



## FINANCIAL HEALTH OF CEMENT GIANTS: A FUNDAMENTAL ANALYSIS APPROACH

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### ABSTRACT

Cement is a capital-intensive and very cyclical business that is driven by factors such as expanding economies, increasing housing costs, greater government spending on infrastructure, and the number of cities and developments. The study incorporates the competitive environment, the company's cost structures, and input dependencies, with a focus on limestone, energy, and transportation. Also included are the effects of changes in regulations, new environmental requirements, and variations in energy prices on the profitability of the industry. Operating margins, ROCE, debt-equity ratios, and revenue growth are some of the most important metrics used to assess the financial health of cement enterprises. We also take a look at market features like pricing power, manufacturing capacities, and trends in industry consolidation to complete the picture of possible future performance. Through its fundamental analysis, the research elucidates the investment potential and risks presented by the cement sector, offering direction to companies aiming for sustainable development amidst cyclical instability and operational inefficiencies. Investors, legislators, and industry.

**Keywords:** Financial Health, Sustainable Development, Operating Margins.

### Introduction:

Client objectives determine the company's long-term viability. Building loyal consumers and boosting income requires identifying and addressing customers' most important concerns while they are making a purchase. Welcome to Fundamental Analysis! A stock, bond, or commodity's "true" value can be better understood through fundamental analysis, which looks at the underlying features and financial indicators that affect it. The market price isn't enough to make smart financial judgments; one must also know an item's actual value.

Equity market players use fundamental research to determine if a business is worth investing in by examining its financial health and growth prospects. For a better understanding of a company's current and future performance, fundamental analysis looks at its financial accounts, economic climate, industry trends, and managerial quality. Essential elements of a comprehensive evaluation Reports on Money Coming in, Going Out, and Other Financial Data In fundamental analysis, these three financial accounts provide the basis. For a given time period, a business's financial statements include its income, expenditures, assets, liabilities, and cash flow.

Stocks may be evaluated for possible over- or undervaluation using valuation criteria in basic research. A few examples of these metrics are the dividend yield, price-to-book ratio, and price-to-earnings ratio.

Investors evaluate a company's profitability and resource utilization efficiency using profitability metrics such as net profit margin, return on equity (ROE), and return on assets (ROA).

If investors want to know how big a firm can go, they should look at its revenue growth, profit growth, and expected market share.

Management and Corporate Governance:

Methods for Conducting Fundamental Research:

There are primarily two ways to do basic analysis:

Top-Down Analysis begins with a broad picture of the economy, including general

tendencies, company results, and forecasts by industry. From there, they zero down on specific businesses within that sector.

By looking at each firm separately, bottom-up analysis examines their finances, market share, and future expectations. When determining whether to invest in a company, experts look at its fundamentals.

Through customer segmentation, market research, and feedback replies, businesses may gain a better understanding of their consumers' wants and requirements. In order to meet and beyond consumer expectations, it is important to prioritize product quality, competitive price, convenience, and great customer service.

Customers nowadays value companies that go out of their way to cater to their specific requirements, and they are especially grateful when these businesses offer individualized assistance.

To be relevant and responsive in a constantly changing market, businesses must be nimble and adaptive, always inventing better goods and services while monitoring the competition. The "fair market" value of a stock can be determined through fundamental study. Fundamental analysts look for stocks that are trading at a price that is higher or lower than their true value. Fundamental analysis is a way to look at a company's financial health from the ground up. This form of research makes it easy to examine the key ratios of a firm in order to ascertain its financial health. Fundamental analysis, in its simplest form, is looking at a company's history, financials, and market conditions in order to make an investment judgment on a certain stock.

### **Statement of the Problem**

When given properly, a problem statement provides a clear and concise overview of the specific issue or problem that the research study or project aims to resolve. It is a crucial part of any project or research proposal as it lays out the groundwork for the study and explains why it is necessary. The issue statement explains the need of the study and the need to resolve the problem, which is essential for all parties involved, including stakeholders, readers, and researchers. Research and monitoring the study's development are the primary functions of this paper. After the problem has been defined precisely, researchers may build a solid case for their study and, who knows, maybe even uncover some big discoveries.

