



PROFITABILITY MANAGEMENT OF SELECT SUGAR FACTORIES IN CHITTOOR AND SPSR NELLORE DISTRICTS OF ANDHRA PRADESH

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Abstract

The measurement of profitability is as essential as the earning of profit itself for a business concern. Strategic managerial decisions like expansion of business, rising of additional finance, issue of bonus shares and payment of dividend rest upon this measurement. It is the primary device which can be used to measure the overall success of a business and the effective utilization of its resources. The specific objectives of the present paper are to assess the profitability performance of select sugar factories from 2003-04 to 2012-13 and to offer appropriate suggestions to improve the profitability performance of select sugar factories in Chittoor and SPSR Nellore districts of A.P. Some of the important parameters viz., Gross Profit Ratio, Net Profit Ratio, Operating Profit Ratio, ROCE and ROE which are deployed to measure the profitability of the select sugar factories in Chittoor and SPSR Nellore districts of A.P. This paper has concludes that the co-operative sugar factories in both the districts in terms of financial performance Prudential Sugar Corporation Ltd in Chittoor districts is far better because their gross profit to sales ratio is relatively better than the gross profit to sales ratio of Empee Sugars Pvt. Ltd in SPSR Nellore district. The return on capital employed Empee Sugars Pvt. Ltd is more satisfactory than the return on capital employed of Prudential Sugar Corporation Ltd. The return on capital employed of both the co-operative sugar factories working in both the districts is negative.

Key Words: - Bonus Shares, Profitability, Operating Profit, Return on Capital Employed, Return on Equity.

Introduction

Profitability is a relative term which can be defined as the ability of a firm in generating revenue in excess of expenditure. It is the primary device which can be used to measure the overall success of a business and the effective utilization of its resources. It is the test of efficiency, powerful motivational factor and a measure of control in any business. The measurement of profitability is as essential as the earning of profit itself for a business concern. Strategic managerial decisions like expansion of business, rising of additional finance, issue of bonus shares and payment of dividend rest upon this measurement. The primary objective of a business undertaking is to earn profit and continue to earn profit for the overall success of a company. Profitability analysis reveals the position of profits as a result of total transactions made during a year. The efficiency of business is measured by the amount of profit it earns. The profit of a business can be measured by studying the profitability of investment in it and the ability of given investment made to earn a return from its use. It is a necessary benchmark which measures the efficiency of capital and assets, return on shareholder's equity as well as predicting financial distress. An efficient use of financial resources is necessary to avoid financial distress. The prediction and prevention of financial distress is one of the major factors, which will help to avoid bankruptcy.

Objectives of the Paper

The present paper is prepared with an aim to assess the profitability management of the select sugar factories in Chittoor and SPSR Nellore districts of Andhra Pradesh. The specific objectives of the present paper are;

1. To assess the profitability performance of select sugar factories in Chittoor and Nellore districts of A.P from 2003-04 to 2012-13, and
2. To offer appropriate suggestions to improve the profitability performance of select sugar factories in Chittoor and SPSR Nellore districts of A.P.

Sources of Data

The study is mainly based on secondary data which were compiled from the annual reports of select sugar factories working under co-operative and private sector in Chittoor and SPSR Nellore districts, Co-operative Sugars monthly publications, annual reports of Indian Sugars associations, journals and the like.

Period of the Study

The study covers a period of ten years from 2003-04 to 2012-2013. Some of the important parameters (Gross Profit Ratio, Net Profit Ratio, Operating Profit Ratio ROCE and ROE) which are deployed to measure the profitability of the select sugar factories in Chittoor and SPSR Nellore districts of A.P are as follows:

Table No 1, Gross Profit to Sales Ratio of select sugar factories in Chittoor and S P S R Nellore Districts of Andhra Pradesh from 2003-04 to 2012-13

