

Performance Evaluation of Indian Coffee House (ICH)

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INTRODUCTION

- A workers' cooperative society is a form of organisation for the employment of a group of workers who **associate to work together** for a joint reward.
- It follows a **democratic management**.
- Day to day working is carried on by the managing committee which exercises all powers of the society except those reserved for the general body.

PROFILE OF ICBWCS

- The Indian Coffee Board Workers' Cooperative Society (ICBWCS) Limited No. 4227 Thrissur was registered on 10th February 1958 under the Travancore- Cochin Cooperative Societies Act.
- The society runs 61 Indian Coffee Houses in Thrissur, Ernakulam, Alappuzha, Kottayam, Kollam and Thiruvananthapuram districts.

➤ **There were 2163 members in the ICBWCS in 2017. Paid up share capital of the society is Rs 328.10 lakhs as on 31st March 2017.**

In this paper an attempt is made to evaluate the financial performance of ICBWCS.

REVIEW OF LITERATURE

- According to Raju & Prabhu (2014), Employees Cooperative Societies must have a vision and mission to wider their membership base.
- In 2008, Kattookaran examined the methods and practices followed by the ICBWCS. The working of the cooperative revealed an element of professionalism in management.
- Although the empirical survey conducted by Kattookaran (2008) exposed the customers' attitude towards the Indian Coffee House run by the ICBWCS, the survey results were handicapped without fetching the financial soundness of the society.

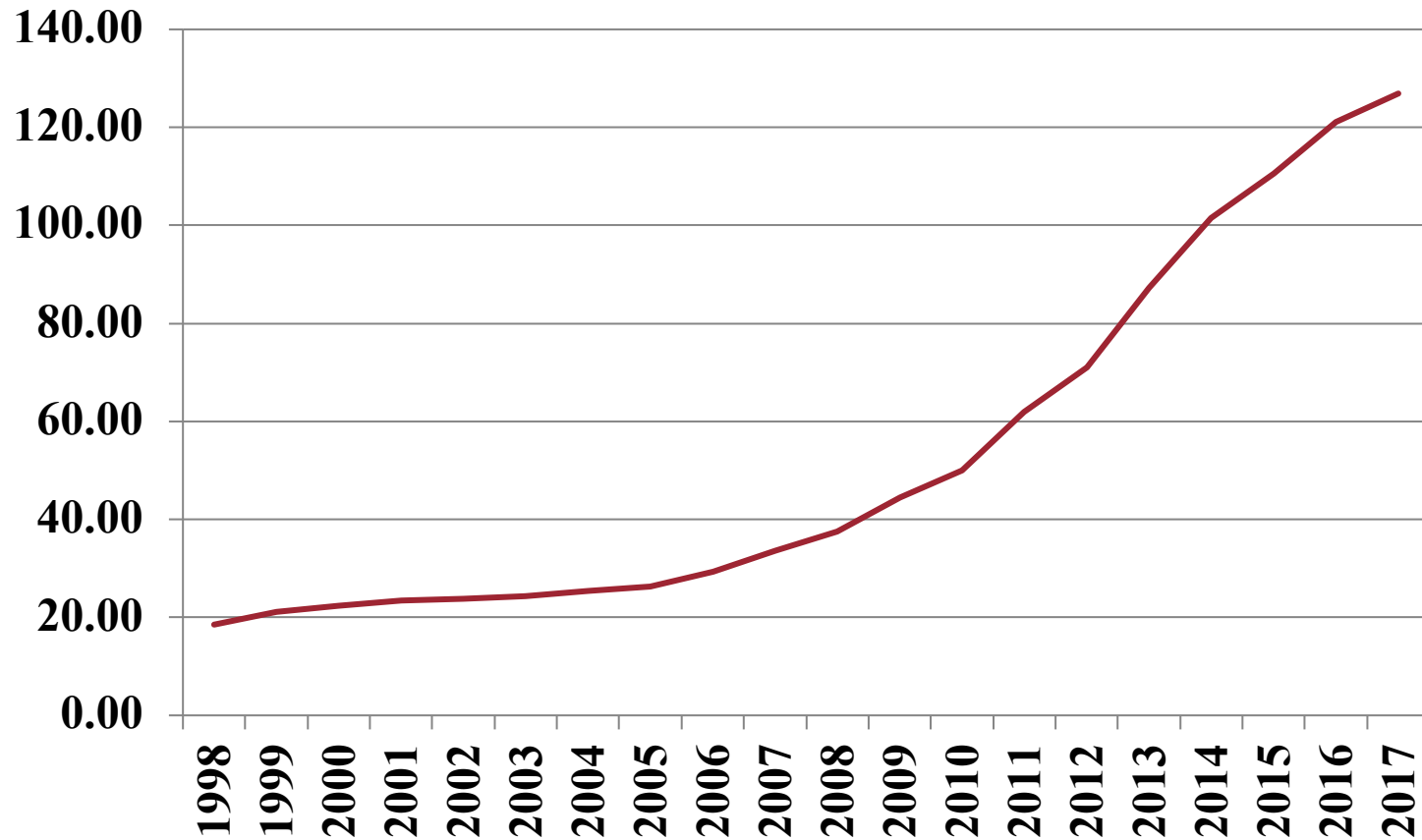
- Sapovadia (2016) found that continuous innovation and an entrepreneur spirit are key to success of Indian Workers' Cooperatives. Their study employed a qualitative research design on a variety of workers' cooperatives.

