



A Study on Profitability Management with Reference to Cement Industry in India

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ABSTRACT

Proportion investigation is utilized to assess connections among budget report things. The proportions are utilized to recognize patterns over the long haul for one organization or to look at least two organizations at one point as expected. Budget report proportion investigation centres around three key parts of a business: liquidity, benefit, and dissolvability. Profitability is one of the most amazing assets of monetary examination. It is utilized as a gadget to dissect and decipher the monetary wellbeing of big business. In this way, proportions have wide applications and are of huge use today. India is the second-biggest maker of concrete on the planet. No big surprise, India's concrete industry is an indispensable piece of its economy, giving work to in excess of 1,000,000 individuals, straightforwardly or by implication. The Indian concrete industry is overwhelmed by a couple of organizations. The main 20 concrete organizations represent very nearly 70% of the all-out concrete creation in the nation. An aggregate of 210 enormous concrete plants represents a combined introduced limit of more than 410 MT, with 350 little plants representing the rest. Of these 210 enormous concrete plants, 77 are in the conditions of Andhra Pradesh, Rajasthan, and Tamil Nadu.

Keywords: Cement Industry, India, Profitability, Ratios

1. Introduction

Each firm is generally worried about its productivity. One of the most every now and again utilized instruments of monetary proportion investigation is productivity proportions which are utilized to decide the organization's main concern and its re-visitation of its financial specialists. Productivity measures are critical to organization supervisors and proprietors the same. In the event that a private venture has outside speculators who have placed their own cash into the organization, the essential proprietor positively needs to show benefit to those value financial specialists. Benefit proportions show an organization's general effectiveness and execution. We can partition productivity proportions into two kinds: edges and returns. Proportions that show edges speak to the company's capacity to make an interpretation of deals dollars into benefits at different phases of estimation. Proportions that show returns speak to the association's capacity to quantify the general productivity of the firm in creating returns for its investors.

Benefit proportions measure an organization's capacity to create income comparative with deals, resources, and value. These proportions evaluate the capacity of an organization to produce income, benefits, and incomes comparative with some measurement, frequently the measure of cash contributed. They feature how adequately the benefit of an organization is being overseen. Basic instances of productivity proportions remember to return for deals, degree of profitability, return on value, return on capital utilized (ROCE), money return on capital contributed (CROCI), net revenue, and net overall revenue. These proportions demonstrate how well an organization is performing at producing benefits or incomes comparative with a specific

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measurement. The benefit is the essential objective of all undertakings. Without benefit, the business won't make due over the long haul. So estimating current and past productivity and anticipating future benefit is significant. Productivity is estimated with pay and costs. Pay is cash created from the exercises of the business. For instance, if yields and animals are delivered and sold, the pay is created. Nonetheless, cash coming into the business from exercises like obtaining cash don't make payments. This is just a money exchange between the business and the moneylender to produce money for working the business or purchasing resources. Costs are the expense of assets spent or devoured by the exercises of the business.

2. Indian Cement Industry

India is the second-biggest maker of concrete on the planet. No big surprise, India's concrete industry is a crucial piece of its economy, giving work to in excess of 1,000,000 individuals, straightforwardly or by implication. Since the time it was liberated in 1982, the Indian concrete industry has pulled in colossal speculations, both from Indian just as unfamiliar speculators. India has a ton of potential for improvement in the framework and development area and the concrete area is relied upon to a great extent profit by it. A portion of the ongoing activities, for example, the advancement of 98 keen urban communities, are relied upon to give a significant lift to the area. Helped by appropriate Government international strategies, a few unfamiliar players, for example, Lafarge-Holcim, Heidelberg Cement, and Vicat have put resources into the nation in the ongoing past. A huge factor that helps the development of this area is the prepared accessibility of crude materials for making concrete, for example, limestone and coal.

3. Need for the Study

The issues, which are basic to a large portion of the public areas undertaking, are materials shortage. Limit use and predominantly Profitability prerequisites and Bharathi concrete organization Limited is no special case. Hence the significance of the investigation uncovers with regards to how effectively the functioning capital has been utilized so far in the association. Benefit Analysis is one of the vital regions of monetary dynamic. It is critical in light of the fact that the administration should see that an over the top interest in current resources ought to shield the organization from the issues of stock-out. Current resources will likewise decide the liquidity position of the firm. The objective of Profitability Analysis is to deal with the firm current resources and current liabilities so that a good degree of working capital is kept up. On the off chance that the firm can't keep a palatable degree of capital, it is probably going to get indebted and might be even constrained into liquidation.