Year	Chittoor District		SPSR Nellore District	
	Sri Venkateswara Co-operative Sugar Factory Ltd	Prudential Sugar Corporation Ltd	Kovur Co-operative Sugar Factory Ltd	Empee Sugars Pvt. Ltd
2003-04	2.08	27.78	-6.52	15.06
2004-05	14.08	22.45	-39.83	16.58
2005-06	-20.44	38.51	8.05	19.37
2006-07	-7.18	27.57	-6.74	20.55
2007-08	-29.85	6.21	-35.00	25.43
2008-09	24.75	26.91	12.49	31.99
2009-10	9.22	17.61	2.15	31.62
2010-11	-18.98	16.05	-47.81	1.90
2011-12	-12.81	8.47	-63.36	NW
2012-13	9.90	21.76	-13.01	21.54
Mean	-2.92	21.33	-18.96	20.45
SD	17.63	9.68	25.82	9.17
CV	-603.15	45.40	-136.20	44.86
LGR	1.40	-7.77	13.69	1.45
CGR	-	-8.05	-	-6.07
t-value	-0.020 [@]	-1.714 [@]	-0.904 [@]	0.233 [@]

Source: Annual Reports of Select Sugar Factories from 2003-04 to 2012-13

NW : Not working

Note: @ Not Significant

Table 1 shows the ratio of gross profit to sales of select sugar factories in Chittoor and SPSR Nellore districts of Andhra Pradesh over a period of ten years from 2003-04 to 2012-13. The gross profit to sales ratio of Sri Venkateswara Co-operative Sugar Factory Ltd increased from 2.08 per cent in 2003-04 to 14.08 per cent in 2004-05. In the subsequent period of three years i.e., from 2005-06 to 2007-08, the gross profit ratio of Sri Venkateswara Co-operative Sugar Factory Ltd is negative. The ratio of gross profit to sales ratio is positive in 2008-09 and in 2009-10. It is significant in 2008-09. In 2010-11 and in 2011-12 the gross profit ratio is negative. In 2013-14 the financial position of Sri Venkateswara Co-operative Sugar Factory Ltd significantly improved. As a result the ratio of gross profit to sales ratio of Sri Venkateswara Co-operative Sugar Factory Ltd turned positive and the financial position of Sri Venkateswara Co-operative Sugar Factory Ltd is moderate.

The gross profit ratio of Prudential Sugar Corporation Ltd improved once in two years from 2003-04 to 2008-09 and once in three years from 2009-10 to 2012-13. The gross profit ratio fluctuated from period to period.

The gross profit ratio of Kovur Co-operative Sugar Factory Ltd is negative in most of the years of ten year study period except in 2005-06, 2008-09 and in 2009-10. The gross profit ratio of Kovur Co-operative Sugar Factory Ltd is positive and is moderate and significant in 2008-09.

The gross profit ratio of Empee Sugars Pvt. Ltd has increased from 15.06 per cent in 2003-04 to 31.99 per cent in 2008-09. The said ratio slightly decreased in 2009-10. The gross profit ratio of Empee Sugars Pvt. Ltd was very meager in 2010-11. Empee Sugars Pvt. Ltd has remained shut in 2011-12. The gross profit ratio of Empee Sugars Pvt. Ltd significantly increased in 2012-13.

The mean gross profit ratio of Prudential Sugar Corporation Ltd and Empee Sugar Pvt. Ltd is positive whereas the same ratio of Sri Venkateswara Co-operative Sugar Factory Ltd and Kovur Co-operative Sugar Factory Ltd is negative. This indicates that the performance of sugar factories working under private sector in both the districts is satisfactory whereas the performance of sugar factories working in both the districts under co-operative sector is not satisfactory. Even among these

two private sector companies the performance of Prudential Sugar Corporation Ltd in Chittoor district is far more satisfactory than the performance of Empee Sugar Pvt. Ltd in Nellore district. Of the two sugar factories working under co-operative sector in both the districts the performance of Kovur Co-operative Sugar Factory Ltd in Nellore district is far more satisfactory than the performance of Sri Venkateswara Co-operative Sugar Factory Ltd in Chittoor district.

