

Performance Analysis of Indian Farmers Fertilizers Co-operative Limited (IFFCO) in Satisfying its Vision

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Abstract - The IFFCO limited has been one of the India's biggest cooperative societies wholly owned by Indian cooperative which was found in 1967 with its different and prominent vision and mission.

The vision of IFFCO has been fixing to increase the incomes of the farmers by increasing crop productivity through its different fertilizer products. While the mission of this fertilizer industry has been found inspired by its vision and that is also focusing on increase the income of the farmers.

The study focuses on the positive or negative growth of the IFFCO in the financial year of 2018-19 as compared to previous year of 2017-18 and is based on the quantitative information published by IFFCO in its annual report 2018-19.

For the study appropriate computer software has been used for analysing the data and examining the performance of this fertilizer industry. Some different statistical methods, percentage and accounting ratios have also been calculated compared and checked.

The study concludes that the IFFCO has been working efficiently during the financial year 2018-19 and is achieving its vision since its establishment in 1967.

Keywords: Annual report 2018-19 of IFFCO, Turnover & different accounting ratios.

I. INTRODUCTION

The IFFCO has been leading in fertilizers industries and in the field of related products since its establishment in 1967. The supply of fertilisers has been contributing its role as one of the synthetic compounds required for plant development and it can be both natural and inorganic. According to some industry specialists there are sixteen components that are completely essential for plant development and nine of these components are required in substantial amounts while the other seven are required in comparative smaller amounts. The fertilizer business is one through which the Indian economy manages its agriculture sector and improves the numbers of India's growth rate with the help of IFFCO. The fertilizer industry is greatly indispensable in India as it makes the absolute most essential materials required for crop production in India's agriculture sector. The essential target of this industry is to guarantee the inflow of both essential and secondary components required for agricultural production in the sustainable amounts.

India has been the second biggest consumer of fertilizer after China. Additionally India is world's third biggest manufacture of fertilizers. In 2018-19, IFFCO has

manufactured 81.49 metric tons of fertilizer, and proved itself as a leader in Indian fertilizer industry. At present, there are various good private and government fertilizer companies, and since its birth the IFFCO is still performing admirably in fertilizer industry.

The primary reason for success of IFFCO in fertilizer industry is its focus on quality and it is known for various quality initiatives taken to be ahead in the competition.

All of IFFCO manufacturing units are having the quality control mechanism, assurance labs and statistical quality control system aligning with the updated trends in this industry, and is famous for their quality systems i.e. up to the mark. They are having skilled and experienced human resource consisting of knowledgeable scientists and technicians. They are experts in implementing in-depth technical knowledge to satisfy the customer expectation.

II. LITERATURE REVIEW

Among the feedbacks received from various farmers across the country, it had been found that their main area is changes in price, and poor knowledge about the policies and schemes of IFFCO. The relationship between the customers and suppliers is very important. The interaction in middle of two parties had been found high potential in

maximizing the customer value. This customer value of various individual customers had been finding as the main result.

The idea beyond the concept of marketing is more attractive than the consumer wants and in order to fulfil these needs there were various guiding points, mainly considerate about the delivery of goods and services and were fulfilling the needs of farmers very effectively. Therefore, marketing starts with the identification of all the customer needs and wants, and then to start the production accordingly to delight the customer.

The IFFCO has been finding as a leading company in the Indian fertilizer industry contributing substantially to the efforts of the Indian government in increasing food grain production in the country. IFFCO had presented an overall plan entitled "Vision 2015". There has been many useful ratios recommended by experts for financial analysis of the organization. Identification and selection of financial ratio has been made in order to analyze the financial soundness and performance in significant manner.

Objectives of the Study:

1. To analyze the performance of Indian Farmers Fertilizers Co-operative Limited (IFFCO) during financial year 2018-19.
2. To appraise the financial position of Indian Farmers Fertilizers Co-operative Limited (IFFCO) through various accounting ratios.
3. To examine the significance comparison between the ratios in IFFCO during 2017-18 and 2018-19.

III. RESEARCH METHODOLOGY

Type of Research

The focus of this study is to understand and explore the Performance Analysis of Indian Farmers Fertilizers Co-operative Limited (IFFCO) in 2018-19. For conducting the study descriptive research has been done.