4. Objectives

- To inspect the Profitability Analysis of the Bharathi Cement Corporation Limited for the time of 2015 to 2019
- To examine the monetary exhibition of the organization regarding Profitability
- To survey the capital utilized by the Bharathi concrete partnership Limited.

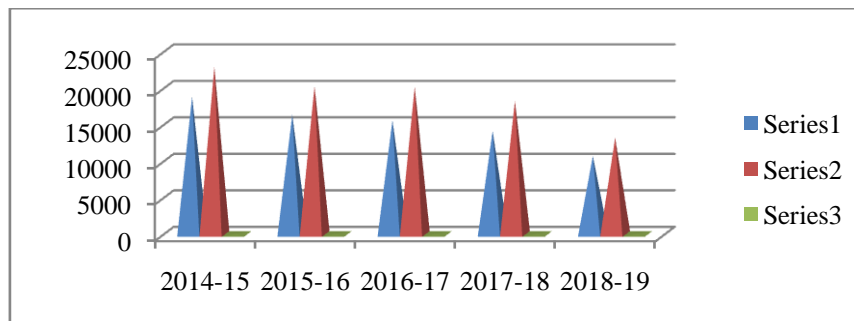
5. Data Analysis and Interpretation

Net Profit Ratio: Net Profit / Net Sales

Table 1

Year	Net Profit	Net Sales	Net Profit Ratio
2014-15	2014.73	22936.17	8.78407333
2015-16	2144.47	20279.80	10.5744139
2016-17	2655.43	20174.94	13.1620217
2017-18	2446.19	18270.69	13.3886022
2018-19	1404.23	13205.64	10.6335626

Graph 1



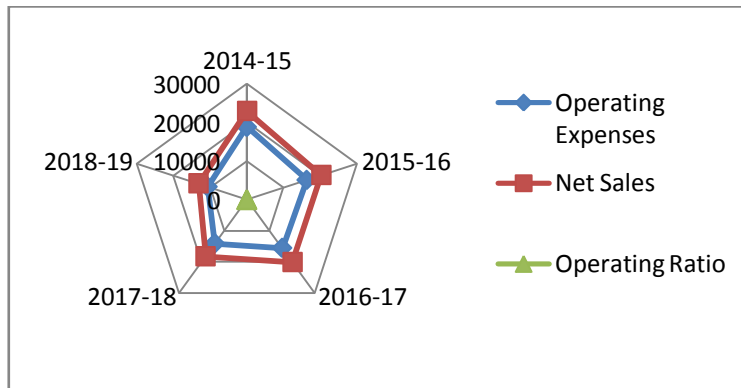
Inference: The net benefit of the organization is in a diminishing position due to the costs in the business are expanded the net benefit will be in a diminishing situation in the year 2015-2019.

Operating Ratio: Operating Expenses/Net Sales

Table 2

Year	Operating Expenses	Net Sales	Operating Ratio
2014-15	18851.20	22936.17	82.18
2015-16	16354.92	20279.80	80.64
2016-17	15617.65	20174.94	77.42
2017-18	14144.45	18270.69	77.41
2018-19	10718.55	13205.64	81.16

Graph 2



Inference:

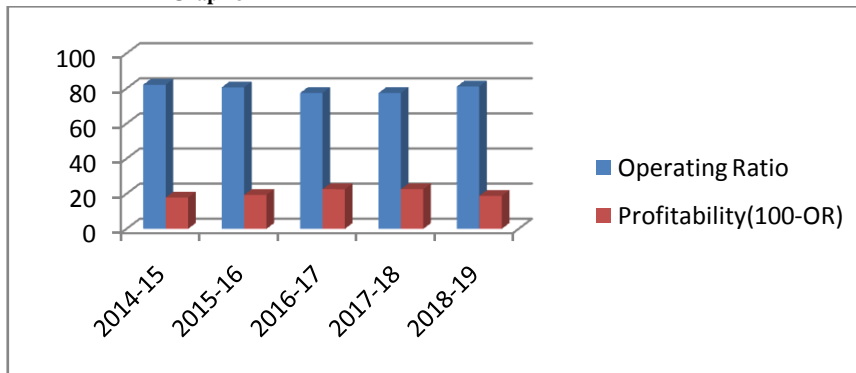
The working proportion is a monetary term characterized as an organization's working costs as a level of income. This monetary proportion is most usually utilized for enterprises that require an enormous level of income to keep up activities in the year 2014-2019.

