

## **PRACTICE OF LIQUIDITY AND SOLVENCY: DOES IT WORK IN HINDALCO INDUSTRIES LIMITED?**

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### **Abstract**

The standard theory has developed in the area of accounting and finance to strengthen and support the current practice in the world but it is questionable whether it is most suitable to the current situation and also it should be justifiable in the practical aspects too. Therefore, the present study is undertaken to examine the applicability of standard theory norms of liquidity and solvency by taking Hindalco Industries Limited as a case. The experiment applied the standard ratios in the last 15 years of the company's financial data from 2009 to 2021 in order to determine the practice of standards developed in the field of liquidity and solvency. The study found that the company has adopted the standards developed in liquidity and solvency to some extent only. In many years, it fails to follow the standards and it is not in a position to maintain the theoretical aspects. Therefore, it is highly questionable to adopt standards in the practical and competitive world and it is in the hands of practitioners to examine the revision of existing standards or they have to instruct the industries to adhere to the developed standards.

**Keywords:** Liquidity, Solvency, Financial Performance, Accounting Standards.  
**GEL Classification:** G30, G33

### **Introduction**

In the competitive world, every company has to be a successful one in their industry among their competitive companies for which they have to face many strategies to sustain in the market in terms of financially as well as operationally. Due to the changes adopted by the company, the competent authorities frame the rules and regulations in the way of accounting standards to regulate the financial reporting and operational performance in the respective cases but sometimes the company has failed to follow the procedures and maintain the norms set by the standards. However, they sustain in the market by utilising their strategies and resource at their maximum level to stay in the

market. The present study is aimed to examine in the financial aspects of the Hindalco Company in terms of standards and its operational wise because in India, the aluminium industry is the second most important metallurgical industry. Aluminium is one of the chemical elements, which are used by many industries as a basic material for all type of products. It is the second most used metal in the world after steel with an annual consumption of approximately 88 million tonnes. It is also the fastest-growing metal, which has grown by nearly 20 times in the last sixty years. A rise in infrastructure development and automotive production are encouraging development within the metals and mining sector in India. India has vast

mineral potential with mining leases granted for extended durations of 20 to 30 years. India produces 95 minerals— 4 fuel-related minerals, 10 metallic minerals, 23 non-metallic minerals, 3 atomic minerals, and 55 minor minerals. India has nearly 10% of the world's bauxite reserves and a growing aluminium sector that leverages this. Demand in the domestic market is expected to rise by 8-10%. India holds a good advantage in the cost of production and conversion costs in steel and alumina. Crude steel production in the country is increased by 3.3% year-on-year to 106.6 MMT in 2018-19.

### **Theoretical Background**

Vivek singla (2013) stated that the financial performance is a yardstick to measure the company operational and financial efficiency are analyzed with the help of ratios and compared the working capital, fixed assets management and profitability of these two companies and concluded that both companies performed well but Tata steel company has better performance than SAIL. Another study pointed that there is a fluctuations in the gross profit and net profit of SAIL during the study period. Further, it suggested that to utilize the working capital at the optimum level for the sound financial position of the company (M. Prakash and K. Natrajan, 2014). In the study of Sumita Sinku and Prashant Kumar (2014) stated that India's economic growth is purely depend on the development of Indian steel industry since it has contributed more and more to the India's Gross Domestic Product. The study stated that Steel production in India has increased by a compounded annual growth rate (CAGR) of 8 percent over the period 2002-03 to 2006-07 but the financial progress of this sector is not satisfactory. Financial health of Steel Authority of India Ltd., had been analyzed with the help financial ratios and Multivariate Discriminate Analysis (MDA) developed by Prof. Edward I. Altman (1968). The study showed that various ratios that the profit earning capacity, liquidity position and long-term solvency position of SAIL is quite good during the study period and the level of bankruptcy position is very low. K. S. Kavitha and P. Palanivelu (2014) in their study analyzed the financial performance of Iron and Steel industries India. This study has selected 168 companies out of 227 listed in stock exchange in India but it analyzed 21

