A STUDY ON THE FINANCIAL PERFORMANCE ANALYSIS IN NLC INDIA LIMITED

Submitted in partial fulfillment of the requirements for the award of

BACHELOR OF COMMERCE

By

SURENDAR G

39740234

BACHELOR OF COMMERCE

SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A" by NAAC I 12B Status by UGC I Approved by AICTE

Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI – 600119

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work **of SURENDAR.G (39740234)** who has done the Project work entitled **A STUDY ON THE FINANCIAL PERFORMANCE ANALYSIS IN NLC INDIA LIMITED (NLC)** under my supervision from December 2021 to February 2022.

Dr. R. THAMILSELVAN

Internal Guide **External Guide**

Dr. BHUVANESHWARI G.

Dean, School of Management Studies

Submitted for Viva voice Examination held on ________________

Internal Examiner **External Examiner**

DECLARATION

I **SURENDAR G (39740234).** Hereby declare that the Project Report entitled **"A STUDY ON THE FINANCIAL PERFORMANCE ANALYSIS IN NEYVELI LIGNITE CORPORATION LIMITED (NLC)"** done by me under the guidance of Dr. THAMILSELVAN .R, M.Com, M.B.A, MPhil, B.Ed., Ph.D., Associate Professor, Department of Management Studies is submitted in partial fulfillment of the requirementsfor the award of Bachelor of Commerce degree.

DATE:

PLACE: CHENNAI **SURENDAR.G**

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SURENDAR G

TABLE OF CONTENTS

ABSTRACT

In this project we are looking at the Financial Performance Analysis in a core sector industry. Balance sheet review of the last five years along with the changes in the component wise analysis of Current Asset and Current Liabilities to identify the causes of changes, with trend analysis and comparative Balance sheet for a term of five years covering a case study of a company to establish” The story of revival of a sick company”. In the words of Myers, “Financial Performance Analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statements and a study of the trends of these factors as shown in a series of statements.” The purpose of financial analysis is to diagnose the information content in financial statements so as to judge the profitability and financial soundness of the firm. In this project we will perform the financial analysis of Coal India Limited we will go through the financial statements of the company to diagnose financial soundness.

LIST OF TABLE

LIST OF FIGURES

CHAPTER 1

1.1 INTRODUCTION

- Financial performance analysis is the process of reviewing and analyzing a company's financial statements to make better economic decisions.
- Myers defines "Financial statement analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statements, and a study of the trend of these factors as shown in a series of statements".
- Financial performance analysis is a process involving specific techniques for evaluating risks, performance, financial health and future prospectus of an organization. One of the widely used tools for financial analysis is ratio.
- The financial performance of the company is measured by analyzing the financial statement. These also help predict the future, show weakness, strengths. The ratios usually are compared to other companies within the industry average to see where the company stands.
- Financial statement refers to formal and original statement prepared by a business concern to disclose to its financial statements so as to judge the profitability, financial soundness of the firm and chalk out the way to improve existing performance.
- Financial statement is an official document of the firm, which explores the entire financial information the firm.

1.2 COMPANY PROFILE

Neyveli Lignite Corporation (NLC) mines lignite coal in India and generates power from that coal. The company operates three mines, located near the southern Indian city of Chennai, producing 24 million tons of coal per year. NLC also generates about 2,500 MW of power per year from three stations. The power goes to the nearby states of Andhra Pradesh, Karnataka, Kerela, Tamil Nadu, and Pondicherry. The company also provides consulting services in mine planning and construction and the renovation and life extension of old power stations. Neyveli Lignite was founded in 1956 and is owned by the Indian government.

NLC India Limited formerly Neyveli Lignite Corporation Limited (NLC) was incorporated on 14th November of the year 1956 as a private limited company under the house of Government of India (GOI). The Company is engaged in business of mining of lignite and generation of power by using lignite as well as Renewable Energy Sources. It went to public in 7th March of the year 1986. NLC is having three lignite mines of total capacity of 30.60 million tonnes per annum at Neyveli Tamil Nadu and one open cast lignite Mine of capacity 2.1 million tonnes per Annum at Barsingsar Rajasthan. During the year 2018-19 the total lignite production of 242.49 lakh tones has been achieved.In the year 1986 a supplementary feasibility report for first mine expansion and a report on setting up a Power Station of 2 x 210 MW were submitted to the Government of India. The Company along with Engineers India Ltd had entered into a contract with Gujarat Mineral Development Corporation for monitoring expansion of Panandhro mine including construction supervision Cost monitoring inspection and approval of drawing etc. The 400 KV transmission system viz. 400 KV line between Neyveli-Chennai 400 KV line between Neyveli-Pondicherry along with the switching stations/ sub-stations were commissioned in the year 1987. In the year 1988 an agreement was entered into with ICB of India for the preparations of the techno feasibility report for revamping the urea plant in consultation with the original supplier viz. Technimont Italy.

Four electro static precipitators were erected and commissioned in thermal power station-I during the year of 1990. In the same year of 1990 the 170 Km. long Neyveli-Salem second circuit 400 KV line was commissioned and also the second 315 MVA transformers at Udamalpet sub-station was also commissioned. During the year 1993 a contract was signed with M/s. PDIL Sindri for installation & Commissioning of an efficient treatment plant for the fertilizer factory. Two Electro Static precipitators of the company were commissioned in Boiler-4 and 7A in the period of 1995. During the year 1996 the company had received a sanction for the addition of 2 units of 210 MW each in thermal power station-I and also in identical year Bucket wheel excavator was released for rejuvenation works. The Corporation had take up a sizeable equity stake in the 250 MW lignite-based power project in the year 1998 being established at Srimushnam in the state by Tamil Nadu Industries Captive Power Company Ltd (Ticapco) a subsidiary of BSES Ltd. NLC had entered into an agreement with ST-CMS an US power generating private company in the year 1999 to set up a 250 mw thermal power station here and to supply lignite.

In the year 2000 the company had transferred its Power Transmission System to Power Grid Corporation of India Ltd. Power Finance Corporation (PFC) has committed to extending a loan of Rs 1000 crore to the Neyveli Lignite Corporation (NLC) for its Mine-II and TPS-II expansion project in the year 2001. During the year 2002 NLC had signed a MoU with Rajasthan government to set-up a lignite-based thermal power station at Barsinger in Bikaner district and also in the same year the company had unveiled two new units (the first 210-MW unit of TPS-1 and the fourth overburden system of Mine-1A project). The Company had entered into MOU with Tamil Nadu Electricity Board for setting up of 100 MW Thermal Power Station in the year 2003 at Tuticorin in Tamil Nadu. During the year 2004 NLC bagged an ISO quality certification and made a tie up with the Oil & Natural Gas Corporation Ltd (ONGC). The company had entered into a MoU with Rural Electrification Corporation in the year 2005 for funds up to Rs 2500 crore and also in the same year made a Joint Venture agreement with Tamil Nadu Electricity Board. During August of the year 2006 the Corporation had signed a MOU with the Government of Gujarat for establishing an integrated Lignite Mine of 8 million tones per annum linked to power project of 1000 Mega Watt in South Gujarat in First phase to be enhanced to 1500 Mega Watt in second phase with linked mine capacity of 12 million tones per annum at a cost of Rs.7500 crores. As at July 2007 the company had entered into a joint venture agreement (JVA) with Mahanadhi Coal Fields a subsidiary of Coal India and Hindalco Industries for developing and mining Talabira II & III coal blocks.On 15 May 2008 Neyveli Lignite Corporation informed the stock exchanges that the Government of India has accorded approval for development of 1000 MW coal based Thermal Power Project (2 X 500 MW) at Tuticorin Tuticorin District Tamilnadu State at a capital cost of Rs 4909.54 crores through the Joint Venture Company named 'NLC Tamilnadu Power Ltd' formed jointly by Neyveli Lignite Corporation Ltd (NLC) and Tamilnadu Electricity Board (TNEB).

1.3 STATEMENT OF THE PROBLEM

- In a competitive world, it's important to win the race. So, for the business financial performance and analysis is key factor and guideline to win the race.
- The result of financial analysis and performance reflected as mirror in financial position and success of business.
- The goal of such analysis and performance is to determine the efficiency of operation of the firm.
- The financial statement only shows the process and activity done but financial analysis and performance shows depth efficiency of functions.
- Hence this study conducted an analysis to know about NLC and to identify the growth of the firm and to know how financial performance plays a vital role in growth of the firm.

1.4 SCOPE OF STUDY

- The study entitled "A study on the financial performance of NLC (INDIA) LIMITED" is to analyze the financial performance of NLC (INDIA) LIMITED for the last 5 years.
- The study is based on the financial position of the firm by using Ratio analysis, Trend analysis and Comparative statements.
- Financial statements help the management to analyze profit, solvency, liquidity and efficiency etc. this analysis will give the exact picture of the company.
- These studies will also help the management to take managerial decisions. These studies help the management to understand the new possibilities.

1.5 OBJECTIVES OF THE STUDY

- To analyze the liquidity position of the company.
- To identify the financial strength of the company.
- To offer suggestions to improve the company's performance.

1.6 LIMITATIONS OF THE STUDY

- The limitations of the study are as follows

1. The study is covered only to the past financial performance of company under taken for the study.
2. Some of the data has not given by the company due to maintenance of financial secrecy.
3. The period of the study is restricted to 5 years
4. So the study cannot be covered to all the areas.

The financial data cannot be estimated accurately for the future period due to the financial crisis. tive and analytical in nature; we made use of the trading center throughout most of the term. Students calculate and interpret financial data, build spreadsheet models, and make general conclusions about the financial health of a company and its intrinsic value.

