

CHAPTER 3

*Financial Performance of
Yashwant Co-operative Glucose Factory*

CHAPTER – 3
FINANCIAL PERFORMANCE OF YASHWANT
CO-OPERATIVE GLUCOSE FACTORY

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CHAPTER – 3
FINANCIAL PERFORMANCE OF YASHWANT CO-OPERATIVE
GLUCOSE FACTORY

3.1 Introduction:

Financial performance and profitability of Yashwant Co-operative Glucose Factory Ltd. Siddeshwarnagar totally depends on production, sales and profit and loss of glucose factory. Profits and loss performance always tries to increase the efficiency of glucose factory. In this chapter we will discuss all these one by one under following titles.

3.2 Performance of Yashwant Co-operative Glucose Factory:

Performance of Yashwant Co-operative Glucose Factory Ltd. shows that the total production of Glucose factory during 2002-03 to 2006-07 was satisfactory. Means from 2002-03 to 2006-07; the trend of production was increasing. But in 2003-04 the total production of factory was decreased by 7452 M.Ton, because in this year total crop of maize was decreased which was produced by farmers in Shirala taluka. Due to lack of maize, glucose factory has got less production in 2003-04. After this year the total production was increased in 2004-05 and again the production was decreased by 6452 M.Ton in 2006-07. In this way the performance of Yashwant Co-operative Glucose Factory in production was unstable.

Besides, the performance in sales of Glucose shows the same situations in the period 2002-03 to 2006-07. In the period of five years glucose factory had not purchased or imported the maize from any other state or country, because every year maximum farmers in Shirala taluka had supplied maize to glucose factory.

3.2.1 Production Performance:

Production performance is one of the criteria to test the performance of the factory. The full utilization and installed capacity of the glucose factory is the most important factor influencing the production performance of the glucose factory.

Production department decides how to produce the product specified by sales department with the maximum utilization of existing plant so that the production cost of that product will be lowest. If the selling price of products is high and its cost of production is low then it ultimate results into high profit margin.

In this section we are going to study year wise production of factory, total production and growth rate of production for last five years.

The production of glucose factory over the period under study is shown in table No. 3.1

Table No. 3.1
Production of Glucose Factory
(From 2002-03 to 2006-07)

Sr. No.	Year	Production (M. Ton)													Total Production (M. Ton)	Growth Rate in %
		Liquid Glucose	Starch	Germ	Gluten	Dextrin	Fine Fiber	Cattle Feed	Husk	Wet Cattle feed	Germ unrefined oil	Germ oil cake cattle feed				
1	2002-03	14282	10054	2303	1862	233	631	3368	14847	-	-	-	-	47580	-	
2	2003-04	12387	10054	1820	1518	200	761	3726	10909	-	-	-	-	10125	- 3.13	
3	2004-05	15007	14008	2679	1977	307	1180	2908	14548	-	-	-	-	52622	5.25	
4	2005-06	15376	16770	3079	2061	355	1260	3312	-	16623	-	-	-	58835	2.61	
5	2006-07	13413	14012	2507	1663	355	1332	3840	-	14992	93	176	-	52383	2.71	

Source: Annual Reports of Factory (From 2002-03 to 2006-07)

Table No. 3.1 shows the production performance of Yashwant Co-operative Glucose Factory Ltd. In the year 2002-03 the total production was 47580 M. Tone. In the year 2003-04 the total production was 40125 M. Ton. In this year the production of factory was decreased by 7452 M.Tone because; the total crop of maize was decreased, which was produced by farmers in Shirala Taluka. In year 2004-05 the production of factory was 52622 M.Tone and in the year 2005-06 the production of factory was 58835 M.Tone means in 2003-04 to 2005-06 the trend of production was increasing. But in the year 2006-07 the production of factory was 52383 M.Tone. Among these total production of five years, maximum production was in the year 2005-06 and minimum production was in the year 2003-04. Annual compound Growth Rate (C.G.R.) of production in the year 2003-04 was -3.13%. In the year 2004-05 the production was increased due to the growth rate also became 5.25%. In the year 2005-06 the growth rate was 2.61% and in the year 2006-07 due to low production the growth rate was -2.71%.

