THE IMPACT OF FINANCIAL PERFORMANCE ON STOCK PRICE OF SELECTED CEMENT COMPANIES OF INDIA: REVIEW ARTICLE

Mr Kush D Pandya, Dr A. M. Patel

Research Scholar, Hemchandracharya North Gujarat University, Patan

Principal, Idar Anjana Patidar H.K.M. Arts & P.N.patel Commerce College, Idar & Research Supervisor, Hemchandracharya North Gujarat University, Patan

Abstract

This study provides an answer to the main query regarding the relationship between independent and dependent variables, showing an inverse relationship between all independent variables and a company's PE. It also suggests that investors are likely to pay more for firms with lower amounts of TATO, as higher TATO indicates an increased likelihood of financial distress and lower stock prices. The authors offer advice for investors and businesses, suggest new areas for investigation, and include new variables in stock price calculations to create a more comprehensive and accurate picture of the impact of dividend announcements on stock prices.

Keywords: Cement Industry, Stock Prices, Dividend Announcements, Qualitative Data

INTRODUCTION

John Smeaton, who is also known as "father of civil engineering" and credited for design of many bridges, canals, harbours etc. was the first proclaimed civil engineer and pioneered the use of 'hydraulic lime', which led to discovery of modern cement. The common cement or Portland cement was prepared and Patented by Joseph Aspin in 1824. In the later part of 19th century, cement production was taken up by many countries many decades after the first patent were taken by Aspin in England.

First Cement Factory of the World and India

The manufacture of Portland cement was started in England around 1825. Belgium and Germany started the same in 1855. America started the same in 1872 and India started the same in 1904. The first cement factory was installed in Tamil Nadu in 1904 by South India Industry Limited and then onwards several factories manufacturing cement were started. Our country is the fifth largest producer of cement in the world and is expected to become the second largest, after China, by the turn of the century. India is the world's second largest producer of cement after China with industry capacity of over 200 million Tonnes. With the boost given by the government to various infrastructure projects, road network and housing facilities, growth in the cement consumption is anticipated in the coming years. To meet the expanding demand, cement companies are fast developing new plants.

The cement industry is poised to add 111 million Tonnes of annual capacity by the end of 2009-2010, riding on the back of approximately 141 outstanding cement projects. 95% of the production is consumed domestically and only 5% is exported. Demand is growing at more than 10% per annum. More than 90% of production comes from large cement plants.

The Indian cement industry comprises of 132 large cement plants with an installed capacity of 148.28 million Tonnes and more than 365 small cement manufacturing plants with an estimated capacity of 11.10 million Tonnes per annum. The Cement Corporation of India, which is a Central Public Sector Undertaking, has 10 units. This includes India Cements Ltd.'s new grinding unit at Vallur, Tamil Nadu with an installed capacity of 1.10 million Tonnes. India's cement industry is likely to record an annual growth of 10 per cent in the coming years with higher domestic demand resulting in increased capacity utilisation.

Among the leading domestic players in terms of cement manufacturing are- Ambuja Cement, Aditya Birla Group (Ultra Tech Cement). ACC Ltd., Binani Cement, India Cements, J. K. Cements, Century Cements, Jaypee Group, Madras Cements, Dalmia cements, etc. They are not only the foremost producers of cement but also enjoy a high level of equity in the market.

Rapid urbanization and the booming infrastructure have led to an increase in construction and development across India, attracting even the global players. The recent years have witnessed a surge of foreign direct investment in the cement sector.

International players like France's Lafarge, Holcim from Switzerland, Italy's Italcementi and Germany's Heidelberg Cements together hold more than a quarter of the total capacity. Holcim, one of the world's leading suppliers of cement, has 24 plants in the country and enjoys a market share of about 25 per cent.

Holcim has a global sale worth about 20 billion US $, where India contributes 2 to 2.5 billion US $. Holcim strengthened its position in India by increasing its holding in Ambuja Cement from 22 per cent to 56 per cent through various open market transactions with an open offer for a total investment of 1.8 billion US $. Italcementi Group of Italy acquired full stake in the K K Birla promoted Zuari Industries' cement, for 126.62 million US $ in 2006 and plans to invest more in future years for various green field and acquisition projects.

