AN APPRAISAL OF FINANCIAL PERFORMANCE OF CEMENT CORPORATION OF INDIA LIMITED, SINCE 2005

ABSTRACT

SUBMITTED FOR THE AWARD OF THE DEGREE OF

Doctor of Philosophy
In Commerce

BY
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UNDER THE SUPERVISION OF
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ABSTRACT

INTRODUCTION
Cement is the most essential raw material which is used for all kind of construction activities. It plays a crucial role in the infrastructural development of any nation, especially in a vast country like India, which has a big geographical size and a massive population. Cement is also an essential component of infrastructure development and the most important input for construction industry particularly in the Government’s infrastructure and housing programs which are necessary for the country’s socio-economic growth and development. There are various construction activities undertaken by the Central Government, State Governments, Public Sector Undertakings and other organizations including private sector, which create a huge demand for cement.

Public Sector Enterprise of India: An overview
The Central Public Sector Enterprises (CPSEs) have been a strategic lever for Indian economic development in both pre-independence and post-independence era. In pre-independence era there were very few CPSEs in India which were centric to Railways, Posts and Telegraphs, Port Trust, Ordinance Factories, All India Radio, Aircraft factories, etc. Over the years, CPSEs not only have grown in numbers but also in the range of activities such as manufacturing, engineering, cement, heavy machinery, textiles, pharmaceuticals, petro-chemicals, etc. Since inception, PSEs have been the mainstay of the Indian economy and were set up with the mandate to:

- Serve the broad macroeconomic objectives of higher economic growth.
- Achieve self-sufficiency in the production of goods/services.
- Facilitate long-term equilibrium in the balance of payments.
- Ensure stability in prices and create benchmarks for prices of essential items.
- Promote redistribution of income/wealth and balanced regional development.
- Create employment opportunities.

Cement Corporation of India: A Brief Profile
In the Indian cement industry, there is only one central public sector undertaking, i.e. Cement Corporation of India Limited (CCI) which has ten production units, spread over eight States/Union Territories. Apart from for Bokajan, Rajban and Tandur units, remaining of the cement plants are lying closed for almost a decade or more. Cement
Corporation of India Ltd. was incorporated as a wholly owned Government of India enterprise, on 18th January 1965 with the principal objective of achieving self-sufficiency in cement production. The authorized and paid-up capital of the Cement Corporation of India, as on 31st March, 2012 was Rs. 900 crore and Rs. 811.41 crore (including Rs.41.75 crore for share application money pending allotment), respectively.

Over the years the mounting losses sharply eroded its net worth. By the middle of 1990s, CCI Ltd. suffered accumulated losses to the tune of Rs. 527.16 crore. That staggering amount was more than it’s paid up capital of Rs. 406.74 crore and reserves worth Rs. 0.99 crore. It graduated from a loss making Corporation to a sick industrial undertaking. It, therefore, resulted in its reference to the BIFR under section 15(1) of CISA and was declared sick in August 1996.

The present study is based on the analysis of the published annual reports of CCI Ltd for a period of ten years from 2005-06 to 2014-15. All the results and findings of the study are confined to this period only. The main aim of the present study is to evaluate the financial performance of CCI Ltd. The Financial performance of the corporation has been analyzed in detail to provide comprehensive information about the efficiency of the business operations and financial performance of the company.

OBJECTIVES OF THE STUDY

The main objective of the present study is to evaluate the financial performance of CCI Ltd. during the period of study. The main objective of the study has been supported by the following specific objectives.

1. To analyze the financial performance of CCI Ltd. in terms of Liquidity, Solvency, Efficiency and Profitability over the period of study.
2. To evaluate financial performance of CCI Ltd. with the help of comparative and common size statements during the period of study.
3. To examine the financial health of CCI Ltd. with the help of Altman Z score model.
4. To investigate the financial performance of CCI Ltd. using Du-Pont analysis during study period.
5. To assess financial strength of the CCI with the help of comparison of Company’s ratios with industry ratios.
6. To summarise the main findings of the study and to offer suggestions, if any, for improving the performance of selected company.
HYPOTHESSES OF THE STUDY
The hypotheses of the present research are as follows:

<table>
<thead>
<tr>
<th>Hypotheses (Regression Analyses)</th>
<th>P value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H01:</strong> There is no significant impact of Liquidity ratios on Profitability of CCI Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>H01a:</strong> There is no significant impact of CR on ROCE of CCI Ltd.</td>
<td>.127</td>
<td>Accepted</td>
</tr>
<tr>
<td><strong>H01b:</strong> There is no significant impact of LR on ROCE of CCI Ltd.</td>
<td>.047</td>
<td>Rejected</td>
</tr>
<tr>
<td><strong>H01c:</strong> There is no significant impact of CPR on ROCE of CCI Ltd.</td>
<td>.027</td>
<td>Rejected</td>
</tr>
<tr>
<td><strong>H02:</strong> There is no significant impact of Solvency ratios on Return of Capital Employed of CCI Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>H02a:</strong> There is no significant impact of DER on ROCE of CCI Ltd.</td>
<td>.001</td>
<td>Rejected</td>
</tr>
<tr>
<td><strong>H02b:</strong> There is no significant impact of ICR on ROCE of CCI Ltd.</td>
<td>.000</td>
<td>Rejected</td>
</tr>
<tr>
<td><strong>H02c:</strong> There is no significant impact of PR on ROCE of CCI Ltd.</td>
<td>.000</td>
<td>Rejected</td>
</tr>
<tr>
<td><strong>H03:</strong> There is no significant impact of Turnover ratios on Return of Capital Employed of CCI Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>H03a:</strong> There is no significant impact of STOR on ROCE of CCI Ltd.</td>
<td>.039</td>
<td>Rejected</td>
</tr>
<tr>
<td><strong>H03b:</strong> There is no significant impact of TATR on ROCE of CCI Ltd.</td>
<td>.012</td>
<td>Rejected</td>
</tr>
<tr>
<td><strong>H03c:</strong> There is no significant impact of WCTR on ROCE of CCI Ltd.</td>
<td>.006</td>
<td>Rejected</td>
</tr>
<tr>
<td><strong>H04:</strong> There is no significant impact of Sales on Net Profit of CCI Ltd.</td>
<td>.009</td>
<td>Rejected</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Hypotheses (Paired t-test)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H05:</strong> There is no significant impact of Financial Restructuring on Financial Performance of the CCI Ltd.</td>
<td></td>
</tr>
<tr>
<td><strong>H05a:</strong> There is no significant impact of Financial Restructuring on Current ratio of the CCI Ltd.</td>
<td>.017</td>
</tr>
<tr>
<td><strong>H05b:</strong> There is no significant impact of Financial Restructuring on Gross Profit Ratio of the CCI Ltd.</td>
<td>.038</td>
</tr>
<tr>
<td><strong>H05c:</strong> There is no significant impact of Financial Restructuring on Return on Capital Employed of CCI Ltd.</td>
<td>.011</td>
</tr>
<tr>
<td><strong>H05d:</strong> There is no significant impact of Financial Restructuring on Debt Equity ratio of CCI Ltd.</td>
<td>.000</td>
</tr>
<tr>
<td><strong>H05e:</strong> There is no significant impact of Financial Restructuring on Profitability of CCI Ltd.</td>
<td>.001</td>
</tr>
</tbody>
</table>
Abstract

Restructuring on Total assets turnover ratio of CCI Ltd.

Hypotheses of the study (One sample t-test)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Test Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₀₅: There is no significant difference between financial performance of Indian Cement Industry and Cement Corporation of India Ltd.</td>
<td>1.46</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₀₆a: There is no significant difference between average Current Ratio of Indian Cement Industry and Cement Corporation of India Limited.</td>
<td>0.000</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₆b: There is no significant difference between average Return on Capital Employed of Indian Cement Industry and Cement Corporation of India Limited.</td>
<td>0.000</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₆c: There is no significant difference between average Return on Net worth of Indian Cement Industry and Cement Corporation of India Limited.</td>
<td>0.000</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₆d: There is no significant difference between Debt Equity Ratio of Indian Cement Industry and Cement Corporation of India Limited.</td>
<td>0.002</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₆e: There is no significant difference between Sales Growth of Indian Cement Industry and Cement Corporation of India Limited.</td>
<td>0.486</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₀₆f: There is no significant difference between Total asset turnover ratio of Indian Cement Industry and Cement Corporation of India Limited.</td>
<td>0.000</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₆g: There is no significant difference between working capital turnover ratio of Indian Cement Industry and Cement Corporation of India Limited.</td>
<td>0.000</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

RESEARCH METHODOLOGY OF THE STUDY

The present study is devoted to one of the biggest Central Public Sector Enterprise of Cement Industry in India with special reference to Cement Corporation of India Ltd. The data used for the analysis and interpretation is purely secondary in nature. The secondary data used for the study has been taken from the published annual reports of Cement Corporation of India Ltd. from 2005-06 to 2014-15. Financial data of cement industry has been extracted from PROWESS database provided by the Centre for Monitoring Indian Economy (CMIE) and from ACE EQITY database. A number of Journals, Research Paper and NewsPapers and other relevant Government publications as well as internet have also been consulted for the data collection. The variables incorporated in the present study are financial ratios of CCI Ltd under various categories i.e. Liquidity, Solvency, Efficiency and Profitability. Financial
ratios have been used in the present study to analyze the financial performance of CCI Ltd. Various tools/techniques used in the Study are Common Size Statements Analysis, Comparative Statements Analysis, Ratio Analysis, DuPont Analysis and Altman Z Score.

