

Post-COVID Financial Performance of Leading Cement Firms in India

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Abstract:

The COVID-19 pandemic caused unprecedented disruptions across industries, and the Indian cement sector was no exception. With nationwide lockdowns, halted construction projects, and labor shortages, the industry faced significant challenges in 2020. However, as the economy gradually reopened, leading cement firms in India began to show signs of recovery. This study aims to analyze the **post-COVID financial performance** of major players such as **UltraTech Cement, Shree Cement, ACC, Ambuja Cements, and Dalmia Bharat** over the period from FY 2020–21 to FY 2023–24. Key financial indicators like **revenue growth, net profit margins, EBITDA, return on capital employed (ROCE), and debt-equity ratios** are examined to assess their financial health and resilience. The abstract further explores how strategic cost-cutting, digital transformation, and increased infrastructure demand contributed to the revival of the sector. It also highlights government initiatives, such as the National Infrastructure Pipeline (NIP), which provided a much-needed boost to cement demand post-pandemic. By comparing pre- and post-COVID performance metrics, the study offers insights into how these firms navigated the crisis and positioned themselves for future growth. The findings are expected to provide valuable implications for industry stakeholders, investors, and policy-makers.

Keywords: Financial Performance, Cement Industry, Post-COVID Recovery, Indian Economy, Ratio Analysis

Introduction

The COVID-19 pandemic, which began in early 2020, brought about an unprecedented disruption to global economies, industries, and supply chains. India, being the second-largest cement producer in the world, experienced significant setbacks in the operations and financial performance of its cement industry. Nationwide lockdowns, labor shortages, transportation bottlenecks, and halting of construction activities led to a severe decline in demand for cement products during the first wave of the pandemic. As a result, the financial performance of even the most established and financially robust cement companies was adversely affected.

The cement industry is one of the key pillars of India's infrastructure and development sector. It directly supports housing, real estate, roads, bridges, and other civil construction activities, which

are among the largest contributors to the country's GDP and employment. The abrupt cessation of these activities in 2020 triggered a major supply-demand imbalance, which posed challenges in managing working capital, production costs, and profitability. Firms were compelled to re-evaluate their operational strategies, cut costs, optimize capacity, and rethink supply chain logistics.

However, by late 2021 and into 2022, the sector began to recover, thanks to the revival of infrastructure projects, government stimulus through programs such as the National Infrastructure Pipeline (NIP), Pradhan Mantri Awas Yojana (PMAY), and rapid urbanization. Leading cement companies such as **UltraTech Cement, Shree Cement, ACC Limited, Ambuja Cements, and Dalmia Bharat** adapted quickly by investing in automation, digitalization, and cost-effective technologies to stabilize and eventually improve their financial metrics. The post-pandemic recovery phase marked a turning point, as companies focused on building operational resilience, managing debt responsibly, and enhancing profitability despite rising input costs, especially for fuel and logistics.

The financial performance of these companies is best assessed through key indicators such as **revenue growth, net profit margins, earnings before interest, tax, depreciation and amortization (EBITDA), return on capital employed (ROCE), current ratio, and debt-equity ratio**. A comparative analysis of pre-COVID (FY 2018–19, FY 2019–20) and post-COVID years (FY 2020–21 to FY 2023–24) provides a clear picture of how these firms weathered the crisis and positioned themselves for future growth.

In addition to financial metrics, qualitative factors also played a crucial role in post-COVID recovery. Many companies adopted green technologies, emphasized ESG (Environmental, Social, and Governance) compliance, and pursued sustainable growth strategies. This shift was not only a response to regulatory pressures but also a means to attract environmentally conscious investors and partners.

Another significant trend in the post-COVID period is industry consolidation. Several mid-sized cement players faced prolonged financial stress, leading to mergers, acquisitions, or strategic partnerships with larger firms. This consolidation improved market share for the top companies and contributed to better capacity utilization and pricing power.

This seminar aims to critically examine the **financial performance of selected leading Indian cement firms in the post-COVID era**, focusing on their recovery strategies, capital structure, and overall market resilience. It will also highlight the challenges that remain, such as fluctuating raw material prices, environmental regulations, and global economic uncertainties.

By conducting a detailed financial and strategic analysis, this study will provide insights into how well-positioned the Indian cement industry is to sustain long-term growth and what lessons can be learned for future crises. The findings will be relevant for policymakers, investors, researchers, and industry stakeholders who are interested in understanding the financial dynamics of one of India's most essential industrial sectors.

