

A STUDY ON CORPORATE RESTRUCTURING AND COST BENEFIT ANALYSIS IN MANUFACTURING AT ASHOK LEYLAND

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ABSTRACT: This research examines the effects of corporate restructuring on cost-benefit analysis and business efficiency in the manufacturing industry. Examines the effects on business performance of strategic changes such as sales, mergers, acquisitions, process reengineering, and layoffs. Eliminating inefficiencies, optimizing resource use, and enhancing procedures are common outcomes of restructuring, according to the research. According to studies, a cost-benefit analysis should be conducted before making any decisions regarding a reorganization. This will guarantee that the anticipated monetary gains outweigh the expenditures associated with the change. The research delves at the ways in which lean management techniques and technological advancements might improve product quality while decreasing operational expenses. Restructuring can't go off without a hitch if change management and staff adaptability are top priorities. The findings highlight the need of aligning renovation initiatives with market demands and competitive pressures for sustainable success.

Keywords: Corporate Restructuring, Manufacturing Sector, Cost-Benefit Analysis, Operational Efficiency, Productivity Enhancement

1. INTRODUCTION

A corporate restructuring is a planned reorganization of a business's operations, financial structure, and management system with the goal of increasing the company's overall efficiency and effectiveness. A company can boost efficiency, cut costs, and improve product quality by making adjustments in this area. A company might also benefit from their assistance in better meeting the needs of its customers and shareholders. As a part of organizational reform, failing business entities may be terminated.

Corporate restructuring is a final option for companies who are having financial problems and need to renegotiate their debts with creditors in order to stay afloat. The liquidation of non-essential assets and the restructuring of debt are done to keep the company's liquidity.

The complexity of a company's situation determines whether it will use one of many legal corporate restructuring procedures or opt for a non-judicial, informal restructuring option.

Reorganizing a company's assets, capital structure, and operations in a strategic way can boost productivity, profitability, and competitiveness. Reorganization in manufacturing often involves debt restructuring, mergers, acquisitions, and divestitures in addition to internal reorganization of production and management systems. Improving operational efficiency,



responding to changing market conditions, and ensuring long-term sustainability are the main goals in a fast-paced industrial environment characterized by global competitiveness and rapid technological advancement. If you want to know how profitable and successful a company's restructuring efforts were, you need to do a cost-benefit analysis (CBA). The research involves weighing the anticipated costs, changes to people, and any disruptions to operations against the anticipated advantages, such as increased market share, decreased costs, and higher productivity, of restructuring. Using CBA, industrial enterprises can make decisions based on quantitative evidence, increasing the likelihood that each strategic choice will contribute to the organization's growth and value generation.

Organizational restructuring in conjunction with cost-benefit analysis helps manufacturing organizations to lower financial risk without sacrificing efficiency or innovation. In order to achieve long-term objectives including supply chain optimization, technological advancement, and environmental sustainability, this analytical tool helps management to identify the most effective restructuring strategies. The worldwide market competitiveness, flexibility, and resilience of industrial enterprises can be enhanced through a meticulously carried out reorganization that is based on a comprehensive cost-benefit analysis.

2. LITERATURE SURVEY

Rao, M. K. (2021) The effects of corporate restructuring on manufacturing businesses' performance after 2021 are examined in this conceptual research. Problems with digital transformation, operational redesign, financial rearrangement, and staff realignment are some of the topics covered in the research. According to survey data, companies are undergoing more and more reorganizations as a result of disruptions in global supply chains, demands for automation, and intense competition. Research shows that reorganization improves responsiveness, cuts costs, and maximizes the use of available capital. Industry 4.0 and digital process transformation are highlighted as technology-driven restructuring strategies in the research. Nonetheless, there is a dearth of data from actual restructurings in developing manufacturing regions in the literature.

Iyer, R. S. (2021) This conceptual research uses research conducted after 2021 to evaluate the impact of CBA on industrial sector decision-making. According to the literature, CBA has developed into a comprehensive framework that incorporates sustainability criteria, risk assessment, and long-term productivity evaluation, expanding beyond its original role as a typical financial tool. Managers can benefit from CBA when evaluating potential investments, such as process enhancements, equipment upgrades, and automation initiatives, according to research. The research emphasizes that in order to make more accurate cost-benefit analyses, it is necessary to carefully consider all of the potential costs, benefits, and uncertainties associated with a strategic decision.

