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FINANCIAL PERFORMANCE OF ACC CEMENT LIMITED: AN ANALYSIS.

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ABSTRACT

The prosperity of a country, the Gross Domestic Product (GDP), the standard of living and the per capita income of the people depend on the performance of economy to a larger extent. The major portion of any country's Gross Domestic Product is contributed by its corporate sector. The close relationship between cement consumption and per-capita income means that a country's cement consumption is an excellent indicator of its growth and progress. Cement is the most essential raw material in any kind of construction activity. The Indian cement industry plays a key role in the national economy generating substantial revenue for *the state and the central government through excise and sales taxes. Cement is an article of basic importance in all developmental activities. In this research paper highlights some of the important icons of financial performance of ACC Cement Limited are as Net Sales, Operating EBITDA and Operating EBITDA margin, Cement sales volume and growth, Segment-wise net sales, Cement production and capacity utilization, ready mixed concrete sales volume and growth and it also eye view on net worth and return of net worth and Cost and profit as a percentage of revenue from operations.*

KEYWORDS: Cement , Performance, Production, sales, operating profit.

INTRODUCTION

The Indian cement industry plays a key role in the national economy generating substantial revenue for the state and the central government through excise and sales taxes. Cement is an article of basic importance in all developmental activities. As one of the major industries, cement industry contributes substantially to India's industrial and economic development ingredient. It is therefore ranked rightly as a basic industry. The Indian cement industry accounts for approximately 1.3 percent of GDP and employs over 0.15 million people. India is the second largest cement producer in the world after China with a total capacity of 151.2 million tonnes. 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 also predicted that the cement production in India would rise to 236.16 million tonnes in the financial year 2011. It is also expected to rise to 262.61 million tonnes in the financial year 2012[1].

The performance of a company can be analyzed in many ways. It can be judged in respect to market place, technology adoption, competitiveness, environmental protection and strategic positioning. The performances of a company in the above areas would be naturally reflected in the financial statement of the respective company. Financial statements are the summary of various financial activities which provide information in a convenient form. By analyzing these financial statements and evaluating the relationship between the various components, a firm's financial position and performance could be easily interpreted. Financial performance is the operating efficiency of a company in terms of the financial

[1] Anitha, 2015, An Evaluation Of Financial Performance of Select Large Scale Cement Companies In India, Chapter –I, Introduction and Research Design, Bharathiar University.Pp.1-1, 2015.

parameter. The financial efficiency of a corporation, turnover ability, coverage ability, profitability, leverages, cost of capital and operating cycle.

REVIEW OF LITERATURE

There is a sizable literature on cement industry in conforming to its long history and economic importance. A good deal of analytical literature exists at board levels like problems associated with productivity, size and technology, capacity, utilizing, financial performance, manpower and plant location. Relevant existing studies and literature have been briefly discussed below…

Edward, I. Altman (1968) in his study on " Financial Ratios, Discriminate analysis and prediction of corporate Bankruptcy", took 66 firms general and applied multiple discriminate analysis to discriminate the failed firms from the non-failed firms, on the basis of the weighted combination of five financial ratios, the weighted combination of working capital to total liabilities, cumulative retained earnings to total assets, earnings before interest and tax to total assets, market value of equity to book value of total debt and sales to total assets, he was able to predict the bankruptcy with 45 percent degree of accuracy. He also revealed that the predictive ability of the model declined very sharp when number of years prior to the failure increased[2].

Agarwal, N.K. (1978) in his study on Cash Management in Indian Industries found that the average current and quick ratio in cement industries were 1.06 and 0.45 compared to the all industry ratio of 1.23 and 0.54 respectively. The ratio of cash to total current assets and cash turnover ratios in cement industries were 3.2 and 5.6 respectively. The correlation coefficient of sales and average cash balance in cement industries were 0.68.The study revealed a great need for constant watch on cash flows to control effectively and productive use of idle funds to affect economies in cash holding to increase the profitability of a firm[3].

Gupta, L.C. (1979) in his study on "Financial Ratios as fore warning indicators of sickness", has made a study of 41 Indian Textile companies, 20 sick and 21 non- sick, to test the predictive power of 63 financial ratios and concluded that the two ratios, viz., earnings before

[2] Edward, I. Altman (1968), "Financial Ratios - Discriminate Analysis and Prediction of Corporate Bankruptcy". Journal of Finance, Sep 1968 vol.9, pp. 589-609.

