

financial performance of nlc india limited – growth analysis for a decade (2012-13 to 2021-22)

R. KARUNAMURTHY
Ph.D. Scholar
Department of Business
Administration
Annamalai University,
Annamalai Nagar – 608002.
Tamilnadu, India

Dr. J. JOHN ADAIKALAM,
Associate Professor,
Department of Business
Administration,
Annamalai University,
Tamilnadu, India

Dr. A. AROCKIA RAJ
Assistant Professor and
Head, Department of
Business Administration,
Jawahar Science College,
Block-14, Neyveli,
Tamilnadu, India

Abstract

This analytical paper presents the financial performances of NLCIL from the year 2012-13 to 2021-22 to identify the current scenario of financial position and core issues prevailed during the study period. The authors have analysed the ten years annual reports of published by the NLCIL in its webpage. The performances of the NLC are remarkable in every stage of its extensions. The NLC is mainly concentrate on the employees' benefits and the organisational income, and power generation. The meticulous plan execution is the strength of the NLCIL. The ancestor leaders of the NLC have been rendered incredible services to develop the organisation to this extent. The unity is the strength of the NLCIL such as employees, equipment, human and capital resources fueled to make this growth. The policies of the NLCIL are very strict and confidential in the tender, order, power distribution, projects, mines extension and the like. From the annual reports, the authors have found the figures of rupees and number of units, and ratios pertaining to income, expenditure, equity, dividend, application of fund, tax liability and profit of NLCIL during the study period. The authors have found that the financial performance is good. The conclusion of the study will definitely help the future scholars in the field of financial performance.

Keywords: Income, Sales, Expenses, EBIT, Financial Ratio analysis, and CAGR

Introduction

According to Shri. Rakesh Kumar, Chairman-cum-Managing Director, in his director report speech deliberated that “the Financial Year 2020-21 has been a year of good achievements for your Company with all round performance despite the challenges posed by COVID-19 and two untoward fire incidents in TS-II units. The significant highlights of achievements have made during the year 2020-21.” From the incorporation of NLC in 1956, the growth of the NLC is consistently growing significantly. The performances of the NLC are remarkable in every stage of its extensions. The NLC is mainly concentrate on the employees' benefits and the organisational income, and power generation. The meticulous plan execution is the strength of the NLCIL. The ancestor leaders of the NLC have been rendered incredible services to develop the organisation to this extent. The unity is the strength of the NLCIL such as employees, equipment, human and capital resources fueled to make this growth. The policies of the NLCIL are very strict and confidential in the tender, order, power distribution, projects, mines extension and the like. During 2012-13, the mines were achieved the ever performance of overburden removal and lignite production. At that

time, the financial performance was 5590.07 crores of sales with 14.86 percentage growth. The total reserves were recorded as 180.71 crores. Finally, the shareholders have got their total dividend about 28 percent. At this juncture, the authors have analysed the current growth of financial performances prevailed in the NLCIL.

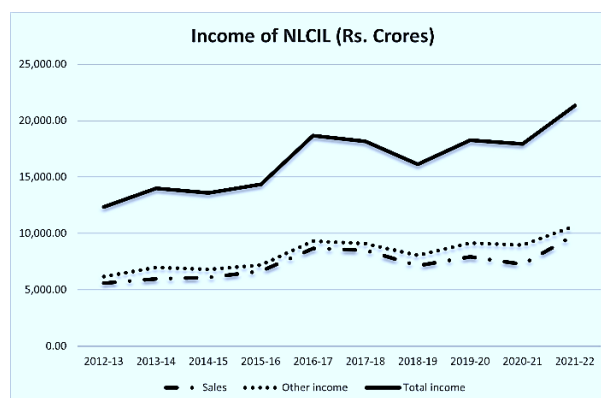
Income of NLCIL

Table 1. Income of NLCIL (Rupees in Crores)

