A Study On Financial Performance Of Indian Cement Companies With Reference To Selected Cements Companies

Dr. N. CHANDRAKALA,

Abstract: Cement Industry play very significant role in Indian economy. It facilitates the basic infrastructure facility for the development of the country. The companies selected for this study are taken on the basis of their current market share and according to the availability of data. The financial year of this study is from April to March. The data for the study is taken for five years i.e. 2013-14 to 2017-18. Ultratech Cements, Shree Cements, Ramco Cements, Dalmia Bharat and Birla Corporation are selected for this study. The study applied various ratio analysis for the understanding the financial performance of the selected companies. The study highlighted that current ratio, quick ratio and Net Profit ratio is good for Dalmia Bharat when compared to the other companies under study which stated that Dalmia Bharat earns more net profit than other companies and it is more efficient in converting its sales into actual profit. The study found that absolute liquid ratio is good for Birla Corporation when compared with other companies and Ramco Cements earned more gross profit than other companies and it can make reasonable profit on sales, as long as it keeps overhead costs in control. Shree Cements earns more operating profit than other companies and it shows that the company is more efficient in controlling the cost and expenses associated with the business operations, profit generated by the company with the money invested by the shareholders and had more investment made in the business for long term.

Keywords: Financial Performance, Ratio Analysis, Cement Industries

Introduction:

India occupies second place in both production and consumption of cement. India has made a lot of potential for development in the infrastructure and construction sector and cement industry is to largely benefit from it. Cement industry is one of the growing industries of the world and occupies a central place as one of the essential industries for development and for its employment opportunities. Cement is the most consumed material on the planet providing employment opportunities to more than a million people, directly or indirectly. Cement is basic material for all types of construction works and it is widely used in construction from smallest building to largest structures like dams, irrigation works. It is an industry where huge investments are made by both Indian and Foreign investors. It is now trying to achieve global standards in production, safety and efficient use of energy. The scope of this study pertains to financial performance, liquidity and profitability of selected cement industries in India. This study is mainly a comparison of five years final accounts of selected cement companies and it aims to reveal the companies standard in respect to its profitability and liquidity position. This study is mainly useful for investors to know about the financial position and make a wise decision on investment. It is also useful for the government since cement is one of the leading contributors to the country's GDP.

- *Dr. N. Chandrakala (Corresponding author), Assistant Professor, Department of International Business, Dr. N. G. P. Arts and Science College, Coimbatore-641048. India. Email: chandrasmib@gmail.com*

Review of Literature

Kumar, M.S.M (2017) presented the pattern and interrelationship between several aspects relating to capital structure of cement and steel industry in India from 2012-2013 to 2016-2017. The result showed that there was a significant difference in average debt size between the sampled companies of the cement and steel industry in India. Also there was a significant difference in the average Debts/Equity Ratio of sampled companies in cement industry, but there was no significant difference in the sampled companies in steel industry. **Nanthini (2017)** aimed to analyse the components of capital structure of selected companies for 10 years from 2005 – 2006 to 2014 -2015. Financial tools used in the study include simple percentage analysis, correlation analysis and analysis of variance. Findings of the study showed that there was a positive relationship between correlation analysis and analysis of variance. **Devi, M. and Mugunthan, C (2017)** conducted a study to measure the short term financial feasibility of the sample companies from moneycontrol.com from 2007 to 2016. The study showed that financial position of selected cement companies were satisfactory, but Ultratech cement company must improve their short term solvency positions. **Janjua, AR and Asghar, A et al (2016)** analysed the influence of liquidity managements on the performance of the Pakistani cement Companies. The study had been found in the study that CRR, QUR, and LR/CAR were positively related to profitability. Findings of the study showed profitability ratios are affected by liquidity ratios and there was a positive relationship between them. **Pan, SK and Mal, DP (2016)** studied about the profitability of the selected companies in the Indian cement industry during for the period 2001 to 2010. The study concluded that out of the 12 companies analysed in the study Ambuja cements ranked first in terms of overall profitability.

