A STUDY ON FINANCIAL PERFORMANCE OF ACC LIMITED

Ms. Uvashree K U[1], Mr. Arnold Basil P[2] , Mr. Mmadi Mbechezi Djaheir[3]

[1]*(Student, II M.com, Department of commerce finance, Sri Krishna Arts and Science College)*

[2]*(Student, II M.com, Department of commerce finance, Sri Krishna Arts and Science College)*

[3]*(Student, II M.com, Department of commerce finance, Sri Krishna Arts and Science College)*

ABSTRACT

The cement industry in India is the world's second-largest consumer of materials. The net profit growth rate for cement companies has been 85 percent. India's cement sector has contributed over 8% to the country's economic development as a result of its enormous success. ACC (ACC Limited) is India's largest cement and concrete producer. With 17 modern cement facilities and various zonal offices, ACC's operations are dispersed across the country. ACC has a distinguished track record of innovative research, product development, and specialist consulting services. The study is about the financial performance of the ACC LIMITED. The primary objective is to study the financial performance of the cement industry and the secondary objectives are to evaluate the profitability, liquidity and the operational position of the industry. The results of the study indicate that the company’s liquidity position and solvency are in comfortable position. The research is focused on the ACC LIMITED's financial performance. The major goal is to examine the cement industry's financial performance, with secondary goals being to assess the industry's profitability, liquidity, and operating situation. The study's findings show that the company's liquidity and solvency are in good shape.

Keywords: Liquidity, Profitability, Performance

1.INTRODUCTION

Financial analysis are powerful tools to help summarize financial statements and the health of a company or enterprise. Companies keep financial statements on a daily basis and use them for internal business management. Internal and external stakeholders, in general, employ the same corporate finance procedures to keep business running and evaluate overall performance. Financial performance is a subjective indicator of a company's ability to earn revenue from its principal way of operation. The phrase is frequently employed as a broad indicator of a company's overall financial health over time. Financial performance is used by analysts and investors to evaluate similar firms in the same industry or to compare statement, and statement of cash flows of a company are used to measure a firm's financial performance. A firm's financial performance should not be defined by a single metric. The primary goal of financial performance analysis is to aid in decision-making. The present study is focusing on the financial performance of ACC limited its trends and growth in the economy over the period of time.

2.LITERATURE REVIEW

Tiwari R.S. (2016) has identified the following outcomes. He revealed that the industry must earn reasonable profits to survive and this will mostly depend on the cost of production. He also recommended that the most significant approaches for improving profitability in cement companies are proper management, effective control, and cost-cutting initiatives.

Santany Kumar Ghosh & et al (2016) in this paper, "Utilization of Current Asset and Operating Profitability and an Empirical Study on Cement in India". According to the findings, the degree of current asset is positively related to the firm's operating profitability.

Lee E.Richmond et al (2015) conducted a study on effects on comprehension- income characteristics on Non-Professional investor's judgment the study examines whether and how alternative presentation formats affect Non-Professional investors processing comprehensive income information. The result show that nonprofessional investors judgments of corporate.

3.OBJECTIVES OF THE STUDY

- To know the efficiency of the company.
- To analyse the solvency position of the company.
- To evaluate the financial growth of the company

4.RESEARCH METHODOLOGY

Research design:

A research design is arrangement of condition for collection and analysis of data in a manner that aim to combine relevance to the research purpose with economy in procedure. The research design adopted for the study is analytical in nature.

Source of Data:

The secondary data are used for this study. The necessary data are collected from annual reports and websites of ACC Limited.

Period of Study:

This study covers a period of five years commencing from Calendar year 2016-21

Tools used for Analysis The tool, which are used for evaluate the performance of the company:

- Ratio Analysis
- Trend Analysis

5.OVERVIEW OF STUDY

"ASSOCIATED CEMENT COMPANY" is another name for ACC. The ACC Cement Company was founded in 1936. It is one of India's most well-known and developed businesses. Cement is a binder, a substance that sets and hardens on its own and can bind together various materials. ACC CEMENT has a fascinating backstory that inspired a novel. In 1936, 10 existing cement companies merged to become ACC, the country's first noteworthy merger at a time when the term mergers and acquisitions had yet to be invented. The company's headquarters are in Switzerland, although it has activities in more than 70 countries throughout the world. The broad of ACC has welcomed this new collaboration, owing to Holcim's substantial global footprint and great reputation.