German major Heidelberg Cement has merged Mysore Cement. The French cement major, Lafarge which acquired the cement plants of Raymond and Tisco to double its capacity in next fir years.

Almost all players of the industry, small to medium to large, have added capacity ranging between a minimum of 2 million Tonnes and a maximum of 3 million Tonnes in the last three years (April 2005 to March 2008), effecting a total addition of 45 million Tonnes to the installed capacity by setting up green field projects and expanding and upgrading the existing plants.

Total export of cement grew to 170 million Tonnes during 2007-08, as against 155 million Tonnes in 2006-07. Region-wise, western region grew fastest with a growth rate of 15 per cent, followed by northern region 12 per cent and southern region 10 per cent. The continuous increase in the infrastructure projects along with the rise in construction activity has ensured rising demand levels for the cement industry.

There are 10 large cement plants owned by various State Government. The total installed capacity in the country is 204.29 million Tonnes as on August 31, 2008.

Cement is a key infrastructure industry. In our country, it has been decontrolled from price and distribution on 1st March 1989 and de-licensed on July 25th, 1991. However, the performance of the industry and prices of cement are monitored regularly. India entered the Cement Era in 1914, when the Indian Cement Company Ltd. started manufacturing Cement in Porbundar in Gujarat.

However, even before that a small cement factory was established in Madras in 1904 by a company named South India Industrial Ltd.

Indian Cement Company Ltd produced only one type of cement which was designed by the British standard committee as "Artificial Portland Cement". This company marketed its product in Mumbai, Karachi, Madras and other parts and became a financial success.

At that time India had to import cement from England. The price of the imported cement was higher. Some other factors such as increase in domestic demand, reduction in supply from abroad (due to war), availability of Indian Capital, ample raw material, Cheap labour, support of the government etc. made it a leading industry in India in a short period of time.

In January 1915, a cement unit was started at Katni in Madhya Pradesh

In December 1916, another unit at Lakheri in Rajasthan was started.

During the First World War period, cement production in these three important factories was taken under control of the government and later the control was lifted once the war was over. After the war, 6 more units were launched in India.

In 1924, India's cement production was 267000 tons. However, initially this increased production could not reduce the imports and the industry suffered a rate war. This led to closure of many indigenous units. The Indian companies which were away from ports or commercial centres faced the locational disadvantage. The above incidents led to the industry stakeholder approach to the government for protection. The British government constituted a Tariff board, which recommended protection of the indigenous industry against the dumping of the imported cement. It recommended raising of the customs duty to 41% which was around 15% at that time, but this recommendation was not accepted by the government.

Continuous technological upgrading and assimilation of latest technology has been going on in the cement industry. Presently 93 per cent of the total capacity in the industry is based on modern and environment friendly dry process technology and only 7 per cent of the capacity is based on old wet and semi-dry process technology.

There is tremendous scope for waste heat recovery in cement plants and thereby reduction in emission level. One project for co-generation of power utilizing waste heat in an Indian Cement plant is being implemented with Japanese assistance under the Green Aid Plan. The induction of advanced technology has helped the industry immensely to conserve energy and fuel and to save materials substantially.

India is producing different varieties of cement like Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland Blast Furnace Slag Cement (PBFS), Oil Well Cement, Rapid Hardening Portland Cement, Sulphate Resisting Portland Cement, White Cement, Blended cement, etc. Production of these varieties of cement conform to the BIS Specifications.

Ready-mix concrete (RMC) is sometime preferred to on-site concrete mixing because of the precision of the mixture and reduced worksite confusion. The Indian RMC business is growing by 25 per cent every year. In India only 2-3 per cent cement consumption by cement industry goes through RMC, as against 60 per cent in developed countries. At present, India has 200 RMC plants across the country.

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Lafarge, the world's second largest cement maker has bagged Larsen and Toubro's RMC business. Lafarge will be acquiring 66 concrete plants located across India, in key markets such as Delhi, Kolkata, Mumbai and Bangalore with a total market share of approximately 25 per cent.

Government initiatives in the infrastructure sector, coupled with the housing sector boom and urban development, continue being the main drivers of growth for the Indian cement industry. Increased infrastructure spending has been a key focus area over the last five years indicating good times ahead for cement manufacturers. The government has increased budgetary allocation for roads under National Highways Development Project (NH-DP).

