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PERFORMANCE ANALYSIS OF TOP TEN CEMENT COMPANIES IN INDIA

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ABSTRACT
This study presents a comprehensive performance analysis of the top 10 cement companies in India, focusing on key financial indicators such as profitability, liquidity, and operational efficiency. The analysis evaluates the companies' ability to generate earnings through profitability ratios like net profit margin and return on capital employed. Liquidity is assessed using the current ratio to determine each company's short-term financial health and ability to meet immediate obligations. The findings reveal varying degrees of financial strength across the sector, influenced by factors such as cost management, market share, and capital structure. The study provides useful insights for investors, policymakers, and stakeholders interested in the financial sustainability and competitive positioning of India's leading cement manufacturers.
KEYWORDS: *Performance Analysis, Profitability Ratio, liquidity ratio, Current ratio*

1. INTRODUCTION

The cement industry plays a pivotal role in the infrastructure development and economic growth of India. As one of the largest producers of cement in the world, India's cement sector is marked by strong demand, increasing capacity, and significant investments. The top 10 cement companies contribute a substantial share to the country's total production and are key players in driving industry innovation and competition. Analyzing the financial performance of these companies provides valuable insights into their operational efficiency and financial health. This study aims to assess the performance of these top players by focusing on critical financial metrics such as profitability, liquidity, and the current ratio. These indicators help evaluate the companies' ability to generate profits, manage short-term obligations, and sustain growth in a competitive environment. Understanding these financial dynamics is essential for stakeholders, including investors, regulators, and business strategists, to make informed decisions.

2. REVIEW OF LITERATURE

1. **Gupta (2014)** analyzed the financial performance of select cement companies using ratio analysis. The study concluded that profitability and liquidity ratios were key indicators of cement firms' performance, with large firms showing greater financial stability.
2. **Bansal and Sharma (2015)** conducted a comparative study of public and private cement companies in India. Their results highlighted that private firms had better financial efficiency and operational strategies, contributing to stronger market positions.
3. Reddy and Reddy (2017) used the DuPont analysis model to evaluate the return on equity of major cement firms. They found that asset turnover and profit margin were the most influential factors affecting performance.
4. **Patel and Shah (2018**) explored productivity trends in the cement industry using Data Envelopment Analysis (DEA). They identified that larger companies like UltraTech and ACC operated closer to the efficiency frontier compared to smaller players.
6. Sharma and Mehta (2020) examined the impact of environmental and sustainability factors on firm performance. Their study emphasized the role of green practices in long-term competitiveness in the cement sector.
7. **Kumar and Sinha (2022)** used panel data analysis to study the influence of market share, brand value, and distribution network on performance metrics. They concluded that diversification and regional dominance improved overall returns.

3. OBJECTIVES

- To analyze financial and operational performance of the top ten cement companies in India.

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4. RESEARCH METHODOLOGY

This study is focused on analyzing the liquidity and profitability. Over a ten-year period from 2014–15 to 2023–24. The purpose is to understand how well the company can meet its short-term financial obligations and how effectively it generates profit.

Research Design

The study follows a descriptive research design, which means it is based on observing and analyzing existing data without making any changes. This helps to describe the financial performance of the company in a clear and factual manner.

Period of Study

The research covers ten financial years, from 2014–15 to 2023–24. This long-term view helps in understanding trends and changes in the company's financial performance.

Sources of Data

Secondary data have been used in this study. The data have collected from annual reports, financial statements available on official websites and Stock exchange filings (BSE and NSE)

Tools and Techniques Used
Financial Ratio Analysis
Profitability Ratios:

- Return on Assets (ROA)
- Return on Equity (ROE)

Liquidity Ratios:

- Current Ratio

6.ANALYSIS AND DISCUSSION

6.1 Profitability Ratio

A profitability ratio measures a company's capacity to produce profit in relation to its revenue, assets, or equity. It serves to evaluate the efficiency with which a company operates and generates earnings.