Various statistical techniques have been used in the present study to analyze financial performance of CCI Ltd. Descriptive statistics of the variables was used to summarize the data in a meaningful way. Regression analysis was employed to evaluate the impact of liquidity, solvency and management efficiency on profitability of CCI Ltd during the study period. In order to compare financial health of CCI Ltd, one sample t test was used to compare financial ratios of CCI Ltd with their industry average ratios while Paired t test was used to evaluate the impact of financial restructuring on financial performance of CCI Ltd. Financial ratios of CCI Ltd. were calculated and their graphical presentation was done with the help of MS-Excel. The statistical tests were applied by using SPSS 19.0. Various statistical tools used in the present study have been discussed as follows.

**SIGNIFICANCE OF THE STUDY**

The present study may prove important to various stakeholders of CCI Ltd. The following points will clarify significance of the study more elaborately:

- The financial performance evaluation of CCI Ltd will provide an outcome about the workings and performance of the company which will be helpful for the management of the company in order to enhance its performance and business activities.

- Findings of the present study may be helpful for the Government in making policies regarding CPSEs of the country.

- It is also necessary to find out some important factors which may affect internal decision making of the company. Hence, present study is deemed to be useful for this purpose.

- An analysis has been made on various functional aspects like liquidity, solvency, profitability and assets utilization. Thus, the relevant information can be used by stake holders in decision making.

- The important aspect and contribution of the study is to identify the reasons of poor financial performance of the company by the application of financial statement analysis.
LIMITATIONS OF THE STUDY

Limitations are always there in any study. The present research also has some limitations which have been mentioned as follows:

- The study is purely based on secondary data extracted from the published annual reports of the company, its website and other related published sources. Thus, findings of the study are subject to the accuracy of such data that has been collected from these sources.
- The present study includes only a period of ten years i.e., from 2005-06 to 2014-15. Hence, findings are limited to this period only.
- The present study is based on ratio analysis and it has its own limitation that applies to this study also.
- Financial statements are normally made on the theory of historical costs and therefore they do not reflect values in terms of current costs. Therefore, analysis of such financial statements or accounting variables would not depict the effects of price level changes over a period of time.
- Financial analysis does not reflect those facts which cannot be expressed in terms of money. For example, efficiency and reputation of workers, and prestige of the management.
- The researcher is an external evaluator of CCI Ltd and thus the inside view of CCI is beyond the purview of researcher.

CHAPTERISATION SCHEME OF THE STUDY

The present thesis has been organized into seven chapters. A short overview of each chapter is presented as follows:

The first Chapter deals with the Introduction of the study which provides the general information about the subject under research, it also includes statement of the problem, research Design, objectives of the study, scope of the study, significance of the study, need for the study and Research methodology, covering nature & sources of information and tools used for analyzes & interpretation. It also includes hypotheses of the study, limitations of the study and chapterisation scheme.

The second chapter gives an extensive review of literature. It deals with reviews of past studies on financial performance analysis of firms in Cement industry as well as in other industries working in foreign countries as well as in India. The review gives an insight into the significance of financial analysis of business firms.
The third chapter gives an Overview of cement Industry throwing light on growth, development, production, consumption, import and export scenario, policies of the government, demand and supply scenario and various issues and challenges related to Indian cement industry.

The fourth Chapter Deals with profile of Cement Corporation of India Ltd.

The fifth chapter entitled ‘Financial Performance analysis- A Conceptual framework’ deals with the conceptual framework used in the present study. It also discusses the concept of financial analysis, types of financial analysis, procedure of financial statement analysis, importance of financial analysis, limitations of financial analysis, purpose of financial statement. Various techniques of financial analysis like comparative statement, trend analysis, common size statement, fund flow statement, cash flow statement ratios analysis are discussed at length.

