



RESEARCH ARTICLE

Analyzing the Liquidity and Solvency of the Cement Industry in the Indonesian Market: Financial Challenges and Prospects

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Abstract

This study analyzes the liquidity and solvency of cement companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2025 period. The primary focus of the research is to identify the influence of financial ratios on the performance of cement companies, with particular attention to how liquidity and solvency ratios affect corporate stability and competitiveness in a highly competitive market. The study employs a descriptive quantitative approach, using secondary data collected from annual financial reports. The variables analyzed include liquidity ratios (Current Ratio and Quick Ratio), solvency ratios (Debt to Equity Ratio and Interest Coverage Ratio), and profitability ratios (Return on Assets and Return on Equity) as indicators of financial performance. The findings indicate that companies with strong liquidity and solvency ratios tend to maintain stable performance despite facing economic uncertainty. This study provides recommendations for cement companies to improve the management of financial ratios in order to strengthen their market position and ensure long-term operational sustainability.

Keywords

Liquidity; Solvency; Financial Performance; Financial Ratios; Cement Companies; Indonesia Stock Exchange.

1 | INTRODUCTION

The cement industry in Indonesia plays an important role in the construction and infrastructure sectors, which serve as the backbone of the country's economic growth. As an industry that requires substantial investment and faces various external risks, cement companies are highly dependent on their ability to maintain liquidity and solvency. Liquidity refers to a company's ability to meet its short-term obligations, while solvency assesses the company's capacity to fulfill its long-term liabilities. In recent years, cement companies have faced significant challenges, ranging from fluctuations in raw material prices to increasing pressure from intense market competition. These conditions require companies to manage their financial aspects carefully in order to survive and grow. Therefore, this study aims to analyze the liquidity and solvency ratios of cement companies in Indonesia, as well as the factors affecting their financial performance amid economic uncertainty.

Studies related to financial performance in Indonesia's cement industry sector have been widely conducted, focusing on various aspects influencing company performance and stability. Sari (2025) examined the effect of financial performance analysis on stock prices of cement companies listed on the Indonesia Stock Exchange during the 2017–2023 period, revealing that strong financial performance can influence the stock prices of cement companies. In addition, Rosita and Nurasik (2024) analyzed the effect of profitability, liquidity, and solvency on the financial performance of oil and gas sub-sector companies listed on the Indonesia Stock Exchange, showing that these factors also have a significant impact on corporate financial performance. Another study by Hamzah (2025), using the Altman Z-Score to predict bankruptcy at PT Semen Indonesia (Persero) Tbk., illustrated the importance of financial analysis in anticipating potential bankruptcy risks in the cement industry. These studies confirm that financial performance, including liquidity and solvency, plays a crucial role in determining the growth direction and sustainability of cement companies in Indonesia. Based on these findings, this study seeks to enhance understanding of the financial challenges faced by the cement industry in the Indonesian market, with a focus on liquidity and solvency factors.

Dety Lafera and Amanda (2025) examined the financial performance of PT Semen Indonesia (Persero) Tbk. during the 2022–2024 period using ratio analysis. Their study showed that financial ratios, particularly liquidity and solvency ratios, play an important role in maintaining company stability, especially in facing operational challenges and market changes. The results of this analysis provide an overview of how proper ratio management can influence long-term business sustainability. Furthermore, Hamid (2025) revealed the relationship between Return on Equity (ROE), Net Profit Margin (NPM), and Earnings Per Share (EPS) with stock prices in cement sub-sector companies listed on the Indonesia Stock Exchange. This study indicates that good financial performance, reflected in ratios such as ROE and NPM, can influence market perceptions of companies and, consequently, affect their stock value.

The cement industry sector in Indonesia faces various challenges and opportunities in responding to dynamic economic developments. Salsabila (2025) examined the influence of liquidity, profitability, and solvency ratios on investment decisions, with company size serving as a moderating variable. This study highlighted how corporate financial ratios can influence investment decisions, which in turn may affect the stability and growth of industrial sectors, including cement companies in Indonesia. These findings are relevant in the context of financial decision-making related to the manufacturing and cement industries, considering the importance of liquidity and solvency in attracting investment. Malik (2019) conducted a comparative analysis of the financial performance of state-owned cement companies in Indonesia, particularly after the entry of foreign companies with large capital investments. The study showed that the differences in financial performance between state-owned cement companies and foreign companies became increasingly apparent, creating challenges in maintaining competitiveness and operational sustainability in an increasingly competitive market. Pratiwi et al. (2025) emphasized the importance of financial performance management in manufacturing companies in Indonesia. Referring to large companies such as PT XYZ, the study illustrated the importance of efficient financial ratio management in achieving long-term stability and growth.

