

CHAPTER

5

CHAPTER- V

5. THE FINANCIAL POSITION OF DR. D.Y. PATIL SUGAR FACTORY.

5.1 Introduction.

5.2 Share Capital.

5.3 Deposits.

5.4 Reserve funds.

5.5 Borrowings.

5.6 Financial Investment.

5.7 Composition of Working Capital.

5.8 Loan Position of the Factory.

5.9 Profit/Loss of Sugar Factory.

5.10 Conclusion.

FINANCIAL POSITION OF DR. D.Y. PATIL SUGAR

FACTORY:

5.1 Introduction:

Financial position of any business organisation is the mirror of its progress and prospect of particularly in the case of Co-Operative sugar factory. The business can formulate different projects, which has strong financial position, a part from this it can develop the socio-economic condition of society. The financial position of the Padmashree Dr. D. Y. Patil Co-Operative Sugar Factory, Dyanshantinagar, Asalaj was studied in respect of the following aspects such as, share capital, deposits, reserve fund, barrowings, working capital, position of the factory and profit of the factory.

5.2 Share Capital:

Padmshree Dr. D. Y. Patil Co-Operative Sugar Factory sales their shares to sugarcane producers, non producer and Govt. of Maharashtra for finance. Moreover factory also took loans from various banks from time to time

Table No.5.1

Share Capital and Share Holders in 2011-12

Sr. No.	Class of Share Holders	Total Members	Total Shares	Share Amount in lakh
1	'A' Grade Producers	6464	16134	1050.24
2	Society Members	13	4200	0.42
3	Government of Maharashtra	1	28800	1415
4	Total	6478	19134	2465.66

Source: Compiled from Annual Report of the factory.

Above table No.5.1 shows the Padmashree Dr. D. Y. Patil Co-Operative Sugar Factory has made repayment of Maharashtra Government share capital regularly. The total recovered share amount was 2465.66 lakhs in the year 2011-12. In the case of

total shares in 2011-12 were 19134. The total members were 6478 in the year 2011-12. At the end of 2011-12 share capital of the Government of Maharashtra was 1415.00 Lakhs. Following table 5.2 shows the growth of share capital of the factory.