The sixth chapter deals with Data analysis and Interpretation. In this chapter detailed analysis has been made regarding the financial performance of CCI Ltd. Various accounting ratios were calculated and analyzed to judge the performance of CCI Ltd. during study period. Also, impact of financial restructuring by BIFR on CCI Ltd. financial performance were calculated and analyzed. Various hypotheses framed were also tested in this chapter.

The seventh Chapter entitled ‘Summary of Findings, Suggestions and Conclusion’, contains the summary of the findings. In this chapter suggestions have been offered in the light of the findings for improving the performance of CCI Ltd. In addition the researcher has given his own ideas by way of a brief conclusion.

**FINDINGS OF THE STUDY**

**Findings based on common size balance sheet**

1. Current assets constituted only 11.80 per cent of total in 2005-06 while the fixed assets were merely 8.84 per cent of total assets due to other intangible assets (loss) of the company. It was also observed that the company has invested a very low amount in inventories as well as in fixed assets.

2. During the study period, major portion of total assets was made up of the accumulated loss of the company suffered by it during previous years.

3. Outside liabilities and shareholder’s funds of the company constituted approximately 74 per cent and 26 per cent, respectively, of the total capital during the initial years of the study.
4. Contribution of current liabilities in the total liability was 14.18 per cent in 2005-06, which increased to become 16.60 per cent in 2008-09. Further, it increased, but still remained lower, to only 4.39 per cent of total liabilities in 2014-15.

5. In 2005-06, Long term liabilities constituted 52.40 per cent of the total liabilities, which declined over the study period to become 40.63 per cent in 2014-15.

6. In 2005-06, Equity share capital of CCI Ltd was 26.52 per cent of total liabilities which increased to 53.91 per cent of the total liabilities in 2014-15.

Findings based on Common size Income statement

1. The costs of sales of CCI Ltd. were very high during the study period and CCI Ltd. had not control its direct expenses except during the initial years of the study.

2. The maximum revenue of CCI Ltd has been utilized on the direct expenses and therefore, high cost of goods sold led to low gross profit margin.

3. Gross profit of the company was 19.69 per cent of the net sales in 2005-06, which increased to become 48 percent in 2008-09 and finally diminished to become 32.76 per cent in 2014-15.

4. It has been observed that the cost of sales has increased over the years having its direct impact on the profit earning capacity of the company under study.

5. Operating expenses of CCI Ltd. were very high during the initial years of the study, which led to low operating profit. The operating profit of CCI has been negative during study period except in 2008-09 which clearly indicates that the indirect expenses of the CCI have been very high during study period.

6. In 2005-06, the other income of CCI Ltd was very high (Rs.94253 lakhs) and was 482.80 Percent of sales which declined to become 14.17 per cent in 2014-15.

7. CCI Ltd. paid its highest interest in 2008-09. Further, it declined over the years indicating that the company has decreased its loans and long term debts during study period.

8. Profit before tax and profit after tax remained almost same for most of years during study period, no tax was paid by CCI Ltd.
9. In 2005-06, CCI Ltd earned a very high profit after tax (Rs.83185 lacs) which was 426.10 per cent of the sales. It declined during the study period and became only 9.91 per cent of the sales in 2014-15.

Findings based on Comparative Income Statement analysis of CCI Ltd.

1. CCI Ltd experienced a robust growth in sales during initial years of the study.

2. Cost of sales of the company has increased over the years on a continuous basis similar to total sales of the company.

3. Gross Profit of CCI Ltd increased by 298.36 per cent from 2005-06 to 2008-09. During the last years of the study, the gross profit showed a decreasing growth rate and stood at 2.64 per cent in 2014-15 indicating the impact of high cost of sales on the business operations of company.

4. Operating profit of CCI Ltd has been negative over the study period, except in 2008-09.

5. Profit before tax of CCI Ltd. showed a mixed trend of growth during the study period. However, it increased during last years of study period by 106 per cent in 2014-15 as compared to the profit of 2011-12.

6. Growth of profit after tax has been in mixed trend during the study period.

Findings based on comparative balance sheet analysis

1. Current liability of CCI Ltd. decreased by 12.06 percent from 2005-06 to 2008-09. However, it increased by 4.43 percent from 2012-13 to 2014-15, indicating that the company has preferred loans than any other sources of finance.

2. During initial years of the study, the long term debt was brought down by 50.07 per cent by the CCI Ltd. from 2005. Further, during the last years of the study i.e. from 2012-13 to 2014-15, it again slightly decreased by 2.07 per cent.

3. Total liabilities of CCI Ltd. has been in decreasing trend over the study period

4. In 2005-06, Share capital of CCI Ltd. was Rs.44682 lakh, which increased by 81.06 percent to become Rs.81141 lakh in 2008-09.

