



A STUDY ON FINANCIAL PERFORMANCE OF SELECTED COMPANIES

by

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A PROJECT REPORT

submitted

In partial fulfillment of the requirements

for the award of the degree

of

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Coimbatore - 641 047

September, 2012

BONAFIDE CERTIFICATE

Certified that this project report titled, "**A Study On Financial Performance Of Selected Companies**" is the bonafide work of **Ms. B.Sangeetha**, who carried out the project under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

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DECLARATION

I, hereby declare that this project report entitled as "A study on financial performance of selected companies", has undertaken for academic purpose submitted to Anna University in partial fulfillment of requirement for the award of degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of Prof.S.Swaminathan KCTBS ,from 26.6.2012 to 6.8.2012 during the academic year 2011-2012.

I, also declare hereby, that the information given in this report is correct to the best of my knowledge and behalf.

Place: Coimbatore

.....

Date:

(B.SANGEETHA)

ACKNOWLEDGEMENT

I express my gratitude to our beloved chairman **Arutchelvar Dr. N.MAHALINGAM and Management** for the prime guiding spirit of **Kumaraguru College of Technology** for giving me an opportunity to undergo the MBA Degree course and to undertake this project work.

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CHAPTER 1

INTRODUCTION

1.1 About the study:

Finance is the life blood of an enterprise. Every enterprise, whether big, medium or small, needs finance to carry on its operations and to achieve its targets. In our present day economy, finance is the provisions of money at the time when it is required and without adequate finance, no enterprise can possibly accomplish its objective.

The major task of financial management is to get the best out of available funds. The term business finance indicates an activity or a process. This is concerned with acquisition of funds and distribution of profit by a business firm. Thus, business finance usually deals with the controls.

The financial requirement of a company can be broadly classified into long-term, medium-term and short-term finance. Long-term finance is needed for buying machinery and equipment or for the provision of land, factory buildings and other fixed assets. Medium-term finance is needed for small tools, implements and major repairs. Short-term finance is required for a few months for the purchase of raw materials for processing and meeting expenses like wages, salaries etc. Or in other words, to meet its working capital requirements.

If the finance function is properly blended with production, marketing, personnel, accounting and other business functions, the wastage of funds can be avoided. The finance function is not just a service function though it is generally viewed as one. Most of the important decisions of the business enterprise are determined on the basis of availability of funds.

They are helping the investors to take decision about where to invest because there is lots of Investment Avenue available with investors. Some of them are as follows working at the national level.

1.3 Company Profile

- SSKI named its online division as SHAREKHAN and it is into retail broking.
- The business of the company **overhauled 10 years ago on February 8, 2000.**
- It acts as a discount brokerage house to a full service investment solutions provider.
- It has specialized research product for the small investors and day traders.
- Largest chain of **640 shares shops in 280 cities** across India.
- The site was also launched on February 8, 2000 and named it as www.sharekhan.com.
- The **Speed Trade account** of Sharekhan is the next generation technology product launched on **April 17, 2002.**
- It offers its customers with the trade execution facilities on the NSE and BSE, for cash as well as derivatives, depository services.
- Ensures convenience in Trading Experience: Sharekhan's trading services are designed to offer an easy, hassle free trading experience, whether trading is done daily or occasionally. Sharekhan providing the customers with a multi-channel access to the stock markets.
- It gives advice based on extensive research to its customers and provides them with relevant and updated information to help him make informed about his investment decisions.
- Sharekhan offers its customers the convenience of a broker-DP.
- It helps the customers meet his pay in obligations on time thereby reducing the possibility of auctions. And execute the instruction immediately on receiving it and thereafter the customer can view his updated account statement on Internet.
- Sharekhan depository services offer Demat services to individual and corporate investors. A customer can avail of Demat, repurchase and transmission facilities at any of the Sharekhan branches and business partners outlets.

This study is conducted to analyse the financial performance of selected automobile companies. The financial performance of three companies: Bajaj Auto, M&M, Hero Honda.

