



# INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

## Financial Performance Analysis Of The Ramco Cements Limited

Dr. Prem Anand, Professor, Department of MBA (PG), Sri Ramakrishna College of Arts & Science, Coimbatore

Ms. Akila G, II MBA, Department of MBA (PG), Sri Ramakrishna College of Arts & Science, Coimbatore

Mr. Akash M, II MBA, Department of MBA (PG), Sri Ramakrishna College of Arts & Science, Coimbatore

**ABSTRACT:** Financial performance analysis is a crucial process for evaluating an organization's profitability, liquidity, solvency, and efficiency. This study examines the financial performance of The Ramco Cements Limited over a five-year period, using key financial ratios, cash flow analysis, and trend analysis. By assessing financial statements such as the balance sheet, income statement, and cash flow statement, this study identifies strengths, weaknesses, and areas for improvement. The findings provide valuable insights for investors, management, and other stakeholders to make informed business decisions and strategic planning.

**Key Words:** Financial Performance, Ratio analysis, Trend analysis, Financial statement, Strategic decision-making, planning, Stakeholders, Investment analysis.

### Introduction

This study analyzes the financial performance of Ramco Cements Limited, focusing on key financial metrics such as profitability, liquidity, solvency, and efficiency ratios over a five-year period. By evaluating the income statement, balance sheet, and cash flow statement, the study aims to assess the company's financial stability and growth trends. A comparative analysis with industry benchmarks highlights strengths, weaknesses, and areas for improvement. The insights gained will help stakeholders make informed decisions regarding investment, financial planning, and strategic growth.

The Ramco Cements Limited, formerly known as Madras Cements Limited, is a part of the Ramco Group, a well-established industrial conglomerate in India. Founded in 1961 by P. A. C. Ramasamy Raja, the company has grown to become one of the leading cement producers in India, with a strong market presence in South and East India. Ramco Cements is known for its innovation, sustainability initiatives, and strong financial management. The company focuses on energy-efficient production, waste heat

recovery, and renewable energy sources, reinforcing its commitment to sustainable growth and operational excellence. By continuously enhancing its product portfolio and expanding its market reach, Ramco Cements remains a key player in India's cement industry.

## Statement of problem

The financial performance of **Ramco Cements Limited** is influenced by multiple internal and external factors, affecting its profitability, liquidity, and overall sustainability. Despite being a leading cement manufacturer in India, the company faces challenges such as rising production costs, fluctuating cement demand, competitive pricing pressures, and regulatory constraints.

## Objectives

- Assess financial health by evaluating liquidity, profitability, efficiency, and solvency.
- Identify financial performance patterns and predict future trends.
- Evaluate short-term financial health and operational efficiency.
- Analyze financial position changes over different periods.

## Review Of Literature

1) **Kunte, B., & ASM's, I. B. M. R. (2023)** analyze to comprehend the financial situation over five years, and trend analysis of these evaluation parameters is used. This research was supported by secondary data. The study's time frame was from 2018 to 2022. The researchers concluded that the Tamil Nadu State Cooperative Bank's interest spread was unfavorable over the research period, which is not a positive indication. Particularly in terms of ROA and loanto-deposit ratios, the Maharashtra State Cooperative Bank prevails over the Tamil Nadu State Cooperative Bank.

2) **Pervez, A., & Ali, I. (2022)** their article entitled "Robust Regression Analysis in Analyzing Financial Performance of Public Sector Banks: A Case Study of India" indicates that rising non-performing assets had a negative impact on their profitability during the selected study period.

3) **Nirmala. M & Pavithra. K (2020)** The research was conducted to investigate the determinants of the financial performance on selected cement companies In India. Infrastructure is the first key role of demand in the production of cement. For this study, the analysis was done by ratio analysis. The data for this research used secondary data in nature and data taken from 2009-2010 to 2018-2019. This study concludes that some comparative ratios showing the negative relationship and the companies have to concentrate and improve in those particular ratios. This study helps the financial investors, cement companies to know and take decision for future process in the concern.

