EVALUATION OF FINANCIAL PERFORMANCE OF CEMENT CORPORATION OF INDIA (CCI) LIMITED

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Abstract

Cement Industry play very significant role in Indian economy. It facilitates the basic infrastructure facility for the development of the country. Indian Cement industry is the second largest industry throughout the Globe only after China. The present study is an attempt to evaluate the financial performance of Cement Industry of India with special reference to Cement Corporation of India limited (CCI). The financial performance will have been evaluated through the financial ratios. Liquidity position of the company will be checked through short term solvency ratios while earning performance have been evaluated with the help of profitability ratios. Other financial and statistical tools and techniques have also been applied in order to check the overall financial position of the company.

Keywords: Financial Performance, Cement, Corporation.

Introduction

The role of manufacturing sector is very decisive for a developing nation. India is fast emerging country on the world map as a strong economy and global power. The country is going through a phase of rapid development and growth. Cement is one of the essential industry which plays a vital role in the growth and development of a nation.The Indian cement industry is the second largest industry in the world after China accounting for about 8 per cent of the total global production (Cement Sector Analysis Report April 2014). The indigenous Indian cement industry traces its history back to 1914, at a time when the market was dominated by imports.The First cement factory in India named South India Limited was established in 1879 in Madras (now Chennai). It began production in 1904, but the factory was not a success. During this period, three new factories came into being. First successful factory was set up in 1914 by Tata at Porbander in Gujarat. It was known as Indian Cement Company Ltd. Second factory, was set up in Rajasthan and third In Madhya Pradesh. By the end of World War I (1918), India was producing 85,000 tonnes cement. (Jain & Khanna 2010). According to the latest report from the working group on the industry for the 12th Five –year plan 2012-17, India would require overall cement capacity of around 480Mt/yr. This would mean that the Industry would have to add another 150Mt/yr. of capacity during the same period

The production of cement has increased at a compound annual growth rate (CAGR) of 9.7 per cent to reach 272 million tonnes (MT) during FY 06–13.The production capacity is expected to grow to 550 MT by FY 20 (Sharma & Tiwari, 2014). The country is expected to become the world's third largest construction market by 2025, adding 11.5 million homes a year to become a US$ 1 trillion a year market, according to a study by Global Construction Perspectives and Oxford Economics. “Lafarge's India business has been very successful and the country is among the top 10 markets globally for Lafarge. India is among the best cement markets in Asia, according to Switzerland-based cement major Holcim. The company operates in India through group companies ACC and Ambuja Cements. (Krishna, 2014) .According to data released by the Department of Industrial Policy and Promotion (DIPP), cement and gypsum products attracted foreign direct investment (FDI) worth Rs 13,370.32 crore (US$ 2.24 billion) between April 2000 and February 2014.(ibefapril 2014). . Currently the top players of private and public sectors namely Ultratech cement, ACC Ambuja Cements, Jaiprakash Associates, India Cements and Shree Cement, Cement Corporation of India Ltd. (CCI) collectively control more than half of the cement market in the country. There are 40 players in the industry across the country as reported by the business standard. (Global cement magazine February 2013)CCI Ltd. is one of the leading public sector cement manufacturing company of India. Basically, it is involved in the manufacturing and selling of cement products and covers Domestic markets. Being a Public Sector cement company of India it is essential to evaluate the financial performance of CCI Ltd.

Financial performance refers to the degree to which financial objectives being or has been accomplished (Corvellec, H.1997). The financial performance is an important factor which indicates the growth of any industry. The financial performance of cement industry is influenced by several factors like cost, revenue and resultant profits margin and it can be studied with the help of many aspects, namely, financial facts etc .The best indicators of the financial performance are return on assets, sales, equity, profit, liquidity and other variables. Financial performance analysis gives an outcome regarding workings and performance of a company during a specific period. It relates to the earning capacity and utilization of available resources. The analysis will therefore, confine to the evaluation of the firm’s financial position .In this context, evaluation has been done focusing of financial aspects of the company with the help of its financial statements, since CCI Ltd. is a leading cement manufacturing Government Company of India.

The profitability of the business depends on the cost incurred on the production. If the cost increases on one hand and meanwhile the profit of business decreases, the business may go to the liquidation stage. Furthermore, the future development programme of the company can be designed according to the expenses and investment level. Therefore, the analysis of the profitability of the CCI gets importance in the present day context. For measuring the financial performance of CCI, profitability, liquidity and sales measures are to be considered. The basic aim of this study is to analyze the financial performance of CCI Ltd. since, it is wholly Public Sector Company; its performance should be good enough to contribute in the economic development of the country. So, the purpose of the Researcher behind this Study is to analyse the performance of CCI Ltd. in order to evaluate how much, it is contributing in enhancing the efficiency of the economy. The present paper is divided into five sections. The first section gives the background of CCI and second part related with review of previous studies and research gap. The third section consists design of the study including objectives, hypotheses and methodology.