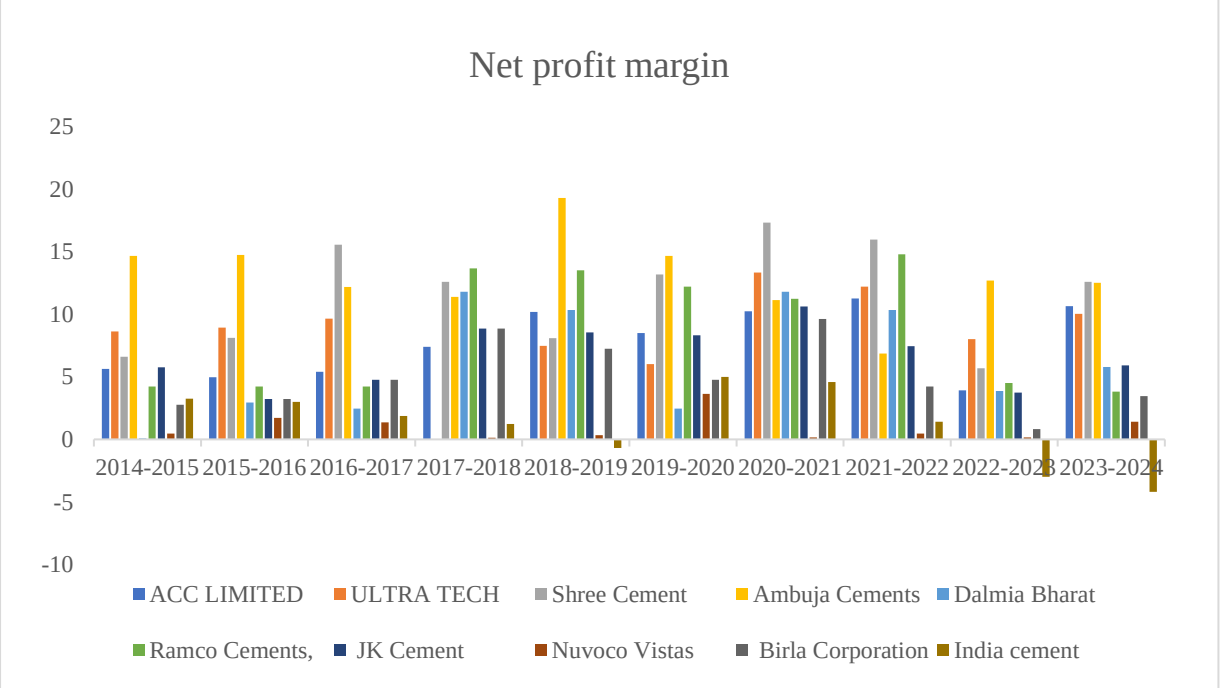
Net Profit Margin The net profit margin indicates the proportion of revenue that is retained as net profit following the deduction of all expenses, taxes, and costs. This metric reflects the overall profitability of a business.

Net Profit Margin = (Net Profit / Revenue) *100

Table No.1 Net profit margin

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
ACC LIMITED	5.63	4.96	5.4	7.4	10.2	8.5	10.26	11.27	3.92	10.65
ULTRA TECH	8.64	8.94	9.67	0	7.49	6.03	13.35	12.21	8.01	10.05
Shree Cement	6.6	8.11	15.58	12.6	8.1	13.2	17.35	15.99	5.7	12.6
Ambuja Cements	14.68	14.75	12.2	11.4	19.3	14.68	11.14	6.86	12.71	12.53
Dalmia Bharat	0.09	2.96	2.46	11.81	10.34	2.46	11.81	10.34	3.87	5.8
Ramco Cements	4.22	4.22	4.22	13.68	13.52	12.22	11.24	14.81	4.52	3.83
JK Cement	5.76	3.24	4.77	8.87	8.55	8.33	10.64	7.46	3.75	5.91
Nuvoco Vistas	0.46	1.71	1.37	0.14	0.34	3.65	0.15	0.46	0.15	1.4
Birla Corporation	2.78	3.24	4.77	8.87	7.26	4.77	9.64	4.23	0.83	3.47
India cement	3.26	3	1.88	1.23	-0.7	5	4.6	1.4	-3	-4.2

