

**PROJECT REPORT (17MBAPR407) ON**

**“A STUDY ON COST CONTROL AND REDUCTION AT SLN CNC  
TECH PRIVATE LIMITED”**

**BY  
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Submitted to**

**VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**



*In partial fulfillment of the requirements for the award of the degree of*  
**MASTER OF BUSINESS ADMINISTRATION**  
*Under the guidance of*

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**EXTERNAL GUIDE**

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**March 2019**



**SLN CNC TECH PVT. LTD.**

## **COMPANY CERTIFICATE**

This is to certify that **Ms. Arusha G R** USN No: **1IA17MBA09**, 2<sup>nd</sup> year MBA Program student of **Acharya Institute of Technology, Bangalore** has under taken Internship on **"A STUDY ON COST CONTROL AND REDUCTION"** from 03.01.2019 to 16.02.2019 at **SLN CNC TECH Pvt Ltd., Bangalore** as part of partial fulfillment of the requirements of MBA curriculum of 2 years full time MBA integrated course of Acharya Institute of Technology, Bangalore

During her project work we found her sincere, very attentive towards assignment. We wish her a Bright and successful carrier in all her future endeavor

Place: Bangalore

Date: 18.02.2019

  
(Manjunatha Gowda)  
Senior Manager



# ACHARYA INSTITUTE OF TECHNOLOGY

(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

**Date: 25/03/2019**

## CERTIFICATE

This is to certify that **Ms. Arusha G R** bearing **USN 11A17MBA09** is a bonafide student of Master of Business Administration course of the Institute 2017-19 batch, affiliated to Visvesvaraya Technological University, Belagavi. Project report on **"A Study on Cost Control and Reduction at SLN CNC Tech Pvt. Ltd, Bengaluru"** is prepared by her under the guidance of **Prof. Mallika B K**, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

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Signature of HOD  
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**Dr. Devarajaiah R.M.**  
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Bengaluru-107.

## DECLARATION

I, **ARUSHA G R**, hereby declare that the Project report entitled “**A STUDY OF COST CONTROL AND REDUCTION AT SLN CNC TECH PRIVATE LIMITED**” with reference to “SLN CNC TECH Private Limited” prepared by me under the guidance of **Prof. MALLIKA B. K**, faculty of M.B.A Department, Acharya Institute of Technology and external assistance by **Mr. MANJUNATHA GOWDA, Senior Manager** at SLN CNC TECH Private Limited. I also declare that this Project work is towards the partial fulfilment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of Twelve weeks. I further declare that this Project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University / Institution.

**Place: Bengaluru**  
**Date: 01/04/2019**

*Arusha G.R*  
**Signature of the student**

## ACKNOWLEDGEMENTS

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I would like to thank **Prof. Mallika B K**, Assistant Professor, Department of MBA, Acharya Institute of Technology, Bengaluru and external guide **Mr. Manjunatha Gowda**, Senior manager, SLN CNC TECH Private limited, Bengaluru, who gave me golden opportunity to do this wonderful Project in the esteemed organization, which helped me to learn various concepts.

Finally, I express my sincere thanks to my Parents, Friends and all the Staff of MBA department of AIT for their valuable suggestions in completing this Project Report.

Place: Bangalore

Arusha G R

Date:01-04-2019

11A17MBA09

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## **EXECUTIVE SUMMARY**

SLN CNC Tech Private limited company was incorporated in the year 2008. It is an AS9100C certified company. This company was promoted by energetic team members from varied background with the vision of meeting the requirements of eternally growing industrial sector where quality and time are the main key factors, they provide chance to reach a cost effective manufacturing platform. It was mainly belong to manufacturing industry, manufacturing various machines for supporting to other industries. Study of cost reduction and control in this company helps to learn practical knowledge of cost variance and cost effectiveness to the company. Cost analysis evaluating the behaviour of the cost by investigating the difference between actual and planned cost behaviour of the company, this analysis helps to control the cost of the business. Cost analysis process is made by using financial outcomes of the company for assessing and inspecting the various cost methods used by the company.

Study of cost reduction and control is undertaken with the aim of identify the overall cost of the company and assessing the cost methods of SLN CNC Tech private limited using annual cost statements and financial statements of the company. This analysis helps to reduce the cost and maximizing the profit and achieve the economies of scale in the manufacturing process. Analysis helps to make efficient and effective budgetary decisions. Modification in the government techniques and rules and regulations impacting the prices of the raw material inside the country and also imported raw materials which leads to increase in raw material cost to the company. Main aim of the cost examination is to cost control and cost reduction at SLN CNC Tech private limited. To study the various procedures adopted by the enterprise as for cost control and cost diminishment.

The collected information have been assessed with a factual instruments and techniques. To make the information adequate using tables and graphs. The examination analyse the 5 years cost information that identify the cost variances in all the activities. It is the most important part to take care of the activities and their expenditures executed in the years at SLN CNC Tech private limited.

**CHAPTER-1**  
**INTRODUCTION**

## 1.1 INTRODUCTION

Cost is essential in every walk of our lives - national, domestic and business. The study of cost control and reduction is to analyse the overhead cost to total cost. Using different types of costing methods helps to minimizing the cost of the business in order to achieve the higher profits. The function of cost management process, including the planning, coordination and control operations is a powerful tool for performing efficiently.

There are two basic types of costs that can be divided into capital costs and operating costs. The cost of capital is linked to the proposed manufacturing costs and often requires special financing. For example, operating costs, the organization's short-term goals, the company's production or business operations will move towards profit targets. There are a variety of sub-functions can be divided into departmental operating costs. Effective and efficient management planning and control is very essential to costing and cost control plans and provides a set of basic technology for control.

Cost is vital in all around of our life across the universe. A cost is utilisation of assets and attainment of objective. The working of the cost in the organisation is guided to achieving the impermanent important destination of the organisation instance, gathering profit or loss of the organisation. All the department of the cost are teaming up with diverse undertakings to diminishing the cost and control the cost. As the measurement of the enterprise helps to analyse the profit of the enterprise. For enthralling and in inclusion of solid checking arrangement and additionally control are tug critical culmination. It was very significant for decision making process of the company, study of cost reduction and control is helps to identify the total cost variance in different activities of the production process. Costs are methods for collaboration. Proposals of the main perceive are given the useful fixture. As the assignments of various division leaders are lined up at the much required for the awesomely achievement of an organization. Cost is required to ensuing to move the category attached, to work with the errands of different divisions and in addition to deal with the effectiveness of various people running at different degrees. Study was essential for the company to evaluating the various cost methods used by the company and it was the effective tool for the cost control. It helps to make various budget decisions and reduce the deviations of the budget and the business decisions are

clearly analysed. It also need for facilitating to allocating responsibilities to various departments. It helps to discern the causes for cost fluctuations and reduce the adverse variance. It plumbed the performance of the company by controlling and reducing the cost. This analysis could be modelling the cost to decision making, strategic planning and cost reduction. The business decisions are clearly analysed

## **1.2 INDUSTRY PROFILE**

India's machine tool industry is highly competitive in the world economy. These industries are well placed to manufacture all types of automotive components, including engine parts, automotive parts, electrical components, etc. The country is a key player in the global manufacturer of industrial and substantially high-end machine tools. These components are used by several other industries. Rapidly growing technologies require several components, which are key factors for success in these industries. There is a global market for spare parts, manufacturers can sell goods in the domestic market, or they can export goods abroad. The demand for auto parts in the global market should be high. The countries of India, China, Brazil and Russia are recognized as the world's most competitive exporters of machine tool components. It is also one of the fastest growing industries, with machine tool component manufacturers supplying components for both devices.

CNC parts include CNC machining of the necessary machine tool industry, in aerospace, ships, medical equipment, R & amp; d, pharmaceutical and other fields have a high demand. High precision of components involves the use of computers to control machine tools. The industry uses advanced technology to manufacture components. Many industries rely on CNC precision components to produce efficient and effective yields. These machines greatly reduce the waste of raw materials in manufacturing and help speed up the automatic assembly of components. CNC Precision parts are dedicated to space. The aerospace industry relies on CNC processing to collect and preserve aircraft and space shuttles. CNC components and components are essential for the aerospace industry. CNC parts include CNC machining of the necessary machine tool industry, in aerospace, ships, medical equipment, R & amp; d, pharmaceutical and other fields have a high demand. High precision of components involves the use of computers to control machine tools. The industry uses advanced technology to manufacture components. Many industries rely on CNC precision components to produce efficient and

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Compared with 2016-17 and 2018-19, production in the industry increased by 23% and tool exports by 22%. The Indian Machine Tool Division offers several investment prospects. Driven by demand in key user areas such as automotive and consumer durables and aerospace, the industry is moving towards increasingly sophisticated CNC machine tools. Machine tool manufacturers need to be proficient to meet this need, and investment in this area can bring long-term benefits. The Indian machine tool industry has about 1000 units in the manufacture of machine tools, accessories, subsystems and components. About 25 of them account for about 70% of turnover in large sectors, while the rest are in the SME sector of the industry. About 75% of Indian machine tool manufacturers are ISO certified. While large organizers cater to India's heavy and medium-sized industries, small-scale industries also meet the needs of adjuvants and other units in many machines.

### **1.3 COMPANY PROFILE**

SLN CNC Tech private limited company was a nongovernment company established in 2008 and registered under companies Act at registrar of companies. It is an AS9100C Certified company. Corporate identification number is U29299KA200PTC047380. Headquarter was located in Bangalore. Authorised capital of this company is Rs. 55,000,000 and paid up capital is Rs. 39,009,000. It was a manufacturer and supplier of precession components within the country and to foreign countries. Precession components are using engineering materials with maximum industry standards through their modern CNC machine facilities along with confidence to assurance of great quality fabricated assemblies. They manufacture various components by using steel, Aluminium, Magnesium alloy, bar stock stainless steel and other materials. Supplying field was Aerospace, Oil and Gas, Power Generation and Tele communication. They export components to Israel for aerospace industry.

SLN CNC Tech used innovative ideas at all stages in the organization to improve the quality and succeed in the business by deploying energetic and smartest team mentored by dynamic and experienced team. They are focussed in aluminium alloy, stainless alloy, titanium alloy, magnesium alloy.

## **COMPANY CLIENTS**

- ISRO
- HAL
- TATA
- Wipro Technologies
- Titan

## **1.4 PROMOTERS**

- Mr. Ashoka Virupaksharadhya Muddenahalli (Director)
- Mr. Boothe Gowda (Director)
- Mr. Mahalingappa (Director)
- Mr. M.L.B Gowda (Director)

## **1.5 VISION, MISSION AND QUALITY POLICY**

### **VISION**

The first choice for precision components for CNC machining for our customers.

## **MISSION**

“Growth through excellence” we believe that the path for growth and accomplishment is through achievement of superiority in every aspect of our organization. We shall reach this through continuous training, innovation, and improvement.

## **QUALITY POLICY**

We manufacture quality precision machined parts and constantly striving for efficient use of resources through compliance with legal and regulatory requirements and to enhance customer satisfaction and timely delivery of our services to improve our processes and products.

## **1.6 PRODUCT PROFILE AREAS OF OPERATION**

The products are manufactured wide range of parts with the infrastructure and combination of CNC machines and using engineering skills. Special processes like heat treatment and plating are subcontracted to specialised facilities around Bangalore.

## **PRODUCTS MANUFACTURED TO USE IN CNC MACHINE**

- POWER
- SPACER
- GUIDE
- HOUSING
- PIN
- BRACKET



## **1.7 INFRASTRUCTURE FACILITIES**

SLN CNC Tech Pvt limited having systematic infrastructure to support manufacturing activity and office activity.

### **List of machineries**

- 3 axis VMC >22 nos
- 5 axis VMC >1 nos
- Turning centre > 5 nos
- Turn mill centre with Y axis > 2 nos

### **List of metrology equipment**

- Co-ordinate measuring machine
- Video measuring systems
- Linear height master
- Surface roughness tester
- Micro meters
- Depth gauge
- Surface plates
- Vernier calipers
- Bore gauge
- Dial guauge

## **1.8 FUTURE GROWTH AND PROSPECTS**

Having hands on competency of conveying the needs of our proud customers in both large and medium scale and to meet the forthcoming market demands, SLN CNC TECH has acquired additional industrial land of 36000sq. feet, located at KIADB industrial area, Nelamangala, Bangalore.