5. CCI Ltd. was unable to maintain its reserve and surplus, which remained zero during the study period.

6. Current assets of the CCI showed a considerable growth of 109.90 per cent from 2005-06 to 2008-09. However, there was a negative growth rate of 2.81
per cent in current assets of CCI Ltd from 2008-09 to 2011-12. Further, total current assets of CCI Ltd. again decreased by 7.38 per cent from 2011-12 to 2014-15.

7. Fixed assets of CCI Ltd. reduced by 12.59 per cent from 2005-06 to 2008-09. However, it registered a positive growth of 32.22 percent from 2008-09 to 2011-12 and a positive growth of 31.37 per cent from 2011-12 to 2014-15.

8. Total assets of CCI Ltd. showed a declining trend over the study period.

**Findings based on Ratio analysis**

1. Current ratio of CCI Ltd. shows unsatisfactory liquidity position during the period of study. From 2005-06 to 2010-11, current ratio was lower than the standard ratio of 2:1 indicating condition of financial. During the remaining years, it was higher than the standard norm, indicating blockage of fund.

2. During initial years of study, Liquid ratio was lower than the standard norm of 1:1 indicating unsatisfactory liquidity position. It further increased to 2.32 and 2.74 times in 2010-11 and 2011-12, respectively, which revealed extra blockage of fund in liquid assets.

3. The proprietary ratio of CCI Ltd. Indicated that the proportion of shareholders’ fund was very low in 2005-06 (0.27 times) indicating risky position for the shareholders.

4. Debt Equity ratio value of 1.98 times in 2005-06 indicates highly leverage and risky position of the company in this year. However, the mean value of 0.78 times indicates higher proportion of equity in capital structure of CCI Ltd. during study period.

5. ICR was exceptionally high in 2005-06 indicating higher other income in this year. It has been satisfactory during some years but it was very low during other years. Mean value of ICR (11.53 times)indicates adequate profit to bear the interest expenses

6. The gross profit of the company was satisfactory during most of the years of study period.

7. The net profit was exceptionally high (426.08 per cent) in first year of the study i.e. 2005-06. Net profit ratio declined during the subsequent years and stood at only 4.99 per cent in 2014-15.
8. Operating cost of the company was very high in 2005-06 (150.68 per cent) further it has varies between 81.46 percent and 85.38 percent indicating high operating cost.
9. CCI Ltd had very low return on capital employed during the study period. ROCE of the company fell drastically during study period and stood at 3.03 per cent in 2014-15.
10. RONW and ROA fell drastically during the study period to become 4.96 and 2.86, respectively, in 2014-15, indicating poor performance of the company during study period.
11. The stock turnover ratio of CCI has been unsatisfactory during the whole study period.
12. Analysis revealed inefficiency of inventory management during the study period.
13. Debtors turnover ratio has been in mixed trend during study period. Debtor’s turnover indicates that CCI Ltd had satisfactory turnover during the study period.
14. Working capital turnover ratio of the CCI has been negative during initial years of the study indicating condition of financial distress during these years.
15. Total assets turnover ratio of the CCI Ltd. has been very low during the study period. Average TATR of 0.20 times indicates that inefficient management.

Findings based on comparison of financial ratios of CCI Ltd with their Industry Averages

1. CR of CCI Ltd has been in fluctuating trend which revealed inconsistent liquidity position of the company during the study period compared to industry average liquidity.
2. Average LR of CCI Ltd was higher than the Industry average LR indicating better liquidity position of CCI Ltd during the study period.
3. Industry Average ROA of CCI Ltd (8.92 per cent) was better than industry average ROA (7.66 per cent) during the period of the study.
4. Average RONW of CCI Ltd. (23.87 per cent) was higher than the industry (21.93 per cent) indicating better profitability position of CCI Ltd. during study period.
5. Average ROCE of CCI Ltd (11.25 percent) was lower than the industry average ROCE during the period of the study.
6. Average DER of industry average shows better solvency position than CCI Ltd. during study period.

7. Average ICR of CCI Ltd (11.56 times) indicates better interest coverage and solvency position than the industry (5.2 times) during the study period.

8. Industry average TATR has been greater than that of CCI Ltd. during the period of study. It indicates that CCI Ltd. has been less efficient in generating sales with the help of its assets than the industry average efficiency.

9. Average WCTR of CCI Ltd. (0.36 times) has been much lower than industry average WCTR indicating poor working capital management of CCI Ltd and revealed the fact that the company has not been able to use its working capital to generate sale.

