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A comparative analysis of financial performance in select family owned and public owned cement companies in India

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Abstract
This paper carries out a comparative financial analysis of family-owned and public-owned cement companies in India to understand the impact of the ownership structure on key financial metrics, including liquidity, solvency, efficiency, and profitability. Cement industries are significant units that support the economic growth in India, making their operational strategies distinct with variations based on ownership dynamics. Financial, liquidity, and efficiency are three areas where this study aims to find distinctions between family-owned and publicly-owned businesses. The study has been used a number of financial measures, including Return on Capital Employed, Total Assets Turnover, Debt to Equity, and Current ratios. For this analysis past 10 years financial data of select eight companies have been considered from 2014-15 to 2023-24. To evaluate these differences, Generally, family-owned companies tend to exhibit stronger liquidity but poorer efficiency and asset utilization compared with their public-owned counterparts. Public-owned companies, in turn, tend to be placed in better solvency positions and emphasize profitability more. The study contributes to an ongoing debate concerning corporate governance and ownership-specific strategies in the Indian cement industry, which would further require such ownership-specific strategies with enhanced performance.

Keywords: Cement industry, efficiency, family owned, financial performance, public owned

Introduction

The cement industry is an important element of India's industrial production and employment. The size of the Indian cement market is estimated to exceed $30 billion during 2023-2029, an article by BlueWeave consultancy stated. It is projected that the market size will reach USD 49.24 billion by 2029, at a CAGR of 9.05% during the forecast period. This is the most critical sector for the fast urbanization that we are seeing in India and for all the large infrastructure projects being planned in the country. With their critical role in addressing the increasing demand for housing, new roads, and other construction needs. Indian cement companies are among the largest cement producers in the world. However, their ownership structure influences the firms' operational strategies, financial performance and overall liveliness.

Family-owned cement firms have several common characteristics: concentrated ownership and long-term strategic planning, which create distinct governance dynamics and operational efficiencies. This move can also transfer many of the advantages that public ownership has to offer, such as increased accountability and innovation as well as access to wider capital markets. When a company is publicly owned the financial performance differs vastly based ownership model. Thus, it is crucial to analyze the impact of those disparities on the stakeholders.

The divide in overall finance performances in the Indian cement sector is still wide with significant family-owned versus public-owned business studies undertaken. So far, no study has been conducted till date only with comparisons among general financial aspects or point of view without general efficiency and performance according to ownership type. In addition, many such studies do not include key metrics such as liquidity and solvency where profit trends indirectly establish the foundation for a composite evaluation of firm financial well-being. It fills the gaps by doing a comparative financial analysis of family owned and public owned cement companies in India.

This study analyze significant financial metrics and efficiency indicators through which it provides useful information on how structures of ownership affect corporate performance in this vital sector.

The purpose of this paper is to analyze the effect of different types of ownership on liquidity, solvency, efficiency, and profitability of a group of cement companies. The study compares public and private sector cement companies based on several financial indicators including Return on Assets (ROCE), Total Asset Turnover (TATUR), Debt-to-Equity (DE) and Current Ratio (CR). The implications for managers, investors and stakeholders from the cement industry are real-world and good news for the ongoing debate into corporate governance and performance.

To summarize, the present study delves into the primary question of ownership structure, and its impact on the financial performance of cement firms in India.

Review of Literature

Singh, G. R. (2023) [7] explored the use of key performance factors on the financial health of six cement companies in India from 2000 to 2019. The study decomposes ROE into three parts: net profit margin, total asset turnover, and the equity multiplier. The study focuses on ROA and ROI as well. Return on investment has other components such as asset turnover and profit margin. Singh describes how (and why) these metrics can illuminate the financial and operational decisions a company makes. The findings underscore that, while aspects of ROE and ROI can be measured directly, they are broad measures of profitability that track both operational efficiency and financial strategy in aggregate. The finding is argued that the DuPont model can be used appropriately to examine the financial performance of the industry such as cement industry.

Prabhakar, B. E., *et al* (2023) [6] In this analytical study, Sharoons *et al*. (2023) have calculated various metrics in order to compare the profitability of Ambuja Cements Ltd. and ACC Ltd. To assess the financial maturity of these firms, the study focuses on key financial metrics like gross profit margin, net profit margin, return on equity (ROE), and return on capital employed (ROCE).

