Economic Affairs, Vol. 68, No. 01, pp. 479-490, March 2023
DOI: 10.46852/0424-2513.1.2023.17

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Research Paper

Comparative Financial Performance Analysis of Farmer Producer Companies in Eastern Uttar Pradesh

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Received: 22-11-2022 **Revised:** 28-02-2023 **Accepted:** 07-03-2023

ABSTRACT

Farmer Producer Companies are emerging as an innovative model to transform agriculture into a profitable business venture by leveraging the collectives of small and marginal farmers through economies of scale with better bargaining power, better value addition facilities, better access to farming technologies, better input supply, and better market accessibility. Financial performance indicates the financial health and resource utilization efficiency of a business organization or a company over a certain period. In the present study, a comparative analysis of balance sheets and income statements was made for five different Farmer Producer Companies of Eastern Uttar Pradesh to identify the pattern of change in various financial components from 2019-20 to 2020-21. Based on the analysis, the important findings were that reserve and surpluses were significantly increased for most of the FPCs for future business expansion, three FPCs reported increased total liabilities, and all of the FPCs managed to grow their total assets compared to the previous year. The revenue growth rate for three FPCs was below par. The performance of the FPCs in respective to net profit after tax was asymmetric. Out of five, only four FPCs were able to meet all the operational expenses from the revenue generated out of business activities and hence, considered profit-making. Moreover, the overall financial performance of the FPCs was disrupted due to the wrath of the Covid-19 pandemic.

HIGHLIGHTS

- The business activities of the FPCs were severely disrupted due to COVID pandemic.
- FPCs mobilized the reserves and surpluses either for debt repayment or for business expansion.
- The total assets of the FPCs were increased, indicating the overall growth of the companies.
- Most of the FPCs were able to meet the total expenses out of the revenue generated from the business operations.

Keywords: Financial Analysis, Financial Statement, Comparative Analysis, Balance-sheet, Income statement, Farmer Producer Companies

Agriculture is considered a mainstay of the Indian economy, and more than two-thirds of the country's population depends upon agriculture for their livelihood. On the other hand, small and fragmented land possession by the majority of the farmers is gradually making agriculture vulnerable in terms of inadequate access to technology, credit, information, and market facilities. Around 86.21 per cent of total land possession in India were small and marginal holdings (Agriculture census, 2015-16). Due to such technological and institutional issues, small and marginal farmers cannot realize the actual worth of the produce. Among the various alternatives to tackle the vagaries of agriculture, the collectivization of farmers into Farmer Producer Companies (FPCs) has emerged as a potential one (Roy *et al.* 2022). In 2002, according to the recommendations of the Y.K.

How to cite this article: Roy, H., Jirli, B. and Maji, S. (2023). Comparative Financial Performance Analysis of Farmer Producer Companies in Eastern Uttar Pradesh. *Econ. Aff.*, **68**(01): 479-490.

Source of Support: None; **Conflict of Interest:** None

Alagh committee, the Government of India amended the Companies Act 1956 and made a provision for setting up FPCs by introducing a separate section 581 and part IX-A (Alagh Committee, 2000).

Farmer Producer Companies are the business entities formed with the equity contribution of the farmers. Here the farmers are the company's shareholders, pooling their resources together for mutual benefit (Kakati, 2017). The main motive of the FPC is to bring economies of scale to the small and marginal farmers while ensuring the company's profitability. Now, whether the FPCs are able to utilize the poor farmer's resources effectively and efficiently can only be traced by analyzing the financial statements and reports of that particular company for an accounting period (Bhunia *et al.* 2011).

Financial Statements are the summarized accounting data prepared at the end of an accounting period by any company to display the financial records on economic resources and obligations along with the operating profit and financial position. It is a medium for communicating accounting information to internal and external users. As per the Company act. 2013, section 2(40), a set of financial statements include—

(a) ***Balance Sheet:*** It is a statement of assets and liabilities, i.e., the financial position of an enterprise at a given date.

(b) ***Income Statement:*** It shows the financial performance of an enterprise, i.e., the result of business operation during an accounting period.

(c) ***Notes to account:*** The balance sheet and income statement are supported by the notes, giving details of financial items.

(d) ***Cash Flow Statement:*** It shows an enterprise's total cash inflow and outflow. Among the various financial statements, the balance sheet and the income statement were considered for the present study.