10. Sales Growth of CCI remained lower than the industry average ratio over the study period except in 2005-06 and 2013-14. Average SG of CCI Ltd. has been lower than the industry average during the study period.

Findings based on DuPont Analysis
The trend obtained through DuPont Analysis revealed that return on equity was very poor during the study period. On the basis of DuPont analysis, it is clearly visible that the company has not been able to fetch adequate profit during study period. Low leverage effect, low asset turnover and low sale volume gave very poor return on equity during the study period. Net profit margin of CCI Ltd was very low during the entire period of the study. It was 4.26 per cent in 2005-06 which declined during subsequent years and reached to 0.03 percent in 2012-13. Equity multiplier was comparatively in better condition as compared to net profit margin and asset turnover. It was 3.77 per cent in 2005-06 which declined during subsequent years and stood at 1.85 per cent in 2014-15.

Findings Based on Regression Analysis
1. The results of Regression Analysis determining the impact of liquidity ratios on return on capital employed. The value of significance is \( p = 0.127 \) which is greater than the 0.05, therefore the impact of CR on ROCE is statistically insignificant.

2. The impact of LR on return of capital employed of CCI, it can be seen from simple regression analysis that the effect of LR on ROCE is statistically significant \( (p = 0.047) \).
3. The results of Regression Analysis revealed that the Cash Position Ratio has negative impact on ROCE. Further, the value of significance is \( p = 0.034 \) is less than 0.05. Therefore, the impact of CPR on ROCE is statistically significant.

4. The significance value of .001 \( (p < 0.05) \), indicating a significant impact of DER on ROCE.

5. The significant value is 0.000, which is less than the critical value i.e. 0.05, which shows that there is no significant impact of ICR on Return on Capital Employed of CCI Ltd.

6. The value of significant is \( p = 0.000 \), less than 0.05, therefore, the impact of PR on ROCE is statistically significant.

7. It is observed that the significant value is 0.039 which is less than the critical value i.e. 0.05. Therefore, the impact of STOR on ROCE is statistically significant.

8. The results reveals that the TATR has a negative impact on ROCE. Further, the value of significant is \( p = 0.012 \) less than 0.05. Therefore, the impact of TATR on ROCE is statistically significant.

9. The result reveals that the WCTR has negative impact on ROCE. Further, the value of significant \( (p = 0.006) \) is less than 0.05, therefore, the impact of WCTR on ROCE is statistically significant.

10. It has been observed that the value of sig \( (p = 0.009) \) is less than the critical value (0.05), therefore, the impact of sales on net profit ratio is statistically significant.

**Findings based on Paired t test (Impact of Financial Restructuring on Financial Performance of CCI Ltd.)**

1. The t value of -2.998 with the significance value (two-tailed) of 0.017 implies significant impact of financial restructuring on current ratio of CCI.

2. The t value of -2.478 with significance value (two-tailed) of 0.38, indicates significant impact of financial restructuring on GPR of CCI Ltd.

3. The t value of -3.283 and significant value (two-tailed) of 0.011, indicates significant impact of financial restructuring on ROCE of CCI.

4. The t value is 6.799 and significance value (two-tailed) or p value is 0.00 indicating significant difference impact of financial restructuring on DER of CCI.
5. The t value is and -5.137 significance value two (tailed) or p value revealed significant impact of financial restructuring on total asset turnover ratio of CCI.

**Findings based on Result of one sample t-test (Comparison of financial ratios of CCI Ltd with their industry averages ratio)**

1. The t value of 1.593 with significance value of 0.146 observed mean of CR is not significantly different from the industry average.

2. The t value of -8.533 with significance value of 0.00(Sig. > 0.05) indicates observed mean of ROCE is significantly different from the industry average.

3. The p-value of .000 which is lower than the level of significance 0.05 indicates that the RONW of CCI is significantly different from the industry average.

4. The lower value of significance (Sig. < 0.05) indicates that observed mean of DER is significantly different from the industry average.

5. The significance value of 0.486, which is higher than the level of significance 0.05 clearly shows that the Sales Growth of CCI is not significantly different from the industry average.

6. The significance value of the test is .000, which is lower than the level of significance (Sig. < 0.05). It shows that the TATR of CCI is significantly different from industry average.

7. The lower value of significance indicates that observed mean of WCTOR is significantly different from its industry average.

