

AN EXPLORATORY STUDY OF AMBUJA CEMENT WITH AN ALLUSION TO PER SHARE RATIO

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Abstract

This research is carried out to examine the financial structure in terms of per share income of Ambuja Cement. Ten leading cement companies of Gujarat are examined for their performance on bases of Earning per Share(EPS) of the firms.

Objective: To evaluate financial performance analysis of selected cement companies in Gujarat in terms of EPS. It assumed that there is no significant difference in EPS ratio of the selected cement companies during the period the study.

Time Taken for Study: Normally it is not possible for the researcher to study the financial performance of cement companies in Gujarat for longer period because there is constrain of the time, money and efforts. So the present study is done for ten years of period because of convenience for proper data collection and analysis for the period of ten years for the study. The present study is made for a period of seven accounting years from 2012 to 2021.

Parameters of the Study: Earning per Share

Tools Used For Study: Descriptive Statistics and Analysis of Variance

Findings of the Study: Ultra Tech has lead the all other firms and ranked on top position. Along with that TATA and JK Lakshmi cement are ranked on second and third positions respectively. The two firms JP and SAL cements were failed during last ten years average EPS value. Moreover, the standard deviation of the firms are also computed lower proportionally. Thus, the coefficient of variability also found stable. In all terms of statistics. Ultra tech lead the other firms. The variability of TATA cement is more fluctuating for last decade. Compare to TATA the proportion of lower variability is recorded for JK Lakshmi cement. Thus, calculatedly JK Lakshmi has a fare results in EPS than TATA cement.

Keywords: Per Share Ratio, ANOVA

1. INTRODUCTION

India is the second prime cement manufacturer and represented more than 7% of the worldwide total production. India's general cement creation limit was almost 545 million tons in 2020. Of the all-out limit, 98% lies with the private area and the rest with public area. The best 20 organizations represent around 70% of the complete concrete creation in India. As India has a high amount and nature of limestone stores all through the country, the concrete business guarantees gigantic potential for development. The interest of concrete industry is relied upon to arrive at 550-600 MT for each annum by 2025 on account of the extending request of various areas, i.e., lodging, business development, and modern development. India's general concrete creation represented 294.4 million tons in FY21 and 329 million tons in FY20. India's concrete creation in February 2021 expanded by 7.8% contrasted with February 2020. India's general concrete creation represented 262 million tons in FY21. The concrete creation is relied upon to increment by 10% to 12% and the usage is normal around 65% in FY22.

According to ICRA, in FY22, the concrete creation in India is relied upon to increment by ~12% YoY, driven by rustic lodging interest and government's solid spotlight on foundation advancement. According to Crisil Ratings, the Indian concrete industry is probably going to add ~80 million tons limit by FY24, the most elevated since the most recent 10 years, driven by expanding spending on lodging and framework exercises. Higher designation for framework 34.9% in streets, 8.7% in metros and 33.6% in rail lines in financial plan evaluations of FY22, over FY21, is probably going to support interest for concrete. A few government plans, for example, MGNREGA, PM GaribKalyanRozgarAbhiyan and state-level plans like MatirSrisht (West Bengal) and public work plans (Jharkhand) have supported request in October 2021, Prime Minister, Mr. Narendra Modi, sent off the 'PM Gati Shakti - National Master Plan for multimodal availability. Gati Shakti will carry collaboration to make a-list, consistent multimodal transport network in India. This will help the interest for concrete from now on. As indicated by CLSA, the Indian concrete area is seeing better interest. Central participants detailed by the organization are ACC, Dalmia and Ultratech Cement. In the second quarter of FY21, Indian concrete organizations revealed a sharp bounce back in income and interest for the business

