



A STUDY ON FINANCIAL PERFORMANCE OF COAL INDIA LIMITED

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ABSTRACT

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The study used 5 years of Coal India Company's secondary data and main objective is to analyze the Profitability and Liquidity position of the company. Various tools like Liquidity Ratio, Profitability Ratio and Activity Ratio. The financial performance of Coal India Limited during the study periods is in satisfactory position, with the available data in the annual report, the researcher is able to give an opinion with regard to the company's performance.

KEYWORDS: Profitability Ratio, Satisfactory Position, Annual Report.

1. INTRODUCTION

Financial performance is an important which influences the profitability and liquidity of organization. There are many ways to measure financial performance but all measures should take in aggregate. Financial performance is a process of measuring and resulting a financial activity of the firm. A general purpose set of financial statements usually includes a balance sheet, income statement, statement of owner's equity and statement of cash flows. Financial performance indicators are quantifiable metrics used to measure how well a company is doing.

2. STATEMENT OF THE PROBLEM

Financial statement analysis is an important tool for measuring the financial performance of the company. Financial statement is used to judge the profitability

and financial soundness of a firm. In this study, an attempt is made to identify the financial strength and weakness of the firm by properly establishing relationship between the items in the balance sheet and profit and loss account of Coal India Limited Corporation. So I make an analysis with CIL to find out the effective utilization of funds. The petroleum industry faces tremendous price changes in the market. So I decided to make an analysis on the financial aspects of CIL in the fluctuating scenario.

3. OBJECTIVES OF THE STUDY

- To analyze the profitability position of the company.
- To study the liquidity position of the company.
- To analyze the strength and weakness of the company.

4. RESEARCH METHODOLOGY

Source of Data	Secondary Data
Period of Study	2015 - 2016 to 2019 - 2020
Framework of Analysis	Financial Statement
Tools and Techniques	Ratio analysis

5. STATISTICAL TOOLS

Ratio analysis is an important technique. It is powerful tool of financial analysis. Ratios are calculated for analyzing the financial performance of Coal India Limited Corporation.

- Liquidity ratio
 - a. Current ratio
 - b. Liquid ratio
 - c. Cash position ratio
- Profitability ratio
 - a. Net profit ratio
 - b. Return on asset ratio
 - c. Return on investment ratio
- Activity ratio
 - a. Inventory turnover ratio
 - b. Total asset turnover ratio

6. REVIEW OF LITERATURE

- Raja Narayanan Sandhir Sharma (2019) conducted study on financial performance of Maruti Suzuki to assess the attention of the numerous collections linked to a business and affected by the economic presentation of the business. The various tools and techniques were used trend analysis, ratio analysis on this study. An analysis comprises measuring the

accounting principles and the financial position of the company. Finally, the company has its financial trend in uphill order from preceding five years on this study.

- Dr.G.Kanagavalli R.Saroja Devi (2018) explained the financial performance of selected automobile companies to assess the profitability ratios indicate there is a decrease in the profit level, utilization of fixed assets and working capital in the last financial year. In this study, to know the risk and reward and to achieve higher returns and if possible with less risk. The positive strong relationship of liquidity ratio in this study and their shares will be safe and secured.
- J.Pavithra K.P.Thooyamani Kermiki Dkhar(2017) studied the analysis of financial performance with reference to jeppiaar cements pvt ltd is based on the financial performance of the firm by using ratio analysis, trend analysis. They suggested a strict credit policy should be maintained and sales promotion efforts can be adopted to increase sales. The present study of the company has improved quite a lot from the previous years and the company's overall financial performance is good.

7. TABLE

Year	Current Ratio	Liquid Ratio	Cash Ratio	Net Profit Ratio	Return On Investment Ratio	Total Asset Turnover Ratio
2015-16	2.31	2.06	1.01	18.29	40.96	95.85
2016-17	1.59	1.38	0.72	11.84	37.85	103.79
2017-18	1.35	1.23	0.62	8.17	35.37	99.79
2018-19	1.57	1.39	0.72	17.54	66.01	105.94
2019-20	1.72	1.59	0.59	17.38	51.94	89.97

- The current ratio of the company was highest in the year 2015 -2016 (2.31) and lowest in the year 2017 – 2018 (1.35)
- The liquid ratio of the company was highest in the year 2015 -2016 (2.06) and lowest in the year 2017 – 2018 (1.23)
- The cash position ratio of the company was highest in the year 2015 -2016 (1.01) and lowest in the year 2019 – 2020 (0.59)
- The net profit ratio of the company was highest in the year 2015 -2016 (18.29) and lowest in the year 2017 – 2018 (8.17)
- The return on investment ratio of the company was highest in the year 2018 - 2019 (66.01) and lowest in the year 2017 – 2018 (35.37)
- The Total asset turnover ratio of the company was highest in the year 2018 - 2019 (105.94) and lowest in the year 2019 – 2020 (89.97)

8. SUGGESTIONS

The financial performance of Coal India limited during the study period is in satisfactory position, with the available data in the annual report, the



researcher is able to give an opinion with regard to the company's performance. From the researcher's point of view the following are the suggestions made on the basis of findings

- The current and fixed assets should utilize of optimal level
- The company should maintain good cash position
- The company should invest their short term surplus fund in short term securities and it should made adequate arrangement of credit facilities with banks so to maintain a good liquidity position
- The debts have to control to avoid bad debts in future as it decreases the profit.

9. CONCLUSION

The study has been under taken with the objective of evaluating the financial performance of Coal India Limited. The study is about analyzing the balance sheet of Coal India Limited using financial analysis. The study analyzed the balance sheet with the tools ratio analysis liquidity ratio, profitability ratio and activity ratio. From the study it concluded that the company's overall performance is in satisfactory level and it suffers from certain weakness. Hence if the given suggestions are implemented, the company can increase its profitability and improve their overall performance.

10. REFERENCE

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