CHAPTER-III

PROFILE OF SELECTED CEMENT COMPANIES
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3.1. INTRODUCTION

An overview of the general performance of a cement company is considered necessary before attempting to analyse its working capital and profitability. Hence an attempt is made to review the origin, growth and overall performance of the selected cement companies in Tamil Nadu under private sector in terms of their capital employed, total debts, current liabilities, total liabilities, fixed assets, current assets, working capital, net sales, total revenue, total cost, gross profit and net profit during the period 1993/94-2007/08. This chapter sets the necessary back-ground for the main study in subsequent chapters.

3.2. ORIGIN AND GROWTH OF CEMENT INDUSTRY IN INDIA

In India, the first attempt to manufacture cement was made early in the century when in 1904 a small factory was opened in Chennai. This enterprise failed but 10 years later the industry was revived with the establishment of three more factories at Porbandor, Katni and Lakheri. These factories were established before the war. The World War I stimulated the indigenous manufactures and three more factories came into being. After the war between 1919 and 1923 6 more factories were established in India. The inter war years (1919 to 1939) represented a period of great difficulty for the cement industry.
The cement industry could get the benefit of protection because in the opinion of the Government it was not external competition that was crippling the industry but it was the internal rate cutting among the Indian companies themselves which was root of the whole trouble. The industry succeeded in taking care of its own problems through the formation of co-operative organisations like the Indian Cement Manufacturers Association (1926), the concrete Association of India (1927) and the cement marketing company of India (1930). By 1934, Indian Cement industry was placed a firm footing. During the Second World War there was great demand for cement and many new units were established.

After independence, when India adopted the principle of planned economic development, the cement industry expanded in terms of number of units, installed capacity and production. During the planned period the cement industry has recorded, continuous growth. India become not only self sufficient at the end of the seventh plan but also started export of cement as well.

The essential commodities Act 1955 recognised cement as an essential commodity. Pursuant to this, the cement control order was introduced in 1956 to control both price and distribution of cement such heavy control of industry resulted in sluggish growth, with the installed capacity reaching only 29 million tonnes. Even though the Government declared 912 percent post tax return on net worth in 1977 to boost capacity, its production was only at 21 million tons in 1981-82. Realising this, the government announced partial decontrol in 1982. This resulted in extensive modernisation and an expansion
drive and by 1988-89 the installed capacity had reached 59 million tons, an increase of more than 100 percent in seven years.

Encouraged by this the govt introduced total decontrol of cement in 1989. In the next two years the industry enjoyed stagnant, without any significant addition in existing capacity, probably due to recession in the economy. The industry though picked up thereafter, with the installed capacity crossing the total of 140 million has in 2002-2003. In addition there are about 300 mini cement plants in the country with a combined installed capacity of about 11 million tons.

The Indian Cement Industry is fragmented across the length and breadth of the country with a few dusters, cement being a transportation intensive industry, the fragmentation provides an opportunity. Road is the preferred mode for transportation up to 250 km but the industry is highly dependent on the roads as the railway infrastructure is not adequate, there is an acute shortage of wagons.

As on March 31, 2005, there were 129 large cement plants with an installed capacity of 153.60 million tonnes (against 126 plants with 148.88 million tonnes capacity as on March 31, 2004 and 124 plants with an installed capacity of 137.53 million tonnes as on March 31, 2003) and more than 300 mini cement plants with an estimated capacity of 11.10 million tonnes per annum resulting in total installed capacity of 163 million tonnes. Among the large units, the Cement Corp of India, a central public sector undertaking, owns 10 plants and the various State governments another 10 large cement plants. The rest of the large cement plants are owned by private sector companies.
Among the mini cement plants, at present, only 132 mini cements are operating in the country. The others have gone sick and stopped operating. The mini cement plants produce about 4 million tonnes cement annually. The cement industry has grown in India at a compound rate of 8.4% in the past two decades. Earlier the public sector used to account for 50% of the consumption of cement in the country. But in the last decade its share has fallen to 20%. At present, the rural areas account for 23% of the total cement consumed in India. In 2004-05, the housing sector consumed 55% of the cement, infrastructure sector 25% and commercial sector 20%.