### **Objectives of the Study**

- To study the about Fundamental Analysis.
- To analyze the procedure of Fundamental Analysis.
- To analyze the fundamentals of selected companies.
- To evaluate the ratios of selected companies
- To compare the ratios of selected companies

### **Scope of the Study**

In order to determine the true value of a financial instrument like a bond or stock, a fundamental analysis looks at a wide variety of factors, or the scope of the study. The instrument's actual worth is ascertained via this examination. This paper lays out the parameters of the evaluation and the factors that will be considered to determine the asset's value. To keep the evaluation on track and relevant, it is crucial to have a precise and precise definition of the domain of basic analysis. Investors and analysts alike might benefit from these limitations and standards when trying to pin down an item's true worth.

In particular, the selected companies are the only ones included in the study.

**Source of Data**

Methods for Collecting Data:

Primary data and secondary data are the two main types of data collected. Primary data consists of information that has never been gathered before and has not been used by anyone else. This data may be gathered via surveys or observations. No original data was used in this investigation.

Secondary data refers to information that has previously been investigated or gathered by another researcher and is therefore already accessible in the market. may find secondary data in many places, such as the internet, journals, magazines, and newspapers.

Scientific Procedures

To define the systematic approach researchers use while conducting studies, gathering data, and analyzing information, the phrase "research methodology" is employed. The research process is guided by it, allowing researchers to make informed decisions, keep their findings credible and reliable, and answer their questions effectively. The methodology describes the steps used to gather data, evaluate it, and make conclusions; it is an essential part of every well-designed research.

Research Design : Descriptive Design for Research

Procedure for Sampling: Simple Random Sampling

Number of Samples: Five Companies were selected for the study

Analytical instrument: Company financial statements that were chosen

Analysis of the data: determining the chosen ratios and comparing

**Limitations of the study**

- The data is only available for the firms that were chosen for the research.
- The largest constraint of the study is the amount of time it takes to gather and analyze the data.
- There is no guarantee that the data will provide correct results.
- The time it takes to calculate the data is also uncertain.

**Literature Review**

A Study on Fundamental Analysis of Selected IT Companies listed at NSE by K S Shilpa, J Arya Mol, A.S. Ambily \*Jan 2017): One should arm themselves with sufficient stock market information before putting their money into the market. Calculating the intrinsic value of shares and comparing it to their market value is another important aspect covered. Undervalued shares are those whose intrinsic value is higher than their market value, while overvalued shares are those whose market value is higher than their inherent worth. It was recommended to purchase and hold shares in Wipro, TCS, and Infosys based on the study's findings that they are currently cheap.

A Study on Fundamental Analysis of Selected Public and Private Sector Banks in India by Janet Jyothi Dscouza, Ravinarayana K.S (Nov 2019): Using basic analysis, the study sheds light on the selected banking organizations' financial performance. In order to make investment selections, the eleven banks that were chosen for the study had their economic performance examined using fundamental analysis. Before making any investments, it is crucial for investors to assess the economy. In the private sector, HDFC Bank ranks higher, whereas SBI Bank performs better in the public sector. Among the chosen banks, HDFC Bank stands head and shoulders above the others.

Fundamental analysis of Banking Industry by Malik Mubashir, (May 2013): It is imperative that India's banking system is both user-friendly and resilient enough to face the inevitable technological and other internal and external threats it will inevitably face. Exploring a company's financial accounts (such the balance sheet and profit and loss statement) to examine different financial indicators (including sales, profits, liabilities, costs, and assets) is what fundamental analysis, also called quantitative analysis, is all about. Analysts, brokers, and astute investors typically do such analyses. Though it's important to proceed with care, fundamental analysis can yield beneficial results. Familiarity with the analyst is key while reading research reports produced by sell-side analysts.

Fundamental Analysis of Securities Issuer by Ludmila M Kupriyanova, Natalia E Sokolinskaya , ( April 2018): A thorough examination of the Issuer's security fundamentals is the focus of this research. The research aims to examine the potential and need for incorporating new directions and indications into the fundamental analysis of credit institutions, which are securities issuers. Goals/objectives. Conclusions and Relevance. As issuers, big investors, and participants in the organized securities market, Russian credit organizations must consider the external environment and laws that are always changing so that new indicators of banking operations may be introduced at the right moment in their fundamental analyses. Several novel quantitative and qualitative markers of fundamental analysis, as well as their implementation in the Russian reality, are outlined in this article. With the release of the new International Financial Reporting Standard No. 9 in 2019, particular focus is placed on indicators that may undergo substantial changes in the future.