This coupled with government's initiatives on the infrastructure and housing sector fronts would continue to remain the key drivers. Appointing a coal regulator is looked upon as a positive move as it will facilitate timely and proper allocation of coal (a key raw material) blocks to the core sectors, cement being one of them.

Other budget measures such as cut in import duty from 12.5 per cent to nil, removal of 16 per cent countervailing duty, 4 per cent additional customs duty on Portland cement and differential excise duty are all intended to cut costs and boost availability.

Some of the important highlights of the Indian cement industry can be summarized as follows:
1. The energy consumption is substantially higher than that in the efficient plant abroad.
2. The environment protection activities require to be improved and updated.
3. The manpower productivity is low. It is nearly one-seventh as compared to that of Japan.
4. India's per capita cement production is 130 kg per annum while world's average of per capita cement production is more than 280 kg per annum.
5. The modern technologies i.e., high efficiency separators, roll presses, vertical roller mill, precalcinators, etc. have been introduced.
6. To improve demand of cement further push to housing development programmes is to be given, concrete Highways and roads are to be promoted and in large infrastructure projects ready-mix concrete should be used.

The Indian consumers have become very quality conscious and as the global high worth companies in the cement sector are planning to enter the Indian cement industry, the cement companies of our country have decided to update their cement manufacturing technologies by importing equipment from foreign countries mainly based in U.S.A., Germany, and U.K.

The main machinery in a cement plant comprises limestone crusher and stacker reclaimer, roller mills for grinding, coal crushers, packers, pollution control equipment, belt conveyers, etc.

It is a fact that the cement industry is a major consumer of the energy using 1.5 per cent of the world-fuel and about 2 per cent of electricity produced globally. Hence the attention is paid to find out ways and means to optimise power consumption in raw materials, coal, and clinker grinding.

One of such development is the Vertical Roller Mills (VRM) and it allows for higher drying capacity with less consumption of power. The coal is also increasingly replaced by the groundnut husk to fire the kiln.

The technology for mining has also been improved and instead of conventional mining, the process known as the surface mining is adopted. It is carried out without drilling, blasting, and crushing when extracting valuable minerals. The surface mining greatly reduces the vibrations, noise, and dust loads.

The Indian cement industry is governed by the buyers because of the decontrol policy of the government. It is therefore a good sign indeed that the consumers have their own choice in selecting the cement which is required for their end application.

On the top of it, the government has set up consumer courts all over India in cities and towns where the consumers can lodge their complaints, if any and get the justice.

It is encouraging to note that many cement companies have changed their philosophy from selling to marketing. The philosophy of marketing always keeps focus on the customer requirements. Some of the leading cement companies have introduced innovative methods of marketing.

LITERATURE REVIEW

Tahtamouni & Qudah (2016) have investigated the effect of some factors on market stock price such as Return on Asset (ROA), Return on Equity (ROE), Debt Ratio, the Age of the Company, and the Size of the Company. The study used twenty insurance companies listed in the Amman stock exchange during the period 2011 to 2015. The data analysis includes simple and multiple linear regression and the results found that there is a relationship between ROA and market stock price in insurance companies listed on ASE. There is no effect between ROE and market stock price in insurance companies listed on ASE. There is a relationship between Debt Ratio and market stock price in insurance companies listed on ASE. There is an influence of the Company's age and market stock price in insurance companies listed on ASE. There is an effect between the Company's Size and market stock price in insurance companies listed on ASE.

Bhatia & Melunga (2018) have conducted research on value relevance studies investigates whether this goal has been achieved or not. The study identifies that earnings per share and book value per share are the most significant and leading variables in value relevance literature. Other accounting variables like financial

leverage, dividend per share, price-earnings ratio, return on equity, return on assets and dividend pay-out ratio have been used in addition to book value and earnings in order to determine its significant influence on stock prices. The results on value relevance studies found to be contradictory from one market to another maybe because of accounting regulations differences, the behaviour of the market, the methodology used, length of the time period considered and a number of companies selected as sample. There are many studies across countries and sectors that study the value relevance of accounting information, future research may focus on qualitative information that impacts the stock price movement.

