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INTRODUCTION

The buzzword for the cement industry is now globalisation and competitiveness. In the present era of globalisation, liberalisation, cut-throat competition and removal of social inequalities, cement industries have to be productive and run profitably not only for their own growth and survival but also for the growth of the nation.

No doubt the cement industry continues to contribute significantly to the overall national economy and industrial production. However, many cement industries are in the threshold closure stage due to mounting losses and lack of funds for their operation. Therefore the present study was undertaken to study the financial performance of select cement industries in Tamil Nadu.

Finance to a business is what blood is to a human body. The various organs of our body require a smooth flow of blood for their effective functioning similarly the various parts of an organisation also require smooth flow of funds for their effective business operations. Hence, Finance is the life blood of modern business. Finance can be raised through so many ways and can be put to better use. If the funds are not managed properly and inefficiently many cement industries will face the threat for their survival. In this context, the present study
was undertaken to analyse the financial performance of select cement industries to arrive findings and to offer some valuable suggestions for the betterment of its financial status.

FINDINGS

This study, which is principally aimed at the financial performance of the select cement industries in Tamil Nadu has examined thoroughly with all the objectives formulated. The entire hypotheses proposed in this study have been examined with appropriate statistical tools also.

- The debt-equity ratio shows effective utilisation of share capital and claims received from the creditors. The select five cement industries, the TANCEM, ICL and CCCL show higher mean value which indicates the outsiders' funds utility higher than that of the other cement industries. Further, TANCEM shows higher variation in the ratio during the study period and less variation accounts in Dalmia cement.

- The interest coverage ratio exhibits the number of times interest covered by the profits available to pay the interest charges. In the case of TANCEM out of its net earning more or less about 60 percent has been paid as interest against borrowed funds, which is huge loss for the company. The negative ratio of the TANCEM indicates the declining period. The Dalmia and MCL have gradually maintained their interest coverage ratio and secured more earning during the last year of the study.
period. Even though a high profit is earned by MCL comparatively, it has higher variation in its interest coverage ratio value.

- The proprietary ratio shows effective utilisation of share capital of selected companies. The mean value of Dalmia cement is higher than that of the other companies, which leads to good financial position. TANCEM has higher co-efficient of variation while comparing with the other companies.

- The analysis of capital employed turnover ratio depicts the effective utilisation of share capital and powerful market position of the select cement industries. TANCEM shows high mean value and the co-efficient of variation is high in CCCL. Based on this ratio it is observed that performance of the Dalmia is so good.

- In the case of capital gearing ratio, the mean value is low in Dalmia and the co-efficient of variation is very high in TANCEM. When compared with other companies Dalmia has low gearing ratio which represents thick equity with high return.

- Return on capital employed ratio finds the relationship between the profit of the concern and the capital employed. This ratio is used to find the overall financial position of any concern and to measure the overall profitability. Among the select five cement industries, TANCEM shows very low performance and CCCL and MCL prove high performance.
It is found that production of TANCEM remains constant for all the periods. This is because of not increasing their installed capacity. There is no fund allocation from the state government for increasing the installed capacity. That is the main constraint to compete with private players.

In current assets ratio, among the select five companies the mean value is low in CCCL and co-efficient of variation is very high in Dalmia. Whereas in ICL and MCL current ratio show higher efficiency during entire study period. The annual growth rate is very low in CCCL and high in Dalmia. Hence, the 't' value is significant at 5 per cent level in Dalmia and MCL, whereas TANCEM annual growth rate is negative.

By analysing the quick ratio among the select five cement companies, the mean value is low in CCCL and co-efficient of variation is very high in ICL. It is observed that the quick ratio results are good, whereas, in CCCL it is not so good to meet out its liabilities in time. Hence for the overall study period the 't' value is significant at 5 per cent level in Dalmia and MCL.

In the case of working capital turnover ratio, when comparing the mean value of these companies, CCCL shows high growth rate followed by MCL. While taking the annual growth rate, Dalmia and MCL show significant growth.