YEAR	Sales	Other income	Total income
2012-13	5,590.07	582.95	6,173.02
2013-14	5,967.23	1,024.76	6,991.99
2014-15	6,087.68	709.29	6,796.97
2015-16	6,652.05	525.15	7,177.20
2016-17	8,652.59	674.57	9,327.16
2017-18	8,496.20	586.85	9,083.05
2018-19	7,145.92	913.35	8,059.27
2019-20	7,916.30	1,216.98	9,133.28
2020-21	7,249.63	1,716.88	8,966.51
2021-22	9,856.48	805.89	10,662.37
Mean	7,361.42	875.67	8,237.08
Standard Deviation	1364.39	367.08	1420.51
Coefficient of Variance	0.19	0.42	0.17
Beta (Regression) or LGR	0.05	0.07	0.05
CAGR	4.95	6.73	5.26
t value	3.76	1.76	5.50
P value	0.006	0.116	0.001

Source: NLCIL Annual Reports (2012-13 to 2021-22)

From the above table 1, infers that the total income of the NLCIL is significantly have a growth 5.26 per cent of CAGR. The p value of the total income represented as highly significant. The coefficient of variance insisted that the consistency of growth of the total income is sustained in an upward trend of linear growth rate. The small volatilities have place during the 2018-19 and 2020-21 due to COVID-19 pandemic period.



The sales of the NLCIL are also significantly have a growth 4.95 per cent of CAGR. The p value of the sales showed as significant. The coefficient of variance is lesser the value and it expresses its consistency of growth. But, the other income of the NLCIL is showing insignificant positive growth 6.73 per cent of CAGR. The p value of the other income showed as insignificant. The coefficient of variance is nearly moderated value and it expresses its inconsistency of growth. Therefore, the income of the NLCIL is being good position and positively and significantly have its growth in the study period. Thus, the NLCIL need to keep the income position and develop the organisation further for the betterment of

the stakeholders of the NLCIL.

Expenses of NLCIL

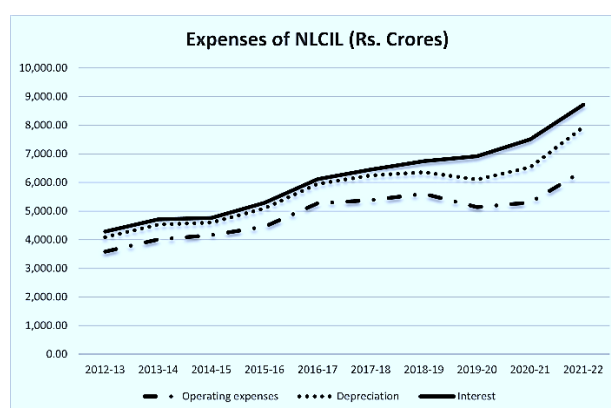
Table 2. Expenses of NLCIL (Rupees in Crores)

YEAR	Operating expenses	Depreciation	Interest
2012-13	3,581.01	512.31	193.39
2013-14	4,011.03	517.28	181.58
2014-15	4,162.53	440.62	156.06
2015-16	4,462.90	641.49	188.36
2016-17	5,267.38	683.07	169.06
2017-18	5,386.66	861.15	204.98
2018-19	5,611.79	745.72	390.09
2019-20	5,142.07	958.39	820.38
2020-21	5,300.12	1,231.62	980.63
2021-22	6,407.40	1,528.13	783.78
Mean	4,933.29	811.98	406.83
Standard Deviation	857.86	346.00	324.35
Coefficient of Variance	0.17	0.43	0.80
Beta (Regression) or LGR	0.05	0.12	0.21
CAGR	5.58	13.21	23.69
t value	6.70	7.96	4.93
P value	0.000	0.000	0.001

Source: NLCIL Annual Reports (2012-13 to 2021-22)

From the above table 2, infers that the operating expenses of the NLCIL is significantly have a growth 5.58 per cent of CAGR. It is proportionately equal to income. The p value of the operating expenses is showing highly significant. The coefficient of variance is standing at a high consistent without fluctuations.

The depreciations of the NLCIL are also significantly have a higher growth of 13.21 per cent of CAGR. It is abundantly very high. The p value of the depreciation is showing very high significant at 99.999 per cent of confidential. But, the coefficient of variance is insisting that there was sudden increase and decrease have happened during the study period due to the COVID-19 pandemic situation.



