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A STUDY ON FINANCIAL PERFORMANCE OF SELECTED CERAMICS INDUSTRY IN INDIA

Commerce

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ABSTRACT

This paper applies performance evaluation of ceramic industry of India and to test its financial soundness. The main aim is achieved through ratio analysis of Ten selected ceramic companies in india. Measurement of financial performance by ratio analysis helps identify organizational strengths and weaknesses by detecting financial anomalies and focusing attention on issues of organizational importance. The study has been undertaken for the period of five years from 2006-7 to 2015-2016 and the necessary data has been obtained from the audited annual report of the selected companies. The liquidity position was very weak in all the cases of the selected companies and thereby reflecting the difficulties in paying short-term obligation on due date. Financial stability of the selected companies has shown an upward trend. This study will help investors to identify the nature of financial performance of the ceramic industry of india and will also help to take investment decision.

KEYWORDS:

Ratio Analysis, Financial Distress

INTRODUCTION

Ceramic industry of India is a booming sector and the growth potential of both domestic and foreign market indicates it may become one of the big foreign currency earners for the country. Now it's time to measure and analyze the performance of industry. But such kind analysis has not been done on this ceramic sec-tor before. So, this gap of analysis we have tried to evaluate and interpret the performance of selected Ten ceramic companies for the period of 2006-7 to 2015-2017. evaluation of a company is usually related to how well a company can use it assets share holder equity and liability, revenue and expenses. Financial ratio analysis is one of the best tools of performance evaluation of any company. In order to determine the financial position of the ceramic company's and to make a judgment of how well the ceramic company's efficiency, its operation and management and how well the company has been able to utilize its assets and earn profit. We used ratio analysis for easily measurement of liquidity position, asset management condition, profitability and market value and debt coverage situation of the ceramic company's for performance evaluation. It analysis the company use of its assets and control of its expenses. It determines the greater the coverage of liquid assets to short-term liabilities and it also compute ability to pay ceramic company's short-term and tong-term payments obligation from the cash generate. It determines of share market condition of ceramic company's.It also used to analysis the ceramic company's past financial performance and to establish the future trend of financial position.

2 OBJECTIVE OF THE STUDY

The present thesis enlists the following objectives to set the direction for research and analysis:

[1] To trace the historical origin, growth of ceramic industry in India.
[2] To evaluate the present status of ceramic industry in India.
[3] To identify and analyse the geographical factors responsible for the growth of industry in India.
[4] To analyse the spatial inertia and spatial spread of ceramic industry.
[5] To find out the spatial con-elation between the nature of raw material and type of ceramic units.
[6] To evaluate and understand the impact of ceramic industry on the socio-economic condition, environmental quality and overall regional development, and
[7] To identify the problems associated with the industry and make appropriate and feasible recommendations

Database:

The present study is based on both the primary and secondary data. The important sources of secondary data on ceramic units include Central Statistical Organisation, The Indian Ceramic Society Ceramic Directory - 1997-98 and 2001-02, Panchal Ceramic Association, Thangadh, and Morabi Tiles Association, Morbi and Status Report of Small Industries Service Institute, Government of India, Ahmedabad (2000). The other sources of secondary data include published and unpublished reports, theses, journals, newspapers and articles referred in the Libraries of Gujarat Chamber of Commerce, Gujarat Vidyapith and Gujarat University, Ahmedabad. The primary data are collected through questionnaire schedule at two levels. First level survey includes the collection of data and information on ceramic units from the owners of all the units of both Morbi and Thangadh and second h~vel information includes details on workers on sampling bases. The study covers Roofing Tiles, Sanitary wares, Glazed Tiles, Crockery and Electrical Porcelain units which cover about 95 per cent of the ceramic industries.