In this way, from 2002-03 to 2006-07 the production was decreased in 2003-04 and 2006-07 in this two years. Because the natural factors, such as rainfall, climate, are the main causes behind the fluctuations.

3.2.2 Sales Performance:

The sales performance plays very important role in profit. Besides production capacity, production rate, quality of production, selling of production are also important because good selling ability of factory not only creates market for existing product but also tries to get higher rate for a product, new market for its products. Good marketing also helps the factory in diversification of products to get higher value addition for its products to earn maximum profit. Sales performance of glucose factory depends upon the quality of product, cost of manufacturing and selling ability of factory.

Good ability and lower cost of production always strengthen the sales ability of company and better sales performance increases factory's profit and indirectly supports for production of quality of product.

The sales of glucose factory under study is shown in Table No. 3.2

Table No. 3.2
Sale of Glucose Factory
(From 2002-03 to 2006-07)

Sr. No.	Year	Production (M.Ton)	Sales (M.Ton)	Sales Price (Rs.)	Growth Rate of sales %
1	2002-03	47580	47570	36,10,60,460	-
2	2003-04	40125	40472	30,82,39,500	-2.98
3	2004-05	52622	52430	40,25,70,645	5.02
4	2005-06	58535	58036	45,19,17,100	2.35
5	2006-07	52383	51840	49,76,89,907	-2.60

Source: Annual Reports of factory (From 2002-03 to 2006-07)

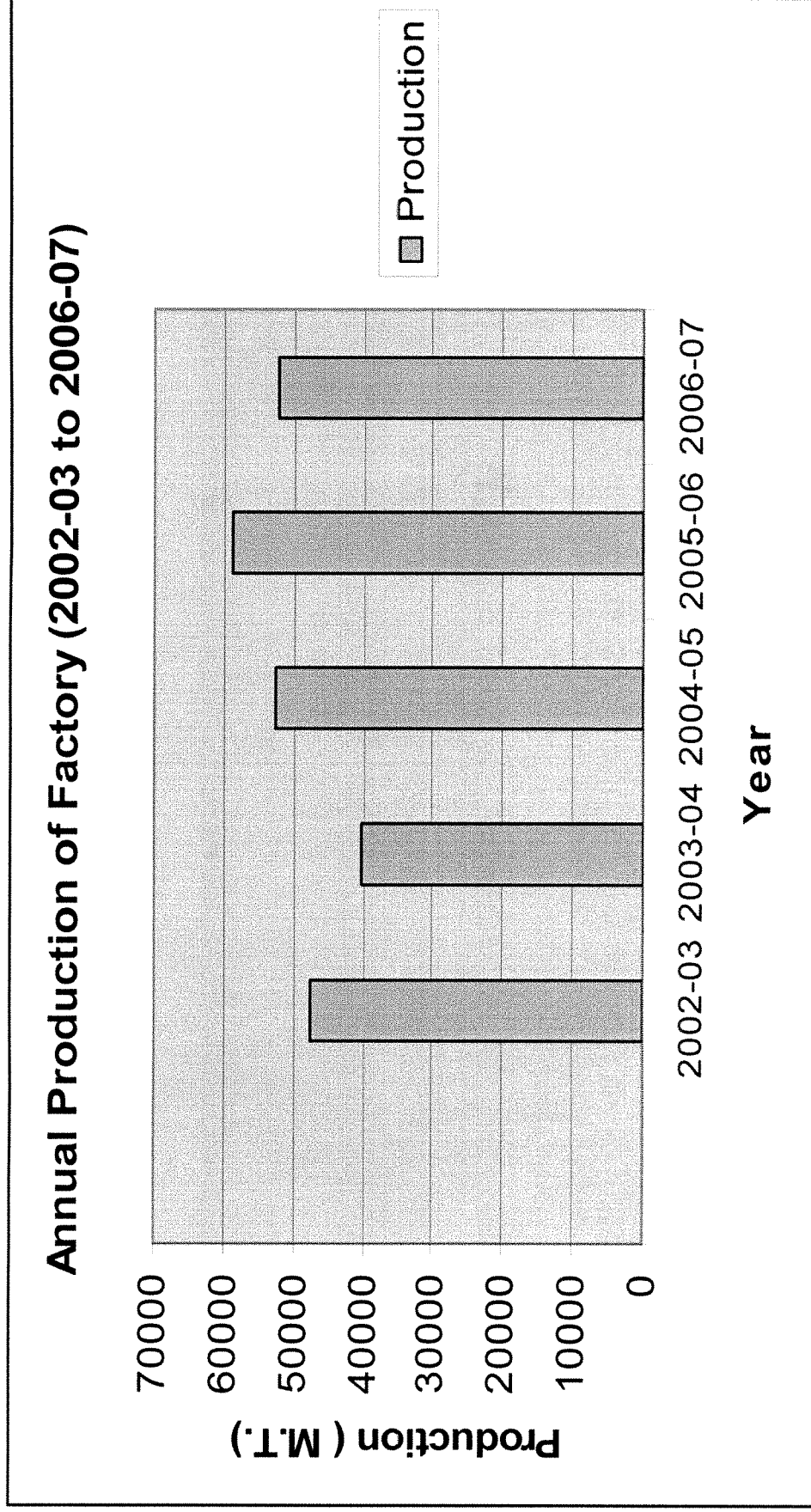
Table No. 3.2 shows the sales performance of Yashwant Co-operative Glucose Factory during the study period. Still the glucose factory was not importing maize for production from any other state or country. Because in Shirala Taluka the maximum farmers had cultivated maize crop every year. Due to supply of maize of farmers there was no need of import for glucose factory. So factory had only exported and exporting our production to other states and country. Table shows that the total sales of production and sales price of production of the factory. In this sales analysis in the year 2002-03 the sales of factory was 47570 M.Tone and the total price of sales was Rs. 36,10,60,460. In the year 2003-04 the total sale of factory was 40472 M.Tone and the price of sale was Rs. 30, 82, 39,500. In the year 2003-04 the total sales was decreased also price of sale was decreased due to low production. In the year 2004-2005 the sales was 52430 M.Tone. In this year sales were increased by 11958 M.Tone. So because of sale, the price of sale was Rs. 40, 25, 70,645 means due to