Venkateswarlu, P and Reddy, BK (2015) studied the liquidity management of select cement companies of

Andhra Pradesh and aimed at assessing the management of working capital and its adequacy. The study presented that companies should ensure that the current assets and current liabilities grow at a similar rate because if the growth rate of current liabilities were much more than the growth rate of current assets, in long run it will affect the working capital position of the company adversely ultimately affecting the liquidity position of the companies. **Shukla, Piyush and Sharma, Lochan (2015)** investigated the effects of supply chain management in Indian Cement Industry using a qualitative data collection techniques and logistics management. The study stated that there was a relationship between supply chain integration and supply chain responsiveness. It is also highlighted that the logistics network must improve to the service requirement and profitability of customer segments. **Geetha, T.N and Ramaswamy (2014)** discussed about the financial performance efficiency of selected 17 cement industries in India from 2001-02 to 2012-13. Financial tools used in the study include ratio analysis. Findings of this study showed that there was an improvement in the performance efficiency of the Indian cement industries. **Panigrahi, Ashok Kumar (2013)** emphasized to assess the management of working capital and its adequacy of five Indian cement companies listed in BSE between 2000-2001 and 2009-10. The findings of the study showed that the ideal current and liquid ratio should be maintained and the percentage of inventories in current assets should be as low as possible. **Kumar, P. K and John, S. F (2013)** studied the progress of Indian cements industry since 1991, in terms of its growth in installed capacity, production, exports, and value addition. In order to know the progress of ICI, annual time series data for the six variables were studied for trend, cyclical variation and random variation. **Kartik Chandra Nandi (2012)** aimed to examine and evaluate the overall efficiency of the management of working capital in terms of liquidity trends. The findings showed that adequate amount of working capital was to be maintained so as to maintain a proper amount of liquidity.

Statement of Problem:
Financial management is one of the important components of management of a company and it is backbone of any business activities of a company. Efficient financial management of a company will give success for any business activity. Poor liquidity management will give adverse effect on the performance of a company and sometimes may even lead to bankruptcy. Also liquidity management has some relationship with profitability. Hence it is necessary to analyse the liquidity position and profitability of the selected cement companies in India to safeguard the investor's wealth and to boost the growth rate of the country.

Objectives:

- ❖ To study and compare the liquidity position of the companies under study
- ❖ To measure the profitability and financial position of the selected companies in the Indian cement industry

Methodology

The companies selected for this study are taken on the basis of their current market share and according to the availability of data. The financial year of this study is from April to March. The data for the study is taken for five years i.e. 2013-14 to 2017-18. Ultratech Cements, Shree Cements, Ramco Cements, Dalmia Bharat and Birla Corporation are selected for this study.

Analysis and Interpretation

Table 1 Current Ratio

	2017-18	2016-17	2015-16	2014-15	2013-14	Mean	SD
Birla Corporation	0.81	1.02	1.07	1.45	1.21	1.112	0.237
Dalmia Bharat	8.26	8.96	9.69	3.76	3.82	6.898	2.881
Ramco Cements	0.71	0.73	0.74	0.72	0.74	0.728	0.0130
Shree Cements	1.65	1.75	1.65	1.34	1.38	1.554	0.1822
Ultratech Cements	0.8	0.76	0.72	0.7	0.82	0.76	0.0509

The table shows the current ratio for five years from 2013-14 to 2017-18 are calculated and presented. In Birla Corporation, highest current ratio of 1.45 was seen in the year 2014-15 and lowest current ratio of 0.81 was seen in 2017-18. Highest current ratio of 9.69 was observed in the year 2015-16 and lowest current ratio of 3.76 was observed in 2014-15 in Dalmia Bharat . Among Ramco Cements, Highest current ratio of 0.74 was observed in the year 2013-14 and 2015-16 and lowest current ratio of 0.71 was observed in 2017-18. In the Shree Cements: Highest current ratio of 1.75 was seen in the year 2016-17 and lowest current ratio of 1.34 was seen in 2014-15. In the Ultratech Cements: Highest current ratio of 0.82 was seen in the year 2013-14 and lowest current ratio of 0.7 was seen in 2014-15. It is understand that in case of average current ratio, among the five cement companies selected for the study highest average of 6.898 was observed in Dalmia Bharat. Highest standard deviation of 2.88 was also observed in Dalmia Bharat and lowest standard deviation of 0.013 was observed in Ramco cements. Hence from the above table it was understood that current ratio is good for Dalmia Bharat when compared to the other companies under study.