1.2 About the organization

1.2.1 Industry Profile

The Indian retail brokerage industry consists of companies that primarily act as agents for the buying and selling of securities (e.g. stocks, shares, and similar financial instruments) on a commission or transaction fee or Brokerage basis.

An agent that charges a fee or commission for executing buys and sell orders submitted by an investor. The firm that acts as an agent for a customer, charge the customer the commission for its service. Roles similar to that of a stockbroker include investment advisor, financial advisor and probably many others. A stockbroker may or may not be also an investment advisor.

A **stockbroker** is a regulated professional broker who buys and sells shares and other securities through market makers or Agency Only Firms on behalf of investors.

Typically, a broker who receives an order from a customer will communicate with a company employee located at a particular exchange, who will **execute the order** at the exchange and report details of the transaction to the broker. Customers typically keep their securities in an account with the broker. Brokers charge customers **commissions** for conducting transactions and **fees** for maintaining their accounts.

Some of the main characteristics of the brokerage industry include growth in e-broking, decline in brokerage fees and growing derivative market and many more.

There are several national as well as local players in stock trading services which are providing various services to their customers like online trading, portfolio management system, stock broking etc.

1.3.1 TYPES OF STOCK BROKING COMPANIES:

- [5Paisa.com](#) - Online trading, live stock quotes and market research
- [Anagram Capital](#) - Stock broking, portfolio management and investment banking services
- [Angel Broking](#) - Stock-Broking and Wealth Management services
- [Advani Share Brokers](#) - Share broking and market research services
- [Anand Rathi Securities](#) - Portfolio management, corporate finance, equity & fixed income brokerage services
- [Brescon Group](#) - Advisory and broking services
- [CIL Securities](#) - Stock broking & merchant banking services
- [CRN India](#) - Trends of stock market, trading tips, chat etc
- [Churiwala Securities](#) - Stock trading, quotes and market analysis
- [DSP Merrill Lynch](#) - Investment banking and brokerage services
- [Dalmia Securities](#) - Stock broking & depository services
- [Equity Trade](#) - Stock trading, company news & market research
- [Gandhi Securities](#) - Stock broking and investment services
- [Gogia Capital Services](#) - Stock broking and market analysis
- [Hasmukh Lalbhai](#) - Stock trading services
- [Idafa Investments](#) - Stock broking services
- [India Info line Securities](#) - Stock broking, portfolio management and investment banking services
- [India Market Access](#) - Offers stock broking, portfolio management and investment banking services
- [Investsmart India](#) - Personal finance advisory & online brokerage services
- [Kisan Ratilal Choksey Shares](#) - Stock broking and e-trading services
- [Kotak Securities](#) - Brokerage services & retail distributor of financial securities
- [Manubhai Mangaldas Securities](#) - Stock broking and market analysis
- [Moneypore](#) - Investment and broking services
- [Motilal Oswal Securities](#) - Online trading, live BSE and NSE quotes
- [Navia Markets](#) - Stock broking, IPO and mutual funds services

- [Parag Parikh](#) - Stock broking and portfolio management
- [Parsoli Corporation](#) - Investment management & stock trading services
- [Pratibhuti Viniyog](#) - Stock broking services
- [Prudential](#) - Investment management services
- [Quantum Securities](#) - Offers broking and portfolio management services.
- [Religare Enterprises Limited](#) - Stock broking services and diversified financial services group with in multiple international locations

[decisions](#) of investors for investment, and their effects on [market prices](#), [returns](#) and the [allocation of resources](#).

1.3.2 Investor's Behavior:

Generally, Investors Behavior regarding the any investment is [primary concern](#) with to minimize [risk](#) while maximizing return, as opposed to a [speculator](#), who is willing to [accept](#) a higher level of risk in the hopes of collecting higher-than-average profits.

While, some people are also believes in "**High Risk, High Return**" Many investors purchase a particular stock with the intention of making a big profit over a short period of time. However, this action is not investing, but a pure gambling.

The stock market is characterized by the **trade-off between risk and return**. The higher the risk the investor is willing and able to take, the higher the potential rewards from the investment. Therefore, if a particular investment offers you high returns, it is an indication that it will come with a high risk burden.