4) **Chandrasekaran. S (2021)** Study focused on the Financial performance Analysis of XI Dynamics India Private Limited. The company is providing Housing loans and mortgage loans to affordable segments. This study is to analyze the financial position, identifying the strength and weakness of the firm and identify the difficult of the processing in mortgage. The study has been evaluated through secondary data and used various application tools to evaluate the financial performance like ratio analysis, and comparative balance sheet. And concluded that the company's financial performance is very good and also they are trying to generate more funds from other sources in order to expand the business.

5) **Muthusamy. A & Karthika. S (2019)** examined a study on financial performance of selected cement companies in India is to evaluate the liquidity and profitability of two selected cement firms, their paper on convenience sampling method was treated. The study analyses the financial performance of two major Cement companies via., UltraTech Cement Limited and Shree Cement Limited. Statistical instruments such as the descriptive and correlation approach used and the five year data outcome measure suggest that the profitability position in the two companies is fulfilled, but the liquidity position in the two companies is not fulfilled.

## RESEARCH METHODOLOGY

### Financial Performance Analysis

The study is based on **secondary data** collected from the company's **annual reports (2019-2024)**. Financial models and visualizations (charts & graphs) are created using Excel to interpret trends and derive insights.

- **Ratio Analysis** (Liquidity, Profitability, Solvency, and Efficiency Ratios)
- **Trend Analysis** (Revenue, Profit, and Financial Performance Trends)
- **Cash Flow Analysis** (Operating, Investing, and Financing Activities)
- **Comparative Balance Sheet Analysis** (Asset and Liability Changes Over Time)

## ANALYSIS

### 1) Liquidity

Year	Current Ratio	Quick Ratio	Absolute Liquid Ratio
2019-2020	0.67	0.40	0.039
2020-2021	0.60	0.35	0.058
2021-2022	0.61	0.31	0.063
2022-2023	0.61	0.32	0.054
2023-2024	0.57	0.56	0.034

## Interpretation

**Current Ratio:** The declining current ratio indicates potential liquidity challenges, as the company lacks sufficient current assets to cover short-term liabilities. A ratio below 1 suggests cash flow risks, requiring improved liquid asset management or better liability control. Without strategic adjustments, the company may struggle to meet short-term financial obligations.

**Quick Ratio:** The declining quick ratio (2019-2023) indicates liquidity challenges due to rising liabilities and inventory dependence. The sharp rise in 2023-24 requires verification but may suggest improved liquid asset management. The company should balance liquidity and inventory optimization to prevent cash flow issues.

**Absolute Liquid Ratio:** The low and declining cash ratio (<0.1) suggests potential difficulty in covering short-term obligations with cash reserves. The 2023-24 drop indicates reliance on other assets or external financing. The company should improve cash inflows and reduce short-term debt for financial stability.

## 2) Profitability Analysis

Year	Net Profit Margin (%)	EBITDA Margin (%)	ROE (%)	ROA (%)	EPS
2019-2020	11.37	21.71	5	3%	25
2020-2021	14.67	29.84	5	3%	32
2021-2022	15.14	21.87	14	8%	38
2022-2023	4.27	14.91	13	8%	15
2023-2024	4.24	16.98	12	7%	17

## Interpretation

**Net Profit Margin:** The net profit margin rose from 11.37% (2019-20) to 15.14% (2021-22) but dropped sharply to 4.27% (2022-23) and 4.24% (2023-24) despite record-high sales. Shrinking profitability suggests rising costs or lower profit per unit. The company should optimize costs, pricing, and operations to improve margins.

**EBITDA Margin:** The EBITDA margin peaked at 29.84% (2020-21) due to improved efficiency but declined to 14.91% (2022-23) despite revenue growth, indicating higher costs or inefficiencies. It recovered to 16.98% (2023-24) but remains below the 2020-21 peak. The fluctuating trend suggests the need for better cost control and operational efficiency.

