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A STUDY ON FINANCIAL ANALYSIS IN DALMIA BHARAT LIMITED (chinnakomerla)

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ABSTRACT :

This project examines the financial performance of Dalmia bharat limited by analzing its's financial statements over recent years . The focuses on key areas such overall financial position. Various tools like ratioanalysis and trend analysis are used to assess performance.

The findings indicate steady growth in revenue and operational efficiency, along with manageable debt levels. Despite fluctuations in market conditions and costs, the company maintains financial stability and shows strong potencial for future in the Indian cement industry.

KEYWORDS : Ratio analysis,profitability,liquidity,solvency,trend analysis,financial performance,operational efficiency.

INTRODUCTION:

Financial analysis is the detailed examination and interpretation of a company 's financial information to evaluate its performance,financial position, and future growth potencial.it is an important tool used to understand how effectively a business is managing its financial resources and whether it is achieving its objectives.

In every business organization, financial transactions are recorded in the form of financial statements.these statements provide useful information about income, expenses, assets,liabilities,and cash flows. Financial analysis helps in studying these statements systematically to draw meaningful conclusions.

MEANING OF FINANCIL ANALYSIS:

Financial analysis refers to the process of analyzing financial data to assess the profitability, liquidity,solvency and operational efficiency of a business.it converts raw financial data into useful information for decision-making.

Main financial statements used in financialanalysis

1.Income statement(profit and loss account)

It shows the revenues earnedand expenses incurred during a period. It helps to determine whether the company is making profit or loss.

2. **Balance sheet**

It presents the financial position of the company at a specificpoint in time. It shows the assets owned by the company and the liabilities it owes.

3. **Cash flow statement**

It shows the movement of cash in and out of the business under operating,investing,and financing activities.

REVIEW OF LITERATURE :

1. **Patel and mehta(2025)- shareholder value and market performance study**

Patel and mehta (2025)evaluated the overall financial growth and shareholder value creation of Dalmia bharat limited between 2021 and 2025. The research analyzed earnings per share (EPS), dividend policy, and market capitalization trends.the findings indicated steady revenue growth driven by infrastructure demand and government construction initiatives.the study also discussed challenges such as volatility in fuel prices and expansion strategy and sustainable business practices.

2. **Singh(2024)-cash flow and investment pattern analysis**

Singh(2024)examined the cash flow statements of Dalmia bharat limited with emphasis om operating, investing,and financing activities. The research

revealed strong operating cash inflows and disciplined capital expenditure planning.the company financed major expansion projects largely through internal accruals,there by strengthened liquidity position and supported strategic growth initiatives.

3. **Sharma and lyer(2023) -comparative profitability and efficiency study**

Sharma and lyer (2023) conducted a comparativefinancial analysis of leading Indian cement companies,including Dalmia bharat limited. The research focused on return on capital employed (ROCE), net profit ratio,and assest turnover ratio. Findings indicated that Dalmia bharat demonstrated consistent improvement in profitability due to geographical diversification and operational efficiency initiatives.the study also highlighted the role of sustainability practices and energy efficiency in reducing production costs. However, it noted that rae material price fluctuations and competitive pricing pressures impacted short -term profit margins.

4. **Rao(2022)-capital structure and solvency position**

Rao (2022) analyzed the capital structure of dalmia bharat limited during its expansion phase. The research highlighted a gradual reduction in debt level and improvement in the debt-eqity ratio. Interest coverage ratio showed strengthening trends, indicating better capacity to meet long - term obligations. The author emphasized that the company adopted a balanced financing mix beteen equity and debt to support capacity

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expansion while maintaining financial stability. The study concluded that prudent leverage management contributed significantly to long -term solvency.

5. Kumar and verma(2021) post -pandemic financial stability analysis

Kumar and verma (2021) explained the financial performance of Dalmiabharat limited during the post COVID recovery period.the study foused on profitality,liquidity, and efficiency ratios.the authors observed that despite pandemic disruptions,the company maintained stable EBITDA margins due to strict cost control measures and improved operational efficiency. Working capital management showed positive trends, particularly in inventory turnover and receivables management.the study concluded that strong internal financial controls enabled the company to maintain short-term solvency and operational resilience.

NEED OF THE STUDY:

The main purpose of this study to analyze the financial performance of Dalmia bharat limited to understand its financial health and operational efficiency.the study is necessary to evaluate the company's profitability, liquidility solvency, and cash management for smooth business operations.