Some people are also believes in that there is **no safe investment that will provide you with high returns** over a short period of time. Therefore, you should direct your resources toward long-term investments that are more likely to reward you for the patience with high returns.

Investors Behavior regarding the financial investment is closely related with the "**Behavioral Finance**" and "**Behavioral Economics**" are closely related fields making up a separate branch of economic and financial analysis using social, [cognitive](#) and emotional factors in understanding the [economic](#)

1.4 STATEMENT OF PROBLEM:

The present study titled "financial performance of selected companies " is an analysis and interpretation of financial statements .Analysis and interpretation of financial statements to refers to a treatment of the information contained in the income statement and balance sheet , so as to afford full diagnosis of the liquidity position and the overall profitability of the business for five years. Moreover the study throws light on various aspects of the company efficiency in utilising financial resources.

CHAPTER 2

REVIEW OF LITERATURE

1.Mr. Jarvis has extensively analyzed the financial performance of selected company's reports on the third-quarter results of pharmaceutical companies in the United States in 2008. It reveals that the third-quarter results reflect the challenges and cutback at drug companies. The article highlights the financial performance of selected drug companies, including Merck and Pfizer, in the third quarter of 2008.

2.Mr. RIM ELIAS Emphasizes the impact of preflighting approach in the printing industry to customer service and satisfaction in the United States. Analysis of preflighting models in selected companies; Tools for preflighting; Effect on the **financial performance of companies**; Comments from industry leaders.

3.Mr. PAPIERNIK.L has investment analysis for food service **companies** in the United States. Market leaders; **Financial** trends; Stock **performance of selected companies**; Profit gains by Foodmaker Inc.

4.Mr. ALEXANDER has on the expansion of the operations of the pharmaceutical retail **company**, Duane Reade Inc. through a licensing agreement with the specialty pharmacy and drug distribution provider, DrugMax in the U.S. Operations of the **company**; **Financial performance**; Details about the installation of licensed kiosks in **selected medical companies**.

5.Mr. MERMIGAS has the **financial performance** and activities of **selected** mass media **companies**. Factors leading to the decline of Walt Disney Co.'s net profit for fiscal year ended September 30, 1998; Viacom Chairman Sumner Redstone's support for Unite Paramount Network despite its annual losses; Seagram's acquisition of PolyGram NV; MediaOne Group's rollout of telephony and high-speed data services.

6. Mr. RICHARD has pertaining to the economy and business in Great Britain as of August 1, 1994. Increase in industrial output in the three months to May; Amount raised by British and Irish companies floating on the London Stock Exchange; Financial performance of selected businesses in various industries.

7. Mr. RUANO has analyzed the financial performance of selected companies developments in the Caribbean Area as of August 15, 1994. Financial performance of TII Industries Inc. and Margo Nursery Farms Inc.; Companies selected by Blue Chip Enterprise Initiative; Worldwide marketing and product development agreement between Lotus Development Corp. and Intel Corp.; Appointment of Ricardo Alfonso as key accounts manager of Gelman Sciences Incorporated.

3.3.1 Primary Data

Personal contacts are made with the officials and staff members of the finance department in the form of discussions and collection of reports.

3.3.2 Secondary Data

The data are collected from the annual reports, mainly from balance sheet and profit and loss account of the company.

3.4 Period of study

The study has been made for a period of five financial years from 2007-2008 to 2011-2012.

3.5 Tools used

- ✓ Ratio Analysis

3.6 Limitations of the study

- ✓ The project is mainly based on information gathered from secondary data, mainly Balance Sheet and Profit & Loss A/C.
- ✓ The study does not take into account the various stages of business cycle.
- ✓ Study does not take into account the risk-return trade off.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Research Design

The collected data were presented in tables and these tables were analyzed systematically. Ratio analysis, the vital financial tool was used to study the financial performance of selected companies. A chart and various diagrams are used to explain the analysis clearly. It is an undisputed truth that graphs and diagrams render any complicated discussion and any intricate subject, very simple to any casual reader of the thesis.