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Top cement companies in India. Ambuja Cements consistently demonstrates superior profitability, peaking at 19.3% in 2018–2019, making it one of the most financially efficient firms in the sector. Shree Cement, UltraTech, and ACC LIMITED also report strong margins, especially in recent years, indicating effective cost management and strong market positioning. Dalmia Bharat and JK Cement show notable improvements over time, suggesting operational strengthening. Meanwhile, Ramco Cements maintains steady profitability, though it experienced some decline in recent years. Nuvoco Vistas consistently posts low margins, highlighting profitability challenges, and Birla Corporation has seen a downward trend post-2020. India Cements, however, stands out for the wrong reasons, with net profit margins turning negative in the last two years, indicating substantial financial distress and possibly sustained losses. Overall, while some companies have demonstrated consistent or improved profitability, others—particularly India Cements and Nuvoco Vistas—may need strategic overhauls to regain financial health.

Return on Assets (ROA) Return on Assets (ROA) is a financial metric that reflects the efficiency with which a company utilizes its assets to produce profit. It illustrates the amount of profit generated for every rupee of assets held. A higher ROA indicates that the company is adept at converting its investments into profits, showcasing robust and efficient management.

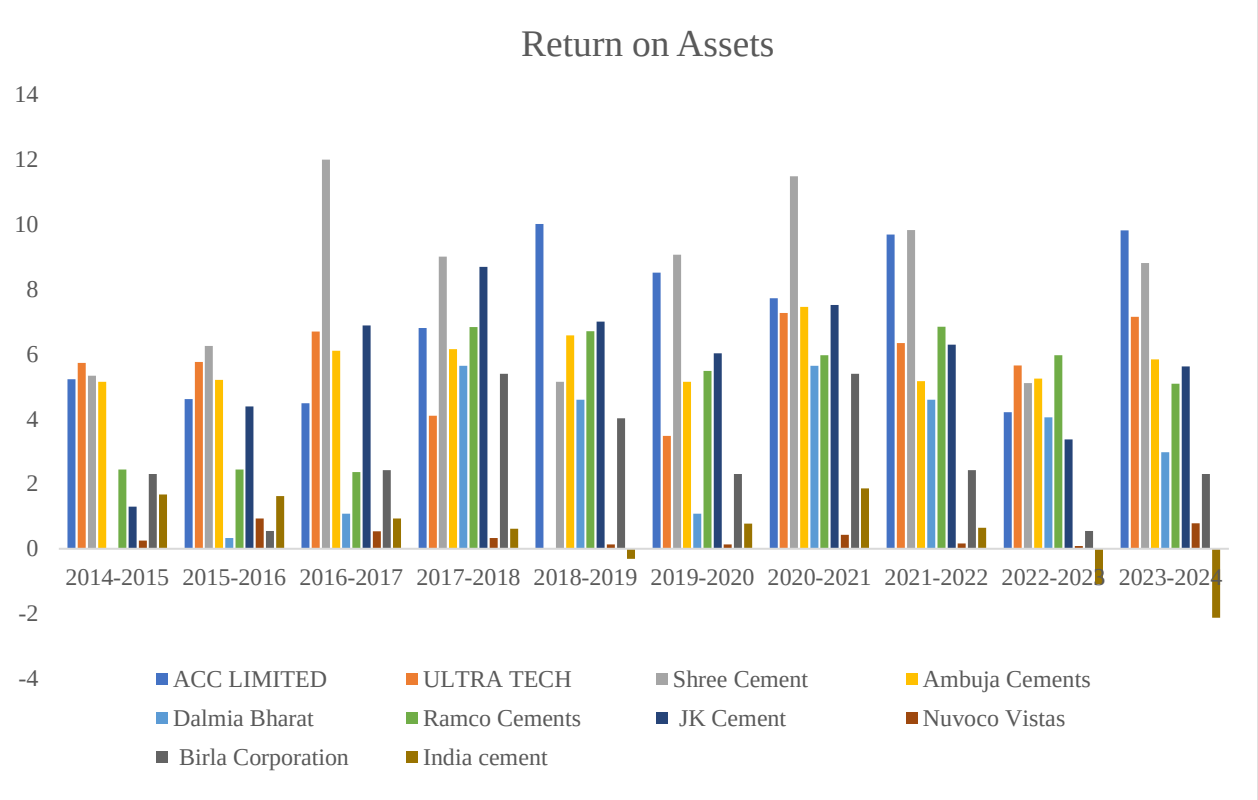
Return on Asset = (Net Profit / Total Asset) *100