Table No.5.2

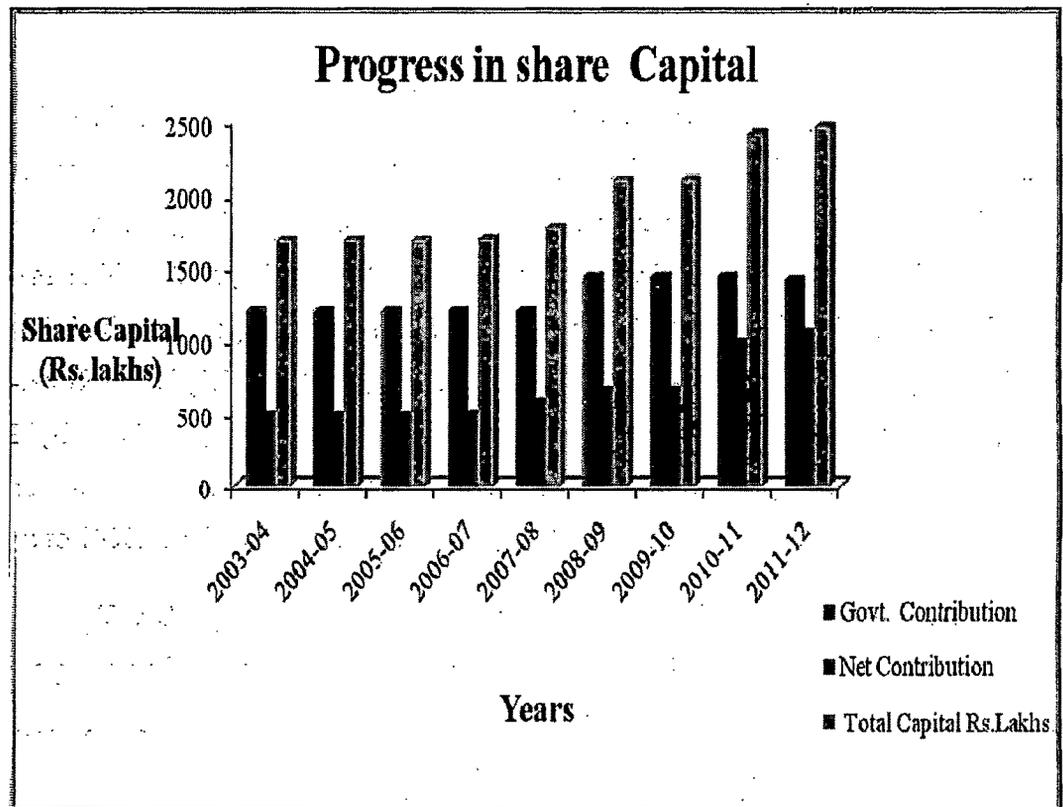
Growth in Share Capital

Sr. No.	Year	Govt. Contribution (Rs. In Lakh)	% Change	Net Contribution (Rs. In Lakh)	% Change	Total Capital (Rs. In Lakhs)	% Change
1	2003-04	1200		484.41		1684.41	
2	2004-05	1200	0	484.41	0.00	1684.41	0.00
3	2005-06	1200	0	484.41	0.00	1684.41	0.00
4	2006-07	1200	0	495.82	2.36	1695.82	0.68
5	2007-08	1200	0	577.85	16.54	1777.85	4.84
6	2008-09	1440	20	661.56	14.49	2101.56	18.21
7	2009-10	1440	0	663.48	0.29	2103.48	0.09
8	2010-11	1440	0	982.9	48.14	2422.90	15.19
9	2011-12	1415	-1.74	1050.66	6.89	2465.66	1.76
10	CGR	3.0		10.8		5.6	

Source: Compiled from Annual Report of the factory.

Table No.5.2 shows that share capital, Govt. contribution, net contribution, total capital and percentage change of the Padmashree Dr. D.Y.Patil Co-Operative Sugar Factory during a 2003-04 to 2011-12. The total share capital during the year 2003-04 was 1684.41 lakh (0.0% of total) and it was increased, up to 2465.66 (1.76% of total) lakh in during the year of 2011-12. The govt. contribution in the 2003-04 to 2007-08 was 1200 lakh(0.0% of total), which was increased up to 1415 lakh in the year 2011-12(-1.74of total). The increased Govt. contribution was 20% has been during year 2008-09. In 2003-04 the net contribution 484.41(0.0% of total) which was increased up to 1050.66 lakh in the year 2011-12(6.89% of total).

The Compound growth rate of government Contribution, net contribution and the growth of total capital was respectively 3,10.8 and 5.6.



5.3 Deposits:

In a developing Economy and developing countries like ours saving of the society, helps to the development process. Factory has accepted various types of deposits from the members and non members Padmashree Dr. D.Y.Patil Co-Operative Sugar Factory. Although the incomes of the persons are low they are partly saved

owing to the operation of subjective factors like thriftiness desires to build fortune. In the absence of saving institutions like post office, banks, credit societies etc. organized efforts made to mobilize saving in the area of sugar factory.

The following table which shows how share capital of the factory has been increased during the period from 2003-04 to 2011-12.