A Study on Fundamental Analysis on Top 5 IT Sector Companies based on Market Capitalization by Diptrup Mukharjee, (May 2024): Among the world's economies, India's growth rate is among the most rapid. Indian businesses are expanding at a quicker clip than they were a decade ago. A large number of Indian enterprises have gone global and are actively growing their operations beyond the Indian market. Applying theoretical understanding of Fundamental Analysis and Ratio Analysis to the top five businesses in the Indian IT sector was the purpose of this study. Additionally, it highlighted certain characteristics that indicated those firms may potentially prosper and had good valuations, making it a solid investment alternative for investors. Since this research is dependent on secondary data gathered from a variety of sources, its veracity and accuracy are under question. Although the suggestions are based on analyses of key ratios, other factors may influence the company's price and performance.

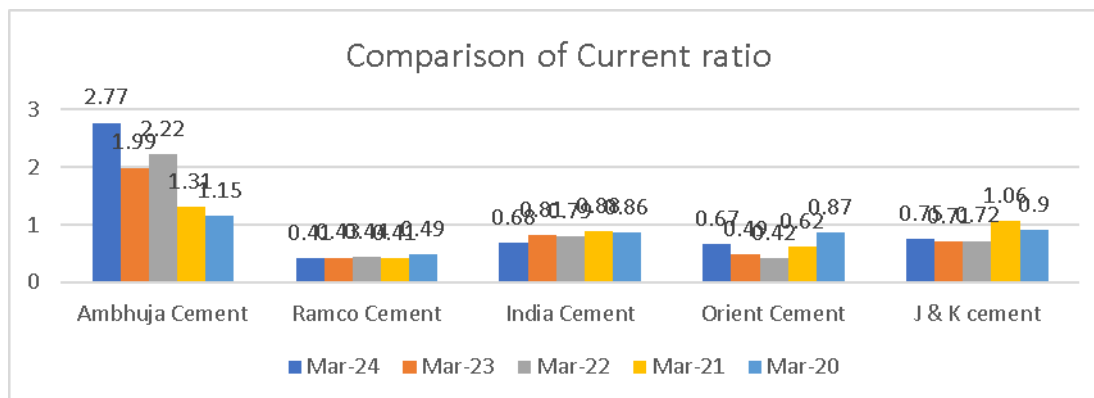
A Fundamental Analysis – Based Method for Stock Market Forecasting by Yuh-Jen Chen, Yuh – Min Chen, (Jun 2013): This study aimed to develop a decision support system for fundamental analysis-based stock market forecasting. Techniques such as calculating the weight of financial indicators, assessing and choosing individual stocks, picking financial news features, generating stock trading signals from financial news, and predicting stock price trends are all part of the fundamental analysis-based approach to stock market forecasting

## Data Analysis & Interpretation

### Comparison of Ratio

#### Current Asset ratio

	Ambhuja Cement	Ramco Cement	India Cement	Orient Cement	J & K cement
Mar-24	2.77	0.41	0.68	0.67	0.75
Mar-23	1.99	0.43	0.81	0.49	0.71
Mar-22	2.22	0.44	0.79	0.42	0.72
Mar-21	1.31	0.41	0.88	0.62	1.06
Mar-20	1.15	0.49	0.86	0.87	0.9