**ROE:** It remained low at 5% (2019-21) but peaked at 14% (2021-22) due to improved profitability. It then declined to 12% (2023-24), likely due to reduced equity from dividends, buybacks, or lower

retained earnings. The company should enhance net income growth while maintaining a strong equity base to sustain higher ROE.

**ROA:** It stayed low at 3% (2019-21) but increased to 8% (2021-23) due to higher income, indicating improved asset utilization. It declined to 7% (2023-24) as total comprehensive income fell. To sustain strong financial health, the company should focus on cost control and revenue growth to keep ROA above 8%.

**EPS:** It increased from ₹25 (2019-20) to ₹38 (2021-22), indicating strong profitability. It then dropped sharply to ₹15 (2022-23), with a slight recovery to ₹17 (2023-24), suggesting financial challenges from rising costs, lower sales, or economic factors. The company should focus on cost control and revenue growth to boost EPS.

### 3) Efficiency Analysis

Year	Asset Turnover Ratio	Inventory Turnover Ratio	Debtors Turnover Ratio
2019-2020	0.53	8.19	10.03
2020-2021	0.46	8.68	13.83
2021-2022	0.45	7.08	16.86
2022-2023	0.55	9.13	17.32
2023-2024	0.58	9.49	10.94

#### Interpretation

**Asset Turnover Ratio:** It declined from 0.53 (2019-20) to 0.45 (2021-22), indicating weaker asset utilization. It then increased to 0.55 (2022-23) and 0.58 (2023-24), showing improved efficiency and higher sales per asset. Maintaining this trend will enhance overall efficiency and returns.

**Inventory Turnover Ratio:** It increased from 8.19 (2019-20) to 8.68 (2020-21), indicating better stock movement. A decline in 2021-22 suggests slower turnover due to excess stock or slower sales. The sharp rise to 9.13 (2022-23) and 9.49 (2023-24) reflects strong inventory management and efficient stock utilization.

**Debtors Turnover Ratio:** It increased from 10.03 (2019-20) to 17.32 (2022-23), indicating faster collections and strong credit management. A sharp drop in 2023-24 suggests slower collections or extended credit terms, raising credit risk. Monitoring receivables is crucial to prevent bad debts and ensure cash flow stability.

#### 4) Solvency Ratios

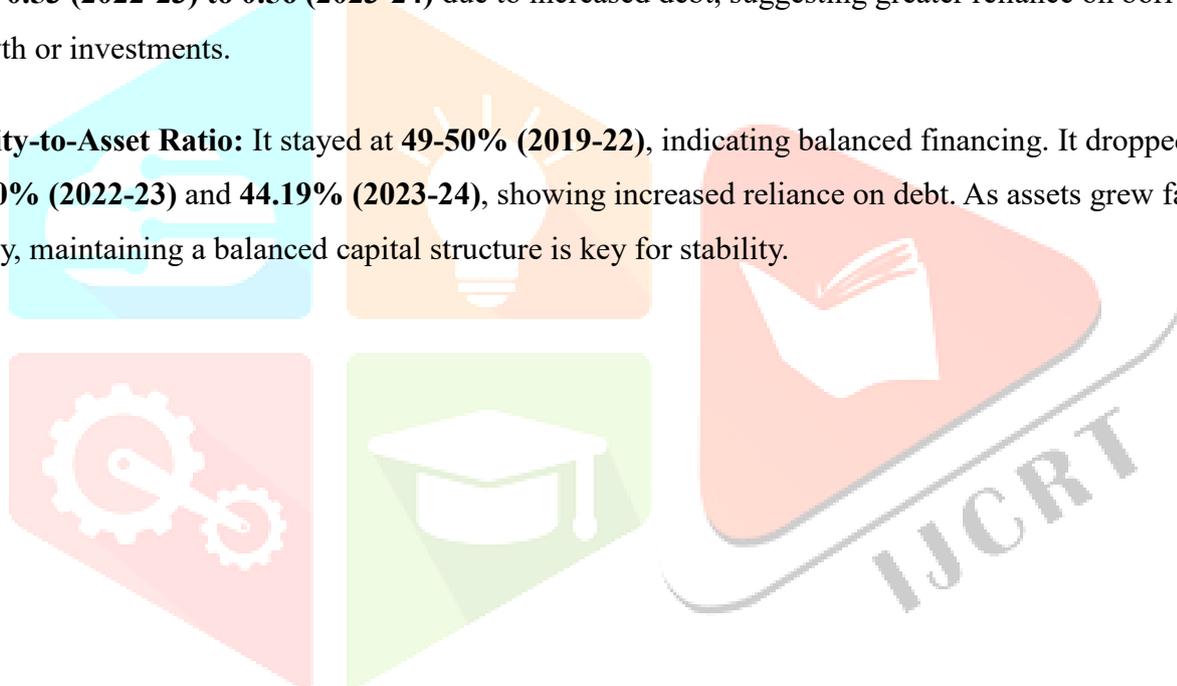
Year	Debt-to-Equity Ratio	Debt-to-Asset Ratio	Equity Ratio (%)
2019-2020	0.57	0.51	48.96
2020-2021	0.59	0.50	49.59
2021-2022	0.58	0.50	49.98
2022-2023	0.68	0.53	46.80
2023-2024	0.71	0.56	44.19

