

A Study on Financial Performance on Mahindra And Mahindra Company

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Abstract- Mahindra & Mahindra is an auto-mobile manufacturing company with various other subsidiaries. This company which is well known for its trucks has sufficient market share in other sectors as well. The study's main focus is to determine the overall performance of the Mahindra and Mahindra Company and to determine the overall assets and liabilities and income and expenditure. The core business of Mahindra & Mahindra is manufacturing and scale of automobile related services. The efficient working capital management is the most crucial factor in maintain survival, liquidity and profitability of the concerned business enterprise. In this study it is for assessing the trend of working capital management and also to suggest an appropriate audit program to facilitate proper working capital management in the Automobile Industry. The financial analysis of a company helps a firm to make decisions and to know the financial aspects of the company. The tool used in this study to find the financial analysis is ratio analysis. It reveals the insights regarding profitability, liquidity, operational efficiency and solvency.

Keywords- Financial Performance, Ratios.

I. INTRODUCTION

Finance means management of large amount of money. It is generally termed as the science of money. Finance is to usually control the policies, activities and decision of Mahindra & Mahindra is an auto-mobile manufacturing company with various other subsidiaries. This company which is well known for its trucks has sufficient market share in other sectors as well. The study's main focus is to determine the overall performance of the Mahindra and Mahindra Company and to determine the overall assets and liabilities and income and expenditure. The core business of Mahindra & Mahindra is manufacturing and scale of automobile related services. The efficient working capital management is the most crucial factor in maintain survival, liquidity and profitability of the concerned business enterprise. In this study it is for assessing the trend of working capital management and also to suggest an appropriate audit program to facilitate proper working capital management in the Automobile Industry. The financial analysis of a company

helps a firm to make decisions and to know the financial aspects of the company. The tool used in this study to find the financial analysis is ratio analysis. It reveals the insights regarding profitability, liquidity, operational efficiency and solvency. every business. Financial activity is a managerial activity which is concerned with planning and controlling of a firm's financial resources. Financial analysis is the process of identifying the financial strength and weakness of the firm. Financial analysis is as the final step of accounting that result in the presentation of final and the exact data that help business managers. Investors and creditors to take proper and accurate decisions. A company's financial performance, such as current ratio, debt ratio, equity ratio, quick ratio etc.

OBJECTIVES:

1. To know the financial ratio of the company.
2. To know the profitability ratio of the company.

STATEMENT OF THE PROBLEM:

In this study, the financial performance of Mahindra and Mahindra company is ascertained using the ratios analysis tool. It helps in evaluating the relationship between financial statements and other important parts of the company to understand the companies position and performance. So in this study, the financial performance of the company is analysed and founded if the performance is satisfied or not.

LIMITATION OF THE STUDY:

1. The data used in this study was secondary data.
2. It does not cover any non-financial data(qualitative) which have some impact on financial performance on the whole.
3. The statement that are studied are historical past cannot be the index for future estimation.

II. REVIEW OF LITERATURE

1. Agarwal (1999) studied about the profitability and growth in Indian Automobile manufacturing industry. The objective of this study was to examine if firms have been

making super normal profits since 1975 when price controls were removed. He has also evaluated the impact of policy changes since 1981-82 on profitability and growth of firms in the industry using Tobin's Square as a measure of profitability. He has found that there was no evidence to show that firms have made super normal profits. Profitability was found to be explained mainly by the age of the firms, vertical integration, diversification and industry policy dummy variable. In this study the important determinants of the growth of firms were found as diversification, industry policy dummy variables, gross retained profits and development of capacities. Results also revealed that the differences in performance between car and non-car sectors as well as within the sectors of the industry.

- Singla (2008) has examined in his study about how financial management plays a crucial role industrialists' growth of banking. His study concerned with examining the profitability position of the selected sixteen banks of banker index for a period of six years 2001-2006. He has revealed that the profitability position was reasonably maintaining by the selected banks during the period of study when compared with the earlier years. He concluded in his study, the strong capital position and balance sheet place and banks were in better position to deal with and absorb the economic constant over a period of time.

III. RESEARCH METHODOLOGY

The data used in this study is secondary data. The data is taken for the period of five years from 2016-2021. The data collected here is ascertain to find out the financial performance of Mahindra and Mahindra by using ratio analysis. The ratios like current ratio, quick ratio, operating profit ratio, debt equity ratio, equity ratio, are used to know the financial position of the firm. The ratios like net profit ratio, return on equity and return on assets are used to know the profitability of the firm.

FINANCIAL RATIOS:

CURRENT RATIO:

Particular	2016-17	2017-18	2018-19	2019-20	2020-21
Current assets	12,608	16,474	18,071	15,141	20,312
Current liability	9634	13,323	14,334	10,972	15,133
Current ratio	1.30	1.23	1.26	1.37	1.34

INTERPRETATION:

The Current ratio is satisfied with above ratio for every year. In the year 2019-20 has the highest ratio of 1.37.

