

A STUDY ON THE FINANCIAL PERFORMANCE OF NLC INDIA LIMITED

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ABSTRACT-- *The study is an attempt to find the financial performance of NLC India Limited. In this study, two objectives were framed and this two were concluded in conclusion part. The key variables of analysis were sales, other income, expenditure, operating expenses, depreciation, finance cost, and tax. The results revealed that the profit was gradually increased and it leads to increased provision for and dividend payout. The ROCE value was slight fluctuating due to environmental or non-accounting factors during the study period. The gross block values, net block values, depreciation values and investments values of NLC India Limited were gradually increased during the study period.*

Keywords-- *Financial analysis, financial performance, liquidity analysis, profitability, financial efficiency, etc.*

I. INTRODUCTION

Finance consists of long-term and short-term sources of finance for any business organization. It is continuous process to operate the firms. The operation includes production to selling of goods to satisfy the customers or consumers. The objective of financial performance of any business organization consider as income, expenditure and growth of assets. The researcher had chosen NLC India Limited for the present study. The income of NLC India Limited were sales and other income, and the expenditure of NLC India Limited considered were operating expenses, depreciation, finance cost, and tax.

II. STATEMENT OF THE PROBLEM

Finance is the main pillar for any business organization. Whenever a company needs financial requirements any time for medium or long-term purpose, the finance manager of the company has to decide on its source finance. This is referred to take three types of decision such as capital structure decision financing decision and investment decision. It is a critical one it is to be deciding whether the financial needs is to be fulfilled by issue of equity or debt or internal source or a combination of these and also the finance has to properly utilize without delay. In this context, the present study is undertaken to analyze the financial performance of the NLC India Limited.

III. OBJECTIVES OF THE STUDY

1. To analyze financial efficiency of NLC India Limited.
2. To identify the growth in relation with revenues and expenditures of the NLC India Limited.

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IV. METHODOLOGY

The study analyses the financial performance of NLC India Limited over the period from 2006-07 to 2015-16 in order to find out the growth in relation with revenues and expenditure and financial efficiency of NLC India Limited on different aspects. This study is based on burly secondary data. The secondary data were collected from CMIE database and Capitaline database. This study is intended to evaluate the financial performance of NLC India Limited. In Indian public sector undertakings are divided in to three category namely, Maharatna, Navratna and Miniratna. The NLC India Limited is listed in Navratna. In this context, the researcher had chosen NLC India Limited.

Table 1: Financial Performance of NLC India Limited

Years	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Income Statement										
Sales	6669.05	6087.68	5967.23	5590.07	4866.85	4295.95	4121.02	3354.91	2981.65	2108.11
Other Income	525.15	709.29	1024.76	582.95	748.36	571.69	569.22	720.79	611.45	635.66
Total Income	7194.20	6796.97	6991.99	6173.02	5615.21	4867.64	4690.24	4075.70	3593.10	2743.77
Operating Expenses	4452.35	4162.53	4011.03	3581.01	3129.75	2674.47	2801.08	2589.33	1705.86	1383.38
Earning before Depreciation	2741.85	2634.44	2980.96	2592.01	2485.46	2193.17	1889.16	1486.37	1887.24	1360.39
Interest	188.36	156.06	181.58	193.39	149.54	112.77	33.58	8.15	8.80	43.28
Profit for the year	1954.26	2037.76	2282.10	1886.31	1905.74	1667.53	1601.69	1053.72	1423.95	869.77
Prior Period	0.00	0.00	0.00	0.00	0.00	0.00	3.17	-7.71	-2.66	4.89
Exceptional items	-28.38	345.57	-72.97	161.34	78.15	17.02	0.00	0.00	0.00	0.00
Extra-ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before tax	1925.88	2383.33	2209.13	2047.65	1983.89	1684.55	1604.86	1046.01	1421.29	874.66
Provision for tax	721.73	803.65	707.25	587.90	572.56	386.22	357.40	224.92	319.72	307.88

Profit after tax	1204.15	1579.68	1501.88	1459.75	1411.33	1298.33	1247.46	821.09	1101.57	566.78
Dividend	503.32	469.76	469.76	469.76	469.76	385.87	335.54	335.54	335.54	201.33
Dividend tax	101.50	96.94	79.83	78.55	76.21	62.60	56.37	57.03	57.02	34.22
Balance Sheet										
Equity Capital	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71
Reserves & Surplus	13797.28	13193.97	12225.91	11273.62	10362.18	9496.82	8646.96	7791.52	7362.57	6652.80
Net worth	15270.55	14772.45	13881.07	12925.15	11989.57	11121.40	10225.60	9412.78	9008.79	8309.29
Loans Outstanding	3539.98	3164.34	3150.29	3524.14	3819.28	4004.04	4077.36	4057.70	2790.68	1505.70
Net Fixed Assets	9654.23	6425.66	6470.62	6635.36	8253.75	6795.82	5238.80	4502.96	3743.67	3850.43
Investments	1949.12	1934.06	1616.89	1432.40	1197.05	964.75	1044.94	811.37	826.22	929.41
Net Current Capital Employed	6400.30	5907.94	5928.74	6055.31	5558.55	5268.07	4681.17	4705.51	4049.71	3744.81
Capital Employed	16054.53	12333.60	12399.36	12690.67	13812.30	12063.89	9919.97	9208.47	7793.38	7595.24
Ratios										
Operating Margin	33.24	31.62	32.78	35.94	35.69	37.74	32.03	22.82	42.79	34.38
Return on Capital	7.50	12.81	12.11	11.50	10.22	10.76	12.58	8.92	14.13	7.46
Return on Net	7.89	10.69	10.82	11.29	11.77	11.67	12.20	8.72	12.23	6.82
Debt Equity	23.18	21.42	22.69	27.27	31.86	36.00	39.87	43.11	30.98	18.12
Current Ratio (%)	3.19	3.55	3.44	3.78	3.17	3.04	2.56	2.65	3.21	3.27
Quick Ratio (%)	2.75	3.16	3.16	3.46	2.97	2.85	2.39	2.46	2.96	2.99
Value added per	3336130	2960648	2842095	2642505	2204260	1934346	1844515	1218369	1276836	1090907
Book value per share	91.02	88.05	82.74	77.04	71.46	66.29	60.95	56.10	53.70	49.53