3 METHODOLOGY OF THE STUDY

We used quantitative approach for our paper because the majority of data collection from the quantitative approach. We used the model to analysis the financial performance and financial soundness of the selected ceramic companies. First step of the model we did a selection of financial report. The annual financial reports present the financial data of a company's position, operating performance and fund flow for an accounting period. The study covers a Ten year period from 2006-07 to 2015-16. In the second step of model data has been collected from the identified balance sheet, income statement, cash flow statement and statement of shareholders equity. Finally we identified suitable ratio for performance evaluation and to analyze the financial soundness of the ceramic industry. Basically all the collected data have been analyzed and interpreted with the help of different financial ratios, Multivariate Discriminate Analysis (MDA) and statistical tools like mean, standard deviation (SD) and coefficient of variance (CV), etc. However, there are some limitations of this paper. First of all it works with the data from the year 2006-07 to 2015-2016, considering the fact data are petty small. Predictions based on this data may not be entirely true.

4.FINANCIAL RATIOS: THEORETICAL DISCUSSION

Financial analysis offers a system of appraisal and evaluation of a firm's performance and operations; it is the analysis of the financial statement of an enterprise. The analysis of financial statement can be best done by various yardsticks of which, the important is known as ratio or percentage analysis. Ratio is a numerical or an arithematical relation between two figures. It is expressed when one figure is divided by another. Accounting ratios show inter-relationship which exist among various accounting data. Accounting ratio can be expressed in various ways such as, a pure ratio, a rate or a percentage. Ratio analysis is certainly a very admirable device because it is simple and it has a predictive value. Managements and other users thus, rely substantially on the financial ratios based on accounting data for making assessments and predictions of past performance, present position and probable future potentials. One important way for diagnosing the financial health is to measure the profitability, liquidity, activity and solvency and the level of the bankruptcy of enterprise.

4.1 Profitability Ratios

Profitability ratios measure a company's ability to generate earnings relative to sales, assets and equity. These ratios assess the ability of a company to generate earnings, profits and cash flows relative to relative to some metric, often the amount of money invested. They highlight how effectively the profitability of a company is being managed. Different profitability ratios provide different useful insights into the financial health and performance of a company. For example, gross profit and net profit ratios tell how well the company is managing its expenses. Return on capital employed (ROCE) tells how well the company is using capital employed to generate return s. Return on investment tells whether the company is generating enough profits for its shareholders.

4.2 Solvency (Debt) Ratios

Financial leverage ratios (debt ratios) indicate the ability of a company to repay principal amount of its debts, pay interest on its borrowings, and to meet its other financial obligations. They also give insights into the mix of equity and debt a company is using. They give indications about the financial health of a company. Companies need to carefully manage their financial leverage ratios to keep their financial risk at acceptable level. Careful management of financial leverage ratios is also important when seeking loans from banks and financial institutions. Favourable ratios can help the company to negotiate a favourable interest rate. The long-term solvency of a com pany can be measured by the use of solvency ratios named debt to total assets, the times interest earned and fixed charge coverage ratio.

4.3 Activity Ratios

Asset management (Activity) ratios compare the assets of a company to its sales revenue. Analysis of asset management ratios tells how efficiently and effectively a company is using its assets in the generation of revenues. They indicate the ability of a company to translate its assets into the sales. Asset management ratios are computed for different assets. Common examples of asset turnover ratios include fixed asset turnover, inventory turnover, accounts payable turnover ratio, accounts receivable turnover ratio, and cash conversion cycle. The higher the asset turnover ratios, the more sales the company is generating from its assets. Low asset turnover ratios mean that the company is not managing its assets wisely. They may also indicate that the assets are obsolete. Companies with low asset turnover ratios are likely to be operating below their full capacity.

4.4 Liquidity Ratios

Liquidity ratios are the ratios that measure the ability of a company to meet its short term debt obligations. Liquidity is a pre-requisite for the very survival of an enterprise. They show the number of times the short term debt obligations are covered by the cash and liquid assets. If the value is greater than 1, it means the short term obligations are fully covered. Generally, the higher the liquidity ratios are, the higher the margin of safety that the company posses to meet its current liabilities. Most common examples of liquidity ratios include current ratio, acid test ratio (also known as quick ratio), cash ratio, cash flow from operation ratio and working capital ratio.