The interest expenses of the NLCIL are significantly have a great growth of 23.69 per cent of CAGR. The p value of the interest expenses showed as significant. The coefficient of variance is higher the value and it shows its inconsistent growth. Therefore, the interest expense of the NLCIL is in increased position positively and significantly. Thus, the NLCIL need to reduce the interest expenses growths as per the income proportion.

Exceptional Income and Expenses

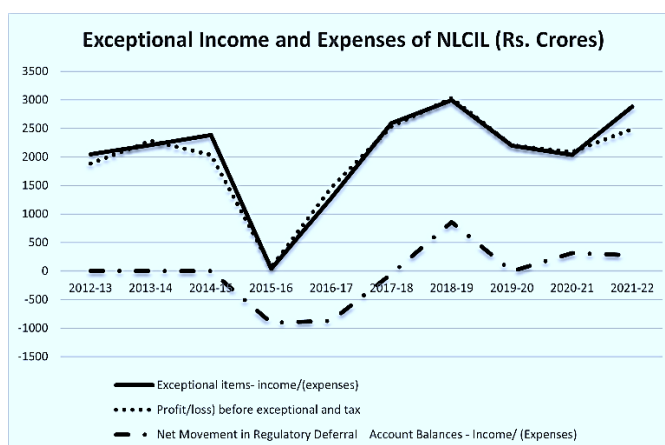
Table 3. Exceptional Income and Expenses of NLCIL (Rupees in Crores)

YEAR	Net Movement in Regulatory Deferral Account Balances - Income/ (Expenses)	Profit/(loss) before exceptional and tax	Exceptional items- income/(expenses)
2012-13	NA	1,886.31	161.34
2013-14	NA	2,282.10	-72.97
2014-15	NA	2,037.76	345.57
2015-16	-906.34	978.11	-28.38
2016-17	-873.56	2,334.09	-180.08
2017-18	-49.03	2,581.23	59.44
2018-19	859.41	2,171.08	-35.21
2019-20	-4.41	2,208.03	-3.44
2020-21	314.72	1,768.86	-46.79
2021-22	273.53	2,216.59	389.83
Mean	-38.57	2,046.42	58.93
Standard Deviation	525.42	439.57	185.06
Coefficient of Variance	-13.62	0.21	3.14
Beta (Regression) or LGR	0.67	0.02	-0.10
CAGR	96.00	1.57	-9.90
t value	2.73	0.50	-0.33
P value	0.026	0.632	0.753

Source: NLCIL Annual Reports (2012-13 to 2021-22) NA: Not Available

From the above table 3, infers that the Net Movement in Regulatory Deferral Account Balances of the NLCIL is significantly have a better growth 96 per cent of CAGR. It is an abnormal growth. The p value of the Net Movement in Regulatory Deferral Account Balances is showing its significant at 95 percent confidential. The coefficient of variance is upending at a high fluctuation from 2015-16 onwards as expenses.

The profit or loss before exceptional and tax of the NLCIL are having insignificant growth of 1.57 per cent of CAGR. It is abundantly very lower growth rate. The p value of the profit/(loss) before exceptional and tax is showing insignificant value. But, the coefficient of variance is maintaining that there was very slow increase and decrease have happened during the study period.



The exceptional items of income and expenses of the NLCIL are having insignificant and negative growth of -9.90 per cent of CAGR. It is profusely very lower and negative growth rate. The p value of the exceptional items of income and expenses is showing insignificant value. But, the coefficient of variance is not maintained that there was very sudden increase and decrease have happened during the study period. Therefore, the exceptional income and expenses of the NLCIL is maintained in proper ways adjusting its

current liabilities. Thus, the NLCIL need to handle its limit on the exceptional items of income and expenses.

