A STUDY ON FINANCIAL PERFORMANCE OF ULTRATECH CEMENT LIMITED

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ABSTRACT
Finance is a system that involves the exchange of funds between the borrowers and the lenders and investors. It functions at several levels, ranging from enterprises to global to national. As a result, it involves a lot of complexity in terms of markets, institutions, etc. An introduction to finance will give a fundamental understanding of how India's financial system functions as a whole. Money management inside the company is the responsibility of the division of finance. The financial statement only shows the process and activity done but financial analysis and performance shows depth efficiency of functions. The study is based on the financial position of the firm by using various tools and techniques. The objective is to know the overall profitability position of ultra tech cements limited. The analysis of the company was undertaken with the help of ratios, which are important tools of financial analysis.

Keywords: Financial Performance Analysis, Ratio Analysis, Ultratech Cement Company.

I. INTRODUCTION
Finance is a system that involves the exchange of funds between the borrowers and the lenders and investors. It functions at several levels, ranging from enterprises to global to national. As a result, it involves a lot of complexity in terms of markets, institutions, etc. An introduction to finance will give a fundamental understanding of how India's financial system functions as a whole. This includes raising capital, overseeing the company's finances, and setting aside money for upcoming expenses. The finance of the business must be carefully managed to ensure that the business is able to meet its goals and objectives, while remaining profitable and operating effectively. It is clear to see that finance is essential for any business, playing a central role in the successful operation of the business. However, it is the way in which those finances are managed that determines the success or failure of the business. Finance is the practice of obtaining funds or capital for any type of expenditure. It is the process of allocating various financial resources, including as credit, loans, and invested capital, to parts of the economy that will gain the most from them.

STATEMENT OF THE PROBLEM
Finance is regarded as the backbone of any country's economic development. In our present day, economic finance is the provision of money at the time when it is required. Presently a firm communicated financial information to the users through financial statement and reports. The financial statement only shows the process and activity done but financial analysis and performance shows depth efficiency of functions. Hence this study conducted an analysis to know about Ultra tech cement company and to identify the growth of the company and to know how financial performance plays a vital role in growth of the company.

SCOPE OF THE STUDY
In this study entitled “A study on financial performance analysis of Ultra tech cement limited” is to analyse for the last 5 years. The study is based on the financial position of the firm by using various tools and techniques. Financial statements help the management to analyse profit, solvency, liquidity and efficiency etc. This research will provide an accurate image of the company. These studies assist management in understanding the new possibilities. The study helps to conduct researches in financial areas and it also helps for taking financial decisions in personal life.

OBJECTIVES OF THE STUDY
- To know the overall profitability position of ultra tech cements limited.
- To analyze the profitability, liquidity and solvency ratio of the company.
- To determine the financial performance of Ultra tech cements limited.
II. REVIEW OF LITERATURE

Dr. N. Subburaj (2022)\(^1\), in their study entitled “A study on financial analysis of Ramco cements private ltd”. The study is based on the financial position of the firm by using ratio analysis, trend analysis and comparative statements. These studies assist management in understanding the new possibilities. This paper finds that the company is having satisfactory credit worthiness because the current ratio is above the normal. This study suggested that company should adopt suitable policies and measures to sell the scrap and byproducts obtained during the production process. This study reveals that the present financial position of this company has improved quite a lot from the previous years.

Saddapalli Sai Deekshitha, Dr. B.C. Lakshmanna (2021)\(^2\), had undertaken a financial statement analysis of Ultra tech cement ltd. The tools used for this study are ratio analysis, schedule of changes in working capital, common size percentages, fund analysis etc. From this study it is identified that the company’s overall financial performance and financial position of Ultra tech cements limited is satisfactory and identified some drawbacks in few areas.

Samir Thakkar, Mr. Raj M Patel, Mr. Dhananjay I. Suryavansahi (2021)\(^3\), made a study entitled “A study on ratio analysis of J.K. Cement limited company”. The analysis relied on secondary data from records, reports, and the organization's profile. The ratio analysis is the process of identifying the financial soundness and cost effectiveness of the firm by establishing relationships between the items of balance sheet and profit and loss account. The study also found that the company should enhance its performance for meeting challenges and exploiting opportunities in future.

III. RESEARCH METHODOLOGY

RESEARCH DESIGN
The research design for the study is analytical in nature.

SOURCE OF STUDY
The data require for the study has been collected from secondary sources and the relevant information were taken from annual reports, journals and internet.

PERIOD OF STUDY
For the purpose of analysis industry period taken is 2018-19 to 2021-22.

TOOLS AND TECHNIQUES
In this topic only various types of ratios are used. Such as

- Liquidity ratio
- Profitability ratio
- Solvency ratio

LIMITATIONS OF THE STUDY
- The research is completed on the basis secondary data, hence possibility of incomplete information is there.
- Because financial matters are delicate in nature, they could not be simply obtained.

PROFILE OF THE COMPANY
Ultratech Cement was incorporated in 2000 as Larsen & Toubro. It was later demerged and acquired by Grasim before being renamed Ultra Tech Cement in 2004. Today Ultratech cement a part of Aditya Birla group, is the country’s largest exporter of cement clinker. UltraTech Cement Limited has a capacity of 52 million tonnes per year. It produces and sells Ordinary Portland Cement, Blast Furnace Slag Cement, and Portland Pozzalana Cement. It also manufactures ready mix concrete (RMC). All of the plants have ISO 9001 accreditation.