Financial statement analysis emphasizes the analysis and interpretation of the balance sheet and the corresponding income statement for determining the company's strengths and weaknesses. It establishes a significant relationship between the various items of the financial statements to show how a company utilizes the stakeholders' funds and resources to conduct its business (Ravinder *et al.* 2013). Financial analysis reveals a company's financial soundness, efficiency, and growth potential. Financial statements can be analyzed by two methods. The first method comprises Horizontal and Vertical analysis, and the second method is Ratio analysis. In this study, the financial statements were analyzed using the Horizontal analysis method.

MATERIALS AND METHODS

An analytical research design was used for the present study to analyze the already available information or facts for a critical evaluation of a particular phenomenon. The investigation primarily focused on evaluating the financial position of the selected Farmer Producer Companies from Eastern Uttar Pradesh. The mixed sampling method was used to determine the FPCs for the study purpose. At the first stage of the sampling process, the Eastern Uttar Pradesh region was selected purposively as this region had the highest number of FPCs, i.e., 384, as of December 2021. In the next stage, 5 FPCs were randomly selected from 5 different districts of Eastern Uttar Pradesh, which have been actively operating for more than the last two years, and the financial reports were published to the Ministry of Corporate Affairs. The selected FPCs to constitute the sample of the study were:

- Ishani Agro Producer Company Limited (IAPCL) from Chandauli district.
- Purvanchal Poultry Producer Company Limited (PPPCL) from Deoria district.
- Rameshwar Farmer Producer Company Limited (RFPCL) from Varanasi district.
- Shivansh Krishak Producer Company Limited (SKPCL) from Ghazipur district.
- Vindhya Sabji Evam Beej Producer Company Limited (VSBPCL) from Mirzapur district.

The required data for the financial statement analysis was collected from the secondary source, i.e., the audited balance sheet and income statement of the FPCs (Form AOC-4 and MGT-7), accessed from the Ministry of Corporate Affairs India. The analysis tools used for the study were: 1. Comparative Balance Sheet, and 2. Comparative Income statement for the financial years 2019-20 and 2020-21.

Comparative analysis of financial statements

The comparative analysis is the time perspective assessment of various components of financial positions embodied in the financial statements of a particular company. It is also known as Horizontal analysis. In this analysis, the figures for financial components of two or more financial years are placed side by side to find out the absolute change (increase or decrease) in financial figures along with the percentage of increase or decrease. The comparative financial statements include (a) Absolute financial figures (in rupees), (b) Increase or decrease in financial figures, (c) Absolute data in percentage form, and (d) Increase or decrease in financial figures in percentage form. The balance sheet and income statement can be considered for comparative financial analysis. Such analysis is essential for an in-depth review of the company's performance trend and direction of financial status and operating results. The inclusion of comparative financial statements in annual reports brings out the nature and trends of current changes which are affecting the functionality of the enterprise. The per cent change in comparative analysis is being calculated with the help of the formula given below:

$$\text{Percentage Change} = \frac{\text{Absolute Change}}{\text{Amount of Previous Year}} \times 100\%$$

(i) Comparative Balance Sheet

A company's balance sheet shows the accounts' balance after the books' closing for a particular financial period. A comparative balance sheet compares a company's assets, equity, and liabilities for two or more financial years and determines the change in those items. A single balance sheet mainly emphasizes the present financial position, while the comparative balance sheet focuses on the differences from the previous year. It is essential for analyzing the financial trends of a company. In this study, the balance sheet data of each FPC for two consecutive years were taken and compared for the financial status review.

(ii) Comparative Income Statement

The income statement mainly highlights the financial performance, i.e., net profit earned or net loss incurred by any company during a financial year. A comparative income statement shows a company's operating results for the compared accounting periods and the change in financial figures in terms of absolute percentage amounts for two or more periods.

RESULTS AND DISCUSSION

The results obtained from the financial statement analysis of the five different Farmer producer Companies have been discussed in the following section:

Comparative analysis of financial statements of Ishani Agro Producer Company Limited.

The comparative balance sheet (Table No1) reveals that there was no change in the company's share capital amount at the end of the financial year 2021, as no new primary producer became the shareholder of the FPC. Reserve and surplus were increased to 63.4 lakh (1246.99%) as the company got financial aid for the seed processing plant. Other current liabilities decreased by 6.29 per cent from the previous year, indicating the company's good liquidity position to pay out the liabilities within a stipulated time. The total tangible assets increased by 167.84 per cent as the FPC focused on increasing farm implements for ease of farming, land acquisition for the processing plant and farm pond construction for fish production. Inventories decreased by 6.28 per cent, showing the lower procurement of paddy and wheat for seed processing. Cash and cash equivalents increased to 40.07lakh as the FPC reserved the major portion of capital to expand the firm infrastructure.