companies with the help of ANOVA and found that current ratio, quick ratio, debt equity ratio, proprietary ratio, fixed assets to net worth ratio and inventory turnover ratio have an impact on profitability position of the company. The study suggested the company to reduce interest and by offering quality, products and building brand image the company can increase profit and utilize the maximum production capacity. Vikas Tyagi (2014) in his study measured the financial health of selected firm with special reference to Indian logistic industry by using Z score. He stated the financial health of a firm is a key indicator for shareholders and any managerial decision of a firm take based on financial health of a firm. In this context, Altman's Z score plays a vital role in deciding the financial bankruptcy of a firm and there by a firm can judge its financial position. The present study conducted to analyze, predict and compare the financial performance of Sample firms drawn from Indian Logistic industry and revealed that all the selected Companies are financially sound during the study period. Mital Menapara and Vijay Pithadia (2014) have studied financial performance of selected companies during pre-post merger and acquisition and the impact of merger and acquisition on financial position on return on investment, profitability and liquidity position of selected companies and concluded that there are no significant changes in the ROI, profitability, and liquidity position of the company.

Since many studies conducted as applied the standard norms to analyse the data either individually and comparatively but some companies attain the standards and perform very well in the market. However very few companies even though they did not followed the norms and standards in their ratios as per the standard but they are very successful in the market as well as their operations. Therefore, the financial performance can be measured in many ways according to the requirements. The main aim of the study is to analyses the liquidity and solvency position.

### **METHODOLOGY**

It is a case study method and the analysis of data is purely based in the published reports of the company. The secondary data of the company has been

derived from Centre for Monitoring Indian Economy, published annual reports of the company and moneycontrol.com website for the relevant period from 2011-12 to 2020-21. It is the recent last ten years financial data of the Hindalco Industries Limited and other relevant information were collected from published reports, books, magazines, and articles. The collected data were analysed by using the financial tools such as ratio analysis. The relevant and appropriate ratios are used to analyse the liquidity and solvency position of the company.

### DATA ANALYSIS AND INTERPRETATION

For analysing the company data, appropriate financial tools taken and relevant component has been applied to get the accurate results for each and every financial tool. The results of the financial tools were presented in following tables and pictorial form of components was given with respective ratios for better understanding of the ratio's components.

**Table 1 Current Ratio**

Year	Current Assets (Amount Crores)	Trent in Percent	Current Liabilities (Amount Crores)	Trent in Percent	Current Ratio
2011-12	8,864.29	100.00	6,619.90	100.00	1.34
2012-13	15,929.20	79.70	9,027.21	36.36	1.76
2013-14	16,479.44	3.45	9,115.16	0.97	1.81
2014-15	20,150.03	22.27	8,677.33	(4.80)	2.32
2015-16	21,951.89	8.94	11,544.03	33.04	1.90
2016-17	22,929.20	4.45	12,005.31	4.00	1.91
2017-18	24,260.30	5.81	12,087.43	0.68	2.01
2018-19	28,334.82	16.80	18,066.29	49.46	1.57
2019-20	21,956.65	(22.51)	12,291.38	(31.97)	1.79
2020-21	23,536.91	7.20	13,297.30	8.18	1.77

Source: Computed Based on the Annual Report of the Company.

The current ratio is a liquidity assessment ratio which helps to know whether the company has sufficient sources to meet out the short term obligation of the company. The current ratio is compared between the two component namely current assets and current liability of the company. It is observed from the table 1 that the company current assets show fluctuation in trend by observing the year-by-year comparison and current liabilities too. A highest negative growth recorded in the current assets as well as current liabilities in the financial year 2019-20 but thereafter it shows increasing in trend. The current assets

of the company ranges from rupees 8864.29 Crores to rupees 28334.82 Crores and the current liabilities are ranges from rupees 6619.90 Crores to 18066.29 Crores in the study period. As the net result of these two components, the current ratio of the company shows slight fluctuating in trend and it ranges from 1.34 to 2.32 during the study period of the company. It is clearly noted that all the years of the study period the current assets component is higher than the current liabilities of the company. Hence, the company has sufficient resource to meet out the short-term obligations.

**Table 2 Liquid Ratio**

Year	Liquid Assets (Amount Crores)	Trent in Percent	Current Liabilities (Amount Crores)	Trent in Percent	Liquid Ratio
2011-12	2,942.88	100.00	6,619.90	100.00	0.44
2012-13	8,277.80	181.28	9,027.21	36.36	0.92
2013-14	8,736.58	5.54	9,115.16	0.97	0.96

<b>2014-15</b>	12,447.42	42.47	8,677.33	(4.80)	1.43
<b>2015-16</b>	13,037.31	4.74	11,544.03	33.04	1.13
<b>2016-17</b>	14,107.97	8.21	12,005.31	4.00	1.18
<b>2017-18</b>	15,952.40	13.07	12,087.43	0.68	1.32
<b>2018-19</b>	19,066.79	19.52	18,066.29	49.46	1.06
<b>2019-20</b>	11,218.27	(41.16)	12,291.38	(31.97)	0.91
<b>2020-21</b>	12,142.45	8.24	13,297.30	8.18	0.91

Source: Computed Based on the Annual Report of the Company.

