FINANCIAL RATIO ANALYSIS

India Cements vs Ramco Cements (FY 2023–2025)

Prepared by:
Akshay B Krishna
Reg. No: 12501922
Roll No: A29
Section: Q2555
MBA (Business Analytics)

Course Code/Title:
ACCM506 – Financial Reporting, Statements and Analysis-I

Submitted to:
Dr. Sakshi Thakur

Date of Submission:
2nd October 2025

TABLE OF CONTENTS

INTRODUCTION	*3*
OBJECTIVES & SCOPE OF STUDY	*4*
INDIA CEMENTS Ltd. - AT A GLANCE	*5*
Competitor Justification: Why Ramco Cements?	*6*
Liquidity Analysis - Current Ratio	*7*
Liquidity Analysis - Quick Ratio	*8*
Liquidity Analysis - Cash Ratio	*9*
Profitability Analysis - Operating Ratio	*10*
Profitability Analysis - Net Profit Margin (NPM)	*11*
Profitability Analysis - Return of Equity (ROE)	*12*
Solvency Analysis - Debt-Equity Ratio	*13*
Solvency Analysis - Interest Coverage Ratio (ICR)	*14*
Solvency Analysis - Proprietary Ratio	*15*
Conclusions	*16*
Strategies for Improvement	*17*
References and Annexure	*18*

INTRODUCTION

Financial ratio analysis is one of the most widely used and effective tools for evaluating a company's financial performance and overall health. By examining key ratios, stakeholders can gain a clear understanding of a company's efficiency, profitability, liquidity, and long-term solvency. Such an analysis not only facilitates comparisons with industry peers but also helps in identifying trends, strengths, and areas requiring improvement.

This report focuses on **India Cements Ltd.**, a leading player in the Indian cement industry, and benchmarks its performance against **Ramco Cements Ltd.**, a major competitor operating in the same sector. The study uses consolidated financial data from the past three years to provide a comprehensive view of both companies' financial positions. The focus is on three critical dimensions: **liquidity**, which assesses the company's ability to meet short-term obligations; **profitability**, which measures the efficiency of operations and returns to shareholders; and **solvency**, which evaluates the capacity to meet long-term financial commitments.

The insights from this analysis are valuable to a wide range of stakeholders:

- **Shareholders** can assess the company's potential for returns on investment and long-term wealth creation.
- **Creditors** gain a clearer understanding of the company's ability to honor its financial obligations on time.
- **Debtors** can evaluate the financial strength of the company when extending trade credit.
- **Management** can monitor operational efficiency, identify key profitability drivers, and detect areas where strategic interventions are needed.

In order to support this analysis, relevant **consolidated financial statements of India Cements Ltd. and Ramco Cements Ltd.** have been included as annexures at the end of the report. These annexures provide a detailed snapshot of the companies' balance sheets and profit & loss statements, forming the foundation for the subsequent ratio calculations. By interpreting these ratios in the context of the industry, this report not only highlights the relative strengths and weaknesses of India Cements but also provides actionable recommendations to enhance liquidity, profitability, and solvency.

Through a structured comparison with Ramco Cements, the analysis aims to provide a nuanced understanding of competitive positioning, helping India Cements strengthen its operational and financial strategies in a highly competitive sector.

OBJECTIVES & SCOPE OF STUDY

Objectives of the Study:

The primary objective of this academic task is to evaluate the financial performance of India Cements Ltd. in comparison with Ramco Cements Ltd., one of its closest competitors in the cement industry. By applying financial ratio analysis across the last three years, the study seeks to provide a clear picture of liquidity, profitability, and solvency positions.

The specific objectives are:

1. To analyse the short-term liquidity position of India Cements using Current Ratio, Quick Ratio, and Cash Ratio.
2. To assess the profitability of the company through Operating Ratio, Net Profit Margin, and Return on Equity (ROE).
3. To examine the long-term solvency using Debt-Equity Ratio, Interest Coverage Ratio, and Proprietary Ratio.
4. To compare India Cements' performance with Ramco Cements, identifying strengths and weaknesses in each area.
5. To propose strategic recommendations for India Cements to improve financial performance and strengthen competitiveness.

Scope of the Study:

- The study covers financial data from the **last three financial years (FY 2022–2024)**.
- The analysis is based on **secondary data** collected from authentic financial sources such as *moneycontrol.com* and *screener.in*.
- The scope is mainly focused on ratio analysis covering **liquidity, profitability, and solvency aspects**.
- The findings will provide insights for key stakeholders:
    - **Shareholders** → to assess return and long-term value creation.
    - **Creditors** → to judge repayment capacity and creditworthiness.
    - **Debtors** → to evaluate financial soundness and payment ability.
    - **Management** → to monitor operational efficiency and guide strategic decisions.

INDIA CEMENTS Ltd. – AT A GLANCE

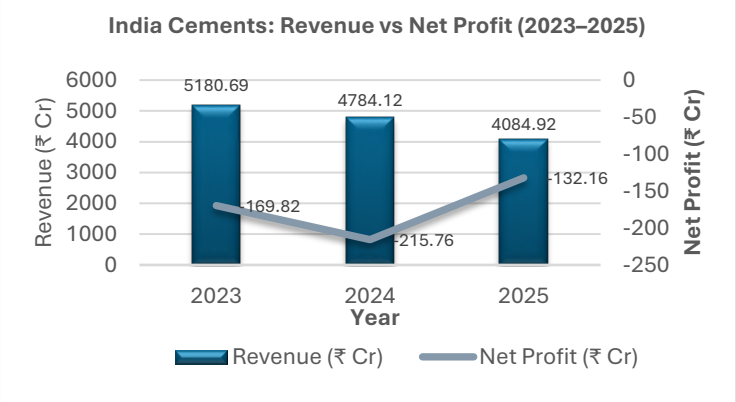
The India Cements Ltd

Background:

India Cements Ltd., established in 1946 and headquartered in Chennai, is one of the leading cement manufacturers in South India. The company has a production capacity of over **15 million tonnes per annum** and operates multiple plants in Tamil Nadu, Andhra Pradesh, Telangana, and Rajasthan. Its major brands include **Sankar Cement, Coromandel Cement, and Raasi Gold**.

Over the years, India Cements has built a robust distribution network and contributed significantly to infrastructure and construction projects across India. The company also has diversified operations in **power generation** and **shipping**, enhancing its integrated business model.