The fourth part of the study related to analysis and interpretation. The last section of the study gives the concluding remarks.

Overview of Cement Corporation of India (CCI) Limited

Cement Corporation of India Limited (CCI) was incorporated as a Company wholly owned by Government of India on 18th January 1965 with the principal objective of achieving self-sufficiency in cement production. The authorized and paid-up capital of the company as on 31.3.2012 was Rs. 900 crores and Rs. 811.41 crores (including Rs.41.75 crores for share application money pending allotment) respectively. CCI is a multi-unit organization at present having ten units spread over eight states with a total annual installed capacity of 38.48 lakh MT. All Factories, Zonal Offices and Corporate Office at Delhi are inter connected through Internet. In line with the advancement in cement technology CCI had been adopting the latest one with one million tons plants at Tandur and Nayagaon. CCI manufactures various types of cements like Portland Pozzolana Cement (PPC), Portland Slag Cement (PSC) & Ordinary Portland Cement (OPC) of varying grades viz 33, 43,53 and 53S(special grade cement for manufacture of sleepers for Indian Railways) grades under strict quality control with the brand name of CCI Cement. CCI with a strong work-force of 907 employees (as on 31.03.2012) has always encouraged balanced regional growth with most of its factories located in underdeveloped/backward areas. CCI has also been contributing to the development of areas around factories by adopting nearby villages and providing the basic facilities like school, health center, drinking water etc. For maintaining the ecological balance CCI is launching massive tree plantation drives from time to time at all units and in surrounding areas. CCI manufactures various types of cements like ordinary Portland Cement (OPC) & Pozzolana Portland Cement (PPC) of different grades such as Portland pozzolana cement (PPC), Portland slag cement (PSC), and ordinary Portland cement (OPC) viz 33, 43 ,53 grades under strict quality control with the brand name of CCI Cement. The units are spread throughout the country from East (Bokajan in Assam) to West (Akaltara, Mandhar in Chhattisgarh and Nayagaon in Madhya Pradesh) and from North (Rajban in Himachal Pradesh and Charkhi Dadri in Haryana) to South (Kurkunta in Karnataka and Adilabad, Tandur in Andhra Pradesh), with one cement grinding unit in Delhi. (CCI Profile)

Review of Literature

Panigrahi (2013) examined the liquidity position of five leading Indian cement companies for the period of 10 years viz, 2000-2001 to 2009-2010.he used ratio analysis, and Motaal's ultimate rank test to analyse the data and found that the liquidity position of small companies are better as compared to big ones and most interestingly the growth rate of current ratio, quick ratio and working capital to current assets of all the companies are negative which indicates an unsound liquidity position. Kaur and Silky (2013) analyzed the working capital management in terms of profitability and liquidity through the regression analysis to find out the impact of liquidity on profitability, Correlation analysis was used to find out the relationship between liquidity with profitability and revealed that the profitability and liquidity are inversely related or that there must always be a trade-off between profitability and liquidity. Samuel (2012) analyzed the financial performance of the company on various fronts of profitability, liquidity and turnover and concluded that the overall performance of the India Cements Ltd. is good.Wen-Cheng LIN et. Al (2005) applied the financial ratios to determine a firm's liquidity, profitability, solvency, capital structure and assets turnover they found that the financial position was good. In the article The Assessment of Financial and Operating Performance of the Cement Industry: A Case Study of Confidence Cement Limited, Dutta and Bhattacharjee (2001) found that the investment in cement was fairly profitable. Salauddin (2001) examined the profitability of the Pharmaceutical Companies of Bangladesh. By using ratio analysis, mean, standard deviation and co-efficient of variation he found that the profitability of the Pharmaceuticals sector was very satisfactory in terms of the standard norms of return on investment. Sina et al (1998) analyzed financial ratios to test the financial strengths and weaknesses of Khulna Newsprint Mills Ltd. He found that due to lack of planning and control of working capital, operational inefficiency, obsolete store, ineffective credit policy, increased cost of raw materials, labor and overhead, the position of the company was not good. Hye & Rahman (1997) conducted a research to assess the performance of the selected private sector general insurance companies in Bangladesh. The study revealed that the private sector insurance companies had made substantial progress. The study found that the insurance companies were keeping their surplus funds in the form of fixed deposits with different commercial banks due to absence of suitable avenues for investment. These studies attest that the ratio analysis and MDA are the good method to evaluate firm performance. The researcher uses these tools to measure the financial performance of 9 selected Pharmaceutical firms in this paper. Saleh et al (1996) used Altman's MDA model to check the bankruptcy position of Chittagong Steel Mills Ltd. The author found that absences of realistic goals, strict govt. regulation are the main reasons for the lowest level of bankruptcy. Saleh et al (1995) employed the financial ratios to measure operational performance of limited company. They used profitability, liquidity, activity and capital structure to measure operational performance. Ohlson (1980) employed financial ratios to predict a firm's crisis. He found that there are four factors affecting a firm's vulnerability. These factors are the firm's scale, financial structure, performance and liquidity. Hannan et al (1979) used financial ratios to show the financial position and performance analysis of Bangladesh Shilpa Bank. He showed that techniques of financial analysis can be used in the evaluation of financial position and performance of financial institution as well as non financial institutions even Development Financial Institutions (DFI). Altman (1968) used financial ratios to predict corporate bankruptcy. He found that the bankruptcy model has an accuracy rate of 93 per cent and is very successful in predicting failed and non-failed firms.