According to the Ministry of Industry and Commerce, the total installed capacity for cement manufacture in the country was 163 million tonnes at the end of 2004-05 against 159.98 million tonnes at the end of 2003-04 and 148.63 million tonnes at the end of 2002-03. The production of cement was 123.50 million tonnes in 2003-04 against 116.35 million tonnes in 2002-03, 106.90 million tonnes in 2001-02 and 97.61 million tonnes in 2000-01. In the first 10 months of 2004-05, the production target for 2004-05 was 133 million tonnes.

During the Tenth Plan, the industry is expected to grow at the rate of 10% per annum and is expected to add capacity of 40-52 million tonnes, mainly through expansion of existing plants and use of more fly ash in the production of cement. Apart from meeting the domestic demand, the cement industry also exports cement to neighbouring countries and West Asia.

In 2004, there was a spurt in the demand for cement. Earlier the cement industry was suffering from excess capacity. In 2001-02,
there was a gap of 25% between capacity and demand which narrowed down to 10% in 2003-04 resulting in better capacity utilisation of the industry, rise in prices and better profits for the companies. In May 2004, the prices rose by 15% over September 2003, when they were lowest. The prices were further up from October 2004.

At present, Gujarat is one of the largest producers of cement in the country with a capacity of around 15 million tonnes. The local demand for cement in the state, however, is only about 7 million tonnes. The cement prices in the state are normally lower than in other states and the excess cement produced here is normally sold in the neighbouring states.

According to a study made by Crisil in 2003, the demand and consumption of cement is expected to go up to 165 million tonnes in 2007-08 from 107 million tonnes in 2002-03 due to rise in house-building activity and various infrastructure development projects taken up by the government particularly in the roads sector. This growth in demand will support fresh capacity build up of 50 million tonnes per annum by March 2008.

The cement industry has grown at 10.22% in terms of sales(including export) for the period April-Sep 2006-07 as against the same period in the previous year. The cement production in India has recorded a growth rate of 10.5% to 74.08m tones in Apr-Sep 2006-07 as against 67.04m tones during the same period in the previous year, while the consumption of cement has witnessed a growth rate of 8% during Apr-Aug 2006--
as compared to the same period previous year. The huge demand was led by the huge growth of 11% in North India and 10% in South India. These have also led to the firming up of cement prices across all regions. North zone has witnessed the highest rise of 31% to Rs205 per 50kg bag; it is followed by West zone where the rise was 23% to Rs204 per 50kg bag. During Apr-Sep 2006-07, the capacity utilization has increased to 90% against 86% during the same period in the previous year and the industry has added capacity to the extent of 4.42m tones, totaling 164.66m tones as on September 2006. The major regions in the manufacturing of cement in India are South, North and Central regions. In India, cement is transported by road, rail and sea route with a contribution of 60%, 30% and 10% respectively. With the Railway Budget of 2006-07 announcing loyalty discount scheme and long freight discount scheme for cement industry, there has been an increase in Railway's share from 32% to 39% for the quarter ended June 2006 over the same period in the last year. The cement manufacturing firms in India were benefited by these developments, giving significant rise to top line and bottom line. However, with many parts of the country experiencing heavy rainfall and floods, there could be a halt in the construction activities for quarter ended September 2006.

Cement exports were to grow till 2008 and slow down thereafter, with capacity additions coming a big way in Middle East. In 2008, the cement industry witnessed a major capacity addition, which is streamlined, after 15 months from then In 2007-08, the capacity has been streamlined to the extent of 19-20m
tones. The prices were meant up by Rs10-15 per 50kg bag till then. In the second half of 2006-07, there was an increased demand with the start of India's 11th five year plan. By 2010, the domestic cement demand is likely to increase by more than 60m tones from the current 140m tones. For the next five years, the demand for cement is likely to grow by 8%-10%. The boom in housing, focused investment in infrastructure and the rise in retail malls will augur well for the cement industry in the near future.

The cement consumed in the year 2005-06 at all-India level was 133m tones; the South accounted for 37.5m tones, showing a growth by almost 20% in 2005-06. In the Southern market, prices too have firmed up with manufacturers' wholesale price in the region of Rs160-170 a bag in Tamil Nadu. The retail prices are however much higher in Chennai and the price per bag was between Rs.250 and Rs.265 During Apr-Sep 2006-07, cement production in Tamil Nadu has gone up by 15% as compared to the same period in the previous year. However, during Apr-Aug 2006-07, the cement consumption in Tamil Nadu has registered a growth rate of 16% as against the same period in the previous year. The growth of net sales for 2005-06 was 29% over that of net sales in the previous year. Net sales for the quarter ended June 2006 has also increased by 40% compared to the same period of last year.