CHAPTER 2

REVIEW OF LITERATURE

Many previous research studies have indicated the relations between working capital management, liquidity, profitability, risk and many more factors of acompany in different environments.

- Bhunia and Khan analyzed the efficiency of Indian steel company by the effective management of liquidity. Data has been taken from 230 steel companies from CMIE database, over the period of 2002 to 2010. It was concluded that liquidity and profitable position is good and satisfactory of the company.

- Dafule Study the relation between the efficiency of the working capital management and profitability using Pearson correlation analyses and take a sample size of 20 annual financial records of companies covering period 2004-2008. The conclusion of the study is that there is a negative linear correlation between working capital management indicators and profitability rates.

- Dong and Su examined the relationship between profitability, cash conversion cycle and its components for listed firms in Vietnam Stock market. The results showed that there was a strong negative relationship between profitability and the cash conversion cycle. The time period was short in compare with some of the previous studies about the relationship between Management of working capital and profits of the firm.

- Eljelly analyzed that liquidity management involves planning and controlling of current assets and current liabilities so that it can eliminate the risk of inability to meet short-term obligations and avoids much investment in these assets. Current ratio, regression analysis and correlation have been used to measure the result. The study found that the cash conversion cycle was of utmost important as a measure of liquidity than the current ratio that affects profitability. The size variable was found to have a major effect on profitability at the industry level. It was clear that there was an adverse relationship between profits of the firm and liquidity position indicators such as current ratio and cash gap in the Saudi sample examined.

- Kaushik Chakraborty checked the various studied done on management of working capital and its components. The studies related to working capital management as a whole would necessarily discuss the individual components of working capital and thus exclusive studies on individual factors of current assets and current liabilities were found to be very few. A deeper look into survey indicated that there were only a few studies available abroad and plentiful of studies in India. The survey also revealed that, though a few case studies on individual components automobile companies were present, there was no attempt in India to study the working capital management in any specific industry.
- Padach analyzed that management practices are expected to assist managers in identifying zones where they might require improvement in the financial performance of their operation. The results provided owner-managers with information relating to the basic financial management practices used by their peers and their peers attitudes toward the selected practices. The working capital requirements of an organization change over times as does its internal cash generation rate.

- Rafuse studied that suppliers were not interested in interest, rather they wanted their money. His more suggestions was that improvement of working capital by delaying payment to creditors was an inefficient and ultimately damaging practice, both to its practitioners and to the economy as a whole. He suggested that those seeking concentrated working capital reduction strategies should focus on stock reduction.

- Raheman and Naser examined the working capital management and profitability position of Pakistani firms. An example of 94 Pakistani firms recognized on Karachi Stock Exchange for a period of 6 years from 1999 â€“ 2004. The results indicated that there is an adverse relationship between variables of working capital management and profitability.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 COLLECTION OF DATA

- This study is based on the secondary data collected from NLC Annual Report, Balance Sheet, Financial Ratios and various other financial statements.

3.2 THEORETICAL REVIEW RATIO ANALYSIS

A ratio is a mathematical relationship between two items expressed in a quantitative form. Ratio can be defined as Relationship expressed kin quantitative terms between figures which have cause and effect relationship which are connected with each other in some manner or the other. Ratio analysis involves the process of computing determining and presenting the relationship of items or groups of items of financial statements.

CURRENT RATIO

The ratio of current assets to current liabilities is called current ratio. In order to measure the short-term liquidity or solvency of a concern, comparison of current assets and current liabilities is inevitable. Current ratio indicates the ability of a concern to meet its current obligations as and when they are due for payment.

Current ratio = Current assets / Current liabilities.

ABSOLUTE LIQUIDITY RATIO

This ratio also known as absolute liquidity ratio or super quick ratio. Its calculated when liquidity is highly restricted in terms of cash and cash equivalents.

Cash position ratio= cash and company balances + marketable securities/ current liabilities.

WORKING CAPITAL RATIO

A measure comparing the depletion of working capital to the generation of sales over a given period. This provides some useful information as to how effectively a company is using its working capital to generate sales.

Working capital ratio = Net sales / Working Capital

DEBTEQUITY RATIO

The debt-equity ratio is a measure of the relative contribution of the creditors and shareholders or owners in the capital employed in business. Simply stated, ratio of the total long term debt and equity capital in the business is called the debt-equity ratio.

Debt equity ratio = long term debt /shareholders fund

DEBT TO TOTAL CAPITAL RATIO

The debt-to-capital ratio is a measurement of a company's financial leverage. The debt-to-capital ratio is calculated by taking the company's interest-bearing debt, both short- and long-term liabilities and dividing it by the total capital. Total capital is all interest-bearing debt plus shareholders' equity, which may include items such as common stock, preferred stock, and minority interest.

Debt to total capital ratio = debt / share holder fund + debt.

DEBT TO TOTAL ASSET RATIO

Total-debt-to-total-assets is a measure of the company's assets that are financed by debt rather than equity. When calculated over a number of years, this leverage ratio shows how a company has grown and acquired its assets as a function of time. Investors use the ratio to evaluate whether the company has enough funds to meet its current debt obligations and to assess whether the company can pay a return on its investment.

Debt to total asset ratio = total debt / total asset.

PROPRIETARY RATIO

This ratio is also termed as capital ratio or net worth to total asset ratio. This is one of the variant of debt equity ratio. This shows the relationship between shareholders funds and total assets.

Proprietary ratio = Net worth / Total Assets.

DEBTORS TURNOVER RATIO

It represents how quickly the debtors are converted into cash. This ratio is used to measure the firms liquidity position. This ratio establishes the relationship between receivables and credit sales.

Debtors turnover ratio = Net sales / Average debtors.

FIXED ASSET RATIO

Fixed Assets ratio is a type of solvency ratio long-term solvency which is found by dividing total fixed assets (net) of a company with its long-term funds. It shows the amount of fixed assets being financed by each unit of long-term funds. It helps to determine the capacity of a company to discharge its obligations towards long-term lenders indicating its financial strength and ensuring its long-term survival.

Fixed asset ratio = fixed asset / long term fund.

FIXED ASSET NET WORTH RATIO

Fixed assets to net worth is a ratio measuring the solvency of a company. This ratio indicates the extent to which the owners' cash is frozen in the form of fixed assets, such as property, plant, and equipment, and the extent to which funds are available for the company's operations.

Fixed asset net worth ratio = fixed asset / share capital fund.

3.3 TREND PERCENTAGE ANALYSIS

The next important tools of analysis are trend percentage which plays significant role in analyzing the financial stature of the enterprise through base years performance ratio computation. This not only reveals the trend movement of the financial performance of the enterprise but also highlights the strengths and weaknesses of the enterprise The following ratio is being used to compute the trend percentage.

Current year = ---------------X 100 Base year

This trend ratio is being computed for every component for many numbers of years which not only facilitates comparison but also guides the firm to understand the trend path of the firm.

3.4 COMPARETIVE BALANCE SHEET:

The comparative balance sheet analysis is the study of the trend of the same items, group of items and computed items in two or more balance sheet of the same business enterprise on different dates. The changes in periodic balance sheet items reflect the conduct of a business. The changes can be observed by comparison of the conduct of a business the changes can be observed by comparison of the balance sheet at the beginning at the end of period and these changes can help in forming an opinion about the progress of an enterprise. Procedure of Comparative Balance Sheet: The Comparative balance sheet has two columns for the data of original balance sheet. Third column is used to show increases in figures. The Fourth column is use to give percentages of increase or decrease. Uses of comparative balance sheet: Comparative statement helps to comparing the figures with those of the previous years event, it is possible to determine where expenses increased or decreased Comparative balance sheet helps to how to plan the following years event.

3.5 COMMON SIZE BALANCE SHEET:

A balance sheet in which the items are expressed as percentages of total assets or total liabilities. A common-size statement is most useful when one attempts to compare a company to similar companies of different size or when one is comparing year-to-year variations in capital structure in the same company. This type of financial statement can be used to allow for easy analysis between companies or between time periods of a company.

3.6 RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of study how research is done scientifically. In this study the various steps that are generally adopted by the researcher in studying his research problem along with the logic behind them.

3.7 RESEARCH DESIGN

The proposed study is of DESCIRPTIVE IN NATURE. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible. A research design for a particular problem usually involves the consideration of the following factors.

3.8 SOURCE OF DATA

SECONDARY DATA

The Secondary have been collected from company annual report, journal, magazine, and website. Period of Study : 5 years from 2016-2017 to 2020-2021.

3.9 TOOLS USED FOR STUDY

The following are major tools used in analysis and interpretation

. • Ratio analysis

• Trend percentage analysis

. • Common size balance sheet statement.