From the comparative income statement (Table 1), we can conclude that revenue from operations or sales increased from the previous financial year by 5.61 per cent. Such growth rate was achieved due to increased production of better quality foundation seeds of wheat and paddy along with increased fish production by the members. The cost of materials consumed was decreased by 3.07 per cent as the FPC outsourced the required foundation seeds from different agricultural research institutes at a lesser price. Financial costs increased to ₹ 9.33 thousand from ₹ 416 due to the interest paid to the bank against the loan amount for the farm machinery bank. Depreciation and amortization costs increased by 25.46 per cent, indicating the high organizational

Table 1: Comparative Balance Sheet and Income Statement of Ishani Agro Producer Company Limited as at March 31, 2020 and March 31, 2021

Comparative Balance Sheet				
Particulars	**March 31, 2020 in ₹**	**March 31, 2021 in ₹**	**Absolute Change in ₹**	**Percentage Change**
(I) Equity and liabilities				
1. Shareholder's Funds				
(a) Share Capital	1591000	1591000	0	0
(b) Reserves and surplus	508741	6852722	6343981	1246.99
2. Non-Current Liabilities	—	—	—	—
3. Current Liabilities				
(a) Short-term borrowings	0	181375	181375	0
(b) Other current liabilities	100035	93745	(6290)	(6.29)
Total	2199776	8718842	6519066	296.35
(II) Assets				
1. Non-current assets				
(a) Fixed assets				
(i) Tangible assets	1503772	4027776	2524004	167.84
2. Current assets				
(a) Inventories	201150	188520	(12630)	(6.28)
(b) Trade receivables	392000	392000	0	0
(c) Cash and cash equivalents	102854	4110546	4007692	3896.49
Total	2199776	8718842	6519066	296.35
Comparative Income Statement				
Particulars	**2019-20**	**2020-21**	**Absolute Increase (+) or Decrease (–)**	**Percentage Increase (+) or Decrease (–)**
(I) Revenue				
(a) Revenue from operations	2048800	2163890	115090	5.61
(b) Other Income	—	—	—	—
Total	2048800	2163890	115090	5.61
(II) Expenses				
(a) Cost of materials consumed	1892375	1834225	(58150)	(3.07)
(b) Financial costs	416	9753	9337	2244.47
(c) Depreciation and amortization expense	76983	96582	19599	25.46
(d) Other expenses	33375	77975	44600	133.63
Total	2003149	2018535	15386	0.77
(III) Profit before tax	45651	145355	99704	218.40
(IV) Tax expense:	—	—	—	—
Net Profit/(Loss) After Tax	45651	145355	99704	218.40

expenses and devaluation of some of the farm implements. Other expenses increased to 133.63 per cent because of higher transportation costs and trade expenses during the pandemic period of COVID-19. As all the income generated by the FPC is from agricultural activities, no taxation was imposed on the profit amount; hence the net profit after tax was raised to 218.40 per cent, which indicates the sound growth in FPC's business activities and profitability.

Comparative analysis of financial statements of Purvanchal Poultry Producer Company Limited

The comparative balance sheet of the company (Table 2) reveals that there was no change in share capital as the company was unable to add new shareholders due to the adverse consequence of the COVID-19 pandemic. Cash reserves and surplus increased by 7.83 per cent due to increased sales.

Table 2: Comparative Balance Sheet and Income Statement of Purvanchal Poultry Producer Company Limited as at March 31, 2020 and March 31, 2021

Comparative Balance Sheet				
Particulars	**March 31, 2020 in ₹**	**March 31, 2021 in ₹**	**Absolute Change in ₹**	**Percentage Change**
(I) Equity and Liabilities				
1. Shareholder's Funds				
(a) Share Capital	1626420	1626420	0	0
(b) Reserves and surplus	2641196.20	2847972.10	206775.9	7.83
2. Non-Current Liabilities				
(a) Long-term borrowings	402535	2500000	2097465	521.06
(b) Deferred tax liabilities (Net)	3180	0	(3180)	(100)
3. Current Liabilities				
(a) Short-term borrowings	18520	18340	(180)	(0.97)
(b) Trade payables	3381950	3078325.36	(303624.6)	(8.97)
(c) Other current liabilities	2325356	4939493.70	2614137.7	112.42
(d) Short-term provisions	18520	18340	(180)	(0.97)
Total	11395447.20	16761841.16	5366394	47.09
(II) Assets				
1. Non-current assets				
(i) Property, Plant and Equipment (Fixed assets)	1990533.50	3904573.33	1914039.8	96.15
(ii) Long term Loans and Advances	143634	146000	2366	1.64
2. Current assets				
(a) Inventories	2007657.74	2756006	748348.26	37.27
(b) Trade receivables	2962858	4224831.41	1262173.4	42.60
(c) Cash and cash equivalents	2593518.68	3315859.84	722341.16	27.85
(d) Other current assets	1697245.28	2311100.58	613855.3	36.16
3. Deferred Tax Assets	0	103470	103470	0
Total	11395447.2	16761841.20	5366394	47.09

