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A Study on Financial Analysis of Maruti Suzuki India Limited Company

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Abstract:

Finance means as the administration of cash and incorporates exercises like Investing, Borrowing, Lending, Budgeting, Saving, and Forecasting. Finance is the management of the flows of money through an organisation whether it may be bank, corporation, and school, or government assistance. Cash related examination is appraisal of a business from a variety of the perspectives in order to totally understand the more conspicuous financial situation and choose how best to the fortify the business.

Keywords: Profitability Ratios, Financial Analysis, Balance sheet, profit & loss accounts.

1. Introduction

Financial performance is the tool or technique through which we can find out the stability, financial capability of any business entity or organisation. Financial analysis is done for to know the solvency of that particular entity that means to know the financial capability, liquidity & profitability of that particular entity financial analysis is doing by various way, using annual reports like balance sheet and profit & loss accounts.

Financial analysis

Financial analysis is process of measuring, analysing, controlling, businesses, project plan, budgets, any other finance related data to examine or to check performance and suitability. Financial analysis is use for defining whether the business or any entity is financially stable liquid or profitable for such monetary investment.

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Need for the study

We all know that the financial statement show the real position of an entity, whether that entity is strong and financial capable. Through the financial statement, balance sheet & profit & loss account we can the financial analysis.

1.5. Objective of the study

* To study the development and improvement of Maruti Suzuki India constrained Company.

* To look at the consistency and development pace of chosen money related parameters of the specific Company.

* To analyse profitability and liquidity position of the Company.

1.7. METHODOLOGY

1.7.1. Sources of data

A data which is collected by other to be used by researcher. That means already available data. Such as variables affecting to behaviour of liquidity, influence and productivity are gathered from the monetary record or benefit and misfortune record of the chose particular Company for a period of 3 years such as from 2016-2017 to2018-2019. .

1.7.4. Limitation of the study

The examination time of three years from 2016-2017 to 2018-2019. Auxiliary information are gathered for this examination because of cost and time compels. The present investigation is generally founded on proportions, which have been it is strange impediments.

III. Profitability Ratios:

The Profitability ratios measures the whole performance and effectiveness of the industry.

Gross profit ratio

Gross profit ratio is the ratio of gross profit divided net sales i.e. sales less sales returns. It is utilized for between firm and between firm correlations of exchanging results. Net advantage is what is revealed by the trading account.

Gross Profit Ratio-

This is very significant ratio, which provides information about the margin of profit on sales. Higher the ratio, greater the amount available to meet operating expenses and generate profit to the investors.

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Formula:

G.P. Ratio= G.P./Sales*100

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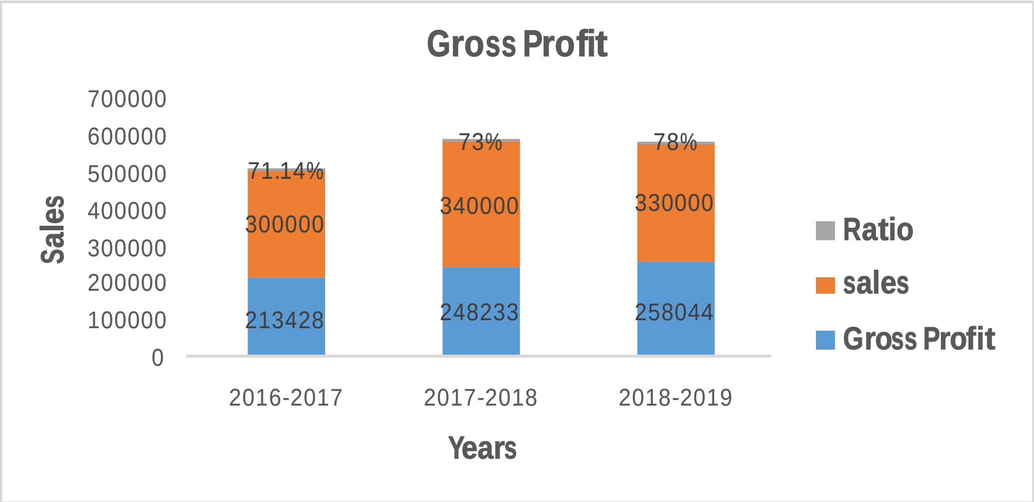
Year	Gross Profit	Sales	Ratio
2016-2017	213428	300000	71.14%
2017-2018	248233	340000	73%
2018-2019	258044	330000	78%



INTERPRETATION:-

The beyond graph shows the gross profit ratio position of the company. The gross profit ratio was ranges from 71.14% to 78% during the study period 2016-2017 to 2018-2019.

1. **Net Profit Ratio-**

This shows the net profit after tax earned on sales. Higher the ratio, better the profitability of the firm.