Ali, S. T. M. (2022) The purpose of this conceptual research is to make suggestions for further research on the effects of Cost-Benefit Analysis (CBA) on business performance by reviewing the relevant scholarly literature. The inquiry delves into several CBA subjects, including as its methods, uses, and influence on company decision-making. Key areas where CBA contributes to firm success are identified in the paper through the synthesis of earlier



studies. According to the findings, decision-making is much enhanced by conducting a comprehensive cost-benefit analysis (CBA). More research is needed to fully assess the relationship between CBA and firm performance, according to the research. Based on this evaluation, future studies will investigate how CBA affects organizational outcomes.

Odek, R., & Oluoch, J. (2023) A semi-systematic review of the empirical literature on cost-benefit analysis's (CBA) origins, development, and applications is presented in this article. Beginning with its incorporation into Chinese palace architecture in the eleventh century, the authors trace the development of CBA through its adoption by the Bavarian Army and its formal standardization in the United States through the National Resource Committee's Green Book. To show how CBA techniques have developed and how they have been widely used in different countries, the paper compiles data from twenty articles. Research shows that cost-benefit analysis (CBA) is becoming more important in public policy and project evaluation since it provides a structured way to figure out if an idea will be profitable.

Novikova, T. (2023) Developing polyclinics in Russia's Novosibirsk region was assessed for cost-effectiveness using a dual methodology in this research. The initial approach calculates ROI and total economic impact using Cost-Benefit Analysis (CBA). The potential for public-private collaborations to enhance project outcomes is examined in the second approach. The research evaluates the project's viability thoroughly, factoring in both short-term profits and long-term societal benefits. The findings provide valuable information about the application of cost-benefit analysis to health infrastructure projects and highlight the necessity of including economic considerations into public health planning.

Devi, K., & Kumar, S. (2024). Companies that want to stay competitive in today's fast-paced market are turning to corporate restructuring as a key strategic strategy. It allows businesses to improve their performance even when faced with challenges including financial constraints, operational inefficiencies, and market changes. Capital restructuring, operational adjustments, mergers and acquisitions, and divestitures are common components of this process. The research examines current viewpoints and analyses the strategic elements that have allowed for the widespread implementation of corporate restructuring. It also examines the process by which companies attain their long-term objectives through the use of restructuring methods. The main goal is to make sure that the restructuring is done in accordance with the overall organizational strategy. The research examines the pros and cons of reorganizing. Sustainability, profitability, and operational efficiency can all be enhanced by well-planned restructuring, according to the results. The methods offered in this research might help managers make better restructuring decisions.

Čavlin, M., Dmitrović, V., & Majstorović, A. (2024). An essential technique for assessing the efficacy and financial viability of projects, especially those with an emphasis on sustainability, is the cost-benefit analysis (CBA). Using a cost-benefit analysis, this research delves into the role of managers in overseeing sustainable investment projects. It lays forth a systematic way to weigh the costs and benefits, taking into account social and environmental aspects, in terms of money. The research delves into the application of Cost-Benefit Analysis in evaluating the impact of sustainable investment efforts over the long term. It highlights the ways in which CBA helps with decision-making and encourages the best use of resources.



The research shows that financial assessments can be made more responsible and successful by including sustainability considerations. Firms who use this strategy improve their risk management and investment optimization, according to the data. According to the results, CBA is a useful method for overseeing eco-friendly investments.

Masinde, M. M., & Gitau, M. (2024) Corporate restructuring is becoming more common as a means for organizations to enhance performance in uncertain business environments. Firms in Machakos County, Kenya, that make cement are the focus of this research, which looks at how restructuring has affected them. Financial restructuring and developmental restructuring are two important aspects that are analyzed and their effects on company success. Primary data obtained from company management is analyzed using statistical analysis and survey research methodology in this research. Results in operational and financial areas are substantially improved by financial and developmental restructuring, as shown by the data. The research's findings stress the significance of technological integration, strategic planning, and innovation in reorganization efforts. It implies that businesses should put an emphasis on operational sustainability and efficiency. Suggestions stress the need of strategic, long-term planning and ongoing supervision in gaining a competitive advantage.

