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# A Comparative Analysis of the Financial Performance of Ultratech Cement Limited and Shree Cement Limited

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**Abstract**

The cement industry plays an important role in India's infrastructure and economic development. Financial performance in this capital-intensive industry is influenced by production costs, energy prices, transportation expenses, demand conditions, capacity utilisation, financing costs and investment decisions. This study compares the financial performance of UltraTech Cement Limited and Shree Cement Limited over five financial years, from 2021–22 to 2025–26. The analysis uses secondary data reported in the underlying project and examines fifteen financial indicators covering liquidity, profitability, solvency, operational efficiency and shareholder performance. Descriptive measures include mean, standard deviation, coefficient of variation and compound annual growth rate (CAGR). The project also reports Welch's independent-samples t-tests to assess differences between the companies. The reported results indicate that Shree Cement had stronger average liquidity, gross profit margin, lower debt-equity ratio and higher earnings per share, whereas UltraTech recorded stronger operating profit margin, return on equity, return on capital employed, interest coverage and asset/inventory turnover. Statistically significant differences were reported for current ratio, quick ratio, debt-equity ratio, inventory turnover and earnings per share at the 5% level. The findings suggest that neither company outperformed the other across all dimensions. Since the study is based on a five-year period and two purposively selected companies, the results should be interpreted within these limits. The financial figures, calculation methods and source references should be independently verified against the audited annual reports before journal submission.

Keywords: Financial performance; cement industry; ratio analysis; liquidity; profitability; solvency; UltraTech Cement; Shree Cement; Welch's t-test

## 1. Introduction

The cement industry is fundamental to India's economic and infrastructural development because cement is used in housing, roads, bridges, industrial projects and urban infrastructure. Cement manufacturing is capital- and energy-intensive, and financial outcomes can be affected by fuel and power costs, transportation expenses, raw-material prices, market demand, capacity utilisation, interest costs and capital expenditure. A systematic evaluation of financial performance can help stakeholders assess a company's short-term payment capacity, profitability, long-term financial risk, resource utilisation and shareholder returns. Financial ratio analysis is commonly used to interpret relationships among figures reported in financial statements. However, a single ratio rarely provides a complete assessment. A company may show strong liquidity but lower asset utilisation, while another may generate better returns from capital while maintaining a tighter working-capital position. A comparative framework is therefore useful for considering multiple financial dimensions together. This article compares UltraTech Cement Limited and Shree Cement Limited for FY 2021–22 to FY 2025–26. The two companies operate in the same broad industry but differ in scale, business structure, operational practices and financial characteristics. The analysis summarises the financial ratios and statistical results reported in the underlying project. Because the results are based on secondary figures supplied in that project, they should be treated as reported results pending verification against company filings.

## 2. Review of Literature and Research Gap

The project's literature review identifies several strands of research relevant to the financial performance of cement companies: financial ratio analysis, liquidity and profitability, working-capital management, financial distress, shareholder performance and DuPont analysis. The studies listed in the project suggest that researchers have used descriptive statistics, correlation, ANOVA, regression, panel-data methods and financial-distress models to examine performance in the cement sector. The project reports that Prabhakar and Japee (2023) directly compared UltraTech Cement and Shree Cement for 2017–18 to 2021–22, using ratio analysis and statistical techniques. It also refers to

research on liquidity and profitability among Indian cement companies (Gill, 2022), determinants of financial performance (Nirmala & Pavithra, 2021), and working-capital management in the cement sector (Panigrahi, 2024). These works provide a basis for examining liquidity, profitability, solvency and efficiency together. The research gap identified in the project is the need for a more recent and integrated comparison of UltraTech Cement and Shree Cement, extending the period through FY 2025–26 and covering multiple financial dimensions, variability, growth and statistical differences. The current study addresses this proposed gap through a fifteen-ratio framework. The references in the source project do not consistently provide full publication details; complete bibliographic information should be confirmed before submission.

## 3. Objectives of the Study

- To analyse and compare the liquidity position of UltraTech Cement Limited and Shree Cement Limited.
- To examine the profitability of the selected companies.
- To compare solvency and long-term financial stability.
- To evaluate asset and inventory utilisation and selected shareholder-related indicators.
- To examine the consistency, growth trends and reported statistical differences in the selected financial ratios.

## 4. Research Methodology

### 4.1 Research design and sample

The study adopts a comparative, descriptive and analytical research design. UltraTech Cement Limited and Shree Cement Limited were purposively selected because they are major participants in the Indian cement industry and publish financial information. The study period is five financial years, from 2021–22 to 2025–26.

### 4.2 Data source

The underlying project states that the study is based primarily on secondary data obtained from annual reports, audited financial statements and company investor information. The values reproduced in this article are drawn from the project's tables. The exact annual-report page, consolidated/standalone basis and formula definitions should be checked for each ratio before the manuscript is submitted to a journal.