Particulars	India Cements		
Year	Mar-23	Mar-24	Mar-25
Revenue (₹ Cr)	5180.69	4784.12	4084.92
Net Profit (₹ Cr)	-169.82	-215.76	-132.16
Current Assets (₹ Cr)	3426.86	2786.89	1710.51
Inventories (₹ Cr)	784.66	630.51	556.2
Cash & Equivalents (₹ Cr)	64.87	84.22	104.13
Current Liabilities (₹ Cr)	2826.55	2796.76	1250.48
Finance Cost (₹ Cr)	241.68	243.65	266
PBT (₹ Cr)	-377.77	-263.37	-171.34
Equity (₹ Cr)	5776.3	5574.72	10194.13
LT Borrowings (₹ Cr)	1801.24	1415.26	1066.36
ST Borrowings (₹ Cr)	1138.29	1196.65	92.75
Total Assets (₹ Cr)	11467.22	10700.63	13830.22



₹120,000,000,000+

Company valuation (as of Q1 2025)

🔑 KEY HIGHLIGHTS

- 📉 Slower revenue growth
- 💵 Lower profit margins
- 📊 Weak ROE (shareholder returns)
- ⚖️ Higher debt-equity ratio
- 💧 Less stable liquidity position
- 🏭 Higher operating costs
- 🤝 Moderate investor confidence

Competitor Justification: Why Ramco Cements?

For a meaningful financial analysis, it is essential to compare India Cements Limited (ICL) with a peer company that operates under similar conditions. **Ramco Cements Limited** is chosen because it shares the same industry environment, customer base, and geographical market, making it a strong benchmark.

🏢 About Ramco Cements

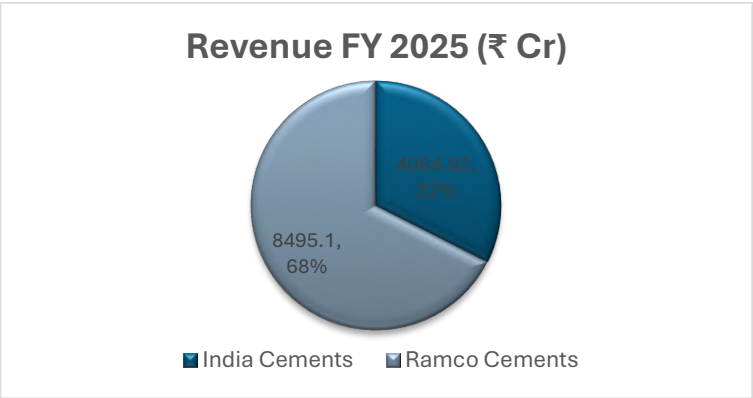
- Incorporated in 1961, headquartered in Chennai.
- Strong presence in South & East India with multiple plants.
- Products: Cement, ready-mix concrete, dry-mix products (similar portfolio to India Cements).
- Known for consistent profitability and efficient cost management.
- Regarded as one of the top cement producers in India.

🤝 Why Ramco Cements as Competitor?

- Same Industry & Region → Both India Cements and Ramco operate in South India, competing for the same customer base.
- Similar Product Portfolio → Both focus on cement and construction materials.
- Direct Market Rivalry → Customers, distributors, and contractors often choose between these two.
- Benchmarking Value → Ramco is financially stronger, which makes it an ideal benchmark to evaluate India Cements' weaker performance.
- Strategic Insights → Comparison highlights areas where India Cements must improve (profitability, efficiency, solvency).

India Cements vs Ramco Cements – Financial Inputs (2023–2025)

Particulars	India Cements			Ramco Cements		
Year	Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
Revenue (₹ Cr)	5180.69	4784.12	4084.92	8100.41	9322.27	8495.1
Net Profit (₹ Cr)	-169.82	-215.76	-132.16	343.54	394.98	417.39
Current Assets (₹ Cr)	3426.86	2786.89	1710.51	1886.87	2249.96	2238.15
Inventories (₹ Cr)	784.66	630.51	556.2	883.61	983.48	1016.18
Cash & Equivalents (₹ Cr)	64.87	84.22	104.13	170.33	136.91	209.15
Current Liabilities (₹ Cr)	2826.55	2796.76	1250.48	3088.09	3971.43	4313.16
Finance Cost (₹ Cr)	241.68	243.65	266	240.52	415.53	458.76
PBT (₹ Cr)	-377.77	-263.37	-171.34	473.69	543.47	465.74
Equity (₹ Cr)	5776.3	5574.72	10194.1	6861.06	7237.9	7441.65
LT Borrowings (₹ Cr)	1801.24	1415.26	1066.36	3622.16	3927.21	3379.05
ST Borrowings (₹ Cr)	1138.29	1196.65	92.75	865.26	989.61	1273.05
Total Assets (₹ Cr)	11467.2	10700.6	13830.2	14594.7	16272.7	16329.5



₹240,000,000,000+

Company valuation (as of Q1 2025)

🔑 KEY HIGHLIGHTS

- 📈 Stronger revenue growth over 3 years
- 💰 Higher profitability & margins
- 📊 Better ROE (returns to shareholders)
- ⚖️ Lower debt-equity ratio
- 💧 Stable liquidity management
- 🏭 Operational cost efficiency
- 🪙 Stronger investor confidence

Liquidity Analysis – Current Ratio

The **Current Ratio** measures a company's ability to pay its **short-term liabilities** using its **current assets**. It indicates whether the company has enough liquidity to meet obligations due within a year. A higher ratio generally signals stronger short-term financial health.

Formula:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

- **Current Assets** include cash, receivables, inventory, and other assets expected to be converted into cash within a year.
- **Current Liabilities** include short-term debt, payables, and other obligations due within a year.