Profitability = (100-Operating Ratio %)

Table 3

Year	Operating Ratio	Profitability(100-OR)
2014-15	82.18	17.81
2015-16	80.64	19.36
2016-17	77.42	22.58
2017-18	77.41	22.59
2018-19	81.16	18.84

Graph 3



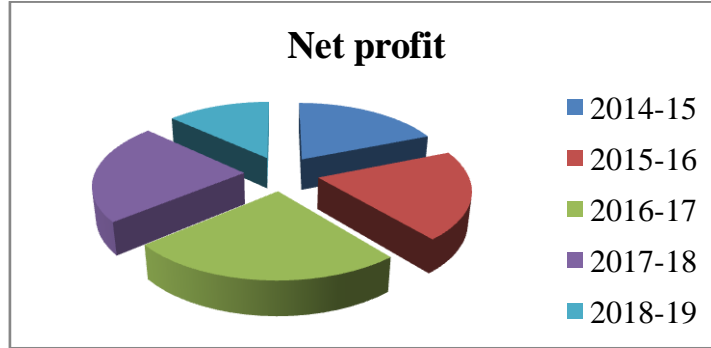
Inference: Productivity is the essential objective of all undertakings. Without benefit, the business won't get by over the long haul. So estimating current and past benefits and anticipating future productivity is significant and it is high in Bharathi concrete company Limited.

Return on Investment: Net Profit/Total Investment

Table 4

Year	Net profit	Total investment	ROI
2014-15	2014.73	5208.75	0.38
2015-16	2144.47	5391.67	0.39
2016-17	2655.43	5108.72	0.51
2017-18	2446.19	3788.77	0.46
2018-19	1404.23	3730.32	0.37

Graph 4



Inference:

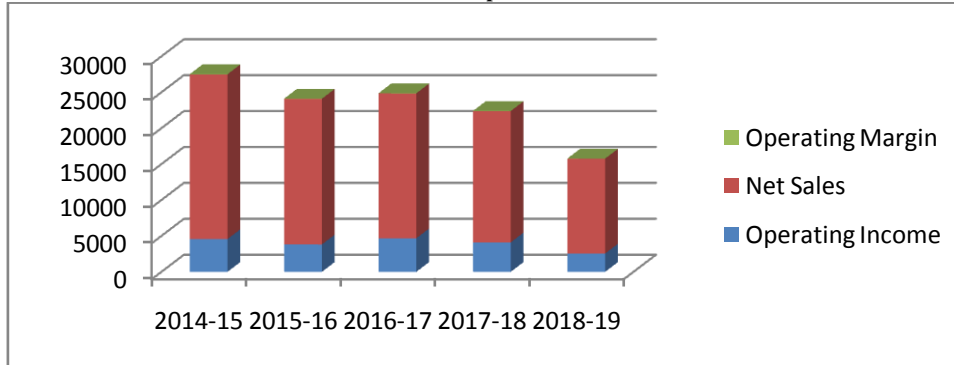
A presentation measure used to assess the productivity of a venture or to look at the effectiveness of various speculations. To ascertain ROI, the advantage (return) of speculation is separated by the expense of the venture has been expanded to 2014-2019.

Operating Margin: Operating income\Net sales

Table 5

Year	Operating Income	Net Sales	Operating Margin
2014-15	4566.81	22936.17	19.91
2015-16	3817.90	20279.80	18.82
2016-17	4675.48	20174.94	23.17
2017-18	4105.91	18270.69	22.47
2018-19	2553.20	13205.64	19.33

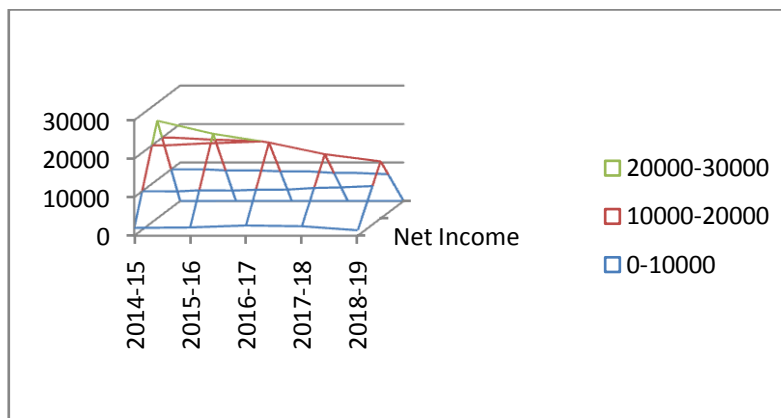
Graph 5



Inference: The two fundamental segments for the count of working proportion are working (cost of merchandise sold in addition to working costs) and net deals. Working costs ordinarily incorporate (a) authoritative and office costs and (b) selling and dispersion costs. In the year 2016, the net deals have been expanded.