• Comparative balance sheet statement.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

TABLE 4.1 CALCULATION OF CURRENT RATIO (RS.in.Cr)

5 YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
2016-2017	8714.88	2121.16	4.11
2017-2018	10142.28	2726.51	3.71
2018-2019	9038.19	2422.76	3.73
2019-2020	10559.64	2536.17	4.17
2020-2021	10024.14	2450.28	4.09

Sources: company's annual report 2016-2017 to 2020-201

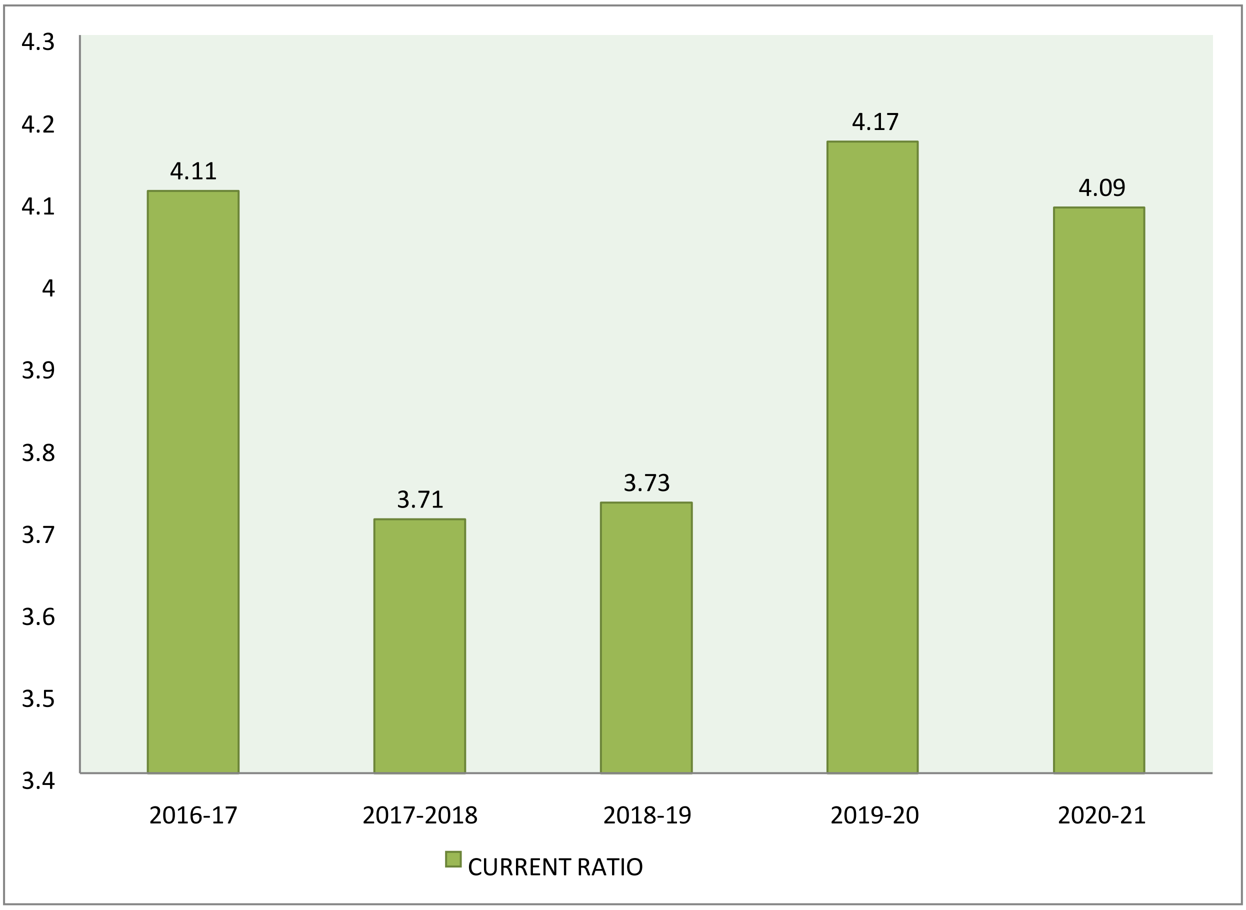

FIG 4.1 SHOWING THE TRENDS IN CURRENT RATIOS IN THE FIVE YEAR PERIOD

INTERPRETATION

The current ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.

TABLE 4.2 CALCULATION OF ABSOLUTE LIQUIDITY RATIO (RS.in Cr)

YEAR	CASH AND CASH EQUIVALENT	CURRENT LIABILITY	ABSOLUTE LIQUID RATIO
2016-2017	473.70	2121.16	0.22
2017-2018	308.67	2726.51	0.12
2018-2019	317.89	2422.76	0.13
2019-2020	373.27	2536.17	0.14
2020-2021	617.40	2450.28	0.25

Sources: company's annual report 2016-2017 to 2020-201

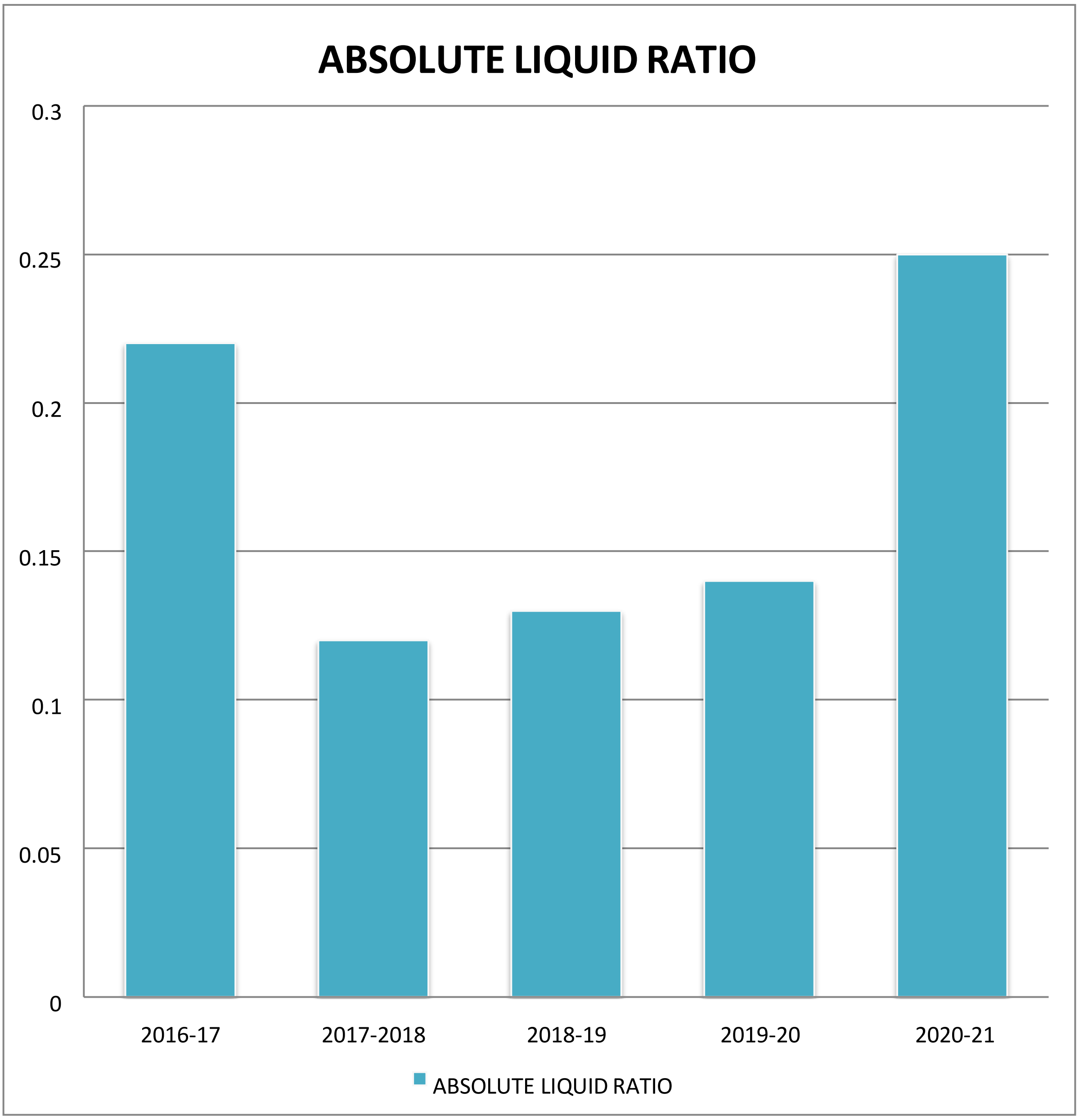

FIG 4.2 DEPICTING THE ABSOLUTE LIQUID RATIOS OF NLC FROM 2016 –2021

INTERPRETATION

The absolute liquid ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.

TABLE 4.3 CALCULATION OF WORKING CAPITAL TURN OVER RATIO (Rs.in Cr)

YEAR	WORKING CAPITAL	SALES	RATIO
2016-2017	1528.57	8496.20	5.55
2017-2018	1386.64	8652.59	6.23
2018-2019	1577.89	7145.92	4.52
2019-2020	1678.99	7916.30	4.71
2020-2021	1743.57	7249.63	4.15