production, sale was increased also price of sale was increased. In the year 2005-06 the sale of factory was 58036 M.Tone and the total price of sale was Rs.45, 19, 17,100. Means there was same condition in 2003-04 to 2005-06. In this period of three year production of factory was increased due to the production of maize, so sale and price of sales was also increased. In the year 2006-07 factory's total production was 52383 M.Ton and sales was 51840 M.Tone and the total price of sale was Rs. 49, 76, 89,907. In this year price of sale was increased because of sale and sale was increased because of production.

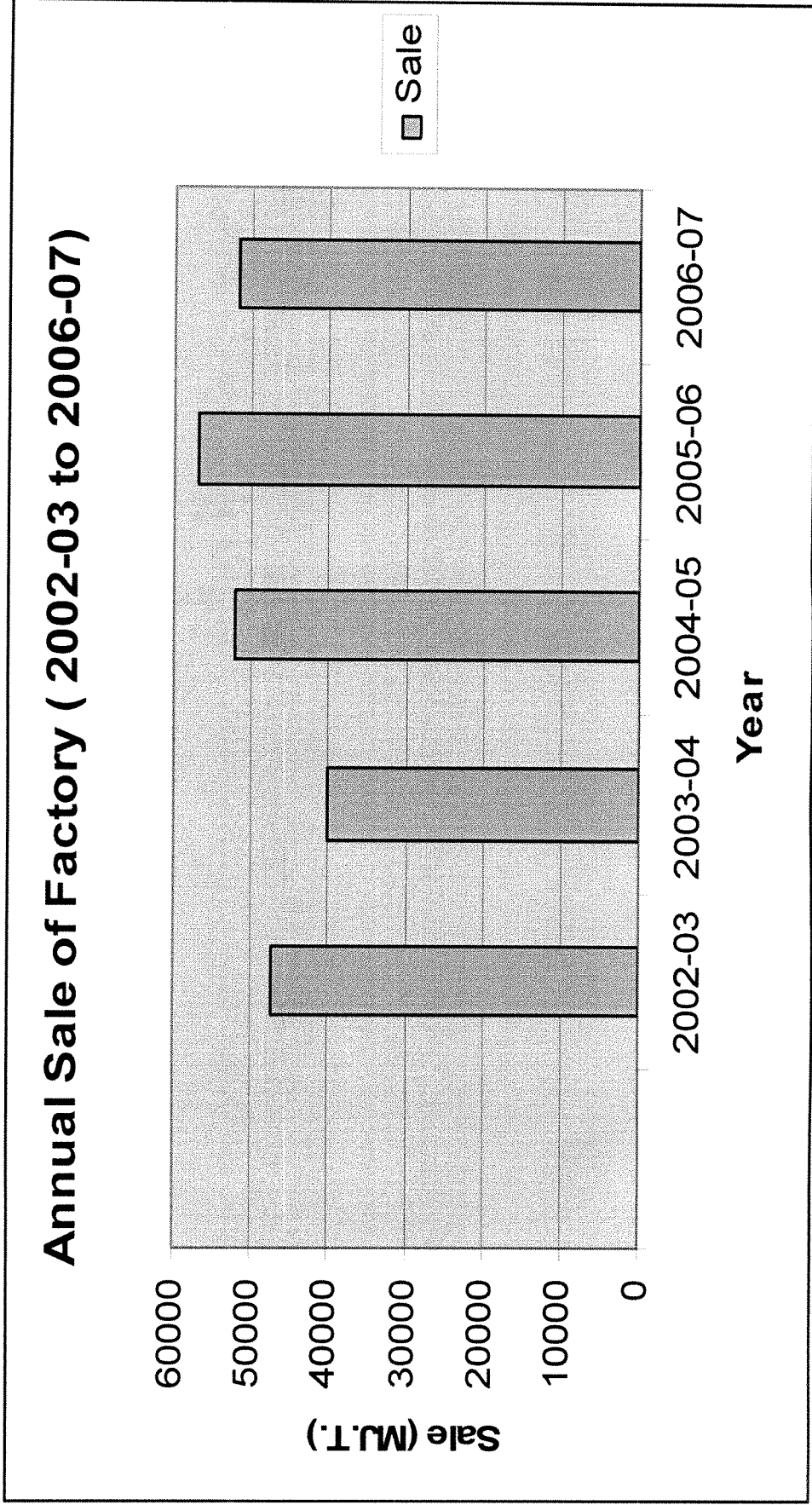
It shows that among these five years maximum sale was in the year 2006-07 and minimum sale was in the year 2002-03. In the year 2003-04 the growth rate of the sale was -2.98%. In the year 2004-05 the production was increased due to increase in raw material so, sales were also increased and growth rate became 5.02%. In the year 2005-06 the growth rate was 2.35% and in the year 2006-07 the growth rate of sale was -2.60% due to low production.

In this way during the five years factory's total sale were decreased in 2003-04 and 2006-07. This means there are natural factors who are responsible behind the fluctuations.