Table 2 QUICK RATIO

	2017-18	2016-17	2015-16	2014-15	2013-14	Mean	SD
Birla Corporation	0.51	0.66	0.69	0.95	0.8	0.722	0.164
Dalmia Bharat	8.26	8.96	9.68	3.76	3.59	6.85	2.942
Ramco Cements	0.43	0.46	0.48	0.48	0.42	0.454	0.027
Shree Cements	0.91	0.91	1.02	0.81	0.76	0.882	0.100
Ultratech Cements	0.54	0.54	0.52	0.43	0.52	0.51	0.045

The standard quick ratio is 1:1. The Quick ratio for five years from 2013-14 to 2017-18 are calculated and presented in the table no 2. Among the Birla Corporation, highest Quick ratio of 0.95 was seen in the year 2014-15 and lowest current ratio of 0.51 was seen in 2013-14 noticed on Birla Corporation which indicates about too much on inventory or other assets to pay its short term liabilities. In Dalmia Bharat, highest Quick ratio of 9.68 was observed in the year 2015-16 and lowest current ratio of 3.59 was observed in 2013-14 which mentioned that company can meet its current financial obligations with the available quick funds on hand. Highest Quick ratio of 0.48 was seen in the year 2014-15 and 2015-16 and lowest current ratio of 0.42 was seen in 2013-14 in Ramco Cements: which stated that that the company relies too much on inventory or other assets to pay its short term liabilities. Among the Shree Cements, Highest Quick ratio of 1.02 was seen in the year 2015-16 and lowest current ratio of 0.76 was seen in 2013-14 indicated that the company relies too much on inventory or other assets to pay its short term liabilities. Highest Quick ratio of 0.54 was observed in the year 2016-17 and 2017-18 and lowest current ratio of 0.43 was observed in 2014-15 on Ultratech Cements which noticed that the company relies too much on inventory or other assets to pay its short term liabilities. It is noticed that, among the five cement companies selected for the study highest average Quick ratio of 6.85 was seen in Dalmia Bharat. Highest standard deviation of 2.94 was also seen in Dalmia Bharat and lowest standard deviation of 0.454 was seen in Ramco cements. Hence from the above table it was understood that quick ratio was good for Dalmia Bharat when compared to the other companies.

Table 3 Absolute Liquid Ratio

	2017-18	2016-17	2015-16	2014-15	2013-14	Mean	SD
Birla Corporation	0.63	0.80	1.65	2.23	1.67	1.395	0.667
Dalmia Bharat	0.10	0.08	0.15	0.56	0.12	0.202	0.200
Ramco Cements	0.06	0.06	0.04	0.03	0.02	0.024	0.016
Shree Cements	0.04	0.05	0.04	0.15	0.11	0.080	0.049
Ultratech Cements	0.02	0.23	0.20	0.03	0.04	0.102	0.102

The relationship between the absolute liquid assets and current liabilities is established by this ratio. Absolute Liquid Assets take into account cash in hand, cash at company, and marketable securities or temporary investments. The most favourable and optimum value for this ratio should be 1: 2. It indicates the adequacy of the 50% worth absolute liquid assets to pay the 100% worth current liabilities in time. If the ratio is relatively lower than one, it represents the company's day-to-day cash management in a poor light. If the ratio is considerably more than one, the absolute liquid ratio represents enough funds in the form of cash in order to meet its short-term obligations in time. The current ratio for five years from 2013-14 to 2017-18 are calculated and presented in the above table. It is noticed that highest Absolute liquid ratio of 2.23 was seen in the year 2014-15 and lowest Absolute liquid ratio of 0.63 was seen in 2017-18 from Birla Corporation. From Dalmia Bharat company, the highest Absolute liquid ratio of 0.56 was seen in the year 2014-15 and lowest Absolute liquid ratio of 0.08 was seen in 2016-17. It is noticed from Ramco Cements, highest Absolute liquid ratio of 0.06 was seen in the year 2016-17 and 2017-18 and lowest Absolute liquid ratio of 0.02 was seen in 2013-14. It is clear that highest Absolute liquid ratio of 0.15 was seen in the year 2014-15 and lowest Absolute liquid ratio of 0.04 was seen in 2015-16 and 2017-18 from Shree Cements. It is mentioned that highest Absolute liquid ratio of 0.23 was seen in the year 2016-17 and lowest Absolute liquid ratio of 0.02 was seen in 2017-18 from Ultratech Cememts. It is understand from the table that all the five Cements companies had relatively low Absolute liquid ratio which is the indication that the company's cash management is poor to meet the day-to-day requirements. Among the five cement companies, highest standard deviation of 0.67 was also observed in Birla Corporation and lowest standard deviation of 0.049 was observed in Shree cements. Hence from the above table it is understood that absolute liquid ratio is good for Birla Corporation when compared with other companies.

