



A STUDY ON FINANCIAL PERFORMANCE OF ADITYA BIRLA GROUP

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ABSTRACT

Financial analysis can be undertaken by the management of the firm, or by parties outside the firms, owners, trade creditors, lenders, investors, labor unions, analysts, and others. The study used 6 years of Aditya Birla Group secondary data and main objectives is to find out the profitability, liquidity and overall performance of the Aditya Birla group. The various tools like current ratio, cash position ratio, expense ratio and other performance ratios were used for the study. The suggestion reveals the profit of the company need to raised through increasing productivity and decreasing expense. Finally the study attempts to provide an insight into financial soundness of the company.

KEYWORDS: Financial performance, profitability, growth rate.

1. INTRODUCTION

Finance is the nerve center and lifeline of any economic activity and therefore omnipresent in every sphere of economic and business life. It plays an extremely crucial role in the continuity and growth of a business. Ratio analysis is one of the basic analysis of examining the financial position and performance of the companies. Financial analysis is a process of considering the financial strength and weakness of a firm by forming strategic relationship between the item of profit and loss account, balance sheet and other financial statement. Financial statements are written records that convey the business activities and the financial performance of a company. Financial statements are often audited by government agencies, accountants, firms, etc. to ensure accuracy and for tax, financing, or investing purposes. Financial statements include: Balance sheet, income statement, cash flow statement. The balance sheet provides an overview of

assets, liabilities, and stockholders' equity as a snapshot in time.

2. STATEMENT OF THE PROBLEM

Fund is the scarcest asset in India and henceforth it should be used ideally. The sound execution of a firm relies upon the well arranging of money, income administration and circulation. This study is conducted to evaluate the financial performance of Aditya Birla group and to know the problems faced by the company.

3. OBJECTIVES OF THE STUDY

1. To analyze the profitability and liquidity of the company.
2. To examine overall performance of the Aditya Birla group.
3. To know the financial strength and weakness of the company.



4. RESEARCH METHODOLOGY

Source of data	Secondary data
Period of the study	2014-2016 TO 2019- 2020
Framework of analysis	Financial statements
Tools and techniques	Ratio analysis

5. STATISTICAL TOOLS

The following statistical tools we applied to analysis the statistical data collected for calculation of financial performance analysis.

Ratio Analysis

- Profitability ratios
- Liquidity ratios
- Activity turnover ratio
- Solvency ratio

6. REVIEW OF LITERATURE

Dr.M.Ganesan-(2020) had said that the study on financial performance analysis of ultra tech cement ltd. This study is focused on finding out why the financial analysis of the cement companies varies from unit to unit. Its objective is to measure the extend of influence of the variables responsibility for the profitability of Ultra Tech Cement Ltd. The area of study is proposed to calculate various financial ratio to examine the financial performance of the selected cement companies. It can be concluded that given the sustained growth in the housing sector, the government emphasis on infrastructure and increased domestic and global demand, the prospects for Indian cement industry is exceedingly promising.

Dr.NR.Suryanaraya-(2019) had said financial performance of textile industry. His present study considers three sample companies in the textile industry to assess their financial performance. It objectives is to analyze the companies profitability, liquidity position and efficiency of the management. This study has analyzed that the profitability and short term position of these three textile industries in India. It concluded that textile industry plays an important role in India and are contributing towards the national growth.

Dr.C.Sangeetha (2018) had said financial performance of Aditya Birla stock broking companies. Her study consist in applying various analytical tools and techniques to the financial data. Its objectives is to analyze the financial performance of the Aditya Birla Stock broking firm in India. Exploratory research design was adopted for present study to analyze the interpret the available information. In conclusion it explained that India has a diversified financial sector

undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market.

7. FINDINGS

- The firm's current ratio was higher during 2019-2020 with the ratio of 33.8 and it decreased with the ratio of 0.15 during 2016-2017. Current ratio of 2:1 is satisfactory and the current ratio is satisfied.
- The liquid ratio is higher than the standard ratio of 1:1. The liquid ratio is highest during the year 2019-2020 with the ratio of 33.8 and it has decline to 0.15 during 2019-2020. This shows that the liquid ratio has satisfied.
- The net profit is highest during the year 2017-2018 was 0.44% and lowest in the year -2.21% in the year 2014-2015. The company should take necessary steps to earn more profit.
- Cash position ratio in the year 2014-2015 was 13.7, it is highest in the year 2019-2020 was 91.99 and lowest in the year 2016-2017 was 2.79.
- The expense ratio is highest during the year 2014-2015. It is lowest during the year 2019-2020 was 72.29%.
- The return on asset was maximum in the year 2016-2017 was 0.44% and the minimum in the year 2019-2020 was -2.21%. The highest return on asset was found in 2016-2017.
- Proprietary ratio was higher during the year 2015-2016 was 0.99 and it was lower during 2018-2019 was 0.81.
- Total asset turnover ratio during 2014-2015 was 0.002 and it remains same in 2015-2016. It slightly increases in the year 2018-2019 was 0.19.

8. SUGGESTIONS

- The profit of the company need to raised through increasing productivity and decreasing expenses.
- The effective utilization of asset can be improved.
- The company can try to control the expenditure and fair return on the shareholders.



- The company should probably consider the use of the fund to invest other opportunities to get a profit.

Loss/Aditya-Birla-Capital-Ltd/40903

9. CONCLUSION

The analysis of the company was undertaken with the help of ratios which are important tools of financial analysis. The validation of various data like balance sheet and profit and loss account related to Aditya Birla Group found in analytical statement, it is clear that the profitability is more or less depends upon the better utilization of resources. The study gives a clear idea of the financial performance of the company over the last 6 years thus the findings and recommendation which will be helpful for the development and improvement of the company. In general the company has achieved tremendous progress over the recent year

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