Sources: company’s annual report 2016-2017 to 2020-201

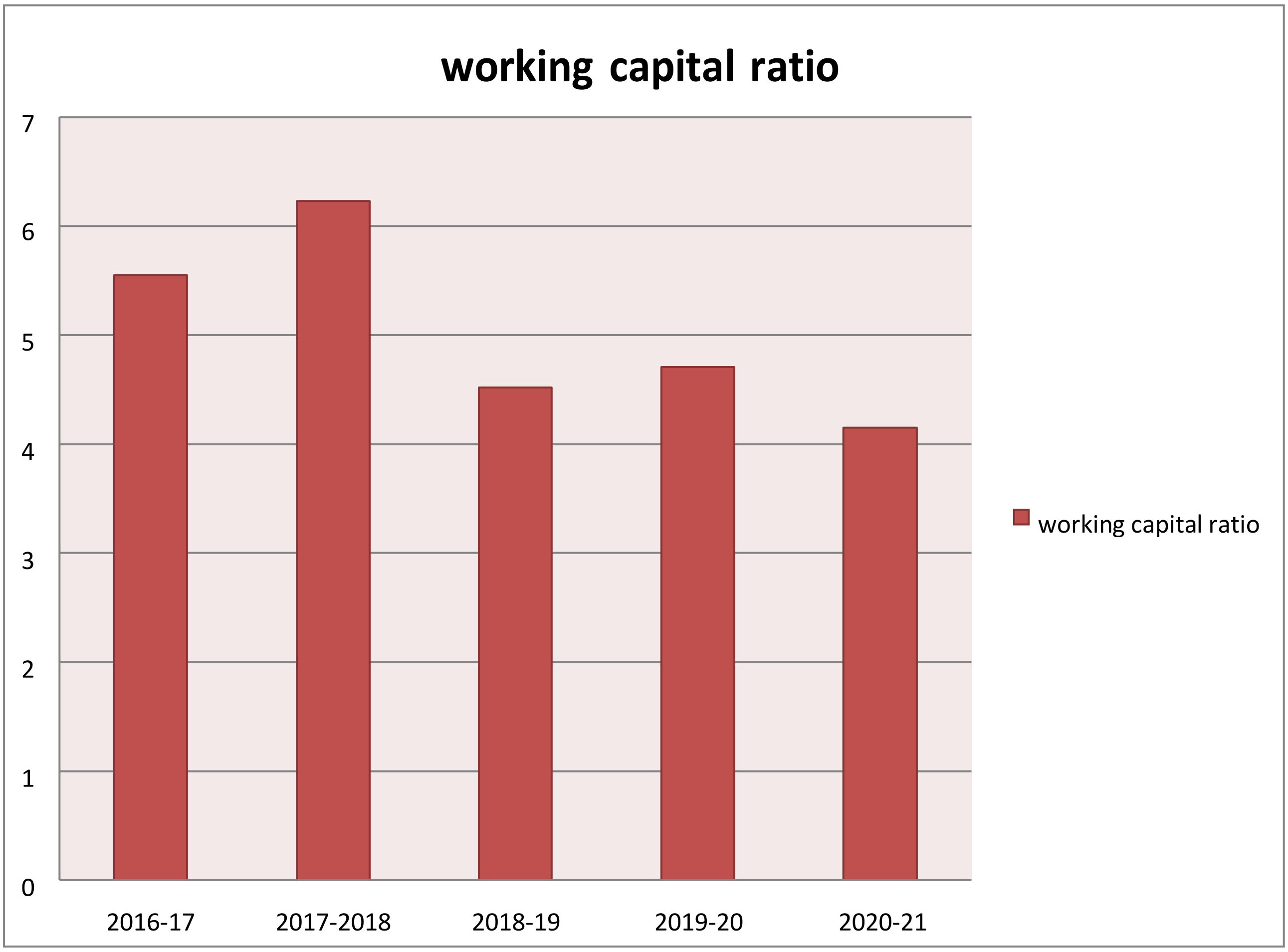

TABLE 4.3 SHOWING THE TRENDS IN THE WORKING CAPITAL OF THE COMPANY FOR THE GIVEN 5 YEARS

INTERPRETATION

The working capital ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.

TABLE 4.4 CALCULATION OF GROSS PROFIT RATIO (Rs.in Cr)

YEAR	GROSS PROFIT	SALES	RATIO
2016-2017	2837.07	8496.20	33.39
2017-2018	3501.82	8652.59	40.47
2018-2019	2881.59	7145.92	40.32
2019-2020	3162.98	7916.30	39.95
2020-2021	2957.81	7249.63	40.79

Sources: company’s annual report 2016-2017 to 2020-201

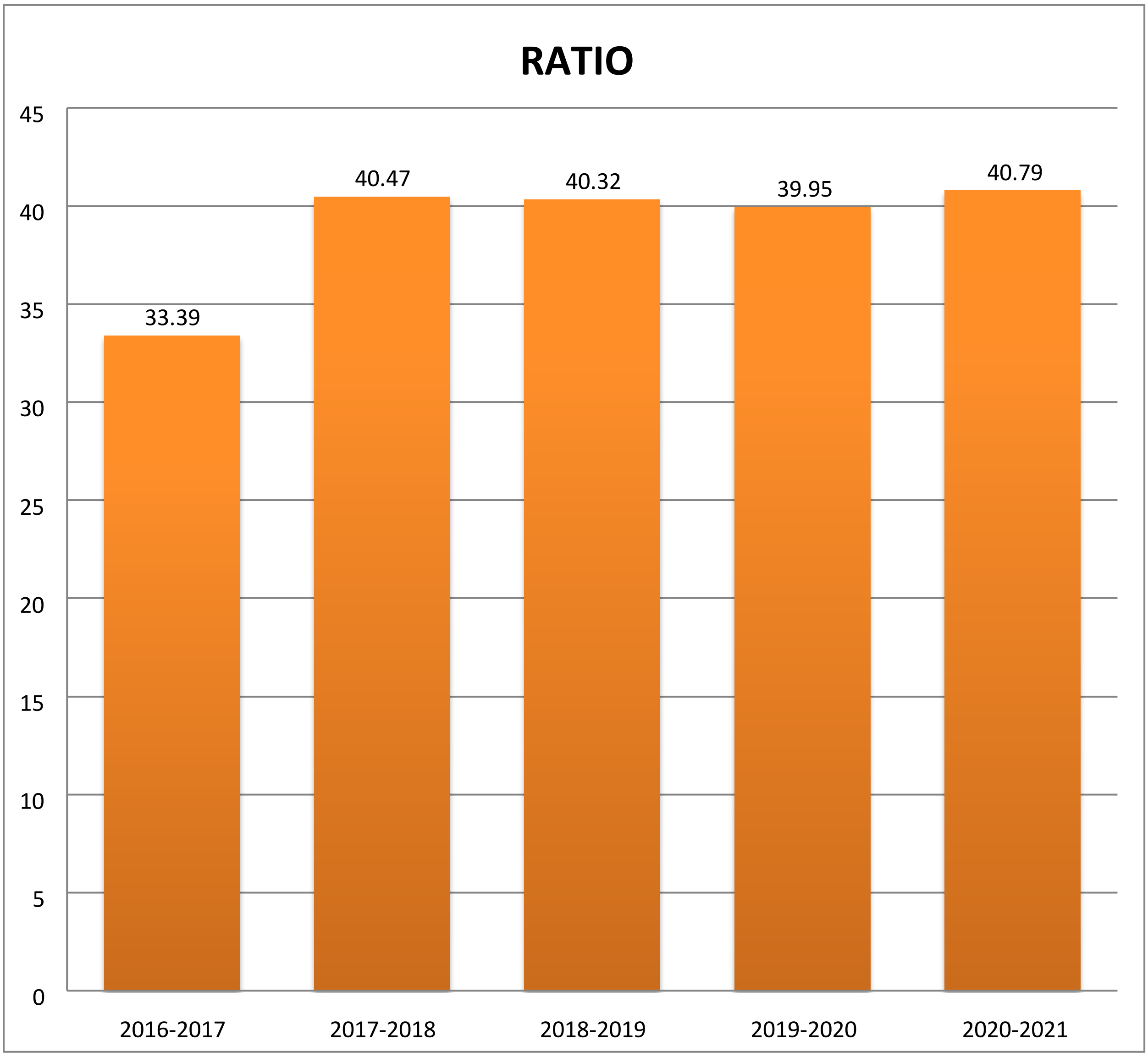

FIG 4.4 SHOWING THE TREND CHANGES IN THE GROSS PROFIT RATIO OF THE COMPANY

INTERPRETATION

The gross profit ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.

TABLE 4.5 CALCULATION OF NET PROFIT RATIO (Rs.in Cr)

YEAR	NET PROFIT	SALES	RATIO
2016-2017	2368.31	8496.20	33.39
2017-2018	1848.78	8652.59	40.47
2018-2019	1266.97	7145.92	40.32
2019-2020	1413.85	7916.30	39.95
2020-2021	1041.79	7249.63	40.79