GROWTH AND DEVELOPMENT OF CERAMIC INDUSTRY

Pottery is said to be the oldest of industries that was bom of man's early attempts to fulfill his basic necessities of life. Being one of the oldest crafts - more than 10,000 years old - man has expressed his feelings and his aesthetic sense in clay i.e., in the form of primitive deities on various vessels made for the storage of water and grain and in toys. It is one of the most ancient arts that has grown with human civilization. The oldest literary documents of vedic culture have several references to ceramic pots. References also have been found in Upanishads about varied forms of terracotta such as bricks, water jars, cups and jars for storing ghee curd, etc., flower pots, vases and other decorative vases, oil lamps of various designs and patterns. The eminent historians archaeologists and vedantists commonly agree that the vedic age is older than the Nile, Rhine, Elbe and Indus Valley civilizations. However, many historians believe that Egypt is the country in which clay and glass were first brought together and fused in the fmm of glazed earthernware, making it impervious to liquid. India, Egypt, Greece, Persia and China are the main countries where pre-dynastic ceramics were found.). Egyptian ceramic art traveled to south and west European countries namely, Crete, Sicily, Italy, Spain, France, and Germany whereas Indian art made headway towards Middle-East countries- Persia and Greece and also to China, Korea and Japan. The Greek pottery and wares were the best known in the 5th century and the Greek craftsmanship influenced the Roman art of pottery. The printed pottery was well known in China and they exported porcelainous ware to Korea, Japan and Islamic countries .

The art of pottery was very well known to the people of Indus valley civilization . They decorated the earthernwares with the figures of animals similar to that of metal currency. The archaeological survey and findings indicate the concept of pottery work in India during 2600 BC- 300 AD.

The industry in the modern sense is of comparatively recent origin. The credit of establishing modem ceramic unit goes to D.C. Majumdar who produced commercially the fine earthemwares in Gwalior in the year 1858. The early pottery and stoneware works to manufacture glazed vitrified articles and salt glazed pipes was established by M/s Bum & Company at Raniganj in 1860. In the same year the first porcelain factory was started at Patharghatta in Bhagalpur district of Bihar and ceramic unit at Kolkatta started. The Basel Mission (German) started their first ceramic industry in 1865 at Mangalore (Kamataka) producing roofing tiles. In 1874, with the support of His Highness, Emperor Kasim Bazar, a new unit- Bengal Pottery, was set up to produce fire bricks. In the early 20 th century, there were hardly half a dozen factmies in the country and the number rose to 25 in 1939 and 66 in 1957 and 125 in 1990. There are three spatial concentrations at the national level. The most important one is in northern and eastern India covering Uttar Pradesh, Jharkhand, Orissa and West Bengal accounting for about 44 percent of Indian ceramic units. The second important spatial concentration is western India covering Maharashtra and Gujarat (about 22 percent and the third one covering the southern four states - Tamil Nadu, Andhra Pradesh, Karnadaka and Kerala accounting for 18 percent of the ceramic units. Other minor pockets includes Delhi, New Delhi, Chandigarh and states such as Punjab, Haryana, Madhya Pradesh and Rajasthan, (about 17 percent). These spatial clusters have predominantly the refractories units and other units such as crockery H.T. Insulators, Sanitarywares, Glazed Tiles, and Ceramic Capacitors and lesser in number.

