

A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF COAL INDIA LIMITED

Submitted in partial fulfillment of the requirements for the award of
MASTER OF BUSINESS ADMINISTRATION

by

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**DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF MANAGEMENT STUDIES**

SATHYABAMA
**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade “A” by NAAC | 12B Status by UGC | Approved by AICTE
JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119**

April – 2021



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SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **HEMADARSHINI.J. P 39410066** who carried out the project entitled “**A Study on Financial Performance Analysis of Coal India Ltd**” under my supervision from January 2021 to March 2021.

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DECLARATION

I HEMADARSHINI J.P. 39410066 hereby declare that the Project Report entitled “**A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF COAL INDIA LIMITED**” done by me under the guidance of *Dr. THAMILSELVAN.R*, M.Com, MBA., M.Phil. B.Ed., Ph.D. and (External Guide) at **SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY**, CHENNAI is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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HEMADARSHINI J.P.

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.

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CHAPTER 1

1.1 INTRODUCTION TO THE STUDY

FINANCIAL PERFORMANCE ANALYSIS is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period.

Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business. The financial analyst program provides vital methodologies of financial analysis.

Financial statement analysis is the process of analyzing a company's financial statements for decision-making purposes. External stakeholders use it to understand the overall health of an organization as well as to evaluate financial performance and business value.

For internal users such as managers, the financial statements offer all the information necessary to plan, evaluate, and control operations. External users, such as investors and creditors, use the financial statements to gauge the future profitability and liquidity of a company.

OBJECTIVE OF FINANCIAL PERFORMANCE

"The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions." Financial statements should be understandable, relevant, reliable and comparable.

- To assess the earning capacity or profitability of the firm.
- To assess the operational efficiency and managerial effectiveness.
- To assess the short term as well as long term solvency position of the firm.
- To identify the reasons for change in profitability and financial position of the firm.

ADVANTAGES OF FINANCIAL PERFORMANCE

Review of cash flow: It shows the financial solvency and the ability of the company to pay liabilities to pay its liabilities. A review of cash flow helps us understand whether the business is operating under a cyclical revenue stream structure or consistent revenue model.

Review of liability: Financial statements presents the short- and long-term obligations of the business. If the owner wants to expand his business, Lenders look at the financial statements and determine the prospect of business on the basis of revenues, assets, and liabilities.

Review of inventory and its movement: The levels of opening and closing stock as a percentage of purchase and sales along with the changes and movements in the levels of stock throughout the year shows the ability and nature of goods of the business When the goods are slow-moving as compared to industry.

Identification of trends: The business owner should prepare and compare financial statements over various periods so as to identify the trend in business. This helps the business in knowing what products are selling well, what segments are growing well, and which segment of business needs further review and re-investment or complete exit at once.

LIMITATION OF FINANCIAL PERFORMANCE

1. ONLY INTERIM REPORTS

These statements do not give a final picture of the concern. The data given in these statements is only approximate. The actual position can only be determined when the business is sold or liquidated. However, the statements have to be prepared for different accounting periods, generally one year, during the life time of the concern. The existence of contingent assets and liabilities also makes the statements imprecise. So financial statements do not give the final picture and they are at the most interim reports.

2. DO NOT GIVE EXACT POSITION

The financial statements are expressed in monetary values, so they appear to give final and accurate position. The value of fixed assets in the balance sheet neither represents the value for which fixed assets can be sold nor the amount which will be required to replace these assets. The balance sheet is prepared on the presumption of a going concern.

3. HISTORICAL COSTS

The financial statements are prepared on the basis of historical costs or original costs. The value of assets decreases with the passage of time current price changes are not taken into account. The statements are not prepared keeping in view the present economic conditions.

4. IMPACT OF NON-MONETARY FACTORS IGNORED

There are certain factors which have a bearing on the financial position and operating results of the business but they do not become a part of these statements because they cannot be measured in monetary terms. The financial statements only show the

1.2 INDUSTRY PROFILE



COAL INDIA LIMITED

(A Govt. of India Undertaking)
(A Maharatna Company)

COAL INDIA LIMITED (CIL) is an Indian public sector coal mining and refining company headquartered in Kolkata, West Bengal, India. It is the largest coal-producing company in the world and a Maharatna public sector undertaking. The company contributes around 82% to the total coal production in India.

Coal India Limited (CIL) as an organized state-owned coal mining corporate came into being in November 1975 with the government taking over private coal mines. With a modest production of 79 Million Tonnes (Mt) at the year of its inception CIL today is the single largest coal producer in the world. Operating through 82 mining areas CIL is an apex body with 7 wholly owned coal producing subsidiaries and 1 mine planning and consultancy company spread over 8 provincial states of India.

CIL also fully owns a mining company in Mozambique christened as 'Coal India Africana Limited'. CIL also manages 200 other establishments like workshops, hospitals etc. Further, it also owns 26 technical & management training institutes and 102 Vocational Training Institutes Centres. Indian Institute of Coal Management (IICM) as a state-of-the-art Management Training 'Centre of Excellence' - the largest Corporate Training Institute in India - operates under CIL and conducts multi-disciplinary management development programmes.

CIL having fulfilled the financial and other prerequisites was granted the Maharatna recognition in April 2011. It is a privileged status conferred by Government of India to select state owned enterprises in order to empower them to expand their operations and emerge as global giants. So far, the select club has only seven members out of 290 Central Public Sector Enterprises in the country.

OBJECTIVES OF CIL

COAL INDIA LIMITED (CIL) is committed to promote sustainable development by protecting the environment through integrated project planning & design, prevention / mitigation of pollution, conservation of natural resources, restoration of ecology & biodiversity, recycling/ proper disposal of wastes, addressing climate.

Coal used for as one of the most affordable and abundant sources of energy in India, Coal is primarily used for the following: Power generation in Thermal Power Plants. Steel production with help of coking coal. Synthetic fuel by gasification and coal liquefaction.

Coal is primarily used as fuel to generate electric power in the United States. In coal-fired power plants, bituminous coal, subbituminous coal, or lignite is burned. The heat produced by the combustion of the coal is used to convert water into high-pressure steam, which drives a turbine, which produces electricity.

"Additionally, coal will continue to stoke up many non-power industries as well viz. cement, fertilizers, sponge iron, aluminum and a host of other industries. In India, coal accounts for around 55 per cent of the country's primary commercial energy.

"Renewables and coal have to co-exist for some time before renewable can significantly contribute to a larger share of India's energy basket. At some point of time in future this is bound to happen but till such time coal remains the dominant energy source in the country,"

FUTURE OF COAL INDIA

COAL INDIA Plans to Invest Over ₹56 Billion in 14 Solar Projects by March 2024. Coal India Limited (CIL) has announced that it would invest ₹56.50 billion (\$763 million) by March 2024 to develop 14 solar power projects to help power its mining operations, according to a report by Reuters.

CIL has seven fully owned Indian subsidiary companies

1. Eastern Coalfields Limited (ECL),
2. Bharat Coking Coal Limited (BCCL),
3. Central Coalfields Limited (CCL),
4. Western Coalfields Limited (WCL),
5. South Eastern Coalfields Limited (SECL),
6. Northern Coalfields Limited (NCL),
7. Mahanadi Coalfields Limited (MCL)

Coal India's top 7 competitors are

1. NLC,
2. Ashapura Group,
3. NTPC,
4. Power Grid,
5. Hindustan Zinc,
6. Tata Power and
7. LANCO Group.

1.3 COMPANY PROFILE



COAL INDIA LIMITED

Coal India Limited is an Indian state-controlled coal mining company headquartered in Kolkata, West Bengal, India and the largest coal-producing company in the world and a Maharatna company. The company contributes to around 82% of the coal production in India.

Coal India Limited (CIL) as an organized state-owned coal mining corporate came into being in November 1975 with the government taking over private coal mines. With a modest production of 79 Million Tones (Mt) at the year of its inception CIL today is the single largest coal producer in the world.

Operating through 82 mining areas CIL is an apex body with 7 wholly owned coal producing subsidiaries and 1 mine planning and consultancy company spread over 8 provincial states of India. CIL also fully owns a mining company in Mozambique christened as 'Coal India Africana Limited'.

CIL also manages 200 other establishments like workshops, hospitals etc. Further, it also owns 26 technical & management training institutes and 102 Vocational Training Institutes Centers.

MISSION

To produce and market the planned quantity of coal and coal products efficiently and economically in an eco-friendly manner with due regard to safety, conservation and quality.

VISION

To emerge as one of the global players in the primary energy sector committed to provide energy security to the country by attaining environmentally & socially sustainable growth through best practices from mine to market.

CORPORATE SOCIAL RESPONSIBILITY OF CIL

Coal India Ltd. (CIL) and its subsidiary companies are undertaking different developmental activities under Corporate Social Responsibility (CSR) following the latest DPE guidelines and provisions of the Companies Act, 2013. Coal India and subsidiaries collectively have utilised Rs. 194 Cr against budgetary provision of Rs 888.86 Crore in FY 2019-20, Company's annual report revealed.

The allocation of funds is done as per the CSR policy of CIL under which the higher of the two amounts – 2% of the average net profit for the three immediately preceding financial years OR Rs. 2.00 per tonne of coal production of the previous year (consolidated coal production of CIL in case of CIL (HQ)) is allocated for a particular financial year.

As per DPE guidelines dated 10.12.18, CSR expenditure on thematic programmes i.e. school education and healthcare have to be around 60% of the total CSR expenditure. CIL and its subsidiaries have collectively spent Rs. 278.29 crores on thematic programmes in FY 18-19 which is approx. 67% of the total CSR expenditure of the year.

Construction of 300 bedded hospital at Godda, Jharkhand by CIL has been approved. Construction of 500 bedded hospital and 100-seater medical college at Angul, Odisha by MCL is nearing completion, the company said.

PRODUCT AND SERVICES

COKING COAL

These coals, when heated in the absence of air, form coherent beads, free from volatiles, with strong and porous mass, called coke.

- ♣ These have coking properties mainly used in steel making and metallurgical industries
- ♣ Also used for hard coke manufacturing

SEMI COKING COAL

These coals, when heated in the absence of air, form coherent beads not strong enough to be directly fed into the blast furnace. Such coals are blended with coking coal in adequate proportion to make coke.

- ♣ These have comparatively less coking properties than coking coal
- ♣ Mainly used as blend-able coal in steel making, merchant coke manufacturing and other metallurgical industries

NLW COKING COAL

This coal is not used in metallurgical industries. Because of higher ash content, this coal is not acceptable for washing in washeries. This coal is used for power utilities and non-core sector consumers.

NON-COKING COAL

These are coals without coking properties.

- ♣ Mainly used as thermal grade coal for power generation
- ♣ Also used for cement, fertilizer, glass, ceramic, paper, chemical and brick manufacturing, and for other heating purposes.

ASHED AND BENEFICIATED COAL

These coals have undergone the process of coal washing or coal beneficiation, resulting in value addition of coal due to reduction in ash percentage.

1.4 NEED FOR STUDY

To study the Financial Statement Analysis and behavioral analysis of cost in a core sector industry. To study the Balance sheet review of the last five years along with the changes in the Working Capital and component wise analysis of Current Asset and Current Liabilities to identify the causes of changes,

“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 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.

1.5 STATEMENT OF PROBLEM

Industries are providing one of the most basic needs of people to maintain sustained growth for improving the standard of life. It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of the process. It is a major contribution to the country's economy. Business concerns are facing severe competition in the present world of a liberalized economy. The survival, growth and organizational success greatly depend on the efficient management of its finance. Company form of organization is followed in the economic development of a nation like India. Even though the industry is the biggest in the country and performing well, many textile mills are being closed every year due to one of the reasons is finance problem.

So, the present topic entitled," An evaluation of the financial performance analysis of the “**COAL INDIA LTD** ” has been undertaken to highlight the importance of efficient financial management of the company under study.

1.6 OBJECTIVES OF STUDY

PRIMARY OBJECTIVES:

- To Study and Ascertain Financial Performance of Coal India Limited

SECONDARY OBJECTIVES:

- To study the financial performance and efficiency of the Coal India Limited
- To examine the financial efficiency of the Coal India Limited

1.7 SCOPE OF STUDY

The ***Financial Statement*** is the depiction of companies' growth and establishing its available resources. The statements are prepared for a particular period. The financial statements by nature are summaries of items recorded in the business and these statements are prepared periodically. They are prepared for the purpose of presenting a periodical review of reports on progress by the management and deal with the status of investment in the business and the results achieved during the period under review.

1.8 LIMITATIONS OF STUDY

- After reviewing all sets of financial data as well as statistical information of the company an effort is taken to highlight the company's financial position along with sufficient comment to diagnose the financial health from time to time.
- It is drive with time constraint so overall review of the company from several direction cannot be viewed which can help the management to take concrete managerial decision.
- Further to note that the structure of the company is massive in nature with manpower of 4,26,000 with 465 mines scattered throughout whole of India varying geo-mining condition with a different cost structure, it is similar to any other industry to study the whole company in a single thrust.
- From my observation it is identified that the company had tremendous potential for its growth and expansion.
- Now the facing problem is land acquisition, so further expansion is restricted, so the company should think for alternative set of business and the new venture which the company has already adopted viz. setting up of Coal Videsh, approved by the Coal India board for its formation as its separate subsidiary to pursue foreign ventures.

1.9 CHAPTER FRAMEWORK

CHAPTER-1

First Chapter discuss introduction of the study, Industry Profile, Company Profile, Need for the study, Statement of the Problem, Objectives of the Study & Limitation of the study.

CHAPTER-2

Second Chapter Reviews previous studies.

CHAPTER-3

Third Chapter describes Research Methodology, Research Design, Data Collection, Statistical Tools used for the Study.

CHAPTER-4

Forth Chapter deals with data analysis and Interpretation

CHAPTER-5

Fifth Chapter enlists findings, suggestions and conclusions.

CHAPTER 2

2.1 REVIEW OF LITERATURE

1. **Abbie Smith** Earnings and management incentives says in Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 337-347 This comment evaluates the three papers and suggests avenues for future research into the stewardship role of accounting data and opportunistic financial reporting behaviour.

2. **Daniel Quan.C , Sheridan Titman** Commercial Real Estate Prices and Stock Market Returns: An International Analysis Pages 21-34 | Published online: 02 Jan 2019 This study examines the relation between stock returns and changes in property values and rents based on data from 17 countries. Although we find no relation between real estate values and rents and stock returns in the United States, we find significant relations in a number of other countries. When the data are pooled, the relation between stock returns and both value changes and changes in rental rates is very strong.

3. **David Denis J, Diane Denis K** Managerial discretion, organizational structure, and corporate performance Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 209-236 . this Study examine the impact of highly leveraged transactions on managerial discretion over investment policy using a sample of 39 proposed leveraged recapitalizations. We find significant decreases in undistributed cash flow, capital expenditures, and total assets following completed recapitalizations.

4. **George Baker P Growth**, corporate policies, and the investment opportunity set Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 161-165 . The paper is somewhat weekend by the failure to distinguish between equity value growth and asset growth, and by a sample segmentation technique that separates firms into growth and nongrowth subsamples, and finds that the growth firms are larger and substantially more profitable.

5. **Greg Clinch Joseph Magliolo** CEO compensation and components of earnings in bank holding companies Journal of Accounting and Economics Volume 16, Issues 1– , January–July 1993, Pages 241-272 . This study analyses the relation between cash compensation of bank CEOs and accounting earnings from selected discretionary transactions. Results indicate that income from discretionary transactions accompanied by cash flow effects is reflected in the CEO compensation function.

6. **Ivan Bull** Financial performance of leveraged buyouts: An empirical analysis Journal of Business Venturing Volume 4, Issue 4, July 1989, Pages 263-279 . This study compares management performance before and after leveraged buyouts of 25 sample companies. Average performance for the two years before a leveraged buyout is compared to average performance for the two years after a buyout.

