

A STUDY ON FINANCIAL PERFORMANCE OF MARUTI SUZUKI LIMITED

Dr. D. SIVASAKTHI, Associate Professor, Department of Commerce (PA), Dr.N.G.P Arts & Science College, Coimbatore,

Ms. S. THIRISHA, Student of III B.com PA, Dr.N.G.P Arts & Science College, Coimbatore,

ABSTRACT

Financial performance analysis is the process of determining the operation and financial characteristics of a firm from accounting and financial statements. Based on the performance or statement company can improve the capital structure, cash flow of the company, revenues and reduce in expenses. The goal of such analysis is to determine the efficiency and performance of the firm's management, as reflected in the financial records and reports. The study focuses on overall financial position of Maruti Suzuki company during the period of five years (2017-18 to 2021-22).

KEY WORDS: Financial performance analysis, Ratio analysis, Liquidity ratio, profitability ratio, Maruti Suzuki company

INTRODUCTION

Every business organization, whether manufacturing oriented or service oriented, needs finance, i.e., money for carrying on its activities. Though business organization gets sufficient money for carrying its activities, success of the business depends on how well the organization manages them. That is, it depends on how well a business organization funds its capital and how efficiently it operates out of the invested capital to generate profit. While the success of the of a business also a subjective measure how well a firm can finance its assets and make use of the assets to generate revenues, the business can be stable and healthy if it is financial performance consistently yields profit. These measures often determine whether that level of performance is considered adequate. Further, a business organization is inefficient, if the performance level is often found to be low, even if it is making profit.

STATEMENT OF THE PROBLEM

Financial performance analysis is the process of determining the operation and financial characteristics of a firm from accounting and financial statements. The goal of such an analysis is to determine the efficiency and performance of the firm's management, as reflected in the financial records and reports. From the above point of view the researcher has undertaken an analysis of financial performance of Maruti Suzuki India Limited Company to understand how management of finance plays a crucial role in the growth.

SCOPE OF THE STUDY

The efficiency of business is affected by financial performance so it's important to measure financial performance. The study helps to take decisions and manage according to financial performance. The Scope of this study to know capacity of liquidity of assets, stability of profit, and flexibility of activities of Business by using ratio analysis by 5 years financial statements. The main scope is to know the strength and weakness of financial performance and to measure overall efficiency of firm and interpreted and gives suitable suggestions to improve their financial position in future.

OBJECTIVES OF THE STUDY

- To study the financial performance of Maruti Suzuki Limited.
- To examine the consistency and growth rate of selected financial parameters of the company.
- To analyse profitability and liquidity status of the Maruti Suzuki limited.

RESEARCH METHODOLOGY

RESEARCH DESIGN

The study aims at analysing the liquidity position for a period of 5 years from 2017-18 to 2021-22 of Maruti Suzuki India Ltd and also to get a clear insight of profit earning capacity of the company.

NATURE OF STUDY

This is an analytical study as it is analysing the financial performance of Maruti Suzuki limited.

NATURE OF DATA

The study is based on secondary data. The data is collected from various sources such as books, journals, and online publications. The audited financial statements are collected to perform the study.

TOOLS AND TECHNIQUES

For analysis, the data collected through secondary source especially the financial statements of the company, statistical tools such as ratio analysis and comparative balance sheet are used.

Ratio analysis

✓ Profitability ratio

✓ Liquidity ratio

✓ Solvency ratio

LIMITATIONS OF THE STUDY

- The period of the study limited only to five years.
- The data are secondary by nature and any bias in them reflects in the analysis and the conclusion of the study.

REVIEW OF LITERATURE

V.Gokulapriya, Dr.P. Dhanya (2020) stated that the economic reforms had influenced most of the economic growth of the country in a significant manner. The better investment given good profit and to calculate how much profit the company is gaining the profitability ratios are using. concluded that the prosperity of Maruti Suzuki is wealthy for the last 10 years period.

Muruganantham and Barkavi (2020) conducted research for analysis of the financial performance of TVS Motors by using 5 years of annual audited reports. And finally, these studies concluded business is good and they have better performance. In addition to that want to increase their sales volume and produce more from the owner's funds and available funds. This helps firms to increase their performance in their competitive world.

Suman Rana (2019) They entitled their study as financial analysis of Tata motors and Maruti Suzuki to analysis performance of both company their research design is descriptive cum analysis in nature the data was collected in secondary data and period of study was 4 years from 2013-2018 and had used ratio as their tool and interpreted result in statistical analysis and graphic method they had find that Tata motors are more ability in payment ratios are higher in Maruti Suzuki has more sales volume and overall the Maruti Suzuki is more efficient performance in comparative study.