Comprehensive Income

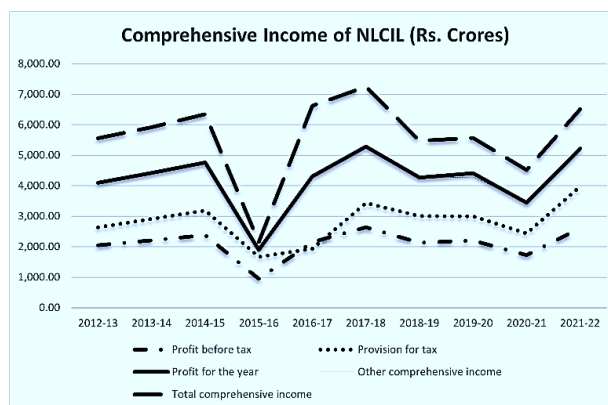
Table 4. Comprehensive Income of NLCIL (Rupees in Crores)

YEAR	Profit before tax	Provision for tax	Profit for the year	Other comprehensive income	Total comprehensive income
2012-13	2,047.65	587.9	1,459.75	NA	1,459.75
2013-14	2,209.13	707.25	1,501.88	NA	1,501.88
2014-15	2,383.33	803.65	1,579.68	NA	1,579.68
2015-16	949.73	721.73	228	12.62	240.62
2016-17	2,154.00	-214.81	2,368.81	-26.61	2,342.20
2017-18	2,640.67	791.89	1,848.78	61.03	1,909.81
2018-19	2,135.87	868.9	1,266.97	-34.2	1,232.77
2019-20	2,204.59	790.74	1,413.85	-125.36	1,288.49
2020-21	1,722.07	711.61	1,010.46	32.04	1,042.50
2021-22	2,606.42	1,369.64	1,236.78	26.76	1,263.54
Mean	2,105.35	713.85	1,391.50	-5.37	1,386.12
Standard Deviation	485.86	387.66	553.31	50.48	550.05
Coefficient of Variance	0.23	0.54	0.40	-9.40	0.40
Beta (Regression) or LGR	0.02	0.09	0.00	0.31	0.00
CAGR	1.63	9.39	0.05	35.69	-0.11
t value	0.48	0.36	0.01	1.73	-0.01
p value	0.646	0.725	0.995	0.122	0.989

Source: NLCIL Annual Reports (2012-13 to 2021-22) NA: Not Available

From the above table 4, infers that the comprehensive income of the NLCIL is insignificantly have a poor negative growth -0.11 per cent of CAGR. It is an avertable decline. The p value of the comprehensive income of the NLCIL is showing its insignificant confidential level. The coefficient of variance is high sudden fluctuation in 2015-16. But, the other comprehensive income of the NLCIL is insignificantly have a good positive growth 35.69 per cent of CAGR. Despite, many fluctuations have happened, it has a growth. The p value of the comprehensive income of the NLCIL is showing its insignificant level. The coefficient of variance is showing negative value is shows very slow and a meager growth has been made.

The profit for the year is having insignificant least positive growth of 0.05 per cent of CAGR. It is abundantly very lower growth rate. The p value of the profit for the year is showing insignificant value. But, the coefficient of variance is moderately high that there was very sudden increase and decrease have happened during the study period.



The provision for the taxation is having insignificant and positive growth of 9.39 per cent of CAGR. The p value of the provision for the taxation is showing insignificant value. But, the coefficient of variance is moderately high that there were very sudden fluctuations have happened during the study period. Therefore, the provision for the taxation of the NLCIL is highly depended with its profit margin. The profit before taxation is having low positive growth of 1.63 per cent of CAGR. It is immoderately very lower growth rate. The p value of the profit before taxation is showing inconsequential value. Thus, the NLCIL have to improve its comprehensive income in future.