Table 4 Gross Profit Ratio

	2017-18	2016-17	2015-16	2014-15	2013-14	Mean	SD
Birla Corporation	5.27	6.69	4.16	4.61	4.1	4.966	1.071
Dalmia Bharat	16.74	22.81	15.35	12.31	11.04	15.650	4.608
Ramco Cements	18.31	23.06	22.02	12.71	6.97	16.614	6.743
Shree Cements	16.00	13.67	10.5	6.49	14.26	12.184	3.752
Ultratech Cements	13.82	15.49	14.04	13.34	13.63	14.064	0.837

The gross profit margin ratio, also known as gross margin, is the ratio of gross margin expressed as a percentage of sales. Gross margin, alone, indicates how much profit a company makes after paying off its Cost. The higher the profit margin, the more efficient a company is. Highest gross profit margin of 6.69% was seen in the year 2016-17 and lowest gross profit margin of 4.1% was seen in 2013-14 for Birla Corporation which indicates that the company is least efficient. It is clear that highest gross profit margin of 22.81% was seen in the year 2016-17 and lowest gross profit margin of 11.04% was seen for Dalmia Bharat in 2013-14. It is noticed that Ramco Cements had Highest gross profit margin of 23.06% in 2016-17 and lowest gross profit margin of 6.97% was seen in 2013-14 which indicates that Ramco Cements is the most efficient. It is clear that Shree Cements is having highest gross profit margin of 16.00% in 2017-18 and lowest gross profit margin of 6.49% was seen in 2014-15 which indicates their reduction in efficiency. Ultratech cements had highest gross profit margin of 15.49% in 2016-17 and lowest gross profit margin of 13.34% was seen in 2014-15which indicates that the company is moderately efficient. It is understood that Gross profit ratio, among the five cement companies selected for the study, the highest average of 16.6140 was observed in Ramco cements and lowest average of 4.966 was observed in Birla Corporation. Hence from the above table it was understand that Ramco Cements earned more gross profit than other companies and it can make reasonable profit on sales, as long as it keeps overhead costs in control.

Table 5 Net Profit Ratio

	2017-18	2016-17	2015-16	2014-15	2013-14	Mean	SD
Birla Corporation	3.09	6.39	4.8	5.21	4.3	4.758	1.210
Dalmia Bharat	38.57	28.47	32.08	14.31	18.55	26.396	9.905
Ramco Cements	12.61	16.43	15.52	6.64	3.65	10.970	5.602
Shree Cements	14.07	15.88	20.73	6.6	12.96	14.048	5.115
Ultratech Cements	7.49	10.99	9.99	8.78	10.57	9.564	1.426

