CHAPTER V
FINDINGS, SUGGESTIONS & CONCLUSION
CHAPTER – V

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

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5.1. INTRODUCTION

Every concern has to measure their performances. The production, sales productivity and financial measurements are essential for the purpose of evaluation. The overall performance of any organization is indicated by the profit. The profit is compared with the SITRA NORMS to analyse the comparative performance and to declare its performance status.

5.2. BRIEF SUMMARY OF PERFORMANCE ANALYSIS

In this study, material productivity, energy conservation, production, sales, capital employed and the profit earned by the mill for 6 years have been properly analyzed. Progress report of the company is briefly arrived. Wherever necessary ratio analysis has been employed. Regression, Correlation and Trend analysis are also employed to test the significance of data.
5.3 FINDINGS

After properly analyzing the data of the mill the following findings are arrived:

1. Operating profit to capital employed shows an increasing trend. Profit Before Tax to capital employed has been getting improved from the year 2000-2001 onwards. However the Profit Before Tax to Net worth after remaining constant for 3 years, shows a sudden increase in 2002-2003.

2. Raw material Productivity showed an increase in 2000-2001 & 2001-2002 and decreased suddenly in 2002-2003 to 77.81. It may be due to cotton mixing employed for producing finer counts.

3. The average selling price per kg of sales has shown an improvement.

4. Profit After Tax on capital employed also showed declining trend from the year 1995-96.

5. Cash profit per kg of yarn production and Profit Before Tax per kg of yarn production shows an improvement in 2001-2002. In 2002-2003 we see a steep increase.


7. Total consumption of electricity in units per kg of output has increased from the year 2000-01 onwards. Power cost per kg of output also shows the same trend.

8. Capital employed to produce one kg of yarn is lesser in the years 2000-01 & 2001-02. The same has suddenly increased in the year 2002-03.
However, Working capital employed per kg of yarn is moderate in all the years except the years 1998-99 & 1999-2000.

9. Employee cost per man-day shows an increasing trend. It is also reflected by the employee cost per kg of yarn.

10. The performance indicator indicates the improvement in turnover, operating profit and cash profit. The year 2002-03 shows a sudden jump in operating profit and cash profit when compared with the base year 1997-98. Similarly Profit After Tax & Profit Before Tax showed a sudden jump in 2002-03.

11. The spinning performance also shows that the capacity utilization is almost 98% in all the years. The composite productivity is also showing a gradual increasing trend. Statistical tools are employed to tests the significance between various types of variables.

12. Multiple regressing model has been fit to find the association between production, raw material and wastage. The model shows the existences of significant relationships between the variables. Trends are also fit over sales and operating profit. The operating profit - actual, trend and forecasted values are presented in the form of table. Similarly the sales values are also presented. They showed a consistent improvement since 1977-78.

13. The analysis based on spinning norms of SITRA clearly indicates that the mill taken under study can be labeled as “fastly moving towards high profit mill category”.

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5.4. SUGGESTIONS FOR IMPROVEMENT

- On line performance measurement system should be made to see the day-to-day performance of the mill. It would guide them to track the performances. Based on this corrective steps may be taken immediately.

- A report should be prepared to reflect the non-conformance with the norms prescribed for different production departments. Based on this possible steps can be taken for improving the performances.

- Highlighting the corrective future actions and their impact on the operating profit is another way of reaching the optimum performance.

- Different cotton-mixing pattern formulations may be made. Selection of the best possible cotton mixing with the least cost would reduce the cost of raw material per Kg of output.

- The cost impact on usable waste should be analyzed for the same or different cotton-mixings.

- Use of current production techniques with modern machineries would increase the productivity per machine.

- Benchmarking should be made for material consumption, labour and other resource utilizations and also for maintenance expenses.

- Cash cycle time should be calculated. This technique would reduce the interest on working capital by repaying the short-term loans in time, from the surplus cash. Wherever possible, get
finance at low rate of interest to settle the loans borrowed at higher rate. This would save interest charges.

- The optimal cotton-mixing pattern and the lesser reduction in yarn varieties would improve the productivity as the setting time is very much reduced.

5.5. CONCLUSION

Overall performance of the mill under study has been made by using Ratio analysis, Testing the important data for its associations, etc. The financial performances was evaluated and compared with the benchmarking made by SITRA. The mill has been consistently showing their improvements in their performances since 1997-98. In the year 2002-03 it has reached the “almost high profit mill status” from the average mill status prescribed by SITRA.