Financial Performance Analysis of Select Cement Companies in India
Jigneshkumar Kantibhai Prajapati
Research Scholar
Department of Commerce
Gujarat University, Gujarat, India

Abstract:
The Indian cement industry is the second largest in the world after china’s. In terms of quality, productivity and efficiency, it compares with the best anywhere. It is almost entirely home growth, built, indigenously and using locally sourced inputs. Barring one or two exceptional years, the performance in the last two decades has been quite consistent and commendable in terms of modernization, expansion, growth in production, and improvement in productivity and cost efficiency. It has been accepted fact that the long term growth of economy depends equally on all the sectors viz primary, secondary and tertiary. But it has also been realized that secondary sector give impetus to rest of the sectors for an accelerated growth and development. This paper focuses on the cement industry of the country and made an analysis of two cement giants namely JKC and UTC. Ratio analysis has been used to draw the inferences from the secondary sources of data. It has been found that short term financial position of UTC is better than JKC in the year 2014-15 TO 2018-19.

Keywords: Ratio analysis, JK cement, Ultratech cement. Infrastructural development.

1. INTRODUCTION
Cement industry in India was under full control and supervision of the government. However, it got relief at a large extent after the economic reform. But government interference, especially in the pricing, is still evident in India. In spite of being the second largest cement producer in the world, India falls in the list of lowest per capita consumption of cement with 125 kg. The reason behind this is the poor rural people who mostly live in mud huts and cannot afford to have the commodity. Despite the fact, the demand and supply of cement in India has grown up. In a fast developing economy like India, there is always large possibility of expansion of cement industry. The economic development strategy chosen by India after the Second World War was very identical to China’s industrialization and the dominance of the state in the economy. Development was regarded synonymous with industrialization and industry was concentrating mainly on basic goods like steel and machinery. Private capital was not seen as an effective measure for development and it was assumed to have a inclination towards monopolization. Because of that, state control was considered to be effective. The chosen development strategy was one of import substitution. Development policies included licensing of industrial activity, the reservation of key areas for state activity, controls over foreign direct investment and interventions in the labor market.

2. REVIEW OF LITERATURE
1). Alovsat Muslumov concluded that the privatization was associated with a declining value added and shareholders’ profitability in Turkish cement industry. A decline in the value added and shareholders’ profitability were mainly caused by the decrease in return on assets. The decline in the return on asset was traced to declining asset productivity. These results are not consistent with previous cross-sectional privatization studies and a number of country studies.
2). Selvam, M, Vanitha, S. and Babu, M. “A study of financial health of cement industry – “Z” score analysis” published in “Management Accounts Journal” (vol. 39). In this research paper the research scholar stepped to examine the financial strength of Indian cement industry with the sample companies under consideration. Furthermore the research scholar tried to analyse the competitive strength of the sample companies under the study on the basis of the data collected from company’s published sources.
3). Chakraborty, S. K. and Reddy, K. Malla “Inter firm comparision in Indiaindustriance Industry published in “chartered accountant journal” (vol.21). In this research paper the scholar has made an attempt to compare the performance of fifteen cement companies of Indian Cement Industry, the important among the mare; Ambuja Cements, Associated Cement Company, Birla group of Cements, Jaypee Cements etc. in addition to this an attempt has been made to present the status of the companies in the Industry.
4). Hajihassani, presented A Comparison of Financial Performance in Cement Sector in Iran. This study presents comparison offinancial performance for the period 2006–2009 by using financial ratios and measures of cement companies working in Iran. Financial ratios are divided into three main categories and measures including two indicators. This work concludes that the performance of cement companies on the basis of profitability ratio is different than on the basis of liquidity ratio, leverage financial.
5). Ross, Westerfield, Jaffe and Jordan stated that return on equity, return on sales and return on assets widest used financial ratios. These ratio were used to measure how efficiently the firm uses its assets and how efficiently the firm manages its operations.

3. RESEARCH METHODOLOGY
Source of Data: The study is based on secondary data. Data regarding industries is collected from the annual report of
selected industries with the help of websites, books, journals, magazines.

Sample Size: Two industries are taken into consideration. Those are as follows:
1. JK CEMENT LTD
2. ULTRATECH CEMENT LTD

Duration of Study: For the purpose of analysis of industries period taken is:
2014-2015
2015-2016
2016-2017
2017-2018
2018-2019

Tools for Analysing Data:
A) Statistical Tools
Tools which are used are liquidity ratio, profitability ratio, leverage or capital structure ratio value.

B) Presentation
Graph, table
Objectives of the study
The study was conducted to achieve the following objectives:
1. To understand the concept of financial analysis.
2. To ascertain financial position of selected companies on the basis key ratios / parameters.
3. To compare the financial performance of selected automobile company.
4. To study about the profitability of automobile company.
5. To compare the profit earning of the selected automobile company from the year 2014-15 to 2018-19.