#### Interpretation

**Debt-to-Equity Ratio:** It remained stable at **0.57-0.59 (2019-20)**, indicating a balanced capital structure. It increased to **0.68 (2022-23)**, showing higher reliance on debt. While this may support growth, excessive leverage could raise financial risk.

**Debt-to-Asset Ratio:** It stayed around **0.50 (2019-22)**, indicating a balanced debt-asset mix. It increased from **0.53 (2022-23) to 0.56 (2023-24)** due to increased debt, suggesting greater reliance on borrowing for growth or investments.

**Equity-to-Asset Ratio:** It stayed at **49-50% (2019-22)**, indicating balanced financing. It dropped to **46.80% (2022-23)** and **44.19% (2023-24)**, showing increased reliance on debt. As assets grew faster than equity, maintaining a balanced capital structure is key for stability.



### 5) Trend Analysis (Rupees in Lakhs)

Year	Revenue	Trend %	Net Profit	Trend %
2019-2020	540564	100	60109	100
2020-2021	530308	98.10	76108	126.62
2021-2022	601062	111.19	89270	148.54
2022-2023	817197	151.17	34354	57.17
2023-2024	939217	173.74	39498	65.73



**Revenue Trend:** It declined by 1.9% (2020-21) due to market conditions but rebounded with 11.19% growth (2021-22). It surged 51.17% (2022-23) and continued rising 22.57% (2023-24), indicating strong demand, market expansion, and improved efficiency. Despite the initial drop, revenue has shown consistent strong growth.



**Net Profit Trend:** It increased 26.62% (2020-21) and 48.54% (2021-22) due to cost optimization and higher sales. It then dropped 57.17% (2022-23) due to rising costs but recovered 14.99% (2023-24), indicating stabilization. Despite challenges, profitability is showing signs of recovery.

## 6) Cash Flow Analysis (Rupees in Lakhs)

Year	Operating	Investing	Financing
2019-2020	73996	-193246	121267
2020-2021	188480	-177072	-6363
2021-2022	112905	-181031	71544
2022-2023	140500	-168693	27448
2023-2024	189453	189991	-2803

### Interpretation

**Operating:** Operating cash flow (OCF) peaked at ₹1,88,480 (2020-21) but declined to ₹1,12,905 (2021-22) due to higher expenses or working capital needs. It rebounded to ₹1,40,500 (2022-23) and reached a new high of ₹1,89,453 (2023-24), showcasing strong liquidity and efficiency. Sustaining this growth is key for long-term stability.

**Investing:** From 2019-20 to 2022-23, investment cash flow remained negative (₹1,93,246 to ₹-1,68,693), reflecting expansion and asset acquisitions. In 2023-24, it turned positive (₹1,89,991), suggesting asset sales, reduced capital spending, or a strategic shift toward liquidity improvement and debt reduction.