Table No.5.3

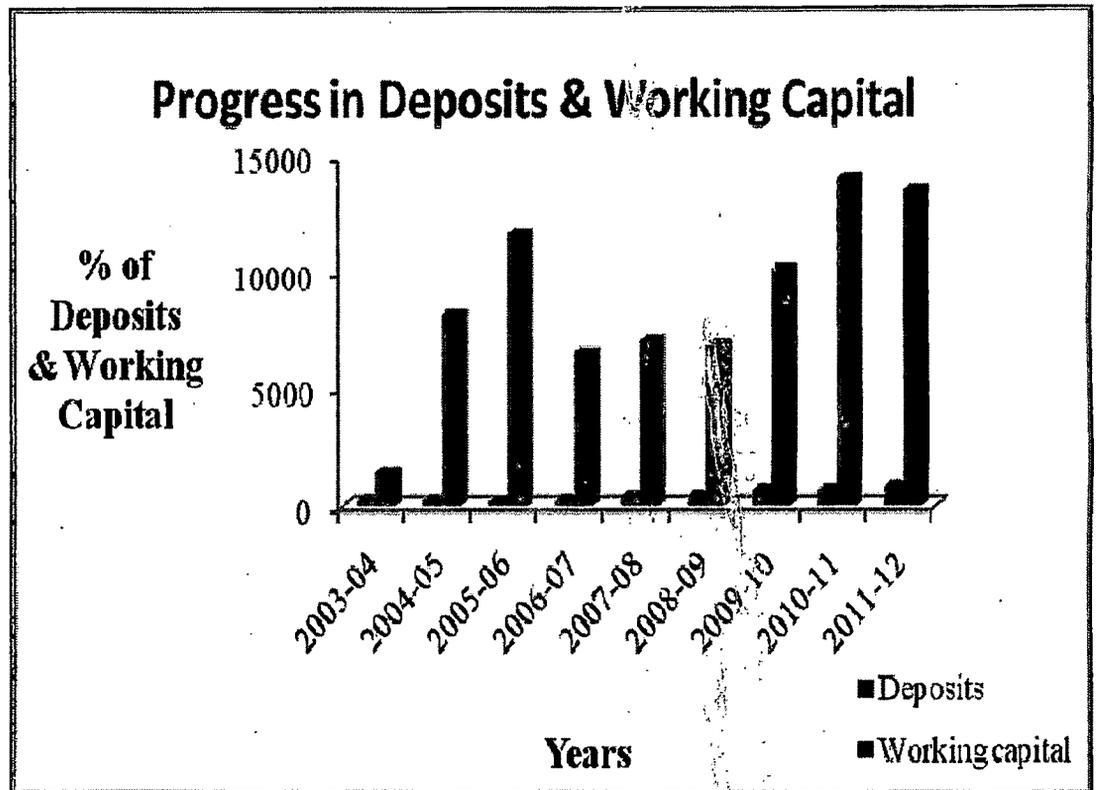
Deposits of Members of Padmashree Dr. D.Y.Patil Co-Operative Sugar Factory (Rs. In Lakhs)

Sr. No.	Year	Deposits (Rs. In Lakh)	% change	Working Capital (Rs. In Lakh)	% change
1	2003-04	295.83		1454.55	
2	2004-05	269.16	-9.02	8230.2	465.82
3	2005-06	203.12	-24.54	11690.37	42.04
4	2006-07	268.98	32.42	6581.76	-43.70
5	2007-08	442.8	64.62	7095.2	7.80
6	2008-09	462.71	4.50	6908.61	-2.63
7	2009-10	683.67	47.75	10205.63	47.72
8	2010-11	682.41	-0.18	14060.91	37.78
9	2011-12	845.24	23.86	13587.38	-3.37
10	CGR	18.06		18.77	

Source: Compiled from Annual Report of the factory.

From the table No.5.3 it is seen that the deposit amount was 295.83 lakhs in 2003-04, which was increased to 442.80 in 2007-08(64.62 % change of total) and marginally increased to 845.24 lakhs in 2011-12.(23.86% change of total). In the case of working capital in 2003-04 was 1454.55 lakhs and it increased up to 10205.63 lakhs in year 2009-10.(47.72% change of total) In the year 2011-12 it increased 13587.38 lakhs.(-3.37%change of total)

The growth of deposits increased up to shows in compound growth rate 18.06 it mean that portion of growth was increased 18.06 in given years. In 2003-04 2011-12 working capital in compound growth rate was 18.77.