Geetha & Kumar (2017) makes an attempt to understand the trends in the market fluctuation of three major sectors of the Indian market. The paper investigates the dependence of the change in the market price of a share due to factors such as EPS and Profit. A correlation analysis is carried out to understand the extent to which the earnings per share and the profits of the company affect the average prices of the same company. Overriding the significance of the correlation between the factors a regression analysis is also conducted to identify the association between the prices and EPS/Profit. Further, a regression analysis is conducted to analyze the relationship between the Average Price of a share and the following factors: Dividend Paid per share, Dividend Yield per Share, Book value of the share, EPS, Profit and Return on Equity.

Shamsudin et al. (2013) had conducted a fundamental analysis of selected banks of Malaysia hence financial ratios been used as the main tool to produce data of dependent and independent variables. The research has been conducted on licensed Islamic Banks in Malaysia as listed by Bank Negara Malaysia and focuses on three independent variables of profitability, efficiency, and liquidity and to see their relationship towards the dependent variable of the Islamic bank's stock performance. A set of quarterly data from the year 2007 to 2012 been used in conducting ratio analysis. The result has been further analyzing using STATA 10.1 software. This research indicates a significant relationship between profitability, efficiency, and liquidity towards the bank's stock performance. Research work depicted that better performance of independent variables reflects the better performance of stock which the higher the Total Assets Turnover and Return on Assets, the lower the PE would be. The results answer the key question on the relationship between the independent and dependent variables which show inverse relationship of all independent variables towards the PE of a company and TATO appear to be as the most significant variable.

Herawati & Putra (2018) had conducted a study to determine the effect of fundamental factors, like Debt to Equity Ratio (DER), Return on Assets (ROA), Current Ratio (CR), Price Earnings Ratio (PER), and Total Assets Turnover (TATO), towards stock prices. The object of research is to establish the relationship between the financial performance of selected food and Beverage Company's financial performance and its stock price on the Indonesia Stock Exchange in the period 2012 - 2015. The study used secondary data obtained from the Indonesia Stock Exchange website (www.idx.co.id). Causal research methods and the sampling technique used for same research work. We have selected 17 companies for research work. The data was analysed by panel data regression analysis technique using three approaches - Common Effect, Fixed Effect, and Random Effect. Chow test model, Housman test, and Lagrange Multiplier test were used for the model selection using F test and t-statistical tests. The result of the study through the use of F tests indicated that the increase or decrease of stock prices is affected by ROA, CR, DER, TATO, and PER. The result of the t-statistic test showed that ROA and TATO have a partial influence on the share price, whereas the DER, CR and PER variables have no effect on the stock price of food and beverage companies.

Haa & Binh (2018) studied the impact of accounting information on financial statements to the stock price of energy enterprises listed on Vietnam's stock market. By using the OLS regression model and quintile regression model, the author studies the influence of (various financial indicators) factors such as return on assets (ROA), capital structure (LV), enterprise size (size), current ratio (CR), and accounts receivable turnover (turnover) to stock prices. Data from this study were collected from 44 energy enterprises during 2006-2016. The results show that ROA, enterprise size (size), current ratio (CR), and accounts receivable turnover (turnover) are positively correlated with the stock price, with an explanation level of 48.47%. Capital structure (LV) does not affect stock prices. Based on the research results, the authors propose some recommendations for investors and enterprises and suggest other research directions as well as adding new factors to the stock price.

Renwarin (2017) has examined the influence of Debt to Asset Ratio, Return on Asset, Operating Expense to Operating Income (BOPO), and Loan to Deposit Ratio variables on stock return experienced by the Private Non-Devisa Banks which go public and listed in Indonesia Stock Exchange in the period of 2010-2014. Result reveals that Debt to Asset Ratio does not significantly influence stock return, ROA (of financial health) does not significantly influence stock return, Operating Expense to Operating Income does not significantly influence stock return, Loan to Deposit Ratio does not significantly influence stock return and simultaneously DAR, ROA, BOPO and LDR variables do not significantly influence stock return. Based on the coefficient of determination, the ability of the independent variables to explain the variation in the dependent variable is 47.9%, and the rest of 52.1% is explained by other variables.

