

A STUDY ON CAPITAL BUDGETING TECHNIQUES ON ULTRA TECH CEMET

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Abstract:-

Capital budgeting procedures are utilized in each association and it assumes a significant job in settling on a suitable choice towards its assets, benefit and budgetary security of the association. Numerous progressions occurred in the association for example their apparatuses and techniques. so the association needs to gauge its development in speculation or deals. This method is utilized to build the association's advantage and till the association's exists in the market it needs to put funds into various resource or the benefit which gives exceptional yield or long term resource. The capital planning methods has a extensive range of types to figure which assists with choosing which task to be pick or acknowledged or not. Insight of this the examination has made on endeavor to discontinuity down the effectiveness of concrete parts capital planning through their fiscal summary. Capital planning additionally has a heading on the considerate situation of the endeavor predominantly due to the way that they identify with fixed resource. The fixed resource speaks to a genuine winning resource of the firm. They empower the firm to produce completed merchandise that can be at last being sold for benefits. The Capital Consumption choice has its belongings over quite a while range and inescapable influences the organization's future cost structure. The Capital speculation choice once made are not effectively reversible absent a lot of budgetary misfortune to the firm on the grounds that their might be no market for second-of – hand plant and gear and their change to different utilizations may most monetarily feasible.

Keywords:- Capital budgeting, security, assets fixed resources.

INTRODUCTION

Capital planning is the procedure that organizations use for dynamic on capital task. The capital venture goes on for longer time, generally over one year. As the undertaking is normally enormous and has significant result on the drawn out accomplishment of the business, it is critical for the business to settle on the correct choice.

The venture choice is basically how much not to expend in the present all together that more can be devoured later on. It includes the dedication of assets today in desire for more noteworthy future advantages. The ideal speculation choice amplifies the normal fulfilment (anticipated utility) picked up from utilization over the arranging skyline of the chief. We expect that every monetary choice at last diminish to inquiries regarding utilization. All the more essentially, utilization is identified with endurance. The utilization/speculation choice is essential to all divisions of the economy. A person who recoveries does so in light of the information that the normal advantage of future utilization gave by an additional measure of investment funds surpasses the advantage of utilization spending today. Corporate supervisors, going about as specialists for investors, must settle on paying out income as profits, which might be utilized for present utilization, and holding the income to put

resources into beneficial open doors that are relied upon to yield future utilization. Administrators of not-revenue driven associations attempt to augment the normal utility of benefactors – those people who give outside assets. What's more, open part supervisors attempt to amplify the normal utility of their bodies electorate.

UltraTech Cement Ltd. is the biggest producer of dim concrete, Ready Mix Concrete (RMC) and white concrete in India. It is likewise one of the main concrete makers comprehensively. UltraTech as a brand typifies 'quality', 'dependability' and 'advancement'. Together, these ascribes move architects to extend the restrictions of their creative mind to make homes, structures and structures that characterize the new India.

The organization has an introduced limit of 66 Million Tons Per Annum (MTPA) of dark concrete. UltraTech Cement has 12 coordinated plants, 1 clinkerisation plant, 17 granulating units and 7 mass terminals. Its tasks length across India, UAE, Bahrain, Bangladesh and Sri Lanka. UltraTech Cement is additionally India's biggest exporter of concrete contacting fulfill the need in nations around the Indian Ocean and the Middle East.

Vision: - "To enthusiastically contribute to the social and economic expansion of the communities in which we operate. In so doing, build a better, sustainable way of life for the weaker sections of the public and raise the country's human development index”.

Mission: - To deliver greater value to stakeholders on the four pillars of

- Sustainability
- Innovation
- Customer Centricity
- Team Empowerment

OBJECTIVES OF THE STUDY

1. To evaluate the capital budgeting practices relating to various projects of **ULTRATECH CEMENT LIMITED** Hyderabad
2. To Asses the long term requirements of funds and plan for application of internal resources and debt servicing.
3. To Assess the effectiveness of long term security decisions of **ULTRATECH CEMENT LIMITED**
4. To offer conclusion derived from the study and give suitable suggestions for the efficient utilization of capital expenditure decisions.

HYPOTHESIS

H₀ = There will be no significance difference between fixed investments and the selected internal factors (sales, profits, depreciation) are not significant.

