PROFITABILITY ANALYSIS OF UPSRTC: A COMPREHENSIVE STUDY

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Abstract
Profitability analysis is key to organizations ability to understand what they should focus on in future. There are many different ways to analysis profitability from backward looking trend analyses to predictive modelling of the future. The profitability analysis of the Uttar Pradesh State Road Transport Corporation (UPSRTC) is essential to assess the financial sustainability and efficiency of a critical public transportation service provider in one of India's largest states. This abstract provides an overview of the key aspects and findings of the in-depth study conducted to evaluate UPSRTC's profitability. UPSRTC plays a pivotal role in the socio-economic development of Uttar Pradesh by offering an extensive network of bus services catering to the diverse transportation needs of the state's population. However, sustaining and improving these services requires a robust understanding of the financial performance and profitability of the organization. This study employs a multi-faceted approach to analyze UPSRTC's profitability. It begins by examining the revenue streams, which primarily consist of ticket fares, concessions, and ancillary services, and then delves into the cost structure, which includes operational, maintenance, and administrative expenses. Furthermore, the analysis considers the impact of government subsidies, grants, and investments on the corporation's financial health.

KEYWORD: Profitability, Revenue, Investment, Finance, service.

Introduction
Uttar Pradesh State Road Transport Corporation (UPSRTC) is a public sector passenger road transport corporation. It is headquartered in Lucknow (U.P.). UP On 15 May 1947, Government Roadways began passenger road transport services for the first time on the route between Lucknow and Barabanki. After the Road Transport Act was passed in Parliament in 1950, the U.P. State Roadways was renamed as Uttar Pradesh State Road Transport Corporation (UPSRTC) on 1 June 1972. The corporation is divided into 20 regions to provide efficient and speedy services to urban and rural areas. In addition, each region is divided into functional units called depots. The corporation has a total   of 116 depots. Currently, the corporation operates approximately 12,194 fleets in its own state and neighbouring state.

Objective
1. To measure the profitability position of upsrtc
2. To analyse the income & expenditure pattern and its impact on the total profit of the corporation.
3. To compare the past performance of the company with the present performance.
4. To study the trend position of corporation by using the trend analysis.
5. To ascertain the overall earnings performance of corporation
6. To analyse the profitability related to equity share of corporation.

Research Methodology

Study period
This study covers a five-year period from 2015-2016 to 2019-2020. The choice of period has no meaning except for the consistent availability of data.

Source of data
The study basically uses primary and secondary data . primary data means data which is fresh collected data. Primary data mainly been collected through personal interview, surveys etc. secondary data means the data that are already available.

Generally speaking secondary data is collected by some organizations or agencies which have already been processed when the researcher utilizes secondary data; the process of secondary data collection and analysis is called desk research. Secondary data provides economy in time and cost. It is easily available and unbiased. Secondary data may either be published data or unpublished data. For this study secondary data were collected from the annual reports of the corporation and from the corporation head office.

Tools used
Several statistical methods are used in this study to examine the various objectives of the study such as:
- ➢ Ratio analysis
- ➢ Trend analysis

Limitations of the study
Like other works, this research also has its own limitations, which are
1. The study is limited to UPSRTC only.
2. The study is limited to five years only.
3. This study is limited to annual reports data.
4. The study is based on secondary data; this data has its limitations.

Data Analysis and Interpretation

Ratio Analysis
Ratio is a relationship between two figures expressed mathematically. Financial ratio provides numerical relation between two relevant financial data. Financial ratios are calculated from the Balance sheet and Profit & Loss A/c. The relationship can be either expressed as a percent on as a quotient. Ratios summarize the data for easy understanding, comparison and interpretation. The Ratio Analysis is the financial statement. It provides a yardstick to measure the relationships between the variable of figures. In work the Financial Analysis is necessary to know different angles.

Profitability Ratios:
The purpose of study and analysis of profitability ratios are to help assessing the adequacy of profits earned by the corporation and also to discover whether profitability is increasing or declining. The profitability of the firm is the net result of a large number of policies and decisions. The profitability ratios show the combined effects of liquidity, asset management and debt management on operating results. Profitability ratios are measured with reference to revenue, capital employed, total assets employed etc. The major profitability rates are as follows,

Net profit ratio
This ratio is designed to focus attention on the net profit arising from business operations before interest and tax is deducted. This conversion is to express profit after tax and interest and as a percentage of sales. This ratio measures the efficiency of operation of the corporation. The ratio is calculated as follows:

Net profit before interest and tax

Net Profit Ratio = -- x 100

Sales

Table No.1
Net profit ratio

year	Net profit	Revenue	Percent
2015-16	34.89	3386.40	1.03
2016-17	108.91	3967.48	2.74
2017-18	132.88	4462.80	2.98
2018-19	39.96	4601.38	.87
2019-20	143.92	4727.75	3.04

Source: Annual report

Inference
The above table shows that, the high net profit margin in 2018-19. It is because of high profit in the year of 2019-20, from 2015-16 the increasing trend except 2018-19. From 2015-16 and 2018-19 it shows the low not profit margin.