3.2 Objectives of the study

The objectives of the study are

3.2.1 Primary Objective

To know the impact of financial performance of selected companies of

Share Khan Ltd.

3.2.2 Secondary Objectives

1. To study the liquidity position through financial performance related ratios.
2. To study the relationship between various components of financial on the profitability of the company.

3.3 Data and sources of data

The data collected for the study is collected from balance sheet and profit and loss account.

CHAPTER 4 ANALYSIS AND INTERPRETATION

1) CURRENT RATIO:

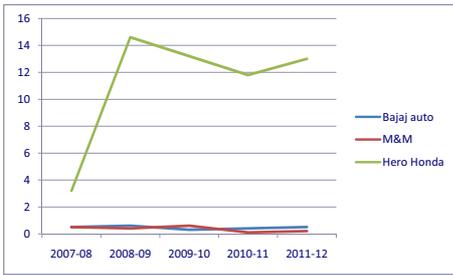
Current ratio also called as working capital ratio, is the most widely used of all financial devices based on the balance sheet. It matches the total current assets to its total current liabilities. A ratio of 2:1 is normally regarded as a standard norm in ensuring adequate liquidity for the business. Current ratio normally includes cash in hand and at bank, marketable securities, other short-term high quality investments. Current ratio is calculated with the following formula:-

$$\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

TABLE NO.4.1 SHOWING CURRENT RATIO FOR THE YEAR 2007-2012

Year	Bajaj auto	M&M	Hero Motocorp
2007-08	0.5	0.5	3.2
2008-09	0.6	0.4	14.6
2009-10	0.3	0.6	13.2
2010-11	0.4	0.1	11.8
2011-12	0.5	0.2	13

CHART NO 4.1 SHOWING CURRENT RATIO FOR THE YEAR 2007-2012



Interpretation

- The current ratio for Bajaj auto and M&M is very low which is not upto the satisfactory position.
- The ratio of Hero Motocorp is upto the satisfactory position.
- The ratio was in an increasing trend.

INFERENCE

The above table and chart 4.1 shows about the current ratio. The ratio of Hero Motocorp is satisfactory position.

2) LIQUID RATIO:

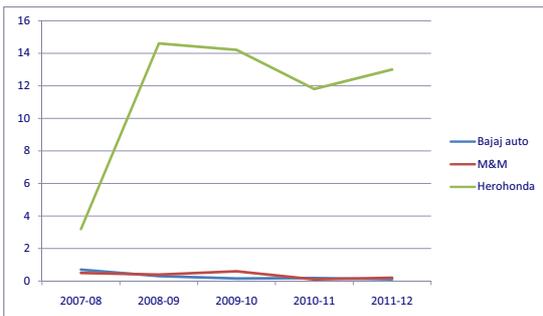
Liquid ratio is the ratio of liquid assets to current liabilities. Those current assets, which can readily be converted into cash, are known as liquid assets, or quick assets. Usually inventories and prepaid expenses are excluded from current assets because it takes time to sell finished goods, and prepaid expenses are excluded from current assets because it takes time to sell finished goods, and prepaid expenses cannot be converted into cash.

$$\text{Liquid ratio} = \frac{\text{Liquid Assets}}{\text{Current liabilities}}$$

TABLE NO 4.2 SHOWING LIQUID RATIO FOR THE YEAR 2007-2012

Year	Bajaj auto	M&M	Hero Motocorp
2007-08	0.7	0.5	3.2
2008-09	0.3	0.4	14.6
2009-10	0.16	0.6	14.2
2010-11	0.18	0.1	11.8
2011-12	0.11	0.2	13

CHART NO 4.2 SHOWING LIQUID RATIO FOR THE YEAR 2007-2012



Interpretation

- The liquid ratio of Bajaj auto and M&M is very low.
- In the period of study the ratio of Bajaj auto is fluctuating trend.
- The ratio of Hero Motocorp is having a good position which indicates very much liquidity.

