

# VERZEO

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“ A study on analyzing the financial strength of  
Mahindra & Mahindra, Wipro ltd, and Axis Bank”

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# **CHAPTER - I**

## **ABSTRACT**

Financial analysis plays a key role in analyzing the performance of a company. It helps the concerned person to analyze the financial data and provide information that is required to make decisions regarding investments and also helps to understand the financial position better. Financial analysis displays the financial health of a company and helps the companies to improve their financial resources and manage generated funds efficiently.

The project is an attempt to facilitate the investors to access the financial position of a firm. To identify the financial strength this study will analyze the Mahindra and Mahindra, Wipro, and Axis bank using Profit and Loss A/C, Balance Sheet, and Cash Flow statement.

## **INTRODUCTION**

Financial statement analysis is the process of analyzing a company's financial statements for decision-making purposes. External stakeholders use it to understand the overall health of an organization as well as to evaluate financial performance and business value. Internal constituents use it as a monitoring tool for managing the finances. The financial statements of a company record important financial data on every aspect of a business's activities. As such, they can be evaluated based on past, current, and projected performance.

In India, the generally accepted accounting principles are required to create and maintain three main financial statements which include the balance sheet, the income statement, and the cash flow statement. Several techniques are commonly used as part of financial statement analysis. Three of the most important techniques include horizontal analysis, vertical analysis, and ratio analysis. Horizontal analysis compares data horizontally, by analyzing values of line items across two or more years. The vertical analysis looks at the vertical effects line items have on other parts of the business and also the business's proportions. Ratio analysis uses important ratio metrics to calculate statistical relationships.

As mentioned, there are three main financial statements that every company creates and monitors: the balance sheet, income statement, and cash flow statement. Companies use these financial statements to manage the operations of their business and also to provide reporting transparency

to their stakeholders. All three statements are interconnected and create different views of a company's activities and performance.

Financial statements are maintained by companies daily and used internally for business management. In general, both internal and external stakeholders use the same corporate finance methodologies for maintaining business activities and evaluating overall financial performance. In this study, I have used the comparative analysis of income statements, balance sheets, and cash flow statements.

## **NEED OF THE STUDY**

The purpose of the study statement helps the subject access the financial strength of the different companies in different sectors. It helps in measuring the performance and profitability of selected companies. It also helps the investors in analyzing the performance of a company to invest and gain good returns from the company.

## **SCOPE OF THE STUDY**

The study covers almost the entire area of financial operations covered by Mahindra and Mahindra, Wipro, and Axis bank and the study has been conducted with the help of data obtained from audited financial records. The scope of the study confines a period of 2 years from 2019-20 to 2020-21. The researcher tries to measure the performance of the organization.

## **OBJECTIVES**

The following are the objectives of the study

- i. To ascertain liquidity and profitability position of Mahindra and Mahindra, Wipro, and Axis bank from 2019-20 to 2020-2021
- ii. To analyze the financial changes over a period of two years
- iii. To understand, analyze and interpret the basic concepts of financial statements
- iv. To analyze the financial strength of the company

## **RESEARCH METHODOLOGY**

The descriptive and analytical research design was used to analyze the financial strength of the company. The comparative analyses method is used to analyze the performance of the company. The financial strength of the company is described after collecting the data from the different websites.

## **SOURCE OF THE DATA**

For the study, the data is collected preferably from secondary sources. Financial statements of the companies, as well as annual reports, are taken into consideration. In addition to this, several financial journals and magazines are also used for the study.

## **LIMITATIONS**

This study has some limitations and it is so that the limitations are spelled out clearly

- i. The study is limited to only 2 years of financial data
- ii. The inherent limitations of secondary data may affect the results of the study
- iii. The study is done only on the Automobile sector, IT sector, and Banking service sector.

## **COMPANY PROFILE**

### **MAHINDRA & MAHINDRA LIMITED**

Mahindra & Mahindra Limited (M&M) is an Indian multinational automotive manufacturing corporation headquartered in Mumbai. It was established in 1945 as Mahindra & Muhammad and later renamed as Mahindra & Mahindra. Part of the Mahindra Group, M&M is one of the largest vehicle manufacturers by production in India. Its subsidiary Mahindra Tractors is the largest manufacturer of tractors in the world by volume. It was ranked 17th on a list of top companies in India by Fortune India 500 in 2018. Its major competitors in the Indian market include Maruti Suzuki and Tata Motors.

