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A Study on Ratio Analysis at Ultratech Cement

[1]Devi Naveen Kumar, [2]Ms. Surabhi Lakshmi, [3]Dr. T. Vara Lakshmi
[1]Student, [2]Assistant Professor, [3]Associate Professor & HOD
Institute of Aeronautical Engineering

***Abstract* - An entitlement of this paper is "A study on ratio analysis at Ultratech cement". This article outlines the analysis of financial statements to evaluate inventory. Fixed profit analysis is integrated, expanded and supplemented with growth analysis. Future is the forecast of the amount to be paid for the shares, Therefore, the analysis of financial statements is first presented as a questionnaire for future pro forma analysis. In addition to estimated fees, fees are the building blocks of forecasts. An analysis of current financial statements determines forecasts of future interest rates. Analyzing financial statements identifies the best information about the people with the lowest hierarchy. In order to provide a historical forecast of the forecast, typical values of ratios are documented for each period with cross-sectional differences and correlations.**

***keywords* - Financial risk, net profit, financial position, financial statements.**

I Introduction

Financial management is a financial field that deals with financial decision-makers and the tools and analyzes used to make decisions. Morals can be divided between long-term and short-term decisions and practices. The two goals of increasing corporate value are the same: ensuring that the return on capital, without taking too much financial risk, is greater than the cost of capital.

Equity investment decisions include long-term opportunities for shareholders to invest in equity or debt or to pay dividends. The short-term corporate financial results are called working capital management, and cash management is offset by current assets and short-term liabilities. Inventory and short-term loans and credits (e.g., Loans to Consumers).

Need of study

- Research is of great importance and will benefit many parties who directly or indirectly contact the company.
- The study enables us to have access to various facts of organization.
- The benefit of managing a company is that it gives you a clear view of key issues such as leverage, performance, liquidity and profitability

Objectives of the study

1) To measure the profitability of a company by using profitability ratio.
2) Evaluate the performance of the company using turnover ratios.
3) Understand the company's profitability, cash flow and performance level during this period.
4) Evaluate and analyze the various realities of a company's financial position.

Scope of study

1) Profitability ratios to study profitability position, Turnover ratios are to study trade performance.
2) For these analysis ratios, working capital requirements allow planning for the future benefits of the next five years.

Research methodology

Sources of data

Secondary data from the study was collected from published sources, such as annual report brochures, income and internal records, magazines, and the company's website.

Secondary data

The main sources of project statistics are balance sheets, profit and loss accounts for the five-year period 2014-2018, and internal and textual sources.

II Review and Literature

Analyzing ratio is a quantitative approach to understanding a company's financial statements operating performance, and profitability by comparing information in its financial statements. Rate analysis is the cornerstone of fundamental analysis.
Ratio analysis may be defined by various authors as follows:
The relation between two amount determined by the no of times one contains another- Horn by A.S et al
The indicated quotient of two mathematical expression- pandey
According to my point of view ratio analysis is Ratio analysis is the process of determining and interpreting the relationships between items in financial statements. So this method is used to calculate the ratio and analyze the financial statements.

III Data Analysis & Interpretation

1. Profitability ratio

$$\textbf{Net profit ratio} = \frac{\textbf{net profit after tax}}{\textbf{net sales}}$$

Year	Net profit after tax	Net sales	Ratio
2014	2144.47	21652.20	9.90
2015	2014.73	22936.17	8.7

2016	2370.16	23708.79	9.9
2017	2627.72	23981.43	10.9
2018	2231.28	29790.10	7.4

Interpretation

Net profitability is the measure of the efficiency of a company, which gives a limited view of a company's capabilities and profitability. The ratio in the year 2014 was 9.90 it was decreased ratio to 8.7 in the year 2015. The increase is a modest increase of 10.9 in 2017 compared to 2016. The ratio in the year 2018 ratio is 7.4.

2. Asset turnover ratio

$$\textbf{Fixed Asset turnover ratio} = \frac{\text{Net sales}}{\text{avg. Fixed assets}}$$

Year	Net sales	Fixed assets	Ratio
2014	2162.20	17913.47	1.21
2015	22936.17	23021.15	0.99
2016	23708.79	24103.10	0.98
2017	23891.43	24110.15	0.99
2018	29790.10	38684.72	0.78

Interpretation

Turnover fixed assets means efficient use of fixed assets. Lower rates result in inefficient use of all fixed assets. The year 2014 and 2015 ratios are 1.21 and 0.99 which shows it was decreased. Finally in the year, 2017 showed a significant increase over the previous year 2016 from the ratio 0.98 to the ratio of 0.99.In the year 2018 the ratio is 0.78.

3. Return on investments

(Amount in CRS)

Year	Net profit	Total investments	Ratio
2014	2144.47	17097.51	12.54
2015	2014.73	18857.68	10.68
2016	2370.16	21631.83	10.95
2017	2627.72	23941.01	10.98
2018	2231.28	25923.02	8.60

Interpretation

This is the ratio of net profit to equity funds. This ratio is usually multiplied by 100. The net profit margin decreased to 10.6 in 2016. Increased revenue from services increases net profit. Partner resources increase due to reserves and surpluses. Therefore, the current rate for the current year is 8.60, which was 10.98 in 2017 compared to the previous year

IV Findings

Net profit margin fluctuations. This increased from 9.90 to 9.99 in the year2016. The huge increase in the year 2017 the ratio is10.9. Fixed assets ratio decreased in the year 2018 from 1.21 to 0.78.

V Suggestions

Investment income fluctuates from year to year. The company should make efforts to increase return on investment by reducing management, sales and other costs. The company is making huge profits this year; Shareholders are advised to declare dividends. The company uses tangible assets, which is the key to the company's growth. The company must handle it perfectly.

VI Conclusion

The general condition of the company is in good condition. After analyzing all the ratios of UltraTech Limited Cement. It has sufficient resources to manage working capital to maintain daily transactions. The current year, in particular, is in a good position to increase last year's profits. So finally UltraTech Limited cement is maintaining a sustainable position.

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