Financial statements are the only source for getting general information regarding operational results and financial position of a firm. However, the basic limitation of these statements is that they do not give all the information regarding the operations of the firm. Financial statements are the store house of the information, but it is a locked store house. Therefore, for getting the information about the financial performance, strength, weaknesses, liquidity, solvency, profitability etc., the key of financial analysis is necessary to apply for opening the locked store house financial statements. The analysis of financial statements is therefore, an important aid to the financial analyst. Through the proper analysis of the information contained in the financial statements, the users of the financial statements can get better insight about the financial strength and weakness of a firm.

Through the analysis of financial statements significant information can be obtained about the operating efficiency and financial position of a business enterprise. The present study “FINANCIAL ANALYSIS OF CEMENT INDUSTRY OF INDIA : A STATISTICAL APPROACH” has been conducted to fulfill the various objectives. The purpose of the current study is to analyze the financial performance of the cement industry as well as that of the selected eighteen cement companies.

The basic objectives of the present study is to select representative stratified random sample of cement companies of appropriate size from the population i.e. the cement producing companies of India listed on NSE/BSE, taking into account the paid up share capital of a company as its size and representative ratios for the industry will be formed for the industry by appropriately combining them with Profitability, Liquidity, Activity and Solvency Ratios for the selected 18 Cement companies for the year 2002-03 to 2011-12. Then on the basis of various composite ratios for the industry, trend analysis and analysis of variance is applied on it to conclude the financial performance of the cement Industry during the decade.

The main objective of the present study is to have an insight into the financial performance of the cement industry of India and of the individual selected cement companies. The scope of the financial analysis is very wide and broad, but the present
study is limited to the analysis of profitability, analysis of liquidity, analysis of Activity and analysis of Solvency in cement industry and selected cement companies. The present study is restricted to only those cement companies which are listed on the Bombay Stock Exchange and National Stock Exchange. Eighteen cement companies have been selected out of the cement companies which are listed on Bombay Stock Exchange and National Stock Exchange. The sample has been selected considering the following criteria.

1. Whether the sample selected for the present study represents the cement companies of different age group.

2. Whether the sample selected for the present study represents the cement companies of different size considering the installed capacity and paid up capital.

The present study covers the period of ten years spanning from 2002-03 to 2011-12. The period of ten years can be considered sufficiently enough to derive the trends and fruitful results. The data required for the present study have been collected from the secondary sources. There are various tools and techniques used for the analysis and appraisal of the financial position of the units under study. The various accounting tools like Ratio analysis and others, statistical tools like Trend analysis, ANOVA etc. and techniques of diagrammatic and graphic presentation have been adopted for the analysis of the financial performance of the cement industry and of the individual selected cement companies. The present study has been divided into nine chapters.