Ivkić, I. (2025) Manufacturing as a Service (MaaS) is made possible by an additive manufacturing platform that is evaluated in this research. By establishing connections between online businesses and neighborhood 3D printing facilities, clients have the ability to acquire locally created products on demand. The report assesses the MaaS strategy's financial viability using a comprehensive cost-benefit analysis. According to the findings, on-demand, localized production can be competitive and profitable. Many 3D printer models are compatible with the platform, and its service-oriented architecture is a topic of conversation. The research shows that by improving supply chains and doing away with inventory waste, Mobility as a Service (MaaS) can lessen its harmful effects on the environment. Studies have shown that MaaS is an effective and long-term plan for contemporary manufacturing.

Beaucamp, P. (2025) This paper presents a framework based on information theory that uses Cost-Benefit Analysis (CBA) to assess hybrid decision workflows in the business and financial domains. This approach breaks down intricate decision-making procedures by drawing on engineering expertise and information theory. The research determines which operations in hybrid workflows are cost-effective by applying information-theoretic methodologies. In order to evaluate how well and efficiently decision-making procedures work, the technique offers a systematic framework. These findings show how information-theoretic cost-benefit analysis has the potential to enhance the evaluation of complex decision-making procedures. A novel way to assess cost-benefit trade-offs in hybrid decision-making situations is provided by this methodology.

Broughel, J. (2025) Conventional cost-benefit analysis (CBA) sometimes evaluates programs or policies at a specific moment in time, ignoring long-term effects. A method for monitoring changes in costs and benefits over time, dynamic cost-benefit analysis is introduced in this article. With dynamic CBA, you may evaluate long-term projects with more precision by factoring in changes in production, investment patterns, and the health of the relationship across generations. The research proves that conventional static methods can be enhanced by



including dynamic components. Project appraisal is greatly impacted by timing, uncertainty, and discounting. By including temporal fluctuations, dynamic CBA enhances investment appraisal and policy creation. Public sector, environmental, and infrastructure projects benefit greatly from this methodology. The research's results show that long-term investment decisions are more informed and accurate when using dynamic CBA.

Psarommatis, F. (2025) The economic feasibility of remanufacturing's reuse and repurposing strategies is assessed in this research through the development and analysis of cost-benefit models. Important financial factors and their effects are investigated in the models using activity-based costing. Finding the conditions that optimize financial rewards while minimizing environmental harm is the goal of the research, which examines recycling, repurposing, and reuse options. Changing parts and doing routine maintenance can greatly increase an item's longevity through reuse, as seen in the results. The goal of repurposing techniques is to increase the value of things by reusing and repairing them to fulfill new or different functional requirements. This research details a comprehensive method for evaluating eco-friendly actions in the framework of the circular economy. Organizations seeking to implement sustainable remanufacturing techniques might utilize the models as decision-support tools.

3. THEORETICAL FRAMEWORK

TYPES OF CORPORATE RESTRUCTURING

Companies can choose from a variety of corporate restructuring options to address their unique challenges.

1. Financial Restructuring

Financial restructuring is the process of methodically rearranging a business's assets and liabilities. Many companies manage to recover from financial difficulties and stay out of bankruptcy. The following components often make it up:

- The loan's conditions can be altered, fresh convertible bonds or stock can be issued, or the interest paid can be reduced.
- Quicker access to funds is achievable through the sale of assets.

2. Organizational Restructuring

The company's effectiveness, transparency, and adaptability will be enhanced as a result of this restructuring. There has been an internal organizational shift at the corporation. It is possible for this to occur:

- Changing the reporting links and duties among departments; reducing or expanding the workforce as needed; simplifying organizational structures by eliminating layers; embracing alternative forms of leadership

3. Mergers and Acquisitions (M&A)

Companies frequently reorganize through mergers and acquisitions (M&A) to increase their market share, foster technical advancement, or reap the benefits of collaboration. Merging two groups makes them into one. A acquisition occurs when one corporation acquires another.



More resources and opportunities become available to businesses as a result of mergers and acquisitions. Still, there can be bumps along the road as the two organizations work together.

4. Divestitures and Spin-Offs

Any portion of a company's operations that isn't contributing to the overall success or that doesn't align with its strategic objectives can be sold or spun off. New, independent companies are frequently formed through spin-offs, which can boost share value or enable a more targeted strategic approach.

