

Relationship among Selected Cement Companies on Various Ratios during Study Period

A.Vani^a, Shanthi Rangasamy^b

^aAssistant Professor, Department of Commerce (C.A), Kaamadhenu Arts and Science College, Sathyamangalam, Erode-638 503, Tamil Nadu, India

^bAssociate Professor, Department Of Management, Kaamadhenu Arts and Science College, Sathyamangalam, Erode-638 503, Tamil Nadu, India

Corresponding Author : Shanthi Rangasamy

Abstract

The Indian cement is the one of the pillar sector of our economy as it accounts for a significant portion of total industrial output of our country. Further it plays a dominant role in satisfying basic needs [house construction] or human kind in view of LPG while Indian cements industry faces many challenges and its gets good opportunities to improve sales. The study is explorative in nature and based on secondary data. In total, five companies are finally selected for research namely ACC Ltd, Ambuja Ltd, Ultratech Ltd, Grasim Ltd and India Cement Ltd. The Tool used for Analysis is Correlation. The study is intended to cover a period of five years from 2013-2014 to 2017-2018. The findings are highlighted and certain suggestions were given.

KEYWORDS : Finance, Economy, Correlation, Financial Statement, Global Market

INTRODUCTION

Finance is the backbone of any organization. Financial ratios provide the analyst with a very useful tool for planning and analyzing information from a company's financial statements. The particular ratio or ratio's selected for use by the analyst depends upon the reason for performing the analysis.

STATEMENT OF THE PROBLEM

Every cement company is facing various problems for maintaining an occupation of their field. Hence, an attempt is made to study the performance of selected Cement companies. In this paper, we have tried to find out the relationship among certain ratios.

REVIEW OF LITERATURE

Venkataramana (2017) in his paper attempted to know the profitability and financial position of selected cement companies from 2001-2010. the various profitability ratios and statistical tools used for viz., mean, standard deviation, variance and skewness. **Ashraf Mohammad Salem Alrjoub et.al (2017)**, investigated the working capital management in cement units in Rajasthan for a sample of 4 companies; JK cement, Shree Cement, Binani Cement and ACC Ltd, for the period of 5 years from 2006-2010. This study to investigate in the size of inventory, size of receivables, inventory turnover ratio, the ratio of inventory to current assets and the ratio of receivable to current assets and statistical tool like ANOVA. **Sachin et.al (2016)** conducted examined the working

capital trends on the basis of size of working capital, ratio of working capital to total assets, fitting trend line analysis, and correlation amongst the profit, sales and current assets. The present study opened that in India, cement industry has low level of profitability due to mismanagement of current assets and current liabilities. The main objective of working capital management is to arrange the needs funds at right time from the right sources and for the right period so that tradeoff between liquidity and profitability may be realized. **Zaheer Alam et.al., (2015)** examined to measure the composite profitability of a firm by a single index. The analysis shows that in order to rank the selected companies in terms composite profitability, ratio-wise scores have been aggregated and the firm getting the highest total score has been ranked as 1 and the firm securing the lowest total score has been ranked as 30.

OBJECTIVES OF STUDY

The objective of this study is to examine the relationship among certain ratios of the selected Cement companies during the study period.

METHODOLOGY

The study is explorative in nature and based on secondary data. In total, five companies are finally selected for research namely ACC Ltd, Ambuja Ltd, Ultratech Ltd, Grasim Ltd and India Cement Ltd. The Tool used for Analysis is Correlation. The study is intended to cover a period of five years from 2013-2014 to 2017-2018.

HYPOTHESIS

Hypothesis 1: Is there any significant relationship among selected cement companies on return on capital employed ratios during the study period.

Hypothesis 2: Is there any significant relationship among selected cement companies on return on total assets ratios during the study period.

Hypothesis 3: Is there any significant relationship among selected cement companies on total assets turnover ratios during the study period.

Hypothesis 4: Is there any significant relationship among selected cement companies on fixed assets turnover ratios during the study period.

Hypothesis 5: Is there any significant relationship among selected cement companies on current assets turnover ratios during the study period.

Hypothesis 6: Is there any significant relationship among selected cement companies on operating profit ratios during the study period.