Meenakshi, M. H. (2022) [4] conducted the profitability analysis of certain companies in the cement industry in India, which included companies like Dalmia Bharat Cement, UltraTech Cement and Shree Cement The measures of profitability are critical in assessing the company’s health and its ability to pay back its debt and equity, according to the research. The findings revealed that Shree Cement scored higher than its peers on both the ROE and ROCE and was better able to satisfy the dual demands of shareholders and debt holders. It acts like one other comparative assessment which brings in meaningful contributions in exploring the financial scenario in the broader context of determining financial stability of the sector.

Chahal, H., & Sharma, A. K. (2022) [2] "Examining the impact of family ownership and management on the performance of family firms in India". The research examined the accounting (ROA) and market (Tobin's q) performance metrics for a sample of NSE 500 firms from 2011 to 2020 using panel data analysis. The findings revealed a positive effect of family ownership on firm performance, a positive effect of family management on ROA but a negative effect on Tobin’s q, as well as a positive effect of founder management over descendant and professional management. These findings provide the first systematic evidence of the role played by family involvement in promoting shareholder value in India.

Alqatamin, R. M. (2018) [1] investigated the association between family ownership and corporate performance and whether family-owned companies outperform non-family firms. The performance was measured based on return on assets (ROA) and the study contained 495 firm-year observations using data from 2014 to 2016. It employed random-effect and panel data regressions. The study finds that managers employed by family firms perform better than their non-family firm counterparts. Since many Jordanian businesses are family-run, this study provides crucial empirical data for regulators, investors, auditors, and lenders getting a grip of the reality of the impact of this ownership structure on business performance and decisions.

Vasanthakumari, B., *et al* (2018) [9] in Over the course of thirteen years, from 2005 to 2017, they used a judgmental sampling technique to examine the effect of ownership structure on the financial performance of eighty-five listed steel businesses in India. The authors pointed out that promoter groups, individuals, foreign investors, and public sector entities make up the majority of India's ownership structure, which impacts how companies act and what they plan to do. Independent variables included the percentage of shares held by Indian and foreign promoters, as well as by institutions and individuals, and the study's overarching goal was to determine whether or not there is a positive correlation between shareholdings and financial performance. We used market-based measures like Price-to-Earnings (P/E), Earnings Per Share (EPS), and Tobin's Q to measure financial performance in addition to accounting-based ratios like Return on Equity (ROE) and Return on Capital Employed (ROCE). We can reject the null hypothesis because our study only found a negative association between ownership structure and the P/E ratio; no significant correlations were found between ownership structure and ROE, ROCE, Tobin's Q, or EPS. This study highlights the complex interplay between ownership dynamics and financial performance in the Indian steel sector.

Kota, H. B., & Singh, R. (2016) [3] Based on data of businesses listed under BSE 500 Index between 2005-15, the study compared performance of family businesses vis-à-vis non-family businesses in India. “It took almost three months to filter out companies 40% or more (held by the promoter group), that was kept as a family enterprise. The analysis will look at five different areas: profitability, size, position in the market, debt position and number of employees. The twelve specific variables used were Return on Net Worth (RONW), Return on Capital Employed (ROCE), Market Capitalization (MACP), and so on. Upon comparison using independent t-tests, the results showed that all areas assessed, non-family businesses performed statistically better than family businesses. Results suggest that family businesses in the Indian market need to ameliorate their management strategies in order to mitigate performance comparisons in competitive environments.

Wagner, D., *et al* (2015) [10] conducted an analysis of the results of 380 studies to derive conclusions about the financial success of family businesses. The results showed that family firms, on average, outperform non-family firms in a statistically significant way, though the economic magnitude of this performance differential was weak. They also found some moderating factors that affect this relationship and noted that the impact of family ownership is greater for large, publicly traded firms and when family firms are definitively identified based on ownership structure. Notably, the analysis showed that family firms performed relatively better if evaluated on a return on the asset (ROA) measure as this individual metric is not so much influenced by the financial structure compared to the return on equity (ROE). The writers finish with a discussion of what these results mean and where the field of family business studies might go from here in terms of research.

