

## **CHAPTER NO- VI**

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## **CHAPTER NO- VI**

### **Summary**

#### **6.1 Introduction.**

The present chapter being summary and findings chapter. After analyzing the Key Result Areas (KRAs) of this dissertation, brings together capacity utilization, production performance, sales turnover, and net working results and audit classification of SRBCSMLT. KRAs activities are closely related with profitability and sustainability of SRBCSMLT. In other KRAs indicate the priority areas for the performance-spinning mill. The following are the findings after analyzing these KRAs.

#### **6.2 Capacity Utilization.**

The plants capacity of SRBCSMLT IS 25200 spindles in the year 2007-08 but they installed only 14352 spindles. The plants utilization is 56.95%. The average spindle utilization as per CITRA norm 98% but actually average spindle utilization is 93.55% in the year 2007-08. Therefore the under utilization of the spinning mill in case of plants planned capacity and average spindle utilization is 43.05% and 6.45% respectively.

#### **6.3 Production Performance.**

In case of production performance of SRBCSMLT produces quality yarn with effective cost of production as per the CITRA norms. The production in the year 2007-08 shows increasing trend as compared to the year 2006-07. In the year 2006-07 it produces 928386 kgs. Of yarn and in the year 2007-08 it produces 1652836 kgs. of yarn.

#### **6.4 Sales Performance.**

After analyzing the sales position of SRBCSMLT, at the initial year i.e. 2006-07 the sales are Rs.9, 12,14,986 and the year 2007-08 it has tremendously increased up to Rs.18, 67,27,757. The growth rate of sales in the year 2007-08 was 204.71%.

#### **6.5 Net Working Results.**

Net Working Results of SRBCSMLT are shows effective profit earning capacity in the first year of production. In the year 2006-07 the net profit is Rs.24, 69,466 and in the year 2007-08 the net profit is Rs.62, 61,212 and the growth rate of profit is 253.54%. It shows the better earning capacity in earlier stage.

#### **6.6 Internal Audit and Control System**

For effective control of business operations the mill has appointed M/s.Pailwan and Sons Sangli a Chartered Accountant for internal audit. Secondly the management does the performance appraisal at the end of every week and gives directions to the employees. It shows the proper utilization of funds and all other resources. Secondly there is nothing any type of fraud; malpractice etc. and they followed all the rules and regulations applicable to SRBCSMLT by co-operative laws.

#### **6.7 Working Capital requirement.**

After studying working capital position, it is clear that the amount of working capital in year 2006-07 is Rs.48082624 and in the year 2007-08 it is only Rs.18988464. It is very insufficient because of need of working capital for the utilization of 14352 spindles is near about 5 cores. The existing working capital sources are as under-

1. Profit of the previous year (accumulated profit).
2. Reserves and Surplus.

3. Trade credit.
4. Hypotication loan.
5. Tender deposits are used as a source of working capital.

### **6.8 Capital Structure.**

In case of capital structure of SRBCSMLT, the mill has collected the major capital for the shareholders. Shareholders funds, share anamat, reserve and surplus, accumulated profits has nothing any cost of capital but in case of loans and deposits it has interest is the cost of capital. In the year 2007-08 the mill has paid Rs.58, 71,572 as an interest. It is the huge amount paid by SRBCSMLT by way of interest as a cost of capital. And it reduces the profit of the mill.

### **6.9 Hank Yarn Obligation.**

In the year 2006-07 the SRBCSMLT has paid Rs.34, 662 and in the year 2007-08 Rs.54, 523 as a hank yarn obligation, which is imposed by the government. It has reduced the total profit of Rs.89185 in previous two years.

### **6.10 Inter-firm comparisons.**

After analyzing inter-firm comparison between SCSMLK and SRBCSMLT, it was found that SRBCSMLT's plats planned capacity utilization is 39.6% less than SCSMLK. It shows under utilization of plants planned capacity of SRBCSMLT.

The average spindle utilization of SRBCSMLT is 7.55% more than SCSMLK. It shows effective utilization of plants existing capacity of SRBCSMLT.

Due to the 96.55% utilization of plants planned capacity the production, sales and profit has increased of SCSMLK as compared to SRBCSMLT.

For the utilization of 96.55% plants planned capacity the workers requirement for SCSMLK is 459 whereas for the utilization 56.95% plants planned capacity the workers requirement is 350 for SRBCSMLT. It means only 109 workers are sufficient for the potential utilization of SRBCSMLT it reduces labor cost.

#### **6.11 Awards and Rewards.**

In the previous two successive years SRBCSMLT has received various awards from M.S.C.F., and All India Spinning Federation. It shows the better performance of mill, effective utilization of existing capacity, and accumulated cash profit contribution per spindle.

#### **6.12 Professional Management.**

In SRBCSMLT has placed skilled and technically competent personals to the suitable jobs for administrative level and in the lower they do not have skilled, well-educated and qualified workers. But they provide training and development facility to its workers. SRBCSMLT's decision-making process is not time consuming. The different personals have appropriate knowledge of about co-operative principles, values and ethics. They do all the management functions effectively and utilize all the resources optimally.