[3] Agarwal, N.K. (1978), "Cash Management Indian Industries", The Chartered Accountant, vol.27, No.1, July 1978, pp. 21-27.

depreciation, interest and concluded that the two ratios, viz., earnings before depreciation, interest and taxes/sales and operating cash flows/ sales were significant[4].

Kulshrestha, N.K. (1980) has made a study on "Corporate Liquidity: X-rayed". He has found from his study that excessive liquidity would reflect lower profitability and deterioration in managerial efficiency exhibited through inappropriate decision taken in the spheres of expansion, credit policies and dividend policies[5].

Singh, K.P. (1981) has found out that the size of the unit has a significant role in the capital structure of the cement industry. His study has revealed that the returns and profitability can be increased by increasing the firm size from small to big[6].

Banerjee, B. (1982) in his study on Corporate Liquidity and profitability in India has analyzed the trend of liquidity position and its relationship with the profitability, taking medium and large-scale public limited companies in the corporate sector for the period 1970-71 to 1977-78. In his study he has found that in India, in certain industry groups, a rise in liquidity has led to a rise in profitability and vice versa, whereas in other industry groups, the association between the liquidity and profitability has been negative[7].

Sharma, S.N. and Reddy, A.V. (1985) made a study on the liquidity position of the Nizam factories limited during the year 1972-73 to 1981-82. This study aims to identify the factors influencing the liquidity and the study concluded that the major element that is affecting the liquidity position of the firm in the government policies with respect to the input and output as well[8].

Loeb, M. (1993) in his study, "How We All learned About Economics Value Added" looks at the economic value added as a tool for evaluating the performance of almost any business operation from a giant company to a small decision by focusing on its use of capital. He adds that the business people use economic value added report enthusiastically to uncover hidden problems. He concludes that those companies that adopt the concept of economic value added often become super performers[9].

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4 Gupta, L.C. (1979), "Financial Ratios as fore Warning Indicators of Sickness", ICICI, Bombay, 1979

5 Kulshrestha, N.K. (1980), "Corporate Liquidity-X rayed", The Management Accountant, vol.15. No.8, August 1980, pp.331-334.

6 Singh, K.P. (1981), 'Capital Structure and Returns", The management Accountant, vol. 16, No.8, August 1981, pp. 375- 376.

7 Benerjee, B. (1982), "Corporate Liquidity and Profitability in India", Research Bulletin, Institute of Cost and Works Accountants of India, July 1982, pp. 224- 234.

8 Sharma, S.N. and Reddy, A.V. (1985), "Corporate Liquidity a Case Study", The Management Accountant, 1985, pp. 415- 419.

9 Loeb, M. (1993), "How we all learned about Economic Value Added, and Employees", Financial Executives, vol. 9, No.4, July- August 1993, pp.51.

McConville, D (1994) in his study, "All about Economic Value Added" refers the terms Economic Value Added as a financial tool that enables the companies to do more with less by spotlighting the cost of capital. To determine the Economic Value Added of any operation, a company simply subtracts from the net operating profit after taxes the cost of the capital employed to produce that profit. He emphasizes that the value is increased by earning a return greater than share owners or lenders require; Economic value Added is diminished when the return is less. He also stresses that the Economic Value Added is really increasing because it is being used by business to equate manager salaries and bonuses with performance, replacing return on investment, sales goals or budget – based percentages[10].

Thackray, J. (1995) emphasizes the important strategy tools such as 'Value Based Planning' and 'Economic Value Added' in his study entitled 'What's New in Financial Strategy?' He has added one more financial concept that has come to exert a powerful influence on corporate strategy. He emphasizes that the Economic Value Added and Block-Scholes options pricing theory will determine the corporate strategy and they are the best measures of financial performance[11].

Vijayakumar, A. (1996) in his study on 'Determinants of Profitability' has revealed that the growth rate of sales, leverage, current ratio, operating expenses to sales and vertical integration are the important variables which determine the profitability of firms in sugar industry[12].

Desai (1997) has made a comparative study of a few cotton mills of Ahmadabad in respect of its liquidity performances, their relationship with profitability, the pattern of financing of current assets and the turnover of working capital. The selected firms are classified into three groups based on the size of the firms, and it is statistically tested to determine how for the observations of the study can be taken as a valid useful measure for future policy framework. It is observed that liquidity and profitability of the firms are not influenced by the size[13].