It is surprising to note that the linear and compound growth rates computed for the data pertaining gross profit to sales of Prudential Sugar Corporation Ltd and Empee Sugar Pvt. Ltd are negative. The computed 't' value for all the sugar factories working in both the districts irrespective of their form of ownership under which sector they are operating is not significant at any level of significance.

From the foregoing analysis one can infer that the financial performance of private sugar factories in both the districts is far better than the performance of the co-operative sugar factories working in both the districts. On comparison the performance of private sugar factories prudential sugar corporation ltd in Chittoor districts is far better than the performance of Empee Sugar Pvt. Ltd in Nellore district. If are companies the financial performance between the co-operative sugar factories one can understand that the performance of Sri Venkateswara Co-operative Sugar Ltd. is better the performance of Kovur Co-operative Sugar Factory Ltd in Nellore district.

Table No 2, Net Profit to Sales Ratio of select sugar factories in Chittoor and S P S R Nellore Districts of Andhra Pradesh from 2003-04 to 2012-13

Year	Chittoor District		SPSR Nellore District	
	Sri Venkateswara Co-operative Sugar Factory Ltd	Prudential Sugar Corporation Ltd	Kovur Co-operative Sugar Factory Ltd	Empee Sugars Pvt. Ltd
2003-04	-13.37	-7.34	-55.25	0.40
2004-05	-6.91	-6.85	-86.87	5.50
2005-06	-141.91	9.30	-45.74	9.70
2006-07	-21.43	1.67	28.24	1.40
2007-08	-57.10	-14.51	-63.58	1.99
2008-09	6.84	0.54	-10.02	1.94
2009-10	-1.65	0.16	-22.20	1.94
2010-11	-36.70	0.67	-103.21	-12.55
2011-12	-23.15	2.77	-150.62	NW
2012-13	-1.45	1.50	-56.16	-9.09
Mean	-29.68	-1.21	-56.54	0.14
SD	43.73	6.64	50.16	6.87
CV	-147.31	-549.13	-88.72	5029.06
LGR	-13.13	-57.28	9.00	-1305.95
t-value	0.792 [@]	0.941 [@]	-0.913 [@]	-3.675 ^{**}

Source: Annual Reports of Select Sugar Factories from 2003-04 to 2012-13

NW : Not working

Note: @ Not Significant, **Significant at 1 per cent;

Table 2 shows the ratio of net profit to sales of select sugar factories in Chittoor and SPSR Nellore districts of Andhra Pradesh over a ten year study period from 2003-04 to 2012-13. The ratio of net profit to sales of Empee Sugars Pvt. Ltd increased from 0.40 per cent in 2003-04 to 9.70 per cent in 2005-06. Thereafter in 2006-07 the said ratio decreased. The ratio of net profit to sales of Empee Sugars Pvt. Ltd increased in 2007-08 and decreased in 2008-09 and remained constant in 2009-10. The Empee Sugar Pvt. Ltd did not work in 2011-12. The ratio of net profit to sales of Empee Sugars Pvt. Ltd was negative in 2011-12 as well as in 2012-13. The mean ratio of net profit to sales of Empee Sugars Pvt. Ltd is 0.14 per cent. The net profit to sales of Empee Sugars Pvt. Ltd in almost all years from 2003-04 to 2012-13 except in 2010-11 and 2012-13 is more than the average ratio of net profit to sales ratio. The growth in the said ratio for the ten year study period is negative. The 't' value computed for the time series data pertaining to net profit to sales is significant at 1 per cent level of significance. The net profit to sales ratio of Kovur Co-operative Sugar Factory Ltd for all the years is negative except in 2006-07. The mean net profit to sales ratio of Kovur co-operative sugar factory ltd itself is negative. The linear growth in the ratio of net

profit to sales is negative. The 't' value computed for the time series data pertaining to net profit to sales of Kovur Co-operative Sugar Factory Ltd is not significant at all.