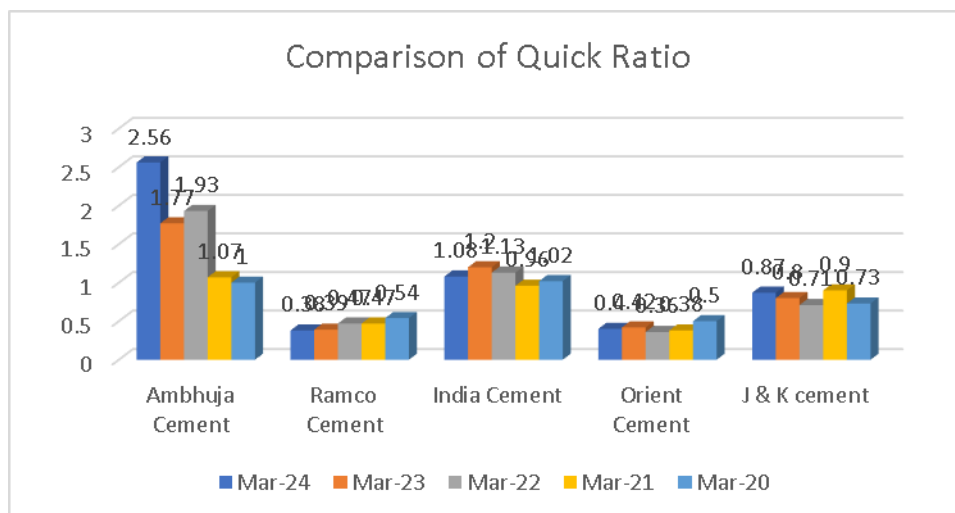


#### Interpretation

From the above table and graph we can state that, all the companies showing the current ratio below than the standard ratio except the Ambhuja in the year March 2024 & March 2022 which has the ratio of 2.77 & 2.22, which is more than the standard ratio. In these years the Ambhuja cement made the liquidity position strong and rest of the years and companies are in weak position.

#### Quick Ratio

	Ambhuja Cement	Ramco Cement	India Cement	Orient Cement	J & K cement
Mar-24	2.56	0.38	1.08	0.4	0.87
Mar-23	1.77	0.39	1.2	0.42	0.8
Mar-22	1.93	0.47	1.13	0.36	0.71
Mar-21	1.07	0.47	0.96	0.38	0.9
Mar-20	1	0.54	1.02	0.5	0.73

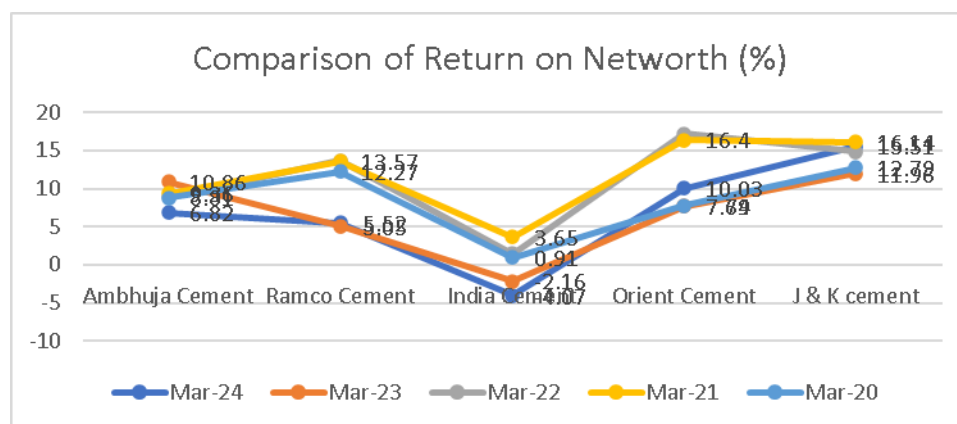


#### Interpretation

From the above graph we can state that Ambhuja Cement and India Cement ratios are more than the standard ratio which shows more than 1. So rest of the ratios of other cement companies are showing below than the standard ratio. So we can state that, Ambhuja and India cements company has strong liquidity positions in every year of Ambhuja cement and for India cements except 2021 year all other years position is strong.

### Return on Net worth

	Ambhuja Cement	Ramco Cement	India Cement	Orient Cement	J & K cement
Mar-24	6.82	5.52	-4.07	10.03	15.51
Mar-23	10.86	5.05	-2.16	7.69	11.96
Mar-22	8.91	13.68	1.42	17.25	14.83
Mar-21	9.36	13.57	3.65	16.4	16.14
Mar-20	8.81	12.27	0.91	7.74	12.79