In the case of net working capital among the five companies, the mean value is high in ICL which shows the net working capital as effective and
CCCL indicates that the net working capital position is low. While analysing the co-efficient of variation, Dalmia and TANCEM show slight deviation in its net working capital during the study period. But Annual growth rate shows that the Dalmia cement fund management is effective than the other companies.

- The cash to current assets ratio shows the mean value of the select companies. MCL shows high mean value due to high cash position and ICL shows low due to the insufficient cash position. In the year 2006-07, the ratio of the ICL shows that very high current assets ratio due to idleness of the cash position which affects the profitability of the concern. The coefficient of variation indicates high deviation in its cash position. Further the result of annual growth rate is not significant for the growth performance. On the other hand, slight deviation exists in CCCL which shows that the performance of the cash position is good.

- In the case of cash to current liabilities ratio from the select five companies, the mean value of the MCL shows high due to sufficient cash position. While analysing the coefficient of variation, ICL shows more variation in its ratio position in the study period due to deterioration of the liquidity position and CCCL shows less variation in its ratio because of sufficient cash position in the entire study period. Further the result of annual growth rate of CCCL indicates significant result in its growth performance. The companies like Dalmia and MCL show significant result in its annual growth rate.
The inventory to current assets ratio shows the mean value is low in ICL and co-efficient of variation is very high in TANCEM. The ICL and TANCEM are significant at one per cent level and the rest of the companies are not significant.

The analysis of inventory to working capital ratio shows that the mean value is low and co-efficient of variation is very high in ICL and also higher negative growth rate. Similarly in CCCL the growth rate is negative and the result is not significant. Whereas Dalmia and MCL show the positive annual growth rate and the result is also significant.

The Funded Debt to Total Capitalisation Ratio shows that among the select five companies the mean value is very low and co-efficient of variation is very high in TANCEM. Whereas in DALMIA and MCL, the loan fund usage is constant and the co-efficient of variation of these two companies are 11.42 and 11.36 respectively.

In the analysis of inventory turnover ratio among the select five industries, the mean value is very low and the co-efficient of variation is very high in DALMIA and hence the performance of the ratio is not so good. The inventory turnover is more efficient in ICL due to less variation in the co-efficient of variation.

The high degree of efficiency in asset utilisation is found with fixed assets turnover ratio. The mean value is very low in ICL and the co-efficient of variation is very high in CCCL. The result of the TANCEM shows abnormal utility of the fixed assets.
The gross profit ratio indicates the efficiency of the company's production operation and the relationship between cost of production and selling price. During the study period the ratio shows good performance of the select cement industries except TANCENM and ICL.

The net profit ratio establishes relationship between the net profit and sales that indicates management's efficiency in manufacturing, administering and selling the products. The analysis of the select five companies TANCENM shows very low performance, Dalmia and MCL show more efficient in net earning.

Return on shareholders fund finds the overall efficiency of the concern based on effectiveness of share holder's fund. This ratio gives clear indication of the present and prospective shareholders as well as the management of the company. Dalmia performs better management than the other companies, as it has the minimum co-efficient of variation.

To find out the effectiveness of overall asset management, return on total assets ratio is employed. It establishes the relationship between net profits and total assets. Among the select companies, Dalmia and MCL manage their assets very effectively than the other companies.

The growth rate of sales has highly affected the profitability of CCCL. The co-efficient of determination is 98 per cent which is highly significant.
The profitability of the Dalmia cement is affected by the operating expenses to sales ratio. Further, 92 per cent of the co-efficient of determinants recorded in the study.

In the case of the ICL, its profitability is affected by the vertical integration during the study period. The co-efficient of variation is quite high i.e., 88 per cent which is highly significant.

The growth rate of sales and current ratio is affected more in profit. Further 99 per cent of the co-efficient of determination indicates that the turnover and current assets are important to improve profitability.

While analysing TANCEM, the two variables affected its profitability, are growth rate of sales and inventory turnover ratio. Moreover the co-efficient of determination accounts 95 per cent which indicates that the efficiency in inventory turnover is important to improve profitability.

