

Improving Performance Analysis of Indian Farmers Fertilizers Co-operative Limited (IFFCO) through Technology Management

Guide's Name: Dr. Bijal Shah (Assistant Professor) (MBA) Parul institute of Management and Research,

Authors Name: Leena Avghate (Student) (MBA) Parul institute of Management and Research,

Authors Name: Riya Dixit (Student) (MBA) Parul institute of Management and Research,



Abstract:

In today's financial world, financial performance is a very familiar and very important word for owners, management, lenders and general investor's point of view. So, in any organization, all important strategic decisions must be made on the financial performance of a company. Thus, it is a base for making any decision in effective manner. Today, in India, Indian Farmers Fertilizers Co-operative limited (IFFCO) is a pioneer in fertilizer industry and is contributing substantially to the efforts of Government for enhancing production of food grain in India. In recent years, IFFCO has marked its presence as a leader in the area of production and marketing of fertilizers with a main focus on sustaining self-sufficiency in food grain production and is contributing its share of improving economy of agriculture-based country. Financial Performance of a company is always linked with its technology management. It is very important for an organization to update its technology according to the need of the market. Being the pioneer in the field of fertilizer industry in India, it is necessary to evaluate the performance analysis of IFFCO Limited in view of its technology management, and this paper focuses on Performance Analysis of IFFCO and how it has been improved through managing well on the technology front.

Keywords: Agriculture, Fertilizer, IFFCO, Farmers, Financial Performance

Introduction:

From 1967 till date, IFFCO is leading in fertilizers and other related area. Fertilizers supply at least one of the synthetic compounds required for plant development. Fertilizers can be both natural and inorganic. According to industry specialists it is said that there are sixteen components that are completely essential for plant development. Out of these sixteen 9 components are required in substantial amounts while the other seven are required in comparative smaller amounts. Since agriculture is an essential area it's implied that the fertilizer business is one which the Indian economy can't manage without. The fertilizer business in India is greatly indispensable as it makes the absolute most essential materials

required for food production. The essential target of this industry is to guarantee the inflow of both essential and secondary components required for production of crops in the sustainable amounts. The achievement of the rural segment in India is to a great extent subject to the fertilizer business. The benchmark that the sustenance business in India has set is for the most part due to the numerous in fact skillful compost delivering organizations in the nation. India is the second biggest consumer of fertilizer after China. It is additionally world's third biggest manufacture of fertilizers.

Review of Literature:

Sahu, H, CUSTOMER VALUE EVALUATION OF IFFCO FERTILISER., Orisha institute of agriculture & Technology, Bhubneshwar, 2015. Among the feedbacks received from various farmers across the country, it is seen that their main area is changes in price, and poor knowledge about the policies and schemes of IFFCO. As per the retailers, due to less availability of fertilizers, the fertilizer business is playing a major role in the Khorda district. The main relationship between the customer and the supplier is very important. The main interaction in middle of two parties has a high potential in maximizing the customer value. The main customer value of various individual customers has been the main result of research work using Excel.

Amlan Roy, A STUDY ON DISTRIBUTION CHANNEL MANAGEMENT OF IFFCO. Orissa University of Agriculture and Technology, 2016. The main idea beyond the concept of marketing is more important than the consumer wants and in order to fulfill the needs there are various guiding points which are mainly considerate about the delivery of goods and services and are fulfilling the customer needs 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. As a result, different 11 types of products and services are accordingly discussed in order to fulfill the needs and requirements of the current customers, rather than just fulfilling the requirements and needs of the customer.

Sukla, V., Analysis on performance comparison of national fertilizer ltd and IFFCO. International Journal of Academic Research and Development. Volume 3; Issue 2; March 2018; Page No. 1040-1043. The IFFCO is now a leading company in the Indian fertilizer

industry and contributes substantially to the efforts of the Indian government to increase food grain production in the country. IFFCO presented an overall plan entitled "Vision 2015", which is now in place. There are 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.

Reddy, D. M. An empirical study of financial performance of IFFCO limited -A comparative analysis, The Journal of Indian Management & Strategy, 11 JANUARY 2013.

Financial performance is majorly a common financial word in areas of management, lenders, owners and perspective of investors. All financial decisions which are related to planning and control are all due to outstanding financial performance. Thus, it is said that financial performance is the basis of information to take an effective decision in an effective way. In the current scenario, Indian Farmers Fertilizers Co- operative limited (IFFCO) is a leading player in the fertilizer industry and is giving a major change by contributing to the Indian government in order to increase the production of food grain in the country. Indian farmers Fertilizers Cooperative Limited, popularly known as IFFCO gradually emerged as a major venture on the verge of production of fertilizer and they have initiated the marketing in order to attain the fertilizer production with the objective of attaining profitable business in the production of food grain. In the country's benefit IFFCO limited has to calculate its financial performance which is of very high interest to the nation and is also based on profitability, solvency and operational control of the company.