Table.No.2 Return on Assets

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
ACC LIMITED	5.22	4.61	4.48	6.8	10	8.5	7.72	9.68	4.21	9.81
ULTRA TECH	5.72	5.75	6.69	4.1	4.10	3.48	7.26	6.34	5.65	7.14
Shree Cement	5.33	6.25	11.99	9	5.14	9.06	11.47	9.82	5.1	8.8
Ambuja Cements	5.14	5.2	6.1	6.15	6.57	5.14	7.45	5.16	5.24	5.83
Dalmia Bharat	0.02	0.33	1.08	5.64	4.59	1.08	5.64	4.59	4.05	2.97

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Ramco Cements	2.44	2.44	2.36	6.83	6.7	5.48	5.96	6.84	5.96	5.08
JK Cement	1.3	4.38	6.88	8.68	7	6.02	7.51	6.29	3.37	5.62
Nuvoco Vistas	0.25	0.93	0.54	0.33	0.13	0.13	0.43	0.16	0.08	0.78
Birla Corporation	2.3	0.55	2.42	5.39	4.02	2.3	5.39	2.42	0.55	2.3
India cement	1.67	1.62	0.93	0.62	-0.31	0.77	1.86	0.65	-1.09	-2.12



INTERPERATION

The data presented shows the Return on Assets (ROA) for top Indian cement companies over the years 2014–2015 to 2023–2024. ACC Limited, Shree Cement, and Ambuja Cements consistently maintained strong ROA figures, with notable peaks like ACC in 2018–2019 (10) and Shree Cement in 2016–2017 (11.99), reflecting efficient asset utilization. UltraTech Cement demonstrated stability with moderate ROA, while Dalmia Bharat started weak (0.02 in 2014–2015) but showed significant improvement in later years. JK Cement and Ramco Cements also improved steadily, peaking in the mid-years. On the contrary, Nuvoco Vistas, Birla Corporation, and India Cements showed consistently weak performance, with India Cements entering negative ROA territory from 2018–2019 onward, indicating poor asset profitability. Overall, the industry witnessed fluctuating ROA trends, shaped by market dynamics, operational efficiency, and economic conditions.

6.2 Liquidity Ratio:

A liquidity ratio assesses a company's capacity to fulfill its short-term liabilities with its most liquid assets, reflecting the financial stability and short-term solvency of the organization.

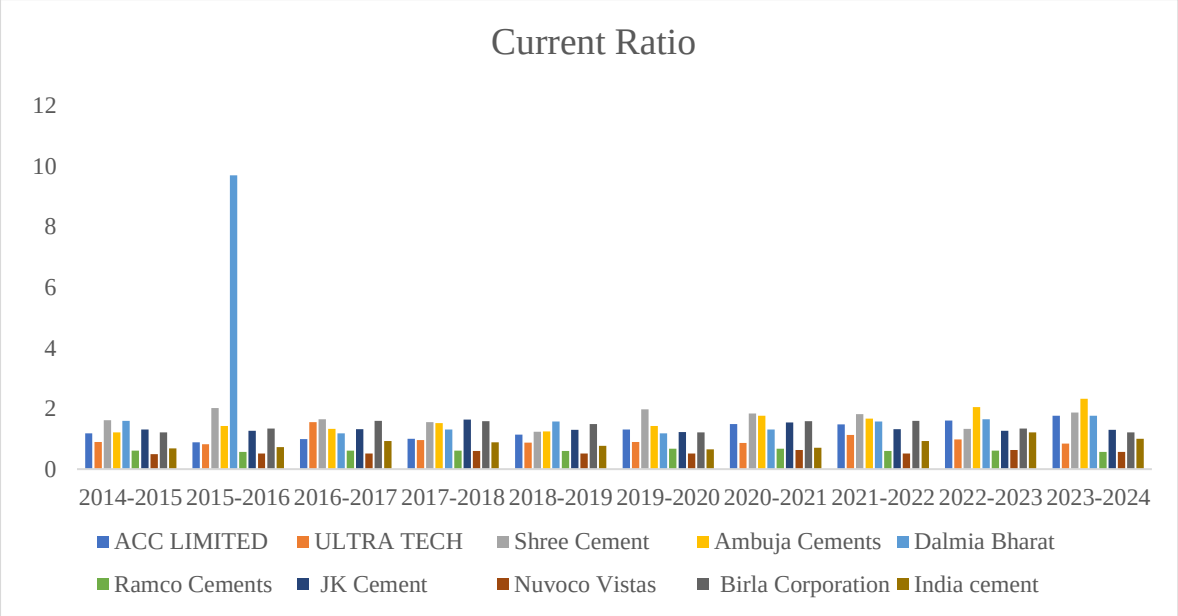
Current Ratio The current ratio is a financial metric that assesses a company's capacity to settle its short-term obligations using its short-term assets.