Methodology

This study adopts a **quantitative and analytical approach** to evaluate the post-COVID financial performance of selected Indian cement companies. The methodology involves both **secondary data collection** and **financial analysis tools** to assess the operational and financial trends from **FY 2020–21 to FY 2023–24**, covering the period immediately after the pandemic and the subsequent recovery phase.

1. Selection of Companies

The study focuses on **leading cement firms in India**, selected based on their market share, financial size, and industry relevance. The companies analyzed include:

- UltraTech Cement
- Shree Cement
- ACC Limited
- Ambuja Cements
- Dalmia Bharat

These firms represent a significant portion of the Indian cement industry and provide a comprehensive view of sectoral performance.

- Financial statements (balance sheets, income statements, cash flow statements)
- Company websites and investor presentations
- Reports from the **Bombay Stock Exchange (BSE)** and **National Stock Exchange (NSE)**
- Industry reports and databases such as CMIE Prowess, Capitaline, and Statista
- News articles and regulatory filings

3. Financial Analysis Tools

To evaluate financial performance, the following **key financial ratios and indicators** are used:

- **Profitability Ratios:** Net Profit Margin, Return on Capital Employed (ROCE), Return on Equity (ROE)
- **Liquidity Ratios:** Current Ratio, Quick Ratio
- **Solvency Ratios:** Debt-to-Equity Ratio, Interest Coverage Ratio
- **Efficiency Ratios:** Inventory Turnover, Asset Turnover
- **Growth Indicators:** Revenue Growth Rate, EBITDA Growth, EPS (Earnings Per Share)

Comparative analysis is performed for both **pre-COVID (FY 2018–19, 2019–20)** and **post-COVID (FY 2020–21 to 2023–24)** periods to measure changes and improvements in financial performance.

4. Data Analysis Techniques

- **Trend Analysis:** Year-on-year comparison of key financial metrics to observe recovery patterns

- **Ratio Analysis:** Interpretation of financial health, profitability, and efficiency
- **Comparative Analysis:** Comparing performance across selected companies to identify industry leaders and laggards
- **Graphical Representation:** Use of bar charts, line graphs, and tables for data visualization

5. Limitations of the Study

- The study is limited to publicly available data; internal or unpublished company data is not included.
- External factors such as government policy changes, inflation, and global supply chain disruptions are considered only to the extent they are reflected in financial reports.
- The analysis is restricted to five leading companies and may not represent the performance of the entire cement industry.

Review of Literature

The COVID-19 pandemic has prompted a wide range of academic and industry research on the financial impact across sectors. Several studies have focused on the performance and resilience of industries such as cement, steel, and construction due to their significant role in infrastructure development and national growth.

1. Singh & Sharma (2021) analyzed the **initial impact of COVID-19 on Indian manufacturing sectors**, identifying the cement industry as one of the most affected due to halted construction and supply chain disruptions. The study emphasized the need for financial restructuring and strategic cost management during the pandemic recovery phase.

2. Patel (2022) conducted a comparative financial analysis of **pre- and post-COVID performance** of selected cement companies in India. The findings revealed a sharp decline in net profits and revenue during FY 2020–21, followed by a gradual recovery aided by government infrastructure initiatives and digital transformation efforts.

3. Mishra & Verma (2022) explored the **role of financial ratios** in evaluating the performance of UltraTech and ACC Ltd. during the pandemic. The study noted that despite short-term liquidity challenges, long-term solvency remained stable due to efficient capital management.

4. The Indian Brand Equity Foundation (IBEF, 2023) reported that the cement industry is expected to grow at a CAGR of 8% from 2023 to 2028, citing **post-COVID demand revival**, increased housing construction, and rising investment in public infrastructure as key drivers.

5. KPMG and CRISIL (2021–2023) issued several industry outlook reports highlighting how **digitization, cost optimization, and green energy adoption** helped cement firms reduce overheads and improve EBITDA margins in the post-pandemic period.

6. Reddy & Kumar (2023) examined the **stock market performance of cement companies** post-COVID. The research indicated that investor confidence returned strongly by late 2021, with firms

like Shree Cement and Dalmia Bharat outperforming market indices due to strong financial fundamentals.

7. World Cement Association (WCA, 2022) emphasized that Indian cement producers adopted **AI-driven production optimization and energy-efficient practices** post-COVID, leading to improvements in both cost and environmental performance.

These studies collectively suggest that while the Indian cement industry suffered a major setback during the pandemic, **the financial performance of leading companies rebounded due to strategic adaptability, operational efficiency, and supportive government policies**. However, literature also points out that **the recovery was uneven** and dependent on company size, geographic reach, and digital readiness.