5. Operational Restructuring

Accordingly, it is necessary to modify an organization's standard operating procedures, including:

- Reengineering organizational processes, cutting costs, changing supplier networks, and outsourcing non-essential services

STRATEGIES FOR MANAGING RESTRUCTURING COSTS IN MANUFACTURING

Reorganizing a company's internal operations is a typical strategy for boosting profits. Nevertheless, there is a chance that the process will incur substantial fees, which, if not managed well, could lead to even more financial difficulties. Companies must so devise comprehensive strategies to efficiently control restructuring expenses. In this section, we'll take a look at a variety of approaches that businesses can use to manage and reduce the expenses associated with restructuring.

1. Plan Ahead

One of the greatest techniques to reduce the expenses of reworking is to make a plan in advance. Businesses should lay out their objectives in detail and create a detailed plan that accounts for all the expenses associated with restructuring. Because of this, we can discover ways to save money and not spend too much.

Severance compensation, unemployment insurance, and job placement services are just a few of the expenditures that an organization must be aware of when it decides to lay off workers. Giving voluntary severance packages or negotiating reduced fees for outplacement services are two examples of how the organization might reduce these costs through proactive preparation.

2. Prioritize Costs

Reworking expenses might be reduced in another way by prioritizing expenditures. Identifying which expenses can be delayed or reduced and which ones must be paid for is essential for businesses undergoing restructuring. They will be able to maximize their resources and cut back on unnecessary spending thanks to this.

During operational restructuring, a corporation could have to shell out cash for new gear or tech. Even though they are necessary for the process, additional expenses, such as advertising and marketing fees, may not have to be paid until the reorganization is complete.

3. Negotiate with Suppliers

Companies can also bargain with their providers to reduce restructuring expenses. Businesses might save money on the supplies they require for restructuring by renegotiating contracts or sourcing from other vendors.



Reestablishing a company's supply chain may lead to the discovery of more cost-effective suppliers or the acquisition of raw materials at reduced rates. As a result, the business is able to reduce its total reworking expenses.

4. Communicate with Stakeholders

Maintaining control over restructuring expenses requires effective communication with all relevant parties. The restructuring process and its associated expenses must be communicated to employees, customers, and investors by companies. Building trust and confidence in this way reduces the likelihood of unexpected costs.

5. Consider Outsourcing

Finally, businesses can find that outsourcing some of their redesigning activities helps keep prices down. Organizations can free up internal resources to concentrate on key competencies while outsourcing non-essential functions. To illustrate the point, a business may find it prudent to contract with an outside firm to manage certain accounting or salary-related duties during a departmental reorganization. In this approach, the organization can save money without sacrificing its core competencies.

4. STEPS IN COST-BENEFIT ASSESSMENT



Define the framework for the analysis: Here, the dimensions, standards, and aims of the cost-benefit analysis are defined. It specifies which task, regulation, or choice must be reviewed. Everyone can be sure they are on the same page with the objectives if the framework is defined precisely. Additionally, it enables the establishment of the timetable, assumptions, and analysis criteria.

Identify and classify costs and benefits: Everything from direct costs to indirect advantages has been documented thus far. Then, we classify them according to whether they are monetary, social, ecological, tangible, or immaterial. Accurate labeling guarantees that no crucial information is omitted. A comprehensive inventory might serve as a springboard following a more in-depth evaluation.

Draw a timeline for expected costs and revenue: At this stage, the project's lifecycle costs and benefits are laid out in chronological order. Financial transactions that occurred over a long period of time can be visually represented on a timeline. This aids professionals in predicting the magnitude and timing of economic impacts. It is crucial to get the time correct since future values must be discounted to their present values.

Monetize costs and benefits: Both qualitative and quantitative effects are converted into monetary values in this step. Methods including economic value, shadow pricing, and evaluation of market prices are all employed here. All of the components are normally distributed because they are monetized. Additionally, it enables the demonstration of tangible economic advantages resulting from non-monetary impacts.