As the scope of the present study is limited to the study of two major cement companies in Tamilnadu viz., India cements Ltd and Madras cement Ltd, it is considered necessary to discuss their performance.
3.3. THE INDIA CEMENTS LTD.

The origin and growth of India cements Ltd (ICL) and its general performance have been discussed as under.

3.3.1 ORIGIN AND GROWTH

Shri Sankaralinga Iyer was a pioneer of heavy industry in the South. Primarily a banker, he ventured into the field of industry with a rare devotion and confidence with the prime objective of developing major industries in the state. With his banking experience and interest in exploring the mineral potential of South India, he went ahead boldly with his scheme of building a cement plant in the vicinity of Thalaiyuthu where extensive deposits of limestone were assuredly available. Shri Sankaralinga Iyer with his energy and drive gave the cement project a realistic form and content. As a result of this the India Cements Ltd was established in 1946 and the first plant was setup at Sankarnagar in Tamil Nadu in 1949. Since then it has grown in stature to seven plants spread over Tamil Nadu and Andhra Pradesh. The capacities as on March 2002 have increased multi fold to nine million tons per annum. The company has achieved its best ever performance both in terms of operational and financial parameters in the 62 years history of the company. The clinker production for the year 2007-08 of the company was at 72.13 lakh tonnes (67.33 lakh tonnes) while cement production was at 92.34 lakh tonnes representing a capacity utilisation of 105% as compared to 84.24 lakh tonnes in the previous year. Cement sales was also brisk at 92.15 lakh tonnes as against 84.14 lakh tonnes in the previous financial year. The clinker sales was further brought down to 0.08 lakh tonnes (0.18 lakh tonnes) and the overall sales of clinker and cement for the company
was at 92.23 lakh tonnes as compared to 84.32 lakh tonnes in 2006-07.

While the company is making every effort to improve the performance, there have been, steep increase in the cost of coal which substantially impacts the profitability. It is, in this context, the company has initiated steps to bring down this cost. The company depends on imported coal to an extent of nearly 60% and the international price of coal has been on the increase in the last one year and the availability has also become scarce due to huge demand from China which turned an importer from an exporter status. The average price of imported coal which was around 35 – 39 dollars two years back went to a level of 60 dollars in 2006-07 and has moved up to 110 – 120 dollars by March 2008. One of the main reasons for steep increase is the multifold increase in shipping freight which has touched levels never witnessed before by this industry. With the steep hike in demand for coal from industrial sector which is booming, the possibility of disruption in the supply.

3.3.2 GENERAL PERFORMANCE

The general performance of India cements Ltd has been analysed in terms of capital employed, total debt, current liabilities, fixed assets, current assets, total assets, working capital, net sales, total revenue, total cost, earnings before depreciation, interest and tax, equity and earnings after tax. The general performance of ICL during the period 1993/94 to 2007/08 has been presented in Table 3.1.
*CAPITAL EMPLOYED*

It is revealed from Table 3.1 that the capital employed in absolute term is Rs.414 crores in ICL in the year 1993-94. Then the total capital employed in this company has increased gradually and reached to a level of Rs.5132 crores. It is noted that the capital employed fluctuates ups and downs during the period of study. On an average; the capital employed has come to nearly Rs.2366 crores during the period of study.

*EQUITY*

The Table depicts that the equity of ICL in absolute term is Rs.162 crores in 1993-94. From the beginning of the study period a gradual increase in equity is noticed in the company and it reaches to a level of Rs.806 crores till the year 2001-02. And then the equity decreases to Rs.419 crores in 2002-03. It is interesting to note that the equity in ICL has again started to increase from 2003-04 and reaches to the maximum level of Rs.3321 crores in the last year of the study period. The average equity of ICL during the period of study is Rs.1009 crores. In general, a fluctuating trend in equity is observed during the entire period of study.