Pandey, R., *et al* (2011) [5] India is a country where big corporate groupings have a lot of power, so the authors of this study wanted to see how family involvement and board independence affected the bottom lines of 131 publicly traded companies in the country. They analyzed the extent of family ownership, as well as the roles of family CEOs and chairpersons. Using a multiple linear regression model, the findings revealed a positive relationship between family ownership and financial performance. However, firms led by non-family CEOs outperformed those with family CEOs, indicating a potential drawback of familial leadership. Furthermore, contrary to what one would expect from agency theory, which holds that family businesses cannot function without independent scrutiny, the financial performance of the company was unaffected by the percentage of non-family directors who were independent. The authors contextualize these results within the historical practices of Indian family businesses and the evolving landscape of corporate governance.

Srivastava, A. (2011) [8] They looked at how accounting and market performance metrics relate to equity ownership and how it affects the financial performance of Indian companies in his article. The study sampled 397 of the most actively traded companies from the BSE 500 index, utilizing Ordinary Least Squares (OLS) regression to analyze the data. In the Indian market, the results showed a very concentrated ownership structure. This suggests that while dispersed equity ownership has a positive effect on ROA and ROE, it has no effect on Tobin's Q, P/E, or P/BV ratios, which are market performance metrics. Thus, it's possible that behavioral, macroeconomic, and political variables are just as important, if not more so, in deciding how well a company does. The study highlights the complexity of ownership dynamics and offers insights for practitioners and investors regarding financing and investment decisions in the context of Indian firms.

Research Gap

Although the relative financial performance of family-owned companies and publicly owned companies has been extensively researched, there is still a huge gap in a Cement Industry. Furthermore, with a deficit of detailed comparative research, the specifics in the cement business related to the presence of a family are unexplored. Through the evaluation of how the ownership structure impacts financial performance and operational efficiency in Indian cement companies, this study will bridge this gap. Focusing on liquidity, solvency, and profitability, this study attempts to illuminate exactly what impact the ownership structure has on financial consequences in the cement sector.

Objectives of the Study

Examining how different types of ownership affect the liquidity, solvency, efficiency, and profitability of a sample of cement companies is the primary goal of this research.

Significance of the Study

This study is significant since the family business is one of the debatable and growing research areas in the field of corporate governance and we are witnessing that many succeeding companies in India like Tata Group, Adity Birla Group, Bajaj are family owned are family-controlled companies. According to Economic Times article 79 percent of Indian GDP has been contributing by Family businesses. The purpose of this study is to compare the cement industry's publicly and privately held businesses in terms of their financial health.

Scope of the study

The financial performance covers four family owned and four public owned cement companies and the data covers 10-year period from 2014-15 to 2023-24. Thus, the study investigates all other companies and data both before and after the study time, as well as other performance evaluation indicators.

Limitations of the study

It does not account for companies from other sectors, nor does it examine other time periods. The study is limited to Indian cement companies listed on the BSE.

Research Design/ Methodology

This study adopts a desk research approach and employs analytical method.

Sources of Data

The data for the study is obtained from the Annual Reports of the selected companies for the period from 2014-15 to 2023-24, which were downloaded from the respective company websites.

Sample Design

The Population: The Population of the study comprises of 43 Indian cement companies listed on the BSE as on March 2024.

- **Sample Size:** The sample size for the study consists of eight companies: four family-owned and four public-owned. The companies were selected based on their ownership structure, with family-owned companies having more than 50 percent promoter holding, and public-owned companies having less than 50 percent promoter holding.
- **Sample Technique:** Stratified Random Sampling was used to ensure representation of both ownership structures.

Sample Selection

Family-owned companies were selected based on promoter shareholding of more than 50%. The selected companies are:

Family-Owned Company	Promoters holding (%)	Public-Owned Company	Public holding (%)
Ambuja Cements Ltd	63.19	Grasim Industries Ltd	42.75
Dalmia Bharat Ltd	55.84	KCP Ltd	43. 95
Udaipur Cement Works Ltd	75	The Ramco Cements Ltd	42.11
Shiva Cement Ltd	59.59	Orient Cement Ltd	37.90

Data Analysis and Discussion

The analysis of financial performance plays a crucial role in understanding how cement companies operate under different ownership structures. This section delves into the comparative financial analysis of family-owned and publicly owned cement companies by examining key financial ratios. To get a full picture of a company's financial situation and resilience in a competitive market, these ratios are crucial indicators that show its liquidity, operational efficiency, solvency, profitability, and financial health.