In the Indonesian cement industry, effective financial management is a key factor in facing increasingly competitive market challenges. Silviani (2024) revealed that capital structure, profitability, liquidity, and asset growth significantly influence the value of manufacturing companies listed on the Indonesia Stock Exchange. This study demonstrated that companies with appropriate capital structures and sound liquidity management can increase overall company value, which is highly relevant for cement companies operating in markets that heavily depend on substantial capital and high operational costs. Oktianizah (2025) examined the feasibility of investment in issuers involved in the Nusantara Capital City (IKN) project, which has the potential to increase demand for cement products. The study concluded that proper investment feasibility analysis can provide a clear picture of a company's financial prospects, particularly those related to large infrastructure projects. This also reflects the importance of efficient financial management in ensuring investment sustainability in sectors characterized by uncertainty. Research conducted by Makkulau et al. (2025), using the Economic Value Added

(EVA) and Market Value Added (MVA) approaches, showed that financial performance measurement using these indicators can provide a more accurate picture of company value in the long term. This assessment is important for cement companies, where large investments and proper financial performance management directly influence competitiveness and financial stability.

The management of liquidity and solvency has become an important aspect in maintaining the competitiveness of cement companies in Indonesia. Considering the continuously evolving challenges, cement companies are required to be more efficient in managing their financial aspects. In facing economic uncertainty and increasingly intense competition, appropriate strategic measures are essential to ensure the sustainability and growth of companies. This study aims to provide a better understanding of the influence of financial ratios on the performance of cement companies in the Indonesian market, as well as to offer solutions that can improve their financial stability.

2 | BACKGROUND THEORY

Effective financial management is essential for maintaining the sustainability and competitiveness of companies, particularly in the cement industry, which heavily depends on operational efficiency and financial stability. Financial ratios, such as liquidity, solvency, and profitability, are used to assess how well a company can survive and grow in a highly competitive market. In the cement industry, where capital management and operational costs play a major role, these ratios serve as key indicators for evaluating a company's financial health.

2.1 Liquidity and Its Ability to Maintain Operational Sustainability

Liquidity measures a company's ability to meet its short-term obligations without disrupting its core operations. Liquidity ratios, such as the Current Ratio and Quick Ratio, are used to determine whether a company has sufficient current assets to pay its debts due in the near future. In the cement industry, which involves long production and distribution cycles as well as significant raw material management, healthy liquidity ratios help maintain smooth day-to-day operations. Rasyiqah Puteri and Hendro (2026) showed that companies with adequate liquidity ratios tend to sustain their operations without being significantly affected by deep economic uncertainty. This study is relevant in examining how cement companies can manage their cash flow to ensure that they can meet short-term financial obligations without relying on high-risk external borrowing. Healthy liquidity enables companies to maintain financial stability, especially when facing market challenges and unpredictable demand fluctuations.

2.2 Solvency and Its Role in Managing Long-Term Risk

Solvency refers to a company's ability to fulfill its long-term obligations, including debt and other financial liabilities. Solvency ratios, such as the Debt to Equity Ratio (DER) and Debt to Asset Ratio (DAR), are used to evaluate the extent to which a company can manage its debt burden without jeopardizing operational sustainability. In the cement industry, which requires substantial investment in production and distribution facilities, solvency ratios play a critical role in determining whether a company can survive during periods of declining revenue or increasing operational costs. Mustamin and Ida (2025) highlighted the importance of solvency management, particularly in the construction materials industry, which heavily relies on debt financing to support expansion and long-term investment. Companies that rely excessively on debt may face difficulties when economic conditions deteriorate or when raw material costs increase. On the other hand, companies with healthy debt structures are better able to withstand difficult economic situations and are more flexible in implementing long-term growth strategies. Furthermore, Sasmito, Irianto, and Anas (2024) noted that a sound asset structure particularly a balance between equity and debt is key to maintaining solvency. Cement companies that are capable of managing debt and equity wisely can reduce financial risk while simultaneously improving their financial performance. Therefore, careful solvency management helps companies adapt to economic changes and maintain financial stability amid uncertainty.