*TOTAL DEBT*

Table 3.1 shows that the total debt incurred by ICL during the period 1993/94 is nearly Rs.252 crores and this debt has increased gradually and reached to a level of Rs.2059 crores during the year 2006/07. During the entire period of study a very high fluctuation has been noticed in the debt level of the company. The average debt during the study period has been registered as Rs.1343.80 crores. This
# TABLE 3.1

**PERFORMANCE STATISTICS OF ICL**

(1993/94-2007/08) (Rs.in crores)

| YEAR    | CE       | EQUITY   | TD       | CL       | WC       | FA       | CA       | TA       | NS       | TR       | TC       | EBDIT    | EAT      |
|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1993-94 | 414.12   | 162.46   | 251.66   | 65.00    | 139.09   | 269.70   | 240.09   | 482.20   | 463.44   | 479.73   | 461.25   | 81.15    | 18.48    |
| 1994-95 | 523.26   | 332.86   | 190.40   | 93.37    | 144.30   | 315.70   | 237.67   | 619.14   | 544.23   | 554.26   | 507.01   | 111.16   | 47.28    |
| 1995-96 | 765.28   | 428.19   | 337.09   | 126.88   | 164.37   | 465.01   | 291.25   | 891.64   | 700.85   | 731.32   | 650.42   | 157.35   | 80.90    |
| 1996-97 | 1027.57  | 489.37   | 538.20   | 132.77   | 213.71   | 673.75   | 346.48   | 1158.80  | 728.36   | 767.68   | 685.10   | 175.07   | 82.58    |
| 1997-98 | 1514.22  | 487.25   | 1026.97  | 154.27   | 484.15   | 802.39   | 638.42   | 1689.69  | 771.01   | 821.57   | 758.81   | 197.89   | 58.26    |
| 1998-99 | 2079.00  | 687.67   | 1394.33  | 254.12   | 574.41   | 1267.12  | 828.53   | 2304.54  | 1156.67  | 1199.31  | 1112.27  | 308.50   | 83.89    |
| 1999-00 | 2411.90  | 793.72   | 1616.18  | 278.88   | 849.37   | 1295.69  | 1128.25  | 2667.16  | 1194.90  | 1247.06  | 1199.70  | 291.51   | 45.31    |
| 2000-01 | 2615.06  | 806.36   | 1808.70  | 331.96   | 1074.19  | 1260.55  | 1406.15  | 2934.12  | 1256.95  | 1269.71  | 1218.56  | 324.35   | 48.15    |
| 2001-02 | 2413.21  | 620.11   | 1793.10  | 310.90   | 1102.51  | 1202.12  | 1413.41  | 2873.65  | 1019.11  | 1133.31  | 1140.87  | 285.35   | -0.81    |
| 2002-03 | 2197.17  | 418.74   | 1778.43  | 450.49   | 865.33   | 1133.75  | 1315.82  | 2695.14  | 851.58   | 834.25   | 1141.48  | 32.70    | -201.37  |
| 2003-04 | 3408.06  | 1360.75  | 2039.31  | 241.64   | 1058.53  | 2235.07  | 1300.17  | 3668.73  | 1016.14  | 1045.52  | 1158.25  | 130.46   | -95.93   |
| 2004-05 | 3262.54  | 1275.30  | 1987.24  | 319.76   | 1048.69  | 2201.85  | 1368.45  | 3608.13  | 1162.14  | 1248.72  | 1244.14  | 216.85   | 0.45     |
| 2005-06 | 3268.25  | 1743.01  | 1525.24  | 387.05   | 1165.37  | 2083.99  | 1552.42  | 3702.23  | 1541.75  | 1536.32  | 1486.35  | 277.77   | 45.31    |
| 2006-07 | 4267.28  | 2208.53  | 2058.75  | 403.53   | 1313.99  | 2795.83  | 1717.52  | 4711.17  | 2255.21  | 2269.84  | 1777.80  | 744.39   | 478.83   |
| 2007-08 | 5132.62  | 3321.11  | 1811.51  | 917.64   | 1231.78  | 3464.46  | 2149.42  | 6318.08  | 3044.25  | 3125.71  | 2281.07  | 1088.42  | 637.54   |

| Mean    | 2353.30  | 1008.83  | 1343.80  | 297.9    | 762.0    | 1431.13  | 1059.9   | 2688.29  | 1180.5   | 1223.03  | 1121.53  | 294.86   | 87.20    |

Source: Centre for Monitoring Indian Economy (CMIE), Mumbai, India.
is more than the equity capital employed in this company. It is observed from the table that the debt of the company in many years of the study period has been more than fifty percent of total capital employed. It shows that the company is fully depending on the debt fund. But in the year 2007-08, it is found that the debt raised by the company is less than fifty percent.

