

TAMILNADU

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ABSTRACT

India's fertilizer business is significant since it produces some of the most essential raw ingredients needed to produce crops. Fertilizers are required more to increase the outcome of agriculture. To enhance the productivity of farms, there is a need for efficient usage of fertilizer as a resource for plant nutrients. In Tamil Nadu, where certain regions may face soil degradation and nutrient deficiencies, the proper use of fertilizers helps in restoring soil health, ensuring sustainable agricultural practices for the long term. Fertilizers have an underappreciated function in the creation of food. To increase the plant's development and yield, fertilizer is added to the soil.

I.INTRODUCTION

Finance is a phrase used to describe the management, development, and analysis of money and assets. Financial analysis is used to evaluate economic trends, define financial policies, set long-term company objectives, and choose projects or organizations for investment. This is performed by combining data with financial statistics. Financial statement analysis converts the basic financial information from the financial statements into useful information that can be utilized to make choices. A financial statement is a document that demonstrates the financial strength of a company. The fertilizer industry is India's second most significant industry after iron and steel, it is developed both under the public and private sectors.

II.STATEMENT OF THE PROBLEM

Evaluating the industry's performance is necessary to understand the strengths and weaknesses, know the risks and rewards, and find out what changes to make to achieve higher returns and, if possible, less risk. Financial and operational issues have a considerable impact on industry growth. The effectiveness of financial performance entails making decisions on profitability, solvency, and liquidity positions, as well as determining if the business is capable of meeting its commitments properly and on schedule. Many industrial units face challenges such as poor asset utilization, liquidity issues, a lack of costing and pricing, a lack of financial budgeting and planning, insufficient inventory control and credit constraints, inappropriate financial structures, and ineffective working capital management. Thus, the current study aims to analyze the financial performance of Madras Fertilizer Limited (MFL).

III.SCOPE OF STUDY

The present study is concerned with the financial analysis of the fertilizer industry in Tamil Nadu to analyze the effectiveness of the financial performance of an industry during the last five years to have a clear and proper outline regarding the aspects of the organization by using financial analysis tools. The goal of the study is to determine how much money a fertilizer unit needs to operate profitably. The framework it provides makes it easier to formulate policies for working capital management and fixed asset investments, which have a significant impact on the unit's structural integrity, profitability, and liquidity. The financial analysis research will be very helpful in resolving the industry's numerous issues. Future academics working in this sector may find some insight from this study and decide to step up their investigation.

IV.OBJECTIVES

- To contrast the financial and operational effectiveness of the fertilizer industry.
- To measure the fertilizer industry's working capital management.
- To Analyse trends for important financial measures across a range of periods.

V.LIMITATIONS

- The study is limited only to a period of four months. This period was not sufficient to cover all the details of MFL Ltd.

represent the current or future financial health of the fertilizer industry.

VI.REVIEW OF LITERATURE

1. **Duflo (2008)** examined the efficacy and profitability of fertilizer use in Kenya. The results indicated that, although the combination of fertilizer and hybrid seeds produced the greatest yield increase, the return rate was the highest for plots that received just fertilizer.

2. **Mohammed Rafiqul Islam (2000)** studied the profitability of the fertilizer industry in Bangladesh from 1985-86 to 1994-95. The study's conclusion showed that all of the chosen units had diminishing profitability and that none of them were consistent. The study's recommendations for enhancing Bangladesh's fertilizer industry's profitability were provided at its conclusion.

VII.RESEARCH METHODOLOGY

A research methodology involves specific techniques that are adopted in the research process to collect, assemble, and evaluate data. It defines those tools that are used to gather relevant information in a specific research study. Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about the topic in a research paper.

VIII.DATA ANALYSIS AND INTERPRETATION

The collected data were analyzed and interpreted to find properly the result of the research work. Further, the following specific tools were used,