### 4.3 Variables and analytical tools

Fifteen ratios were considered: current ratio, quick ratio, gross profit margin, operating profit margin, net profit margin, return on assets (ROA), return on equity (ROE), return on capital employed (ROCE), debt-equity ratio, interest coverage ratio, asset turnover ratio, inventory turnover ratio, earnings per share (EPS), price-earnings (P/E) ratio and dividend payout ratio. The project reports mean, standard deviation (SD), coefficient of variation (CV), CAGR and Welch's independent-samples t-test.

Mean is used to summarise the five-year average; SD and CV describe dispersion; CAGR summarises the change between the first and last reported values. The project uses a 5% significance level for the reported t-tests. Because the observations correspond to the same five financial years for both companies, the appropriateness of an independent-samples test should be reviewed; a paired comparison or a method suited to the study design may be more appropriate. With only five annual observations per company, inferential results should also be interpreted cautiously.

### 4.4 Hypotheses

$H_0$: There is no significant difference between the selected companies with respect to the financial ratio being examined.

$H_1$: There is a significant difference between the selected companies with respect to the financial ratio being examined.

## 5. Results and Discussion

The following summary presents selected five-year averages and reported Welch t-test decisions from the underlying project. The detailed year-by-year values remain in the original project and should be checked against audited company reports before publication.

### 5.1 Comparative average performance

| Financial indicator | UltraTech mean | Shree Cement mean | Higher / interpretation |
|---|---|---|---|
| Current ratio | 0.82 | 1.88 | Shree Cement |
| Quick ratio | 0.53 | 1.41 | Shree Cement |
| Gross profit margin (%) | 19.39 | 22.40 | Shree Cement |

| | | | |
|---|---|---|---|
| Operating profit margin (%) | 14.46 | 13.20 | UltraTech |
| Net profit margin (%) | 9.80 | 9.70 | UltraTech (marginally) |
| Return on assets (%) | 6.30 | 6.66 | Shree Cement (marginally) |
| Return on equity (%) | 10.94 | 8.89 | UltraTech |
| Return on capital employed (%) | 12.41 | 11.38 | UltraTech |
| Debt-equity ratio | 0.236 | 0.088 | Shree Cement (lower leverage) |
| Interest coverage ratio | 11.55 | 10.55 | UltraTech |
| Asset turnover ratio | 0.672 | 0.650 | UltraTech (marginally) |
| Inventory turnover ratio | 4.05 | 2.74 | UltraTech |
| Earnings per share (₹) | 231.25 | 491.38 | Shree Cement |
| Price-earnings ratio | 40.84 | 59.18 | Not interpreted as a simple winner |
| Dividend payout ratio (%) | 37.91 | 24.90 | Not interpreted as a simple winner |

**5.2 Liquidity**

Shree Cement recorded a higher average current ratio (1.88) than UltraTech (0.82), and a higher average quick ratio (1.41 compared with 0.53). The project also reports positive CAGR for Shree Cement's current and quick ratios, while both ratios declined for UltraTech. These figures indicate that Shree Cement had the stronger short-term liquidity position during the study period. The reported t-tests identify statistically significant differences for both liquidity ratios at the 5% level.

**5.3 Profitability and returns**

Shree Cement recorded the higher average gross profit margin (22.40% compared with 19.39%). UltraTech recorded a higher operating profit margin (14.46% compared with 13.20%) and a marginally higher net profit margin (9.80% compared with 9.70%). Shree Cement's average ROA was slightly higher, whereas UltraTech reported higher ROE and ROCE. The project reports no statistically significant difference for gross profit margin, operating profit margin, net profit margin, ROA, ROE or ROCE at the 5% level. The descriptive differences should therefore not be presented as statistically established differences.

**5.4 Solvency**

Shree Cement recorded a lower average debt-equity ratio (0.088) than UltraTech (0.236), indicating lower reliance on debt relative to equity under the project's reported measure. The reported difference was statistically significant. UltraTech had a somewhat higher average interest coverage ratio (11.55 compared with 10.55), but the reported test did not identify a statistically significant difference. Taken together, the measures point to Shree Cement's lower leverage and UltraTech's slightly higher average interest-servicing coverage.

**5.5 Operational efficiency**

UltraTech recorded a marginally higher average asset turnover ratio (0.672 compared with 0.650) and a higher inventory turnover ratio (4.05 compared with 2.74). The reported inventory-turnover difference was statistically significant, whereas the asset-turnover difference was not. CAGR results in the project indicate stronger growth in asset turnover and inventory turnover for Shree Cement, while UltraTech's inventory turnover declined over the period. Thus, the average level and the direction of change do not point to the same company in every efficiency measure.

**5.6 Shareholder and market-related indicators**

Shree Cement recorded a higher average EPS (₹491.38 compared with ₹231.25), and the reported EPS difference was statistically significant. However, the project reports positive EPS CAGR for UltraTech (+2.18%) and negative EPS

CAGR for Shree Cement (−7.01%), meaning the first and last observations moved in different directions. Shree Cement also had a higher average P/E ratio, but a higher P/E should not automatically be treated as superior performance because it can reflect market expectations, valuation and risk. UltraTech's average dividend payout ratio was higher, although the project reports substantial variability in that measure.