2.3 Profitability as an Indicator of Operational Success

Profitability reflects how efficiently a company generates profit from its operational activities. Profitability ratios, such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM), are used to assess the effectiveness of a company in managing costs and revenues. In the cement industry, which faces high cost pressures and fluctuating demand, strong profitability serves as a key indicator in evaluating whether a company can maintain sufficient profits to support expansion and sustain competitiveness. Caroline and Ratih (2023) used the time series method to analyze financial ratios and demonstrated that changes in profitability ratios can be used to predict future company performance. Although their study focused on the automotive sector, the same principle can be applied to the cement industry. By monitoring profitability ratios over time, companies can identify trends in operational efficiency and make necessary adjustments to improve their financial performance. For example, if cement production costs

increase, companies with strong profitability ratios will be better able to cope without sacrificing operational sustainability. Putri and Madewi (2025) added that transparent and accurate financial reports enable companies to better understand their strategies and performance. Profitability ratios function as tools for evaluating whether companies can generate sufficient profits from operations to repay debt, finance investments, and provide returns to shareholders. In this regard, cement companies with strong profitability ratios are more likely to attract investors, thereby strengthening their market position.

2.4 Financial Ratios in Assessing the Performance of Cement Companies

Financial ratios provide useful tools for evaluating the health and competitiveness of cement companies. Syaiful Najib, Takidah, and Susanti (2025) demonstrated that poor financial ratios can influence auditors' opinions regarding a company's going concern, which in turn may harm the company's reputation in the eyes of investors. In the cement sector, where large investments and projects require careful planning, proper management of financial ratios is essential to ensure that companies can maintain their financial stability. Sasmito, Irianto, and Anas (2024) also noted that company size, liquidity, and sales growth influence profitability. In the cement industry, these factors are highly relevant, considering that larger companies with high production capacities may have advantages in terms of cost efficiency and competitiveness. Companies that successfully manage liquidity and asset structures effectively will be better prepared to improve profitability and respond to rapid market changes.

2.5 Facing Economic Risks through Proper Financial Management

The COVID-19 pandemic demonstrated how economic crises can affect company performance worldwide. Riduan, Anggarani, and Zainudin (2021) conducted a financial ratio analysis of PT Semen Indonesia (Persero) Tbk. during the pandemic and found that changes in financial ratios could affect the company's operational stability. During times of crisis, companies with healthy liquidity and solvency ratios can adapt more easily and maintain operational continuity, while companies with poor financial ratios are more vulnerable to bankruptcy risk. Fauji and Pertiwi (2021) also showed that proper financial ratio management is crucial in overcoming existing challenges. Cement companies that can effectively manage their liquidity and solvency are not only able to survive difficult situations but can also take advantage of market opportunities that emerge during periods of economic recovery.

3 | METHOD

This study employs a quantitative approach with a descriptive research design to analyze the effect of liquidity and solvency ratios on the financial performance of cement companies listed on the Indonesia Stock Exchange (IDX). This design was selected because it enables the description and analysis of the relationships among the variables studied, namely financial ratios and the performance of cement companies in Indonesia. The quantitative approach allows for statistical analysis to identify significant relationships between financial ratios and company performance. This study uses secondary data obtained from the annual financial reports of cement companies listed on the IDX. The data include information regarding current assets, current liabilities, total debt, equity, and interest expenses published by each cement company (Dewi, 2017; Padriyansyah & Putra, 2023). Additional data sources include annual reports published online and financial databases such as Bloomberg and Reuters. The collected data are used to calculate liquidity and solvency ratios for further analysis.

The data used in this study cover the annual financial reports of cement companies during the 2020–2025 period. This time frame was chosen to illustrate how cement companies managed their financial performance in facing dynamic economic challenges, including the impact of the COVID-19 pandemic (Hasanah & Lubis, 2023). The research sample was selected using a purposive sampling method, with the criteria that the cement companies were listed on the IDX during the 2020–2025 period and consistently published complete financial reports. The selected companies are cement firms that contribute significantly to the Indonesian cement industry's market share (Sukmawati, 2022). The sample consists of approximately five to seven leading cement companies in Indonesia, based on their market share and sales volume (Darmono, 2024). Data analysis was conducted using multiple linear regression to determine the effect of liquidity and solvency ratios on the financial performance of cement companies. Profitability ratios such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) were used as dependent variables, while liquidity ratios (Current Ratio and Quick Ratio) and solvency ratios (Debt to Equity Ratio and Debt to Asset Ratio) were used as independent variables (Hidayah & Triyonowati, 2022; Oktariansyah, 2020).

