but not satisfactory. (Table 4.32)

6. The proprietary ratio of KSSK Ltd. was very low; this ratio shows the proportion of shareholders net worth to total assets is very low, which shows the poor solvency position of sugar factory. (Table 4.33)

5.3.3. Findings Related to Profitability of KSSK Ltd. :

1. The gross profit ratio of KSSK Ltd. was moving between 10.82% to 39.79% this ratio shows the good profitability position of the factory. (Table 4.34)
2. The net profit ratio of the KSSK Ltd. was very low in study period. This ratio stays between -3.96 % to 8.00% and in year 2006-07 there is huge net loss to sugar factory. This ratio shows the weak profitability of the factory. (Table (4.35)
3. The earning per share of KSSK Ltd. shows the huge fluctuation in the study period. This ratio shows that the earning per share were not constant. (Table 4.36)
4. The ratio of return on assets of KSSK Ltd. was very low, this ratio changes between -2.88% to 4.32% in study period. The lower return on assets ratio shows the poor profitability of the factory (Table 4.37)
5. Return on capital employed of KSSK Ltd. were also shows the lower profitability. This ratio was in between -3.77% to 6.55%; the ratio shows the weak profitability of factory. (table 4.38)

5.3.4 Findings Relating to Operational Efficiency of KSSK Ltd.:

1. The material cost ratio of KSSK Ltd. in study period is very high; It is in between 54.40% to 119.60%. This ratio shows the weak operational efficiency of KSSK Ltd. factory (Table 4.39)
2. The operational efficiency of KSSK Ltd. about labour cost ratio is good because the labour cost ratio is stay between the 7.42% to 12.23%. (table 4.40)
3. Factory overhead ratio of KSSK Ltd. was also low; it shows that the factory operation of the factory was making at lower cost. This ratio shows the good operational efficiency of sugar factory. (Table 4.41)

4. Administrative express ratio of KSSK Ltd. was very low this ratio was stay between 1.05% to 2.03%. It shows better operational efficiency of the KSSK Ltd. factory (Table 4.42)
5. The selling and distribution expense ratio of KSSK Ltd. was shows the good operational efficiency, because the ratio is at the lower position. It moves between 1.01% to 3.50% (Table 4.43)

5.3.5 Findings Relating to Growth of KSSK Ltd.:

1. The growth in share capital of KSSK Ltd. was the fluctuating trend, in last two years the growth was reduced in share capital. The growth in share capital is not satisfactory. (Table 4.44)
2. The growth in sales of KSSK Ltd. was not constant. In first four years it was shows the fluctuating trend but in last three years it was reduced. This is not good sign of growth of sales (table 4.42)
3. The growth in working capital of the KSSK Ltd. was also shows the fluctuating trend. The requirement of working capital of sugar factory were not constant.(table 4.46)
4. There are huge changes in the growth of Profit of the KSSK Ltd. The growth rate was changes between -3909.83% to 1257.18% this growth rate shows the poor growth in profit. (Table 4.47)
5. The long term investment growth of KSSK Ltd. was shows there is every year growth in investment but as at the fluctuating rate. The growth in investment of KSSK Ltd. was good.(Table 4.48)

5.4 FINDINGS RELATED TO COMPARATIVE STUDY OF HKASSK LTD. AND KSSK LTD.-

1. The comparative liquidity position of HKASSK Ltd. and KSSK Ltd. was not have more difference, the liquidity position of HKASSK Ltd. was slightly better than the KSSK Ltd. for the study period.
2. The overall comparative solvency position KSSK Ltd. is slightly better than the HKASSK Ltd. The shareholders contribution of KSSK Ltd. is better in total capital as compared to HKASSK Ltd. for the study period.
3. There is no significant difference in the profitability position of both the sugar factories. The HKASSK Ltd. And KSSK Ltd. was having some

kind of profit earned over the study period. The both the sugar factories have a huge loss in year 2006-07. The overall profitability of both the sugar factories was not good.

4. In the operational efficiency the KSSK Ltd. have slightly better position than HKASSK Ltd. The both sugar factories have good operational efficiency; only in terms of material cost it was weak because the material cost was changes highly year after year.
5. The comparative growth of both the sugar factories shows the fluctuating growth in study period. The growth in share capital, sales and long term investment is better of KSSK Ltd. as compared to HKASSK Ltd. but the growth in working capital and profit of HKASSK Ltd. is slightly better than KSSK Ltd. in study period. There is no significant difference in growth of both the sugar factories.