The liquid ratio is another method of assessing the liquidity position of the company. It shows company's ability to use its near cash and quick assets to extinguish its current liabilities immediately. It is understood from the table 2 that the liquid assets of the company show increasing in trend with slight fluctuations. In the year 2012-13, the company has recorded a highest positive trend as 181.28 percent with respect to previous year the same pattern also recorded in the current liabilities trend but it recorded as 36.36 percent. The liquid assets range from rupees 2942.88 Crores to rupees 19066.76 Crores at the same time the current liabilities are ranges from rupees

6619.90 Crores to 18066.29 Crores in the study period. As the net effect of these two components, the liquid ration of the company shows slight fluctuating in trend from the financial year from 20011-12 to 2013-14 and 2019-20 to 2020-21. The liquid assets ratio ranges from 0.44 to 1.43 during the study period. It is clearly understood that majority years of the study period the liquid assets component is higher than the current liabilities but a very few years the current liabilities are exceeded the liquid assets which means the company may not able to meet the current obligation with the help of liquid assets of the company.

**Table 3 Absolute Liquid Ratio**

<b>Year</b>	<b>Absolute Liquid Assets (Amount in Crores)</b>	<b>Trent in Percent</b>	<b>Current Liabilities (Amount in Crores)</b>	<b>Trent in Percent</b>	<b>Absolute Liquid Ratio</b>
<b>2011-12</b>	1,631.01	100.00	6,619.90	100.00	0.25
<b>2012-13</b>	7,022.31	330.55	9,027.21	36.36	0.78
<b>2013-14</b>	7,309.13	4.08	9,115.16	0.97	0.80
<b>2014-15</b>	10,932.38	49.57	8,677.33	(4.80)	1.26
<b>2015-16</b>	11,753.66	7.51	11,544.03	33.04	1.02
<b>2016-17</b>	12,275.79	4.44	12,005.31	4.00	1.02
<b>2017-18</b>	13,937.64	13.54	12,087.43	0.68	1.15
<b>2018-19</b>	17,193.96	23.36	18,066.29	49.46	0.95
<b>2019-20</b>	9,481.02	(44.86)	12,291.38	(31.97)	0.77
<b>2020-21</b>	10,017.57	5.66	13,297.30	8.18	0.75

Source: Computed Based on the Annual Report of the Company.

The absolute liquid ratio indicates the capacity of the company to meet out the short-term obligation with the help of absolute liquid assets like cash in hand and at bank, marketable securities, and short-term investments. If the ratio result indicates one, which is better management of liquidity position, otherwise the company should concentrate on the absolute liquid assets components to increase the short-term liquidity position. It is interpreted from the table 3 that the absolute liquid assets of the

company shows increasing in trend without any native fluctuations except in the year 2017-18 because it shows a negative trend of 44.86 percent with respect to previous year amount. The absolute liquid assets range from rupees 1631.01 Crores to rupees 17193.96 Crores during the study period at the juncture the current liabilities are ranges from rupees 6619.90 Crores to 18066.29 Crores in the study period. As the net effect of these two components, the absolute liquid ration of the company shows slight fluctuating in trend

from the financial year from 20011-12 to 2013-14 and 2018-19 to 2020-21. The absolute liquid assets ratio ranges from 0.25 to 1.26 during the study period. The majority financial years of the study period the company's current liabilities are higher than the absolute Liquid Assets of the company. However, the

financial year from 2014-15 to 2017-18, the components of absolute liquid assets are higher than the current liabilities. Hence, the company can able to meet out the current obligations with the help of absolute liquid assets in some years and could not in many years.