## **1.9 COMPETITORS INFORMATION**

- Smart Technologies
- Ducom
- Shoma enterprises
- CIPET
- Government tool and training centres

## **1.10 SWOT ANALYSIS**

SWOT Analytics is a strategic planning technique for identifying business-related strengths, weaknesses, opportunities, and threats. SWOT analysis helps to assess a company's competitive position. Recognizing the internal strengths and weaknesses associated with product quality, market share and infrastructure, as well as the company's external opportunities and threats in new markets, new technologies and competition, is a non-financial preparation.

### **STRENGTHS**

- The company is QMS certified – ISO AND AS9100C
- State of art CNC machines with skilled engineers and technical team.
- The company having excellent production department with good workers.
- Company having HAAS VS-2SS machine imported from USA using as vertical machining centre.
- Company having Mazak variaxis j-500 machine using as AXIS machine.
- Products are have good quality and long durability.

### **WEAKNESS**

- Company have low capital potentiality.
- Operating cost is very high to manufacturing precision components.
- Company having less number of machines and tools.

- High turnover of employees.
- Brand positioning.

## **OPPORTUNITIES**

- They have good demand for their product in the international market.
- Opportunities to increase their export.
- To increase their market value.
- Tax doles from the government for export.
- Opportunities to get market headship position.
- Good milieu to expand their business.

## **THREATS**

- Cutting edge competition in the market.
- Share market discrepancy.
- Changing political atmosphere in the country and outside the country.
- Fastest developing technologies in the world.
- Changing market circumstances in the country and outside the country.

## 1.11 FINANCIAL STATEMENT ANALYSIS

### BALANCE SHEET OF SLN CNC TECH PRIVATE LIMITED

AS ON 31<sup>ST</sup> MARCH 2018

<b>PARTICULARS</b>	<b>31/03/2018</b>	<b>31/03/2017</b>	<b>31/03/2016</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1. Share Holders Funds</b>			
a. Share Capital	3,90,09,000	3,90,09,000	3,00,00,000
b. Reserves and Surplus	10,13,38,461	7,01,24,980	3,66,05,836
<b>2. Share Application Money</b>	50,00,000	50,00,000	2,00,00,000
<b>3. Non Current Liabilities</b>			
a. Long Term Barrowings	10,35,39,113	8,54,17,468	6,24,05,359
b. Deferred Tax Liability	83,66,398	75,11,166	68,98,317
<b>4. Current Liabilities</b>			
a. Short Term Barrowings	9,59,98,898	9,31,09,047	8,72,72,610
b. Trade Payables	42,64,772	67,09,651	50,06,533
c. Other Current Liabilities	4,49,19,555	3,18,95,011	3,60,33,612
d. Short Term Provisions	95,00,000	55,66,890	26,78,055
<b>TOTAL LIABILITIES</b>	<b>41,19,36,197</b>	<b>34,43,43,215</b>	<b>28,69,00,323</b>

<b>ASSETS</b>			
<b>1. Fixed Assets</b>	20,90,82,446	18,66,85,940	17,20,27,541
<b>2. Current Assets</b>			
a. Inventories	7,88,68,820	6,35,57,216	4,35,76,882
b. Trade Receivables	9,64,75,460	7,29,05,098	4,95,01,460
c. Cash and Bank Balances	1,21,99,923	1,57,15,610	1,22,40,058
d. Other Current Assets	1,53,09,546	54,79,349	95,54,381
<b>TOTAL ASSETS</b>	<b>41,19,36,197</b>	<b>34,43,43,215</b>	<b>28,69,00,323</b>

### **Analysis**

The analysis of financial statements mainly uses different methods to evaluate the financial situation of the Organization. Ratio analysis is a very authoritative and commonly used tool for the review and interpretation of financial statements. It clarifies the interrelationships between the figures that appear in the financial statements. Ratio analysis helps to analyse a company's past performance and assesses investors, creditors, governments, and other analysts to assess all aspects of the company's performance from the company's own assessment and interest perspective.

Ratio is simply one number expressed in terms of another number. It states mathematical affiliation between one to another number.

## 1. Current Ratio

This ratio is also called as working capital ratio, this ratio matches the current ratio of the firm to current liabilities.

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current Liabilities}}$$

YEAR	Current ratio
2016	0.88
2017	1.15
2018	0.84

### Interpretation

The current assets of the company in 2016 is lesser than the current liability but in 2017 it would be increased and is sufficient to meet the current liabilities. In 2018 current assets are less than current liabilities. The funds are not sufficient to meet the current liabilities in the year and it was not a sign of efficient financial management.

## 2. Debt Equity Ratio

The ratio endeavours to measure the relationship between long term debts and Shareholders funds. This ratio measures the qualified claims of long term creditors on the one side and owners on the others side, on the assets of the company

$$\text{Debt Equity ratio} = \frac{\text{Long term debt}}{\text{Shareholder's fund}}$$

Year	Debt Equity ratio
2016	0.94
2017	0.56
2018	0.08

### Interpretation

In 2016 the ratio is higher compare to 2017 and 2018 but the company currently having low debt equity ratio it implies a greater claim of owners on the assets of the company than the creditors. The company has less worry about the meeting its fixed obligations.

### 3. Proprietary ratio

It measures the relationship between shareholders fund and total assets.

$$\text{Proprietary ratio} = \frac{\text{Shareholder's fund}}{\text{Total assets}}$$

Year	Proprietary ratio
2016	0.23
2017	0,32
2018	0.34

### Interpretation

The financial strength of the company will be increased in continuously by one year to another. It gives protection to creditors and the long term stability of the company.

#### 4. Quick Ratio

This ratio is a more severe test of liquidity of a company than the current ratio. It shows the ability of a business to meet its instantaneous financial commitments.

$$\text{Quick ratio} = \frac{\text{Quick assets}}{\text{Quick Liabilities}}$$

Year	Quick ratio
2016	0.17
2017	0.13
2018	0.11

#### Interpretation

The company's quick ratio was continuously in decreasing by year to year, is not satisfactory because it is less than 1:1. The company cannot meet the short term liabilities out of short term assets.



**CHAPTER-2**  
**CONCEPTUAL BACKGROUND AND LITERATURE REVIEW**

## **2.1 THEORETICAL BACKGROUND OF THE STUDY**

### **COST**

The monetary cost, effort, and materials, resources, assessment is defined as, the duration, the fate of the risks and opportunities in the manufacturing of good or service. It will be the only compensation or assimilation to transfer and put the volume.

### **COST MANAGEMENT**

It is written and the budget control procedures in the industry. It is related to the handling of money of the business management is the direction behind a move. It can be done though prognosticate in support of progress in a crucial bit of business aspirations, which are designed to the cashier along with business expenses.

### **COST ACCOUNTING**

It uses quantitative and financial information to calculate the cost of production of the scientific method. Its main goal is accurate and equitable way will see the cost of production. The company is an internal reporting system. It takes cost control and after verifying the cost reduction.

### **COST CONTROL**

It's a competitive technology to control the total cost. It keeps the standard or budgeted costs actual practice costs, according to the results of the cost does not exceed the cost of predetermined goal. Cost control is a comparative analysis of actual costs with appropriate standards to facilitate performance evaluation and formulation of corrective actions. Cost control helps to keeping the expenditures under control with prescribed limits. It formulates the corrective measures to reduce and eliminate the unfavourable variance. It includes a number of procedures, it is involved in the production of the budget preparation, starting at first, after checking that the difference between the actual performance budget performance using a variety of cost variance analysis practices and difference surely deviation rectifying and identifying the reasons for the implementation of the operation.

## **BENEFITS OF COST CONTROL**

- The main goal of a cost control system to control costs in excess of the limit are not standard costs.
- It is the lowest attainable cost from the existing situation to connect to the search.
- The company achieved profitability and competitiveness in the business.
- It helps the Organization to reduce costs and thus can reduce product prices. If a product is priced higher sales to economic.

## **COST REDUCTION**

The quality of the products are produced without compromise is the process of reducing the cost of the goods. Cost reduction is the permanent reduction of the unit cost of goods manufactured without impairing the suitability for the use intended. It is a major capacity to diminishing the expenditure of the company. It is the achievement of a permanent reduction in the reality of the cost. It is a systematic and correction technology used to save money. It is a standard improvement and it is a standard challenge. It is an ongoing process and can be used for any activity concern. The company the optimal utilization of resources, internal and external economic integration, when you create a cost-saving process will be successful.

## **COST REDUCTION TECHNIQUES**

### **1. Organisation and Methods**

It is a systematic examination of activity on the effective use of resources, it will allow for the improvement of administrative tasks. It includes activities are:

- Organisation analysis
- Activity analysis
- Information analysis
- Form design

## **2. Material Handling**

There are a lot of materials used in the manufacturing process to produce the necessary data will be moved from one step to another step. Another one is used in the production methods and materials handling one of the material flow in the production is done by two ways.

## **3. Automation**

Auto-tech production will be used to reduce human interaction to help. Is the use of an automatic control and machine control, It is the lack of skilled human resources to improve the quality of the product, and is used to reduce costs. Measurement, control and data processing unit.

## **4. Value Analysis**

It reduces the reliability of quality and related products without identification and elimination of unnecessary costs. It is an analysis of the value of the product and its components and materials and production-related cost of production. It is made using a reduction in the cost of the value of the product.

## **5. Production Control**

The goal of reducing the cost of production under the control of men with an array of machines, materials and to change from the right at a lower cost to produce a quality product.

## **6. Quality Control**

It is the quality of the products manufactured by selecting all products sampled and automatic control. It is of low quality and will identify the defective product.

## **Importance of the Cost Reduction**

- It increases the efficiency of the Organization's management performance.
- It helps to define the nature of the costs.
- It helps to set the Products at a reasonable and competitive price.
- It's an industry that helps to increase market share.
- It increases the return from the business.

## **Advantages of Cost Management**

- It is a common way of business expenses to help you achieve a specific cost management.
- One can imagine, the costs and the costs of the future representative on how to work towards living.
- Predefined costs can be maintained as documents for the business.
- It is to get critical benefits that can help you progress and the movement of business enterprises to achieve goals and targets.
- It is part of the business to try to make sure that you are spending more than expected.
- It is part of the response, such as the costs associated with the procurement review about making will help you in the business of placing

## **2.2 LITERATURE REVIEW**

### **1. “IMPROVING PROJECT COST MANAGEMENT PRACTICE AND PROFITABILITY OF DOMESTIC CONTRACTORS” BY DIXIT PATEL (2018).**

Cost estimating and cost budget identified a suitable cost control techniques. Cost management in all projects and business success and business performance for the most important features are generally distributed in the cost and budget. There are many causes of the multifaceted interrelationships and big data it cannot be used effectively. In any business, you must focus on cost management. Its shortcomings, the current practice indicates the limits of the costs relating to management practices. Cost management to improve the projects expected recommendations need to be profitable with goals.

**2. “IMPACT OF COST CONTROL TECHNIQUES ON COST OVERRUNS” BY S. N MALKANTHI, A.G.D PREMALAR AND R.K.P.C.B MUDALIGE (2017).**

The study cost overruns, cost-control techniques, including the impact on the budget. It cost overruns with the profit of the business less is best in many industries. Therefore, it's very important to be aware of the cost and cost overruns technical control and its impact in recognizing. This study uses a survey with the contractor to analyse quantitative data consumption ratio translates into assessing the score value analysis of repeated use and cost overruns condensation outcome budget and overheads in order to protect the expected profit decline in cost control practices in their eyes. This study is inspired on the cost control technology in practice.

**3. “ANALYSIS OF COST CONTROL MECHANISM” BY RASHMI M.J AND DR. M.S YATHISH CHANDRA (2017).**

The study examined the cost effectiveness, profitability, cost control systems compared to the difference between actual and standard costs effective. Business expansion and profit in today's cut-throat competition from strong persuasion focussed as the yardstick. Active cost control mechanisms into the system deserve to achieve their desired results. Cost control tools target idle inventory, rework, scrap, and how to manufacture the product falling over. Therefore, the cost-control mechanism in the study acknowledged that a good view. The study was based on the cost of the sheet elements, the cost of doing business in the production of full-cost analysis of the impact of the analysis for the overall performance of the business standard and actual cost variance between the forms. The difference between cost and actual cost a considerable amount of research and testing budget exposure and cost control mechanisms has flourished from conquering it.

