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PROFITABILITY ANALYSIS: A COMPARATIVE STUDY OF SELECTED CEMENT COMPANIES IN INDIA

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ABSTRACT

Cement is one of the essential industries which plays a vital role in the growth and development of a nation. The cement industry has carved out a niche for itself in the industrial map of the country by its spectacular and impressive growth, despite the price and distribution controls as exercised by the Government more or less on a permanent basis. 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. The cement industry has been gradually witnessing improvement in realizations. Coupled with volume growth in the domestic markets, this should lead to improved margins. Stiff competition, and higher cost of production are the problems faced by the cement industry, and these problems have significant effect on its profitability of these companies. Profit can be increased in two ways: by increasing turnover or total income, or by reducing total costs, or total expenditure. In practice, both methods be used to the maximum extent possible. But this is not the only factor of testing financial efficiency of a company. Many companies which appear to be operating satisfactorily come to grief because they neglect cash flow, the day to day expenditure needed to keep them afloat. It is therefore vital that managers, including those concerned with performance, should acquaint themselves with modern practice in this respect and become familiar with the latest ideas on the subject. The term “profitability” is a combination of two words namely profit and ability. To obtain profit, from accounting point of view total expenses are deducted from the total revenues for a given period. The word ability means the earning power of operating performance of the concern on its investment. Therefore, profitability may be defined as the ability of a given investment to earn a return from its use. The paper mainly focuses on analyses of profitability of selected cement companies in India during period of 2012-13 to 2016-17.

Key words: Profit, Cement Companies, Ratio analysis. T test, ANOVA

INTRODUCTION

In India, the foundation of a stable cement industry was laid in 1914 when the Indian Cement Company Ltd. manufactured cement at Porbundar in Gujarat. In the initial stages, particularly during the period before Independence, the growth of the sector had been very slow. The indigenous production of cement was not sufficient to meet the entire domestic demand and accordingly, the Government had to control its price and distribution statutorily. Also, the large quantities of cement had to be imported for meeting the deficit in the country. However, with liberalization and introduction of several policy reforms, the cement industry has been decontrolled which gave impetus to its pace of growth. It has made rapid strides both in capacity/ production and process technology terms. Today, it is one of the most advanced and pioneering sectors in the country. Cement is a basic material input which facilitates the promotional fast pace, in the areas of infrastructural set up and other construction related works. Since it is a decontrolled commodity, its production and prices are largely governed by economic factors, like, demand and supply, cost of raw materials and other inputs, production as well as distribution costs and developmental efforts. Cement is an essential component of infrastructure development and most important input of construction industry, particularly in the government"s infrastructure and housing programs, which are necessary for the country"s socioeconomic growth and development. The Indian cement industry is the second largest producer of cement in the world just behind China, but ahead of the United States and Japan. Also the industry is a significant contributor to the revenue collected by both the central and state governments through excise and sale. The industry occupies an important place in the national economy because of its strong linkages to other sectors such as construction, transportation, coal and power. The most important use of cement is the production of mortar and concrete used by the construction and real estate sectors. The world production of hydraulic cement is dominated by China (1.2 billion by India and Brazil, with these 3 countries contributing to over half of global production). There are a number of employment opportunities within the sector such as site engineer, packaging engineer, surveyor, geologist, contractor, and supervisor amongst others. Typically the industry is characterized by few large players due to the high entry barriers such as economies of scale, high capital requirements, long gestational period of over 3 years and the need for capacity augmentation in large increments. These producers tend to have high bargaining power due to their limited numbers and the lack of any substitutes for their product, which is quintessential for secondary industries.

Profitability means ability to make profit from all the business activities of a business concern, company, firm or enterprise. According to Harward and Upton," profitability is the ability of a given investment to earn a return from its use. The ultimate task of the management is to maximize the profits. The operational efficiency of a business is measured through the amount of profits earned. The greater the profit, the more efficient is the business.

The term profitability consists of two words i.e. profit and ability. The profit has been defined in various ways but in general sense the excess of sales or revenues over the total cost of sales or operation is regarded as profit. The term ability shows the earning power of the concerned investment.

