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## Analysis of the financial performance and trends of Rajhans dairy (2013-2023)

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### Abstract

India is a predominantly agricultural country, with a significant portion of its population relying on agriculture and allied sectors, particularly dairy farming, for livelihood. Livestock, especially dairy, plays a pivotal role in the rural economy by contributing to employment, income, and nutrition. As the world's largest milk producer, India's dairy industry is crucial to its economy, with small-scale dairy farming providing supplementary income to many rural households. Rajhans Dairy, located in Sangamner, Maharashtra, is a key player in this sector, with an annual turnover of ₹530.38 crore in 2022-23. This study evaluates the financial performance of Rajhans Dairy over a ten-year period (2013-2023), analysing key financial indicators such as total revenue, expenses, net profit, profit margin, assets, liabilities, equity, and returns on equity (ROE) and assets (ROA).

The results show consistent financial growth, with total revenue increasing from ₹316.34 million in 2013-14 to ₹530.38 million in 2022-23. Net profits followed a similar trajectory, rising from ₹284.18 million to ₹476.89 million, maintaining a profit margin between 89% and 90% across the decade. Notably, Rajhans Dairy's compound growth rate during this period was 29%, highlighting its robust performance in a competitive market. The study further estimates trends in the company's financial performance, revealing a steady upward trajectory in net profits and profit margins, especially from 2017-2023. This suggests that Rajhans Dairy has successfully improved its operational efficiency, market reach, and strategic investments. The overall financial health of the company, indicated by the rising profitability and stable profit margins, positions it as a strong entity in the dairy sector, benefiting both its shareholders and cooperative members.

These findings underscore Rajhans Dairy's role as a leading example of successful dairy farming in India, demonstrating resilience, effective management, and long-term profitability in the evolving dairy industry.

**Keywords:** Rajhans dairy, financial performance, trends, profit, sangmner, analysis of financial performance

### 1. Introduction

Freedom Fighter and Sahakar Maharshi Late Bhausaheb Santuji Thorat, renowned for his contributions to the Co-operative movement and his valiant efforts during the freedom struggle, established the prestigious 'Sangamner Taluka Sahakari Dudh Utpadak & Prakriya Sangh Ltd., Sangamner (Rajhans)' in the Sangamner district of Ahmednagar on November 1977.

### Visionary Guidance: Hon'ble Shri. Balasaheb Bhausaheb Thorat Ex. Minister of Revenue

India is primarily an agricultural country, with 58% of its population dependent on agriculture and allied sectors like dairy, poultry, and livestock farming for livelihood. Livestock plays a crucial role in the rural economy, contributing to employment, income, and nutrition, especially in rural households. Dairy farming, in particular, is deeply embedded in India's culture, with milk and its products being integral to daily life and religious practices, as reflected in ancient Hindu scriptures. India is the world's largest milk producer, producing 221.1 million tonnes of milk in 2021-2022, with significant contributions from cow milk, including crossbred cows, where India ranks second globally.

Agriculture, including dairy, is the main source of income in rural areas, benefiting farmers and the working class. Despite advances in the dairy industry, small-scale dairy farming remains vital for many rural households, offering supplementary income and improving livelihoods in mixed farming systems ([www.nddb.com](http://www.nddb.com)).

**1.1 Objectives**

1. To study the financial performance of Rajhans Dairy.
2. To estimate the trends in the financial performance of Rajhans Dairy.

**2. Methodology**

**2.1 Selection of dairy plant**

Dairy is a crucial sector in India, where the country ranks first in milk production with 21.06 MT annually. Maharashtra ranks 7th, with Ahmednagar district having an annual milk turnover of around 900 crores, with the Sangamner Milk Co-operative contributing approximately 500 crores. Rajhans Dairy, located in Sangamner, has an annual turnover of 530.38 crores ([www.rajhansmilk.com](http://www.rajhansmilk.com)). The region has several co-operative and private milk processing units, with the Sangamner Taluka Sahakari Dudh Utpadak and Prakriya Sangh (Rajhans) being one of the most successful in business and maintaining strong relationships with milk producers. This area was selected for the study due to its prominence in the dairy sector. District survey report Ahmednagar, Maharashtra.

**2.2 Collection of Data (2022-23)**

The detailed information required for the study was collected from secondary sources to evaluate the financial performance of the dairy industry. Data was gathered through personal interviews with officers working in processing industries and annual reports of past 10 years.

**2.3 Analysis of data**

The data collected from the dairy unit were presented by simple tabular method analysis with respect to basic statistics i.e. average percentages, ratios etc. keeping in view the objectives under study.