INFERENCE

The above table and chart 4.2 shows about the liquid ratio. The liquid ratio of hero Motocorp is found satisfactory which reached above the level of 1:1.

3) OPERATING PROFIT:

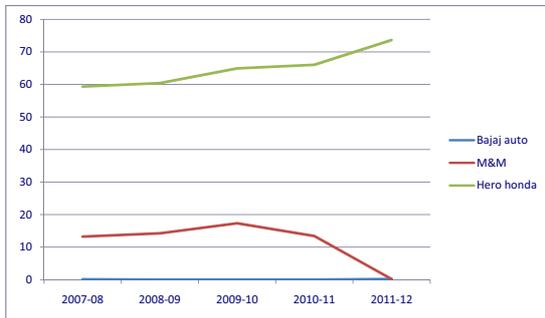
This ratio measures the relationship of operating profit to net sales and is usually presented in percentage.

$$\text{Operating profit ratio} = \frac{\text{Operating profit}}{\text{Net sales}} * 100$$

TABLE NO 4.3 SHOWING OPERATING RATIO OF FOR THE YEAR 2007-2012

Year	Bajaj auto	M&M	Hero Motocorp
2007-08	0.12	13.22	59.35
2008-09	0.01	14.22	60.4
2009-10	0.02	17.32	64.9
2010-11	0.02	13.40	66
2011-12	0.19	15.60	73.6

TABLE NO 4.3 SHOWING OPERATING RATIO OF FOR THE YEAR 2007-2012



INTERPRETATION

- The operating profit ratio of Bajaj auto is found to be very low by which more percent is taken up by the operating cost.
- The operating profit of M&M is having a fluctuating trend.
- The Hero Honda ratio is very much high which indicates low

INFERENCE

The above table and chart shows about the operating profit ratio. The operating profit ratio of Hero Motocorp is found good comparing the other company.

4) GROSS PROFIT:

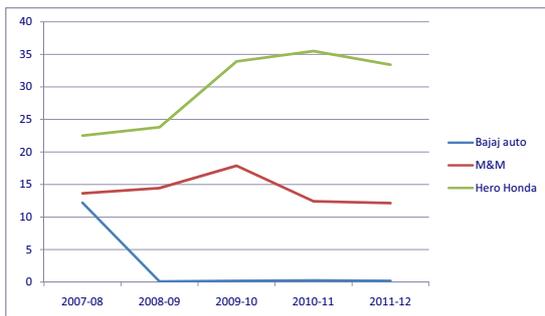
Gross profit ratio measures the relationship of gross profit to net sales and is usually represented as a percentage. Thus it is calculated by dividing the gross profit by sales to get the said ratio. This can be also be calculated by deducting gross profit from 100, we obtain the ratio of the cost of goods sold to get gross profit ratio.

$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Net sales}}$$

TABLE NO 4.4 SHOWING GROSS PROFIT RATIO OF FOR THE YEAR 2007-2012

Year	Bajaj auto	M&M	Hero Motocorp
2007-08	12.18	13.63	22.5
2008-09	0.10	14.45	23.8
2009-10	0.20	17.87	33.9
2010-11	0.26	12.41	35.5
2011-12	0.20	12.14	33.4

CHART NO 4.4 SHOWING GROSS PROFIT RATIO OF FOR THE YEAR 2007-2012



INTERPRETATION

- The gross profit of bajaj auto was found to be good during the initial years.
- In the later years it is very low.
- The M&M and Hero Motocorp is involved in low production of goods.

INFERENCE

The above chart and table 4.4 shows the gross profit ratio. The gross profit ratio of Hero Motocorp was found to be good.

