

CHAPTER - I

INTRODUCTION AND RESEARCH DESIGN

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1.1 Introduction

Financial management is the most important area of the business management. It is the blood stream of every business organization. The most important objective of any company is to maximize its profit and wealth.

Financial management is to collect the funds from various sources and invest these funds efficiently to maximize the level of profit. The firm purchases various factors of production and then puts them into operation and by selling the product /service generates income. In the financial management evaluation methods like ratios analysis, funds flow analysis, costing, budgetary control, etc. are used.

Ratio analysis is the method or process by which the relationship of items in the financial statement is computed and presented. Financial statements provide summarized view of the operation of a firm. More can be learnt about a firm by careful observation of financial statements.

Ratio analysis is an attempt to devise quantitative measure of guide concerning the financial health and profitability of Business organization.

Ratio analysis can be used in both static analysis. There are several ratios depending on the purpose and objective of analysis. Inter and Intra firm comparison is possible due to ratio analysis.

1.2 Objectives of the Study

- 1) To study the growth of sugar industry in India.
- 2) To evaluate the performance of

- a) Shree Datta Shetkari Sahakari Sakhar Karkhana Ltd. Shirol,
Tal-Shirol, Dist.- Kolhapur.
- b) Shree Chhatrapati Shahu Sahakari Sakhar Karkhana Ltd.,
Kagal, Tal- Kagal, Dist. – Kolhapur.
- 3) To study management style, leadership strategy and organizational climate in each of the sugar factory and relate it to the organizational performance.
- 4) To calculate various ratios for determining the efficiency of financial activities of the sugar factories.
- 5) To review of methods of performance analysis and make suggestions if any for improving the financial performance of co-operative sugar factories under the study.

1.3 Statement of the Problem

The statement of the problem is “A comparative study of Financial Performance of S.D.S.S.S.K. Ltd., Shirol, Tal.- Shirol, Dist. Kolhapur and S.C.S.S.S.K. Ltd Kagal, Tal. Kagal, Dist.- Kolhapur.”

1.4 Significance of the Study

The significance of the study is that many of the findings and observations will be useful to policy makers, managers of the co-operative sugar factories and especially to the elected leaders of the co-operative sugar factories. As the study is inter disciplinary one, it will be of practical importance.

- 1) It highlights the importance of financial management of co-operative sugar factories.
- 2) The study provides the various criteria or indices with the help of the performance of other sugar factories which can be analyzed.

- 3) The study highlight the undesirable trends in the financial management of the co-operative sugar factories.

1.5 Hypotheses of the study

The financial management of Kagal Sugar Factory is better as compare to that of Shirol Sugar Factory. However, both factories need to improve their performance by adopting various measures.

1.6 Data Collection

1) Primary Data

The primary data is collected by conducting interviews with the officials of the factories. This is an oral type and the information was exchanged face to face.

2) Secondary Data

The secondary data is used exhaustively for the study and is collected through the following ways.

1. Annual reports of the factories.
2. Publications of Directorate of Sugar.
3. Books, Journals, Bulletins etc.
4. Research articles.
5. Internet.

1.7 Scope of the Study

This study is concerned with Ratio analysis of S.D.S.S.S.K. Ltd., Shirol, and S.C.S.S.S.K. Ltd., Kagal. It covers a period of five financial years from 2004-2005 to 2008-2009.

1.8 Limitations of the study

The various criteria or indices generally used for the performance analysis of private and public sectors organizations have been used with due modification and adequate care. However, there are bound to be some minor omissions and commissions due to assumptions made especially in financial analysis. But their effect will be negligible.

The inherent limitations of case study analysis are bound to occur.

Even through the researcher assured the full confidentiality some persons who were interviewed want to be anonymous.

1.9 Data Presentation

The data is presented in various chapters. The chapter scheme of the report is as follows.

- Chapter I - Introduction and Research Design
- Chapter II - Review of Literature
- Chapter III - Profile of Sugar Factories
- Chapter IV - Data Analysis and Interpretation
- Chapter V - Findings and Suggestions