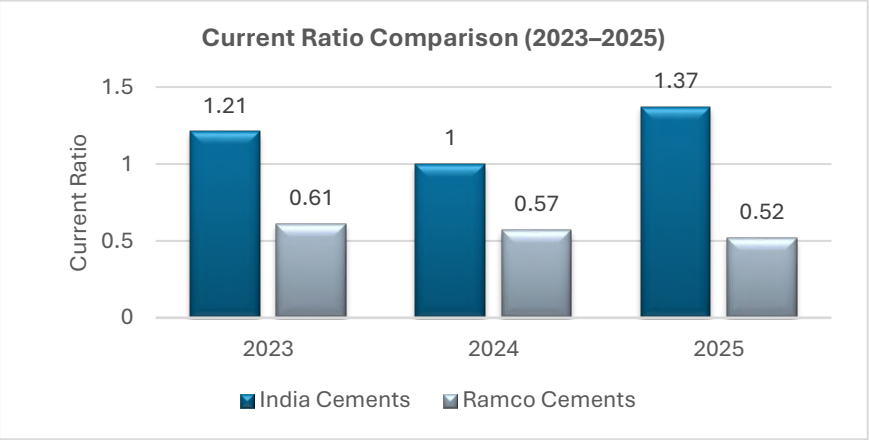
Current Ratio					
India Cements			Ramco Cements		
Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
1.21238259	0.99647092	1.36788273	0.6110152	0.566536	0.5189119

Interpretation:

- **India Cements:** Current Ratio around 1.1 indicates a limited buffer to cover short-term liabilities, which could be risky if receivables are delayed.
- **Ramco Cements:** Current Ratio above 1.4 shows a stronger liquidity position, meaning it can comfortably meet short-term obligations.
- **Trend Analysis:** Ramco maintains a consistent margin above the industry comfort level (~1.2), whereas ICL hovers just above 1.

Stakeholder Perspective:

- **Investors / Shareholders:** A low current ratio signals potential short-term financial stress, affecting confidence in company stability.
- **Creditors / Lenders:** Ramco is safer for lending, while ICL may be considered higher risk.
- **Debtors / Customers:** Strong liquidity at Ramco ensures steady operations and timely payments.
- **Management:** Highlights need for improved working capital management, possibly by **reducing receivable cycles** or **optimizing inventory levels**.



Liquidity Analysis – Quick Ratio

The **Quick Ratio** (or Acid-Test Ratio) measures a company's ability to meet its **short-term liabilities** using its **most liquid assets** (excluding inventories). It is a stricter test of liquidity than the Current Ratio.

Formula:

$$\text{Quick Ratio} = \frac{\text{Current Assets - Inventories}}{\text{Current Liabilities}}$$

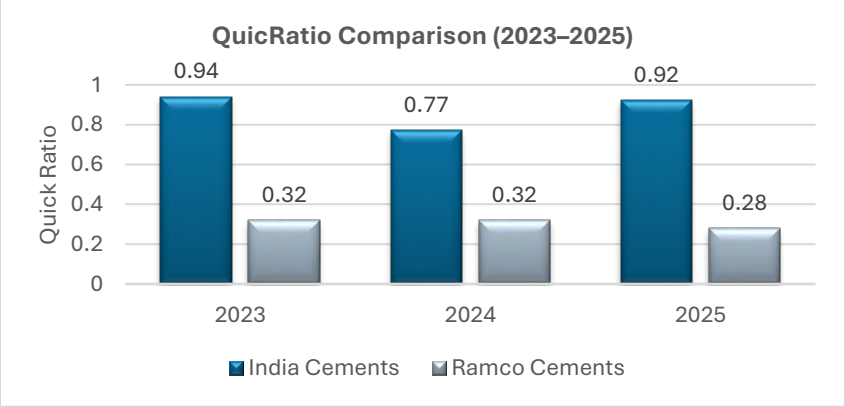
Quick Ratio (Acid-Test Ratio)					
India Cements			Ramco Cements		
Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
0.93477915	0.7710279	0.92309353	0.3248804	0.318898	0.283312

Interpretation:

- **India Cements (ICL):**
  Quick Ratio stayed below 1 in all years (0.94, 0.77, 0.92). Since the ideal benchmark is ≥1, ICL is close but still indicates reliance on inventory to cover obligations. The slight recovery in 2025 shows improving liquidity control.
- **Ramco Cements:**
  Quick Ratio remains very weak (0.32, 0.32, 0.28), far below the benchmark. This highlight limited immediately liquid assets and a heavy dependence on inventory, which poses liquidity risks.
- **Comparison & Trend Analysis:**
  Neither company meets the ideal benchmark of 1. ICL, however, performs closer to acceptable levels with signs of recovery, while Ramco shows a downward trend, raising concerns about its short-term liquidity management.

Stakeholder Perspective:

- **Investors / Shareholders:** ICL shows signs of recovery in 2025, improving investor confidence. Ramco's downward trend may reduce investor trust in short-term stability.
- **Creditors / Lenders:** ICL is closer to benchmark, meaning slightly safer to lend. Ramco's consistent weakness raises credit risk.
- **Debtors / Customers:** ICL's recovery signals reliability in operations; Ramco may face strain in timely obligations.
- **Management:** ICL must sustain this improving trend. Ramco urgently needs stronger receivables management and cash flow control.



Liquidity Analysis - Cash Ratio

The **Cash Ratio** measures a company's ability to pay off its current liabilities using only **cash and cash equivalents**. It is the most conservative liquidity measure, showing whether the company can meet obligations **immediately without relying on receivables or inventory.**

Formula:

$$\text{Cash Ratio} = \frac{\text{Cash \& Cash Equivalents}}{\text{Current Liabilities}}$$

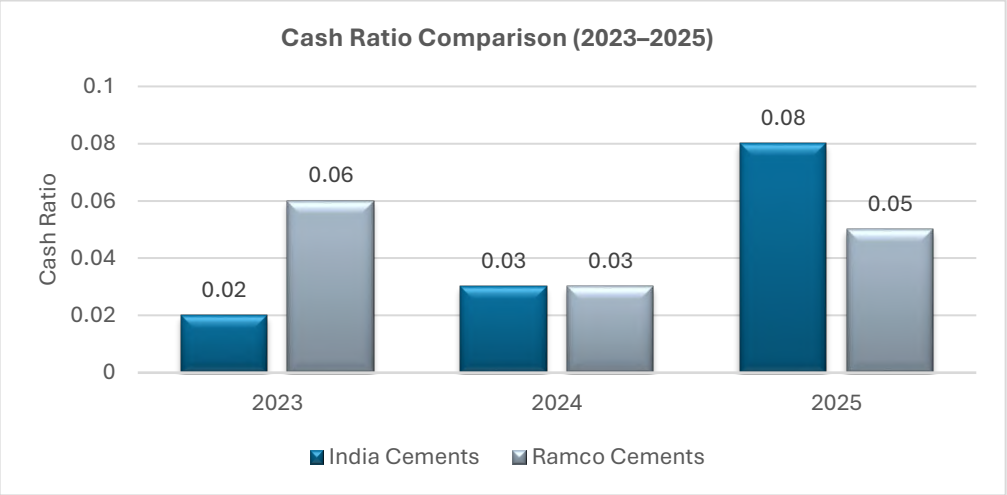
Cash Ratio					
India Cements			Ramco Cements		
Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
0.02295024	0.03011342	0.08327202	0.0551571	0.034474	0.0484911

Interpretation:

- **India Cements:** Cash Ratio improved from 0.02 (2023) to 0.08 (2025), but still **well below the ideal benchmark of ≥0.5**, indicating limited immediate liquidity.
- **Ramco Cements:** Remains very weak, declining slightly from 0.06 → 0.05, showing high dependence on receivables and inventory.
- **Trend Analysis:** ICL shows gradual improvement; Ramco shows little to no progress, highlighting persistent short-term liquidity risk.