7. **James Brickley** A Stock-based incentive compensation and investment behaviour Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 349-372 This paper examines how excessive concern over current stock price can motivate managers to use observable investment decisions to manipulate the market's inferences about the firm. The result can be overinvestment or underinvestment.

8. **Jennifer Gaver J, Kenneth Gaver** Additional evidence on the association between the investment opportunity set and corporate financing, dividend, and compensation policies. Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 125-160 This paper presents additional evidence on the relation between the investment opportunity set and financing, dividend, and compensation policies. Our results are based on a sample of 237 growth firms and 237 nongrowth firms.

9. **Jothi, K. & Kalaivani, P. (2015)** studied the comparative performance of Honda Motors and Toyota Motor that both companies have satisfactory short-term liquidity position. As for as cash ratio concerned Honda company has upper hand upper hand in sound cash management practice during the study period.

10. **Kevin Murphy.J** , Jerold Zimmerman Financial performance surrounding CEO turnover Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 273-315. It concludes that turnover-related changes in R&D, advertising, capital expenditures, and accounting accruals are due mostly to poor performance. To the extent that outgoing or incoming managers exercise discretion over these variables, the discretion appears to be limited to firms where the CEO's departure is preceded by poor performance.

11. **Karen Hopper wrick** Stock-based incentives and investment decisions Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 373-380 A model is developed where suboptimal investment results from compensation plans overemphasizing current stock return.

12.**Kaur Harpreet (2016)** the author tries to examine the qualities & quantities performer of Maruti Suzuki co. & how had both impact on its market share in India, for this study secondary data has been collected from annual reports, journals, report automobile sites. Result shows that MSL has been successfully leading automobile sector in India for last few years.

13.**Kumar Mohan M.S, Vasu. V. and Narayana T. (2016)** the study has been made through using different ratios, mean, standard deviation and Altman's Z score approach to study the financial health of the company. The study reveals there is a positive correlation between liquidity and profitability ratios except return on total assets as well as Z score value indicate good health of the company.

14.**KumarNeeraj&KaurKuldip (2016)** made an attempt to test the size and profitability relationship in the Indian automobile industry. To analyze the relationship linear regression model as well as cross-sectional has been employed for the year 1998 to 2014. The time series analysis showed the positive relationship between firm size and profitability but cross-sectional show no relationship between firm size and profitability.

15. **Kumar Rakesh Rasiklalajani & Bhatt Satyaki J. (2015)** the proposed research is intended to examine the trend and pattern of financing the capital structure of Indian companies. The study is to analyze the determinants of total debt ratios as well as determinants of short term and long-term ratios.

16. **Larry Y** Highly leveraged transactions and managerial discretion over investment policy Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 237-245 The evidence indicates that highly levered companies that remain publicly-owned experience improvements in operating performance and reductions in capital expenditures following the leverage boost comparable to those of companies that have gone private.

17. **Martin Fridson , Martin S. Fridson** Financial Warnings Pages 90-91 | Published online: 02 Jan 2019 . This book provides an encyclopedic checklist for the early detection of negative earnings surprises, including quantitative and time-tested qualitative danger signals.

18. **Maheshwari. S N** FINANCIAL MANAGEMENT principles and practice pages B.25 – B.130 Ninth edition 2004, This is comprehensive test book shows ratio analysis, categories of ratios.

19. **Nicholas Barberis, Richard Thaler** Chapter 18 A survey of behavioral finance Handbook of the Economics of Finance Volume 1, Part B, 2003, Pages 1053-1128 The field has two building blocks: limits to arbitrage, which argues that it can be difficult for rational traders to undo the dislocations caused by less rational traders; and psychology, which catalogues the kinds of deviations from full rationality we might expect to see.

20. **Oliver Kim: Yoon Suh** Incentive efficiency of compensation based on accounting and market performance Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 25-53 .

21. **Richard Lamber A** The use of accounting and security price measures of performance in managerial compensation contracts Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 101-123 . The first two papers analyze the role that earnings can play in removing the ‘noise’ in stock price in a rational expectations pricing model. The Sloan paper analytically and empirically examines the role that earnings can play in removing macroeconomic factors from stock price.

22. **Richard Sloan G** Accounting earnings and top executive compensation Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 55-100 This paper investigates the role of accounting earnings in top executive compensation contracts. It provides evidence in support of the hypothesis

23. **Robert Whaley.E** Chapter 19 Derivatives Handbook of the Economics of Finance Volume 1, Part B, 2003, Pages 1129-120 . This chapter reviews the evolution of derivatives contract markets and derivatives research over the past thirty years. The chapter has six complementary sections.

24. **Stephen Brown .J** The Efficient Market Hypothesis, the Financial Analysts Journal, and the Professional Status of Investment Management Journal of Accounting and Economics Pages 5-14 | Published online: 01 Apr 2020 . The practical implication of the efficient market hypothesis (EMH) changed that presumption. Despite challenges to the hypothesis, small investors—those who are not professionals and have limited capital and limited access to special information—may as well assume that the EMH is true.

25. **Susan Pourciau** Earnings management and nonroutine executive change Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 317

2.2 THEORETICAL REVIEW

RATIO ANALYSIS

Ratio analysis is a quantitative procedure of obtaining a look into a firm's functional efficiency, liquidity, revenues, and profitability by analyzing its financial records and statements. Ratio analysis is a very important factor that will help in doing an analysis of the fundamentals of equity.

TYPES OF RATIOS

- Profitability ratio
- Turnover ratio
- Solvency ratio
- Liquidity ratio
- Coverage ratio

PROFITABILITY RATIO

Profitability ratios measure the efficiency of management in the employment of business resources to earn profits. These ratios indicate the success or failure of a business enterprise for a particular period of time. Profitability ratios are used by almost all the parties connected with the business.

Some important profitability ratios are given below:

1. Net profit (NP) Ratio = $\frac{\text{Net Profit}}{\text{Net Sales}} \times 100$
2. Gross profit (GP) Ratio = $\frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$
3. Earnings per share ratio = $\frac{\text{Earning per Equity Share}}{\text{No of Equity Share}} \times 100$
4. Operating profit ratio = $\frac{\text{Operating Profit}}{\text{Net Sales}} \times 100$
5. Expense ratio = $\frac{\text{Operating Cost}}{\text{Net Sales}} \times 100$

6. Dividend yield ratio = $\frac{\text{Dividend Per Share}}{\text{Market Price Per Share}} \times 100$
7. Dividend Pay-out ratio = $\frac{\text{Dividend per equity share}}{\text{Earning per equity share}} \times 100$
8. Return on capital employed ratio = $\frac{\text{Net Profit Before Tax and Interest}}{\text{Total Capital Employed}} \times 100$

LIQUIDITY RATIO

Liquidity ratios measure the adequacy of current and liquid assets and help evaluate the ability of the business to pay its short-term debts. The ability of a business to pay its short-term debts is frequently referred to as short-term solvency position or liquidity position of the business.

Some important liquidity ratios are given below

1. Current ratio = $\frac{\text{Current Asset}}{\text{Current Liability}}$
2. Quick ratio = $\frac{\text{Liquid Asset}}{\text{Current Liability}}$
3. Cash position ratio = $\frac{\text{Cash \& Cash Equivalents}}{\text{Total Current Liability}}$

ACTIVITY RATIOS

Activity ratios (also known as turnover ratios) measure the efficiency of a firm or company in generating revenues by converting its production into cash or sales. Generally, a fast conversion increases revenues and profits.

Some important activity ratios are:

1. Inventory turnover ratio = $\frac{\text{Stock of Goods Sold}}{\text{Average Inventory}}$

$$2. \text{ Debtors turnover ratio} = \frac{\text{Credit Sales}}{\text{Average Accounts Receivable}}$$

$$3. \text{ Asset turnover ratio} = \frac{\text{Net Sales}}{\text{Fixed Assets}}$$

SOLVENCY RATIOS

Solvency ratios (also known as long-term solvency ratios) measure the ability of a business to survive for a long period of time. These ratios are very important for stockholders and creditors.

Some frequently used long-term solvency ratios are given below:

$$1. \text{ Debt to equity ratio} = \frac{\text{Total Debt}}{\text{Shareholder Fund}}$$

$$2. \text{ Proprietary ratio} = \frac{\text{Shareholder Fund}}{\text{Total Tangible Asset}}$$

$$3. \text{ Capital gearing ratio} = \frac{\text{Other Long-Term Liability} + \text{Current Liability}}{\text{Capital Employed}}$$

COVERAGE RATIO

A **coverage ratio**, broadly, is a metric intended to measure a company's ability to service its debt and meet its financial obligations, such as interest payments or dividends. The higher the **coverage ratio**, the easier it should be to make interest payments on its debt or pay dividends.

Some of important coverage ratios are:

$$1. \text{ Fixed interest coverage ratio} = \frac{\text{Operating Income}}{\text{Annual Interest Expenses}}$$

$$2. \text{ Fixed dividend coverage ratio} = \frac{\text{Net Income}}{\text{Annual Preference Dividend}}$$

CHAPTER 3

3.1 RESEARCH METHODOLOGY

Research Methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability.

RESEARCH DESIGN

Research design is the framework of research methods and techniques chosen by a researcher. The type of research problem an organization is facing will determine the research design and not vice-versa. The design phase of a study determines which tools to use and how they are used.

TYPE OF RESEARCH

DESCRIPTIVE RESEARCH

This Study is ***Descriptive in nature*** that aims to give the industry report accurately and systematically describe a population, situation or phenomenon. It can answer what, where, when and how questions.

3.2 DATA COLLECTION

Secondary data:

- Secondary data has been collected for the study from company annual reports, journals books and website.

Period of study

Period of study five years from 2015-2016 to 2019-2020.

3.3 STATISTICAL TOOLS USED FOR THIS STUDY

The following are major tools used in analysis and interpretation.

- *Ratio analysis*
- *Trend Percentage Analysis*
- *Comparative Balance Sheet Statement*

CHAPTER 4

4.1 DATA ANALYSIS AND INTERPRETATION

RATIO ANALYSIS

TABLE 4.1.1. CALCULATION OF GROSS PROFIT RATIO (Rs.in Cr.)

Year	Gross Profit	Net Sales	Ratio [%]
2015-16	14,266.78	75,461.78	18.8
2016-17	9279.77	75,602.86	12.27
201718	7038.44	81,111.26	8.67
2018-19	16,44.42	92,896.08	18.99
2019-20	16,700.34	89,373.34	18.68

Source: Company's annual report 2016-2017 to 2019-2020

INTREPRETATION:

In my study for the year 2019 shows higher gross profit margin indicates that a company can make a reasonable profit on sales.

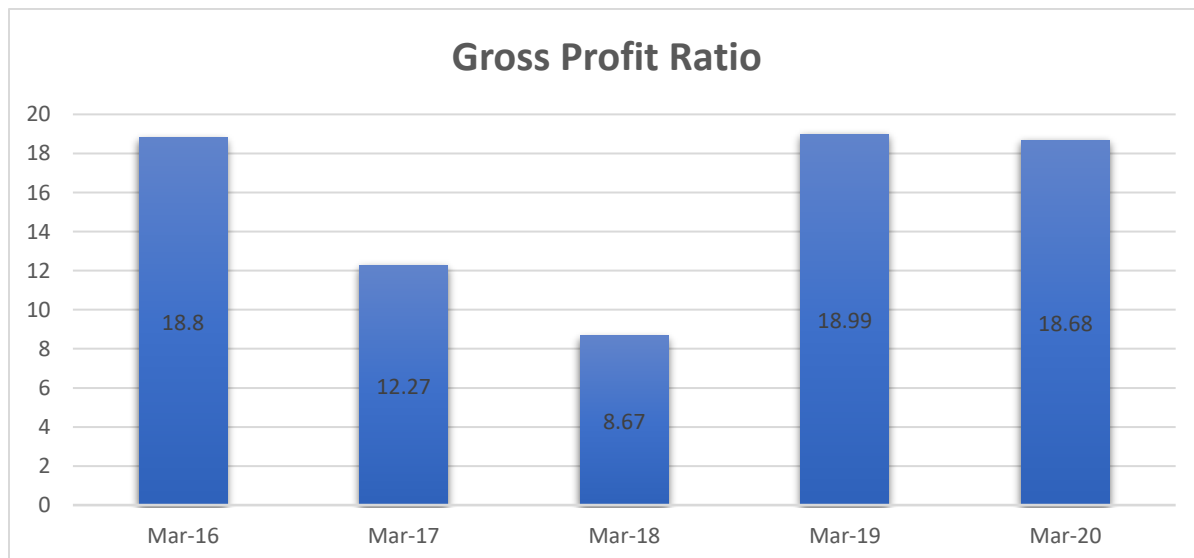


TABLE 4.1.2 CALCULATION OF NET PROFIT RATIO (Rs.in Cr.)

Year	Net Operating Profit	Net sales	Ratio [%]
2015-16	3040.06	75461.78	4.02
2016-17	3072.99	75602.86	4.06
2017-18	3203.80	81111.26	3.94
2018-19	9358.84	92896.08	10.07
2019-20	9305.07	89373.34	10.41

Source: Company's annual report 2016-2017 to 2019-2020

INTREPRETATION:

2020 shows highest net profit ratio compared to 2016 this is because, through selling more goods or services or by **increasing** prices. company increased their net margin by reducing cost.

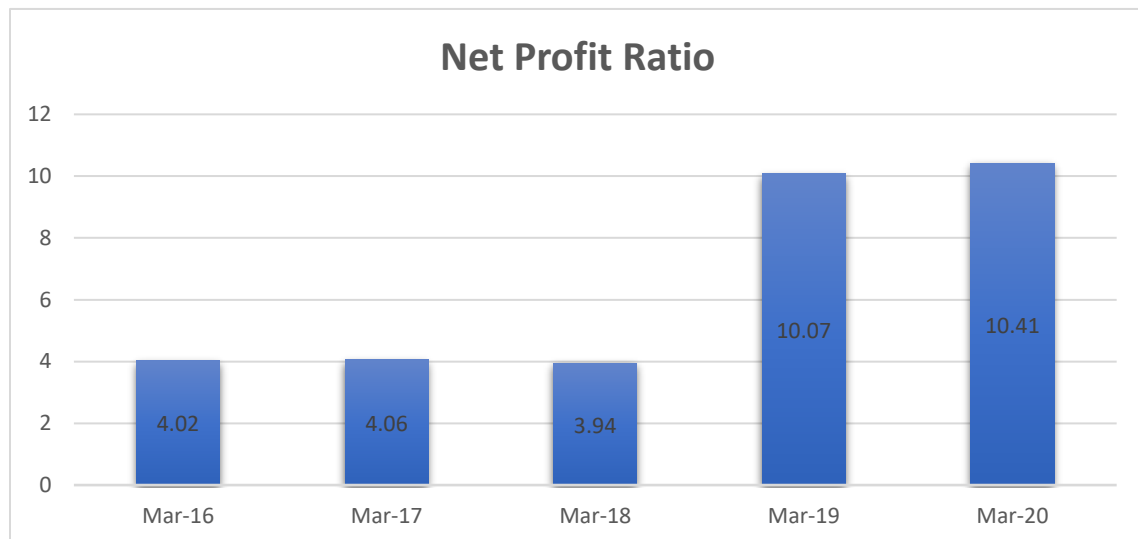


TABLE 4.1.3 CALCULATION OF EXPENSE RATIO (Rs.in Cr.)

Year	Operating cost	Net sales	Ratio [%]
2015-16	62508.41	75461.78	0.826
2016-17	69289.09	75602.86	0.916
2017-18	79448.81	81111.26	0.979
2018-19	78293.8	92896.08	0.842
2019-20	78113.25	89373.34	0.874

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

Expense ratio shows what percentage of sales is an individual expense or a group of expenses. A lower ratio means more profitability and a higher ratio means less profitability. Here 2018 ratio percentage increase compared to year 2016.