The net profit to sales ratio of Empee Sugars Pvt. Ltd gradually increased for the first three years in the beginning of the study period of ten years from 2003-04 to 2005-06. Thereafter the net profit to sales ratio of Empee Sugar Pvt. Ltd fluctuated and remains constant in 2009-10. The net profit to sales ratio of Empee Sugars Pvt. Ltd is negative in 2010-11 and 2012-13 and the sugar factory did not work for the year 2011-12. The mean net profit to sales ratio is positive but it is very insignificant. The linear growth computed for the time series data pertaining to net profit to sales ratio of Empee Sugars Pvt. Ltd is negative. The 't' value computed for the time series data of ten years pertaining to net profit to sales ratio of Empee Sugars Pvt. Ltd is significant at 1 per cent level of significance.

The mean ratio of net profit to sales of Empee Sugars Pvt. Ltd is positive and better than the mean ratio of net profit to sales of Sri Venkateswara Co-operative Sugar Factory Ltd Chittoor, Prudential Sugar Corporation Ltd and Kovur Co-operative Sugar Factory Ltd because the mean ratio of net profit to sales of Kovur Co-operative Sugar Factory Ltd is negative. The linear growth computed for the data pertaining net profit to sales of Kovur Co-operative Sugar Factory Ltd is positive whereas for all the three sugar factories in both the districts of Chittoor and Nellore districts it is negative. The computed 't' value for the time series data of ten years pertaining to net profit to sales of Sri Venkateswara Co-operative Sugar Factory Ltd, Prudential Sugar Corporation Ltd, and Kovur Co-operative Sugar Factory Ltd is insignificant at both 5 per cent level and 1 per cent level of significant whereas the 't' value computed for the time series data pertaining to net profit to sales of Empee Sugars Pvt. Ltd is significant at 1 per cent level.

From the foregoing analysis one can infer that the financial performance of private sugar factories working in both districts is relatively better than the financial performance of co-operative sugar factories working in the same district because their net profit to sales ratio is negative. The financial performance of Kovur Co-operative Sugar Factory Ltd working in Nellore district is better when compared to the financial performance of the Sri Venkateswara Co-operative Sugar Factory Ltd working in Chittoor district. This can again be attributed to the net profit ratio projected over a study period. Similarly the financial performance of Empee Sugars Pvt. Ltd of Nellore district is better than that of the Prudential Sugar Corporation Ltd. On the whole as far as the net profit ratio is concerned, the financial performance of sugar factories which are working both under co-operative and private sectors in SPSR Nellore district is better than the sugar factories working under both co-operative and private sectors in Chittoor district.

Table No 3, Operating Profit to Sales Ratio of select sugar factories in Chittoor and SPSR Nellore Districts of Andhra Pradesh from 2003-04 to 2012-13

Year	Chittoor District		SPSR Nellore District	
	Sri Venkateswara Co-	Prudential Sugar	Kovur Co-operative	Empee Sugars Pvt.
2003-04	-8.16	8.61	-14.30	6.96
2004-05	0.45	1.19	-69.20	9.93
2005-06	-57.23	18.42	-48.67	13.05
2006-07	-14.62	13.43	10.43	9.21
2007-08	-44.38	13.73	-43.24	13.00
2008-09	17.31	9.76	5.97	17.47
2009-10	4.35	6.35	-4.88	18.38
2010-11	-28.25	5.94	-61.94	-10.95
2011-12	-18.45	6.69	-98.04	NW
2012-13	3.41	21.61	-28.25	13.61
Mean	-14.56	10.57	-35.21	10.07
SD	23.27	6.22	35.35	8.70
CV	-159.88	58.85	-100.40	86.41
LGR	-9.80	3.89	6.72	-2.83
CGR	-	7.35	-	-
t-value	0.534 [@]	0.578 [@]	-0.585 [@]	-0.176 [@]