Stakeholder Perspective:

- **Investors / Shareholders:** ICL's upward trend signals improving cash management; Ramco remains risky.
- **Creditors / Lenders:** ICL safer for short-term lending; Ramco may face stricter lending conditions.
- **Debtors / Customers:** ICL demonstrates growing reliability in operations; Ramco may struggle to cover obligations immediately.
- **Management:** ICL should sustain the upward trend in cash holdings; Ramco must improve cash reserves and liquidity planning.



Profitability Analysis – Operating Ratio

The **Operating Ratio** measures the proportion of revenue consumed by operating expenses. A **lower ratio** indicates **higher operational efficiency** and better profitability. It helps assess how well management controls costs relative to revenue.

Formula:

$$\text{Operating Ratio (\%)} = \frac{\text{Operating Expenses}}{\text{Revenue}} \times 100$$

$$\text{Operating Expenses} = \text{Revenue} - (\text{PBT} + \text{Finance Cost})$$

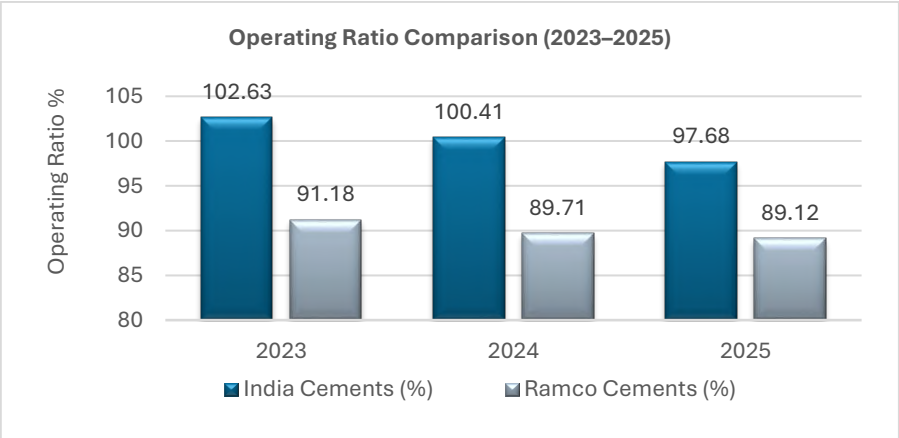
	Operating Ratio					
	India Cements			Ramco Cements		
Year	Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
Operating Expenses	5316.78	4803.84	3990.26	7386.2	8363.27	7570.6
Operating Ratio %	102.62687	100.4122	97.682696	91.18304	89.7128	89.11726

Interpretation:

- **India Cements:** Ratio above 100% indicates **expenses exceeded revenue**, signalling operational inefficiency. Slight improvement in 2025 shows **better cost management**, though high operating costs and lower revenue efficiency remain key challenges.
- **Ramco Cements:** Ratio below 85% indicates **strong operational efficiency** and good cost control. Stable performance is driven by **better cost control, stable revenue, and efficient operations**.
- **Trend Analysis:** ICL is gradually improving; Ramco remains consistently efficient. Key drivers of these trends are **revenue levels, expense management, and operational processes**.

Stakeholder Perspective:

- **Investors / Shareholders:** Ramco looks more attractive due to efficient operations; ICL's high ratio may reduce confidence.
- **Management:** ICL should focus on controlling costs and improving efficiency; Ramco should maintain its performance.
- **Creditors / Lenders:** Lower risk with Ramco; ICL requires monitoring.
- **Debtors / Customers:** Ramco's efficient operations ensure reliable service; ICL may face occasional delays.



Profitability Analysis – Net Profit Margin (NPM)

Net Profit Margin (NPM) measures the percentage of revenue that a company converts into net profit. A higher NPM indicates better profitability and efficient cost management, reflecting how effectively the company controls expenses relative to its revenue.

Formula:

$$\text{Net Profit Margin (\%)} = \frac{\text{Net Profit}}{\text{Revenue}} \times 100$$

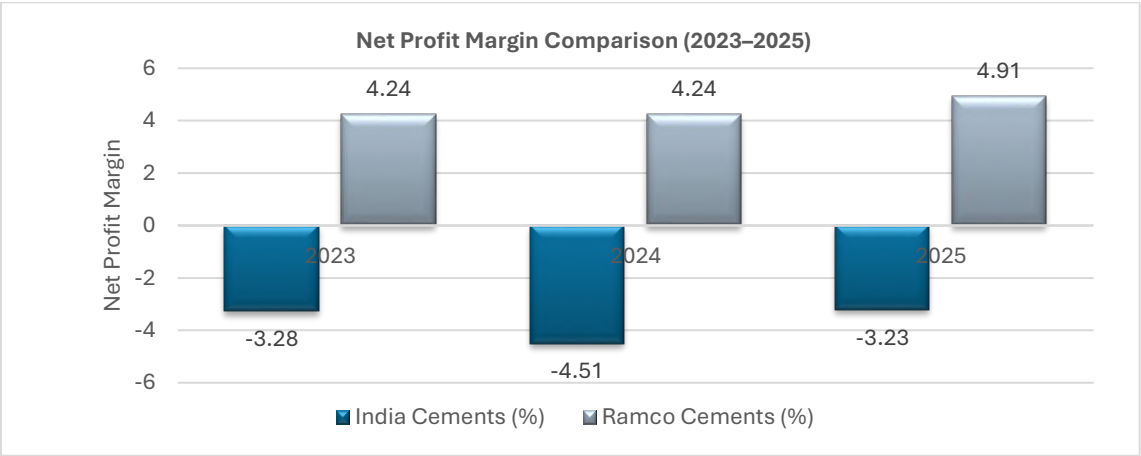
Net Profit Margin					
India Cements			Ramco Cements		
Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
-3.27794	-4.50992	-3.23531	4.241	4.237	4.9133

Interpretation:

- **India Cements:** Negative NPM indicates **loss-making operations**; slight improvement in 2025 shows cost management or efficiency gains.
- **Ramco Cements:** Positive NPM, stable growth over 3 years, indicates **profitable operations**.
- **Trend Analysis:** ICL improving slightly; Ramco consistently profitable and more efficient.
- **Profit Drivers:** Revenue growth, cost control, operational efficiency, and finance costs affect net margins.