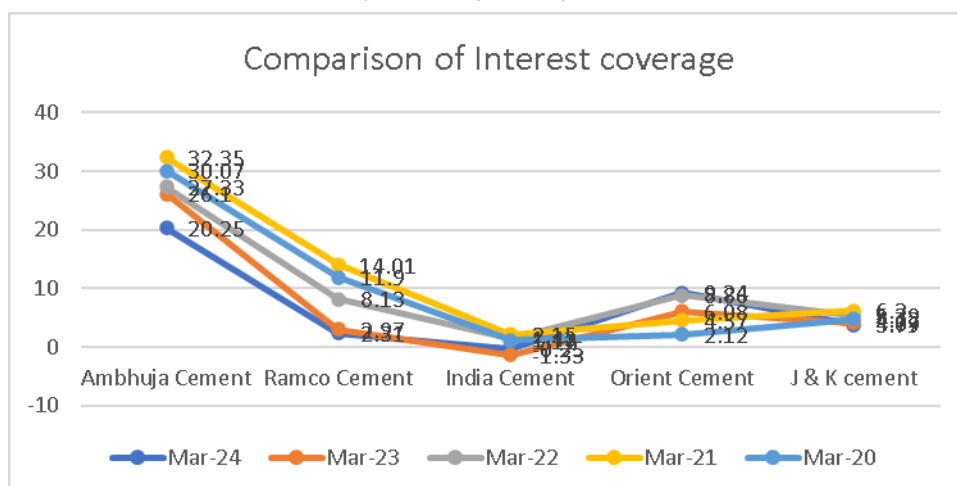


### Interpretation

From the above table and graph we can state that, the highest percentage of return on Net worth is in the Orient Cement in the year 2021 to 2022 i.e 17.25 and lowest for the India cement in the year 2023-2024 i.e -4.07.

### Interest coverage

	Ambhuja Cement	Ramco Cement	India Cement	Orient Cement	J & K cement
Mar-24	20.25	2.31	-0.25	9.24	3.79
Mar-23	26.1	2.97	-1.33	6.08	4.07
Mar-22	27.33	8.13	1.43	8.86	5.39
Mar-21	32.35	14.01	2.15	4.57	6.2
Mar-20	30.07	11.9	1.11	2.12	4.72

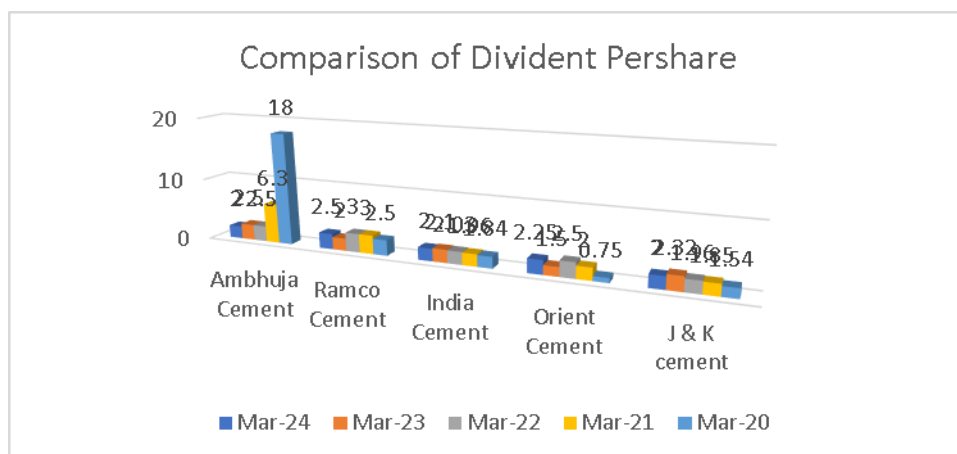


#### Interpretation

From the above table and graph we can state that, the highest interest coverage ratio is in the Ambhuja cement with 32.35 in the year 2020-2021 and lowest in the India Cement with -1.33 in the year 2022 – 2023

#### Dividend Per share

	Ambhuja Cement	Ramco Cement	India Cement	Orient Cement	J & K cement
Mar-24	2	2.5	2	2.25	2
Mar-23	2.5	2	2.1	1.5	2.32
Mar-22	2.5	3	2.03	2.5	1.96
Mar-21	6.3	3	1.96	2	1.85
Mar-20	18	2.5	1.84	0.75	1.54