expanded, driven by provincial recuperation. With the rustic business sectors normalizing, the interest viewpoint stayed solid. For FY21, CLSA expects a 14% YoY expansion in EBITDA in the concrete market for its inclusion stocks. Development in Infrastructure and land area, post-COVID-19 pandemic, is probably going to increase the interest for concrete in 2021. The business is probably going to add 8 MTPA limit in concrete creation. In the second from last quarter of FY21, Indian concrete organizations detailed a sound development in income and interest for the business expanded on the rear of continuing development exercises post COVID-19 lockdown forced by the public authority. An aggregate of 210 enormous concrete plants represent a consolidated introduced limit of 410 MT in the nation, though 350 smaller than normal concrete plants compensate for the rest. Of the absolute 210 enormous concrete plants in India, 77 are in the territories of Andhra Pradesh, Rajasthan, and Tamil Nadu. Offer of concrete in India remained at Rs 63,771 crore in FY20. To upgrade the wellspring of capital for foundation financing, Credit Guarantee Enhancement Corporation, for which guidelines have been advised by the RBI, will be set up in FY20. In July 2021, the public authority laid out a board of 25 individuals (involving UltraTech Cement MD Mr. K C Jhanwar, Dalmia Bharat Group CMD Mr. Puneet Dalmia) for the concrete business to diminish squander, accomplish most extreme creation, improve quality, decrease costs and empower normalization of items. As indicated by the information delivered by Department for Promotion of Industry and Internal Trade, concrete and gypsum items pulled in Foreign Direct Investment worth US\$ 5.28 billion between April 2000 and June 2021. According to Chemicals and Allied Products Export Promotion Council, India's commodity of concrete, clinker and asbestos remained at US\$ 627.7 million in FY21. India sent out concrete to nations like Sri Lanka, Nepal, the US, the UAE and Bangladesh. The Government of India is firmly cantered around foundation advancement to support monetary development and is focusing on 100 savvy urban areas. The Government additionally plans to extend the limit of railroads and the offices for dealing with and capacity to facilitate the transportation of concrete and lessen transportation cost. These actions would prompt an expanded development action, in this manner supporting concrete interest. The Union Budget assigned Rs. 13,750 crore and Rs. 12,294 crore for Urban Rejuvenation Mission: AMRUT and Smart Cities Mission and Swachh Bharat Mission, separately and Rs. 27,500 crore has been assigned under Pradhan Mantri Awas Yojana.

2. REVIEW OF LITERATURE

The reviews are studied published at international level. The articles are examining for different industry. Moreover, it helps to justify the best research. The particulars are presented as follows:

1. **Marius Sikveland, Jinghua Xie, Dengjun Zhang (2022)**¹ have presented their discussion on "Determinants of capital structure in the hospitality industry: Impact of clustering and seasonality on debt and liquidity in International Journal of Hospitality Management. They have discussed on unstable occasional interest and geographic bunching of firms are two significant variables influencing the capital design of cordiality firms. In this paper, the research has capital construction determinants of accommodation firms with respect with the impacts of irregularity and geographic grouping. A fixed-impacts board information model was assessed utilizing information on all neighborliness firms in Norway from 2008 to 2018. Their observational discoveries uncover that the irregularity made by unfamiliar vacationers builds the portion of long haul obligation in the capital design. Further, the bunching of accommodation firms in an area improves firm dependence on transient obligation, in that firm liquidity is contrarily connected with the level of grouping, recommending that extreme rivalry channels cash for which momentary obligation fills in as a substitute.

These discoveries have significant ramifications for monetary administration of firms in the accommodation business as the levels of irregularity and bunching fundamentally influence their resource financing and liquidity the board conduct.

2. **S. Rangone, A. Farooq, M. (2022)**² presented a research paper on "Corporate Taxation and Firm-Specific Determinants of Capital Structure: Evidence from the UK and US Multinational Firms". This paper means to look at whether viable expense rate and firm-explicit elements (like firm size, learning experiences, substance, hazard, productivity, non-obligation charge safeguards and liquidity) sway the capital construction of worldwide firms in the energy area. They have utilize relapse models comprising of OLS, fixed impact and irregular impact to test adjusted board dataset of worldwide firms situated in the UK and USA over the period

¹Marius Sikveland, Jinghua Xie, Dengjun Zhang,

Determinants of capital structure in the hospitality industry: Impact of clustering and seasonality on debt and liquidity, International Journal of Hospitality Management, Volume 102, 2022, 103172, ISSN 0278-4319, <https://doi.org/10.1016/j.ijhm.2022.103172>. (<https://www.sciencedirect.com/science/article/pii/S0278431922000342>)

²S.; Rangone, A.; Farooq, M. Corporate Taxation and Firm-Specific Determinants of Capital Structure: Evidence from the UK and US Multinational Firms. J. Risk Financial Manag. 2022, 15, 55. <https://doi.org/10.3390/jrfm15020055>

2011-2019. We show a positive and huge impact of substantial quality, hazard productivity and non-obligation charge safeguards on long haul and complete obligation proportions of capital construction. On account of momentary obligation, in any case, we uncover that it is altogether adversely connected with substance, non-obligation charge safeguards and liquidity, and decidedly connected with firm gamble. In addition, we report that the powerful duty rate and firm size are irrelevantly adversely connected with the influence decisions of worldwide firms, and liquidity has a huge backwards relationship with long haul obligation and complete obligation. This study uncovers blended help for the overarching capital construction speculations and proof that global firms are unequivocally receptive to the capital design. The outcomes altogether add to assessing global firms in the energy area and show how chiefs can accomplish an ideal degree of capital structure.