Formula:

Net Profit Ratio=net profit /sales*100

Year	Net Profit	Sales	Ratio
2016-2017	75110	300000	25%
2017-2018	78800	340000	23.17%
2018-2019	76506	330000	23.18%

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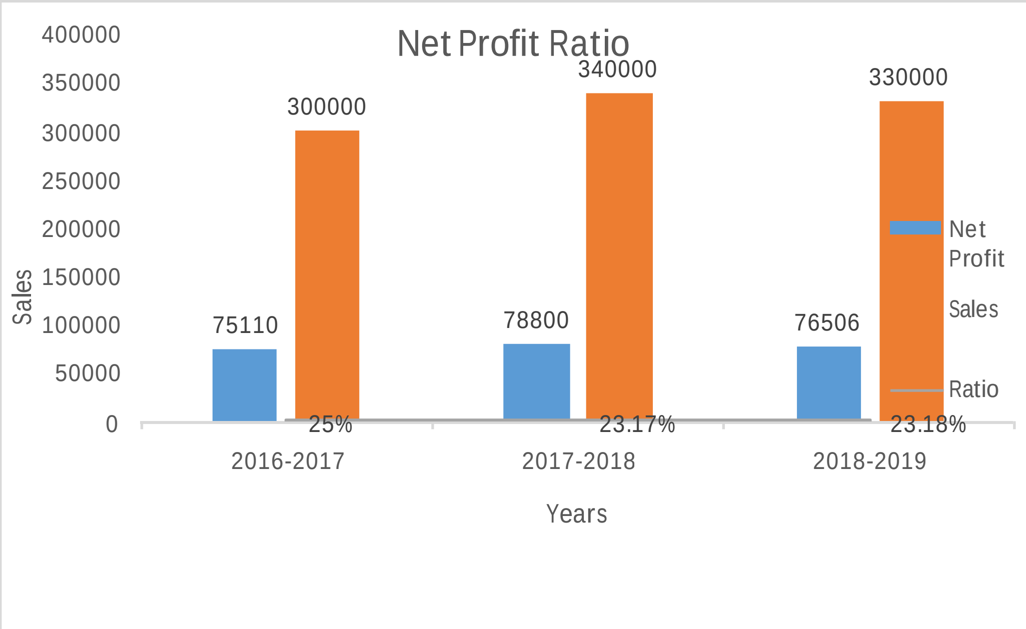

INTERPRETATION:-

The beyond graph shows the net profit ratio position of the company. The net profit ratio was ranges from 25% to 23.18% during the study period from 2016-2017 to 2018-2019

2. Operating ratio-

The operating ratio is a company's operating expenses as a percentage of income.

Formula:
Operating Ratio=operating Expenses/Net sales*100

Year	Operating Expenses	Sales	Ratio
2016-2017	0	300000	0%
2017-2018	991	340000	0.29%
2018-2019	1221	330000	0.37%

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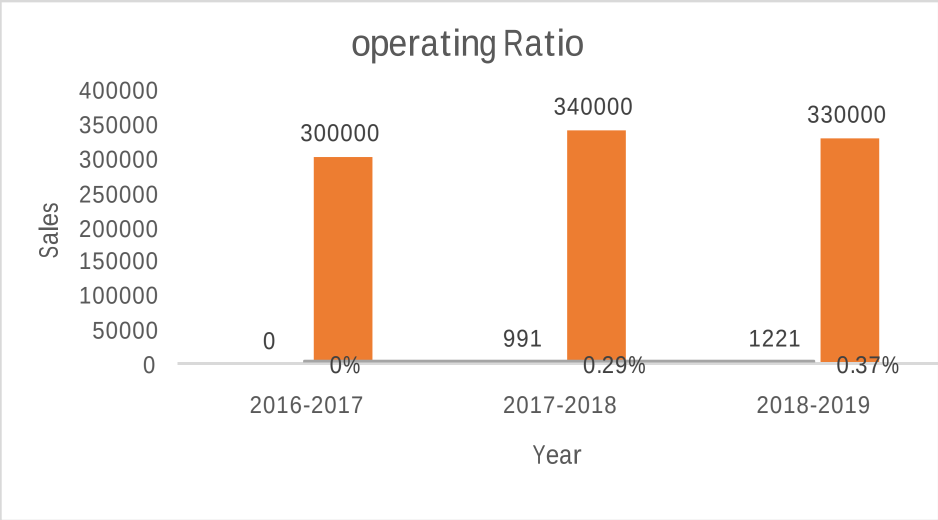

INTERPRTATION:-

From the above graph shows the operating ratio. In this graph profit is also increase in the last three year .In 2017 0% then in 2019 0.37%.

3. Proprietary Ratio-

The Proprietary ratio is the proportion of shareholders' equity to total assets. The Proprietary extent is the degree of speculators' an incentive to indicate assets, and in that limit gives a horrendous check of the proportion of capitalization right presently used to support a business.