*CURRENT LIABILITIES*

Table 3.1 also depicts that the absolute current liabilities of ICL in 1993-94 is Rs.65 crores. The current liabilities have reached to a maximum level of Rs.917.64 crores during the last year of the study period. A gradual increase of current liabilities for the entire period of the study is noticed in ICL. The average current liabilities in this company have been registered as Rs.297.9 crores.

*FIXED ASSETS*

It is seen from Table 3.1 that the fixed assets of ICL during the first year of the study period stands at Rs.269.70 crores and this variable has reached to the maximum level of Rs3464.64 crores during the last year of the study period. As usual, very high fluctuations in fixed assets are found out during the entire period of study. The average fixed assets in this company have been reported as Rs.1431.13 crores during the study period.

*CURRENT ASSETS*

Table 3.1 shows that the current assets of ICL in absolute term are Rs.246.09 crores during the first year of the study period and it has reached to the maximum level of Rs 2149.42 crores during the last
year of the study period. An upward movement of the variable till the year 2001-02 is observed and then in the next two years of the study period a slight decrease in current assets is noticed till the last year. The average current assets of ICL during the period from 1993/94 to 2007/08 have been registered as Rs.1059.9 crores. It is observed that the position of the current assets is in fluctuating trend. It implies that the ICL has adjusted its current assets according to its requirement during the entire period of study.

*TOTAL ASSETS*

Table 3.1 shows that the total assets of ICL in absolute term are Rs.482.20 crores during the first year of the study period and this figure has reached to the maximum level Rs.6318.07 crores in the last year. An upward movement of total assets is observed in ICL for eight years from the first year and then a slight fluctuation in the movement of total assets in ICL has been observed. The average total assets have been found to be Rs.2688.3 crores.

*WORKING CAPITAL*

It is witnessed from Table 3.1 that the net working capital in absolute term has been calculated as Rs.139.09 crores in ICL during the first year of the study period. And then the net working capital increases gradually and reaches to a level of Rs.1231.78 crores during the last year of the study period. It is noticed that the net working capital fluctuates ups and downs during the entire period of the study in the company. On an average, the net working capital has come to nearly Rs.762 crores in ICL. It implies more amount of working capital have been employed frequently by ICL in the business to meet
the claims of the creditors and the day to day needs of business. A greater is the amount of net working capital in ICL; the greater is the liquidity of the firm.

**NET SALES**

It is seen from Table 3.1 that the net sales in ICL during the first year of the study period is Rs.463.44 crores and it has reached the maximum level Rs.3044.25 crores during the last year of the study period. It can be seen from the table that an upward movement of the net sales in ICL till the year 2000-01 has been registered and from that year a high fluctuation has been noticed in this company till the last year of the study period. The average net sale in ICL has been registered Rs.1180.5 crores during the period of study. It is observed that there is an upward trend in the net sales up to a certain period and then a fluctuating trend follows immediately till the last year of the study period in ICL. It is specifically noted that the net sales in this company in 2002-03 is very low.

**TOTAL REVENUE**

It is evident from Table 3.1 that the total revenue of ICL in absolute term stands at Rs. 479.73 crores in the first year of the study period and this figure has reached to the maximum level of Rs.1269.71 crores during the year 2000-01. But in the next two years a sudden decrease is noticed. But from the year 2003-04, again an upward trend is observed and the total revenue has reached to the maximum level of Rs.3125.71 crores in the last year of the study period. The average total revenue during the period 1993-94 to 2007-08 has been registered as Rs.1223.03 crores.
*TOTAL COST

The Table also reveals that the total cost of ICL during the period 1993-94 in absolute term stands at Rs.461 crores and this figure increases gradually and has reached to the maximum level of Rs.2281.07 crores during the last year of the study period. In general, a highly upward trend is noticed in total cost during the entire period of study. The average total cost in ICL has been registered as Rs.1121.53 crores during the study period.

*EBDIT

It is noticed from Table 3.1 that the EBDIT which in absolute term stands at nearly 81 crores in ICL during the first year of the study period (1993/94) and it has increased to Rs.1088 in the last year of his study period. Though there are fluctuations in absolute term, it is alarming to note that the EBDIT has come down to the minimum level of Rs.32 crores during the year 2002-03. It is interesting to note that the EBDIT has constantly increased during the last five years of the study period without any downward movement in ICL under study. It is also observed that the mean value of EBDIT has come to nearly Rs.295 crores in ICL except the year 2002-03 during which the EBDIT is very low.

