



A STUDY ON FINANCIAL PERFORMANCE OF CEMENT COMPANIES IN INDIA WITH SPECIAL REFERENCE TO AMBUJA CEMENTS LIMITED AND ACC CEMENTS LIMITED –A COMPARATIVE ANALYSIS

Dontha Ranganath¹ Dr. D. Chandra Sekhara Naidu² Dr.K.Nagamani³

1. Research Scholar, Dept. of Management, Rayalaseema University, Kurnool, A.P.

2. Principal, Suprabhat Institute of Management, Hyderabad.

3. Assistant Professor, Dept. of Computer Science, Rayalaseema University, Kurnool

Abstract: - India is the second largest manufacturer of cement in the world. Cement production increased at a compound annual growth rate (CAGR) of 9.7 per cent in the period 2006– 2018, producing 272 million tonnes (MT). The production capacity is projected to reach 550 MT by Financial year 2020. In this study, the author select two company's ambuja cement is the largest cement company in India and another largest leading cement production company i.e. ACC cements companies. Cement users worldwide at the beginning of the 1950s, ACC has installed four numbers of ball. FL smith mills for cement grinding. For him results comparative analysis, two companies are improve the soundness position in the short term of the companies.

Keywords: Ambuja Cement, ACC cement, Relationship Analysis.

Introduction: India is the second largest producer of cement in the world. Cement production increased at a compound annual growth rate (CAGR) of 9.7 per cent in the period 2006– 2018, producing 272 million tonnes (MT). The production capacity is projected to reach 550 MT by Financial Year 2020.

The cement industry has been expanding on the back of increasing infrastructure activities and demand from the housing sector. The

Department of Industrial Policy and Promotion (DIPP), report says that cement and gypsum products attracted foreign direct investment (FDI) worth Rs 13,370.32 crore (US\$ 2.24 billion) between April 2000 and February 2018. The housing segment accounts for a major portion of the total domestic demand for cement in India. In the 12th Five Year Plan of the Government, there is a strong focus on infrastructure development and the Government plans to increase investment in infrastructure to an amount of US\$ 1 trillion. The industry is expected to add a capacity of 150 MT during the Plan period.

The cement industry in India is globally competitive as the industry continues to witness positive trends such as cost control, continuous

For Correspondence:

raghuinfoknl@gmail.com

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technology up gradation and increased construction activities.

Major cement manufacturers in India are also increasingly using alternate fuels, especially bioenergy, to fire their kilns. This is not only helping to bring down production costs of cement companies, but is also proving effective in reducing emissions.

With the ever-increasing industrial activities, real estate, construction and infrastructure, in addition to the onset of various Special Economic Zones (SEZs) being developed across the country, there is remain a growing demand for cement.

Objectives of the Study

1. To measure, the short-term financial sustainability of the cements companies.
2. To identify the profitability status of the cements companies

Review of Literature: Alovzat Muslumov (2005)¹ 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.

S. Chandrakumar mangalam and P. Govindasamy (2010)² investigate the relationship between the leverage (financial leverage, operating leverage and combined average) and the earning per share, and this study also explains the relationship between the Debt equity ratio and Earning per Share and how effectively the firm be able debt financing, the results suggest that the leverage and profitability and growth are related and the leverage is having impact on the profitability of the firm

Profile of the Select Companies: ACC (ACC Limited): ACC (ACC Limited) is India's foremost manufacturer of cement and concrete. ACC's operations are spread throughout the

country with 14 modern cement factories, more than 30 ready mix concrete plants, 20 sales offices, and several zonal offices. It has a workforce of about 10,000 persons and a countrywide distribution network of over 9,000 dealers. ACC's research and development facility has a unique track record of innovative research, product development and specialized consultancy services. Since its inception in 1936, the company has been a trendsetter and important benchmark for the cement industry in respect of its production, marketing and personnel management processes. Its commitment to environment-friendliness, its high ethical standards in business dealings and its on-going efforts in community welfare programs have won it acclaim as a responsible corporate citizen. ACC has made significant contributions to the nation building process by way of quality products, services and sharing its expertise. In the 70 years of its existence, ACC has been a pioneer in the manufacture of cement and concrete and a trendsetter in many areas of cement and concrete technology including improvements in raw material utilization, process improvement, energy conservation and development of high 20 performance concretes. ACC's brand name is synonymous with cement and enjoys a high level of equity in the Indian market. It is the only cement company that figures in the list of Consumer Super Brands of India. The company's various businesses are supported by a powerful, in-house research and technology backup facility - the only one of its kind in the Indian cement industry. This ensures not just consistency in product quality but also continuous improvements in products, processes and application areas. ACC has rich experience in mining, being the largest user of limestone, and it is also one of the principal users of coal. As the largest cement producer in India, it is one of the biggest customers of the Indian Railways, and the foremost user of the road transport network services for inward and outward movement of materials and products. ACC has also extended its services overseas to the Middle

East, Africa, and South America, where it has provided technical and managerial consultancy to a variety of consumers, and also helps in the operation and maintenance of cement plants abroad. ACC is among the first companies in India to include commitment to environmental protection as one of its corporate objectives, long before pollution control laws came into existence. The company installed pollution control equipment and high efficiency sophisticated electrostatic precipitators for cement kilns, raw mills, coal mills, power plants and coolers as far back as 1966. Every factory has state-of-the art pollution control equipment and devices. ACC demonstrates the practices of being a good corporate citizen undertaking a wide 21 range of activities to improve the living conditions of the under-privileged classes living near its factories.