Comparative Income Statement				
Particulars	**2019-20**	**2020-21**	**Absolute Increase (+) or Decrease (–)**	**Percentage Increase (+) or Decrease (–)**
(I) Revenue				
(a) Revenue from operations	24780630.53	22573666.39	(2206964)	(8.90)
(b) Other Income	547681.69	717504.60	169822.91	31.01
Total	25328312.22	23291190.99	(2037121)	(8.04)
II. Expenses				
(a) Cost of materials consumed	23168361.91	20902702.41	(2265660)	(9.77)
(b)Employee benefit expense	369195	284035	(85160)	(23.06)
(c)Financial costs	95461	52597	(42864)	(44.90)
(d) Depreciation and amortization expense	321311	245851.17	(75459.83)	(23.48)
(e) Other expenses	1271163.87	1688425.51	417261.64	32.82
Total	25225492.8	23173611.10	(2051882)	(8.13)
III. Profit before tax	102819.44	117579.90	14760.46	14.35
IV. Tax expense:				
Current	18520	18340	(180)	(0.97)
Deferred	3180	(106650)	(109830)	(3453.77)
Net Profit/(Loss) after Tax	81119.44	205889.90	124770.46	153.81

Long-term borrowings increased by 20.97 ₹ Lakh (521.06%) as the FPC used long-term finance from Samunnati (Non-Banking Financial Company) to construct a rice mill. The differed tax liability was decreased by 100 per cent as the company cleared all the previous due tax obligations. Both the short-term borrowing and short-term provisions decreased by 0.97 per cent, which indicates that the company has made the partial repayment of current debts and cut the expenses for employee benefits. Trade payables declined to 8.97 per cent as the company made the provision of repaying the due amount in several instalments for product procurement in the agri-input shop. Other current liabilities increased to 112.42 per cent, an indicator of fund inflow from funding agencies for business expansion while preserving the reserves and surpluses. The company's fixed assets increased by 96.15 per cent, indicating that the company effectively used the investments to create infrastructure facilities like rice mill, poultry feed production mill, poultry shed etc. Long-term advances were raised by 1.64 per cent, which means there is a minimal increase in the loan amount the FPC has granted to the other parties. Inventories increased by 37.27 per cent due to value chain disruption during the pandemic. The company could not sell the poultry feed, milled rice and eggs, which were kept in storage facilities for future selling purposes. Trade receivables increased by 42.60 per cent as most of the shareholders purchased agri-inputs like fertilizers, seeds, and poultry feeds on a credit basis, and the company supplied milled rice to whole sellers for which the payment is yet to be made. Cash and cash equivalents increased by 27.85 per cent, implying that the company is maintaining the liquidity position to meet the current capital requirement.

A comparative Income Statement (Table 2) shows that revenue from the operation of the particular FPC has declined by 8.90 per cent due to a lack of business from potential poultry whole sellers who used to purchase the live poultry birds in bulk from the company. In addition, during the Covid-19 period, there was a sharp decline in meat consumption, which ultimately affected the company's business. This indirectly affected the poultry feed business, resulting in lesser sales growth than the previous year. On the other hand, other incomes were raised by 31.01 per cent as the company procured the paddy and wheat from members and supplied them to the Food Corporation of India as a subsidiary business activity apart from poultry production. In the case of Expenses, the cost of materials consumed was reduced to 9.77 per cent due to fewer production activities, and employee benefit expenses were trimmed down to 23.06 per cent as there was less requirement for temporary workers for different business activities, financial costs and depreciation expenses were reduced to 44.90 per cent and 23.48 per cent respectively. On the other hand, other expenses increased to 32.82 per cent due to higher transportations cost, repairing of farm implements etc. However, despite several hindrances in main business activities, the company increased the net profit after tax to 153.81 per cent due to increased revenue from other subsidiary business activities.