Source: Annual Reports of Select Sugar Factories from 2003-04 to 2012-13

NW : Not working

Note: @ Not Significant

Table 3 shows the operating profit ratio of select sugar factories in Chittoor and SPSR Nellore districts of Andhra Pradesh. It is understood from the table above that the operating profit ratio of Sri Venkateswara Co-operative Sugar Factory Ltd is negative in more than five years of ten year study period from 2003-04 to 2012-13. Whereas the said ratio is positive for four years of ten year study period, is insignificant in three years and significant only in one year i.e. in 2008-09. The average operating profit ratio of Sri Venkateswara Co-operative Sugar Factory Ltd itself is negative. The growth in the operating profit ratio of Sri Venkateswara Co-operative Sugar Factory Ltd is negative. The computed value of 't' for the time series data of ten year study is not significant either at 1 per cent level or at 5 per cent level of significance.

The operating profit ratio of Prudential Sugar Corporation Ltd Chittoor district fluctuated from year to year from 2003-04 to 2008-09 and it decreased in the subsequent period of two years i.e. 2009-10 and 2010-11. It's again increased in the next two years i.e. in 2011-12 and 2012-13. The mean operating profit ratio of Prudential Sugar Corporation Ltd is 10.57 per cent. The operating profit ratio of Prudential Sugar Corporation Ltd is greater than the average operating profit ratio of Prudential Sugar Corporation Ltd in 2005-06, 2006-07, 2007-08 and in 2012-13, and it is less than the average operating profit ratio of Prudential Sugar Corporation Ltd, in the remaining years of ten years of study period. The LGR and CGR are positive and CGR is significant. However the computed value of 't' for the time series data pertaining to operating profit ratio of Prudential Sugar Corporation Ltd is not significant either at 1 per cent level or at 5 per cent level.

The operating profit ratio of Kovur Co-operative Sugar Factory Ltd is negative in eight years of ten year study period and positive only in two years of the same ten year study period. The average operating profit ratio of Kovur Co-operative Sugar Factory Ltd is negative. The growth in the ratio of operating profit to sales is positive and moderate. The computed value of 't' for the time series data pertaining to operating profit to sales ratio of Kovur Co-operative Sugar Factory Ltd is not significant.

The operating profit ratio of Empee Sugars Pvt. Ltd gradually increased for the first three years (2003-04 to 2005-06) of ten year study period (2003-04 to 2012-13) and in 2006-07 it decreased. The operating profit ratio of Empee Sugars Pvt. Ltd gradually increased from 2007-08 to 2009-10. In 2010-11 the Empee Sugars Pvt. Ltd did not work at all and in 2012-13 the operating profit ratio of Empee Sugars Pvt. Ltd is positive and increased significantly in 2012-13.

The mean operating profit ratio of private sugar factories working in Chittoor and SPSR Nellore districts is positive and significantly high. The mean operating profit ratio of Prudential Sugar Corporation Ltd in Chittoor is higher than the mean operating profit ratio of Empee Sugars Pvt. Ltd of Nellore district. The mean operating profit ratio of both co-operative sugar factories working in both the districts is negative. The operating profit position of Kovur Co-operative Sugar Factory is relatively better than the operating profit position of Sri Venkateswara Co-operative Sugar Factory Ltd. The linear growth in the time series data pertaining to operating profit ratio of Prudential Sugar Corporation Ltd of Chittoor district and Kovur Co-operative Sugar Factory Ltd is positive and the linear growth for the time series data pertaining to operating profit ratio of Kovur Co-operative Sugar Factory Ltd is high. The computed 't' value for the time series data pertaining to operating profit ratio of select sample sugar factories in Chittoor and SPSR Nellore districts is not significant either at 1 per cent level of significance or at 5 per cent level of significance.