H1 = There is significance difference between fixed investments and the selected internal factors (sales, profits, depreciation) are not significant.

METHODOLOGY

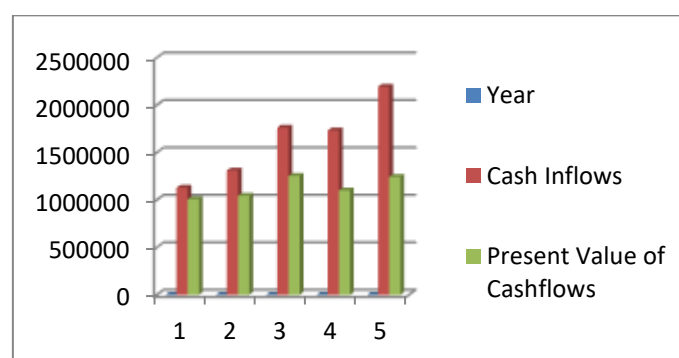
To achieve aforesaid objective the following approach has been adopted. The information for this report has been collected through the major and minor sources. It is also called as first handed information; the data is together through the observation in the organization and interview with officials. By asking question with the accounts and other persons in the financial department. A part from these some data is collected over the seminars, which were held by ULTRA TECH .The secondary data have been together through the various books, magazines, brochures & websites

DATA ANALYSIS AND INTERPRETATION

NET PRESENT VALUE:

Year	Cash Inflows	Dis. @12%	Present Value of Cashflows
1	Rs. 1.129.384.000	0,892	Rs. 1.007.410.528
2	Rs. 1.310.895.000	0,797	Rs. 1.043.986.315
3	Rs. 1.761.879.000	0,711	Rs. 1.252.695.969
4	Rs. 1.732.086.000	0,635	Rs. 1.109.874.610
5	Rs. 2.193.061.000	0,567	Rs. 1.243.465.587
	Present Value of Cash Flows		Rs. 5.647.433.010
	Less: Cash Outlay		Rs. 5.489.200.000
	Net Present Value		Rs. 158.233.010

GRAPH 1:



Interpretation:

The Net Present Value is the variance between the “Present value of cash inflows” and “Present value of cash outflows.

PROFITABILITY INDEX (P.I):

Year	Investments (In Lakhs)	Cash inflows(P.V.)	Cash Out Flows (Initial)
08-09	2,945,173.37	18180	20000
2009-10	3,130,293.17	24780	30000
2010-11	3,192,444.28	45160	60000
2011-12	3,161,183.11	54640	80000
2012-13	3,545,219.87	18630	30000
2013-14	9,115,874.00	161290	22000
2014-15	3,991,459.40	19219	33000
2015-16	4,128,114.20	11130	70000
2016-17	3,667,441.15	65420	40000
2017-18	7,338,000.00	19233	80000
2018-19	2,179,775.00	61323	60000
	Total:	498896	525000

P.V. of Cash Inflows

PI = -----

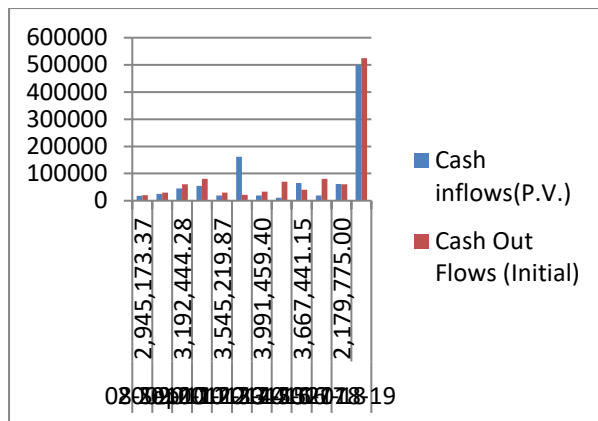
Initial Cash outlays

498896

= ----- = 0.95

525000

GRAPH 2:

**Interpretation:**

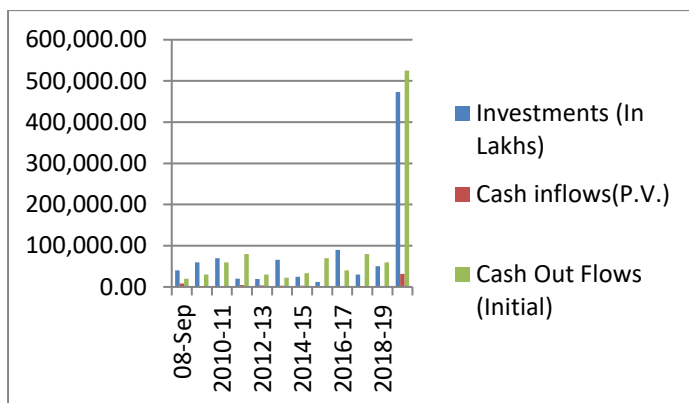
- The benefit file of present estimation of money inflows and money out streams is change from year to year in the year 08-00 the current estimation of money inflows is 18180 were as in the year 2018-19 has been expanded with 61323.
- The most elevated money inflows have been recorded in 2013-2014 as 161290 and least has been recorded as 18180 in the year 08-00.

PAY BACK PERIOD:

Year	Investments (In Lakhs)	Cash inflows(P.V.)	Cash Out Flows (Initial)
08-09	40,000.00	8000	20000
2009-10	60,000.00	1600	30000
2010-11	70,000.00	2200	60000
2011-12	20,000.00	4500	80000
2012-13	19,000.00	4000	30000
2013-14	66,000.00	3000	22000
2014-15	25,000.00	2900	33000
2015-16	12,000.00	1190	70000
2016-17	90,000.00	1600	40000
2017-18	30,000.00	1200	80000
2018-19	50,000.00	1800	60000
Total:	473,000.00	31900	525000

$$\begin{aligned}
 & \text{Initial Investments} \\
 \text{Pay Back Period} &= \frac{\text{-----}}{\text{Annual Cash inflows}} \\
 &= \frac{40,000}{\text{-----}} = 5 \text{ Years} \\
 &= \frac{8000}{\text{-----}}
 \end{aligned}$$

GRAPH 3:



Interpretation:

- a) In the Pay Back method the Investment and the case inflows are fluctuating from year to year where as in the year 08-00 it is 40000 and in the year 2018-19 is 50000.
- b) Cash inflows are in the order of growing to decreasing from 08-00 and 2018-19.

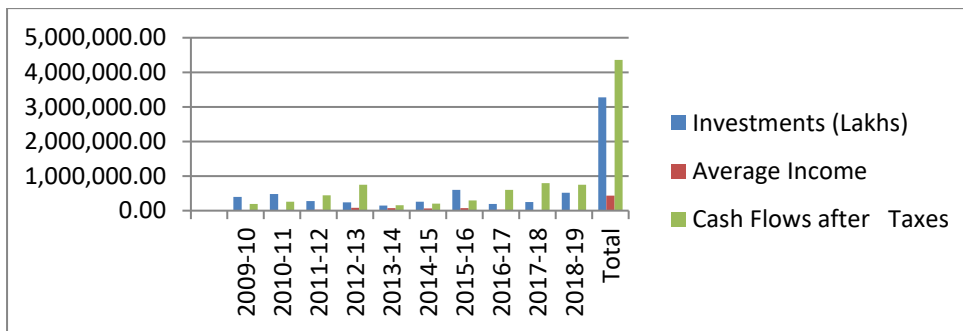
AVERAGE RATE OF RETURN:

Year	Investments (Lakhs)	Average Income (Thousands)	Cash Flows after Taxes
2009-10	400,000.00	20000	190000
2010-11	480,000.00	15000	260000
2011-12	280,000.00	28000	440000
2012-13	240,000.00	85000	750000
2013-14	150,000.00	75000	160000
2014-15	260,000.00	64000	200000
2015-16	600,000.00	78000	300000

2016-17	190,000.00	25000	600000
2017-18	250,000.00	18000	800000
2018-19	520,000.00	22000	750000
Total	3,280,000.00	430000	4360000