Dang et al. (2017) had conducted for investigating the impact of financial information on stock prices of listed firms on the Vietnam Stock Exchange. Data were collected from 273 large listed firms for the period from 2006 to 2016. By using the multiple regressions, the relationship between determinants including earnings per share, book value, cash flow from operating activities, firm size and stock prices is investigated. The results

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show that four determinants have positive relationships with stock prices with the explanation level of 48.1%. The impact of financial information on stock prices is getting stronger and stronger in the years 2015 and 2016 with the explanation levels above 60%. It reveals that Earnings per share (EPS): this variable has a positive relationship with stock price with a statistical significance of 1%. Further, it has been observed that Cash flow from operating activities per stock (CFOPS): this factor associates positively with stock price with a statistical significance of 1%

Macharia & Gatuhi (2013) had made an attempt to establish whether financial performance indicators of listed banks in Kenya influence the market price of shares measured by use of the annual average market price of shares while financial performance indicators used were; total assets, net advances, total liabilities, deposits and profit before tax. Secondary data was used for the period 2004 to 2011 for all the variables. The study found that a single financial indicator is not enough to influence the market price of shares. The second key finding is that key financial indicators have a significant combined influence and effect on the market price of shares. Arising from the findings of the study it would be advisable to extend this study by including additional financial performance variables like risk weighting of the banks, dividend per share and earnings per share.

Asmirantho & Somantri (2017) attempts to determine the effect of liquidity, solvency, activity, profitability, and market with Current Ratio (CR), Debt to Equity Ratio (DER), Total Assets Turnover (TATO), Return on Equity (ROE), and Earnings per Share(EPS), as indicators, of the pharmaceutical company listed in Indonesia Stock Exchange during the period 2012-2016 to stock price. It is explanatory survey verification and the research technique used is an inferential statistic. In addition, the analytical method used in this research is a regression analysis of panel data, namely, t-test, F test, and classical assumption of normality, multicollinearity, heteroscedasticity and autocorrelation tests with E-Views 9. The results showed that partial earning per Share significantly affects stock price, while the Current Ratio, Return on Equity, Debt to Equity, and Total Assets Turn Over ratio had not significantly affected the stock price. Adjusted R square value was 0, 5040 which showed that CR, DER, TATO, ROE, and EPS influenced the dependent variable by 50, 40%, while the remaining 49, 6% was influenced by other variables. It can be concluded that in sub sector pharmaceutical, investors were more concerned about the company's EPS instead of other variables. On the other hand, investors simultaneously concerned the CR, DER, TATO, ROE, and EPS in their investment decision and also other variables that were not included in this research.

Vora (2018) made an attempt to assess the impact of financial performance indicators of Nifty 50 stocks on the stock market price per equity shares. The financial performance indicators used were; Return on Investment (ROI), Return on Assets (ROA), Return on Equity (ROE) and Earnings per Share (EPS). The study used the Bloomberg terminal to get secondary data of both dependent and independent variables of Nifty 50 stocks. The result of Pearson's Correlation revealed a very strong and positive correlation between EPS and market share price. ROA, ROI, and ROE unveiled a weak correlation with the market share price. Multiple regression analysis explained 76.5% of the change in market share price was due to do the chosen variables. A researcher has used statistical results using SPSS software, it is safe to conclude that ROI and EPS have a strong, significant and positive impact on the market share price. Whereas ROA and ROE do not significantly impact the market share price.

Anwaar (2016) had conducted research to test the impact of firm performance on stock returns, evidence from the firms listed on the FTSE-100 Index, London Stock Exchange over the period 2005 to 2014. In this study, the researcher used has five independent variables and one dependent variable. Earnings per share, quick ratio, return on assets, return on equity, and net profit margin is used as independent variables while stock returns are used as a dependent variable. The panel regression analysis method is used for the data analysis. Results show that the net profit margin, return on assets have got a significant positive impact on stock returns while earnings per share have got a significant negative impact on stock returns. When earnings per share will increase, then all those investors who wants short term gain and conscious for dividend sell their stock into the market due to which in near future the stock returns of the company will be decreased due to excess supply of stocks, while return on equity and quick ratio shows insignificant impact on stock returns.