From the foregoing analysis one can infer that the operating profit ratio of both the private sector sugar factories working in Chittoor and SPSR Nellore districts is relatively higher than the operating profit ratio of co-operative sugar factories in Chittoor and SPSR Nellore districts. Even among the private sector sugar factories the operating profit ratio of Prudential Sugar Corporation Ltd is higher than the operating profit ratio of Empee Sugars Pvt. Ltd in Nellore district. But the growth in the operating profit ratio of Kovur Co-operative Sugar Factory Ltd. Nellore district is more impressive than that of the other select sugar factories of both the districts.

Table No 4, Return on Capital Employed of select sugar factories in Chittoor and S P S R Nellore Districts of Andhra Pradesh from 2003-04 to 2012-13

Year	Chittoor District		SPSR Nellore District	
	Sri Venkateswara Co-operative Sugar Factory Ltd	Prudential Sugar Corporation Ltd	Kovur Co-operative Sugar Factory Ltd	Empee Sugars Pvt. Ltd
2003-04	-5.01	-1.90	-2.94	5.47
2004-05	-0.08	-1.92	-10.89	20.25

2005-06	-25.52	13.81	-1.46	23.99
2006-07	-10.42	6.37	-7.61	5.27
2007-08	-16.98	-19.37	-19.51	5.83
2008-09	10.90	4.85	3.17	2.68
2009-10	6.05	3.42	-1.84	1.06
2010-11	-9.91	2.66	-12.23	5.70
2011-12	-10.52	3.07	-14.95	NW
2012-13	3.83	2.88	-8.56	3.16
Mean	-5.77	1.39	-7.68	8.16
SD	11.15	8.53	6.97	8.13
CV	-193.45	614.86	-90.77	99.72
LGR	-17.01	16.42	7.33	-20.71
CGR	-	-	-	-21.52
t-value	0.781 [@]	0.229 [@]	-0.713 [@]	-1.829 [@]

Source: Annual Reports of Select Sugar Factories from 2003-04 to 2012-13

NW : Not working

Note: @ Not Significant

Table 4 explains the return on capital employed position of select sugar factories in Chittoor and SPSR Nellore districts of Andhra Pradesh. It is understood from the table that the return on capital employed of Sri Venkateswara Co-operative Sugar Factory Ltd in almost all the years in a ten year study period is negative, except in 2008-09, 2009-10 and in 2012-13. The return on capital employed of Sri Venkateswara Co-operative Sugar Factory Ltd slowly improved in the recent past. The return on capital employed of Prudential Sugar Corporation Ltd in 2003-04, 2004-05 and in 2007-08 is negative and in the remaining years it is positive but gradually decreased from year to year since 2005-06 to till 2010-11 and slightly increased in 2011-12 and again decreased in 2012-13.

The return on capital employed of Kovur Co-operative Sugar Factory Ltd of Nellore district is negative in almost all the years of ten year study period from 2003-04 to 2012-13, except in 2008-09 even in that year the rate of return on capital employed of Kovur Co-operative Sugar Factory Ltd of Nellore district is not so significant.

The data pertaining to return on capital employed of Empee Sugars Pvt. Ltd reveals that the return on capital employed of Empee Sugar Pvt. Ltd is significantly increased for the first three years of ten year study period from 2003-04 to 2009-10, and there is a significant decrease in the return on capital employed of Empee Sugars Pvt. Ltd from 2006-07 to 2009-10, except in 2007-08 whereas there is an insignificant increase in the return on capital employed of Empee Sugars Pvt. Ltd of Nellore district. Thereafter from 2010-11 to 2012-13 there is a fluctuation in the return on capital employed of Empee Sugars Pvt. Ltd, Nellore district except in 2011-12 where in the Empee Sugars Pvt. Ltd did not work.