**4. “EFFECT OF COST CONTROL AND COST REDUCTION TECHNIQUES IN ORGANIZATIONAL PERFORMANCE” BY LAWAL BABATUNDE AKEEM (2017).**

This study is a cost impact performance, profit and expense budget is included in the price. The main purpose in your organization to maximize profit, but they are faced with a major rise in the cost of the process of suppression. Upsurges and cost control and production, for cost

savings as well as complicated for many organizations to limit the cost of systematic knowledge lead. Research objectives censoriously inspection company at the request of cost control and cost performance of assessment and also an effective cost control and cost reduction as a tool to review your budget. Descriptive research is applied and smearing the appropriate survey and statistical tools started by data through the analysis of the collected data. Cost control technology has a positive impact on your organization.

#### **5. “COST ESTIMATING IMPROVEMENT INITIATIVE” BY JOHN ROCCANOVA (2017).**

This study involves cost estimation, investigate best practices for cost approximating includes enhanced methods for defining both capital and support costs. Capital costs contains the cost construction and support cost contains preproduction costs for such chores as design and surveying as well as maintenance cost whole life cycle of the facility. Evolving better methods of cost reckoning is essential to objective addressing the essentials of the management.

#### **6. “COST CONTROL AND ITS ROLE IN CONTROLLING COMPANY OPERATION” BY EDWARD AND NOWALK (2016).**

Research overview of the subsystem, instrument incudes in cost control and assigned to each category of position. Research on cost control and organization management duties he provides a model of the application. The desired qualities of a goal-oriented cost management company is mentioned as part of the operating management subsystem. Correlation between different subsystems in the framework for a wide range of corporate control system cost management. Cost control, assigned to each sector through the following overview of the mechanisms in the areas of strategic and operational cost control. On one side, and on the other side of the cost-control, cost accounting and cost management will include the examination of the correlation between. Cost management is an important development of the company operations are an important concept in modern management accounting.

**7. “THE USE OF COSTING METHODS IN LEAN MANUFACTURING INDUSTRIES” BY MEDEIROS H S (2016).**

The company is expanding the traditional accounting system would encourage the need for. When it comes to waste the goodwill accounting under a denial motivated lean not system, such as by the organization. In the end, the traditional costing system is theoretically not ready to lean production model to work from proficiently. Therefore, the goal of this study, the degree of integration of the way costing estimates. How these methods to witness the reality of enterprise integrated manufacturing model. Study on qualitative and quantitative access to import the resulting data in the imagination to develop methods of classifying production order censoriously. As a result, all but costing methods are applied, this is usually the cost is proportional to the traditional cost system analysis, the theory of identification only

**8. “COST OF PRODUCTION METHODOLOGIES” BY PAVEL CIANIAN, SERGIO GOMEZ Y PALOMA, JACQUES DELINCE AND EUROPEAN COMMISSION (2015).**

Allocation techniques, including research, production of the rating factors is a major impact on the competitiveness of the business. There are numerous dimensions and is made in accordance with the classification of the cost of production methodology, the research cost in the cost of certain business activities terms categorises traceable depending on whether or not. Indirect costs, costs that cannot be directly traced to conveniently. Consider the distinction is made between the cost of the cash cost of noncash financial terms. The cost of the actual costs incurred in relation to whether or not an explicit cost and implicit cost was.

**9. “MANUFACTURING PROCESS CONTROL IMPROVEMENT USING QUALITY SYSTEM BASICS” BY P VINOTH KUMAR, SIVANANDADEVI (2014).**

This study is in the process of manufacturing differences, a research tool designed to minimize the quality parameters. System tools to prevent a change in the manufacturing process, the company has been designed to reduce the cost of defects and warranty. A tool for creating basic or basic and solid quality. To minimize the changes and improve the internal rate and to reduce the external customer defects. A good strategy will help to reduce the cost to the company.



**10. “AN ANALYSIS OF COST MANAGEMENT STRATEGIES” BY BENVIOLENT CHIGARA, TIRIVAVI MOYO AND FUNGAI HAMILTON MUDZENGERERE (2013).**

In the manufacturing industry is a major consumer of capital properties in quality, enormosity, involvedness and the nature of the work it performs. While the civilizing interesting characteristics still remains a strong challenge to the plaster manufacturing industry around the world. In addition to the developments made to develop devices for controlling project cost study of perpendicular to the world reveal that industrial projects are unlikely to be completed within budget. However, this background is considered harmful for the industry, whose capital ingesting is difficult and connected over spell devastating financial value to the investor. This study sightings cost management strategies dealing with Business and researched the randomness in the processing cost of the project. Previous research design was hired makes use of questionnaires and interviews to collect data from selected manufacturers. Unlike the cost management system in place, contractors admit that suffering cost overruns in its projects.

**11. “MATERIAL FLOW COST ACCOUNTING” BY SCHMIDT A AND GOTZE U (2013).**

Evaluation of the material and energy flow with Transparency materials and increased energy efficiency are prerequisites for effective. This has been developed in recent years at the expense of material flow for DIN EN ISO and elaborated. This research has potential and IT is possible to discuss the details of the tool material flow cost accounting for IT support.

**12. “AN EVALUATION OF BUDGETING AND BUDGETARY CONTROL BY SIMON ONOWA OWIZY (2012)”.**

Budget and budget control, management and future capability level and puts down to achieve both. The arrest occurred over whether or not to treat the draft action plans. This research is how the cost budget and budget performance control location of business property. Depends on computing power, the goal of a complete budget system. This research work closely at the simple correlation technology. Again, take advantage of the high capacity point to move from slinking the performance level budget control system.

**13. “TARGET COSTING: REVIEW OF EMPIRICAL STUDIES IN THE AUTOMOTIVE SECTOR” BY HELENA REIS MENDES AND MARIA JOAO MACHADO (2012).**

The objective of this study was equal the standing theory of target costing with the practices described by pragmatic studies previously completed in the business. Identify the specific purpose to evaluate whether the features of target costing, identified by the theory, reported by the empirical studies already performed are in the line. Data collection was completed using a review of empirical readings apropos this topic in automotive companies. The collected data will tolerate us to conclude that none of the companies surveyed reports the practise of the target costing model with the six features of the theory with it. .

**14. THE ASSOCIATION BETWEEN STRATEGIC COST MANAGEMENT AND ENTERPRISE RISK MANAGEMENT: A CRITICAL LITERATURE REVIEW by MOHAMED ELSAYED, ANANDA WICKRAMAINGHE, MARWA ABDEL RAZIK (2011).**

Review literature and strategic cost management (SCM) and enterprise risk management (ERM) the presentation of the SCM and serious and appropriate well progressions, especially top management, the system quickly business for a substantial business in a world of constant and consistent business turn around At the time of the crisis and disorder, and topical. The study of the strategic cost management and re-enter and enterprise risk management Scientist reviews. This proposal was developed in the review; SCM, companies are more likely to adopt an approach to ERM, audit type and notification well and confident relationship between SCM, and company size and have a positive relationship between SCM Association.

**15. “ACTIVITY-BASED COSTING (ABC) AND ACTIVITY BASED MANAGEMENT (ABM) IMPLEMENTATION – IS THIS THE SOLUTION FOR ORGANIZATIONS TO GAIN PROFITABILITY?” BY YILDIKO REKA CARDOS AND STEFAN PETE (2011).**

ABC/ABM systems, the study of traditional management accounting system in modern times, occur the misleading cost business environment also ABC/ABM, often moving treatment requests. This activity-based costing (ABC) and activity-based management (ABM), upgraded competitiveness and productivity in all of the Organization's emblem. Company ABC/ABM system a ploy because it approved more objects, analysis of financial and non-financial costs of overhead objects, and assign the cost of dealing with a sketch of a useful loftier managers and management accountants to practice making decisions.

**16. “THE ROLE OF COST INFORMATION IN DECISION MAKING” BY DAN TOPOR (2010).**

The information derived from the study of management accounting development and represents a new decision on the basis of how the impact and thus better understand the relationship between accounting and information management. For example, the mining industry and using information from case studies to demonstrate the efficiency of decision making, the management cost accounting and operating control of the production process.

**17. “PRODUCT COST ANALYSIS DURING PRE DEVELOPMENT” BY FRANK BESCHERER (2010).**

With competitive pricing and outstanding features and quality is essential for target cost innovation. Non-competitive cost and failure factors, product cost innovation and the consequences of it are. Help to reduce the cost of future products, and then modify the decision prior to alternatives of lock-in costs. It is a gap in the scope of this paper is seen as important activities given predevelopment, importance, high-innovation at stake failure risk amount of product cost analysis and literature. Thought is the purpose of the study, classification and cost information collection and analysis to reason, to learn how to describe the development of new products, it is done in a way.

**18. “COST MANAGEMENT AND COST BEHAVIOUR IN MANUFACTURING ENTERPRISES – PRELIMINARY RESEARCH” BY PETER NOVAK (2008).**

The cost of change within this research project and cost management system in quantitative research presents a test about the dictionary of fallouts. The main purpose and the results next week from a wide variety of manufacturing companies with regard to understanding the behaviour as well as the cost of cost management at the level of the is to familiarize yourself with the site-wide search results for:. Research analysis of overhead cost control, universal and unilateral act with an emphasis an array of cost management attitude existing theory. Research methodology of the present thriving practice. The analysis was done in accordance with the hypothesis of a certain field cost management.

**19. “A LITERATURE REVIEW OF LONG RUN MARGINAL COST PRICING AND LONG RUN INCREMENTAL COST PRICING BY H Y HENG (2007)”.**

The industry has a variety of newly demarcated industrial function was combined with individual companies. The signs because of the competition, was introduced in the Netherlands. Test a long run cost price behind the literature they stimulate economic efficiency measurements gradually preferred practices.

**20. “COSTING SUPPORT AND COST CONTROL IN MANUFACTURING” BY F A VAN VUGHT (2002).**

The cost of this research in the field of control of costs in manufacturing. The research was supported by the Ministry of Economic Affairs Dutch IOP study as part of the program focuses on manufacturing in the framework of the research programme has been performed. Product development cycle while engineering work includes many decisions. The decision to dispose of the product, product production and products. There are several standards, such as the technical constraints, the decision was based on cost but also important criteria. The decision should be able to use the cost based on the estimated cost of the system, you must create the required cost information. The cost of this research in the field of control of costs in manufacturing.

**CHAPTER-3**  
**RESEARCH DESIGN**

## **TITLE OF THE STUDY**

“A STUDY ON COST CONTROL AND REDUCTION AT SLN CNC TECH PRIVATE LIMITED”

### **3.1 STATEMENT OF THE PROBLEM**

Ineffective cost management and cost control methods lead to the rise of the cost. Henceforth the study of cost control and reduction was carried out in SLN CNC TECH Private Limited to know the cost of manufacturing precision components and their production methods, to identify the techniques or methods to control and reduce costs for the production of precision components.

This exploration of the motivation behind the manufacturing organization of business, taking advantage of the SLN CNC running through cost control can reduce the cost of the method.

### **3.2 NEED FOR THE STUDY**

SLN CNC TECH Private Limited cannot be overestimated the cost reduction program. If that lose money, essential to increase profits or must become more competitive need to cut spending in order to succeed. Knowing how to implement effective cost reduction strategies can be the determining factor in the survival of a company.

When a company needs to generate more money as soon as possible, management will have to decide what costs can be reduced more effectively. If the reduction is needed quickly, cut previous fees will normally be those who aren't directly linked to production or not fixed. It is not a good idea to drastically reduce expenditures which produce the company product or service without a careful assessment.

If SLN CNC TECH private limited understands the importance of cost reduction as a tool to increase profitability, the company will have a much better chance to remain profitable no matter what stage of the economic cycle is underway. This is because cost reduction is an effective tool which can be adapted to the needs of the company. Expenditure management is

just as important as revenue management. Strategies for managing costs and practices, trying to break down the current problem of the SLN CNC TECH PVT limited.

### **3.3 OBJECTIVES**

- To determine and analyse the components of cost with that of the total cost.
- To analyse the profits of the company based on the sales.
- To make the material frame work of cost control and reduction analysis.
- To examine the cost effectiveness and performance efficiency of the company.
- To analyse the effective cost control system which in turns affects the profits.

### **3.4 SCOPE OF THE STUDY**

The research study was conducted in SLN CNC TECH Private limited and the scope of the study is limited to the Finance Department with the information of the company. The data used related to the cost sheet of the company. Cost sheet of the SLN CNC TECH Private Limited was used to analyse the variation of the profit and cost. Identifying the percentage of variations happening in cost and profit using past 5 years cost sheet. Some techniques of cost reduction helps to reduce the manufacturing cost of the company.