5.4 Reserve funds:

As per the statutory provisions the Co-operative is required to create reserves fund that make provisions to such reserve fund every year. As a result, total amount in various reserve funds goes on increasing from year to year.

In other words reserve fund is a part of capital which is set aside from net profit for meeting any known or unknown contingency. Following the table No.5.4 shows the sugar factory is also expected to build up reserve funds out of its profit.

Table No.5.4**Reserve Funds of Sugar Factory (In Lakhs)**

Sr. No	Year	Reserve fund (Rs. Lakh)	Absolute increase (Rs. Lakh)	Working capital (Rs. Lakh)	% Reserve funds to working capital
1	2003-04	1.88	0	1454.55	0.13
2	2004-05	1.95	0.07	8230.2	0.02
3	2005-06	2.08	0.13	11690.37	0.02
4	2006-07	7.63	5.55	6581.76	0.12
5	2007-08	14.04	6.41	7095.2	0.20
6	2008-09	17.12	3.08	6908.61	0.25
7	2009-10	23.39	6.27	10205.63	0.23
8	2010-11	29.21	5.82	14060.91	0.21
9	2011-12	44.55	15.34	13587.38	0.33

Source: Compiled from Annual Report of the factory.

Above Table No.5.4 shows that factory has increased its reserve funds from Rs. 1.88 lakhs in 2003-04 to 44.55 lakhs in 2011-12. The working capital in the year 2003-04 was 1454.55 lakh, which was increased up to 13587.38 lakh in year 2011-12. The percentage of reserve funds to working capital was 0.13 in 2003-04. In 2011-12 the percentage of reserve funds to working Capital increased upto 0.33. Thus it showed that factory has been making continuous progress in reserve fund over a period of time. As a result, Percentage of reserve fund to working capital showed upward trend.

5.5 Borrowings:

The Padmashree Dr. D.Y.Patil Co-Operative Sugar Factory borrowed from the various agencies. This borrowing is long term as well as short term. Shindhudurg District Central Co-Operative Bank, Latur District Central Co-Operative Bank, Ichalkaranji Janata Co-Operative Bank, Apex Bank and various commercial banks supply the long terms credit as well as short term credit to the factory. The factory also needs loans for the short term operations like procurement of sugarcane, payment

of salaries; workshop expenses etc. following table 5.5 shows the various type of borrowing of the factory.

Table No.5.5
Borrowing of the Factory (In Lakhs)

Sr.No	Year	Borrowing on security (in Lakh)	% Change	Borrowing without security (in Lakh)	% Change	Total borrowing (in Lakh)	% Change
1	2003-04	4322.25		137.39		4459.64	
2	2004-05	4371.21	1.13	308.63	124.64	4679.84	4.94
3	2005-06	7324.71	67.57	344.66	11.67	7669.37	63.88
4	2006-07	8998.11	22.85	559.59	62.36	9557.7	24.62
5	2007-08	7378.5	-18.00	582.11	4.02	7960.61	-16.71
6	2008-09	8020.8	8.71	888.3	52.60	8909.1	11.91
7	2009-10	8446.74	5.31	549.7	-38.12	8996.44	0.98
8	2010-11	8285.19	-1.91	411.31	-25.18	8696.5	-3.33
9	2011-12	8206.67	-0.95	113.02	-72.48	8319.87	-4.33
10	CGR	8.06		2.50		7.97	

Source: Compiled from Annual Report of the factory.

In the Table No.5.5 we have considered borrowing on security, without security and total borrowing. In the case of borrowing with security in 2003-04 were 4322.25 lakhs and its increased up to 8998.11 lakhs (e.i.22.85%) in year 2006-07. In the year 2011-12 decreased was 8206.67 lakhs. (e.i. -0.95 %) In case of Borrowing without security in 2003-04 was 137.39 lakhs and it has tremendously increased up to 888.30 lakhs (e.i.52.60%) in year 2008-09 but in the year 2011-12 decreased was 113.02 lakhs.(e.i. -72.48 %) In case of total Borrowing in 2003-04 was 4459.64 and it increased up to 8909.1 lakhs (e.i. 11.91%) in year 2008-09. In the year 2011-12 decreased was 8319.87 lakhs. (e.i.-4.33 %)

In the above table borrowing security compound growth rate was 8.06 in study period as well as borrowing without security compound growth rate was 2.50 in study period and also total borrowing compound growth rate was 7.97 during the year 2003-04 to 2011-12.

