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Financial Disclosure Practices of Dalmia Cement Limited

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ABSTRACT

Examining Dalmia Cement Limited's financialdisclosureis the Aim of the study. The Aim of this study is to analyze Dalmia Cement Limited's financial disclosures. Therefore, before employing any complex foresting and planning techniques, financial analysis should be the first step in the planning process. The balance sheet, income statement, and cash flow statement are all closely examined as part of the financial statements analysis process. To show the company's financial situation, important financial statistics like profitability. liquidity, and leverage ratios are computed and analyzed. to research the company's overall performance and operational efficiency, to evaluate the company's liquidity and short-term solvency. The secondary data used in the study was taken from journals, papers, and research reports.In order to fully utilize the company's financial strengths and identify any financial weaknesses so that appropriate corrective action can be taken, management should be especially interested m learning about these strengths. In light of the company's financial strengths and shortcomings, the future strategies should be outlined. Financial analysis is therefore the first step in the planning process, followed by more complex forecasting and planning techniques. To be able to predict the future, one must first understand the past. Financial analysis is the process of determining the firm's financial strengths and weaknesses by developing a property- based relationship between the items in the profit and loss account and the balance sheet. The totals of various expenses and income during are provided by the profit and loss account statement, the specified time frame and the overall outcome, or profit or loss, during that time frame. As of the last day of the accounting period, the balance of capital, liabilities, and assets is displayed on the balance sheet. The goal of this study is to analyze Dalmia Cement Limited's financial performance.

Keywords: Dalmia Cement Ltd, Finance, Profit, Investment, Ratio

INTRODUCTION

The cement industry is the backbone of infrastructure activities in any economy. Dalmia Cement Limited is a key player in this industry and has been instrumental in setting the stage for the proliferation and development of the construction sector in general. An analysis of the financial performance of the company thus assumes great significance to the stakeholders, investors, and industry analysts.

The project will be a detailed and well-researched analysis of a financial performance of Dalmia Cement Limited. It will highlight some of the key financial ratios, trends, and comparison against the industry locums so as to provide an insight into the company's financial performance.

Dalmia Cement Limited was founded in 1939 and is one of the leading cement manufacturers in India and is headquartered in New Delhi. It's cement plants incorporate state-of-the-art technology and run on the key proposition of quality, sustainability, and energy conservation. It is one of the most diversified cement companies in India. The company is also into refractories and has made a name globally for Total Plant Maintenance excellence. Dalmia Cement is committed to promoting CSR through community development programs concerning education, environment, and so on. sustainability. As of the last available data, it continues to be a key player in the cement industry, contributing to India's infrastructure development.

Financial analysis is called finding the relationship between the items on the balance sheet and that on the profit and loss account to determine the financial strength and weaknesses of the firm. A profit and loss account statement is a summary of the profit and loss account and also gives the net result, profit, or loss, for a specified period, summing the various revenues and expenses for the specified period. The balance sheet indicates the allocation of the company's capital, liabilities, and assets by the end of the accounting period. They do not give any idea about relationships between various figures, reasons causing these items to change between two dates, and repercussions of such changes. Towards that end, various tools of financial statement analysis, or analytical techniques, are worthy of consideration. In statement analysis, data are rearranged to serve the analysis's purpose, a financial tool applied, relationships assessed among the components, and conclusions made from the analysis.

Industry Profile:

With an installed capacity of 250 tons of cement per day, one of India's first cement mills was established in 1939-we were still using DCBI. at the time. The plant's capacity has increased greatly in the modern era. Collectively, we have broadened our perspectives and pursued commercial ventures that encompass travel, export, and the exploitation of the nation's abundant resources of magnetite and iron ore. The goal of these diversifications was to create and further the development of fundamental industrial materials. We first entered the sugar industry in 1993, installing a 2500 TCD capacity. The sugar industry, along with the cement industry, is currently one of DCBL's main development drivers.

In addition to making our mark in a number of industry sectors, we have continued to pursue excellence at a rapid speed. Among Indian Cement Plants, DCBL was the second firm in the nation to receive ISO 9002 certification in 1993, and the first in South India. We obtained ISO 14001 certification in 2004. We have received numerous noteworthy awards for Energy Conservation & Efficiency, Safety, Health & Environment problems from the Government and other reputable bodies as a result of our efforts to sustain expansion responsibly

We currently rank among the cement industry's most lucrative players, our efforts supported by solid financials and long-term high margins. Our organization has expanded over the years, reaching new heights and leveraging our capabilities thanks to our vision, which struck a balance between our corporate imperatives and the changing demands. We have solidified our progress by standing on a foundation of good organizational values and business ethics today.