Indrasena Reddy, P. (1998) has analyzed the performance appraisal in public enterprises through value added approach during the period from 1988-89 to 1992-93. In his study, it is observed that the overall performance of Bharat Heavy Electrical Limited (BHEL) has been

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10 McConville, D. (1994), "All about Economic Value Added", Industry Week, vol. 243, No.8, April 1994, pp. 55-58.

11 Thackray, J. (1995), "What's New in Financial Strategy", Planning Review, Vol. 23, No.3, May- June 1995, pp. 14- 19

12 Vijayakumar, A. (1996), "Determinants of profitability", Finance India, vol. x, No. 4, December 1996, pp 925- 932.

13 Desai (1997), "Assessment of Liquidity- Inter Firm Comparison (A Case Study)", Udyog Pragati, October- December 1997, pp 7-20.

improving. The increase in total value added was possible mainly because of reduction in material cost, which was again due to application of effective cost control techniques and minimization of material wastage[14].

Rajeswari, N. (2000) in her study on" Liquidity Management of Tamilnadu Cements Corporation Ltd. Alangulam-A Case Study identified that the liquidity position of the Tamil Nadu Cements Corporation Ltd (TANCEM) was not stable. Regarding liquidity ratios, there were too much of liquidity in the year 1993-94 and 1994-95. A very high degree of liquidity was also made as idle assets earn nothing and affected profitability. During 1995-96 and 1996-97, liquidity ratios were below the standard ratio and TANCEM suffered from lack of liquidity. In the year 1997-98, liquidity ratio was just above the standard ratio. It was found that there was an unstable position in maintaining liquidity[15].

Padmaja Manoharan (2002) through her study on "Profitability of Cement Industry in India" has revealed that the profitability of firms depends on age, size and region. She has identified that quality of earnings depends on cost management, asset management and leverage management. Further, she has also proved that the liquidity influences the profitability and quality of earnings[16].

Shanmuganadam, D. and Ratnam, T.V. (2002) in their study on "Measures for Sustaining Profitability of Spinning Mills", analyzed the financial performance of 140 spinning mills in Tamil Nadu during 1994-2000. The mills were classified as high and low profit mills. The financial performance of the spinning mills during the six years was found to be poor[17].

Narware, P.C and Vivek Sharma (2004) conducted a study based on the objectives to assess the efficiency of the liquidity management of the company of HPCL and to examine the liquidity position of the company by training measure of cash and bank. It was observed from the analysis that the liquidity position of the company is very poor and the liquid assets

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14 Indrasena Reddy, P. (1998), "The Performance Appraisal in Public Enterprises through Value Added Approach", The Journal of Institute of Public Enterprises, 1995, pp. 190.

15 Rajeswari, N. (2000), "Liquidity Management of Tamil Nadu Cements Corporation Ltd., Alangulam- A case study", The Management Accountant 35(3), May 2000, pp. 377- 378.

16 Padmaja Manoharan (2002), "An Analytical Study on Profitability of Cement Industry in India", Unpublished Ph.D Thesis, Bharathiar University, 2002.

17 Shanmuganadam, D. and Ratnam, T.V. (2002), "Measures for Sustaining Profitability of Spinning Mills, The South India Textile Research Association Coimbatore, vol. 47, No. 5, September 2002, pp 1-36.

were not sufficient in meeting short term liabilities. In sum, the liquidity management of HPCL is very poor and is not satisfactory[18].

Venkat Jandrdhan Rao and Denga Prasad (2009) in their research work entitled "Z-score analysis- A tool to predict financial health", have critically examined the possibility of the failure of the firms with reasonable accuracy by using statistical tool Z-score, developed by Altman which is a measure of a company's health and which utilizes several key ratios for its formulation. The model incorporates five weighted financial ratios into the calculation of the Z-score. Making use of this Z-score, the authors have examined the overall financial performance, to predict the financial health and viability of Mahindra & Mahindra Limited and Eicher Motors. They have observed that after comparing the financial performance of both companies, performance of Eicher Motors is better than Mahindra & Mahindra Limited[19].

Rajendran, R. and Nagarajan, B (2010) in their research work entitled "A study on solvency position of LIC of India" have intended to evaluate the solvency position of LIC during the study period from 1998-2008, financial analysis techniques like ratio analysis and trend analysis are executed to analyze the financial data. The researchers have observed that correlation analysis revealed a positive correlation between the equity share capital and total current liability in the firm during the study period. The analysis reveals that a LIC proportionately distributed its profit to equity share capital as well as to liabilities, which vary due to the needs of the company. The analysis has found that there is more variation in current liabilities due to heavy competition[20].