Garg Vikas, Srivastav Shalini, Tiwari Pooja Liquidity and Profitability Analysis of Selected Automobiles companies, international journal of supply chain management., vol. 7, Issue No 4, Aug 2018.

It is said that in more profit only is not the parameter for any firm's effectiveness because sometimes it company can grow will less profitability also and it does not mean that the company id under losses. In case we feel that profitability is the major concern then we have to apply various statistical measures in order to understand the issues of any business and on the basis of that, various asset management heads are required to undertake appropriate action to sustain profitability in the organization.

Jain M. K., Garg Vikas and Shivranjan, "Liquidity and Profitability Analysis Commerce, IT & Management vol. 7, Issue No. 6, June 2017. In order to understand the profitability a certain finance are required to calculate the business growth in order to find out the relevant costs in comparison to its expenses which are occurring during a specific period of time. For various people to understand there are various reports, where comparative reports are prepared with the earlier period that the company is growing every year. Because, the main focus of any company is to earn profit.

Objectives:

1. To analyze the trends in the growth and profitability of Indian Farmers Fertilizers Co-operative Limited (IFFCO) during the last five years through technology management.
2. To appraise the financial position of Indian Farmers Fertilizers Co-operative Limited (IFFCO) through various ratios through technology management.
3. To study the significance relationship between the ratios and years of Indian Farmers Fertilizers Co-operative Limited (IFFCO) by using ANOVA through technology management.

Research Methodology:

Data collection tool

To conduct the study both primary and secondary data has been used. Data has been analyzed by the help of Ratio analysis and ANOVA.

Area of the Study

To conduct the study, we are using Annual Reports of the Indian Farmers Fertilizers Co-operative Limited (IFFCO).

Research Instrument

Data is collected through Secondary data and it's collected through Annual Reports of the

Indian Farmers Fertilizers Co- operative Limited (IFFCO).

Hypothesis

H1: There is significant variation between the ratios and years of Indian Farmers Fertilizers Co-operative Limited (IFFCO) through technology management.

H0: There is no significant variation between the ratios and years of Indian Farmers Fertilizers Co-operative Limited (IFFCO) through technology management.

Limitations of the study:

- **Confidentiality:** Every organization has their own confidential information to maintain sine revealing information to outsiders could be harmful for business. While conducting the research we sometimes faced the restrictions from company’s supervisor.
- **Time constraints:** Collecting the data and preparing the report was very time consuming process for us, while attending academics regularly.
- **Data collection:** As due to covid-19 restrictions it was not possible for us to collect data physically, collecting data through google forms sometimes made process little problematic and lengthy process to reach to sample population.
- **PERFORMANCE ANALYSIS OF IFFCO:**

TABLE I. 5 YEARS FINANCIAL ANALYSIS OF INDIAN FARMERS FERTILIZERS CO-OPERATIVE LIMITED (IFFCO) THROUGH TECHNOLOGY MANAGEMENT.

Ratio/ Year	2020-21	2019-20	2018-19	2017-18	2016-17	A V E	S D	CO-EFF	MI N	MA X
NET PROFIT RATIO	4.51	3.1	2.38	2.58	1.53	2.82	1.1	39.5	1.53	4.51
GROSS PROFIT RATIO	31.7	34.47	38.37	34.42	26.3	33.05	4.46	13.5	260	38.37
RETURN ON NET WORTH	6.12	8.45	9.39	9.37	4.9	7.65	2.03	26.59	4.9	9.39
CURRENT	1.09	1.1	1.01	1.01	0.98	1.4	0.5	5.16	0.98	1.1

RATIO										
ACID TEST RATIO	0.92	0.93	0.87	0.82	0.75	0.86	0.07	8.7	0.75	0.93

Source: Annual Reports of the Indian Farmers Fertilizers Co-operative Limited (IFFCO)

Current Ratio in all 5 years is above the Standard Ratio, which is 2:1. It shows the sound financial position of the company. But it is not touch ideal figure in all. It is not a good sign for the company. Too low Current Ratio indicates that the funds of the company are not being used efficiently and are lying ideal and ideal funds doesn't yield any return. So, company should not maintain a very high Current Ratio.

Over the course of five financial periods of the study of IFFCO, Quick Ratio in all the 5 years is above the rule of thumb i.e., 1:1. It shows the low liquidity position of the company, which is not at good for the company as it shows too much of liquid assets hold with the company and too much of assets lying ideal with the company is not giving any return to the company. Therefore, it's not very satisfactorily.

The Gross Profit to Turnover was 26.30 in the year 2013-14. It is flexible year by year. This doesn't indicate a good position for the company as profit is a useful measure of efficiency of business and should be maintained at a higher ratio.