Earning before exception items

Table 5. Earning before exception items

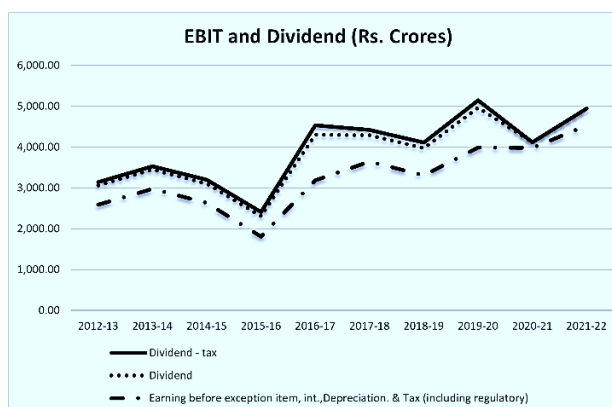
YEAR	Earning before exception item, int., Depreciation. & Tax (including regulatory)	Dividend	Dividend - tax
2012-13	2,592.01	469.76	78.55
2013-14	2,980.96	469.76	79.83
2014-15	2,634.44	469.76	96.94
2015-16	1,807.96	503.32	101.5
2016-17	3,186.22	1,121.97	228.42
2017-18	3,647.36	646.58	127.67
2018-19	3,306.89	669.42	137.6
2019-20	3,986.80	978.97	181.21
2020-21	3,981.11	138.66	NA
2021-22	4,528.50	416	NA
Mean	3,265.23	588.42	103.17
Standard Deviation	805.44	284.54	71.53
Coefficient of Variance	0.25	0.48	0.69
Beta (Regression) or LGR	0.07	-0.03	-0.40
CAGR	6.94	-3.37	-33.16
t value	3.28	-0.52	-2.10
P value	0.011	0.615	0.069

Source: NLCIL Annual Reports (2012-13 to 2021-22) NA: Not Available

From the above table 5, infers that the earning before exception items of the NLCIL is significantly have a growth 6.94 per cent of CAGR. It is a slight move to consistent growth. The p value of the earning before exception items is showing its significant at 99 percent

confidential. The coefficient of variance is overturning at a high fluctuation in 2015-16.

The dividend of the NLCIL is having insignificant negative growth of (-3.37) per cent of CAGR. It is plentifully very poor growth rate. The p value of the dividend is showing insignificant value. But, the coefficient of variance is moderately high that there was immediate increase and decrease have happened during the study period.



The tax for dividend is having insignificant and negative growth of -33.16 per cent of CAGR. It is too lower and negative growth rate. The p value of the tax for dividend is showing slightly and nearly to significant value. But, the coefficient of variance is high that there was very sudden increase and decrease have happened during the study period. Therefore, the earning before exception items like, interest, tax, depreciation and dividend and its taxes have been not confidently assuring the current liabilities in future. Thus, the NLCIL need to handle its earning before exception items, but these are highly depended with the sales and volume of business.

Equity and Reserves

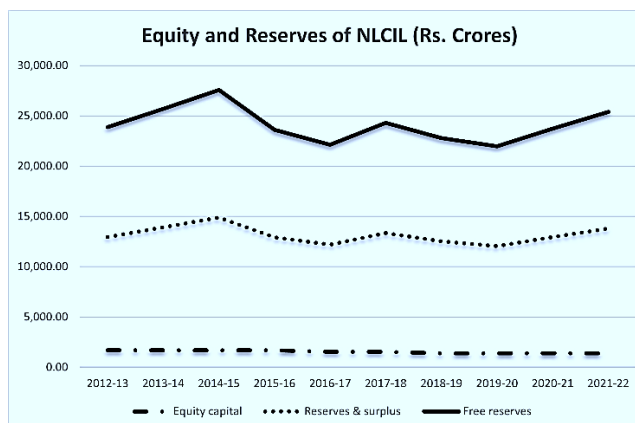
Table 6. Equity and Reserves

YEAR	Equity capital	Reserves & surplus	Free reserves
2012-13	1,677.71	11,273.62	10,929.02
2013-14	1,677.71	12,225.91	11,799.24
2014-15	1,677.71	13,193.97	12,686.63
2015-16	1,677.71	11,247.79	10,678.02
2016-17	1,528.57	10,670.05	9,934.79
2017-18	1,528.57	11,806.01	10,961.57
2018-19	1,386.64	11,124.69	10,287.62
2019-20	1,386.64	10,668.62	9,928.16
2020-21	1,386.64	11,572.46	10,776.08
2021-22	1,386.64	12,420.00	11,580.46
Mean	1,531.45	11,620.31	10,956.16
Standard Deviation	137.22	805.04	866.19
Coefficient of Variance	0.09	0.07	0.08
Beta (Regression) or LGR	-0.03	0.00	-0.01
CAGR	-2.73	-0.31	-0.82
t value	-7.40	-0.39	-0.96
p value	0.000	0.707	0.367

