

A Study of Pat and Pbt Analysis of Selected Bse B Group Companies



Commerce

KEYWORDS :

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Profile of Selected companies for the study

A B G Shipyard Ltd.

A B G Shipyard Ltd., was incorporated as Magdala International Pvt. Ltd. 15 March 1985. On 25 May 1995, the name of the Company was changed to A B G Shipyard Pvt. Ltd. 'ABG' stood for 'Agarwal Business Group'. The name was changed again on 14 June 1995, to A B G Shipyard Ltd. after the company changed its status from a private limited company to public limited company. The company's registered office is in Surat, Gujarat.

The company was promoted by Rishi Agarwal and Saket Agarwal and is part of the ABG Group. Rishi Agarwal is the company's Chairman and Saket Agarwal is one of the Directors. Ram Swaroop Nakra is the Managing Director of the company.

The company is in the business of ship building and ship repairing. It delivered its first ship in 1990 named 'Nand Hazira' to Essar Shipping Ltd. The company delivered 18 ships between 1990-94, most of which were bulk carriers and cement carriers. In 1994 the company established 'ship lift facility' in its shipyard and also entered the export market.

The company's shipyard has facilities like ship-lift facility, frame bending machine and steel processing machinery, blasting shop and fabrication shop with EOT Cranes. The company manufactures marine ships which includes bulk carriers, deck barges, interceptor boats, anchor handling supply ships, diving support ships, tugs and offshore vessels, self loading and discharging bulk cement carriers, floating cranes, articouple tugs and flotilla, split barges, newsprint carriers, offshore supply vessels, dynamic positioning ships and multi-purpose support vessels.

A B C Bearings Ltd.

A B C Bearings Ltd. was incorporated on 30 May 1961 as Antifriiction Bearings Corporation Ltd. The name of the company was changed to A B C Bearings Ltd. on 27 September 2002. The registered office of the company is located at Poonam Chambers, Dr. Annie Beasant Road, Worli in Mumbai, Maharashtra. The company is listed on both Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

A B C Bearings was promoted by Late Manubhai Ishwarbhai Patel and his sons Pradip Manubhai Patel, Sudhir Manubhai Patel and Tanuj Manubhai Patel. Pradip Manubhai Patel is the Managing Director of the company and Sudhir Manubhai Patel is the Chairman. Tanuj Manubhai Patel is Executive Director.

The company manufactures and market bearings. Products manufactured by the company includes ball bearings, cylindrical roller bearings and taper roller bearings. The company caters to the bearing requirements of various industries such as automobiles, general engineering, railways, electrical applications, pumps, fans and agricultural machinery industries. The products are exported to Bangladesh, Singapore and Sri Lanka.

20 Microns Ltd.

20 Microns Ltd. was incorporated as a private limited company on 29 June, 1987 in Vadodara, Gujarat. It became a public limited company on 17 January, 1994. The company has marketing offices in Kolkata, Mumbai, Delhi and Hyderabad. It got listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) on 6 October 2008

The main promoters of the company are Chandresh S. Parikh, Bhanubhai B. Patel, Anant K. Kamdar, Ramesh B. Patel, Rajesh

C. Parikh, Atil C. Parikh, Sudhir R. Parikh and Eriez Finance & Investment Ltd. Chandresh S. Parikh is the Chairman and Managing Director of the company, his son Rajesh C. Parikh is the Managing Director, and his other son Atil C. Parikh is the Joint Managing Director.

Five companies, Hi-tech Minerals Pvt. Ltd., Fi-Microns & Minerals Pvt. Ltd., Aric Industrial Products Pvt. Ltd., United Micron Pvt. Ltd. and Fi-Minerals Pvt. Ltd. which were floated by different promoters but guided by Chandresh S. Parikh, were later amalgamated with 20 Microns Ltd. The amalgamation process got completed between 1998 and 2002.

20 Microns started its business with production of micronised minerals. The company's first industrial unit to produce micronised minerals was set up at Waghodia, Gujarat with an annual capacity of 2,400 MT. It commenced its first commercial operations on 4 October, 1988. Since the promoters were from a paint industry background, they initially marketed their product to the paint companies and Berger Paints Ltd. was one of their very first client. Other end user industries of the company's product are textile, rubber, adhesive, paper, printing ink, cement, ceramics and agro chemicals.