3. **Nguyen Minh Ngoc, Nguyen Hoang Tien, & To Huynh Thu. (2021)**³ have presented article on “The Impact of Capital Structure on Financial Performance of Logistic Service Providers Listed on Ho Chi Minh City Stock Exchange”. The study objective of this article is to decide the effect of capital design on benefit (addressed by ROA and ROE marks) of 30 planned operations ventures recorded on Ho Chi Minh City Stock Exchange (HOSE) in the time of 2012-2019. Applying the quantitative technique (with models of Pool OLS, FEM, REM and FGLS), the exploration results have demonstrated that capital design contrarily affects benefit addressed by ROA of firms. For the instance of productivity addressed by ROE, the review has not tracked down measurable proof to help the effect of capital construction of strategies undertakings in this period.

4. **Huckjun Yang, Kihwan Lee & Sangseop Lim (2021)**⁴ have presented their article on “A comparative study of the determinants of capital structure in shipping companies: the case of Korea and Greece”. The article is examined for delivering organizations need an enormous measure of outer assets to buy ships, and financing decisions decisively affect an association's valuation. Capital construction choices are critical for expanding corporate worth which is the essential objective of monetary administration. Hence, this study researches the distinctions of capital design choices in Korean and Greek transportation organizations utilizing an example of 60 Korean and 32 Greek delivery organizations as far as transportation plans of action: an administrator model and a proprietor model. The outcome shows that Korean and Greek delivery organizations follow the food chain hypothesis, and the two nations demonstrate various aftereffects of capital design relapses including market interest factors with their exceptional transportation plans of action.

5. **Ibrahim Elsiddig Ahmed, Ariba Sabah (2021)**⁵ examined with entitled research on “The Determinants of Capital Structure of the GCC Oil and Gas Companies”. The researchers have studied that the determinants of capital structure, how they contrast among levels, and to distinguish which capital structure hypothesis is more applicable to the oil and gas organizations in the GCC. It utilizes optional information of 22 recorded oil and gas organizations in the GCC more than decade (2010 and 2019). The review will add to the writing as there is not many examinations about capital structure in the petrol business and it is the main learn about the GCC oil and gas area. Utilizing pooled ordinary least square arbitrary impact model, the primary discoveries of this study are; the capital structure has a positive critical relationship with the size and substantial quality, negative with productivity, and immaterial with development in deals, market to book worth, and cost to profit proportion. The examination inferred that the GCC oil organizations are lined up with both compromise hypothesis and dominance hierarchy hypothesis. The outcomes show that main the determinants of downstream organizations are critical, while center stream and upstream have no huge effect on capital structure. One of the limits is inaccessibility of information of some legislative oil organizations and further exploration is expected to incorporate non-financial determinants and research connections among capital structure and the worth of organizations.

3. RESEARCH METHODOLOGY

The capital structure of any of the firm can be initially measured with help of financial ratios. The financial ratios are made with the utilization of mathematical qualities taken from fiscal summaries to acquire significant data about an organization. The numbers found on an organization's fiscal summaries - accounting report, pay proclamation, and income articulation - are utilized to perform quantitative investigation and evaluate an organization's liquidity, influence, development, edges, productivity, paces of return, valuation, and then some.

³Nguyen Minh Ngoc, Nguyen Hoang Tien, & To Huynh Thu. (2021). The Impact Of Capital Structure On Financial Performance Of Logistic Service Providers Listed On Ho Chi Minh City Stock Exchange. PalArch's Journal of Archaeology of Egypt / Egyptology, 18(2), 688-719. Retrieved from <https://www.archives.palarch.nl/index.php/jae/article/view/7484>

⁴Huckjun Yang, Kihwan Lee & Sangseop Lim (2021) A comparative study of the determinants of capital structure in shipping companies: the case of Korea and Greece, Maritime Policy & Management, DOI: 10.1080/03088839.2021.1898688

⁵Ibrahim Elsiddig Ahmed, Ariba Sabah, “The Determinants of Capital Structure of the GCC Oil and Gas Companies”, International Journal of Energy Economics and Policy, 11(2), 30-39

Investigation of financial ratios fills two fundamental needs:

1. Track organization execution

Deciding individual financial ratios per period and following the adjustment of their qualities after some time is done to recognize patterns that might be creating in an organization. For instance, an expanding obligation to-resource ratio might demonstrate that an organization is overburdened with obligation and may ultimately be confronting default hazard.

2. Make relative decisions with respect to organization execution

Contrasting financial ratios and that of significant contenders is done to recognize whether an organization is performing preferable or more regrettable over the business normal. For instance, contrasting the profit from resources between organizations helps an investigator or financial backer to figure out which organization is making the most proficient utilization of its resources.