**Table 4 Overdue Liability Ratio**

Year	Cash and Marketable Securities Assets (Amount in Crores)	Trent in Percent	Overdue Liabilities (Amount in Crores)	Trent in Percent	Overdue Liabilities Ratio
2011-12	140.21	100.00	1,170.93	100.00	0.12
2012-13	233.39	66.46	1,869.34	59.65	0.12
2013-14	722.30	209.48	1,918.49	2.63	0.38
2014-15	1,497.82	107.37	2,983.52	55.51	0.50
2015-16	1,163.17	(22.34)	3,939.66	32.05	0.30
2016-17	984.18	(15.39)	3,765.54	(42)	0.26
2017-18	326.47	(66.83)	3,824.08	1.55	0.09
2018-19	4,335.18	1,227.90	9,579.99	150.52	0.45
2019-20	1,821.35	(57.99)	4,332.68	(54.77)	0.42
2020-21	1,579.87	(13.26)	4,378.35	1.05	0.36

Source: Computed Based on the Annual Report of the Company.

The overdue liability ratio of the company indicates that whether the company able make overdue payment with the help of cash and marketable securities available with the company. It is interpreted from the table 4 that the available cash and marketable securities of the company show highly fluctuating in trend from the financial year 2015-16. The amount of cash and marketable securities are ranged from rupees 140.21 Crores to rupees 1821.35 Crores during the study period. At the same time, the overdue liabilities of the company show increasing in trend until 2018-19. Thereafter it has recorded

with a high decreasing in trend and follows with some slight fluctuations. The amount of overdue liabilities is ranged from rupees 1170.93 Crores to rupees 9579.99 Crores. As components results, the overdue liability ratio shows fluctuating in trend and it ranges from 0.09 to 0.50 during the study period. It is understood that the overdue liabilities of the Hindalco Industries Limited are always greater than the cash and marketable securities assets. Hence, the cash and marketable securities assets are not sufficient to meet out the overdue liabilities of the company during the financial years of the study period.

**Table 5 Internal Debt to External Debt Ratio**

Year	Internal Equities (Amount in Crores)	Trent in Percent	External Equities (Amount in Crores)	Trent in Percent	Internal to External Equities
2011-12	27,906.98	100.00	5,163.93	100.00	5.40
2012-13	29,700.10	6.43	5,438.04	5.31	5.46
2013-14	31,491.16	6.03	12,068.23	121.92	2.61
2014-15	33,431.08	6.16	21,417.33	77.47	1.56
2015-16	36,732.45	9.88	22,939.45	7.11	1.60
2016-17	37,255.26	1.42	23,448.48	2.22	1.59
2017-18	42,159.48	13.16	24,414.54	4.12	1.73
2018-19	47,332.56	12.27	18,879.93	(22.67)	2.51



<b>2019-20</b>	49,450.58	4.47	18,002.20	(4.65)	2.75
<b>2020-21</b>	48,557.59	(1.81)	16,347.88	(9.19)	2.97

Source: Computed Based on the Annual Report of the Company.

The internal equity to external equity ratio shows the company capital employed proportion. A high debt of external debt may cause the firms operations due to so many financial cost occurrence and too many internal sources may leads the company to inefficiency of fund management. Therefore, an optimum proportion of internal as well as external equity enables the company to focuses on the better operating throughout the year without any difficulties. It is understood from the table 5 that the internal equities employed by the company is showed increasing in trend in year-by-year and a slight fluctuation is recorded in the year 2020-21 as 1.81 percent with respect to previous year. The internal equity amount capitalised is ranging from rupees 27,906.98 Crores to 49,450.58.

However, the external equities employed in the company showed increasing in trend from the year 2011-12 to 2017-18. Thereafter, it shows decreasing in trend. The amount of external equities ranges from rupees 5163.93 Crores to rupees 24414.54 Crores during the study period. As the component proportion, the ratio ranges from 1.56 to 5.46. It is understood that the external and internal equities of Hindalco Industries Limited. The internal equities of the Hindalco Industries Limited are always greater than the external equities. Hence, it is understood that the Hindalco Industries Limited give much importance to the internal equities than the external equities to avoid outsiders control over and minimise the finance cost of the company.