The key financial ratios used for the study are as follows

1. Liquidity Parameter– Current Ratio
2. Solvency Parameter – Debt Equity Ratio, Interest Coverage Ratio
3. Efficiency Parameter – Asset Turnover Ratio
4. Profitability Parameter – Return on Capital Employed

Liquidity Parameter of Family and Public Owned Cement Companies

Current Ratio: One financial metric is the Current Ratio, which indicates how well a corporation can meet its short-term debt commitments. A company's current ratio shows the extent to which its short-term assets are sufficient to meet its short-term obligations. If a company's current ratio is greater than 1, it means that its current assets exceed its current liabilities. This means that the company can probably pay its short-term bills. The general consensus is that a current ratio greater than 1.0 is preferable. The liquidity positions of selected organizations are displayed in the following table.

Table 1: Current Ratio of Family and Public-Owned Cement Companies

Year	Family Owned Company				Public Owned Company			
	Ambuja	Dalmia	Udaipur	Shiva	Grasim	KCP	Ramco	Orient
2024	1.93	1.22	0.78	0.96	0.69	0.93	0.46	0.7
2023	1.67	1.53	0.68	1.08	0.69	0.95	0.47	0.58
2022	1.08	1.97	0.75	0.53	0.59	0.94	0.45	0.58
2021	1.19	3.51	0.65	0.34	0.65	0.79	0.45	0.76
2020	1.41	6.53	0.57	0.55	0.8	0.7	0.49	0.85
2019	1.28	3.17	0.69	0.77	0.82	0.72	0.5	0.78
2018	1.14	5.1	1.05	0.66	0.86	0.71	0.53	0.74
2017	1.11	0	1.51	1.01	1.01	0.68	0.53	0.78
2016	1.11	0	1.22	1.06	1.09	0.74	0.51	0.83
2015	1.09	0	1.61	1.08	1.25	0.87	0.51	0.63
Mean	1.301	2.303	0.951	0.804	0.845	0.803	0.49	0.723
SD	0.274	2.138	0.357	0.257	0.201	0.103	0.029	0.093
Total Mean	Family Owned		1.339		Public Owned		0.815	

On average, family-owned companies exhibit a higher current ratio (1.339) compared to public-owned companies (0.815), indicating better liquidity management. Among family-owned companies, Dalmia Cement stands out with a significantly higher mean current ratio (2.303), showing it has maintained stronger liquidity. In contrast, public-owned companies like Ramco and Orient display lower current ratios, with averages below 0.75, indicating potential challenges in meeting short-term obligations. The higher standard deviations for Dalmia and Ambuja suggest greater variability in liquidity over the years. Public-owned companies, with lower standard deviations, show more consistency, but at the expense of liquidity. Overall, family-owned companies seem better positioned to meet short-term liabilities, whereas public-owned firms demonstrate lower liquidity but more stable performance.

Solvency Parameter (Debt-Equity Ratio): One measure of a company's financial health is the debt-to-equity ratio, which compares the amount of debt financing to the amount of equity financing. A company's total debt divided by its shareholders' equity is the formula for this ratio. Here is the formula:

Debt-to-Equity Ratio = Total Debt / Shareholders' Equity

The less debt a corporation has, the easier it is for it to fund its operations and expansion. A high ratio indicates that debt accounts for a substantial amount of the company's funding. A high level of leverage could be an indication of increased financial risk and interest costs for the firm.