**Growth rates**

The growth of Sangamner Taluka Sahakari Dudh Utpadak and Prakriya Sangh Sangamner (Rajhans) was assessed for 10 years covering the period from 2012-2013 to 2022 -2023 .The specific form of the growth function used is as under.

$$Y = AB^t$$

Where, Y=Variable under consideration (Procurement, Processing, Sales) a = Constant b = Regression co-efficient t = Years (Time Period) Compound growth rate =  $(Antilog. b - 1) \times 100$

**3. Results and Discussion**

**3.1 To study the financial performance of Rajhans Dairy (Ten years)**

The financial performance of Rajhans Dairy can be assessed by examining key financial indicators such as fixed assets, total revenue, total expenses, net profit, profit margin (%), total assets, total liabilities, equity, return on equity (ROE), and return on assets (ROA). These indicators provide valuable insights into the company's growth trajectory, operational efficiency, and overall financial health. As presented in Table 1.1 which covers the period from 2013-14 to 2022-23, the following trends were observed.

Rajhans Dairy has shown consistent financial growth over the past decade. Total revenue increased from 316.34 million in 2013-14 to 530.30 million in 2022-23, reflecting expanding market reach. Net profits grew similarly, from 284.18 million to 476.89 million, demonstrating strong financial performance. Despite rising operational costs, the company effectively managed expenses, maintaining profit margins between 89% and 90%. Assets rose from 60.17 million to 104.08 million, expansion and investments in fixed assets, while liabilities grew from 35.62 million to 66.52 million, indicating increased borrowing for growth. Shareholder equity also increased, from 24.55 million to 37.56 million, reflecting growing investor confidence. The Return on Equity (ROE) and Return on Assets (ROA) both improved, showing more efficient use of resources and better returns for shareholders. Similar results were also obtained by Mayuri Patil (2014) [7] Performance of Kolhapur Zilla Sahakari Dudh Utpadak Sangh Ltd. Kolhapur a case study.

**Table 1:** Financial Performance of Rajhans Dairy (Ten years)

Sr. No.	Year	Total Revenue (cr)	Total Expenses (cr)	Net profit (cr)	Profit margin (%)	Total asset	Total liabilities	Equity	ROA	ROE
1	2013-14	316.34	32.16	284.18	89.83	60.17	35.62	24.55	472.29	1157.55
2	2014-15	349.31	35.6	313.71	89.80	66.43	39.15	27.28	472.24	1149.96
3	2015-16	362.93	37.18	325.75	89.75	84.00	53.58	30.42	387.79	1070.84
4	2016-17	362.12	37.09	325.03	89.75	85.18	53.09	32.09	381.58	1012.87
5	2017-18	416.36	42.45	373.91	89.80	92.43	59.9	32.53	404.53	1149.43
6	2018-19	483.67	48.94	434.73	89.88	109.00	74.73	34.32	398.65	1266.69
7	2019-20	490.72	49.52	441.2	89.90	98.01	61.74	36.27	450.15	1216.43
8	2020-21	457.15	46.13	411.02	89.90	98.61	61.88	36.73	416.81	1119.03
9	2021-22	458.44	46.33	412.11	89.89	100.00	62.97	37.15	411.61	1109.31
10	2022-23	530.38	53.49	476.89	89.91	104.00	66.52	37.56	458.19	1269.67

**Compound growth rate of Rajhans**

Rajhans Dairy experienced a 29% growth over the 10-year period from 2013 to 2023. This steady increase highlights the company's sustained development and positive performance in the dairy industry, reflecting its ability to adapt and thrive in a competitive market while meeting the demands of its customers. Similar observations taken by Kaware SS, (2011) [6]. An economic appraisal of dairy enterprise in Western Maharashtra. Unpublished Ph.D. thesis submitted to MPKV, Rahuri and Mayuri Patil (2014) [7] Performance of Kolhapur

Zilla Sahakari Dudh Utpadak Sangh Ltd. Kolhapur a case study.

**3.2 To estimate the trends in the financial performance of Rajhans Dairy.**

The graph provided illustrates the net profit and profit margin (%) trends of Rajhans Dairy from the fiscal year 2013-14 to 2022-23, with a linear trend line for net profit highlighting the overall growth trajectory.

**Net Profit Trends (2013-14 to 2022-23)**

- **2013-14 to 2016-17:** The profit margin remained relatively stable, reflecting steady profitability relative to sales, starting at around 20% with minor fluctuations.
- **2017-18 to 2019-20:** An upward trend in profit margins is noticeable, correlating with the increase in net profit. This suggests improved cost management and revenue generation.
- **2020-21 to 2022-23:** The profit margin continues to improve, reaching about 30% in 2022-23, indicating efficient operations and enhanced profitability. Similar study was done by Sarker BK Ghosh (2013) <sup>[2]</sup> Physical and financial performance variables in West Bengal state in India. Iranian Journal of Applied Animal Science. 3(2):397-407.