- Ratio Analysis

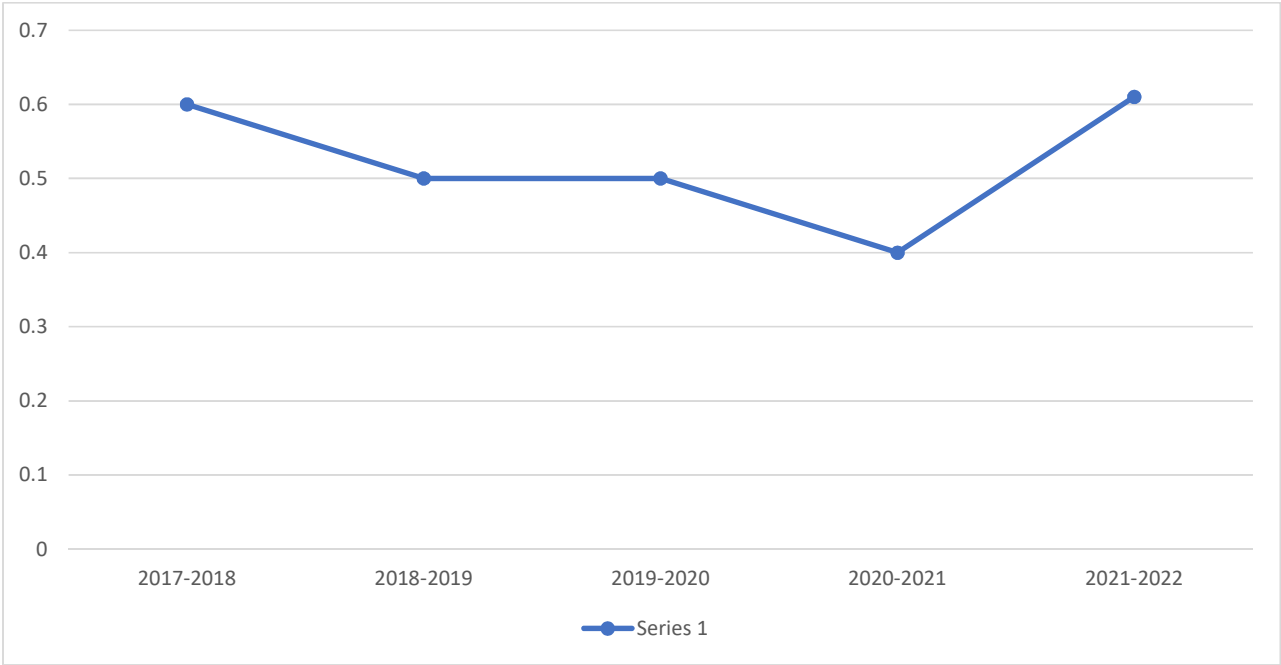
RATIO ANALYSIS

CURRENT RATIO:

Table 4.1

Years / Industry	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
MFL	0.6	0.5	0.5	0.4	0.6

Graph 4.1
Current Ratio



INTERPRETATION:

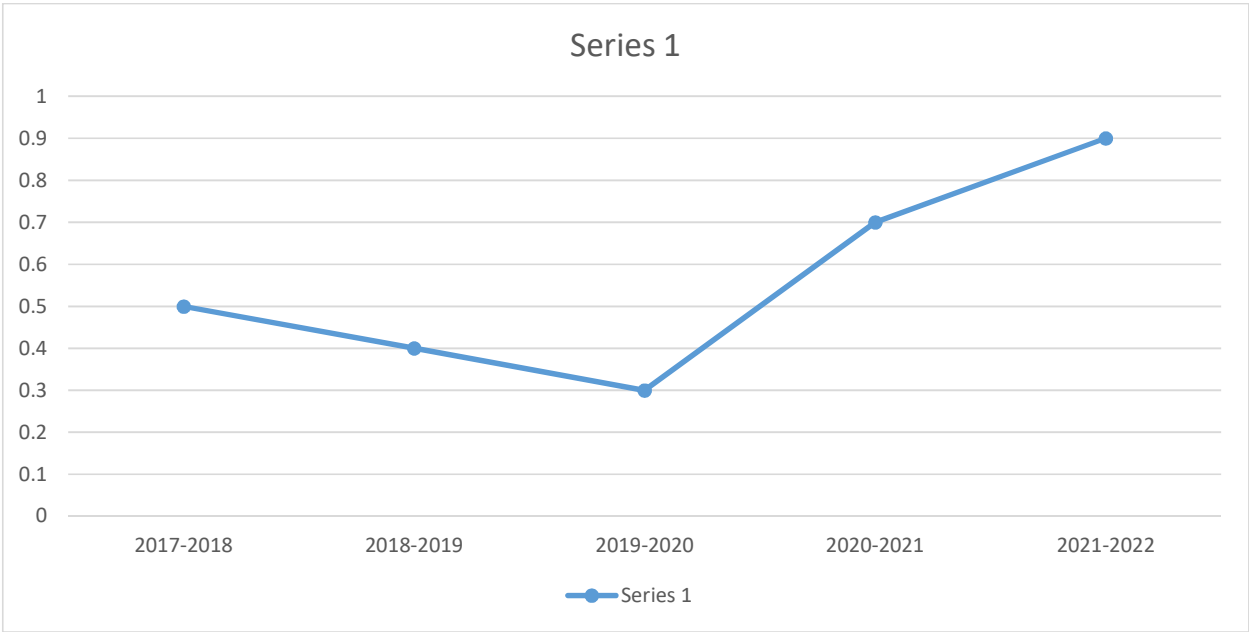
The above table shows the current ratio for 5 years, 2017–2022. The current ratio of Madras Fertilizer Limited (MFL) was higher in 2017–2018 compared to all other years. With fluctuations observed over the years, ranging from 0.4 to 0.6, it indicates dynamic shifts in market dynamics. The stability of the current ratio at 0.6 from 2017-2018 to 2021-2022 suggests a consistent level of market fragmentation possibly reflective of a balanced competitive landscape within Madras Fertilizer Limited's industry.