5.6 Financial Investment:

Padmashree Dr. D. Y. Patil Co-Operative Sugar Factory has made investment in different institutions. The factory has invested monetary resources by way of purchasing the shares of other institution and Co-Operative societies. Investment includes shares of Co-Operative Societies, National Savings Certificate, fixed deposits with Maharashtra Government and other deposits in poultry farm etc.

The investments during the last 9 years are shown in the Table No.5.6.

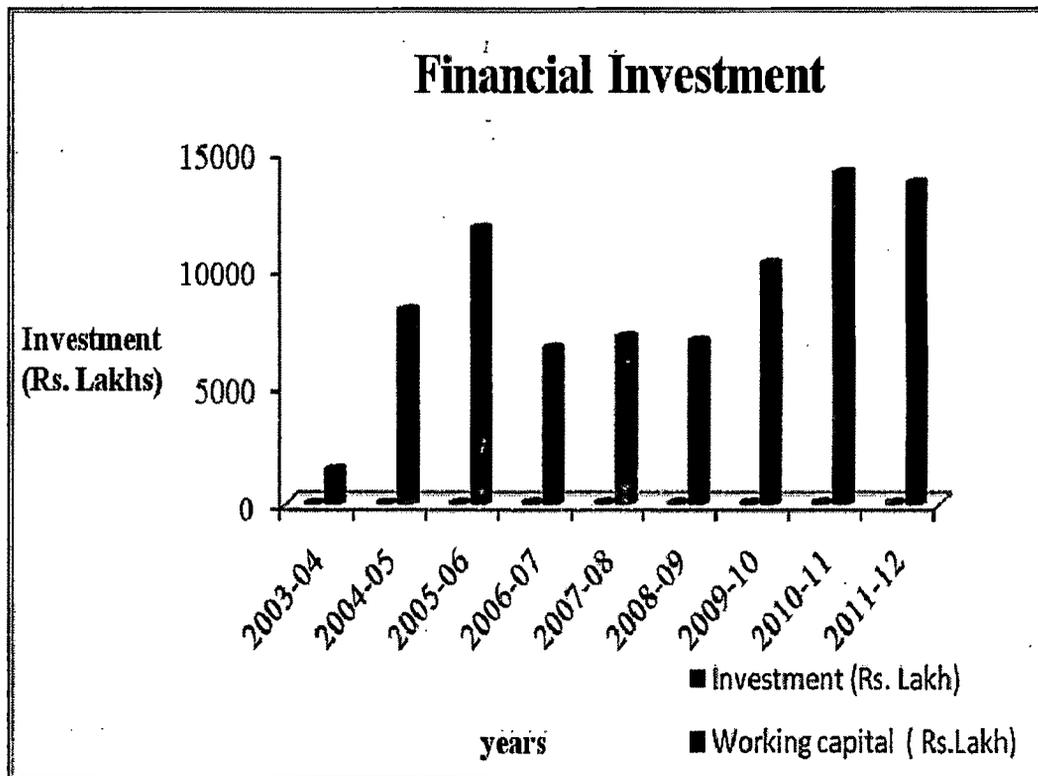
Table No.5.6

Financial Investment of Factory (In Lakhs)

Sr. No	Years	Investment (Rs. Lakh)	Working Capital (Rs. Lakh)	% of Investment to Working Capital
1	2003-04	38.52	1454.55	2.65
2	2004-05	47.02	8230.2	0.57
3	2005-06	59.03	11690.37	0.50
4	2006-07	76.01	6581.76	1.15
5	2007-08	76.01	7095.2	1.07
6	2008-09	76.01	6908.61	1.10
7	2009-10	77.51	10205.63	0.76
8	2010-11	77.61	14060.91	0.55
9	2011-12	77.86	13587.38	0.57

Source: Annual Report of Factory.