Sharma (2011) had studied indicated that dividend per share and earning per share are the strongest determinants of market price, so the results of the present study support liberal dividend policy and suggests companies pay regular dividends. This policy will affect the market price of a share in a positive direction. Since book value per share depicts the owner's funds, a higher book value per share is perhaps perceived by an investor to be an indicator of the sound financial position of a company for investing. All this shows that the study of financial factors proves to be beneficial for the investor in India, as these factors possess strong explanatory power and hence, can be used to make accurate future forecasts of stock prices. So, investors are suggested to take care of accounting variables of the company before investing.

Şamiloğlu et al. (2017) believes that Accounting-based financial ratios Return-on-Assets (ROA) and Return-on-Equity (ROE) are among the most widely used indicators by investors, creditors and managers in order to evaluate a firm's managerial performance. Current research work aims to investigate the determinants of firms' financial performance indicators (ROA, ROE) by using financial ratios of selected 51 firms quoted at the Istanbul Stock Exchange (BIST) over a ten years period from 2006 to 2015. Based on the findings of this paper, there is a significant and negative relationship between ROA and Price-to-Earnings (PE) ratio. Also, Earnings

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per Share (EPS) and Dividend Yield (DY) are significantly and positively assosicatedwith ROA, while there is no significant relationship between ROA and Price to Book (PB). On the other hand, there is a significant and negative relationship between ROE and EPS. Finally, it is determined that EPS, PB and DY are significantly and positively related to ROE.

Geetha & Swaminathan (2015) are of the opinion that even though many factors influencing, company-specific variables such as earnings per share, firm s book value, price-earnings ratio have a substantial affirmative connotation with firm s market price. In the research sample of four automobile and IT industries chosen as a sample (listed in BSE and NSE) for a period of five years. An attempt to analyze the influencing factors which affect the movement of stock price either upward or downtrend. Four company-specific factors EPS, book value, P/E ratio, and dividend yield have chosen to compare the performances of stock price movements in the market.

Sehga & Tripathi (2007) had examined statistically significant value effects using alternative measures such as a book to market equity (BE/ME), earnings to price (E/P), cash flows to price (C/P) and dividends to price (D/P). The value effect is found to be significant on unadjusted as well as a risk-adjusted return basis. The trading strategy based on the value effect is found to be economically feasible. The value effect seems to be related to relative distress, as value stocks tend to exhibit lower sales growth a couple of years prior to portfolio formation as compared to growth stocks. The sales growth trend, however, reverses in the post portfolio formation period. We find three important sources of value effect viz. - operating profitability, size, and financial leverage.

Malhotra (2013) had undertaken an attempt to determine the factors that influence stock prices in the context of the National Stock Exchange (NSE) 100 companies. A sample of 95 companies is selected for the period 2007-12 and using linear regression model the results indicate that firms' book value, earning per share and price-earnings ratio is having a significant positive association with firm's stock price while dividend yield is having a significant inverse association with the market price of the firm's stock. The researcher had examined the effects of book value, earning per share, dividend per share, dividend yield, dividend cover and price-earnings ratio on from the study the share price of firms listed on NSE 100. The findings of the study for the period 2007-12 revealed that firms' book value, earning per share and the price-earnings ratio is having a significant positive association with the firm's stock price while dividend yield is having a significant inverse association with the market price of the firm's stock. Together these four variables explain 51.6% of the dependent variable.

Pradhan (2014) had studied the effect of dividend announcements on the share price. The study is carried out for three years from 2009 to 2011. The Independent sample T-test is employed to compare prices before and after the dividend announcement. The correlation between share price and Sensex is also analysed to find out whether change price is due to change in the index. The researcher further found that a change in price is also compared with the amount of dividend. The study result shows that there is a rising price after the result but that rise in price is mainly due to market conditions rather than a dividend. The increase or decrease in share price is not reflecting the amount of dividends. The compound average rate is positive in the long run after the dividend announcement.

Venkatachalam & Kasthuri (2016) had examined the influence of various financial indicators on performance of cement industry. Cement industry is growing fast and to know, how the financial performance of the cement industries playing a vital role in India. The present study is an attempt to evaluate the financial performance of Cement Industry of India through financial ratios and other financial and statistical tools and techniques have also been applied in order to check the overall financial position of the company. Industry can reduce the interest burden by giving quality products and building brand image which will help to increase profit and utilize maximum production capacity. They can control the cost of goods sold and operating expenses. The study reveals that profitability, liquidity and working capital ratios affects overall performance of the industry.