The mean return on capital employed of both the private sugar factories working in Chittoor and SPSR Nellore districts is positive but the rate of return on capital employed of Empee sugars Pvt. Ltd is sizeable. The mean return on capital employed of both the co-operative sugar factories in Chittoor and SPSR Nellore districts is negative. However, the mean return on capital employed of Kovur Co-operative Sugar Factory Ltd is relatively better than the return on capital employed of Sri Venkateswara Co-operative Sugar Factory Ltd. The linear growth in the time series data pertaining to return on capital employed of Prudential Sugar Corporation Ltd is higher than the linear growth in the other select sugar factories of co-operative, private sugar factories in both the districts. On the whole the financial performance of Empee Sugar Pvt. Ltd of SPSR Nellore district and the financial performance of Kovur Co-operative Sugar Factory Ltd in Nellore district is more impressive.

From the foregoing analysis one can infer that the return on capital employed of private sugar factories is positive. However, the return on capital employed of Empee Sugars Pvt. Ltd is more satisfactory than the return on capital employed of Prudential Sugar Corporation Ltd. The return on capital employed of both the co-operative sugar factories working in both

the districts is negative. However the return on capital employed of Kovur Co-operative Sugar Factory Ltd is relatively better than the return on capital employed of Sri Venkateswara Co-operative Sugar Factory Ltd.

The linear growth in the return on capital employed of Prudential Sugar Corporation Ltd and Kovur Co-operative Sugar Factory Ltd is positive. The linear growth in return of capital employed of Prudential Sugar Corporation Ltd is satisfactory. The computed value of 't' for all the select sugar factories in both the districts in Chittoor and SPSR Nellore is not at all significant either at 5 per cent level or at 1 per cent level of significance.

Table No 5, Return on Equity of select sugar factories in Chittoor and SPSR Nellore Districts of Andhra Pradesh from 2003-04 to 2012-13

Year	Chittoor District		SPSR Nellore District	
	Sri Venkateswara Co-operative Sugar Factory Ltd	Prudential Sugar Corporation Ltd	Kovur Co-operative Sugar Factory Ltd	Empee Sugars Pvt. Ltd
2003-04	-0.11	-0.10	-0.25	0.01
2004-05	-0.04	-0.14	-0.22	0.12
2005-06	-0.65	0.18	-0.09	0.25
2006-07	-0.26	0.04	-0.58	0.02
2007-08	-0.28	0.32	-0.40	0.03
2008-09	0.06	0.01	0.07	0.01
2009-10	-0.02	0.01	-0.12	0.01
2010-11	-0.20	0.02	-0.22	-0.34
2011-12	-0.24	0.08	-0.31	NW
2012-13	-0.02	0.05	-0.21	-0.44
Mean	-0.18	0.05	-0.23	-0.04
SD	0.20	0.13	0.18	0.22
CV	-115.89	277.78	-75.76	-590.94
LGR	-9.38	21.70	-2.40	166.91
t-value	0.714@	0.692@	0.275@	-3.225*

Source: Annual Reports of Select Sugar Factories from 2003-04 to 2012-13

NW : Not working

Note: @ Not Significant, *Significant at 5 per cent level;

Table 5 depicts the return on equity of select sugar factories in Chittoor and SPSR Nellore districts of Andhra Pradesh for ten year study period from 2003-04 to 2012-13. The return on equity of Sri Venkateswara Co-operative Sugar Factory Ltd for almost all the years of ten year study period except in 2008-09 in which it is negative. The return on equity of prudential sugar corporation ltd in the first two years i.e. from 2003-04 to 2004-05 is negative. Thereafter from 2005-06 to 2008-09 the return on equity of Prudential Sugar Corporation Ltd showed a fluctuating trend. The return on equity of Prudential Sugar Corporation Ltd was constant in 2009-10 and it increased from 0.02 per cent in 2010-11 to 0.08 per cent in 2011-12. The same decreased to 0.05 percent in 2012-13. The return on equity of Kovur Co-operative Sugar Factory Ltd is negative for almost all the years of ten year study period from 2003-04 to 2012-13, except in 2005-06. The return on equity in that year is also very much insignificant. The mean return on equity of Kovur Co-operative Sugar Factory Ltd itself is negative. The linear growth for the time series data pertaining to return on equity of Kovur Co-operative Sugar Factory Ltd is negative. The computed value of 't' for the time series data of the said company is not at all significant at any level of significance.