Above the Table No.5.6 we have considered investment, working capital and percentage of investment to working capital. The investment in 2003-04 it was 38.52 lakhs increased up to 77.86 lakhs in the year 2011-12. In 2003-04 the percentage of investment to working capital was 2.65% which decreased 0.57% in the year 2011-12.



5.7 Composition of Working Capital:

Working capital stands for that part of the capital which is required for the financing of working or current needs. The working capital of the sugar factory which determines its ability to functions consists of the Share Capital, Reserve fund, Borrowing and Deposits.

The composition of working capital Padmashree Dr. D. Y. Patil Co-Operative Sugar Factory is shown in the Table No.5.7.

Table No.5.7

Composition of Working Capital in 2003-04 to 2011-12.

Sr. No.	Particulars	2003-04	2005-06	2008-09	2011-12
1	Share Capital (Rs. in lakhs)	1684.41	1684.41	2101.56	2465.66
2	Reserve Funds (Rs. in lakhs)	1.88	2.08	17.12	43.45
3	Diposits (Rs. in lakhs)	295.83	203.12	462.71	845.24
4	Borrowings (Rs. in lakhs)	4459.64	7669.37	8909.1	8319.87
5	Total Working Capital (Rs. in lakhs)	6441.76	9558.98	11490.49	11673.04

Source: Annual Report of Factory.

Table No. 5.7 shows that the total working capital in 2003-04 was Rs.6441.76 lakh and it has increased up to Rs. 11673.04 lakh in the year 2011-12. Thus it showed that factory has been making continuous progress in total working capital over a period of time.

5.8 Loan Position of the Factory:

Padmashree Dr. D.Y.Patil Co-Operative Sugar Factory has taken debts for short term, long term and working capital from Sindhudurg District Central Bank, Apex bank Mumbai, Ichalkaranji Janata Bank, Nagpur Rural Co-Operative bank, Latur District Co-Operative bank and other commercial banks.

Detailed information of factory debt is given in the following Table No. 5.8.

Table No. 5.8
Debt. Position of Factory (2012)

Sr. No.	Name of the Loan Bank	Sanction Loan (In Lakhs)	Repayment (In Lakhs)	Balance up to 31/03/2012 (Rs. In Lakh)
1	Apex Urban Co-Operative Bank Mumbai	1256.73	580.04	676.33
2	Usmanabad Janata Co-Operative Bank Ltd.	458.36	149.51	308.85
3	Nagpur Rural Co-Operative Bank Ltd.	299.69	97.71	201.98
4	Khamgav Rural Co-Operative Bank Ltd.	247.60	83.39	164.21
5	Vasantdada Agri.Co-Operative Bank Ltd. Sangli	326.22	138.44	187.78
5	Janlaxmi Rural Co-Operative Bank Ltd. Nasik	289.82	62.46	227.36
7	Latur District Central Bank Ltd	144.40	47.08	97.32
8	Vardha rural Co-Operative Bank Ltd.	151.83	49.53	102.30
9	Rajarambapu Co-Operative Bank Ltd. Peth	319.72	104.26	215.46
10	Ichalkaranji Janta Co-opertive Bank Ltd.	309.80	101.03	208.77
11	Sindhudurg District Central Co-Operative Bank			
A	Breej Loan	175.00	94.5	80.50
B	Godoun loan No.1.	141.50	72.72	68.78
C	Long term	305.00	152.52	152.48

Source: Compiled from Annual Report of the factory.

In Table No.5.8 shows the name of the loan bank, sanction loan, Repayment and Balance up to 31/03/2012.