The net profit margin, also known as net margin, indicates how much net income a company makes with total sales achieved. A higher net profit margin means that a company is more efficient at converting sales into actual profit. Net profit margin analysis is not the same as gross profit margin. Under gross profit, fixed costs are excluded from calculation. With net profit margin ratio all costs are included to find the final benefit of the income of a business. Similar terms used to describe net profit margins include net margin, net profit, net profit ratio, net profit margin percentage, and more. It is noticed that highest net profit margin of 6.39% of Birla Corporation was seen in 2016-17 and lowest net profit margin of 3.09% was seen in 2017-18 indicates that the Birla Corporation is least efficient at converting its sales into actual profit. Dalmia Bharat's highest net profit margin of 38.57% was seen in 2017-18 and lowest net profit margin of 14.31% was seen in 2014-15 which indicates that Dalmia Bharat is very efficient at converting its sales into actual profit. Highest net profit margin of 16.43% for Ramco Cements was noticed in 2016-17 and lowest net profit margin of 3.65% was seen in 2013-14 which indicates that Ramco Cements is not very efficient at converting its sales into actual profit. It is noticed that highest net profit margin of 20.73% noticed in 2015-16 for Shree Cements and lowest net profit margin of 6.6% was seen in 2014-15 which indicates that Shree Cements is not as efficient at converting its sales into actual profit. Ultratech cements' highest net profit margin of 10.99% was seen in 2016-17 and lowest net profit margin of 7.49% was seen in 2017-18 indicates that Ultratech cements is least efficient at converting its sales into actual profit. It is noticed on Net profit ratio, among the five cement companies, the highest average of 26.396 was observed in Dalmia Bharat and lowest average of 4.7580 was observed in Birla Corporation. Hence from the above table it was understood that Dalmia Bharat earns more net profit than other companies and it is more efficient in converting its sales into actual profit.

Table 6 Operating Profit Ratio

	2017-18	2016-17	2015-16	2014-15	2013-14	Mean	SD
Birla Corporation	9.19	11.09	8.71	9.39	8.5	9.376	1.022
Dalmia Bharat	19.06	25.22	16.79	14.4	12.06	17.506	5.043
Ramco Cements	24.95	29.78	29.45	19.56	15.28	23.804	6.316
Shree Cements	25.14	28.08	25.51	20.82	23.6	24.630	2.669
Ultratech Cements	19.74	20.79	19.51	18.29	18.82	19.430	0.951

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production. It is also expressed as a percentage of sales and then shows the efficiency of a company in controlling the costs and expenses associated with business operations. Furthermore, it is the return achieved from standard operations and does not include unique or one time transactions. It is noticed that highest operating profit margin for Birla Corporation was 11.09% on 2016-17 and lowest net profit margin of 8.50% was seen in 2013-14 which indicates that Birla Corporation is not stable as it uses both operating and non-operating income to cover its expenses. Highest operating profit margin was 25.22% noticed for Dalmia Bharat on 2016-17 and lowest net profit margin of 12.06% was seen in 2013-14 which indicates that Dalmia Bharat is stable as it uses only operating income to cover its expenses. It is calculated that highest operating profit margin of 29.78% was seen in 2016-17 and lowest net profit margin of 15.28% was seen in 2013-14 which indicates that Ramco Cements is very stable as it uses only operating income to cover its expenses. It is clear that highest operating profit margin of 28.08% was seen in 2016-17 for Shree Cements and lowest net profit margin of 20.82% was seen in 2014-15 which indicates that the Shree Cements is making enough money from its ongoing operations to pay for its variable costs as well as its fixed costs. It is highlighted that highest operating profit margin of 20.79% was seen in 2016-17 from Ultratech Cements and lowest net profit margin of 18.29% was seen in 2014-15 indicates that the Ultratech Cements is stable as it uses only operating income to cover its expenses. It is inferred average Operating profit ratio, among the five cement companies, the highest average of 24.630 was observed in Shree cements and lowest average of 9.376 was observed in Birla Corporation. Hence from the above table it was understand that Shree Cements earns more operating profit than other companies and it shows that the company is more efficient in controlling the cost and expenses associated with the business operations.