Source: NLCIL Annual Reports (2012-13 to 2021-22)

From the above table 6, infers that the equity values of the NLCIL is significantly have a negative growth -2.73 per cent of CAGR. It has been made-up of disinvestment activities of the central government. The p value of the equity value is showing its significant at 99.99 percent confidential. The coefficient of variance is too low in its consistent decline.

The reserves and surplus of the NLCIL is having insignificant and negative growth of (-0.31) per cent of CAGR. It is bountifully very poor growth rate. The p value of the reserves and surplus is showing insignificant value. But, the coefficient of variance is also too low, it infers that there were consistent slight decreases have happened during the study period.



The free reserves are having insignificant and negative growth of -0.82 per cent of CAGR. It is a lower negative growth rate. The p value of the free reserves is showing its insignificant decrease. At the same time, the coefficient of variance is slightly fluctuated during the study period. Therefore, the equity and reserves of NLCIL have been declined. Thus, the NLCIL need to increase the reserves and surplus in future.

Application of Funds

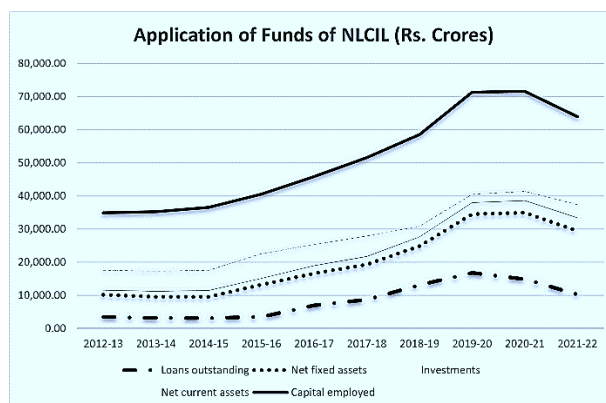
Table 7. Application of Funds

YEAR	Loans outstanding	Net fixed assets	Investments	Net current assets	Capital employed
2012-13	3,524.14	6,635.36	1,432.40	5,982.43	17,303.32
2013-14	3,150.29	6,470.62	1,616.89	6,065.28	17,988.05
2014-15	3,164.34	6,425.66	1,934.06	6,056.75	18,946.60
2015-16	3,539.98	9,654.23	1,949.12	7,440.68	17,994.35
2016-17	6,959.15	9,625.03	2,421.37	6,276.94	20,541.54
2017-18	8,719.81	10,574.11	2,421.37	6,190.38	23,726.50
2018-19	13,166.31	11,684.43	2,823.58	3,188.69	27,647.05
2019-20	16,780.47	17,716.16	3,519.40	2,525.80	30,820.59
2020-21	14,917.69	20,045.74	3,621.99	2,830.65	30,207.88
2021-22	10,239.03	19,184.95	3,932.67	4,035.71	26,576.02
Mean	8,416.12	11,801.63	2,567.29	5,059.33	23,175.19
Standard Deviation	5199.93	5295.08	879.76	1739.24	5300.12
Coefficient of Variance	0.62	0.45	0.34	0.34	0.23
Beta (Regression) or LGR	0.20	0.14	0.11	-0.10	0.07
CAGR	22.13	15.10	12.10	-9.14	7.12
t value	5.63	10.13	20.14	-3.13	6.48
p value	0.000	0.000	0.000	0.014	0.000

Source: NLCIL Annual Reports (2012-13 to 2021-22)

From the above table 7, infers that the capital employed by the NLCIL is significantly have a positive growth 7.12 per cent of CAGR. It has been made-up of expansion activities of the NLCIL. The p value of the capital employed is showing its significant at 99.99 percent confidential. The coefficient of variance is low in its consistent growth.