OBJECTIVES OF THE STUDY

As already mentioned that major objectives of this study is to examine the performance of ACC Cement limited in India; with a view to make the study more meaningful, certain specific aspect have also been studied and they are as under:

1. To know the theoretical aspects about cement industry and its role in Indian context.

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18 Narware, P.C. and Vivek Sharma (2004) "Liquidity Management of Hindustan Petroleum Corporation Ltd- An Empirical Study", The Management Accountant, vol. 39, No.3, March 2004, pp. 201.

19 Venkat Jandrdhan Rao and Denga Prasad (2009), " Z-score Analysis - A Tool to Predict Financial Health", The Management Accountant, vol. 44, No. 8, August 2009,pp. 608-610.

20 Rajendra, R. and Natarajan, B (2010), "A Study on Solvency Position of LIC of India", Southern Economist, vol. 48, No. 19, February 2010, pp. 33-37.

2. To analyses the financial performance of ACC Cement Limited during the study period from 2011-12 to 2015-16.

RESEARCH METHODOLOGY

The main source of data used for the study was secondary, drawn from the annual profit & loss account and balance sheet figures as found in annual reports of the ACC Cement and opinions expressed in commercial journals, magazine, newspapers, accounting literature various journals of cement via, cement industry annuals review, world cement, cement abstracts etc. have been also used in this study.

PERIOD OF THE STUDY

The profitability and liquidity study is made for a period of last 5 years data from 2011-12 to 2015-16.

LIMITATION OF THE STUDY

This study based on secondary data taken from published annual reports and accounts of selected companies as such its finding depends entirely on such data.

CEMENT INDUSTRY IN INDIA: AN OVERVIEW

Cement is one of the essential industries which play a vital role in the growth and development of a nation. The Indian cement industry is the 2nd largest industry in the world after China accounting for about 8 per cent of the total global production[21] **.**The indigenous Indian cement industry traces its history back to 1914. It was the time when market was dominated by the imports. The First cement factory in India named, South India Limited, was established in 1879 in Madras (now Chennai). It began its production during 1904, but the factory was not so successful. During this period, three new factories came into existence. 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.

After World War I, the industry made a rapid progress. During 1925, the cement Industry received protection. In 1926, cement producers founded Indian Cement Manufacturers Association to end the competition which was prevailing among them. During

[21] Information accessed Cement Sector Analysis Report April 2014.

the period of 1927, in order to develop production and distribution of cement, Concrete Association of India was set up. Due to the efforts of these organisations, production of cement expanded. In 1930, Cement Marketing Company of India was established. In 1936, with a view to making cement industry well organised and in order to eliminate competition, all companies jointly set-up. Associated Cement Company which is popularly known as ACC. Barring one or two factories, management and sale of production of almost all other factories was arranged by this company. In 1938, cement companies of Dalmia group, formed a separate group. In this way, private sector was divided into two groups i.e. ACC Group and Dalmia Jain Group. In 1938, first factory of public sector was established at Bhadravati in Karnataka.

The structure of the industry is fragmented and can broadly be classified into three categories; namely companies with all India presence, regional presence and marginal presence. The first category consists of two groups with all India presence viz., Holcim (the Swiss multinational) controlled ACC and Ambuja cements; Aditya Birla group controlled Grasim Industries, Century Textiles and UltraTech Cement. The second category consisted of companies whose presence is restricted to one region but with a stronghold in markets of their respective operations. This segment includes firms like Lafarge (east), India Cement (south), Shree Cement (North), Birla Corp (north and east), Binani Cement (north and west) and Madras Cement (south) etc. The third category consists of small companies with marginal presence, constituting the balance capacity of the Indian cement industry. Companies like CCI, J&K Cement, Panyam Cement, Penna Cement etc., fall in this category.

ROLE OF CEMENT INDUSTRY IN INDIAN ECONOMY: An Evidence

The economic development strategy chosen by India after the Second World War was very identical to China's industrialization and the dominance of the state in the economy. Development was regarded synonymous with industrialization and industry was concentrating mainly on basic goods like steel and machinery. Private capital was not seen as an effective measure for development and it was assumed to have a inclination towards monopolization. Because of that, state control was considered to be effective. The chosen development strategy was one of import substitution. Development policies included licensing of industrial activity, the reservation of key areas for state activity, controls over foreign direct investment and interventions in the labour market.