### **Wipro Limited**

Wipro Limited is an Indian multinational conglomerate headquartered in Bangalore, Karnataka, India.[4] Its diverse businesses include FMCG, lighting, information technology, and consulting. The Fortune India 500 ranks it the 29th largest Indian company by total revenue. It is also ranked the 9th largest employer in India with over 221,000 employees.

## **Axis Bank Limited**

Axis Bank Limited, formerly known as UTI Bank (1993–2007), is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. It sells financial services to large and mid-size companies, SMEs, and retail businesses.

## **CHAPTER-II**

### **REVIEW OF LITERATURE**

Thomson, R., (2008) said that financial analysis is the process of identifying the strengths and weaknesses of the firm with the help of accounting information provided in the Profit and Loss Account and Balance Sheet.

Gordon, M., Shillinglaw, G., (2006) the author explains the importance of business and financial reporting. He highlighted that the economy depends on business organizations for goods and services. The financial activities of business enterprises of production and sale are of utmost importance.

Reilly., Brown, (2004) identified that the major source of information regarding a stock is the corporation's financial statement. Financial statements are intended to provide information on the resources available to management, how these resources were financed, and what the firm accomplished with them. Corporate shareholder's annual reports include three required financial statements: the balance sheet, the income statement, and the statement of cash flow.

Altman, E. (1968). In this study, the author talks about the relationship among various financial factors in a business as disclosed by a single set of statements and a study of the trend of those factors as shown in a series of statements."

George, T., Schleifeer, L.F.,(2003) identified that financial analysis of companies is usually undertaken so that investors, creditors, and other stakeholders can make decisions regarding their companies. The focus of this paper is on the financial analysis of companies who trade freely and therefore make the data and information public needed by stakeholders.

Anthony, R., (2007) identified Accounting as a means of collecting, summarizing, analyzing, and reporting in monetary terms, information about the business. This simple definition highlights the importance of accounting and financial information in the business enterprise. There is a reference to the following accounting principles and scope of the field of accounting and finance.

Wilson, P. R., Carpenter, J. H., (2005) said that the financial statement assumes an important place in modern management. Executives, officers, and directors of the corporation should be able to

make an authentic examination of the financial statement of their business if they exist to plan fruitfully and wisely.

Bhunias, A., Mukherjee, S., (2011) identified that understanding financial statements is a key to fundamental stock analysis and overall investment research. Financial statements provide an account of a company's past performance, a picture of its current financial strength, and a glimpse into the future potential of a firm. The goal is to enhance an ability to make a sound judgment about a company's financial strength and prospects by using financial statements in your investment research

Aarti Shah (2003) discussed Information Technology scenario can be viewed from a different perspective that the Indian IT industry as an industry caters to the IT requirements and its deployment within the Indian industry. To improve in business efficiency new solutions and ideologies are being accepted by helping in automating business

## CHAPTER-III

### DATA ANALYSIS

Analysis of secondary data

#### MAHINDRA & MAHINDRA LIMITED

Comparative Income Statement of Mahindra & Mahindra for the year 2020 - 21

Annual	Mar-21	Mar-20	Absolute change	Percentage change
Sales	45,040	45,487	-447	(0.98) %
Other Income	1,221	1,667	-446	(26.75) %
Total Income	46,262	47,155	-893	(1.89) %
Total Expenditure	44,431	43,926	505	1.15 %
EBIT	1,831	3,229	-1,398	(43.30) %
Interest	370	113	257	227.43 %
Tax	1,191	1,785	-594	(33.28) %
Net Profit	268	1,330	-1,062	(79.85) %

Table.1.1

Comparative Balance Sheet of Mahindra & Mahindra for the year 2020 – 21

<b>Equities &amp; Liabilities</b>	<b>Mar-21</b>	<b>Mar-20</b>	<b>Absolute change</b>	<b>Percentage change</b>
Share Capital	597	596	1	0.17 %
Reserves & Surplus	33,649	33,606	43	0.13 %
Current Liabilities	15,133	10,972	4161	37.92 %
Other Liabilities	10,208	5,326	4882	91.66 %
<b>Total Liabilities</b>	<b>59,588</b>	<b>50,502</b>	<b>9086</b>	<b>17.99 %</b>
<b>Assets</b>				
Fixed Assets	15,011	14,404	607	4.21 %
Current Assets	20,312	15,141	5171	34.15 %
Other Assets	24,264	20,956	3308	15.79 %
<b>Total Assets</b>	<b>59,588</b>	<b>50,502</b>	<b>9086</b>	<b>17.99 %</b>