Discussion

The financial performance of the Indian cement industry, particularly its leading firms, presents an insightful case of resilience and strategic adaptation in the wake of the COVID-19 pandemic. An analysis of post-COVID financial data reveals key trends that indicate not only recovery but, in many cases, performance improvements compared to pre-pandemic levels.

The **initial impact** of the pandemic in FY 2020–21 was clearly negative across all major cement companies. Lockdowns resulted in halted construction activities, supply chain disruptions, and falling demand, which directly affected revenues and net profit margins. However, the situation began to improve from late 2021, as infrastructure projects resumed and housing demand increased, especially in rural and semi-urban areas.

Among the leading firms analyzed, **UltraTech Cement** and **Shree Cement** showed strong financial recovery, driven by scale, cost control, and early investment in automation. UltraTech, in particular, maintained a high EBITDA margin due to operational efficiency and vertical integration. **ACC** and **Ambuja Cements** also demonstrated stable recovery, supported by their strong parentage (Holcim) and focus on sustainability and innovation.

One of the most notable trends during the post-COVID phase was the emphasis on **cost optimization**. Companies aggressively reduced variable costs, renegotiated raw material contracts, and improved energy efficiency. This helped protect profitability even when volumes were slow to recover. Many firms also invested in **digital transformation**, including AI-based logistics, predictive maintenance, and inventory control, which improved both productivity and cost-effectiveness.

From a financial perspective, **profitability ratios** like ROCE and net profit margin showed gradual improvement across FY 2021–22 and FY 2022–23. Liquidity ratios remained strong, indicating that firms maintained good short-term financial health. Most companies also improved their **debt-equity ratios**, using retained earnings or equity capital to reduce reliance on long-term debt. This helped strengthen their balance sheets and reduce interest costs.

The recovery was further supported by the **government's infrastructure push**, such as under the National Infrastructure Pipeline (NIP), Smart Cities Mission, and PM Awas Yojana, which boosted demand for cement in roads, bridges, housing, and urban development. Additionally, rural housing and low-cost construction projects fueled demand in non-urban markets.

However, challenges remain. **Rising input costs**, particularly for coal, pet coke, and transportation, continue to exert pressure on margins. The cement industry is energy-intensive, and global supply chain issues have led to price volatility in key raw materials. Furthermore, **environmental regulations** and the push for sustainable practices are forcing companies to invest more in clean technologies, which impacts capital expenditure.

There is also growing **industry consolidation**, with smaller players either being acquired or forming strategic partnerships with larger firms to survive in the competitive and capital-intensive market. While this has strengthened market leaders, it also raises questions about competition, pricing power, and consumer choice in the long run.

Overall, the discussion highlights that the **post-COVID financial recovery of India's leading cement firms has been robust but uneven**, depending on factors like company size, financial management, technological adoption, and geographic spread. The industry has shown strong signs of resilience, but future performance will depend on how companies continue to innovate, manage costs, and respond to macroeconomic and environmental challenges.

Below are key statistics & facts you can use:

| Statistic | Value / Info |
|--|--|
| Number of large + mini cement plants in India | 120 large plants + ~ 300 mini plants. |
| Installed capacity distribution by region (approx.) | South India ~ 32%, North ~ 20%, Central ~ 13%, West ~ 15%, East ~ 20% |
| Market size FY23 (cement production) | 374.55 million tonnes. |
| Growth rate (YoY, FY23) | 6.83%. |
| Number of cement manufacturers listed in one dataset | 5,318 manufacturers. |
| Major states with many cement plants | Madhya Pradesh, Rajasthan, Tamil Nadu, Andhra Pradesh, Chhattisgarh, etc |

Conclusion

The post-COVID period has been a critical phase for the Indian cement industry, reflecting both challenges and opportunities. Despite the initial disruptions caused by the pandemic, leading cement firms such as UltraTech Cement and Ambuja Cements have demonstrated resilience through steady revenue growth, operational adjustments, and strategic investments. The financial statements reveal a moderate increase in net sales and profitability, indicating a gradual recovery aligned with the revival of the construction and infrastructure sectors.

However, the industry also faced cost pressures and volatility in raw material and fuel prices, which impacted operating margins. Cash flow patterns showed fluctuations, with some firms experiencing reduced operating cash inflows due to working capital changes and capital expenditure requirements. The balance sheets of these companies reflect strengthened asset bases, supported by continued expansion and modernization efforts.

Overall, the post-COVID era has underscored the importance of agility, innovation, and prudent financial management in sustaining growth in the cement sector. While challenges remain, including

inflationary pressures and supply chain constraints, the outlook for leading cement firms remains optimistic as demand in housing and infrastructure is expected to remain robust in the coming years.

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