Sources: company's annual report 2016-2017 to 2020-201

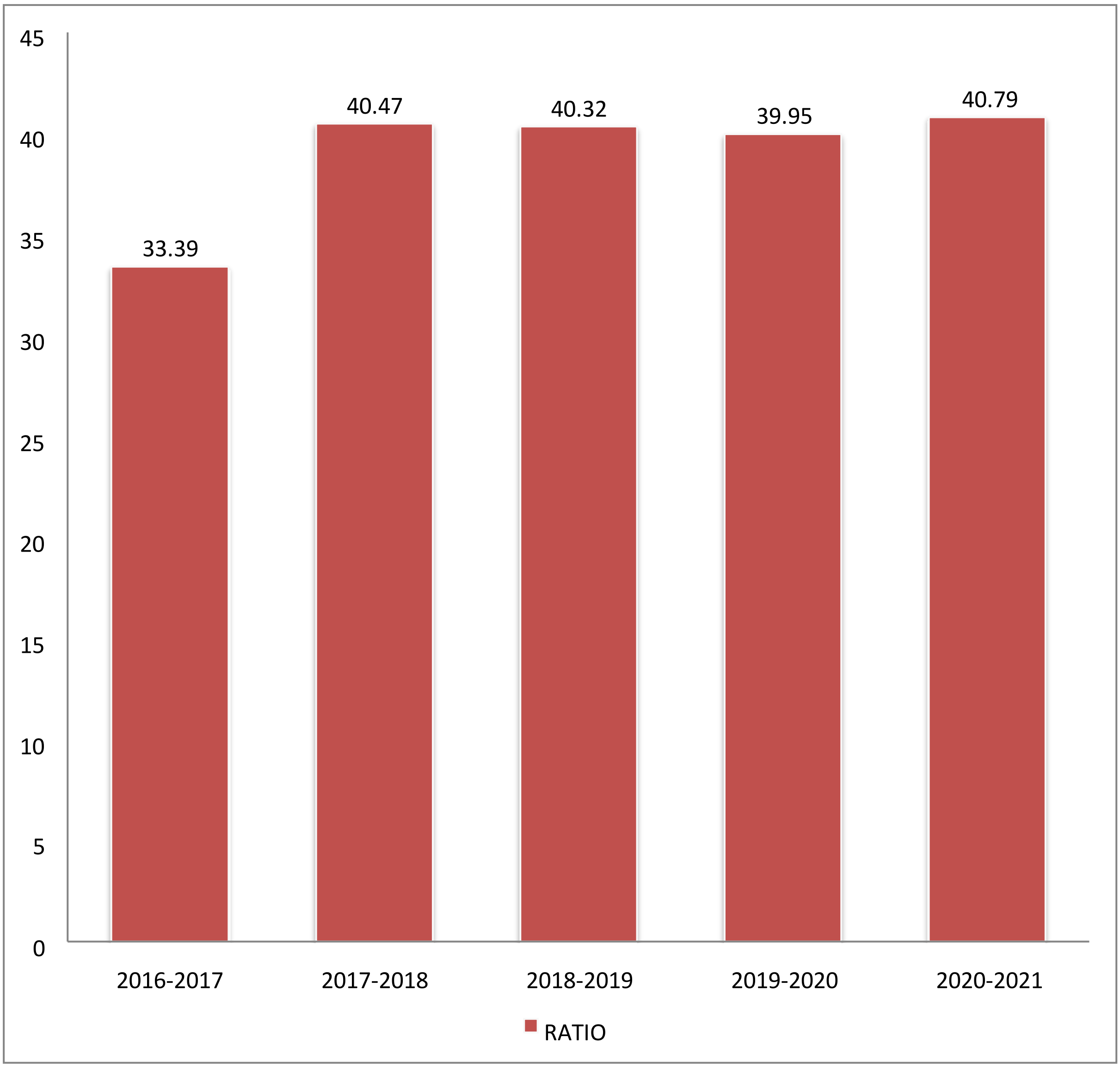

FIG 4.5 SHOWING THE TRENDS IN THE NET PROFIT OF THE COMPANY FOR THE ALLOTED 5 YEARS

INTERPRETATION

The net profit ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.

TABLE 4.6 CALCULATION OF OPERATING PROFIT RATIO (Rs.in Cr)

YEAR	OPERATING PROFIT	SALES	RATIO
2016-2017	3006.13	8496.20	35.38
2017-2018	3706.80	8652.59	42.84
2018-2019	3376.68	7145.92	47.52
2019-2020	3983.36	7916.30	50.31
2020-2021	3938.44	7249.63	54.32

Sources: company's annual report 2016-2017 to 2020-201

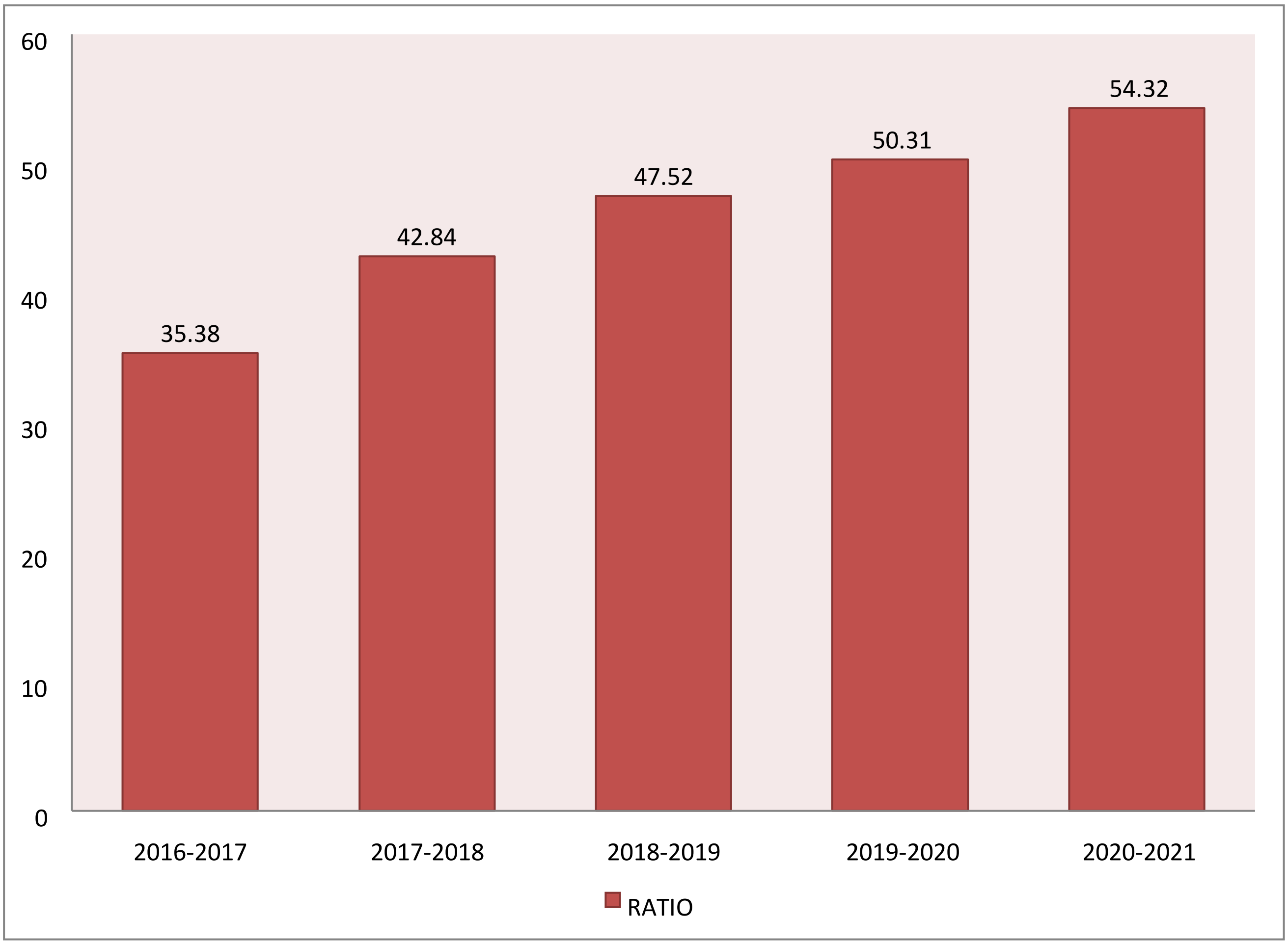

FIG 4.6 SHOWING TRENDS OF THE OPERATING PROFIT OF THE COMPANY

INTERPRETATION

The operating ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.

TABLE 4.7 CALCULATION OF DEBT EQUITY RATIO (Rs.in Cr)

YEAR	LONG TERM DEBT	SHARE HOLDERS FUNDS	RATIO
2016-2017	6959.16	12198.62	0.57
2017-2018	8719.81	13334.58	0.65
2018-2019	13166.31	12511.33	1.05
2019-2020	16783.77	12639.51	1.32
2020-2021	14921.71	13574.68	1.09