Return on Assets: Net Income\Average Total Assets**Table 6**

Year	Net Income	Total Assets	ROA
2014-15	2014.73	25369.51	7.94
2015-16	2144.47	21970.29	9.76
2016-17	2655.43	19697.50	13.48
2017-18	2446.19	16667.95	14.67
2018-19	1404.23	14810.64	9.42

Graph 6

Interpretation: A marker of how productive an organization is comparative with its complete resources. ROA gives a thought regarding how effective administration is at utilizing its resources to produce income. Determined by partitioning an organization's yearly income by its absolute resources, ROA is shown as a rate and it was not improved in the year 2018.

6. Findings

- The Bharathi concrete company Limited net capital is acceptable between the years 2018-19 since it shows an expanding pattern; yet after that, it is in a declining position.
- The current proportion of Bharathi concrete company Limited is palatable during the time of study 2014-15 to 2018-19. It is expanded however after that it is declining.
- Assets turnover proportion of Bharathi concrete enterprise Limited expanded. The organization needs to look after this.
- The turnover proportion of Bharathi concrete enterprise Limited is likewise expanded slowly, with no fit falls up to 2014-15. Be that as it may, in the year 2015-16 it is declined, and again it has expanded in the year 2016-17. Great stock administration is an acceptable to sign for productive administration
- Total Assets turnover proportion of Bharathi concrete company Limited isn't agreeable on the grounds that it is consistently under one, besides in the year 2018-19 having an estimation of 79.41.
- Return on speculation isn't acceptable. This shows that the organization's assets are not being used in a superior manner.

7. Suggestions

- Improve position assets should be used appropriately.
- Better Awareness to expand the deals is proposed.
- Cost cut down mechanics can be utilized.
- A better creation strategy can be utilized.
- The venture on crude material should be made according to the necessity. Superfluous speculation may obstruct the assets.
- Neither too high nor too low stock turnover proportions may lessen the benefit and liquidity position of the business. Thus, appropriate equilibrium should be made to build benefits and to guarantee liquidity.
- The crude material should be procured from the correct source at the right quality and at the right expense.

- The measure that was being utilized by Bharathi concrete enterprise Limited with the buying division ought to go through changes; so that, it looks to upgrade the celerity of the conveyance of an item without bargaining its quality by improving the usage of materials, work and hardware.

8. Conclusion

India is the second biggest concrete delivering nation on the planet close to China. The concrete business has been experiencing a blast period with supported use of more than 90%. Request in 2009 generally was driven by the pass-through impact of the upgrade bundles reported by the public authority for lodging and framework areas. Despite the fact that concrete assembling is both capital and energy concentrated and India is a net merchant of both, it is prudent and effective by the global norm. India's similar favorable position is inferable from its relative bountiful limestone and coal assets, set up a workforce with specialized and administrative experience, and a grounded and skilled concrete apparatus producing industry with long-standing unfamiliar innovation. Concrete is indispensable to assemble the framework of the nation; the expression "concrete" incorporates an endless assortment of cement building materials going from the mud up to the fast solidifying substances. In its more confined sense, especially when it is utilized regarding building and designing, the word cement" alludes to "Portland Cement", which comprises about 98% of the concrete created on the planet. This Portland concrete, when blended in with rock, slag, sand, and water, permits the whole material to solidify and get concrete.

- The Bharathi concrete company Limited Net Profit Ratio is indicating positive benefit in the year 2018-19. This occasion is a normal one on the grounds that since from the past two years it is demonstrating the grade stage in Net Profit Ratio.
- The Gross Profit Margin of Bharathi concrete company Limited expansions in reductions because of the expansion in deals
- The Bharathi concrete company Limited Net Profitability Ratio is good.
- The Bharathi concrete partnership Limited profit for Total Assets proportion gives a negative indication in the year 2018-19. The Operating Ratio of Bharathi Cement Corporation Limited expanded in the year 2014-15 and came to in the year 2018-19 So the organization needs to lessen its working expenses.
- The Operating Ratio of Bharathi concrete organization Limited is good. Because of expansion at the expense of creation, this proportion is diminishing. So the needs to diminish its office organization costs

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