Table 7 Return on Net Worth

	2017-18	2016-17	2015-16	2014-15	2013-14	Mean	SD
Birla Corporation	3.09	6.95	6.97	7.19	5.58	5.956	1.724
Dalmia Bharat	6.08	4.55	5.24	4.31	8.71	5.778	1.777
Ramco Cements	13.7	17.35	18.0	9.16	5.54	12.768	5.364
Shree Cements	15.5	17.39	16.6	8.43	16.38	14.888	3.670
Ultratech Cements	9.48	11.03	10.9	10.68	12.54	10.936	1.091

Return on equity (ROE) is the amount of net income returned as a percentage of shareholders' equity. Return on equity (also known as "return on net worth" [RONW]) measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. The highest return on net worth of 7.19% for Birla Corporation was in the year 2014-15. Since then it had been on a declining trend. This showed that the Birla Corporation was not utilizing the investors' funds effectively. The highest return on net worth was 8.71% in 2013-14 for Dalmia Bharat. Since then the return on net worth has decreased and had not shown any significant increase. This showed that Dalmia Bharat should improve their investors return. It is noticed that the highest return on net worth was 18.05% for Ramco Cements in the year 2015-16. But in spite of the decrease their average was stable which showed that Ramco Cements utilized the investors' funds effectively. The highest return on net worth was 17.39% for Shree Cements in 2016-17 and indicating that the Shree Cements utilized the investors' funds most effectively. The highest return on net worth of Ultratech Cements was12.54% in 2013-14 which stated that Ultratech Cements should improve their investors return. It is noticed that Return on Net worth ratio, among the five cement companies, the highest average of 14.888 was observed in Shree Cements and lowest average of 5.7780 was observed in Dalmia Bharat. Hence from the above table it was understand that Shree Cements earned more net income than other companies and it revealed the profit generated by the company with the money invested by the shareholders.

Table 8 Return on Long Term Funds

	2017-18	2016-17	2015-16	2014-15	2013-14	Mean	SD
Birla Corporation	4.71	7.35	8.55	8.17	7.24	7.204	1.499
Dalmia Bharat	8.8	8.3	6.66	6.38	11.15	8.258	1.919
Ramco Cements	18.92	22.46	21.27	12.63	8.55	16.766	5.957
Shree Cements	17.67	20.2	16.97	9.8	19.87	16.902	4.204
Ultratech Cements	11.84	15.49	15.68	14.62	14.33	14.392	1.535

This ratio establishes the relationship between net profit and the long term funds. The term long –term funds refer to the total investment made in business for long term. It is calculated by dividing Earnings before Interest & Tax (EBIT) by the total long-term funds. Higher the return, better is its performance It is noticed that the highest return on long term funds of 8.55% for Birla Corporation was in the year 2013-14 and lowest of 4.71% was seen in 2017-18 which indicated that the company was not in a good position to pay back its long term funds. It is clear that the highest return on long term funds of Dalmia Bharat was11.15% in the year 2013-14 and lowest of 6.38% was found in 2014-15 which indicated that the company was not in a good position to pay back its long term funds. Ultratech Cements' highest return on long term funds of 15.68% was in the year 2015-16 and lowest of 11.84% was found in 2017-18. The average return on long term funds was 14.39% which indicated that the company was in a good position to pay back its long term funds. The highest return on long term funds of Ramco Cements was 22.46% in 2016-17 and lowest of 8.55% was found in 2013-14 which stated that Ramco Cements Company was in a good position to pay back its long term funds. Shree Cements' highest return on long term funds was 20.2% in 2016-17 and lowest of 9.8% was found in 2014-15 which indicated that Shree cements was in a very good position to pay back its long term funds. It is noticed that average Return on Long term funds, among the five cement companies, the highest average of 16.902 was observed in Shree Cements and lowest average of 7.204 was observed in Birla Cements. Hence from the above table it was understood that Shree Cements had higher return than other companies and it had more investment made in the business for long term.

Findings

- Among the current ratio analysis, highest standard deviation of 2.88 was also observed in Dalmia Bharat and lowest standard deviation of 0.013 was observed in Ramco cements. It understood that current ratio is good for Dalmia Bharat when compared to the other companies under study.
- Among the Quick ratio analysis, highest standard deviation of 2.94 was also seen in Dalmia Bharat and lowest standard deviation of 0.454 was seen in Ramco cements. It is understood that quick ratio was good for Dalmia Bharat when compared to the other companies.
- Among the absolute liquid ratio analysis, highest standard deviation of 0.67 was also observed in Birla Corporation and lowest standard deviation of

0.049 was observed in Shree cements. It is clear that absolute liquid ratio is good for Birla Corporation when compared with other companies.

