

CHAPTER 5

SUMMARY ,CONCLUSIONS AND SUGGESTIONS

.1 SUMMARY :-

The origin of sugar Industry in India dates back to 1930 the pre independence era.

About 600 sugar mills are in operation today out of which 39 are in the state of Karnataka. Operation of the sugar Industry is in triangular sectors that is public, Private and co-operative. The co-operative Sector dominates by the number of 282 out of 600. the Ugar Sugar works is one of the private sector company since 1942.

Business it self is a complex web of risks No one can expect or should think smooth sailing in any kind of business. Risk is the possibility of loss damage or any other undesirable event. It is the possibility of an event occurring that will have an impact on the achievement of the objectives. The successful growth and prosperity of the company needs control and management of hurdles coming in the way of development by proper Risk Analysis.

Risk Analysis includes Risk Assessment, Risk Management and Risk

Communication It is an important aspect of business recovery planning the probability of a threat occurring in an organization is highly uncertain. The organization should develop comprehensive plans for critical operations and functions of business,

The research work is under taken with the objective of evaluating various risks of expanding business, management of risk and suggesting ways for overcoming risks etc. Senses Method of data collection is followed and data is collected from two three officials of the company in charge of the proposed project. In spite of the several limitations the research work has a generated certain findings which will certainly beneficial for risk analysis in Sugar Industry.

The research work highlighted various kinds of risks in expanding Sugar Industry. The Risks have been Analyzed by using various tools like Ratio Analysis, BEP Analysis, Sensitivity Analysis, PBP Method etc. Both the Central and state Government have regulatory role in the Sugar Industry.

findings :-

Sales/PAT of the company is satisfactory. Except the first year if we see it increased from 4% to 15%.

The DCSR is always above the standard of 1.5 times.

Position of EPS is increased subsequently from 0.17 to 0.79.

Company is not reaching Break Even Point in the first year because of long gestation period and in the first year variable costs are more than sales. But in the succeeding years company is in progressive way.

Pay Back Period is on an average 9 Years(2016).

Suppose pessimistic situation occurs, the 20% decrease in sales revenue leads to average 55.51% decrease in profit or optimistic situation 20% increase in sales revenue leads to 55.16% increase in profit of the company.

7. If company considered 3% risk factor, within ten years company will not get back invested amount .

Different sections of society are extremely benefited like farmers, employees and Government.

8. SWOT Analysis highlights the strength and opportunities are stronger.

.2 CONCLUSION :-

On the basis of the above summary and findings it is clear that the company can mitigate and manage risks effectively. Further the WACC is 8.5% and Equity Cost is 12.5%, therefore the borrowed funds are more helpful to achieve the goal of wealth maximization and also Ugar sugar Works Ltd., is more competent, abundant and potential to bear the risk in expansion programme of sugar Industry.

.3 SUGGESTIONS

Project is financially feasible and managed its risk effectively. So Company's decision to go for this new project is good to the company.

Company should not go for further expansion in Jewargi plant up to the repayment of present term loan.

If company utilize its full capacity than company's profit will increase to some extent.