The Indian cement industry is the second largest producer of quality cement in the world preceded only by China. Indian Cement Industry is engaged in the production of several varieties of cement such as Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland Blast Furnace Slag Cement (PBFS), Oil Well Cement, Rapid Hardening Portland Cement, Sulphate Resisting Portland Cement, White Cement, etc. They are produced strictly as per the Bureau of Indian Standards (BIS) specifications and their quality is comparable with the best in the world. 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 cement industry is also one of the major contributors to the exchequer by way of indirect taxes.

PROFILE OF ACC CEMENT LIMITED

ACC Ltd is India's foremost manufacturer of cement and concrete. ACC's operations are spread throughout the country with 17 modern cement factories, more than 50 readymix concrete plants, 21 sales offices, and several zonal offices. Since its inception in 1936, the company has been a trendsetter and an important benchmark for the cement industry. ACC has a unique track record of innovative research, product development and specialized consultancy services. The company's various manufacturing units are backed by a central technology support services centre - the only one of its kind in the Indian cement industry[22].

RESULTS AND DISCUSSION

Table – 1:

Performance of ACC – Net Sales, Operating EBITDA and Operating EBITDA Margin

Year-wise	Net Sales (Rs. in Crore)	Operating EBITDA (Rs. in Crore)	Operating EBITDA Margin(%)
2011-12	9,430	1,921	20
2012-13	11,130	2,196	20
2013-14	10,889	1,629	15
2014-15	11,481	1,507	13
2015-16	11,433	1,537	13

Source: Compiled from Annual report of ACC Limited.

The above table no.1 deals with performance of ACC Limited on Net sales, Operating EBITDA and Operating EBITDA Margin based on year-wise from 2011-12 to 2015-16

[22] *Information accessed http://www.acclimited.com/newsite/corprofile.asp.*

respectively. The outcome of above table it is 9,430 Crore in 2011-12 net sales, Operating EBITDA it is 1,921 Crore in 2011-12 and finally, operating EBITDA Margin during the study year of 2011-12 it is 20 %. In 2012-13 it is 11,130 Crore, 2,196 Crore and 20% of net sales, operating EBITDA and Operating EBITDA Margin. Net sales of 10,889 Crore, Operating EBITDA it is 1,629 Crore and Operating EBITDA Margin it is 13% there is an slight decrease in net sales, Operating EBITDA and Operating EBITDA Margin of the study table. Lastly, in the year 2015-16 net sales it is 11,433 Crore, Operating EBITDA it is 1,537 Crore and Operating Margin it is 13%. The overall result of above table indicates that there is increased trend in Net Sales, Operating EBITDA and Operating Margin of ACC Limited during the study area.

Chart – 1:

Performance of ACC – Net Sales, Operating EBITDA and Operating EBITDA Margin

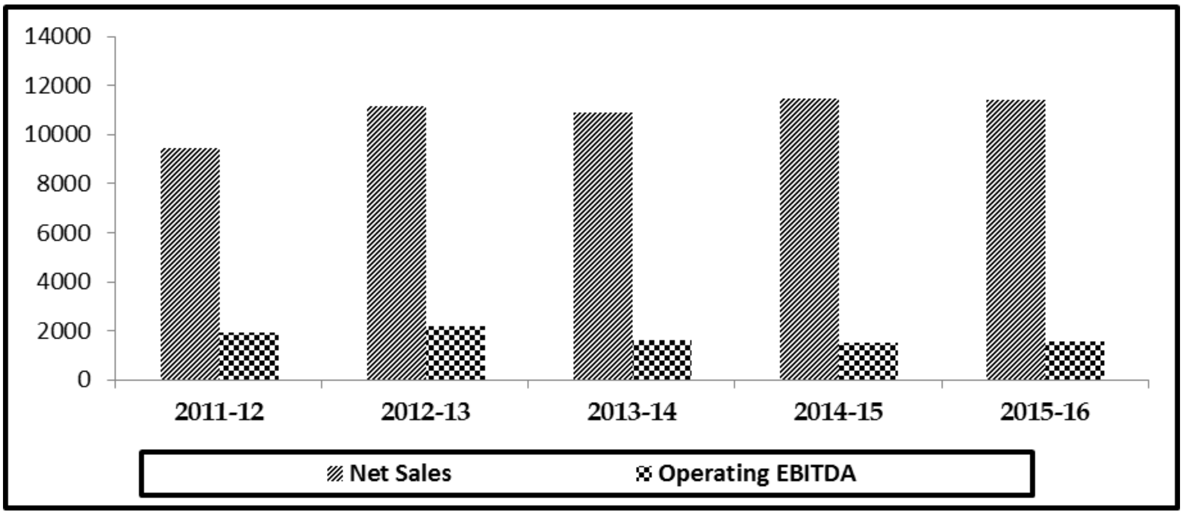


Table – 2:

Segment-wise Net Sales **(Rs. In Crores)**

Year-wise	Cement (Rs. In Crores)	Ready Mixed Concrete
2011-12	9,430	688
2012-13	10,604	617
2013-14	10,348	656
2014-15	10,843	761
2015-16	10,653	967

Source: Compiled from Annual report of ACC Limited.

Table no.2 depicted that segment-wise net sales classification during the study period from 2011-12 to 2015-16 in ACC Limited. The above table indicates that cement and ready mixed concrete of ACC Limited in 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 it is 9430, 10604, 10348, 10843 and 10653 Crores net sales of cement by ACC Limited it shows that there is an huge demand and trust on ACC cement therefore, it shows an increasing year by year and it is also up-lift the profit of the company and happy face to shareholders for receiving a good amount of return. ACC Limited an also sale of ready mixed concrete it is also rapid increase from 2011-12 it is 688 Crores and in 2015-16 it is 967 Crores.

Chart – 2:

Segment-wise Net Sales

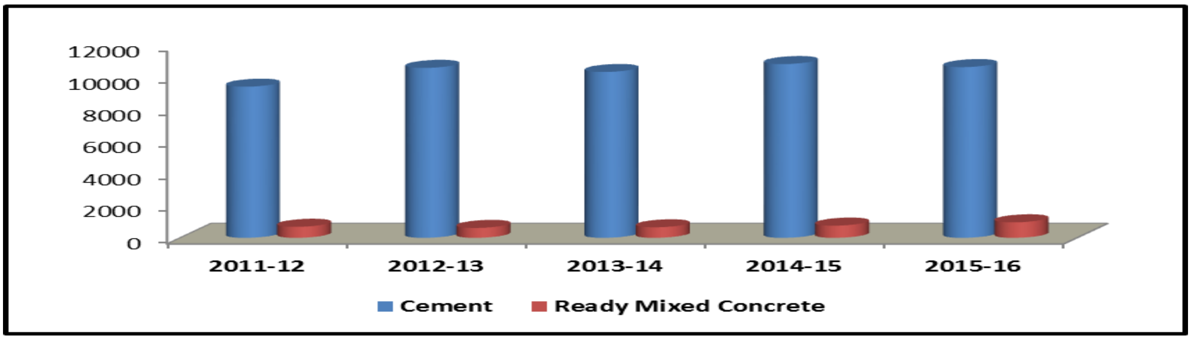


Table – 3:

Cement Sales Volume and Growth

Year-wise	Sales Volume (Mt)	Growth (in %)
2011-12	23.73	11.5
2012-13	24.11	1.6
2013-14	23.93	(0.7)
2014-15	24.21	1.2
2015-16	23.62	(2.4)

Source: Compiled from Annual report of ACC Limited.

Table no.3 deals with cement sales volume and it is measured in terms of growth rate during the study period of five years from 2011-12 to 2015-16 respectively. The study period of 2011-12 sale volume of cement it is 23.73 Million Tonnes and its growth rate 11.5 in percentage. In 2012-13 it is 24.11 Million Tonnes and its growth rate is 1.6 % There is an slight decrease in sale volume of cement and its growth rate during 2013-14 it is 23.93 Million Tonnes and it is an negative growth rate (0.7) in percentage. Finally, in 2015-16 of ACC Limited sale of volume it is 23.62 Million Tonnes and it shown a slight negative sales approach that is (2.4) in percentage. The overall result of above stated table shows that other cement companies are lunching their product in the market for that causes there is a slight decrease in sales of cement volume.

Table -4:

Cement Production and Capacity Utilization

Year-wise	Cement Production (Mt)	Utilization(in %)
2011-12	23.46	81
2012-13	24.12	79
2013-14	23.86	78
2014-15	24.24	78
2015-16	23.84	77

Source: Compiled from Annual report of ACC Limited.