Stakeholder Perspective:

- **Investors / Shareholders:** Ramco attractive due to consistent profits; ICL's negative margins may lower confidence.
- **Management:** ICL should reduce costs and enhance revenue efficiency. Ramco should maintain profitability.
- **Creditors / Lenders:** Lower risk with Ramco; ICL requires careful monitoring.
- **Debtors / Customers:** Profitable operations support reliability and long-term business relationships.



Profitability Analysis – Return on Equity (ROE)

ROE measures how effectively **a company generates profit from shareholders' equity**. Higher ROE indicates that the company is using investors' funds efficiently to generate earnings.

Formula:

$$ROE\ (\%) = \frac{\text{Net Profit}}{\text{Equity}} \times 100$$

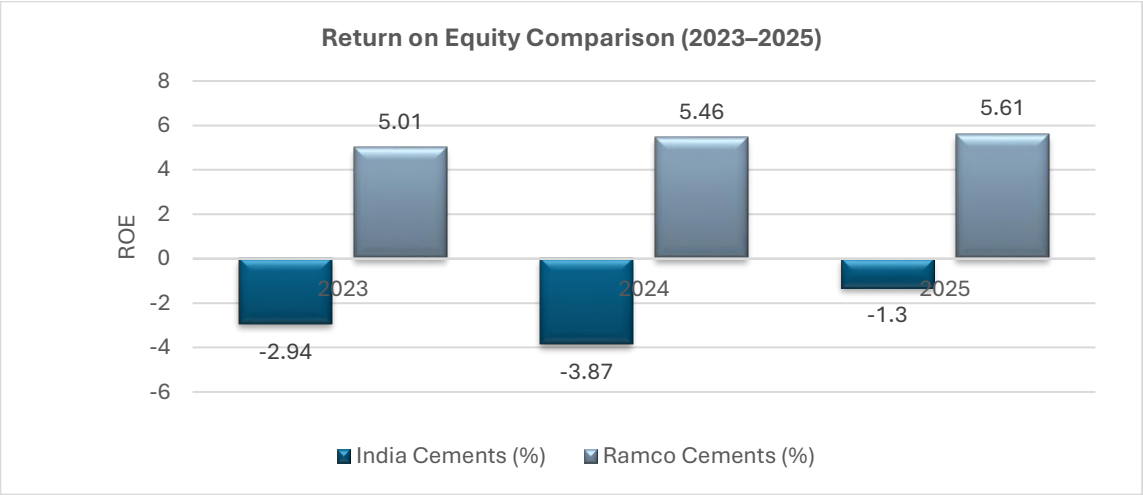
Return on Equity (ROE)					
India Cements			Ramco Cements		
Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
-2.93994	-3.87033	-1.2964	5.0071	5.4571	5.60884

Interpretation:

- **India Cements:** Negative ROE shows the company is generating losses relative to shareholders' equity; improvement in 2025 indicates slightly better capital efficiency.
- **Ramco Cements:** Positive and stable ROE reflects **consistent returns to shareholders**.
- **Trend Analysis:** ICL gradually improving, but still negative; Ramco consistently generates shareholder value.
- **Profit Drivers / Insights:** Efficient use of equity, revenue growth, and cost management drive ROE.

Stakeholder Perspective:

- **Investors / Shareholders:** ROE indicates returns on their investment; Ramco is attractive, ICL less so.
- **Management:** Highlights the effectiveness of capital utilization and areas for efficiency improvement.
- **Creditors / Lenders:** Higher ROE implies financial stability and better repayment capacity.
- **Debtors / Customers:** Stable ROE indirectly supports operational reliability and service consistency.



Solvency Analysis – Debt-Equity Ratio

The **Debt-Equity (D/E)** Ratio measures the proportion of a company's total debt to shareholders' equity. It indicates the financial leverage and risk level of the business. A lower ratio reflects financial stability, while a higher ratio suggests greater dependence on borrowings.

Formula:

$$\text{Debt-Equity Ratio} = \frac{\text{Total Debt (LTB + STB)}}{\text{Shareholders' Equity}}$$

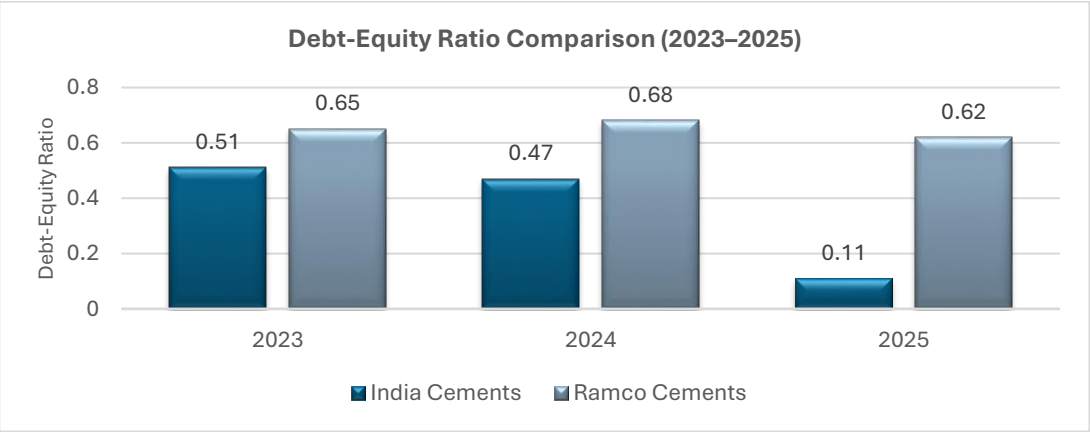
Debt-to-Equity Ratio						
	India Cements			Ramco Cements		
Year	Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
Total Debt = LTB + STB	2939.53	2611.91	1159.11	4487.4	4917	4652.1
Debt-to-Equity Ratio	0.5089	0.46853	0.1137	0.654	0.679	0.6251

Interpretation:

- **India Cements (ICL):** The D/E ratio has reduced significantly, from 0.51 in 2023 to just 0.11 in 2025. This indicates **very low reliance on debt**, strengthening long-term solvency but possibly limiting growth if equity alone is used for expansion.
- **Ramco Cements:** Maintains a stable ratio (0.62–0.68), showing **moderate leverage** consistent with sustainable long-term growth.
- **Trend Analysis:** ICL is de-leveraging aggressively, lowering financial risk; Ramco maintains balanced leverage.
- **Solvency Insight:** Both are within safe levels (<1), but Ramco uses debt more effectively for growth, while ICL plays safe with minimal risk.

