A study of Performance of construction companies in India

B. Sri Naga Akhil

Indian Institute of Technology, Kharagpur
Email: bsnakhil26@kgpian.iitkgp.ac.in

ABSTRACT

Construction industry is having significance in the country due to its contribution to Gross Domestic Product (GDP) at 8% level. It is having good potential for expansion and provides scope for employment opportunities at various levels. Ten construction companies, chosen based on growth and expertise in construction, are considered for study based on select key financials for a five year period, i.e. 2015-16 to 2019-20. Total Assets, Total Revenue and Net Profit after Tax are analyzed with period to period change in per-cent terms during the five year period under study. Total Assets increased well but corresponding increase in Total Revenue is not observed. The companies could not generate profits in proportion to the business undertaken in most of the cases which is an area of concern.

KEYWORDS

Construction Companies, Total Assets, Total Revenue.

INTRODUCTION

Construction contributes to Gross Domestic Product (GDP) of the country to the extent of 8% and may be considered as the largest industry sector in India. According to one estimate, the construction industry is valued at USD 126 Billion approximately. The construction sector has vast potential for expansion in the years to come and thus provides ample scope for bright career opportunities for civil engineers.

In this context, a brief study of 10 construction companies in India is undertaken. The companies are selected based on the growth, financial performance, expertise in construction and managerial capabilities. The value the companies gained in the industry is taken into consideration, based on the articles available from Google search, for selection of the 10 companies.

RESEARCH METHODOLOGY

The period of study is five financial years, i.e. 2015-16 to 2019-20. The key financials of the companies are collected from www.moneycontrol.com which provides the published financial statements, viz. Balance Sheet and Profit & Loss account for many companies in the country.

Total Assets which represent the size of the company, Total Revenue which represents the turnover of the company and Net Profit after Tax which represents positive financial performance of the company are selected for study as key financials. The data is analyzed for period to period change in per-cent terms during the five year period taken up for study.

The results are tabulated and shown graphically also company wise.

Study of the Performance of the Companies:

The ten companies chosen for study are listed hereunder in Table 1 in the order of Total Assets of the company as on 31st March 2020.

Table 1: Total Assets of the selected companies as on 31st March 2020

Sl.No.	Name of the Company	Total Assets as on 31st March 2020
1	Larsen & Toubro	141556.59
2	Jaiprakash Associates	38531.56
3	GMR Infrastructure	24281.52
4	Lanco Infratech	18067.96
5	NCC Limited	12770.38