Ajmal (2015) had evaluated of financial performance of Indian Cement Industry with special reference to Cement Corporation of India (CCI) Limited from 2008-09 to 2012-13. The researcher used accounting ratios in order to measure the financial performance of Cement Corporation of India limited. Liquidity, profitability and solvency position has been analyzed in this study. From the analysis it has been cleared that the short term solvency position of the company is not satisfactory during the period under study. The company did not earn adequate profit during the study period as its net profit shows very low trends. The solvency position of the company shows a negative trend due to negative reserve and surplus figures during the study period. Interest coverage ratio indicated that the company is able to meet interest expenses through its profit. From the analysis it is cleared that the sales has not significant impact on net liquidity position, profitability and solvency position of Cement Corporation of India. The company did not able to pay its obligations within time during the early period of the study.

Zaheri & Barkhordary (2015) relationship between financial characteristics of the companies and stock return in Tehran Stock Exchange in 2004-2011 is investigated. Financial characteristics include firm size, return on equity (ROE), return on assets (ROA), price-earnings ratio, book – market equity ratio, profit margin, profitability and financial leverage. Panel data method was used for data analysis and the results showed that

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the variables of firm size, book- market equity ratio, return on assets, and return on equity are significantly related to stock returns, but no relationship was observed between margin profit, financial leverage, and price earnings ratio with stock returns.

Geetha & Ramasamy (2014) had made an attempt to find out the overall performance efficiency the authors employed Ratio Analysis and Compound Aggregate Growth rate (CAGR). The authors found that the cement industry performance was good in India during the study period. The authors conclude that the Cement companies in India have to consolidate in order to become strong, vibrant and also they have to concentrate on export market. It had been revealed that the performance ratio for the period March 2002 to March 2007 and March 2008 to March 2013 for the different variables suggests income from sales is the most Proficient expression than the other variables followed by interest income. Based on the each of the variable's relative efficiency scores, selling and distribution expenses is higher by expenses on raw materials, stores and spares which should be reduced to improve the efficiency of the firms.

Singh (2016) has investigated the impact of capital structure on firm's profitability through the selected cement companies in India. The study is based on secondary data i.e. five years financial statements collected from PROWESS data base of CMIE. Based on correlation coefficient, study found a significant negative relationship between debt and profitability meaning that companies with higher proportion of debt tend to have low profitability. It had been revealed that holding optimum capital structure is one among pre-requisites of company for staying fit and maintaining profitability. Capital complex business world. In an attempt to analyze capital structure and profitability of the property. Further study shows that firm under consideration do not have sound debt-equity composition in their capital structure and hence failed to enjoy benefits of leverage properly.

DISCUSSION & CONCLUSION

There are numerous studies that examine the value relevance of accounting information in various nations and industries; however, future research may concentrate on qualitative data that affects stock price movement. Such qualitative data may include analyst comments and news about companies, which can help provide further evidence regarding the effects of accounting information on stock prices. Despite the extensive research into the value relevance of accounting information, its influence is often difficult to isolate from other non-accounting qualitative data. The findings provide an answer to the main query regarding the relationship between independent and dependent variables, showing an inverse relationship between all independent variables and a company's PE, with TATO appearing to be the most important variable. This suggests that investors are likely to pay more for firms with lower amounts of TATO, as higher TATO indicates an increased likelihood of financial distress and lower stock prices. After the dividend announcement, the compound average rate is in the positive long-term range. This positive growth can be attributed to the value relevance of accounting information and the investors' ability to access it quickly and accurately However, more research is needed to understand how this finding relates to the behavior of investors and to determine how potential investors can make use of these findings. With the combination of the positive compound average rate and the value relevance of accounting information, investors have a better understanding of how dividend announcements affect stock prices This understanding can allow them to make more informed decisions about which stocks to invest in Therefore, while research is still needed to uncover more details about the relationship between dividend announcements and stock prices, investors can use the existing findings to make more informed investments. The authors offer some advice for investors and businesses, suggest new areas for investigation, and include new variables in stock price calculations. These variables can be used to create a more comprehensive and accurate picture of the impact of dividend announcements on stock prices, which will allow investors to better assess the financial performance of a company and make more informed investment decisions.

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