Comparative analysis of financial statements of Rameshwar Farmer Producer Company Limited

The comparative Balance Sheet analysis (Table 3) of RFPCL indicates no change in share capital as the number of existing shareholders and the paid-up capital were unchanged. Reserves and surplus of the FPC were negative for both financial years, implying that the business is loss-making and has no capital reserved for future business expansion. In other words, the business is insolvent and unable to make the repayment of the debts. Though there was a positive change of ₹ 21358.56 in reserves and surplus from the previous year, yet it was considered 9.04 per cent negative in terms of percentage as the values were negative for both the years. The company did not report any non-current liabilities for both financial years, which means the company had no long-term financial obligations to pay. Short-term borrowings declined by 0.97 per cent, which indicates the company's better debt repayment policy. Trade payable was ₹ 18.1 thousand for the year 2021 as the company purchased agri-inputs (fertilizers, pesticides) from the supplier on short-term borrowing basis, payment of which needed to be done within 12 months. Other current liabilities increased by 462.07 per cent, which indicates the firm had short-term debts for business expansion (procurement of paddy and wheat seeds for distribution among the farmers) that needed to be paid back within a short period. Among the fixed assets, the value of tangible assets was reduced by 15.96 per cent due to depreciation. The company possessed various spraying equipment and a few farm implements in terms of fixed assets. Inventories decreased by 9.42 per cent, meaning the company sells the products more quickly than before to generate cash inflow. Trade receivables increased by 40.93 per cent due to the pending subsidy amount to be paid by the

Agriculture Department on purchasing paddy and wheat seeds. Cash and cash equivalents increased to 52.63 per cent because of the increased sale of agri-inputs and irrigation pipes. Other current assets declined by 100 per cent, indicating a positive cash inflow.

The comparative Income statement of this particular company (Table 3) reveals a minimal hike in revenue from the operation or net sales, i.e. 3.97 per cent from the previous financial year. The company's primary business activity, i.e. selling agri-inputs, was severely affected by the Covid-19 pandemic, and the company did not have any subsidiary income source to cover up the declined sales. The cost of materials consumed increased by 24.76 per cent as the pre-order of agri-inputs was made to suppliers, whereas depreciation and other expenses declined by 24.91 per cent and 39.53 per cent, respectively, due to fewer business activities. Despite hindrances in business activities due to the wrath of the pandemic, the FPC somehow managed

Table 3: Comparative Balance Sheet and Income Statement of Rameshwar Farmer Producer Company Limited as at March 31, 2020 and March 31, 2021

Comparative Balance Sheet				
Particulars	**March 31, 2020 in ₹**	**March 31, 2021 in ₹**	**Absolute Change in ₹**	**Percentage Change**
(I) Equity and liabilities				
1. Shareholder's Funds				
(a) Share Capital	1000000	1000000	0	0
(b) Reserves and surplus	(236030.20)	(214671.64)	21358.56	(9.04)
2. Non-Current Liabilities	—	—	—	—
3. Current Liabilities				
(a) Short-term borrowings	18520	18340	(180)	(0.97)
(b) Trade payables	0	18105.44	18105.44	
(c) Other current liabilities	18240	102523	84283	462.07
Total	782209.80	905956.80	123747	15.82
(II) Assets				
1. Non-current assets				
(a) Fixed assets				
(i) Tangible assets	13471	11320	(2151)	(15.96)
(b) Deferred tax assets	3655	3655	0	0
2. Current assets				
(a) Inventories	288179.64	261020	(27159.64)	(9.42)
(b) Trade receivables	110210	155319	45109	40.93
(c) Cash and cash equivalents	310970	474642.80	163672.8	52.63
(d) Other current assets	55724.16	0	(55724.16)	(100)
Total	782209.80	905956.80	123747	15.82
Comparative Income Statement				
Particulars	**2019-20**	**2020-21**	**Absolute Increase (+) or Decrease (–)**	**Percentage Increase (+) or Decrease (–)**
(I) Revenue				
(a) Revenue from operations	1618250	1682640	64390	3.97
Total	1618250	1682640	64390	3.97
(II) Expenses				
(a) Cost of materials consumed	1075822.96	1342271.64	266448.68	24.76
(b) Depreciation and amortization expense	2867	2151	(716)	(24.97)
(c) Other expenses	509412.22	308003.80	(201408.42)	(39.53)
Total	1588102.18	1652426.44	64324.26	4.05
III. Profit before tax	30147.82	30213.56	65.74	0.21
(IV) Tax expense				
Current	9316	8855	(461)	(4.94)
Net Profit/(Loss) after Tax	20832.82	21358.56	525.74	2.52

to make a nominal 2.52 per cent net profit compared to the previous financial year.