Spatial Concentrations of Ceramic Units in India (1990)

Regions/States	Refrac-	Sanita ry-	Glazed	Croc kery	H.T.	Ceramic	Total
	tories	wares	Tiles		Insula-	Capaci-	
					tors	tors	
Eastern-Northern	41	1	-	6	5	2	55
Region	19	-			3		(~
West Bengal			-	3		-	25
Otissa	10	1	-	1	-	1	13
Jharkhand	9	-	-	1	1	-	11
Uttar Pradesh	3	-	-	1	1	1	6
\Vestern Region	9	4	6	4	1	3	27
Maharashtra	6	1	4	2	-	3	16
Guiarat	3	,.,	2	2	1	-	11
Southern Region	6	5	1	4	4	2	22
Tamil Nadu	2	3	-	1	2	-	8
Andhra Pradesh	1	1	1	1	1	-	5
Kamataka	3	-	-	-	1	1	5
Kerala	-	1	-	2	-	1	4
Other Minor	12	1	3	2	2	1	21
Regions							(16.8)
Madhya Pradesh	2	-	-	-	1	-	3
Delhi, New Delhi	6	-	1	-	-	-	7
Chandigarh	1	-	-	-	-	1	2
Haryana	2	1	1	1	-	-	5
Rajasthan	1	-	1	-	-	-	2
1ammu & Kashmir	-	-	-	1	-	-	1
Total	68	11	10	16	12	8	125

Pottery in the Indian subcontinent

Has an ancient history and is one of the most tangible and iconic elements of regional art. Evidence of pottery has been found in the early settlements of Mehrgarh from the Indus Valley Civilization. Today, it is a cultural art that is still practiced extensively in India, Bangladesh, Nepal, Sri Lanka and Pakistan. Until recent times all Indian pottery has been earthenware, including terracotta.

Hindu traditions historically discouraged the use of pottery for eating off, which probably explains the noticeable lack of traditions of fine or luxury pottery in South Asia, in contrast to East Asia and other parts of Eurasia.

pottery thrives as an art form in India, and it is slowly gaining awareness as a functional items as well. Various platforms, including potters' markets and online pottery boutiques have contributed to this trend.

History

Vedic pottery

Wilhelm Rau (1972) has examined the references to pottery in Vedic texts like the Black Yajur Veda and the Taittiriya Samhita. According to his study, Vedic pottery is for example hand-made and unpainted. According to Kuzmina (1983), Vedic pottery that matches Willhelm's Rau description cannot be found in Asia Minor and Central Asia, though the pottery of Andronovo culture is similar in some respects.
Indus Valley Civilization

Indus valley has a great and ancient tradition of pottery making. The origin of pottery in India can be traced back to the neolithic age, with coarse handmade pottery - bowls, jars, vessels - in various colors such as red, orange, brown, black and cream. The real beginning of Indian pottery is with the Indus Valley Civilization. There is proof of pottery being constructed in two ways, handmade and wheel-made.Harrappan and Mohanjodaro cultures heralded the age of wheel-made pottery, characterized by well-burnt black painted red wares.
Painted Grey Ware

During first millennium BC, painted grey ware was found in parts of North India and the Gangetic plain. Decorated pottery becomes significant in the Shunga, Kushan and Gupta periods.
Red Polished Ware Gujarat

The Red Polished Ware (RPW) is found in great quantities in Gujarat, especially in the Kathiawar region. Commonly, it consist of domestic forms like cooking pots, and it dates to around first century BC.

But this type of ware also is widely distributed in other places in India. It is found at Baroda, Timberva (Surat), Vadnagar, Vala, Prabhas, Sutrapada, Bhandaria, and many other places. The use of this pottery continued for many centuries.

Early on, the scholars considered this pottery as a diagnostic marker for 'Indo-Roman trade', showing the possibility of the Roman empire influence. Also, this type of pottery was identified at sites bordering the Persian Gulf, so it became significant for the research on the Indian Ocean trade.

Turko-Mughal period

The phase of glazed pottery started in the 12th century AD, when Turkic Muslim rulers encouraged potters from Persia, Central Asia and elsewhere to settle in present-day Northern India. Glazed pottery of Persian models with Indian designs, dating back to the Sultanate period, has been found in Gujarat and Maharashtra.