**Findings based on Altman Z score analysis of CCI Limited**

From the analysis, it is found that the Z-Score of CCI Ltd has been lower during the study period. It has been ranging from 1.76 to 0.99 during the entire study period, except in 2005-06 i.e. 1.76. The Z score values of CCI have been lower than 1.23 (bankruptcy zone). So, it can be concluded that the company is not in safe position, as the Z-Scores values for the company have fall in the bankruptcy zone (below1.23 score). It predicts financial distress for the company in next two years. From the analysis, it is revealed that CCI Ltd has been in condition of financial distress and fall in bankrupt zone during 2006-07 to 2014-15, the company is prone to bankruptcy in coming years.
CONCLUSION BASED ON FINDINGS OF THE STUDY
The present study is an analytical and fact-finding research that analyzed the importance and nature of financial performance of CCI in detail. The Indian cement industry contributes a considering share in the Gross Domestic Product (GDP) of the country. The future of the Indian Cement Industry is promising and its growth potentials are high as there is sufficient domestic demand of cement and allied products. Meeting of the requirement of domestic consumption growth and demand impose a tough challenge for the Indian Cement Industry. In the early 1990s the Government of India initiated major trade policy reforms, which favored increasing privatization and liberalization of all sectors of the economy including the Indian cement industry. It will be beneficial to study and analyze the financial performance of CCI Ltd and to suggest measure to boost up production, trade thus, improve its profitability.

India is a second leading consumer of cement and allied products and also constitutes important percentage of its export. Proper policies and financial restructuring of CCI Ltd. is required because CCI Ltd. is an important player in this area and it is also on the most important Central Public Sector Enterprise (CPSE), which can be managed favorably for cement in particular and national policy goals in general. CCI Ltd is undergoing through its toughest face since inception and therefore there is an urgent need of a revival plan for a company in order to avoid crepeed management and inefficiently turning the company towards the negative quadrants.

Cement industry is also one of the key sectors of Indian economy. There are a number of Indian companies which are involved in the business of cement at national and international level. ACC cement, Ultratech cement, Ambuja cement etc., are the main competitors of CCI Ltd. Many of the large and medium sized firms, which have underwent a restructuring process of financial restructuring, not only to survive in this intense competition but also emerged as successful global firms. The CCI Ltd. unfortunately, was declared sick and brought under the Board for Industrial and Financial Reconstruction (BIFR) due to continuing losses and erosion of net worth, in 1996-97 and by BIFR the rehabilitation scheme of CCI Ltd. sanctioned in 2006-07.

The Researcher has evaluated the financial performance of CCI Ltd. by taking the financial statements of the company into consideration. The analysis and interpretation of Data has yielded a number of valuable findings, which can be used by the management of CCI Ltd. to take valuable decisions for the enhancement in the
financial position of the company so that it can come out from the unhealthy zone. Moreover, these findings will be very useful to CCI Ltd for further consideration and investigation. To fight that situation we have pointed out that there is a need of fresh investment in current assets (i.e., working capital), and in fixed assets by the way of procuring and installing some advanced machines and technologies for improving production and productivity. It can also concluded that for improving a liquidity position of CCI Ltd. in the present situation the company may take few steps besides, trying for outside funds, like to increase in sales revenue, to speed up debtors’ collection, to control some expenditures, to sale some assets (also recommended by BIFR), if any, which have become obsolete etc. and cost reduction to improve profitability.

From the analysis and interpretation of data it can be concluded that the financial position of the company is not quite satisfactory in terms of liquidity and solvency position.

With the help of analysis of liquidity ratios, it is found that the liquidity position of CCI Ltd has been poor during the study period. During initial years of the study, liquidity ratios of the company have been lower than the standard norms and their industry averages indicating condition of financial distress during these years. During initials years of study, CCI Ltd has not been able to meet its short term obligations. However, during the subsequent years, liquidity ratios of CCI Ltd were higher than the standard norms as well as their industry average indicating blockage of funds in current assets and liquid assets. The company was not using blocked fund in operations which might have increase the efficiency and profitability of the company during these years. Lower working capital during the study period as well as negative working capital in some years of the study indicates poor liquidity position of the company during the study period.

Long term solvency position of CCI Ltd was found unsatisfactory during the study period. Solvency position of CCI Ltd has significantly impacted profitability of the company during study period. DER of the company was lower than the standard norm and its industry average during the study period revealing that the company was not trading on equity. However, interest coverage position of CCI Ltd has been better than its industry average over the study period indicating better interest coverage position during these years.
Researcher evaluated the profitability position of CCI Ltd. in two terms i.e. in terms of sales and in terms of investment. The profitability position of the company has been poor in terms of sales as well as in terms of investment. However, Profitability of the company was exceptionally high during 2005-06. Gross profit ratio of the company has been satisfactory during study period but net profit ratio and operating profit ratio of the company was much lower than the gross profit ratio indicating operating expenses of the company has been very high during the study period.

