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A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF THE ASSOCIATED CEMENT COMPANIES LTD., COIMBATORE

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ABSTRACT

Financial performance refers to the overall financial health of the business. Financial analysts often assess the society's liquidity, solvency, efficiency, profitability, operating efficiency and financial stability in both short-term and long-term. The objective of the study is to analyze the financial statement of The Associated Cement Companies Ltd., Coimbatore during from 2019-20 to 2023-2024. This study focuses on understanding and analyzing the financial performance of companies, particularly their ability to manage short-term obligations, maintain long-term stability, and generate profits effectively. It emphasizes evaluating operational efficiency and resource utilization to determine how well a company creates value for its shareholders while identifying growth opportunities. The study depends mainly on the secondary data namely the annual reports of the company. Five years annual reports had been collected from the company. Analytical research design is used.

INTRODUCTION

Finance means more than money. While money is a legal tender used for transaction settlements, finance refers to asset allocation and management of monetary resources. Finance cuts across multiple activities like developing a cash flow forecast for your business, keeping money in a high-interest savings account, and creating budgets and financial models.

Personal finance refers to managing an individual's monetary resources across five key areas income, savings, investments, expenditure, and assets protection. The goal is to make intelligent investment decisions and build a safety net that sustains the individual without constraints or bad debts.

SCOPE FOR THE STUDY

The study mainly attempts to analyse the financial performance of the The Associated Cement Companies Ltd., Coimbatore. The financial authorities can use this for evaluating their performance in future, which will help to analyse financial statements and help to apply the resources of the company properly for the development of the company and to bring overall growth. The present study attempt to develop a trend analysis model for sales and working capital and profit and loss accounts. The study is based on secondary data. The sources of data are from the last five years annual reports of the company from the year 2019-20 to 2023-24.

STATEMENT OF THE PROBLEM

The sustainability and expansion of The Associated Cement Companies Ltd., Coimbatore, are significantly influenced by its financial performance. The company's financial stability, however, may be hampered by issues including ineffective resource use, inadequate liquidity management, and an unbalanced capital structure. Investor confidence and business continuity may be impacted by challenges in fulfilling financial commitments brought on by inadequate short- and long-term solvency.

Furthermore, inefficiencies in operating efficiency and asset utilization might lower profitability, which will affect the expansion of the organization as a whole.

OBJECTIVES OF THE STUDY

Primary objectives

- To study on financial performance analysis of The Associated Cement Companies Ltd., Coimbatore

Secondary objectives

- To analyse the short term solvency of the company
- To measure the long term solvency position of the company
- To study the effective utilization of the company
- To ascertain and understand the operating efficiency of the company
- To analyse the present financial and future financial position of the company

RESEARCH METHODOLOGY

Research methodology refers to the systematic and structured approach employed to conduct and carry out research, including the planning, data collection, analysis, and interpretation stages. It serves as a framework that guides the scientific investigation process, helping researchers design experiments, surveys, or studies to answer specific research questions or test hypotheses.

RESEARCH DESIGN

Research design is the conceptual structure within which, research is conducted. The researcher used analytical type of research for the study. Analytical research is a type of research, where the research is to be undergone on the basis of facts or information already available and analysis those to make a critical evaluation of the materials. The investigation focuses on evaluating The Associated Cement Companies Ltd's financial health. An analytical approach is adopted to gain a deeper understanding of the matter, leveraging secondary data from various sources for a thorough assessment.

LIMITATIONS OF THE STUDY

- This study is based on the secondary data collected from the annual report of the company
- This study is based on the details of last 5 years.
- The study done using ratios may not provide an accurate values and financial position of the company.
- Approximate values are taken in the study.
- As the financial statements are prepare on going concern basis, it does not give exact position.
- Being the time limit for the researcher is very short; it becomes impossible to gather much more details recording this study

SUGGESTIONS

Current assets like cash and bank balances which are in excess can be converted into investments which can earn profits for the company. Inventory should be increased in future to larger extent which increases sales and contribute to huge profits for the company. Company can go for manageable debt and thus can take benefits relating to tax for the future years.

If the company will took any precautionary methods to reduce all the expenses then the prodigality of the company will goes up. The company has to reduce its operating expenses which are within the control of the company. The company can make a good amount of profit by diversifying the existing production or by manufacturing new products.

Company has to develop zeal to increase its profit. The company should utilize the available resources in proper manner. As a company is facing a stiff competition from competitors it has to work hard to meets its targets. It needs to give more importance for research and development.

It needs to update with latest technology to match with its competitors. And the company can invest fairly good amount in investments of fixed assets. The company assets in the form of loans and advances are to be verified and appropriate measures have to be taken for the collection of same time.

CONCLUSION

After analyzing the financial statements of The Associated Cement Companies Ltd, Coimbatore during the five financial years, it is clear that the financial position of the company is in favorable. We can say that there should be an efficient financial management system in the organization. It should overcome the adverse condition and minimize its losses and protect firm from facing the negative condition of liquidity. In tomorrow's economy the world will belong to those who are open to creative,

imaginative and flexible to changes, having open mindless, strength of taking risk and an innovative spirit. These entire characteristics can lead the company on a successful path.

However the management needs to focus more on the inventory and go for manageable debt. Based on this study the major findings are that from the overall finance point of view, company is not performing to a very high degree level of achievement. This study indicates that in order to improve the overall performance of company the management must take all possible steps to review and modify various policies, cash budgets, inventory status by using sound information management system. This will enable the management to have a close control over the various operations.

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