Formula:

Proprietary Ratio=stockholders equity/Total assets*100

Year	Stockholder equity	Total assets	Ratio
2016-2017	370905	519605	71.38%
2017-2018	425755	602484	70.66%
2018-2019	471097	639687	73.64%

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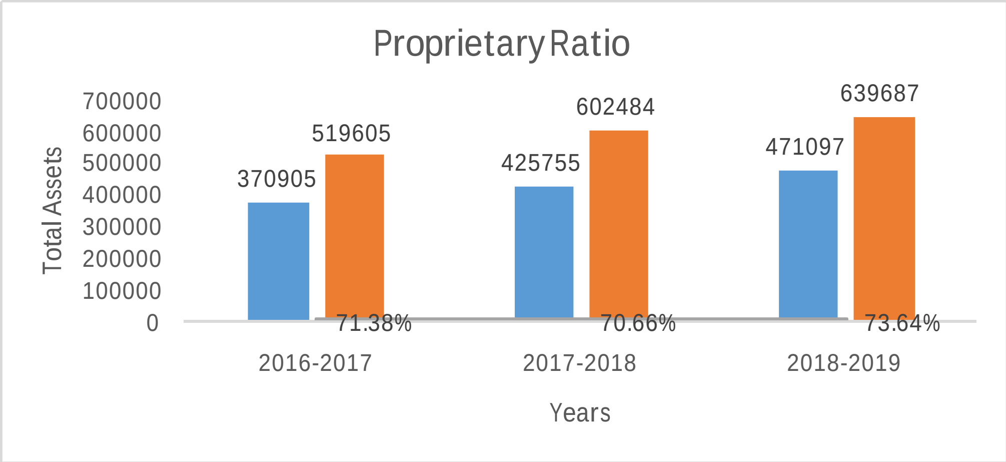


INTERPRETATION:-

That shows Proprietary Ratio is raises from 2017 to 2019. The company is having good financial position. In 2017- 71.38% and in 2019- 73.64%.

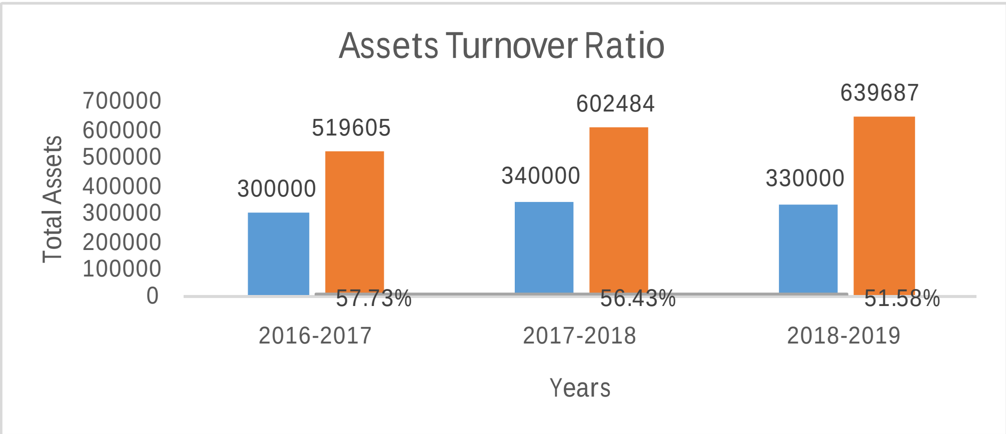
4. Assets Turnover Ratio-

The asset turnover ratio measures the value of a company's sales or profits relative to the value of its assets.

Formula:

Assets Turnover Ratio=Net sales/Total assets

year	Net Sales	Total assets	Ratio
2016-2017	300000	519605	57.73%
2017-2018	340000	602484	56.43%
2018-2019	330000	639687	51.58%



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INTERPRETATION:-
This ratio is indicate Assets Turnover for Sales. This ratio helps to forecast on the basis on the sales.

V. Findings

1. The Gross profit ratio is high in the year 2018-2019.

2. The Net profit ratio is consistent in the year 2017-2018 to 2018-2019.

3. The Operating proportion has increment from 0.29% to 0.375 during the time of the examination.

4. The Proprietary ratio is high in the year 2018-2019.

5. The total assets of the company are increase during the periods of study.

VI. Suggestions

Car industry along these lines present a not too bad open entryway for the theorists especially as Mahindra and Mahindra ltd, Major Indian producers like Tata's and Maruti may be doing incredible as numbers in bargains anyway will defy unprecedented test in for of Mahindra and Mahindra. Mahindra and Mahindra has an incredible situation on the financial exchange and will pull in speculators and this could prompt improvement and development.

VII. Conclusion

It is discovered that proportions are determined from the budget reports' which are set up as wanted by the administration and strategies received on deterioration and stock qualities and in this way produce just an accumulation of actualities communicated in money related term. It is found that extents are resolved from the spending reports' which are set up as needed by the organization and techniques got on weakening and stock characteristics and along these lines produce only an amassing of realities conveyed in cash related term.

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