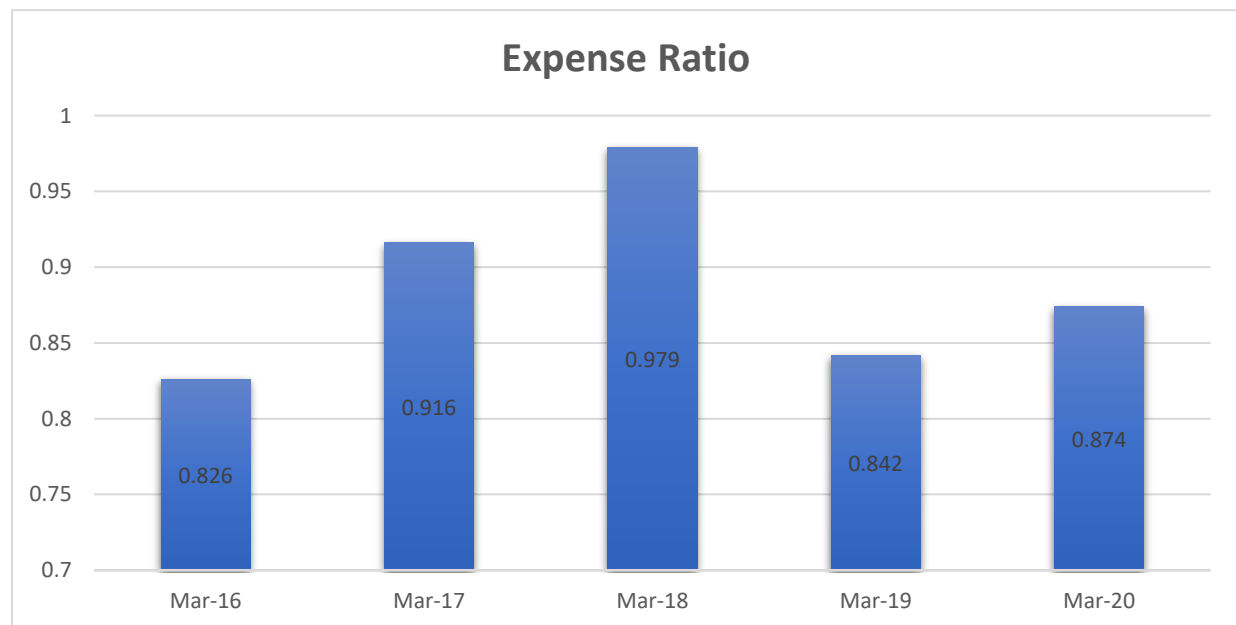


TABLE 4.1.4 CALCULATION OF OPERATING PROFIT RATIO (Rs.in Cr.)

Year	Operating profit	Net sales	Ratio [%]
2015-16	42982.16	75461.78	56.8
2016-17	48737.92	75602.86	64.46
2017-18	69347.67	81111.26	85.49
2018-19	65563.67	92896.08	70.5
2019-20	60395.63	89373.34	67.57

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

The operating ratio shows the efficiency of a company's management by comparing the total operating expense of a company to net sales. An operating ratio that is for the year 2016 decreasing is viewed as a positive sign.

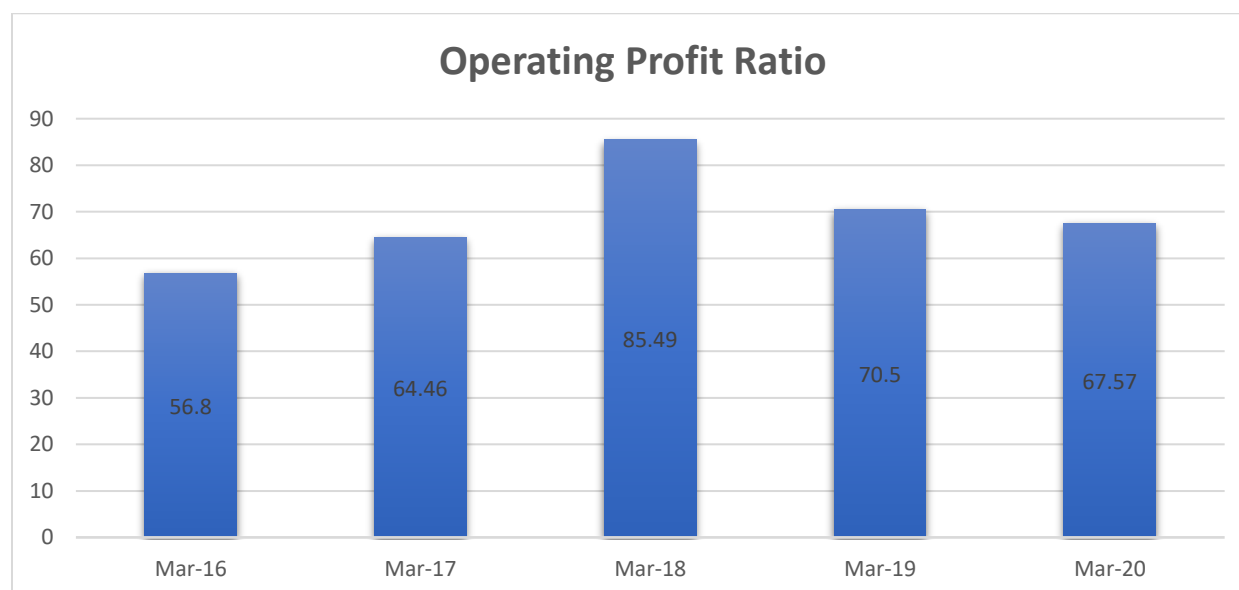


TABLE 4.1.5 CALCULATION OF EARNINGS PER SHARE RATIO (Rs.in Cr.)

Year	Net income	No of Outstanding shares	Ratio [%]
2015-16	42879.6	6316364400	67.88
2016-17	28892.6	6270095744	46.07
2017-18	21540.62	6207409177	34.7
2018-19	54257.74	6206307457	87.42
2019-20	48144.98	6162728327	78.1

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

EPS indicates how much money a company makes for each share of its stock, and is a widely used metric to estimate corporate value. Here 2019 shows highest EPS that indicates greater value because investors will pay more for a company's shares if they think the company has higher profits relative to its share price.

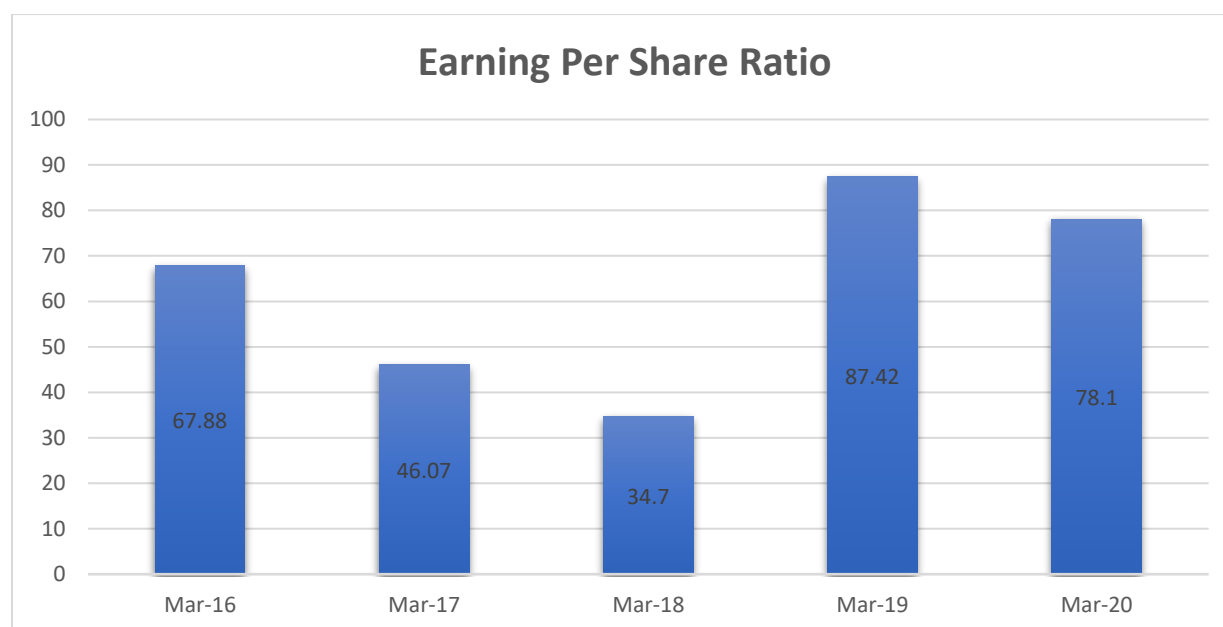


TABLE 4.1.6 CALCULATION OF DIVIDEND YIELD RATIO (Rs.in Cr.)

Year	Dividend per share	Market price per share	Ratio [%]
2015-16	27.40	291.95	9.3
2016-17	19.90	292.65	6.7
2017-18	16.50	283.50	5.8
2018-19	13.10	237.20	5.5
2019-20	12.00	140.05	8.5

Source: Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

My study shows that percentage of 2016 the market price of a share a company annually pays to its stockholders in the form of dividends.

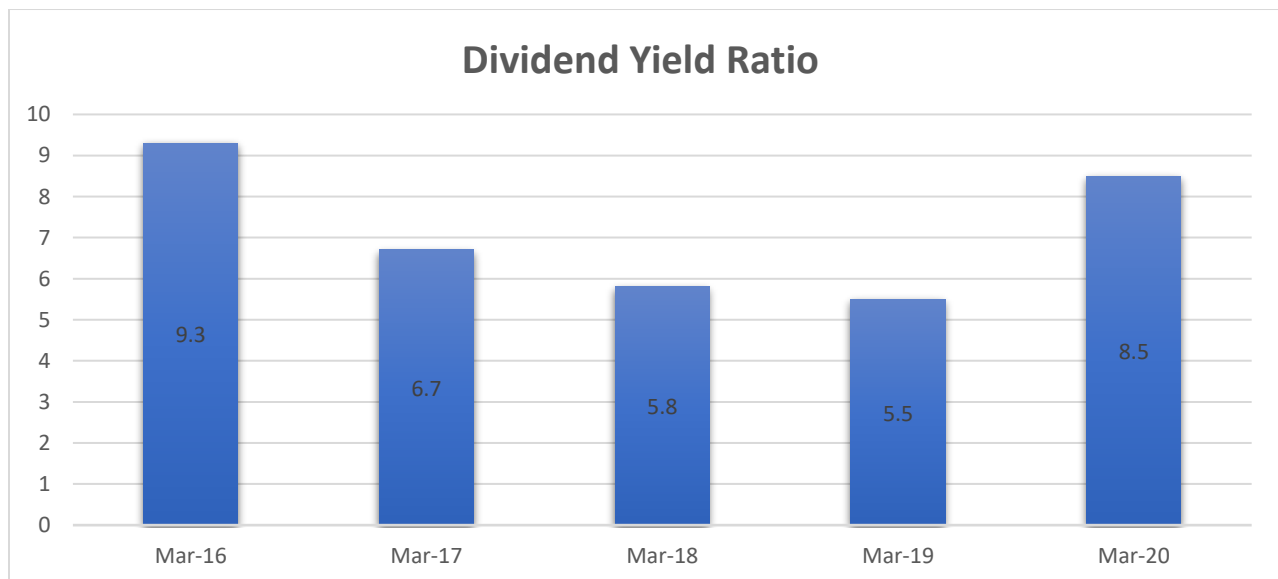


TABLE 4.1.7 CALCULATION OF DIVIDEND PAYOUT RATIO (Rs.in Cr.)

Year	Dividend Per Equity Share	Earning per equity share	Ratio [%]
2015-16	27.4	55.12	49.78
2016-17	19.9	39.47	50.4
2017-18	16.5	32.48	50.8
2018-19	13.1	42.9	30.5
2019-20	12	52.15	23

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

In my study, shows the percentage of a company's earnings paid out as dividends to shareholders. Year 2018 highest payout ratio of 50.8 and year 2020 indicates lower payout percentage of 23.

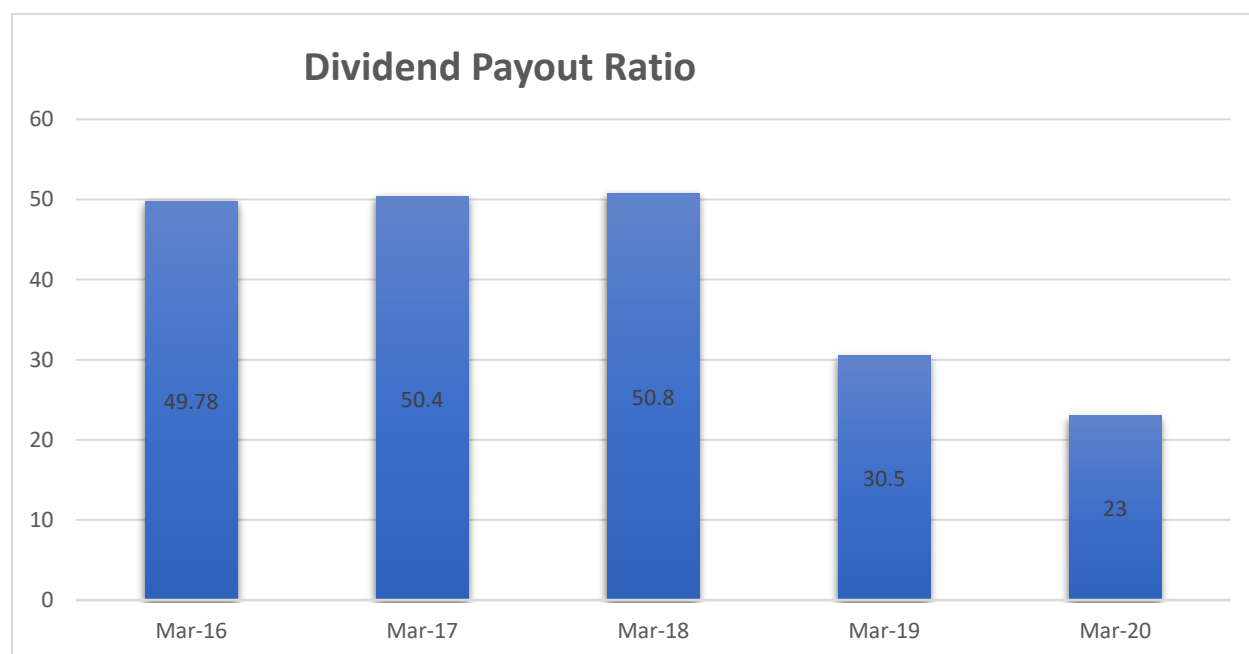


TABLE 4.1.8 CALCULATION OF RETURN ON CAPITAL EMPLOYED (Rs.in Cr.)

Year	Net Operating Profit	Total Capital Employed	Ratio [%]
2015-16	83948.21	81474.04	1.03
2016-17	83735.42	68879.84	1.2
2017-18	90219.12	77151.57	1.16
2018-19	105422.6	86923.65	1.2
2019-20	102185.7	101557.9	1.06

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

In my study, 2017 and 2019 shows highest return on capital employed, this indicates stronger profitability.