OBJECTIVES OF THE STUDY:

- To study the financial performance of the Dalmia bharat limited
- To analyze trend and comparative analysis in year to year
- To examine financial position
- To analyze cash flow management

RESEARCH METHODOLOGY :

Research methodology in financial analysis refers to the systematic process used to collect ,analyze ,and interpret financial data to evaluate a company's performance and financial performance.

RESEARCH DESIGN:

Descriptive and analytical researchdesign is commonly used. It focuses on analyzing financial statements and interpreting financial performance.

DATA COLLECTION:

1. PRIMARY DATA:

Interviews with finance managers,expert opinions.

2. SECONDARY DATA:

- Official annual reports of Dalmia bharat limited
- Financial databases(E.g money control)
- Company website

- Profit and loss statements
- Cash flow statements

PERIOD OF STUDY:

Usually 3 to 5 years financial data are taken to analyze trends and performance changes.

TOOLS AND TECHNIQUES USED:

- Comparative statement analysis
- Commansize analysis
- Trend analysis
- Cash flow analysis
- Ratio analysis

DATA ANALYSIS:

Thedata relating to the performance of Dalmia bharat limited from different activities operating, investing of financial activities has been care fully analyzed by using the financial tools.

The following techniques can be used in connection with analysis,inpretations of financial statements.

1. **Comparative income statement analysis**

- **Comparative balance sheet**

2. **Comman size statement analysis**

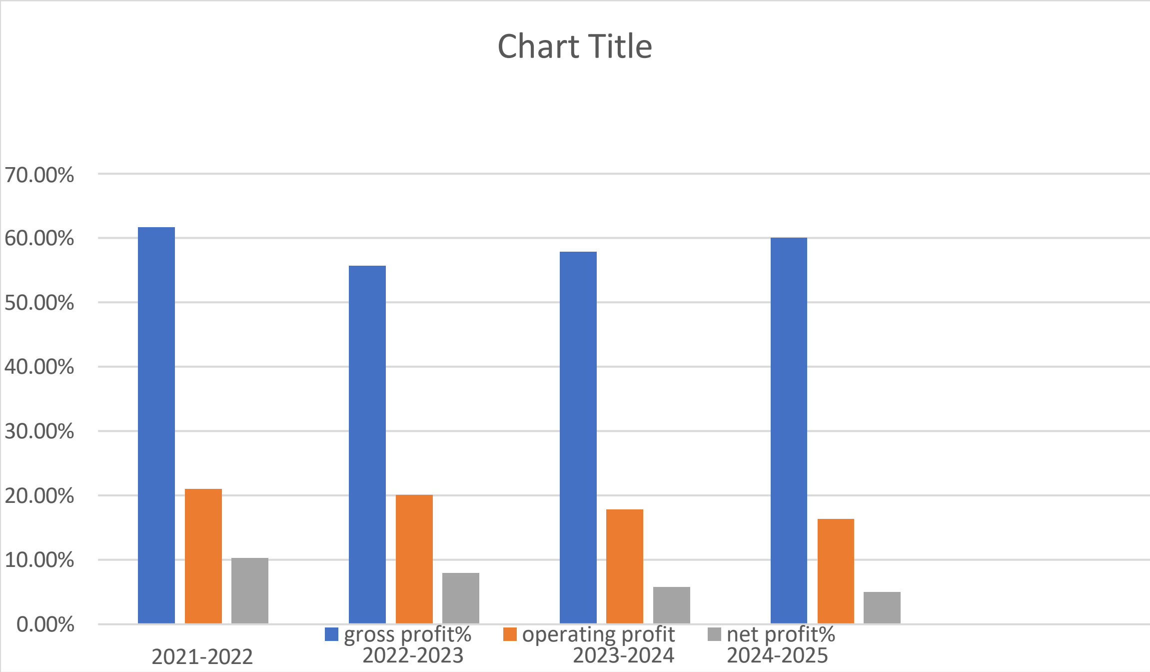
- **Comman size balance sheet**

3. **Ratio analysis**

COMPARATIVE INCOME STATEMENT:

TABLE 1

years	Gross profit%	Operating profit%	Net profit%
2021-2022	61.7%	21.0%	10.3%
2022-2023	55.7%	20.1%	8.0%
2023-2024	57.9%	17.9%	5.8%
2024-2025	60.0%	16.4%	5.0%



