

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

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**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**

## I. 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 skilful 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. In 2015-16, nation manufactured 3083.6 thousand tons of fertilizer. At present, India is having various good private and government fertilizer companies. Extending from fertilizers to seeds to fungicides the numerous fertilizer companies in India are the significant explanation for the example of overcoming adversity of the division in India. In the present situation, there are in excess of 57 extensive and 64 medium and little manure creation units under the India compost industry. The primary items fabricated by the manure business in India are phosphate-based composts, nitrogenous manures, and complex composts. The manure business in India with its fast development is good to go to establish a dependable worldwide connection.

However, 2015-16 was the moderate year for Indian fertilizer industry. Demand is contracting and import rising. Another test which industry confronting is with respect to subsidies. There was likewise decrease of 4% on fertilizer expenditure plan in the year 2016-17, a financial plan of 70,000 crore. Still IFFCO is performing admirably in fertilizer industry.

The main reason for IFFCO's success in fertilizer industry is its focus on quality and technology management. IFFCO is known for its updated technology and various quality initiatives taken to be ahead in the competition.

Management of IFFCO clearly knows that financial performance of its organization is directly linked to its technology management and all due to its technology management; the organization is leading the Indian fertilizer industry.

All of IFFCO's manufacturing units are having updated quality control and assurance labs and statistical quality control system aligning with the updated trends in the industry. Starting

from first step to last, their quality systems are up to the mark. They are having workforce consisting of knowledgeable scientists and technicians and they are fully well versed with the current updates of food product safety & quality. They are experts in implementing in-depth technical knowledge to meet customer expectation.

## II. LITERATURE REVIEW

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 [10].

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 [1].

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 [12].

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 [9].

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 [4].

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 [5].

In this study it is concluded that in case of the current practices of asset-liability relationship it is seen that a firm's profitability can increase in a short course by risk of bankruptcy in any organization [13].

In this study it is seen that the companies selected are therefore trying to maintain and create a large amount of Net working capital with respect to current liabilities and will keep a sufficient amount of liquidity during the period of their study [7].

It is seen that all the manufacturing companies which are shortlisted in Srilanka are having a altogether different ranking based on their profitability indicators such as Gross Profit Ratio, Net Profit Ratio, Return on Investment etc. [8]

We all are analyzing the financial status of United States Pharmaceutical industry. On the basis of these reports it is seen that the firm's financial performance will go down in the coming future. [6]

We found the few financial ratios can be used to predict the financial soundness of the pharmaceutical firms. [2]

We found that profitability totally depends on the efficient utilization of resources and to manpower and suggest increasing

production capacity and cutting down cost of production in order to increase profitability. [3]

Under this we studied Indian pharmaceutical firms in terms of profitability. They found that Cipla was the best company having strongest financial performance out of all selected companies. They also found that ROE & ROI are the most comprehensive measure for profitability of a firm. [11]

We also studied profitability performance of pharmaceutical companies in India. He also found that Cipla performed the best out of all selected companies. They also remarked about consistency of performance of Cipla. [14]

### III. RESEARCH METHODOLOGY

#### Type of research

The focus of this research paper is to understand and explore the linkage and Improving Performance Analysis of Indian Farmers Fertilizers Co-operative Limited (IFFCO) through Technology Management. To conduct the study descriptive research was done.

#### Objectives of Study

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.

#### 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.

### IV. PERFORMANCE ANALYSIS OF IFFCO

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

Ratio/ Year	2017-18	2016-17	2015-16	2014-15	2013-14	A V E	S D	CO- EFF	MIN	MAX
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 RATIO	1.09	1.1	1.01	1.01	0.98	1.4	0.5	5.16	0.98	1.1
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 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 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 2013-14. 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.

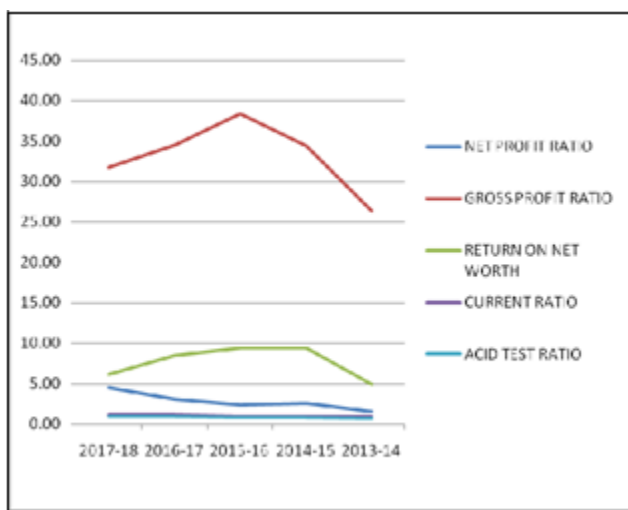


Chart 1

TABLE II.

Source of Variation	SS	DF	MS	F	F crit.
Between Samples	3740.8787	4	935.2197	185.2038	3.8853
Within Samples	100.9936	20	5.0497		
Total	3841.8723	24			

### V. FINDINGS AND CONCLUSIONS

From Table 1.2, it can be seen that the variance ratio after calculation is 185.2038 but Tabulated variance Ratio is 3.8853 who is lower at 5% level of significance. Hence, there is No significant variation between the ratios and years.

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.

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