5.9 Profit/Loss of Sugar Factory:

The sugar is produced in the factory. The amount of expenditure for sugar production during the period 2003-04 to 2011-12 is considered in earlier section. Now we have to consider the profit and loss of the Padmashree Dr. D. Y. Patil Co-Operative Sugar factory. The Income and expenditure aspect of the sugar factory will shows the efficiency of the factory.

Table No.5.9

The Profit and Loss of Sugar Factory (In Lakhs)

Sr.No	Year	Total Cost of Factory (Rs.Lakh)	Total Income of Factory (Rs.Lakh)	Profit/Loss Factory (Rs.Lakh)
1	2003-04	4844.06	4495.31	-348.75
2	2004-05	1757.52	1026.55	-730.97
3	2005-06	4562.49	3795.48	-767.01
4	2006-07	6581.76	5423.86	-1157.90
5	2007-08	7095.2	5619.2	-1476.00
6	2008-09	6908.61	6427.9	-480.71
7	2009-10	10205.63	10205.67	0.04
8	2010-11	13172.74	14060.91	888.17
9	2011-12	12425.55	13587.38	1161.83

Source: Annual Report of Factory.

Table No.5.9 shows that the total cost of factory, total income of factory and profit or loss of sugar factory. In the case of total cost of factory in 2003-04 was 4844.06 lakhs and it increased up to 12425.55 lakhs in year 2011-12. The total income of factory in 2003-04 was 4495.31 lakhs and it increased by 13587.38 lakhs in the year 2011-12. The total profit was 1161.83 lakhs in the year 2011-12.

Table No. 5.10

Balance sheet of Factory (2012)

Sr. No	Liabilities	Amount in Lakhs	Assets	Amount in Lakhs
1	Share capital	2465.66	Holding Banks & hand	167.43
2	Reserve funds	44.55	Investment	77.86
3	Other funds	3547.89	Advances	369.13
4	Borrowing on security	8206.67	Deposits	382.23
5	Other Borrowings	113.02	Other Credit	11.65
6	Diposits	845.24	Current assets	7782.02
7	Current debt	1919.05	Fixed assets	7499.63
8	Investment	25.44	Total Loss	877.57
9	Total	17167.52	Total	17167.52

Source: Annual Report of Factory.

The Table No.5.10 shows the Balance sheet of Padmashree Dr. D.Y.Patil Co-Operative Sugar Factory in year 2011-12. Liabilities side included the share Capital, Reserve fund, Other fund, Borrowings on security, Other borrowings, Deposits, Current debt and Investment. In the case of liabilities side total amount of sugar factory was 17167.52 lakhs. Assets side included Holding in Banks and Hand, Investment, Advances, Deposits, Other Credit, Current Assets, Fixed Assets and Total Loss. In the case of assets side total amount of sugar factory was 17167.52 lakhs.

5.10 Conclusion:

Financial performance of Sugar factories depend on two sets of factors, viz. internal factors and external factors. The financial position of Padmashree Dr. D.Y.Patil Co-Operative Sugar Factory was studied in respect of Share Capital, Deposits, Reserve Fund, Borrowings, Working capital, Investment, Profit, Loss and Debt position of factory.

In 2011-12 the total number of share holders was 6478 and the total share amount recovered was 2465.66 lakhs. In 2011-12 the total shares was 19134. The

deposits of the factory are continuously increased and reached to Rs.845.24 lakhs in 2011-12. In the year 2011-12 the total Borrowings of the factory was 8319.87 lakhs. Also the reserve funds amount is increased and reached up to Rs.44.55 lakhs.

The Investment by the factory is increased year by year. In the year 2003-04 the financial investment was 38.52 lakhs and it increased up to 77.86 lakhs in 2011-12. The working capital consists of Share Capital, Reserve funds, Deposits and Borrowings. The working capital of this factory has been increased from Rs.6441.76 lakhs in 2003-04 to Rs. 11673.04 lakhs in the year 2011-12. The profit in year 2011-12 was Rs.1161.83 lakhs.