**5.7 Reported hypothesis-test results**

| Ratio | Reported t-value | Reported p-value | Decision at 5% |
|---|---|---|---|
| Current ratio | −6.914 | 0.0016 | Significant; reject $H_0$ |
| Quick ratio | −5.698 | 0.0035 | Significant; reject $H_0$ |
| Gross profit margin | −1.612 | 0.1532 | Not significant |
| Operating profit margin | 0.508 | 0.6316 | Not significant |
| Net profit margin | 0.050 | 0.9614 | Not significant |
| ROA | −0.268 | 0.7966 | Not significant |
| ROE | 1.106 | 0.3048 | Not significant |
| ROCE | 0.504 | 0.6317 | Not significant |
| Debt-equity ratio | 3.928 | 0.0071 | Significant; reject $H_0$ |
| Interest coverage ratio | 0.522 | 0.6162 | Not significant |
| Asset turnover ratio | 0.390 | 0.7105 | Not significant |
| Inventory turnover ratio | 6.139 | 0.0004 | Significant; reject $H_0$ |
| EPS | −3.471 | 0.0212 | Significant; reject $H_0$ |
| P/E ratio | −1.440 | 0.2061 | Not significant |
| Dividend payout ratio | 0.970 | 0.3775 | Not significant |

According to the project's reported results, significant differences were found for current ratio, quick ratio, debt-equity ratio, inventory turnover and EPS. The remaining ten ratios were reported as not statistically significant at the 5% level. These decisions should be recalculated from verified data and a test appropriate to the paired-by-year structure before publication.

## 6. Implications

### 6.1 Managerial implications

For UltraTech, the lower current and quick ratios suggest the importance of monitoring working capital, short-term obligations and cash conversion. The company may also continue focusing on operating-cost control, energy efficiency and productivity to support operating margins. For Shree Cement, the lower debt-equity ratio and stronger liquidity are positive features to preserve, while the variability in operating profitability and the decline in EPS across the endpoints suggest that earnings stability merits attention.

### 6.2 Implications for investors and creditors

The findings suggest that investors and creditors should not assess financial strength using one indicator alone. Liquidity, leverage, profitability, operational efficiency, earnings and valuation measures provide complementary information. Shree Cement's reported liquidity and leverage indicators may be relevant to stakeholders concerned with short-term financial resilience, while UltraTech's reported operating returns and turnover measures may interest stakeholders focused on capital utilisation and operating performance. These are descriptive observations, not investment recommendations.

## 7. Limitations and Directions for Future Research

The study covers only two purposively selected companies and five financial years, and it relies on secondary financial information. Ratios may be affected by accounting classifications, consolidation choices and company-specific reporting practices. Ratio analysis does not fully capture non-financial influences such as capacity utilisation, energy strategy, regional demand, environmental obligations or changes in competitive conditions. The study's statistical tests are based on a small number of annual observations and require methodological review. Future research could extend the period, include additional cement manufacturers, verify all values directly from audited statements, standardise consolidated or standalone data, and use a test design that reflects the relationship between observations over the same years. Panel-data analysis or a DuPont framework may also provide deeper insight if sufficient observations are collected.

## 8. Conclusion

This study compares the reported financial performance of UltraTech Cement Limited and Shree Cement Limited over FY 2021–22 to FY 2025–26 using fifteen financial ratios and descriptive and inferential statistics. The findings indicate different areas of relative strength. Shree Cement recorded stronger average liquidity, gross profit margin, lower debt-equity ratio and higher average EPS. UltraTech recorded stronger operating profit margin, ROE, ROCE, interest coverage, asset turnover and inventory turnover. The project's reported statistical tests identify differences in current ratio, quick ratio, debt-equity ratio, inventory turnover and EPS, while differences in the other ten ratios were not significant at the 5% level.

The overall conclusion is not that one company is universally superior, but that the companies show different financial profiles. UltraTech appears stronger on several operating-efficiency and capital-return measures, while Shree Cement appears stronger on liquidity and lower leverage and reports higher average EPS. These conclusions are provisional until the underlying financial figures, ratio calculations, annual-report sources and statistical tests have been independently verified. A journal submission should include complete references and transparent calculation procedures so that the analysis can be reproduced.

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**Pre-submission verification checklist**

- Verify all annual figures directly against the audited annual reports and stock-exchange filings for FY 2021–22 through FY 2025–26.
- State consistently whether consolidated or standalone financial statements are used.
- Document the exact formula and source line items for each of the fifteen ratios, especially gross profit margin, dividend payout ratio and market-price-based P/E ratio.
- Recalculate mean, SD, CV, CAGR, t-values and p-values from the verified data. Check whether paired tests are more appropriate because both companies are observed in the same financial years.
- Complete every reference with author initials, publication year, exact article title, journal/book title, volume, issue, page range, DOI or stable URL where available.
- Select the target journal and adapt word count, citation style, headings, tables, declarations, ethics statement and author information to its author guidelines.
- Do not describe the manuscript as accepted, indexed or guaranteed to be published; journal suitability depends on the target journal's scope and editorial review.