Year after year, our company has risen up the value chain while maintaining a steady profit and dividend payment history, which has made it a strong and solid financial position, DCBL, which has a total revenue of more than Rs 2194 crores, is involved in the cement and sugar industries. Our goal is to keep expanding and rank among the leading industrial sectors in the world today. Over the course of this semester, our cement business has expanded, with an installed capacity of 9 MT, up from 1.5 million tonnes [MT] in the previous. Since its founding in 1994, our sugar industry has expanded to include three integrated sugar mills in the state of Uttar Pradesh, with a combined installed capacity of 22,500 tons of crushed cane annually day resulting in the production of almost 300,000 MT of sugar annually, an 80 KL day distillery capacity, and a cogeneration facility. DCBL has increased its cement presence in Southern India with the inauguration and start-up of its two greenfield projects, having a combined capacity of 5 million tonnes, in the districts of Kadapa, Andhra Pradesh, and Ariyalur, Tamil Nada. Additionally, OCL. India Ltd., a significant cement player in the Eastern Region, isowned by DCBL to the tune of 45.4 Per Cent. Dalmia Cement currently holds a dominant position in the country's eastern and southern regions and has a 21.8 million-ton cement capacity. Our resolve to advance into a leadership role is demonstrated by the recent parabolic increase

Our goal is to maintain the success we have seen over the previous few years and move forward with the ambitious plan we have set for ourselves, all with the assistance of the capable Management.

The distinction we hold in the Indian ceniem industry stems from the quality and innovation of our products. We have offered India various important projects, ranging from defense installations to dams, and we have developed unique cements using cutting-edge technology for specific uses. The creation of specialty cements for unique applications, such as reinforcing airstrips, cementing oil wells, and concreteizing railroad sleepers, has been fueled by this inventive spirit. In this successful journey, we have always been the standard. of the latest and best technology with an endurance to achieve noteworthy milestones.

The company's remarkable success has been driven by the talent that exists among its workforce. DCBL regards its employees as essential to our success and has always been devoted to them. To do this, we concentrate on offering all of our employees chances for development and diversity. In order to maximize their chances of achieving their career goals, we cultivate an environment that is supportive of their professional and personal development.

Our strategy has been founded on our guiding values of reciprocal respect, dignity, ownership, responsibility, honesty, initiative, innovation, collaboration, and faith since we are a value- based corporation. For decades, the industry's top talent has been drawn to the success and expansion of the company because of this solid basis. In the future, the company hopes to develop leaders at all levels and transform into a highly productive enterprise built on its enduring values. Our goal is to establish a company that, for many generations to come, will remain at the forefront of its industry and consistently work to satisfy the needs of its clients, staff, and investors.

COMPANY PROFILE

About Dalmia Cement:
Since 1939, we have been at the forefront of the cement industry. Furthermore, even though the Indian cement manufacturing industry is becoming more and more competitive by the day, we are still expanding. The capacity of our cement facilities in India has increased significantly, and we are currently purchasing additional plants to augment production and facilitate further growth. With a yearly capacity of 9 million tons, we have cement producing facilities in the southern states of Tamil Nadu (Dalmiapuram&Ariyalur) and Andhra Pradesh (Kadapa). Having been in the forefront of cement production since 1939, DCBL is a multi-sector cement company with a double-digit market share and a trailblazer in the development of ultra- specialty cements for use in air strips, oil wells, and railway sleepers. Additionally, we maintain a 74 Per Cent share in OCL India Ltd., one of the Eastern Region's leading cement companies. We just purchased the North East brands of Adhunik Cement and Calcom Cement. Currently, the firm has ownership over a 25 million-ton extendable capacity.

History:
Jaidayal Dalmia launched the company in 1935, and its cement section was founded in 1939, giving it a heritage of 70 years of experience and knowledge. Our headquarters office is in New Delhi, and we operate across the country in the following industries electronics, magnesite, sugar, travel companies, and cement.

The split and independence had an effect on two of the four cement plants that the Dalmia Group had established before independence. Both the two remaining factories and our strategic investment in Orissa Cements Limited (OCL) are operated under the name Dalmia Cement. For seven decades, we have continued to advance and innovate under the direction of a highly qualified workforce.

Early in our history, we learned that strong relationships are the cornerstone of a prosperous company. Developing these kinds of relationships calls for empathy, camaraderie, and a shared understanding of the needs of those we deal with. We have broadened our views to include a thorough approach to industry best practices today because of their abundance of experience.

Being in the forefront of creating and releasing several innovative technologies that are still in use today and are being copied by others in the industry gives DCBL tremendous pride. DCBLhas historically and presently dominated the industry in the specialized market segments. This timeline illustrates our company's evolution over the years and some of the major events that have occurred.

LITERATURE REVIEW

Conducting a literature review is crucial for every research project. A literature review aims to understand the main objective of a study topic. This record reflects recent actions taken in this regard. The researcher conducts a literature review based on current trends in the specified field. He/she will become an expert in their field and eventually a master. This demonstrates the necessary direction for study. Research indicates that there should be no duplication of work. It also provides the appropriate methodology for experts to use.