ACC has an effective Quality Policy System

- Manufacture Quality Products.
- Customer satisfaction.
- Continual improvement in quality.

The company's Vision clearly states the company's commitment to community and sustainable development issues, making this an important aspect of the company's five interconnected and intertwined business goals. The fifth goal or diamond, which envisions that ACC inspires trust and respect, captures the core of this resolve.

6.ANALYSIS AND INTERPRETATION

Ratio Analysis of ACC Limited

By comparing information included in financial statements, ratio analysis is a mathematical approach of acquiring insight into a company's liquidity, operational efficiency, and profitability. Ratio analysis is a fundamental component of fundamental analysis. Outside analysts utilise a variety of ratios to evaluate businesses, although corporate insiders use them less because they have access to more precise operational data. Ratio analysis can be used to compare companies within an industry or sector or to look at patterns over time for a single company. While ratios provide a wealth of information, more data and analysis are usually required to get a thorough view of a company's financial situation.

Table No. 1: Representing Liquidity and Solvency Ratios

S. No	Particulars	2017	2018	2019	2020	2021
1.	Current Ratio	1.28	1.52	1.69	1.99	1.91
2.	Quick Ratio	1.05	1.21	1.49	1.82	1.72
3.	Debt Equity Ratio	0.01	-	-	0.01	-
4.	Long Term Debt Equity Ratio	-	-	-	0.01	-

Interpretation:

From the above table, it is understood that the current ratio of the company ranges minimum of 1.28 during the year 2017 and maximum of 1.99 during the year 2021. The ideal norm is 2:1 of current ratio which means that one rupee of current liability is approximately covered by the two rupees of current assets and it also depicts more consistency level. The quick ratio of the company ranges minimum of 1.05 during the year 2017 and maximum of 1.82 during the year 2021.The ideal norms of quick ratio is 1:1. It shows the company is performing well.

Table No. 2: Representing Profitability ratios

Particulars	2021	2020	2019	2018	2017
Gross Profit Margin (%)	14.87	12.45	11.53	9.76	9.55
Net Profit Margin (%)	11.27	10.26	8.67	10.17	6.89
Return on Long Term Funds (%)	18.32	15.07	18.38	15.04	14.95
Operating Profit Margin (%)	18.57	17.06	15.38	13.81	14.37

Interpretation:

From the Gross profit margin is the most common profitability ratio which shows how the business makes money. The Gross profit ratio ranges from 9.55% from 2017 and reached maximum of 14.87% during the period of 2021. It shows the business is good and healthy.

The Net profit of the of the company ranges from 6.89 during the 2017 and now it is increased by 14.87 percentage during the year 2021 which shows the profit generated by the company after accounting all the business expenses involved in earning those revenues.

The Return on Long term Funds shows a raise from 14.95 to 18.32 during 2017 to 2021.The operating profit margin ratio analyses business performance and sheds light on the company's operational effectiveness. It's great for both inter-firm and intra-firm comparisons.it maximises to 18.57% during 2021.

Table No. 3: Representing Turnover ratios

Particulars	2021	2020	2019	2018	2017
Inventory Turnover Ratio	12.68	15.31	13.72	8.82	10.11
Debtors Turnover Ratio	34.34	25.53	20.92	19.27	23.39
Fixed Assets Turnover Ratio	2.03	1.44	1.67	1.68	1.58

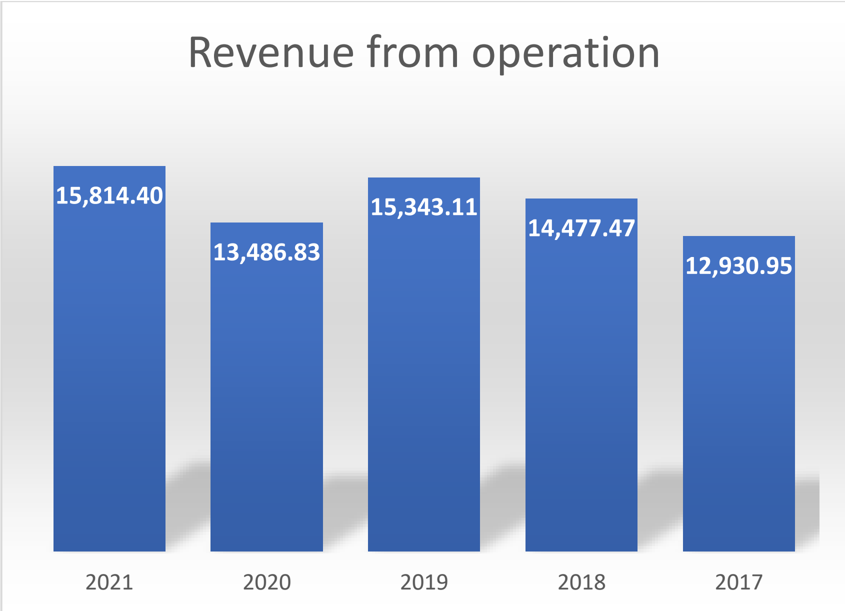
Interpretation:

From the above table, Inventory turnover ratio ranges from 10.11, 8.82,13.72,15.31and 12.68 times for the period of 2017 to 2021. The ideal inventory ratio will range between 5 to 10 so it shows that ACC cement measure the sales and inventory efficiency.

The Debtors turnover ratio of ACC cements 23.39 times during 2017 while during 2021 it is maximized to 34.34 time it shows that the customer are paying their bills on time and when we look at Fixed Assets Turnover Ratio is increasing year by year which indicates that company is maintaining and managing its fixed asset efficiency.

Trend Analysis of ACC limited:

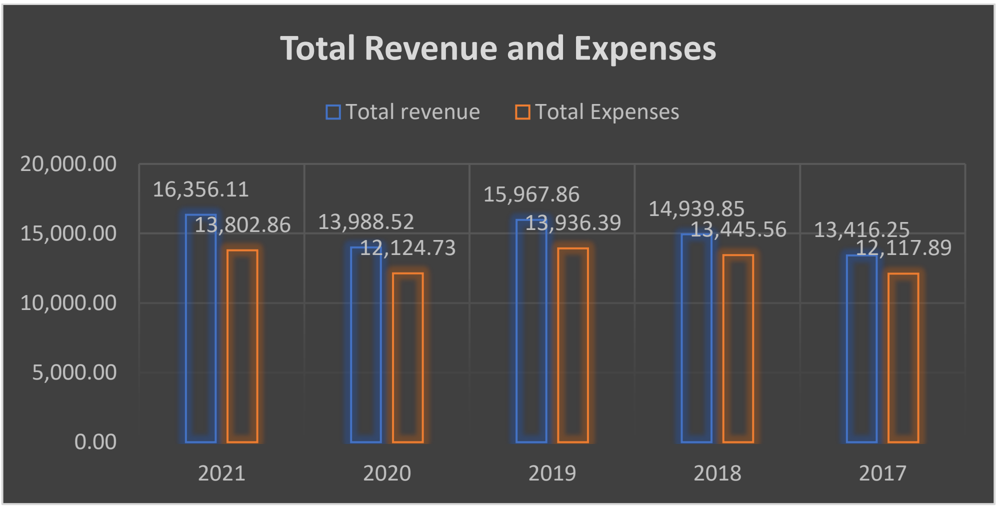
Chart No.1 Shows the Sales during period of 2017 to 2021



Interpretation:

From the above graph it shows the trends of Sales during the period of 2017 to 2021. Where during 2017 the Revenue from operation is Rs. 12930.95 it is increased to Rs.15814.40 during 2021 which shows the sales growth is effective and efficient.

Chart No.2 Shows the Total revenue and Expenses during period of 2017 to 2021



Interpretation:

From the above chart, it shows the total revenue and expenses of the company. The revenue of the ACC cement is adequate to meet up the expenses every year from 2017 to 2021.

7.FINDING AND SUGGESTION

- The company's current ratio study period is excellent, and the optimal current ratio is 2:1.
- The company's quick ratio is satisfactory, as it meets the standard threshold of 1:1. The company is able to meet its current obligations.
- The inventory turnover ratio shows how many times stock is turned throughout the year. As a result, the firm's ratio is quite acceptable.
- Revenue from operation shows an upward flow which sounds good to the company.
- Both the current and fixed assets can be put to the best possible use.
- The firm's profit margin can be increased.
- The business may make an effort to keep its cash situation strong. Sales may be better utilised.

8.CONCLUSION

In this report, the financial performance of ACC LIMITED is examined. The company's liquidity position is good, it can meet its short-term obligations. The solvency ratios show that the company is also solvent, implying that they will be able to meet their long-term obligations. The profitability position, on the other hand, is not so appealing. Measures such as cost cutting, production management, and modernization may help the company increase its profitability. Overall, ACC LIMITED is effective in terms of performance.

9.REFERENCE

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