Sources: company's annual report 2016-2017 to 2020-201

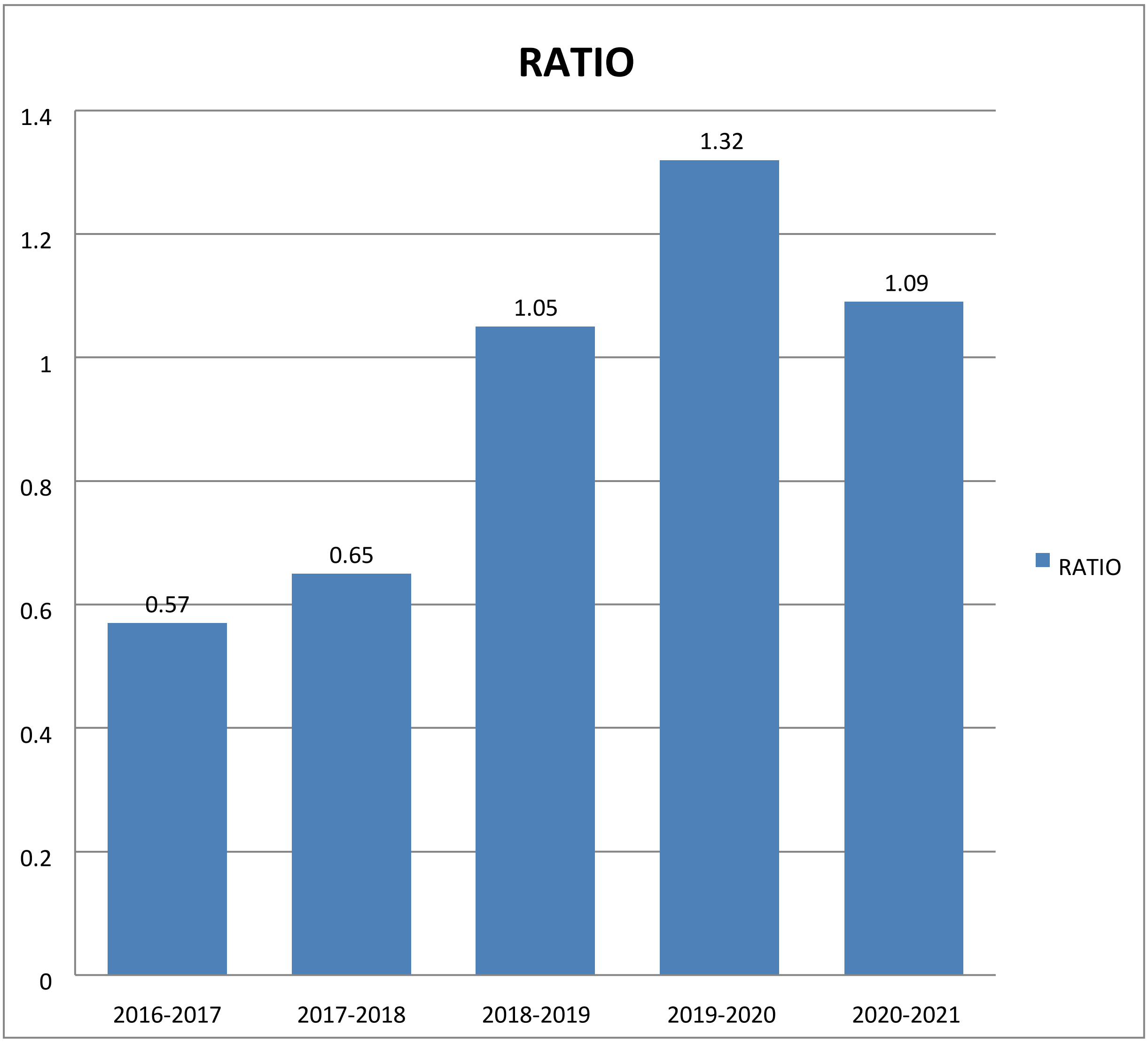

FIG 4.7 SHOWING THE CHANGES IN TRENDS OF THE NLC COMPANY'S DEBT EQUITY RATIO

INTERPRETATION

The debt equity ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.

TABLE 4.8 CALCULATION OF DEBT TO TOTAL ASSET RATIO (Rs.in Cr)

YEAR	TOTAL DEBT	TOTAL ASSET	RATIO
2016-2017	6959.16	21960.61	0.31
2017-2018	8719.81	25248.21	0.34
2018-2019	13166.31	27064.78	0.48
2019-2020	16783.77	31187.23	0.53
2020-2021	14921.71	30039.96	0.49

Sources: company's annual report 2016-2017 to 2020-201

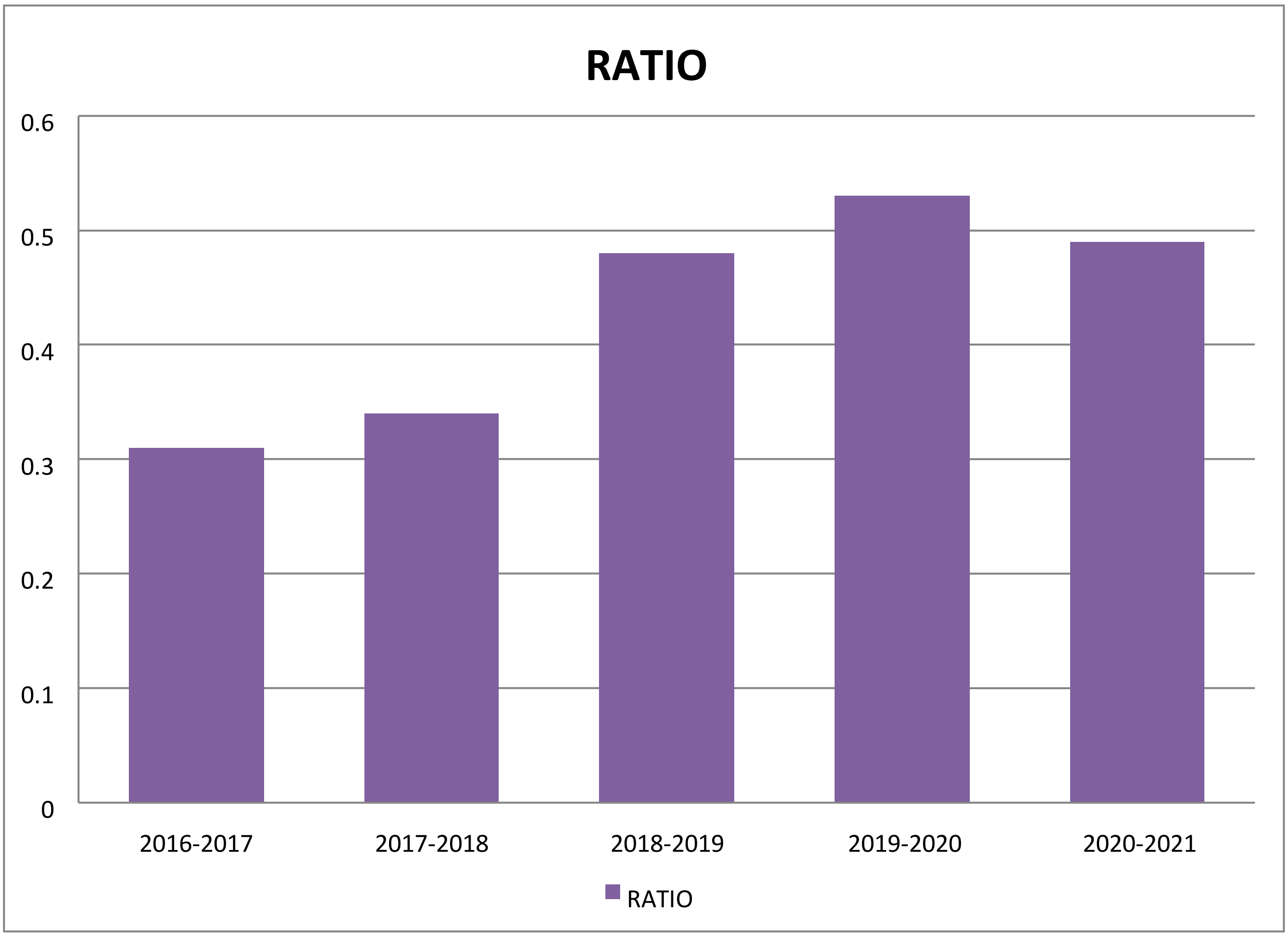

FIG 4.8 SHOWING THE TREND VALUES OF THE GIVEN RATIO OF THE COMPANY FOR THE TAKEN PERIOD OF FIVE YEARS

INTERPRETATION

The ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.

TABLE 4.9 CALCULATION OF PROPRIETARY RATIO (Rs.in Cr)

YEAR	NET WORTH	TOTAL ASSET	RATIO
2016-2017	12046.65	21960.61	0.54
2017-2018	13135.53	25248.21	0.52
2018-2019	12393.53	27064.78	0.45
2019-2020	12511.84	31187.23	0.40
2020-2021	13473.00	30039.96	0.44

Sources: company's annual report 2016-2017 to 2020-201

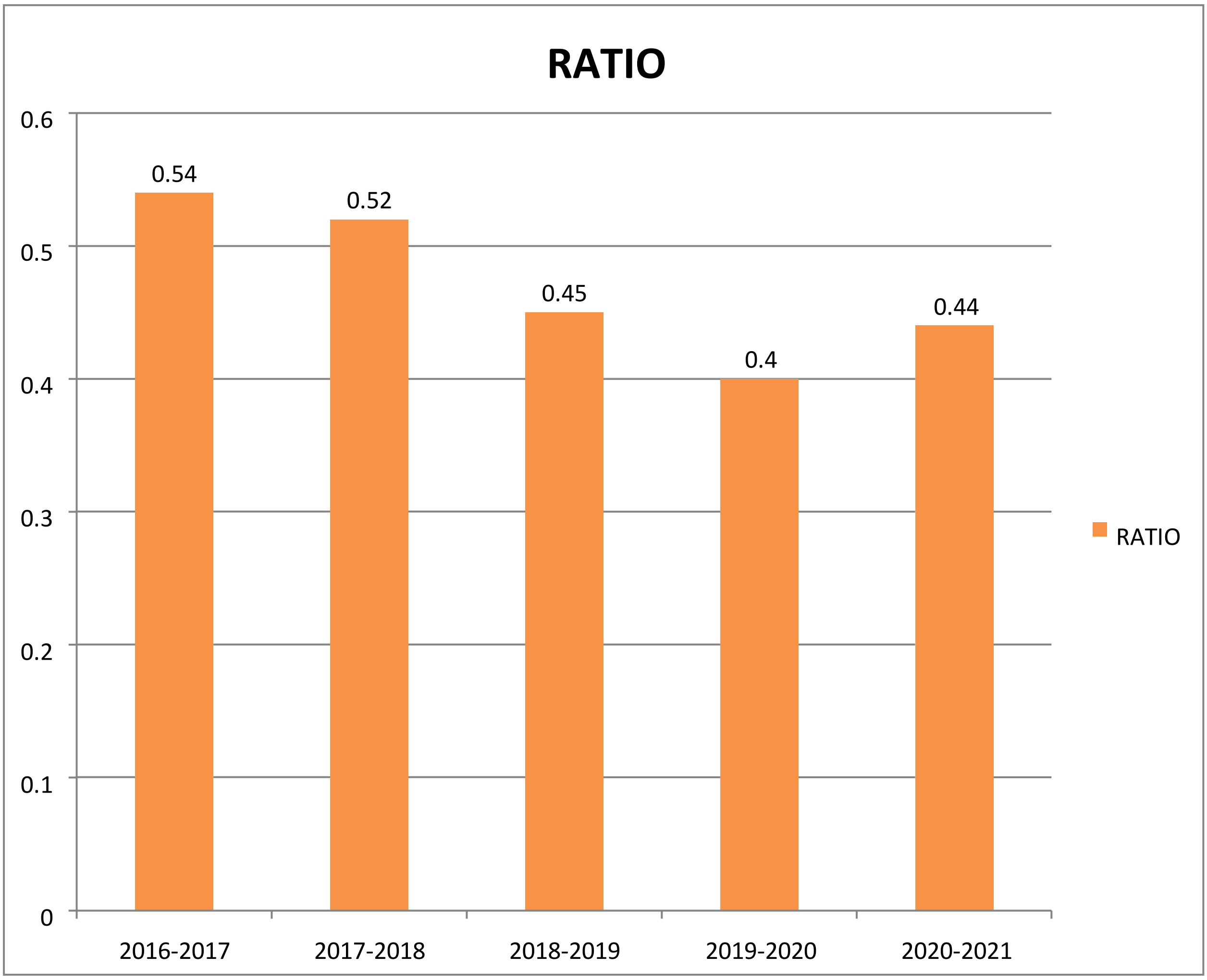

FIG 4.9 THE TRENDS IN THE VALUES HAVE BEEN SHOWN

INTERPRETATION

The proprietary ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.