The loan outstanding, net fixed assets, and investments of the NLCIL are having significant and positive growth of 22.13, 15.10, and 12.10 per cents of CAGR respectively. These are showing the better applications of funds. These will impact in future profit. The p values of these loan outstanding, net fixed assets, and investments are showing significant value.



The loan outstanding is maintained at par with its net fixed assets is inferred that there were consistently increased the sustained the long-term borrowings during the study period. The net current assets are having significant negative growth of -9.14 per cent of CAGR. It is a significant level of negative growth rate. The p value of the net current assets is assured its significant negative growth. At the same time, the coefficient of variance is fluctuated highly during the study period. Therefore, maintenance of net current assets of NLCIL have to be improved in future.

Financial Ratios

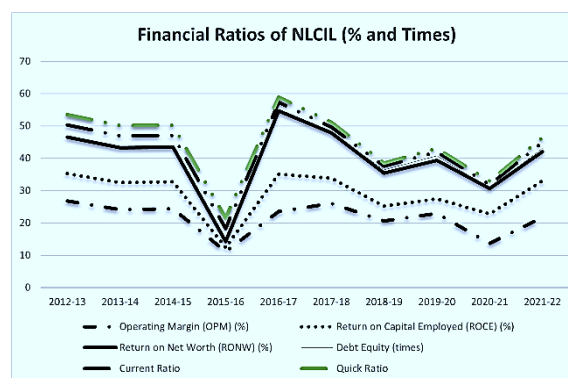
Table 8. Financial Ratios

YEAR	Operating Margin (OPM) (%)	Return on Capital Employed (ROCE) (%)	Return on Net Worth (RONW) (%)	Debt Equity (times)	Current Ratio	Quick Ratio
2012-13	26.78	8.44	11.29	0.27	3.49	3.2
2013-14	24.11	8.35	10.82	0.23	3.44	3.16
2014-15	24.39	8.34	10.69	NA	3.6	3.2
2015-16	11.16	1.27	1.79	0.28	3.77	3.21
2016-17	23.51	11.53	19.66	0.58	2.03	1.61
2017-18	26.04	7.79	14.07	NA	1.76	1.47
2018-19	20.58	4.58	10.22	1.06	1.12	0.94
2019-20	22.9	4.59	11.85	1.41	1.21	1.06
2020-21	13.65	9.1	7.86	NA	1.23	1.06
2021-22	21.66	11.29	9.03	1.16	1.75	1.49
Mean	21.48	7.53	10.73	0.43	2.34	2.04
Standard Deviation	5.15	3.19	4.52	0.50	1.10	1.01
Coefficient of Variance	0.24	0.42	0.42	1.18	0.47	0.50
Beta or LGR	-0.03	0.02	0.01	0.17	-0.14	-0.14
CAGR	-2.55	2.26	0.71	19.70	-12.83	-13.45
t value	-0.80	0.29	0.09	3.62	-4.44	-4.55
p value	0.449	0.777	0.927	0.007	0.002	0.002

Source: NLCIL Annual Reports (2012-13 to 2021-22) NA: Not Available

From the above table 8, infers that the financial ratios of the NLCIL is significantly have a negative growth in the aspects of current and quick ratios -12.83 and -13.45 per cents of CAGR respectively. It is the impact of net current assets decline during the study period. The p values are showing its significant at 99.99 percent confidential in its decline. The coefficient of variance is moderately high. It results there were high volatilities have happened during the study period. The debt equity ratio of the NLCIL is having significant and positive growth of 19.70 per cent of CAGR.

It shows its balancing the portfolio of borrowings and equity. This will implicate future profit. The p values of debt equity ratio are showing significant value. But the return on net worth ratio of the NLCIL is having insignificant and positive growth of 0.71 per cent of CAGR. It assures the misbalancing situations in return on capital employed. This will connect future loss. The p values of return on net worth ratio are showing insignificant value.



The operating margin is negatively and insignificantly having a declined growth. But the return on capital employed has insignificant positive growth. The volatility of the ratios are highly happened during the study period.