Table 2: Debt Equity Ratio of Family and Public owned cement companies

Year	Family Owned Company				Public Owned Company			
	Ambuja	Dalmia	Udaipur	Shiva	Grasim	KCP	Ramco	Orient
2024	0.02	0	1.89	0	0.15	0.38	0.68	0.17
2023	0.03	0	2.8	23.7	0.1	0.45	0.63	0.23
2022	0.02	0.01	2.38	3.39	0.09	0.55	0.58	0.39
2021	0.01	0.01	2.18	8.19	0.12	0.83	0.58	0.84
2020	0	0	2.39	3.33	0.11	1.54	0.5	1.16
2019	0	0	2.15	1.55	0.07	1.51	0.32	1.25

2018	0	0.1	2.17	0.68	0.06	1.02	0.33	1.32
2017	0	0.03	2.02	0.46	0.08	1.01	0.52	1.29
2016	0	0	1.31	0.36	0.12	1.13	0.84	1.19
2015	0	0	0.66	0.24	0.11	1.25	1.1	0.79
Mean	0.008	0.015	1.995	4.19	0.101	0.967	0.608	0.863
SD	0.011	0.030	0.575	6.921	0.025	0.392	0.220	0.430
Total Mean	Family Owned		1.552		Public Owned		0.8125	

The Debt-Equity ratio data shows that family-owned cement companies have a higher average solvency ratio (1.552) compared to public-owned companies (0.8125), indicating a greater reliance on debt. Shiva Cement, in particular, exhibits a high D/E ratio (4.19) with significant volatility, reflecting increased financial risk. In contrast, Ambuja and Dalmia, both family-owned, maintain very low debt levels, indicating conservative financial management. Public-owned companies like Grasim display the lowest D/E ratio (0.101), while Ramco and Orient have moderate ratios, suggesting balanced debt usage. Overall, public-owned firms demonstrate more consistent solvency management, while family-owned companies show more variability in their debt strategies.

The Interest Coverage Ratio: A financial indicator that evaluates a company's capacity to pay its interest expenses with its operating earnings is the interest coverage ratio, which is also called the times interest earned ratio. Investors and creditors rely on it heavily since it shows them how likely a firm is to be able to pay its interest and other financial obligations. Divide a company's interest expenditures by its profits before interest and taxes (EBIT) to get the interest coverage ratio.

Table 3: Interest Coverage Ratio of Family and Public owned cement companies (Times)

Year	Family Owned Company				Public Owned Company			
	Ambuja	**Dalmia**	**Udaipur**	**Shiva**	**Grasim**	**KCP**	**Ramco**	**Orient**
2024	20.15	31.75	2.1	-5.34	4.86	3.19	2.31	9.24
2023	24.87	69.33	2.06	-1.4	8.19	0.06	2.96	6.08
2022	31.64	55	2.29	-0.97	12.34	6.66	8.09	8.86
2021	30.07	4.09	2.06	-1.11	4.58	6.05	13.93	4.57
2020	24.32	29.5	1.42	-0.96	7.86	0.56	11.84	2.12
2019	19.29	51	0.16	-1.16	19.33	2.56	14.77	1.63
2018	16.11	17.4	-0.09	-1.46	22.72	4.11	14.07	1.54
2017	18.23	3.71	-6.93	1.18	37.88	2.1	9.17	0.51
2016	12.44	0	-1.85	1.82	9.34	2.43	4.69	2.12
2015	28.66	0	0.09	2.1	16.48	1.48	2.83	18.58
Mean	22.578	26.178	0.131	-0.73	14.358	2.92	8.466	5.525
SD	6.031	24.065	2.673	2.021	9.735	2.053	4.767	5.253
Total Mean	Family Owned		12.0393		Public Owned		9.8425	

On average, family-owned companies have a higher ICR (12.0393 times) compared to public-owned companies (9.8425 times), indicating better capacity to cover interest payments. Dalmia Cement shows the strongest performance with a mean ICR of 26.178. Public-owned companies, such as Grasim, exhibit a high ICR (14.358), suggesting strong interest coverage, while other public-owned firms like KCP and Ramco show more moderate levels. Overall, family-owned firms demonstrate higher variability in interest coverage, while public-owned companies tend to have more stable, albeit lower, ICRs.

Efficiency Parameter (Total Asset Turnover Ratio): One financial indicator of a company's efficiency in turning its total assets into sales revenue is the Fixed Asset Turnover Ratio. A high Total Asset Turnover Ratio suggests that a business is making good use of its assets to create revenue. If the ratio is high, it means the company is making good use of its overall assets to create revenue. If it's low, it could mean they are underutilizing their assets.