Table – 4 depicted that Cement Production and Capacity Utilization of ACC Limited during the study period of five years from 2011-12 to 2015-16 respectively. In 2011-12 ACC Limited production of cement it is 23.46 Million Tonnes and its utilization is 81, the study period of 2012-13 it is slight increase 24.12 Million Tonnes and utilization is slight decreases compare to previous year. The above table also indicates that there is an slight increase trends of cement production and utilization of cement.

Table – 5:

Ready Mixed Concrete Sales Volume and Growth

Year-wise	Sales Volume (Lcm)	Growth (in %)
2011-12	19.70	3.7
2012-13	17.97	(8.8)
2013-14	18.00	0.2
2014-15	18.34	1.9
2015-16	23.44	27.8

Source: Compiled from Annual report of ACC Limited.

The above table number 5 deals with ready mixed concrete sales volume and growth of ACC Limited during study period of five years from 2011-12 to 2015-16. In 2011-12 ACC Limited are sales of ready mixed concrete it is 19.70 Lakh cubic metres and its growth rate 3.7 % and its huge increase compare to 2015-16 it is 23.44 Lakh cubic metres in sales of ready mixed concrete and growth rate is 27.8 % there is an huge positive growth rate and it's also keep in mind to improved and achieve the customers need for their different purposes of cement.

Table -6:

Net Worth and Return on Net Worth

Year-wise	Net Worth (Rs. In Crores)	Return on Net Worth (in %)
2011-12	7,192	18
2012-13	7,383	14
2013-14	7,825	14
2014-15	8,236	14
2015-16	8,443	07

Source: Compiled from Annual report of ACC Limited.

Table -6 depicted that net worth and return on net worth of ACC Limited during the study period of five years from 2011-12 to 2015-16 respectively. The above table highlights trends of net worth during 2011-12 it 7192 Crore and its return is 18%, in 2012-13 it is 7383 crore and return is 14%, it is 7825Crores net worth and 14% it is return in 2013-14, in 2014-15 of ACC Limited net worth it is 8236Crores and its return 14% and lastly, Net worth during 2015-16 it is 8443 Crores and it's return is 07%. The overall observation of the above stated table that net worth of ACC Limited is in increased and its return also similar and shareholders are happy with their investment in cement companies.

Chart -6:

Net Worth and Return on Net Worth

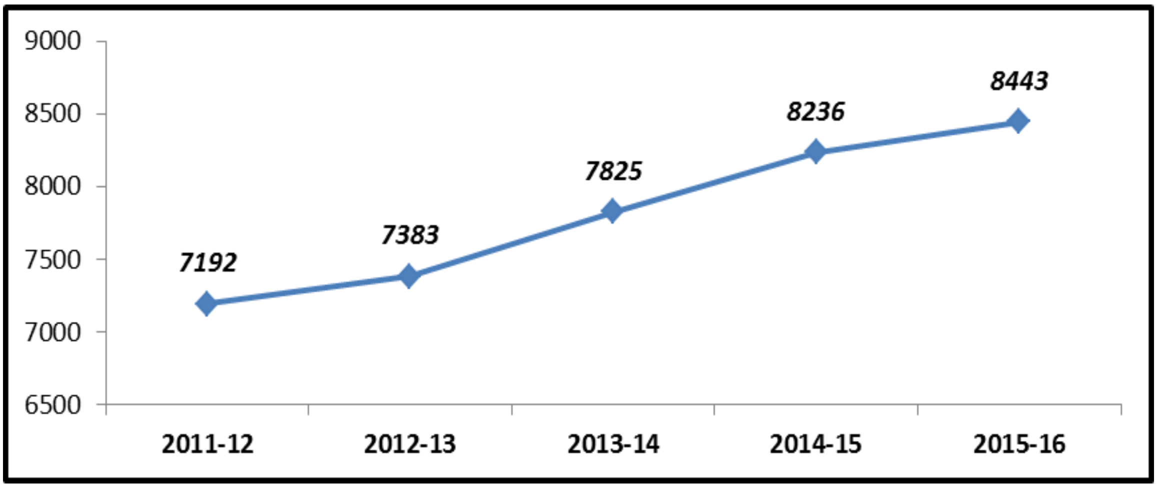


Table -7:

Cost and Profit as a percentage of Revenue from operations

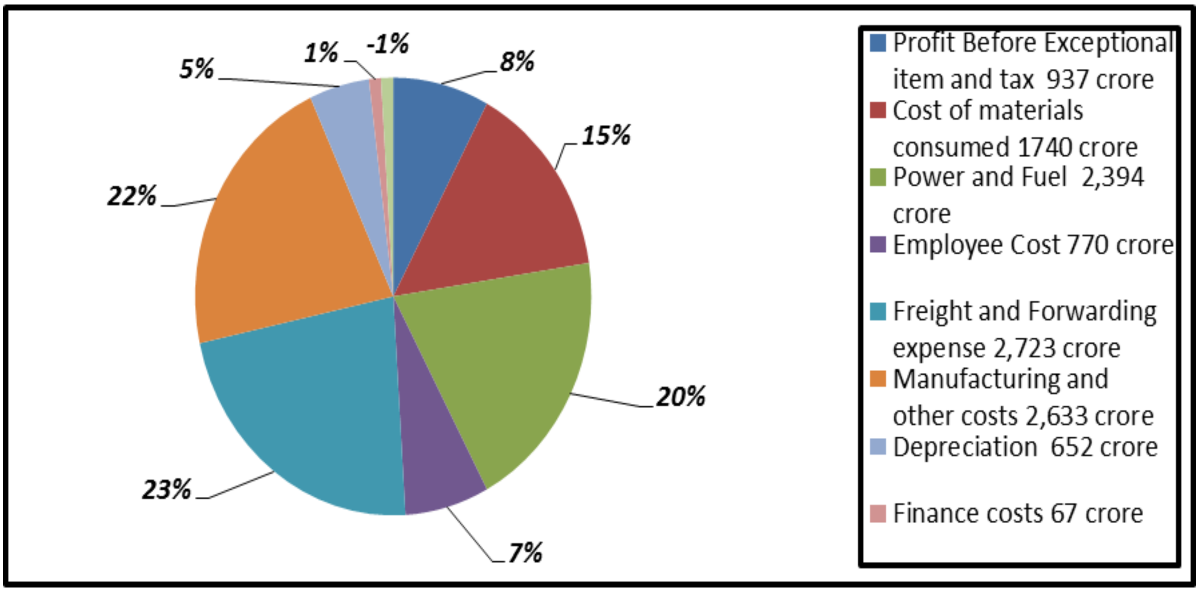
Parameters	Amount (in Crores)	In Percentage
Profit Before Exceptional item and tax	937	8%
Cost of materials consumed	1,740	15%
Power and Fuel	2,394	20%
Employee Cost	770	7%
Freight and Forwarding expense	2,723	23%
Manufacturing and other costs	2,633	22%
Depreciation	652	5%
Finance costs	67	1%
Other income	(119)	- 1%

Source: Compiled from Annual report of ACC Limited.

Table no. 7 deals with the cost and profit as a percentage of revenue from operations of ACC Limited. The above study depicted that profit before exceptional item and tax it is 937 crore and its percentage is 8, the cost of materials consumed it is 1740 crore its percentage is 15, Power and Fuel it is 2394 crore and it is 20 percentage. The above table also highlights that employee cost it is 770 crore and percentage it is 7, the freight and forwarding expenses it is 2723 crores and its percentage share is 23, manufacturing and other costs it is 2633 crore and its percentage is 22 and finally, table also depicted that depreciation, finance costs and other income it is 652 crore, 67 core and (119 crore) and its percentage is 5%, 1% and -1% in negative.

Chart -7:

Cost and Profit as a percentage of Revenue from operations



CONCLUSION

Cement is indispensible for building and construction work and cement industry is considered to be an important infrastructure core industry. It is one of the most advanced industries of India. In a developing country like India, the cement industry can play a significant role in the overall economic growth. Indian Cement Industry is the second largest cement producer in the world after China with a total capacity of 151.2 Million Tonnes (MT). Government of India has been giving immense boost to various infrastructure projects, housing facilities and road networks, the cement industry in India is currently growing at an enviable pace. In the coming years more growth in the Indian cement industry is expected to come. The Indian Cement industry plays a major role in the growth of the nation .

In this research paper highlights some of the important icons of financial performance of ACC Cement Limited are as Net Sales, Operating EBITDA and Operating EBITDA margin, Cement sales volume and growth, Segment-wise net sales, Cement production and capacity utilization, ready mixed concrete sales volume and growth and it also eye view on net worth and return of net worth and Cost and profit as a percentage of revenue from operations. After considering all the factors, we can still safely conclude that the growth story of cement industry is still not over and it can be expected to pick up in the coming future on various positive signals from market such as rise in construction, picking up of global demand, introduction of fuel efficient technology as well as government initiatives.