**Table 6 Debt to Long-Term Fund Ratio**

<b>Year</b>	<b>Debt (Amount in Crores)</b>	<b>Trent in Percent</b>	<b>Long-term Funds (Amount in Crores)</b>	<b>Trent in Percent</b>	<b>Debt to Long-term Funds</b>
<b>2011-12</b>	5,163.93	100.00	33,070.91	100.00	0.16
<b>2012-13</b>	5,147.54	(0.32)	35,138.14	6.25	0.15
<b>2013-14</b>	11,115.13	115.93	43,559.39	23.97	0.26
<b>2014-15</b>	20,443.05	83.92	54,848.41	25.92	0.37
<b>2015-16</b>	22,108.58	8.15	59,671.90	8.79	0.37
<b>2016-17</b>	22,973.85	3.91	60,703.74	1.73	0.38
<b>2017-18</b>	23,904.29	4.05	66,574.02	9.67	0.36
<b>2018-19</b>	18,391.95	(23.06)	66,212.49	(0.54)	0.28
<b>2019-20</b>	17,198.94	(6.49)	67,452.78	1.87	0.25
<b>2020-21</b>	15,633.88	(9.10)	64,905.47	(3.78)	0.24

Source: Computed Based on the Annual Report of the Company.

The debt to long-term fund ratio indicates that the proportion of debt in the total long-term fund employed by the company. As the result of high debt content in the long-term fund, the shareholders of the company may be affected and sometimes it leads to mismanagement of procured funds from outside. Therefore, a limited amount of debt fund can boost the company to make better performance in the market to offer the product and services without any delay. It is observed from the table 6 that the debt proportion of the company shows increasing in trend until the year 2017-18. Thereafter the debt portion in the total long-term fund is showing decrease in

trend. The decreasing trend recorded as 23.06 percent, 6.49 percent, and 9.10 percent with respect to respective previous years. The amount of debt ranges from rupees 5147.54 Crores to rupees 23904.29 Crores. The total long-term fund of the company is showing increasing in trend with slight fluctuations in the years 2018-19 and 2020-21. The amount of long-term fund is ranged from rupees 33070.91 to rupees 67452.78 Crores during the study period. As the results of the trends, the debt to long-term fund ratio ranges from 0.15 to 0.38 during the study period. In all years of the study period, the total long-term fund is higher than the debt proportion of the

company and it has less than 40 percent of the value of total long-term funds of the company. Hence, it is concluded that the shareholders of

the company have contributed the majority of the fund and outsider's funds are very limited portion in the total long-term funds.

**Table 7 Shareholders fund to Long-term fund Ratio**

Year	Shareholders' Funds (Amount in Crores)	Trent in Percent	Total Long-term Fund (Amount in Crores)	Trent in Percent	Shareholders fund to Long-term fund
2011-12	27,906.98	100.00	33,070.91	100.00	0.84
2012-13	29,700.10	6.43	35,138.14	6.25	0.85
2013-14	31,491.16	6.03	43,559.39	23.97	0.72
2014-15	33,431.08	6.16	54,848.41	25.92	0.61
2015-16	36,732.45	9.88	59,671.90	8.79	0.62
2016-17	37,255.26	1.42	60,703.74	1.73	0.61
2017-18	42,159.48	13.16	66,574.02	9.67	0.63
2018-19	47,332.56	12.27	66,212.49	(0.54)	0.71
2019-20	49,450.58	4.47	67,452.78	1.87	0.73
2020-21	48,557.59	(1.81)	64,905.47	(3.78)	0.75

Source: Computed Based on the Annual Report of the Company.

The shareholders' fund to long-term fund ratio indicates that the proportion of shareholders' fund in the total long-term fund employed by the company. As the result of high shareholders' fund content in the long-term fund, the shareholders of the company may be leads to make some good management of procured funds from outsiders. Therefore, a limited amount of debt fund can boost the company to make better performance in the market to offer the product and services without any delay. It is observed from the table 7 that the shareholders' fund proportion of the company shows increasing in trend. The amount of shareholders' fund ranges from rupees 27,906.98 Crores to rupees 49,450.58

Crores. The total long-term fund of the company is showing increasing in trend with slight fluctuations in the years 2018-19 and 2020-21. The amount of long-term fund is ranged from rupees 33070.91 to rupees 67452.78 Crores. As the results of the trends, the shareholders' fund to long-term fund ratio ranges from 0.61 to 0.85. In all the years of the study period, the total long-term fund is higher than the shareholders fund and it has more than 60 percent of the value of total long-term funds of the company. Hence, the shareholders of the company and the outsiders funds are very limited portion in the total long-term funds have contributed the majority of the fund.