Styles

A roadside sale of water storage pottery earthenware Matka Matki on Jamnagar Highway. India.Over time India's simple style of molding clay went into an evolution. A number of distinct styles emerged from this simple style. Some of the most popular forms of pottery include unglazed pottery, glazed pottery, terracotta, and papier-mache.
Unglazed pottery.

This is the oldest form of pottery practiced in India. There are three types of unglazed pottery. First is paper thin pottery, biscuit-colored pottery decorated with incised patterns. Next is the scrafito technique; the pot is polished and painted with red and white slips along with intricate patterns. The third is polished pottery; this type of pottery is strong and deeply incised, and has stylized patterns of arabesques.

Glazed pottery

This era of pottery began in the 12th century AD. This type of pottery contains a white background and has blue and green patterns. Glazed pottery is only practiced in selected regions of the country.

Terracotta sculpture

Terracotta is the term used for unglazed earthenware, and for ceramic sculpture made in it. Indian sculpture made heavy use of terracotta from a very early period (with stone and metal sculpture being rather rare), and in more sophisticated areas had largely abandoned modelling for using moulds by the 1st century BC. This allows relatively large figures, nearly up to life-size, to be made, especially in the Gupta period and the centuries immediately following it. Several vigorous local popular traditions of terracotta folk sculpture remain active today, such as the Bankura horses.[11] Often women prepare clay figures to propitiate their gods and goddesses, during festivals. In Moela deities are created with moulded clay on a flat surface. They are then fired and painted in bright colours. Other parts of India use this style to make figures like horses with riders, sometimes votive offerings.

Types of Industrial Ceramic Materials

The mention of the word ceramic takes you to the world of earthenware, clay pots etc. found in many households. Treasured by both the owner and the maker, these products are made from naturally occurring clay and sand. With the advancement of technology, ceramic materials are now being manufactured in a laboratory under the watchful eye of a scientist. Made with a variety of ingredients and a number of processing techniques, ceramics are made into a wide range of industrial products.

Ceramics made through the above mentioned process are known as advanced ceramics or industrial ceramics. Their thermal stability, wear-resistance and resistance to corrosion of ceramic components make the application of ceramics the ideal choice for many industrial uses. Let's look at a few:

Alumina Ceramic

Alumina is one of the most widely used advanced ceramic, and is made from aluminum oxide. This ceramic can be made via different types of manufacturing processes including isotactic pressing, injection molding and extrusion. Finishing can be accomplished by precision grinding and lapping, laser machining and a variety of other processes.

Alumina's high ionic inter-atomic bond makes it chemically very stable, thereby making it a good electrical insulator. Further it is extremely resistant to wear and corrosion and has a high mechanical strength. Due to all these qualities, alumina components are used in semiconductor components, pump components, electrical insulations and automotive sensors.Steatite Ceramic

This advanced ceramic is made from magnesium silicate and is a popular choice of material for insulators for electrical components. Other properties of steatite include excellent dielectric strength, low dissipation factor, and high mechanical strength. Further, due to Steatite's excellent insulating properties it is used in thermostats and many other electrical household products.

Zirconia Ceramic

Made from zirconium oxide, this ceramic has excellent strength and a high resistance to corrosion, wear and abrasion. Since it has a high tolerance to degradation, zirconia is the material of choice in the manufacturing of bearings and grinding. Further due to its high resistance to developing cracks, commonly referred to as 'fracture toughness', zirconia is used in structured ceramics, automotive oxygen sensors and dental ceramics.

Silicon Carbide Ceramic

When the grains of silicon carbide are bonded together through a process called sintering, they form a very hard ceramic. Due to its hardness, it is used in applications requiring high endurance such as car brakes, car clutches, ceramic plates and bullet proof vests.