The return on equity of Empee Sugars Pvt. Ltd is very insignificant for the majority of the years. The return on equity of Empee Sugars Pvt. Ltd is negative in 2010-11 and 2012-13. The sugar factory did not work in the year 2011-12. So the financial performance of Empee Sugars Pvt. Ltd is very poor in the recent period of time. The average return on equity of Empee Sugars Pvt. Ltd itself is negative for the entire study period of ten years. The LGR for the said study period is impressive. The value compiled for the time series data pertaining to return on equity of Empee Sugars Pvt. Ltd is significant at 5 per cent level of significance.

The mean return on equity of Empee Sugars Pvt. Ltd is relatively higher than the return on equity of other three sugar factories working under co-operative and private sectors in the districts viz., Chittoor and SPSR Nellore districts. Whereas the LGR of Empee Sugars Pvt. Ltd is impressive as compared to the other three sugar factories. The computed value of 't' for the time series data pertaining to return on equity of Empee Sugars Pvt. Ltd is significant at 5 per cent level of significant.

From the foregoing analysis one can infer that the return on equity of select sugar factories of private and co-operative sugar factories in both the districts viz., Chittoor and SPSR Nellore districts is not at all satisfactory though the mean return on equity of Prudential Sugar Corporation Ltd is positive but it is very meager. The computed value of 't' for the time series data of Sri Venkateswara Co-operative Sugar Factory Ltd, Prudential Sugar Corporation Ltd and Kovur Co-operative Sugar Factory Ltd is not significant either at 5 per cent level of significance or at 1 per cent level of significance but the computed value of 't' for the time series data pertaining to return on equity of Empee Sugars Pvt. Ltd is significant. On the whole, the return on equity of Prudential Sugar Corporation Ltd is relatively fair than the return on equity of the other three sugar factories viz., Sri Venkateswara Co-operative Sugar Factory Ltd of Chittoor, Kovur Co-operative Sugar Factory Ltd of Nellore district and Empee Sugars Pvt. Ltd of Nellore district.

Conclusion

On comparison of the private sugar factories with that of the co-operative sugar factories in both the districts in terms of financial performance Prudential Sugar Corporation Ltd in Chittoor districts is far better because their gross profit to sales ratio is relatively better than the gross profit to sales ratio of Empee Sugars Pvt. Ltd in Nellore district. Based on the comparison between the co-operative sugar factories the performance of Sri Venkateswara Co-operative Sugar Factory Ltd is better than the performance of Kovur Co-operative Sugar Factory Ltd in Nellore district. The financial performance of Kovur Co-operative Sugar Factory Ltd working in Nellore district is better when compared to the financial performance of the Sri Venkateswara Co-operative Sugar Factory Ltd working in Chittoor district. Similarly the financial performance of Empee Sugars Pvt. Ltd of Nellore district is better than that of the Prudential Sugar Corporation Ltd. The operating profit ratio of both the private sector sugar factories working in Chittoor and Nellore districts is relatively higher than the operating profit ratio of co-operative sugar factories in Chittoor and SPSR Nellore districts. However the return on capital employed Empee Sugars Pvt. Ltd is more satisfactory than the return on capital employed of Prudential Sugar Corporation Ltd. The return on capital employed of both the co-operative sugar factories working in both the districts is negative. However the return on capital employed of Kovur Co-operative Sugar Factory Ltd is relatively better than the return on capital employed of Sri Venkateswara Co-operative Sugar Factory Ltd. Return on equity of select sugar factories of private and co-operative sugar factories in the districts viz., Chittoor and SPSR Nellore districts is not at all satisfactory.

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