**Table 8 Proprietary Ratio**

Year	Shareholders' Funds (Amount in Crores)	Trent in Percent	Total Tangible Assets (Amount in Crores)	Trent in Percent	Proprietary Ratio
2011-12	27,906.98	100.00	7,635.22	100.00	3.66
2012-13	29,700.10	6.43	7,560.69	(0.98)	3.93
2013-14	31,491.16	6.03	7,125.95	(5.75)	4.42
2014-15	33,431.08	6.16	7,071.00	(0.77)	4.73
2015-16	36,732.45	9.88	18,024.98	154.91	2.04
2016-17	37,255.26	1.42	26,035.87	44.44	1.43
2017-18	42,159.48	13.16	32,096.38	23.28	1.31
2018-19	47,332.56	12.27	34,017.71	5.99	1.39
2019-20	49,450.58	4.47	33,999.58	(0.05)	1.45
2020-21	48,557.59	(1.81)	33,168.95	(2.44)	1.46

Source: Computed Based on the Annual Report of the Company.

The proprietary ratio (also known as the equity ratio) is the proportion of shareholders' equity to total assets, and as such provides a rough estimate of the amount of capitalization currently used to support a business. Thus, the equity ratio is a general indicator of financial stability. It is observed from the table 8 that the shareholders' fund proportion of the company shows increasing in trend. The amount of shareholders' fund ranges from rupees 27,906.98 Crores to rupees 49,450.58 Crores. The total tangible assets of the company shows increasing in trend and some fluctuations are observed in the year 2012-13, 2013-14, 2014-15, 2019-20 and 2020-21 as 0.98 percent, 5.75 percent 0.77 percent 0.05 percent and 2.44 percent respectively. The amount of total tangible assets is ranged from rupees 7,071.00 Crores to 34,017.71. The proprietary ratio of the Hindalco Industries Limited is ranged from 1.31 to 4.73 during the study period. It is clearly noted that all the years of the study period the shareholders' fund is higher than the total tangible assets of the company. Hence, a rough estimate of the amount of capitalization currently used to support a business is full of total tangible assets of the company.

### **MAJOR FINDINGS AND RECOMMENDATIONS**

The following are the major findings derived from the data analysis by using the financial tool called ratios. Based on the findings, appropriate suggestions are also given according to the ratio norms and company performance during the study period. These are

- 1) The current assets component is higher than the current liabilities of the company. Hence, the company has sufficient resource to meet out the short-term obligations.
- 2) The liquid assets component is higher than the current liabilities but a very few years the current liabilities are exceeded the liquid assets which means the company may not able to meet the current obligation with the help of liquid assets of the company. Hence, if the company maintain some liquid assets huge as compare with the present position, it will lead the

company to make some efficient operational performance.

- 3) The company's current liabilities are higher than the absolute Liquid Assets of the company. However, the financial year from 2014-15 to 2017-18, the components of absolute liquid assets are higher than the current liabilities. Hence, the company can able to meet out the current obligations with the help of absolute liquid assets in some years and could not in many years.
- 4) The overdue liabilities of the Hindalco Industries Limited are always greater than the cash and marketable securities assets. Hence, the cash and marketable securities assets are not sufficient to meet out the overdue liabilities of the company during the financial years of the study period.
- 5) The internal equities of the Hindalco Industries Limited are always greater than the external equities. Hence, it is understood that the Hindalco Industries Limited give much importance to the internal equities than the external equities to avoid outsiders control over and minimise the finance cost of the company.
- 6) In all years of the study period, the total long-term fund is higher than the debt proportion of the company and it has less than 40 percent of the value of total long-term funds of the company. Hence, it is concluded that the shareholders of the company and the outsiders funds are very limited portion in the total long-term funds have contributed the majority of the fund.
- 7) In all years of the study period, the total long-term fund is higher than the shareholders fund and it has more than 60 percent of the value of total long-term funds of the company. Hence, the shareholders of the company and the outsiders funds are very limited portion in the total long-term funds have contributed the majority of the fund.
- 8) All the years of the study period, the shareholders' fund is higher than the total tangible assets of the company. Hence, a rough estimate of the amount of capitalization currently used to support a business is full of total tangible assets of the company.

### **CONCLUSION**



Hindalco Industries Limited is a leading aluminium manufacturing company in India. It produced large number of aluminium products and its allied products also. It maintains a huge level of profit and good reputation among the aluminium manufacturing companies in India. The present paper aims only on solvency and liquidity position of Hindalco Industries Limited. Hence, the paper concluded that all the aspects of the solvency and liquidity position of the company are highly satisfactory level except in few cases in few years only. If the company has take some additional steps and ratification for the deviations from the above suggested matters, especially on short-term solvency, further the company can grow-up very well in the future without any deviation from the current position.

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