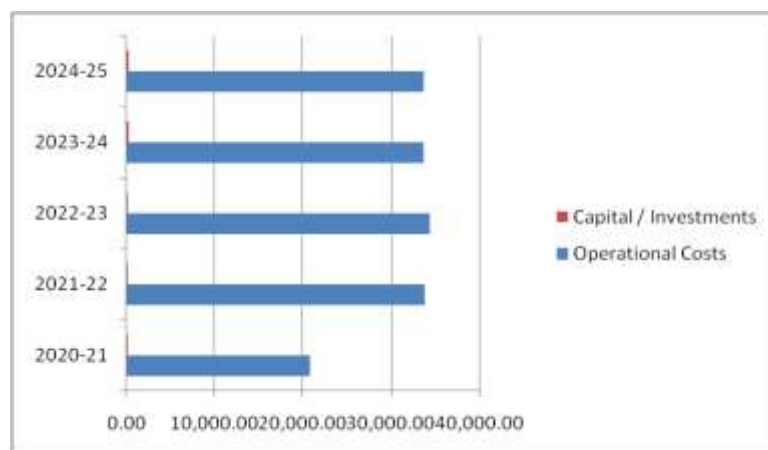
Discount costs and benefits to obtain present values: Money loses purchasing power with time, so planning ahead for expenses and income is essential. This procedure entails reducing all future amounts to their current values using the appropriate discount rate.

Calculate net present values: Comparing the whole discounted benefits to the total discounted expenses is the final step in calculating the Net Present Value (NPV). If the benefits outweigh the expenses, as demonstrated by a positive net present value, then the business is economically successful. Decisions should be founded on facts, according to this research. It concludes by determining the proposed project's worth.

5. ANALYSIS AND DISCUSSION

Costs of Ashok Leyland (₹ Cr.)

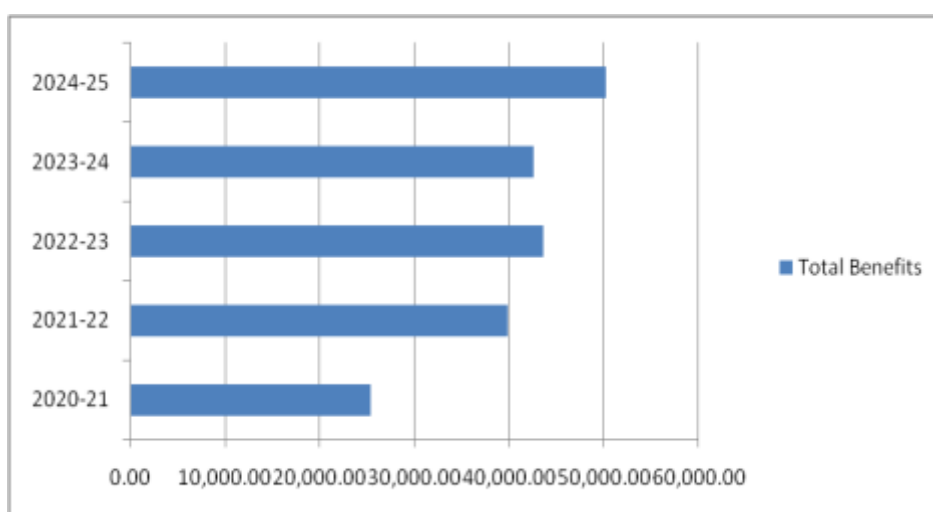
FY	Operational Costs	Capital / Investments	Total Costs
2020-21	20,742.76	111.11	20,853.87
2021-22	33,771.93	48.95	33,820.88
2022-23	34,271.39	95.53	34,366.92
2023-24	33,591.60	276.87	33,868.47
2024-25	33,591.60	276.87	33,868.47



DISCUSSION: The company's cash flow has significantly improved during the last five years. Core businesses were making a ton of money in 2024–2025, as net cash from operating operations reached ₹7,819.42 crore. Investments, in contrast to regular income from dividends and loan repayments, reliably generate income from capital expenditures and growth strategies. The fact that the company's cash and equivalents amount rose to ₹2,659.82 crore demonstrates its strong liquidity and prudent management of funds.

Benefits of Ashok Leyland (₹ Cr.)