Many companies which appear to be operating satisfactorily come to grief because they neglect cash flow, the day to day expenditure needed to keep them afloat. It is therefore vital that managers, including those concerned with performance, should acquaint themselves with modern practice in this respect and become familiar with the latest ideas on the subject. The term "profitability" is a combination of two words namely profit and ability. To obtain profit, from accounting point of view total expenses are deducted from the total revenues for a given period. The word ability means the earning power of operating performance of the concern on its investment. Therefore, profitability may be defined as the ability of a given investment to earn a return from its use. The papermainly focuses on analyses of profitability of selected cement companies in India during study period.

REVIEW OF LITERATURE

N.K.Nair, (1991) has studied in his paper about the productivity aspect of Indian Cement Industry. Being a construction material, cement forms a strategic section in the Indian economy. In 1990-91, the industry has an installed capacity of 60 million tonnes with a production of 48 million tonnes. The industry is poised for a capacity growth to about 100 million tonnes by 2000 A.D. The present study attempts to analyze the productivity and performance ratio of the industry with a view to identifying the major problem areas and the prospects of solving them.

Anup Agarwal and Nandu J. Nagarajan, (1992) have published a research paper on, "Corporate Capital Structure, Agency costs, and ownership control: The case of all -equity firms'". In this study, they attempted to evidence that all equity firms (Firms which use no long - term debt over a continuous live-year period) exhibit greater levels of managerial stock holdings, more extensive family relationships among top management, and higher liquidity positions than a matched sample of levered firms. Further, it leads that the managerial control of voting rights and family relationship among senior managers arc important factors in the decision to eliminate leverage. Their main findings are that i) Managers of all-equity firms have signillcantly larger stock holdings than managers of similar-sized levered firms in their industry, ii) there is significantly greater family involvement in the corporate operations of all- equity firms than in levered firms, iii) Managerial ownership in all equity firms is positively related to the extent of family involvement, and iv) all-equity firms are characterized by greater liquidity positions than levered firms.

Subir Cokavn, Rejendra Vaidya, (1993) has made a serious attempt to evaluate the performance of cement industry after decontrol. It is found that the performance of the cement industry after decontrol is characterized by outcomes that are generally competitive and welfare enhancing. The structure of the industry changed significantly with large magnitude of relative technologically superior capacity being created by many new entrants into the industry. It is noticed that there are significant real price increase and an associated increase in profitability. The performance of firms across strategic group is different, with firms operating relatively new and large plants appearing to have an advantage. An important point which is highlighted in this paper is the nature and effect of inter-firm heterogeneities in the cement industry.

Pramod Kumar, (2001)[1] has made a comparative study of the industry to evaluate its performance and achieve higher standards in all the fields. A comparative study has been made between private, state owned and central owned firms. It reveals that the utilization of investment in augmenting sales is better in private sector than in state-owned and central public sectors. The income generated by the industry has shown an upward trend. This study also reveals that long term funds are the major source of capital structure in the private sector. The main points of this study are that highest priority should be given to reduce the operating cost, optimizing capacity utilization; much importance should be given to improve the liquidity and solvency position and attention should be given to better packaging and distribution.

Kanna and Subramanian, (2002) have studied 10 units in the cement industry to analyze liquidity, profitability, financial structure and overall performance. They used ratio analysis and merit rating to arrive at valid conclusions. They found the financial structure of the industry had declined over the years. Non -availability of funds had affected modernization of plants and periodic rehabilitation of kiln.

T.L.N. Swamy, (1992) has examined the various aspects of capital, employment, productivity, profitability, rate of return on capital and cost structure etc., of cement industry for the period 1965-78 in detail. The study reveals that fixed capital of the industry showed a negative growth rate during the period. Secondly, capital intensity declined drastically over the period indicating deterioration of financial position of the industry. Ratio of working capital to productive capital also declined over the period, whereas the inputoutput ratio showed a favourable increase. Finally, material consumed cost increased over the period.

Sethuraman.T.V., Jog.S.D and Khaled.S.M, (1999),have viewed that the concept of social limits to growth has been with us for some time. Now that the Indian economy is opened up, it has interesting implications for the industry, which is poised for growth. This study was prompted by the cement industry, which found itself in difficult conditions within months of delicensing. Using simple criteria, it is suggested here that the Indian Pxonomy be easily prone to market saturation. Relatively small increases in output have succeeded in a turn around from scarcity and attractive margins to I'alling unit realisation and capacity utilisation. Since this behaviour is a characteristic of the economy, it is feared that the story could easily be repeated in other cases like fertilizers, two wheelers etc., closely on the heels of cement and light commercial vehicle. It is suggested that corporate management should pay due attention to this characteristic in the course of planning and implementation of expansion projects.