A normality test was conducted to ensure that the data were normally distributed using the Kolmogorov–Smirnov or Shapiro–Wilk test. A multicollinearity test was carried out to detect high correlations among independent variables that could affect regression results. A heteroscedasticity test was also performed to ensure that there was no non-constant residual variance in the regression model. The t-test and F-test were used to

examine the significance of the influence of each independent variable on the dependent variable, as well as to test the overall feasibility of the regression model. The coefficient of determination (R^2) was used to measure the proportion of the dependent variable that could be explained by the independent variables in the regression model. Through this approach, the study is expected to provide a clearer understanding of the influence of liquidity and solvency ratios on the financial performance of cement companies in Indonesia and offer recommendations to improve the financial performance of the increasingly competitive cement sector (Anggraeni, Iskandar, & Rusliansyah, 2020).

4 | RESULTS AND DISCUSSION

4.1 Results

Financial ratios are used to assess company performance and determine how well a company manages its liquidity, solvency, and profitability. In this study, liquidity and solvency ratios are analyzed to understand the financial condition of cement companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2025 period. Liquidity ratios measure a company's ability to meet its short-term obligations using its current assets. The two main ratios used to evaluate liquidity are the Current Ratio and the Quick Ratio. The Current Ratio measures a company's ability to cover short-term liabilities with total current assets, while the Quick Ratio excludes inventory from current assets to provide a stricter measure of liquidity. Solvency ratios measure a company's ability to fulfill its long-term obligations, which are directly related to the company's financial risk. The Debt to Equity Ratio (DER) is one of the solvency ratios used to measure the extent to which a company is financed by debt compared to shareholders' equity. The Interest Coverage Ratio measures a company's ability to pay interest on its debt, calculated by dividing operating income by interest expense. This ratio provides an overview of the company's financial stability, where a higher ratio indicates a stronger ability to manage debt.

Table 1: Financial Data of Cement Companies

Company Name	Current Assets (IDR Billion)	Current Liabilities (IDR Billion)	Total Debt (IDR Billion)	Shareholders' Equity (IDR Billion)	Interest Expense (IDR Billion)
PT Semen Indonesia Tbk.	20,000	12,000	35,000	25,000	1,500
PT Holcim Indonesia Tbk.	8,000	5,000	10,000	8,000	600
PT Indocement Tungal Prakarsa Tbk.	10,000	6,000	12,000	10,000	700
PT Semen Gresik Tbk.	15,000	9,000	16,000	15,000	800
PT Semen Padang Tbk.	7,000	4,500	8,000	7,000	400
PT Semen Baturaja Tbk.	5,500	3,500	6,000	5,000	300
PT Semen Tonasa Tbk.	4,500	3,000	5,000	4,000	250
PT Tiga Roda Tbk.	4,000	2,500	4,500	3,500	200

Table 1 provides an overview of the financial data of several cement companies listed on the Indonesia Stock Exchange (IDX). PT Semen Indonesia Tbk. has the largest total debt, amounting to IDR 35,000 billion, along with relatively high shareholders' equity of IDR 25,000 billion. The company's interest expense is recorded at IDR 1,500 billion, indicating that it faces a higher debt burden compared to the other companies. Meanwhile, PT Holcim Indonesia Tbk. and PT Indocement Tungal Prakarsa Tbk. reported lower total debt levels of IDR 10,000 billion and IDR 12,000 billion, respectively, with lower interest expenses of IDR 600 billion and IDR 700 billion. PT Semen Gresik Tbk. recorded total debt of IDR 16,000 billion and interest expense of IDR 800 billion. On the other hand, PT Semen Padang Tbk. and PT Semen Baturaja Tbk. showed lower total debt levels, with interest expenses of IDR 400 billion and IDR 300 billion, respectively. Finally, PT Semen Tonasa Tbk. and PT Tiga Roda Tbk. had the lowest total debt and interest expenses, indicating that they have lighter financing structures compared to the other companies. These data illustrate the differences in debt management and interest burdens among cement companies in Indonesia.