Table No.2
Return on investment

year	Operating profit	Capital Employed	ratio
2015-16	34.89	847.83	4.12
2016-17	108.91	976.07	11.16
2017-18	132.88	922.91	14.40
2018-19	39.96	967.91	4.13
2019-20	143.92	998.62	14.41

Source: Annual report.

Inference
The above table shows that the return on Investment ratio. In the year of 2015-16 were 4.12, in the year 2016-17 was increased to 11.16 and then increased 2017-18 to 14.40. In the year 2018-19 it was decreased 4.13 and for the last year increase to 14.41.

Table No.3, Return on Shareholder fund

year	Net profit after interest and tax	Shareholder fund	ratio
2015-16	15.90	727.86	2.18
2016-17	97.19	826.19	11.76
2017-18	122.69	876.19	14
2018-19	39.85	926.19	4.3
2019-20	142.70	963.62	14.80

Source: Annual report

Inference

The above table shows that the return on shareholders fund ratio. In the year 2015-16 are 2.18 and next year 2016-17 was increased 11.76. In the year 2017-18 was increased 14. In the year 2018-19 it was decreased 4.3. in 2019-20 was increased 14.80.

Table No.4, Table showing trend analysis

Year	Income		Profit	
	Amount	**Trend %**	**Amount**	**Trend %**
2015-16	3386.40	100	15.90	100
2016-17	3967.48	117.15	97.19	611.25
2017-18	4462.80	131.78	122.69	771.63
2018-19	4601.38	135.87	39.85	250.62
2020-21	4727.75	139.60	142.70	897.48

Source: Annual report

Inference

Table shows positive trend in the income of corporation during the five year of analysed data. Table a is also show positive trend in profit.
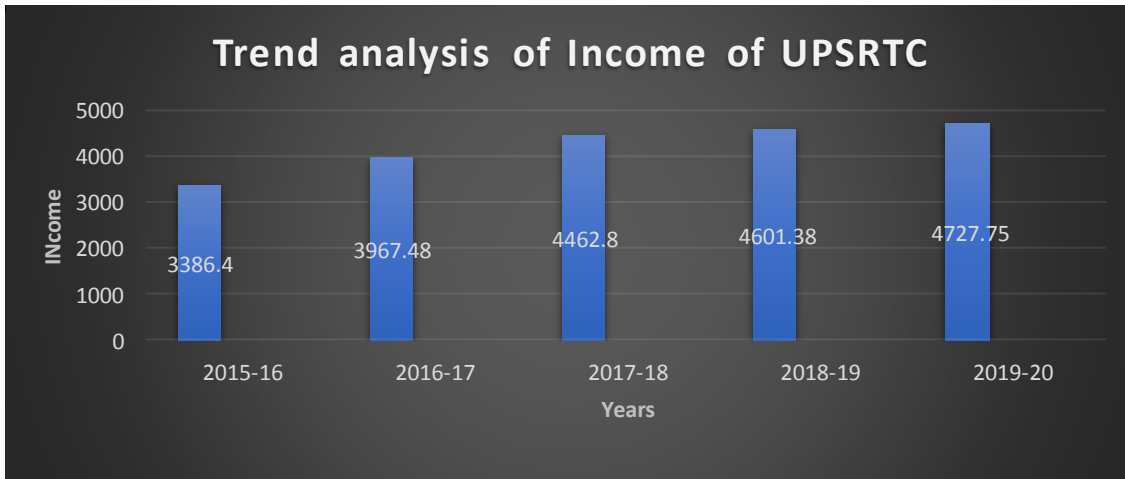
Graph No.1
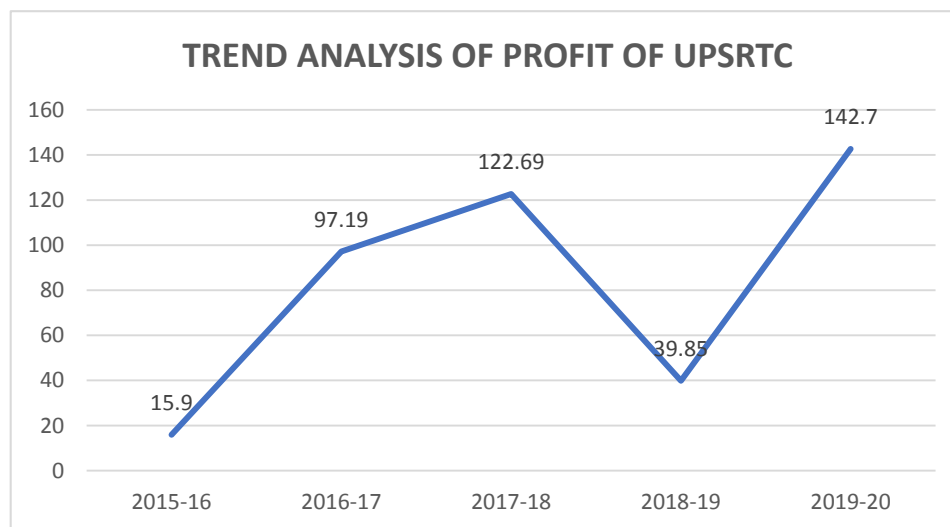
Source: Annual reports