Comparative analysis of financial statements of Shivansh Krishak Producer Company Limited

The comparative balance sheet of SKPCL (Table 4) reveals no change in share capital from the previous year. In the previous financial year, 2020 company reported minimal reserves and surplus, showing that the company could not make desired operating profits and was hardly left with any capital for future business expansion. From that critical phase, the reserves and surplus or the accumulated profit of the company increased tremendously to ₹ 20.06 lakhs for the year 2021 due to massive income from an array of business activities like export

Table 4: Comparative Balance Sheet and Income Statement of Shivansh Krishak Producer Company Limited as at March 31, 2020 and March 2021

Comparative Balance Sheet				
Particulars	**March 31, 2020 in ₹**	**March 31, 2021 in ₹**	**Absolute Change in ₹**	**Percentage Change**
I. Equity and Liabilities				
1. Shareholder's Funds				
(a) Share Capital	1320000	1320000	0	0
(b) Reserves and surplus	13029	1993596	2006625	15401.22
(2) Share application money pending allotment	50000	0	(50000)	(100)
(3) Non-Current Liabilities	—	—	—	—
(3) Current Liabilities				
(a) Short-term borrowings	882751	417081	(465670)	(52.75)
(b) Trade payables	132800	193720	60920	45.87
Total	2372522	3924397	1551875	65.41
II. Assets				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	1489202	2354979	865777	58.13
(2) Current assets				
(a) Current investment	465903	104769	(361134)	(77.51)
(b) Inventories	325251	578410	253159	77.83
(c) Trade receivables	0	90000	90000	0
(d) Cash and cash equivalents	60398	194471	134073	221.98
(e) Short-term loan and advances	600000	30000	(570000)	(95)
(e) Other current assets	1768	1768	0	0
Total	2372522	3924397	1551875	65.41
Comparative Income Statement				
Particulars	**2019-20**	**2020-21**	**Absolute Increase (+) or Decrease (–)**	**Percentage Increase (+) or Decrease (–)**
(I) Revenue				
(a) Revenue from operations	2059310	2798110	738800	35.87
(b) Other Income	8324	91901	83577	1004.04
Total	2067634	2890011	822377	39.77
(II) Expenses				
(a) Cost of materials consumed	960501	2079575	1119074	116.50
(b) Employee benefit expense	120000	121008	1008	0.84
(c) Financial costs	68307	48206	(20101)	(29.42)
(d) Depreciation and amortization expense	260604	80619	(179985)	(69.06)
(e) Other expenses	609935	402265	(207670)	(34.04)
Total	2019347	2731673	712326	35.27
(III) Profit before tax	48287	158338	110051	227.91
(IV) Tax expense:	0	0	0	0
Net Profit/(Loss) after Tax	48287	158338	110051	227.91

of vegetables, seed processing, procurement of wheat and paddy, etc. The due share application money pending allotment amounts for 2020 were converted into equity shares for the next financial year. Short-term borrowings declined by 52.75 per cent, indicating the proper payoff strategy for short-term debts from the income generated by the FPC. Trade Payables increased to 45.87 per cent as the company purchased vegetable seeds from the supplier on credit. The company's tangible assets were raised by 58.13 per cent as the company acquired land to establish a seed processing unit. Current investment declined by 77.51 per cent from the previous year, which indicates that most of the short-term investments made by the FPC were converted into cash to improve the liquidity position. Inventories were increased by 77.83 per cent due to increased procurement of paddy and wheat seeds for processing purposes and raw vegetables for processed food items. Trade receivable for the financial year 2021 was ₹ 90 thousand because the FPC distributed seeds of vegetables and cereals to the farmers, and the payment was due until the produces were sold and income was generated. Cash and cash equivalents increased by 221.98 per cent, indicating the FPC's excellent working capital position of the FPC with higher liquidity. There was a 95 per cent decline in short-term loans and advances, which indicates that the company had already realized a significant portion of the rendered money from other parties. Other current assets were unchanged.

The comparative income statement of SKPCL (Table 4) depicts the operational performance of the business for the multiple accounting periods, i.e. 2020 and 2021. It can be inferred that total revenue was increased by 39.77 per cent due to increased marketing of vegetables and processed seeds and higher income from renting the farm implements. The cost of materials consumed increased by 116.50 per cent compared to the previous financial year as the FPC made more procurement activity for seed processing, and the cost of vegetable seeds also increased due to increased area under production. There was a minimal change in Employee benefit expenses (0.84%) as the company did not spend much on hiring new employees rather than retaining the existing ones. Financial costs were reduced by 29.42 per cent as less interest was levied from the FPC by the financial institutions due to the partial repayment of short-term borrowings by the FPC. Depreciation and amortization expenses were reduced by 69.06 per cent, indicating that the company sold some fixed assets due to high maintenance costs. Other expenses like administrative expenses, fixed assets' repair costs, product carriage costs, etc., declined by 34.04 per cent. The total operating profit after tax increased by 227.91 per cent as sales turnover increased, and the company managed to cut down the various expenses.