*EAT

It is clear from Table 3.1 that the EAT in 1993-94 in absolute term has been registered in ICL as Rs.18 crores. The EAT of ICL in the first six years of the study period shows an increasing trend. It is highly surprise to note that the EAT during the period from 2000-01 to 2001-02 stands in negative figures in ICL and then it increases gradually and
reaches to a level of Rs.637.54 crores in the last year of the study period. The average EAT of ICL is Rs.87.20 during the period of study.

3.4. THE MADRAS CEMENTS LTD.

The origin and growth of Madras Cements Ltd (MCL) and its general performance have been discussed as under.

3.4.1. ORIGION AND GROWTH OF MCL

In 1950’s, investment in cement industry was not attractive due to price controls and the massive investments required. Only those entrepreneurs who were not profit minded but cared for country's development came forward in investing in Cement Industry. When Shri. Manubai Shah, Central Minister for Industries in late fifties came to Madras to meet the Industrialists, he called upon Shri P A C Ramasamy Raja and requested him to start a cement factory in TN. This was readily accepted by Shri PACR and this marked the birth of "Madras Cements Ltd" in 1961. Madras Cements Ltd is the flagship company of Ramco Group. The main product of the company is Portland cement manufactured through the four advanced production facilities spread over South India. The cement capacity is 6 million tons per annum.

The company is the sixth largest cement producer in the country and the second largest in South India. Ramco Super grade is the most popular cement brand in South India. MCL also produces Ready Mix Concrete and Dry Mortar products. In addition, the company also operates one of the largest wind farms in the country. Technological
excellence, Commitment to Quality and the inherent faith in the infinite potential of Human resources are the three corner stones of the success of the company.

As a financially and fundamentally strong corporate entity, Madras Cements Ltd is built on an asset base of Rs.1798 Crores. It has a consistent dividend paying record and has won national level awards for its financial performance from such renowned groups such as Economic Times, Dalal Street Journal etc. The present turnover of Madras Cements Ltd is about Rs.1765 Crores per annum (for year ending 31st March 2006) and poised for a high growth in years to come.

3.4.2 GENERAL PERFORMANCE OF MCL

The general performance of Madras Cements Ltd has been analysed in terms of capital employed, total debt, current liabilities, fixed assets, current assets, total assets, working capital, net sales, total revenue, total cost, earnings before depreciation, interest and tax, equity and earnings after tax. The general performance of MCL during the period 1993/94 to 2007/08 has been presented in Table 3.2.

*CAPITAL EMPLOYED

It is exposed from the Table that the capital employed in absolute term is Rs.174.19 crores in MCL in the year 1993-94. Then the total capital employed in this company has increased gradually and reached to a level of Rs.2589.49 crores. It is noted that the capital employed fluctuates ups and downs during the period of study. On an average; the capital employed has come to nearly Rs.934.94 crores during the period of study.
*EQUITY*

Table 3.2 depicts that the equity of MCL in absolute term is Rs.90 crores during the first year of the study period. A gradual increase in equity is noticed in the company and it reaches to a level of Rs.405 crores in the fifth year of study (1997-98). And then the equity decreases to Rs.265 crores in 2001-02. It is interesting to note that the equity gradually increases and reaches to the maximum level of Rs.954 crores during the last year of the study period. The average equity of MCL during the period of study is Rs.356 crores. Generally a fluctuating trend in equity is perceived in MCL during the study period.

*TOTAL DEBT*

It is clear from the Table that the total debt incurred by MCL during the period 1993/94 is nearly Rs.83.76 crores and this debt has increased gradually and reached to a level of Rs.1635.64 crores during the last year of the study period. During the entire period of study a very high fluctuation has been noticed in the debt level of the company. The average debt during the study period has been registered as Rs.579.76 crores. This is more than the equity capital employed in this company. It is observed from the table that the debt of the company in many years of the study period has been more than fifty percent of total capital employed. It shows that the MCL is also fully depending on the debt fund.

*CURRENT LIABILITIES*

Table 3.2 also portrays that the absolute current liabilities of MCL in 1993-94 is Rs.35.48 crores. The current liabilities have
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**Source:** Centre for Monitoring Indian Economy (CMIE), Mumbai, India.
reached to a maximum level of Rs.290.76 crores during the last year of the study period. A gradual increase of current liabilities for the entire period of the study is noticed in MCL. The average current liabilities in this company have been registered as Rs.117.6 crores.