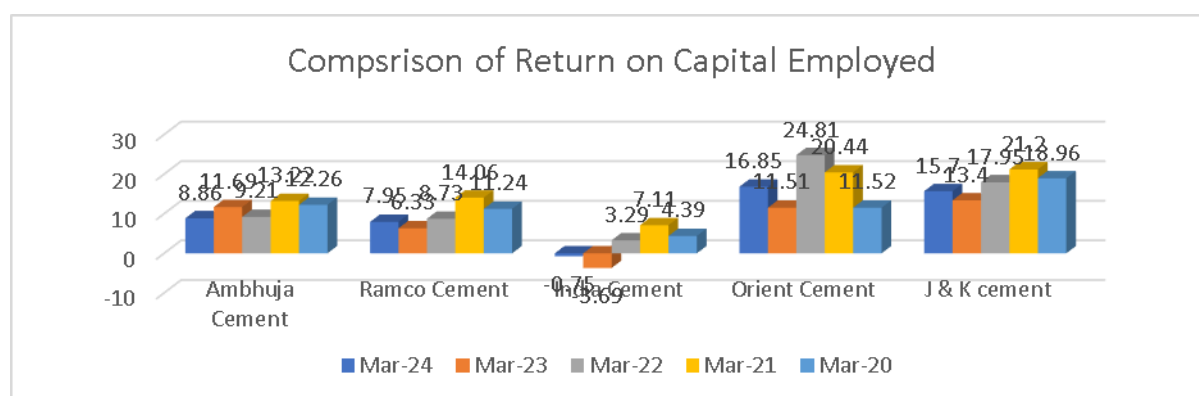
#### Interpretation

From the above table and graph we can state that, Dividend Per share Ratio is highest for the Ambhuja Cement i.e 18 In the yeat 2019-2020 and lowest in the year 2019-2020 for the Orient Cement



### Return on Capital Employes

	Ambhuja Cement	Ramco Cement	India Cement	Orient Cement	J & K cement
Mar-24	8.86	7.95	-0.75	16.85	15.7
Mar-23	11.69	6.33	-3.69	11.51	13.4
Mar-22	9.21	8.73	3.29	24.81	17.95
Mar-21	13.22	14.06	7.11	20.44	21.2
Mar-20	12.26	11.24	4.39	11.52	18.96

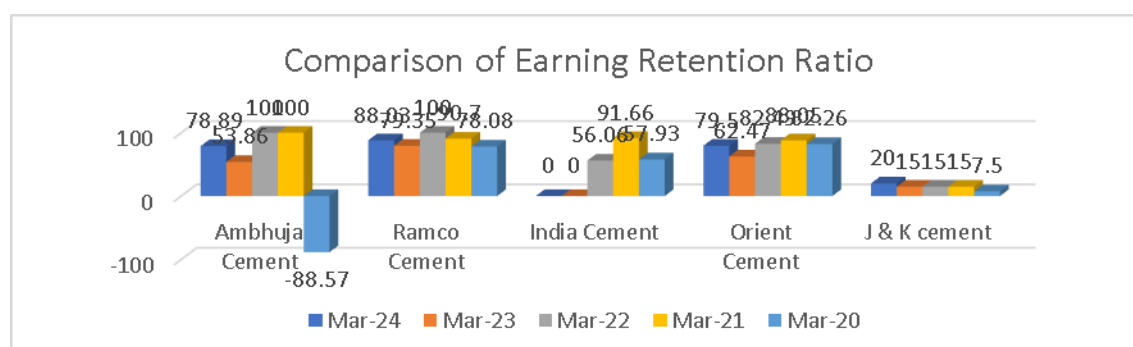


### Interpretation

From the above table and graph we can state that, Return on Capital Employesd is highest in the year 2021 to 2022 for Orient Cement and lowest in the year 2023 2024 for India Cements.

### Earning Retention Ratio

	Ambhuja Cement	Ramco Cement	India Cement	Orient Cement	J & K cement
Mar-24	78.89	88.03	0	79.5	20
Mar-23	53.86	79.35	0	62.47	15
Mar-22	100	100	56.06	82.49	15
Mar-21	100	90.7	91.66	88.05	15
Mar-20	-88.57	78.08	57.93	82.26	7.5