METHODOLOGY

- Data for twenty years- starting from 1998- is considered for analysis.
- Data gathered from the annual report of ICBWCS for various years.

RESULTS AND DISCUSSION

Sales Turnover of ICBWCS (Rs in Crores)



Source: Annual Report of ICBWCS for various years

RESULTS AND DISCUSSION

Capital Employed Turnover Ratio

Year	Total Capital Employed	Sales	Capital Employed Turnover Ratio (times)
1998	30.05	185.21	6.16
1999	33.38	211.84	6.35
2000	39.29	223.35	5.68
2001	45.17	233.84	5.18
2002	52.12	238.61	4.58
2003	52.23	243.09	4.65
2004	52.95	254.74	4.81
2005	53.81	263.70	4.90
2006	58.73	293.51	5.00
2007	62.59	335.07	5.35
2008	74.94	374.67	5.00
2009	91.63	445.18	4.86
2010	123.84	500.13	4.04
2011	141.76	618.57	4.36
2012	128.27	710.57	5.54
2013	167.21	872.77	5.22
2014	188.74	1015.05	5.38
2015	198.59	1105.39	5.57
2016	233.55	1210.74	5.18
2017	236.19	1269.12	5.37

Source: Annual Report of ICBWCS for Various Years

RESULTS AND DISCUSSION

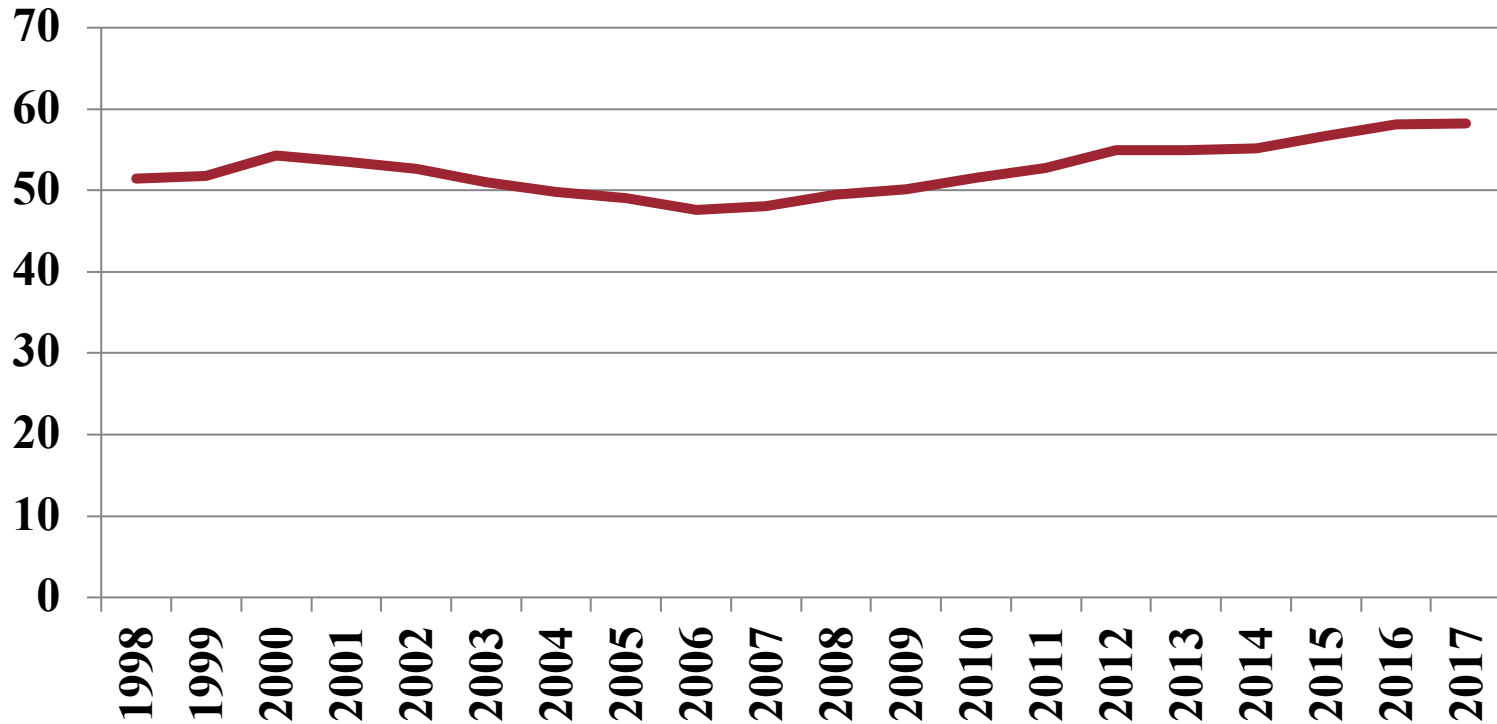
Gross Profit and Net Profit/Net Loss of ICH (Figures in Million Rs)

Year	Gross Profit	Net Profit/Net Loss	Unit Average Gross Profit	Unit Average Net Profit
1998	95.31	-4.14	2.22	-0.10
1999	109.65	-3.89	2.38	-0.08
2000	121.15	-3.57	2.38	-0.07
2001	125.27	-7.93	2.41	-0.15
2002	125.73	-6.20	2.25	-0.11
2003	124.00	-4.94	2.14	-0.09
2004	126.83	-2.97	2.26	-0.05
2005	129.30	-9.39	2.49	-0.18
2006	139.74	-10.28	2.45	-0.18
2007	161.05	0.55	2.93	0.01
2008	185.60	0.23	3.44	0.00
2009	223.26	0.59	4.38	0.01
2010	257.99	1.19	5.06	0.02
2011	326.44	1.27	6.28	0.02
2012	390.51	1.47	6.73	0.03
2013	480.05	5.68	9.41	0.11
2014	559.64	0.17	9.99	0.00
2015	626.61	2.12	11.39	0.04
2016	703.32	3.52	11.92	0.06
2017	739.08	3.39	12.12	0.06