P.C.Chamoli, (2001) has attempted to assess the capital structure pattern of Cement Industry in both private and public sector. It also makes a comparison of observed ratios by debt-equity. With established norms it identifies the factors responsible for the difference between them. It is suggested that if the financial function of the industry is to be made self-propelling, the gear as well as the pay-out ratios are to be pushed up by financing future expansion with the help of long term debt and not with the help of addition to equity. General reserves should be used to raise dividend on ordinary shares.

SCOPE OF STUDY

Indian cement industries have recorded continuous growth. India became not only self-reliant at the end of the Seventh Plan but also started the export of cement. At present, cement is the most advanced industry in the country. But Indian cement industries are affected by a plethora of problems such as acute shortage of working capital, shortage of power and coal, obsolete technology, under-utilization of capacity, inability to meet interest commitments, non-payment of loans, non-provision of depreciation, absence of sou[2]nd infrastructure support, high cost of production, poor profitability and managerial incompetence. These factors ultimately have an adverse impact on profitability. The main reason for their poor performance is then-failure to manage their finances effectively. The time has, therefore, come to take stock of the causes for ineffective management. Hence, the present study will provide effective guidelines to the management of cement industry and other stakeholders.

OBJECTIVES OF THE STUDY:

The present study has been carried out with the object to compare and analyze the profitability position of the cement companies selected for study as well as to highlight the major reasons responsible for profit or losses.

HYPOTHESIS:

The present study is based on null hypothesis which is-

"There is no significant in the profitability of the Companies under study"

RESEARCH METHODOLOGY:

This is mainly a comparative study to analyse the profitability of the Cement Companies selected for study. The data used are secondary taken from the annual reports and accounts of the companies taken for study. The financial statements have been redrafted and relevant ratios are calculated with the help of them.

The companies selected for study are

(a) Shree Cement Ltd

(b) J.K.Laxmi Cement Ltd.

A five yearly period from 2012-13 to 2016-17 Ratio analysis has been used as a tool of financial management. Some statistical tools such as average, standard deviation and coefficient of variation have also been used. The hypothesis has been tested by using students't test.

Profitability Analysis: In the present study, to analyse the profitability following ratios have been calculated

1. Gross Profit Ratio
2. Operating Profit Ratio
3. Net Profit Ratio
4. Return on Equity

(1) Gross Profit Ratio

Gross profit ratio establishes the relationship of gross profit on sales in term of percentage. The grows profit is regarded as an excess of the proceeds of goods sold and services rendered during a period over their cost before taking into account administration, selling, distribution and financial expenses. It is calculated by deducting the cost of goods sold from net sales. Th e gross profit ratio can be calculated by using the following formula

$$\textbf{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Sales}} X100$$

Though there is no standard ideal norm of the gross profit ratio but, however, it is said that a gross profit ratio ranging from 25% to 30% is always satisfactory because it will provide a sufficient cushion to cover the indirect cost otherwise the business concern will find it difficult to cover the operating cost of the business.

The gross profit ratio of the selected cement companies under study has been shown in the following table:

Table 1

Gross Profit Ratio of the Cement Companies under Study

(From 2012-12 to 2016-17)

(Ratio in Percentage)

Year	**Shree Cement Ltd.**	**J.K.Laxmi Cement Ltd.**
2012-13	35.89	61.71
2013-14	35.87	59.74
2014-15	28.98	62.59
2015-16	30.84	60.02
2016-17	34.69	60.61
Average	**33.25**	**60.95**
S.D.(σ)	**2.83**	**1.10**
C.V. (%)	**8.53**	**1.80**

Source: Annual Reports and Accounts of the Companies under study for the period under study

From the above table it can be noted that the gross profit ratio of Shree Cement Limited showed a mixed fluctuating trend during the period of study. The gross profit ratio during 2012-13 was 35.89 percent which decreased to 35.87 percent in 2013-14 and further to 28.98 percent in 2014-15. During the year 2015-16 the gross profit ratio increased to 20.84 percent. In the final year of study the gross profit ratio increased to 34.69 percent which denotes a satisfactory position of the gross profit. The average gross profit ratio of the company during the period of study was 33.25 percent which can be regarded satisfactory as it provides a reasonable cushion to cover the indirect cost of operation. It was noted that the gross profit though depends upon the quantum of sales but it did not increase whenever the sales of the company increased which means that the company could not control the cost of goods sold. The coefficient of variation was 8.51 percent which shows a consistent trend of the gross profit ratio. However, it is suggested that the management of the company should try to control the decreasing trend of gross profit ratio by controlling the cost of goods sold.