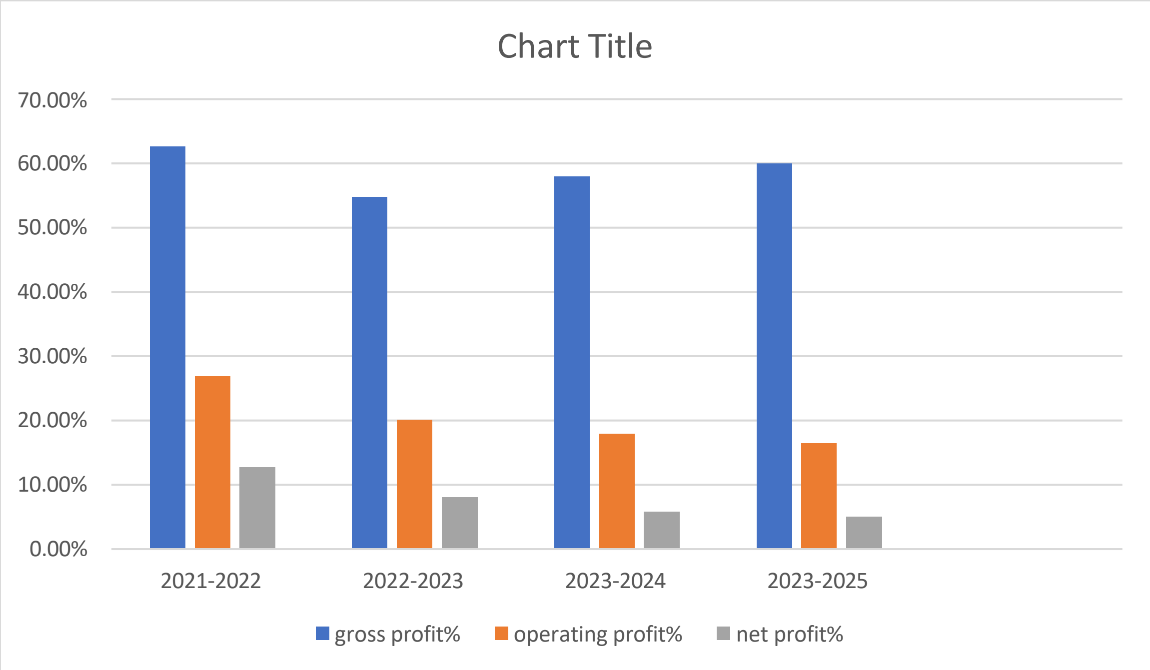
INTERPRETATION:

The data shows that Gross profit was highest in 2021-2022(61.7%) and slightly decreased in the following years,reaching 60.0% in 2024-2025.Operating profit declined from 21.0% in 2021-2022 to 16.4% in 2024-2025,indicating increasing expenses.Net profit also decreased from 10.3%to5.0% over the same period,showing reduced overall profitability.

COMMON SIZE INCOME STATEMENT:

Table: 2

years	Gross profit%	Operating profit %	Net profit %
2021-2022	62.64%	26.80%	12.76%
2022-2023	54.80%	20.10%	8.00%
2023-2024	57.90%	17.90%	5.80%
2024-2025	60.00%	16.40%	5.00%