Data collection technique

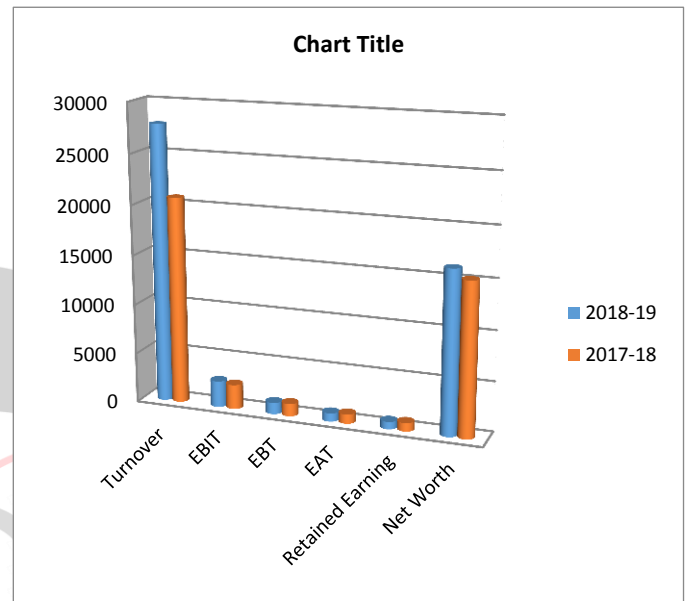
For conducting the study, secondary data has been used, that has been collected from the published annual report on the official website of IFFCO limited.

Research Tools

The data have been analysed with the help of appropriate computer statistical software. For examining the performance of the IFFCO percentage and some important accounting ratios has been used and the interpretation of the information has been done through line and bar graphs.

Analysis & Interpretation: (Table no. 1)

Variables	2018-19 (in crore)	2017-18 (in crore)	% Change
Turnover	27851.74	20787.55	+ 34%
EBIT	2652.21	2471.32	+ 7%
EBT	1158.23	1257.24	- 8%
EAT	841.58	937.17	- 10%
Retained Earning	739.90	848.11	- 13%
Net Worth	16269.48	15306.87	+ 6.29%



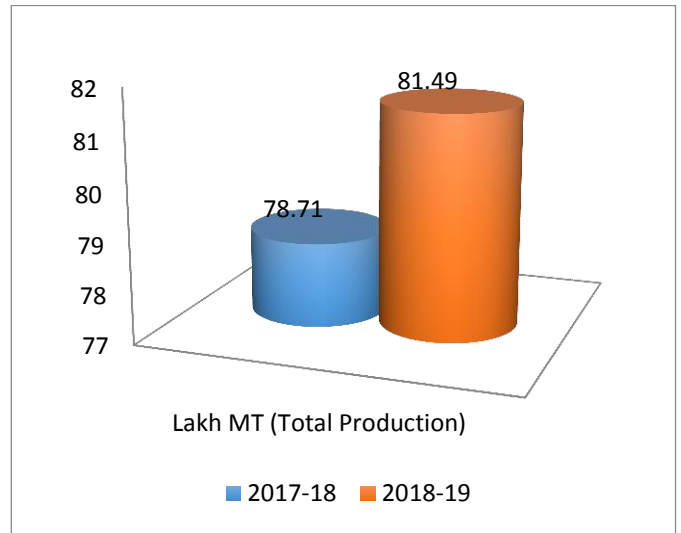
Source: Annual Report (2018-19), IFFCO Fig. no. 1

The above figure represents the comparison among some important accounting ratios and key terms given in the books of accounts of financial year 2017-18 and 2018-19. This figure reflects the turnover, Earning before interest and tax (EBIT), Earning before tax, Earning after tax, Retained earnings and net worth of both financial years. The turnover has increased by lump-sum 34% during previous year as compared to preceding previous year that is 2017-18. The EBIT and Net Worth have increased by lump-sum 7% and 6% respectively. While EBT, EAT and Retained earning has decreased in 2018-19 as compared to 2017-18.