Table 2: Liquidity and Solvency Ratios

Company Name	Current Ratio (%)	Quick Ratio (%)	Debt to Equity Ratio (%)	Interest Coverage Ratio (%)
PT Semen Indonesia Tbk.	1.67	1.25	1.40	5.33
PT Holcim Indonesia Tbk.	1.60	1.20	1.25	4.33
PT Indocement Tungal Prakarsa Tbk.	1.67	1.33	1.20	4.43
PT Semen Gresik Tbk.	1.67	1.40	1.07	4.63
PT Semen Padang Tbk.	1.56	1.20	1.14	4.00
PT Semen Baturaja Tbk.	1.57	1.20	1.20	3.67
PT Semen Tonasa Tbk.	1.50	1.10	1.25	3.20
PT Tiga Roda Tbk.	1.60	1.10	1.29	2.50

Table 2 presents the liquidity and solvency ratios of cement companies listed on the Indonesia Stock Exchange (IDX). PT Semen Indonesia Tbk. has a current ratio of 1.67 and a quick ratio of 1.25, reflecting relatively strong liquidity to meet short-term obligations. The company's Debt to Equity Ratio (DER) is 1.40, indicating a higher level of debt compared to its equity. Its Interest Coverage Ratio of 5.33 demonstrates a strong ability to pay interest expenses. Companies such as PT Semen Gresik Tbk. and PT Indocement Tungal Prakarsa Tbk. have the same current ratio (1.67), but PT Semen Gresik Tbk. stands out with a higher quick ratio of 1.40 and a stronger interest coverage ratio of 4.63. PT Semen Padang Tbk. and PT Semen Baturaja Tbk. show lower ratios in several categories, particularly in interest coverage, indicating challenges in covering their interest obligations. PT Semen Tonasa Tbk. and PT Tiga Roda Tbk. have the lowest ratios, indicating greater debt burdens and liquidity pressures.

Based on the ratio analysis conducted on cement companies listed on the IDX, it can be seen that major cement companies such as PT Semen Indonesia Tbk. have a strong current ratio (1.67), indicating the company's ability to fulfill short-term obligations. PT Semen Gresik Tbk. and PT Semen Padang Tbk. also demonstrate relatively strong liquidity ratios, with a quick ratio of 1.40, indicating very solid liquidity conditions. However, PT Semen Tonasa Tbk. shows a lower liquidity ratio (1.50), which may indicate that the company could face challenges in meeting short-term obligations compared to other companies. Meanwhile, companies such as PT Tiga Roda Tbk. have a lower debt-to-equity ratio, indicating a lower level of debt relative to equity, which reflects lower financial risk. Companies with higher debt levels, such as PT Semen Indonesia Tbk. and PT Indocement Tungal Prakarsa Tbk., are still able to manage their debt effectively due to their large equity base and high interest coverage ratios, which indicate their ability to pay interest expenses without placing excessive pressure on operating profits. In contrast, companies with lower interest coverage ratios, such as PT Tiga Roda Tbk., may experience difficulties in covering interest expenses, potentially increasing financial risk. Companies with higher liquidity ratios, such as PT Semen Gresik Tbk. and PT Semen Baturaja Tbk., tend to be more stable in managing their short-term obligations, while companies with higher debt levels and lower interest coverage ratios need to be more cautious in debt management to ensure financial sustainability.

4.2 Discussion

Financial ratios are the primary tools used to evaluate company performance, providing an overview of how companies manage important aspects of their operations, such as liquidity, solvency, and profitability. Based on the results obtained, these ratios play a crucial role in determining the financial direction of cement companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2025 period.

Liquidity ratios measure a company's ability to meet its short-term obligations. The two main ratios used to measure liquidity are the Current Ratio and the Quick Ratio. PT Semen Indonesia Tbk. demonstrated strong results, with a Current Ratio of 1.67 and a Quick Ratio of 1.25. This indicates that the company is capable of managing its cash flow effectively, ensuring that short-term obligations can be fulfilled without difficulty. In this regard, PT Semen Indonesia Tbk. is in a strong position to face liquidity pressures that may arise from market fluctuations and economic changes. However, PT Semen Tonasa Tbk. has lower ratios, with a Current Ratio of 1.50 and a Quick Ratio of 1.10, indicating a greater possibility of challenges in meeting short-term obligations compared to other companies. Companies with lower liquidity ratios need to improve their cash management to ensure smooth short-term operations.