### **3.5 RESEARCH METHODOLOGY**

In the study of cost control and reduction, analytical research design is used. In the study company past data are used to analyse and interpret the cost control and reduction. The required data collected from the company and the collected data should be analysed through various calculations based on the study.

## **DATA COLLECTION METHOD**

The two information gathering can be a specific primary and secondary data.

### **PRIMARY DATA**

The primary data is collected by interacting with the finance manager, operation head, Employees of production department and other executives at the administrative office of the company.

### **SECONDARY DATA**

All of the secondary data used for the study was extracted from the annual reports, manuals, and other documents of the company.

## **3.6 HYPOTHESIS**

H0: The change of Total cost is not dependent on the change of overheads.

H1: The change of Total cost is dependent on the change of overheads.

## **3.7 LIMITATIONS**

- Cost control cannot reduce the managerial function in a formula. It's only a direction.
- A tool that increases the effectiveness of the management control.
- Can't strive to exceed beyond the objectives of cost performance.
- Frequent changes may be required for the costs because of the first industrial climate change.
- The study is the limited up to the date and information provided by SLN CNC TECH Private Limited and its annual reports.



## **CHAPTER-4**

### **DATA ANALYSIS AND INTERPRETATION**

**TABLE NO. 4.1. COST SHEET ANALYSIS OF SLN CNC TECH PRIVATE LIMITED  
FOR THE YEAR 2017-18**

<b>PARTICULARS</b>	<b>2017-18</b>	<b>TOTAL</b>
Opening stock of raw materials	2,75,76,240	
(Add) purchases	7,69,07,552	
(Less) closing stock of raw material	3,20,60,530	
Cost of materials consumed		7,24,23,262
Freight charges		5,92,649
<b>PRIME COST</b>		<b>7,30,15,911</b>
<b>FACTORY OVERHEADS</b>		
Rent	5,25,680	
Power charges	44,31,774	
Wages and payments	1,94,96,451	
Repairs and maintenance	34,11,191	
Depreciation	2,79,86,190	
<b>Total factory overheads</b>		<b>5,58,51,286</b>
<b>FACTORY COST</b>		<b>12,88,67,197</b>
<b>OFFICE AND ADMINISTRATION OVERHEADS</b>		
Employee benefit expenses	39,90,095	
Postage and telephone charges	1,63,571	

Service charges	4,51,336	
Legal and professional consultancy	55,300	
Printing and stationary	1,52,344	
Research and development expenses	1,56,34,665	
General insurance	9,57,958	
AS and ISO certification fee	50,000	
Rates and taxes	21,442	
Payment to auditors	25,000	
Vehicle insurance	46,332	
Hire charges paid	10,02,000	
<b>Total office and administration cost</b>		<b>2,25,50,043</b>
<b>COST OF PRODUCTION</b>		<b>15,14,17,240</b>
<b>SELLING OVERHEADS</b>		
Travelling and conveyance	19,26,553	
Discount	7,24,812	
Labour charges paid	95,67,335	
Transportation charges	8,46,223	
Advertisement	2,14,522	
Promotion expenses	1,24,336	

Water charges	1,48,653	
<b>Total selling overheads</b>		<b>1,35,52,434</b>
<b>TOTAL COST</b>		<b>16,49,69,674</b>
<b>PROFIT</b>		<b>8,67,27,014</b>
<b>SALES</b>		<b>25,16,96,688</b>

### **Analysis**

In the table, it clearly indicates that the total cost is divided into main costs, including the purchase of raw materials, the opening and closing of inventory in the department, i.e. Rs. 7,30,15,911, factory overheads are generated by increasing all directly related costs. Production activities include rental, electricity, wages and payments, repairs and maintenance, Rs. 5,58,51,286 and office overheads of Rs. 2, 25, 543, of which employee benefit costs, postage and telephone charges, service charges, legal and professional advice, printing and stationery, research and development costs, general insurance, as and is o certification fees, rates and taxes, paid to auditors, vehicle insurance is achieved by increasing all costs, rather than directly related to rent, rates, wages, print, stationery and postage. The indirect cost of sales and distribution is Rs. 1,35,52,434, which is achieved by summing up all the costs associated with sales such as Travelling and conveyance, Discount , Labour charges paid, Transportation charges, Advertisement, Promotion expenses.

**GRAPH NO.4.1. GRAPH SHOWING COST ANALYSIS FOR THE 2017-18**



**Interpretation**

In the chart, it clearly indicates the total cost, sales and profits. Sale was Rs.25, 16, 96, 688 and total cost Rs. 16,49,69,674, which was 65.54% of sales and profit is Rs. 8,67,27,014, which was 34.46% of sales. This year, the company increased its sales in almost Rs. 4,00,00,000 because there was an increase in sales the company obtained high profits. As sales increased, at the same time also increased cost. Overall, the company could make good profit comparing to rest for years.

**TABLE NO.4.2. COST SHEET ANALYSIS OF SLN CNC TECH PRIVATE  
LIMITED FOR THE YEAR 2016-17**

<b>PARTICULARS</b>	<b>2016-17</b>	<b>TOTAL</b>
Opening stock of raw materials	2,02,58,630	
(Add) purchases	6,97,66,794	
(Less) closing stock of raw material	2,75,76,240	
Cost of materials consumed		6,24,49,184
Freight charges		5,32,734
<b>PRIME COST</b>		<b>6,29,81,918</b>
<b>FACTORY OVERHEADS</b>		
Rent	22,98,600	
Power charges	36,48,259	
Wages and payments	1,89,77,961	
Repairs and maintenance	25,56,302	
Depreciation	2,70,45,575	
<b>Total factory overheads</b>		<b>5,45,26,967</b>
<b>FACTORY COST</b>		<b>11,75,08,885</b>
<b>OFFICE AND ADMINISTRATION OVERHEADS</b>		
Employee benefit expenses	39,90,095	

Postage and telephone charges	3,69,625	
Service charges	3,71,756	
Legal and professional consultancy	48,750	
Printing and stationary	3,39,538	
General insurance	5,42,038	
AS and ISO certification fee	1,95,675	
Rates and taxes	43,494	
Payment to auditors	25,000	
Vehicle insurance	23,424	
Hire charges paid	2,87,452	
<b>Total office and administration cost</b>		<b>62,36,847</b>
<b>COST OF PRODUCTION</b>		<b>12,37,45,732</b>
<b>SELLING OVERHEADS</b>		
Travelling and conveyance	21,03,150	
Discount	13,53,318	
Labour charges paid	1,26,27,344	
Transportation charges	12,46,832	
Advertisement	1,97,944	
Promotion expenses	81,014	

Water charges	90,443	
<b>Total selling overheads</b>		<b>1,77,00,045</b>
<b>TOTAL COST</b>		<b>14,14,45,777</b>
<b>PROFIT</b>		<b>6,87,19,936</b>
<b>SALES</b>		<b>21,01,65,713</b>

### **Analysis**

From the table, it clearly indicates that the total cost is divided into the main costs, including the purchase of raw materials, the opening and closing of inventories, that is Rs. 6, 29, 81,918 at the end of the year, factory overheads are generated by increasing all costs. Directly related costs. Production activities include rental, electricity, wages and payments, repairs and maintenance is Rs. 5,45,26,967 and Rs. 62,36,847 for office overheads, of which employee benefit costs, postage and telephone charges, service charges, legal and professional fee advice, printing and stationery costs, general insurance, AS certification fees, rates and taxes, paid to auditors, vehicle insurance is achieved through an increase in all costs, rather than stationery and postage directly related to rent, rates, wages, printing. The indirect cost of sales and distribution is Rs.1,77,00,045, which is achieved by aggregating all costs associated with sales, such as travel and transportation charges, Discount, Labour charges, Advertisement, Promotion expenses and Water charges.



**GRAPH NO.4.2. GRAPH SHOWING COST ANALYSIS FOR THE YEAR 2016-17**



### **Interpretation**

On the chart, it clearly indicate the total cost, sales and profits. Sales was Rs. 21,01,65,713 and total cost Rs. 14,14,45,777 which was 67.3% sales and profits were Rs. 6,87,19,936 which was 32.7% of sales. The cost of the year has decreased, but profits increased. In order to increase the profit of the firm must try to reduce the cost, the company tried it reach to the maximum.

**TABLE NO. 4.3. COST SHEET ANALYSIS OF SLN CNC TECH PRIVATE LIMITED  
FOR THE YEAR 2015-16**

<b>PARTICULARS</b>	<b>2015-16</b>	<b>TOTAL</b>
Opening stock of raw materials	1,95,26,330	
(Add) purchases	6,50,02,474	
(Less) closing stock of raw material	2,02,58,630	
Cost of materials consumed		6,42,70,174
Freight charges		13,47,366
<b>PRIME COST</b>		<b>6,56,17,540</b>
<b>FACTORY OVERHEADS</b>		
Rent	22,50,000	
Power charges	30,64,486	
Wages and payments	1,79,61,044	
Repairs and maintenance	15,40,773	
Depreciation	1,39,88,478	
<b>Total factory overheads</b>		<b>3,88,04,781</b>
<b>Factory cost</b>		<b>10,44,22,321</b>

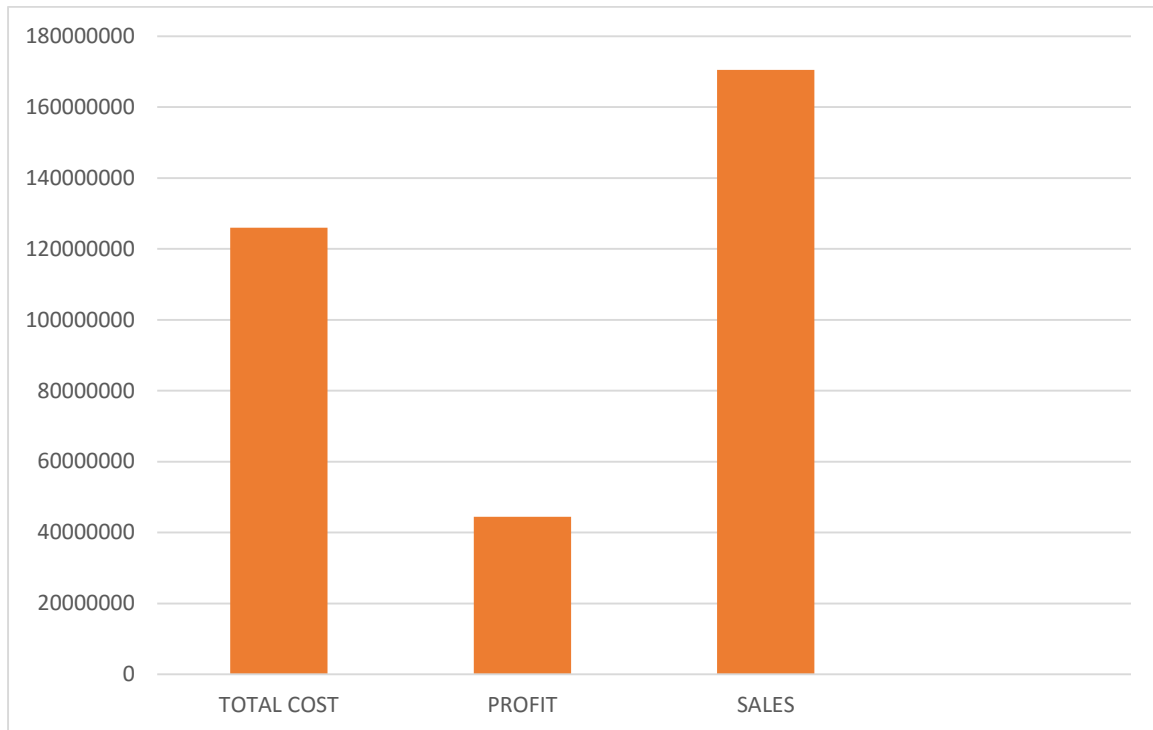
<b>OFFICE AND ADMINISTRATION OVERHEADS</b>		
Employee benefit expenses	37,06,835	
Postage and telephone charges	2,33,902	
Service charges	1,26,165	
Legal and professional consultancy	1,14,625	
Printing and stationary	1,66,192	
General insurance	3,74,563	
AS and ISO certification fee	69,044	
Uniforms	76,233	
Payment to auditors	25,000	
Vehicle insurance	21,923	
<b>Total office and administration cost</b>		<b>49,14,482</b>
<b>COST OF PRODUCTION</b>		<b>10,93,36,803</b>
<b>SELLING OVERHEADS</b>		
Travelling and conveyance	6,19,889	
Discount	79,312	
Labour charges paid	1,49,83,217	

Transportation charges	5,31,452	
Advertisement	2,52,199	
Promotion expenses	1,23,555	
Water charges	67,283	
<b>Total selling overheads</b>		<b>1,66,56,907</b>
<b>TOTAL COST</b>		<b>12,59,93,710</b>
<b>PROFIT</b>		<b>4,44,63,921</b>
<b>SALES</b>		<b>17,04,57,631</b>

### Analysis

On the table, it says that total cost is divided. It is divided as first cost which includes purchasing, inventory opening and closing stock of raw materials, transport to the Interior and similar which is Rs. 6,56,17,540, General fresh plant is generated by adding any fees that are directly related to the production activity. This includes the power, fuel, costs of post, repairs, maintenance, consumption of stores is Rs. 3,88,04,781 and General Office is Rs. 49,14,482, which is obtained by adding all fees that are not directly related to production as the rent, rates, salary, printing, stationery, postage. General sales and distribution fee is RS. 1,66,56,907, which is realized in sum all expenses related to selling only as costs of packaging, transport and promotion activities to the outside.