Current Ratio = Current Asset / Current Liability

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Table.No3 Current Ratio

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
ACC LIMITED	1.18	0.88	0.99	1	1.14	1.31	1.49	1.48	1.6	1.76
ULTRA TECH	0.9	0.82	1.55	0.96	0.87	0.9	0.86	1.13	0.98	0.84
Shree Cement	1.61	2.01	1.65	1.55	1.23	1.97	1.84	1.81	1.33	1.87
Ambuja Cements	1.21	1.42	1.33	1.52	1.24	1.42	1.76	1.67	2.05	2.32
Dalmia Bharat	1.59	9.69	1.18	1.31	1.57	1.18	1.31	1.57	1.65	1.76
Ramco Cements	0.61	0.57	0.61	0.61	0.6	0.67	0.67	0.6	0.61	0.57
JK Cement	1.31	1.27	1.32	1.63	1.3	1.22	1.54	1.32	1.27	1.3
Nuvoco Vistas	0.49	0.52	0.52	0.6	0.51	0.51	0.63	0.51	0.63	0.57
Birla Corporation	1.21	1.34	1.59	1.58	1.49	1.21	1.58	1.59	1.34	1.21
India cement	0.68	0.73	0.93	0.88	0.77	0.65	0.71	0.93	1.21	1



INTERPERATION

The table reflects a comparative analysis of the financial performance (likely in terms of profitability, such as Net Profit Margin or Earnings per Share) of major Indian cement companies from 2014–2015 to 2023–2024. Across the decade, ACC Limited shows steady growth, increasing from 1.18 to 1.76, indicating consistent improvement in profitability. Dalmia Bharat experienced a significant spike in 2015–2016 (9.69), likely due to exceptional gains, but stabilized in later years. Ambuja Cements and Shree Cement maintained strong performance throughout, with Ambuja peaking in 2023–2024 (2.32). Birla Corporation and India Cement showed more modest, fluctuating trends, with slight improvements toward the end. On the other hand, Ramco Cements and Nuvoco Vistas consistently lagged behind peers, reflecting weaker profitability or operational efficiency. Overall, the industry displayed resilience and gradual growth, with a few firms emerging as consistently strong performers.

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CONCLUSION

The financial analysis of the top ten cement companies in India provides valuable insights into the health, efficiency, and competitiveness of one of the country's most critical industries. The analysis reveals that market leaders such as UltraTech Cement, Shree Cement, and Ambuja Cements continue to exhibit strong financial fundamentals, including robust revenue growth, high profitability ratios, and efficient use of capital resources. These companies have consistently maintained a healthy balance between operational efficiency and strategic investments, allowing them to retain their dominant market positions. Mid-tier firms like Dalmia Bharat, JK Cement, and Ramco Cements have demonstrated significant improvement in their financial metrics, reflecting effective cost control, capacity expansion, and market diversification strategies. Financial indicators such as Return on Assets, Net Profit Margin, Current Ratio, show that most companies have managed to maintain strong solvency and liquidity, even amid fluctuating input costs and regulatory pressures. Moreover, the cement sector's alignment with sustainable practices and green technology has not only enhanced operational resilience but also opened new avenues for long-term value creation. Despite industry-wide challenges like rising coal and logistics costs, the companies studied have shown remarkable adaptability through digitalization, alternative fuel usage, and integrated plant management. Overall, the financial analysis underscores a positive outlook for the Indian cement industry, with companies well-positioned to capitalize on growing infrastructure demand, government-led housing initiatives, and rural market expansion.

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