Comparative analysis of financial statements of Vindhya Sabji Evam Beej Producer Company Limited:

From Table 5, it is evident that there was a tremendous surge in the company's total share capital by 107.91 per cent, which shows the effectiveness of the membership mobilization drive of the FPC. There was an addition of ₹ 51.06 lakh in reserve and surplus of the FPC, the majority of which was contributed by the grant received from a Government-sponsored scheme for establishing a seed processing unit and godown. Long-term borrowings of the company increased by Rs.8.06 lakh as the company had taken a loan from commercial banks for purchasing a refrigerated van with a payback period of more than 12 months. The company cut down other current liabilities by 63.39 per cent, which indicates the cash outflow to meet the short-term debt. The company's tangible assets were reduced by 22.94 per cent due to selling old farm equipment and machinery. Capital work in progress was increased by ₹ 17.32 lakh as the company began constructing a seed processing unit. The current investment was increased by 6.66 per cent as the company paid for the fully subsidized chickpea seeds on behalf of the members, which will be paid back to the FPC from the agriculture department. Inventories drastically increased by 300.21 per cent as the procured cereals were yet to be marketed. Trade receivables were decreased by 43.41 per cent, which is indicative of cash inflow from the pending payment of the members for availing of short-term services. Cash and cash equivalents were raised by 75.78 per cent due to increased sales, indicating the company's policy to maintain the liquidity position for business expansion.

Table 5: Comparative Balance Sheet and Income Statement of Vindhya Sabji Evam Beej Producer Company Limited as at March 31, 2020 and March 2021

Comparative Balance Sheet				
Particulars	**March 31, 2020 in ₹**	**March 31, 2021 in ₹**	**Absolute Change in ₹**	**Percentage Change**
(I) Equity and liabilities				
(1) Shareholder's Funds				
(a) Share Capital	371600	772600	401000	107.91
(b) Reserves and surplus	336660.56	5443428.71	5106768.15	1516.88
(2) Non-Current Liabilities				
(a) Long-term borrowings	421507	1227738.8	806231.8	191.27
(3) Current Liabilities				
(a) Other current liabilities	8641724.6	3163447.86	(5478276.75)	(63.39)
Total	9771492.2	10607215.4	835723.24	8.55
II. Assets				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	1484776	1144109	(340667)	(22.94)
(ii) Capital work in progress	0	1732123.6	1732123.6	0
(2) Current assets				
(a) Current investment	155267	165608	10341	6.66
(b) Inventories	199870	799905	600035	300.21
(c) Trade receivables	5995676	3392368	(2603308)	(43.41)
(d) Cash and cash equivalents	1857689.2	3265453.51	1407764.34	75.78
(e) Other current assets	782143	107646.3	(674496.7)	(86.23)
Total	9771492.2	10607215.4	835723.24	8.55

Comparative Income Statement				
Particulars	**2019-20**	**2020-21**	**Absolute Increase (+) or Decrease (–)**	**Percentage Increase (+) or Decrease (–)**
(I) Revenue				
(a) Revenue from operations	2314499	5432795.49	3118296.49	134.72
(b) Other Income	112868	15324	(97544)	(86.42)
Total	2427367	5448119.49	3020752.49	124.44
(II) Expenses				
(a) Cost of materials consumed	1981580.48	4235185.61	2253605.13	113.72
(b) Employee benefit expense	96000	569000	473000	492.70
(c) Financial costs	11236.65	14302.98	3066.33	27.28
(d) Depreciation and amortization expense	6320	340667	334347	5290.30
(e) Other expenses	203966	222198.75	18232.75	8.93
Total	2299103.13	5381354.34	3082251.21	134.06
(III) Profit before tax	128263.87	66765.15	(61498.72)	(47.94)
(IV) Tax expense:	0	0	0	0
Net Profit/(Loss) after Tax	128263.87	66765.15	(61498.72)	(47.94)