- Among the Gross profit ratio analysis, highest average of 16.6140 was observed in Ramco cements and lowest average of 4.966 was observed in Birla Corporation. It understand that Ramco Cements earned more gross profit than other companies and it can make reasonable profit on sales, as long as it keeps overhead costs in control.
- Among the Net profit ratio analysis, the highest average of 26.396 was observed in Dalmia Bharat and lowest average of 4.7580 was observed in Birla Corporation. It is clear that Dalmia Bharat earns more net profit than other companies and it is more efficient in converting its sales into actual profit.
- Among the Operating profit ratio analysis, the highest average of 24.630 was observed in Shree cements and lowest average of 9.376 was observed in Birla Corporation. It is understand that Shree Cements earns more operating profit than other companies and it shows that the company is more efficient in controlling the cost and expenses associated with the business operations.
- Among Return on Net worth ratio analysis, the highest average of 14.888 was observed in Shree Cements and lowest average of 5.7780 was observed in Dalmia Bharat. It was understand that Shree Cements earned more net income than other companies and it revealed the profit generated by the company with the money invested by the shareholders.
- Among the Return on Long term funds analysis, the highest average of 16.902 was observed in Shree Cements and lowest average of 7.204 was observed in Birla Cements. It is clear that Shree Cements had higher return than other companies and it had more investment made in the business for long term.

Conclusion:

In order to carry on the business successfully, it is mandatory to have a good liquidity and solvency position that is to have good short -term financial position and long -term financial position. It must be noted that a business having good solvency position does not mean that its liquidity position will also be good and vice versa. Government of India has been giving immense boost to various infrastructure projects, housing facilities and road networks, the cement industry in India is currently growing at an enviable pace. In the coming years more growth in the Indian cement industry is expected to come. The Indian Cement industry plays a major role in the growth of the nation. The study highlighted the financial performance of Indian cements companies particularly about the five cement companies such as Birla Corporation, Dalmia Bharat, Ramco Cements, Shree Cements and Ultratech Cements. After considering all the factors, we can still safely conclude that the growth story of cement industry is still not over and it can be expected to pick up in the coming future on various positive signals from market such as rise in construction, picking up of global demand, introduction of fuel efficient technology as well as government initiatives.

References

[1] Kumar, M.S. Mohan (2017) The critical analysis of capital structure of cement and steel industry in India, International Research Journal of Management and Commerce, 4,(12)
[2] Nanthini, (2017), Capital Structure and Financial Performance of Selected Cement Companies in India, Journal of commerce and management research, 3(6), 07-10.
[3] Devi, M. and Mugunthan, C. (2017), A study on financial performance of cement companies in India with reference to ultra tech cement ltd and India cement ltd– A comparative analysis, Aayvagam: An international journal of multidisciplinary research, 5(2)
[4] Janjua, AR and Asghar A et al, (2016), Influence of Liquidity on Profitability of Cement Sector: Indication from Firms Listed in Pakistan Stock Exchange, Business Management Dynamics , 6(5), 01-12.
[5] Pan, SK., Mal, DP. (2016), Profitability Analysis of Selected Cement Companies in India, IOSR Journal of Business and Management, 18(9), 65-75.
[6] Venkateswarlu, P. & Reddy, BK (2015), Liquidity management of select cement companies of Andhra Pradesh, International Journal of Research in Business Management, 3(5).
[7] Shukla, P and Sharma, L., (2015), Improvement of Logistics and Supply chain Management in the cement industry, International Journal of Engineering and Innovative Technology.
[8] Geetha, T.N. Ramaswamy, (2014), A study on the financial performance efficiency of selected cement industries in India, International journal of emerging research and technology, 2(9), 106-111.
[9] Panigrahi, AK (2013), Liquidity Management of Indian Cement Companies – A Comparative Study, IOSR Journal of Business and Management, 14(5), 49-61.
[10] Kumar, PK and Franklin, S.(2013), A study on the progress of Indian cement industry, British Journal of Marketing Studies, 1(1), 1-15.
[11] Nandi, KC (2012) Trends in liquidity management and their impact on profitability, Great Lakes Herald, 6(1), 16-30.