Inference
Above graph shows that profit trend of the corporation. Graph shows positive trend in the profit of corporation except 2018-19 in the study period of article.
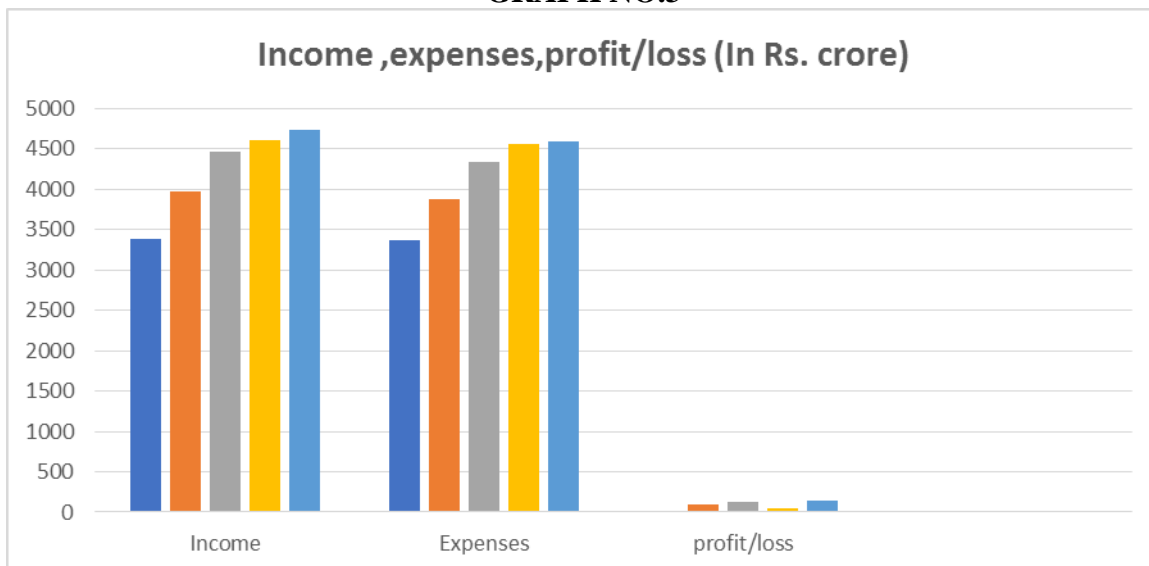
Graph No.2

Source: Annual reports

Inference
Above graph shows income trend of corporation. Graph shows positive trend of the corporation in the study period of article.

Comparative chart of income, expenses and profit/loss of UPSRTC
GRAPH NO.3

Source: Annual reports

Inference
Above Graph shows Comparative chart of income, expenses and profit/loss of corporation. Graph shows positive trend of income, expenses and profit of corporation.

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Cost Structure of UPSRTC
Table showing percentage of different expenses in UPSRTC
TABLE NO.5

year	Salaries and allowances %	Fuel %	Loose tools %	Depreciation %	Interest %	Miscellaneous %
2015-16	37.87	26.41	4.50	4.26	.56	26.37
2016-17	35.84	26.93	3.87	4.45	.30	28.58
2017-18	33.07	28.86	4.53	4.90	.23	28.37
2018-19	35.58	28.50	4.30	3.86	.002	27.72
2019-20	35.52	29.45	4.27	3.95	.02	26.75

SOURCE: Annual report

Inference
It is clear from the above table that the maximum expenditure of the corporation is on salaries and allowances. After this, the second biggest expenditure is made on fuel.