The Net Profit to Turnover was 4.51 in the year 2016-17. It is flexible year by year. This doesn't indicate a good position for the company as profit is a useful measure of efficiency of business and should be maintained at a higher ratio.

The profit before tax to net worth ratio indicates the more efficient utilization of the long-term Funds provided by the shareholders. The ratio shows the firm's ability of generating profit per rupee of net worth. Profit before Tax to Net worth was 4.90 for the year 2016-17. It continuously up and down and reached 6.12 in the year 2017-18. The lower ratio indicates the ineffective utilization of shareholder's funds Profit before Tax to net worth shows the company's ability to generate profit per rupee of shareholder's funds. So, the company should try to maintain the ratio at a higher level by increasing profit.

As far as dividend is concerned, the company is following Stable Dividend Policy and dividend is almost constant level over the s study period which is a good source of regular income for the shareholders.

Therefore, it is said from the study of majorly 5 financial periods of IFFCO that the financial indicators of IFFCO are in a bad shape on the basis of various financial ratios. It is certain that Current ratios, liquidity ratio etc are at a comfortable position. Thus, companies return on Net, Profit after tax to Turnover, are not acceptable in comparison to the last year's performance.

Although, overall the position of IFFCO is very stable and is majorly focusing on efficient supply chain management and technology.

Conclusions:

From the ratio analysis of Financial Statements of IFFCO for the 5 years, it can be concluded that liquidity position of the company was not very good as compared to the ideal situation because in every year Liquidity Ratio is lower form their standard ratio.

There is an increase in Profit before Depreciation Interest and Tax in the year 2017-18 than previous year. But in spite of its increase, Profit after Tax goes down due to finance cost and depreciation. The increase in finance cost is mainly due to increase in borrowings of the company. So, the company should try to maintain low finance cost so that profit can be increased

As far as dividend is concerned, the company is following Stable Dividend Policy and dividend is almost constant level over the s study period which is a good source of regular income for the shareholders.

Therefore, it is said from the study of majorly 5 financial periods of IFFCO that the financial indicators of IFFCO are in a bad shape on the basis of various financial ratios. It is certain that Current ratios, liquidity ratio etc are at a comfortable position. Thus, companies return on Net, Profit after tax to Turnover, are not acceptable in comparison to the last year's performance.

Although, overall, the position of IFFCO is very stable and is majorly focusing on efficient supply chain management and technology.

REFERENCES:

- [1] Amlan Roy, A STUDY ON DISTRIBUTION CHANNEL MANAGEMENT OF IFFCO. Orissa University of Agriculture and Technology, 2016.
- [2] Bhunia, A. & Sarkar, R., "A Study of Financial Distress based on MDA." Journal of Management Research, 3(2), pp. 1-11. 2011
- [3] Dr. S.K. Khartik and Varghese, "Profitability Analysis of Public Sector Undertaking: A Case Study of Hindustan Newsprint Limited (HNL)", The Management Accountant, Vol.46. No.11, pp.1067-1073. November 2011.
- [4] Garg Vikas, Srivastav Shalini, Tiwari Pooja Liquidity and Profitability Analysis of Selected Automobiles companies, International journal of supply chain management., vol. 7, Issue No 4, Aug 2018.
- [5] Jain M. K., Garg Vikas and Shivranjan, "Liquidity and Profitability Analysis Commerce, IT & Management vol. 7, Issue No. 6, June 2017.
- [6] Karamelic, www.ncbi.nlm.nih.gov/pubmed/24511277. [Online] Available at: <http://www.ncbi.nlm.nih.gov> [Accessed 7 8 2014].
- [7] Nandi Chandra Kartik, "Trends in Liquidity Management and Their Impact on Profitability- A Case Study". Great Lakes Herald, Vol.6, No 1, pp 16-30. 2012.
- [8] Reddy, D. M. An empirical study of financial performance of IFFCO limited -A comparative analysis, The Journal of Indian Management & Strategy, 11 JANUARY 2013.
- [9] Sahu, H, CUSTOMER VALUE EVALUATION OF IFFCO FERTILISER., Orisha institute of agriculture & Technology, Bhuwneshwar, 2015.
- [10] Sheela, C.S. and Karthikeyan. K. "Financial Performance of Pharmaceutical Industry in India using DuPont Analysis." European Journal of Business and Management. Vol 4, No.14. 2012
- [11] Sukla, V., Analysis on performance comparison of national fertilizer ltd and IFFCO. International Journal of Academic Research and Development. Volume 3; Issue 2; March 2018; Page No. 1040-1043
- [12] Syed azhar and b. Ramesh, "Working Capital Management and Profitability – A Case Study of Andhra Pradesh Power Generation Corporation", Dec, Vol. No.2, Issue No.12. 2012.
- [13] Vataliya, K.S. "Profitability and Consistency Analysis of Pharmacy Sector in India." International Journal of Financial Research. Vol. 3, No. 3 2012.