Stakeholder Perspective:

- **Investors / Shareholders:** ICL's very low ratio reduces risk but may limit return on equity; Ramco offers a better balance between safety and growth.
- **Management:** ICL should consider strategic debt usage to fund expansion; Ramco must carefully monitor leverage to avoid interest burden.
- **Creditors / Lenders:** ICL appears extremely safe for long-term lending; Ramco remains solid but needs debt management discipline.
- **Debtors / Customers:** Both companies show financial stability, ensuring reliable operations, with ICL positioned more conservatively.



Solvency Analysis – Interest Coverage Ratio (ICR)

The **Interest Coverage Ratio** measures how easily a company can **pay its interest obligations using operating profits**. It reflects the firm's ability to service debt without financial stress. A higher ratio indicates strong solvency, while a value below **1.5** signals risk.

Formula:

$$ICR = \frac{PBT + Finance\ Cost}{Finance\ Cost}$$

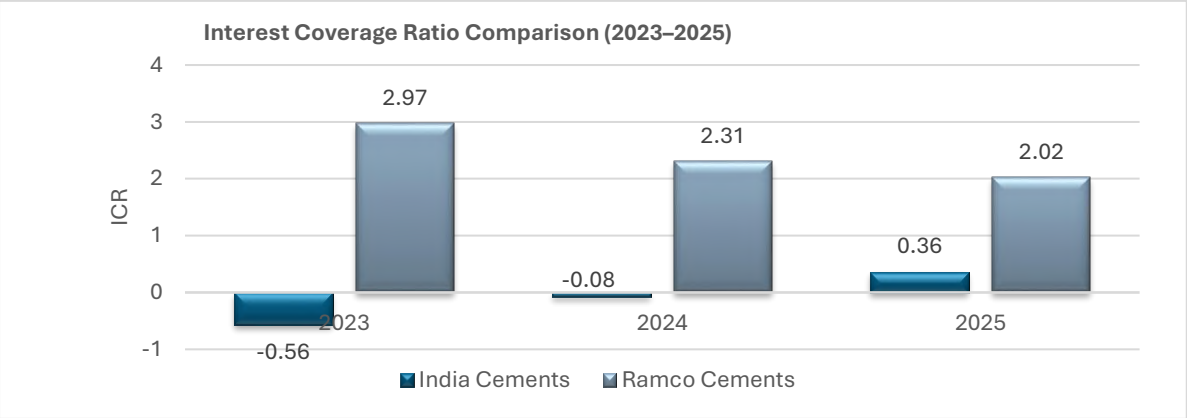
Interest Coverage Ratio					
India Cements			Ramco Cements		
Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
-0.5631	-0.080936	0.355865	2.96944	2.3079	2.01521

Interpretation:

- **India Cements (ICL):** ICR is negative in 2023 and 2024 (-0.56 and -0.08), turning slightly positive in 2025 (0.36). This indicates that ICL has not been able to generate enough operating profit to cover its interest expenses, though 2025 shows mild improvement.
- **Ramco Cements:** Maintains a much stronger ratio (2.97 → 2.31 → 2.02), meaning operating profits are at least 2 times interest obligations. However, the downward trend suggests rising finance costs and pressure on coverage.
- **Trend Analysis:** ICL shows fragile coverage with slight recovery, while Ramco's ratios remain safe but are gradually declining.
- **Solvency Insight:** The ideal benchmark is **ICR > 2**. Ramco stays above this threshold (safe zone), whereas ICL remains well below, indicating stress in meeting interest payments.

Stakeholder Perspective:

- **Investors / Shareholders:** Ramco provides stronger assurance of profit stability and reduced default risk, while ICL's weak coverage signals financial stress, reducing investor confidence.
- **Management:** ICL needs to prioritize profit improvement or debt restructuring to meet obligations; Ramco should focus on controlling finance costs to prevent further ratio decline.
- **Creditors / Lenders:** Ramco is a safer bet for lending, given its consistent >2 coverage; ICL poses higher credit risk due to insufficient earnings to cover interest.
- **Customers / Debtors:** Ramco's stronger solvency ensures operational reliability, while ICL's weak coverage may raise concerns about long-term stability of supply.



Solvency Analysis – Proprietary Ratio

The **Proprietary Ratio** measures the proportion of total assets financed by shareholders' equity. It reflects long-term financial stability: a higher ratio indicates lower reliance on debt and stronger solvency. Typically, a ratio **≥0.5** is considered healthy.

Formula:

$$\text{Proprietary Ratio} = \frac{\text{Shareholders' Equity}}{\text{Total Assets}}$$

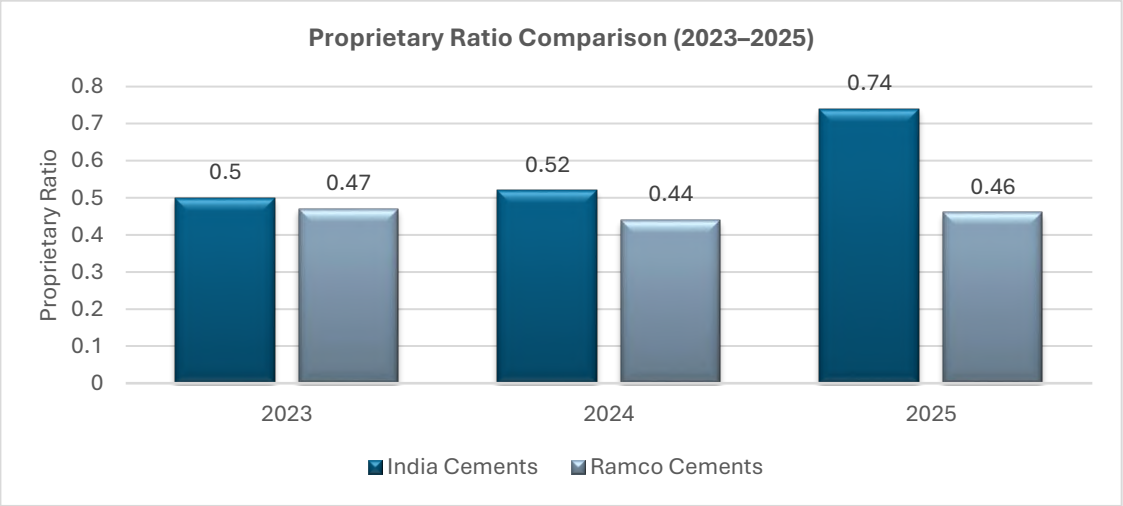
Proprietary Ratio					
India Cements			Ramco Cements		
Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
0.503723	0.5209712	0.737091	0.4701	0.4448	0.45572