Objectives of the Study

The objectives of the present study are as follows:

- To evaluate the financial performance of Cement Industry of india.
- To measure the liquidity position of Cement Corporation of India.
- To analyze the profitability position of CCI

Hypotheses of the Study

In the light of objectives the hypotheses of the study are as follows:

H_1: there is no significant impact of sales on liquidity position of CCI.

H_2: there is no significant impact of sales on profitability position of CCI.

H_3: there is no significant impact of sales on solvency position of CCI.

Research Methodology

Sample of the Study

The present study is purely based on the evaluation of financial performance of Cement Corporation of India (CCI).

Nature of Data

The data used for the present study is secondary in nature.

Sources of Data

The secondary data has been taken from the published annual reports of Cement Corporation of India (CCI) as well as the official website of CCI.

Tenure of the Study

The data for the study is taken for five years i.e. 2008-09 to 2012-13.

Tools used for the Study

In order to evaluate the financial performance of Cement Corporation of India, a number of financial and statistical tools have been applied. Financial tools include liquidity, profitability and solvency ratios have been applied.

Data Analysis and Interpretation

On the basis of secondary data which have been taken from the published annual reports of Cement Corporation of India (CCI) Limited, the results of the present study are presented here as under:

Table – 1 Accounting Ratios of Cement Corporation of India (CCI)

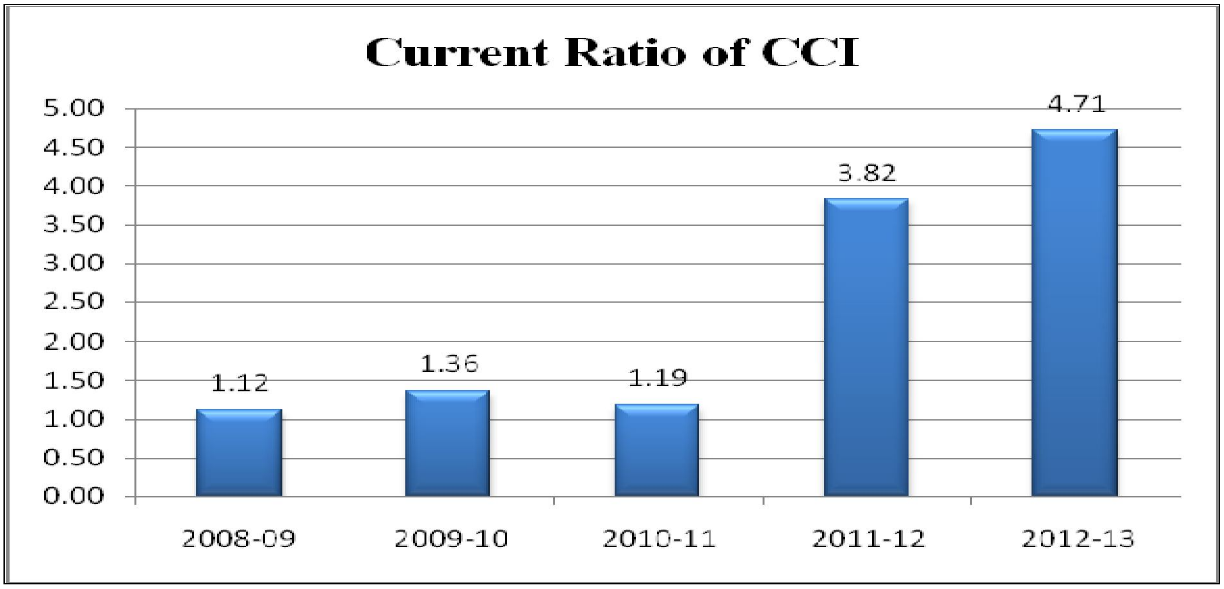
Year	CR	LR	NPR	DER	ICR
2008-09	1.12	0.81	14.29	-1.77	1.41
2009-10	1.36	1.02	14.30	-2.38	1.41
2010-11	1.19	0.79	7.50	0.52	0.74
2011-12	3.82	2.32	5.22	-3.25	2.13
2012-13	4.71	2.74	2.48	-4.65	1.82