*FIXED ASSETS*

It is evident from the Table that the fixed assets of MCL during the first year of the study period stands at Rs.137.39 crores and this variable has reached to the maximum level of Rs1906.14 crores during the last year of the study period. As usual, very high fluctuations in fixed assets are found out during the entire period of study. The average fixed assets in this company have been reported as Rs.793.22 crores during the study period.

*CURRENT ASSETS*

Table 3.2 shows that the current assets of MCL in absolute term is Rs.73.45 crores during the first year of the study period and it has reached to the maximum level of Rs 723.23 crores during the last year of the study period. An upward movement of the variable is observed till the end of the study period. The average current assets of the company during the period 1993/94 to 2007/08 have been registered as Rs.268.60 crores.

*TOTAL ASSETS*

It is clear from Table 3.2 that the total assets of MCL in absolute term is Rs.211.94 crores during the first year of the study period and this figure has reached to the maximum level Rs.3350.61 crores in the last year. An upward movement of total assets is observed in MCL for
nine years from the first year and then a slight fluctuation in the movement of total assets in MCL has been observed. The average total assets have been found to be Rs.1242.01 crores.

**WORKING CAPITAL**

It is witnessed from Table 4.5 that the net working capital in absolute term has been calculated as Rs.37.97 crores in MCL during the first year of the study period. And then the net working capital increases gradually and reaches to a level of Rs.488.57 crores during the last year of the study period. It is noticed that the net working capital fluctuates ups and downs during the entire period of the study in the company. On an average, the net working capital has come to nearly Rs.152.10 crores in MCL. It implies a moderate amount of working capital has been employed by MCL in the business to meet the claims of the creditors and the day to day needs of business.

**NET SALES**

It is seen from Table 3.2 that the net sales in MCL during the first year of the study period is Rs.239.34 crores and it has reached the maximum level Rs.2011.03 crores during the last year of the study period. It can be seen from the Table that an upward movement of the net sales in MCL till the year 2000-01 has been registered and from that year a high fluctuation has been noticed in this company till the last year of the study period. The average net sale in MCL has been registered as Rs.722.7 crores during the period of study. It is observed that there is an upward trend in the net sales up to a certain period and then a fluctuating trend follows immediately till the last year of the study period in MCL.
*TOTAL REVENUE

It is evident from Table 3.2 that the total revenue of MCL in absolute term stands at Rs. 243.11 crores in the first year of the study period and this figure has reached to the maximum level of Rs.2030.12 crores during the last year of the study period. From the beginning of the study period an upward trend is observed. The average total revenue during the period 1993-94 to 2007-08 has been registered as Rs.728.33 crores.

*TOTAL COST

Table 3.2 also reveals that the total cost of MCL during the period 1993-94 in absolute term stands at Rs.223 crores and this figure increases gradually and has reached to the maximum level of Rs.1413.33 crores during the last year of the study period. In general, a highly upward trend is noticed in total cost during the entire period of study. The average total cost in MCL has been registered as Rs.604.80 crores during the study period.

*EBDIT

It is noticed from Table 3.2 that the EBDIT in absolute term stands at nearly Rs.56 crores in MCL during the first year of the study period (1993/94) and it has increased to Rs.782 crores in the last year of the study period. It is interesting to note that the EBDIT has constantly increased during the first nine years of the study period without any downward movement in MCL under study. It is also observed that the mean value of EBDIT has come to nearly Rs.218 crores in MCL.
*EAT*

It is also clear from the Table that the EAT in absolute term during the period 1993-94 has been registered as Rs.20.11 crores in MCL. The EAT of MCL in the first eight years of the study period shows an increasing trend. It is highly surprise to note that the EAT during the period 2002-03 has been registered as Rs.12.96 crores which is the lowest EAT in MCL during the period of study and then it increases gradually and reaches to a level of Rs.408.29 crores in the last year of the study period. The average EAT of MCL is Rs.87.49 during the period of study.

3.5. CONCLUSION

This chapter discussed in detail the origin, growth and general performance of selected cement companies in Tamil Nadu. The general performance of ICL and MCL during the period 1993/94-2007/08 has been analyzed in terms of their equality, capital employed, current liabilities, current assets, working capital, fixed asset, total assets, fixed assets, total assets, sales revenue, total revenue, total cost, EBDIT and EAT. It is concluded that the mean values of all those variables specified above are high in ICL and low in MCL during the period study.