Table.1.2

Comparative Cash Flow Statement of Mahindra & Mahindra for the year 2020 – 21

	<b>Mar-21</b>	<b>Mar-20</b>	<b>Absolute change</b>	<b>Percentage change</b>
Operating Activities	9,119	3,677	5,442	148.00 %
Investing Activities	-14,563	-2,575	-11,988	465.55 %
Financing Activities	3,859	-1,015	4,874	(480.20) %
Others	0	0	0	-
<b>Net Cash Flow</b>	<b>-1,584</b>	<b>85</b>	<b>-1,669</b>	<b>(1,963.53) %</b>

Table.1.3

**Interpretation:** The above table.1.1, Table.1.2, & Table 1.3 represents the comparative analysis of the Income statement, Balance sheet, and cash flow statement of Mahindra & Mahindra. From the above data, we can understand that the company's Net profit has been decreased from 1330 cr (2020) to 638 cr (2021). And the company spent majorly on paying the interest which shows that the company has increased loans. Table.1.2 shows the Balance sheet of Mahindra & Mahindra for the year 2019-20 & 2020-22. From the data, we can understand that the company has seen high growth of percentage other liabilities.

## Wipro Limited

Comparative Income Statement of Wipro limited for the year 2020 – 21

Annual	Mar-21	Mar-20	Absolute change	Percentage change
Sales	50,299	50,407	-108	(0.21) %
Other Income	2,382	2,476	-94	(3.80) %
Total Income	52,682	52,883	-201	(0.38) %
Total Expenditure	39,594	41,340	-1,746	(4.22) %
EBIT	13,087	11,542	1,545	13.39 %
Interest	402	535	-133	(24.86) %
Tax	2,623	2,327	296	12.72 %
Net Profit	10,060	8,680	1,380	15.90 %

Table.2.1

The comparative Balance sheet of Wipro limited for the year 2020 – 21

Equities & Liabilities	Mar-21	Mar-20	Absolute change	Percentage change
Share Capital	1,095	1,142	-47	(4.12) %
Reserves & Surplus	44,145	45,311	-1,166	(2.57) %
Current Liabilities	18,132	16,443	1,689	10.27 %
Other Liabilities	2,362	2,408	-46	(1.91) %
Total Liabilities	65,736	65,306	430	0.66 %
Assets				
Fixed Assets	9,136	8,512	624	7.33 %
Current Assets	45,379	45,713	-334	(0.73) %
Other Assets	11,220	11,080	140	1.26 %
Total Assets	65,736	65,306	430	0.66 %

Table.2.2

Comparative Cash Flow of Wipro limited for the year 2020 – 21

	Mar-21	Mar-20	Absolute change	Percentage change
Operating Activities	12,727	9,068	3,659	40 %
Investing Activities	-1,275	3,202	-4,477	-140 %
Financing Activities	-12,105	-12,233	128	-1 %
Others	-7	16	-23	-144 %
Net Cash Flow	-660	54	-714	-1,322 %

Table.2.3



**Interpretation:** The above table.2.1, Table.2.2, & Table 2.3 represents the comparative analysis of the Income statement, Balance sheet, and cash flow statement of Wipro limited. From the above data, we can understand that the company's Net profit has been increased to 10,060 cr (2021) from 8,680 cr (2020). Here it has been observed that the interest rate has decreased which shows that company is trying to become a debt-free company. Table.2.2 shows the Balance sheet of Wipro limited for the year 2019-20 & 2020-22. From the data, we can understand that the company has seen the growth of percentage in other liabilities.