Source: Published Annual Reports of Cement Corporation of India (CCI) from 2008-09 to 2012-13.

CR = Current Ratio
DER = Debt Equity Ratio
LR = Liquid Ratio
ICR = Interest Coverage Ratio
NPR = Net Profit Ratio

Table 1 presents the description of financial ratios of Cement Corporation of India (CCI) Limited from 2008-09 to 2012-13. Liquidity position was seemingly not good in initial years of the study as it was below to the standard. Liquidity position increased very high in consecutive years as it was 3.82 times and 4.71 in 2012-13. Profitability position has been measure with the help of net profit ratio. It was 14.29 per cent in 2008-09 and 14.30 in 2009-10. In 2010-11, profitability position of the company is declined as the net profit ratio 7.50 per cent. It shows a decreasing trend in rest of the study period. Solvency position of CCI has been checked through debt equity ratio. It shows a negative trend of solvency because of negative shareholder's fund during the study period. The company is failed to manage its shareholder's fund during the study period. Interest coverage ratio was 1.41 in 2008-09 whish fluctuate during the study period and finally stood at 1.82 in 2012-13.

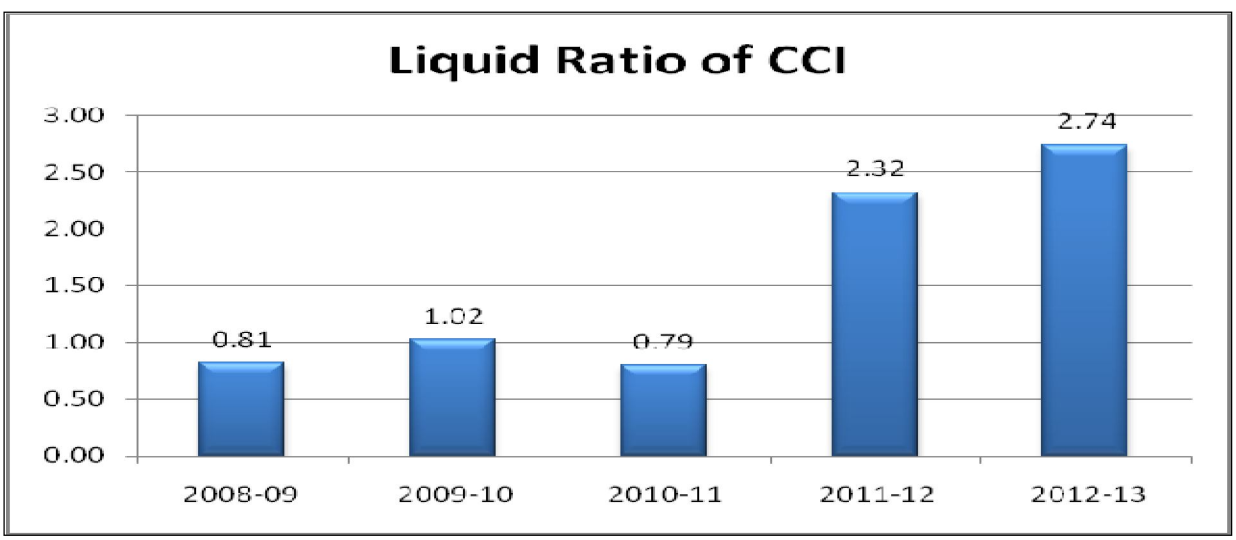
Figure – 1 Current Ratio of Cement Corporation of India Limited



Source: Annual Reports of Cement Corporation of India from 2008-09 to 2012-13.

The above figure presents the trend of current of Cement Corporation of India (CCI) of India Limited from 2008-09 to 2012-13. It was 1.12 times in 2008-09 which fluctuate during the initial years of the study and reached to 1.19 times in 2010-11. The current ratio was increased in 2011-12 as it stood at the mark of 3.82 and finally reached to its highest level of 4.71 times in 2012-13.