Efficiency ratios of the company have been unsatisfactory during the study period indicating poor management efficiency of the company. Stock turnover ratio of the company indicates that the company has not been able to use its inventory to generate sales. Asset turnover ratios were found very low revealing inefficiency of management of the company to utilize the assets of the company to generate sale. Vary low and negative working capital turnover ratios during study period shows insufficient working capital which has not been managed and utilized properly during study period. However, debtor’s turnover ratio of the company has been good during study period.

From the findings of data analysis of financial restructuring of the CCI Ltd., it can be concluded that in a long run there has been a significant impact of financial restructuring on liquidity, profitability, solvency and efficiency position of the company which have made healthier improvement in the financial position of the company.

Altman Z score analysis has also revealed that the financial health of CCI Ltd. Has not been satisfactory during the study period and average Altman Z score value predict sign of failure of the business in near future or in long run.

SUGGESTIONS

Suggestions for improving the Liquidity position of CCI Ltd.

1. It is suggested that CCI Ltd should maintain its current ratio close to its standard norms so as to meet short term obligations.
2. The company must maintain adequate amount of liquid assets in order to meet short-term commitments and emergency requirements.
3. Possible effort should be made to resolve their working capital crisis.

Suggestions for improving the Leverage/solvency position of CCI Ltd

1. The Debt to equity position of the company has been unsatisfactory. It may be suggested that CCI Ltd should make use of more debt to trade on equity.
2. The Interest Coverage Ratio of the company has been satisfactory during most of the study period. Therefore, it is suggested that SAIL should make use of financial leverage by using long term debt fund.

**Suggestions for improving the management efficiency of CCI Ltd**

1. *Asset management* of CCI Ltd, the management of the company is advised to detect the reasons and make possible effort to solve them as far as practicable.

2. *Inventory management* of CCI Ltd, it is suggested that the level of inventory should be fixed up scientifically in order to avoid the problem of under-stocking and over-stocking.

3. It is suggested that management should further improve its receivable management, should further reduce the credit period and should strengthen the debt collection efforts.

4. It is suggested that management should maintain a reasonable level of current assets and current liabilities and should utilize its working capital efficiently to generate the sale.

**Suggestions for improving the profitability of CCI Ltd**

1. Effective cost management is advised to improve profitability of CCI Ltd.

2. CCI Ltd is suggested to reduce operating expenses to improve the profitability.

3. It is advised that CCI Ltd should reduce its operating expenses by focusing on cost management and improving operational efficiency.

**Other suggestions**

1. Policy of disinvestment should be implemented by the company for increasing the stake of private players.

2. The company must acquire the capital at low cost to get more positive impact profitability of the company.

3. CCI Ltd. can improve its business by focusing on international markets.

4. Company should increase production and improve its production activities in order to fulfill the domestic requirements.

5. The CCI Ltd. can increase its trade volume by exploring and identifying new markets for its product both nationally and internationally.

6. Marketing and selling of cement and its allied products is the main concern of CCI Ltd. So, it needs to keep in mind that the policies made by the Government should be favorable for the company itself.
7. The company should open its shops, showrooms in urban as well as rural areas of the country

8. In order to compete globally, the company should step up to other areas for marketing and sales in its current business.

**DIRECTIONS FOR FUTURE RESEARCH**

The researcher has covered key financial aspects of this corporation. However, there is a wide scope for further studies as well;

- There are a number of state owned corporations engaged in the business of cement and allied products. The researcher has taken up only one corporation for the study. So, the future researchers may evaluate the financial performance of similar companies like ACC, Birla, Ambuja, JK Laxmi etc.

- Since only financial aspect of this corporation has been analyzed, many other aspects such as human resource management, marketing strategies, costing method, managerial decision, inventory management etc can also be studied in future.

- This study is of a limited period of ten years i.e. from 2005-06 to 2014-15. Still, financial performance can be evaluated in further periods of time. Thus, this field is always open for further researches.

- In this study, the impact of functional ratios were found on financial performance of CCI Ltd, further studies may be undertaken to find impact of firm specific variables and macroeconomic variables on financial performance of firms.

- Present study analyze financial performance of one public sector company in cement industry, further studies can be undertaken to compare financial performance of private and public sector enterprises in cement industry.