In the case of CCCL, the growth rate of sales is affected the profitability of the concern. The co-efficient of determination accounts 84 per cent which indicates effective turnover.

The Dalmia cement company's profitability is affected by the operating expenses to sales ratio. Further, the co-efficient of determination account 93 per cent which indicates the operating expenses is very important to measure the profitability of the concern.
The two variables which affect the profitability of the ICL are growth rate of sales and vertical integration. The 94 per cent variation indicates the sales turnover management and current assets are very important to improve the profitability of the concern.

The MCL shows its profitability is affected by the four of five selected variables viz., growth rate of sales, current ratio, operating expenses to sales ratio and inventory turnover ratio. The co-efficient of determination accounts 99 per cent which indicates efficiency in sales turnover, inventory turnover and current assets.

In the case of TANCEM, the profitability is affected by the two variables that are operating expenses to sales ratio and inventory turnover ratio. Further, the co-efficient of determination shows 89 per cent which indicates that operating expenses and inventory management are the important factors to improve the profitability.

The multi-discriminant analysis exhibits the working performance of the select cement industries during the period of 1997-98 to 2006-07. The analysis of 'Z scores' value indicates that all the selected cement industries are not in good sign for a healthy firm in long term perspective. Among the select five companies, Dalmia and MCL becomes the healthiest firm in the last year of the study period due to high profit earnings in the period. It is evident from the high 'Z score' value is 3.93 and 9.07 respectively.
SUGGESTIONS

In view the analysis and drawn from the study the following suggestions are made here.

* The loan fund utility should be reduced by TANCEM, ICL and CCCL, to reduce the payment of fixed interest and increase the profit.

* The proprietary ratio of TANCEM is very weak as compared to other industries. The government should contribute additional capital for expansion and modernisation. The company should adopt proper policy to improve the proprietary ratio.

* TANCEM shows the capital employed turnover ratio is very poor. Hence the company should take steps to strengthen the capital employed turnover ratio by reducing the long term loan fund.

* Fixed interest bearing securities utilisation is more in TANCEM as compared to other companies. The company should take necessary steps to minimise fixed interest bearing securities to improve profitability.

* Net loss of TANCEM causes the low return on capital employed and it indicates low profitability. Hence steps to be adopted to increase in operating profit.
The operating performance of the TANCEM is poor, because of no additional installation capacity of production. New technology upgradation is required to avoid material and power losses of the company to attain maximum production at minimum cost.

ICL performances well in its current ratio, among the five select cement industries. So necessary steps should be taken to improve the current ratio by other companies.

While analysing the quick ratio, CCCL performance is not well. The company should increase the liquidity to improve liquidity ratio.

In analysing the working capital turnover ratio, Dalmia and MCL performs well than the other cement industries, it happens because of proper maintenance of working capital. Hence CCCL, ICL and TANCEM should increase the current assets position to maintain their working capital.

Cash to current assets ratio indicates very low cash position in ICL. Hence steps should be taken to increase the cash position of the company.

Cash to current liabilities of the select cement industries, the liquidity position of the ICL is not good followed by CCCL and TANCEM. In order to increase the cash position, the companies should implement proper policy to maintain short-term solvency.
* Inventory to current assets ratio of ICL is deteriorated. Hence company should adopt new strategies to increase production and to maintain safer inventory.

* The inventory to working capital ratio of ICL is poor as compared to other companies. Hence effective inventory management should be adopted to improve this ratio.

* The funded debt to total capitalisation ratio is very weak in TANCEM as compared to Dalmia, MCL and CCCL. Proper policy should be adopted by the company for loan fund usage.

* The inventory turnover ratio of Dalmia shows poor performance of inventory management. The company should adopt proper inventory control technique to improve the inventory management.

* The fixed assets turnover ratio of TANCEM shows abnormal utility of the fixed assets as compared to other select cement industries. TANCEM should modernise plant and install additional capacity to improve productivity.

