

CHAPTER - V

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- 1) Kolhapur district is known for sugarcane production and Datta factory, Shirol and Kagal Factory, Kagal are two important sugar co-operative sugar factories in this area. Datta factory was started in 1972, where as Kagal factory was started in 1977. The present crushing capacity Datta sugar factory is 7000 Mts. per day and that of Kagal factory is 3500 Mts. per day.
- 2) The paid up share capital of Datta factory was Rs. 23.97 crores and that of Kagal factory was Rs. 11.66 crores.
- 3) Reserve and other funds of Datta factory were Rs. 75.23 crores and that of Kagal factory were Rs. 97.05 crores as on 31st March, 2009.
- 4) The current liabilities and provisions in Datta factory and Kagal factory amounted to Rs. 69.81 crores and Rs. 63.55 crores respectively at the end of the year 2008-09.
- 5) The loans of Datta factory were Rs. 147.92 crores and of Kagal factory loans were Rs. 86.95 crores at the end of the year 2008-09.
- 6) The amount of deposits was Rs. 7.68 crores & Rs. 12.16 crores respectively of Datta factory and Kagal factory as on 31st March, 2009.
- 7) The Net working capital of Datta factory was Rs. 11.43 crores and that of Kagal factory was Rs. 53.23 crores.

- 8) The total assets of Datta factory increased from Rs. 289 crores to Rs. 324 crores while those of Kagal factory increased from Rs. 173 crores to Rs. 272 crores during the period of study.
- 9) Datta sugar factory incurred a net profit of Rs. 366 lakhs in the year 2008-09 whereas Kagal factory made a net profit of Rs. 25 lakhs in the year 2008-09.
- 10) The current ratio of Datta factory was better than that of Kagal factory. This meant that the ability of Datta factory to meet its current liabilities was good.
- 11) The quick ratio of Datta factory was far better than that of Kagal factory. Thus the liquidity and short term solvency position of the Datta factory was far better than that of Kagal factory.
- 12) The debt equity ratio of Datta factory has used more outsider funds whereas the Kagal factory depended more on own funds and there was less use of outsiders fund.
- 13) The percent of net profit made by Kagal factory was very poor even less than 0.5 percent. But Datta factory incurred net loss in two years i.e. 2006-07 and 2007-08. In remaining three years of the study it made a net profit. at 1.03 percent, 0.5 percent and 1.62 percent. Though this percentage was higher as compared to Kagal factory. The overall profitability position of Kagal factory was better.
- 14) The fixed assets of Datta factory were Rs. 120.29 crores as against Rs. 131.67 crores of Kagal factory as on 31st March, 2009.

- 15) The total current assets of Datta factory and Kagal factory were Rs. 169.12 crores and Rs. 107.39 crores respectively as on 31st March, 2009.
- 16) In Datta factory Cash in hand and bank balance amounted was Rs. 1.52 crores where as in Kagal factory their were Rs. 8.56 crores.
- 17) Investment of Datta factory was Rs. 3.83 crores and that of Kagal factory was Rs. 1.28 crores.

SUGGESTIONS

- 1) Kagal factory should increase the amount of share capital to expand the financial base.
- 2) Datta sugar factory should explore the possibility of transferring more profit to reserve and other funds.
- 3) Both the Datta' factory and Kagal factory should try to reduce the outstanding loans and make the factory loan free in the next five years.
- 4) As result of the above measure the interest burden will be reduced and there will be addition to the net profit. Particularly Datta factory is highly debted with total debt of Rs. 1.55 crores as against Kagal factory with just Rs. 99 crores outstanding debt.
- 5) The bank balance was very high in case of Kagal factory which needs to be diverted to other more productive purpose.
- 6) The store and repairs expenses are very high i.e. Rs 16.54 Crores in Datta factory. So it is suggested that there should be control over this expenses and they should be reduced by at least 50 percent of present amount. Kagal factory should improve efficiency of assets utilization so that turnover ratio will be better.
- 7) Average sugar recovery rate is 13 percent in Kagal factory as compared to 11.50 percent in Datta factory. This should be increased so that the sugar production will further increase.
- 8) Both factories should implement effective cost control methods to reduce cost of production.

- 9) Both Sugar factories should develop sound financial practices and implement them effectively so that their profitability and value will increase. Both factories are in co-operative sector but that does not mean they should not make sizable profit and work in professional manner.