TABLE 4.10 CALCULATION OF FIXED ASSET RATIO (Rs.in Cr)

YEAR	FIXED ASSET	LONG TERM FUND	RATIO
2016-2017	9625.03	12198.62	0.54
2017-2018	10574.11	13334.58	0.52
2018-2019	11684.43	12511.33	0.45
2019-2020	18308.16	12639.51	0.40
2020-2021	20781.20	13574.68	0.44

Sources: company's annual report 2016-2017 to 2020-201

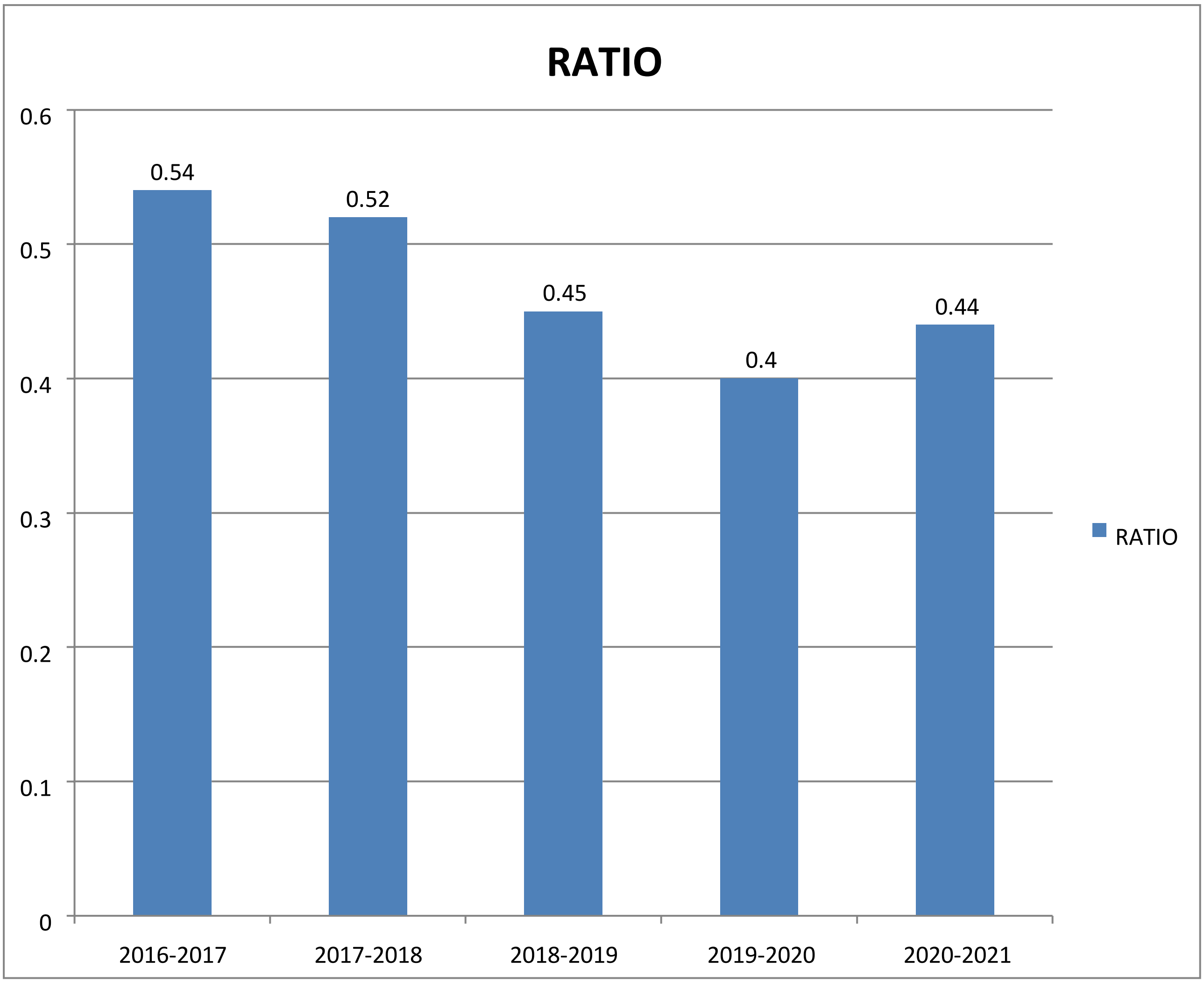

FIG 4.10 SHOWING THE TRENDS VALUES OF THE FIXED RATIO OF THE COMPANY FROM A PERIOD OF 2016-2021

INTERPRETATION

The fixed asset ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.

TABLE 4.11 CALCULATION OF DEBTORS TURNOVER RATIO (Rs.in Cr)

YEAR	NET SALES	AVERAGE DEBTORS	RATIO
2016-2017	8496.20	3750.09	2.26
2017-2018	8652.59	3366.15	2.57
2018-2019	7145.92	4606.19	1.55
2019-2020	7916.30	6691.83	1.18
2020-2021	7249.63	5611.18	1.29

Sources: company's annual report 2016-2017 to 2020-201

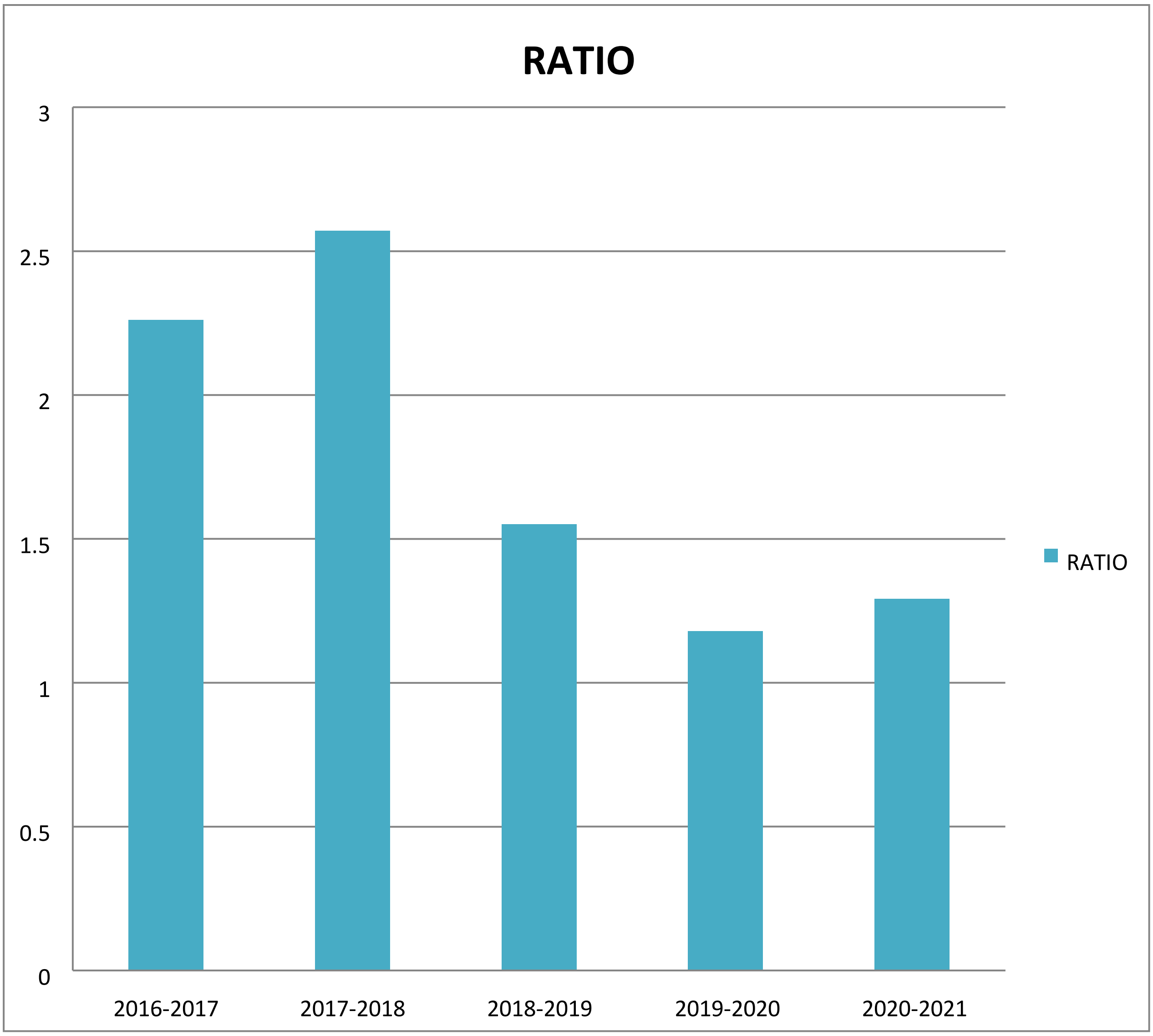

FIGURE 4.11 SHOWING THE TREND VALUES OF THE DEBTORS TURNOVER RATIO OF THE COMPANY

INTERPRETATION

The debtor turnover ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.

