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A STUDY ON FINANCIAL PERFORMANCE OF SELECTED CEMENT INDUSTRY IN INDIA

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ABSTRACT

Cement is a basic material, which is used in all types of construction activities, industrial construction, housing, dams, bridges etc. It facilitates the basic infrastructure facility for the development of the country. India is the second largest producer of cement in the world. It is a vital part of Indian economy, providing employment to more than a million people, directly or indirectly. India has a lot of potential for development in the infrastructure and construction sector and the cement sector is expected to largely benet from it. A signicant factor which aids the growth of this sector is the ready availability of the raw materials for making cement, such as limestone and coal.

INTRODUCTION

The industry provides direct employment to 70000 people. Coal continues to be the main fuel for the cement industry. At present, 60%of coal requirement of the cement industry is met through linkages and fuel supply agreements, while the remaining requirement is met from open-market purchases, import, and use of petroleum coke. The production of cement is a continuous process requiring uninterrupted power supply. Most of the cement units have installed captive power generation to the extent of 60% to 100% of their requirement.

REVIEW OF LITERATURE

Hement B. (2017), In India, the cement industry is the second most consumed material on the planet. The cement companies have seen a net profit growth rate of 85 per cent. With this huge success, the cement industry in India has contributed almost 8 per cent to India's economic development. Nowadays, the cement industry is growing fast and to know, how the financial performance of the cement industries playing a vital role in India. For this, to analyse the production and sales, to measure the short term and the long term financial feasibility, to identify the factors that influences the profitability status of the selected cement Companies of India.

Sumanthi N.&Jothi K (2016),From the research paper 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.

Ajmal (2015) in his study entitled "Evaluation of Financial Performance of Cement Corporation of India (CCI)

Limited"reveals that the short-term solvency position of the company is not satisfactory during the study period. The solvency position of the company shows a negative trend due to negative reserve and surplus gures during the study period. Interest coverage ratio indicated that the company can meet interest expenses through its prot. From the analysis, it is cleared that the sales have not signicant impact on net liquidity position, protability and solvency position of Cement Corporation of India. The company earns satisfactory prot in rst two years but it decreased in rest of the study period.

Geetha&Ramasamy, S. (2014),In this research the author make use of cement industry in India to find out the overall financial performance efficiency. India is the second largest producer of cement in the world Twelve years data has been employed in this study from 2001-2002 to 2012-2013. To find out the overall performance efficiency the authors employed Ratio Analysis and Compound Aggregate Growth rate (CAGR). The authors found that the cement industry performance was good in India during the study period.

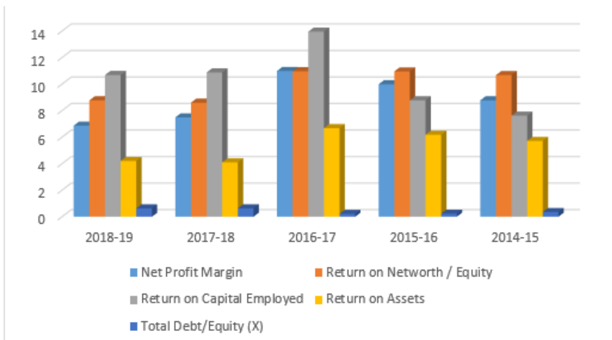
Objective

To evaluate financial performance of Ultra Tech Cement and to provide suggestion to improve financial performance.

RESEARCH METHODOLOGY

The study is based on convenience sampling method. The period of this study covered five years from 2014-15 to 2018-19. The data used in this study are secondary in nature, The Financial data of the company is based on their annual report.

Ultra Tech Cement					
Ratio(in %)	2018-19	2017-18	2016-17	2015-16	2014-15
Net Profit Margin	6.87	7.49	10.99	9.99	8.78
Return on Networth / Equity	8.78	8.6	10.97	10.95	10.68
Return on Capital Employed	10.69	10.88	13.96	8.78	7.62
Return on Assets	4.2	4.1	6.68	6.18	5.72
Total Debt/Equity (X)	0.63	0.64	0.22	0.23	0.35
Source: Money control.com					



From the above data we can find out that return on capital employed is increasing Uto 2016-17 thereafter it is redused. Return on asstet, return on networth/equity and return on asset is also redused. Debt equity ratio is increased which is not a good sign for the company.

CONCLUSION

The cement industry occupies an important position in Indian economy. This is because of it is strongly linked with construction, transportation, industrial activity, bang in real estate business, mineral and power sectors etc., even though with rich raw materials, skilled labour, technical knowledge as well as favourable climate suitable for the industry. The industry is not reaching the level of self sufficiency and hope that will produce enough surpluses for export. One suggestion isthat Cement companies in India have to consolidate in order to become strong, vibrant and also they have to concentrate on export market.

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