**Financial:** The company relied on external financing (₹1,21,267 in 2019-20) but gradually reduced dependence. By 2023-24 (-₹2,803), repayments exceeded borrowings, signaling a shift toward financial stability and self-sufficiency.

## 8) Comparative Balance Sheet

### a) Total Asset (2019-2020 to 2023-2024)

Year	Total Asset		Absolute Change	Changes in %
2019-2020	810821	1004700	193879	23.91%
2020-2021	1004700	1134576	129876	12.93%
2021-2022	1134576	1305551	70824	15.07%
2022-2023	1305551	1451689	170975	11.19%
2023-2024	1451689	1616835	146138	11.38%

### Interpretation

2019-2020: Significant growth of 23.91% with an absolute increase of ₹193,879, indicating a strong expansion phase. 2020-2021: Growth slowed to 12.93%, but assets still increased by ₹129,876, showing stable expansion. 2021-2022: Growth rate increase to 15.07%, though the absolute increase was ₹70,824, reflecting controlled but steady growth. 2022-2023: Growth declined to 11.19%, but the

absolute addition was ₹170,975, suggesting strategic investments. 2023-2024: Slight recovery with 11.38% growth and an asset increase of ₹146,138, indicating sustained business expansion.

Overall, the company is experiencing stable and positive asset growth, though the percentage increase is gradually declining, which may indicate a maturing business or strategic capital allocation.

#### b) Total Liability (2019-2020 to 2023-2024)

Year	Total liability		Absolute Change	Changes in %
2019-2020	204772	233395	28623	13.98%
2020-2021	233395	241723	8328	3.57%
2021-2022	241723	277842	36119	14.94%
2022-2023	277842	308369	30527	10.99%
2023-2024	308369	396391	88022	28.54%

#### Interpretation

2019-2020: Liabilities grew by 13.98% (₹28,623), indicating a moderate increase in debt or obligations. 2020-2021: Growth slowed significantly to 3.57% (₹8,328), suggesting better debt management or limited new borrowings. 2021-2022: A sharp rise of 14.94% (₹36,119), possibly due to new funding or credit expansion. 2022-

2023: Growth moderated to 10.99% (₹30,527), indicating a controlled increase in liabilities. 2023-2024: A steep jump of 28.54% (₹88,022), signaling significant new borrowings, expansion, or financial restructuring. Overall, while liabilities are rising, the sharp increase in 2023-2024 might indicate higher financial leverage, potential new investments, or increased operational costs that require further analysis.

#### c) Equity (2019-2020 to 2023-2024)

Year	Equity		Absolute Change	Change in %
2019-2020	446011	491856	45845	10.28%
2020-2021	491856	562680	70824	14.40%
2021-2022	562680	652486	89806	15.96%
2022-2023	652486	679353	26867	4.12%
2023-2024	679353	714412	35059	5.16%

## Interpretation

2019-2020: Equity grew by 10.28% (₹45,845), indicating a stable increase in retained earnings or new investments. 2020-2021: Growth accelerated to 14.40% (₹70,824), suggesting strong profitability or capital infusion. 2021-2022: The highest increase of 15.96% (₹89,806), reflecting strong financial performance. 2022-2023: Growth slowed significantly to 4.12% (₹26,867), indicating lower profitability or higher dividend payouts. 2023-2024: A slight recovery with 5.16% growth (₹35,059), showing stable but moderate expansion. Overall, equity is steadily increasing, but the slower growth in recent years may suggest lower retained earnings, increased liabilities, or higher distributions to shareholders.

## FINDINGS

The financial analysis highlights liquidity challenges with declining current and quick ratios, along with heavy reliance on non-cash assets. Profitability peaked in 2021-22 but declined in 2023-24, with fluctuating ROA and ROE. Efficiency ratios show improved inventory turnover but declining debtors turnover, raising concerns about receivables collection. Solvency ratios indicate rising debt reliance, with increased debt-to-equity and debt-to-asset ratios, while the equity ratio declined. Cash flow analysis reflects strong operating cash flow growth, improved investing cash flow in 2023-24, and reduced financing dependence. The comparative balance sheet reveals consistent asset and equity growth but also highlights short-term financial strain and liquidity risks, suggesting potential operational challenges.