Limitation of the study
The limitations of the study are:
1. The study is based on the secondary data and the limitation of using secondary data may affect the results. The secondary data was taken from the annual reports of the company. It may be possible that
2. the data shown in the annual reports may be window dressed which does not show the actual position of the company.

4. DATA ANALYSIS

Table.1. Ratio Analysis Of Jk Cement Limited

<table>
<thead>
<tr>
<th>Year</th>
<th>CR</th>
<th>QR</th>
<th>DR</th>
<th>OP</th>
<th>GP</th>
<th>NP</th>
<th>INVTR</th>
<th>DTR</th>
<th>INTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>0.80</td>
<td>0.76</td>
<td>1.87</td>
<td>13.00</td>
<td>8.70</td>
<td>4.22</td>
<td>7.24</td>
<td>23.54</td>
<td>7.66</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.78</td>
<td>0.71</td>
<td>1.97</td>
<td>12.50</td>
<td>7.98</td>
<td>1.32</td>
<td>8.86</td>
<td>22.49</td>
<td>8.46</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.81</td>
<td>0.69</td>
<td>1.81</td>
<td>15.60</td>
<td>10.94</td>
<td>3.81</td>
<td>8.30</td>
<td>22.52</td>
<td>12.64</td>
</tr>
<tr>
<td>2017-18</td>
<td>0.87</td>
<td>0.69</td>
<td>1.38</td>
<td>16.22</td>
<td>11.45</td>
<td>5.96</td>
<td>8.51</td>
<td>22.18</td>
<td>14.54</td>
</tr>
<tr>
<td>2018-19</td>
<td>0.75</td>
<td>0.61</td>
<td>0.99</td>
<td>15.86</td>
<td>11.27</td>
<td>5.01</td>
<td>8.26</td>
<td>21.19</td>
<td>12.53</td>
</tr>
</tbody>
</table>

Table.2. Ratio Analysis Of Ultratech Cement Limited

<table>
<thead>
<tr>
<th>Year</th>
<th>CR</th>
<th>QR</th>
<th>DR</th>
<th>OP</th>
<th>GP</th>
<th>NP</th>
<th>INVTR</th>
<th>DTR</th>
<th>INTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>0.55</td>
<td>0.44</td>
<td>0.35</td>
<td>16.42</td>
<td>13.23</td>
<td>7.14</td>
<td>9.29</td>
<td>20.92</td>
<td>12.83</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.53</td>
<td>0.58</td>
<td>0.39</td>
<td>18.95</td>
<td>23.81</td>
<td>8.80</td>
<td>11.57</td>
<td>20.59</td>
<td>13.47</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.62</td>
<td>0.61</td>
<td>0.62</td>
<td>20.67</td>
<td>15.22</td>
<td>9.67</td>
<td>11.93</td>
<td>20.19</td>
<td>14.34</td>
</tr>
<tr>
<td>2017-18</td>
<td>0.59</td>
<td>0.59</td>
<td>0.59</td>
<td>20.68</td>
<td>13.87</td>
<td>7.38</td>
<td>9.75</td>
<td>20.23</td>
<td>12.14</td>
</tr>
<tr>
<td>2018-19</td>
<td>0.60</td>
<td>0.78</td>
<td>0.66</td>
<td>19.58</td>
<td>12.43</td>
<td>6.88</td>
<td>10.43</td>
<td>18.73</td>
<td>11.10</td>
</tr>
</tbody>
</table>
FINDINGS: From the above data analysis it has been found that, the two companies’ profitability ratio is satisfactory and the two companies’ short term liquidity position is not satisfactory because current ratio and Quick ratio level is below one and two companies are promptly maintained their inventory, investment and Debtors.

5. CONCLUSION

The efficiency of a firm depends upon the working operations of the concern. Profit earning is considered essential for survival of the business. The Profitability ratios prove the efficiency of the select companies. The financial positions of the selected cement companies are satisfactory. But both the companies must improve their short term solvency position.

6. REFERENCES


[5]. Annual reports of select cement companies.


[7]. Krishna Reddy.B, Financial Management, Printwell Pubication, Jaipur,


[10]. International Journal for Research in Applied Science & Engineering Technology (IJRASET) A Study On Financial Performance Of CementCompanies In India With Reference to Ultratech Cement Limited and OCL India Limited – A Comparative Analysis Mrs.N. Sumathi1, Dr. K. Jothi2


LIST OF ABBREVIATION
CR - CURRENT RATIO
QR - QUICK RATIO
DR - DEBIT EQUITY RATIO
OP - OPERATING PROFIT RATIO
GP - GROSS PROFIT RATIO
NP - NET PROFIT RATIO
INVTR - INVENTORY TURNOVER RATIO
DTR - DEBTOR TURNOVER RATIO
INTR - INVESTMENT TURNOVER RATIO