The above table shows that the gross profit ratio of J.K.Laxmi Cement Ltd. showed a mixed fluctuating trend during the period under study. The gross profit ratio during the year 2012-13 was 61.71 percent which decreased to 59.74 percent in 2013-14 but increased to 62.02 percent in 2014-15 and decreased to 60.02 percent in 2015-16 and marginally increased to 60.61 percent in the final year i.e. 2016-17. The sales showed an increasing trend, the gross profit ratio should also show an increasing trend but it showed a mixed fluctuating trend that implies that the management of the company could not control the cost of goods sold. It was found that the cost of goods sold could not be controlled due to sudden increase in the raw material. The average of the gross profit ratio was 60.95 percent showing a very good profitability position which should be maintained in future also but the fluctuating trend should be controlled. The coefficient of variation was 1.80 percent showing a consistent trend which should be maintained in future also.

Test of Significance:

Value of t 1.27 is less than critical value of t (2.306) at 95 percent level of significance for the degree of freedom (v) 8, hence the null hypothesis is accepted and it can be concluded that the difference in the gross profit ratio of the companies under study is not significant.

(2) Operating Profit Ratio:

Operating profit ratio refers to the relationship between operating profit and revenues from operations i.e. net sales. It is used to discuss the general profitability of the business concern. A business organization is said to be efficient if it is able to keep up the cost of goods sold and other operating expenses as low as possible in relation to the net sales affected. The operating profit ratio is denoted in percentage and can be calculated as follows:

$$\textbf{Operating Profit Ratio} = \frac{\text{OperatingProfit}}{\text{NetSales}} X100$$

Operating profit ratio can also be calculated by deducting the operating ratio from 100. The operating expenses generally consists of cost of goods sold and office and administrative expenses,

The operating profit ratio of the selected Cement Companies under study has been shown in the following table**:**

Table 2

Operating Profit Ratio of the Cement Companies under Study

(From 2012-12 to 2016-17)

(Ratio in Percentage)

Year	Shree Cement Ltd.	J.K.Laxmi Cement Ltd.
2012-13	18.24	12.16
2013-14	12.83	7.27
2014-15	5.84	9.25
2015-16	6.60	3.71
2016-17	12.14	5.92
Average	**11.13**	**7.66**
S.D.(σ)	**4.54**	**2.88**
C.V. (%)	**40.59**	**37.60**

Source: Annual Reports and Accounts of the Companies under study for the period under study

The above table shows that the operating profit ratio of Shree Cement Limited showed a decreasing cum increasing trend during the period of study. It was because of the reason that the operating profit of the company showed a decreasing trend throughout the period of study except in the year 2016-17. The operating profit ratio of the company fluctuated within the range of 18.24 percent in 2012-13 to 5.84 percent in 2014-15. The average of the operating profit ratio of the company was 11.13 percent which can be regarded satisfactory but the management of the company should try to control the decreasing trend of the operating profit ratio. The coefficient of variation was 40.59 percent denoting a fluctuating trend which should be controlled. However, it can be suggested that the management of the company should try to increase the operating profit by controlling the operating cost mainly the indirect expenses i.e. office and administrative expenses and the selling and distribution expenses.

The above table depicts that the operating profit ratio of J.K.Laxmi Cement Limited showed a mixed fluctuating trend throughout the period under study. The operating profit ratio of the company during the year 2012-13 was 12.16 percent which decreased to 7.27 percent in 2013-14 but increased to 9.25 percent in 2014-15. This ratio abnormally decreased to 3.71 percent in 2015-16 and further increased to 5.92 percent in 2016-17. The average of the ratio for the period of study was 7.66 percent which is quite unsatisfactory and denotes an inefficient functioning of the management. The inconsistent trend of the ratio can be noted through the coefficient of variation as it was 37.60 percent which should be controlled.