5) NETPROFIT RATIO:

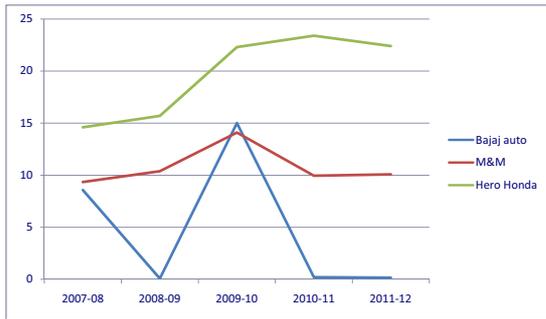
This ratio established the relationship between the net profit (after tax) and sales, and indicates the management in manufacturing, selling administrative and other activities of the firm. This ratio is the overall measure of firm's profitability.

$$\text{Net profit ratio} = \frac{\text{Net profit (after tax)}}{\text{Net sales}} * 100$$

TABLE NO 4.5 SHOWING NET PROFIT RATIO FOR THE YEAR 2007-2012

Year	Bajaj auto	M&M	Hero Motocorp
2007-08	8.56	9.35	14.6
2008-09	0.07	10.39	15.7
2009-10	0.15	14.09	22.3
2010-11	0.20	9.95	23.4
2011-12	0.15	10.08	22.4

CHART NO 4.5 SHOWING GROSS PROFIT RATIO FOR THE YEAR 2007-2011



INTERPRETATION

Net profit ratio establishes a relationship between net profit and sales. From the table it is observed that the margin ranges between 0.07 to 8.56. The company has earned a lower percentage of net profits during the year 2008 to 2009. The average net profit is 1.82.

INFERENCE

The above chart and table 4.5 shows about the net profit ratio. The ratio of Hero Motocorp was found good.

6) DEBTORS TURNOVER RATIO:

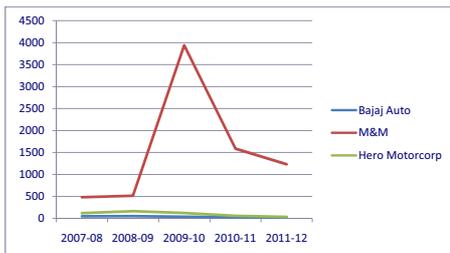
A concern may sell goods on cash as well as on credit. Credit is one of the important elements of sales promotion. The volume of sales can be increased by following a liberal credit policy. But the effect of a form of the trade debtor's. Debtor's turnover ratio can be calculated by

$$\text{Debtors turnover ratio} = \frac{\text{Net sales}}{\text{Debtors}}$$

TABLE NO 4.6 SHOWING DEBTORS TURNOVER RATIO FOR THE YEAR 2007-2012

Year	Bajaj Auto	M&M	Hero Motorcorp
2007-08	49.66	480.31	117.09
2008-09	51.77	514.10	162.06
2009-10	37.41	3935.51	122.63
2010-11	27.45	1585.08	55.10
2011-12	21.93	1230.14	32.70

CHART NO 4.6 SHOWING DEBTORS TURNOVER RATIO FOR THE YEAR 2007-2012



INTERPRETATION

Debtors Turnover ratio establishes a relationship between netsales and debtors. From the table it is observed that the margin ranges between 5.14 to 3935.51. The company has earned a very higher percentage of debtors turnover during the year 2009 to 2010. The average is 1549.03. Where as for hero moto corp the sales has considerably increased in the year 2009-10.

INFERENCE

The above chart and table 4.6 shows about the debtors turnover ratio. The ratio of Mahindra and Mahindra was found very good.

7) WORKING CAPITAL TURNOVER RATIO:

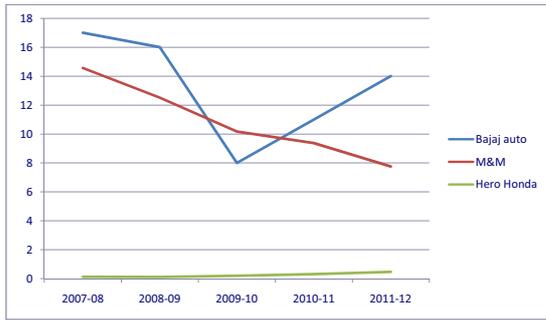
Working capital of a concern is directly related to sales. The current assets like debtors, bills receivables, cash, stock etc. Working capital turnover ratio indicates the velocity of the utilisation of net working capital.