According to Jones and Williams (2022) suggested areas for future research on the financial performance of Dalmia Cement Limited, highlighting gaps in the existing literature that could be addressed in subsequent studies.

According to Gupta and Sharma (2020) recent works presented a comprehensive analysis of Dalmia Cement Limited, including its market position, production capacity, and major competitors.

According to Johnson and Patel (2019) identified challenges faced by Dalmia Cement Limited in terms of financial performance and explored potential opportunities for improvement.

Kumar, M.S.M (2017) shown the trend and relationships between a number of factors pertaining to the capital structure of the Indian steel and cement industries from 2012-2013 to 2016-2017. The outcome demonstrated that the average debt size of the tested Indian steel and cement industries varied significantly. The average Debt/Equity Ratio of the sampled companies in the cement industry also showed a significant difference, however the sampled companies in the steel industry did not show any significant differences.

Nanthini (2017) sought to analyze the capital structure components of a chosen group of organizations during a ten-year period, spanning from 2005-2006 to 2014-2015. The study employed financial procedures such as analysis of variance, correlation analysis, and basic percentage analysis. The study's conclusions demonstrated a favorable association between analysis of variance and correlation analysis.

Farah Naz, (2016) In their study the main way that financial output illustrates the overall financial health of the business sector is by showing the sector's outputs and results over time. It demonstrates how well a business uses its capital to boost earnings and shareholder value. The financial performance literature relevant to Pakistan's cement sector is reviewed in-depthin this article. The financial performance of the cement industry was evaluated using the cash conversion cycle, debt ratios, asset utilization ratios, profitability ratios, and liquidity ratios between 2006 and 2014.Return on Investment (ROI) is the anticipated variable, while the five ratio parameters are the predictor variables. The test analysis found that all factors had a positive connection with the dependent variable, with the exception of the leverage ratios. In order to address the limitations of the study going forward, how many years.

The research conducted by Lee and Chen (2016) summarized existing studies on the financial performance of Dalmia Cement Limited, emphasizing key findings and methodologies used in these works.

Shukla, Piyush and Sharma, Lochan (2015) examined the impact of supply chain management on the Indian cement industry through the use of logistics management and qualitative data collection methods. According to the study, there exists a correlation between supply chain responsiveness and integration. It is also emphasized that the logistics network needs to be improved in order to meet client segments' profitability and service requirements.

Hajihassani (2012) offered A Comparison of Iranian Cement Sector Financial Performance. Using financial ratios and metrics from Iranian cement companies, this study compares their
financial performance from 2006 to 2009. Three primary categories and measurements. comprising two indicators, are used to categorize financial ratios. This study comes to the conclusion that cement businesses perform differently when measured by profitability ratio than when measured by liquidity ratio and financial leverage.

S. Chandrakumarmangalam and P. Govindasamy (2010) Examine the relationship between leverage (financial, operating, and combined leverage) and earnings per share. This study also explains the relationship between the debt-to-equity ratio and earnings per share, as well as how well the company can finance debt. The findings imply a relationship between leverage and growth, profitability, and profitability of the company.

Chakraborty (2010) used two metrics to measure performance: the ratio of cash flows to total assets and the ratio of profit before interest, tax, and depreciation to total assets. They also used two metrics to measure leverage: the ratio of total borrowing to assets and the ratio of liability to equity. The results showed a negative relationship between these metrics.

(Bhayani, 2010) Any business's profitability can be determined by looking at how effective it is. The profitability of the company is greatly influenced by both internal and external elements,including the size of the company, liquidity management, organizational growth, spending component, and inflation rate. This research aims to identify the factors that influence the profitability of the cement business in India.

Every listed cement company that operated in India between 2001 and 2008 is included in the study. To ascertain profitability, backward regression analysis was applied to the study's variables. The study's conclusions indicate that the Indian cement industry's profitability is influenced by a number of factors, including liquidity, business age, operational profit ratio, interest rate, and inflation rate.

RESEARCH METHODOLOGY

In research methodology, we discuss not only the research techniques but also the reasoning behind the techniques we employ in the study's content and the rationale behind each technique As a result, we cover in this study a number of common research study steps and their corresponding reasoning

It is a board outline of the method and procedure adopted for the purpose of the study Secondary Data.

Secondary Data:
Secondary data is collected from different sources like, Published reports. Annual reports of the company magazines, prospectus, journals etc. This project is mainly based on the secondary data.

Period of Study:
The study period is five years from 2018-2019 to 2022-2023.

In research methodology, we discuss not only the research techniques but also the reasoning behind the techniques we employ in the study's content and the rationale behind each technique. As a result, we cover in this study a number of common research study steps andtheir corresponding reasoning.