Value of Employees, Shares and Dividend

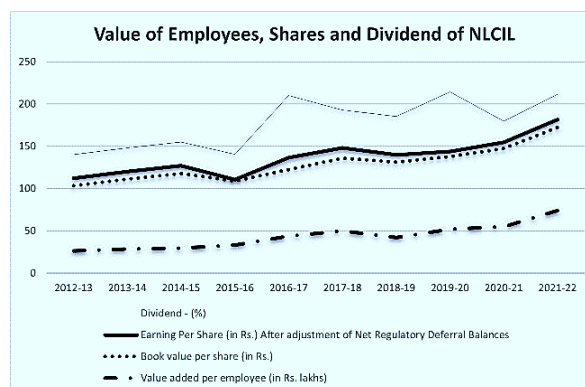
Table 9. Value of Employees, Shares and Dividend

YEAR	Value added per employee (in Rs. lakhs)	Book value per share (in Rs.)	Earnings Per Share (in Rs.) After adjustment of Net Regulatory Deferral Balances	Dividend in (%)
2012-13	26.43	77.04	8.7	28
2013-14	28.42	82.74	8.95	28
2014-15	29.61	88.05	9.42	28
2015-16	33.25	75.82	1.36	30
2016-17	43.72	78.81	14.14	73.4
2017-18	49.98	85.93	12.09	45
2018-19	42.06	89.38	8.54	45.3
2019-20	51.88	86.02	5.98	70.6
2020-21	54.82	92.72	7.29	25
2021-22	73.91	98.75	8.92	30
Mean	43.41	85.53	8.54	40.33
Standard Deviation	14.85	7.21	3.41	18.14
Coefficient of Variance	0.34	0.08	0.40	0.45
Beta (Regression) or LGR	0.11	0.02	0.01	0.03
CAGR	11.19	2.14	1.14	3.20
t value	9.64	3.37	0.15	0.69
p value	0.000	0.010	0.884	0.507

Source: NLCIL Annual Reports (2012-13 to 2021-22)

From the above table 9, infers that the value of employees, book value of shares is significantly having a positive growth 11.19 and 2.14 per cents of CAGR respectively. It is showing the good for industrial and employees' relations and investors benefits during the study period. The p values are showing its significant at 99.99 percent confidential in its growth.

The earning per share of the NLCIL is having insignificant and positive growth of 1.14 per cent of CAGR. It assures the growth in profit. This will connect future improvement in the share market. The p value of earning per share after adjustment of net regulatory deferral balances are showing insignificant growth value.



The dividend of the NLCIL is having insignificant and positive growth of 3.20 per cent of CAGR. It assures the investors benefit and assured the profit. This will connect future improvement in the shares' value. The p value of dividend is showing insignificant growth value.

Recommendations

- ❖ The NLCIL need to keep the income position and develop the organisation further for the betterment of the stakeholders of the NLCIL.
- ❖ The NLCIL need to reduce the interest expenses growths as per the income proportion.
- ❖ The NLCIL need to handle its limit on the exceptional items of income and expenses.
- ❖ The NLCIL have to improve its comprehensive income in future.
- ❖ The NLCIL need to handle its earning before exception items, but these are highly depended with the sales and volume of business.
- ❖ The NLCIL need to increase the reserves and surplus in future.

Conclusion

From the above discussions, the authors have concluded that the income of the NLCIL is being good position and positively and significantly have its growth in the study period. The interest expense of the NLCIL is in increased position positively and significantly. The exceptional income and expenses of the NLCIL is maintained in proper ways and adjusting its current liabilities. The provision for the taxation of the NLCIL is highly depended with its profit margin. The earning before exception items like, interest, tax, depreciation and dividend and its taxes have been not confidently assuring the current liabilities in future. The equity and reserves of NLCIL have been declined. Hence, the authors have recommended to the future scholars that they have to study thoroughly and examine every schedule of financial statements regarding the financial performances.

References:

Annual Reports of NLCIL from 2012-13 to 2021-22