Important financial indicators: (Table no. 2)

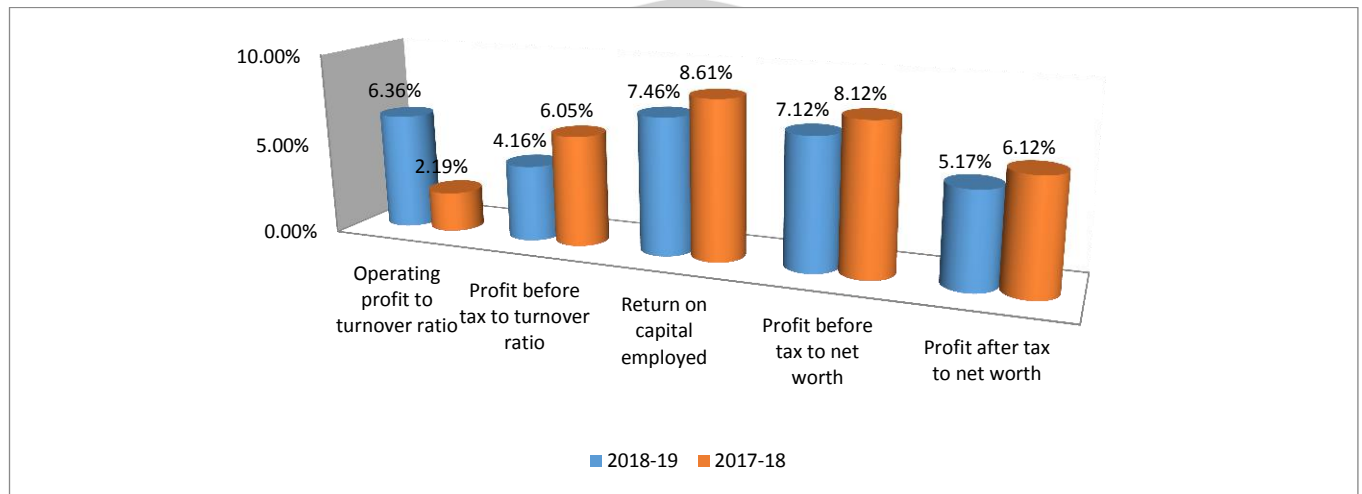
Accounting Ratios	2018-19	2017-18
Operating profit to turnover ratio	6.36%	2.19%
Profit before tax to turnover ratio	4.16%	6.05%
Return on capital employed	7.46%	8.61%
Profit before tax to net worth	7.12%	8.12%
Profit after tax to net worth	5.17%	6.12%
Working capital turnover ratio	2.23 Times	1.89 Times
Current Ratio	5.08	4.26
Quick Ratio	4.07	3.60
Debt to equity ratio	0.86	0.69

The above figure represents different important accounting ratios. The operating ratio has increased from 2.19% to 6.36%, that is lump-sum thrice of its before in 2017-18. While other accounting ratios such as profit before tax to turnover ratio, returned on capital employed, profit before tax to net worth and profit after tax to net worth have been reducing during 2018-19, while the working capital turnover ratio, solvency ratio and liquidity ratios have been showing the improvement during the previous year i.e. 2018-19.



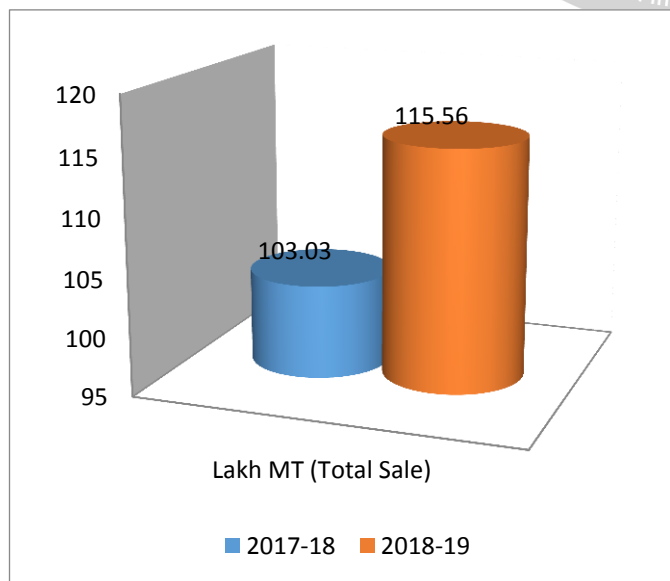
Source: Annual Report (2018-19), IFFCO Fig. no. 2

The above figure shows that the total production has increased in the previous year 2018-19, it is lump-sum 3.53% of the total production of 2017-18.