PROFILE OF THE COMPANY

Maruti Udyog Limited was founded by the Government of India on 24 Jan 1981 with Suzuki Motor Corporation as a minor partner, only to become the formal JV partner and license holder of Suzuki in August 2021. The first manufacturing factory of Maruti was established in Gurugram, Haryana, in the same year.

Maruti Suzuki Ltd, formerly known as Maruti Udyog Ltd is Indian automobile manufacturer, based in New Delhi. It was found in 1981 and owned by Government of India until 2003. Then it was sold to the Japanese automaker Suzuki motor corporation.

The company has two states of the art manufacturing facilities located in Gurugram and Manesar in Haryana, with a combined annual production capacity of 1.58 million units per annum. Highly efficient lean manufacturing process together with a skilled and motivated work force leads to manufacturers of reliable and quality products.

TABLE 1**TABLE SHOWING THE CURRENT RATIO**

YEARS	CURRENT ASSETS	CURRENT LIABILITIES	RATIO
2017-18	7930.00	15448.50	0.51
2018-19	12372.70	14160.50	0.87
2019-20	8440.60	11305.40	0.74
2020-21	18544.30	16120.50	1.15
2021-22	16793.40	17023.50	0.98

(SOURCE: SECONDARY DATA)

INTERPRETATION

The above table shows the relationship of current assets and current liabilities. During the study period 2017-18 the ratio was 0.51 and it increased to 0.87 in 2018-19. Again the ratio decreased to 0.74 in 2019-20. On 2020-21 the ratio increased to 1.15 and it decreased to 0.98 in 2021-22.

Current ratio of the company was highest 1.15 in the year 2020-21 and lowest 0.51 in the year 2017-18.

TABLE 2

TABLE SHOWING THE NET PROFIT RATIO

YEAR	NET PROFIT	NET SALES	NET PROFIT RATIO
2017-18	7716.70	79809.40	9.66
2018-19	7493.40	86068.50	8.70
2019-20	5557.60	75660.00	7.34
2020-21	4220.10	70372.00	5.99
2021-22	3717.60	88329.80	4.20

(SOURCE: SECONDARY DATA)

INTERPRETATION

The above table shows the relationship between the net profit and net sales in percentage. During the study period 2017-18 the ratio was 9.66 and then it decreased to 8.70 in the year 2018-19 and also downwards to 7.34 in the year 2019-20. On 2020-21 the ratio decreased to 5.99 and also in the year 2021-22 as 4.20.

Net profit ratio of the company was highest 9.66 in the year 2017-18 and lowest 4.20 in the year 2021-22

TABLE 3**TABLE SHOWING THE DEBT RATIO**

YEARS	TOTAL DEBT	TOTAL ASSETS	RATIO
2017-18	120.80	42696.30	0.28
2018-19	157.60	47267.30	0.33
2019-20	111.70	49543.90	0.22
2020-21	491.60	52992.20	0.92
2021-22	381.90	55715.40	0.68

(SOURCE: SECONDARY DATA)

INTERPRETATION

This table shows the debt ratio percentage. In 2017-18 the ratio was 0.28 and it increased to 0.33 in the year 2018-19. On 2019-20 it decreased to 0.22 and increased to 0.92 in 2020-21. Again it reduced to 0.68 in 2021-22.

Debt ratio of the company was highest 0.92 in the year 2020-21 and lowest 0.22 in the year 2019-20.

FINDINGS

- The standard ratio of Current ratio is 2:1 and the company's highest current ratio was 1.15 in the year 2020-21 and lowest in the year 2017-18. It is not standard every year.
- Net profit ratio of Maruti Suzuki limited was highest in the year 2017-18 and lowest in the year 2021-22. For the past four years net profit ratio of the company has very low performance.
- Debt ratio of the company was highest in the year 2020-21 and lowest in the year 2017-18.

SUGGESTIONS

- The liquidity ratio of Maruti Suzuki limited is not upto the expectation so they need to increase liquidity position then only they will be able to pay their short-term debt.
- Net profit of the company can be increased by reducing operational expenses. So it is necessary to maintain better performance in the upcoming years.

CONCLUSION

The study is concerned with the financial performance of Maruti Suzuki limited. The analysis of the company was done with the help of ratio, which are important tools of financial analysis. Even though the profitability condition is good, still the firm should focus more on getting profits by considering internal as well as external factors in upcoming years. There is a fluctuation in the liquidity position of the company so they have to invest more amount in current assets in order to improve their liquidity position hence, if the given suggestions are implemented then the overall efficiency and profitability of Maruti Suzuki can be improved.

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WEBITES

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