**GRAPH NO.4.3. GRAPH SHOWING COST ANALYSIS FOR THE YEAR 2015-16**



### **Interpretation**

In the table, it illustrates clearly indicate the total cost, sales, and net profit is incurred. Sales for the year was Rs. 17,04,57,631 and cost Rs. 12,59,93,710 which is 73,91% of sales and profit is Rs, 4,44,63,921 which is 26.09% of sales. The total costs in last year as profit declined. In order to increase the profit while the company must try to reduce the cost, the company tried it reach to the maximum.

**TABLE NO.4.4. COST SHEET ANALYSIS OF SLN CNC TECH PRIVATE LIMITED  
FOR THE YEAR 2014-15**

<b>PARTICULARS</b>	<b>2014-15</b>	<b>TOTAL</b>
Opening stock of raw materials	1,84,82,949	
(Add) purchases	6,82,65,876	
(Less) closing stock of raw material	1,87,54,357	
Cost of materials consumed		6,31,89,763
Freight charges		18,78,987
<b>PRIME COST</b>		<b>7,91,81,428</b>
<b>FACTORY OVERHEADS</b>		
Rent	22,42,800	
Power charges	27,87,654	
Wages and payments	1,63,98,230	
Repairs and maintenance	12,89,532	
Depreciation	1,28,93,519	
<b>Total factory overheads</b>		<b>2,64,89,564</b>
<b>Factory cost</b>		<b>10,26,70,992</b>

<b>OFFICE AND ADMINISTRATION OVERHEADS</b>		
Employee benefit expenses	33,09,565	
Postage and telephone charges	3,23,619	
Service charges	1,04,962	
Legal and professional consultancy	1,36,896	
Printing and stationary	1,72,094	
General insurance	2,96,854	
AS and ISO certification fee	98,764	
Rates and taxes	98,975	
Payment to auditors	25,000	
Vehicle insurance	18,654	
<b>Total office and administration cost</b>		<b>32,76,678</b>
<b>COST OF PRODUCTION</b>		<b>9,12,87,543</b>
<b>SELLING OVERHEADS</b>		
Travelling and conveyance	5,12,894	
Discount	65,964	

Labour charges paid	1,62,98,754	
Transportation charges	4,95,643	
Advertisement	2,12,987	
Promotion expenses	1,09,876	
Water charges	51,964	
<b>Total selling overheads</b>		<b>1,52,58,456</b>
<b>TOTAL COST</b>		<b>12,42,06,126</b>
<b>PROFIT</b>		<b>2,64,72,456</b>
<b>SALES</b>		<b>15,06,78,582</b>

### Analysis

On the table, it says that the total cost is divided. It is divided as first cost which includes purchasing, inventory opening and closing stock of raw materials, which is Rs. 7,91,81,428 , General fresh plant is generated by adding any fees that are directly related to the production activity. This includes the power, fuel, costs of post, repairs, maintenance, consumption of stores is Rs. 2,64,89,564 , cool General Office is Rs. 32,76,678 , which is obtained by adding all fees that are not directly related to production as the rent, rates, salary, printing, stationery, postage. General sales and distribution fee is Rs. 1,52,58,456, which is realized in sum all expenses related to selling only as costs of packaging, transport and promotion activities to the outside.



**TABLE NO.4.5. COST SHEET ANALYSIS OF SLN CNC TECH PRIVATE LIMITED  
FOR THE YEAR 2013-14**

<b>PARTICULARS</b>	<b>2013-14</b>	<b>TOTAL</b>
Opening stock of raw materials	1,63,67,986	
(Add) purchases	6,19,87,534	
(Less) closing stock of raw material	1,84,82,949	
Cost of materials consumed		6,24,86,853
Freight charges		25,87,765
<b>PRIME COST</b>		<b>8,64,59,859</b>
<b>FACTORY OVERHEADS</b>		
Rent	20,86,543	
Power charges	24,98,680	
Wages and payments	1,42,90,568	
Repairs and maintenance	10,87,592	
Depreciation	1,11,89,542	
<b>Total factory overheads</b>		<b>2,05,76,864</b>
<b>FACTORY COST</b>		<b>10,17,36,723</b>

<b>OFFICE AND ADMINISTRATION OVERHEADS</b>		
Employee benefit expenses	30,78,564	
Postage and telephone charges	3,38,988	
Service charges	93,097	
Legal and professional consultancy	1,65,982	
Printing and stationary	1,32,953	
General insurance	2,38,946	
AS and ISO certification fee	1,48,845	
Rates and taxes	1,37,943	
Payment to auditors	25,000	
Vehicle insurance	15,893	
<b>Total office and administration cost</b>		<b>28,67,568</b>
<b>COST OF PRODUCTION</b>		<b>7,84,745</b>
<b>SELLING OVERHEADS</b>		
Travelling and conveyance	3,98,652	
Discount	1,09,765	

Labour charges paid	1,78,95,432	
Transportation charges	2,94,847	
Advertisement	2,87,096	
Promotion expenses	1,38,975	
Water charges	44,985	
<b>Total selling overheads</b>		<b>1,26,87,394</b>
<b>TOTAL COST</b>		<b>12,25,91,685</b>
<b>PROFIT</b>		<b>1,32,56,768</b>
<b>SALES</b>		<b>13,58,48,453</b>

### Analysis

In the table, it indicates that the total cost is divided into the main costs, including the purchase of raw materials, the opening and closing of inventories Rs. 8,64,59,859 at the end of the year, factory overheads are generated by increasing all costs. Directly related costs. Production activities include rental, electricity, wages and payments, repairs and maintenance includes Rs. 28,67,568 as office overheads. The office overheads includes all office and administration expenses IS Rs. 28,67,568. The indirect cost of sales and distribution is Rs. 1,26,87,394, which is achieved by aggregating all costs associated with sales, such as travel and transportation charges, Discount, Labour charges, Advertisement, Promotion expenses and Water charges.

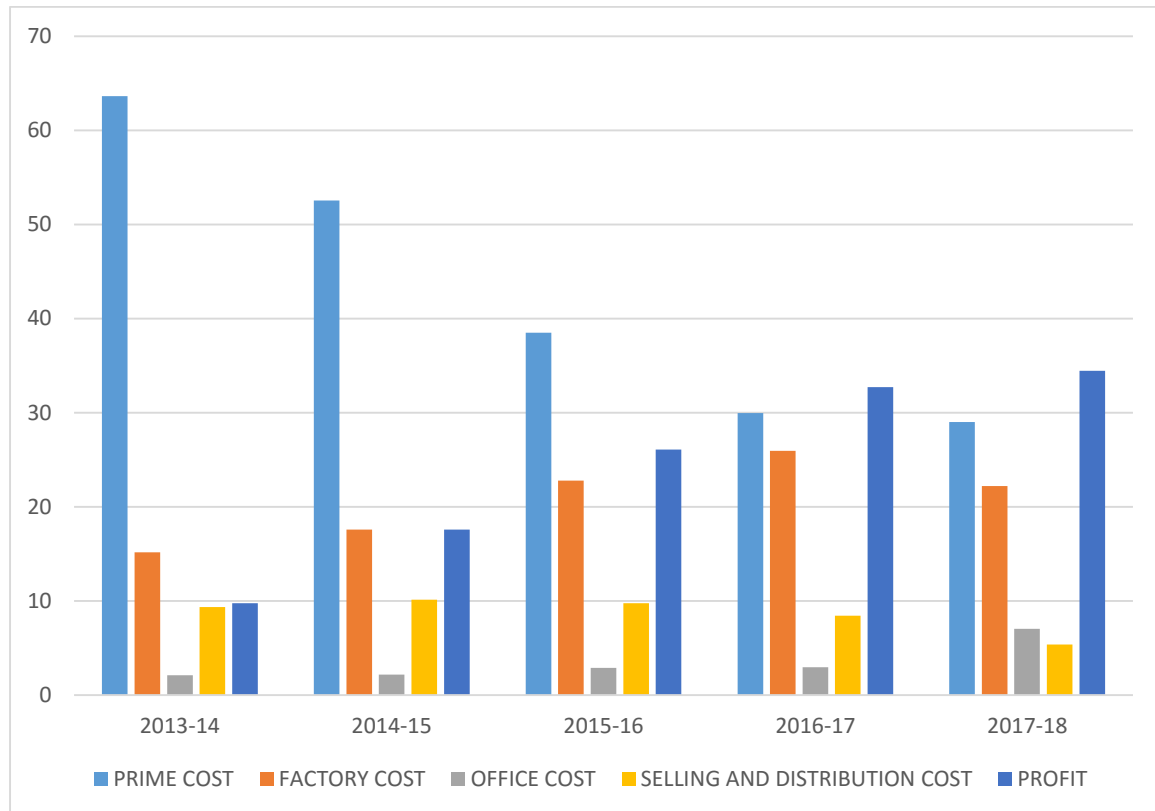
**TABLE NO. 4.6. TABLE SHOWING OVERHEAD AS PERCENTAGE OF SALES**

<b>PARTICULARS</b>	<b>2013-14 (%)</b>	<b>2014-15 (%)</b>	<b>2015-16 (%)</b>	<b>2016-17 (%)</b>	<b>2017-18 (%)</b>
Prime Cost	63.64	52.55	38.49	29.97	29
Factory Cost	15.15	17.58	22.77	25.94	22.2
Office Cost	2.11	2.17	2.88	2.97	7.03
Selling and distribution cost	9.34	10.13	9.77	8.42	5.38
Profit	9.76	17.57	26.09	32.7	34.46

**Analysis**

The table clearly indicates that, prime cost was decreased from 33.64% to 29% from 2014-18 to the sales. Factory cost in 2014 was 15.15%, in 2017 it was increased to 25.94% but in 2018 it would be reduced to 22.2%. Office cost was highly increased from the year 2014-2018 was 2.11%- 7.03%. Selling and distribution overheads are increased in 2014-2015 but in 2016-18 decreased from 9.77% to 5.38%. Profit of the company was increased continuously from 9.76% to 34.46% from 2014-2018.

**GRAPH NO. 4.4. GRAPH SHOWING OVERHEAD AS PERCENTAGE OF SALES**



**Interpretation**

The chart shows that, there was decrease in prime cost highly from 2014-18. Factory cost and selling distribution cost was varies by year to year. Office cost of the company decreases from 2014- 18. The profit of the company was highly increases from 2014-18. It shows that company’s profit was increased as sales increases, it was the good move of the company.