$$\text{Working capital} = \frac{\text{Cost of sales}}{\text{Average working capital}}$$

TABLE NO 4.7 SHOWING WORKING CAPITAL TURNOVER RATIO FOR THE YEAR 2007-2012

Year	Bajaj auto	M&M	Hero Honda
2007-08	17	14.56	0.13
2008-09	16	12.51	0.12
2009-10	8	10.17	0.20
2010-11	11	9.37	0.32
2011-12	14	7.76	0.47

CHART NO 4.7 SHOWING WORKING CAPITAL TURNOVER RATIO FOR THE YEAR 2007-2012



INTERPRETATION

- The working capital ratio of Bajaj auto is found good when comparing other company.
- The ratio of M&M is also satisfactory.
- The ratio of Hero Honda is not up to the satisfactory level which may affect the performance.

INFERENCE

The above chart and table 4.7 working capital turnover ratio. The working capital turnover ratio of bajaj auto is found satisfactory.

8) RETURN ON CAPITAL EMPLOYED

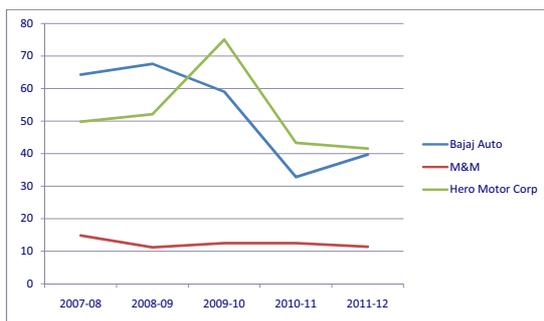
ROCE measures the profit relative to the size of the business or the amount of capital it takes to run the business. It is often called the primary ratio because many consider it the most important. The ratio shows how efficiently a business is using its resources. ROCE is calculated as follows:

$$\frac{\text{Profit before interest and taxation} \times 100}{\text{Shareholders equity} + \text{long term liabilities}}$$

TABLE NO 4.8 SHOWING THE RETURN CAPITAL EMPLOYED FOR THE YEAR 2007-2012

Year	Bajaj Auto	M&M	Hero Corp	Motor
2007-08	64.24	14.83		49.83
2008-09	67.57	11.20		52.13
2009-10	59.01	12.48		75.07
2010-11	32.80	12.50		43.33
2011-12	39.71	11.40		41.57

CHART NO 4. 8 SHOWING THE RETURN ON CAPITA EMPLOYED FOR THE YEAR 2007-2012



INTERPRETATION

- The ROCE of Hero Motocorp and Bajaj auto is found good when comparing other Mahindra and Mahindra.
- The ratio of M&M is also satisfactory.

INFERENCE

From the above chart it is identified that Mahindra and Mahindra is less satisfying than the other two companies whose performance is appreciable.

9) RETURN ON NET WORTH

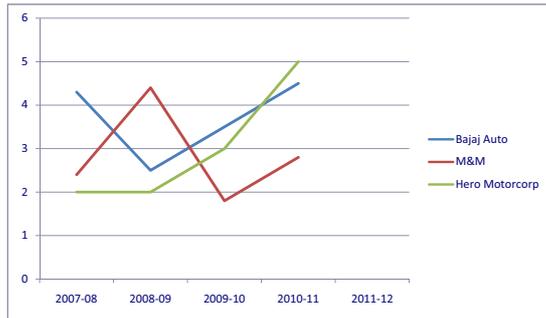
It is the ratio of net profit to share holder's investment. It is the relationship between net profit (after interest and tax) and share holder's/proprietor's fund. This ratio establishes the profitability from the share holders' point of view. The ratio is generally calculated in percentage.

$$\text{Return on networth} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

TABLE NO 4.9 SHOWING THE RETURN ON NET WORTH FOR THE YEAR 2007-2012

Year	Bajaj Auto	M&M	Hero Motorcorp
2007-08	49.72	21.01	55.43
2008-09	68.01	18.61	65.21
2009-10	58.14	19.82	64.41
2010-11	38.92	14.60	33.72
2011-12	47.61	13.46	32.41

CHART NO 4.9 SHOWING THE RETURN ON NET WORTH FOR THE YEAR 2007-2012



INTERPRETATION

- The RONW of all the three companies is found satisfactory. All the three companies increase averagely during all the five years. Hence there does not exist decreased performance.