Graph No. 3.1



Graph No. 3.2



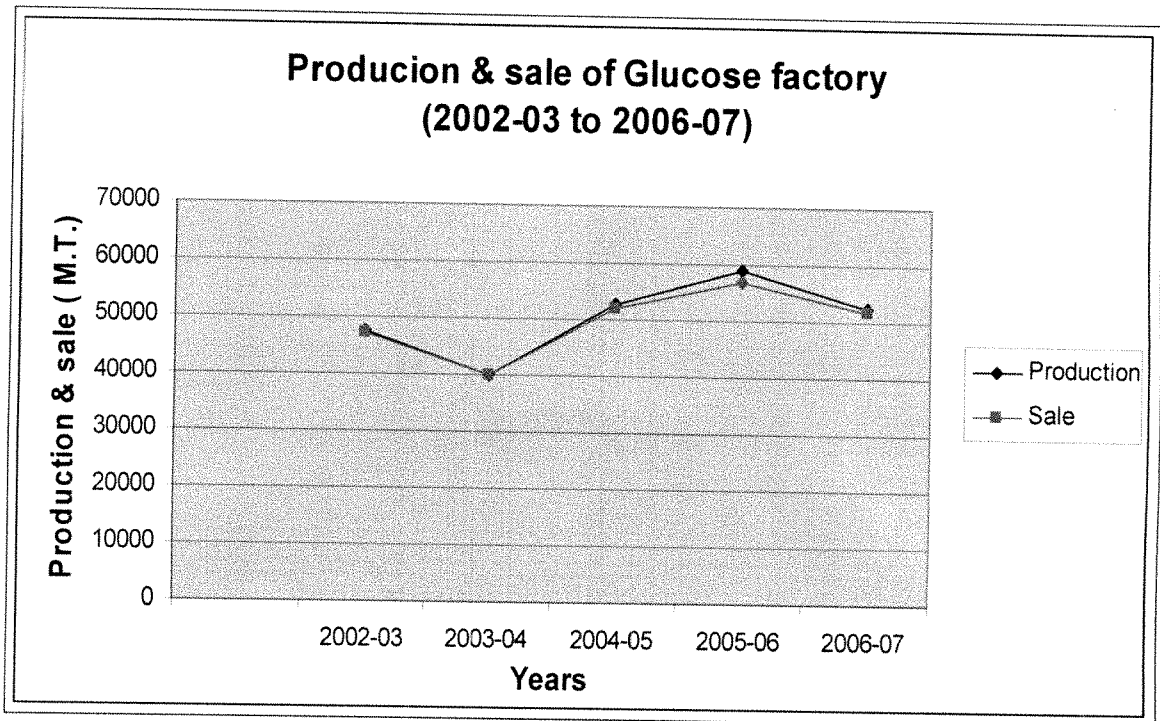
Graph No. 3.1 shows bar diagram of annual production of Glucose factory from 2002-03 to 2006-07. The 'OX' axis shows years and 'OY' axis shows production. In the year 2002-03 total production of factory was 47580 M.Tone .In the year 2003-04 total production was 40125 M. Tone. In this year production decreased by 7452 M.Tone. In the year 2004-05 total production was 52622 M.Tone In the year 2005-06 total production was 58835 M.Tone In the period of 2003-04 to 2005-06 the trend of production was increased. And in the 2006-07 total production was 52383 M.Tone In this year production was decreased by 6452 M.Tone Among these periods the maximum production was in 2005-06 and minimum production was in 2003-04.

Graph No. 3.2 shows bar diagram of annual sales of Glucose factory during the study period. The 'OX' axis shows years and 'OY' axis shows total sales. In the year 2002-03 the total sales was 47570 M.Tone In the year 2003-04 total sale was 40472 M.Tone In this year sales was decreased by 7098 M.Tone Due to low production. In the year 2004-05 sales was 52430 M.Tone means in the 2004-05 sales was increased by 11958 M.Tone In the year 2005-06 sales was 58036 M.Tone Bar diagram shows trend of sale in 2003-04 to 2005-06 was increased. In the year 2006-07 factory's total sale was 51840 M.Tone Means in this year sale was decreased by 6196 M.Tone

In this way among these five years maximum sales was in the year 2005-06 and minimum sales was in 2003-04 like production in the study period.

In this way graph No.3.1 and 3.2 shows performance of production and sales by the bar diagram. There was same trend in the production and sales of glucose factory. Also we can see the trend of production and sales by the help of trend line. Graph No.3.3 shows trend line between production and sales of glucose factory in the study period.