### Axis Bank Limited

Comparative Income Statement of Axis Bank Limited for the year 2020 - 21

Annual	Mar-21	Mar-20	Absolute change	Percentage change
Interest Earned	63,645	62,635	1,010	1.61 %
Other Income	14,838	15,536	-698	(4.49) %
Total Income	78,483	78,171	312	0.40%
Total Expenditure	52,781	54,733	-1,952	(3.57) %
Operating Profit	25,702	23,438	2,264	9.66%
Provisions & Contingencies	16,896	18,533	-1,637	(8.83) %
PBT	8,805	4,904	3,901	79.55%
Tax	2,217	3,277	-1,060	(32.35) %
Net Profit	6,588	1,627	4,961	304.92%

Table.3.1

Comparative Balance Sheet of Axis Bank Limited for the year 2020 – 21

Equities & Liabilities	Mar-21	Mar-20	Absolute change	Percentage change
Share Capital	612	564	48	8.51 %
Reserves & Surplus	100,990	84,383	16607	19.68 %
Deposits	707,306	640,104	67202	10.50 %
Borrowings	142,873	147,954	-5081	(3.43) %
Liabilities & Provisions	44,336	42,157	2179	5.17 %
Total Liabilities	996,118	915,164	80954	8.85 %
Assets				
Fixed Assets	4,245	4,312	-67	(1.55) %
Loans & Advances	623,720	571,424	52296	9.15%
Investments	226,119	156,734	69385	44.27 %
Other Assets	142,873	147,954	-5081	(3.43) %
Total Assets	996,118	915,164	80954	8.85 %

Table.3.2

Comparative Cash Flow Statement of Axis Bank Limited for the year 2020 - 21

	Mar-21	Mar-20	Absolute change	Percentage change
Operating Activities	13,582	29,613	-16,031	(54.14) %
Investing Activities	-54,106	-9,767	-44,339	453.97 %
Financing Activities	5,058	10,117	-5,059	(50.00) %
Others	-72	99	-171	(172.73) %
Net Cash Flow	-35,538	30,063	-65,601	(218.21) %

Table.3.3

**Interpretation:** The above table.3.1, Table.3.2, & Table 3.3 represents the comparative analysis of the Income statement, Balance sheet, and cash flow statement of Axis bank. From the above data, we can understand that the company's Net profit has been increased to 6,588 cr (2021) from 1,627 cr (2020). Here it has been observed that interest from earnings has increased. Table.3.2 shows the Balance sheet of Axis bank for the year 2019-20 & 2020-22. From the data, we can understand that the company has seen high growth of percentage in deposits.

## CHAPTER-IV

### FINDINGS, SUGGESTIONS, AND CONCLUSION

#### FINDINGS

This reported work has identified how companies use financial statements analysis and interpretation in making effective management decisions. Overall organizational profitability and achievement of organizational objectives were discussed.

- Compare to the other companies the Net Profit of axis bank has increased to 4,961 (304.92%).
- Fixed assets of the Axis bank have decreased to 67 (7.55%).
- Operating Activities of the Axis bank have decreased to 16031 (54.14%).
- Investing Activities of the Axis bank have decreased to 44339 (453.97%).
- Financing Activities of the Axis bank have decreased to 5059 (50.00%).

## SUGGESTIONS

- The company's plans for expansion are clear due to increased investment. The company must make efficient use of these assets to enable increased profits.
- The company net profit has been increased gradually so we can understand that company efficiency is much better.
- The cash flows of investing activities have been increased from March 2020 to 2021 with a higher percentage of 45.57% this shows that the company is investing in different activities to diversify risk and also leads to company expansion.
- The share capital of the axis bank has been increased 564 to 612 with resulted in a percentage change of 8.51% this shows the share price of the company has increased adding more power to the management efficiency.
- The reserves and surplus of the axis bank have been increased 84,382 to 100,990 with resulted in a percentage change of 19.68% this shows that firm has sufficient reserves and is much safer and strong enough to competent.
- When compared to the borrowing's axis bank has been decreased 147,954 to 142,873 and also percentage change of (3.43%) this shows that interest managing burden has decreased which result in debt borrowings.
- The liabilities have been decreased from 996,118 to 915,164 and also percentage change of (8.85%) this shows assets add value to the company and increase the company's equity.

## CONCLUSION

Concerning the above analysis, the financial position of axis bank can be said as better than that of Wipro Ltd and Mahindra & Mahindra. As seen in the above analysis, almost on every parameter the performance of axis bank. surpassed the Wipro Ltd and Mahindra & Mahindra.

According to this research, we find that the company's overall position is good. The company achieves sufficient profit in the last 2 years. Fixed assets are efficiently utilized due to which the profits of the company are increasing every year.

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