**Linear Trend (Net Profit)**

The linear trend line for net profit shows a clear upward trajectory from 2013-14 to 2022-23. This consistent growth pattern signifies positive long-term performance and successful strategic initiatives by Rajhans Dairy.

**Revenue Growth**

The consistent increase in net profit over the years demonstrates robust revenue growth, likely driven by expanding market reach, higher sales volumes, and effective pricing strategies.

**Operational Efficiency**

The rising profit margins indicate that Rajhans Dairy has improved its operational efficiency, managing costs effectively while increasing revenue. Investments in

technology, process optimization, and economies of scale could be contributing factors.

**Strategic Investments**

The significant jumps in net profit during 2017-18 to 2019-20 suggest successful strategic investments or initiatives, such as new product lines, market expansion, or enhanced supply chain management.

**Financial Health**

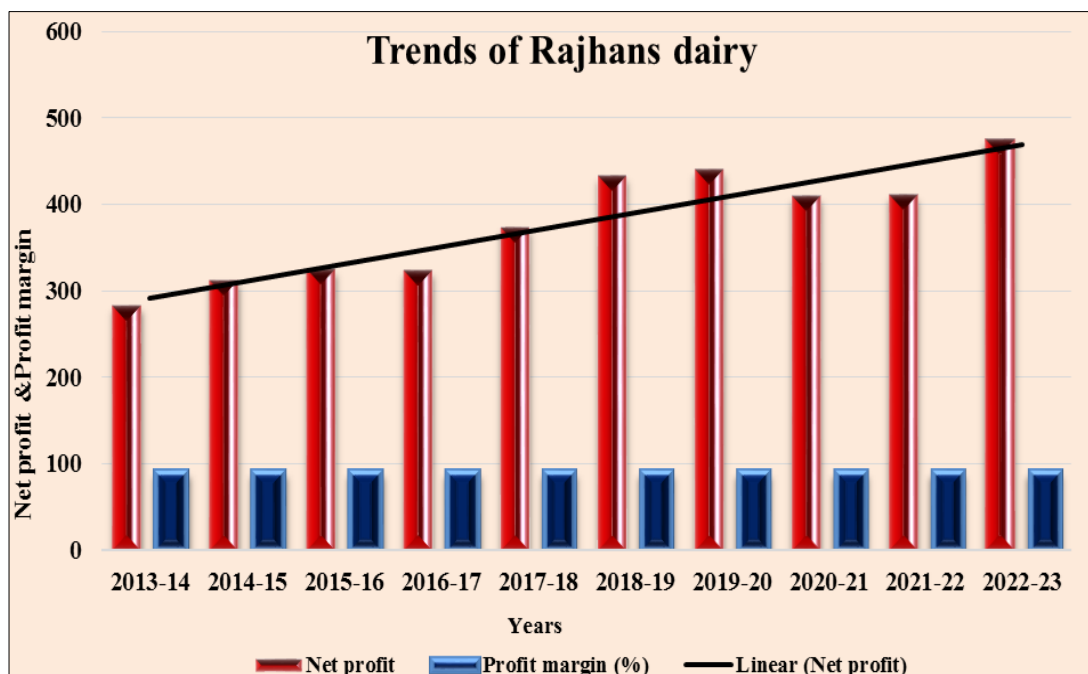
The upward linear trend in net profit signifies long-term financial health and stability, positioning Rajhans Dairy as a financially sound organization capable of withstanding market fluctuations.

**Member Benefits**

The growing profitability could translate into increased benefits for cooperative members, including higher dividends, improved support services, and more significant community investments.

**Table 2:** Trends of Rajhans Dairy (10 Years)

Sr. No	Year	Net profit	Profit margin (%)
1	2013-14	284.18	89.83
2	2014-15	313.71	89.8
3	2015-16	325.75	89.75
4	2016-17	325.03	89.75
5	2017-18	373.91	89.8
6	2018-19	434.73	89.88
7	2019-20	441.2	89.90
8	2020-21	411.02	89.90
9	2021-22	412.11	89.89
10	2022-23	476.89	89.91



**Fig 1:** Trends of Rajhans Dairy (10 Years)

**4. Conclusion**

Rajhans Dairy has demonstrated consistent financial growth, profitability, and effective management of its resources over the period from 2013-14 to 2022-23. The trends observed suggest a promising future for the company, with continued expansion, efficient asset utilization, and solid returns for investors. (Annual report of Rajhans dairy)

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