QUICK RATIO:

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Liquid assets	9850	13773	14232	11741	16357
Current liability	9634	13,323	14,334	10,972	15,133
Quick ratio	1.02	1.03	0.99	1.07	1.08

INTERPRETATION:

The Quick ratio is satisfied with above ratio for every year. In the year 2020-21 has the highest ratio of 1.08.

OPERATING PROFIT RATIO:

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Earnings before tax and interest	3643	4356	4796	1330	268
Net sales	44,053	48,685	53,614	45,487	45,040
Operating ratio	8.26	8.94	8.94	2.92	0.59

INTERPRETATION:

The Operating profit ratio is satisfied with above ratio for every year. In the year 2018-19 has the highest ratio of 8.94.

DEBT EQUITY RATIO:

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Long term debt	2771	2863	2479	2932	7094
Shareholders fund	26,785	30,294	34,209	34,467	34,501
Debt equity ratio	0.10	0.09	0.07	0.08	0.20

INTERPRETATION:

The Debit Equity ratio is satisfied with above ratio for every year. In the year 2020-21 has the highest ratio of 0.20.

EQUITY RATIO:

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Total equity	26,785	30,294	34,209	34,467	34,501
Total assets	39,968	47,416	52,697	50,502	59,588
Equity ratio	0.67	0.63	0.64	0.68	0.57

INTERPRETATION:

The Equity ratio is satisfied with above ratio for every year. In the year 2019-20 has the highest ratio of 0.68.

PROFITABILITY RATIOS:

NET PROFIT RATIO:

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Net profit	3643	4356	4796	1330	268
Net sales	44053	48685	53614	45487	45040
Net profit ratio	8.27	8.94	8.94	2.92	0.59

INTERPRETATION:

The Net profit ratio is satisfied with the above ratio for every year. In the year 2018-19 has the highest ratio of 8.94.

RETURN ON EQUITY:

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Profit after tax	4722	6102	6325	3116	1460
Net worth	26785	30294	30209	34467	34501
Return on Equity	17.62	20.14	20.93	9.04	4.23

INTERPRETATION:

The Return on Equity is satisfied with the above ratio for every year. In the year 2018-19 has the highest ratio of 20.93.

RETURN ON ASSETS:

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Net profit	26785	30294	34209	34467	34501
Total assets	39968	47416	52697	50502	59588
Return on assets	0.67	0.63	0.64	0.68	0.57

INTERPERTATION:

The Return on Assets is satisfied with above ratio for every year. In the year 2019-20 has the highest ratio of 0.68.

IV. FINDINGS

The Current ratio is satisfied with above ratio for every year. In the year 2019-20 has the highest ratio of 1.37. The Quick ratio is satisfied with above ratio for every year. In the year 2020-21 has the highest ratio of 1.08. The Operating profit ratio is satisfied with above ratio for every year. In the year 2018-19 has the highest ratio of 8.94. The Debit Equity ratio is satisfied with above ratio for every year. In the year 2020-21 has the highest ratio of 0.20. The Equity ratio is satisfied with above ratio for every year. In the year 2019-20 has the highest ratio of 0.68. The Net profit ratio is satisfied with the above ratio for every year. In the year 2018-19 has the highest ratio of 8.94. The Return on Equity is satisfied with the above ratio for every year. In the year 2018-19 has the highest ratio of 20.93. The Return on Assets is satisfied with above ratio for every year. In the year 2019-20 has the highest ratio of 0.68.

V. SUGGESTION OF THE STUDY

1. The company is suggested to try and increase the availability of liquid cash in the investment of liquid cash and in the investment of cash which helps in improving the company's profitability.
2. The liquidity position of the company can be increased by effectively managing the working capital.
3. The company can focus more on the efficiency of the company.

VI. CONCLUSION

At the end of this study, the financial analysis of Mahindra and Mahindra company the various financial aspects like profitability, liquidity and solvency, it can be concluded that the profitability position of the company's Net profit is satisfied every year. The shortterm solvency is measured by current ratio and quick ratio. The ratio has increase do its highest of 1.37 during the year 2016-2021. The ideal Current ratio is 2:1. The company never ever touched the ideal ratio it varies from 1.30:1 to 1.34:1 during the financial year 2016-2021. The second ratio of liquidity is quick ratio. The ideal quick ratio is 1:1. In this case, the ratio various from 1.02:1 to 1.08:1 in the financial year 2016-2021. The long term solvency is measured using debt-equity ratio, debt of total asset ratio and profitability ratio. Debt-equity ratio of the various from 0.10 to 0.20. The second measure of long term solvency is equity ratio. It varies from 0.67 to 0.57 during the financial year 2016-2021. Hence the basic findings like profitability, liquidity and solvency is found at the end of this study.

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