INFERENCE

The above chart 4.9 shows that the performance of all the three companies considerably increases.

10)DEBT EQUITY RATIO

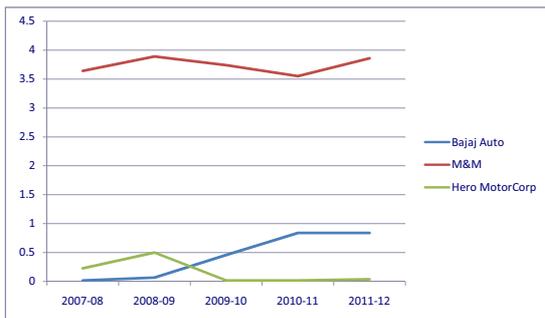
The Debt to Equity Ratio measures how much money a company should safely be able to borrow over long periods of time. It does this by comparing the company's total debt (including short term and long term obligations) and dividing it by the amount of owner's equity

$$\text{DEBT EQUITY RATIO} = \frac{\text{OUTSIDERS FUND}}{\text{SHAREHOLDERS FUNDS}}$$

TABLE NO 4.10 SHOWING DEBT EQUITY RATIO FOR THE YEAR 2007-2012

Year	Bajaj Auto	M&M	Hero MotorCorp
2007-08	0.02	3.64	0.23
2008-09	0.07	3.89	0.50
2009-10	0.46	3.74	0.02
2010-11	0.84	3.55	0.02
2011-12	0.84	3.86	0.04

CHART NO 4,10 SHOWING DEBT EQUITY RATIO FOR THE YEAR 2007-2012



INTERPRETATION

- The debt equity ratio table shows that the ratio of bajaj Auto has highly increased during the year 2009-10.
- Where as for Hero Motocorp the ratio has decreased during the year 2009-10.

INFERENCE

The debt equity ratio chart shows that the performance of Mahindra and Mahindra is very good and bajaj auto is considerably increasing ,whereas the performance of Hero Motocorp is decreased.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

- The ratio of Hero Motocorp is satisfactory position.
- The liquid ratio of hero Motocorp is found satisfactory which reached above the level of 1:1.
- The operating profit ratio of Hero Motocorp is found good comparing the other company.
- The gross profit ratio of Hero Motocorp was found to be good.
- The working capital turnover ratio of bajaj auto is found satisfactory.
-

5.2 Suggestions

1. The management may take proper decisions to maintain their absolute liquid ratio, so that they can maintain their liquidity position in the long run.
2. The liquidity position could be strengthened by reducing the current liabilities.
3. The management may try to increase the EPS by increasing the profitability of the company.
4. The cash balance level of the company when compared to current liabilities is minimum and the management may improve the cash balance to an optimum level to meet the contingencies.
5. The company may tighten the credit policy to the customers to reduce the debt collection period.
6. Company can go for sourcing money through debt which is the cheapest source rather than sourcing from banks for working capital requirements.
7. Maintenance can be made rather than building new projects.
8. Debt policy can be reviewed so that company will have enough time to meet their dues to pay to creditors.
9. Sales can be increased, by following different strategy because in malls things may become out of fashion and stock may become blocked which leads to blocking of working capital
10. Sales can also be increased by giving credit to buyers.
11. Credit period for customers can be provided but the customers should be financially sound enough to repay
12. Current assets like cash, marketable securities can be utilized more effectively.

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5.3 CONCLUSION

On studying the financial performance selected companies of Management for a period of five years from 2007 – 2008 to 2010 - 2011, the study reveals that the financial performance in Hero Motocorp is satisfactory. It could be concluded that the company "financial performance" has been performing well. The financial performance of the company is compared with the ratio analysis like liquidity, profitability and solvency ratios.