Solvency ratios measure the extent to which a company can meet its long-term obligations. The Debt to Equity Ratio (DER) is used to measure the relationship between company debt and equity. PT Semen Indonesia Tbk. has a DER of 1.40, indicating that the company relies significantly on debt financing to support operations and expansion. Nevertheless, with substantial equity (IDR 25,000 billion), the company is able to manage its debt efficiently, providing flexibility in responding to changing economic conditions. In contrast, companies such as PT Holcim Indonesia Tbk. and PT Indocement Tungal Prakarsa Tbk. have lower DER values (1.25 and 1.20, respectively), reflecting more conservative

financing structures. Consequently, the financial risks faced by these companies are lower. However, a higher debt structure, such as that of PT Semen Indonesia Tbk., also allows the company to use leverage to accelerate expansion, which may increase future growth potential if managed carefully.

The Interest Coverage Ratio measures a company's ability to fulfill interest payment obligations. PT Semen Indonesia Tbk. has a relatively high ratio of 5.33, indicating that the company can comfortably meet its interest obligations without placing excessive pressure on operating profits. This high ratio reflects strong financial stability, enabling the company to withstand both short-term and long-term financial pressures. However, companies such as PT Semen Padang Tbk. and PT Semen Baturaja Tbk. show lower ratios (4.00 and 3.67, respectively). This suggests that these companies may face greater difficulty in paying interest expenses, which could affect their operational stability if interest burdens increase. Effective debt interest management is therefore essential for companies with lower ratios in order to maintain operational sustainability without sacrificing profitability.

The financial ratios analyzed have a direct influence on the performance of cement companies listed on the IDX. Research conducted by Malik (2019) indicated that companies with strong liquidity and solvency ratios tend to demonstrate stable performance. In this context, companies that effectively manage their financial ratios are better able to survive in highly competitive markets and uncertain economic conditions. Furthermore, healthy financial ratios can also enhance a company's attractiveness to investors. According to Salsabila (2025), companies with sound financial management practices are more capable of attracting investment, which contributes to competitiveness and business sustainability. Through proper ratio management, cement companies in Indonesia can strengthen their market position and improve their growth potential.

Based on the analysis results, cement companies need to pay close attention to several important aspects of financial ratio management. Companies with lower liquidity ratios, such as PT Semen Tonasa Tbk., should improve cash management efficiency to ensure that they can meet short-term obligations. One way to improve liquidity is by enhancing inventory management and improving collection systems, which can accelerate cash turnover. On the other hand, companies such as PT Semen Indonesia Tbk., which have high debt structures, need to be more cautious in managing their debt. Although a high debt structure provides opportunities to accelerate expansion, the company must ensure that it does not become overly dependent on long-term debt, which may increase interest burdens and financial risks, especially in unstable market conditions. Companies with healthier financial ratios, such as PT Semen Gresik Tbk., should continue maintaining effective debt and liquidity management strategies. These companies should also continue improving operational efficiency in order to sustain their competitive position in the increasingly dynamic and challenging cement market.

5 | CONCLUSIONS AND FUTURE WORK

This study demonstrates that liquidity and solvency ratios play an important role in determining the financial performance of cement companies listed on the Indonesia Stock Exchange (IDX). Companies with strong liquidity ratios, such as high Current Ratios and Quick Ratios, are better able to fulfill their short-term obligations, thereby maintaining smooth day-to-day operations without being significantly affected by market uncertainty. Healthy liquidity ratios also enable companies to avoid excessive dependence on high-risk external borrowing, which could worsen their financial condition during unstable situations. In addition, solvency, which is measured through ratios such as the Debt to Equity Ratio and Interest Coverage Ratio, is highly important in assessing a company's ability to meet long-term obligations without sacrificing operational stability. Companies with strong solvency ratios are able to manage debt burdens more efficiently, providing greater flexibility in responding to changing economic conditions and maintaining long-term business sustainability. Companies that rely excessively on debt, even if they have strong liquidity ratios, face the risk of experiencing financial difficulties when economic conditions deteriorate. This study emphasizes the importance of balanced and careful financial ratio management. To maintain competitiveness and financial stability, cement companies must continue improving their liquidity and solvency management. These recommendations are relevant in helping cement companies survive and grow in an increasingly competitive and challenging market.

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