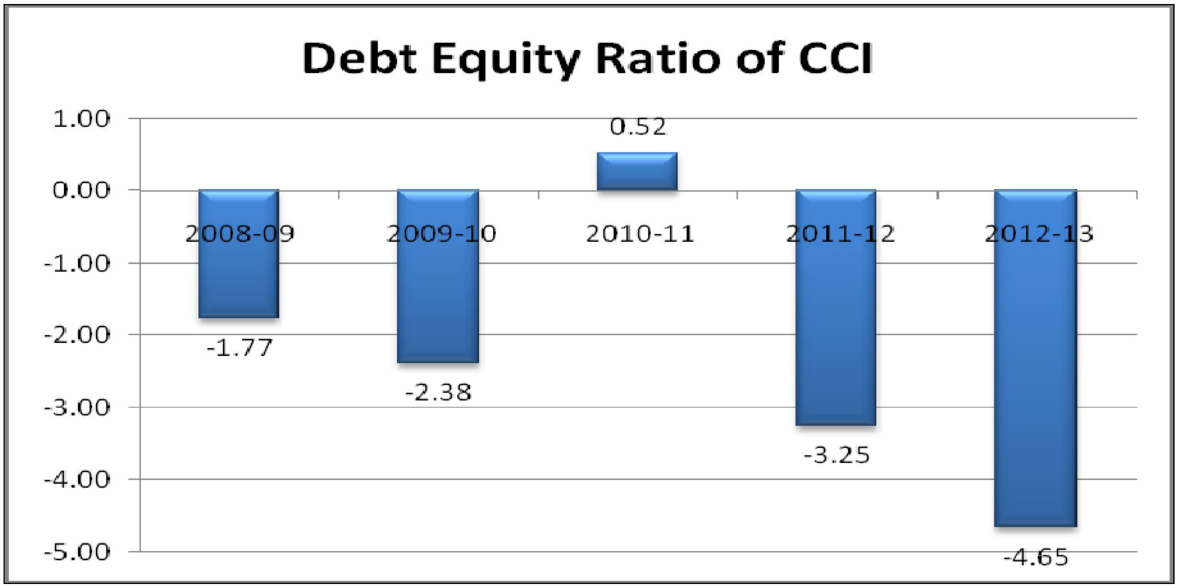
Figure – 2 Liquid Ratio of Cement Corporation of India Limited



Source: Annual Reports of Cement Corporation of India from 2008-09 to 2012-13.

The above figure shows the liquid ratio of CCI from 2008-09 to 2012-13. Liquid ratio was 0.81 times in 2008-09 which fluctuate in next two years and stood at 0.79 times in 2010-11. It increased in last two years of the study as it reached to 2.74 times in 2012-13.

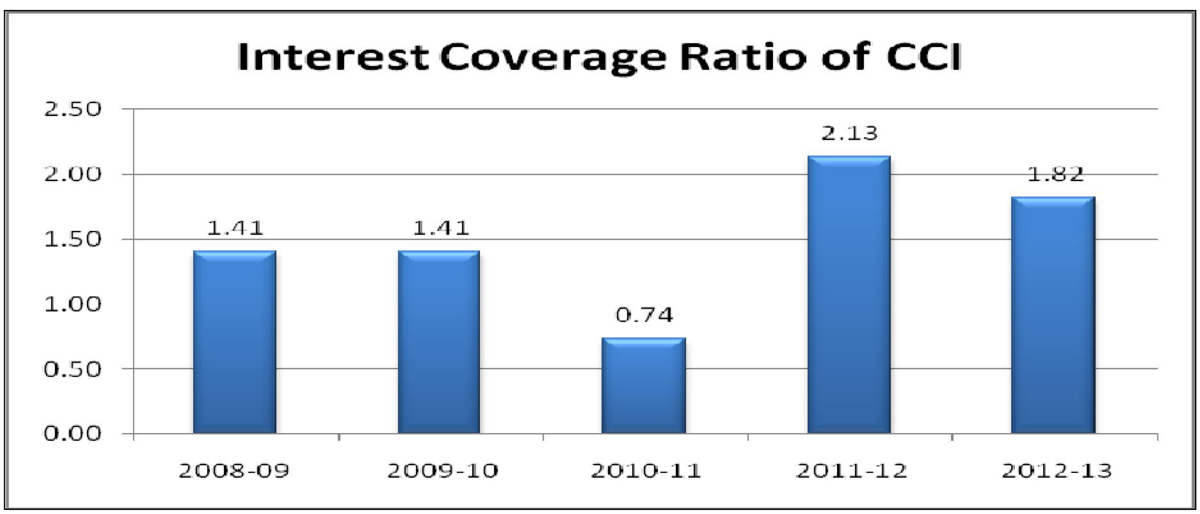
Figure – 3 Debt Equity Ratio of Cement Corporation of India Limited



Source: Annual Reports of Cement Corporation of India from 2008-09 to 2012-13.