The company under microionised minerals (white minerals) produces, Calcined Clay - Kaolin, Natural Talc-- Hydrated Magnesium Silicate, Micron Talc, Micron Carb Series, Micron Baryte Series, Micron Mica Series, Micron Silica Series, Micron Red Oxide Series, Hydrous Series, Micron China Clay and Silfermin. Under Speciality Chemicals, it produces, Lithomer R, Alsil-Zx, Hydrogel 70T, RIO Bent, Mag-FR/A1-FR, Basofix, Fastflow P/S, FM SIL 412, Silcoat De, Micron Lite 90. The company has a Research and Development unit in Vadadla, Gujarat engaged in diversified research activity on minerals and their application in various field.

Objective of the study

The main purpose of the study is to evaluate the PBT and PAT to income ratio of the selected BSE B group companies of India.

Methodology of the study

Source of the data

The study is based on the secondary data which are taken from the financial statements of A B G Shipyard Ltd., A B C Bearings Ltd., 20 Microns Ltd. through proweess database from 2008-09 to 2011-2012 to find out the PBT and PAT of selected companies. For more information different journals, News papers and related Websites are also taken into consideration as and when required for the study.

Hypothesis of the study

The amount of profitability Trend value of PBT as % of total income is the same.

The amount of profitability Trend value of PAT as % of total income is the same.

Techniques of Analysis

For the analysis of data various ratios relating to Profitability is considered. Moreover the simple statistical measures like mean and ANOVA Test is also applied for hypothesis testing. For that SS=Sum Of squares, D.F=Degree Of Freedom, MSS=Mean Sum of Squares, F cal=Calculated Value of F. and Ft =critical value of F ratio at 5% level, are considered and mentioned in the table to draw conclusion.

Net Operating Profit Ratio/PBT to Sales Ratio

This ratio measures the efficiency of operations of the company. This ratio is designed to give attention on the net profit margin arising from the business process before tax is deducted. This convention is to express (PBT) Profit before tax (PBT) as a percentage of sales. For the various selected companies, this ratio as % of total income stands as under:

ABG shipyard: from 2008 to 2012, 24.96, 17.41, 17.18, 12.73 and 10.4 respectively.

ABC bearings: from 2008 to 2012, 12.43, 6.75, 16.86, 18.61 and 11.45 respectively.

20 microns: from 2008 to 2012, 6.39, 1.69, 5.55, 3.78 and 5.46 respectively. (Prowess database)

From the above data, anova can be calculated as under:

Table -1 One Way ANOVA result of selected Companies

Sources of variance	SS	D.F.	M.S.	F value	F table value
BSS	381.2558	2	190.6279		
ESS	226.32	12	18.86	10.10752	3.88
TSS					

At 95% confidence level, the critical value obtained from F table is 3.88. The calculated value is 10.10 which is greater than the tabular value and falls in the rejection region. From the above analysis we can say that PBT as % of total income ratio is not the similar.

Net Profit Margin Ratio/PAT to sales ratio

This ratio shows the relationship between net profits to sales. The net profit is overall measures of a firm's ability to turn each rupee of sales into profit. It indicates the efficiency with which a business is managed.

For the various selected companies, this ratio as % of total income stands as under:

ABG shipyard: from 2008 to 2012, 16.13, 12, 11.9, 8.61 and 7.07 respectively.

ABC bearings: from 2008 to 2012, 8.12, 4.29, 11.17, 12.58 and 7.85 respectively.

20 microns: from 2008 to 2012, 3.94, 0.91, 3.98, 2.27 and 3.96 respectively. (Prowess database)

From the above data, anova can be calculated as under:

Table -2 One Way ANOVA result of selected Companies

Sources of variance	SS	D.F.	M.S.	F value	F table value
BSS	166.971	2	83.4855		
ESS	98.45	12	8.204167	10.17599	3.88
TSS					

At 95% confidence level, the critical value obtained from F table is 3.88. The calculated value is 10.17 which is greater than the tabular value and falls in the rejection region. From the above analysis we can say that PBT as % of total income ratio is not the similar.

From the above analysis we can say that PBT to income and PAT to income ratio for different selected companies is different i.e. not similar.

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