QUICK RATIO:

Table 4.2

Years / Industry	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
MFL	0.5	0.4	0.3	0.7	0.9

Graph 4.2
Quick ratio



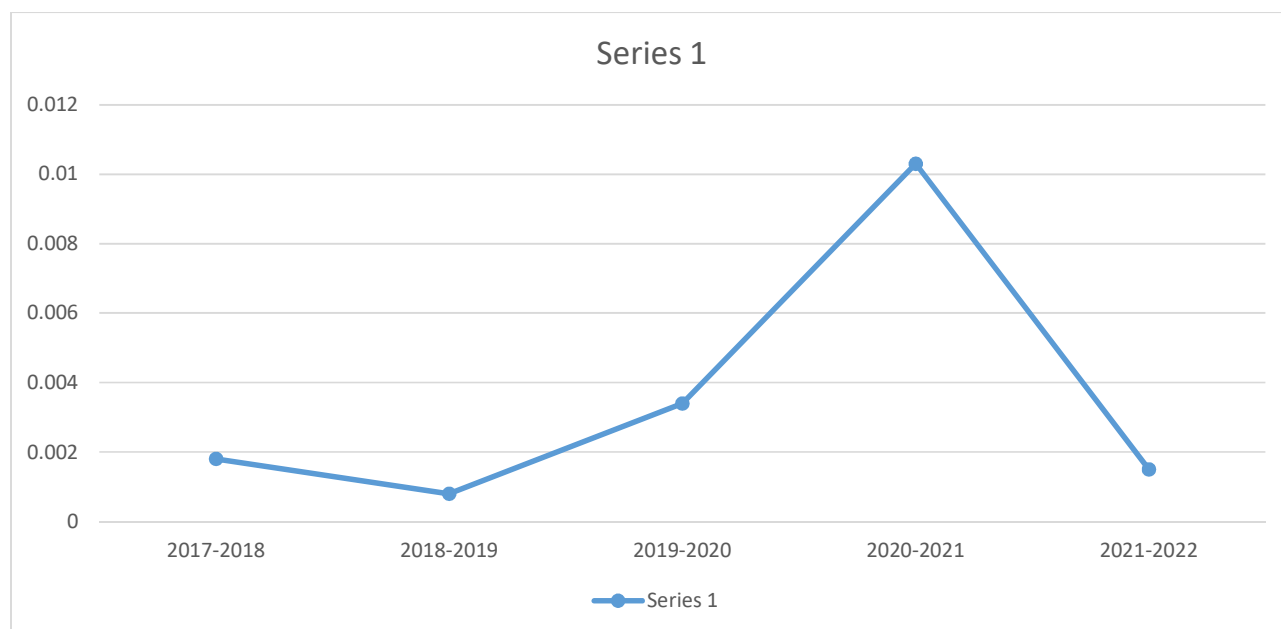
INTERPRETATION:

The quick ratio of Madras Fertilizer Limited (MFL) initially exceeded the industry average. There was a decrease in the years 2019–2020, with a ratio of 0.3. The company’s ratio was 0.5 in the years 2017–2018, which was higher than the following two years, 2018–2020. However, by 2021–2022, the ratio had increased to 0.9.

CASH RATIO:

Table 4.3

Years / Industry	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
MFL	0.0018	0.0008	0.0034	0.0103	0.0015

Graph 4.3**Cash ratio****INTERPRETATION:**

From the above data, we can see that the company had a cash ratio of 0.0018 in 2017-2018, which is the lowest value in the table. The ratio improved in 2019-2020 to 0.0034 and even further in 2021 to 0.0103, which is the highest value in the table. However, the cash ratio decreased in 2021-2022 to 0.0015, which is still higher than the ratio in 2018 and 2019.

IX.FINDINGS, SUGGESTION AND CONCLUSION**FINDINGS**

- Current ratio – In the years 2017- 2022, the MFL had an average of 0.52% of current assets and current liabilities.
- Quick ratio – In the years 2017-2022, the company had an average of 0.56% of quick assets and current liabilities.
- Cash ratio – In the years 2017-2022, the industry had an average of 0.00356% of cash and cash equivalents and current liabilities.

- The current ratio of MFL is low it should increase its current assets to improve liquidity.
- All operational and associated actions should be carried out efficiently and successfully.
- The company has to make an effort to spend working capital wisely to increase sales.
- It is advisable for stakeholders to closely monitor the company's ability to cover its interest expenses with its earnings before interest and taxes.
- It is recommended that the company focuses on implementing robust credit risk management strategies to mitigate the impact of non-performing assets on its financial health.

CONCLUSION

Key measures like the capital adequacy ratio and interest coverage ratio are showing a positive trend, suggesting increased financial resilience and profitability. However, issues remain, as indicated by the average gross non-performing assets percentage, highlighting the necessity for effective credit risk management methods. Moving forward, fertilizer sector stakeholders should stay attentive, implementing methods to increase profitability, reduce risks, and boost overall financial health in the face of changing market conditions.

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