Fiscal Year	Net Sales / Total Income	Other Income	Net Profit Before Tax	Operating Cash Flow	Total Benefits
2020-21	21,688.29	560.29	541.83	2,646.93	25,437.05
2021-22	36,144.14	190.39	1,380.11	2,136.01	39,850.66
2022-23	38,367.03	141.75	2,617.87	2,503.12	43,629.77
2023-24	38,752.74	348.14	1,380.11	2,136.01	42,616.99
2024-25	38,752.74	348.14	3,303.29	7,819.42	50,223.59



DISCUSSION: The company's total profit has gradually increased from ₹25,437.05 crore in 2020-21 to ₹50,223.59 crore in 2024-25. All of the following are included: net sales, additional income, net profit before taxes, and working cash flow. The most crucial metrics are operational cash flow and net sales since they demonstrate robust revenue growth and consistent cash creation by the company. The net profit before taxes fluctuates across the years, peaking at ₹3,303.29 crore in 2024–2025. In any case, supplemental income is still negligible. Strong financial performance, increased profitability, and improved operational efficiency have been hallmarks of the trend during the previous five years.

COST-BENEFIT ANALYSIS

Benefit-Cost Ratio (BCR)

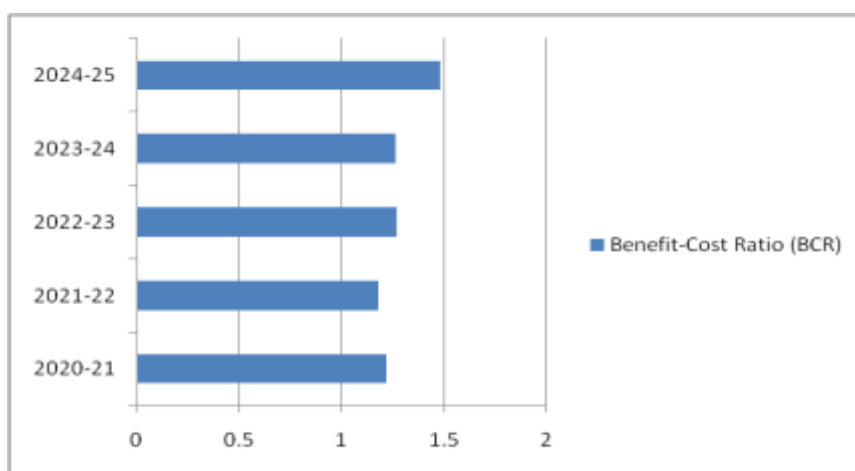
If $BCR > 1$ → Benefits outweigh Costs → Positive outcome.

If $BCR < 1$ → Costs outweigh Benefits → Negative outcome.

$$BCR = \frac{\text{Total Benefits}}{\text{Total Costs}}$$



Fiscal Year	Total Costs (₹ Cr.)	Total Benefits (₹ Cr.)	Net Benefit (₹ Cr.)	Benefit-Cost Ratio (BCR)
2020-21	20,853.87	25,437.05	4,583.18	1.22
2021-22	33,820.88	39,850.66	6,029.78	1.18
2022-23	34,366.92	43,629.77	9,262.85	1.27
2023-24	33,868.47	42,616.99	8,748.52	1.26
2024-25	33,868.47	50,223.59	16,355.12	1.48



DISCUSSION: The Benefit-Cost Ratio (BCR) for the past five years has been consistently above one, indicating solid financial health for the organization. From 1.22 in 2020–21 to 1.48 in 2024–25, the BCR has increased, indicating that benefits are outweighing costs. As a result of increased revenues and more efficient use of resources, the net benefits increased significantly, reaching ₹16,355.12 crore in 2024–2025. Investors should expect a healthy return on their capital in the long run if the BCR continues to rise.

6. CONCLUSION

Corporate restructuring in manufacturing that is supported by a comprehensive cost-benefit analysis increases efficiency, decreases wasteful spending, and raises competitiveness. By monitoring financial performance, effectively managing personnel and supply chains, introducing new technology, and optimizing processes, businesses can maximize their resources and increase their long-term profitability. By addressing existing inefficiencies and strengthening the company's ability to respond to market changes, strategic decisions made during restructuring help businesses thrive. In addition, a company can maintain its competitive advantages over time through effective restructuring since it promotes new ideas and continuous progress. With proper risk management, open dialogue with stakeholders, and an emphasis on sustainable practices, the reorganization will have more long-term advantages than short-term financial gains. A manufacturing company can become robust and future-



oriented with the help of a well-executed restructuring program that combines operational capabilities with strategic ambitions.

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