Cordierite Ceramic

Cordierite typically occurs in contact of argillaceous rocks. Cordierite has a very high thermal shock resistance and thus widely used in high temperature industrial applications such as heat exchangers for gas turbine.

Mullite Ceramic

Mullite is a very rare silicate material, formed at high temperatures and low pressure conditions. Its properties include low thermal expansion, low thermal conductivity, excellent creep resistance, suitable high temperature strength and outstanding stability under harsh chemical

environments. It is commonly used in thermocouple protection tubes, furnace muffles and kiln rollers.

Industries Served

The above industrial ceramics materials have applications in the automotive, healthcare, defense, marine, aerospace and telecommunication industry.

Multiple Factors Driving Growth in Global Ceramic Market Size; Advanced Ceramics to Advance 9% through 2022

The global ceramics market is expected to reach $287 billion by 2022, according to a recent report by Grand View Research, Inc. Rising government funding for large-scale infrastructure projects in China, India, Myanmar, Philippines, Malaysia, Indonesia and China is expected to propel construction industry growth, which will have a positive on product demand over the next seven years. Retail industry growth, along with an increasing acceptance of a supermarket culture, and strong exports in the emerging economies of the Asia-Pacific region are expected to have a positive impact on the ceramic packaging market over the forecast period. Rising investments for innovative product developments, high-quality manufacturing processes, and fast delivery logistic systems are also expected to have a positive impact.

North America and Europe are expected to witness considerable growth in light of rising R&D expenditure for the introduction of eco-friendly products. However, raw material price volatility is expected to challenge the industry over the next seven years.

Advanced ceramics are expected to be the fastest-growing segment in terms of volume at a compound annual growth rate (CAGR) of over 9% from 2015 to 2022. These products are expected to witness a substantial rise over the next seven years owing to their capability of performing under extreme conditions. Growing demand from various end-use industries including automotive, heavy machinery and defense is expected to have a positive impact on the market.

Ceramic tile dominated the industry, with demand estimated at over 70 million tons in 2014. Growth and development in the construction industry is expected to be the primary driver of this market over the forecast period, due to urbanization, higher per capita income, population increases and improving economies. Housing and construction was the largest application segment, valued over at $65 billion in 2014. Aesthetic and durability advantages of these products are expected to drive demand in the civil construction sector over the next seven years.

Asia-Pacific was the largest market, estimated at over 110 million tons in 2014. China was the largest regional market, due to its booming automobile industry, coupled with high infrastructural investments to meet the country's housing needs.

The global market is fragmented due to the presence of numerous companies. These companies invest highly in R&D to introduce innovative environmentally friendly products. However, the presence of large unorganized markets, mainly in China and India, pose a constant threat to manufacturers in terms of their quality and price offerings.

Ceramic Tiles Industry in India

Highlights

Ceramic Tiles today have become an integral part of home improvement. It can make a huge difference to the way your interiors and outdoors look and express. The Indian tile industry, despite an overall slowdown of the economy continues to grow at a healthy 15% per annum. Investments in the last 5 years have aggregated over Rs. 5000 crores. The overall size of the Indian ceramic tile industry is approximately Rs 18,000 crore (FY12). The production during 2011-12 stood at approx. 600 million square meters.

The Indian tile industry is divided into organized and unorganized sector. The organized sector comprises of approximately 14 players. The current size of the organized sector is about Rs 7,200 Crores. The unorganized sector accounts for nearly 60% of the total industry bearing testimony of the growth potential of this sector.

India ranks in the top 3 list of countries in terms of tile production in the world. With proper planning and better quality control our exports (presently insignificant) contribution can significantly increase.

