PROFITABILITY ANALYSIS OF ULTRA TECH CEMENT LTD (ULTC.NS) IN INDIA

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Abstract : Financial performance is the major part in each and every type of the Organizations. Final repot are to be shown in the balance sheet of the companies and it making to know about the company level in all the sectors. In this analysis to know about the effect of Net profit (dependent variable) with compare the other Gross profit ratio and Return on capital employed ratio(Independent variables) to know about the financial performance of the Ultra Tech Cement company. The data's are collected last five years (2014-2018) secondary data's. The result of the Profitability analysis of the Ultra tech cement company it shows that Independent variables are not significant to the Net profit ratio. The company has to concentrate on the gross profit and return on capital employed for future financial process.

IndexTerms- Financial Performance, Net profit Ration, Gross Profit Ratio, Return on Capital Employed**.**

I. INTRODUCTION

India is the second place of the producer of the cement. Cement Industry is the Vital part in the economic position of the country, Providing employment etc., Cement industry Investing large investment for the manufacturing sector. Cement's are most demand for the hosing and real estate sector. India's total cement production capacity is nearly 455 million tones, as of 2017-18. Cement consumption is expected to grow by 4.5 per cent in FY19 supported by pick-up in the housing segment and higher infrastructure spending. The industry is currently producing 280 MT for meetings its domestic demand and 5 MT for exports requirement.

II OBJECTIVES:

1. To analyze the financial performance of the Ultra Tech Cement Company.
2. To analyze the Net profit ratio, Gross Profit ratio and Return on Capital Employed ratio by using last five years data.

2.1 Review of the Literatures:

Adith Ramesh and C.B. Senthil Kumar- In this study focused on the asset and debt management of the bankruptcy prediction. The population of this study is 81 firms. in this 31 bankrupt firms and 50 non bankrupt firms. Data's collected from the CMIE prowers and capitalize databases. The firms were selected stratified random basis stratified by net worth. bankruptuy status of the firms is taken as the dependent variables. the financial ratios are used in three rating agencies they are Fitch S & P ratings and moody's analytical to measure business performance of non financial corporate the ratios are profitability ratios, leverage ratios, coverage ratios , debt payback ratios and debt ratios. Multiple discriminators analysis (MDA) was used to develop the model. the researchers started using rigorous statically methods. The bankrupty prediction model is accurate in predicting failure up to 4 years except for the variable market capitalization.
Ref: Adith Ramesh and C.B. Senthil Kumar (2018) Asset and Dept management ratios in bankrupty Prediction-Evidence from India , Indian Journal of Finance 12(8),50-60.

Amit Kumar Singh and Rohit Kumar shrivastav – they evaluate the "Evaluating the Impact of the Global Financial Crisis on the Stock markets of BRICS countries" in this study they shown the global financial crises in the crises of BRICS countries stock market analyzed the growth of market prices in the pre and post crisis from 2002-2015 with application of the dummy based model considering times as a dummy. The result shows the BRICS were in financial crisis in Brazilian, Russian and Chinese markets showed negative growth and in Indian and south African markets captured positive momentum.

Ref: Amit Kumar Singh and Rohit Kumar shrivastav (2018) Evaluating the Impact of the Global Financial Crisis on the Stock markets of BRICS countries, Indian Journal of Finance 12(7),7-27.

2.2 Research Methodology:

In this analysis used Descriptive research and the data's collected from the secondary Data from Journal and Balance Sheet from the Websites. The Period of the Study from 2014-2015 to 2018-2019.

III TOOLS USED FOR THIS ANALYSIS:

Linear Regression

Dependent Variable:
Net Profit Ratio

Independent Variable:
Gross Profit Ratio
Return on Capital Employed

Summary Output of Regression Analysis for Ultra Tech Cement Company

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.646[a]	.417	-.165	1.601

a. Predictors: (Constant), Return On Capital Employed, Gross Profit
b. Dependent Variable: Net Profit

Descriptive Statistics

	Mean	Std. Deviation	N
Net Profit	9.20	1.483	5
Gross Profit	16.20	4.550	5
Return On Capital Employed	15.60	5.273	5