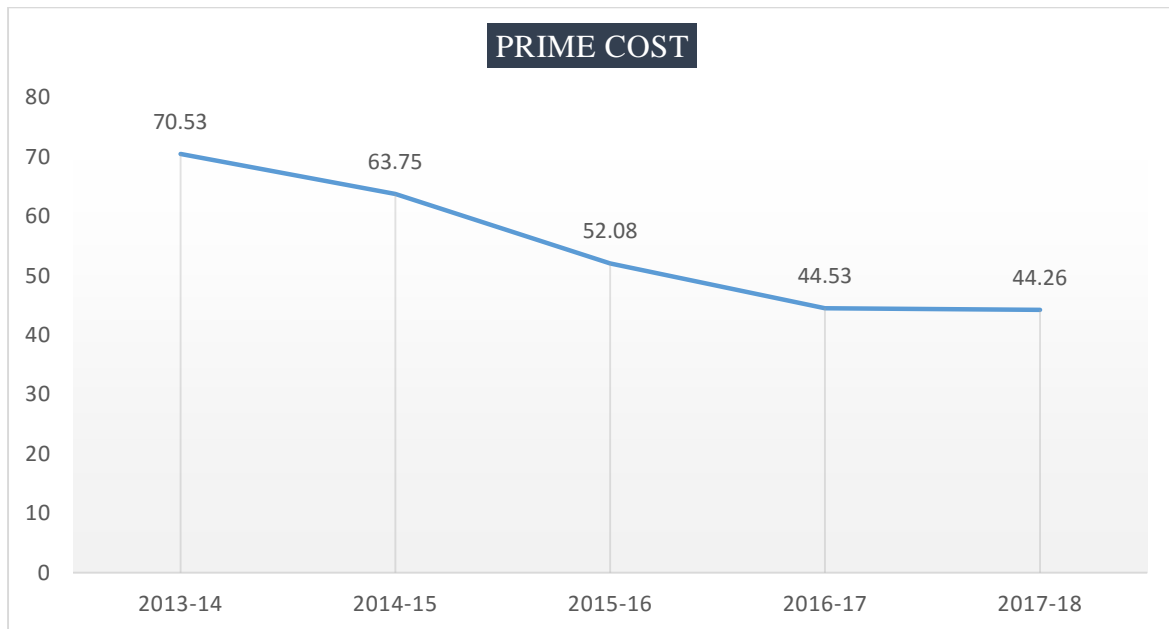
**TABLE NO.4.7. TABLE SHOWING PRIME COST AS PERCENTAGE OF  
TOTAL COST**

<b>Particulars</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-18</b>
Total Cost	12,25,91,685	12,42,06,126	12,59,93,710	14,14,45,777	16,49,69,674
Prime Cost	8,64,59,859	7,91,81,428	6,56,17,540	6,29,81,918	7,30,15,911
Percentage	70.53	63.75	52.08	44.53	44.26

**Analysis**

In the table, it clearly shows the prime cost, which is the basic cost in which company to incur first. This cannot be avoided, but company has tried to reduce each year. From 2014, they tried to lower the cost, it decreases from 2014-18. If these costs are kept to a minimum and increase overall profitability.

**GRAPH NO.4.5. GRAPH SHOWING PRIME COST AS PERCENTAGE OF  
TOTAL COST**



### **Interpretation**

In the chart, it is clear that prime cost would be reduced year by year continuously, from the year 2014 it was 70.53% but in the 2018 it reduced to 44.26%. Prime cost was very high in 2014 as percentage of sales and it continuously decreased to 44.26% in 2018, it shows company should reduce purchases of materials, total consumption of materials and other direct expenses.

**TABLE NO.4.8. TABLE SHOWING FACTORY OVERHEAD COST AS  
PERCENTAGE OF TOTAL COST**

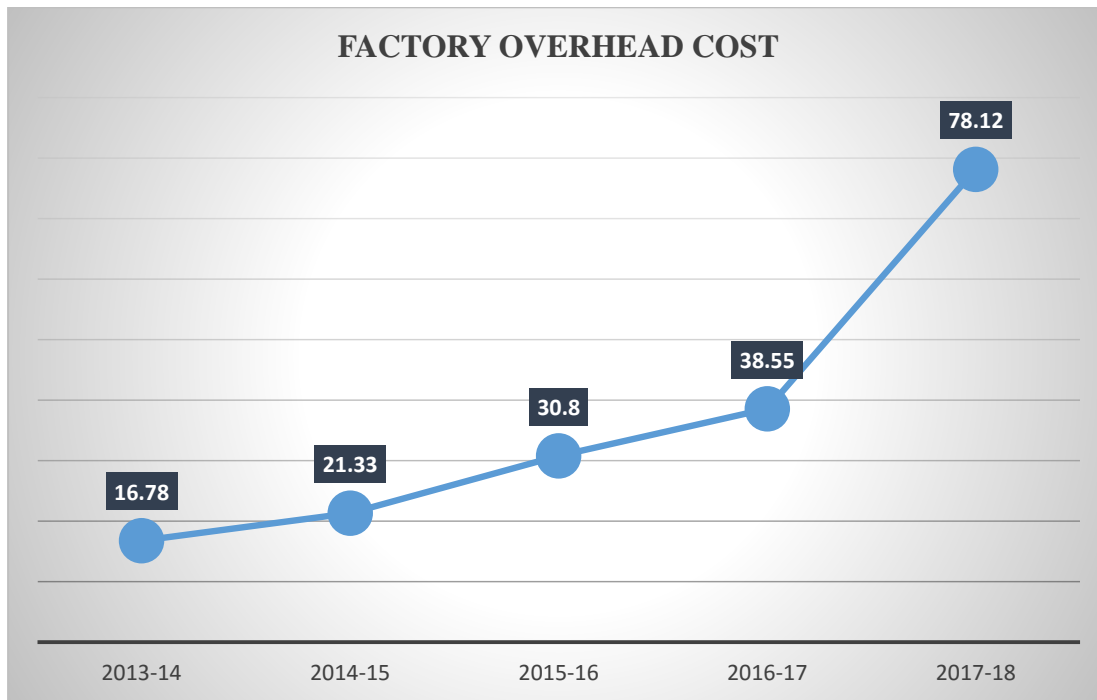
<b>Particulars</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
Total Cost	12,25,91,685	12,42,06,126	12,59,93,710	14,14,45,777	16,49,69,674
Factory Cost	2,05,76,864	2,64,89,564	3,88,04,781	5,45,26,967	12,88,67,197
Percentage	16.78	21.33	30.8	38.55	78.12

**Analysis**

In the table, it is clear that factory costs directly linked with the production activity. These costs explain the exact cost of the production. The continued increase in factory overhead cost in the year 2014-2018. Company has taken measures by reducing the cost of accurate production from year to year. If the cost of production is lower than the cost of the product will also be less. These costs not only increase the number of units of production increases.



**GRAPH NO.4.6. GRAPH SHOWING FACTORY OVERHEAD COST AS PERCENTAGE OF TOTAL COST**



**Interpretation**

In the chart indicates that factory cost of the year 2014 was 16.78%, but in the year 2015-2017 it increases to 21.33%-38.55% and in 2018 it highly increases to 78.12%. It clearly shows factory increased continuously from 2014 to 2018.

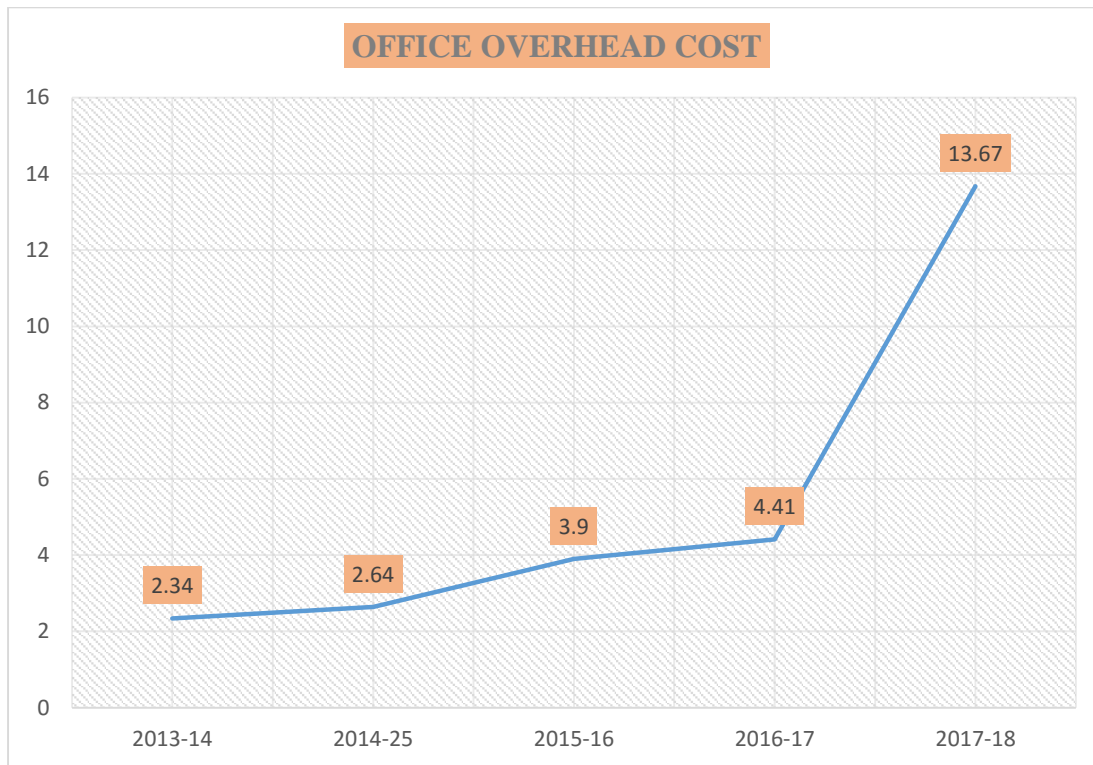
**TABLE NO.4.9. TABLE SHOWING OFFICE OVERHEAD COST AS PERCENTAGE  
OF TOTAL COST**

<b>Particulars</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-18</b>
Total Cost	12,25,91,685	12,42,06,126	12,59,93,710	14,14,45,777	16,49,69,674
Office Overhead Cost	28,67,568	32,76,678	49,14,482	62,36,847	2,25,50,043
Percentage	2.34	2.64	3.90	4.41	13.67

### **Analysis**

In the table, it is clear that general office costs are fixed in nature which is fixed regardless of the number of product units. The company attempted to control costs at a minimum. Decreases or increases in costs effects the profitability of the company. In this study, the company has increased its costs from year to year. Company has taken measures to reduce in 2014 to 2018, but there is an unexpected increase in cost. Sudden increase in the cost is passed to the same amount for the rest of the years.

**GRAPH NO.4.7. GRAPH SHOWING OFFICE OVERHEAD COST AS PERCENTAGE OF TOTAL COST**



**Interpretation**

In the chart, it was clear that office overhead cost increases year by year. The office cost in year 2014 it was only 2.34% of total cost and in the year 2015- 2017 it slightly increases to 2.64%-4.41%, but in the 2018 it was highly increases to 13.67%.

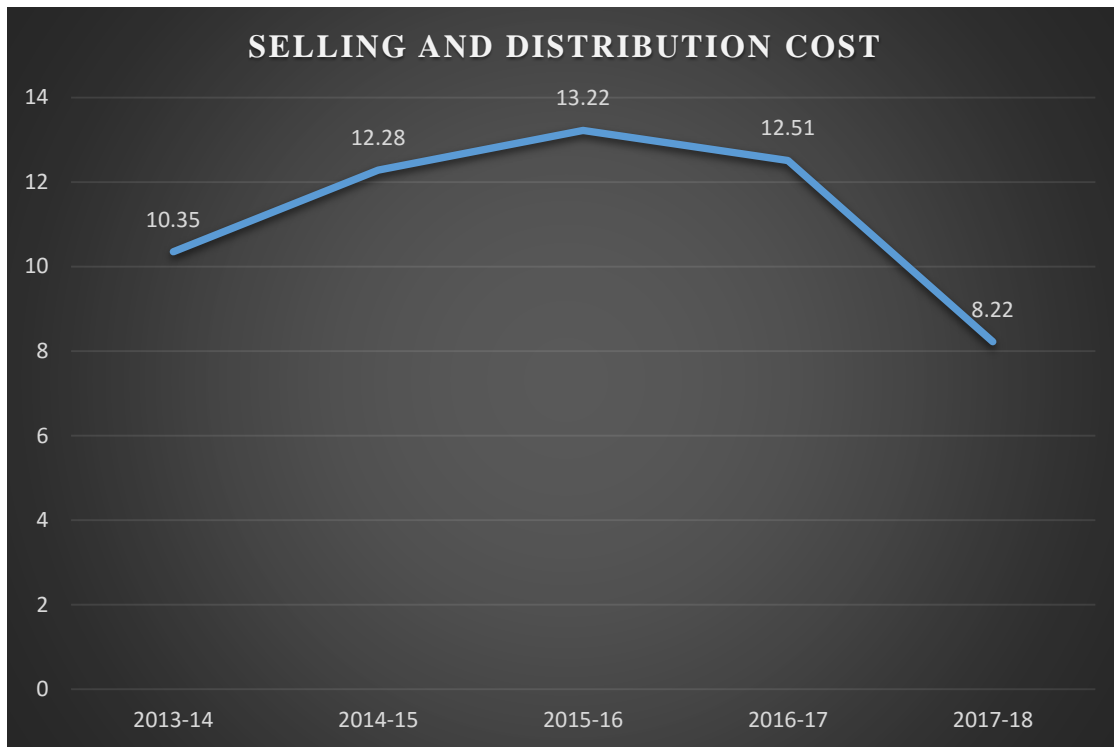
**TABLE NO.4.10. TABLE SHOWING SELLING AND DISTRIBUTION OVERHEAD  
COST AS PERCENTAGE OF TOTAL COST**

<b>Particulars</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
Total Cost	12,25,91,685	12,42,06,126	12,59,93,710	14,14,45,777	16,49,69,674
Selling and Distribution Overhead	1,26,87,394	1,52,58,456	1,66,56,907	1,77,00,045	1,35,52,434
Percentage	10.35	12.28	13.22	12.51	8.22

**Analysis**

In the table, it was clear that the overhead costs of sale and distribution has an impact on profit. Changes in cost of selling and distribution according to the changes in production. These costs are necessary for the company to achieve high sales. From 2013-2015, the company spend more on cost mainly reason behind that there was an increase in sales and also achieved higher profits. Who has been moderate and slight increase in the year 2016-2017 and benefits were also moderate. But for the year 2017 to 2018, the company's cost reduction in the maximization of profits.