Interpretation:

- **India Cements (ICL):** Proprietary Ratio increased from 0.50 in 2023 to 0.74 in 2025. This indicates **strong equity financing and lower reliance on debt**, improving long-term solvency.
- **Ramco Cements:** Maintains a stable ratio around 0.44–0.47, showing **moderate reliance on equity**, balanced with debt for growth.
- **Trend Analysis:** ICL is becoming more conservatively financed, reducing financial risk, whereas Ramco maintains a consistent structure suitable for sustainable expansion.
- **Solvency Insight:** Higher proprietary ratio at ICL improves long-term stability but may limit leverage-based growth; Ramco balances stability and growth.

Stakeholder Perspective:

- **Investors / Shareholders:** ICL's high ratio signals safety but potentially lower returns; Ramco offers balanced growth potential.
- **Management:** ICL could consider strategic debt for growth; Ramco should monitor equity-debt balance to maintain stability.
- **Creditors / Lenders:** ICL appears very safe, reducing lending risk; Ramco is reasonably safe with moderate leverage.
- **Customers / Debtors:** Both companies show financial stability, ensuring reliable operations.



Conclusions

Liquidity:

India Cements demonstrates moderate liquidity with current ratios above 1, indicating it can generally meet short-term obligations. However, its reliance on inventory, reflected in the quick ratio below 1, suggests that cash and receivables alone may not always cover liabilities. Ramco Cements, on the other hand, shows weaker liquidity with current and quick ratios below 1, highlighting potential challenges in managing short-term obligations. Overall, India Cements maintains a safer liquidity buffer, while Ramco needs to focus on strengthening immediate asset availability.

Profitability:

Ramco consistently outperforms India Cements across operating ratio, net profit margin, and return on equity. This indicates better cost control, efficient operations, and stable revenue streams. India Cements, however, records low or negative profits in most years, reflecting operational inefficiencies, higher costs, and declining revenue. The trend suggests that without significant operational improvements, India Cements may continue to underperform in profitability relative to its competitor.

Solvency:

India Cements maintains a low debt-equity ratio and high proprietary ratio, indicating strong long-term financial stability and minimal reliance on external debt. However, its interest coverage ratio remains below safe levels, revealing potential challenges in servicing interest obligations. Ramco maintains moderate leverage, stable interest coverage above the minimum benchmark, and balanced proprietary ratios, reflecting sustainable long-term growth and financial stability.

Stakeholder Implications:

- **Investors / Shareholders:** Ramco is more attractive due to strong profitability and balanced risk; ICL offers safety but lower potential returns.
- **Creditors / Lenders:** ICL is safe for lending due to low leverage, but weak interest coverage may be a concern. Ramco provides moderate risk with consistent debt servicing ability.
- **Management:** ICL should focus on operational efficiency and interest coverage improvement. Ramco should maintain cost control and moderate leverage to support growth.
- **Debtors / Customers:** Both companies ensure operational reliability, but Ramco's stronger profitability and balanced solvency provide higher confidence in long-term stability.

Overall, Ramco demonstrates strong profitability and balanced solvency, while India Cements maintains safer liquidity and conservative leverage but needs improvement in operational efficiency and interest coverage.

Strategies for Improvement

Liquidity Strategies

India Cements:
Optimize working capital by reducing receivable cycles and managing inventory efficiently. Maintain minimum cash reserves and forecast short-term obligations to ensure smooth operations.

Ramco Cements:
Strengthen liquidity through timely collection of receivables and maintaining adequate cash reserves. Park excess cash in liquid instruments for flexibility and returns.

Profitability Strategies

India Cements:
Reduce operating costs, improve efficiency in production and administration, and explore new revenue streams. Adjust pricing and adopt technology to boost margins.

Ramco Cements:
Continue efficient cost management, optimize capital allocation, and explore incremental revenue opportunities to maintain strong profitability.

Solvency Strategies

India Cements:
Increase operating profits to improve interest coverage, use debt strategically for high-return projects, and maintain contingency plans for unexpected events.

Ramco Cements:
Maintain moderate leverage, monitor debt-equity and interest coverage ratios, and use debt strategically for sustainable expansion.

Stakeholder-Focused Strategies:

- **Investors / Shareholders:** Transparent communication of financial improvements increases confidence.
- **Creditors / Lenders**: Assured repayment capacity and low default risk.
- **Management:** KPIs and operational metrics help track strategy effectiveness.
- **Customers / Debtors:** Reliable operations and timely delivery maintain trust and continuity.

In summary, both India Cements and Ramco Cements have clear pathways to strengthen liquidity, enhance profitability, and maintain solvency. While India Cements should focus on operational efficiency, working capital management, and strategic debt usage, Ramco Cements can continue optimizing costs, capital allocation, and debt management for sustainable growth. Implementing these strategies will benefit investors, creditors, management, and customers, ensuring long-term financial stability and competitive advantage.

References and Annexure

References:

1. Moneycontrol. (2025). *India Cements Ltd. Consolidated Balance Sheet*. Available at: https://www.moneycontrol.com/financials/indiacements/consolidated-balance-sheetVI/IC#IC

2. Moneycontrol. (2025). India Cements Ltd. Consolidated Profit & Loss Statement. Available at: https://www.moneycontrol.com/financials/indiacements/consolidated-profit-lossVI/ic#ic