## SUGGESTIONS

The company should improve receivables collection, optimize working capital, and maintain adequate cash reserves to strengthen liquidity. Profitability can be enhanced by controlling costs, diversifying revenue streams, and improving operational efficiency. Strengthening credit policies, optimizing inventory management, and leveraging automation will help improve efficiency and receivables turnover. To manage solvency risks, the company should balance debt and equity financing, prioritize debt reduction, and enhance interest coverage. Maintaining strong operating cash flow, optimizing investment strategies, and managing financing effectively will support financial stability. Lastly, better asset utilization, reinvesting profits, and planning for short-term liquidity needs will strengthen the balance sheet and overall financial health.

## CONCLUSION

This study offers a detailed analysis of financial performance, focusing on key metrics such as liquidity, solvency, profitability, and market-based evaluations. It highlights that financial performance is not just a reflection of past results but also a crucial indicator of future growth and sustainability. By integrating theoretical models with empirical data, the study underscores the significance of capital structure, risk

management, and corporate governance in shaping financial outcomes. Additionally, it stresses the importance of continuous monitoring and adaptation, given the impact of external economic conditions and industry dynamics. Overall, the findings provide valuable insights for investors, policymakers, and business leaders, aiding in strategic decision making and ensuring long-term financial stability.

## REFERENCE

- 1) Aswath, S., & Santhanakrishnan, D. D. (2025). Financial performance analysis of Titan Company Limited. *International Journal of Creative Research Thoughts (IJCRT)*, 13(1), b505-b508.
- 2) ) Financial Performance of Sri Venkatesh Enterprises, *Arthshastra, Indian Journal of Economics and Research*, ISSN 2278 – 1811, Vol 13, Issue 3, No1, June-July :2024, PP: 33-40 (UGC CARE Journal)
- 3) Ranganayaki C, (2024). A Study on analyzing the financial performance and conducting ratio analysis of the company “voith”. *Journal of the Oriental Institute* ISSN No. 00305324, 86-92, Vol. 72, Issue No.05
- 4) Financial Statement Analysis of KRV Spinning Factories Pvt Ltd, Salem, *History Research Journal*, ISSN : 0976-5425 (P), Volume: 30, Issue: 02, No.2, March – April : 2024, PP 127-132 (UGC CARE)
- 5) Ilango N, (2024). A Study on Financial Performance Analysis of INDSIL Hrdro power and Manganese Limited, Coimbatore, *Humanities and Social Science Studies*, ISSN No. 2319-829 X, Vol.13, Issue No. (1) 33, June 2024, 191-198.
- 6) Kunte, B., & ASM's, I. B. M. R. (2023). A Comparative Performance Evaluation of Two State Cooperative Banks. *The Online Journal of Distance Education and e-Learning*, 11(1).
- 7) Dr. D Divya, Saira Nowreen A & Sangilimohanraj F (2022). A Study on Financial Statement Analysis of Indian bank with Reference to Coimbatore city, *Anvesak*, 03784568, Vol.51, N0. 1 (X) January-June 2022, 43-51.
- 8) Pervez, A., & Ali, I. (2022). Robust regression analysis in analyzing the financial performance of Public Sector Banks: a case study of India. *Annals of Data Science*, 1-15.
- 9) Chandrasekaran, S. (2021). A Study on Financial Performance Analysis Of XI Dynamics India Private Ltd. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, 12(11), 2320-2338.
- 10) Nirmala, M., & Pavithra, K. (2021). Determinants of Financial performance: a Study on selected cement companies in India. *Journal of Contemporary Issues in Business and Government* Vol, 27(2).

11) Muthusamy, A., & Karthika, S. (2019). Financial Performance of selected companies in India. Clear International Journal of Research in Commerce & Management, 10(9).