CHAPTER 5

FINDINGS,SUGGESTION AND CONCLUSION

5.1 FINDINGS

- The current ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.
- The absolute liquid ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.
- The working capital ratios have been plotted into a chart and Trend line has been given. The trend shows an ***decreasing trend*** in the coming years to be expected.
- The gross profit ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.
- The net profit ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.
- The debt equity ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.
- The operating ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected.
- The ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.
- The proprietary ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.

- The fixed asset ratios have been plotted into a chart and Trend line has been given. The trend shows a ***decreasing trend*** in the coming years to be expected.
- The debtor turnover ratios have been plotted into a chart and Trend line has been given. The trend shows an ***Increasing trend*** in the coming years to be expected

5.2 SUGGESTIONS

1. Company may look into the measures how to reduce the loans and Loans and Advances in the coming periods.

2. Company may look into maintain the current assets and current liabilities. Current liabilities may reduce coming periods.

3. It is suggested to the company can strongly focus on cost reduction strategy that will make a company more profitability.

4. The company has a bright future if it concentrates more on its working capital short term, investments, thus achieving the overall objectives of the company.

5. Thus it is essential to avoid excessive liquidity but to maintain sufficient liquidity to ensure smooth running of the company operation.

6. The company has better liquidity position and has to maintain same in the future.

7. In the comparative statement of Domain2Host for the year 2019 and 2020 the current assets of the year 2020 has been decreased to a great extent. And that the company has decrease its liabilities and increase it asset to have a good liquidity position.

8. In all the 4 years the has sold its fixed asset and reduced its reserves to pay its bills and that care to be taken so that the company should have a fixed amount as reserve for future.

9. In the current ratio of even though the current assets are twice as current liabilities there is a fluctuation in the current ratio. The company should take proper steps to make the ratio in a constant term.

10. In the debt ratio, a lower the percentage means that a company is using less leverage and has a stronger equity position. In the year 2020 the ratio is higher (9.67%) which means that the company is having a higher leverage.

5.3 CONCLUSION

The efficient and smooth functioning of all the activities of the company depends upon the financial performance of the company. The financial performance analysis thus is a forward-looking exercise as it is helpful in future financial planning decision making. It determine to analysis forecasting future financial position. Through financial statement analysis, the present position and operating efficiency of the firm as a whole and its different departments can be identified. Further, the reasons for change in the profitability financial position of the firm can be found and necessary measures can be taken. Financial performance can improve the financial strength of company. The company liquidity position has to increase and it will solve future problem. The company is maintaining the reserves and surplus better so it can face financial stress in the future. To proper maintain of financial performance to achieve the company goal. By analysing the financial performance of the company of the Company it is inferred that the company financial position is found to be good. The ratios of the company are satisfactory. The profitability of the company is satisfactory but does not show a higher change in the profit when compared with the previous years. The company has increasing liabilities over years. The company has also raised its investments and reserves for future purpose. This clearly shows that the company is in the developing nature and their position in the society is satisfactory.

REFERENCE

- Bhunia and Khan analyzed the efficiency of Indian steel company by the effective management of liquidity. Data has been taken from 230 steel companies from CMIE database, over the period of 2002 to 2010. It was concluded that liquidity and profitable position is good and satisfactory of the company.

- Dafule Study the relation between the efficiency of the working capital management and profitability using Pearson correlation analyses and take a sample size of 20 annual financial records of companies covering period 2004-2008. The conclusion of the study is that there is a negative linear correlation between working capital management indicators and profitability rates.

- Dong and Su examined the relationship between profitability, cash conversion cycle and its components for listed firms in Vietnam Stock market. The results showed that there was a strong negative relationship between profitability and the cash conversion cycle. The time period was short in compare with some of the previous studies about the relationship between Management of working capital and profits of the firm.

- Eljelly analyzed that liquidity management involves planning and controlling of current assets and current liabilities so that it can eliminate the risk of inability to meet short-term obligations and avoids much investment in these assets. Current ratio, regression analysis and correlation have been used to measure the result. The study found that the cash conversion cycle was of utmost important as a measure of liquidity than the current ratio that affects profitability. The size variable was found to have a major effect on profitability at the industry level. It was clear that there was an adverse relationship between profits of the firm and liquidity position indicators such as current ratio and cash gap in the Saudi sample examined.

- Kaushik Chakraborty checked the various studied done on management of working capital and its components. The studies related to working capital management as a whole would necessarily discuss the individual components of working capital and thus exclusive studies on individual factors of current assets and current liabilities were found to be very few. A deeper look into survey indicated that there were only a few studies available abroad and plentiful of studies in India. The survey also revealed that, though a few case studies on individual components automobile companies were present, there was no attempt in India to study the working capital management in any specific industry.

- Padach analyzed that management practices are expected to assist managers in identifying zones where they might require improvement in the financial performance of their operation. The results provided owner-managers with information relating to the basic financial management practices used by their peers and their peers attitudes toward the selected practices. The working capital requirements of an organization change over times as does its internal cash generation rate.
- Rafuse studied that suppliers were not interested in interest, rather they wanted their money. His more suggestions was that improvement of working capital by delaying payment to creditors was an inefficient and ultimately damaging practice, both to its practitioners and to the economy as a whole. He suggested that those seeking concentrated working capital reduction strategies should focus on stock reduction.
- Raheman and Naser examined the working capital management and profitability position of Pakistani firms. An example of 94 Pakistani firms recognized on Karachi Stock Exchange for a period of 6 years from 1999 â€“ 2004. The results indicated that there is an adverse relationship between variables of working capital management and profitability.

NLC India
Balance Sheet

Particulars	Mar 2021(₹).Cr	Mar 2020(₹).Cr	Mar 2019(₹).Cr	Mar 2018(₹).Cr	Mar 2017(₹).Cr	Mar 2016(₹).Cr
SOURCES OF FUNDS :						
Share Capital	1386.64	1386.64	1386.64	1528.57	1528.57	1677.71
Reserves Total	12188.04	11252.87	11124.69	11806.01	10670.05	11247.79
Equity Share Warrants	0.00	0.00	0.00	0.00	0.00	0.00
Equity Application Money	0.00	0.00	0.00	0.00	0.00	0.00
Total Shareholders Funds	13574.68	12639.51	12511.33	13334.58	12198.62	12925.50
Secured Loans	9039.80	14628.56	11516.13	7213.80	6502.09	3034.61
Unsecured Loans	5881.91	2155.21	1650.18	1506.01	457.07	519.98
Service Line & Sec.Dep. from Cust.	0.00	0.00	0.00	0.00	0.00	0.00
Total Debt	14921.71	16783.77	13166.31	8719.81	6959.16	3554.59
Total Liabilities	28496.39	29423.28	25677.64	22054.39	19157.78	16480.09
APPLICATION OF FUNDS :						
Gross Block	25802.86	22110.73	14527.74	12668.88	10860.84	10291.12
Less: Accumulated Depreciation	5021.66	3802.57	2843.31	2094.77	1235.81	636.89
Less:Impairment of Assets	0.00	0.00	0.00	0.00	0.00	0.00
Net Block	20781.20	18308.16	11684.43	10574.11	9625.03	9654.23
Lease Adjustment	0.00	0.00	0.00	0.00	0.00	0.00
Capital Work in Progress	1121.39	4211.25	8853.44	7075.17	5114.65	2457.47
Investments	3621.99	3519.40	2823.58	2421.37	2421.37	1949.12
Current Assets, Loans & Advances						
Inventories	1437.88	1332.45	1469.16	1696.32	1819.36	1300.09
Sundry Debtors	5611.18	6691.83	4606.19	3366.15	3750.09	3010.88
Cash and Bank	617.40	373.27	317.16	278.65	473.70	3157.97
Loans and Advances	2357.68	2162.09	2645.68	4801.16	2671.73	1225.76
Total Current Assets	10024.14	10559.64	9038.19	10142.28	8714.88	8694.70
Less: Current Liabilities and Provisions						
Current Liabilities	2450.28	2536.17	2726.51	2422.10	2121.16	4566.50
Provisions	484.96	756.16	514.88	665.20	255.78	187.80
Total Current Liabilities	2935.24	3292.33	3241.39	3087.30	2376.94	4754.30
Net Current Assets	7088.90	7267.31	5796.80	7054.98	6337.94	3940.40
Miscellaneous Expenses not written off	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Assets	1389.43	771.03	159.41	78.12	418.74	171.72
Deferred Tax Liability	3962.95	2889.92	2252.88	1955.54	1957.12	1905.15
Net Deferred Tax	-2573.52	-2118.89	-2093.47	-1877.42	-1538.38	-1733.43
Total Assets	30039.96	31187.23	27064.78	25248.21	21960.61	16267.79
Contingent Liabilities	7241.54	5656.09	5648.09	5254.74	4945.05	4290.49