**GRAPH NO.4.8. GRAPH SHOWING SELLING AND DISTRIBUTION OVERHEAD COST AS PERCENTAGE OF TOTAL COST**



**Interpretation**

In the chart clearly indicates that selling and distribution overhead cost was increased continuously from 2014 to 2016. In 2016 the selling and distribution cost was 13.22% but in the year 2018 it was reduced to 8.22%.

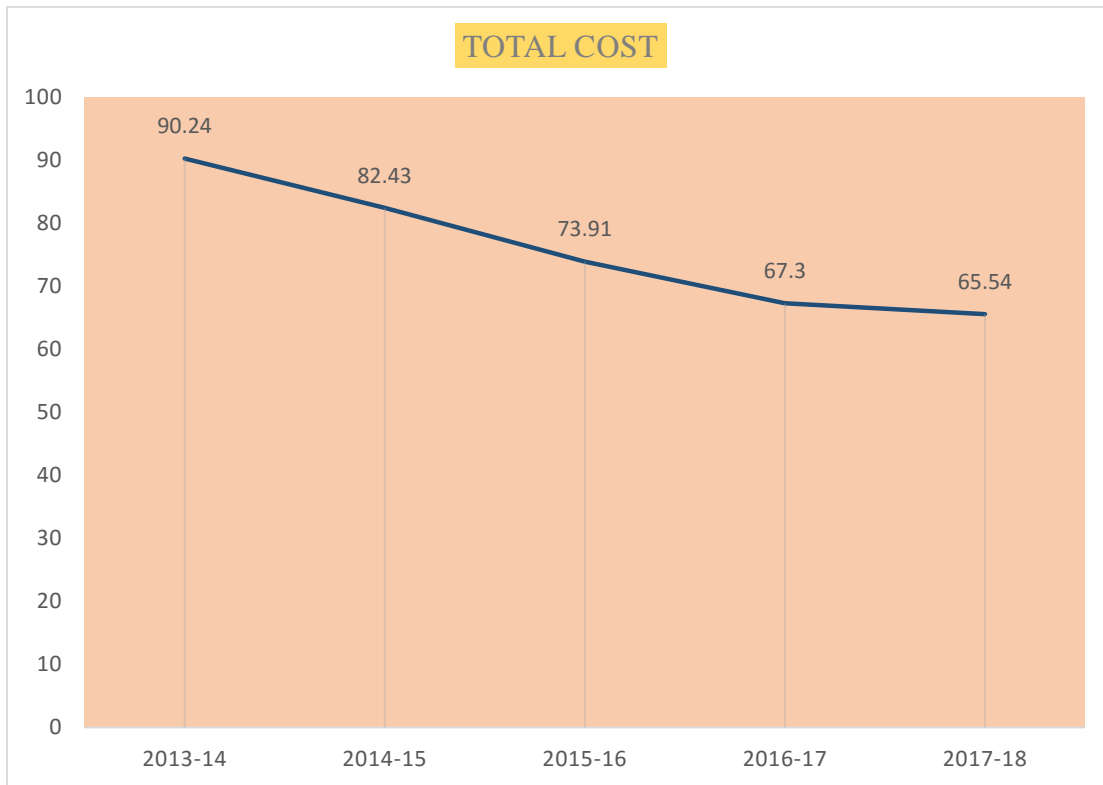
**TABLE NO.4.11. TABLE SHOWING TOTAL COST AS PERCENTAGE OF  
SALES**

<b>Particulars</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-18</b>
Sales	13,58,48,453	15,06,78,582	17,04,57,631	21,01,65,713	25,16,96,688
Total Cost	12,25,91,685	12,42,06,126	12,59,93,710	14,14,45,777	16,49,69,674
Percentage	90.24	82.43	73.91	67.30	65.54

**Analysis**

On the table, it clearly shows that the total cost is the cost of a particular products. These related the number of units produced. Costs should be kept to the minimum so maximum benefits can be taken. 2013-2014, there was a gradual decrease in the total cost and production units have increased and 2015 to 2018, the cost has been increased in comparison with previous years, but cost was decreased as percentage of sales compared to previous years. It was clear that total cost was reduced compare to sales, in indicates profit increases continuously.

**GRAPH NO.4.9. GRAPH SHOWING TOTAL COST AS PERCENTAGE OF SALES**



**Interpretation**

On the chart, it clearly shows that total cost of the company as compared to sales it was reduced year by year. In 2014 there was 90.24% of total cost as a percentage of sales, in the year 2015-17 it was decreases to 82.43%-67.3% and in the year 2018 it was reduced to 65.54%. It indicates that sales increases and cost decreases continuously.

**TABLE NO.4.12. TABLE SHOWING PROFITS AS PERCENTAGE OF SALES**

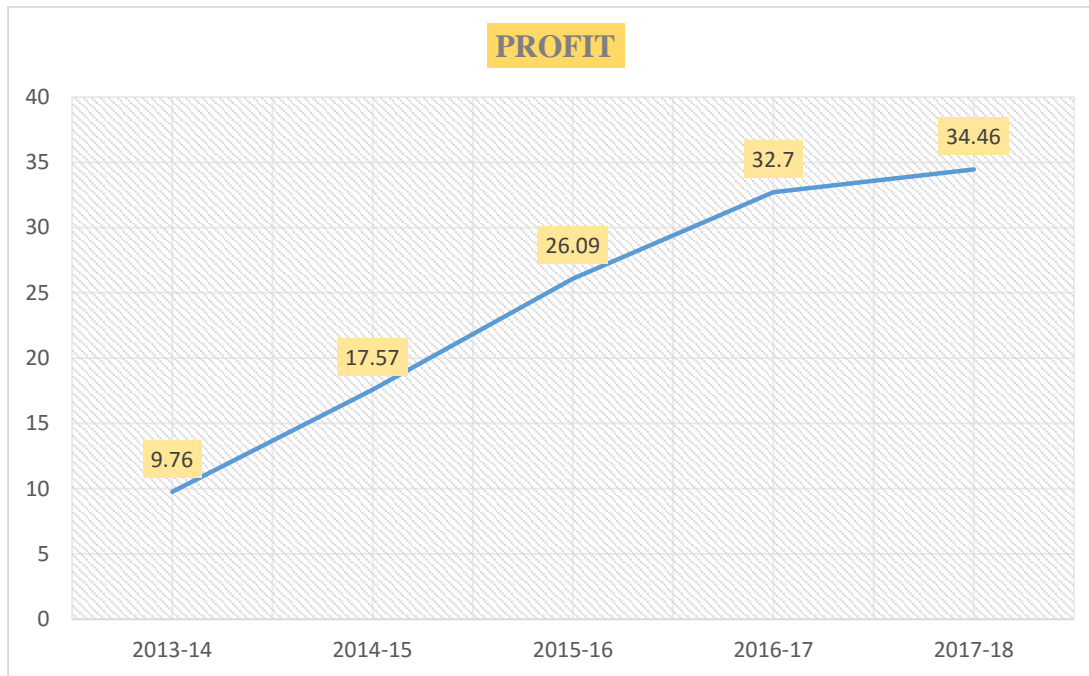
<b>Particulars</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
Sales	13,58,48,453	15,06,78,582	17,04,57,631	21,01,65,713	25,16,96,688
Profits	1,32,56,768	2,64,72,456	4,44,63,921	6,87,19,936	8,67,27,014
Percentage	9.76	17.57	26.09	32.70	34.46

**Analysis**

On the table, it can be clearly represented as profits are involved in the organization. Profits were very low in 2013-2014, while increases progressively from 2017 to 2018. Therefore, finally concludes that the company recorded profits in other years.



**GRAPH NO.4.10. GRAPH SHOWING PROFITS AS PERCENTAGE OF SALES**



### **Interpretation**

In the chart, it clearly indicates that profit of the company increases continuously from the year 2014 to 2018. In 2014 the profit would be 9.76% but in the year 2015-17 it increases to 17.57%-32.7% and in the 2018 it rises to 34.46%. It shows the company's profit was increased as comparison with previous year profits.

**TABLE NO.4.13. CORRELATION BETWEEN PRIME COST AND TOTAL COST**

<b>YEARS</b>	<b>PRIME COST</b>	<b>GROWTH (%)</b>	<b>TOTAL COST</b>	<b>GROWTH (%)</b>
2014	8,64,59,859		12,25,91,685	
2015	7,91,81,428	-9.19	12,42,06,126	1.3
2016	6,56,17,540	20.67	12,59,93,710	1.15
2017	6,29,81,918	-4	14,14,45,777	12.26
2018	7,30,15,911	15.93	16,49,69,674	16.63

**Growth= Current year price – Previous year price / Previous year price \*100**

$$= 7,30,15,911-6,29,81,918/6,29,81,918*100$$

$$=15.93\%$$

<b>PARTICULARS</b>	<b>VALUE</b>
Standard deviation	14.09
Correlation	1
Beta	0.22

The cost of the prime cost increases from -4% to 15.93%, the prime cost increases year by year. In the prime cost, changing at around 14.09, so the prime cost involves a high level of risk, which adds up to the cost. The standard deviation of the prime cost is very high, and the cost fluctuates greatly. The total cost increased by 14.45 and the prime cost increased by 5.97, so cost control and reduction preference was total cost is 14.45.

The prime cost involved is correlated positively and perfectly correlated because the correlation between office expenses and the total cost is 1.

**TABLE NO.4.14. CORRELATION BETWEEN FACTORY OVERHEAD AND  
TOTAL COST**

<b>YEARS</b>	<b>FACTORY OVERHEADS</b>	<b>GROWTH (%)</b>	<b>TOTAL COST</b>	<b>GROWTH (%)</b>
2014	2,05,76,864		12,25,91,685	
2015	2,64,89,564	22.32	12,42,06,126	1.32
2016	3,88,04,781	31.74	12,59,93,710	1.44
2017	5,45,26,967	40.52	14,14,45,777	12.26
2018	5,58,51,286	2.43	16,49,69,674	16.63

**Growth= Current year price – Previous year price / Previous year price \*100**

$$=5,58,51,286- 54526967/5,45,26,967 * 100$$

$$=2.43\%$$

<b>PARTICULARS</b>	<b>VALUE</b>
Standard Deviation	26.93
Correlation	-0.05
Beta	-0.03

Factory costs increased year by year, and from 2014 to 2018. In factory costs, the change is around 26.93, with a total cost of 3.09, so the risks involved in factory costs stand in stark contrast to the risks associated with costs. The standard deviation of factory costs is in high contrast to the sum of costs. As a result, costs fluctuate considerably. The total cost increases by 14.45, with a major cost of 21.47, so the priority to cost control and reduction was total cost was 21.47.

The factory costs involved are negatively correlated and not entirely relevant, as the correlation between factory costs and total costs is -0.03.