Test of Significance:

Value of t 1.44 is less than critical value of t (2.306) at 95 percent level of significance for the degree of freedom (v) 8, hence the null hypothesis is accepted and it can be concluded that the difference in the operating profit ratio of the companies under study is not significant.

(3) Net Profit Ratio

It is also called net profit to sales ratio which is calculated by dividing net incomes after tax by net sales. This ratio provides considerable insight into the overall efficiency of the business. The net profit ratio can be calculated by using the following formula:

$$\textbf{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} X100$$

A higher net profit ratio is an indication of the higher overall efficiency of business, and, better utilization of total resources. A low ratio on the contrary would mean poor financial planning and low efficiency. The difference between operating profit ratio and net profit ratio exhibits the significance of secondary operations in the business.

The net profit ratio of the selected cement companies under study has been shown in the following table

Table 3

: Net Profit Ratio of the Cement Companies under Study

(From 2012-12 to 2016-17)

(Ratio in Percentage)

Year	Shree Cement Ltd.	J.K.Laxmi Cement Ltd.
2012-13	18.24	7.64
2013-14	12.83	4.05
2014-15	5.84	3.72
2015-16	6.60	(0.22)
2016-17	12.14	2.52
Average	**11.13**	**3.54**
S.D.(σ)	**4.54**	**2.53**
C.V. (%)	**40.59**	**71.47**

Source: Annual Reports and Accounts of the Companies under study for the period under study

Table 3 shows the net profit ratio of Shree Cement Limited during the period of study and from this table it can be observed that the net profit ratio showed a decreasing cum increasing trend during the period of study and varied within the range of 18.24 percent in 2012-13 to 5.84 percent in 2014-15. Though the sales continuously increased and the increasing trend of sales and decreasing trend of net profit ratio shows inefficiency of the business and implies the uncontrollable expenses of the business. In term of absolute figure the amount of net profit was highest in the year 2016-17 but the ratio was 12.14 percent while during the year 2012-13 the amount of net profit was just Rs. 1003.97 crores but the ratio was 18.24 percent. It also shows that during the initial year of study the management of the company had a proper control over the expenses of the business but in the later years there was no control over the expenses which should be controlled. The average of the net profit ratio was 11.13 percent which can be regarded reasonable but can be improved by controlling and reducing the expenses of the business. The coefficient of variation was 40.59 percent showing a fluctuating trend which should also be controlled by the management.

It can be observed from the above table that the net profit ratio of J.K.Laxmi Cement Limited showed a decreasing trend throughout the period under study except in the year 2016-17 whereas the sales of the company showed an increasing trend during the whole period of study. On the contrary, the net profit of showed a decreasing trend during the whole period of study. The net profit ratio which was 7.64 percent in the year 2012-13 decreased to 0.22 (negative) but increased to 2.52 percent in 2016-17. The increasing trend of sales and decreasing trend of net profit shows inefficiency of management to control the operating cost of the business. It shows the poor performance of the management. It is suggested that the management of the company should control the total expenses of the business by reducing the overhead expenses. The coefficient of variation was 71.47 percent showing a very high fluctuating trend that should be controlled by maintaining an increasing trend of the net profit ratio.

Test of Significance:

Value of t 3.26 is more than critical value of t (2.306) at 95 percent level of significance for the degree of freedom (v) 8, hence there is no evidence of accepting the null hypothesis. Therefore, the alternative hypothesis is accepted and it can be concluded that the difference in the net profit ratio of the companies under study is significant.

(4) Return on Equity Ratio:

Return on equity or net worth ratio establish the relationship of net profit(after tax) on net worth in terms of percentage(%).The net profit is regarded as on excess of proceeds of total expenses after taking interest on long term debt and tax. It is calculated by deducting the total expenses including interest & tax from total revenue. The return on net worth ratio can be calculated by using the following formula:

$$\textbf{Return on Net worth Ratio} = \frac{\text{Net profit (after tax)}}{\text{Net worth or propreitor's fund}} \text{ x } 100$$

The net profit is calculated by deducting the total expenses including interest ion long term debt and tax from total revenue. The net profit is calculated as follows:

Net Profit = Total Revenue – Total Expenses (including finance cost & tax)

Net worth or proprietor's fund or shareholder's fund comprises of preference share capital, Equity Share capital, Securities premium, Revenue reserve & Surplus deducting fictitious assets. This is the final income which is available for distribution as dividends to shareholders .