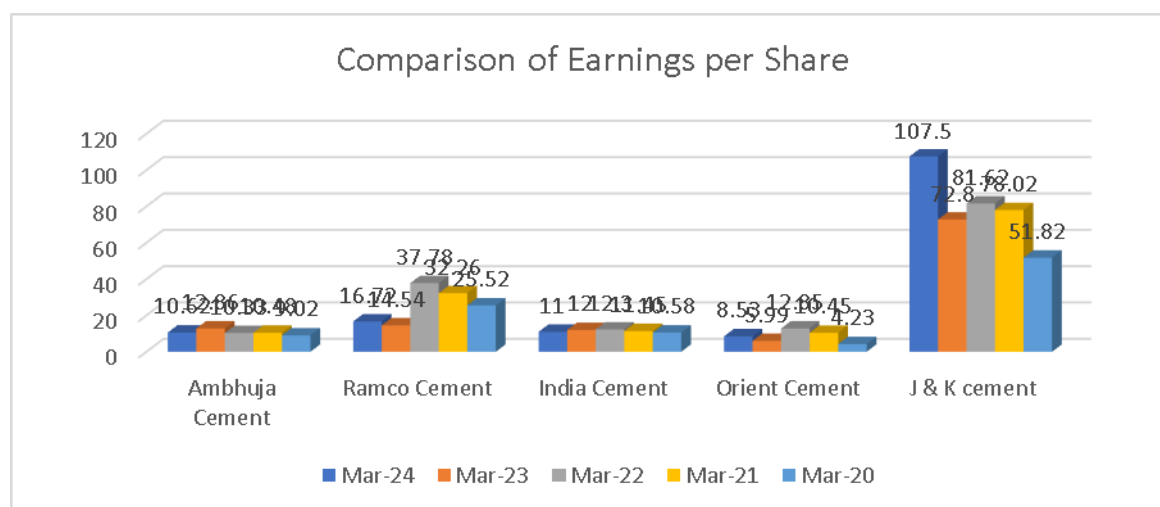
### Interpretation

From the above table and graph we can state that, Earning Retention ratio is highest in the year 2021 – 2022 for Ambhuja Cement and Ramco Cement and Lowest in the year 2019 -2020 for Ambhuja Cement i.e -88.57



### Earning Per share

	Ambhuja Cement	Ramco Cement	India Cement	Orient Cement	J & K cement
Mar-24	10.62	16.72	11	8.53	107.5
Mar-23	12.86	14.54	12	5.99	72.8
Mar-22	10.33	37.78	12.3	12.85	81.62
Mar-21	10.48	32.26	11.45	10.45	78.02
Mar-20	9.02	25.52	10.58	4.23	51.82

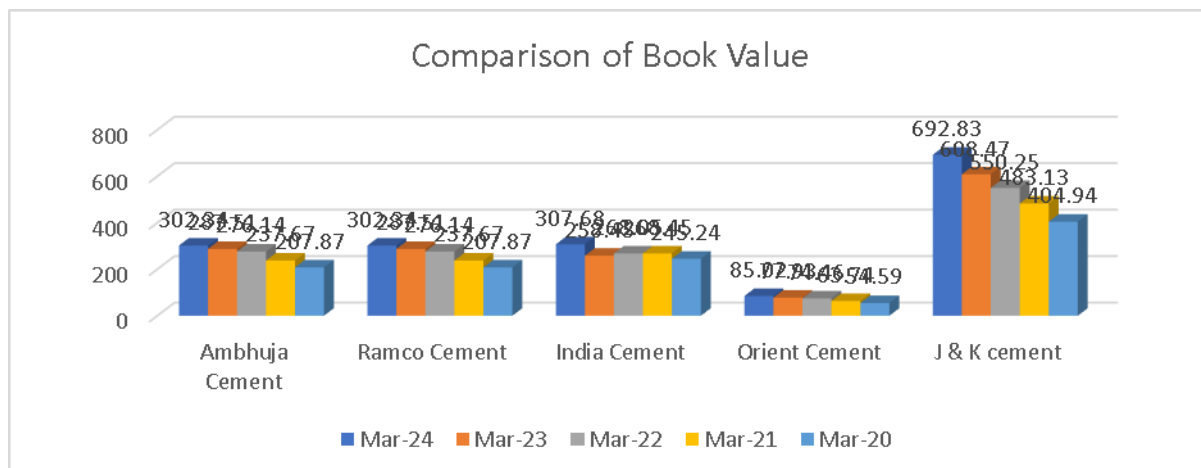


### Interpretation

From the above table and graph we can state that, Earning Per share value is highest in the year 2023-2024 for J K Cement and Lowest in the year 2019-2020 for Orient Cement i.e 4.23.