**TABLE NO.4.15. CORRELATION BETWEEN OFFICE OVERHEAD AND  
TOTAL COST**

<b>YEARS</b>	<b>OFFICE OVERHEADS</b>	<b>GROWTH (%)</b>	<b>TOTAL COST</b>	<b>GROWTH (%)</b>
2014	28,67,568		12,25,91,685	
2015	32,76,678	14.27	12,42,06,126	1.32
2016	49,14,482	49.98	12,59,93,710	1.44
2017	62,36,847	26.91	14,14,45,777	12.26
2018	2,25,50,043	261.56	16,49,69,674	16.63

**Growth= Current year price – Previous year price / Previous year price \*100**

$$=62,36,847-49,14,482/49,14,482 * 100$$

$$=26.91\%$$

<b>PARTICULARS</b>	<b>VALUE</b>
Standard Deviation	165.92
Correlation	1
Beta	0.05

The cost has increased from year to year from 2014 to 2017. Deviation in cost of office cost is about 165.92 and the total cost is 3.09 hence the risk that entails the cost of the office is high difference with add to the cost. Deviation of the office cost is very high and there is a high volatility of the cost. The total cost has 14.45 growth and the cost of the office has 144.24 where the cost control and reduction preference given to the office costs 144.24.

The office cost involved is correlated positively and perfectly correlated because the correlation between office expenses and the total cost is 1.

**TABLE NO.4.16. CORRELATION BETWEEN SELLING OVERHEAD AND  
TOTALCOST**

<b>YEARS</b>	<b>SELLING OEVHEAD</b>	<b>GROWTH (%)</b>	<b>TOTAL COST</b>	<b>GROWTH (%)</b>
2014	1,26,87,394		12,25,91,685	
2015	1,52,58,456	16.85	12,42,06,126	1.3
2016	1,66,56,907	8.4	12,59,93,710	1.42
2017	1,77,00,045	6.26	14,14,45,777	12.26
2018	1,35,52,434	-23.43	16,49,69,674	16.63

**Growth= Current year price – Previous year price / Previous year price \*100**

$$=1,35,52,434-1,77,00,045/1,77,00,045*100$$

$$= -23.43\%$$

<b>PARTICULARS</b>	<b>VALUE</b>
Standard Deviation	21
Correlation	0.38
Beta	0.13

Therefore, it is observed from the foregoing that the cost has been increased from year to year to the cost of the sale is 6.26% from 2016-2017 but declines the year 2017 to 2018 to-23.43%. In the selling cost, the variation is about 21 and the total cost is 14.09, hence the risk of the selling cost is high when compared to the total cost. The selling price is very high and there is a high volatility of the cost. The total cost has 14,45 growth and selling cost is -8.59, therefore the preference granted to reduce and control costs is 14,45 of total cost.

The selling price which is positively correlated and not perfectly correlated because the correlation between the sale and the total cost is 0.38.

**CHAPTER 5**  
**FINDINGS, SUGGESTIONS AND CONCLUSION**



## 5.1 FINDINGS

- In the year 2018 prime cost is high compared to the previous year which is around 44,26% of the total cost. The prime cost leads to increase the total cost and purchases made during the year was high. In order to reduce the cost of the premium which should reduce the opening and closing stock of raw materials.
- Factory overhead cost is high compared to the previous years which is around 33.86% of total cost. Repairs and maintenance charge was very high in this year and this charges extended year by year.
- Research and development program is conducted in 2018 and the cost of research and development is Rs. 1,56,34,665.
- General insurance cost was expanded year by year as increase in 2015 is 34.71% and 2018 is 76,73%.
- The fund levies on business promotion activities on 2016-17 is -34.43% decreased but in 2017-18 it increases to 53.47%.
- The water charges is increased each year on 2014-17 it increased to 26.67%-34.42% and in 2018 it highly increased to 64.36%.
- Discount given to dealers and customers for their products is varied in each year 2016 – 14.65% , 2017 - 16%, and 2018 - 18.71%
- The advertisement cost decreased in the year 2016-17 21.5% but it increased in 2017-18 is 8.38%.
- Exports of the products is increased year by year in 2016-17 is 206.5% and in 2017-18 is 158.88%.

- It is watched to add up of working costs intensifications to each year.
- Nonworking salaries is increasing every year.
- The total cost, profit and sales of the company increments to each year.
- Vehicle insurance, rent and rates, service charges are expanded each year.
- Postage and telephone charges, transportation charges and printing and stationary charges are varied from year to year.

## 5.2 SUGGESTION

Arrangements have become the basic competencies of administration, and most of the arrangements identify with individual and individual proposals. The cost is just what he looks like, generally from a budgetary point of view, cost control is thus moving in the direction of becoming the basic administrative body to control and expand welfare.

- The organization effectively utilize the cost control and cost reduction program.
- Company should adopt the new technology machines to reduce the manufacturing cost.
- Company must try to reduce the wastage of raw materials and utilize the materials properly.
- Company must try to reduce overhead cost by proper utilization of all kind of resources.
- Company try to achieve economies of scale to control the manufacturing cost.
- Company should reduce the advertising cost and make advertisement in a low cost.
- Company must use the proper transportation facility and maintain the transportation management to reduce the transportation cost.
- The adequate training programs for employees should be arranged to be able to give a positive response to the cost activities.
- Timely follow up of cost control reports and take corrective actions speedily.
- Continuous evaluation of actual performance with standard performance planned.

### 5.3 CONCLUSION

Based on the study of SLN CNC Tech Private Ltd., the cost control and reduction are studied, and the following conclusions are drawn. Cost control and reduction programs play a very important role in the company, allowing the company to understand how to reduce costs and control costs under economic pressure. A review of cost and revenue surveys already knows the cost of administrative support and how much revenue is earned through its operations. This is a daily workout to achieve operational efficiency. The results suggest that organizations should focus on keeping the main costs to a minimum to assist SLN CNC Tech Private Ltd in managing effective cost management. If the company remains at the right level, the company can avoid unnecessary costs in the near future.

In affiliation, inventory and work costs are very well controlled through the execution of activity based costing, but there are also some increases in costs by reducing the temporary cost of lessen work costs and achieving the economic order quantity. The order quantity method that controls the cost of the item. Regardless of the progress of this way of affiliation, its authorities lock in and work hard to serve the best routes with their accomplices, they are surprisingly qualified and experienced, so the affiliation must be considered perfect from them.

Cost control is a predictive analysis, which determines the cost of the company earlier and compares it with the actual situation in order to realize the optimal cost structure. This analysis helps to check where companies spend more money on unnecessary use. Only by using appropriate cost control and reduction methods to choose a better cost control and reduction method, the company can reduce the cost of the company, in order to enable the company to follow a good cost structure.

It is to make effective of quality of work and available resources, and execution of a sophisticated technology and generation and also to create the atmosphere of collective work of its employees.

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- [www.slncnc.com](http://www.slncnc.com)
- [www.icmai.in](http://www.icmai.in)

## ANNEXURE

### COMPARISION OF COST SHEET OF SLN CNC TECH PRIVATE LIMITED

<b>particulars</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
Opening stock of raw materials	2,75,76,240	2,02,58,630	1,95,26,330	1,84,82,949	1,63,67,986
(Add) purchases	7,69,07,552	6,97,66,794	6,50,02,474	6,82,65,876	6,19,87,534
(Less) closing stock of raw material	3,20,60,530	2,75,76,240	2,02,58,630	1,87,54,357	1,84,82,949
Cost of materials consumed	7,24,23,262	6,24,49,184	6,42,70,174	6,31,89,763	6,24,86,853
Freight charges	5,92,649	5,32,734	13,47,366	18,78,987	25,87,765
<b>Prime cost</b>	<b>7,30,15,911</b>	<b>6,29,81,918</b>	<b>6,56,17,540</b>	<b>7,91,81,428</b>	<b>8,64,59,859</b>
<b>Factory Overheads</b>					
Rent	5,25,680	22,98,600	22,50,000	22,42,800	20,86,543
Power charges	44,31,774	36,48,259	30,64,486	27,87,654	24,98,680
Wages and payments	1,94,96,451	1,89,77,961	1,79,61,044	1,63,98,230	1,42,90,568



Repairs and maintenance	34,11,191	25,56,302	15,40,773	12,89,532	10,87,592
Depreciation	2,79,86,190	2,70,45,575	1,39,88,478	1,28,93,519	1,11,89,542
<b>Total factory overheads</b>	<b>5,58,51,286</b>	<b>5,45,26,967</b>	<b>3,88,04,781</b>	<b>2,64,89,564</b>	<b>2,05,76,864</b>
<b>Works cost</b>	<b>12,88,67,197</b>	<b>11,75,08,885</b>	<b>10,44,22,321</b>	<b>10,26,70,992</b>	<b>10,17,36,723</b>
<b>Office and Administration Overheads</b>					
Employee benefit expenses	44,24,830	39,90,095	37,06,835	33,09,565	30,78,564
Postage and telephone charges	1,63,571	3,69,625	2,33,902	3,23,619	3,38,988
Service charges	4,51,336	3,71,756	1,26,165	1,04,962	93,097
Legal and professional consultancy	55,300	48,750	1,14,625	1,36,896	1,65,982
Printing and stationary	1,52,344	3,39,538	1,66,192	1,72,094	1,32,953
Research and development expenses	1,56,34,665	--	--	--	--
General insurance	9,57,958	5,42,038	3,74,563	2,96,854	2,38,946

AS and ISO certification fee	50,000	1,95,675	69,044	98,764	1,48,845
Rates and taxes	21,442	43,494	76,233	98,975	1,37,943
Payment to auditors	25,000	25,000	25,000	25,000	25,000
Vehicle insurance	46,332	23,424	21,923	18,654	15,893
Hire charges paid	10,02,000	2,87,452	--	--	--
Total office and administration cost	<b>2,25,50,043</b>	<b>62,36,847</b>	<b>49,14,482</b>	<b>32,76,678</b>	<b>28,67,568</b>
<b>Cost of Production</b>	<b>15,14,17,240</b>	<b>12,37,45,732</b>	<b>10,93,36,803</b>	<b>9,12,87,543</b>	<b>7,84,745</b>
<b>Selling Overheads</b>					
Travelling and conveyance	19,26,553	21,03,150	6,19,889	5,12,894	3,98,652
Discount	7,24,812	13,53,318	79,312	65,964	1,09,765
Labour charges paid	95,67,335	1,26,27,344	1,49,83,217	1,62,98,754	1,78,95,432
Transportation charges	8,46,223	12,46,832	5,31,452	4,95,643	2,94,847
Advertisement	2,14,522	1,97,944	2,52,199	2,12,987	2,87,096
Promotion expenses	1,24,336	81,014	1,23,555	1,09,876	1,38,975

Water charges	1,48,653	90,443	67,283	51,964	44,985
<b>Total selling overheads</b>	<b>1,35,52,434</b>	<b>1,77,00,045</b>	<b>1,66,56,907</b>	<b>1,52,58,456</b>	<b>1,26,87,394</b>
<b>TOTAL COST</b>	<b>16,49,69,674</b>	<b>14,14,45,777</b>	<b>12,59,93,710</b>	<b>12,42,06,126</b>	<b>12,25,91,685</b>
<b>PROFIT</b>	<b>8,67,27,014</b>	<b>6,87,19,936</b>	<b>4,44,63,921</b>	<b>2,64,72,456</b>	<b>1,32,56,768</b>
<b>SALES</b>	<b>25,16,96,688</b>	<b>21,01,65,713</b>	<b>17,04,57,631</b>	<b>15,06,78,582</b>	<b>13,58,48,453</b>



**ACHARYA INSTITUTE OF TECHNOLOGY  
DEPARTMENT OF MBA**

**PROJECT (17MBAPR407) -WEEKLY REPORT**

**NAME OF THE STUDENT: ARUSHA G R**

**INTERNAL GUIDE: PROF. MALLIKA B.K**

**USN: 11A17MBA09**

**COMPANY NAME: SLN CNC TECH PVT LIMITED**

WEEK	WORK UNDERTAKEN	EXTERNAL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
3 <sup>rd</sup> Jan 2019 – 9 <sup>th</sup> Jan 2019	Industry Profile and Company Profile		
10 <sup>th</sup> Jan 2019 – 17 <sup>th</sup> Jan 2019	Preparation of Research instrument for data collection		
18 <sup>th</sup> Jan 2019 – 25 <sup>th</sup> Jan 2019	Data collection		
26 <sup>th</sup> Jan 2019 – 2 <sup>nd</sup> Feb 2019	Analysis and finalization of report		
3 <sup>rd</sup> Feb 2019 – 9 <sup>th</sup> Feb 2019	Findings and Suggestions		
10 <sup>th</sup> Feb 2019 – 16 <sup>th</sup> Feb 2019	Conclusion and Final Report		



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