Graph No. 3.3



Above Table No. 3.3 shows the trend line between production and sale during the 2002-03 to 2006-07. In 2002-03 production of factory was 47580 M.Tone and sales were 47570 M.Tone means production and sales were same in 2002-03. In 2003-04 production was 40125 M.Tone and sales were 40472 M.Tone. In this year trend line between production and sale was same decreased. The reasons of decrease we have mentioned in the previous chapter. As well as in 2004-05 production was 25622 M.Tone and sale was 52430 M.Tone. Also in this year trend line between production and sale was same 2002-03 to 2004-05 these years are shows same relation between production and sale. But after 2004-05 production was increased i.e. 58835 M.Tone and sale was increased i.e.58036 M.Tone also there was same conditions in 2006-07, because, production and sales were decreased in the same trend. In this way above table shows same trend between production and sale during the study period.

Performance of Yashwant Co-operative Glucose Factory plays very important role in factory's profit. Factory creates market for existing product and tries to get higher rate for product, new markets for its products.

3.2.3 Major Markets of Glucose Factory in India:

Glucose factory's products are exported to domestic market as well as to foreign market. In foreign market Soudi Arebia and Uganda are the countries, where these products are exported. And in India the following states are taking the factory's products.

Table No-3.3

Statewise marketing centers of Glucose Factory

S.R	State	Centers
1	Maharashtra	Bombay, Thane, Nashik
2	Karnataka	Bangalore
3	Kerala	Tiruanantpuram
4	Tamilnadu	Pandechari, Chennai
5	Andhra Pradesh	Hydrabad
6	Chhattisgarh	Raipur
7	Bihar	Patna
8	Rajasthan	Jaipur
9	Gujarat	Gandhinagar, Silvasa
10	Madhya Pradesh	Bhopal
11	Uttar Pradesh	Luckhnou
12	Uttaranchal	Delhi, Haryana

Source: – Yashwant Co-operative Glucose Factory.

Map No. 3.1

Nationwide Sale Centers of Maize Products of Factory



3.2.4 Customer of Glucose Factory:

Glucose factory's esteemed customers are located all over India and overseas as well. The factory has following customers with whom factory have extended their business.

- 1) Cadbury (I) Ltd.
- 2) Parle Products Pvt. Ltd.
- 3) Rawalgaon Sugar Farm Ltd.
- 4) Gulshan Polyols Ltd.
- 5) The R.S.R. Mohata SPG & WVG Mills Ltd.
- 6) Bharat Starch Industries, Pondicherry
- 7) Godrej Agrovet Ltd.
- 8) Clariant (I) Ltd.
- 9) Manish Farma Plast
- 10) Paris confectionary
- 11) Sampre Nutrition Pvt. Ltd.

3.3 Financial Performance of YCGF:

This chapter is concerned with performance of production, sale and financial position of Yashwant Co-operative Glucose factory. We have already studied about the two sections i.e. production and sale performance. Now, this section will consideration the financial performance of glucose factory. This section is very important because it gives financial position of factory .From for this analysis; we have taken period from2002-03 to 2006-07. This study had thrown light on the capital and Credits Accounts, Assets and Debits Account, Profit and Loss Account. This section is completely depend on annual reports of Glucose Factory from 2002-03 to 2006-07. The financial performance has shown in Table No. 3.3

Table No. 3.4
Financial Performance of YCGF
(From 2002 – 03 to 2006 – 07)

(In Rs.)