Table 3

Return on Equity Ratio of the Cement Companies under Study

(From 2012-12 to 2016-17)

(Ratio in Percentage)

Year	Shree Cement Ltd.	J.K.Laxmi Cement Ltd.
2012-13	26.12	13.95
2013-14	16.71	7.14
2014-15	7.27	7.13
2015-16	6.65	(0.50)
2016-17	17.40	5.93
Average	**14.83**	**6.73**
S.D.(σ)	**7.23**	**4.39**
C.V. (%)	**48.75**	**65.23**

Source: Annual Reports and Accounts of the Companies under study for the period under study

From the above table it can be noted that return on net worth of Shree Cement Limited showed a decreasing trend during the whole period of study except in the year 2016-17. The net worth of the company continuously increased throughout the period of study but the net profit after tax of company showed a mixed fluctuating trend during the period of study. The return on net worth ratio during the 2012-13 was 26.12% which decreased to 16.71% in 2013-14 and decreased to 7.27% in 2014-15 and further to 6.65% to 2015-16.The average net worth ratio of the company during the period of study was 14.83% which can be regarded satisfactory as it provides adequate dividends to shareholders and making reserves for future. The coefficient of variation was 48.75% which shows inconsistent trend of the return on net worth ratio. The management of the company failed to optimum use of Proprietor's fund. It is therefore suggested that the management of the company should try to control on total expenses and make on optimum use of the proprietor's fund.

The above table also shows that return on net worth of J.K. Lakshmi Cement Limited showed a decreasing trend during the whole period of study except in the year 2016-17. The net worth and net profit after tax showed a mixed fluctuating trend during throughout the period of study. The return on net worth ratio during the 2012-13 was 13.95% which decreased to 7.14% in 2013-14 and further decreased to -o.50% in 2015-16. The average return on net worth ratio of the company during the period of study was 6.73% which is not satisfactory as provides for dividend to shareholders and making reserve for future. The coefficient of variation was 65.23% which shows inconsistent trend of the return on net worth ratio. It reveals the management of company failed to utilize the proprietor's fund. It is therefore suggested that the management of company should try to make an optimum use of proprietor's fund and control on total expenses for increasing trend of return on net worth ratio.

Test of Significance:

Value of t 2.14 is less than critical value of t (2.306) at 95 percent level of significance for the degree of freedom (v) 8, hence there is no evidence of rejecting the null hypothesis. Therefore, the null hypothesis is accepted and it can be concluded that the difference in the return on equity ratio of the companies under study is not significant.

CONCLUSION:

In this article comparative profitability analysis have been analysed with financial metric like ratio and profitability on capital employed ratio, based on above findings with regard to profitability analysis of selected cement companies in India. It may be concluded that the constitution of total costs remains unchanged in a company over a period of time, while wide variations were found across the companies. This generalizes presence of difference in policies of the companies and thus, the cost structure of the companies vary significantly. Cost of goods sold, being a critical components of overall profitability of the companies, has varied drastically with no definite trend. It may be concluded that it is due to varied cost of raw materials. This kindles variations in operating profits and affects consistency in profitability. The study of liquidity and profitability conclude that the companies in the industry do not follow a common line. This evidence that it is rather the policies of the companies than the type of industry, which influences the liquidity and profitability status of cement companies in India. Excess working capital in relation to turnover, under utilisation of available capacity, excess debt components in total capital and low percentage of operating profits are the critical areas of cement companies in India. The Companies have been able the fulfill their responsibility towards society by contributing value addition to the government, employees and capital providers. These challenges need to be understood and addressed in totality with a view to identify the measure for strengthing the industry. Availability of raw material and its costs is economy driven and thus are beyond the control of the companies most of a time. However, proper utilisationa of available production capacity, restricted use of debt capital and maintaining adequate level of working capital can improve the profitability of companies to great extent.

SCOPE FOR FURTHER RESEARCH

The present study has covered selected two ompanies of cement industry in India and has been able to point out the areas for strengthening of their financial position. However, similar researches can be carried out for other industries with a view to recommend key areas to focus for improvements in financial performance. Moreover , inter industry comparison can also be done to generalize whether same aspects play common role in financial performance of companies and to find out exclusive factors for different industries to pave a way for formulation of exclusive strategies to improve performance of all industries in economy.

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