Table 4: Total Asset Turnover Ratio of Family and Public owned cement companies (Times)

Year	Family Owned Company				Public Owned Company			
	Ambuja	**Dalmia**	**Udaipur**	**Shiva**	**Grasim**	**KCP**	**Ramco**	**Orient**
2024	0.53	0.02	0.62	0	0.45	1.69	0.79	1.67
2023	0.68	0.02	0.74	0.01	0.51	1.58	0.74	1.58
2022	0.64	0.02	0.83	0.14	0.41	1.48	0.62	1.52
2021	0.53	0.02	0.91	0.19	0.27	1.24	0.63	1.13
2020	0.54	0.02	0.89	0.16	0.36	0.87	0.76	1.09
2019	0.55	0.02	0.74	0.15	0.44	1.08	0.91	1.12
2018	0.57	0.02	0.48	0.15	0.49	1.13	0.88	1.03
2017	0.7	0.03	0.14	0.51	0.69	1.12	0.88	0.97
2016	1.05	0	0.28	0.53	0.69	1.03	0.75	0.8
2015	1.14	0	0.8	0.56	0.56	0.82	0.72	1.08
Mean	0.693	0.017	0.643	0.24	0.487	1.204	0.768	1.199
SD	0.210	0.009	0.250	0.201	0.127	0.278	0.095	0.273
Total Mean	Family Owned		0.3983		Public Owned		0.795	

The Total Asset Turnover Ratio data reveals that public-owned cement companies generally outperform family-owned companies in terms of efficiency. Public-owned firms have a higher average asset turnover ratio (0.795 times), indicating more effective asset utilization to generate revenue. KCP (1.204 times) show strong performance, with KCP leading the public-owned group. Family-owned companies, with an average of 0.3983, show lower efficiency, particularly Dalmia, which consistently lags behind with a very low ratio of 0.017 times. Udaipur (0.643 times) demonstrates better efficiency among the family-owned companies, though still below most public-owned counterparts. Public companies exhibit greater consistency and efficiency in utilizing their assets, while family-owned firms show higher variability in performance.

Profitability parameter (ROCE)

A financial statistic known as Return on Capital Employed (ROCE) evaluates a company's profitability by comparing its total capital employed to the profits generated by its operations. The return on capital employed by the business is measured by this metric. How well a company uses the money that its shareholders, debenture-holders, and long-term lenders have put their faith in is shown by this metric. A helpful metric for comparing the profitability of different firms is return on capital employed funds. It is also useful for figuring out if the return on invested capital is greater than the interest rate.

Table 5: Return on Capital Employed (%) of Family and Public owned cement companies

Year	Family Owned Company				Public Owned Company			
	Ambuja	Dalmia	Udaipur	Shiva	Grasim	KCP	Ramco	Orient
2024	9.71	1.61	7.6	0	3.75	8.92	8.16	15.5
2023	10.76	2.61	7.03	0	5.71	0.2	6.53	11.57
2022	13.26	2.79	10.94	0	6.06	20.05	9.47	22.49
2021	11.59	0.54	13.51	0	2.38	24.8	14.64	18.79
2020	9.36	1.54	11.81	0	4.23	3.34	12.2	10.88
2019	7.72	1.35	0	0	8.26	9.73	13.6	8.1
2018	8.75	1.21	0	0	8.99	15.84	16.31	8.37
2017	9.08	2.27	-0.15	2.79	13.32	11.81	18.34	2.9
2016	11.11	0	-1.05	4.33	9.77	13.2	15.59	5.09
2015	18.72	0	0.14	5.56	5.28	8.65	9.52	15.79
Mean	11.006	1.392	4.983	1.268	6.775	11.654	12.436	11.948
SD	2.983	0.944	5.493	2.034	3.126	6.955	3.695	5.858
Total Mean	Family Owned		4.6623		Public Owned		9.81	

The Return on Capital Employed (ROCE) data indicates that public-owned cement companies significantly outperform family-owned companies in terms of profitability. Public-owned companies show an average ROCE of 9.81%, with Ramco (12.436%) and Orient (11.948%) leading the group. Family-owned firms, in contrast, exhibit a lower average ROCE of 4.6623%, with Udaipur being the most profitable among them at 4.983%. Public companies display more consistent and higher profitability over the years, while family-owned firms show considerable variability and generally lower profitability performance.