Background

Apart from their decorative looks, Ceramic Tiles are primarily hygiene products and that is how our broad spectrum of consumers view the product. This is fairly evident from its varied usage from bathrooms and kitchens in average Indian households to medical centers, labs, milk booths, schools, public conveniences, shopping malls and numerous other centers; which dot our day to day life. A ceramic tile is basically a "utility product" and that remains our promotional slogan. Popular housing projects are increasingly switching over to Ceramic Tiles moving away from the traditional use mosaic and even granite or marble, owing to several factors viz. ease in laying ability, versatility, low price and hygiene.

Nevertheless, this decorative aspect of a Ceramic Tiles has forever been in the forefront. Heavy churning out of bolder and colorful designs by the industry are testament to the fact that most households regard a ceramic tile as an "adornment" for an otherwise "drab look" of their age-old floorings or an unfurnished wall.

Overall picture of the Industry.

Ceramic tiles as a product segment has grown to a sizeable chunk today at approximately 680 Millions Square meters production per annum. However, the potential seems to be great, particularly as the housing sector, retail, IT & BPO sectors have been witnessing an unprecedented boom in recent times.

The key drivers for the ceramic tiles in India are the boom in housing sector coupled by government policies fuelling strong growth in housing sector. The retail boom in the Indian economy has also influenced the demand for higher end products. Overall the bullish growth estimates in the Indian economy has significantly influenced the growth of the Indian Ceramic tile industry.

The main product segments are the Wall tile, Floor tile, Vitrified tile and Industrial tile segments. The market shares (in value terms) are 20%, 23% 50%, and 7% respectively for Wall, Floor, Vitrified, and Industrial tiles. The tiles are available in a wide variety of designs, textures and surface effects. They cater to tastes as varied from rustics to contemporary marble designs in super glossy mirror finishes.

Both, traditional methods of manufacturing (tunnel) and the latest single fast firing methods are deployed in manufacturing. Some of the latest trends in manufacturing methods can be seen in India.

The industry also enjoys the unique distinction of being highly indigenous with an abundance of raw materials, technical skills, infrastructural facilities despite being fairly capital intensive. A total of over 5,50,000 people are employed in the sector. Out of this, 50,000 people are directly employed and 5,00,000 are indirectly associated. The potential is huge considering the per capita consumption of ceramic tiles in India. Currently it is at 0.50 square meters per person in comparison to over 2 square meters per person for like countries like China, Brazil and Malaysia

Current status of the Industry

The ceramic tiles industry in India has followed similar trends internationally which have been characterized by excess capacities and falling margins. Countries like Malaysia, Thailand, Indonesia, Sri Lanka and Vietnam are setting up their own plants. China has emerged as a major competitor. Producers from Spain and Italy have the advantage of lower transportation costs while exporting to USA and Germany. In India, the per capita consumption is as low as 0.50 square meters per person compared to China (2.6 square meters per person), Europe (5 to 6 square meters per person) or Brazil (3.4 square meters per person). Rising disposable incomes of the growing middle class and 40 million units of housing shortage hold out a great potential.

A major change that took over the ceramic tiles industry, was the introduction of vitrified and porcelain tiles. These new entrant product types are said to be the tiles of the future. Internationally these tiles are already the major sellers. These category of products account for almost 50% of total tile sales by value in this industry.

These new products and the conventional wall & floor tiles have together made the organized industry grow to a formidable Rs. 7,200 crores industry. This coupled with a spate of expansions by many players make the industry look very promising in the future.

The Indian Industry has developed an export market although at the lower end. In volume it constitutes less than half a percent of the global market. (Presently India does not figure in the list of major exporting countries). But this reality could change as Indian exports are rising at an accelerating growth annually. The top-end of the global export market is presently dominated by China (36.8%) and Italy (15.1%).

5.CONCLUSIONS

In the preceding analysis, it has been observed that the financial position and operational performance of the selected ceramic companies in terms of profitability and efficiency is good and shown an increasing trend. Due to inefficiency in liquidity management and not to utilize the debt financing as suggested, the industry shown very low performance. By calculating the Z score it is seen that the overall financial health of the selected companies was at the medium level of bankruptcy

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