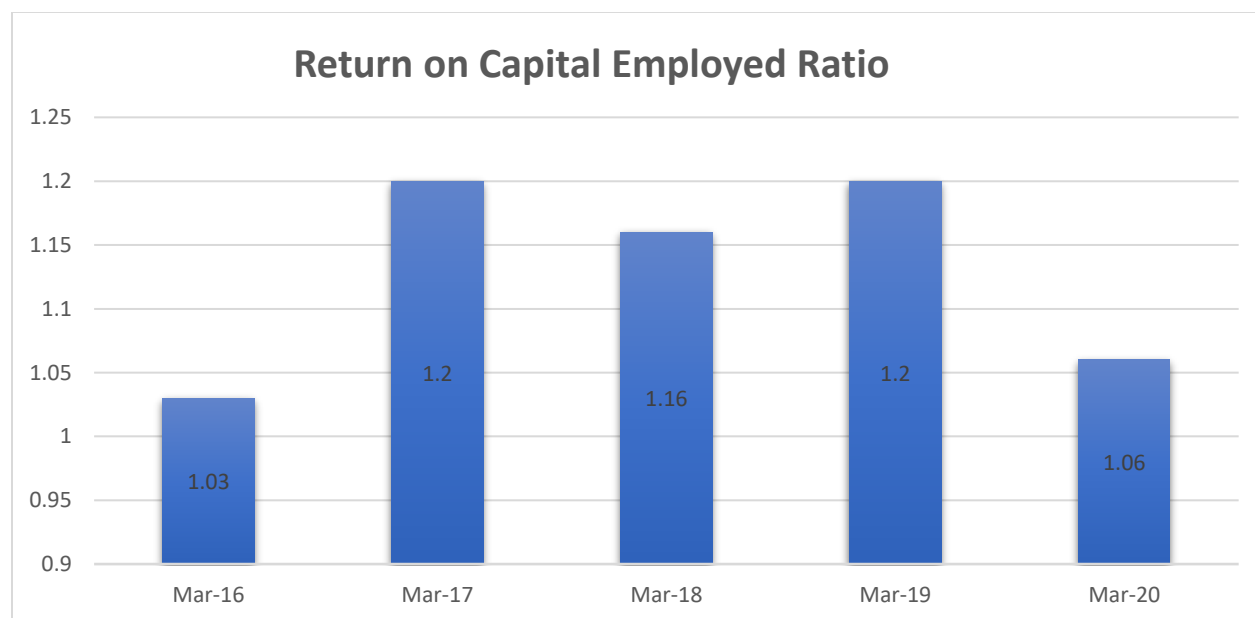


TABLE 4.1.9 CALCULATION OF CURRENT RATIO (Rs.in Cr.)

Year	Current asset	Current liability	Ratio [times]
2015-16	72326.52	31354.16	2.3
2016-17	69919.91	44015.83	1.58
2017-18	66115.63	48319.1	1.36
2018-19	69671.38	46097.8	1.51
2019-20	83512.16	48463.66	1.72

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

Year 2026 indicates business can pay debts due within one year out of the current assets. Year 2018 shows low current ratio of 1.36 this indicates that the business is not well placed to pay its debts. A decline in this ratio can be attributable to an increase in short-term debt, a decrease in current assets, or a combination of both.

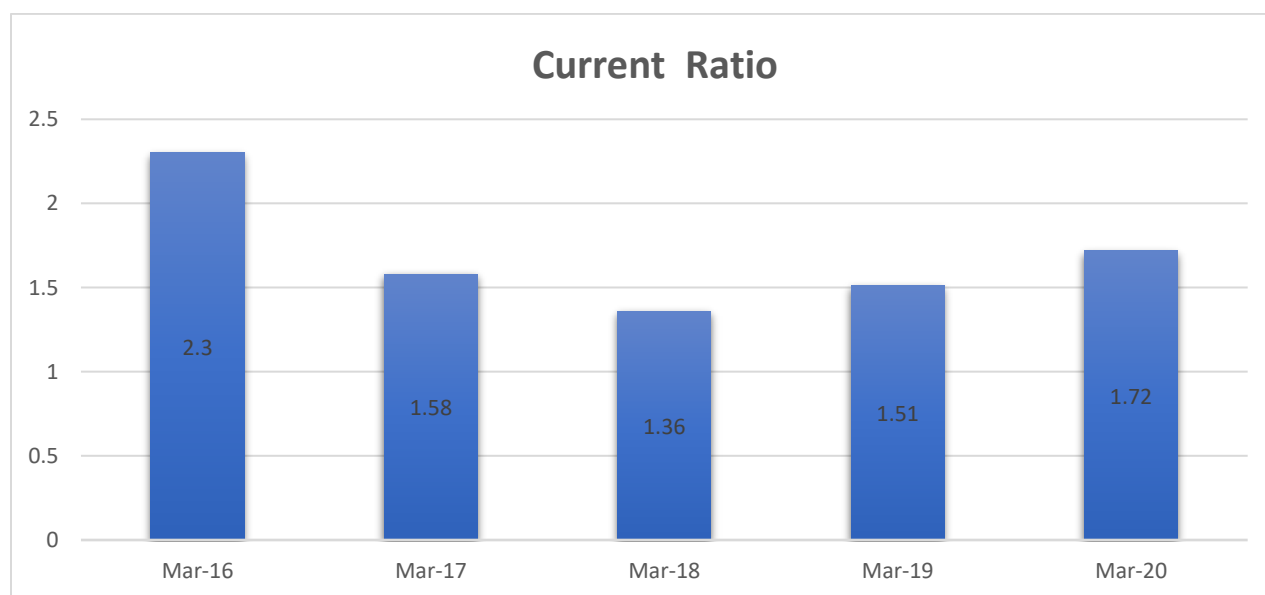


TABLE 4.1.10 CALCULATION OF CASH POSITION RATIO (Rs.in Cr.)

Year	Cash and cash equivalents	Total current liabilities	Ratio [times]
2015-16	4464.57	1354.16	0.14
2016-17	922.09	44015.83	0.20
2017-18	488.08	48319.1	0.21
2018-19	253.51	40697.8	0.62
2019-20	1071.48	48463.7	0.22

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

This measures the ability of an organization to cover its short-term obligations. My study shows that the Year 2019 has adequate cash on hand to operate



TABLE 4.1.11 CALCULATION OF QUICK RATIO (Rs.in Cr.)

Year	Liquid asset	Current liabilities	Ratio [times]
2015-16	64757.35	31354.16	2.06
2016-17	60974.64	44015.83	1.38
2017-18	59671.78	48319.1	1.23
2018-19	64087.45	46097.8	1.39
2019-20	76893.22	48463.66	1.58

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

My study indicates that company can pay off its current debts without selling its long-term assets. Company has a quick ratio higher than 1 for every year, this means it owns more quick assets than liabilities.

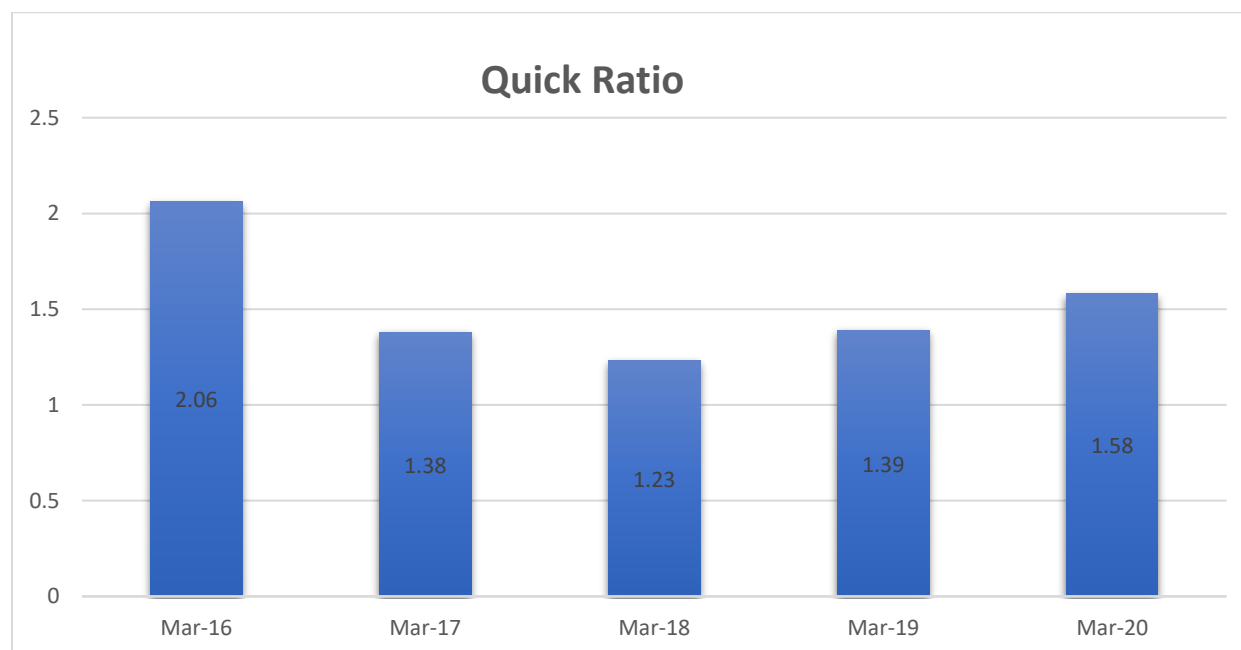


TABLE 4.1.12 CALCULATION OF PROPRIETARY RATIO (Rs.in Cr.)

Year	Shareholder fund	Total tangible asset	Ratio [times]
2015-16	34833.16	317.35	109.76
2016-17	24518.09	306.13	80.09
2017-18	20178.74	300.75	67.09
2018-19	26455.14	291.97	90.6
2019-20	32156.92	302.39	106.3

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

The proprietary ratio shows the contribution of stockholders in total capital of the company. 2016 shows higher proprietary ratio of 109.76, therefore, indicates a strong financial position of the company and greater security for creditors. Year 2018 showing low ratio of 67.09 indicates that the company is already heavily depending on debts for its operations.

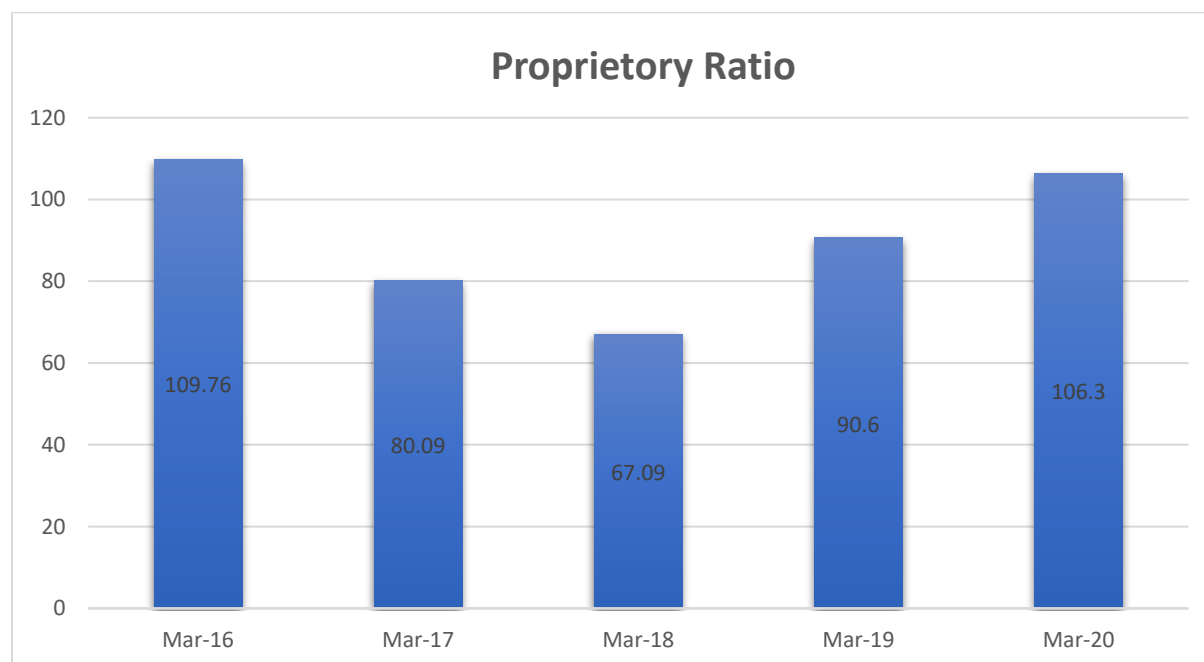


TABLE 4.1.13 CALCULATION OF CAPITAL GEARING RATIO (Rs.in Cr.)

Year	Other Long-Term Liability+ Current Liability	Capital Employed	Ratio [times]
2015-16	5160.23	81474.04	0.06
2016-17	4755.14	68879.84	0.06
2017-18	5533.56	77151.57	0.07
2018-19	4831.25	86923.65	0.055
2019-20	5305.82	101557.9	0.05

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

The gearing ratio is a measure of financial risk and expresses the amount of a company's debt in terms of its equity. Banks and financial institution don't want to lend money to the company because the company is already highly geared during the year 2018.

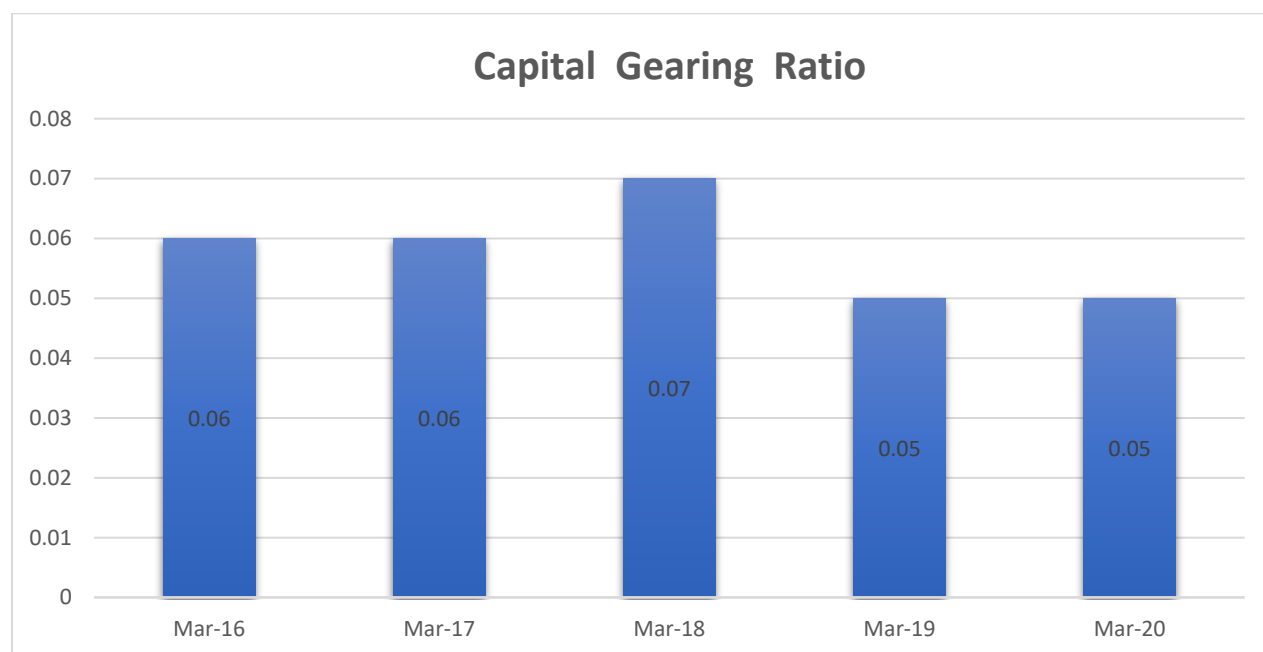


TABLE 4.1.14 CALCULATION OF DEBT EQUITY RATIO (Rs.in Cr.)

Year	Total debts	Shareholder fund	Ratio [times]
2015-16	34531.82	34833.16	1.99
2016-17	47465.5	24518.09	1.93
2017-18	52020	20178.74	2.57
2018-19	50197.16	26455.14	1.89
2019-20	53081.43	32156.92	1.65

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

Year 2020 shows low debt-to-equity ratio indicates a lower amount of financing by debt via lenders, via shareholders. Year 2018 shows higher ratio indicates that the company is getting more of its financing by borrowing money, which subjects the company to potential risk if debt levels are too high.