5.5 FINDINGS RELATING TO THE HYPOTHESIS TESTING:-

1. There is no significant growth in significant growth in share capital, sales, working capital, and profit of HKASSK Ltd. but in long term investment of HKASSK Ltd. have significant growth in study period (Table 4.58)
2. In share capital, sales, and profit of KSSK Ltd. have no significant growth and in working capital and long term investment there is significant growth in study period.(table4.59)
3. There is no significant difference in liquidity position of HKASSK Ltd. and KSSK Ltd. in study period. (Table 4.60)
4. The operational efficiency of HKASSK Ltd. and KSSK Ltd. has no significant difference in study period. (Table 4.61)
5. There is significant difference in solvency position of HKASSK Ltd. and KSSK Ltd. in last 7 years.(Table 4.62)
6. There is no significant difference in profitability position of HKASSK Ltd and KSSK Ltd. in study period.(Table 4.63)

5.6 SUGGESTIONS

- 1) The KSSK Ltd. should make village wise micro level planning of cultivation and harvesting program in operational area of Kadegown Taluka. It will help in maintaining continuous flow of quality sugarcane. It will improve the operational efficiency of sugar factory.

- 2) To enhance recovery percent KSSK Ltd. should make necessary technical modifications in machinery or used advance techniques about sugar cane cutting and external technical expertise should be hired wherever necessary. It will help in improve the profitability and efficiency of the sugar factory.
- 3) There should be job training in respect of skill enhancement, safety measures and improvement of efficiency is most needed in HKASSK Ltd.
- 4) The HKASSK Ltd. should establish Power Generation Project; it will help in improving the profitability.
- 5) Management of both the sugar factories should increase quick assets for maintains liquidity position. The liquidity ratios of both the sugar factories indicated unsound short term financial position, it may effect on timely payment of sugarcane suppliers.
- 6) In the composition of current assets stock occupies large proportion which results into blocking of capital funds which may be minimized which will result into minimum store expenses and will contribute to net profit.
- 7) The management of both the sugar factories should change their capital structure and increases the equity capital as compared to debt capital it will improve the solvency position of the sugar factories.
- 8) Both the sugar factories should not wholly depend up on the government support for working capital at the beginning of the season of crushing the management should make arrangement of working capital from past earnings.
- 9) The management of sugar factories should make the evaluation of employee's performance which is free from bias and objective. Such evaluation helps in improving the operational efficiency of the employees.
- 10) The factory management should make necessary arrangement to provide required assistance to the employees to improve their performance and efficiency.
- 11) The sugar factories management should take initiative to develop modern local seed of sugarcane which suit the climate of the operational area. It will help in availability of sugarcane in low cost and improved the profitability

- 12) Effective cane transportation schedule is required to reduce duration gap for that purpose proper supervisory mechanism, mobile assistance for break down strict action against delayed transportation.
- 13) The management of sugar factories should ploughing back of profit for future requirements and technical modifications for improving
- 14) The management of sugar factories should use modern technology in computerization and atomization of process it will help in improving operational efficiency.
- 15) The government should remove the ban on sugar export, it will increase the prices of sugar and sugar factories earn more profit.

5.7 CONCLUSION

The study has examined the financial assessment of Hutatma Kisan Ahir Sahakari Sakhar Karkhana and Kranti Sahakari Sakhar Karkhana as on comparative study. For the study researcher used different ratios of Liquidity, Solvency, profitability and operational efficiency as well as growth of HKASSK Ltd. and KSSK Ltd. The researcher also makes a comparative financial performance and comparative growth of both the sugar factories. From the study it was found that the both the co-operative sugar factories have almost same financial performance in the last 7 years of study period. These sugar factories have weak liquidity and solvency position because of that the profitability of this sugar factories have very low. The hypotheses testing is also shows that there is no more difference in overall financial position of selected two sugar factories only the solvency position of KSSK Ltd. has better performance than the HKASSK Ltd. in study period. The sugar factories have working well but because of increasing price of sugarcane and ban on export of sugar adversely affected the profitability of the sugar factories. The management practices also have been improved, the decision taken by the management was in times that will increase the operational efficiency. This study suggested specific suggestions for the improvement of the sugar factories. It will help them to improve their Liquidity, Solvency, profitability and operational efficiency position in future period.