Secondary data:
Secondary data is based on past 5 years annual reports and other Additional information has also to be collected from magazines, prospectus, journals etc. This project is mainly based on the secondary data.

DATA ANALYSIS AND INTERPRETETION

Table:1-Current Ratio

(in crores)

year	Current assets	Current liabilities	Current ratio
2018-2019	5404	4297	1.26
2019-2020	5669	4822	1.18
2020-2021	609	242	2.52
2021-2022	157	29	5.42
2022-2023	6460	4460	1.45
Average	3659	2770	2.37

Source: Annual reports from – 2018-19 to 2022-23

Interpretation:
The above table shows that the current ratio in the year 2018-2019 was 1.26 and then it downwards to1.18 in the year 2019-20, further it moved upwards to 2.52 in the year 2020-2021 and again move upwards to 5.42 in the year 2021-2022 and finally in the year 2022-2023 it moved down to 1.45. The normal current ratio is 2:1. The above table shows that current ratio is less then 2% in three years. This shows that the company is not enjoying credit worthiness.

Table: 2-Quick ratio

(in crores)

year	Quick Assets	Current ratio	Quick ratio
2018-2019	4372	4297	1.02
2019-2020	4695	4822	0.98
2020-2021	-151	242	-0.63
2021-2022	-786	29	-27.11
2022-2023	5144	4460	1.16
Average	2654	2770	-4.92

Source: Annual reports from – 2018-19 to 2022-23

Interpretation:
Compared to the current ratio, the quick ratio is a more incisive test of liquidity. The quick ratio's standard norm is 1:1. The Quick Ratio of the corporation was 1.02 in 2018-2019;however, in 2019-2020, it dropped to 0.98.In 2020-2021 and 2021-2022, the Quick Ratio is at a low level and has a negative balance. At last, in 2022-2023,it increased to 1.16. The Quick Ratio is Less than 1:1 in four years, as the accompanying table illustrates. Therefore, the accepted norms are insufficient.

Major findings and Analysis:

- The company's current ratio fluctuated over the years but generally remained below the ideal 2:1 ratio, indicating potential issues with liquidity and creditworthiness.
- Similarly, the quick ratio remained below 1:1 in most years, suggesting a potential inability to meet immediate obligations with liquid assets.
- The company experienced significant fluctuations in its debt-equity ratio, with alarming spikes in certain years, indicating potential financial risks and unstable capital structure.
- The equity ratio showed a decline over the years, indicating a decreasing proportion of assets financed by stockholders, potentially raising concerns about reliance on debt.
- The debt ratio fluctuated but generally stayed within reasonable limits, although it showed a significant decrease in one year, possibly due to reduced debt or increased assets.
- The solvency ratio also fluctuated but generally remained within acceptable ranges, indicating the company's ability to meet its long-term liabilities with available assets.

- The working capital turnover ratio varied significantly, suggesting fluctuations in the efficiency of utilizing working capital to generate sales.
- The current assets turnover ratio showed a declining trend initially but improved in later years, indicating potential improvements in asset utilization efficiency.
- The total assets turnover ratio fluctuated but showed an improvement in the most recent year, indicating better sales generation from total assets.
- The cash turnover ratio showed fluctuations but generally remained at satisfactory levels, indicating efficient use of cash to generate sales.
- The net profit ratio showed significant fluctuations, with some years indicating strong profitability while others showed sharp declines, possibly due to various factors affecting the company's bottom line.
- The gross profit ratio also varied significantly, indicating fluctuations in the company's ability to generate profits from sales after accounting for the cost of goods sold.
- The working capital showed fluctuations over the years, with some years indicating adequate Working capital and others showing potential strains on short-term liquidity.

Suggestions

- The utilization of assets must be improved.
- The corporation have a strong ability to raise debt and can leverage the loan funds to increase profits for shareholders.
- In the long run, asset balancing is more beneficial.
- The working capital management balance isn't operating correctly.

CONCLUSION

Overall, Dalmia Cements Ltd.'s financial performance is strong. If it were possible to shorten the credit collecting timeframe. The company's liquid position is the only one that is good till the current ratio is increased. More profits in the future are not guaranteed, but the corporation can still work better to attain good performance in all areas.

Increased attention must, therefore, be given to aspects such as inventory, accounts receivable, and short-term borrowing. Streamlining inventory processes to cut down on excess stock levels can free working capital and increase liquidity. Similarly, tight credit policies and active accounts receivable management can speed up cash collections and lessen the chances of late payments or defaults.

Although increasing profits is a good objective, one must always understand that further revenues are heterogeneous, given that they rely on a variety of outside factors hardly within any company's control. Dalmia Cements Ltd. can build a path for sustainable growth and long-term success by streamlining operations and handling risks effectively and having a solid financial standing.

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