Correlations

		Net Profit	Gross Profit	Return On Capital Employed
Pearson Correlation	Net Profit	1.000	-.193	-.019
	Gross Profit	-.193	1.000	.963
	Return On Capital Employed	-.019	.963	1.000
Sig. (1-tailed)	Net Profit	.	.378	.488
	Gross Profit	.378	.	.004
	Return On Capital Employed	.488	.004	.
N	Net Profit	5	5	5
	Gross Profit	5	5	5
	Return On Capital Employed	5	5	5

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.674	2	1.837	.717	.583[b]
	Residual	5.126	2	2.563		
	Total	8.800	4			

a. Dependent Variable: Net Profit

b. Predictors: (Constant), Return On Capital Employed, Gross Profit

Coefficients[a]

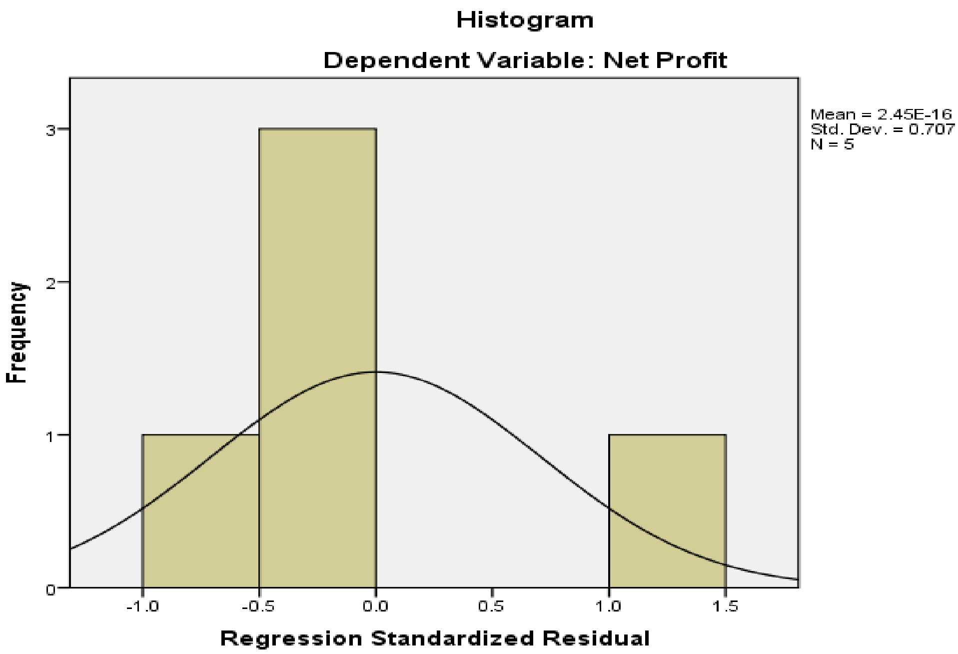
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	11.812	3.253		3.631	.068	-2.185	25.809
	Gross Profit	-.781	.652	-2.395	-1.197	.354	-3.588	2.026
	Return On Capital Employed	.643	.563	2.287	1.143	.371	-1.779	3.066

a. Dependent Variable: Net Profit

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	7.68	10.03	9.20	.958	5
Residual	-1.026	1.892	.000	1.132	5
Std. Predicted Value	-1.582	.862	.000	1.000	5
Std. Residual	-.641	1.182	.000	.707	5

a. Dependent Variable: Net Profit



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a. Dependent Variable: Net Profit

From the above results of the regression analysis, it is evidence that only -16.5 %(adjusted R square -.165) of the Net profit ratio is negatively give result and also explained by the selected independent variables. That means there are other variables that shall explain the Net profit ratio more effectively. Further the significant value of the ANOVA table is 0.583 which is greater than 0.000 explains that the net profit ratio is not fit and needs future inclusion of other independent variables. In the coefficients analysis , on the other hand Gross profit ratio and Return on Capital Employed ratio does not significantly impact the Net profit ratio as it is more evident from the significant value at 0.354 and 0.371 which is much higher the permissible limit of $p<0.05$.

IV DISCUSSION:

This study investigated the effect of Net profit Ratio of the Ultra tech Company with the independent Variables Gross Profit Ratio and Return on Capital Employed. By using the Regression analysis of the dependent variable there is no significant impact of the other Variables and their no good result of the Net profit ratio. The two Independent variables are not given significant value better if take other variables it may give significant value to the Net profit. The Ultra tech company has to more concentrate on gross profit increase and return on capital employed in the company.