Earnings per share	7.18	9.42	8.95	8.70	8.41	7.74	7.44	4.89	6.01	3.88
Dividend (%)	30.00	28.00	28.00	28.00	28.00	23.00	20.00	20.00	20.00	12.00

Source: Computed from Capitalise Database.

The 1 shows the financial performance of NLC India Limited during past ten years from 2015-16 to 2006-07. Any company size is measured by sales value. The sales value was gradually increased during past ten years and it was ranged from Rs. 2108.11 crore in the year of 2006 -07 and Rs. 6669.05 crore in 2015-16. Equity capital was stable during past ten years. The calculated value of operating margin was having high fluctuations during the years 2015-16 to 2006-07 and it was ranged from 22.82 per cent in the year of 2008-09 and 42.79 per cent in 2007-08. The return on capital employed was gradually increased during the past ten years. It was ranged from Rs.7.46 crore in the year 2006-07 and Rs.12.58 crore in 2015-16. The depreciation was little bite high during the past ten years and it was ranged from Rs. 253.89 crore in the year 2009-10 and Rs.599.23 crore in 2015-16. The standard norm of current ratio is 2:1. But, the NLC India Limited shows more than the standard norm. It was ranged from 2.56 times in the year 2009-10 and 3.55 times in 2014-15. The earnings per share value was gradually increased during the past ten years, it was ranged from Rs. 3.88 in the year 2006-07 and Rs.9.42 in 2014-15.

The debt equity ratio has high fluctuation during past ten years, and it was ranged from 43.11 per cent in the year 2008-09 and 18.12 per cent in 2014-15. The calculated value of capital employed has high fluctuation during the past ten years 2015-16 to 2006-07 particularly in 2015-16, and it was ranged from 7.46 per cent in the year 2006-07 and 14.13 per cent in 2007-08. The NLC India Limited investment gradually increased, it was ranged from Rs. 811.37 crore in the year 2008-09 and Rs.1949.12 crore in 2007-08. The net fixed assets were gradually increased during the past ten years, and it was ranged from Rs.3743.67 crore in the year 2007-08 and Rs. 9654.23 crore 2015-16.

The shareholders dividend was gradually increased. It was ranged from 12.00 per cent in the year 2006-07 and 30.00 per cent in 2015-16. Operating expenses ranged from Rs. 1383.38 crore in the year 2006 and Rs.4452.35 in 2015. The operating expenses were gradually increased during the 2015-16 to 2006-07. The interest of NLC India Limited has high fluctuation during the past ten years. It was ranged from Rs. 8.15 crore in the year 2008-09 and Rs.188.36 crore in 2015 -16. The reserve and surplus was gradually increased during the past ten years 2014-15 to 2006-07. It was ranged from Rs. 6652.80 crore in the year 2006-07 and Rs.13797.28 crore 2015 -16. Loans outstanding of NLC India Limited show high fluctuation during the past ten years. It was ranged from Rs.1505.70 crore in the year 2006-07 and Rs.4077.36 in 2009-10. During the year ended 31 March 2016, NLC India Limited registered total sales of Rs. 6669.05 crore as against Rs. 6087.68 crore recorded in the year 2014-15, registering a growth of 9.55 per cent. The PBT and the PAT for the year 2015-16 were Rs.1925.88 crore and Rs.1204.15 crore respectively, as against the PBT and PAT of Rs.2383.33 crore and Rs.1579.68 crore, respectively, registered in the year 2014-15. The reason for decrease in profit for the year 2015-16 was on account of unprecedented rainfall and flood during the months of November and December 2015 which resulted in loss of lignite production consequently affecting the power generation.

V. CONCLUSION

The NLC India Limited is one of the biggest public limited Indian corporates. The NLC India Limited profit was gradually increased and it leads to increased provision for and dividend payout. The ROCE value was slightly fluctuating due to environmental or non-accounting factors during the study period. The operating expenses were gradually increased during the study period due to expansion operations of NLC India Limited. The gross block values, net block values, depreciation values and investments values of NLC India Limited were gradually increased during the study period.

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