Sr. No.	Particulars	Years					C.G
		2002-03	2003-04	2004-05	2005-06	2006-07	
(A)	Capital and credits						
1)	Share capital	6,16,15,876	6,21,43,200	6,25,52,431	6,34,84,982	6,72,33,439	1
2)	Permanent & Other funds	75,602	5,97,78,283	7,25,13,377	8,23,52,113	9,17,44,253	327
3)	Funds	2,76,191	8,23,875	23,63,969	23,63,969	23,63,969	192.
4)	Loans	19,69,87,905	18,18,97,620	19,40,66,771	17,78,91,969	17,65,90,416	- 2.
5)	Deposits	99,93,522	99,93,522	99,93,522	35,72,169	13,14,464	- 37.
6)	Others	11,38,53,310	13,67,69,102	19,03,98,816	15,55,59,493	14,33,25,698	6.
	Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	C.G.
(B)	Assets and Debits						
1)	Bank balance	75,35,509	42,71,857	63,97,064	81,11,544	60,06,740	1
2)	Investment	36,27,067	36,37,209	36,46,934	36,51,591	37,19,708	0.
3)	Deposits	29,41,190	29,42,690	29,54,190	29,54,190	29,54,190	0.
4)	Advances & debits	2,09,65,367	3,51,22,827	3,97,19,937	4,35,51,883	5,07,51,016	21.
5)	Current Assets	22,88,72,418	26,91,35,088	27,60,45,716	27,87,50,892	27,92,23,243	4.
6)	Production Stock	5,00,29,569	2,46,31,970	7,34,83,398	9,58,70,874	10,63,75,505	33.
7)	Other Debits	9,14,973	8,20,871	2,53,415	5,14,073	5,98,833	-12.
(C)	Profit or Loss						
1)	Previous profit or loss	4,83,79,763	6,79,16,312	10,08,49,566	11,93,94,710	12,91,77,941	28.
2)	Current profit or loss	1,95,36,549	3,29,33,254	1,85,45,142	97,83,231	81,01,109	-25.
3)	Total profit or loss	6,79,16,312	10,08,49,566	11,93,94,710	12,91,77,941	12,10,76,832	15.

Source – Annual Reports of Factory (From 2002-03 to 2006-07)

Table No-3.4 shows the financial performance of Yashwant Co-operative Glucose Factory. There were three items in that Capital and credit account, Assets and debits accounts and Profit and Loss account. These accounts were as under.

A) Capital and Credit Account –

In the capital and credit account there were six particulars i.e. Share capital, Permanent and other funds, Funds, Loans, Deposits and others. These items are explained as under.

1) Share Capital –

In the year 2002-03 the share capital was Rs.6,16,15,876, and in the year 2004-05 it was Rs.6,25,52,431. In the year 2006-07 it increased upto Rs.6,72,33,439. The study shows that the compound growth rate of share capital was 1.97%; which is better.

2) Permanent and other funds –

The permanent and other funds were tremendously increased by 327.28%. In the year 2002-03 the permanent and other funds were only Rs.75,602. In the year it was increased by Rs.5,97,78,283. Means in the year 2002-03 funds were increased upto Rs.5,97,02,681. In the year 2006-07 it increased upto Rs.9,17,44,253. It is showing the growth of permanent and other funds over the previous year.

3) Funds –

In the year 2002-03 funds were Rs.2,76,191, in the next year it increased upto Rs.8,23,875. From the year 2004-05 to 2006-07 the funds were increased upto Rs.23,63,969. The funds were increased by 192.56% as compared with the 2002-03.

4) Loans –

The Yashwant Co-operative had taken loans from financial institutions i.e. National Co-operative Development Corporation (NCDC) New Delhi, Vasantdada Shetkari Sahakari bank, Sangli, and District Central Co-operative Bank, Sangli. The data about the loans shows there was negative compound growth rate i.e. -2.38 .In the year 2002-03 the loans were Rs.19, 69,87,905. In the year 2004-05 the loans was Rs.19, 40, 66,771 at the end of the year 2006-07; it was Rs.17, 65, 90,416. Means there was decreasing trend in the loans during the study period.

Table No - 3.5
Agencies of Loans

(2006 - 07)

S.N	Agency / Bank	Amount of Loans (In Rs.)	% Share
1.	National Co-operative Development Corporation (NCDC)	9,00,00,000	50.97 %
2.	Vasantdada Shetakari Sahakari Bank	2,23,39,840	12.65 %
3.	District Central Co-operative Bank (DCCB)	6,42,50,576	36.38 %
	Total	17,65,90,416	100%

Source – Annual Report (2006-07)

Above table Shows that glucose factory had taken loans from various financial institutions and banks in the year 2006-07. Factory had taken loans from National Co-operative Development Corporation (NCDC) amount of Rs.9, 00, 00,000 and its percentage in total loan was 50.97 %.