Source: Annual Report of ICBWCS for
Various Years

RESULTS AND DISCUSSION

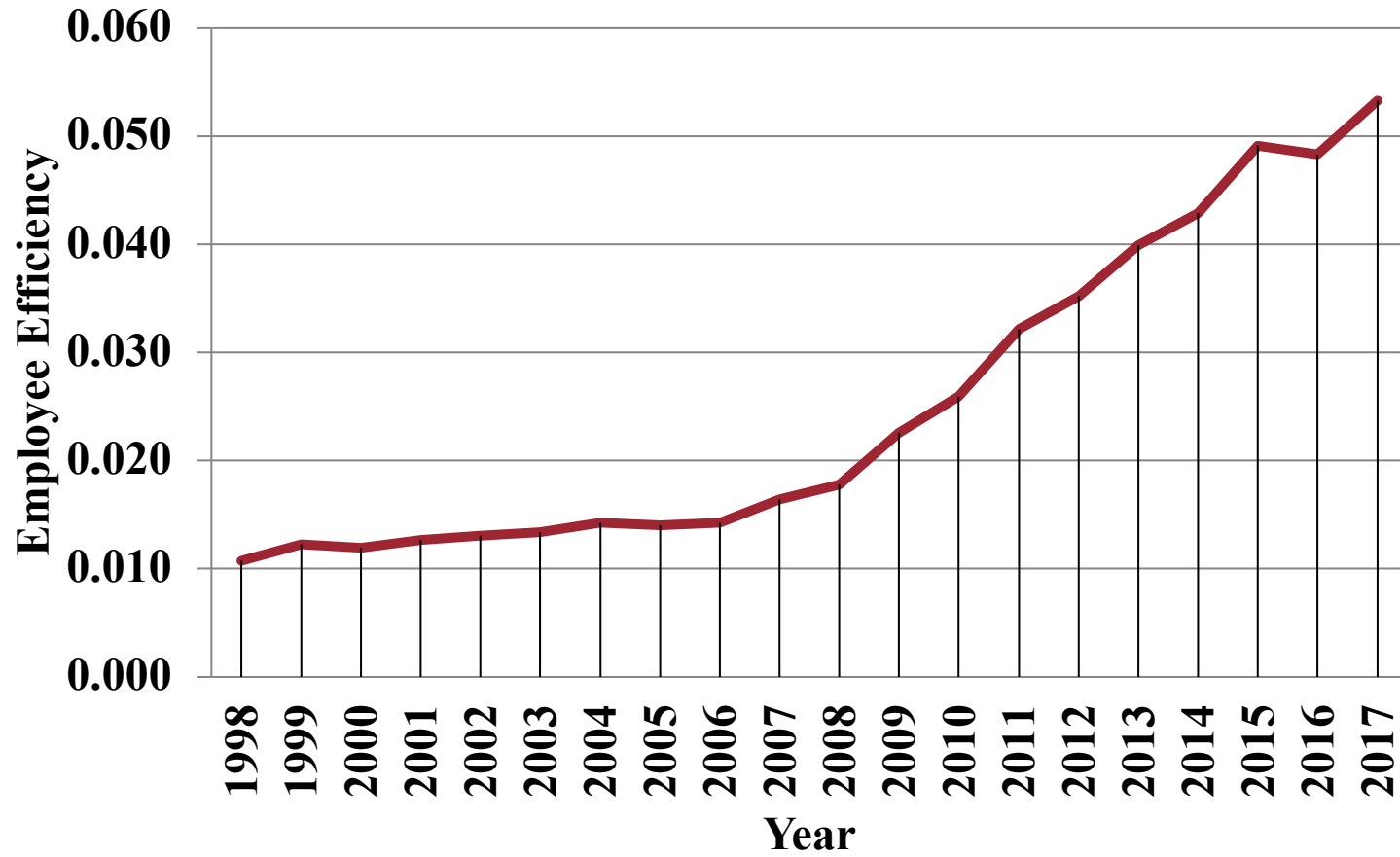
Gross Profit Ratio



Source: Annual Report of ICBWCS for
Various Years

RESULTS AND DISCUSSION

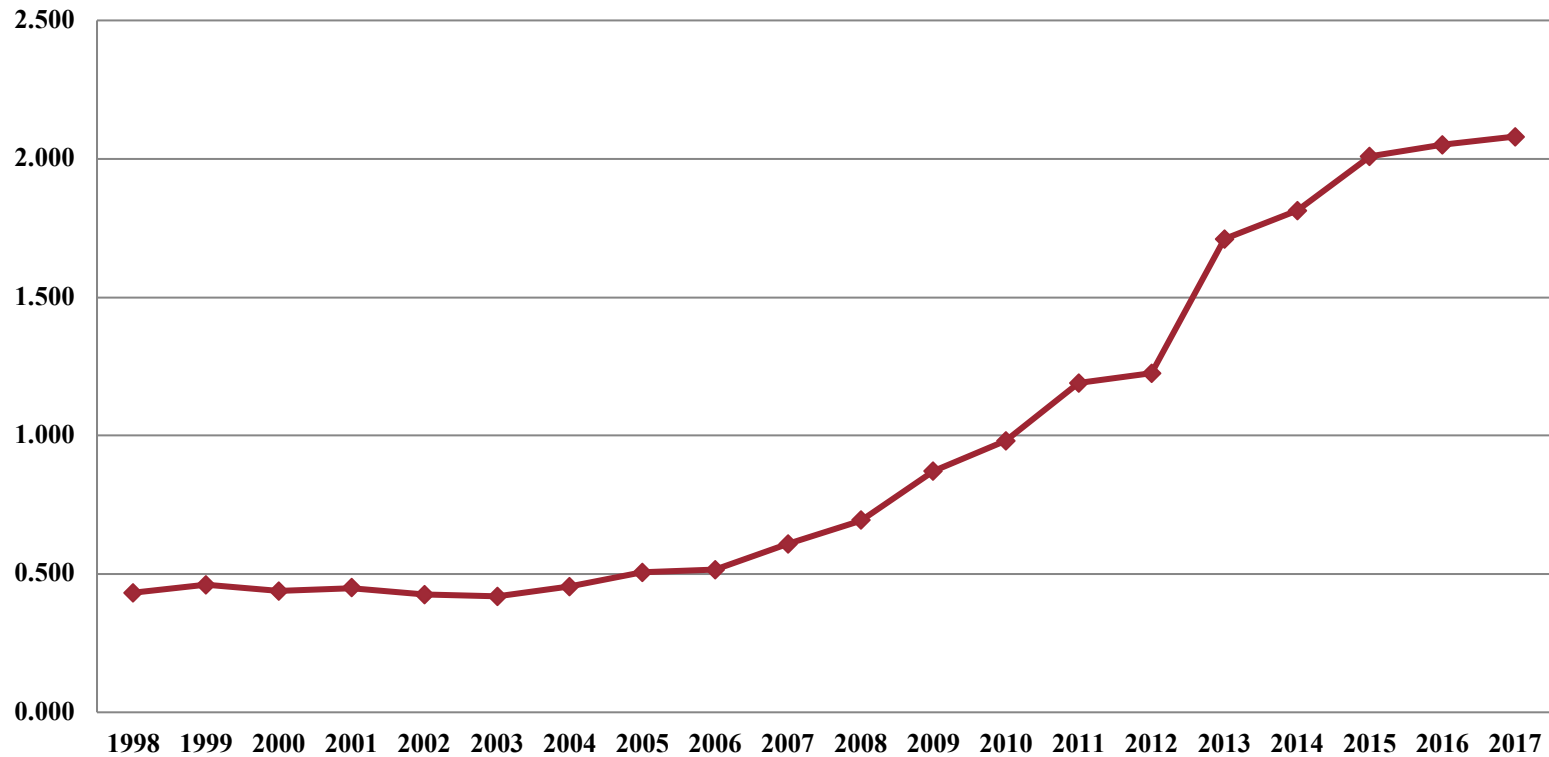
Employee Efficiency



Source: Annual Report of ICBWCS for
Various Years

RESULTS AND DISCUSSION

Branch Efficiency



RESULTS AND DISCUSSION

- The number of employees of the society shows an increase of 38 percent during the period of 1998 to 2017 whereas the salary expense shows an increase of 727 percent increase during the same period.
- It is interesting to observe that diversification policies of the society yield good results.

RESULTS AND DISCUSSION

- Average capital employed turnover ratio (5.16) of the society ensures the support of both the members and creditors.
- Other funds and deposits of the society show a 12.67 percent growth for the period.
- These two aspects, uninterrupted supply of working capital and benefits of financial leverage recommend establishment of new units with confidence.

CONCLUSION

Indian Coffee House is a unique and successful caterer in terms of earnings, service and cooperation. It is established that the value adding capacity of the society is one of the important factor that contribute towards the success of the society. Individual units and employees performance are important determinants of the success of the society.

SUGGESTIONS

- The favourable trend in the Unit Average sales turnover recommends the establishment of more units in the State.
- Like other cooperatives, ICBWCS may provide professional training and management development programme to the members and branch managers. This will bring specialisation and would ensure long term sustenance of the ICBWCS.

Thank You