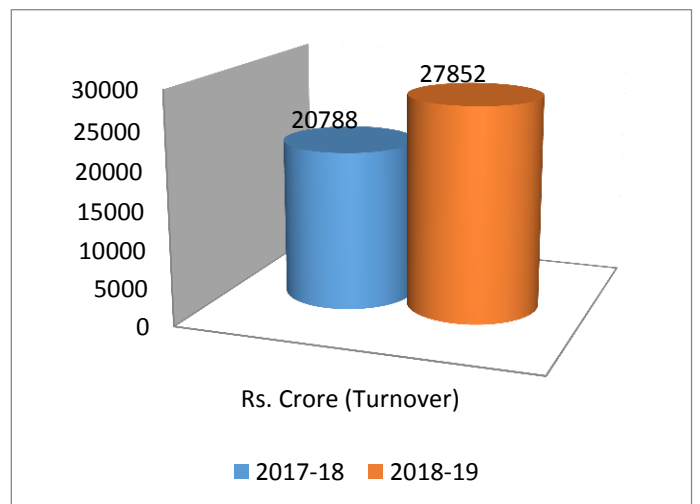


Source: Annual Report (2018-19), IFFCO Fig. no. 3

The annual report of IFFCO shows that during the last year 2018-19, the total sales volume has increased from 103.03 lakh MT in 2017-18 to 115.56 lakh MT.

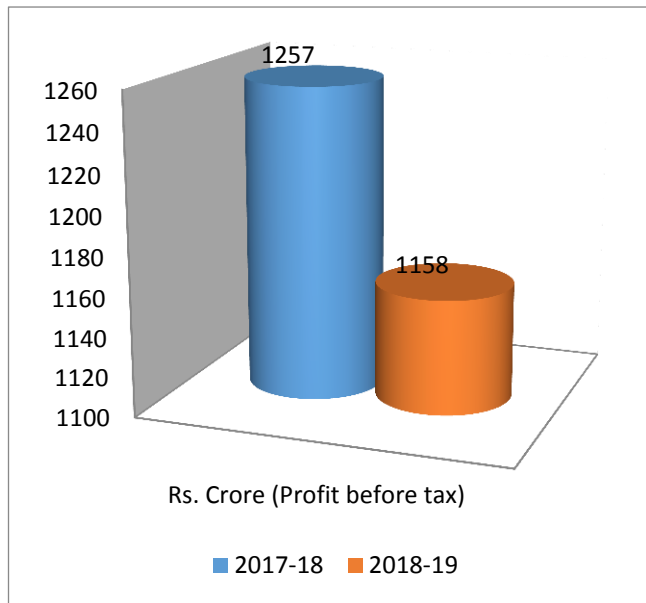


Source: Annual Report (2018-19), IFFCO Fig. no. 4



Source: Annual Report (2018-19), IFFCO Fig. no. 5

The above figure shows that the total turnover has increased by Rs. 7064 lakh in 2018-19 from 2017-18.



Source: Annual Report (2018-19), IFFCO Fig. no. 6

The PBT (Profit before tax) has reduced from Rs.1257 crore in 2017-18 to Rs. 1158 crore in 2018-19.

IV. CONCLUSION

The IFFCO was established in 1967 with the vision to increase the income of Indian farmers and increase the volume of Crop productivity with the help of its different products. The study has found the following key results after analysing the information given in the annual report of 2018-19 of IFFCO.

1. The production volume of all manufacturing units has increased by 3.5% while the increase in sales volume has been found lump-sum three times more than the change in productivity.
2. The growth of Earning before tax and Earning after tax has been found in negative slope, while earnings before interest and tax that is operating profit growth has been found positive, which means the amount contributed in the form of interest and tax is more than its previous year that is 2017-18.
3. Due to increase in its operating profit the net worth of the IFFCO has got lump-sum 6.5 % growth rate during the whole year of 2018-19.
4. Out of all the profitability ratios only operating profit ratio has been found in increasing rate in previous year (2018-19).
5. The liquidity ratios reflect that the company has been growing in its financial position because both the liquidity ratios are in stronger position as compared to its preceding previous years that is 2017-18.

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