Also the factory had taken loans from Vasantdada Shetakari Sahakari Bank of amount of Rs. 2, 23, 39,840, its percentage in total loan was 12.65 %, and the factory had taken loans from District Central Co-operative Bank (DCCB) amount of Rs. 6, 42, 50,576 and its percentage in total loan was 36.38 %.

5) Deposits –

The position of deposits shows the deposits were collected from the farmers and members of glucose factory. There was also negative compound growth rate i.e. -37.45. In the year 2002-03 deposits were Rs. 99.93.522 and and the deposits were same up to 2004-05. But from the next year it was decreased upto Rs.35, 72,169, and in the year 2006-07 it further decreased by Rs.13, 14,464.

B) Assets and Debits Account –

In the assets and debits account there were seven particulars i.e. Bank balance, Investment, Deposits, Advances and debits, Current assets and Production stock and other debits. These items are explained as under.

1) Bank balance -

The glucose factory's bank balance had increased by 1.89 %. In the year 2002 – 03 the bank balance was Rs.75, 35,509. In the year 2004-05 it was Rs.63, 97,064. By the end of the year 2006-07 it was Rs.60, 06,740.

2) Investment –

The glucose factory was invested very low amount. During the study period factory was invested upto 0.54%. In the base year investment of the factory was Rs.36, 27,067. It remained the same by the year 2005-06.It was increased to some extent upto Rs.37, 19,709.

3) Deposits -

In the year 2002-03 deposits were Rs.29, 41,190.It was constant in 2004-05 to 2006-07.It increased only by 0.25%.

4) Advances and Debits -

The compound growth rate of advances and debits shows that it was increased upto 21.93% during the study period. In the year 2002-03 it was Rs.2, 09,65,367 and in the year 2006-07 it was Rs. 5,07,51,016.

5) Current Assets -

In the year 2002-03 factory's current assets was Rs.22, 88, 72,418. In the year 2004-05 it was Rs.27, 60, 45,416. In the year 2006-07 it was Rs.27, 92, 23,243. In case of current assets of glucose factory it was increased upto 4.5%.

6) Production Stock -

In the year 2002-03 the glucose factory had production stock of amount Rs.5, 00, and 29,569. In the year 2004-05 it was Rs. 7, 34, 83,398 and end of the year it was Rs.10, 63, 75,505. The C.G.R of production stock was increased upto 33.21%.

7) Other Debits -

In the year 2002-03 factory's debits were Rs.9, 14,973.In end of the year other debits was increased upto Rs.5, 98,833 and C.G.R of other debits was -12.32 %. Thus there was negative trend in the other debits.

The above discussion shows that there were ups and downs in the financial performance of the glucose factory. The factory being the production unit based on agricultural raw material; there is instability in the loans, deposits, assets etc.

C) Profit or Loss Account -

Profit and loss account is the indicator of success of any organization.

The Yashwant Co-operative Glucose Factory was established on no profit no loss principle .It is a co-operative society .So the main purpose was the welfare of farmers or maize cultivators in Shirala Taluka. The compound growth rate of profit or loss of factory shows that factory was under profit. We are considering only total profit of factory. In the year 2002-03 total profit of factory was Rs.6, 79,16,312.In the year 2004-05,it was Rs.11, 93,94,710 and in the year 2006-07, it was 12,10,76,832.The C.G.R of profit of glucose factory was 15.07%. This growth rate shows that glucose factory is under profit.

3.3 Conclusion:

On the basis of all the above information we can say that the trend in production and sale was increased in the period of 2002-03 to 2006-07. In the two years i.e. 2003-04 and 2006-07 the production of factory had decreased. Due to low production sales was also decreased. Yashwant Cooperative Glucose Factory is cooperative society. It is established on no profit no loss principle but financial position shows that this factory is under profit. So the financial performance of Glucose factory is good.