Figure 3 shows the trend of debt equity of Cement Corporation of India 2008-09 to 2012-13.the trend shows a negative trend during the most of the study period. The reason behind the negative debt equity ratio is because of negative shareholders fund. It was -1.77 in 2008-09 which decline gradually during the study period and finally reached to -4.65 in 2012-13.

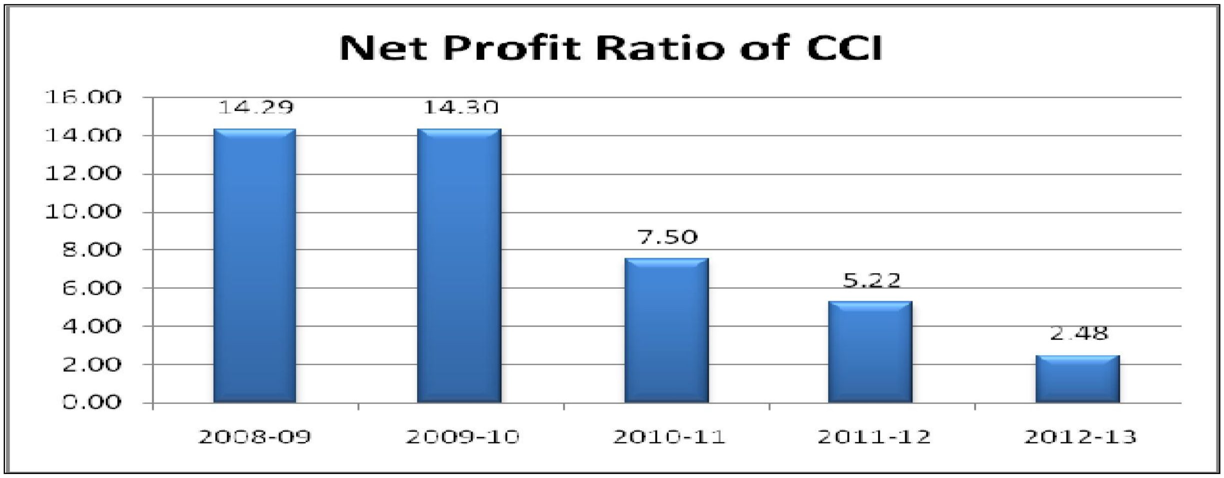
Figure – 4 Interest Coverage Ratio of Cement Corporation of India Limited



Source: Annual Reports of Cement Corporation of India from 2008-09 to 2012-13

The above figure shows the interest coverage ratio of CCI from 2008-09 to 2012-13.it indicates the ability of company to pay its interest charges the trend of ICR shows that the company generate its adequate profit to pay interest charges. It was 1.41 times in 2008-09 which reached to 2.13 times in 2011-12. Finally it stood at 1.82 times in 2012-13.

Figure – 5 Net Profit Ratio of Cement Corporation of India Limited



Source: Annual Reports of Cement Corporation of India from 2008-09 to 2012-13.

Figure 5 shows the net profit ratio of CCI from 2008-09 to2012-13.instead of negative shareholders fund the company earned positive profit during the study period. It was approx 14.29 in 2008-09 and 2009-10 and then decline in the following years and finally it decreased to 2.48 in 2012-13

Table – 2 Descriptive Statistics of Sales and Financial Ratios of CCI of India Ltd

Descriptive Statistics			
	Mean	**Std. Deviation**	**N**
SALES	35962.40	1826.10	5
CR	2.44	1.69	5
LR	1.53	.92	5
NPR	8.75	5.36	5
DER	-2.31	1.91	5
ICR	1.50	.52	5

Source: Annual Reports of Cement Corporation of India Limited from 2008-09 to 2012-13.

Table 2 presents the statistical description of sales and different accounting ratios of Cement Corporation of India limited from 2008-09 to 2012-13. The mean value of sales was Rs. 35962.40 during the study period and standard deviation of sales was 1826.10. The mean value of liquidity ratio was above to the standard during the study period while debt equity ratio shows a negative mean value of -2.31 indicated negative shareholder’s fund.

Table – 3 Correlation between Sales and Current Ratio of CCI from 2008-09 to 2012-13

Correlations			
		CR	SALES
Pearson Correlation	CR	1.000	-0.632
	Sales	-0.632	1.000
Sig. (1-tailed)	CR	.	0.126
	Sales	0.126	.
N	CR	5	5
	Sales	5	5

Source: Annual Reports of Cement Corporation of India Limited from 2008-09 to 2012-13.