### Book Value

	Ambhuja Cement	Ramco Cement	India Cement	Orient Cement	J & K cement
Mar-24	302.34	302.34	307.68	85.02	692.83
Mar-23	287.51	287.51	258.45	77.93	608.47
Mar-22	276.14	276.14	268.05	74.46	550.25
Mar-21	237.67	237.67	268.45	63.74	483.13
Mar-20	207.87	207.87	245.24	54.59	404.94



### Interpretation

From the above table and graph we can state that, Book value is highest in the J K Cement for the year 2023-2024 i.e 692.83 and lowest for Orient Cement for the year 2019-2020 i.e 54.59

### Findings

- All the companies showing the current ratio below than the standard ratio except the Ambhuja in the year March 2024 & March 2022 which has the ratio of 2.77 & 2.22, which is more than the standard ratio. In these years the Ambhuja cement made the liquidity position strong and rest of the years and companies are in weak position
- Ambhuja Cement and India Cement ratios are more than the standard ratio which shows more than 1, So rest of the ratios of other cement companies are showing below than the standard ratio. So we can state that, Ambhuja and India cements company has strong liquidity positions in the every year of Ambhuja cement and for India cements except 2021 year all other years position is strong.
- The highest percentage of return on Net worth is in the Orient Cement in the year 2021 to 2022 i.e 17.25 and lowest for the India cement in the year 2023-2024 i.e -4.07.
- The highest interest coverage ratio is in the Ambhuja cement with 32.35 in the year 2020-2021 and lowest in the India Cement with -1.33 in the year 2022 – 2023
- Dividend Per share Ratio is highest for the Ambhuja Cement i.e 18 In the year 2019-2020 and lowest in the year 2019-2020 for the Orient Cement
- Return on Capital Employed is highest in the year 2021 to 2022 for Orient Cement and lowest in the year 2023 2024 for India Cements.
- Earning Retention ratio is highest in the year 2021 – 2022 for Ambhuja Cement and Ramco Cement and Lowest in the year 2019 -2020 for Ambhuja Cement i.e -88.57
- Earning Per share value is highest in the year 2023-2024 for J K Cement and Lowest in the year 2019-2020 for Orient Cement i.e 4.23.
- Book value is highest in the J K Cement for the year 2023-2024 i.e 692.83 and lowest for Orient Cement for the year 2019-2020 i.e 54.59

### Suggestions

- Companies with current ratios below the standard should reassess their working capital policies. This may involve better inventory control and more efficient receivables management to strengthen their short-term financial position.
- For firms showing low or negative interest coverage ratios, especially India Cement, it's crucial to re-evaluate their debt levels and refinancing strategies to reduce interest burdens and improve earnings stability.



- The negative return on net worth for India Cement in 2023-2024 indicates a need to focus on operational efficiencies and cost management measures to drive profitability.
- With a wide variation in dividend per share ratios, companies should consider adopting dividend policies that balance shareholder returns with reinvestment needs, ensuring long-term sustainable growth.
- Firms with lower Return on Capital Employed should look into optimizing asset utilization and streamlining capital expenditures to generate better returns on investments.
- Companies experiencing erratic earning retention ratios, such as Ambuja Cement in 2019-2020, might benefit from a strategic review of reinvestment practices to ensure funds are effectively used to support future growth.
- Firms with variable earnings per share and book values should develop strategies for steady performance improvement. This includes better forecasting, robust risk management, and continuous process enhancements to maintain consistency over the years.

## Conclusion

The financial performance of cement companies varies significantly across different metrics, highlighting both strengths and areas of concern. Ambuja Cement stands out with a strong liquidity position, consistently maintaining a current ratio above the standard in multiple years. India Cement also demonstrates financial stability in most years except for 2021, where its liquidity weakened. However, other cement companies struggle to maintain a healthy liquidity position, suggesting potential working capital inefficiencies.

Profitability indicators show mixed trends. Orient Cement achieved the highest return on net worth in 2021-2022, whereas India Cement recorded a negative return in 2023-2024, pointing to operational challenges. Interest coverage ratios also fluctuate significantly, with Ambuja Cement achieving the highest at 32.35 in 2020-2021, while India Cement reported the lowest at -1.33 in 2022-2023, indicating financial distress.

Dividend and earnings metrics highlight disparities in shareholder returns. Ambuja Cement led with the highest dividend per share in 2019-2020, whereas Orient Cement had the lowest. Earnings retention and per-share earnings also varied widely across companies and years. For long-term stability, these firms must focus on financial efficiency, debt management, and sustainable profitability.

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