Hypothesis 7: Is there any significant relationship among selected cement companies on net profit ratios during the study period.

TABLE SHOWING RELATIONSHIP AMONG SELECTED CEMENT COMPANIES

Return on Capital Employed Ratios		ACC	AMBUJA	ULTRATEC	GRASIM	INDIA
	ACC	1				
	AMBUJA	-0.703	1.000			
	ULTRATECH	0.283	-0.196	1.000		
	GRASIM	0.809	-0.455	0.491	1.000	

	INDIA	0.544	-0.575	0.895	0.695	1.000
Return on Total Assets Ratios		ACC	AMBUJA	ULTRATEC	GRASIM	INDIA
	ACC	1.000				
	AMBUJA	-0.632	1.000			
	ULTRATECH	0.630	-0.622	1.000		
	GRASIM	0.674	-0.008	0.556	1.000	
	INDIA	0.338	0.179	-0.068	0.192	1.000
Total Assets Turnover Ratios		ACC	AMBUJA	ULTRATEC	GRASIM	INDIA
	ACC	1.000				
	AMBUJA	0.594	1.000			
	ULTRATECH	-0.010	0.706	1.000		
	GRASIM	-0.505	-0.657	-0.219	1.000	
	INDIA	-0.124	0.484	0.287	-0.565	1.000
Fixed Assets Turnover Ratios		ACC	AMBUJA	ULTRATEC	GRASIM	INDIA
	ACC	1.000				
	AMBUJA	0.743	1.000			
	ULTRATECH	0.329	0.748	1.000		
	GRASIM	0.123	0.635	0.973	1.000	
	INDIA	0.692	0.956	0.880	0.765	1.000
Current Assets Turnover Ratios		ACC	AMBUJA	ULTRATEC	GRASIM	INDIA
	ACC	1.000				
	AMBUJA	-0.316	1.000			
	ULTRATECH	-0.799	0.822	1.000		
	GRASIM	-0.734	0.112	0.489	1.000	
	INDIA	-0.984	0.370	0.819	0.774	1.000
Operating Profit Ratios		ACC	AMBUJA	ULTRATEC	GRASIM	INDIA
	ACC	1.000				
	AMBUJA	0.273	1.000			
	ULTRATECH	0.294	-0.681	1.000		
	GRASIM	0.208	-0.770	0.613	1.000	
	INDIA	-0.044	0.573	-0.365	-0.286	1.000
Net Profits Ratios		ACC	AMBUJA	ULTRATEC	GRASIM	INDIA
	ACC	1.000				
	AMBUJA	0.594	1.000			
	ULTRATECH	-0.010	0.706	1.000		
	GRASIM	-0.505	-0.657	-0.219	1.000	
	INDIA	-0.124	0.484	0.287	-0.565	1.000

RESULTS AND DISCUSSION

The return on capital employed ratios has significant relationship with ACC, Grasim, Ultratech and India Cement. The return on total assets ratios has significant relationship with ACC, Grasim, Ultratech and India Cement. The total assets turnover ratio has significant relationship with ACC, Ambuja, Ultratech and India Cement. The total assets turnover ratio has significant relationship with ACC, Ambuja, Ultratech and India Cement. The fixed assets turnover ratios has significant relationship with ACC,

Ambuja, Grasim, Ultratech and India Cement. The current assets turnover ratios has significant relationship with Ultratech, Grasim, Ambuja, and India Cement. The operating profit ratio has significant relationship with ACC, Ambuja, Ultratech and Grasim Cement. The net profit ratios have significant relationship with Ambuja, Ultratech and India Cement.

CONCLUSION

The cement industry in India is dominated by around 20 companies, which account for almost 70% of the total cement production in India. The cement industry in India is currently growing at an enviable pace. More growth in the Indian cement industry is expected in the coming years. It is currently going through a technological change as a lot of up gradation and assimilation is taking place. Hence, this attempt is made to know the financial performance of selected cement companies in India and their overall performance is good. Some differences were found from the study and suggestions were made from it. It is expected that the selected cement companies may increase their performance if they consider the suggestions made from the findings of the study.

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