Table 3 presents the correlation between sales and current ratio of CCI from 2008-09 to 2012-13. From the analysis it is cleared that there is a negative relationship exists between sales and current ratio of the company. The value of correlation is -0.632 which indicates that there is a strong negative correlation among these variables.

Table – 4 Model Summary of Sales and Current Ratio of CCI

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632[a]	.399	.199	1.51923

Source Annual Reports of Cement Corporation of India Limited from 2008-09 to 2012-13.
a. Predictors: (Constant), Sales

Table 4 presents model summary between the sales and current ratios of CCI Limited from 2008-09 to 2012-13. The coefficient of determination (r^2) is at 0.399 which implies that 39.9 percent of the variation in current ratio is explained by sales.

Table – 5 Regression Analysis of impact of Sales on Current Ratio of CCI

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.569	14.975		1.574	.214
	SALES	-.001	.000	-.632	-1.412	.253

Source: Annual Reports of Cement Corporation of India Limited from 2008-09 to 2012-13.
a. Dependent Variable: CR

Table 5 presents the linear regression model for measuring the impact of sales on current ratio in CCI Ltd. from 2008-09 to 2012-13. Sales of CCI Limited is considered as an independent variable and current ratio as dependent variable. The result of regression shows that the intercept is 23.569 which is high. It means that there are other factors also, which affects sale. Further, the regression co-efficient (beta) is equal to -.001 which signifies that for every rupee change in current ratio, there is a 0.010 rupee change in sale. The significance value is 0.253 which is more than the critical value i.e. 0.05. Hence, the impact of sale on current ratio is not significant. It leads to the acceptance of null hypothesis and concluded that there is no significant impact of sale on current ratio.

Table – 6 Correlations between Sales and Liquid Ratio of CCI from 2008-09 to 2012-13

		LR	SALES
Pearson Correlation	LR	1.000	-0.604
	Sales	-0.604	1.000
Sig. (1-tailed)	LR	.	0.140
	Sales	0.140	.
N	LR	5	5
	Sales	5	5

Source: Annual Reports of Cement Corporation of India Limited from 2008-09 to 2012-13.

Table 6 present the correlation between the sales and correlation between sales and liquidity of CCI. There is a negative correlation found between these variable. It was 0.604 during the study period. After analysis it can be stated there is the strong negative relationship exist between sales and liquid ratio.

Table – 7 Regression Analysis of impact of Sales and Liquid Ratio of CCI

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.528	8.379		1.495	.232
	Sales	.000	.000	-.604	-1.313	.281

Source: Annual Reports of Cement Corporation of India Limited from 2008-09 to 2012-13.
a. Dependent Variable: LR

Table 7 presents the linear regression model for measuring the impact of sales on liquid ratio in CCI Ltd. from 2008-09 to 2012-13. Sales of CCI Limited is considered as an independent variable and liquid ratio as dependent variable. The result of regression shows that the intercept is 12.528 which is high. It means that there are other factors also, which affects sale. The significance value is 0.281 which is more than the critical value i.e. 0.05. Hence, the impact of sale on liquid ratio is not significant. It leads to the acceptance of null hypothesis and concluded that there is no significant impact of sale on liquid ratio.

Table – 8 Correlation between Sales and Net Profit Ratio of CCI from 2008-09 to 2012-13

		NPR	SALES
Pearson Correlation	**NPR**	1.000	0.635
	Sales	0.635	1.000

Sig. (1-tailed)	**NPR**	.	.125
	Sales	.125	.
N	**NPR**	5	5
	Sales	5	5

Source: Annual Reports of Cement Corporation of India Limited from 2008-09 to 2012-13.

Table 8 exhibits the correlation between the sales and net profit ratio of CCI from 2008-09 to 2012-13. There is a positive correlation it was found 0.635 found these variable during the study period after analysis it can be stated there is the strong positive relationship exist between sales and NPR ratio.

Table – 9 Coefficients' between Sales and Net Profit Ratio of CCI from 2008-09 to 2012-13

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	-58.277	47.095		-1.237	.304
	SALES	.002	.001	.635	1.425	.249

Source: Annual Reports of Cement Corporation of India Limited from 2008-09 to 2012-13.
a. Dependent Variable: NPR

Table 9 presents the linear regression model for measuring the impact of sales on net profit ratio in CCI Ltd. from 2008-09 to 2012-13. Sales of CCI Limited is considered as an independent variable and net profit ratio as dependent variable. The result of regression shows that the intercept is -58.277 which is high. It means that there are other factors also, which affects sale. Further, the regression co-efficient (beta) is equal to -0.002 which signifies that for every rupee change in net profit ratio, there is a 0.020 rupee change in sale. The significance value is 0.249 which is more than the critical value i.e. 0.05. Hence, the impact of sale on net profit ratio is not significant. It leads to the acceptance of null hypothesis and concluded that there is no significant impact of sale on net profit ratio.