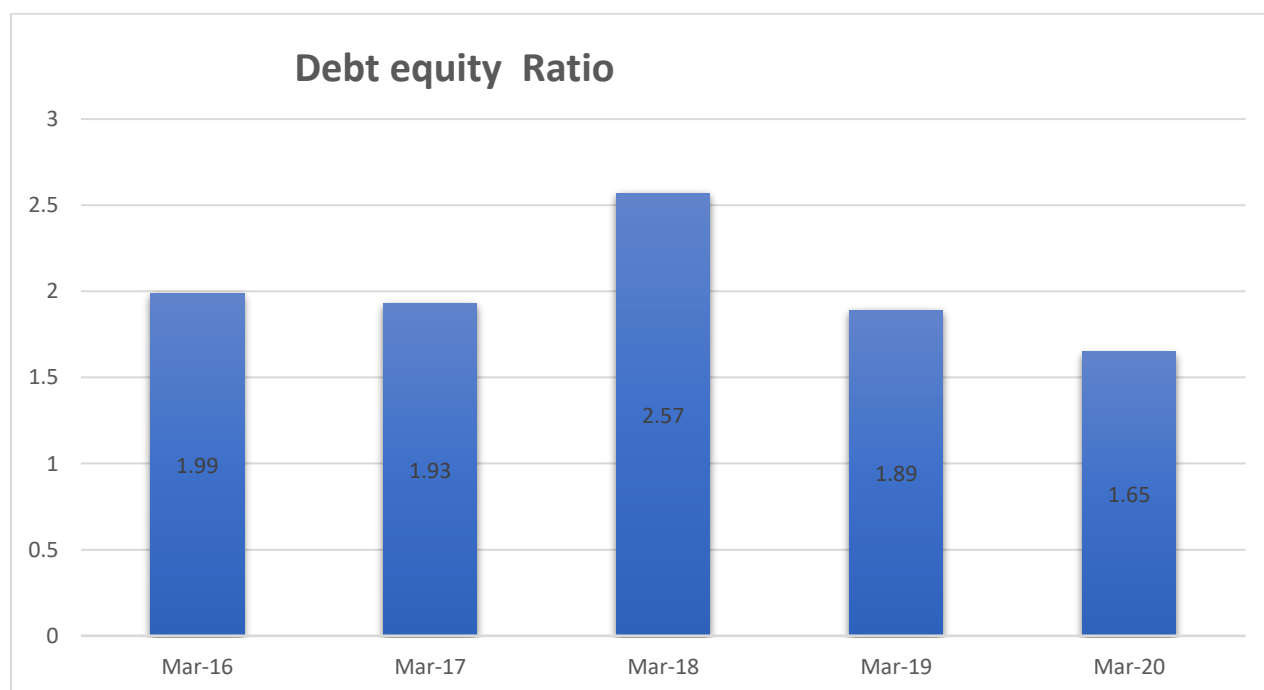


TABLE 4.1.15 CALCULATION OF DEBT RATIO (Rs.in Cr.)

Year	Total Debt	Total Capital Employed	Ratio [times]
2015-16	34531.82	814779.04	0.42
2016-17	47465.5	68879.84	0.68
2017-18	52020	77151.57	0.67
2018-19	50197.16	86923.65	0.57
2019-20	53081.43	101557.9	0.52

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

The debt ratio can help investors determine a company's risk level. Year 2016 shows lower debt this mean the company has lower risk but for the year 2017 has high debt this indicate that the company faces more risk.

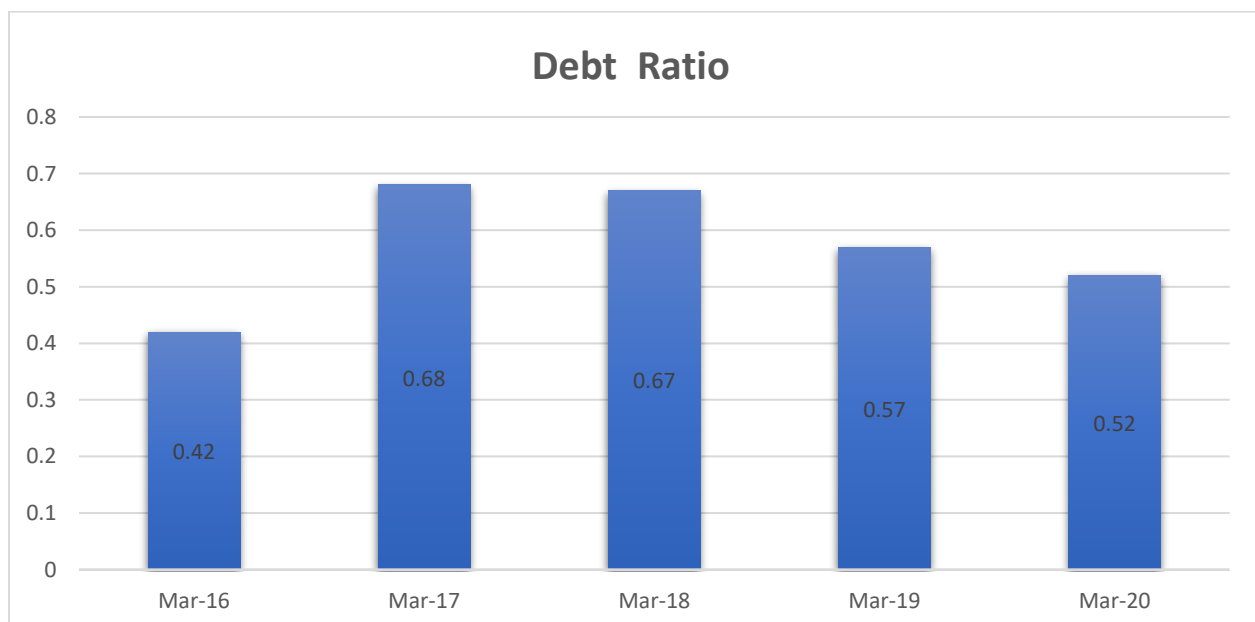


TABLE 4.1.16 CALCULATION OF STOCK TURNOVER RATIO (Rs.in Cr.)

Year	Cost of goods sold	Average inventory	Ratio [times]
2015-16	7065.46	7582.25	0.92
2016-17	7331.43	8257.22	0.84
2017-18	6813.3	7694.56	0.88
2018-19	7331.43	6013.89	1.21
2019-20	7065.46	6101.43	1.15

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

Stock turnover ratio is efficiency ratio that measures how well a company can manage its inventory. 2017 Shows low turn over of 0.84 implies that a company sale is poor, it is carrying too much inventory or experiencing a poor inventory management.

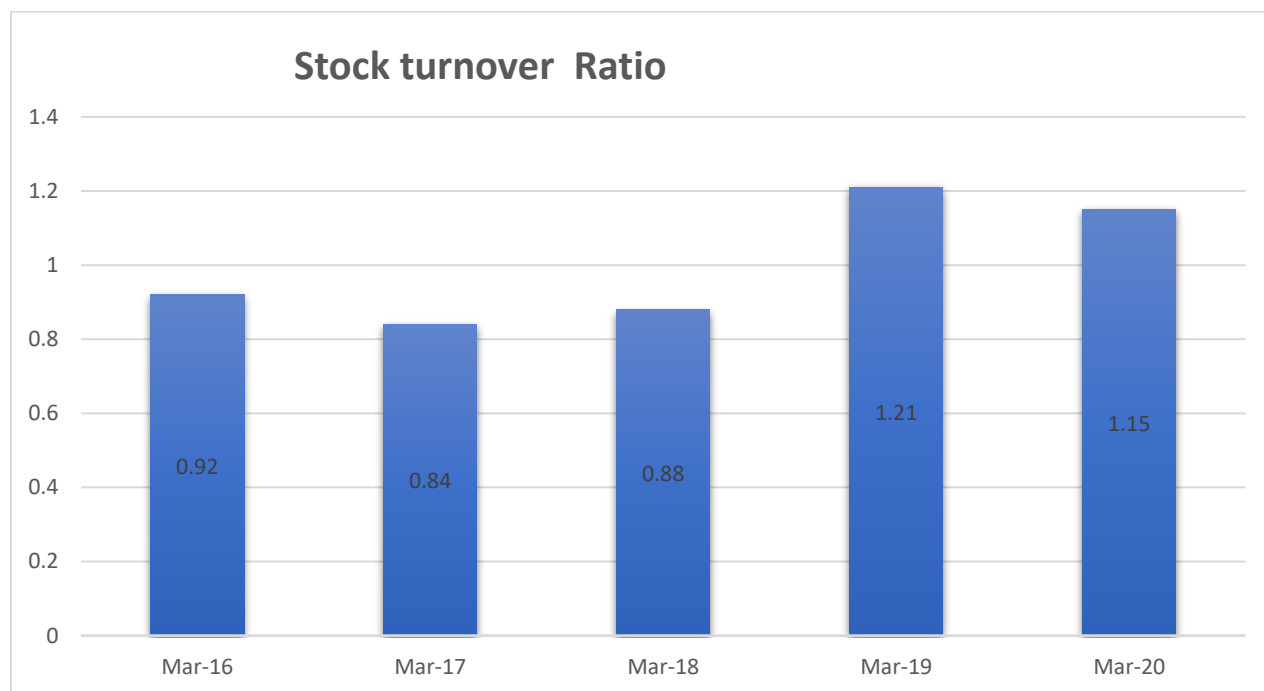


TABLE 4.1.17 CALCULATION OF DEBTORS TURNOVER RATIO (Rs.in Cr.)

Year	Credit sales	Average accounts receivable	Ratio [times]
2015-16	108147.5	9984.74	10.8
2016-17	122287	11961.94	10.2
2017-18	126544	9367.035	13.5
2018-19	140603	5878.175	23.9
2019-20	134979.1	9953.385	13.5

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

In My study, Company in 2019 indicates a high receivables turnover ratio of 23.9 because of company's collection of accounts receivable is efficient and that the company has a high proportion of quality customers that pay their debts quickly.

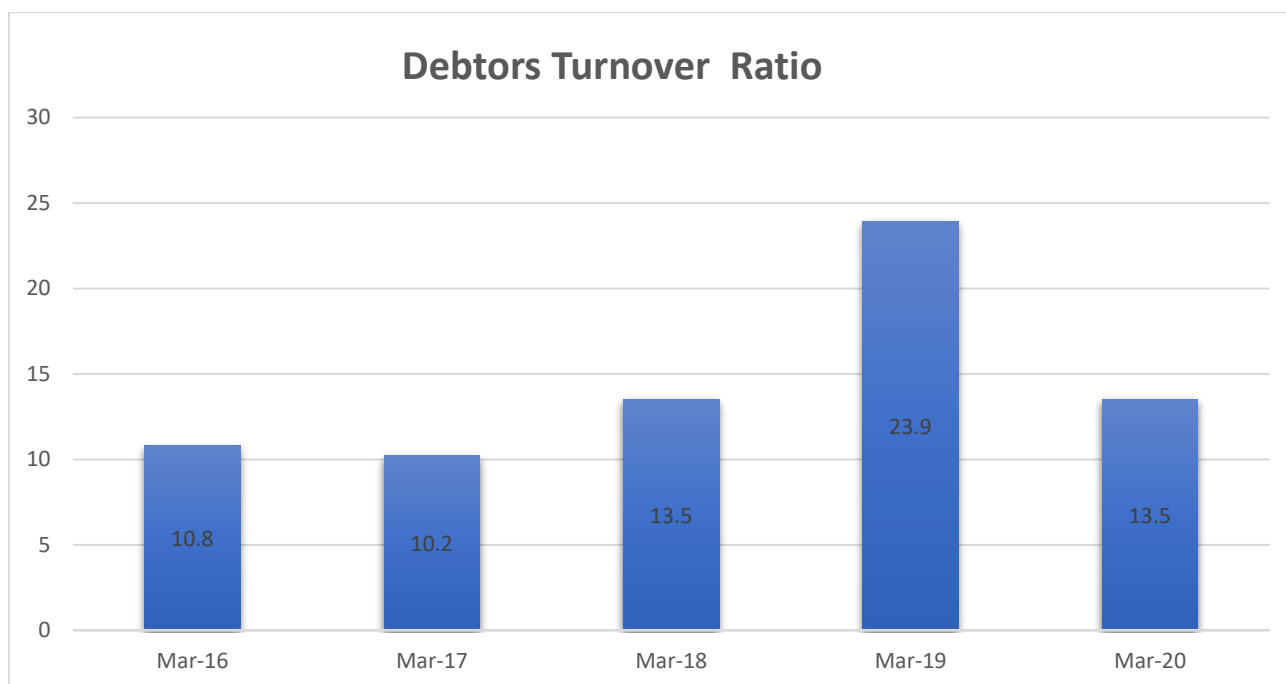


TABLE 4.1.18 CALCULATION OF FIXED ASSET TURNOVER RATIO (Rs.in Cr.)

Year	Net sales	Fixed asset	Ratio [times]
2015-16	75641.78	345.85	218.71
2016-17	75602.86	334.85	225.78
2017-18	81111.26	435.88	186.08
2018-19	92896.08	482.08	192.69
2019-20	89373.34	496.4	180.04

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

My study reveals, 2017 implies highest ratio so company using its fixed asset efficiently.

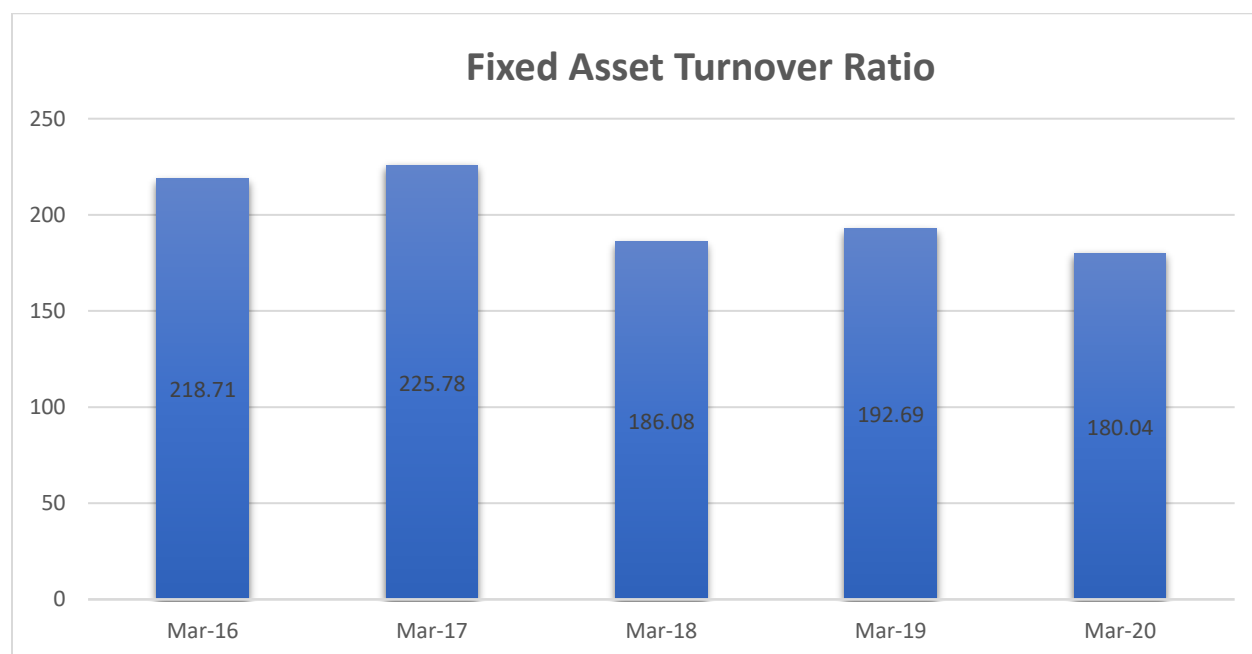


TABLE 4.1.19 CALCULATION OF FIXED INTEREST COVERAGE RATIO(Rs.in Cr.)