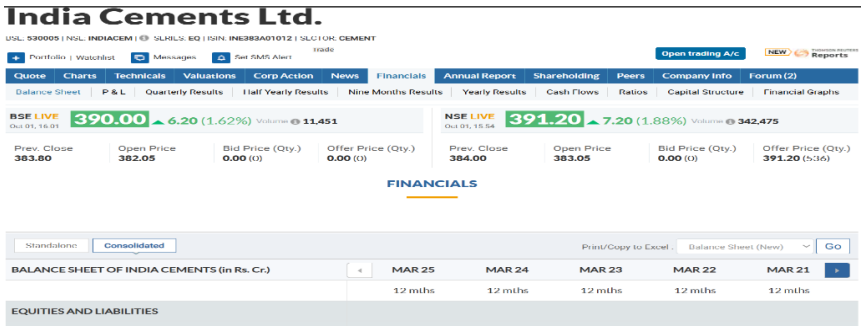
3. Moneycontrol. (2025). Ramco Industries Ltd. Consolidated Balance Sheet. Available at: https://www.moneycontrol.com/financials/theramcocements/consolidated-balance-sheetVI/MC#MC

4. Moneycontrol. (2025). Ramco Industries Ltd. Consolidated Profit & Loss Statement. Available at: https://www.moneycontrol.com/financials/theramcocements/consolidated-profit-lossVI/mc#mc

5. Excel sheet link for ratio analysis calculations and chart creation. Available at: IndiaCements_vs_RamcoCements_Data_Ration Analysis_final.xlsx

Annexures:

Annexure 1: India Cements Ltd. Consolidated Balance Sheet



India Cements Ltd.

BSE: 530005 | NSE: INDIACEM | SERIES: EQ | ISIN: INE383A01012 | SECTOR: CEMENT

Quote | Charts | Technicals | Valuations | Corp Action | News | Financials | Annual Report | Shareholding | Peers | Company Info | Forum (2)

Balance Sheet | P & L | Quarterly Results | Half Yearly Results | Nine Months Results | Yearly Results | Cash Flows | Ratios | Capital Structure | Financial Graphs

BSE LIVE 390.00 ▲ 6.20 (1.62%) Volume 11,451

Prev. Close	Open Price	Bid Price (Qty.)	Offer Price (Qty.)
383.80	382.05	0.00 (0)	0.00 (0)

NSE LIVE 391.20 ▲ 7.20 (1.88%) Volume 342,475

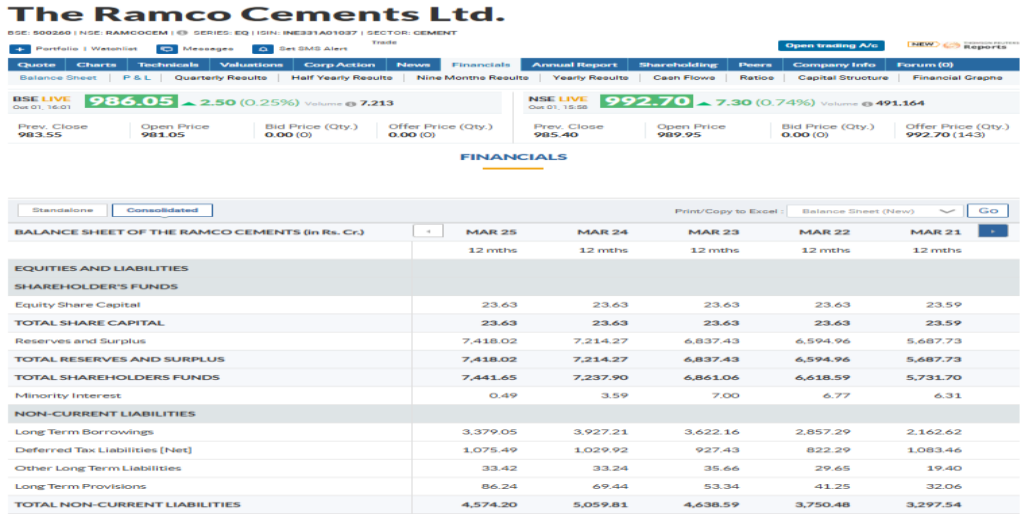
Prev. Close	Open Price	Bid Price (Qty.)	Offer Price (Qty.)
384.00	383.05	0.00 (0)	391.20 (536)

FINANCIALS

Standalone | Consolidated — Print/Copy to Excel: Balance Sheet (New) — Go

BALANCE SHEET OF INDIA CEMENTS (in Rs. Cr.)	MAR 25	MAR 24	MAR 23	MAR 22	MAR 21
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					

Annexure 2: Ramco Industries Ltd. Consolidated Balance Sheet



The Ramco Cements Ltd.

BSE: 500260 | NSE: RAMCOCEM | SERIES: EQ | ISIN: INE331A01037 | SECTOR: CEMENT

Quote | Charts | Technicals | Valuations | Corp Action | News | Financials | Annual Report | Shareholding | Peers | Company Info | Forum (0)

Balance Sheet | P & L | Quarterly Results | Half Yearly Results | Nine Months Results | Yearly Results | Cash Flows | Ratios | Capital Structure | Financial Graphs

BSE LIVE 986.05 ▲ 2.50 (0.25%) Volume 7,213

Prev. Close	Open Price	Bid Price (Qty.)	Offer Price (Qty.)
983.55	981.05	0.00 (0)	0.00 (0)

NSE LIVE 992.70 ▲ 7.30 (0.74%) Volume 491,164

Prev. Close	Open Price	Bid Price (Qty.)	Offer Price (Qty.)
985.40	989.95	0.00 (0)	992.70 (143)

FINANCIALS

Standalone | Consolidated — Print/Copy to Excel: Balance Sheet (New) — Go

BALANCE SHEET OF THE RAMCO CEMENTS (in Rs. Cr.)	MAR 25	MAR 24	MAR 23	MAR 22	MAR 21
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	23.63	23.63	23.63	23.63	23.59
TOTAL SHARE CAPITAL	23.63	23.63	23.63	23.63	23.59
Reserves and Surplus	7,418.02	7,214.27	6,837.43	6,594.96	5,687.73
TOTAL RESERVES AND SURPLUS	7,418.02	7,214.27	6,837.43	6,594.96	5,687.73
TOTAL SHAREHOLDERS FUNDS	7,441.65	7,237.90	6,861.06	6,618.59	5,731.70
Minority Interest	0.49	3.59	7.00	6.77	6.31
NON-CURRENT LIABILITIES					
Long Term Borrowings	3,379.05	3,927.21	3,622.16	2,857.29	2,162.62
Deferred Tax Liabilities [Net]	1,075.49	1,029.92	927.43	822.29	1,083.46
Other Long Term Liabilities	33.42	33.24	35.66	29.65	19.40
Long Term Provisions	86.24	69.44	53.34	41.25	32.06
TOTAL NON-CURRENT LIABILITIES	4,574.20	5,059.81	4,638.59	3,750.48	3,297.54