Findings

1. Liquidity Performance (Current Ratio)

The average Current Ratio for family-owned companies is higher (1.339) compared to public-owned companies (0.815), indicating that family-owned companies generally have better liquidity and are more capable of covering their short-term liabilities.

- Dalmia Cement (family-owned) has the highest mean Current Ratio (2.303), showing strong liquidity.
- Public-owned companies like Ramco and Orient have lower ratios, suggesting potential challenges in meeting short-term obligations.
- The high standard deviations for Dalmia and Ambuja indicate more variability in liquidity over the years.
- Public-owned companies show more stability, although with lower liquidity.

2. Solvency Performance (Debt-Equity Ratio)

Family-owned cement companies have a higher average Debt-Equity Ratio (1.552) compared to public-owned companies (0.8125), suggesting a greater reliance on debt financing in family-owned firms.

- Shiva Cement, a family-owned company, has a significantly high Debt-Equity ratio (4.19), indicating higher financial risk.
- Companies like Ambuja and Dalmia maintain low debt levels, reflecting a conservative financial strategy.
- Grasim, a public-owned company, has the lowest Debt-Equity ratio, indicating lower dependence on debt financing.

Interest Coverage Ratio (ICR)

Family-owned companies exhibit a higher average ICR (12.0393) compared to public-owned companies (9.8425), indicating a better capacity to cover interest payments.

- Dalmia Cement stands out with a high mean ICR (26.178), while Udaipur and Shiva have negative ratios, reflecting financial distress.
- Grasim (public-owned) has a high ICR, showing strong interest coverage capabilities.
- Family-owned firms demonstrate higher variability in interest coverage, while public-owned companies have more consistent, but generally lower, ICRs.

3. Efficiency Performance (Total Asset Turnover Ratio)

The efficiency with which a company turns its assets into cash was quantified by this ratio. A greater ratio indicates better use of assets.

- In general, a greater Total Asset Turnover Ratio indicates better asset usage at Ambuja Cement, a family-owned business.

- Public-owned companies like KCP and Ramco also demonstrate high efficiency levels.
- From overall trends Family-owned companies tend to have slightly better efficiency but with more variability in performance compared to public-owned firms.

4. Profitability Performance (Total Asset Turnover Ratio)

- Ambuja Cement (family-owned) shows relatively good profitability within the family-owned group, indicating its effective use of capital to generate returns.
- Public-owned companies like Ramco and Orient consistently exhibit higher ROCE values, demonstrating superior profitability and more stable returns on their capital investments.

By observing the overall trends Public-owned cement companies generally outperform than family-owned firms in terms of profitability, with higher average ROCE and more consistent performance. Family-owned companies, on the other hand, exhibit greater variability and lower overall profitability.

Suggestions

- Debt-equity management strategies of public owned cement companies reflecting a financial risk.
- Family-owned firms ought to keep their elevated liquidity ratios while seeking opportunities to productively deploy their idle cash to enhance profitability.
- Family owned company and public owned company should also aim at more profitability to keep a better interest coverage ratio so that they are not indulged in debt burden.
- Enhancing asset utilization Effective asset management can lead to substantial performance improvement, thus public-owned cement companies should implement strategies to enhance their asset utilization.
- The facts and figures mentioned above are based on family-owned businesses in October 2023.
- Familyowned and publicowned firms need to strengthen risk management systems to deal with financial smoothing and environmental transaction costs.

Conclusion

Overall, the comparative assessment between family-owned and public-owned cement firms revealed significant contrasts in their respective financial and operational performance metrics. Avoiding the strategies of public-owned companies to improve solvency and asset utilization to cope with financial crisis and increase profitability. Family-owned firms, enjoying higher liquidity, have to spend the resources effectively and implement innovations, owing to this competitive scenario. Both firms will need to increase their interest coverage ratio by raising profitability levels and managing financials smartly. It is, therefore, important for both groups to implement strong risk management practices to navigate economic uncertainties. The key to sustained growth will be driving operational efficiencies and sharpening business strategies in line with industry trends. The trended results provide valuable inputs for stakeholders to take informed decisions for building resilience and sustainable cement sector. Focusing on these areas could enable family-owned companies as well as public-owned companies to enhance their market positions and contribute to the growth of the industry.

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