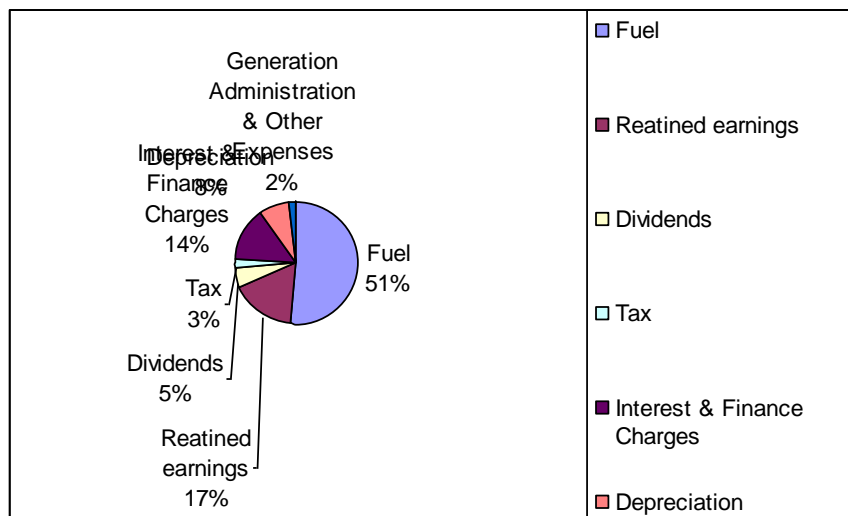
$$\begin{aligned}
 \text{ARR} &= \frac{\text{Average Income}}{\text{Average Investments}} \\
 &= \frac{20000}{400000} = 0.15\%
 \end{aligned}$$

GRAPH 4:



Interpretation:

- a) Average rate return is calculated based on Average income and Average investment where as Average income in the year 2012-13 is 20000 and investments in the year 2018-19 is 400000.
- b) The values from 2012-13 and 2018-19 are fluctuating from year to year.

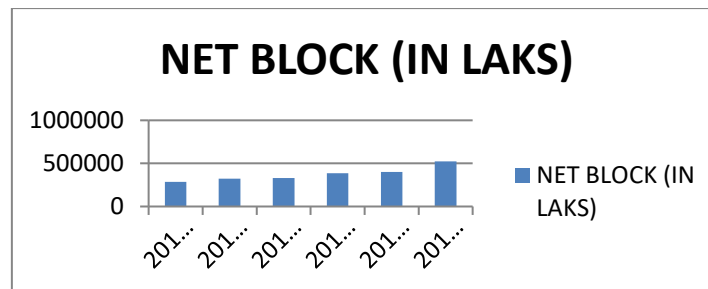
DISTRIBUTION OF REVENUE 2110-2110**Interpretations:**

- In the year 2018-19 the revenue is distributed in the form of fuel retained earnings, dividends is latest finance change, depreciation and for employees.
- Where as in the year 2018-19 it is been fluctuated the rates compare to the year 2018-19.

TABLE 7:

FY YEAR	NET BLOCK (IN LAKS)
2013-14	284738
2014-15	323173
2015-16	328916
2016-17	386196
2017-18	401281
2018-19	521761

NET BLOCK AND GROSS FIXED ASSETS



Interpretations:

1. From 2015-2016 the net block and gross immovable assets is 328916.
2. Whereas the Net Block and gross secure asset is been increased in the year 2018-19.

FINDINGS

1. The Corporate mission of **ULTRATECH CEMENT LTD** is to make available reliable and quality power in increasingly large quantities. The organization will stick head the procedure of quickened improvement of the force part by speedily arranging, actualizing power venture and working force stations financially and proficiently.
2. As in venture execution, the station kept on exceeding expectations in power age with the force station having arrived at its first objective of all out limit establishment. HYDERABAD is generating ULTRATECH CEMENT at consistently high plant load factor.
3. The organization needs the capable personalities as management to lead to organization successfully. The management makes the plans and implement of these plans. These plans are expressed in terms of long-term share decisions.
4. From the Revenue financial plan for the year 2000-2012, obviously the Actual deals (Rs. 168552.50 needs) are all the more then the planned or Estimated deals (Rs. 164217.54 needs). It is a decent sign and the general income of the spending plan demonstrate high volume over assessed.

SUGGESTIONS

1. Fuel consumption is perfectly carried out in RSTPS. And Cash from Ash effectually carry out the profession.
2. New assignments acceptance study on the basis of Return Profits. Risk is assessed while bearing in mind the new projects.
3. The special budgets are rarely used in the organization like long-term budgets, research & development budget and budget and budget for constancy.

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