A pursual of the comparative income statement of the company reveals that the revenue from operation increased by 134.72 per cent due to increased sales. On the other hand, the cost of materials consumed went up by 113.72 per cent due to increased procurement activity. In addition, employee benefit expenses increased by ₹ 4.73 lakh as the FPC engaged more employees in various activities. Depreciation cost increased by ₹ 3.34 lakh due to more acquisition of fixed assets. Though the business activities and sales of the company had shown tremendous growth as compared to the previous year but due to an increase in raw material costs, employee expenses, financial costs and depreciation costs, the total expenditure incurred by the FPC was more than the revenue earned by the company for the recent financial year. Hence, the FPC reported a cumulative loss of 47.94 per cent for the current operating year. As the FPC is in the business expansion phase, a significant amount of the total revenue is being invested in creating new fixed assets and production units to scale up the production activity.

Comparison of Change in Major Financial Parameters of the FPCs from the financial year 2019-2020 to 2020-2021

Consolidated data regarding the change in major financial components from the financial year 2019-20 to 2020-21 has been presented in Table 6 by analyzing the balance sheets and income statements of five different FPCs for comparison purposes. There was positive growth in reserves and surplus for four FPCs, depicting that the idle cash component was building up for the FPCs. The numbers for IAPCL, SKPCL, and VSBPCL significantly improved as the companies kept the surplus money for future business expansion. In the case of total liabilities, the results were mixed. SKPCL and VSBPCL managed to reduce the total liabilities, indicating the company's cash outflow and strong financial position. Whereas IAPCL, PPPCL, and RFPCL made significant short and long-term borrowings to develop the infrastructure facility. All the FPCs were in the growing stage and reported a positive increment in total assets. Revenue from operations surged for four FPCs, and only in the case of PPPCL it was declined as the company's business was severely impacted during the pandemic period. Similar results were also obtained in the case of total expenses. In the case of net profit after tax, SKPCL, IAPCL, and PPCL outperformed the previous year's numbers with a high margin, whereas RFPCL all struggled to generate surplus money after meeting all the business expenses. VSPCL was the only loss-making company among all five FPCs.

CONCLUSION

The financial analysis of five different Farmer Producer Companies, with the help of a comparative analytical method, portrays an exact scenario regarding the business operations, financial performance, efficiency in fund utilization, and profitability of those companies. For every FPC, the equity, liabilities, assets, liquidity position, operational revenue, expenses, and net profit and their relative change from the previous financial year were brought to the limelight for the ease of future business-related decision-making processes. All companies faced severe disruption in regular business activities and value chain management during the Covid-19 pandemic. However, some companies diversified their business activities to cope with the shortfall in income. Few FPCs (IAPCL, VSBPCL, and SKPCL) kept the surplus money in reserve for future business expansion, whereas some FPCs made heavy investments from surplus money in the expansion of the operational activities or repayment of liabilities (PPPCL and RFPCL). The fixed assets for all FPCs were increased compared to the previous year, which implies more investment in fixed assets to expand the business activities. Total liabilities surged for three FPCs compared to last year (IAPCL, PPCL, and RFPCL) due to short-term and long-term borrowing for business activity and infrastructure development. On the contrary, a few FPCs (SKPCL and VSBPCL) reported a reduction in total liabilities as those companies started relying on equity financing rather than debt financing. Due to fragile business activities, most of the FPCs had a low revenue from operations compared to the previous financial year. Most of the FPCs cut their expenses to meet financial obligations. Net profit after tax was highest for SKPCL, and only in the case of VSBPCL change was negative. As all of the

Table 6: Comparison of Change in Major Financial components of the FPCs under consideration

Change in Financial Components (in percentage)	Name of the Farmer Producer Companies				
	IAPCL	**PPPCL**	**RFPCL**	**SKPCL**	**VSBPCL**
Reserves and Surplus	1246.99	7.83	-9.04	15401.22	1516.88
Total Liabilities	175.02	44.04	33.21	-39.85	-51.54
Total Assets	296.35	47.09	15.82	65.41	8.55
Revenue from operations	5.61	-8.90	3.97	39.77	134.72
Total expenses	0.77	-8.13	4.05	35.27	134.06
Net profit after tax	218.40	153.81	2.52	227.91	-47.94

FPCs were in the growth phase and their business activities were toppled down due to the pandemic, the financial performance was not up to the mark for all of the companies during the financial year 2019-20 to 2020-21. Ample scope exists for these FPCs to cope with the drop-down in business activities by diversifying and scaling up the business operations. To expedite the growth, the government of Uttar Pradesh is also supporting the FPCs after the post-pandemic period by launching several infrastructure development schemes and schemes for linking the FPCs with Govt. Departments.

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