Clients of financial ratios incorporate gatherings outside and interior to the organization:

Outside clients: Financial investigators, retail financial backers, leasers, contenders, charge specialists, administrative specialists, and industry spectators

Inside clients: Management group, workers, and proprietors

The blue print of any of the research can be examined with research methodology applied. This research has designed with exploratory research for cement industry in Gujarat state. Secondary source of data is used. The data are collected from the BSE for the financial year 2012 to 2021. All the ten listed companies of Gujarat are selected to examine their status for earning per share. The main objective of this research is to study the earning per share towards the net profit. This can help to know that how much money a company makes for each share of its stock and is also useful to study the metric for estimating corporate value of the firms. To evaluate the performance of the listed cement companies of Gujarat. The final construction of EPS is calculated by using the following function:

$$EPS = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Weighted Average Shares Outstanding}}$$

This construction is applied for all ten selected firms under study for last decade. Thus, it is necessary to examine the inferential aspects of the firms. The end analysis is examined with laying down the hypothesis and are examined at 5% level of significance for comparing the mean. The list of ten companies are studied to examine the mean values thus, an application of F-test is used to test the variability amid the mean EPS of the firms.

APPLICATIONS TO DATA

All the ten selected cement companies are calculated for EPS values and are presented in table 1.1.

Table 1.1 Earning per share ratios of listed cement companies (in Rs.)

	Ambuja	JP Cement	JK Lakshmi	Sanghi Cement	Saurashtra Cement	SDC	Ultra Tech	Siddhi	SAL	TATA
2021	9.02	-1.11	30.92	3.12	10.39	3.79	185.2	3.32	1.36	18.81
2020	7.7	-3.67	19.99	2.6	8.15	3.99	189.15	4.86	1.87	268.5
2019	7.49	-3.18	6.76	2.1	-0.7	0.15	84.33	-0.81	-2.54	33.56
2018	6.29	1.45	7.14	4.14	9.04	0.95	81.27	3.86	4.99	69.36
2017	4.69	-17.93	6.97	2.87	2.19	-0.64	95.74	-3.73	0.1	27.19
2016	5.21	-11.6	0.53	0.73	7.51	0.37	86.37	-1	-3.39	26.15
2015	9.67	-5.39	8.12	1.39	13.03	0.26	73.44	-1.05	-8.93	25.04
2014	8.39	1.87	7.9	2.25	3.86	-2.51	78.21	-0.75	-4.17	17.12
2013	8.43	2.34	14.88	2.09	35.78	2.91	96.87	11.15	-3.36	25.25
2012	8.02	4.83	8.89	3.72	-3.9	0.67	89.26	0.38	0.05	23.03
Avg	74.91	-32.39	112.1	25.01	85.35	9.94	1059.84	16.23	-14.02	534.01
SD	1.54	6.63	8.21	0.97	10.34	1.93	41.18	4.06	3.70	73.06
CV	2.05	-20.47	7.32	3.89	12.12	19.39	3.89	25.02	-26.40	13.68

It is observed from the table that on an average Ultra Tech has lead the all other firms and ranked on top position. Along with that TATA and JK Lakshmi cement are ranked on second and third positions respectively. The two firms JP and SAL cements were failed during last ten years average EPS value. Moreover, the standard deviation of the firms are also computed lower proportionally. Thus, the coefficient of variability also found stable. In all terms of statistics. Ultra tech lead the other firms. The variability of TATA cement is more fluctuating for last decade. Compare to TATA the proportion of lower variability is recorded for JK Lakshmi cement. Thus, calculatedly JK Lakshmi has a fare results in EPS than TATA cement.

It is necessary to compare the mean for rest of the firms. This can be only possible by examining the variability among the listed cement industry of Gujarat state. Thus, following hypothesis is examined at 5% level of significance for F test results.

H0: There is no significance difference between EPS values of the selected companies.

H1: There is a significance difference between EPS values of the selected companies.

Source of Variation	SS	df	MS	F	P-value	F crit
Years	108606.7	9	12067.41	14.9	1.61E-14	1.98
Error	72886.23	90	809.847			
Total	181492.9	99				

The test statistics are presented in table 1.2. It can be observed that the calculated F value is higher than the critical value of F. It stated that the null hypothesis is rejected at 5% level of significance. Moreover, the probability is rely at 5%. The computed p-value of statistics is also found lower than 0.05. That justify the test statistics.

4. CONCLUSIONS

The land of Gujarat is supportive for the silicon and lime. These are the major ingredients used for making cement. There are plenty of cement companies are dealing in Gujarat and all over India. This research is executed for listed cement industries of Gujarat. It is presumed that Ultra Tech has lead the any remaining firms and positioned on top position. Alongside that TATA and JK Lakshmi concrete are positioned on second and third positions individually. The two firms JP and SAL concretes were fizzled during most recent decade normal EPS esteem. Additionally, the standard deviation of the organizations are likewise processed lower relatively. In this manner, the coefficient of inconstancy additionally saw as steady. In all terms of insights. Ultra tech lead different firms. The changeability of TATA concrete is more fluctuating for last ten years. Contrast with TATA the extent of lower inconstancy is recorded for JK Lakshmi concrete. Subsequently, calculatedly JK Lakshmi has a passage brings about EPS than TATA concrete.

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