* The gross profit margin of TANCEM and ICL should be improved by adopting effective profit planning.

* The TANCEM incurs net loss during the study period. The Management of the TANCEM should adopt proper and effective marketing policy to avoid negative profit.
The return on shareholders' funds is almost negative in TANCEM during the study period. This shows poor performance of the company. Since it is a government organisation, effective profit planning to be adopted to avoid the net loss and to maintain long-term solvency.

To analyse the profitability position of the select cement industries, determinants of profitability has been used. While analysing the profitability through net profit to total sales, CCCL invoked by sales factor, Dalmia affects its profitability by operating expenses to sales ratio, ICL disturbed its profitability position by the factor vertical integration. In the case of MCL, the factors growth rate of sales and current ratio has been impacted to its profitability. TANCEM indicates, its profitability disturbed by the factors of growth rate of sales and inventory turnover ratio. Hence attention must be given to the above mentioned factors by the respective cement companies to increase the profitability position.

To find the profitability position of the select cement industries based on its net profit to total assets, growth rate of sales should be affected the profitability position of CCCL and Dalmia's profitability upsets by its operating expenses to sales ratio. The ICL profitability shapes changed by the factors growth rate of sales and vertical integration. The MCL influence its profitability by the more number of factors they are Growth rate of sales, current ratio, operating expenses to sales ratio and inventory turnover ratio. TANCEM's profitability touches the factors like operating expenses to sales ratio and inventory turnover ratio. Hence, the
companies should concentrate on the above mentioned factors and take necessary steps to strengthen the profitability position.

* Once an organisation has measured its own performance and made improvements through internal discussion, the next logical step is to make comparison with similar external organisations, particularly those considered to be utilising 'best practice' and 'best values'. This will help the organisation to attain the best performance in the form of increased quality, productivity, profit and increased customer satisfaction.

* The management should take steps to avoid excess investment in current assets because idle investment earns nothing.

* Cement industries are normally facing transport problems to obtain raw material from the place of origin and transfer its finished products to marketing centers. The Indian railways should support this sector for easy transportation at minimum cost.

* The management should take effective steps to improve its solvency position both short-term and long-term.

* The cement industries should take effective steps to establish their own tunnel to generate electric power for their energy consumption requirements.
The management of cement industries must take all necessary steps to control the pollution.

The company can earn more profits by reducing its operating expenses.

The TANCEM is not able to sell its products in the open market because major portion of its products have been supplied to government sectors usage. Hence the company incurs loss. The state government should consider this issue seriously and allow the TANCEM to sell its products in the open market to certain extent.

The government should liberalise the import policy and allow tax concession to import quality coal from the foreign countries by the cement industries for their electric power generation requirements.

At present TANCEM needs government’s assistance in the form of share capital participation, loan and other aids for their development activity to meet private players in the competitive market.

Continuous technological upgrading and assimilation of latest technology is essential for the cement industry. The induction of advanced technology has helped the industry immensely to conserve energy and fuel and to save materials substantially and reduce the cost.
CONCLUSION

The enlistment of Indian economy cannot be done with the assessment of cement industry based on its financial performances. A study of financial performance analysis is very much essential the present globalised economic environment. Appropriate analysis of financial performance helps the firms to increase their earning capacity and changes the retained earning process by modifying various revenue ratios.

Good quality control and stable performance are considered to be the vital factors for the better functioning of the industries. But these factors are not the only yardstick in determining the success of the industries. Only, when the management of these firms and their success will stride to the highest level of targeted success in short period. Under this circumstance the present management policies are all reviewed to strengthen country’s economic development by way of more productions and increasing the consumption of cement products to construct houses, dams, bridges and mega structures for the betterment of life style in the modern world.

Based on the studies done on all the major cement industries they have to take all the efforts needed to stabilise their financial performances. Yet there are industries whose performance is comparatively better than other companies. Among them, Dalmia ranks first followed by ICL, MCL, CCCL and TANCEM.