Ultratech Cement Limited is the cement flagship company of the Aditya Birla Group. A USD 7.1 billion building solutions powerhouse, UltraTech is the largest manufacturer of grey cement and ready mix concrete (RMC) in India. It is also one of the leading players in the white cement segment in India. It is the third largest cement producer in the world, excluding China. UltraTech is the only cement company globally (outside of China) to have 100+ MTPA of cement manufacturing capacity in a single country. The Company’s business operations span UAE, Bahrain, Sri Lanka and India.
Table 1: Table Showing The Current Ratio (Rs In Crs)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CURRENT ASSETS</th>
<th>CURRENT LIABILITIES</th>
<th>RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>11,461.31</td>
<td>11,515.44</td>
<td>0.99</td>
</tr>
<tr>
<td>2018-19</td>
<td>12,954.24</td>
<td>15,533.25</td>
<td>0.83</td>
</tr>
<tr>
<td>2019-20</td>
<td>14,721.46</td>
<td>16,580.58</td>
<td>0.88</td>
</tr>
<tr>
<td>2020-21</td>
<td>24,050.29</td>
<td>20,591.72</td>
<td>1.16</td>
</tr>
<tr>
<td>2021-22</td>
<td>17,489.47</td>
<td>20,155.19</td>
<td>0.86</td>
</tr>
</tbody>
</table>

(SOURCES: SECONDARY DATA)

INTERPRETATION:
The above table shows that current ratio of Ultratech Cement Limited in the year 2017-2018 as 0.99 and then decreased to 0.83 in the year 2018-2019 and it has been increased in the next year 2019-2020 as 0.88 and again increased to 1.16 in the year 2020-2021 and then decreased to 0.86 in the year 2021-2022.

Current ratio of the company was highest 1.16 in the year 2020-2021 and lowest 0.86 in the year 2021-2022.

Table 2: Table Showing The Net Profit Ratio (Rs in Crs)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NET PROFIT</th>
<th>NET SALES</th>
<th>NET PROFIT RATIO%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>2,222.30</td>
<td>30,978.62</td>
<td>7.17</td>
</tr>
<tr>
<td>2018-19</td>
<td>2,402.97</td>
<td>41,608.81</td>
<td>5.77</td>
</tr>
<tr>
<td>2019-20</td>
<td>5,756.49</td>
<td>42,429.89</td>
<td>13.56</td>
</tr>
<tr>
<td>2020-21</td>
<td>5,460.92</td>
<td>44,725.80</td>
<td>12.20</td>
</tr>
<tr>
<td>2021-22</td>
<td>7,342.61</td>
<td>52,598.83</td>
<td>13.95</td>
</tr>
</tbody>
</table>

(SOURCES: SECONDARY DATA)

INTERPRETATION:
The above table shows that the net profit ratio in the year 2017-18 as 7.17 and it has been decreased to 5.77 in the year 2018-2019 and it has been increased in the next year 2019-2020 as 13.56 and it has been decreased in the year 2020-2021 as 12.20 and again increased in the next year 2021-2022 as 13.95.

Net Profit ratio of the company was highest 13.95 in the year 2021-2022 and lowest 5.77 in the year 2018-2019.

Table 3: Table Showing The Return On Assets (Rs In Crs)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NET PROFIT</th>
<th>TOTAL ASSETS</th>
<th>RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>2,222.30</td>
<td>57,150.52</td>
<td>3.88</td>
</tr>
<tr>
<td>2018-19</td>
<td>2,402.97</td>
<td>76,537.43</td>
<td>3.13</td>
</tr>
<tr>
<td>2019-20</td>
<td>5,756.49</td>
<td>79,219.79</td>
<td>7.26</td>
</tr>
<tr>
<td>2020-21</td>
<td>5,460.92</td>
<td>86,183.51</td>
<td>6.33</td>
</tr>
<tr>
<td>2021-22</td>
<td>7,342.61</td>
<td>83,827.79</td>
<td>8.75</td>
</tr>
</tbody>
</table>

(SOURCES: SECONDARY DATA)

INTERPRETATION:
The above table shows that the return on assets in the year 2017-18 as 3.88 and it has been decreased to 3.13 in the year 2018-2019 and it has been increased in the next year 2019-2020 as 7.26 and it has been decreased in the year 2020-2021 as 6.33 and it has been increased in the next year 2021-2022 as 8.75.

Return on Assets ratio of the company was highest 8.75 in the year 2021-2022 and lowest 3.13 in the year 2018-2019.

IV. FINDINGS

- The current ratio was higher during 2020-2021 with the ratio of 1.16 and lower with the ratio of 0.86 during 2021-2022. Current ratio is 2:1 so, that the company is maintaining a downward position in current ratio.
In Net profit ratio that the year 2017-2018 has 7.17% net profit and increased during the year 2021-2022 which has 13.95% of net profit respectively. Hence that the company is developing their net profit year by year.

In return on asset ratio compared to 2017-2018 they have attained better improvement in the year 2021-2022 of 8.75 ratios. The return on assets ratio indicates that the company might have improved during the year 2018 to 2022.

V. SUGGESTIONS

- The capacity of earning of the company is regards with net profit is higher compared to previous years as they can make higher expenditure and the profitability of the company. So that the company has a right strategy to regain the net profit in coming years.
- The current ratio of the company is below the standard level for 4 years under study, hence it should be improved at least to the standard.

VI. CONCLUSION

The analysis of the company was undertaken with the help of ratios, which are important tools of financial analysis. After the study of financial performance of Ultra tech cement ltd from various financial aspects like profitability position of the company is more or less depends upon better utilization of resources, decreased expenses etc. As in the case of liquidity ratios, current ratio and quick ratio was unable to even touch the ideal ratio, thus it has to increase short term liquidity to pay off its current dues. 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. Hence the study reveals there was a gradual rise and fall in the growth of company during the study period.

VII. REFERENCES


WEBSITES


BOOKS