Year	Operating income	Annual interest expense	Ratio [times]
2015-16	927.52	62508.41	1.34
2016-17	1593.61	69289.09	1.2
2017-18	2023.13	79448.81	1.13
2018-19	2424.66	78293.8	1.34
2019-20	2638.29	78113.25	1.3

Source: Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

My study shows how well a company's earnings covered its fixed expenses for the year 2019 and 2016.

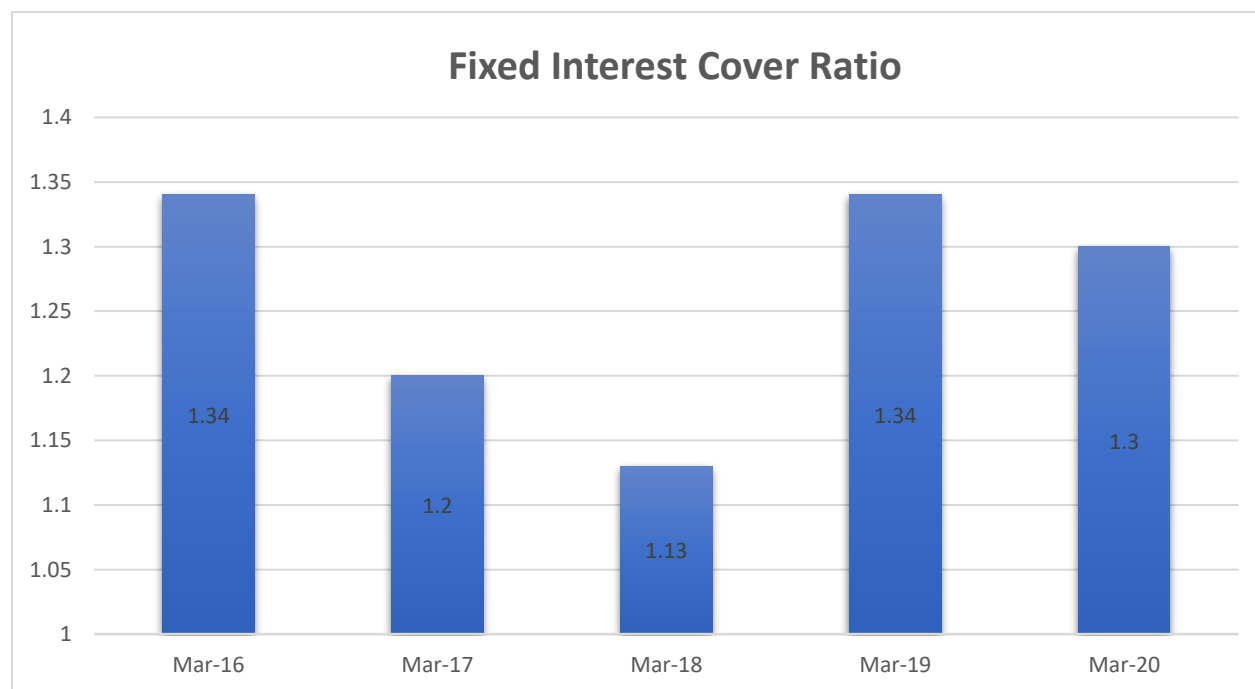


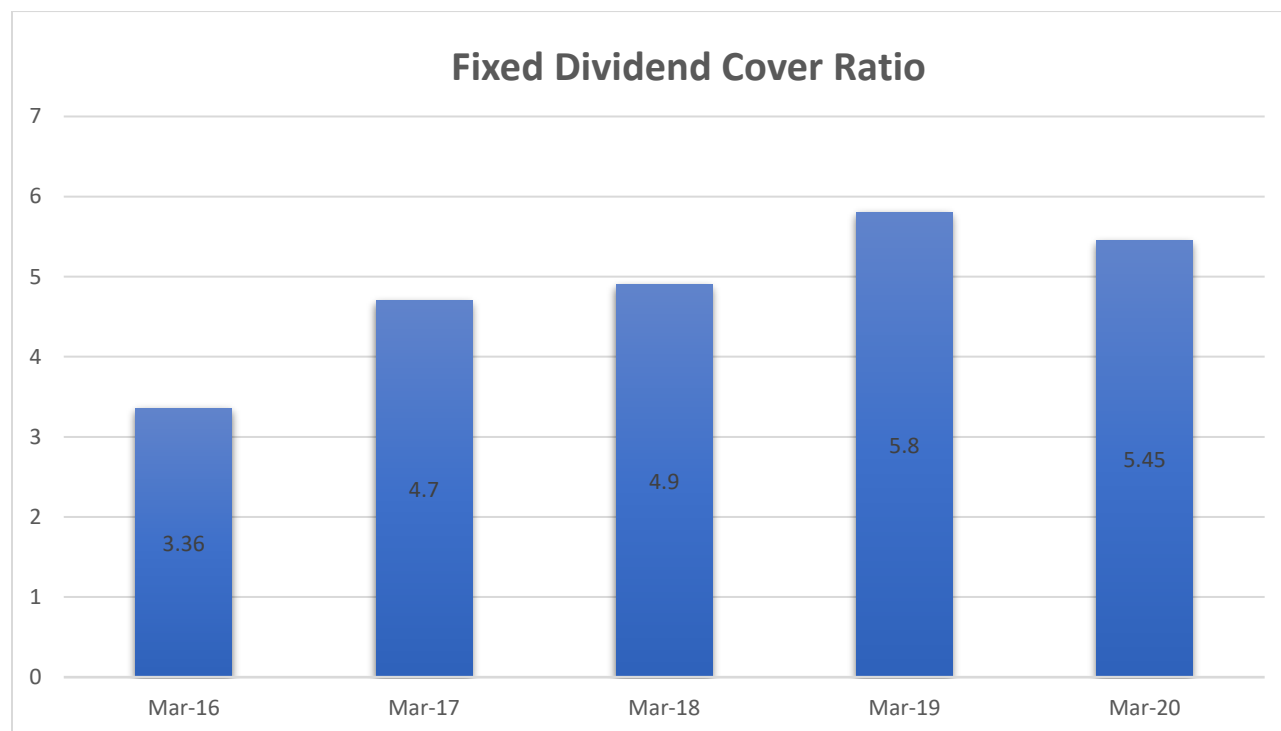
TABLE 4.1.20 CALCULATION OF FIXED DIVIDEND COVERAGE RATIO(Rs.in Cr.)

Year	Net income	Annual preference dividend	Ratio [times]
2015-16	83948.21	24947.89	3.36
2016-17	83735.42	17740.57	4.7
2017-18	90219.12	18298.73	4.9
2018-19	105422.7	17967.32	5.8
2019-20	102185.7	18726.07	5.45

Source : Company's annual report 2016-2017 to 2019-2020

INTERPRETATION:

In my study, year 2020 indicates the highest capacity of an organization to pay dividends out of profit attributable to the shareholders.



4.2 TREND ANALYSIS

Table 4.2.1 Showing Trend Percentage for Net Sales, Gross Profit, Operating Income & Net Income.

Year	Net Sales	Gross Profit	Operating come	Net Income
2015-16	75642.78	14266.78	42982.16	42879.60
2016-17	75602.86	9279.77	48737.92	28892.60
2017-18	81111.26	7038.44	69347.67	21540.62
2018-19	92896.08	1644.42	65563.67	54257.74
2019-20	89373.34	16700.34	60395.63	48144.98

Source: Company's annual report 2015-2016 to 2019-2020

Year	Net Sales	Gross profit	Operating income	Net income
2015-26	NA	NA	NA	NA
2016-17	0%	-35%	13%	-33%
2017-18	7%	-51%	61%	-50%
2019-19	23%	-88%	53%	27%
2019-20	18%	17%	41%	12%

INTERPRETATION:

The above trend analysis showing, it is inferred 2016 as base year. Net sales percentage has been increased in year 2020, Gross profit percentage is increased in 2020 with 17%, operating income is increased in 2019 with 53% and net income is decreased in 2020 with 12%.

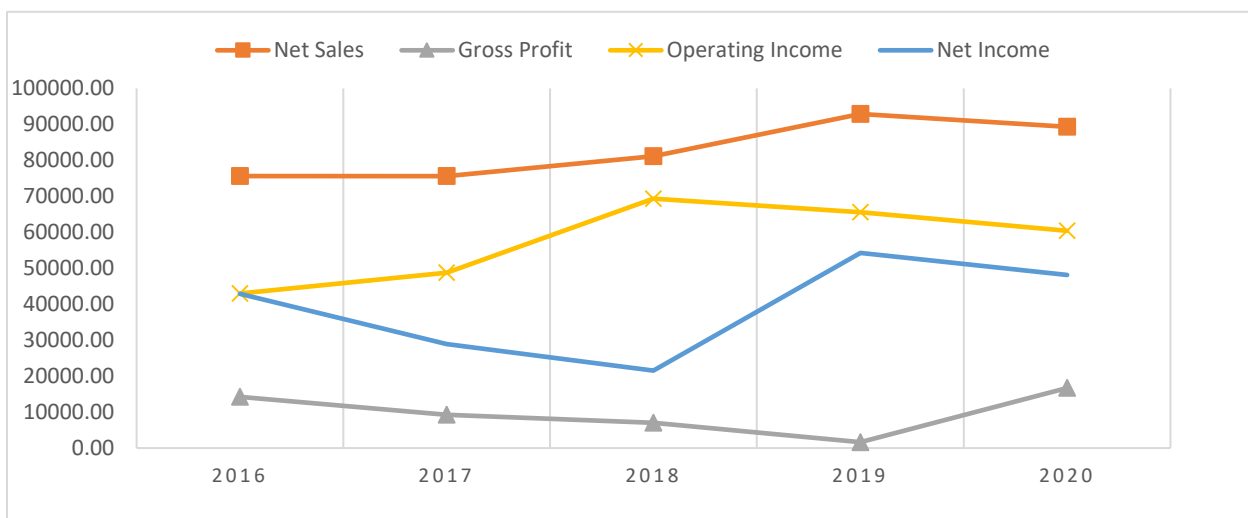


Table 4.2.2 Showing Trend Percentage for Current Asset & Current Liabilities

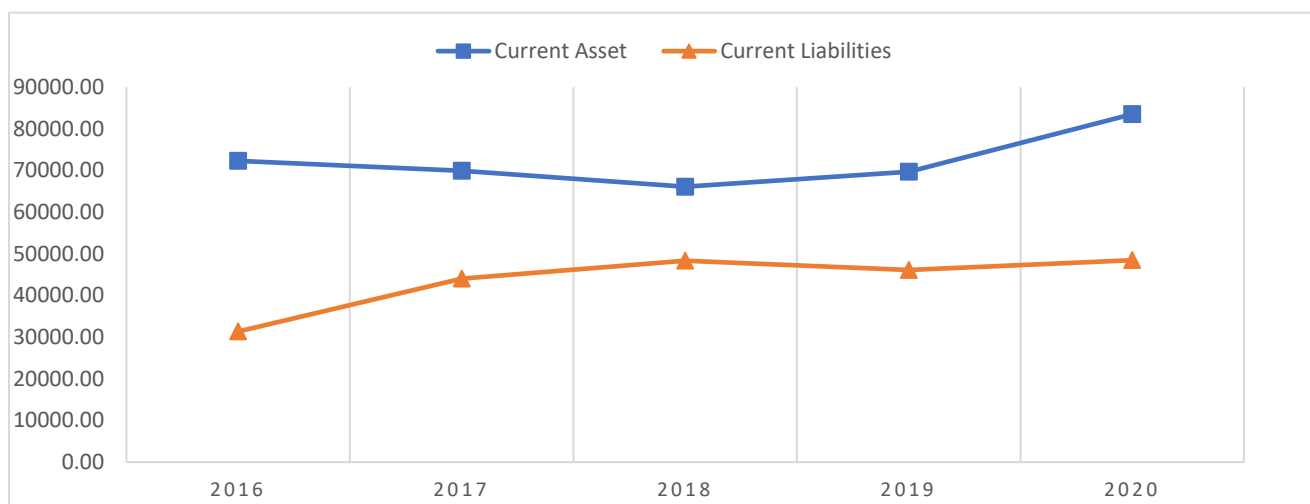
Year	Current asset	Current liabilities
2015-16	72326.52	31354.16
2016-17	69919.91	44015.83
2017-18	66115.63	48319.10
2018-19	69671.38	46097.8
2019-20	83512.16	48463.66

Source: Company's annual report 2015-2016 to 2019-2020

Year	Current asset %	Current liability %
2015-16	NA	NA
2016-17	-3%	40%
2017-18	-9%	54%
2018-19	-4%	47%
2019-20	15%	55%

INTERPRETATION:

From the above trend analysis showing, it is inferred as base year 2016. current asset has been increased in year 2020, trend percentage is increased with 15% and current liability increased in year 2020 and trend percentage is increased with 55%.



4.3 COMPARATIVE BALANCE SHEET

Table: 4.3.1 COMPARATIVE BALANCE SHEET FOR YEAR 2016-2017

	Mar-16	Mar-17	Inc/Dec	Percentage
EQUITIES AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	6,316.36	6,207.41	-108.95	-2%
Total Share Capital	6,316.36	6,207.41	-108.95	-2%
Reserves and Surplus	9,729.45	7,710.03	-2,019.42	-21%
Total Reserves and Surplus	9,729.45	7,710.03	-2,019.42	-21%
Total Shareholders Funds	16,045.81	13,917.44	-2,128.37	-13%
NON-CURRENT LIABILITIES				
Other Long Term Liabilities	3,177.66	3,449.67	272.01	9%
Long Term Provisions	172.72	212.82	40.10	23%
Total Non-Current Liabilities	3,350.38	3,662.49	312.11	9%
CURRENT LIABILITIES				
Trade Payables	72.7	110	37.30	51%
Other Current Liabilities	1,703.78	1,054.23	-649.55	-38%
Short Term Provisions	206.09	141.24	-64.85	-31%
Total Current Liabilities	1,982.57	1,305.47	-677.10	-34%
Total Capital And Liabilities	21,378.76	18,885.40	-2,493.36	-12%
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	317.35	306.13	-11.22	-4%
Intangible Assets	0.47	0.31	-0.16	-34%
Capital Work-In-Progress	13.13	13.52	0.39	3%
Intangible Assets Under Development	0	0		
Other Assets	14.89	14.89	0.00	0%
Fixed Assets	345.84	334.85	-10.99	-3%
Non-Current Investments	11,416.51	11,529.07	112.56	1%
Long Term Loans And Advances	51.51	0.43	-51.08	-99%
Other Non-Current Assets	3,169.74	3,400.06	230.32	7%
Total Non-Current Assets	14,983.60	15,264.41	280.81	2%
CURRENT ASSETS				
Current Investments	312.98	60.19	-252.79	-81%
Inventories	152.41	68.44	-83.97	-55%
Trade Receivables	0.38	12.74	12.36	3253%
Cash And Cash Equivalents	4,464.57	922.09	-3,542.48	-79%
Short Term Loans And Advances	17.45	1,209.00	1,191.55	
OtherCurrentAssets	1,447.37	1,348.53	-98.84	-7%
Total Current Assets	6,395.16	3,620.99	-2,774.17	-43%
Total Assets	21,378.76	18,885.40	-2,493.36	-12%