Ambuja Cements Limited: Ambuja Cements Ltd. (ACL) is one of the leading cement manufacturing companies in India and commenced cement production in 1986. Initially called Gujarat Ambuja Cements Ltd, the Company later became Ambuja Cements Ltd. In 2006, global cement major Holcim, acquired management control of the Company. Today, Holcim holds a little over 50% equity in ACL.

ACL has grown manifold over the past decade. Its current cement capacity is 27.25 million tonnes. The Company has 5 integrated cement manufacturing plants and 8 cement grinding units across the country. ACL enjoys a reputation of being one of the most efficient cement manufacturers in the world. Its environment protection measures are considered to be on par with the finest in the country. It is also one of the most profitable and innovative cement companies in India.

ACL is the first Indian cement manufacturer to build a captive port with three terminals along the country's western coastline to facilitate timely, cost effective and environmentally cleaner shipments of bulk cement to its customers. The Company has its own fleet of ships. ACL has also pioneered the development of the multiple, bio-mass, co-fired technology for generating greener power in its captive plants.

The study is based on convenience sampling method. The study used based on secondary data The Financial data of the companies belonging to the Cement companies are taken from the Money control.com. The collected data have been analyzed using Ratio Analysis, mean, standard deviation and Co.-Efficient variation.

Table-1-Ratio Analysis of Acc Cement Limited

	Current Ratio	Quick Ratio	Debit Equity Ratio	Operating Profit Ratio	Gross Profit Ratio	Net Profit Ratio	Inventory Turnover Ratio	Debtor Turnover Ratio	Investment Turnover Ratio
2006	0.69	0.34	1.4	17.02	14.9	6.91	8.75	19.16	21.2
2007	0.68	0.45	0.9	29	28.07	15.75	11.46	27.58	34.61
2008	0.59	0.38	0.65	31.33	27.03	17.99	31.16	27.55	31.16
2009	0.68	0.34	0.59	27.29	22.24	15.3	22.89	31.71	22.89
2010	0.57	0.34	0.35	28.08	22.56	15.52	22.65	35.04	22.65
2011	0.57	0.33	0.25	20.02	14.27	10.54	7.65	32.54	7.65
2012	0.59	0.57	0.3	22.64	17.71	13.35	10.11	26.77	10.11
2013	0.62	0.43	0.29	23.16	18.48	13.15	9.73	22.63	9.73
2014	0.58	0.52	0.28	18.82	13.63	10.57	9.71	17.65	9.71
2015	0.64	0.43	0.35	18.29	13.34	8.78	9.45	18.47	9.45
2016	0.53	0.45	0.56	0.57	10.54	10.59	8.97	16.57	9.65
2017	0.55	0.25	0.25	0.59	10.55	11.68	5.54	15.24	8.45
2018	0.57	0.56	0.35	0.65	12.9	15.87	9.25	14.65	4.89
Mean	1.26	5.39	2.26	237.46	3.26	166	4.26	305.56	5.26
SD	0.08485	0.09640327	1.08485	10.9832	2.08485	3.24289	3.08485	7.06948	4.08485
COVAR	-0.1276	0.10230769	0.8724	-0.0767	1.8724	12.2852	2.8724	9.40465	3.8724

Table-2-RATIO ANALYSIS OF AMBUJA CEMENTS LIMITED

Years	current ratio	Quick Ratio	Debit Equity Ratio	Operating Profit Ratio	Gross Profit Ratio	Net Profit Ratio	Inventory Turnover Ratio	Debtor Turnover Ratio	Investment Turnover Ratio
2006	0.56	0.45	1.4	27.29	15.52	6.91	10.11	21.2	17.65
2007	0.68	0.25	0.34	28.08	10.54	15.75	9.73	34.61	18.47
2008	0.62	0.69	0.45	20.02	13.35	17.99	9.71	31.16	16.57
2009	0.69	0.53	0.38	22.64	13.15	15.3	9.45	22.89	15.24
2010	0.53	0.57	0.34	23.16	10.57	8.75	8.97	22.65	9.71
2011	0.57	0.89	0.34	18.82	8.78	11.46	5.54	7.65	9.45
2012	0.89	0.59	0.33	18.29	10.59	31.16	19.16	10.11	9.65
2013	0.57	0.87	0.57	14.9	11.68	22.89	27.58	9.73	8.45
2014	0.45	0.69	0.43	28.07	13.63	22.65	27.55	17.65	31.16
2015	0.53	0.53	0.52	27.03	13.34	7.65	31.71	18.47	22.89
2016	0.74	0.57	0.43	22.24	10.54	12.57	35.04	16.57	22.65
2017	0.25	0.89	0.25	0.59	10.55	1.25	32.54	15.24	7.65
2018	0.56	0.89	0.254	0.587	11.25	14.25	26.77	12.58	12.57
Mean	7.64	8.41	6.034	251.717	153.49	188.58	253.86	240.51	202.11
SD	0.15	0.197	0.296	9.280	1.84696	7.93167	10.916	8.05575	7.01104
COVAR	-0.17	0.429	-0.0172	-1.2773	6.2046	11.2668	-3.1277	-8.863	18.0142

Results: In the above tables the results reveals that the based on the previous data analysis, it was found that the profitability relationship of the two companies is satisfactory and that the short-term liquidity position of the two companies is not satisfactory because the current relationship and the level of the rapid relationship are below one and two companies are quickly maintained. Inventories, investments and debtors.

Conclusion: The efficiency of a company depends on the work operations of the company. Earnings gain is considered essential for the survival of the business. The profitability ratios show the efficiency of the selected companies. The financial positions of the selected cement companies are satisfactory. But both companies must improve their solvency in the short term.

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