Table – 10 Correlation between Sales and Debt Equity Ratio of CCI from 2008-09 to 2012-13

		DER	SALES
Pearson Correlation	DER	1.000	0.520
	Sales	.520	1.000
Sig. (1-tailed)	DER	.	.185
	Sales	.185	.
N	DER	5	5
	Sales	5	5

Source: Annual Reports of Cement Corporation of India (CCI) Limited from 2008-09 to 2012-13.

Table 10 present the correlation between the sales and debt equity ratio of CCI there is a positive correlation found between these variable it was .520 during the study period. After analysis it can be stated there is the strong positive relationship exist between sales and DER.

Table – 11 Coefficients' between Sales and Debt Equity Ratio of CCI from 2008-09 to 2012-13

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	**Std. Error**	Beta		
1	(Constant)	-21.914	18.615		-1.177	.324
	SALES	.001	.001	.520	1.054	.369

Source: Annual Reports of Cement Corporation of India (CCI) Limited from 2008-09 to 2012-13.

a. Dependent Variable: DER

Table 11 presents the linear regression model for measuring the impact of sales on debt equity ratio in CCI Ltd. from 2008-09 to 2012-13. Sales of CCI Limited is considered as an independent variable and debt equity ratio as dependent variable. The result of regression shows that the intercept is -21.914 which is high. It means that there are other factors also, which affects sale. Further, the regression co-efficient (beta) is equal to -.001 which signifies that for every rupee change in debt equity, there is a 0.010 rupee change in sale. The significance value is 0.369 which is more than the critical value i.e. 0.05. Hence, the impact of sale on current ratio is not significant. It leads to the acceptance of null hypothesis and concluded that there is no significant impact of sale on debt equity.

Table – 12 Correlation between Sales and Interest Coverage Ratio of CCI from 2008-09 to 2012-13

		ICR	SALES
Pearson Correlation	ICR	1.000	-.144
	SALES	-.144	1.000
Sig. (1-tailed)	ICR	.	.409
	SALES	.409	.
N	ICR	5	5
	SALES	5	5

Source: Annual Reports of Cement Corporation of India (CCI) Limited from 2008-09 to 2012-13.

Table 12 exhibits the correlation between the sales and interest coverage ratio of CCI. There is a positive correlation found i.e. -0.144. After analysis it can be stated there is the negative relationship exist between sales and interest coverage ratio.

Table – 13 Regression analysis between Sales and Interest Coverage Ratio of CCI from 2008-09 to 2012-13

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.981	5.888		.506	.647
	SALES	-4.11	.000	-.144	-.252	.818

Source: Annual Reports of Cement Corporation of India (CCI) Limited from 2008-09 to 2012-13.

a. Dependent Variable: ICR

Table 13 presents the linear regression model for measuring the impact of sales on interest coverage ratio in CCI Ltd. from 2008-09 to 2012-13. Sales of CCI Limited is considered as an independent variable and Interest Coverage ratio as dependent variable. The result of regression shows that the intercept is 2.981 which is high. It means that there are other factors also, which affects sale. The significance value is 0.818 which is more than the critical value i.e. 0.05. Hence, the impact of sale on current ratio is not significant. It leads to the acceptance of null hypothesis and concluded that there is no significant impact of sale on Interest Coverage ratio

Concluding Remarks

The present study is devoted to the evaluation of financial performance of Indian Cement Industry with special reference to Cement Corporation of India (CCI) Limited from 2008-09 to 2012-13. The researcher used accounting ratios in order to measure the financial performance of Cement Corporation of India limited. Liquidity, profitability and solvency position has been analyzed in this study. From the analysis it has been cleared that the short term solvency position of the company is not satisfactory during the period under study. The company did not earn adequate profit during the study period as its net profit shows very low trends. The solvency position of the company shows a negative trend due to negative reserve and surplus figures during the study period. Interest coverage ratio indicated that the company is able to meet interest expenses through its profit. From the analysis it is cleared that the sales has not significant impact on net liquidity position, profitability and solvency position of Cement Corporation of India. The company did not able to pay its obligations within time during the early period of the study. The company earns satisfactory profit in first two years but it decreased in rest of the study period.

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