INCOME STRUCTURE OF UPSRTC
TABLE NO.6

Year	Fare %	Advertisement %	Canteens %	Auctions %	Interest %	Misc. %
2015-16	98.42	.22	.18	.12	.12	.91
2016-17	98.39	.16	.17	.21	.21	.83
2017-18	98.09	.13	.15	.38	.33	.89
2018-19	98.30	.15	.15	.30	.67	.40
2019-20	97.02	.15	.17	1.72	.48	.44

SOURCE: Annual report

Inference
It is clear from the above table that the maximum income of the corporation is from fare. Most of the income of corporation 97 to 99 percent is comes from fare collection.

Findings
1. The table no.1 shows that the return-on-Investment ratio. In the year of 2015-16 was 4.12, in the year 2016-17 was increased to 11.16 and then increased 2017-18 to 14.40. In the year 2018-19 it was decreased 4.13 and for the last year increase to 14.41.
2. The table no.2 shows that the return-on-Investment ratio. In the year of 2015-16 was 4.12, in the year 2016-17 was increased to 11.16 and then increased 2017-18 to 14.40. In the year 2018-19 it was decreased 4.13 and for the last year increase to 14.41.
3. The table no.3 shows that the return on shareholders fund ratio. In the year 2015-16 are 2.18 and next year 2016-17 was increased 11.76. in the year 2017-18 was increased 14. In the year 2018-19 it was decreased 4.3. in 2019-20 was increased 14.80.

4. Table no. 4 shows positive trend in the income of corporation during the five years of analysed data. Table a is also show positive trend in profit.
5. It is clear from the table no.5 that the maximum expenditure of the corporation is on salaries and allowances. After this, the second biggest expenditure is made on fuel.
6. It is clear from the table no.6 that the maximum income of the corporation is from fare. Most of the income of corporation 97 to 99 percept is comes from fare collection.
7. Graph no.1 shows that profit trend of the corporation. Graph shows positive trend in the profit of corporation except 2018-19 in the study period of article.
8. Graph no.2 shows income trend of corporation. Graph shows positive trend of the corporation in the study period of article.
9. Graph no.3 shows Comparative chart of income, expenses and profit/loss of corporation. Graph shows positive trend of income, expenses and profit of corporation.

Suggestions
1. U.P.S.R.T.C. is public utility concern and provides bus transport facility to the passengers. There is regular inflow of cash in the form of sale of ticket and same is disbursed under various head of expenditure. Therefore, it becomes necessary to have an efficient management of earnings in the corporation.
2. Based on the analysis, the study provides recommendations for UPSRTC to enhance its profitability while ensuring the continued provision of quality transportation services to the people of Uttar Pradesh. These recommendations encompass revenue diversification, cost control measures, and strategies for optimizing government support.
3. The profitability analysis of UPSRTC is instrumental in guiding policymakers, stakeholders, and management in making informed decisions to sustain and improve the corporation's financial health. It also serves as a valuable reference for similar public transportation organizations seeking to enhance their profitability in a dynamic and evolving landscape.
4. According to ABC analysis of cost control technique we should focus on highest contributing cost items such as salaries and allowance, fuel etc.
5. We should focus on main income source of corporation like fare and also create other source of income.

Conclusion
1. There has been continuous improvement in the productivity of the corporation in the last years, as a result of which the total income of the corporation is increasing progressively. The income received in the year 2002-03 was 812.28 crores which increased to 2529.36 crore in the year 2012-13, 3967.48 crores in 2016-17, 4462.81 crores in 2017-18, 4601.38 crores in 2018-19,4727.75 crores in 2019-20.
2. This study and analysis of profitability and financial statement gives a thorough insight to the research and how the financial statements should be analysed which will help in the improvement of profitability and liquidity of the business.
3. The study will enable the corporation to plan for future financial analysis and helps to analyse the firm's profitability over time, its ability to generate more profit. It's of responsibilities financial Manager to see that the sources of the funds are used effectively and efficiently. By considering the above suggestions that the Company will be improve and for the better management of finance in near future.

4. The study identifies the main sources of revenue for UPSRTC and evaluates their growth trends over the past few years. It also assesses the impact of changing passenger preferences, route expansions, and fare structures on revenue generation.
5. A detailed breakdown of the operational, maintenance, and administrative costs is provided, highlighting areas where cost optimization measures can be implemented to enhance profitability. The study explores the role of fuel costs, labour expenses, and fleet maintenance in shaping the financial performance of the corporation.
6. The study compares UPSRTC's financial performance with that of other state-run and private sector transportation companies operating in Uttar Pradesh, shedding light on the corporation's competitive positioning.

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