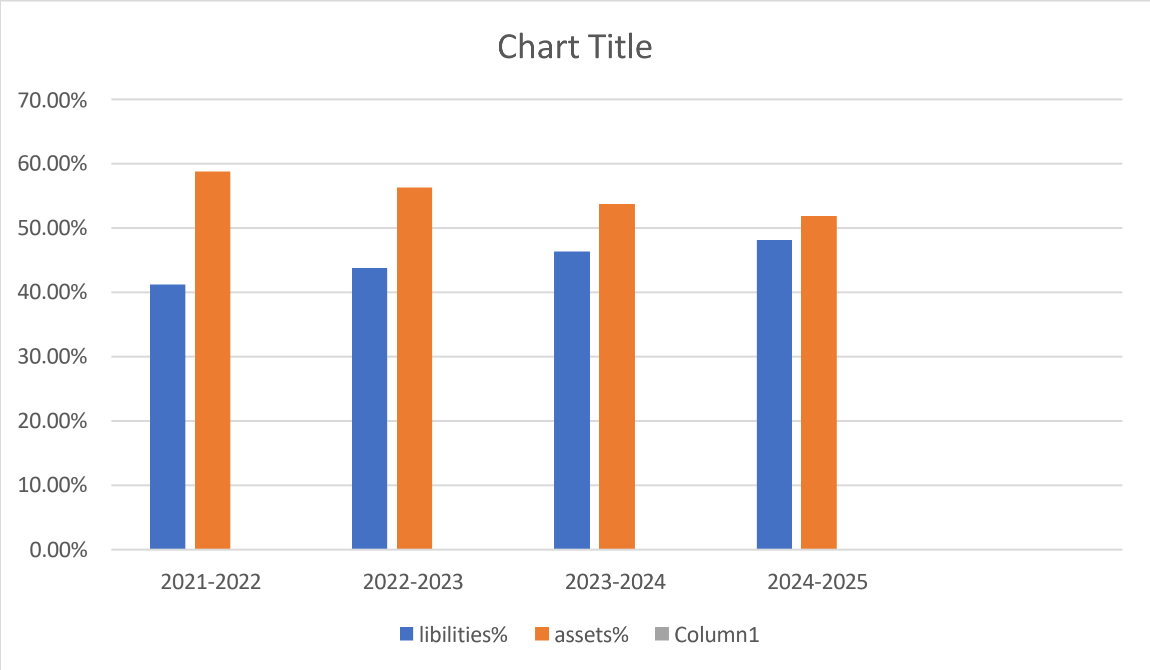
INTERPRETATION:

The table shows that Gross profit was highest in 2021-2022(62.64%),decreased in 2022-2023(54.80%),and then improved slightly to 60.00% in 2024-2025.
Operating profit shows a continuous declinefrom 26.80% in 2021-2022 to 16.24% in 2024-2025, indicating rising operating expenses.Net profit also steadily decreased from 12.76% to5.00%,showing a reduction in overall profitability.

BALANCE SHEET STATEMENT:

Table 3

years	liabilities	Assets
2021-2022	41.20%	58.80%
2022-2023	43.75%	56.25%
2023-2024	46.30%	53.70%
2024-2025	48.10%	51.90%



INTERPRETATION:

The data shows that liabilities increased steadily from 41.20% in 2021-2022 to 48.10% in 2024-2025. At the same time,assets decreased from 58.80%to 51.90%. the indicates that the company is becoming moreb dependent on liabilities(borrowings)over the years,while the proportion of assets is gradually declining. Over all,the financial risk has slightly increased.

RATIO:

Ratio analysis is an important tool to analyze the financial position of the company

Profitability ratio:

- Gross profit ratio
- Net profit ratio
- Operating ratio
- Operating profit ratio
- Operating expense ratio

1.Gross profit ratio:
The ratio explain the relationship between gross profit and net sales Gross profit

=sales-cost of goods sold

FORMULA:

Gross profit ratio= gross profit/net sales*100

2.NET PROFIT RATIO:

This ratio explains the relationship between net profit and net sales

FORMULA:

Net profit ratio =net profit/net sales*100

3. OPERATING PROFIT RATIO:

Operating profit ratio explain the relationship bet ween operating profit and net sales

Operating profit=gross profit-operating expenses

FORMULA:

Operating profit ratio=operating profit/net sales*100

4. OPERATING EXPENESES RATIO:

Operating expenses ratio explain the relationship between operating expenses and net sales.

FORMULA:

Operating expenses ratio =operating expenses /sales*100

LIMITATIONS:

- The study is based mainly on secondary data collected from annual reports.
- The study has limited time period of 45 days only.
- The study period is limited (eg.3-5 years),which may not show long term clearly.
- Financial analysis depends on historical data,which may not predict future performance accurately.

FINDINGS:

- Sales revenue increased consistency during the period.
- Current ratio improved, showing strong short-term financial position.
- Operating profit remained stable with slight improvement.
- Net profit margins fluctuated due to higher costs and interest expenses.
- Debt levels were maintained at manageable levels.

SUGGESTIONS:

- Focus on reducing production and logistics costs.

- Improve working capital management.
- Reduce finance costs by better debt planning.
- Continue expansion strategies to increase market share.

CONCLUSION:

Overall, Dalmia bharat limited is financially stable with improved liquidity and steady revenue growth. Although profitability faces cost pressure,the company has strong potential for long term growth with better cost control and efficient financial management.

REFERENCE:

1. Annual reports of Dalmia bharat limited (2021-2024)
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3. Financial management text boxbooks(eg.I.M.PANDEY-financial management).
4. Research journals and online financial databases.