Table: 4.3.2 COMPARATIVE BALANCE SHEET FOR YEAR 2017-2018				
	Mar-17	Mar-18	Inc/Dec	Percentage
EQUITIES AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	6,207.41	6,207.41	0.00	0%
Total Share Capital	6,207.41	6,207.41	0.00	0%
Reserves and Surplus	7,710.03	6,487.30	-1,222.73	-16%
Total Reserves and Surplus	7,710.03	6,487.30	-1,222.73	-16%
Total Shareholders Funds	13,917.44	12,694.71	-1,222.73	-9%
NON-CURRENT LIABILITIES				
Other Long Term Liabilities	3,449.67	3,700.98	251.31	7%
Long Term Provisions	212.82	236.65	23.83	11%
Total Non-Current Liabilities	3,662.49	3,937.63	275.14	8%
CURRENT LIABILITIES				
Trade Payables	110	111.16	1.16	1%
Other Current Liabilities	1,054.23	1,497.39	443.16	42%
Short Term Provisions	141.24	224.03	82.79	59%
Total Current Liabilities	1,305.47	1,832.58	527.11	40%
Total Capital And Liabilities	18,885.40	18,464.92	-420.48	-2%
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	306.13	300.75	-5.38	-2%
Intangible Assets	0.31	0.44	0.13	42%
Capital Work-In-Progress	13.52	119	105.48	780%
Intangible Assets Under Development	0	0		
Other Assets	14.89	15.69	0.80	5%
Fixed Assets	334.85	435.88	101.03	30%
Non-Current Investments	11,529.07	12,137.39	608.32	5%
Long Term Loans And Advances	0.43	0.4	-0.03	-7%
Other Non-Current Assets	3,400.06	3,738.67	338.61	10%
Total Non-Current Assets	15,264.41	16,312.34	1,047.93	7%
CURRENT ASSETS				
Current Investments	60.19	26.06	-34.13	-57%
Inventories	68.44	21.39	-47.05	-69%
Trade Receivables	12.74	0.27	-12.47	-98%
Cash And Cash Equivalents	922.09	488.08	-434.01	-47%
Short Term Loans And Advances	1,209.00	1.88	-1,207.12	
OtherCurrentAssets	1,348.53	1,614.90	266.37	20%
Total Current Assets	3,620.99	2,152.58	-1,468.41	-41%
Total Assets	18,885.40	18,464.92	-420.48	-2%

Table: 4.3.3 COMPARATIVE BALANCE SHEET FOR YEAR 2018-2019				
	Mar-18	Mar-19	Inc/Dec	Percentage
EQUITIES AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	6,207.41	6,162.73	-44.68	-1%
Total Share Capital	6,207.41	6,162.73	-44.68	-1%
Reserves and Surplus	6,487.30	7,834.66	1,347.36	21%
Total Reserves and Surplus	6,487.30	7,834.66	1,347.36	21%
Total Shareholders Funds	12,694.71	13,997.39	1,302.68	10%
NON-CURRENT LIABILITIES				
Other Long Term Liabilities	3,700.98	4,099.36	398.38	11%
Long Term Provisions	236.65	211.93	-24.72	-10%
Total Non-Current Liabilities	3,937.63	4,311.29	373.66	9%
CURRENT LIABILITIES				
Trade Payables	111.16	122.97	11.81	11%
Other Current Liabilities	1,497.39	518.62	-978.77	-65%
Short Term Provisions	224.03	90.3	-133.73	-60%
Total Current Liabilities	1,832.58	731.89	-1,100.69	-60%
Total Capital And Liabilities	18,464.92	19,040.57	575.65	3%
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	300.75	291.97	-8.78	-3%
Intangible Assets	0.44	0.46	0.02	5%
Capital Work-In-Progress	119	142.63	23.63	20%
Intangible Assets Under Development	0	38.7		
Other Assets	15.69	8.32	-7.37	-47%
Fixed Assets	435.88	482.08	46.20	11%
Non-Current Investments	12,137.39	12,515.16	377.77	3%
Long Term Loans And Advances	0.4	0.22	-0.18	-45%
Other Non-Current Assets	3,738.67	4,080.72	342.05	9%
Total Non-Current Assets	16,312.34	17,078.18	765.84	5%
CURRENT ASSETS				
Current Investments	26.06	22.74	-3.32	-13%
Inventories	21.39	30.67	9.28	43%
Trade Receivables	0.27	0.25	-0.02	-7%
Cash And Cash Equivalents	488.08	253.51	-234.57	-48%
Short Term Loans And Advances	1.88	0	-1.88	
OtherCurrentAssets	1,614.90	1,655.22	40.32	2%
Total Current Assets	2,152.58	1,962.39	-190.19	-9%
Total Assets	18,464.92	19,040.57	575.65	3%

Table: 4.3.4 COMPARATIVE BALANCE SHEET FOR YEAR 2019-2020				
	Mar-19	Mar 20	Inc/Dec	Percentage
EQUITIES AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	6,162.73	6,162.73	0.00	0%
Total Share Capital	6,162.73	6,162.73	0.00	0%
Reserves and Surplus	7,834.66	10,650.57	2,815.91	36%
Total Reserves and Surplus	7,834.66	10,650.57	2,815.91	36%
Total Shareholders Funds	13,997.39	16,813.30	2,815.91	20%
NON-CURRENT LIABILITIES				
Other Long Term Liabilities	4,099.36	4,617.77	518.41	13%
Long Term Provisions	211.93	297.66	85.73	40%
Total Non-Current Liabilities	4,311.29	4,915.43	604.14	14%
CURRENT LIABILITIES				
Trade Payables	122.97	170.93	47.96	39%
Other Current Liabilities	518.62	380.02	-138.60	-27%
Short Term Provisions	90.3	137.1	46.80	52%
Total Current Liabilities	731.89	688.05	-43.84	-6%
Total Capital And Liabilities	19,040.57	22,416.78	3,376.21	18%
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	291.97	302.39	10.42	4%
Intangible Assets	0.46	0.2	-0.26	-57%
Capital Work-In-Progress	142.63	128.33	-14.30	-10%
Intangible Assets Under Development	38.7	57.16		
Other Assets	8.32	8.32	0.00	0%
Fixed Assets	482.08	496.4	14.32	3%
Non-Current Investments	12,515.16	12,232.59	-282.57	-2%
Long Term Loans And Advances	0.22	0.16	-0.06	-27%
Other Non-Current Assets	4,080.72	4,391.95	311.23	8%
Total Non-Current Assets	17,078.18	17,121.10	42.92	0%
CURRENT ASSETS				
Current Investments	22.74	93.97	71.23	313%
Inventories	30.67	14.98	-15.69	-51%
Trade Receivables	0.25	7.97	7.72	3088%
Cash And Cash Equivalents	253.51	1,071.48	817.97	323%
Short Term Loans And Advances	0	0	0.00	
OtherCurrentAssets	1,655.22	4,107.28	2,452.06	148%
Total Current Assets	1,962.39	5,295.68	3,333.29	170%
Total Assets	19,040.57	22,416.78	3,376.21	18%

CHAPTER: 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

1. Gross profit percentage is increasing in 2019, company making reasonable profit
2. 2020 shows increasing net profit of 10.41% by selling more goods and services.
3. Expense ratio is decreased to 0.874 % company makes less profit in 2020
4. Operating profit is increased in 2018 as company shows efficient management.
5. Earning per ratio is found to be decreased with 78.1 when compared to year 2019. this is due to highest value of share in 2019.
6. Dividend yield ratio in 2016 shows highest % compared to 2020
7. Dividend payout ratio is increased in 2018 indicates that earnings payout as dividend to shareholders.
8. 2017 and 2019 shows highest return on capital employed indicates strong profitability.
9. The current ratio is decreased in year 2020 when compared to 2016, it indicates that company is not well placed to pay debts.
10. Year 2019 has adequate cash on hand to operate
11. 2016 shows increasing quick asset, so company can pay off its current debts without selling its long-term assets.
12. 2016 shows highest proprietary ratio, it indicated strong financial position of company during the year. Company has highest gearing ratio in the year 2018.
14. Year 2020 shows low debt-to-equity ratio indicates a lower amount of financing by debt.
15. The year 2017 has high debt this indicate that the company faced more risk.
16. 2019 indicates a high receivables turnover ratio of 23.9 because of company's collection of accounts receivable is efficient.
17. 2017 shows higher ratio of 225.78 implies that company used its fixed asset effectively.
18. Year 2019 and 2016 shows how well a company's earnings can cover its fixed expenses.
19. Year 2020 indicates the highest capacity of an organization to pay dividends out of profit attributable to the shareholders.

5.2 SUGGESTIONS

1. From the overall analysis of financial statements and component wise cost, the company is being looked from all the dimension and finally it can be concluded that economic health is sufficiently strong with huge cash reserve can enable the company for diversification and many other ventures is being processed apart from the main business of coal mining.
2. Cost aspect is also registering that the price increase is contained within the level of inflation in spite of many other extraneous factors.
3. In my opinion it is a cash rich PSU and should go for diversification meeting all social commitment.
4. In global context for its survival and growth many other conditional ties to be complied.
5. Under corporate governance more transparency should be maintained and many other commitments to be achieved

5.3 CONCLUSION

1. To measure the efficiency of the Organization – If we go through the ratio analysis part, we will see that during the analysis of liquidity ratio there is positive growth from 2020 onwards. The liquidity position of the company is improving significantly and the terminal year has registered its growth positively and has established that current assets has exceeded over current liabilities. There is also immense reduction of the percentage of debt during the years, which is the company has low financial risk which is beneficiary to the shareholders. If we go through the profitability ratios we will see that the company is making profit and its operating efficiency is sound.

2.To judge the profit earning capacity of the Organization – The profitability position of the organization on the whole for last five years as has been depicted before is following a healthy and81.81. rising trend because of improved productivity, increased turnover and containing cost between single digit inflation.

3. To know about the financial strength of the Organization – The debt burden of the company is drastically reducing, which is a good indication for the shareholders that the company is able to withstand it financial needs from its own generation and the siphoning of funds from outer sources is gradually in decreasing order. From the information in the dissertation, it can be said that the company is financially sound and it is identified that the company including its eight subsidiaries has attained the stage of profitability and it is a remarkable achievement in the arena of Financial Management.

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WEBSITES: <https://www.coalindia.in/>

APPENDIX - 1

BALANCE SHEET OF COAL INDIA LIMITED 2016-2020	Mar 20	Mar-19	Mar-18	Mar-17	Mar-16
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	6,162.73	6,162.73	6,207.41	6,207.41	6,316.36
Total Share Capital	6,162.73	6,162.73	6,207.41	6,207.41	6,316.36
Reserves and Surplus	10,650.57	7,834.66	6,487.30	7,710.03	9,729.45
Total Reserves and Surplus	10,650.57	7,834.66	6,487.30	7,710.03	9,729.45
Total Shareholders Funds	16,813.30	13,997.39	12,694.71	13,917.44	16,045.81
NON-CURRENT LIABILITIES					
Other Long Term Liabilities	4,617.77	4,099.36	3,700.98	3,449.67	3,177.66
Long Term Provisions	297.66	211.93	236.65	212.82	172.72
Total Non-Current Liabilities	4,915.43	4,311.29	3,937.63	3,662.49	3,350.38
CURRENT LIABILITIES					
Trade Payables	170.93	122.97	111.16	110	72.7
Other Current Liabilities	380.02	518.62	1,497.39	1,054.23	1,703.78
Short Term Provisions	137.1	90.3	224.03	141.24	206.09
Total Current Liabilities	688.05	731.89	1,832.58	1,305.47	1,982.57
Total Capital And Liabilities	22,416.78	19,040.57	18,464.92	18,885.40	21,378.76
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	302.39	291.97	300.75	306.13	317.35
Intangible Assets	0.2	0.46	0.44	0.31	0.47
Capital Work-In-Progress	128.33	142.63	119	13.52	13.13
Intangible Assets Under Development	57.16	38.7	0	0	0
Other Assets	8.32	8.32	15.69	14.89	14.89
Fixed Assets	496.4	482.08	435.88	334.85	345.84
Non-Current Investments	12,232.59	12,515.16	12,137.39	11,529.07	11,416.51
Long Term Loans And Advances	0.16	0.22	0.4	0.43	51.51
Other Non-Current Assets	4,391.95	4,080.72	3,738.67	3,400.06	3,169.74
Total Non-Current Assets	17,121.10	17,078.18	16,312.34	15,264.41	14,983.60
CURRENT ASSETS					
Current Investments	93.97	22.74	26.06	60.19	312.98
Inventories	14.98	30.67	21.39	68.44	152.41
Trade Receivables	7.97	0.25	0.27	12.74	0.38
Cash And Cash Equivalents	1,071.48	253.51	488.08	922.09	4,464.57
Short Term Loans And Advances	0	0	1.88	1,209.00	17.45
Other Current Assets	4,107.28	1,655.22	1,614.90	1,348.53	1,447.37
Total Current Assets	5,295.68	1,962.39	2,152.58	3,620.99	6,395.16
Total Assets	22,416.78	19,040.57	18,464.92	18,885.40	21,378.76

APPENDIX - 2 ARTICLE

A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF COAL INDIA LIMITED**MISS. HEMADARSHINI J.P**

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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.

Keywords: Annual report and Accounts, Versatile Ratios, Trend analysis, Comparative balance sheet

I. INTRODUCTION TO THE STUDY

FINANCIAL PERFORMANCE ANALYSIS is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account.



Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period.

Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business. The financial analyst program provides vital methodologies of financial analysis.

OBJECTIVE OF FINANCIAL PERFORMANCE

- To assess the earning capacity or profitability of the firm.
- To assess the operational efficiency and managerial effectiveness.
- To assess the short term as well as long term solvency position of the firm.
- To identify the reasons for change in profitability and financial position of the firm.

II. REVIEW OF LITERATURE

1. **Abbie Smith** Earnings and management incentives says in Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 337-347 This comment evaluates the three papers and suggests avenues for future research into the stewardship role of accounting data and opportunistic financial reporting behaviour.
2. **Daniel Quan.C , Sheridan Titman** Commercial Real Estate Prices and Stock Market Returns: An International Analysis Pages 21-34 | Published online: 02 Jan 2019 This study examines the relation between stock returns and changes in property values and rents based on data from 17 countries. Although we find no relation between real estate values and rents and stock returns in the United States, we find significant relations in a number of other countries. When the data are pooled, the relation between stock returns and both value changes and changes in rental rates is very strong.
3. **David Denis J, Diane Denis K** Managerial discretion, organizational structure, and corporate performance Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 209-236 . this Study examine the impact of highly leveraged transactions on managerial discretion over investment policy using a sample of 39 proposed leveraged recapitalizations. We find significant decreases in undistributed cash flow, capital expenditures, and total assets following completed recapitalizations.
4. **George Baker P Growth**, corporate policies, and the investment opportunity set Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 161-165 . The paper is somewhat weekend by the failure to distinguish between equity value growth and asset growth, and by a sample segmentation technique that separates firms into growth and nongrowth subsamples, and finds that the growth firms are larger and substantially more profitable.
5. **Greg Clinch Joseph Magliolo** CEO compensation and components of earnings in bank holding companies Journal of Accounting and Economics Volume 16, Issues 1–, January–July 1993, Pages 241-272 . This study analyses the relation between cash compensation of bank CEOs and accounting earnings from selected discretionary transactions. Results indicate that income from discretionary transactions accompanied by cash flow effects is reflected in the CEO compensation function.
6. **Ivan Bull** Financial performance of leveraged buyouts: An empirical analysis Journal of Business Venturing Volume 4, Issue 4, July 1989, Pages 263-279 . This study compares management performance before and after leveraged buyouts of 25 sample companies. Average performance for the two years before a leveraged buyout is compared to average performance for the two years after a buyout.
7. **James Brikley** A Stock-based incentive compensation and investment behaviour Journal of Accounting and Economics Volume 16, Issues 1–3, January–July 1993, Pages 349-372 This paper examines how excessive concern over current stock price can motivate managers to use observable investment decisions to manipulate the

III. OBJECTIVES OF STUDY

PRIMARY OBJECTIVES:

- To Study and Ascertain Financial Performance of Coal India Limited

SECONDARY OBJECTIVES:

- To study the financial performance and efficiency of the Coal India Limited
- To examine the financial efficiency of the Coal India Limited

IV. RESEARCH METHODOLOGY

Research Methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability.

