



FINANCIAL PERFORMANCE ANALYSIS OF ACC CEMENT LIMITED

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ABSTRACT

This study main focus on to analysis the overall performance of the ACC Cement limited to analysis the overall performance with the help of financial statement with shows all incomes and expenditure and assets and liabilities in the format of profit & loss and balance sheet this statement is analysed it is called performance it help the firm take any decision and to get knowledge about their function of financial aspects in business .The method used to analysis their performance was ratio analysis (liquidity ,profitability and activity)and schedule changing in working capital this method help to analysis their performance of the company.

KEYWORDS: *Financial performance analysis, Ratio Analysis, ACC cement Company*

INTRODUCTION

Cement is a global commodity, manufactured at thousands of local plants. The cement industry in India is dominated by around 20 companies, which account for almost 70 per cent of the total cement production in India. Because of its weight, cement supply via land transportation is expensive, and generally limited to an area within 300 km of any one-plant site. The industry is consolidating globally, but large, international firms account for only 30 per cent of the worldwide market. China is the fastest growing market today. Because it is both global and local, the cement industry faces a unique set of issues, which attract attention from communities near the plant, at a national and an international level. Financial analysis refers to the purpose of examining minutely and evaluating the financial condition and the results of operations (i.e., the performance) of a business enterprise. In other words, financial analysis is an in-depth study of a firm's financial position (i.e., capital, assets and liabilities of a firm at a point of time) and its financial performance (i.e., income, profitability, solvency, earnings per share, dividend payout etc..) over a period.

Ratio analysis is a technique of analysis and interpretation of financial statement. It is the process of establishing and interpreting various ratios for helping in making certain decisions. It is the only means of better understanding of financial strengths and weakness of a firm. There are various ratios, which can be calculated from the information given in the financial statements, but in the study, we select the appropriate data and calculate only a few appropriate ratios. The important ratios taken are liquidity ratio, long-term solvency activity and profitability ratios.

The industry is consolidating globally, but large, international firms account for less than 30per cent of the planet Wide Market. Cement industry in India was under full control and supervision of the government. However, it got relief at a large extent after the economic reform. But government interference, especially in the pricing, is still evident in India. In spite of being the second largest cement producer in the world, India falls in the list of lowest per capita consumption of cement with 125 kg. The reason behind this is the poor rural people who mostly live in mud huts and cannot afford to have the commodity. Despite the fact, the demand and supply of



cement in India has grown up. In a fast developing economy like India, there is always large possibility of expansion of cement industry. The economic development strategy chosen by India after the Second World War was very identical to China's industrialization and the dominance of the state in the economy. Development was regarded synonymous with industrialization and industry was concentrating mainly on basic goods like steel and machinery. Private capital was not seen as an effective measure for development and it was assumed to have a inclination towards monopolization. Because of that, state control was considered to be effective. The chosen development strategy was one of import substitution. Development policies included licensing of industrial activity, the reservation of key areas for state activity, controls over foreign direct investment and interventions in the labour market.

REVIEW OF LITERATURE

Ghosh and Maji 1983 attempted to examine the efficiency of working capital management of Indian cement companies during 1993 to 2002. They calculated three index values-performance index, utilization index and overall efficiency index to measure the efficiency of working capital management, instead of using working capital management ratios. By using regression analysis and industry norms as a target efficiency level of individual firms, they tested the speed of achieving target level of efficiency by individual firms during the period of study and found that some of the sample firms successfully improved efficiency during these years.

Nair N.K (1991)15 , "Productivity in Indian cement industry" has studied the productiveness aspect of Indian cement industry. This study emphasized that cement, being a construction material, occupied a strategic vicinity in the Indian economy. This study has revealed that during 1990-91, the industry had an installed potential of sixty million tones with a manufacturing of forty eight million tones.

Chandrasekaran N 1993, "Determinants of profitability in cement industry" has recognized that profitability was decided as structural and behavioral variable and the other factors which have an impact on profitability were firm's growth and capital turnover ratio by estimating determinants of profitability in cement industry.

STATEMENT OF THE PROBLEM

The problem of the analysis is to decide the economic ratio evaluation and to earn enough profit to control the proper functioning of ACC limited.

Comparative evaluation technique determines the profitability and financial overall performance of a business through comparing economic statement of or extra time period. The performance of business is measured by using the quantity of profit earned. The more the profit the more efficient is the business. An attempt has been made to analyze the financial performance of the business of ACC limited.

OBJECTIVES OF THE STUDY

- To study the financial performance of ACC limited.
- To analyze the profitability, liquidity, operational, activity ratio of the company
- To analyze the financial growth of the company during study period

RESEARCH METHODOLOGY

This research depends wholly on secondary data which is exclusively related with report of cement industry.

Source of Data

The study is based on secondary data. Data regarding industries is collected from the annual report of selected industries with the help of websites, books, journals, magazines.

Period of Study

For the purpose of a analysis industry period taken is 2014-2019.

Tools Used

In this topic only various types of ratios are used. such as

- Liquidity ratio
- Profitability ratio
- Solvency ratio
- Activity ratio

LIMITATIONS OF THE STUDY

- The result is applicable only to cement industry.
- The study is based on the secondary data and the limitations of using secondary data may affect the results.
- These limitations are minimized and explicitly stated wherever need attention.



FINDINGS

Findings of Rio Analysis

- Current ratio of the company was lowest in the year 2015- 2016 & highest in the year 2019-2020
- Liquid ratio of the company was lowest in the year 2015-2016 & highest in the year 2019-2020
- Absolute liquid ratio was lowest in the year 2016-2017 & highest in the year 2019-2020
- Gross profit ratio was highest in the year 2015-2016 & lowest in the year 2019-2020
- Net profit ratio was lowest in the year 2015-2016 & highest in the year 2019-2020
- Operating profit ratio was highest in the year 2015- 2016 & lowest in the year lowest in the year 20192020
- Expense ratio was highest in the year 2015-2016 & lowest in the year 2019-2020
- Proprietary ratio was lowest in the year 2015-2016 & highest in the year 2019-2020
- Fixed asset turnover ratio was lowest in the year 2015- 2016 & highest in the year 2019-2020
- Current asset turnover ratio was highest in the year 2015-2016 & lowest in the year 2019-2020
- Total asset turnover ratio was highest in the year 2017- 2018 & lowest in the year 2019-2020
- Stock turnover ratio was lowest in the year 2015-2016 & highest in the year 2019- 2020
- Debtors turnover ratio was lowest in the year 2015-2016 & highest in the year 2017-2018
- Working capital turnover ratio was highest in the year 2015-2016 & lowest in the year 2019-2020

SUGGESTION

- The company is able to pay short term obligations and the company has enough quick The company's day-to-day cash management need to be improved
- The gross profit margin may be improved by increasing sales price or decreasing cost of sales.
- The company has to improve the efficiency at converting sales into actual profit to enjoy the best profit
- The company should try to keep the costs lower and increase its sales 55
- The company has to maintain change in working capital at a moderate level as

decrease in or great increase at change in working capital is not good.

- Assets to pay for its current liabilities, so the company has to maintain this further.

CONCLUSION

The analysis of financial performance of ACC Limited is stated in this report. The liquidity position of the company is satisfactory hence the company can meet out its short term liabilities and have enough quick assets to pay off current liabilities and future it has to maintain day to day cash management to increase the absolute liquid ratio alone. However the profitability position of the company is not much better, that the company has to decrease the cost of production and keep the cost lower or increase sales price and also need to improve the efficiency in converting sales into actual profit. The change in working capital should be increased without decreasing and has to maintain the change in working capital at a moderate position.

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