TYPE OF RESEARCH

DESCRIPTIVE RESEARCH

This Study is **Descriptive in nature** that aims to give the industry report accurately and systematically describe a population, situation or phenomenon. It can answer what, where, when and how questions.

V. DATA COLLECTION

Secondary data is used for this study

Primary data:

- Primary source of secondary data, Company's annual report and data already done & published by company

Secondary data:

- Secondary data already published by others, Other than company website, journals and books and company annual report.
- Period of study 2019-2020.

VI. STATISTICAL TOOLS USED FOR THIS STUDY

The following are major tools used in analysis and interpretation.

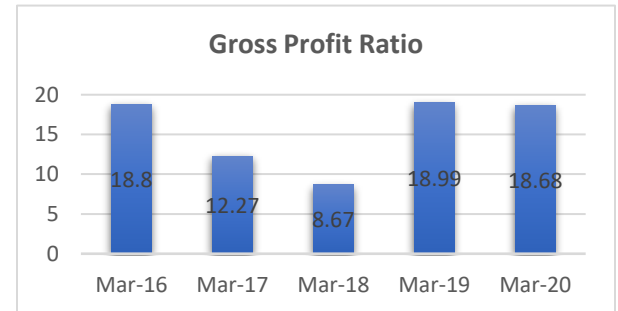
- *Ratio analysis*
- *Trend Percentage Analysis*
- *Comparative Balance Sheet Statement*

V. DATA ANALYSIS AND INTERPRETATION

RATIO ANALYSIS

1. CALCULATION OF GROSS PROFIT RATIO

Year	Gross Profit	Net Sales	Ratio [%]
2015-16	14,266.78	75,461.78	18.8
2016-17	9279.77	75,602.86	12.27
2017-18	7038.44	81,111.26	8.67
2018-19	16,44.42	92,896.08	18.99
2019-20	16,700.34	89,373.34	18.68

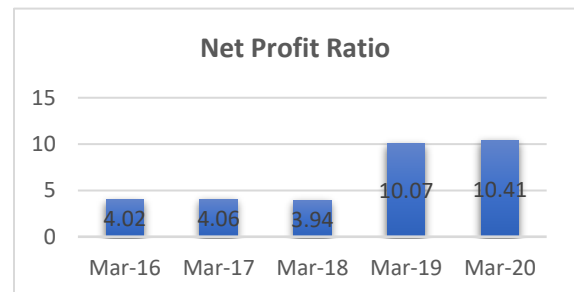


INTREPRETATION:

In my study for the year 2019 shows higher gross profit margin indicates that a company can make a reasonable profit on sales.

2. CALCULATION OF NET PROFIT RATIO

Year	Net Operating Profit	Net sales	Ratio [%]
2015-16	3040.06	75461.78	4.02
2016-17	3072.99	75602.86	4.06
2017-18	3203.80	81111.26	3.94
2018-19	9358.84	92896.08	10.07
2019-20	9305.07	89373.34	10.41

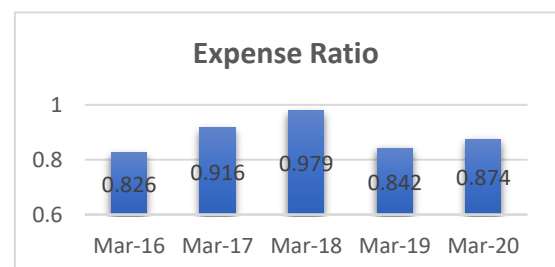


INTREPRETATION:

2020 shows highest net profit ratio compared to 2016 this is because, through selling more goods or services or by **increasing** prices. company increased their net margin by reducing cost.

3. CALCULATION OF EXPENSE RATIO

Year	Operating cost	Net sales	Ratio [%]
2015-16	62508.41	75461.78	0.826
2016-17	69289.09	75602.86	0.916
2017-18	79448.81	81111.26	0.979
2018-19	78293.8	92896.08	0.842
2019-20	78113.25	89373.34	0.874

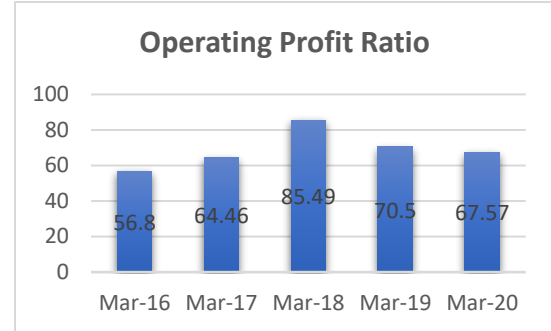


INTERPRETATION:

Expense ratio shows what percentage of sales is an individual expense or a group of expenses. A lower ratio means more profitability and a higher ratio means less profitability. Here 2018 ratio percentage increase compared to year 2016.

4. CALCULATION OF OPERATING PROFIT RATIO

Year	Operating profit	Net sales	Ratio [%]
2015-16	42982.16	75461.78	56.8
2016-17	48737.92	75602.86	64.46
2017-18	69347.67	81111.26	85.49
2018-19	65563.67	92896.08	70.5
2019-20	60395.63	89373.34	67.57

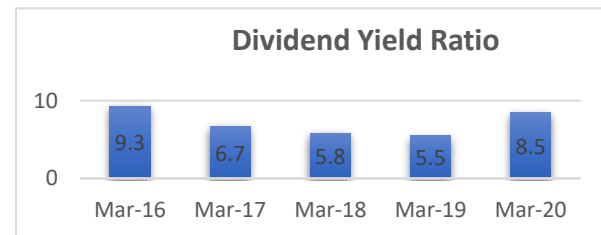


INTERPRETATION:

The operating ratio shows the efficiency of a company's management by comparing the total operating expense of a company to net sales. An operating ratio that is for the year 2016 decreasing is viewed as a positive sign.

5. CALCULATION OF DIVIDEND YIELD RATIO

Year	Dividend per share	Market price per share	Ratio [%]
2015-16	27.40	291.95	9.3
2016-17	19.90	292.65	6.7
2017-18	16.50	283.50	5.8
2018-19	13.10	237.20	5.5
2019-20	12.00	140.05	8.5

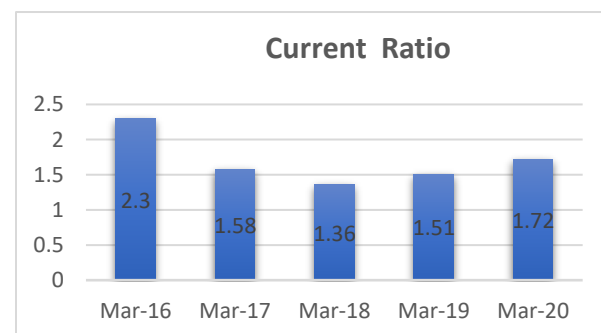


INTERPRETATION:

My study shows that percentage of 2016 the market price of a share a company annually pays to its stockholders in the form of dividends.

6. CALCULATION OF CURRENT RATIO

Year	Current asset	Current liability	Ratio [times]
2015-16	72326.52	31354.16	2.3
2016-17	69919.91	44015.83	1.58
2017-18	66115.63	48319.1	1.36
2018-19	69671.38	46097.8	1.51
2019-20	83512.16	48463.66	1.72



INTERPRETATION:

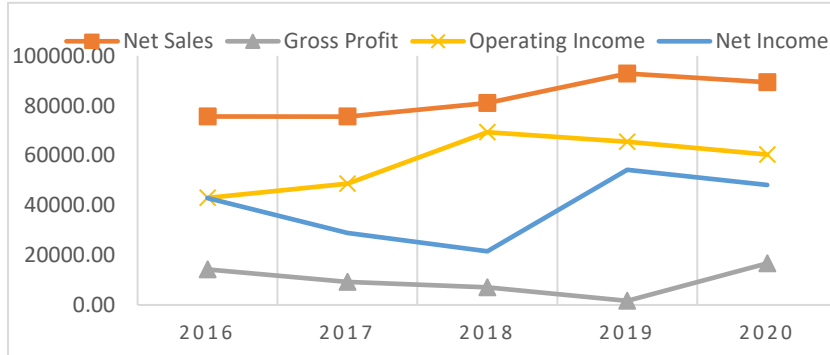
Year 2026 indicates business can pay debts due within one year out of the current assets. Year 2018 shows low current ratio of 1.36 this indicates that the business is not well placed to pay its debts. A decline in this ratio can be attributable to an increase in short-term debt, a decrease in current assets, or a combination of both.

VI. TREND ANALYSIS

1. Trend Percentage for Net Sales, Gross Profit, Operating Income & Net Income.

Year	Net Sales	Gross Profit	Operating come	Net Income
2015-16	75642.78	14266.78	42982.16	42879.60
2016-17	75602.86	9279.77	48737.92	28892.60
2017-18	81111.26	7038.44	69347.67	21540.62
2018-19	92896.08	1644.42	65563.67	54257.74
2019-20	89373.34	16700.34	60395.63	48144.98

Year	Net Sales	Gross profit	Operating income	Net income
2015-26	NA	NA	NA	NA
2016-17	0%	-35%	13%	-33%
2017-18	7%	-51%	61%	-50%
2019-19	23%	-88%	53%	27%
2019-20	18%	17%	41%	12%



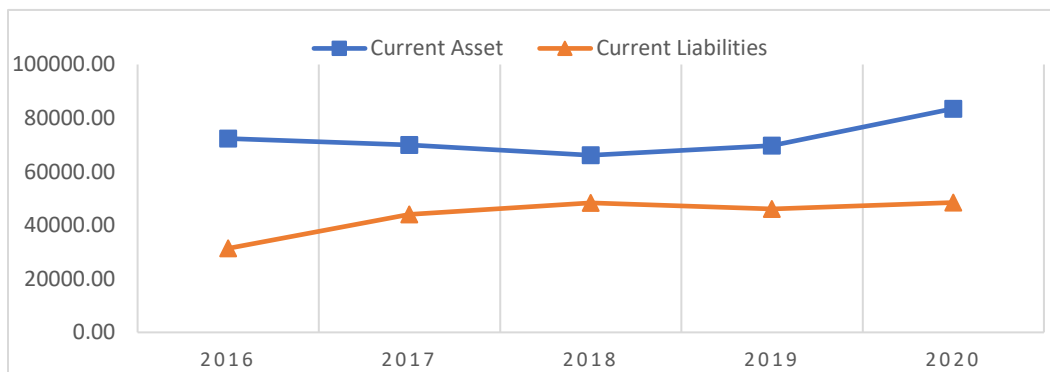
INTERPRETATION:

The above trend analysis showing, it is inferred 2016 as base year. Net sales percentage has been increased in year 2020, Gross profit percentage is increased in 2020 with 17%, operating income is increased in 2019 with 53% and net income is decreased in 2020 with 12%.

2. Trend Percentage for Current Asset & Current Liabilities

Year	Current asset	Current liabilities
2015-16	72326.52	31354.16
2016-17	69919.91	44015.83
2017-18	66115.63	48319.10
2018-19	69671.38	46097.8
2019-20	83512.16	48463.66

Year	Current asset %	Current liability %
2015-16	NA	NA
2016-17	-3%	40%
2017-18	-9%	54%
2018-19	-4%	47%
2019-20	15%	55%



INTERPRETATION:

From the above trend analysis showing, it is inferred as base year 2016. current asset has been increased in year 2020, trend percentage is increased with 15% and current liability increased in year 2020 and trend percentage is increased with 55%.

VII. COMPARATIVE BALANCE SHEET

<u>COMPARATIVE BALANCE SHEET FOR YEAR 2019-2020</u>				
	Mar-19	Mar 20	Inc/Dec	Percentage
EQUITIES AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	6,162.73	6,162.73	0.00	0%
Total Share Capital	6,162.73	6,162.73	0.00	0%
Reserves and Surplus	7,834.66	10,650.57	2,815.91	36%
Total Reserves and Surplus	7,834.66	10,650.57	2,815.91	36%
Total Shareholders Funds	13,997.39	16,813.30	2,815.91	20%
NON-CURRENT LIABILITIES				
Other Long Term Liabilities	4,099.36	4,617.77	518.41	13%
Long Term Provisions	211.93	297.66	85.73	40%
Total Non-Current Liabilities	4,311.29	4,915.43	604.14	14%
CURRENT LIABILITIES				
Trade Payables	122.97	170.93	47.96	39%
Other Current Liabilities	518.62	380.02	-138.60	-27%
Short Term Provisions	90.3	137.1	46.80	52%
Total Current Liabilities	731.89	688.05	-43.84	-6%
Total Capital And Liabilities	19,040.57	22,416.78	3,376.21	18%
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	291.97	302.39	10.42	4%
Intangible Assets	0.46	0.2	-0.26	-57%
Capital Work-In-Progress	142.63	128.33	-14.30	-10%
Intangible Assets Under Development	38.7	57.16		
Other Assets	8.32	8.32	0.00	0%
Fixed Assets	482.08	496.4	14.32	3%
Non-Current Investments	12,515.16	12,232.59	-282.57	-2%
Long Term Loans And Advances	0.22	0.16	-0.06	-27%
Other Non-Current Assets	4,080.72	4,391.95	311.23	8%
Total Non-Current Assets	17,078.18	17,121.10	42.92	0%
CURRENT ASSETS				
Current Investments	22.74	93.97	71.23	313%
Inventories	30.67	14.98	-15.69	-51%
Trade Receivables	0.25	7.97	7.72	3088%
Cash And Cash Equivalents	253.51	1,071.48	817.97	323%
Short Term Loans And Advances	0	0	0.00	
OtherCurrentAssets	1,655.22	4,107.28	2,452.06	148%
Total Current Assets	1,962.39	5,295.68	3,333.29	170%
Total Assets	19,040.57	22,416.78	3,376.21	18%

VIII. FINDINGS, SUGGESTIONS AND CONCLUSION
FINDINGS & SUGGESTION

Gross profit percentage is increasing in 2019, company making reasonable profit, 2020 shows increasing net profit of 10.41% by selling more goods and services. Expense ratio is decreased to 0.874 % company makes less profit in 2020. Operating profit is increased in 2018 as company shows efficient management. Earning per ratio is found to be decreased with 78.1 when compared to year 2019. this is due to highest value of share in 2019. Dividend yield ratio in 2016 shows highest % compared to 2020. Dividend payout ratio is increased in 2018 indicates that earnings payout as dividend to shareholders. 2017 and 2019 shows highest return on capital employed indicates strong profitability. The current ratio is decreased in year 2020 when compared to 2016, it indicates that company is not well placed to pay debts. Year 2019 has adequate cash on hand to operate. Year 2020 shows low debt-to-equity ratio indicates a lower amount of financing by debt. Form the overall analysis of financial statements and component wise cost, the company is being looked from all the dimension and finally it can be concluded that economic health is sufficiently strong with huge cash reserve can enable the company for diversification and many other ventures is being processed apart from the main business of coal mining. Cost aspect is also registering that the price increase is contained within the level of inflation in spite of many other extraneous factors. In my opinion it is a cash rich PSU and should go for diversification meeting all social commitment. In global context for its survival and growth many other conditional ties to be complied. Under corporate governance more transparency should be maintained and many other commitments to be achieved

CONCLUSION

If we go through the ratio analysis part, we will see that during the analysis of liquidity ratio there is positive growth from 2020 onwards. The liquidity position of the company is improving significantly and the terminal year has registered its growth positively and has established that current assets has exceeded over current liabilities. There is also immense reduction of the percentage of debt during the years, which is the company has low financial risk which is beneficiary to the shareholders.

From the information in the dissertation, it can be said that the company is financially sound and it is identified that the company including its eight subsidiaries has attained the stage of profitability and it is a remarkable achievement in the arena of Financial Management.

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